ANNUAL REPORT 2014

digia

TOGETHER
one step ahead.

www.digia.com

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Ability with Passion. Together. As promised.

Digia is a Finnish software and service provider that helps leading organisations to develop services, manage operations and utilise information – at home and abroad.

Our customer base consists of various players in industry, trade, logistics, the financial sector and the public sector. Our development is guided by the changing everyday lives of our customers.

Digia employs around one thousand experts in Finland, Sweden, Norway, Germany, Russia, China and the United States. Our net sales in 2014 totalled EUR 97.4 million. The company is listed on the NASDAQ OMX Helsinki exchange (DIG1V).

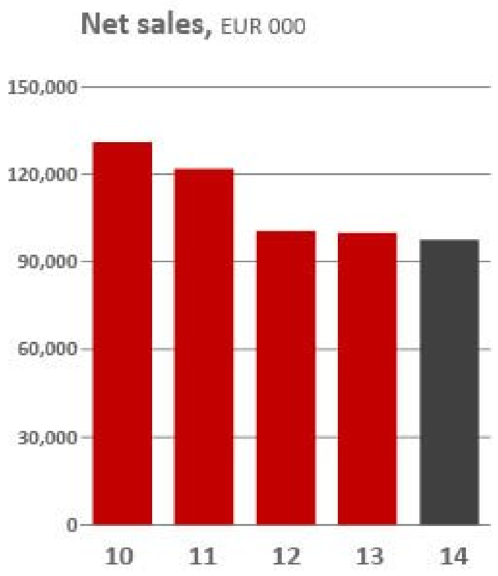
Our vision is to be the most highly recommended IT software and services company in Finland. We are also pursuing strong international growth in our Qt business.

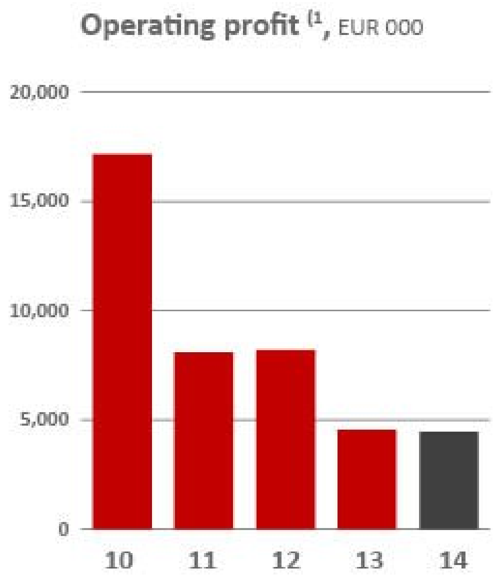
Key Figures

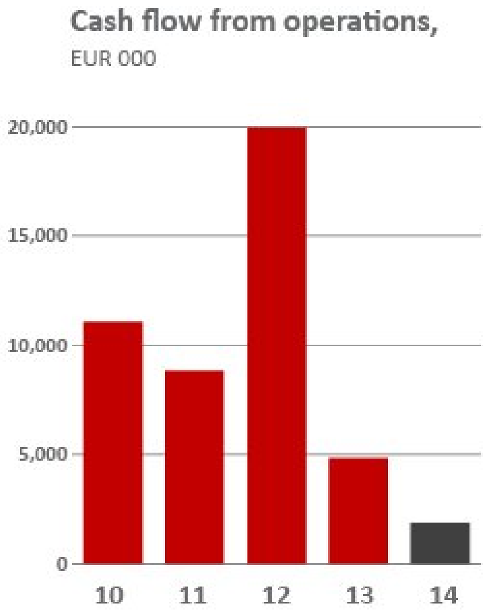
Key Figures EUR 000	2010	2011	2012	2013	2014
Net sales	130,825	121,940	100,448	99,740	97,433
Operating profit ([1]	17,164	8,084	8,196	4,549	4,461
Cash flow from operations	11,066	8,842	19,946	4,855	1,881
Earnings per share before extraordinary items, EUR ([2]	0.56	0.32	0.26	0.15	0.14

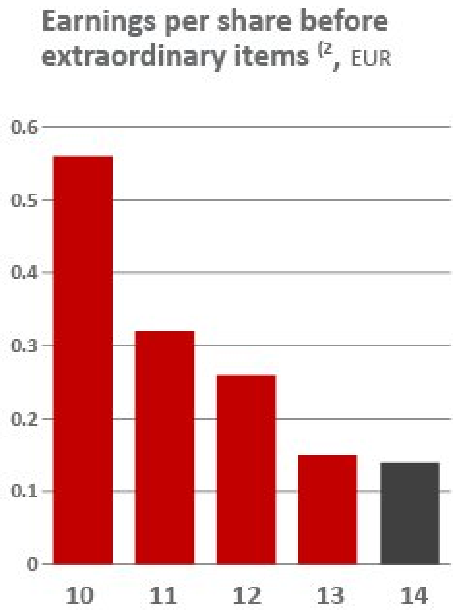
([1] Extraordinary items are not included in operating profit. A customer relationship and goodwill writedown of EUR 25.4 million and a restructuring provision of EUR 4.9 million were included in extraordinary items for 2011. Extraordinary items for 2012 comprised EUR 1.3 million in restructuring costs for reorganisation and personnel negotiations. Operating profit after extraordinary items for 2012 was EUR 6.9 million. In 2013, extraordinary items comprised a EUR 7.0 million writedown and EUR 0.4 million in restructuring costs for reorganisation purposes. Operating profit after extraordinary items for 2013 was EUR -2.8 million. In the financial year 2014, extraordinary items included EUR 0.2 million in restructuring costs. Operating profit after extraordinary items for 2014 was EUR 4.3 million.

([2] Earnings per share before extraordinary items was calculated from earnings for the period before the deduction of extraordinary items. After extraordinary items, earnings per share totalled EUR -1.08 for 2011, EUR 0.19 for 2012, EUR -0.20 for 2013 and EUR 0.14 for 2014.






Cash flow from operations,
EUR 000
20,000
15,000
10,000
5,000
0
10
11
12
13
14


Earnings per share before extraordinary items (2, EUR
0.6
0.5
0.4
0.3
0.2
0.1
0
10
11
12
13
14

Together, we are one step ahead

Digitisation has transformed our daily lives and business activities in all sectors, and continues to do so. Consumer behaviour is changing and the consumer base is fragmenting. For the industrial sector, the industrial Internet and Big Data are providing new opportunities for the development of services and maintenance. In retail, multichannel ordering and other services are proliferating, while more channels and opportunities become available in marketing and the effective use of customer data becomes a key activity. Information-based management is becoming the norm and IT service purchases are transforming.

Although digitisation is nothing new, it is gathering speed and continuously throwing up surprises. This is a change which we at Digia find exciting and inspiring, because it offers us new opportunities.

Our customer promise is our compass

Together with our customers, we at Digia are at the forefront of digitisation. Our software and services already play a major role in our society. We understand our customers' business challenges, and help them to navigate the maze of digitisation both at home and abroad. Together, we are one step ahead.

It takes a lot to stay ahead of the game: speed, agility and courage. Digia's personnel have the motivation and ability to take our business to the next level. We aim to be the preferred partner for our customers. Our customer promise is the compass we use to steer towards this goal: ability with passion, working together with our customers and partners. The solutions and services we deliver work as agreed.

Profitability of Domestic business at a healthy level

From the perspective of the national economy, 2014 was challenging. The general economic outlook and consumer purchasing power weakened in Finland and across the European Union. The crisis in Ukraine and the escalation of the situation in Russia affected business conditions for companies operating in Russia and made the global economic business environment even more uncertain.

Although Digia too was affected by these factors, our business remains on solid ground. Net sales were slightly lower than a year earlier, but profitability showed favourable development.

We simplified our offering in the Domestic business. The Utilizing Information services area showed very positive development during the review period, and demand for ERP systems was healthy. Demand was particularly good for Digia's own software products and financial sector services in Finland.

In the Qt business, we took steps to refocus our operations. We established a subsidiary – The Qt Company – to promote the growth and development of the Qt business. We strongly believe that Qt will be a competitive software development environment for all leading operating systems in all target markets. The Qt user ecosystem is seeing powerful growth, and feedback from users has been extremely positive. On the other hand, investments in future growth are placing a temporary strain on our business cost structure and profitability.

Long-term strategy implementation

We have now made our strategic choices. Accordingly, in 2015 we will focus on profitability improvement and business growth in our selected main areas in Finland and, in the case of Qt technology, worldwide.

In the Qt business, the operational focus is on sales development and creating better growth opportunities. In addition to making growth investments, we will pay attention to profitability improvement. In Finland, we will continue our efforts to build deeper customer understanding, while improving our sales and offering. We will strive to produce more competitive solutions and services that enhance our customers' business.

Digia's overall objective is to attain better profitability while achieving organic growth which is at least in line with general market trends. We will actively explore opportunities to make carefully selected business acquisitions that support the company strategy.

I would like to thank our customers and shareholders for their continued trust in Digia. I would also like to thank our personnel for their excellent performance in our rapidly changing business environment.

Juha Varelius
CEO

Mission, Vision and Strategy

Mission: With our inventive solutions we bring success to people, businesses and communities in their everyday lives.

Our software and services form an important element within the society. We build these to help people expand the horizons of their daily lives and make the most of every day.

Vision: Successful and most recommended

- We are the most highly recommended IT software and services company in Finland, growing strongly both at home and abroad.
- Our development is guided by the changing everyday lives of our customers.
- We provide solutions that benefit our customers' businesses.
- We combine ability, passion and technology, and work together.
- The result is solutions that work as promised.

Strategy

- We supplement our existing product selection with scalable business models for accelerated growth, by turning services into replicable, sector-specific solutions and the related services. In addition, we develop software and services for international online sale.
- To ensure a steady cash flow and moderate growth, we take steps to keep our service business competitive and technologically advanced.
- We balance short-term earning power with long-term sustainable growth through careful investment management.
- We emphasise personnel motivation and commitment, and enhance the company's image as an attractive employer.

Technological Revolution Enables New Services and Earnings Logics

Trends such as digitisation, consumerisation, Big Data, the Internet of Things, (IoT), mobility and cloud services are rapidly shaping our business environment, enabling new services and earnings logics at local and global level. To identify and tap into these new opportunities, service providers and users need to be adaptable and proactive.

Locally and globally

Localism is a popular ecological and – on a broader scale – economic trend, whose impacts should not be underestimated: responsibility and the wellbeing of our local environment matter. However, we need to differentiate between genuinely local and global operations. This will lead to greater efficiency – not developing things ourselves that we can easily source elsewhere, or sourcing from afar without good reason.

People's understanding of data security is improving. We can benefit from the opportunities of an open environment, while ensuring system availability and accessibility, and data confidentiality.

Advanced technology for everyone

Trends such as Big Data, the Internet of Things (IoT), mobility and cloud services have been transforming our business environment for some time. These involve a number of interconnected issues; for example, to use IoT, you need Big Data or cloud services.

As these technologies enter more widespread use, their benefits are becoming available to more people. A huge initial investment or long R&D cycles are no longer required; instead, customers have immediate access to products and services.

In this, the bottleneck is not technology, but the ability to identify and exploit business opportunities.

Software as a Service increasingly popular

IT procurement used to be about projects and systems, or bigger outsourcing packages. Today, cloud services and consumerisation are driving change and boosting the popularity of SaaS solutions.

Entire business process components are bought in as a service, where the technical systems are never operated or even directly used by the buyer. This turns IT service suppliers into business service producers. The service producer plays a larger role in the chosen process element, while the buyer manages the overall process.

Demand for Efficient, Device-independent Applications

Digia's key strategic priorities are international growth and its product business. This is grounded in major market trends and a strong belief in Qt technology. Demand for embedded systems is growing.

Market trends supporting demand for Qt technology

Major leaps ahead in smartphone technology, and emerging service opportunities for the related applications, are building pressure for the universal penetration of smart devices and connectivity. Services needed be accessible regardless of the device or technology ecosystem. The growing number of touch and other types of screens, the availability of telecommunications networks, and the Internet of Things (IoT) are creating demand for the technologies and tools needed to exploit and control them.

Digia's Qt technology and tools provide software developers with an efficient way of building cutting-edge applications for a range of hardware and OS environments. The same source code can easily be adapted to run in, say, a Windows, Mac or Linux environment, or on the popular iOS and Android platforms.

Software sets the value

There is a growing need for more-intelligent devices. However, the value of devices is not set by the hardware, but the software that controls it.

In place of device-specific platforms, many industries have already introduced universal platforms that enable the creation of universal applications. This is resulting in higher productivity and lower costs. Qt technology has huge potential in this area.

Visibility and credibility the key factors

The range of tools and technologies keeps growing, especially around mobile devices and browser applications. The choice of tool depends on the hardware and application being created. In an environment teeming with choice, visibility is the key – without sufficient exposure, even the best technology can fall by the wayside. A platform also needs a long future.

Qt is available with an open-source and commercial licence. In return for being allowed to use the open source code, the Qt community performs around one third of all development work. This also raises the technology's profile and builds confidence in its long-term viability.

Solutions Creating a Competitive Edge

Digia's services for customers in Finland cover all stages of customer processes, providing a competitive edge in service development, production management and information use.

Tough market in Finland

The domestic IT market grew slightly in 2014. The gloomy economic conditions made customers cautious, delaying decisions and the start of new projects. Healthy demand for ERP and integration solutions was somewhat offset by fierce competition.

Cross-sector expertise

Mounting competition, a technological revolution (particularly in the retail and service industry), and sudden changes in consumer behaviour require industry players to be highly adaptable. As manufacturers increasingly transform into service providers and digitisation gains ground, our customers' earnings logics and employee competence requirements are also changing.

Our in-depth cross-sector expertise enables us to apply best practices and adopt new service innovations in our rapidly changing business environment.

Locally, close to customers' everyday lives

Expert personnel and the ability to react and make decisions quickly, close to the customer, are the cornerstones of Digia's business. Digia's solid international partnerships, market knowledge and product development in selected areas provide the optimal product and service mix. We are responding to growing price competition with new service innovations and productised solutions.

Profitability of Domestic Operations Improved – Further Growth Investments in QT

Digia's net sales in 2014 totalled EUR 97.4 million, with the product business accounting for EUR 39.7 million.

Digia conducts its business through two segments: Domestic and Qt. Digia's Domestic business involves helping its customers to develop services, manage operations and utilise information. International business focuses on the manufacture and sale of software development tools through the Qt business.

Domestic operations

The Domestic segment's net sales fell by 3.5 per cent to EUR 77.0 million in 2014. This net sales decline could be primarily attributed to the fact that the comparison figures for 2013 included a one-off EUR 2.4 million low-margin maintenance deal, concluded in the second quarter, for a third-party software product. Excluding the impact of this deal, net sales from domestic business in 2014 were almost on a par with the previous year.

The Domestic segment accounted for 79 per cent of Digia's net sales. The segment's operating profit rose by 17.0 per cent from the previous year, with operating profit before extraordinary items totalling EUR 6.3 million. Similarly, profitability developed favourably.

The Utilizing Information services area showed very positive development. Demand for ERP systems was also healthy. Demand for Digia's own software products and financial sector services in Finland was particularly good.

Qt

The Qt segment's net sales were up by 2.6 per cent to EUR 20.4 million. Qt represented 21 per cent of Digia's consolidated net sales. As expected, the Qt business recorded a loss for the review period. This could be attributed to the company's determined and strong investments in business development to enable future growth.

The Qt user ecosystem is showing powerful growth. The new version, Qt 5.3, launched in May 2014 has been downloaded more than a million times. Feedback from users has been extremely positive.

Read more about Digia's financial performance in the Board of Directors' report.

Competitive Edge from Service Development

Everything that can go digital is going digital. This is forcing companies and public sector organisations to invest in electronic service channels, digital services, e-services, online shopping, and productivity improvement in information work. Such self-reinvention and service development is an ongoing process.

Digia provides digital services such as consulting, multichannel services, mobility and service management, all designed to sharpen the competitive edge of its customers. Developing Services represents a major segment in Digia's domestic business and supports Digia's overall service offering with online shopping and work management solutions, and cloud services.

Proven track record in a wide range of digital services

Drawing on Digia's in-depth customer understanding, customers can tap into current market trends such as consumerisation, digitisation, the growing need for self services, Big Data, the Internet of Things and information-based management, to create new services and earnings logics. Creating something new, whether in consumer services, B2B services, or within a company, requires the modernisation of existing operating models and processes, and an understanding of the impacts of change on IT architecture.

Customer companies need a skilled, visionary partner to help them understand the phenomena associated with digitisation, to prepare development projects, to design multichannel service, to develop service concepts, to implement services and to engage in ongoing development work.

Digia helps its customers to change in the rapidly changing and increasingly global business environment. Using our service management capabilities to support our customers is an increasingly important part of our service portfolio.

Growing importance of new service models

In 2014, Digia took determined steps to develop and simplify its offering. Renewal of its service development offering focused on product-based solutions such as service management, cloud services and mobility.

In 2014, moderate growth was seen in demand for these services, largely due to the general economic uncertainty and cost pressures, with customers predominantly investing in basic systems. However, demand perked up towards the year-end.

In the future, digital services will represent an increasingly large proportion of the services provided by companies and public-sector organisations. This change will further accentuate cost efficiency, requiring the development of service centres and entirely new service concepts. In addition to service management, other key priority areas will include data security and transparency.

Steering Operations is a Major Growth Area in Our Business Strategy for Domestic Segment

Companies want to offer products and services that deliver a better customer experience, while improving performance, cost efficiency and business foresight. Greater competitiveness is not always just about slicker processes; new operating models are also needed, in business operations in general, production, logistics and workforce management.

Steering Operations provides solutions for business operations, production and workforce management, investment and asset management, and NGO activities. Its offering includes Digia’s own software products, solutions based on third-party products, and end-to-end delivery and lifecycle services.

Efficiency gains across the value chain

Digia's solutions help to secure operational reliability and a seamless customer experience. The aim is continuous operational and efficiency gains, and greater predictability and transparency, while enabling flexible, customer-driven operating models in a multi-channel environment.

Steering Operations is Digia's largest product and service portfolio and accounts for a major portion of the company's net sales. It is also a major growth area in Digia's business strategy for Domestic segment.

In addition to in-depth customer understanding, Digia's key competences include strong proprietary and third-party products, comprehensive solutions, and extensive services and service concepts.

Proprietary software products offer growth potential

In 2014, we continued our strong focus on the Steering Operations business with the aim of developing proprietary software products. This generated new customer cases and created growth potential for the future. Demand is growing strongly for integrated e-commerce, analytics and mobility solutions.

In 2014, demand for ERP systems was healthy, but customer caution due to the general economic outlook prolonged our sales cycles. There were sectoral differences in demand.

Moderate growth is anticipated in the Steering Operations business for 2015. Workforce management solutions and the related proprietary software products are expected to become a new, rapidly growing business area. In 2015, we will also focus on creating new earnings logics based on service centre models and cloud services.

Growing Demand for Information Utilisation Services

The rapid changes under way in our customers' business environments are creating strong demand for Digia's information utilisation services. This growing area includes Integration and Analytics solutions and services, supported by Foresight consulting services. Information utilisation is an integral part of Digia's overall service and concept offering.

Competitive edge and support for decision-making

In an ever more competitive environment, companies are increasingly seeking a competitive edge based on information refined from data. Access to real-time information regardless of time and location, and the ability to read trends and verify the impact of actions taken in support of decision-making and foresight, are the keys to success.

Combined with advanced integration and analytics solutions, rapidly growing data volumes are creating a new dimension in day-to-day management and strategic business development.

Customer understanding a major asset

As an information utilisation partner, companies want a reliable, collaborative service provider which is able to use a range of analytics and integration solutions to generate measurable value.

Digia's integration and analytics solutions enable customers to identify cause-and-effect relationships amongst the growing data volume, to engage in extensive data analysis and to predict changes in the highly cyclical business environment. Advanced solutions enable the utilisation of real-time data streams, data source pooling, data source consolidation and fast and creative data analysis.

Our information utilisation services are backed up by in-depth customer understanding, strong expertise in integration and analytics, a productised offering and our Service Centre concepts. In response to changing customer needs, Digia uses scalable, flexible and agile development and delivery models.

Future growth potential

For Digia's Utilizing Information business, 2014 was a period of strong growth. Demand for integration and analytics solutions is predicted to outgrow the general IT service market, providing significant growth opportunities for Digia.

In 2014, key focus areas included key account management, new customer acquisition and integrated information utilisation, in order to better support Digia's overall offering.

Focus areas in 2015 include delivery capacity and the development of service centre concepts. We will further develop and expand our offering and services to continue catering for changing customer needs. Data visualisation, device independence, Big Data, cloud services, industrial Internet and proactive analytics are all trends that are challenging traditional business models and creating new business opportunities.

Qt Business Shows Growth Potential

Digia's international business has been largely focused on the production and sale of software development tools through Qt business.

During the year, major changes were made in the Qt organisation and business models. A new subsidiary company – the Qt Company Oy – was formed for the Qt business and it launched operations on 1 January 2015.

Global market, broad clientele

The Qt Commercial development environment is actively used by more than 5,000 desktop and embedded software customers globally. These customers represent a wide variety of sectors, including consumer electronics, automotive industry, aeronautics, energy, defence and the media. In terms of licence sales, the major markets are the United States, Germany and Japan. Most revenue from Qt comes from licence sales, which have grown during 2014.

Embedded systems gaining importance

In the embedded systems software development markets, there is a growing need for graphic user interface development tools. Driven by the huge success of smartphones, the touch screen is now practically the industry standard for all devices. In response, in 2014 Digia focused on stepping up its Qt offering to meet the challenges of embedded system development.

Digia has invested significantly in Qt, believing it to be a competitive software development environment for all leading operating systems in all target markets. The Qt ecosystem has seen exponential growth: launched in May 2014, Qt 5.3 had been downloaded more than a million times by the end of 2014.

Improvements in offering and new product launches

There are three market areas in the Qt business: desktop software, embedded software and mobile applications, with customer companies developing their own applications or products in these areas.

In 2014, we took action to improve our offerings in all three areas. We released new product versions for the development of embedded systems (Qt Enterprise Embedded) and mobile applications (Android, iOS and Windows Phone support). These versions include features that are tailored exclusively for these special areas, as well as functionality exclusive to commercial licence holders.

In 2014, a new www.qt.io website was launched to serve as the official communication channel for the Qt ecosystem. In addition, changes were announced in the open source code licensing model and were introduced with Qt 5.4 in December.

A stronger sales network

Alongside product development, business development was a strong focus area in 2014. The objective was to expand Digia's own sales network and its distributor network. Digia currently has sales offices in Europe, Russia, North America and Asia. Our own sales office network is supported by distributors in Russia, Japan, Poland, China and India. New distributors joined the team in Korea and Taiwan in 2014.

The international Qt business accounted for 21 per cent of Digia's consolidated net sales in 2014. Net sales from the Qt business amounted to EUR 20.4 million, representing a year-on-year growth of 2.6 per cent. This was attributable to increased license sales, particularly in embedded systems. The investments made to support business growth eroded Qt's profitability.

Efforts to boost sales will continue in 2015. Further growth will be sought from business development in embedded systems, especially in the automotive industry and consumer electronics.

Customer Promise Leads the Way in Human Resources Development

Skilled and motivated personnel are the cornerstone of Digia's success. Good leadership has been proven to have a direct impact on staff motivation and, consequently, an entire organisation's productivity and customer satisfaction.

Our strategy-based customer promises – ability with passion, together, as promised – show the way for our human resources development efforts. Our objective is to provide a first-class customer experience.

Digia Leadership Academy supports good leadership

The Digia Leadership Academy is a joint effort with Aalto Executive Education, designed to support and drive managerial and leadership development in line with our strategy. The key themes of this training include effective management-team work, leadership skills in strategy implementation, and the implementation and management of customer-driven operations.

The management and leadership project is being implemented over a two-year period in 2013–2014. Intended to generate competitive advantage through leadership, the project culminated in spring 2014 with a presentation of development projects that will affect the entire organisation. Approximately 70 managers and supervisors from all levels of the organisation took part in the training.

Digia Learning Academy focuses on competence development

The training programmes offered by Digia Learning Academy continued in 2014. The Academy offers training to personnel in support of strategic competence development. These training programmes strengthen expertise and knowledge sharing and promote a culture of doing things together. The Digia Learning Academy focuses on effective teamwork and successful projects.

In 2015, our culture of engagement and teamwork will be supported through facilitation. The related training themes are linked to management, the ability to identify customer needs, various group work situations, and a deeper understanding of shared goals.

Digia Awards rewards people for showing the way

At Digia, people are rewarded for good performances. The Digia Awards incentive scheme was launched to offer recognition for work well done, a positive can-do attitude, and exemplary conduct. The candidates are nominated by the employees themselves – anyone can vote for any Digia employee. The awards consist of varying sums of money at individual, team and project level.

Digia Career Compass provides opportunities for young talents

In 2014, Digia launched Career Compass, a recruitment programme for young people and recent graduates, which helped Digia to recruit twenty talented young people. The programme also fostered Digia's employer image and its co-operation with educational institutions in various locations. Career Compass is a programme targeting talented young students who want to excel in the ICT industry.

This provides students with exposure to Digia's business and processes, and the opportunity to learn about the business practices and culture of a modern high-tech company.

What’s Up Digia

At the end of 2014, Digia employed 932 people, 84 per cent of whom worked in Finland and 16 per cent abroad. A global What’s Up Digia survey and semi-annual SYKE measurements are conducted to monitor employee satisfaction.

Strong in teamwork and supervision

According to the respondents, Digia's strengths include teamwork and team leadership. Employee commitment is high. Employees have strong faith in Digia's success, they think Digia offers high-quality products and services, and feel that they have a say in matters concerning their work. Similarly, workloads are considered appropriate. Fair treatment and appreciation by supervisors are perceived as major strengths.

The response rate to the What’s Up Digia survey was 77 per cent. The results were analysed by the management, supervisors and teams, and action plans for 2014 were prepared. Working together, working ability management, and more efficient internal job rotation were set as the key priority areas for development work in 2014.

In 2015, we will continue to pursue the "working together" theme in order to build an inspiring, engaging and energising work community, which is the key to creating a premium customer experience. Coaching offered to supervisors is another major development area.

Working Ability Management Helps to Maintain a Balance in Daily Life

Digia has taken various steps to help employees cope at work and find a balance in daily life. These include effective team leadership, extensive occupational health care services, and support for employees' healthy lifestyles and recreational clubs.

Focus on work ability

Work ability management focuses on preventive actions and overall wellbeing at work. This is done through the early identification of debilitating factors and by taking corrective action in accordance with Digia's Good Work Ability initiative.

In 2014, special attention was paid to preventive work ability management. Training on an early intervention model was provided to supervisors, and tools were offered in support of supervisory work and communication. The positive results of these actions include a reduction in the amount of sick leave taken. Co-operation with occupational health care and the pension company was further developed.

Other ways of helping employees to cope at work include fostering a positive team spirit and promoting team work and information exchange.

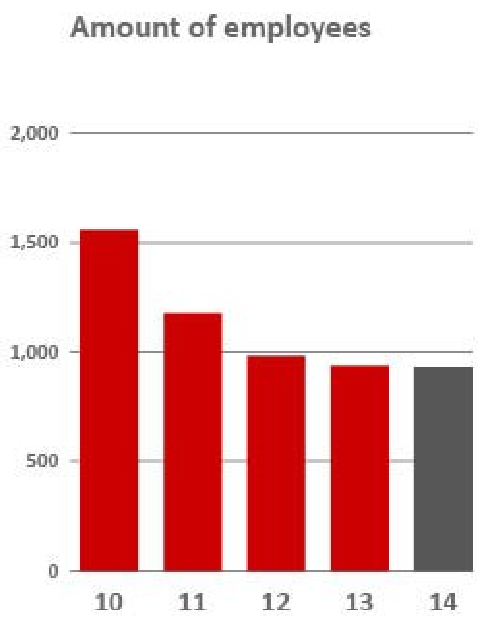
Digia offers employees flexible work terms, in order to help them achieve a balance in daily life. Working overtime is not company policy, and employees with small children are offered assistance if a child is sick.

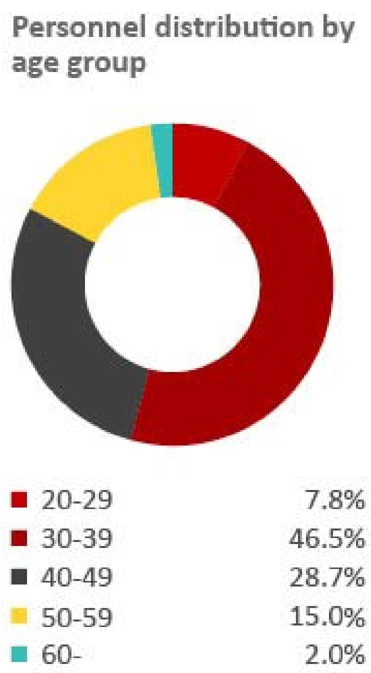
A wide range opportunities for fitness and recreational activities

Employees are encouraged to actively engage in sports and other recreational activities. The OpenClub offers a number of activities to choose from, such as music, ice swimming, poker and theatre trips.

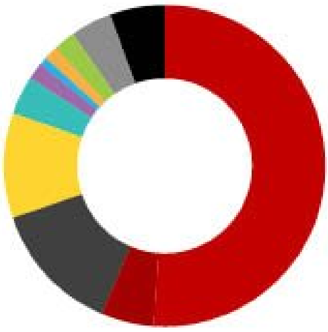
Digia personnel have actively participated in the HeiaHeia! exercise campaign, and the running school has offered valuable tips on how to get start and improve your running technique.

Personnel in Figures



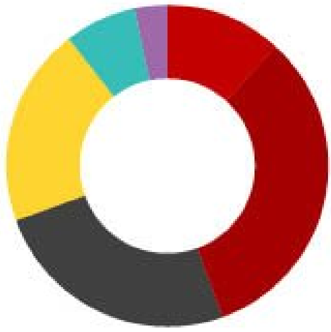


Personnel distribution by Digia offices



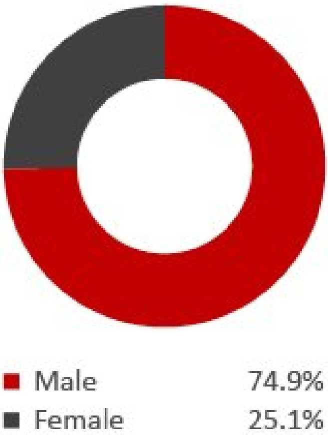
Helsinki	477
Oulu	49
Jyväskylä	124
Tampere	100
Rauma	36
Stockholm	16
St. Petersburg	6
Chengdu and Beijing	15
Santa Clara	20
Berlin	38
Oslo	51

Personnel distribution by employment year



< 1	11.8%
1-5	32.7%
6-10	25.1%
11-15	20.1%
16-20	7.0%
20 >	3.3%

Personnel distribution by gender



Shares and Shareholders

Share capital and shares

The nominal share price is EUR 0.10. On 31st of December 2014, the total number of Digia shares was 20,875,645.

According to the Finnish Central Securities Depository Ltd, on 31st of December 2014 Digia had 4,594 shareholders.

The ten major shareholders

Shareholder	Shares and votes
Ingman Group Oy Ab	20.2%
Ilmarinen Mutual Pension Insurance Company	14.6%
Jyrki Hallikainen	7.4%
Kari Karvinen	5.7%
Matti Savolainen	5.6%
Varma Mutual Pension Insurance Company	4.6%
Invest Fund Säästöpankki Small Cap	1.3%
Nordea Finnish Small Cap Investment Fund	1.3%
Nordea Bank Finland Plc (nominee-registered)	1.3%
Etola Oy	1.0%

Distribution of holdings by number of shares held on 31 December 2014

Number of shares	Percentage of holdings	Percentage of shares and votes
1 – 100	23.3%	0.4%
101 – 1,000	57.9%	5.7%
1,001 – 10,000	16.9%	9.9%
10,001 – 100,000	1.4%	8.6%
100,001 – 1,000,000	0.5%	21.9%
1,000,001 – 3,000,000	0.1%	53.5%

Shareholding by sector on 31 December 2014

	Percentage of holdings	Percentage of shares and votes
Non-financial corporations	4.2%	26.1%
Financial and insurance corporations	0.2%	5.2%
General government	0.1%	19.2%
Not-for-profit institutions serving households	0.3%	1.0%
Households	94.6%	45.8%
Foreign holding	0.6%	2.6%

Information for Shareholders

The purpose of Digia's investor relations is to provide capital markets with open and reliable information on the company and its operating environment, in order to enable market participants to form an informed opinion on Digia as an investment.

Digia Plc shares are quoted on the Main List of the NASDAQ OMX Helsinki Ltd, in the Information Technology IT Services.

Investor relations

Tuula Haataja, CFO
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Financial information 2015

During the financial year 2015, Digia Plc will publish the following financial releases in Finnish and English:

Q1/2015 Interim report: Thursday 30 April 2015 at 8:00
Q2/2015 Interim report: Friday 14 August 2015 at 8:00
Q3/2015 Interim report: Friday 30 October 2015 at 8:00

Digia Plc will hold its Annual General Meeting 2015 on Thursday, 12 March 2015, starting at 10:00 at the company headquarters at Valimotie 21, FI-00380 Helsinki, Finland.

To order Annual Reports and other publications, please contact:

Digia Plc, Corporate Communications
Valimotie 21, FI-00380 Helsinki
Tel. +358 10 313 3000
invest@digia.com

The Annual Report, interim reports and stock exchange releases are available on our website at www.digia.com.

An online version of the Annual Report 2014 has been published. To download a PDF version of the Annual Report, click here. The Annual Report is also available as a printed PDF version on request.

Updating shareholder information

We kindly ask our shareholders to notify the bank, the brokerage firm or other book-entry register in which they have a book-entry securities account, of any change of address. This information cannot be updated through Digia.

Board of Directors

Pertti Kyttälä, b. 1950, M.Sc. (Econ.)

Digia Board member since 2005 and Chairman of the Board since 2010. Chairman of the Board's Audit Committee and member of the Nomination Committee. Managing Director of Peranit Ltd. His previous posts include CEO at Radiolinja Ltd (1999–2003), IT Director at Helsinki Telephone Company (1997–1999), Managing Director at Samlink Ltd (1994–1997) and Managing Director and Deputy Managing Director at Sp-palvelu Ltd (1991–1994). Member of the Directors' Institute of Finland.

Independent of the company and its major shareholders.

Robert Ingman, b. 1961, M.Sc. (Eng.), M.Sc. (Econ.)

Digia Board Member since 2010 and Vice Chairman of the Board since 2012. Chairman of the Board's Nomination Committee and member of the Compensation Committee. Full-time Chairman of the Board of Ingman Group Oy Ab. His previous posts include Managing Director at Arla Ingman Oy Ab (2007–2011) and Ingman Group Oy Ab and Ingman Foods Ab (1997–2006). Chairman of the Board of Etteplan Plc and Halti Ltd. Member of the Board at Arla Ltd., Evli Pankki Plc and M-Bain Ltd.

Independent of the company.

Päivi Hokkanen, b. 1959, M.Sc. (Econ.)

Digia Board Member since 2012. Chairman of the Board's Compensation Committee. CIO and Executive Group member at A-Katsastus Group Oy since 1.9.2012. Her previous posts include CIO at Sanoma Plc (2009–2012) and at Stockmann Plc (2002–2009), Director at SysOpen Plc (1998–2002) and various positions at Cap Gemini Plc (1995–1998) and Kansallisrahoitus Ltd. (1984–1995). Member of the Directors' Institute of Finland. Member of the Board at the Finnish Information Processing Association (2010–2011).

Independent of the company and its major shareholders.

Kari Karvinen, b. 1959, M.Sc.

Digia Board Member since 1990. Member of the Board's Audit Committee and Nomination Committee. Currently works as an independent angel investor and board professional. Co-Founder and Chairman of the Board at the NOMO Jeans Company Ltd. CEO and Chairman at Tuulenhenki Ltd. His previous posts include Co-founder of SysOpen Plc (the predecessor of Digia Plc), full-time Chairman of the Board (2002–2004), Chairman of the Board (2004–2005), Vice Chairman of the Board (1999–2002, 2005–2007), Deputy Managing Director (1990–1999) and Director of Business Planning (1999–2000). Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network).

Independent of the company and its major shareholders.

Seppo Ruotsalainen, b. 1954, M.Sc (Eng), Lic. Tech.

Digia Board Member since 2012. Member of the Board's Audit Committee. Currently works as a board professional holding board chairman, board member, investor and strategic advisor roles in various technology and software companies. His previous assignments include President and CEO at Tekla Corporation (1998–2003), SVP at F-Secure Corporation (2008–2009), EVP at Oy LM Ericsson Ab (1994–1998) and Sales Director at Hewlett Packard (1982–1993) as well as Chairman of the Board at Commit Oy, AniLinker Oy, Fountain Park Oy and Finnish Information Association (2004–2006). Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network), Chairman of the Board at Mikkelin Puhelinosuuskunta MPY, member of the Board at Profict Partners Ltd. and Viabile Ltd.

Independent of the company and its major shareholders.

Leena Saarinen, b. 1960, M.Sc. (Food technology)

Digia Board Member since 2012. Member of the Board's Compensation Committee. Currently works as a board professional, holding Board chairman or Board member roles in various companies, including Helsingin Palvelut Ltd., Arla Ltd., Arcus-Gruppen AS and Etteplan Plc. Her previous posts include Managing Director at Suomen Lähikauppa Ltd. (2007–2010), President and CEO at Altia Corporation (2005–2007) and various positions at Unilever (1990–2005). Member of the Advisory Board of Varma Mutual Pension Insurance Company (2008–2012) and Luottokunta (2008–2011). Member of the Board at Outokumpu Plc (2003–2011) and Atria Plc (2006–2007).

Independent of the company and its major shareholders.

Tommi Uhari, b. 1971, M.Sc. (Eng.)

Digia Board Member since 2010. Member of the Board's Audit Committee. Co-Founder and CEO at Uros Ltd. since 2011. Currently holds board member and strategic advisor roles in selected startups and public companies. His previous posts include management team member of ST Microelectronics (2006–2010), various managerial positions at ST's joint ventures ST-NXP Wireless and ST-Ericsson (2008–2010), head of ST's Wireless Business Unit (2006–2008) and Director of Nokia Wireless and SW platforms units at Nokia (1999–2006).

Independent of the company and its major shareholders.

Group Management Team

Juha Varelius, b. 1963, MBA

Digia's President and CEO as from the beginning of 2008. Reporting to the Board of Directors, Varelius is responsible for the company's operative business. Previously, he has served as the President and CEO of the technology company Everypoint Inc of Boston (2006–2007). He has also held managerial positions at Yahoo! and Everypoint in London (2002–2006). Before this, he has served in various managerial positions at Sonera (1993–2002), acting as Managing Director of Sonera Zed and a member of the Sonera Management Team.

Tuula Haataja, b. 1964 M.Sc. (Econ.)

Chief Financial Officer, Management Team member since 2013. Responsible for the company's finances and governance. Prior to Digia, Tuula Haataja was employed by YIT as a CFO for Construction Services Finland, YIT Building Services segment and YIT Primatel (2002–2013) and by Sonera in various financial management roles (1995–2002). When she worked as an Auditor for PWC (1991–1995), her main areas of responsibility were in Finland, Russia and Baltic countries.

Tom Puusola, b. 1967, upper secondary school graduate in Technical Science

Senior Vice President, Integration & Analytics, Management Team member since 2012. Previously Head of Business Development (2010–2013) and Vice President, Integration Business Unit (2009). Held managerial positions in Integration business, strategic customerships and development at the Digia Industry & Trade Division (2006–2008), Sentera Plc (2003–2006), Iocore Plc (2000–2003) and Open Solutions Group (1998–2000). Before this, Puusola worked for TEK Academic Engineers and Architects in Finland in publications and internet (1992–1998) and for VTT Technical Research Centre of Finland in software development (1989–1992). Computer science studies at the Helsinki University of Technology.

Corporate Governance Statement

General issues

This Statement has been issued separately from the company's operating and financial review.

Digia's corporate governance system is based on the Companies Act, the Securities Markets Act, general corporate governance recommendations, and the company's Articles of Association and in-company rules and regulations on corporate governance.

Digia's corporate governance principles are integrity, accountability, fairness and transparency. This means, inter alia, that:

- The company complies with the applicable laws, rules and regulations.
- The company organises, plans and manages its operations, and does business abiding by the applicable professional requirements approved by Board members, who demonstrate due care and responsibility in performing their duties.
- The company demonstrates special prudence with respect to the management of its capital and assets.
- The company's policy is to keep all market participants actively, openly and equitably informed of its business operations.
- The company's management, administration and personnel are subject to the appropriate internal and external audits and supervision.

Adherence to the Governance Code

Digia adheres to the Governance Code for Listed Finnish Companies issued by the Finnish Securities Market Association and entered into force on 1 October 2010.

The Governance Code can be read on the website of Finnish Securities Market Association at www.cgfinland.fi.

Shareholders' Meeting

Digia's highest decision-making body is the Shareholders' Meeting at which shareholders exercise their voting rights regarding company matters. Each company share entitles the holder to one vote at the Shareholders' Meeting.

AGM will be held annually within three months of the end of the financial year. An Extraordinary General Meeting will be held if the Board of Directors deems it necessary or if requested in writing by a company auditor or shareholders holding a minimum of 10 per cent of the company's shares, for the purpose of discussing a specific issue.

The Finnish Limited Liability Companies Act and Digia's Articles of Association define the responsibilities and duties of the Shareholders' Meeting. Extraordinary General Meetings decide on the matters for which they have been specifically convened.

Board of Directors

Operations and duties

Elected by the Shareholders' Meeting, the Board of Directors is in charge of company administration and the appropriate organisation of company operations. Under the Articles of Association, the Board of Directors must consist of a minimum of five and a maximum of eight members. The Nomination Committee prepares a proposal for the Shareholders' Meeting regarding the composition of the new Board of Directors to be appointed.

The majority of Board members must be independent of the company and a minimum of two of those members must also be independent of the company's major shareholders. The Managing Director or other company employees under the Managing Director's direction may not be elected members of the Board.

The term of all Board members expires at the end of the Annual General Meeting following their election. A Board member can be re-elected without limitations on the number of successive terms. The Board of Directors elects its Chairman and Vice Chairman from amongst its members.

The Board has prepared and approved a written agenda for its work. In addition to Board duties prescribed by the Companies Act and other rules and regulations, Digia's Board of Directors is responsible for issues on its agenda, observing the following guidelines:

- Good board practices require that the Board of Directors, instead of needlessly interfering in the details involved in day-to-day operations, concentrate on elaborating the company's short- and long-term strategies.
- The Board's general duty is to steer the company's business with a view to maximizing shareholder value in the long term, while taking account of expectations set by various stakeholder groups; and
- Board members are required to perform on the basis of sufficient, relevant and updated information, in order to serve the company's interests.

In addition, the Board's agenda:

- defines the Board's annual action plan and provides a preliminary meeting schedule and framework agenda for each meeting;
- provides guidelines for the Board's annual self-assessment;
- provides guidelines for distributing notices of meetings and advance information to the Board and procedures for keeping and adopting minutes;
- defines job descriptions for the Chairman, members and secretary of the Board of Directors (the secretary is the Company's General Counsel or, if absent, the CEO); and
- defines the framework within which the Board may set up special committees or working groups.

During the 2014 financial year, the Board convened 12 times. The meeting attendance rate averaged 95 per cent.

The Board evaluates its activities and working methods annually, employing an external consultant for this evaluation, if necessary.

Board Members

In 2014, the Digia Plc Board of Directors comprised:

Pertti Kyttälä, b. 1950, M.Sc. (Econ.)

Digia Board member since 2005 and Chairman of the Board since 2010. Chairman of the Board's Audit Committee and member of the Nomination Committee. Managing Director of Peranit Ltd. His previous posts include CEO at Radiolinja Ltd (1999–2003), IT Director at Helsinki Telephone Company (1997–1999), Managing Director at Samlink Ltd (1994–1997) and Managing Director and Deputy Managing Director at Sp-palvelu Ltd (1991–1994). Member of the Directors' Institute of Finland.

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Tommi Uhari, b. 1971, M.Sc. (Eng.)

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Of the aforementioned current members of the Board, Päivi Hokkanen, Pertti Kyttälä, Kari Karvinen, Seppo Ruotsalainen, Leena Saarinen and Tommi Uhari are independent of the company and its major shareholders. Robert Ingman is independent of the company.

Committees of the Board of Directors

The Digia Board of Directors had three committees in 2014: the Compensation Committee, the Audit Committee, and the Nomination Committee. The working principles of the committees for year 2014 were confirmed by the Board in its meeting on 2 April 2014.

These committees do not hold powers of decision or execution. They assist the Board in decision-making concerning their own areas of expertise. The committees report regularly on their work to the Board, which governs and assumes collegiate responsibility for the committees' work.

Purpose of Digia's Compensation Committee is to prepare and follow up compensation and remuneration schemes in order to ensure that the company's targets are met, to guarantee the objectivity of decision-making, and to see to it that the schemes are transparent and systematic.

In 2014, the members of the Compensation Committee were Päivi Hokkanen(Chairman), Robert Ingman and Leena Saarinen. In 2014, the committee convened four times with full attendance by all members.

Purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and other reported financial information are legitimate, balanced, transparent and clear, as further specified in the agenda. In 2014 the Audit Committee was composed of Pertti Kyttälä (Chairman), Kari Karvinen, Seppo Ruotsalainen and Tommi Uhari. The committee convened four times in 2014, with full attendance by all members.

Nomination Committee's duty is to prepare a proposal for the Annual General Meeting concerning the number of members of the Board of Directors, the members of the Board of Directors, the remuneration of the Chairman, Vice Chairman and members of the Board and the remuneration of the chairmen and members of the committees of the Board of Directors. In 2014, the members of the Nomination Committee were Robert Ingman (Chairman), Kari Karvinen and Pertti Kyttälä. The committee convened four times in 2014, with full attendance by all members.

CEO

The company's Chief Executive Officer is appointed by the Board of Directors. The CEO is in charge of Digia's business operations and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Limited Liability Companies Act. The CEO may take exceptional and far-reaching measures, in view of the nature and scope of the company's activities, only if so authorised by the Board of Directors. The CEO chairs the Group Management Team's meetings. Moreover, the CEO is not a member of the Board of Directors, but attends Board meetings.

The CEO's service contract, approved by the Board of Directors, defines the key terms and conditions which govern his/her position, in writing.

M.B.A. Juha Varelius (b. 1963) has been the company's CEO since the beginning of 2008.

Internal Control and Risk Management Related to Financial Reporting

Control functions and control environment

The company has a controller function tasked with verifying monthly reports. This controller function reports to the management, the Board of Directors and the Board's Audit Committee regarding the financial performance of the company and its divisions.

The company uses a reporting system which compiles separate subsidiaries' reports into the consolidated financial statements. There are written directives for completing the financial reports of subsidiaries. Compliance with these directives is monitored by the controller function. The company also has the necessary, separate reporting facilities for monitoring business operations and asset management.

The Group finance unit provides instructions for drawing up financial statements and interim financial statements, and compiles the consolidated financial statements. The finance unit has centralised control over the group's funding and asset management, and is in charge of managing interest rate risk.

Internal risk control

As a general principle, authorisation is distributed in Digia in such a way that no individual may independently perform measures unbeknown to at least one other individual. For example, the company's bookkeeping and asset management are managed by separate persons, and two authorised persons are needed to sign on behalf of the company.

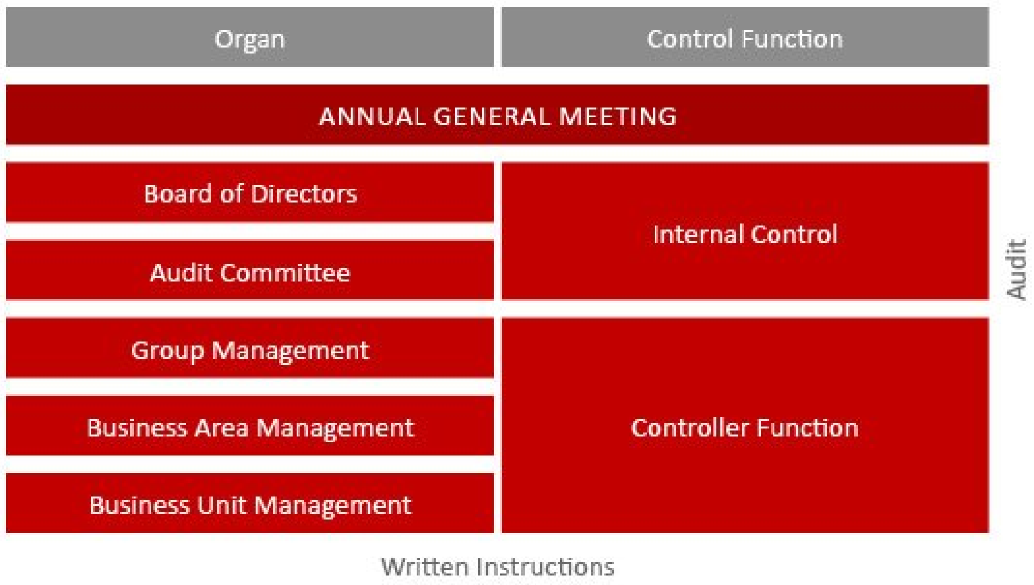
The Group's business is divided into business units lead by Senior Vice Presidents (SVPs) reporting to the CEO. Reporting and supervision are based on annual budgets that are reviewed monthly, on monthly income reporting and on updates of the latest forecasts.

The SVPs in charge of the divisions report to the Group Management Team on development matters, strategic and annual planning, business and income monitoring, investments, potential acquisition targets and internal organisation matters related to their areas of responsibility. Each division has its own management team.

Digia's operational management and supervision take place according to the corporate governance system described above.

The Group's administration unit is in charge of HR management and policy, as well as properties and the viability of working conditions in each facility. The legal affairs unit provides instructions for and monitors contracts made by the company and ensures the legality of the Group's operations.

Financial Control Environment



Communications

The Group's General Counsel is in charge of the company's external communications and their correctness. External communications include financial reports and other stock exchange communications. The General Counsel is responsible for the publication of interim reports and financial statements, as well as for actions related to convening and holding Shareholders' Meetings. Most communications take place through the company's website and using stock exchange releases.

Risk management

The purpose of the company's risk management process is to identify and manage risks in such a way that the company is able to meet its strategic and financial targets. Risk management is a continuous process, by which the major risks are identified, listed and assessed, the key persons in charge of risk management are appointed and risks are prioritised according to an assessment scale in order to compare the effects and mutual significance of risks.

The main operational risks handled by Digia's risk management function are customer risk, personnel risk, project risk, data security risk, IPR risk and goodwill risk.

The company manages customer risk by actively developing its customer portfolio structure and avoiding any potential risk positions. Personnel risks are actively assessed and managed using a goal and development discussion process for key personnel. To improve personnel commitment, the company strives to improve the efficiency of internal communications systematically, using regular personnel events and increasing the visibility of management.

Key project audits are carried out with a view to enhancing project risk management and securing the success of project deliveries to customers. In addition, the Group's certified quality systems are regularly evaluated and the Group has increased the efficiency of its project delivery reporting practices in relation to corporate governance and finance. Data security risk is managed through data security audits and continuous development of working models, security practices and processes. Risks associated with the integration of businesses, shared operating models and best practices, as well as their integrated development, are managed according to plan under the supervision of the Group Management Team. Risks typical to software business, especially to international product business, relating to appropriate protection of company's own IPRs and violation of IPRs of third parties are managed through extensive internal policies, standard contracts and appropriate follow-up and analysis. With respect to IFRS-compliant accounting policies, the Group actively monitors goodwill and the related impairment tests, as part of prudent and proactive risk management practices within financial management.

In addition to operational risks, the company is subject to financial risks. Digia Plc's internal and external financing and the management of financial risks are coordinated by the finance function of the Group's parent company. This function is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks during the normal course of its business. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, credit risk and funding risk. The general principles of risk management are approved by the Board of Directors, and the Group's finance function is responsible for their practical implementation together with the business divisions.

Statement on Digia Management Emoluments

This management emolument statement sets forth a summary of the financial benefits, remuneration system and thereto related decision-making pertaining to Board members and operative management of Digia Plc.

Board Emoluments

The Shareholders' Meeting decides on emoluments payable to the Board of Directors and grounds for the compensation of expenses. The 2014 AGM decided to pay monthly emoluments of EUR 2,500 to Board members, EUR 3,500 to the Vice Chairman and EUR 5,500 to the Chairman for their work on the Board. In addition, the AGM approved EUR 500 in fees per Board or committee meeting for all Board members. Moreover, the Shareholders' Meeting decided that standard and reasonable costs resulting from work on the Board would be reimbursed against invoice.

In the 2014 financial year, a total of EUR 315,000 was paid in emoluments to the members of the Board of Directors for their work on the Board, as follows:

€	
Päivi Hokkanen	37,500
Robert Ingman	50,500
Kari Karvinen	39,500
Pertti Kyttälä	75,500
Seppo Ruotsalainen	37,500
Leena Saarinen	37,500
Tommi Uhari	37,000

All emoluments were monetary. The company does not grant stock options or share-based remuneration for work on the Board.

Emoluments of the CEO and other management

Summary of the CEO remuneration system

The Board of Directors decides on the CEO’s salary, and other remuneration and benefits.

CEO Varelius’s remuneration package comprises a monthly salary in accordance with his director agreement, a bonus payable on the basis of reaching the set targets and the share bonus payable pursuant to CEO’s share incentive scheme.

In addition to the monthly salary the CEO is paid a bonus equal to three months' salary upon meeting the annual targets linked to the revenue and profit budgets set by the Board of Directors. In the targets are exceeded the bonus will increase up to a maximum amount equal to nine months' salary for 120% outcome of the targets. In the event the profit target outcome is less than 80%, no bonuses will be paid at all, irrespective of the revenue outcome. Outcome of the targets shall be reviewed per each segment and the bonus shall be paid biannually.

The share-based remuneration scheme for the top management of the Company was decided by the Board pursuant to authority given by the AGM in December 2013.

The scheme has three earning periods, which are years 2014–2016. Regarding year 2015 the scheme provides the CEO with a possibility to earn a maximum bonus equal to the value of 50,000 shares based on earning per share (EPS) and revenue of the company's domestic segment. Minimum bonus (25,000 shares) requires an EPS of EUR 0.19 and revenue of EUR 77.0 million.Maximum bonus (50,000 shares) will become payable if the EPS amounts to a EUR 0.25 accompanied by a revenue of EUR 77.0 million or if the EPS amounts to a EUR 0.19 accompanied by a revenue of EUR 90.5 million. Moreover, the CEO is entitled to a share bonus also based on the results of the Qt-segment as to be decided by the Board later on during year 2015.

Bonuses payable under the existing scheme will be paid in a 50/50 combination of shares and cash after the adoption of the financial statements following the close of the respective earning period. The cash payment is used primarily to cover taxes and other applicable fees and levies incurred from the bonus payment. The scheme includes no lock-up periods designed to restrict the disposal of shares already granted to the CEO.

CEO Financial benefits and main terms of service

In 2014 the CEO was paid EUR 287,635 in salary and benefits. No share bonuses were paid.

The company may terminate the CEO's service contract with six months' notice. Upon such termination, he will receive remuneration for the notice period plus severance pay equalling 12 months' salary. The CEO's retirement age is as stipulated by law, and he has no supplementary pension agreement with the company.

Summary of the remuneration system of other management

Company's top management consist of the CEO, the CFO who together with the CEO forms the Group Management Team (GMT) and the Heads of the Domestic and Qt segments as well as their substitutes.

Based on a proposal submitted by the CEO, the Board of Directors decides on the salary, other remuneration and other benefits to be paid to the above directors.

Total remuneration package of said directors comprises a monthly salary and the bonus payable on the basis of reaching the set targets. Earning criteria and terms for such bonus is for the members of Group Management Team the same as with the CEO. As regards the business segment Heads and their substitutes the earning criteria is linked to the targets of their respective segments and the maximum bonus equals to their six months' salary. In all other respect the bonus terms are the same as with the CEO. No share bonuses were paid in 2014.

In addition, the above directors are eligible for share bonus under the prevailing top management share bonus scheme. Regarding Domestic segment in 2015 they are jointly entitled to a total maximum bonus equal to the value of 14,643 shares on same terms as the CEO. Regarding the Qt segment the Board will decide on the applicable earning criteria later on during year 2015.

Retirement age of the directors is stipulated by law, and no one has a supplementary pension agreement with the company.

Markets and Digia's Business Operations

Domestic segment:

The Integration, Analytics and Site Optimization business performed extremely well during the reporting period. Besides enjoying active demand from its existing clientele, Digia signed a number of new customer agreements and recruited more personnel to meet the growing demand. Major investments were made in the segment in Digia's own workforce management software (Digia Tempus product line) and the related new business development. The segment was also able to improve its profitability from the previous year.

Similarly, demand for ERP systems was healthy, with Digia's own software products showing positive development. Investments in product and service offering in integrated e-commerce, analytics and mobility solutions have clearly boosted demand across the segment. Demand for operating and lifecycle services also increased. However, significant differences in demand between sectors continued to exist, and sales cycles were, on occasion, quite long. Demand for services in the Finnish financial sector was particularly good, with order and bid volumes at a healthy level.

Customers' cost pressures affected the pricing of tailored solutions and services, and thereby to net sales and profitability. Furthermore, challenges experienced with a few individual projects also eroded profitability. A clear need was identified in the customer base for comprehensive services and for the development and acquisition of a variety of service centres. In the future, developing new service models will be an increasingly important part of our tailored solutions offering. The order book is reasonably strong. During the review period, Digia invested in the development and streamlining of its tailored solutions offering, particularly in the areas of cloud services, service management and mobility.

Qt segment:

Although the Qt business failed to reach its net sales targets for the review period, the situation improved in the final quarter and net sales showed strong growth.

As expected, the Qt business recorded a loss for the review period. This could be attributed 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 a million times. Feedback from users has been extremely positive.

During the period, Digia continued to implement the previously reported Qt product development plans. During the period, a new Qt 5.4 version was launched involving changes in the open source code licence. The objective of licensing changes is to promote the sale of licences to commercial players. Overall, special attention has been paid to sales enhancement, with several development projects currently in progress.

Financial Indicators

	2014	2013	2012	2011	2010
Net sales	97,433	99,740	100,448	121,940	130,825
Operating profit	4,310	-2,822	6,884	-22,168	17,164
Operating margin, %	4%	-3%	7%	-18%	13%
Return on equity, %	8%	-10%	10%	-42%	18%
Equity ratio, %	51%	50%	53%	48%	59%
Net gearing, %	30%	29%	28%	34%	20%

More detailed key figures for the last five years and the formulae for the key figures are provided in the notes to the financial statements (Note 30).

Net Sales

Digia’s consolidated net sales for the reporting period totalled EUR 97.4 (99.7) million, down 2.3 per cent on the same period a year earlier.

Net sales from the domestic segment decreased by 3.5 per cent to EUR 77.0 (79.9) million. Net sales from the Qt segment amounted to EUR 20.4 (19.9) million, showing an increase of 2.6 per cent.

In the domestic business, the net sales decline could be primarily attributed to the fact that the comparison figures for 2013 included a one-off EUR 2.4 million low-margin maintenance deal for a third-party software product concluded in the second quarter. Excluding the impact of this deal, net sales from domestic business in the quarter were almost on a par with the previous year.

Similarly, the net sales development in the Qt business could be attributed to an exceptional net sales item included in the previous 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 Q2/2013, 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 8.7 per cent in the review period, with the final quarter showing particularly strong growth.

During the reporting period, the product business accounted for EUR 39.7 million (1–12/2013: EUR 41.0 million), or 40.7 (41.1)per cent of consolidated net sales.

International operations accounted for EUR 20.2 million (1–12/2013: EUR 21.1 million), or 20.7 (21.2) per cent of consolidated net sales during the reporting period.

Profit Performance and Profitability

Digia’s consolidated operating profit before extraordinary items for the reporting period was EUR 4.5 (4.5) million, down 1.9 per cent year-on-year. Profitability (EBIT%) before extraordinary items was 4.6 (4.6) per cent.

Digia’s consolidated operating profit after extraordinary items for the review period was EUR 4.3 (-2.8) million. Profitability (EBIT%) after extraordinary items was 4.4 (-2.8) per cent. Extraordinary items include EUR 0.2 million in restructuring costs (1–12/2013: EUR 7.4 million).

Towards the end of the review period, operating profit from the domestic business improved from the weak first half. In the final quarter, profitability was extremely good.

In the Qt business, investments made to boost business growth taxed profitability. Similarly, weaker than expected net sales development in the first three quarters had a negative impact on profitability. 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 3.6 (-3.6) million, and net profit was EUR 2.9 (-4.1) million. Consolidated earnings per share in the review period were EUR 0.14 (0.15) before extraordinary items and EUR 0.14 (-0.20) after extraordinary items.

The Group’s net financial expenses in the review period were EUR 0.7 (0.8) million.

Financial Position and Capital Expenditure

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 80.4 (12/2013: 83.3) million and the equity ratio was 51.5 (12/2013: 49.9) per cent. Net gearing was 30.3 per cent (12/2013: 28.9) per cent. Cash and cash equivalents at the end of the period totalled EUR 5.1 (12/2013: 6.5) million.

Interest-bearing liabilities at period end amounted to EUR 16.2 (12/2013: 16.9) million. These consisted of EUR 15.0 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 EUR 1.9 million (4.9) million positive. Cash flow from investments for the period was negative by EUR 1.2 (1.6) million. Cash flow from finance for the period was negative by EUR 2.0 (5.1) million, with a EUR 0.1 million positive net impact of loans on cash flow. Repayments of bank loans totalled EUR 4.7 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 1.1 (1.6) million.

Return on investment (ROI) for the period was 9.0 (-4.4) per cent, and return on equity (ROE) was 7.8 (-10.4) per cent.

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

Impairment testing is described in more detail in the notes to the financial statements, under Note 15 'Intangible assets'.

Report on the Extent of Research and Development

The Group carried out research and development and engaged in product development in all of its divisions. For the 2014 fiscal period, the Group's R&D costs totalled EUR 13.8 million (2013: EUR 11.9 million and 2012: EUR 6.0 million), corresponding to 14.2 per cent of consolidated net sales (11.9 per cent and 6.0 per cent).

Personnel, Management and Administration

At the end of the period, the total number of Group personnel was 932, representing a decrease of 6 employees or 0.6 per cent since the end of fiscal 2013 (12/2013: 938). The average number of personnel during the reporting period was 935, a decrease of 4 employees or 0.4 per cent from the 2013 average (2013: 939).

Personnel indicators:

	2014	2013	2012
Average number of personnel	935	939	1,025
Wages and salaries	52,984	52,525	54,028

Employees by function, year-end 2014:

Domestic operations	76%
Qt operations	19%
Administration and management	5%

As of the end of the period, 146 (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 his other duties. Digia has initiated a recruitment process to hire a new director for the business.

In 2014, Digia’s Board of Directors had three committees: the Compensation Committee, the Audit Committee, and the Nomination Committee. The Board approved the rules of procedure for 2014 of the committees in its meeting on 2 April 2014.

These committees do not hold powers of decision or execution; their role is to assist the Board in decision-making concerning their areas of expertise. The committees report regularly on their work to the Board, which has decision-making and collegial responsibility over their actions.

Digia's Compensation Committee is tasked with preparing and following management remuneration schemes in order to ensure that the company's targets are met, that the objectivity of decision-making is maintained, and that the schemes are transparent and systematic. In 2014, the Compensation Committee comprised Päivi Hokkanen (chairman), Robert Ingman and Leena Saarinen. The committee convened four times during the year, with full attendance.

The purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and other financial information provided by the company are in accordance with the law, balanced, transparent and clear. In 2014 the Audit Committee was made up of Pertti Kyttälä (Chairman), Kari Karvinen, Seppo Ruotsalainen and Tommi Uhari. The committee convened four times in 2014, with full attendance.

The Nomination Committee will prepare proposals for the Annual General Meeting of the shareholders concerning (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chairman, Vice Chairman and members of the Board of Directors and (d) the remuneration for the Chairman and members of the committees of the Board of Directors. In 2014, the Nomination Committee members were Robert Ingman (chairman), Kari Karvinen and Pertti Kyttälä. The committee convened four times with full attendance.

Digia adheres to the Governance Code for Listed Finnish Companies, issued on 1 October 2010 by the Finnish Securities Market Association. Digia’s corporate governance system is based on the Companies Act, the Securities Markets Act, general corporate governance recommendations, and the company’s Articles of Association and in-company rules and regulations on corporate governance. The Governance Code and a separate review of the Group's corporate governance and management system made for this annual report can be found at www.digia.com.

Risks and Uncertainties

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

The company made a significant investment in Qt technology and the related business opportunities with the Qt business acquisition completed in 2012. If the Qt business fails to develop according to the company's expectations, the investments and related costs may have a significant impact on the company's short-term profitability. Possible changes in the competitive scenario or market for that business may also impact the company's future net sales and profitability.

If prolonged, the downward trend in the global economy may affect customers' investment decisions and liquidity, and thereby the company's sales and profits. Signs of the impact of the global economy on customers' investment decisions and the schedules of planned projects appeared steadily throughout the period under review.

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

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

Future Prospects

The company expects the IT market in Finland to remain at roughly the previous year’s level in 2015.

The objective in the Digia’s domestic business is to raise annual 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.

Digia expects healthy demand to continue in the domestic business, and net sales to grow slightly in 2015 from the previous year. Domestic business is also expected to be at least moderately profitable. However, historically the company's profitability has always been weaker in the first than in the final quarter.

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 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, 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, and in industrial automation and industrial products. 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.

Digia expects the Qt business to grow its net sales in 2015 from the previous year, and to generate a slight operating profit for the full year.

Group Structure and Organisation

At the end of the year, the Digia Group consisted of the parent company Digia Plc and its active subsidiaries Digia Finland Ltd (parent company holding 100%), The Qt Company Oy (100%), Digia Sweden AB (100%), Digia Estonia Oü (100%), Digia Hong Kong Ltd (100%), The Qt Company AS (100%), The Qt Company (100%) and The Qt Company GmbH (100%).

The Qt Company Oy is the sole owner of the active subsidiary OOO The Qt Company.

Digia Hong Kong Ltd has a wholly owned subsidiary Digia Software (Chengdu) Co. Ltd (100%), with a registered branch in Beijing. Digia Estonia Oü and Digia Hong Kong Ltd are inactive.

Shareholders’ Meetings

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 authorised the company's management to further streamline the company's organisational structure between Digia's domestic business and the international Qt business. This was carried out by setting up a new company entity for the Qt business under the parent company Digia Plc. The Qt Company Oy, parent company of the Qt business, launched operations at the end of the reporting period, on 1 January 2015.

Share Capital and Shares

The nominal share price is EUR 0.10. The number of shares at the end of 2014 totalled 20,875,645. At the year-end, the company held 57,372 of its own shares.

On 31 December 2014, according to Finnish Central Securities Depository Ltd, Digia had 4,594 shareholders. The 10 biggest shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	20.2%
Ilmarinen Mutual Pension Insurance Company	14.6%
Jyrki Hallikainen	7.4%
Kari Karvinen	5.7%
Matti Savolainen	5.6%
Varma Mutual Pension Insurance Company	4.6%
Investment Fund Säästöpankki Small Cap	1.3%
Nordea Finnish Small Cap Investment fund	1.3%
Nordea Bank Finland Plc (nominee-registered)	1.3%
Etola Oy	1.0%

Distribution of holdings by number of shares held on 31 December 2014

Number of shares	Percentage of holdings	Percentage of shares and votes
1 – 100	23.3%	0.4%
101 – 1,000	57.9%	5.7%
1,001 – 10,000	16.9%	9.9%
10,001 – 100,000	1.4%	8.6%
100,001 – 1,000,000	0.5%	21.9%
1,000,001 – 3,000,000	0.1%	53.5%

Shareholding by sector on 31 December 2014

	Percentage of holdings	Percentage of shares and votes
Non-financial corporations	4.2%	26.1%
Financial and insurance corporations	0.2%	5.2%
General government	0.1%	19.2%
Not-for-profit institutions serving households	0.3%	1.0%
Households	94.6%	45.8%
Foreign holding	0.6%	2.6%

Share-based Payments

Share incentive scheme and management ownership

The company has a share bonus system as a part of its senior management commitment and incentive scheme.

On 19 December 2013, Digia Plc's Board of Directors decided to establish a new share-based incentive scheme for the Chief Executive Officer and other members of senior management. The scheme comprises three earning periods, which are the calendar years 2014–2016. The earnings principles are the consolidated earnings per share and consolidated net sales, according to formulae settled annually by the Board. According to the scheme, rewards totalling a maximum value equivalent to 200,000 shares will be paid for each earning period.

All bonuses are paid as a 50/50 combination of shares and cash. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs of the scheme. The system involves no vesting periods limiting the sale of shares.

The payment of bonuses according to the share-based incentive schemes is subject to the employee in question being employed by the company on the payment date.

Digia's previous share-based incentive scheme covered the period from 2010 to 2013 and included the CEO and other members of the Group Management Team. No rewards were paid out under this scheme in 2014.

According to the list of shareholders dated 31 December 2014, Digia's Board of Directors and CEO owned shares in the company as follows:

Pertti Kyttälä	0
Robert Ingman	20,000 [1]
Kari Karvinen	1,200,000
Tommi Uhari	0
Juha Varelius	184,758
Päivi Hokkanen	8,170
Seppo Ruotsalainen	0
Leena Saarinen	1,600

[1] Shares owned by Ingman Group Oy Ab are not included.

At the year-end, the shares held by the Board members and the CEO represented 6.7% of the company's shares and votes.

Reported Share Performance on NASDAQ OMX Helsinki in 2014

In the review period, Digia Plc shares were listed on the Nordic Exchange under Information Technology IT Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 2.66 and the highest was EUR 4.59. The share closed at EUR 2.66 on the last trading day. The trade-weighted average was EUR 3.79. The Group’s market capitalisation totalled EUR 55,529,216 at the end of the financial year.

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

- Jyrki Hallikainen announced on 8 July 2014 that his holding in the company had fallen below the 10% flagging threshold to 7.83% of all shares and votes.
- The Ingman Group announced on 25 March 2014 that its holding in the company had risen above the 20% flagging threshold and was 20.12% of all shares and votes in the company.
- 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.

Major Events After the Balance Sheet Date

There have been no significant events after the end of the financial year.

Board's Dividend Proposal

On 31 December 2014, the distributable shareholders' equity of Digia Plc was EUR 32,592,518, of which EUR 1,774,483 was the net profit for the year. At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.05 per share be paid according to the confirmed Balance Sheet for the fiscal year ending 31 December 2014. Shareholders listed on the shareholder register maintained by Euroclear Finland Oy on the dividend reconciliation date, 16 March 2015, will be eligible for the payment of dividend. Dividends will be paid on 23 March 2015.

Consolidated Income Statement (IFRS)

€	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	1, 3	97,433,472.70	99,740,471.67
Other operating income	6	1,302,926.24	1,542,745.28
Materials and services		-9,501,137.28	-11,989,362.11
Depreciation, amortisation and impairment	9	-2,490,444.99	-9,976,993.00
Other operating expenses	4, 5, 7, 8, 10	-82,435,041.07	-82,138,821.87
		-93,123,697.10	-104,105,176.98
Operating profit		**4,309,775.63**	**-2,821,960.03**
Financial income	11	447,530.67	304,253.50
Financial expenses	11	-1,123,136.85	-1,088,213.60
		-675,606.18	-783,960.10
Earnings before tax		**3,634,169.45**	**-3,605,920.13**
Income taxes	12	**-783,756.43**	**-461,183.63**
Net profit		**2,850,413.02**	**-4,067,103.76**

Other comprehensive income		
Items which may subsequently be reclassified to profit or loss:		
Exchange differences on translating foreign operations	-116,613.26	-36,228.08
Total comprehensive income	2,733,799.73	-4,103,331.84
Distribution of net profit:		
Parent company shareholders	2,850,412.99	-4,067,103.76
Minority interest	-	-
	2,850,412.99	-4,067,103.76
Distribution of total comprehensive income:		
Parent company shareholders	2,733,799.73	-4,103,331.84
Minority interest	-	-
	2,733,799.73	-4,103,331.84
Basic earnings per share, undiluted	0.14	-0.20
Diluted earnings per share	0.14	-0.20

Consolidated Balance Sheet (IFRS)

€	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Goodwill	15	44,549,716.77	44,549,716.76
Other intangible assets	15	7,759,278.89	8,777,478.82
Tangible assets	14	1,698,615.71	1,986,006.97
Available-for-sale investments	27	626,983.95	626,983.95
Inventories		0.00	560.93
Long-term receivables		25,972.22	64,592.89
Deferred tax assets	16	201,206.78	370,866.38
		54,861,774.32	56,376,206.70
Current assets			
Accounts receivable and other receivables	17	20,399,261.65	20,447,831.99
Cash and cash equivalents	18	5,132,030.52	6,453,825.89
		25,531,292.17	26,901,657.88
Total assets		**80,393,066.49**	**83,277,864.58**

€	Note	31 Dec 2014	31 Dec 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to parent-company shareholders			
Share capital	19	2,087,564.50	2,087,564.50
Rights issue		-	-
Issue premium fund		7,899,485.80	7,899,485.80
Other reserves		5,203,821.24	5,203,821.24
Unrestricted shareholders' equity reserve		31,370,258.22	33,447,785.52
Translation difference		400,997.62	517,610.87
Retained earnings		-13,093,830.18	-9,028,558.38
Net profit		2,850,413.02	-4,067,103.76
		36,718,710.22	36,060,605.79
Total shareholders' equity		**36,718,710.22**	**36,060,605.79**
Non-current liabilities			
Deferred tax liabilities	16	288,531.77	461,019.73
Financial liabilities	22	9,646,418.85	12,741,885.92
Other long-term liabilities	24	1,113,486.86	2,876,509.45
		11,048,437.48	16,079,415.10

Current liabilities			
Accounts payable and other liabilities	24	15,054,723.04	15,968,364.82
Income tax liabilities		15,740.45	54,391.53
Provisions	21	230,798.00	275,036.00
Accruals and deferred income	21, 24	10,725,659.22	10,699,140.85
Interest-bearing liabilities	22	6,598,998.08	4,140,910.49
		32,625,918.79	31,137,843.69
Total liabilities		**43,674,356.27**	**47,217,258.79**
Total shareholders' equity and liabilities		**80,393,066.49**	**83,277,864.58**

Consolidated Cash Flow Statement (IFRS)

€ 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations:		
Net profit	2,850	-4,067
Adjustments to net profit	1,054	7,791
Change in working capital	-1,480	1,683
Interest paid	-420	-571
Interest income	0	0
Taxes paid	-123	19
Net cash flow from operations	**1,881**	**4,855**
Cash flow from investments:		
Purchases of tangible and intangible assets	-1,185	-1,602
Cash flow from investments	**-1,185**	**-1,602**
Cash flow from financing:		
Proceeds from share issue	-	-
Acquisition of own shares	-	-
Repayment of current loans	-	-11,500
Repayments of non-current loans	-4,698	-9,500
Withdrawals of current loans	3,000	6,000
Withdrawals of non-current loans	1,758	12,000
Dividends paid and other profit distribution	-2,078	-2,082
Cash flow from financing	**-2,018**	**-5,082**
Change in liquid assets	**-1,322**	**-1,829**

Liquid assets at beginning of period	**6,454**	**8,283**
Change in liquid assets	-1,322	-1,829
Liquid assets at end of period	**5,132**	**6,454**

Changes in Shareholders' Equity

	Proportion belonging to parent company shareholders							
€ 000	Share capital	Rights issue	Pre-mium fund	Unrestricted shareholders' equity reserve	Other reserves	Trans-lation differ-ence	Re-tained earnings	Total share-holders' equity
Shareholders' equity, 1 January 2013	**2,088**	**0**	**7,899**	**33,448**	**5,204**	**554**	**-7,129**	**42,063**
Available-for-sale investments								
Gains/losses on fair valuation	-	-	-	-	-	-	-	-
Amount recognised through profit or loss	-	-	-	-	-	-	-	-
Taxes associated with items recognised or derecognised in shareholders' equity	-	-	-	-	-	-	-	-
Net profit (+) / loss (-)	-	-	-	-	-	-	-4,067	-4,067
Total recognised income and expenses for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-4,067**	**-4,067**
Increase in share capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-2,082	-2,082
Share-based transactions settled in equity	-	-	-	-	-	-	183	183
Stock options exercised	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-36	-	-36
Other items	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-36**	**-1,899**	**-1,935**
Shareholders' equity, 31 December 2013	**2,088**	**0**	**7,899**	**33,448**	**5,204**	**518**	**-13,096**	**36,061**

€ 000	Share capital	Rights issue	Pre-mium fund	Unrestricted shareholders' equity reserve	Other reserves	Trans-lation differ-ence	Re-tained earnings	Total share-holders' equity
Shareholders' equity, 1 January 2014	**2,088**	**0**	**7,899**	**33,448**	**5,204**	**518**	**-13,096**	**36,061**
Available-for-sale investments								
Gains/losses on fair valuation	-	-	-	-	-	-	-	-
Amount recognised through profit or loss	-	-	-	-	-	-	-	-
Taxes associated with items recognised or derecognised in shareholders' equity	-	-	-	-	-	-	-	-
Net profit (+) / loss (-)	-	-	-	-	-	-	2,850	2,850
Total recognised income and expenses for the period	**-**	**-**	**-**	**-**	**-**	**-**	**2,850**	**2,850**
Increase in share capital	-	-	-	-	-	-	-	-
Repayment of capital	-	-	-	-2,078	-	-	-	-2,078
Share-based transactions settled in equity	-	-	-	-	-	-	2	2
Stock options exercised	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-117	-	-117
Other items	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-2,078**	**-**	**-117**	**2**	**-2,192**
Shareholders' equity, 31 December 2014	**2,088**	**0**	**7,899**	**31,370**	**5,204**	**401**	**-10,243**	**36,719**

Distributable funds, 31 December

€ 000	2014 Parent	2013 Parent
Unrestricted shareholders' equity reserve	31,370	33,448
Retained earnings	-552	1,297
Net profit	1,774	-1,851
Total	**32,593**	**32,894**

Basic Information on the Group and its Accounting Policies

Basic information on the company

Digia is a Finnish software and service provider that helps leading organisations to develop services, manage operations and utilise information – at home and abroad.

Our customer base consists of various players in industry, trade, logistics, the financial sector and the public sector. Our development is guided by the changing everyday lives of our customers.

Digia employs around one thousand experts in Finland, Sweden, Norway, Germany, Russia, China and the United States. The company is listed on the NASDAQ OMX Helsinki exchange (DIG1V).

Our vision is to be the most highly recommended IT software and services company in Finland. We are also pursuing strong international growth in our Qt business. The Group's parent company is Digia Plc. The parent company is domiciled in Helsinki and its registered office is at Valimotie 21, FI-00380 Helsinki, Finland.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards, as well as SIC and IFRIC interpretations valid on 31 December 2014.

Consolidation principles

The consolidated financial statements include the parent company Digia Plc and subsidiaries in which the parent company directly or indirectly controls more than 50 per cent of the votes associated with shares or over which the parent company otherwise exercises control. Acquired subsidiaries are consolidated using the cost method, according to which the assets and liabilities of the acquired entity are measured at fair value at the time of acquisition, and the remaining difference between the acquisition price and the acquired shareholders' equity constitutes goodwill. In accordance with the exemption permitted by IFRS 1, acquisitions prior to the IFRS transition date have not been adjusted to correspond to the IFRS principles. Their values remain unchanged from Finnish Accounting Standards. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as of the date of acquisition, while divested subsidiaries are included until the date of divestment. Intra-Group transactions, receivables, liabilities, unrealised margins and internal profit distribution are eliminated in the consolidated financial statements. The profit for the period is divided between the parent company shareholders and the minority. The minority interest is also presented as a separate item within shareholders' equity.

As of 1 January 2014, the Group has applied the following new or amended standards and interpretations:

- Amendment: IAS 39 Financial Instruments: Recognition and Measurement. The change had no effect on the consolidated financial statements.
- Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28 regarding the consolidation of Investment entities. The changes had no effect on the consolidated financial statements.
- IFRIC 21 Levies. The change had no effect on the consolidated financial statements.

The preparation of financial statements under IFRS means that Group management must necessarily make certain estimates and judgments concerning the application of the accounting principles. Information about such considerations made by the management when applying the corporate accounting principles with the greatest influence on the figures presented in the financial statements are explained under the item "Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates".

Segment reporting

Since the beginning of 2014, Digia reports on two segments: Qt and Domestic. The Qt segment includes Digia's international Qt software business. The Domestic segments includes all other business operations in Finland and Sweden.

Foreign currency translation

Items referring to the earnings and financial position of the Group’s units are recognised in the currency that is the main currency of the unit’s primary operating environment ("functional currency"). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company.

Receivables and liabilities denominated in foreign currencies have been converted into euro at the exchange rate in effect on the balance sheet date. Gains and losses arising from foreign currency transactions are recognised through profit or loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit.

The income statements of non-Finnish consolidated companies have been converted into euro at the weighted average exchange rate for the period, and their balance sheets have been converted at the exchange rate quoted on the balance sheet date. Translation differences arising from the application of the cost method are treated as items adjusting consolidated shareholders’ equity.

Tangible assets

Property, plant and equipment (PPE) are carried at cost less accumulated planned depreciation and impairment. Assets are depreciated over their estimated useful lives. Depreciation is not booked for land areas. Estimated useful lives are as follows:

Buildings and structures	25 years
Machinery and equipment	3–8 years

The residual value and useful life of assets is reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expected economic value.

Capital gains and losses on elimination and the transfer of tangible assets are included either in other operating income or expenses.

Government grants

Grants received as compensation for costs are recognised in the income statements at the same time as the expenses related to the target of the grant are recognised as expenses. Grants of this kind are presented under other operating income.

Intangible assets

Goodwill

Goodwill corresponds to the proportion of the acquisition cost of an entity acquired between 1 January 2004 and 31 December 2014 that exceeds the Group's share of the fair value of the entity's net assets on the date of acquisition. The acquisition cost also includes other direct expenses related to the acquisition, such as professionals' fees.

Goodwill is defined according to IFRS 3, i.e. as the difference between points 1 and 2 below:

1. Sum of the following items:

- the fair value of the consideration paid at the time of acquisition
- the amount of any non-controlling interest in the object of acquisition
- the fair value of any previously held non-controlling interest in the object of acquisition, in the case of a phased business combination

2. The net sum of the acquisition date assets acquired and liabilities assumed.

The goodwill for business combinations prior to 2004 corresponds to goodwill in accordance with previous accounting standards that has been used as the deemed cost. A portion of the goodwill of acquired entities is allocated to customer relationships or products originating in acquisitions and recognised in intangible assets. The portions of acquisition cost recognised in intangible assets are amortised over their useful life.

No regular amortisation is booked on goodwill but it is tested annually for impairment. For this purpose, goodwill is allocated to cash generating units. Goodwill is recognised at the original cost from which the impairment is deducted. Any adjustments of acquisition cost are booked no later than 12 months after the date of acquisition.

Research and development costs

Research costs are recognised as expenses in the income statement. Development costs arising from the design of new products are capitalised as intangible assets in the statement of financial position, until the product is ready for commercial utilisation and future economic benefit is expected from the product. Depreciation begins once the product is ready for commercial utilisation. The useful life of capitalised development expenses is 2 to 5 years, during which time the capitalised assets will be recognised as expenses by straight-line depreciation.

Other intangible assets and long-term expenses

Patents, trademarks and licences with a limited useful life are booked in the balance sheet and recognised as expenses in the income statement by straight-line depreciation over their useful life. Amortisation is not booked on intangible assets with an unlimited useful life but they are tested annually for impairment.

Long-term expenses are capitalised and depreciated over their financial lifetime, which is defined as 3 to 5 years.

Leases

Leases on property, plant and equipment in which the Group bears a significant part of the risks and benefits characteristic of ownership are categorised as finance leases. A finance lease is recognised in the balance sheet at the fair value of the leased asset at the start of the lease period or at a lower current value of minimum lease payments. Assets acquired on finance leases are depreciated over the asset’s useful life or the lease period, whichever is shorter. Lease obligations are included in interest-bearing debt. Leases in which the risks and benefits characteristic of ownership remain with the lessor are treated as operating leases. Leases payable on the basis of other leases are recognised as expenses in the income statement in equal instalments over the lease period.

Financing assets and liabilities

Financing assets are divided into receivables and liabilities, either as held-to-maturity, held-for-trading, or available-for-sale. Financial instruments are at first measured at fair value, with any fees deducted. Usually, the fair value corresponds with the sum paid or received for the instrument. Loans are included under non-current and current liabilities. Interest expenses are recognised as expenses in the period during which they have arisen. Loan arrangement costs are periodised during the loan period using the effective interest method.

Accounts receivable and other receivables

Accounts receivable and other receivables are measured at nominal value. A provision for impairment of accounts receivable is established when there is evidence based on a case-by-case risk assessment that the Group will not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash and withdrawable bank deposits and other short-term investments. Accounts with a credit facility are treated as short-term loans under current liabilities.

Amortisation

On each balance sheet date, the Group estimates whether there is evidence that the value of an asset may have been impaired. If there is evidence of impairment, the amount recoverable from the asset is estimated. In addition, the recoverable amount is estimated annually on the following assets regardless of whether there is an indication of impairment or not: goodwill, and intangible assets with an unlimited useful life. The need for impairment is reviewed at the level of cash generating units, which refers to the lowest level of unit that is mainly independent of other units and whose cash flows can be separated from other cash flows. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. An impairment loss recognised for goodwill will not be reversed under any circumstances.

Employee benefits

Pension liabilities

The Group’s pension schemes are arranged through a pension insurance company. The pension schemes are mainly defined contribution plans, and payments are recognised in the income statement during the period to which the payment applies. The Finnish Employees' Pensions Act (TyEL) pension scheme was treated as a defined contribution plan in 2013 and 2014.

Stock options granted

The Group has incentive schemes where payments are made either in equity instruments or in cash. The benefits granted through these arrangements are measured at fair value on the date of their being granted and recognised as expenses in the income statement evenly during the vesting period. Correspondingly, in arrangements where the payment is made in cash, the liability and the change in its fair value is recognised as a liability on an accrual basis. The impact of these arrangements on the financial results is shown in the income statements under the cost of employee benefits.

Provisions

A provision is recognised when the Group has a legal or factual obligation based on previous events, the realisation of a payment obligation is probable and the amount of the obligation can be reliably estimated.

A restructuring provision is recognised when the Group has prepared a detailed restructuring plan, begun its implementation and disclosed the matter. The provision is based on expected actual costs, such as agreed compensation for termination of employment.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

A guarantee provision is recognised once a product or service subject to guarantee terms has been sold and the amount of potential guarantee costs can be estimated with sufficient accuracy.

Shares, dividends and shareholders' equity

Dividends proposed by the Board of Directors will not be deducted from distributable shareholders' equity before the Board's approval has been received. Immediate costs relating to the acquisition of Digia Plc's own shares are recognised as deductions in shareholders' equity.

Earnings per share

Earnings per share are calculated by dividing the period's earnings after tax belonging to the parent company's shareholders by the weighted average of shares outstanding during the fiscal period, excluding own shares acquired by Digia Plc. Diluted earnings per share are calculated assuming that all subscription rights and options have been exercised by the beginning of the next fiscal year. In addition to the weighted average of shares outstanding, the denominator also includes shares received from subscription rights and options assumed to have been exercised. The subscription rights and options assumed to have been exercised will not be taken into account in earnings per share if their actual price exceeds their average price during the fiscal year.

Income taxes

Taxes recognised in the income statement include taxes based on taxable income for the financial period, adjustments to taxes for previous periods, as well as changes in deferred taxes. Tax based on taxable income for the period is calculated using the corporate income tax rate applicable in each country. Deferred tax assets and liabilities are recognised for temporary differences between the taxable values and book values of asset and liability items. The biggest temporary differences arise from depreciation of fixed assets, unused tax losses, and the revaluation of financial and derivative instruments at the fair price resulting from the purchase. Deferred taxes are determined on the basis of the tax rate enacted by the balance sheet date. Deferred tax receivables are recognised up to the probable amount of taxable income in the future, against which the temporary difference can be utilised.

Revenue recognition

Work carried out by people is recognised monthly in accordance with progress. Long-term projects with a fixed price are recognised on the basis of their percentage of completion once the outcome of the project can be reliably estimated. The percentage of completion is determined as the proportion of costs arising from work performed for the project up to the date of review in the total estimated project costs. If estimates of the project change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time. Any loss expected from a project is recognised as an expense immediately after the matter has been noted. Licensing income is recognised in accordance with the factual substance of the agreement. Depending on the nature of the licence, recognition is based on either the installation date, the delivery date, or the degree of completion. Maintenance fees are allocated over the agreement period.

Extraordinary items

Items recorded as extraordinary items refer to events occurring only once or very rarely. These may include business divestments, reorganisations and goodwill write-downs.

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires consideration. These estimates and assumptions are based on historical experience and other justifiable assumptions that are believed to be reasonable under the circumstances and that serve as a foundation for evaluating the items included in the financial statements. The estimates mainly concern the following items:

Impairment testing

The Group carries out quarterly impairment testing of goodwill and intangible assets with an unlimited useful life and evaluates any indications of impairment as described above in the accounting policies. Recoverable amounts from cash generating units are determined as calculations based on value in use. The preparation of these calculations requires the use of estimates.

Revenue recognition

As described in the revenue recognition policies, the revenue and costs of a long-term project are recognised as income and expenses, on the basis of percentage of completion once the outcome of the project can be reliably estimated. Recognition associated with the degree of completion is based on estimates of expected income and expenses of the project and reliable measurement and estimation of project progress. If estimates of the project’s outcome change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time. Any loss expected from a project is immediately recognised as an expense.

Financial risks

Financial risk management consists, for instance, of the planning and monitoring of solvency of liquid assets, the management of investments, receivables and liabilities denominated in a foreign currency, and the management of interest rate risks on non-current interest-bearing liabilities.

In accordance with the company's investment policy, cash and cash equivalents are invested only in low-risk short rate funds and bank deposits. The Group's policy defines creditworthiness requirements for customers in order to minimise the amount of credit losses. A sufficient provision was made for uncertain accounts receivable at the end of the fiscal period.

The most significant currency risks relating to accounts receivable or accounts payable are managed by means of forward foreign exchange contracts, when necessary. At the end of the fiscal year, the company did not have any such forward contract in force. Interest rate trends are monitored systematically in different bodies within the company, and possible interest rate risks hedges are made with the appropriate instruments. At the end of the fiscal year, the company had no such hedging instruments in force.

Application of new and amended IFRS standards

The IASB has published the following new or amended standards and interpretations that are not yet effective and thus have not yet been applied by the Group. The Group will introduce each standard and interpretation as of its effective date or, if the effective date is some other date than the first day of the fiscal period, as of the beginning of the fiscal period following the effective date.

- Amendment: Defined Benefit Plans – Employee Contributions. The amendment deals with contributions from employees or third parties to defined benefit plans. The amendment is not expected to have an effect on the consolidated financial statements.
- IFRS 9 Financial Instruments. IFRS 9 will entirely replace the current IAS 39 Financial Instruments standard. The amendment is not expected to have an effect on the consolidated financial statements.
- Annual Improvements to IFRSs 2010–2012 and Annual Improvements to IFRSs 2011–2013. In the Annual Improvements procedure, all the minor and less urgent changes to the standards are gathered together and carried out once a year. Improvements have been proposed to the following standards: IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. These are not expected to have an effect on the consolidated financial statements.
- Amendment IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the Consolidation Exception. The amendment is not expected to have an effect on the consolidated financial statements.
- Amendment: IFRS 11 Joint Arrangements. The amendment requires an entity to apply the same accounting principles it applies to business combinations to acquisitions by joint operations, where business operations are involved. The amendments are not expected to have an effect on the consolidated financial statements.
- IFRS 14 Regulatory Deferral Accounts. The standard permits a rate-regulated entity, which is a first-time adopter of International Financial Reporting Standards, to continue to account for 'regulatory deferral account balances'. The standard is not expected to have an effect on the consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customers. The standard provides a five-step model to be applied to all contracts with customers. This revenue recognition model provides significantly more detailed instructions than the existing IAS 11 Construction contracts and IAS 18 Revenue. The Group is currently assessing the effects of the

standard on its financial statements.

- Amendment IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization. The amendment involves eliminating the revenue-based depreciation method for tangible assets and permitting, with certain limitations, a revenue-based amortisation method for intangible assets. The amendments are not expected to have an effect on the consolidated financial statements.
- Amendment IAS 16 and IAS 41 Agriculture: IAS 16 Property, Plant and Equipment is to be applied to plants meeting certain criteria instead of IAS 41 Agriculture. The amendments are not expected to have an effect on the consolidated financial statements.
- Amendment IAS 27 Equity Method in Separate Financial Statements. The amendment permits the use of the equity method in the consolidation of subsidiaries and associates in the entity's separate financial statements. The amendment is not expected to have an effect on the consolidated financial statements.
- Amendment IAS 1: Disclosure Initiative. The purpose of the amendment is to encourage entities to assess the notes presented and the way they are grouped. The amendment is not expected to have an effect on the consolidated financial statements.
- Annual Improvements to IFRSs 2012–2014. Improvements have been proposed to the following standards: IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38, IAS 40. These are not expected to have an effect on the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Segment information

Since the beginning of 2014, Digia reports on two segments: Qt and Domestic.

Net sales, € 000	2014	2013	Change %
Domestic operations	77,028	79,850	-3.5%
Qt operations	20,406	19,891	2.6%
Digia Group	97,433	99,740	-2.3%

Operating profit before extraordinary items, € 000	2014	2013	Change %
Domestic operations	6,311	5,395	17.0%
Qt operations	-1,850	-846	-118.7%
Digia Group	4,461	4,549	-1.9%

Operating profit, € 000	2014	2013	Change %
Domestic operations	6,311	-1,976	419.4%
Qt operations	-2,001	-846	-136.5%
Digia Group	4,310	-2,822	252.7%

Assets, € 000	31 Dec 2014	31 Dec 2013
Domestic operations	51,076	53,199
Qt operations	17,332	17,021
Unallocated	11,985	13,058
Digia Group	80,393	83,278

Net sales by geographical location of customers

€ 000	2014	2013
Finland	76,986	78,798
Other countries	20,447	20,942
Total	**97,433**	**99,740**

Net sales by function

€ 000	2014	2013
Work sales	53,848	55,372
Licence sales	39,661	40,971
Other sales	3,924	3,398
Total	**97,433**	**99,740**

Notes to the Consolidated Financial Statements

2. Acquired business operations

Acquired business operations in 2014

Digia made no business acquisitions in 2014.

Acquired business operations in 2013

Digia made no business acquisitions in 2013.

Notes to the Consolidated Financial Statements

3. Long-term projects

The reported consolidated net sales include income recognised on long-term projects totalling EUR 13.8 million in 2014 (EUR 14.6 million in 2013). The consolidated income statement included income recognised on incomplete long-term projects totalling EUR 11.8 million on 31 December 2014 (EUR 12.7 million 31 December 2013). The statement of financial position includes advance payments recognised on incomplete long-term projects totalling EUR 0.3 million on 31 December 2014 (EUR 2.6 million on 31 December 2013).

Notes to the Consolidated Financial Statements

4. Extraordinary items

Restructuring expenses of EUR 0.2 million related to the reorganisation carried out at the year-end were recorded as extraordinary items for 2014.

Notes to the Consolidated Financial Statements

5. Auditors' fees

€ 000	2014	2013
Audit	148	154
Other statutory duties	0	0
Tax counselling	31	30
Other services	55	51
Total	**234**	**235**

Notes to the Consolidated Financial Statements

6. Other operating income

€ 000	2014	2013
Grants	773	999
Other income	530	544
Total	**1,303**	**1,543**

Notes to the Consolidated Financial Statements

7. Other operating expenses

The following table presents the five most significant items included in other operating expenses:

€ 000	2014	2013
Costs of premises	4,841	5,051
IT costs	3,222	3,342
Voluntary personnel expenses	3,179	3,465
Travel	1,696	1,670
Sales and marketing	1,851	1,518
Total	**14,789**	**15,046**

Notes to the Consolidated Financial Statements

8. Product development expenses

€ 000	2014	2013
Product development expenses	13,810	11,876
Total	**13,810**	**11,876**

Notes to the Consolidated Financial Statements

9. Depreciation, amortisation and impairment

€ 000	2014	2013
Depreciation and amortisation by asset category		
Intangible assets	1,412	1,762
Property, plant and equipment		
Buildings	7	7
Machinery and equipment	1,072	1,208
Total	**1,078**	**1,215**
Amortisation		
Goodwill impairment	-	6,555
Specified intangible assets	-	445
Depreciation, amortisation and impairment, total	**2,490**	**9,977**

Notes to the Consolidated Financial Statements

10. Personnel expenses

€ 000	2014	2013
Wages and salaries	52,984	52,525
Pension costs, defined-contribution plans	8,566	8,374
Share-based payments	310	292
Other personnel expenses	3,439	3,420
Total	**65,300**	**64,612**

Group personnel on average during the period	2014	2013
Business units	889	892
Administration and management	46	47
Total	**935**	**939**

Information on employee benefits and loans to the management are presented in Note 28, 'Related party transactions'.

Notes to the Consolidated Financial Statements

11. Financial income and expenses

Financial income

€ 000	2014	2013
Interest income from cash and cash equivalents	6	8
Interest income from accounts receivable	5	3
Dividend income	10	10
Exchange rate gains	423	277
Other financial income	3	5
Total	**448**	**304**

Financial expenses

€ 000	2014	2013
Interest expenses for financing loans valued at accrued acquisition cost	389	438
Interest expenses for accounts payable	4	10
Loan administration fees	147	319
Exchange rate losses	451	248
Other financial expenses	132	73
Total	**1,123**	**1,088**

Notes to the Consolidated Financial Statements

12. Income taxes

€ 000	2014	2013
Current tax	973	529
Taxes from previous periods	-186	-53
Deferred tax	-3	-14
Total	**784**	**461**

Reconciliation between the tax expenses in the income statement and taxes calculated at the tax rate valid in the Group's home country (20 per cent):

€ 000	2014	2013
Earnings before tax	3,634	-3,606
Taxes calculated at the domestic corporation tax rate	727	-883
Deviating tax rates of foreign subsidiaries	91	58
Income not subject to tax	-2	-89
Non-deductible expenses	215	1,678
Tax effect of dissolution losses	75	-
Other items	-3	-249
Taxes for the period in the income statement	-130	-53
Total	**973**	**461**
Taxes for the period in the income statement	**973**	**461**

Notes to the Consolidated Financial Statements

13. Earnings per share

Basic earnings per share are calculated by dividing the earnings before tax for the accounting period attributable to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. Own shares held by the company are not included in the calculation of the weighted average of shares outstanding. The calculation of diluted earnings per share includes consideration of the diluting effect of stock options on the weighted average number of shares. Stock options have a diluting effect if their exercise price is lower than the fair value of the share.

	2014	2013
Profit for the period attributable to parent company shareholders (€ 000)	2,850	-4,067
Weighted average number of shares during the period	20,780,221	20,808,855
Diluting effect of stock options	-	-
Diluted weighted average number of shares during the period	20,780,221	20,808,855
Basic earnings per share (EUR/share)	0.14	-0.20
Diluted earnings per share (EUR/share)	0.14	-0.20

Notes to the Consolidated Financial Statements

14. Property, plant and equipment

€ 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2014	Total 2013
Acquisition cost, 1 January	17	162	18,322	84	18,585	17,537
Additions	-	-	792	-	792	1,073
Acquisition of subsidiary	-	-	-	-	-	-
Disposals	-	-	-1	-	-1	-25
Acquisition cost, 31 December	17	162	19,113	84	19,376	18,585
Accumulated depreciation and amortisation, 1 January	-	-85	-16,431	-83	-16,599	-15,384
Depreciation	-	-7	-1,072	-	-1,078	-1,215
Amortisation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated depreciation and amortisation, 31 December	-	-92	-17,503	-83	-17,677	-16,599
Book value, 1 January	17	77	1,891	1	1,986	2,152
Book value, 31 December	17	71	1,610	1	1,699	1,986

Property, plant and equipment include assets leased under finance lease as follows:

€ 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2014	Total 2013
Acquisition cost and provisions	-	-	10,094	-	10,094	9,469
Accumulated depreciation	-	-	-8,827	-	-8,827	-8,089
Book value, 31 December	-	-	1,267	-	1,267	1,380

Notes to the Consolidated Financial Statements

15. Intangible assets

€ 000	Goodwill	Development costs	Other intangible assets	Total 2014	Total 2013
Acquisition cost, 1 January	95,944	2,487	33,676	132,107	131,283
Capitalised development costs	-	-	-	-	-
Additions	-	-	752	752	824
Disposals	-	-	-358	-358	-
Acquisition cost, 31 December	95,944	2,487	34,070	132,501	132,107
Accumulated depreciation and amortisation, 1 January	-51,394	-2,487	-24,899	-78,780	-70,018
Depreciation	-	-	-1,412	-1,412	-1,762
Amortisation	-	-	-	-	-7,000
Accumulated depreciation and amortisation, 31 December	-51,394	-2,487	-26,311	-80,192	-78,780
Book value, 1 January	44,550	0	8,777	53,327	61,265
Book value, 31 December	44,550	0	7,759	52,309	53,327

Impairment testing

The Group carries out quarterly impairment testing on goodwill and intangible assets with an indefinite useful life. The tables below shows the distribution of goodwill and values subject to testing at the end of the reporting period:

€ 000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, domestic operations	824	490	37,987	5,549	44,360

€ 000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, Qt business	6,210	672	6,562	1,747	14,520

€ 000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia Group total	7,034	1,162	44,550	7,295	58,879

Present values for domestic operations were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for 2015 according to budget; in the five-year forecast period, annual growth in net sales of 3.0 per cent and 2.5 per cent thereafter, operating profit growth of 8.1 per cent, and a pre-tax discount rate of 8.5 per cent.

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 2015 according to budget; in the five-year forecast period, annual growth in net sales of 6.5 per cent and 5.5 per cent thereafter, operating profit growth of 4.5 per cent, and a pre-tax discount rate of 8.5 per cent.

Post-forecast-period cash flows for both the tested units 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 at 4.4 per cent, or a 3.0 per cent growth in net sales with profitability at 2.4 per cent.

According to a completed sensitivity analysis, the goodwill of the Qt business requires either net sales to remain at the current level with profitability at 3.5 per cent, or a 4.5 per cent growth in net sales with profitability at 0.2 per cent.

Notes to the Consolidated Financial Statements

16. Deferred tax assets and liabilities

Changes in deferred taxes during 2014:

€ 000	1 Jan 2014	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec 2014
Deferred tax assets:						
Provisions	55	-7	-	-	-	48
Confirmed losses	-	-	-	-	-	-
Other items	316	-163	-	-	-	153
Total	**371**	**-170**	-	-	-	**201**

€ 000	1 Jan 2014	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec 2014
Deferred tax liabilities:						
From business combinations	208	-86	-	-	-	122
Other items	253	-87	-	-	-	167
Total	**461**	**-172**	**-**	**-**	**-**	**289**

Changes in deferred taxes during 2013:

€ 000	1 Jan 2013	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec 2013
Deferred tax assets:						
Provisions	132	-77	-	-	-	55
Confirmed losses	6	-6	-	-	-	0
Other items	397	-81	-	-	-	316
Total	**535**	**-164**	**-**	**-**	**-**	**371**

€ 000	1 Jan 2013	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec 2013
Deferred tax liabilities:						
From business combinations	402	-194	-	-	-	208
Other items	237	16	-	-	-	253
Total	**639**	**-178**	**-**	**-**	**-**	**461**

Notes to the Consolidated Financial Statements

17. Accounts receivable and other receivables

€ 000	2014	2013
Accounts receivable and other receivables		
Accounts receivable	14,400	14,907
Receivables from customers on long-term projects	2,009	1,274
Security deposit for rental due	291	228
Tax assets from the profit for the financial year	209	533
Prepayments and accrued income	2,258	3,196
Other receivables	1,232	309
Accounts receivable and other receivables	**20,399**	**20,448**

€ 000	2014	2013
Non-due accounts receivable	12,777	13,408
Accounts receivable due 1–30 days ago	802	1,278
Accounts receivable due 31–60 days ago	431	70
Accounts receivable due more than 60 days ago	390	150
Total	**14,400**	**14,907**

At the end of the fiscal year 2014, credit losses totalled EUR 0.1 million. At the end of the fiscal year 2013, credit losses totalled EUR 0.01 million. The book value of accounts receivable and security deposits for rental dues is a reasonable estimate of their fair value. Their balance sheet values best correspond with the sum of money that represents the maximum amount of credit risks. Essential items included in prepayments and accrued income are associated with the accrual of statutory insurance premiums and other accrued expenses.

Notes to the Consolidated Financial Statements

18. Cash and cash equivalents

€ 000	2014	2013
Financing assets recognised at fair value through profit and loss		
Mutual funds	329	324
Bank accounts	4,803	6,130
Total	**5,132**	**6,454**

Notes to the Consolidated Financial Statements

19. Notes on share capital

	Number of shares	Share capital (€ 000)
1 Jan 2013	20,875,645	2,088
Rights issue	-	-
31 Dec 2013	20,875,645	2,088

	Number of shares	Share capital (€ 000)
1 Jan 2014	20,875,645	2,088
Rights issue	-	-
31 Dec 2014	20,875,645	2,088

The maximum number of shares is 48 million (48 million in 2013). All shares grant equal rights to their holders. The nominal value of each share is EUR 0.1 and the Group's maximum share capital is EUR 4.8 million (EUR 4.8 million in 2013). All outstanding shares are paid in full. At the end of the fiscal year, the company held 57,372 of its own shares, or 0.3 per cent of all shares. In addition, 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.

The premium fund comprises the amount paid for shares in excess of the nominal value. The 'Other reserves' amount arises from fair valuation of acquired business operations in the consolidated financial statements. The translation differences reserve comprises translation differences arising from the translation of financial statements of non-Finnish units. The unrestricted shareholders' equity reserve comprises investments similar to shareholders' equity and the subscription price of shares when a specific decision is made not to enter it in shareholders' equity.

Notes to the Consolidated Financial Statements

20. Share-based payments

The Group offers share-based bonuses as part of its key personnel commitment and incentive scheme. The share-based bonus scheme offers the target group an opportunity to receive shares in Digia Plc shares as a reward for the achievement of specified goals set for an earning period. The Board of Directors decides the earning criteria for the scheme and specifies the targets, as well as the maximum remuneration for the earning period for each person belonging to the target group.

On 19 December 2013, Digia Plc's Board of Directors decided to establish a new share-based incentive scheme for the Chief Executive Officer and other members of senior management. The purpose of the system is to align the objectives of the company's shareholders and management in order to increase shareholder value, promote management commitment and to offer management a competitive incentive scheme based on shareholding in the company.

The scheme comprises three earning periods, which are the calendar years 2014–2016. The earnings principles are the consolidated earnings per share and consolidated net sales, according to formulae settled annually by the Board.

According to the scheme, rewards totalling a maximum value equivalent to 200,000 shares will be paid for each earning period. Of the rewards paid, one half will be awarded to the CEO, and one half will be divided between other people included in the scheme. The reward will be paid as a 50/50 combination of shares and cash. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs of the scheme.

Digia's previous share-based incentive scheme covered the period from 2010 to 2013 and included the CEO and other members of the Group Management Team. No rewards were paid out under this scheme in 2014.

The basic details of the schemes are listed in the table below.

	Senior management share-based incentive scheme 2014–2016	Management group share-based incentive scheme 2010–2013
Granting date	6 June 2014	27 May 2010
Instrument	Shares and cash	Shares and cash
Target group	CEO and senior management	Management group
Maximum number of shares *	600,000	640,000
Beginning of the earning period	6 June 2014	28 May 2010
End of the earning period	31 Dec 2014 / 31 Dec 2015 / 31 Dec 2016	31 March 2011 / 31 March 2012 / 31 March 2013 / 31 March 2014
Vesting condition	Earnings per share and net sales	Earnings per share, net sales growth and employment requirement
Maximum validity, years	2.6	3.2
Remaining validity, years	2.0	-
Number of persons (31 December 2014)	10	-

* In addition to the bonus payment in shares, a cash bonus is paid to cover the cost of taxes and similar expenses.

The items related to share-based incentive schemes in 2014 are given in the table below. Because the cash portion of the bonus payment is also recorded as a share-based expense, the sums below are gross, i.e. the bonuses include the shares and the equivalent cash sum.

Events in 2014 fiscal year	Senior management share-based incentive scheme 2014–2016	Management group share-based incentive scheme 2010–2013	Total
Gross amounts, 1 January 2014 **			
Outstanding at beginning of period	600,000	200,000	800,000
Changes during the period			
Forfeited during the year	-	200,000	200,000
Exercised during the year	-	-	-
Gross amounts, 31 December 2014 **			
Outstanding at end of period	600,000	0	600,000
Available for exercising at end of period	600,000	0	600,000

** The amounts include the cash portion (in shares) granted according to the terms of the incentive scheme.

Determination of fair value

The fair value of share-based payments is determined on the day on which the scheme is agreed between the company and the recipient group. As the share-based bonus is paid as a combination of shares and cash, the determination of its fair value is divided into two parts in accordance with the IFRS 2 standard: the part settled in shares and the part settled in cash. The part settled in shares is recognised as shareholders' equity and the part settled in cash as a liability. The fair value of the part settled in cash is revalued on each reporting date until the end of earning period, and thus the fair value of the liability changes in accordance with the price of the Digia share.

Expense effect of share-based incentive schemes on 2014 income statement

Effect on earnings and financial position, € 000	Senior management share-based incentive scheme 2014–2016	Management group share-based incentive scheme 2010–2013	Total
Share-based payment expense for the fiscal year	310	0	310
Share-based payments, shareholders' equity, 31 Dec 2014	185	0	185
Liabilities from share-based payments, 31 Dec 2014	125	0	125

Comparison data for 2013

Effect on earnings and financial position, € 000	Management group share-based incentive scheme 2010–2013	Key personnel share-based incentive scheme 2009–2012	Total
Share-based payment expense for the fiscal year	286	6	292
Share-based payments, shareholders' equity, 31 Dec 2013	0	0	0
Liabilities from share-based payments, 31 Dec 2013	0	0	0

Notes to the Consolidated Financial Statements

21. Provisions

Changes in provisions during 2014:

€ 000	Restructuring provision	Unprofitable agreements	Total
1 Jan 2014	446	275	721
Increase in provisions	151	231	382
Provisions used	-446	-275	-721
Reversals of unused provisions	-	-	-
31 Dec 2014	**151**	**231**	**382**

Changes in provisions during 2013:

€ 000	Restructuring provision	Unprofitable agreements	Total
1 Jan 2013	727	538	1,264
Increase in provisions	371	78	449
Provisions used	-652	-341	-993
Reversals of unused provisions	-	-	-
31 Dec 2013	**446**	**275**	**721**

Restructuring provision

The restructuring provisions relate to organisational changes carried out during the year. They are included on the Balance Sheet under 'Accruals'.

Unprofitable agreements

A loss provision is created for fixed-price projects if it becomes apparent that the completion of the project will require significantly more work input than has been estimated in connection with selling the project and can be invoiced from the customer on the basis of the agreement.

On the balance sheet date of 31 December 2014, there were three fixed-price projects for which loss provisions had been recorded on the basis of remaining work.

Notes to the Consolidated Financial Statements

22. Financial liabilities

€ 000	2014 Fair values	2013 Fair values	2014 Balance sheet values	2013 Balance sheet values
Non-current				
Bank loan	9,000	12,000	9,000	12,000
Finance lease liabilities	646	742	646	742
Total	9,646	12,742	9,646	12,742
Current				
Bank loan	6,000	3,500	6,000	3,500
Finance lease liabilities	599	641	599	641
Total	6,599	4,141	6,599	4,141
Total	**16,245**	**16,883**	**16,245**	**16,883**

The loan covenants related to the company's solvency and liquidity comprised the following key figures: operating profit before depreciation and amortisation (EBITDA) in relation to net debt, equity ratio and net gearing. The company fulfilled the set loan covenants in 2014. The maximum and minimum values specified in the loan covenants, and the realised figures on 31 December 2014 were:

	Covenant value	Realised value
Net debt / EBITDA, max.	2.5	1.6
Solvency, min.	35%	51%
Net gearing, max.	60%	30%

During the financial year, the company repaid EUR 3.0 million in loans, reducing its interest-bearing liabilities to EUR 15.0 million at the year-end. The loans have floating interest rates tied to Euribor, plus a margin. The average interest rate of the loans in 2014 was 2.1% (2.2% in 2013). The shares of Digia Finland Ltd and The Qt Company Oy are pledged as collateral for the loans. On 31 December 2014, the book value of pledged shares was EUR 111.5 million.

The effective interest rate on finance lease liabilities during the fiscal year 2014 was 2.98% (3.40% in 2013).

Interest-bearing liabilities fall due as follows:

Year, € 000	2014	2013
2015	6,599	3,394
2016	9,322	9,297
2017	286	51
2018	35	-
Later	2	-
Total	**16,245**	**12,742**

The tables below describe agreement-based maturity analysis results for 2014 and the 2013 comparison period. The figures are undiscounted and include interest payments and the repayment of loan capital:

€ 000 31 Dec 2014	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	15,000	15,447	6,231	9,216	0
Finance lease liabilities	1,245	1,245	599	322	323
Accounts payable and other liabilities	2,886	2,886	2,886	0	0
Total	**19,131**	**19,577**	**9,716**	**9,538**	**323**

€ 000 31 Dec 2013	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	15,500	16,217	3,804	3,238	9,174
Finance lease liabilities	1,383	1,383	641	394	348
Accounts payable and other liabilities	3,821	3,821	3,821	0	0
Total	**20,704**	**21,421**	**8,266**	**3,632**	**9,523**

Notes to the Consolidated Financial Statements

23. Due dates of finance lease liabilities

€ 000	2014	2013
Finance lease liabilities, total of minimum lease payments		
Within one year	625	670
Within more than one but less than five years	656	762
After more than five years	-	-
Finance lease liabilities, present value of minimum lease payments		
Within one year	599	641
Within more than one but less than five years	646	742
After more than five years	-	-
Financial expenses to be accrued in the future	35	49
Total amount of finance lease liabilities	**1,245**	**1,383**

The finance leases concern IT equipment and have durations of two to four years.

Notes to the Consolidated Financial Statements

24. Non-interest bearing liabilities

€ 000	2014	2013
Non-current		
Deferred tax liabilities	289	481
Other long-term liabilities	1,113	2,877
Total	**1,402**	**3,338**
Current		
Accounts payable	2,827	3,678
Total	**2,827**	**3,678**
Other non-interest bearing current liabilities		
Advance payments received	7,968	8,140
Accruals and deferred income	10,726	10,699
Statutory provisions	231	275
Income tax liabilities	16	54
Other liabilities	4,260	4,150
Total	**23,200**	**23,319**
Total non-interest bearing liabilities	**27,429**	**30,334**

The book value of non-interest bearing current liabilities represents a reasonable estimate of their fair value. Material items included in accrued expenses arise from the accrual of holiday pay, as well as accrued provisions for salaries and fees.

Notes to the Consolidated Financial Statements

25. Operating leases

Minimum lease payments on the basis of other non-cancellable leases:

€ 000	2014	2013
Within one year	4,389	4,789
Within more than one but less than five years	3,890	3,825
After more than five years	309	-
Total	**8,589**	**8,614**

The Group leases all of its production facilities and office premises. The average duration of the leases is one to three years, and they normally include the option of extension after the original date of expiry. The Group has also leased motor vehicles on maintenance lease agreements. The normal duration of maintenance lease agreements is three years.

Notes to the Consolidated Financial Statements

26. Contingent liabilities

€ 000	2014	2013
Collateral pledged for own commitments		
Business mortgages	59,800	57,200
Other	727	1,410
Total	**60,527**	**58,610**

Other contingent liabilities are mostly related to guarantee liabilities.

Digia Group has received a customer complaint and a notice of cancellation of a delivery agreement between the parties. In the notice of cancellation, the customer demanded Digia to reimburse any payments made by the customer and to pay an additional compensation for late delivery in the amount of EUR 0.1 million. Digia has contested the customer's grounds for cancellation. The parties continue to negotiate in order to reach an amicable resolution. If the case is brought before a court, Digia believes it has a fair chance of winning.

Notes to the Consolidated Financial Statements

27. The group's shares and holdings

Group companies	Domicile	Domestic operations	Share of ownership	Share of votes
Digia Plc	Helsinki	Finland	Parent company	
Digia Estonia Oü *)	Tallinn	Estonia	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
Digia Hong Kong Ltd *)	Hong Kong	China	100%	100%
Digia Software (Chengdu) Co. Ltd	Chengdu	China	100%	100%
Digia Sweden AB	Stockholm	Sweden	100%	100%
OOO The Qt Company	St. Petersburg	Russia	100%	100%
The Qt Company GmbH	Berlin	Germany	100%	100%
The Qt Company Ltd.	Shanghai	China	100%	100%
The Qt Company AS	Oslo	Norway	100%	100%
The Qt Company Oy	Helsinki	Finland	100%	100%
The Qt Company	San Jose	USA	100%	100%

*) The company is inactive.

Other shares and holdings	€ 000
Keimola Golf Club Oy	7
Kiinteistö Oy Rukan Kuukkeli	62
Kytäjä Golf Oy	38
Vierumäki Golf Oy	17
Vierumäki Golf Club Oy	35
Vierumäen Loma-aika Oy	138
Vierumäen Kuntoharju Oy	270
Rikunniemen Huolto Oy	6
Tahko Golf Club Oy	39
Tahkovuorenpeikko Oy	11
Other	1
Total	**624**

Notes to the Consolidated Financial Statements

28. Related party transactions

Two parties are considered related if one party can exercise control or significant power in decision-making associated with the other party's finances and business operations. The Group's related parties include the parent company and subsidiaries, in addition to the members of the Board of Directors and the Management Team.

Remuneration paid to the CEO and Group management during the financial period, including fringe benefits, was as follows:

€ 000	2014	2013
Salaries and other short-term employee benefits	429	990
Share-based bonuses	0	107
Total	**429**	**1,097**

The salaries and fees paid in 2014 to the CEO and the members of the Board of Directors were as follows:

		€ 000
Kyttälä Pertti	Chairman of the Board of Directors	76
Ingman Robert	Vice Chairman of the Board	51
Ruotsalainen Seppo	Member of the Board	38
Saarinen Leena	Member of the Board	38
Karvinen Kari	Member of the Board	40
Uhari Tommi	Member of the Board	37
Hokkanen Päivi	Member of the Board	38
Varelius Juha	CEO	288
Total		**603**

The incentive schemes are described in Note 20 Share-based payments and in the separate report on corporate governance. Transactions related to the sale of services to related parties totalled EUR 0 (EUR 57,100 in 2013). Transactions associated with the purchase of goods or services totalled EUR 0 (EUR 0 in 2013). The Group has no related-party loans.

Notes to the Consolidated Financial Statements

29. Management of financing risks

Digia Plc's internal and external financing and the management of financing risks is concentrated in the finance function of the Group's parent company. The function is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financing risks in its normal course of business. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financing risks are interest rate risk, credit risk and funding risk. The general principles of risk management are approved by the Board of Directors, and the Group's finance function together with the business segments is responsible for their practical implementation.

Foreign exchange risk

The Group is not significantly exposed to foreign exchange risks in its operations. The Group's key foreign exchange risks involve the US dollar, Swedish krona, Norwegian krone, Russian rouble and Chinese yuan. The financial statements include foreign currency sales receivables of approx. EUR 1.9 million in Swedish kronas, US dollars, Norwegian krones and Russian roubles. Foreign currency accounts payable totalled approx. EUR 0.2 million, mainly being in Swedish kronas, Norwegian krones, US dollars and Russian roubles. The most significant currency risks relating to accounts receivable and accounts payable can be managed by means of forward foreign exchange contracts when necessary. At the end of the fiscal year 2014, the company had no such forward contract in force.

Interest rate risk

The Group's interest rate risk is primarily associated with a long-term bank loan that has an interest rate linked to Euribor rates. Changes in market interest rates have a direct effect on the Group's future interest payments. During the financial period 2014, the interest rate on the long-term bank loan varied between 2.0% and 2.6% (2.1%–2.7% in 2013). The impact of a +/-1% change in the loan's interest rate is EUR 0.1 million per annum. The Group's money market investments are a source of interest rate risk, but the overall impact of these investments is negligible. Interest rate developments are monitored systematically in different bodies within the company, and possible interest rate hedges will be made with the appropriate instruments.

Credit risk

The Group's customers are mostly well-known Finnish and foreign companies with well established credit, and thus the Group has no significant credit risks. The Group's policy defines creditworthiness requirements for customers, investment transactions and counterparties. Services and products are only sold to companies with a good credit rating.

The counterparties in investment transactions are companies with a good credit rating. Credit risks associated with commercial operations are primarily the responsibility of operational units. The parent company's finance function provides customer financing services in a centralised manner and ensures that the principles of the financing policy are observed with regard to terms of payment and collateral required. At the end of the fiscal year 2014, credit losses totalled EUR 0.1 million (EUR 0.01 million in 2013). The maturity analysis of accounts receivable for 2014 and 2013 is presented in Note 17.

Liquidity risk

The Group aims to continuously estimate and monitor the amount of financing required for business operations in order to maintain sufficient liquid funds for financing operations and repaying loans falling due. The availability and flexibility of financing is ensured by maintaining an unused credit facility and using two major banks for financing. The amount of unused standby credit facility on 31 December 2014 was EUR 4.0 million, and the company has the ability to take out EUR 7 million in new loans. The Group maintains its immediate liquidity with the help of cash management solutions such as Group accounts and credit facilities at banks. Cash and cash equivalents on 31 December 2014 totalled EUR 5.1 million. An agreement-based maturity analysis on discounted equity and interest payments for the reporting periods 2014 and 2013 is presented in Note 22.

Management of the capital structure

The Group's capital management aims at supporting company business by means of optimal management of the capital structure, ensuring normal operating conditions and increasing shareholder value with a view to achieving the best possible profit. At the end of the year, the Group's interest-bearing net liabilities were EUR 11.1 million (EUR 10.4 million in 2013). When calculating gearing, the interest-bearing net liabilities are divided by shareholders' equity. Gearing includes interest-bearing net liabilities less cash and cash equivalents. Interest-bearing liabilities have mainly been used to finance the company's business acquisitions. Net gearing at the year-end 2014 was 30% (29%).

The share of liabilities of total shareholders' equity on 31 December 2014 and 31 December 2013 was as follows:

€ 000	2014	2013
Interest-bearing liabilities	16,245	16,883
Cash and cash equivalents	5,132	6,454
Interest-bearing net liabilities	11,113	10,429
Total shareholders' equity	36,719	36,061
Net gearing	30%	29%

Notes to the Consolidated Financial Statements

30. The group's key financial ratios

€ 000	2014	2013	2012	2011	2010
Extent of business					
Net sales, € 000	97,433	99,740	100,448	121,940	130,825
- change on previous year, %	-2.3%	-0.7%	-17.6%	-6.8%	9%
Gross capital expenditure, € 000	1,147	1,598	802	2,733	1,965
- % of net sales	1 %	2%	1%	2%	2%
Capitalisation for research and development	-	-	-	-	-
- % of net sales	0%	0%	0%	0%	0%
Number of personnel, 31 December	932	938	982	1,175	1,558
Average number of personnel	935	939	1,025	1,453	1,508
Profitability					
Operating profit, € 000	4,310	-2,822	6,884	-22,168	17,164
- % of net sales	4%	-3%	7%	-18%	13%
Net profit, € 000	2,850	-4,067	4,024	-22,452	17,164
- % of net sales	3%	-4%	4%	-18%	13%
Return on equity, %	8%	-10%	10%	-42%	18%
Return on investment, %	9%	-4%	11%	-29%	19%

Financing and financial standing					
Loans from financial institutions, € 000	16,245	16,883	19,849	21,872	23,316
Cash and cash equivalents, € 000	5,132	6,454	8,283	8,170	9,682
Net gearing, %	30%	29%	28%	34%	20%
Equity ratio, %	51%	50%	53%	48%	59%
Cash flow from operations, € 000	1,881	4,855	19,946	8,842	11,066
Dividends (paid)*	2,082	2,082	2,077	5,577	2,885
Earnings per share, EUR undiluted	0.14	-0.20	0.19	-1.08	0.56
Earnings per share, EUR diluted	0.14	-0.20	0.19	-1.08	0.56
Equity per share	1.76	1.73	2.01	1.90	3.23
Dividend per share (proposal for 2014)	0.05	0.10	0.10	0.10	0.27
Dividend payout ratio		-	53%	-	48%
Effective dividend yield		3%	4%	4%	5%
Price/earnings ratio (P/E)	-	-	13.79	-	8.98
Lowest share price	2.66	2.65	2.28	2.30	3.38
Highest share price	4.59	4.34	3.30	5.79	5.89
Average share price	3.79	3.19	2.82	3.88	5.01
Market capitalisation	55,529	81,624	54,694	50,519	104,949
Trading volume, shares	3,864.505	4,095,297	1,652,971	7,135,305	7,260,278
Trading volume, %	19%	20%	8%	34%	35%

*In 2012 and 2014, repayment of capital instead of dividends

The weighted average number of shares during the accounting period, adjusted for share issues, was 20,780,221. The diluted weighted average number of shares during the period was 20,780,221. The number of shares outstanding at the end of the accounting period was 20,775,273. At the year-end, the company held 57,372 of its own shares.

Calculation of Financial Ratios

Return on investment (ROI), %:

(Profit or loss before taxes + interest and other financing costs) x 100

Balance sheet total – non-interest bearing liabilities (average)

Return on equity (ROE), %:

(Profit or loss before taxes – taxes) x 100

Shareholders' equity + minority interest (average)

Equity ratio, %:

(Shareholders' equity + minority interest) × 100

Balance sheet total – advance payments received

Earnings per share:

Earnings before extraordinary items and taxes – taxes +/- minority interest

Average number of shares during the period, adjusted for share-issues

Dividend per share:

Total dividend

Number of shares at the end of the period, adjusted for share issues

Dividend payout ratio, %:

Dividend per share x 100

Earnings per share

Net gearing:

(Loans from financial institutions – cash, bank receivables and financial securities) × 100

Shareholders' equity

Effective dividend yield, %:

$$\frac{\text{Dividend per share} \times 100}{\text{Last trading price for the period, adjusted for share issues}}$$

Price/earnings ratio (P/E):

$$\frac{\text{Last trading price for the period, adjusted for share issues}}{\text{Earnings per share}}$$

Parent Company's Income Statement (FAS)

€	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	1	6,724,226.00	7,110,000.00
Other operating income	2	29,650.00	40,140.00
Personnel expenses	3	-3,676,981.00	-3,591,669.82
Depreciation, amortisation and impairment	4	-422,557.76	-1,150,826.89
Other operating expenses	5	-2,497,266.38	-2,688,698.17
		-6,567,155.14	-7,391,054.88
Operating profit		**157,080.86**	**-281,054.88**
Financial income and expenses	6	-1,762,067.34	-1,640,289.73
Earnings before extraordinary items and taxes		**-1,604,996.48**	**-1,921,344.61**
Extraordinary items		3,800,000.00	0.00
Earnings before tax		**2,195,003.52**	**-1,921,344.61**
Income taxes	7	-420,520.88	70,513.72
Net profit		**1,774,482.64**	**-1,850,830.89**

Parent Company's Balance Sheet (FAS)

€	Note	31 Dec 2014	31 Dec 2013
ASSETS			
FIXED ASSETS			
Intangible assets	8		
Intangible rights		546,965.27	341,187.51
Other long-term expenses		-	356,442.66
		546,965.27	697,630.17
Tangible assets	9		
Land and water areas		16,818.79	16,818.79
Buildings and structures		70,579.69	77,473.15
Machinery and equipment		51,476.46	5,356.34
Permanent fixed assets		1,210.95	1,210.95
		140,385.89	100,859.23
Financial assets	10		
Shares in Group companies		113,615,633.85	113,613,133.85
Other shares and holdings		606,292.32	606,292.32
		114,221,926.17	114,219,426.17
Total fixed assets		**114,909,277.33**	**115,017,915.57**

CURRENT ASSETS			
Current receivables	11		
Receivables from Group companies		1,753,876.23	1,507,173.70
Other receivables		183,965.33	257,877.61
Prepayments and accrued income		260,057.43	541,276.92
		2,197,898.99	2,306,328.23
Cash and cash equivalents		1,658,539.95	1,719,853.85
Total current assets		**3,856,438.94**	**4,026,182.08**
Total assets		**118,765,716.27**	**119,044,097.65**

€	Note	31 Dec 2014	31 Dec 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders	12		
Share capital		2,087,564.50	2,087,564.50
Rights issue		-	-
Issue premium fund		7,899,485.80	7,899,485.80
Unrestricted shareholders' equity reserve		31,370,258.22	33,447,785.52
Retained earnings		-552,222.85	1,296,776.08
Net profit		1,774,482.64	-1,850,830.89
Total shareholders' equity		**42,579,568.31**	**42,880,781.01**

LIABILITIES			
Non-current liabilities			
Loans from financial institutions	13	9,000,000.00	12,000,000.00
		9,000,000.00	12,000,000.00
Current liabilities			
Accounts payable	14	159,513.14	173,290.17
Interest-bearing liabilities		6,000,000.00	3,000,000.00
Liabilities to Group companies		60,299,652.48	60,261,656.27
Other liabilities		85,938.37	198,713.58
Accrued and deferred income		641,043.97	529,656.62
		67,186,147.96	64,163,316.64
Total liabilities		**76,186,147.96**	**76,163,316.64**
Total shareholders' equity and liabilities		**118,765,716.27**	**119,044,097.65**

Parent Company's Cash Flow Statement (FAS)

€ 000	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations:		
Net profit	1,774	-1,851
Adjustments to net profit	-905	2,721
Change in working capital	-836	-201
Interest paid	-420	-536
Interest income	0	0
Taxes paid	-192	-820
Net cash flow from operations	**-578**	**-687**
Cash flow from investments:		
Purchase of tangible and intangible assets	-314	-404
Acquisition of subsidiary, net of cash acquired	-	-
Cash flow from investments	**-314**	**-404**
Cash flow from financing:		
Proceeds from share issue	-	-
Acquisition of own shares	-183	-
Repayment of current loans	0	-10,500
Repayments of non-current loans	-4,797	-9,500
Withdrawals of current loans	3,000	6,000
Withdrawals of non-current loans	1,297	12,000
Group financing items ([1]	3,591	2,729
Dividends paid and other profit distribution	-2,077	-2,040
Cash flow from financing	**830**	**-1,311**

Change in liquid assets	**-61**	**-2,402**

Liquid assets at beginning of period	**1,720**	**4,122**
Change in liquid assets	-61	-2,402
Liquid assets at end of period	**1,659**	**1,720**

([1] Group financing items comprise changes in loans and receivables between the parent company and its subsidiaries.

Basic Information on the Parent Company and Accounting Policies (FAS)

Basic information on the company

Digia Plc is the parent company of the Digia Group. It is domiciled in Helsinki and its registered office is at Valimotie 21, FI-00380 Helsinki, Finland. Digia Plc's active subsidiaries are Digia Finland Ltd, The Qt Company Oy, Digia Sweden AB, Digia Software (Chengdu) Co, The Qt Company, The Qt Company AS and The Qt Company GmbH.

Accounting policies

The parent company's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). The financial statements are based on original acquisition costs. Book values based on original costs have been reduced to correspond to fair value as necessary.

Since 1 June 2005, the parent company has operated as the Group's administrative company and charged the Group companies for services rendered.

Pension schemes

The Group's pension schemes are arranged through a pension insurance company. Pension premiums and expenses allocated to the financial period are based on confirmations received from the insurance company. Pension expenses are recognised as expenses for the year in which they arise.

Leasing payments

Leasing payments are recognised as annual expenses.

Extraordinary items

Extraordinary income and expenses include substantial non-recurring income and expenses not associated with actual business operations. In the reporting period 2014, Group contributions received were recognised as extraordinary items.

Fixed assets, depreciation and amortisation

Fixed assets are recognised in the balance sheet at immediate cost less planned depreciation and amortisation.

The economic lives underlying planned depreciation and amortisation are as follows:

Intangible assets

Intangible rights	3–5 years
Other long-term expenses	3 years

Tangible assets

Buildings and structures	25 years
Machinery and equipment	3–8 years

Purchases of fixed assets with an economic life of less than three years are recognised as annual expenses.

Notes to the Parent Company's Financial Statement

1. Net sales

Net sales by segment

€ 000	2014	2013
Group administration services	6,724	7,110
Group total	**6,724**	**7,110**

Notes to the Parent Company's Financial Statement

2. Other operating income

€ 000	2014	2013
Capital gains on disposal of fixed assets	-	9
Other	30	31
Total	**30**	**40**

Notes to the Parent Company's Financial Statement

3. Information on personnel and governing bodies

€ 000	2014	2013
Board emoluments and remuneration and CEO's compensation	603	647
Other salaries and remunerations	2,512	2,396
Pension insurance premiums	462	441
Other personnel expenses	101	107
Total	**3,677**	**3,592**

Number of personnel, 31 December	2014	2013
Management and administration	34	40
Total	**34**	**40**

Notes to the Parent Company's Financial Statement

4. Depreciation, amortisation and impairment

€ 000	2014	2013
Planned depreciation and amortisation		
Property, plant, and equipment, and intangible assets	423	1,151
Total	**423**	**1,151**

Notes to the Parent Company's Financial Statement

5. Auditors' fees

€ 000	2014	2013
Audit	137	124
Other statutory duties	-	-
Tax counselling	5	9
Other services	48	44
Total	**187**	**177**

Notes to the Parent Company's Financial Statement

6. Financial income and expenses

Financial income

€ 000	2014	2013
Interest and financial income from Group companies	8	7
Interest and financial income from others	185	104
Total	**192**	**111**

Financial expenses

€ 000	2014	2013
Interest expenses to Group companies	643	633
Interest expenses to other companies	349	374
Loan administration fees	92	148
Impairment on investments in fixed assets	801	500
Other financial expenses	70	97
Total	**1,954**	**1,752**

Notes to the Parent Company's Financial Statement

7. Income taxes

€ 000	2014	2013
Income taxes on operations	-339	-71
Income taxes on extraordinary operations	760	0
Total	**421**	**-71**

Deferred tax assets arising from accrual differences and from temporary differences between book values and taxation values are unrecorded in the Statement of Financial Position, in accordance with the principle of materiality. Deferred tax assets totalled EUR 64,369.17 at the end of the fiscal year.

Notes to the Parent Company's Financial Statement

8. Intangible assets

€ 000	Intangible rights	Other long-term expenses	Total 2014	Total 2013
Acquisition cost, 1 January	4,616	1,011	5,627	5,218
Additions	607	-	607	409
Disposals	-	-356	-356	-
Acquisition cost, 31 December	5,223	655	5,878	5,627
Accumulated depreciation and amortisation, 1 January	-4,274	-655	-4,929	-3,789
Depreciation	-402	-	-402	-1,140
Amortisation	-	-	-	-
Accumulated depreciation and amortisation, 31 December	-4,676	-655	-5,331	-4,929
Book value, 1 January	341	356	697	1,429
Book value, 31 December	547	-	547	697

Notes to the Parent Company's Financial Statement

9. Property, plant and equipment

€ 000	Land and water areas	Buildings and structures	Machinery and equipment	Total 2014	Total 2013
Acquisition cost, 1 January	17	162	1,848	2,027	2,027
Additions	-	-	60	60	-
Disposals	-	-	-	-	-
Acquisition cost, 31 December	17	162	1,908	2,087	2,027
Accumulated depreciation and amortisation, 1 January	-	-85	-1,842	-1,927	-1,916
Depreciation	-	-7	-14	-21	-10
Amortisation	-	-	-	0	0
Disposals	-	-	-	0	0
Accumulated depreciation and amortisation, 31 December	-	-92	-1,856	-1,948	-1,927
Book value, 1 January	17	77	5	100	111
Book value, 31 December	17	71	51	140	100

Notes to the Parent Company's Financial Statement

10. Financial assets

€ 000	Investments in subsidiary shares	Other shares and holdings	Total 2014	Total 2013
Acquisition cost, 1 January	113,613	606	114,219	114,724
Additions	3	-	3	-
Disposals	-	-	-	-505
Acquisition cost, 31 December	113,616	606	114,222	114,219
Book value, 1 January	113,613	606	114,219	114,724
Book value, 31 December	113,616	606	114,222	114,219

Itemisation of other shares and holdings

Group companies	Domicile	Domestic operations	Share of ownership	Share of votes
Digia Hong Kong Ltd	Hong Kong	China	100%	100%
Digia Estonia Oü	Tallinn	Estonia	100%	100%
Digia Sweden AB	Stockholm	Sweden	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
The Qt Company Oy	Helsinki	Finland	100%	100%
The Qt Company AS	Oslo	Norway	100%	100%
The Qt Company	San Jose	USA	100%	100%
The Qt Company GmbH	Berlin	Germany	100%	100%

Other shares and holdings	€ 000
Kiinteistö Oy Rukan Kuukkeli	62
Kytäjä Golf Oy	39
Vierumäki Golf Oy	17
Vierumäki Golf Club Oy	35
Vierumäen Loma-aika Oy	138
Vierumäen Kuntoharju Oy	270
Rikunniemen Huolto Oy	6
Tahko Golf Club Oy	39
Total	**606**

Notes to the Parent Company's Financial Statement

11. Current receivables

€ 000	2014	2013
Receivables from Group companies		
Accounts receivable	41	-
Prepayments and accrued income	1,060	53
Borrowings	653	1,454
Other receivables	184	258
Prepayments and accrued income	260	541
Total	**2,198**	**2,306**

Notes to the Parent Company's Financial Statement

12. Shareholders' equity

€ 000	2014	2013
Share capital, 1 January	2,088	2,088
Rights issue	-	-
Reduction of nominal value	-	-
Share capital, 31 December	2,088	2,088
Premium fund, 1 January	7,899	7,899
Transfer to unrestricted shareholders' equity	-	-
Premium fund, 31 December	7,899	7,899
Rights issue	-	-
Total restricted shareholders' equity	9,987	9,987
Unrestricted shareholders' equity reserve, 1 January	33,448	33,448
Increase in share capital	-	-
Repayment of capital	-2,078	-
Unrestricted shareholders' equity reserve, 31 December	31,370	33,448
Accrued earnings, 1 January	-554	3,196
Dividends	-	-2,082
Own shares	183	-
Share-based transactions settled in equity	185	183
Accrued earnings, 31 December	-552	1,297
Net profit	1,774	-1,851

Total unrestricted shareholders' equity	32,593	32,894
Total shareholders' equity	**42,580**	**42,881**

Distributable funds 31 December

€ 000	2014	2013
Unrestricted shareholders' equity reserve	31,370	33,448
Retained earnings	-552	1,297
Net profit	1,774	-1,851
Total	**32,593**	**32,894**

Notes to the Parent Company's Financial Statement

13. Non-current liabilities

€ 000	2014	2013
Loans from financial institutions	9,000	12,000
Total	**9,000**	**12,000**

Notes to the Parent Company's Financial Statement

14. Current liabilities

€ 000	2014	2013
Interest-bearing		
Interest-bearing liabilities	6,000	3,000
Liabilities to Group companies		
Borrowings	57,350	55,955
Total interest-bearing current liabilities	**63,350**	**58,955**
Liabilities to Group companies		
Accounts payable	389	-
Accruals and deferred income	2,561	4,307
To others		
Accounts payable	160	173
Other liabilities	86	199
Accruals and deferred income	641	530
Total interest-free current liabilities	**3,836**	**5,209**
Total current liabilities	**67,186**	**64,163**

Material items included in accrued expenses arise from the accrual of holiday pay, as well as accrued provisions for salaries and fees.

Notes to the Parent Company's Financial Statement

15. Contingent liabilities

Lease liabilities

€ 000	2014	2013
Due during the current financial period	187	229
Due later	188	268
Total	**375**	**498**

Other lease liabilities

€ 000	2014	2013
Due during the current financial period	3,404	3,672
Due later	3,064	2,372
Total	**6,468**	**6,044**

Mortgages and shares given as collateral

€ 000	2014	2013
Loans from financial institutions	15,000	15,000
Business mortgages	59,800	57,200
Pledged shares, book value	111,455	111,452

Other liabilities

€ 000	2014	2013
Collateral pledged for own commitments		
Other	317	518
Total	**317**	**518**

Signatures to the Board's Report and Financial Statement

Helsinki, 4 February 2015

Pertti Kyttälä
Chairman of the Board of Directors

Robert Ingman

Kari Karvinen

Päivi Hokkanen

Seppo Ruotsalainen

Leena Saarinen

Tommi Uhari

Juha Varelius
CEO

Auditor's note

A report of the audit has been submitted today.

Helsinki, 4 February 2015

Ernst & Young Oy
Authorised Public Accounting Firm

Heikki Ilkka
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Digia Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Digia Plc for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

In Helsinki on February 4, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

List of Accounting Books

Accounting books	Storage method
Journals	Electronic archive
General ledger	Electronic archive
Accounts receivable	Electronic archive
Accounts payable	Electronic archive
Payroll	Electronic archive
Balance sheet book	Separately bound
Itemisations of balance sheet	Electronic archive

Voucher types and method of storage	Until 1 January 2020
Eurocard vouchers	Paper documents
Accruals	Electronic archive
Bank receipts	Paper documents
Travel and expense invoices	Paper documents
Sales invoices	Paper documents
Sales payments	Electronic archive
Memoranda	Paper documents
Purchasing invoices	Electronic archive
Payments of purchases	Electronic archive
Payroll receipts	Paper documents
Tax account receipts	Paper documents

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