ANNUAL REPORT 2013

SERVICE
& SOFTWARE

digia

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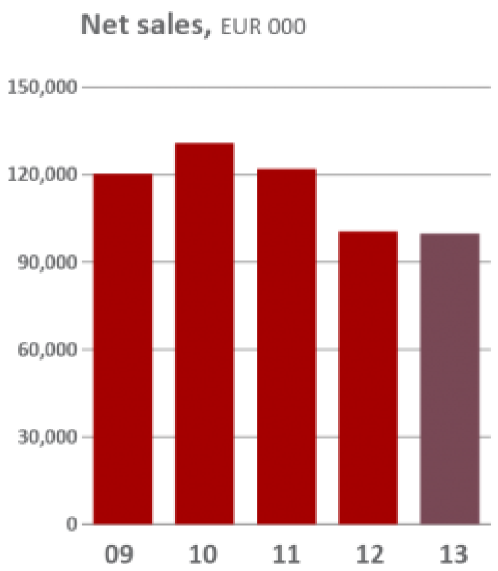
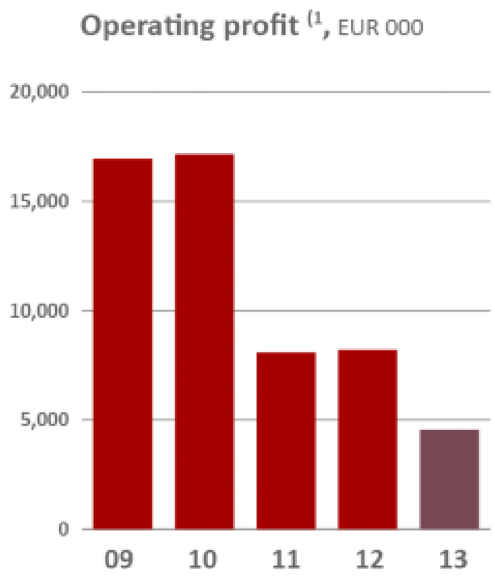
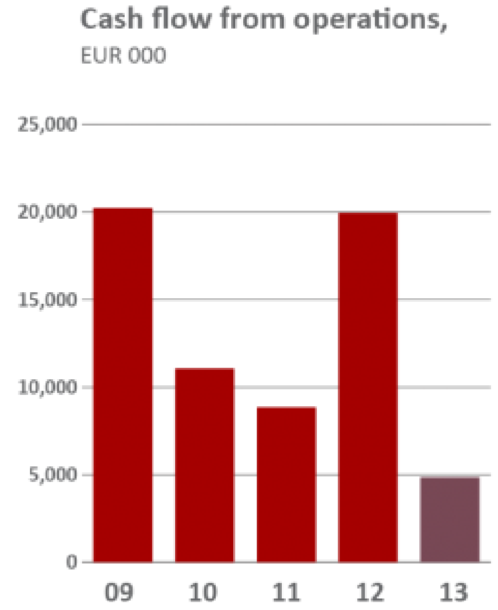
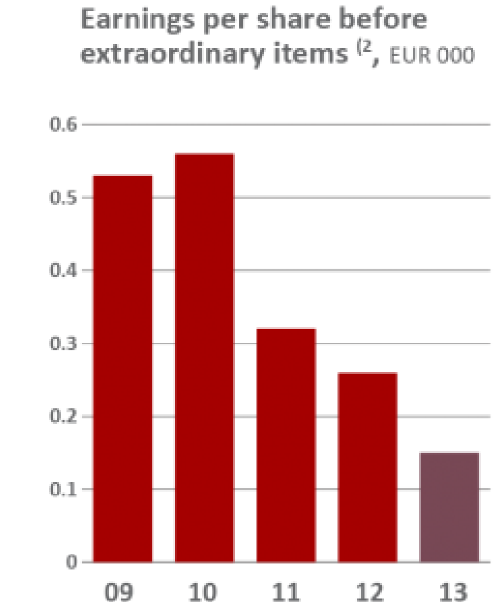
Key Figures

Key Figures EUR 000	2009	2010	2011	2012	2013
Net Sales	120,335	130,825	121,940	100,448	99,740
Operating profit (1	16,936	17,164	8,084	8,196	4,549
Cash flow from operations	20,232	11,066	8,842	19,946	4,855
Earnings per share before extraordinary items (2	0.53	0.56	0.32	0.26	0.15









([1] Extraordinary items are not included in operating profit. A goodwill writedown of EUR 23.8 million and a restructuring provision of EUR 0.9 million were included in extraordinary items for 2009. Operating profit after extraordinary items was EUR -7.8 million in 2009. 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. Operating profit after extraordinary items for 2011 was EUR -22.2 million. 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.

([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 -0.67 for 2009, EUR -1.08 for 2011, EUR 0.19 for 2012 and EUR -0.20 for 2013.

Building a Strong Digia Together

Digia has undergone significant changes in the last couple of years. We have worked hard to build success based on our strengths. Our operations rest on solid foundations and we have the will and ability to further develop our business. These development efforts are continuously ongoing.

The Finnish IT market has experienced slow growth in recent times. At the same time, consumerization and rapid technological development are constantly transforming our customers' business environments. This change entails both a challenge and an opportunity: IT purchasing practices also evolve. IT service providers need to be able to adapt and innovate in order to be able to offer true advantage and partnership in the changing business environment.

The widespread uncertainty in the macroeconomy is reflected in our clientele to some extent, manifesting itself for instance as lengthened decision-making processes and cost pressures on purchases. On the other hand, many customers seek solutions to these same challenges – increased cost-efficiency and productivity – from IT solutions. IT can also be used to create innovative business models that generate competitive advantages.

Year 2013 at home and abroad

In 2013, we continued to execute our strategy systematically both at home and abroad. The business environments, growth potential and business models are different in our domestic business and in our international Qt software business.

In our Finnish operations we focused on sharpening our offering and genuinely being there for our customers’ everyday needs in order to offer solutions that have a significant positive impact on the Finnish society. In spring 2013 we asked our customers what qualities they most appreciate in their IT partnerships. Three responses stood out above the others: ability, customer understanding and keeping promises. These things may seem obvious, but closer examination shows that the IT sector still has a lot to learn in this respect. We take these customer wishes for the whole IT sector seriously.

Abroad, we focused on our solidly advancing Qt business by strengthening the sales network and investing in product development. These efforts are temporarily affecting cost structures and profitability, but they are an investment for the future. We have strong faith in Qt technology and its success.

Progress through cooperation

Ability, cooperation and a strong will to create everyday success will continue to drive us at Digia in 2014. I want to extend warm thanks to our personnel for their efforts towards our common goals, and to our owners for the trust they have shown in Digia's business. Particularly great thanks are due to our customers, whose valuations, goals and feedback will continue to guide our business also this year.

Juha Varelius
CEO

Breaking Down old Barriers

IT services form an inseparable part of business processes and customer service. Consumer services are leading the way.

It is harder every day to draw a line between where companies' employees or customers make use of IT services and where they don't. This is why it may no longer be tenable to try to measure the market or functionality of IT services as a separate entity.

Consumerization drives development

The effects of consumerization are clearly visible in the daily operations of Digia's customers. Employees' requirements for systems to be device-independent, accessible 24/7 and easy to use, thanks to containing the familiar logic of common consumer services, put pressure on IT management and their production of secure and controlled services.

The boundaries between consumer and business applications are indistinct. The demands of consumerization and the capabilities made possible by swift technological advances are driving the sector forward at a fast pace. This demands agility from service providers in order to meet demand.

Cloud services bring flexibility into purchases

Cloud services make it possible to adopt even large service entities with short turnaround times. On the other hand, they also make it possible to offer individual functionalities that used to be available as parts of larger systems as separate services. This allows small and medium-sized enterprises to make use of functions that were previously only available to large corporations due to the sizeable initial investments they required.

Advancing towards new business models

The provision of services is a form of generating value. Instead of offering a strongly technology-oriented model, there is a shift towards building innovative business models with a competitive edge. We are shifting from IT investments that aim to maintain competitiveness and create cost savings and efficiency towards IT purchases that provide new ways of standing out from the crowd. In this model the sales and purchasing processes are different from what they used to be. This requires a new kind of competence on both sides, as well as a deep partnership.

Growth from International Products

Enabling international growth and investing in product business are two of Digia's strategic objectives and areas of focus. These decisions are based on market trends and a strong belief in Digia's own Qt technology.

Digia's investments in international business have focused around the Qt interface and software development environment, which is owned and developed by the company. Qt is a software developers' tool that allows for efficient, operating system-independent development of programs. The same source code can easily be adapted to work on Windows, Mac or Linux workstations, as well as today's popular iOS and Android operating systems.

Advent of new applications

The market for the production and sale of Qt software development tools can roughly be divided into three separate segments: desktop software, embedded software and mobile applications. Digia's customers are companies that develop their own applications in these segments. Digia's Qt environment is highly competitive in all these segments. A large part of our business is still related to the development of desktop applications, but embedded systems are experiencing strong growth. Mobile applications are a new market for Qt, and how it progresses will become clear in the next few years.

The main trend behind the growth of Qt is the spreading of touchscreen applications across an ever greater number of sectors. Touchscreens are used more and more in industries such as automotive, telecommunications, home entertainment and consumer electronics, as well as the main driver behind all of these – the mobile phone industry. With several operating systems in use at the same time, application developers are looking for solutions that allow them to use their programming code in all the major platforms. This is a competitive advantage not only because it provides access to a wider market, but also because it enhances efficiency thanks to its speed and lower expertise requirements.

Digia invests in its Qt network

Global success requires competence and a widespread presence in the most important markets. Digia has been expanding its sales and development network to cover the major markets:

- Europe: Finland, Sweden, Norway, Germany, Russia
- Asia: China, Japan (distributor)
- North America: USA

The goal for 2014 is to continue expending the sales network, especially in emerging markets. In the future, Digia will also focus even more on developing a network of distributors and an online business.

Great market potential

Great opportunities lie in the area of international software products, although of course large-scale investments are needed. Digia's international business has been growing at a good rate in the last few years. This indicates that prior investments have been in the right direction. Digia will continue its emphasis on international growth in 2014.

Added Value in a Challenging Market

Digia's strengths in Finland are based on good customer understanding, which leads to the ability to offer customers IT services that give them competitive edge.

The IT market grew slowly in Finland in 2013. Caution arising from the global economic situation lengthened customers' decision-making processes and delayed the start of new projects. There was good demand on the market for ERP systems and integration services, but at the same time competition in these areas was tough.

Close to customers' everyday business

Ability to act fast and make decisions that benefit the customer's everyday business are Digia's strengths. Increasing price competition means that service innovations are needed, as well as a strong ability to productize services. Because our people work closely with our customers, they are well set to do this.

Digia's solid international partnerships, market knowledge and efforts in developing products in specific chosen areas allow us to offer an optimal mix that responds to market demand and competition.

Cross-sector expertise

Operators especially in the retail and services sectors are subjected to continuous development pressure due to escalating competition and swift alterations in consumer behaviour. The manufacturing industry is increasingly transforming into a service provider and functions are being digitized everywhere. This is changing our customers' earnings logic, as well as the competence needs demanded of personnel.

End users demand a multichannel approach and user-friendly services, and this is happening right across the board. Digia's in-depth cross-sector expertise makes it possible for our customers to make use of best practices and take new service innovations into use in this consumerizing environment.

Sharpening Focus in Finland, Qt Growth Abroad

In Finland, Digia helps its customers in developing services, steering operations and utilizing information. Internationally, the company is growing through its Qt business.

In 2013, Digia sharpened its portfolio in Finland to ensure it meets customers’ business needs even better than before. The Russian business was discontinued, while Swedish operations were brought more closely under Finnish management.

The integration business developed favourably and continued to grow. Digia increased its capacity in this business area, and emphasised training. Demand for ERP systems was good in 2013, although it fluctuated depending on the sector. The market circumstances still caused caution in customers’ purchasing behaviour, and sales cycles were consequently long.

Continued growth in the product business

In 2013, Digia’s goal was to continue growing its scalable product business. The company did well in meeting this objective, as the share of the product business out of Digia’s consolidated net sales continued to rise. In the reporting period, the product business accounted for EUR 41.0 (36.5) million or 41.1 (36.4) per cent of consolidated net sales.

Internationalisation through Qt

Digia’s international Qt business' like-for-like net sales grew 25% during 2013. Further investments into Qt product development and sales network detracted from profitability, but demand and bid volumes were good. Sales were particularly good in the USA, Germany and China, where the sales organisation was bolstered further.

Competitive Edge from Service Development

Improving the customer experience begins with understanding the customer's practices and changes in the business environment.

During 2013, Digia made extensive efforts to develop and streamline its offering. Digia wants to offer consulting, multichannel services and service management tools that enhance the customer's competitive edge.

Traditional business models are changing

Digitization has inescapably changed our daily lives and many traditional business models are changing. The aim of service development is to improve the customer experience, and therefore efforts are founded on an in-depth understanding of the customer's practices and business environment. By forecasting consumer behaviour and anticipating trends, it is possible to develop innovative earnings principles.

When generating new multichannel services and supporting business models that give true competitive edge, it is also important to understand and determine the effects of the changes on a company's existing processes, models and IT architectures.

Digia helps its customers to identify core customer groups and their changing behaviours. With this knowledge in hand it is possible to develop services directed, for example, at different points in the buying process. The customer's service portfolio, whether it consists of consumer services, internal services or something else, can also be managed with Digia's solutions.

Use of data in service development

As business processes become digitized, more and more data is available. Harnessed to decision-making needs, this data allows opportunities for understanding customers' behaviour, channels and purchase processes and therefore allows for even better services to be developed.

Emphasis on personalization and interactiveness

The ability to personalize content according to the end user's behaviour and wishes is more and more important in e-services. Enhancing customer understanding and managing feedback will in future be even more important aspects of Digia's customers' product and service development. It is crucial to have well-functioning channels for interacting with stakeholders, as well as the ability to analyse feedback. Continuous learning will gain even greater significance in the workplace, which creates needs for electronic learning environments intended for personnel.

Effective service management

Service digitization, outsourcing and multi-supplier environments often mean that service process ownership becomes fragmented and dispersed, which clouds the true efficiency and costs of the processes. Digia's service management solutions offer effective ways of leading services and measuring costs.

Steering Operations to Improve Performance

IT solutions enable the steering of operations in ways that improve performance and produce seamless customer experiences. They also support the development of new customer-driven business models.

Digia's customers have a need to offer their clients products and services that enhance the customer experience. This demands in-depth customer understanding from them and from their IT partners. Additionally, they are usually looking to increase their own performance level and cost efficiency.

Digia's solutions for steering operations ensure operational reliability and a seamless customer experience. These solutions must support all levels of the multichannel service chain and improve operational performance. It may no longer be enough to increase the efficiency of existing processes in order to improve competitiveness; instead, there has to be a readiness to adopt new models of business, production and human resources management, among others. If a company wants to have the ability to adapt to future needs, its IT systems must be built in a flexible way.

Good demand in 2013

Digia has long-standing experience in the field of steering operations with IT solutions. Customers seek comprehensive solutions that are quick to implement. Digia's portfolio covers numerous operational and production management verticals, investment and asset management, NGO operations, and, as a new addition, solutions for workforce management and optimization. The selection is composed of Digia's own software products combined with solutions built upon third-party products.

Demand in this field remained at a good level in 2013, even though the uncertain economic climate delayed some customers' decision-making.

Future prospects

Strong trends in steering operations with IT are ever greater demand for cloud services and the growing ubiquity of mobile applications. Cloud services are already common in sales and CRM functions, and they are growing in ERP and workforce management. Digia has taken these trends into account in its action planning.

Utilizing Information Brings Agility and Support into Management

Continuous, quick changes in customers' business environments are creating a strong demand for Digia's integration and analytics services.

Having the right data in the hands of the right people at the right time supports swift strategic decision-making and allows for both reaction and proactive anticipation. Proper information logistics brings out things that were previously lost in floods of data.

Integration services were Digia's fastest-growing business within Finland in 2013, and customer satisfaction was high in this segment. Advancing analytics services are a natural addition in this portfolio.

Customer understanding and new service models

Digia is seeing an increasing emphasis among its customers on networked business processes and the time- and place-independent utilization of real-time data as a support for decision-making. Rapidly growing quantities of data combined with advanced integration and analytics solutions create ever greater opportunities for recognising the causes behind phenomena and reacting to the rapid changes in the environment.

Digia's strong customer understanding, proficiency and experience as a provider of integration solutions, coupled with its productized service centre model and comprehensive analytics tools, form a solid basis for business growth.

Future prospects

Customer interest in buying complete solutions rather than individual system deliveries is growing sharply. Other major trends in information logistics include collaborative management systems, expanding situation reports and reviews to encompass predictions and forecasts for the future, user-driven analytics, device-independent mobile use of applications, day-to-day use of simple analyses, and the cross-analysis of extensive and multiform masses of data drawn from various sources (Big Data).

Year of Strong Growth

2013 was the first full calendar and fiscal year for Digia's international Qt business, after it was taken over in September 2012. The takeover and subsequent development measures have borne fruit.

For Digia, international business operations have recently been strongly oriented towards the production and sale of software development tools. The spearhead in this trend is the Qt software development environment, which Digia acquired in September 2012. In 2013 the Qt business already accounted for 19.9 % of Digia's entire consolidated net sales.

Global market, broad clientele

The Qt commercial development environment is actively used by some 4,000 desktop and embedded software customers. 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 of the revenue from Qt comes from licence sales, and this figure followed an upward trend during 2013.

Increasing role of mobile device platforms

Digia believes that the current emphasis on mobile platforms in the software development market will become even more marked. This is why one of the areas of focus for 2013 was to develop the mobile support offered by Qt for the Google Android and Apple iOS operating systems. This was launched during 2013. Digia considers Qt to be a highly competitive software development environment for all the leading operating systems.

Further development of the product selection

From the perspective of the Qt business, the market can roughly be divided into three segments: desktop software, embedded software and mobile applications. Digia's customers are companies that develop their own applications or products in these areas. During 2013, Digia enhanced its offerings in all three segments. Besides mobile support (iOS, Android), Digia has published new product versions for the development of embedded systems (Qt Enterprise Embedded) and mobile applications (Qt Mobile). The new versions include features that are tailored for the aforementioned segments, as well as functionality that is only available with a commercial licence.

A new product family launched during 2013 was Qt Cloud Services, which can be used by developers for example for storing application data and managing users. The scope of the services is growing with each new product version. The internet is also becoming an increasingly strong service channel for product distribution and customer support, thanks to a new customer portal.

Investments in the sales network

Besides product development, 2013 saw a focus on developing the business itself. The aim was to expand both Digia's own sales network and the network of distributors. Digia's own sales offices can now be found in Europe, North America and Asia. A new sales office was opened during 2013 in Shanghai. That network is complemented by distributor agreements in Russia, Japan, Poland, China and India. Digia is planning to open sales offices in South Korea, Taiwan and Brazil during 2014.

The like-for-like growth of Digia's net sales from the Qt business was 25 per cent in 2013 compared to the previous year. A lot of this growth was due to the expansion and enhanced efficiency of sales. Development of sales processes will continue, with further growth being sought from a boosted product selection.

Ability with Passion. Together. As Promised.

Digia is a Finnish software and service provider that helps leading organizations in developing services, steering operations and utilizing information – at home and abroad. Our development is guided by the changing everyday life.

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

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. They are built with the aim of helping people reach further in their daily lives.

VISION: Successful and Most Recommended

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

Cornerstones of Digia's Strategy

• Maintaining competitive and evolving service operations, ensuring a steady cash flow and moderate growth.

• Supplementing the existing product selection with scalable business models for accelerated growth. This is done by turning services into replicable, sector-specific packages of solutions and related services. In addition, the company develops software and services for international online sale.

• Balancing short-term earning power with long-term sustainable growth through careful investment management.

• Emphasising personnel motivation and commitment, and enhancing the company's image as an attractive employer.

• Ensuring that the company's management, structure and operating models work harmoniously and support the achievement of strategic objectives.

Staff Competence and Development of Leadership

During 2013, Digia paid particular attention to developing management and leadership work.

A competent and highly motivated personnel is the basis for Digia's success. Good leadership has a direct effect on staff motivation and, consequently, the whole organisation's productivity. The Digia Leadership Academy was started up in spring 2013 to bolster the development of management and leadership efforts. As its training partner and coach, Digia chose Aalto Executive Education. The key themes in the training include smooth management team operations, leadership skills in strategy implementation, and customer-driven operations and how to manage them. Supervisors and project managers were also offered facilitation training to help them engage personnel and adopt new business models together. The management and leadership project at the Digia Leadership Academy will continue in 2014.

Similarly, the Digia Learning Academy was established in 2013 to support staff competence development. The aim of the academy is to anticipate strategic training needs, and to offer modules that support employees' strategic competence development according to plan. The Learning Academy also increases competence and knowledge sharing and promotes a culture of doing things together.

Organisation 2.0 research project

Digia's finance sector business unit is taking part in the Organisation 2.0 research project. Initiated by JAMK University of Applied Sciences in late 2013, the project aims to improve the quality of the workplace. The project relates to examining and developing new ways of improving productivity and increasing the meaningfulness of work. Included under the Working Life 2020 initiative of the Finnish Ministry of Employment and the Economy, besides JAMK, the project involves seven companies, Lappeenranta University of Technology and the VTT Technical Research Centre of Finland. The project will conclude at the end of 2015.

Incentives to support the fulfilment of targets and a positive Digia spirit

In 2013, Digia launched the new Digia Awards incentive scheme for all personnel, which rewards people for work well done, a positive can-do attitude, and exemplary actions. The candidates for the awards are nominated by the personnel themselves. The awards are given out on a quarterly basis and consist of varying sums of money at the individual, team and project levels.

Predictive Work Ability Management and Occupational Well-Being

Focus on ensuring coping ability, healthy lifestyles, proper health care and a good work/life balance.

Digia's work ability management centres around predictive action and comprehensive occupational welfare. The emphasis on well-being is reflected in many ways in the workplace. High-quality leadership is an important aspect of occupational well-being, and it was an area of particular attention in 2013. Healthy lifestyles and exercise among staff are supported through various clubs and fitness and culture vouchers, among other things. Digia makes available a very comprehensive occupational health care package that also covers specialist health care.

Digia's personnel take active part in diverse fitness campaigns; one that stands out from 2013 was the HeiaHeia! campaign, which encouraged staff to engage in diverse forms of exercise. The mileage thus covered fuelled a joint virtual trip around the world. Digia took the lead among company teams and produced exemplary results by circling the Earth faster than the targeted time and continuing on its journey all the way to the Moon.

During 2013, Digia also organised well-being events in collaboration with Smartum, Varma and local wellness entrepreneurs. These fairs included opportunities for measuring one's blood pressure, body composition and lung capacity, among other things.

Responsible workplace

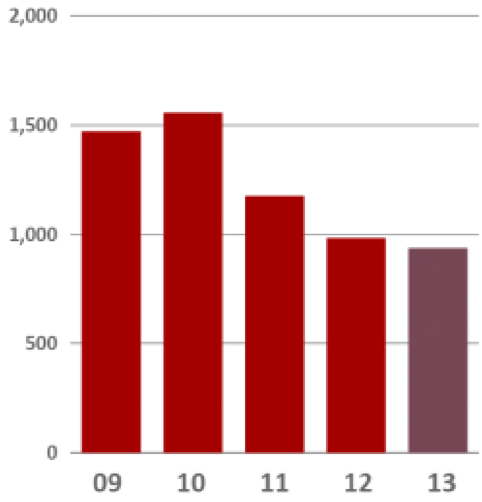
Digia strives to identify any issues that negatively affect work ability at an early stage and to take corrective measures in line with the Good Work Ability model. The model incorporates two related aspects: early intervention in work ability problems, and management of sickness absences.

Balancing life and work

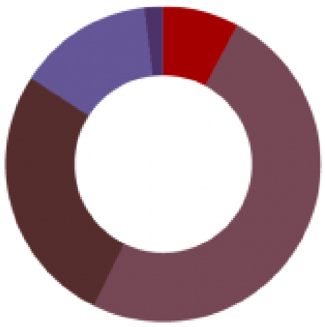
Maintaining a good work/life balance is important. Digia wants to support its employees through diverse situations in life by offering flexible work terms. For example, overtime is not encouraged at Digia. Employees with families receive assistance in looking after sick children. Other ways of fostering the ability to cope with work include encouraging a positive spirit, promoting team work and sharing information.

Personnel in Figures

Amount of employees



Personnel distribution by age group

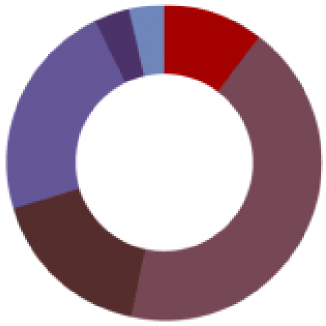


20-29	7.8%
30-39	49.6%
40-49	26.9%
50-59	13.9%
60-	1.8%

Personnel distribution by Digia offices

Helsinki	461
Oulu	46
Jyväskylä	128
Tampere	100
Rauma	33
Stockholm	17
St. Petersburg	22
Chengdu and Beijing	16
Santa Clara	20
Berlin	37
Oslo	58

Personnel distribution by employment year



< 1	10.4%
1-5	43.1%
6-10	17.0%
11-15	22.4%
16-20	3.5%
20 >	3.6%

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 Board at Ubisecure Solutions Ltd.

Independent of the company and its significant 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 Ingman Ltd., Evli Pankki Plc and M-Bain Ltd.

Independent of the company.

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

Digia Board Member since 2012. Member 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 significant 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 a board professional and independent investor. 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). Vice Chairman of the Board at NOMO Jeans Corporation Ltd. Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network).

Independent of the company and its significant 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 Finnish Information Association 2004-2006. Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network).

Independent of the company and its significant shareholders.

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

Digia Board Member since 2012. Member of the Board's Audit Committee. Currently works as a board professional holding Board chairman or Board member roles in various companies including Arla Ingman Oy, Arcus-Gruppen As and Etteplan Oyj. 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 significant shareholders.

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

Digia Board Member since 2010. Chairman of the Board's Compensation Committee. 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 significant 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.

Tommi Laitinen, b. 1968, vocational qualification in Business and Administration

Senior Vice President, International Products, Management Team member since 2005. Previously, he has served at Digia as SVP of Competence organisation (2009-2010), SVP of Telecommunication division (2007-2008) and SVP in charge of the company's strategy and development (2005-2007). His previous positions at Digia Inc. included Vice President, Engineering (2002-2004); Director, Quality and Processes (2001-2002); and Business Unit Manager (1999-2000). Prior to that (1991-1999), he was in charge of various project and product management duties and software development duties.

Juha Leppänen, b. 1973, B.Sc. (Admin.)

Senior Vice President, Sales and Marketing, Management Team member since 2013. Responsible for the company's sales, key accounts, marketing and partnerships. Prior to Digia, Juha Leppänen was employed by CGI, where he was responsible for software and consulting business sales in Finland, offering development and strategic work for software business in the private sector (2011-2013). At AIMS Finland, Leppänen was a Partner and Member of the Management Team, being responsible for mentoring programs, processes and ICT. He also acted as a Recruitment Consultant for top management (2008-2010). Moreover, Leppänen has acted in leadership positions for e.g. electronic commerce at CGI and other companies (1999-2008).

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.

Kimmo Vainikainen, b. 1973, Engineer

Senior Vice President, Solutions and Services business, Management Team member since 2012. Previously he has served as Director of Project Management Office (2011), Director of several competence and process development duties (2007-2011), Business Unit Director (2005-2006) and as Project Manager and Consultant (2000-2004). Before Digia, Vainikainen worked in software development tasks for intensive and anaesthetic care at Datex Ohmeda / Clinisoft Plc since 1998.

Corporate Governance Statement

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 2013 financial year, the Board convened 13 times. The meeting attendance rate averaged 100 per cent.

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

Board Members

In 2013, 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 Board at Ubisecure Solutions Ltd.

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 Ingman Ltd., Evli Pankki Plc and M-Brain Ltd.

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

Digia Board Member since 2012. Member 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).

Kari Karvinen, b. 1959, M.Sc.

Digia Board Member since 1990. Member of the Board's Audit Committee and Nomination Committee. Currently works as a board professional and independent investor. 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). Vice Chairman of the Board at NOMO Jeans Corporation Ltd. Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network).

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 Finnish Information Association (2004-2006). Member of the Directors' Institute of Finland and FiBAN (Finnish Business Angels Network).

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

Digia Board Member since 2012. Member of the Board's Audit Committee. Currently works as a board professional, holding Board chairman or Board member roles in various companies, including Arla Ingman 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).

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

Digia Board Member since 2010. Chairman of the Board's Compensation Committee. 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).

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 2013: the Compensation Committee, the Audit Committee, and the Nomination Committee. The working principles of the committees for year 2013 were confirmed by the Board in its meeting on 26 March 2013.

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 2013, the members of the Compensation Committee were Tommi Uhari (Chairman), Robert Ingman and Päivi Hokkanen. In 2013, the committee convened two 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 2013 the Audit Committee was composed of Pertti Kyttälä (Chairman), Kari

Karvinen, Seppo Ruotsalainen and Leena Saarinen. The committee convened five times in 2013, 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 2013, the members of the Nomination Committee were Robert Ingman (Chairman), Kari Karvinen and Pertti Kyttälä. The committee convened two times in 2013, with full attendance by all members.

Chief Executive Officer

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.

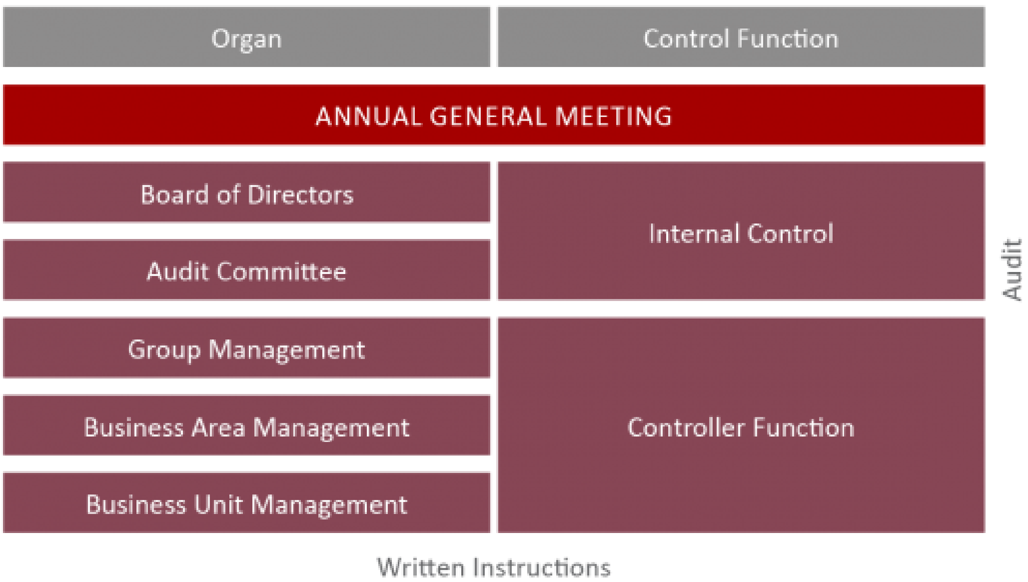
The Group's business is divided into business units lead by Senior Vice Presidents (SVPs) reporting to the CEO. Reporting and supervision are based on annual budgets that are reviewed monthly, on monthly income reporting and on updates of the latest forecasts.

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 2013 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 2013 financial year, a total of EUR 320,500 was paid in emoluments to the members of the Board of Directors for their work on the Board, as follows:

Päivi Hokkanen	EUR 38,000
Robert Ingman	EUR 51,000
Kari Karvinen	EUR 40,000
Pertti Kyttälä	EUR 76,000
Seppo Ruotsalainen	EUR 38,500
Leena Saarinen	EUR 39,000
Tommi Uhari	EUR 38,000

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 possibly 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. If 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 and the bonus 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. The scheme provides the CEO with a possibility to earn a maximum bonus equal to the value of 100,000 shares in each earning period respectively pursuant to the earning criteria to be annually decided by the Board for the respective earning period. Regarding year 2014 the bonus shall be determined based on the earning per share (EPS) and revenue of the company. The minimum bonus (5,000 shares) requires an EPS of EUR 0.23 and revenue of EUR 90.0 million or an EPS of EUR 0.19 and revenue of EUR 94.0 million. Maximum bonus (100,000 shares) will become payable if the EPS amounts to a EUR 0.32 accompanied by a revenue of EUR 100.0 million or if the EPS amounts to a EUR 0.21 accompanied by a revenue of EUR 122.0 million.

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 2013 the CEO was paid EUR 378,312 in salary and benefits, of which salary and fringe benefits account for EUR 275,062 and bonuses for EUR 103,250.

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

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 CEO's direct subordinates.

Total remuneration package of CEO´s direct subordinates comprises a monthly salary and the bonus and share bonus payable on similar basis and terms as with the CEO.

Under the prevailing share bonus scheme the CEO's direct subordinates will, in aggregate, be paid with a total maximum bonus equal to the value of 100,000 shares on same terms as the CEO.

Each GMT members' retirement age is stipulated by law, and no member has a supplementary pension agreement with the company.

Markets and Digia's Business Operations

Caution arising from the global economic situation has lengthened customers' decision-making processes and caused cost pressures in 2013, as customers opened their purchases to competitive tendering.

Digia has invested significantly in growing its integration business.The delivery capacity of this business area was reinforced during the review period with personnel increase through external recruitment and internal transfers, training and with productisation efforts. Growth was higher than expected, thanks to these efforts and good customer demand. The growth trend continued strong through the last quarter.

Demand for ERP systems was good in the review period. There were clear differences in demand from different sectors, customers continued displaying caution in their purchasing behaviour, and sales cycles remained long. Order and bid volumes were at a healthy level. Net sales grew compared to the previous year, meeting the targets set for the review period. Profitability remained at the previous year's level.

During the review period, the company reassessed the position of Russia in its growth strategy with regard to future growth potential, business risks and overall investment management. As a result, Digia gave up its loss-making Russian operations during the last quarter, focusing in future on Qt licence sales in Russia.

The Qt business progressed well and its like-for-like net sales grew by 25.0 per cent for the review period and 23.7 per cent for the fourth quarter compared to the previous year. Demand and bid volumes were both good. No major individual deals were made during the fourth quarter, however.

The profitability of operations was low during the review period; this was due to significant, target-oriented investments aimed at developing the business.

The focus of Qt operations was primarily on licence sales, which meant that the product business accounted for more than the target level of 75% of net sales.

During the period, the company continued fulfilling previously reported plans related to Qt product development and areas of focus. In December the company launched a new version of the Qt development environment intended for mobile developers, including Android and iOS support. New mobile platforms will be incorporated in coming versions.

Financial Indicators

	2013	2012	2011	2010	2009
Net sales	99,740	100,448	121,940	130,825	120,335
Operating profit	-2,822	6,884	-22,168	17,164	-7,796
Operating margin, %	-3%	7%	-18%	13%	-6%
Return on equity, %	-10%	10%	-42%	18%	-21%
Equity ratio, %	50%	53%	48%	59%	52%
Net gearing, %	29%	28%	34%	20%	34%

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 were EUR 99.7 (100.4) million, down 0.7 per cent from the same period in 2012.

The operating profit for the period fell slightly from the comparison figures. This was due to the fact that in 2012 the company had EUR 4.5 million in accrued income from the mobile contract engineering business, which no longer existed in 2013 as the business unit was closed down at the end of 2012. The comparison figures for 2012 also include an exceptional net sales item of EUR 4.2 million related to a Qt business acquisition licensing deal made in the third quarter of 2012. Excluding the effect of this licensing deal, the accrued income of the Qt business grew both in the review period (25.0 per cent) and in Q4 (23.7 per cent). Thanks to this growth, the whole company's net sales grew like-for-like, both in the review period (6.7 per cent) and in the fourth quarter (7.2 per cent). Besides the Qt business, net sales were positively affected by other operations, especially an individual third-party software maintenance deal with low margins, worth EUR 2.4 million, made in the second quarter.

During the reporting period, the product business accounted for EUR 41.0 (36.5) million or 41.1 (36.4) per cent of consolidated net sales.

International operations accounted for EUR 21.1 (20.6) million or 21.2 (20.5) per cent of consolidated net sales.

The Qt business accounted for EUR 19.9 (18.7) million of consolidated net sales.

Profit Performance and Profitability

Digia's consolidated operating profit before extraordinary items for the review period was EUR 4.5 (8.2) million, down 44.5 per cent year-on-year. Profitability (EBIT%) before extraordinary items was 4.6 (8.2) per cent.

Digia's consolidated operating profit after extraordinary items for the review period was EUR -2.8 (6.9) million. Profitability (EBIT%) after extraordinary items was -2.8 (6.9) per cent.

Investments in international business had a negative impact on cost structure and profitability during the period under review.

Consolidated earnings before tax for the period totalled EUR -3.6 (5.6) million, and net profit was EUR -4.1 (4.0) million. Consolidated earnings per share for the review period totalled EUR 0.15 (0.26) before extraordinary items and -0.20 (0.19) after extraordinary items.

The Group's net financial expenses were EUR 0.8 (1.3) million.

Financial Position and Expenditure

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 83.3 million (12/2012: EUR 92.4 million), and the equity ratio was 49.9 (52.6) per cent. Net gearing was 28.9 (27.5) per cent. Period-end cash and cash equivalents totalled EUR 6.5 (8.3) million.

Interest-bearing liabilities amounted to EUR 16.9 (19.8) million at the period end. These consisted of EUR 15.5 million in loans from financial institutions and EUR 1.4 million in financial leasing liabilities.

The Group's cash flow from business operations for the period was positive by EUR 4.9 (19.9) million. In 2012, cash flow from operations included EUR 12.2 million in cash flow related to the Qt acquisition. Cash flow from investments for the review period was negative by EUR 1.6 (16.2) million. In 2012, cash flow from investments included EUR 14.5 million in cash flow related to the Qt acquisition. Cash flow from finance for the review period was negative by EUR 5.1 (3.6) million. The cash flow from finance was negatively affected by repayment of company loans.

The Group's investments in fixed assets during the review period totalled EUR 1.6 (0.8) million.

Return on investment (ROI) for the period was -4.4 (11.3) per cent, and return on equity (ROE) was -10.4 (9.8) per cent.

On 19 December 2013, Digia revised its three-year loan arrangements, replacing the company's old loan portfolio totalling EUR 15 million. The total sum of the new loan was EUR 25 million, of which the company withdrew EUR 15 million. The loan agreement continued to be financed by Nordea Bank and Pohjola Bank.

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

The Group made a EUR 0.4 million writedown related to itemised intangible assets allocated to the fourth quarter. After this, it was found necessary to make a EUR 6.6 million writedown related to the goodwill of domestic operations. The writedown derives from a change in the Group's estimate of the long-term profit forecast for its domestic business operations, on which evaluations must be based according to standards.

Impairment testing is described in further 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 2013 fiscal period, the Group's R&D costs totalled EUR 11.9 million (6.0 million in 2012 and 4.8 million in 2011), corresponding to 11.9 per cent of consolidated net sales (6.0 per cent and 3.9 per cent).

Personnel, Management and Administration

At the end of the period, the total number of Group personnel was 938, representing a decrease of 44 employees or 4.5 per cent since the end of 2012 (982). During the reporting period the number of employees averaged 939, a decrease of 86 employees or 8.4 per cent from the 2012 average (1,025).

Personnel indicators:

	2013	2012	2011
Average number of personnel	939	1,025	1,453
Wages and salaries	52,532	54,028	68,564

Employees by function, yearend 2013:

Business units	95%
Administration and management	5%

As of the end of the period, 170 (195) employees were working abroad.

The Digia Plc Annual General Meeting of 12 March 2013 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, Vice Chairman.

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

Tuula Haataja started as the company’s CFO in August 2013.

In 2013, 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 2013 of the committees in a meeting of 26 March 2013.

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 2013, the Compensation Committee comprised Tommi Uhari (chairman), Robert Ingman and Päivi Hokkanen. The committee convened three times in the period under review, with full attendance by all members.

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 2013 the Audit Committee was made up of Pertti Kyttälä (Chairman), Kari Karvinen, Seppo Ruotsalainen and Leena Saarinen. The committee convened five times in 2013, with full attendance.

The Nomination Committee prepares 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 2013, the Nomination Committee’s members were Robert Ingman (chairman), Kari Karvinen and Pertti Kyttälä. The committee convened twice with full attendance.

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

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 Finnish Companies Act, the Finnish 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.

Group Structure and Organisation

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

Digia Finland Ltd has one wholly owned active subsidiary, OOO Digia RUS.

Digia Hong Kong Ltd has the 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

Convening on 12 March 2013, Digia Plc's Annual General Meeting (AGM) adopted the financial statements for 2012, released the Board members and the CEO from liability, determined Board emoluments, resolved to raise the number of Board members to seven (7), and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2012, the AGM approved the Board's proposal to pay a dividend of EUR 0.10 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 15 March 2013. The dividend payment date was 22 March 2013.

The AGM granted the following authorisations to the Board:

Authorisation for 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 a maximum of 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 13 March 2012 and is valid for 18 months – i.e. until 12 September 2014.

Authorisation for 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 a maximum of 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 13 March 2012 and is valid for 18 months – i.e. until 12 September 2014.

Based on the authorisation received, the Board decided on 12 March 2013 to make a directed share issue of 33,326 to the company's management, in accordance with Section 4 of Chapter 9 of the Limited Liability Companies Act, as part of the payments related to the share-based incentive scheme for 2012.

Share Capital and Shares

The nominal share price is EUR 0.10. The number of shares at the end of 2013 totalled 20,875,645. At the year-end, the company held 57,372 of its own shares.

On 31 December 2013, according to Finnish Central Securities Depository Ltd, Digia had 5,034 shareholders. The 10 biggest shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	19.6%
Jyrki Hallikainen	10.2%
Ilmarinen Mutual Pension Insurance Company	9.6%
Kari Karvinen	6.0%
Matti Savolainen	5.8%
NASDAQ OMXBS/Skandinaviska Enskilda Banken AB	4.6%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc (nominee-registered)	1.4%
Etola Oy	1.0%
Juha Varelius	0.9%

Distribution of holdings by number of shares held on 31 December 2013

Number of shares	Percentage of holdings	Percentage of shares and votes
1 – 100	23.2%	0.4%
101 – 1,000	58.8%	6.4%
1,001 – 10,000	16.2%	10.4%
10,001 – 100,000	1.3%	9.7%
100,001 – 1,000,000	0.4%	21.9%
1,000,001 – 3,000,000	0.1%	51.2%

Shareholding by sector on 31 December 2013

	Percentage of holdings	Percentage of shares and votes
Non-financial corporations	4.2%	24.1%
Financial and insurance corporations	0.2%	2.5%
General government	0.1%	13.2%
Not-for-profit institutions serving households	0.3%	0.9%
Households	94.7%	51.8%
Rest of the world	0.6%	7.5%

Share-based Payments

Share incentive scheme and management ownership

The company has a share bonus system as a part of its key personnel commitment and incentive scheme. With authorisation received at the AGM, the Board made a decision on the CEO's share-based incentive scheme in spring 2010.

The scheme comprises four earning periods, which are the calendar years 2010–2013. According to the scheme, rewards totalling a maximum value equivalent to 100,000 shares will be paid for each of the earning periods from 2011 to 2013, based on the fulfilment of earning criteria set by the Board. For 2013 the reward will be determined based on the company's earnings per share and net sales, according to principles set separately by the Board.

Based on the aforementioned scheme, the CEO was paid a reward equivalent to the value of 35,000 shares in 2013, based on the results from 2012. The bonus was paid in the form of shares held by the company.

In addition to the CEO, the scheme applies to the company's other management team members, who are entitled to share the same share bonus that the CEO receives. Based on the scheme, the management team members were paid a reward equivalent to the value of 35,000 shares in 2013.

Additionally, a sum equivalent to the value of 21,500 shares was paid to specified key personnel of the company during the financial year. The rewards are paid in four equal instalments between 2010 and 2013, based on the results from 2009.

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.

On 19 December 2013 the Board decided to establish a new share-based incentive scheme for the CEO and other members of the top management. The scheme comprises three earning periods, which are the calendar years 2014–2016. The earning criteria are the Group's earnings per share and net sales, which are applied according to procedures approved annually by the Board. The scheme comprises a maximum reward equal to the value of 200,000 shares.

According to the list of shareholders dated 31 December 2013, Digia's Board of Directors and CEO owned shares in the company as follows:

Pertti Kyttälä	0
Robert Ingman	20,000
Kari Karvinen	1,259,912
Tommi Uhari	0
Juha Varelius	184,758
Päivi Hokkanen	8,170
Seppo Ruotsalainen	0
Leena Saarinen	1,600

At the year-end, the shares held by the Board members and the CEO represented 7.1% of the company's shares and votes.

Reported Share Performance on NASDAQ OMX Helsinki in 2013

In the reporting 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 2.65 and the highest was EUR 4.34. The share closed at EUR 3.91 on the last trading day. The trade-weighted average was EUR 3.19. The Group’s market capitalisation totalled EUR 81,623,772 at the end of the financial year.

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

- Ilmarinen Mutual Pension Insurance Company announced on 22 February 2013 that its holding in the company had risen above the 5% flagging threshold, to 9.12% of all shares and votes in the company.
- Pekka Päiviö Sivonen announced on 25 February 2013 that his holding in the company had fallen below the 5% flagging threshold, to 0.85% of the company’s shares and votes.

Risks and Uncertainties

The main operational risks monitored under Digia's risk management are related to customers, personnel, projects, data security, incorporeal rights and goodwill.

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 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.

In addition, the general economic recession 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 were seen 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

With the structural reorganisation that took effect at the beginning of 2014, Digia hopes to enhance the focus of its various business units and the investments made to improve their efficiency. Within the Qt business, the emphasis is clearly on creating the necessary conditions for growth. At the same time, the company works to maintain the profitability of that business. In domestic operations, the company will look to bring profitability to a good level and to achieve organic growth that at least matches the general market rates. Besides organic growth, the company will actively pursue opportunities to make carefully considered business acquisitions that support its strategy.

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

Efforts will continue in order to develop the company’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.

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

Demand for integration services is also expected to stay at a good level. The company predicts that the net sales for this unit will continue to grow, although at a slightly slower rate than in 2013 dues to customers’ cost-saving pressures.

The company believes that the cost pressures felt by customers and the resulting caution will mostly affect demand for customer-specific solutions and services, where decision-making may be delayed, especially in larger projects.

The Qt order book is healthy, considering the time of year and general market situation, and the company expects demand to continue growing even in the large enterprises customer segment. Contract lead times are very long in this market, however – typically 6–18 months – which can cause significant fluctuations between quarters in terms of net sales and, particularly, profitability.

In future the Chinese and Russian units will form part of the Qt segment and will focus on Qt licence sales.

The company predicts a continued strong growth of income generated by the Qt business in 2014. Significant investments will continue to be made in developing the Qt business and Qt technology, while the company will further reinforce its sales network, especially in Asia. Investments made with the aim of securing growth will have a negative impact on profitability, which is why the company expects the profitability of the Qt business to be only slightly positive in 2014.

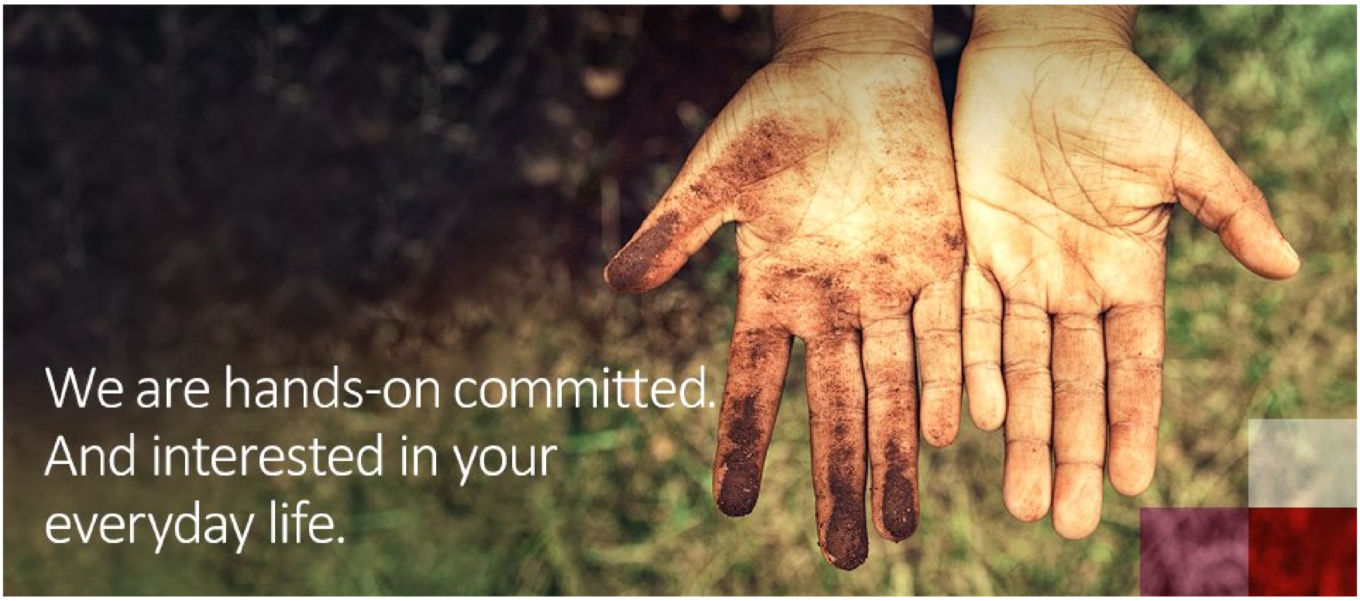
Overall, the company predicts its consolidated net sales for 2014 to grow organically at a rate exceeding that of the general market. Overall profitability is expected to rise from last year’s levels, but further investments in growing the Qt business will continue to hold back the whole company’s profitability.

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 2013, the distributable shareholders' equity of Digia Plc was EUR 32,893,730.71, of which EUR 1,850,830.89 was the net loss for the year. At the Annual General Meeting, the Board of Directors will propose that a repayment of capital totalling EUR 0.10 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2013. Shareholders listed in the shareholder register maintained by Euroclear Finland Oy on the reconciliation date, 14 March 2014, will be eligible for the capital repayment. The repayment date is 21 March 2014.



Consolidated Income Statement (IFRS)

€	Note	1/1/–31/12/2013	1/1/–31/12/2012
Net sales	1, 3	99,740,471.67	100,448,205.67
Other operating income	6	1,542,745.28	1,090,412.50
Materials and services		-11,989,362.11	-9,194,415.94
Depreciation, amortisation, and impairment	9	-9,976,993.00	-3,318,647.75
Other operating expenses	4, 5, 7, 8, 10	-82,138,821.87	-82,141,332.25
		-104,105,176.98	-94,654,395.94
Operating profit		**-2,821,960.03**	**6,884,222.23**
Financial income	11	304,253.50	119,454.51
Financial expenses	11	-1,088,213.60	-1,400,355.80
		-783,960.10	-1,280,901.29
Earnings before tax		**-3,605,920.13**	**5,603,320.94**

Income taxes	12	**-461,183.63**	-1,579,009.83
Net profit		**-4,067,103.76**	**4,024,311.11**
Other comprehensive income			
Items which may subsequently be reclassified to profit or loss:			
Exchange differences on translating foreign operations		-36,228.08	345,409.77
Total comprehensive income		-4,103,331.84	4,369,721.73
Distribution of net profit:			
Parent company shareholders		-4,067,103.76	4,024,311.11
Minority interest		-	-
		-4,067,103.76	4,024,311.11
Distribution of total comprehensive income:			
Parent company shareholders		-4,103,331.84	4,369,721.73
Minority interest		-	-
		-4,103,331.84	4,369,721.73
Basic earnings per share, undiluted		-0.20	0.19
Diluted earnings per share		-0.20	0.19

Consolidated Statement of Financial Position (IFRS)

€	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Goodwill	15	44,549,716.76	51,105,021.75
Other intangible assets	15	8,777,478.82	10,159,951.89
Tangible assets	14	1,986,006.97	2,152,252.65
Available-for-sale investments	27	626,983.95	626,983.95
Inventories		560.93	25,257.78
Long-term receivables		64,592.89	69,520.23
Deferred tax assets	16	370,866.38	534,969.47
		56,376,206.70	64,673,957.72
Current assets			
Accounts receivable and other receivables	17	20,447,831.99	19,418,533.20
Cash and cash equivalents	18	6,453,825.89	8,283,211.67
		26,901,657.88	27,701,744.87
Total assets		83,277,864.58	**92,375,702.59**

€	Note	31/12/2013	31/12/2012
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 invested shareholders' equity		33,447,785.52	33,447,785.52
Translation difference		517,610.87	553,838.71
Retained earnings		-9,028,558.38	-11,153,742.19
Net profit		-4,067,103.76	4,024,311.11
		36,060,605.79	42,063,064.69
Total shareholders' equity		**36,060,605.79**	**42,063,064.69**

Non-current liabilities			
Deferred tax liabilities	16	461,019.73	639,353.99
Financial liabilities	22	12,741,885.92	13,026,618.97
Other long-term liabilities	24	2,876,509.45	4,192,740.13
		16,079,415.10	17,858,713.09
Current liabilities			
Accounts payable and other liabilities	24	15,968,364.82	14,237,839.15
Income tax liabilities		54,391.53	821,693.21
Provisions	21	275,036.00	559,410.00
Accruals and deferred income	24, 21	10,699,140.85	10,012,481.65
Interest-bearing liabilities	22	4,140,910.49	6,822,500.80
		31,137,843.69	32,453,924.81
Total liabilities		**47,217,258.79**	**50,312,637.90**
Total shareholders' equity and liabilities		**83,277,864.58**	**92,375,702.59**

Consolidated Cash Flow Statement (IFRS)

€ 000	1/1/–31/12/2013	1/1/–31/12/2012
Cash flow from operations:		
Net profit	-4,067	4,024
Adjustments to net profit	7,791	8,176
Change in working capital	1,683	8,072
Interest paid	-571	-728
Interest income	0	7
Taxes paid	19	395
Net cash flow from operations	**4,855**	**19,946**
Cash flow from investments:		
Purchases of tangible and intangible assets	-1,602	-16,210
Cash flow from investments	**-1,602**	**-16,210**

Cash flow from financing:		
Proceeds from share issue	-	-
Acquisition of own shares	-	-
Repayment of current loans	-11,500	-5,544
Repayments of non-current loans	-9,500	-
Withdrawals of current loans	6,000	500
Withdrawals of non-current loans	12,000	3,500
Dividends paid and other profit distribution	-2,082	-2,078
Cash flow from financing	**-5,082**	**-3,623**
Change in liquid assets	**-1,829**	**113**
Liquid assets at beginning of period	**8,283**	**8,170**
Change in liquid assets	-1,829	113
Liquid assets at end of period	**6,454**	**8,283**

Changes in Shareholders' Equity

Proportion belonging to parent company shareholders

€ 000	Share capital	Rights issue	Premium fund	Unrestricted invested shareholders' equity reserve	Other reserves	Translation difference	Retained earnings	Total share-holders' equity
Shareholders' equity, 1 January 2012	2,088	0	7,899	35,525	5,204	208	-11,172	39,753
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 (-)	-	-	-	-	-	-	4,024	4,024
Total recognised income and expenses for the period	-	-	-	-	-	-	4,024	4,024

Increase in share capital	-	-	-	-	-	-	-	-
Repayment of capital	-	-	-	-2,077	-	-	-	-2,077
Share-based transactions settled in equity			-		-		33	33
Stock options exercised	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	345	-	345
Other items	-	-	-		-	-	-15	-15
	-	-	-	-2,077	-	345	18	-1,714
Shareholders' equity, 31 December 2012	**2,088**	**0**	**7,899**	**33,448**	**5,204**	**554**	**-7,129**	**42,063**

€ 000	Share capital	Rights issue	Premium fund	Unrestricted invested shareholders' equity reserve	Other reserves	Translation difference	Retained 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	-	-	-	-	-	-	-	-
	-	**-**	**-**	**33,448**	**-**	**-36**	**-1,899**	**-1,935**
Shareholders' equity, 31 December 2013	**2,088**	**0**	**7,899**	**33,448**	**5,204**	**518**	**-13,096**	**36,061**

Distributable funds, 31 December

€ 000	**2013 Parent**	**2012 Parent**
Unrestricted invested shareholders' equity	33,448	33,448
Retained earnings	1,297	-362
Net profit	-1,851	3,558
Total	**32,894**	**36,664**

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 organizations in developing services, steering operations and utilizing information – at home and abroad.

Digia employs around one thousand experts in Finland, Sweden, Norway, Germany, China, Russia and the United States. The company is listed on the NASDAQ OMX Helsinki exchange (DIG1V). The Group's parent company is Digia Plc. The parent company is domiciled in Helsinki and its registered office is at Valimotie 21, 00380 Helsinki.

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 2013.

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 sale. 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 2013 the Group has applied the following new or amended standards and interpretations:

- Amendment: IAS 1 Presentation of Other Comprehensive Income. Items of other comprehensive income will in future be classified as those which can be reclassified subsequently to profit or loss and those which can never be reclassified to profit or loss. The changes had no significant effect on the consolidated financial statements.
- Amendment: IFRS 1 Government Loans. Based on the amendment, first-time

adopters of IFRS do not have to apply IAS 39 Financial Instruments: Recognition and Measurement retrospectively to government loans with a below-market rate of interest. The changes had no effect on the consolidated financial statements.

- Amendment: IFRS 7 Financial Instruments. Disclosures and IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities. The aim is to improve the disclosure in the financial statements of how the offsetting of assets and liabilities in the balance sheet has affected the company's balance sheet, rights and responsibilities. The change had no effect on the consolidated financial statements.
- IFRS 10 Consolidated Financial Statements and revised IAS 27 Separate Financial Statements. The new IFRS 10 Consolidated Financial Statements replaces the rules concerning consolidated financial statements in the existing IAS 27 Consolidated and Separate Financial Statements and the interpretation SIC 12 Consolidation – Special Purpose Entities. IFRS 10 does not affect how a company is consolidated into the group but whether it is consolidated according to the new definition of control. The changes had no effect on the consolidated financial statements.
- IFRS 11 Joint Arrangements and revised IAS 28 Investments in Associates and Joint Ventures. This standards relates to the handling of joint arrangements. The change had no effect on the consolidated financial statements.
- IFRS 12 Disclosure of Interests in Other Entities. This standard brings together all the requirements concerning the notes to consolidated financial statements. The change had no effect on the consolidated financial statements.
- IFRS 13 Fair Value Measurement. The standard proposes a single definition of fair value to apply to all IFRS standards, and a shared approach to measuring fair value. The change had no effect on the consolidated financial statements.
- Revised IAS 19 Employee Benefits. The revised standard contains several changes concerning the accounting of defined benefit pension plans to make it more uniform and comparable. 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

Based on this reorganisation, Digia has employed single-segment reporting from the beginning of 2012. This means that Digia's operations and resources are managed as a single entity.

Foreign currency translation

Items referring to the earnings and financial position of the Group's units are recognised in 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 currency have been converted into euros 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 euros 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) is 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 2013 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:

   1.1 The fair value of the consideration paid at the time of acquisition

   1.2 The amount of any non-controlling interest in the object of acquisition

   1.3 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 statement of financial position 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 revoked 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 2012 and 2013.

Share-based payments

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

The Group recognises provisions when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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 are not deducted from distributable shareholders’ equity until the Board’s approval is 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 revenue 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.

One-off items

Items recorded as one-off items are ones which occur 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 annual 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.

Entry as income

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.

Management of financing 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 only invested 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 contracts 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.

- IFRS 9 Financial Instruments. IFRS 9 will entirely replace the current IAS 39 Financial Instruments: Recognition and Measurement. The Group does not expect the changes to have a significant effect on upcoming consolidated financial statements.

- Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28 concerning the consolidation of investment entities in financial statements. An exception related to consolidation of investment entities was added to the standards.
- Amendment: IAS 39 Novation of Derivatives and Continuation of Hedge Accounting: According to the amendment, hedge accounting does not have to stop if the change in the hedging party's counterparty is compulsory due to a change in legislation while other terms of the agreement remain unchanged.
- IFRIC 21 Levies. According to the interpretation, statutory payments are recorded when the event causing the obligation to make the payment takes place in the manner defined by law.
- 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. Amendments 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. The Group does not expect the changes to have a significant effect on upcoming consolidated financial statements.
- Amendment: Defined Benefit Plans – Employee Contributions. This amendment applies to payments of defined benefit pension plans for employees or third parties. The change is not expected to have an effect on the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Segment information

Digia adopted single-segment reporting at the beginning of 2012.

Net sales by geographical location of customers

€ 000	2013	2012
Finland	78,798	79,831
Other countries	20,942	20,617
Total	**99,740**	**100,448**

Net sales by function

€ 000	2013	2012
Work sales	55,372	60,233
Licence sales	40,971	36,549
Other sales	3,398	3,666
Total	**99,740**	**100,448**

Notes to the Consolidated Financial Statements

2. Acquired business operations

Acquired business operations in 2013

Digia made no business acquisitions during 2013.

Acquired business operations in 2012

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

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

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

Notes to the Consolidated Financial Statements

3. Long-term projects

The reported consolidated net sales include income recognised on long-term projects totalling EUR 14.6 million in 2013 (EUR 11.5 million in 2012). The consolidated income statement included income recognised on incomplete long-term projects totalling EUR 12.7 million on 31 December 2013 (EUR 10.5 million on 31 December 2012). The statement of financial position includes advance payments recognised on incomplete long-term projects totalling EUR 2.6 million on 31 December 2013 (EUR 2.7 million on 31 December 2012).

Notes to the Consolidated Financial Statements

4. Extraordinary items

A one-off expense of EUR 0.4 million in restructuring costs related to the reorganisation carried out towards the end of the year was recorded in the extraordinary items for 2013.

Notes to the Consolidated Financial Statements

5. Auditors' fees

€ 000	2013	2012
Audit	154	171
Other statutory duties	0	1
Tax counselling	30	26
Other services	51	123
Total	235	**321**

Notes to the Consolidated Financial Statements

6. Other operating income

€ 000	2013	2012
Grants	999	858
Other income	544	233
Total	**1,543**	**1,090**

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	2013	2012
Costs of premises	5,051	4,483
IT costs	3,342	3,268
Voluntary personnel expenses	3,465	3,024
Travel	1,670	1,866
Sales and marketing	1,518	1,085
Total	**15,046**	**13,726**

Notes to the Consolidated Financial Statements

8. Product development expenses

€ 000	2013	2012
Product development expenses	11,876	6,009
Total	**11,876**	**6,009**

Notes to the Consolidated Financial Statements

9. Depreciation, amortisation and impairment

€ 000	2013	2012
Depreciation and amortisation by asset category		
Intangible assets	1,762	1,810
Property, plant and equipment		
Buildings	7	7
Machinery and equipment	1,208	1,502
Total	**1,215**	**1,509**
Amortisation		
Goodwill impairment	6,555	0
Specified intangible assets	445	0
Depreciation, amortisation and impairment, total	**9,977**	**3,319**

Notes to the Consolidated Financial Statements

10. Personnel expenses

€ 000	2013	2012
Wages and salaries	52,525	54,028
Pension costs, defined-contribution plans	8,374	8,361
Share-based payments	292	133
Other personnel expenses	3,420	2,889
Total	**64,612**	**65,411**

Group personnel on average during the period	2013	2012
Business units	892	981
Administration and management	47	44
Total	**939**	**1,025**

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	2013	2012
Interest income from cash and cash equivalents	8	29
Interest income from accounts receivable	3	5
Dividend income	10	10
Exchange rate gains	277	47
Other financial income	5	28
Total	**304**	**119**

Financial expenses

€ 000	2013	2012
Interest expenses for financing loans valued at accrued acquisition cost	438	646
Interest expenses for accounts payable	10	4
Loan administration fees	319	235
Exchange rate losses	248	360
Other financial expenses	72	156
Total	**1,088**	**1,400**

Notes to the Consolidated Financial Statements

12. Income taxes

€ 000	2013	2012
Current tax	529	1,473
Taxes from previous periods	-53	-16
Deferred tax	-14	122
Total	**461**	**1,579**

Reconciliation between the tax expenses in the income statement and taxes calculated at the tax rate valid in the Group's home country (24.5 per cent):

€ 000	2013	2012
Earnings before tax	-3,606	5,603
Taxes calculated at the domestic corporation tax rate	-883	1,373
Deviating tax rates of foreign subsidiaries	58	60
Income not subject to tax	-89	-33
Non-deductible expenses	1,678	136
Tax effect of dissolution losses	-	-
Other items	-249	60
Taxes for the period in the income statement	-53	-16
Total	**461**	**1,579**
Taxes for the period in the income statement	**461**	**1,579**

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 possessed 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.

	2013	2012
Profit for the period attributable to parent company shareholders (€ 000)	-4,067	4,024
Weighted average number of shares during the period	20,808,855	20,763,388
Diluting effect of stock options	-	-
Diluted weighted average number of shares during the period	20,808,855	20,763,388
Basic earnings per share (EUR/share)	-0.20	0.19
Diluted earnings per share (EUR/share)	-0.20	0.19

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 2013	Total 2012
Acquisition cost, 1 January	17	162	17,274	84	17,537	17,032
Additions	-	-	1,073	-	1,073	539
Acquisition of subsidiary	-	-	-	-	-	-
Disposals	-	-	-25	-	-25	-34
Acquisition cost, 31 December	17	162	18,322	84	18,585	17,537
Accumulated depreciation and amortisation, 1 January	-	-78	-15,223	-83	-15,384	-13,876
Depreciation	-	-7	-1,208	-	-1,215	-1,509
Amortisation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated depreciation and amortisation, 31 December	-	-85	-16,431	-83	-16,599	-15,384
Book value, 1 January	17	84	2,050	1	2,152	3,156
Book value, 31 December	17	77	1,891	1	1,986	2,152

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 2013	Total 2012
Acquisition cost and provisions	-	-	9,469	-	9,469	8,511
Accumulated depreciation	-	-	-8,089	-	-8,089	-7,260
Book value, 31 December	-	-	1,380	-	1,380	1,251

Notes to the Consolidated Financial Statements

15. Intangible assets

€ 000	Goodwill	Development costs	Other intangible assets	Total 2013	Total 2012
Acquisition cost, 1 January	95,944	2,487	32,852	131,283	116,695
Capitalised development costs	-	-	-	-	-
Additions	-	-	824	824	14,620
Disposals	-	-	-	-	-32
Acquisition cost, 31 December	95,944	2,487	33,676	132,107	131,283
Accumulated depreciation and amortisation, 1 January	-44,839	-2,487	-22,692	-70,018	-68,208
Depreciation	-	-	-1,762	-1,762	-1,810
Amortisation	-6,555	-	-445	-7,000	-
Accumulated depreciation and amortisation, 31 December	-51,394	-2,487	-24,899	-78,780	-70,018
Book value, 1 January	51,105	0	10,160	61,265	48,486
Book value, 31 December	44,550	0	8,777	53,327	61,265

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	Allocated goodwill	Amortisations during the reporting period	Goodwill	Other items	Total carried value
Digia, domestic operations	1,313	656	37,987	6,227	45,528

€ 000	Allocated goodwill	Amortisations during the reporting period	Goodwill	Other items	Total carried value
Digia, Qt business	6,843	862	6,562	1,367	14,773

€ 000	Allocated goodwill	Amortisations during the reporting period	Goodwill	Other items	Total carried value
Group total	8,157	1,519	44,550	7,594	60,300

The Group made a EUR 0.4 million writedown related to itemised intangible assets allocated to the fourth quarter. After this, it was found necessary to make a EUR 6.6 million writedown related to the goodwill of domestic operations. The writedown derives from a change in the company's estimate of the long-term profit forecast for its domestic business operations, on which evaluations must be based according to standards.

Present values for domestic operations were calculated for the five-year forecast period based on the following assumptions: consolidated net sales and operating profit for 2014 according to budget; after this, annual growth in net sales of 0.8 per cent and in operating profit of 3.6 per cent, and a pre-tax discount rate of 8.9 per cent.

Present values for the Qt business were calculated for the five-year forecast period based on the following assumptions: consolidated net sales and operating profit for 2014 according to budget; after this, annual growth in net sales of 6.5 per cent and in operating profit of 5.3 per cent, and a pre-tax discount rate of 8.9 per cent.

Post-forecast-period cash flows for both the tested units were extrapolated using the same assumptions as for the forecast period.

According to a completed sensitivity analysis, the goodwill of the Qt business requires either net sales to remain at the current level with profitability of 3.9 per cent, or a 5.0 per cent growth in net sales with profitability of 1.2 per cent.

Notes to the Consolidated Financial Statements

16. Deferred tax assets and liabilities

Changes in deferred taxes during 2013:

€ 000	1.1.2013	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31.12.2013
Deferred tax assets:						
Provisions	132	-77	-	-	-	55
Confirmed losses	6	-6	-	-	-	0
Other items	397	-81	-	-	-	316
Total	**535**	**-164**	-	-	-	**371**

€ 000	1.1.2013	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31.12.2013
Deferred tax liabilities:						
From business combinations	402	-194	-	-	-	208
Other items	237	16	-	-	-	253
Total	**639**	**-178**	**-**	**-**	**-**	**461**

Changes in deferred taxes during 2012:

€ 000	1.1.2012	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31.12.2012
Deferred tax assets:						
Provisions	213	-81	-	-	-	132
Confirmed losses	432	-426	-	-	-	6
Other items	145	252	-	-	-	397
Total	**790**	**-255**	**-**	**-**	**-**	**535**

€ 000	1.1.2012	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31.12.2012
Deferred tax liabilities:						
From business combinations	529	-127	-	-	-	402
Other items	243	-5	-	-	-	237
Total	**772**	**-133**	-	-	-	**639**

Notes to the Consolidated Financial Statements

17. Accounts receivable and other receivables

€ 000	2013	2012
Accounts receivable and other receivables		
Accounts receivable	14,907	13,760
Receivables from customers on long-term projects	1,274	1,440
Security deposit for rental due	228	373
Tax assets from the profit for the financial year	533	1,192
Prepayments and accrued income	3,196	2,434
Other receivables	309	220
Accounts receivable and other receivables	20,448	**19,419**

€ 000	2013	2012
Non-due accounts receivable	13,408	12,299
Accounts receivable due 1–30 days ago	1,278	972
Accounts receivable due 31–60 days ago	70	257
Accounts receivable due more than 60 days ago	150	232
Total	14,907	**13,760**

At the end of the 2013 fiscal year, credit loss provisions totalled EUR 0.01 million (EUR 0.1 million at the end of 2012). 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	2013	2012
Financing assets recognised at fair value through profit and loss		
Mutual funds	324	319
Bank accounts	6,130	7,965
Total	**6,454**	**8,283**

Notes to the Consolidated Financial Statements

19. Notes on share capital

	Number of shares	Share capital (€ 000)
1.1.2012	20,875,645	2,088
Rights issue	-	-
31.12.2012	20,875,645	2,088

	Number of shares	Share capital (€ 000)
1.1.2013	20,875,645	2,088
Rights issue	-	-
31.12.2013	20,875,645	2,088

The maximum number of shares is 48 million (48 million in 2012). The nominal value of each share is EUR 0.10 and the Group's maximum share capital is EUR 4.8 million (EUR 4.8 million in 2012). All outstanding shares are paid in full. At the end of the fiscal year, the company held 57,372 of its own shares, corresponding to 0.3 per cent of all shares.

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 differences arising from the translation of financial statements of non-Finnish units. The unrestricted invested 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 the 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 30 September 2009, the Board of Directors made the following decisions regarding share-based bonus systems for management and key personnel:

The CEO's share-based incentive scheme covers the earnings periods 2009 and 2010. It entitles the CEO to a maximum bonus equal to the value of 160,000 company shares according to the terms of the scheme, based on the company's EPS. The bonus is payable 50/50 in shares and cash and is made available to the CEO annually after the financial statements are approved.

In a scheme directed at key personnel, a maximum bonus totalling the value of 200,000 shares will be payable as a 50/50 combination of shares and cash. The earnings periods are 2009, 2010, 2011 and 2012. The bonus will be paid annually, without any disposition restrictions, beginning on 30 January 2010, depending on the fulfilment of certain goals set by the Board and on the condition that the recipient is still employed by the company on the payment date.

On 27 May 2010, the Board of Directors decided on a new share incentive scheme for the CEO and other members of the Group Management Team, as follows:

The scheme comprises four earning periods, which are the calendar years 2010-2013. The earnings principles are the consolidated earnings per share and the growth in consolidated net sales compared to the budget, according to formulae settled separately by the Board.

According to the scheme, rewards totalling a maximum value equivalent to 40,000 shares will be paid for the 2010 earning period, and a maximum value of 200,000 shares will be paid for each of the earning periods from 2011 to 2013. Of the rewards paid, one half will be awarded to the CEO and one half to the other management team members in total. 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.

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

	Management group share-based incentive scheme 2010–2013	Key personnel share-based incentive scheme 2009–2012
Granting date	27/5/2010	30/9/2009
Instrument	Shares and cash	Shares and cash
Target group	Management group	Key personnel
Maximum number of shares *	640,000	200,000
Beginning of the earning period	28/5/2010	1/10/2009
End of the earning period	31/3/2011 / 31/3/2012 / 31/3/2013 / 31/3/2014	30/1/2010 / 30/1/2011 / 30/1/2012 / 30/1/2013
Vesting condition	Earnings per share, net sales growth and employment requirement	Earnings criterion, employment requirement
Maximum validity, years	3.2	3.3
Remaining validity, years	0.3	-
Number of persons (31 December 2013)	6	17

* 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 2013 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 2013 fiscal year	Management group share-based incentive scheme 2010–2013	Key personnel share-based incentive scheme 2009–2012	Total
Gross amounts, 1 January 2013 **			
Outstanding at beginning of period	400,000	50,000	450,000
Changes during the period			
Forfeited during the year	130,000	28,500	158,500
Exercised during the year	70,000	21,500	91,500
Gross amounts, 31 December 2013 **			
Outstanding at end of period	200,000	0	200,000
Available for exercising at end of period	200,000	0	200,000

** 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 2013 income statement

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 December 2013	0	0	0
Liabilities from share-based payments, 31 December 2013	0	0	0

Comparison data for 2012

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	95	39	133
Share-based payments, shareholders' equity, 31 December 2012	0	33	33
Liabilities from share-based payments, 31 December 2012	0	27	27

Notes to the Consolidated Financial Statements

21. Provisions

Changes in provisions during 2013:

€ 000	Restructuring provision	Unprofitable agreements	Total
1.1.2013	727	538	1,264
Increase in provisions	371	78	449
Provisions used	-652	-341	-993
Reversals of unused provisions	-	-	-
31.12.2013	446	275	721

Changes in provisions during 2012:

€ 000	Restructuring provision	Unprofitable agreements	Total
1.1.2012	1,967	382	2,349
Increase in provisions	1,312	482	1,793
Provisions used	-2,552	-326	-2,878
Reversals of unused provisions	-	-	-
31.12.2012	727	538	1,264

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 2013, there were four 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	2013 Fair values	2012 Fair values	2013 Balance sheet values	2012 Balance sheet values
Non-current				
Bank loan	12,000	12,500	12,000	12,500
Finance lease liabilities	742	514	742	514
Total	12,742	**13,014**	12,742	**13,014**
Current				
Bank loan	3,500	6,000	3,500	6,000
Finance lease liabilities	641	797	641	797
Total	4,141	6,797	4,141	6,797
Total	**16,883**	**19,811**	**16,883**	**19,811**

On 19 December 2013, Digia revised its three-year loan arrangements, replacing the company’s old loan portfolio totalling EUR 15 million. The total sum of the new loan was EUR 25 million, of which the company withdrew EUR 15 million. The loan agreement continued to be financed by Nordea Bank and Pohjola Bank.

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 2013. The maximum and minimum values specified in the loan covenants, and the realised figures on 31 December 2013 were:

	Covenant value	Realised value
Net debt / EBITDA, max.	2.5	1.5
Solvency, min.	35%	50%
Net gearing, max.	60%	29%

During the financial year, the company repaid EUR 3.0 million in loans, reducing its interest-bearing liabilities to EUR 15.5 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 2013 was 2.2% (2.9% in 2012). The shares of Digia Finland Ltd are pledged as collateral for the loans. On 31 December 2013, the book value of pledged shares was EUR 111.5 million.

Additionally, the company had EUR 0.5 million in re-borrowing of pension contributions at a fixed interest rate of 2.8% at the year-end.

The effective interest rate on finance lease liabilities during the fiscal year was 3.40% (4.25%).

Interest-bearing liabilities fall due as follows:

Year, € 000	2013	2012
2014	4,141	12,853
2015	3,394	97
2016	9,297	64
2017	51	-
Later	-	-
Total	**16,883**	**13,014**

The tables below describe agreement-based maturity analysis results for 2013 and the 2012 comparison period. The figures are undiscounted and include interest payments and the repayment of loan capital:

€ 000 31.12.2013	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

€ 000 31.12.2012	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	18,500	19,166	6,428	12,738	0
Finance lease liabilities	1,311	1,311	797	353	161
Accounts payable and other liabilities	2,189	2,189	2,189	0	0
Total	**22,000**	**22,666**	**9,414**	**13,091**	**161**

Notes to the Consolidated Financial Statements

23. Due dates of finance lease liabilities

€ 000	2013	2012
Finance lease liabilities, total of minimum lease payments		
Within one year	670	829
Within more than one but less than five years	762	527
After more than five years	-	-
Finance lease liabilities, present value of minimum lease payments		
Within one year	641	797
Within more than one but less than five years	742	514
After more than five years	-	-
Financial expenses to be accrued in the future	49	45
Total amount of finance lease liabilities	1,383	1,311

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	2013	2012
Non-current		
Deferred tax liabilities	481	639
Other long-term liabilities	2,877	4,193
Total	**3,338**	**4,832**
Current		
Accounts payable	3,678	1,779
Total	**3,678**	**1,779**
Other non-interest bearing current liabilities		
Advance payments received	8,140	8,204
Accruals and deferred income	10,699	10,012
Statutory provisions	275	559
Income tax liabilities	54	822
Other liabilities	4,150	4,255
Total	23,319	23,852
Total non-interest bearing liabilities	**30,334**	**30,464**

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	2013	2012
Within one year	4,789	3,468
Within more than one but less than five years	3,825	2,833
After more than five years	-	-
Total	**8,614**	**6,301**

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	2013	2012
Collateral pledged for own commitments		
Business mortgages	57,200	57,200
Other	1,410	2,518
Total	**58,610**	**59,718**

Other contingent liabilities are mostly related to the guarantee liability for the pension contribution loan, and to security deposits given.

Notes to the Consolidated Financial Statements

27. The group's shares and holdings

Group companies	Domicile	Home country	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 Germany GmbH	Berlin	Germany	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 Digia RUS	St. Petersburg	Russia	100%	100%
Digia Norway AS	Oslo	Norway	100%	100%
Digia USA Inc.	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	2013	2012
Salaries and other short-term employee benefits	990	957
Share-based bonuses	107	86
Total	**1,097**	**1,043**

The salaries and fees paid in 2013 to the CEO and the members of the Board of Directors were as follows:

		€ 000
Kyttälä Pertti	Chairman of the Board of Directors	38
Ingman Robert	Vice Chairman of the Board	51
Ruotsalainen Seppo	Member of the Board	40
Saarinen Leena	Member of the Board	76
Karvinen Kari	Member of the Board	39
Uhari Tommi	Member of the Board	39
Hokkanen Päivi	Member of the Board	38
Varelius Juha	CEO	327
Total		647

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 57,100 (EUR 25,700 in 2012). Transactions associated with the purchase of goods or services totalled EUR 0 (EUR 0). 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 risks

The Group is not significantly exposed to foreign exchange risk 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 2.7 million in Swedish kronas, Norwegian US dollars, Russian roubles and Chinese yuan. Foreign currency accounts payable totalled approx. EUR 0.4 million, mainly being in Swedish kronas, Norwegian krones, US dollars, Russian roubles and Chinese yuan. 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 2013, the company had no such forward contract in force.

Interest rate risks

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 2013, the interest rate on the long-term bank loan varied between 2.1% and 2.7% (2.7%–3.2% in 2012). The impact of a +/-1% change in the loan's interest rate is EUR 0.15 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 risks

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 2013 fiscal year, credit loss provisions totalled EUR 0.01 million (EUR 0.1 million at the end of 2012). The maturity analysis of accounts receivable for 2013 and 2012 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 2013 was EUR 4.0 million, and the company has the ability to take out EUR 10 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 2013 totalled EUR 6.5 million. An agreement-based maturity analysis on discounted equity and interest payments for the reporting periods 2013 and 2012 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 10.4 (11.6) million. 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 2013 was 29% (28%).

The share of liabilities of total shareholders' equity on 31 December 2013 and 31 December 2012 was as follows:

€ 000	2013	2012
Loans from financial institutions	16,883	19,849
Cash and cash equivalents	6,454	8,283
Interest-bearing net liabilities	10,429	11,566
Total shareholders' equity	36,061	42,063
Net gearing	29%	28%

Notes to the Consolidated Financial Statements

30. The group's key financial ratios

€ 000	2013	2012	2011	2010	2009
Extent of business					
Net sales, € 000	99,740	100,448	121,940	130,825	120,335
- change on previous year, %	-0.7%	-17.6%	-6.8%	9%	-2%
Gross capital expenditure, € 000	1,598	802	2,733	1,965	1,342
- % of net sales	2%	1%	2%	2%	1%
Capitalisation for research and development	-	-	-	-	-
- % of net sales	0%	0%	0%	0%	0%
Number of personnel, 31 December	938	982	1,175	1,558	1,471
Average number of personnel	939	1,025	1,453	1,508	1,387
Profitability					
Operating profit, € 000	-2,822	6,884	-22,168	17,164	-7,796
- % of net sales	-3%	7%	-18%	13%	-6%
Net profit, € 000	-4,067	4,024	-22,452	17,164	-13,664
- % of net sales	-4%	4%	-18%	13%	-11%
Return on equity, %	-10%	10%	-42%	18%	-21%
Return on investment, %	-4%	11%	-29%	19%	-7%
Financing and financial standing					
Loans from financial institutions, € 000	16,883	19,849	21,872	23,316	30,429
Cash and cash equivalents, € 000	6,454	8,283	8,170	9,682	10,469
Net gearing, %	29%	28%	34%	20%	34%
Equity ratio, %	50%	53%	48%	59%	52%
Cash flow from operations, € 000	4,855	19,946	8,842	11,066	20,232

Dividends (paid)	2,082	2,077	5,577	2,885	1,025
Earnings per share, EUR undiluted	-0.20	0.19	-1.08	0.56	-0.67
Earnings per share, EUR diluted	-0.20	0.19	-1.08	0.56	-0.67
Equity per share	1.73	2.01	1.90	3.23	2.79
Dividend per share (proposal for 2013)	0.10	0.10	0.10	0.27	0.14
Dividend payout ratio	-	53%	-	48%	-
Effective dividend yield	3%	4%	4%	5%	4%
Price/earnings ratio (P/E)	-	13.79	-	8.98	-
Lowest share price	2.65	2.28	2.30	3.38	1.39
Highest share price	4.34	3.30	5.79	5.89	3.88
Average share price	3.19	2.82	3.88	5.01	2.72
Market capitalisation	81,624	54,694	50,519	104,949	71,528
Trading volume, shares	4,095,297	1,652,971	7,135,305	7,260,278	9,123,589
Trading volume, %	20%	8%	34%	35%	45%

The weighted average number of shares during the accounting period, adjusted for share issues, was 20,808,855. The diluted weighted average number of shares during the period was 20,808,855. The number of shares outstanding at the end of the accounting period was 20,818,273. 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	1/1/–31/12/2013	1/1/–31/12/2012
Net sales	1	**7,110,000.00**	**9,159,000.00**
Other operating income	2	40,140.00	33,545.00
Personnel expenses	3	-3,591,669.82	-3,840,315.70
Depreciation, amortisation, and impairment	4	-1,150,826.89	-1,005,585.11
Other operating expenses	5	-2,688,698.17	-2,561,244.22
		-7,391,054.88	-7,373,600.03
Operating profit		**-281,054.88**	**1,785,399.97**
Financial income and expenses	6	-1,640,289.73	-1,628,534.60
Earnings before extraordinary items and taxes		**-1,921,344.61**	**156,865.37**
Extraordinary items		0.00	3,997,876.52
Earnings before tax		**-1,921,344.61**	**4,154,741.89**
Income taxes	7	70,513.72	-596,377.68
Net profit		**-1,850,830.89**	**3,558,364.21**

Parent Company's Balance Sheet (FAS)

€	Note	31/12/2013	31/12/2012
ASSETS			
FIXED ASSETS			
Intangible assets	8		
Intangible rights		341,187.51	1,428,978.79
Other long-term expenses		356,442.66	-
		697,630.17	1,428,978.79
Tangible assets	9		
Land and water areas		16,818.79	16,818.79
Buildings and structures		77,473.15	84,066.61
Machinery and equipment		5,356.34	9,232.45
Permanent fixed assets		1,210.95	1,210.95
		100,859.23	111,328.80
Financial assets	10		
Shares in Group companies		113,613,133.85	114,118,133.85
Other shares and holdings		606,292.32	606,292.32
		114,219,426.17	114,724,426.17
Total fixed assets		**115,017,915.57**	**116,264,733.76**

CURRENT ASSETS			
Current receivables	11		
Receivables from Group companies		1,507,173.70	5,547,698.94
Other receivables		257,877.61	290,954.38
Prepayments and accrued income		541,276.92	360,946.24
		2,306,328.23	6,199,599.56
Cash and cash equivalents		1,719,853.85	4,121,675.73
Total current assets		**4,026,182.08**	**10,321,275.29**
Total assets		**119,044,097.65**	**126,586,009.05**

€	Note	31/12/2013	31/12/2012
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 invested shareholders' equity reserve		33,447,785.52	33,447,785.52
Retained earnings		1,296,776.08	-362,460.83
Net profit		-1,850,830.89	3,558,364.21
Total shareholders' equity		**42,880,781.01**	**46,630,739.20**

LIABILITIES			
Non-current liabilities			
Loans from financial institutions	13	12,000,000.00	12,000,000.00
		12,000,000.00	12,000,000.00
Current liabilities	14		
Accounts payable		173,290.17	159,835.92
Interest-bearing liabilities		3,000,000.00	5,000,000.00
Liabilities to Group companies		60,261,656.27	61,572,717.55
Other liabilities		198,713.58	70,982.84
Accrued and deferred income		529,656.62	1,151,733.54
		64,163,316.64	67,955,269.85
Total liabilities		**76,163,316.64**	**79,955,269.85**
Total shareholders' equity and liabilities		**119,044,097.65**	**126,586,009.05**

Parent Company's Cash Flow Statement (FAS)

€ 000	1/1/– 31/12/2013	1/1/– 31/12/2012
Cash flow from operations:		
Net profit	-1,851	3,558
Adjustments to net profit	2,721	-771
Change in working capital	-201	-3,540
Interest paid	-536	-659
Interest income	0	3
Taxes paid	-820	1,079
Net cash flow from operations	**-687**	**-330**
Cash flow from investments:		
Purchase of tangible and intangible assets	-404	-1,065
Acquisition of subsidiary, net of cash acquired	-	-
Cash flow from investments	**-404**	**-1,065**

Cash flow from financing:		
Proceeds from share issue	-	-
Acquisition of own shares	-	-
Repayment of current loans	-10,500	-
Repayments of non-current loans	-9,500	-4,000
Withdrawals of current loans	6,000	500
Withdrawals of non-current loans	12,000	3,500
Group financing items ([1]	2,729	4,699
Dividends paid and other profit distribution	-2,040	-2,078
Cash flow from financing	**-1,311**	**2,621**
Change in liquid assets	**-2,402**	**1,226**
Liquid assets at beginning of period	**4,122**	**2,896**
Change in liquid assets	-2,402	1,226
Liquid assets at end of period	**1,720**	**4,122**

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

Basic Information of 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, 00380 Helsinki. Digia Plc's active subsidiaries are Digia Finland Ltd (with the wholly owned subsidiary OOO Digia RUS Ltd), Digia Sweden Ab, Digia Software (Chengdu) Co, Digia USA, Inc., Digia Norway AS and Digia Germany GmbH.

Accounting policies

The parent company's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). The financial statement is 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 2012 fiscal year, extraordinary item included received group contributions and a merger loss realised on the merger of a subsidiary.

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	2013	2012
Group administration services	7,110	9,159
Group total	**7,110**	**9,159**

Notes to the Parent Company's Financial Statement

2. Other operating income

€ 000	2013	2012
Capital gains on disposal of fixed assets	9	-
Other	31	34
Total	40	**34**

Notes to the Parent Company's Financial Statement

3. Information on personnel and governing bodies

€ 000	2013	2012
Board emoluments and remuneration and CEO's compensation	647	766
Other salaries and remunerations	2,396	2,504
Pension insurance premiums	441	482
Other personnel expenses	107	88
Total	**3,592**	**3,840**

Number of personnel, 31 December	2013	2012
Management and administration	40	37
Total	**40**	**37**

Notes to the Parent Company's Financial Statement

4. Depreciation, amortisation and impairment

€ 000	2013	2012
Planned depreciation and amortisation		
Property, plant, and equipment, and intangible assets	1,151	1,006
Total	**1,151**	**1,006**

Notes to the Parent Company's Financial Statement

5. Auditors' fees

€ 000	2013	2012
Audit	124	139
Other statutory duties	-	-
Tax counselling	9	5
Other services	44	95
Total	**177**	**239**

Notes to the Parent Company's Financial Statement

6. Financial income and expenses

Financial income

€ 000	2013	2012
Interest and financial income from Group companies	7	14
Interest and financial income from others	104	11
Total	**111**	**25**

Financial expenses

€ 000	2013	2012
Interest expenses to Group companies	633	750
Interest expenses to other companies	374	531
Loan administration fees	148	88
Impairment on investments in fixed assets	500	-
Other financial expenses	97	285
Total	**1,752**	**1,653**

Notes to the Parent Company's Financial Statement

7. Income taxes

€ 000	2013	2012
Income taxes on operations	-71	-
Income taxes on extraordinary operations	0	596
Total	**-71**	**596**

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 247,471.83 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 2013	Total 2012
Acquisition cost, 1 January	4,563	655	5,218	4,180
Additions	53	356	409	1,038
Disposals	-	-	-	-
Acquisition cost, 31 December	4,616	1,011	5,627	5,218
Accumulated depreciation and amortisation, 1 January	-3,134	-655	-3,789	-2,804
Depreciation	-1,140	-	-1,140	-985
Amortisation	-	-	-	-
Accumulated depreciation and amortisation, 31 December	-4,274	-655	-4,929	-3,789
Book value, 1 January	1,429	-	1,429	1,376
Book value, 31 December	341	356	697	1,429

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 2013	Total 2012
Acquisition cost, 1 January	17	162	1,848	2,027	2,027
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition cost, 31 December	17	162	1,848	2,027	2,027
Accumulated depreciation and amortisation, 1 January	-	-78	-1,838	-1,916	-1,896
Depreciation	-	-7	-4	-10	-22
Amortisation	-	-	-	0	-
Disposals	-	-	-	0	-
Accumulated depreciation and amortisation, 31 December	-	-85	-1,842	-1,927	-1,918
Book value, 1 January	17	84	9	111	131
Book value, 31 December	17	77	5	100	111

Notes to the Parent Company's Financial Statement

10. Financial assets

€ 000	Investments in subsidiary shares	Other shares and holdings	Total 2013	Total 2012
Acquisition cost, 1 January	114,118	606	114,724	114,697
Additions	-	-	-	30
Disposals	-505	-	-505	3
Acquisition cost, 31 December	113,613	606	114,219	114,724
Book value, 1 January	114,118	606	114,724	114,697
Book value, 31 December	113,613	606	114,219	114,724

Itemisation of other shares and holdings

Group companies	Domicile	Home country	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 Plc	Helsinki	Finland	100%	100%
Digia Norway AS	Oslo	Norway	100%	100%
Digia USA Inc.	San Jose	USA	100%	100%
Digia Germany 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	2013	2012
Receivables from Group companies		
Accounts receivable	-	48
Prepayments and accrued income	53	4,046
Borrowings	1,454	1,454
Other receivables	258	291
Prepayments and accrued income	541	361
Total	**2,306**	**6,200**

Notes to the Parent Company's Financial Statement

12. Shareholders' equity

€ 000	2013	2012
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	35,525
Increase in share capital	-	-
Repayment of capital	-	-2,077
Unrestricted shareholders' equity reserve, 31 December	33,448	33,448
Accrued earnings, 1 January	3,196	-382
Dividends	-2,082	-13

Own shares	-	-
Share-based transactions settled in equity	183	33
Accrued earnings, 31 December	1,297	-362
Net profit	-1,851	3,558
Total unrestricted shareholders' equity	32,894	36,644
Total shareholders' equity	**42,881**	**46,631**

Distributable funds 31 December

€ 000	2013	2012
Unrestricted invested shareholders' equity	33,448	33,448
Retained earnings	1,297	-362
Net profit	-1,851	3,558
Total	**32,894**	**36,644**

Notes to the Parent Company's Financial Statement

13. Non-current liabilities

€ 000	2013	2012
Loans from financial institutions	12,000	12,000
Total	**12,000**	**12,000**

Notes to the Parent Company's Financial Statement

14. Current liabilities

€ 000	2013	2012
Interest-bearing		
Interest-bearing liabilities	3,000	5,000
Liabilities to Group companies		
Borrowings	55,955	56,057
Total interest-bearing current liabilities	**58,955**	**61,057**
Liabilities to Group companies		
Accounts payable	-	-
Accruals and deferred income	4,307	5,515
To others		
Accounts payable	173	160
Other liabilities	199	71
Accruals and deferred income	530	1,152
Total interest-free current liabilities	**5,209**	**6,898**
Total current liabilities	**64,163**	**67,955**

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	2013	2012
Due during the current financial period	229	254
Due later	268	342
Total	**498**	**596**

Other lease liabilities

€ 000	2013	2012
Due during the current financial period	3,672	2,589
Due later	2,372	2,424
Total	**6,044**	**5,013**

Mortgages and shares given as collateral

€ 000	2013	2012
Mortgages and shares given as collateral	15,000	17,000
Business mortgages	57,200	57,200
Pledged shares, book value	111,452	111,452

Other liabilities

€ 000	2013	2012
Collateral pledged for own commitments		
Other	518	656
Total	**518**	**656**

Signatures to the Board's Report and Financial Statement

Helsinki, 6 February 2014

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, 6 February 2014

Ernst & Young Ltd
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, 2013. The financial statements comprise the consolidated statement of financial position, income statement, 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.

The 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 6, 2014

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

Shares and Shareholders

Share capital and shares

The nominal share price is EUR 0.10. On 31st of December 2013, the total number of Digia shares was 20,875,645.

According to the Finnish Central Securities Depository Ltd, on 31st of December 2013 Digia had 5,034 shareholders.

The ten major shareholders

Shareholder	Shares and votes
Ingman Group Oy Ab	19.6%
Jyrki Hallikainen	10.2%
Ilmarinen Mutual Pension Insurance Company	9.6%
Kari Karvinen	6.0%
Matti Savolainen	5.8%
NASDAQ OMXBS/Skandinaviska Enskilda Banken AB	4.6%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc (nominee-registered)	1.4%
Etola Oy	1.0%
Juha Varelius	0.9%

Distribution of holdings by number of shares held on 31 December 2013

Number of shares	Percentage of holdings	Percentage of shares and votes
1 – 100	23.2%	0.4%
101 – 1,000	58.8%	6.4%
1,001 – 10,000	16.2%	10.4%
10,001 – 100,000	1.3%	9.7%
100,001 – 1,000,000	0.4%	21.9%
1,000,001 – 4,000,000	0.1%	51.2%

Shareholding by sector on 31 December 2013

	Percentage of holdings	Percentage of shares and votes
Non-financial corporations	4.2%	24.1%
Financial and insurance corporations	0.2%	2.5%
General government	0.1%	13.2%
Not-for-profit institutions serving households	0.3%	0.9%
Households	94.7%	51.8%
Rest of the world	0.6%	7.5%

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 give market participants a factual overview of 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

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Financial Releases 2014

During the financial year 2014, Digia Plc will publish the following financial releases in Finnish and in English:

Q1/2014 Interim Report: Wednesday 30 April 2014 at 9:00
Q2/2014 Interim Report: Friday 8 August 2014 at 9:00
Q3/2014 Interim Report: Friday 31 October 2014 at 9:00

Digia Plc will hold its Annual General Meeting for 2014 on Tuesday, 11 March 2014, starting at 10:00 at the headquarters of the company. Address Valimotie 21, 00380 Helsinki, Finland.

To order Annual Reports and other publications, please contact

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Valimotie 21, FI-00380 Helsinki
Tel. +358 10 313 3000
invest(at)digia.com

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

The Annual Report 2013 has been published in electronic form. You can download the Annual Report as a PDF version here. The Annual Report can also be ordered as a printed PDF version.

Updating Shareholder Information

We kindly ask the 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.

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