digia

ANNUAL REPORT 2008

MILTTON / ERWEKO, HELSINKI. MARCH 2009.

We provide our customers with comprehensive solutions that create new business opportunities.

Our strength is based on solid industry expertise as well as wide range of software and other products.

We listen to the business needs of our customers, while providing a comprehensive service – acting as a partner throughout the lifecycle of our solutions. That is why our real-time information management solutions touch the daily lives of millions of people.

Digia Plc

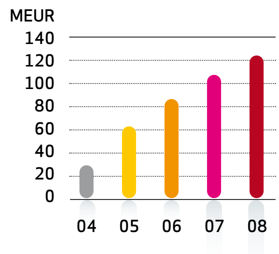
Digia delivers information and communication technology solutions worldwide. Our strength in smartphone devices and real-time information systems enables a mobile life.

Our clients are entities who want to capitalise on digital information in their business. New technologies, well-designed usability and modern service channels enable real-time access to correct information or services through a computer, mobile handset or any other digital device.

We are based in the Nordics, operating globally and employing over 1,300 professionals. We are listed on the NASDAQ OMX Helsinki.

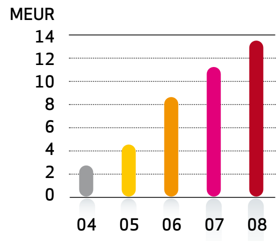
Turnover

	EUR
2008	123,200,000
2007	105,800,000
2006	85,000,000
2005	60,500,000
2004	26,200,000



Operating profit

	EUR
2008	13,400,000
2007	11,100,000
2006	8,400,000
2005	4,200,000
2004	2,400,000



Key events in 2008

For Digia, 2008 was marked by the organisational restructuring project and determined internationalisation of functions. During 2008, we gained many new customers and were able to achieve our growth targets.

1 **January.** Digia acquired the entire share capital of the software company **Sunrise Resources Ltd.** Sunrise owns a Russian subsidiary, and 80 % of its personnel is Russian. For Digia, Sunrise-r represents a foot in the door of the rapidly developing Russian software market.

Digia delivered to the Finnish Tax Administration a web service that citizens can use for amending their precompleted tax return forms

2 **February.** The Digia 3G Linux smartphone was created using the Linux operating system and other open source software components as well as the Qtopia application platform and user interface, commercially licensed from **Trolltech**.

Digia and Trolltech ASA, the world's leading provider of application and user interface development platforms for desktop computers and mobile devices, published a worldwide training agreement that reinforces the companies' co-operation with regard to mobile software.

3 **March.** In March, the Annual General Meeting elected Pekka Sivonen, Kari Karvinen, Harri Koponen, Pertti Kyttälä and Martti Mehtälä as members of the Board of Directors. In its Organising Meeting, held after the Annual General Meeting, the Board of Directors selected Pekka Sivonen as the full-time Chairman of the Board and Pertti Kyttälä as the Vice Chairman. Harri Koponen later relinquished his position on the Board of Directors.

The name of the company was changed to Digia Plc.

4 **April.** Digia delivered an extensive comprehensive operative system to **Assistor**; this system covers ERP, shipping, vehicle taxation, a web portal for car retailers, mobile handheld device functions for field and hall operations, and integration between the applications and network parties. The heart of this solution is the RFID-compatible ERP system Digia Enterprise.

Digia founded a subsidiary in Chengdu, China, with the goal of recruiting 50 to 100 employees to the China unit during 2008. The first software projects were initiated in autumn 2008.

Digia delivered to the **Finnish Tax Administration** a web service that citizens can use for amending their precompleted tax return forms. As from the start of April, it has been possible to inform the tax authority of changes regarding travel expense allowances using electronic channels. Owing to Digia's solution, for the first time it is now possible to amend or specify travel expense allowances on the tax administration's website, provided that one has e-banking identification codes or an electronic identification card.

6 **June.** Digia developed the first full finger touch control web browser for mobile phones using the UIQ platform. The user-friendly @Web mobile phone browser was designed for the UIQ 3 and Symbian OS environments. The browser utilises the open source WebKit browser engine which Digia has migrated to the UIQ platform. Moreover, it employs a brand new type of user interface, providing easy and quick access to web content.

Digia delivered an ERP in just five months

Digia delivered the Enterprise ERP system to **Hyrles Ltd**, which manufactures sheet metal and electronics products. The project was carried out using the new Rapid delivery model, and it took just five months. The system was adopted into use in production on 1 April, and it comprises the following elements: production, purchasing and sales functions, material management, CRM, accounting, budgeting, and payroll administration. 40 people at Hyrles will be using the system during the first phase.

8 **August.** Digia enabled use of the TD-SCDMA network with the S60 software platform. The first integration of the TD-SCDMA network, known as China's 3G network, and the S60 platform was carried out using the Digia Telephony solution, which the company originally developed for GSM and WCDMA networks. This new solution enables the production of 3G S60 phones for the rapidly growing market in China.

Digia announced the Qt-based @Web finger touch browser

Digia joined the **Khronos Group**, a consortium promoting open standards for mobile graphics acceleration and multimedia. Membership allows access to all Khronos standards, including non-public and incomplete work.

Digia developed a Remote Phone Management solution for Samsung

9 **September.** Digia and Crafthouse made a co-operation agreement, on the basis of which Digia will complement its range of solutions for the speciality retailing sector. The package comprises the Digia Enterprise ERP system and the integrated kassa.fi cash register system, developed by **Crafthouse**.

Digia made a delivery agreement with **Medbit Ltd**, a data administration service company that was founded by the Hospital District of Southwest Finland. This agreement entails a comprehensive material and procurement system, including the Microsoft Dynamics AX material management system, the Basware Purchase Management procurement system, and the Basware RFx tendering system, that Digia integrated into one comprehensive system. Implementation of this system will occur in summer 2009, and it will have more than 2,000 users.

Digia will modernise the **Finnish Civil Aviation Authority's** operative information systems. This project is part of the Finnish Civil Aviation Authority's more extensive multi-year modernisation of its application solution and server systems, the overall goal of which is to develop the aviation authorities operations and improve aviation safety.

10 **October.** Digia announced the Qt-based @Web finger touch browser. Digia @Web is a cross-platform finger touch control browser that provides a new type of intuitive browsing experience. Based on the widely adopted Webkit browser engine, Digia @Web provides a state-of-the-art web browsing experience, now available for all Qt-compatible devices such as the Nokia N800 and N810 Internet Tablet PDAs and S60 phones.

Samsung Electronics, the world's second-largest mobile phone manufacturer, selected Digia's Remote Phone Management solution (RPM), to be used by the Samsung development community for establishing remote connection to the latest Samsung devices. ●

Digia's stock exchange and press releases are available in their entirety on the company's website at www.digia.com

Nowadays, competitive success requires an understanding of the challenges that are presented by customers' business sectors, and expertise in best practice and technologies

CEO's review

We set increases in organic growth rate and internationalisation as our goals for 2008. We experienced remarkable success on both accounts. Our organic growth exceeded the 11 per cent limit, while profitability remained at a healthy level, exceeding 10 per cent. Moreover, the company has become more international in a controlled manner in line with our plans. I would like to welcome new Digia employees in China, Russia and Sweden to the company!

2008 will surely be remembered for the global financial crisis, yet good things were also accomplished. Significant changes in our primary business areas have consolidated the importance of our flexibility and agility as factors in our competitive success. Our new organisation, designed during 2008 and implemented at the beginning of 2009, is efficient and competitive, providing advantages to our customers, personnel and owners. The development of our products and services will become more efficient and easy, our capacity for project deliveries will be further improved, and our technological expertise will be reinforced.

Digia is renowned for its personnel's expertise and for its customer-oriented approach. Nowadays, competitive success requires an understanding of the challenges that are presented by customers' business sectors, and expertise in best practice and technologies. An independent expert in the technological field, Digia is an excellent choice for the information system provider of small domestic businesses as well as the product development partner of larger international corporations.

I would like to thank our entire personnel in Finland and abroad for their outstanding work in these challenging circumstances. I would also like to thank our owners who have faith in our company, and, naturally, our customers with whom we are building towards the future.

Juha Varelius
CEO

Personnel

In 2008, the number of personnel grew by 182 people (representing a growth of 15.8%). 177 of the new employees joined the company as part of its organic growth while 65 people joined as a result of organisational restructuring. At the end of the year, the number of personnel stood at 1,337 people. Personnel turnover amounted to 9.4%. In 2008, the average age of Digia's personnel was 35 years. The proportion of women in the personnel was 22%, representing a typical figure for the IT sector.

The first half of the year was clearly marked by strong growth. More than 2,900 job applications were received during the year, corresponding to the previous year's level. Digia has actively recruited employees through electronic channels while also participating in student recruitment events in various cities, similar to past years.

Organisation and competence development

At the beginning of 2009, Digia restructured its organisation. Operations accordant with the new organisational structure already started in phases during the last quarter of 2008. In the new organisation, supervisors and customer projects operate in accordance with the matrix model. The smallest units are teams where the members have similar competence backgrounds. The separation of project and supervisor activities enables greater investment in supervisor activities without it hampering project work.

Typically, one office will have numerous teams supporting one another. For instance, in mobile technology, typical teams are Mobile Platforms, User Experience, Testing, Verification, Adaptation Software and Applications.

Experts from various teams, and, if required, from different cities, will be compiled for each customer project. Customer projects are performed either at Digia's own facilities or facilities provided by the customer.

During the latter part of the year, info events on supervisor work were held for supervisors, city by city. We also held several of our very popular multi-day personnel leadership training events for small groups.

Personnel co-operation and feedback

We work in close co-operation with personnel representatives. The most crucial form of co-operation with personnel representatives is the Co-operation Team, for which the personnel has selected representatives by means of an election. The delegate, selected in line with the collective bargaining agreement system, also participates in the Co-operation Team's activities as a regular member. The team also handles the matters to be locally decided in accordance with the collective bargaining agreement.

The company has also selected an administrative representative who participates in management team work. The company has an occupational safety delegate, an occupational safety committee, and occupational safety representatives in various cities.

The annual work environment survey produced a great deal of positive feedback, and the grade point averages rose overall in the various segments as compared to the previous year's grades.

Personnel well-being

Similarly to previous years, Digia has strived to assemble a well-balanced benefits package that promotes occupational wellbeing and satisfaction. Lounasseteli luncheon vouchers and meal tickets were part of daily operations; these were used to arrange the personnel's daily meals either at the office or the customer's facilities in a high-quality and effortless manner.

In cases of illness, Digia provided either insurance-based protection, or more extensive health care services, including dental services, than those provided by occupational health care, available on a contractual basis from private clinics. Assistance was also provided to employees for taking care of their sick children.

The adaptation of work to families' needs is also promoted by means of flexible daily work times, support for home broadband,

and mobile technologies. Around 4% of Digia's personnel is absent due to longer term leave. Moreover, there are many employees that are employed on a part-time or timework basis.

The committee that is responsible for co-ordinating recreational activities, known as the OpenClub, decides how the money that is budgeted for club activities is used and allocated to the various clubs. Clubs have been founded in various cities around different types of activities, including OpenCurling, OpenCulture, OpenMusic and Openx (orienteering).

In addition to club activities, voluntary exercise is supported by means of sport vouchers. Moreover, summer parties and, later in the year, Christmas parties were organised in each city.

Personnel gifts were given on birthdays and on the basis of years of employment.

The aforementioned benefits in Finland have been adjusted to match the cultural practices and customs in other countries.

Rewarding

Rewarding was based on either personal or collective performance. Some of the personnel had a salary model in which their total salary comprised a fixed as well as a variable portion. The criteria for the variable portion were determined on an individual basis, yet the indicators might be the same for different people working on the same project. A profit sharing scheme was devised for the rest of the personnel. In line with this scheme, if the quarterly profit exceeded the target, a portion of the profit was distributed to the personnel.

Personnel distribution by employment years

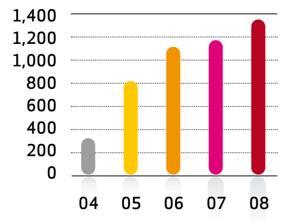
<1	23%
1–5	36%
6–10	32%
11–15	6%
16–20	2%
20<	1%

Personnel distribution by age group

20–29	23.8%
30–39	43.2%
40–49	16.6%
50–59	6.3%
60–	0.5%

Amount of employees

2008	1,337
2007	1,155
2006	1,087
2005	793
2004	288



Making competences count

Digia has during the year developed its competence organisation to better meet the needs of the fast-paced business environment with increasingly complex competence requirements. We have established a centralised capacity management unit with the sole responsibility to allocate the right competence to the right job in a fast and efficient manner.

By centralising competence requests we have attained a single source of information for what kind of competences is needed and what kind of competences to develop and acquire. This has made our competence development focus more aligned with real business needs and it has made us faster in adapting our competence development activities towards real customer needs.

As a result of a more efficient capacity management and better focused competence development we have been able to achieve better suited jobs and personal development plans for our people.

People come first

Year 2008 saw a significant increase in personnel satisfaction according to our yearly independent survey. Especially well received was the information flow in Digia along with recognition of work accomplishments. These results validate the ideology behind our values that we created in 2007:

Competence – commitment – challenges – success – reward

The idea of a competent workforce determined to solve the case at hand in a successful manner and rewarded accordingly for its endeavors is the foundation we want to build our business on.

A customer-oriented software company

Digia delivers information and communication technology solutions worldwide. Our strength in smartphone devices and real-time information systems enables a mobile life.

Our clients are entities who want to capitalise on digital information in their business. New technologies, well-designed usability and modern service channels enable real-time access to correct information or services through a computer, mobile handset or any other digital device.

We create solutions that open new business opportunities and free our customers from old constraints. To make this possible we:

- Identify new ways for our customers to improve their businesses by utilising the most suitable software technologies, platforms and architectures combined with our experience of various industries
- Create solutions for our customers in a user-oriented manner - ease of use through well-implemented technology innovations
- Free usage of information systems from time constraints, locations, networks and devices to build a competitive advantage for our customers

Business Solutions

Our Business Solutions offering comprises productised solutions that are used for making our customers' business operations and customer service more efficient.

Our offering comprises a comprehensive package of first-rate software products for our primary target groups for the automation of crucial business processes – from customer management to stock control, from sales to accounting, and from purchasing functions to securities trading. Our deliveries include operative core systems as well as the supporting software products.

The usability of software is important to us

On top of software products we also provide a comprehensive service package to support our customers' business operations. If required, our services can cover the entire life cycle of software from implementation to maintenance and software updates.

The usability of software is important to us, which is why we always develop our products in a customer-oriented manner in co-operation with the software end users. We are renowned for our high-quality customer service, flexible product development, and profound understanding of our customers' business sectors. Our strong project expertise guarantees customer satisfaction.

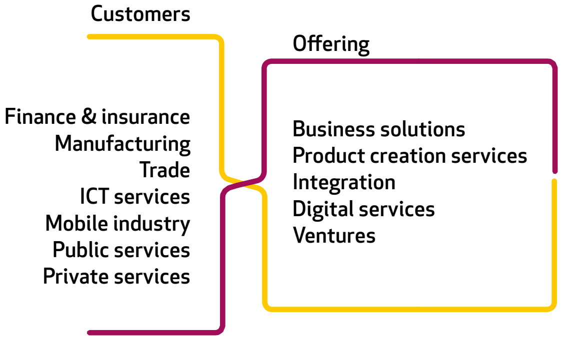
Our offering to all our customers regardless of their business sector includes operating services, system integration, wireless solutions, and other BI solutions supporting Digia products.

Our strong project expertise guarantees customer satisfaction

In the industry and trade sector we offer the Digia Enterprise and Microsoft Dynamics AX ERP solutions, the Digia MES production management solution, as well as related special solutions for the wholesale, food industry, on-site maintenance and rental business sectors in particular. It is our goal to be the first choice for the ERP projects of businesses of all sizes.

In the associations sector we provide software for unemployment funds, trade unions and other associations. We are the market-leading provider of member register solutions for trade unions and payment systems for unemployment funds.

In the logistics sector we offer the Digia Logistics product family. The electronic customs clearance solution included in this product family is also used in other business sectors. It is



Digia combines industry expertise with the best technology.

our goal to hold a central position in the international transport business across Finland.

In the banking and finance sector we provide the Digia Financial Systems software package that serves as a comprehensive solution package that is used by, for instance, banks and businesses operating in the financial management and securities trade sectors.

In the public sector we provide material management and financial administration solutions that are based on Microsoft technology. Moreover, we provide LIMS laboratory and inspection software primarily for actors in the municipal sector.

New products and services

We also develop brand new products and services in partnership with our customers.

The responsibility of Digia User Experience is to ensure a positive user experience for products and services. User Experience solutions have been created in particular for e-services and mobile products.

A successful user experience consists of three factors: usefulness, usability and aesthetics. By capturing these we are able to create a well-balanced package and successful end product.

Digia's User Experience service package covers concept planning, visual design, user interface prototyping, usability assessment and user interface design.

Solution Care services enable high usability and reliability of information system solutions. These services comprise four elements: operating services, application management, small-scale development, and Service Desk services. Moreover, implementation of automatic voice handling and text message services are also included in the services.

The International Product Development unit creates high-usability mobile solutions for businesses, consumers and the mobile phone industry on a worldwide scale.

CASE: Samsung

Samsung Electronics Co. Ltd is one of the world leaders in semiconductor and telecommunications technology as well as digital media and convergence technology. The Digia Remote Phone Management solution (RPM) for the Samsung development community enables the establishment of remote connections to all Samsung S60 mobile devices. With RPM, users can also contact mobile phones in real time through a web browser. Registered developers began using the service immediately.

CASE: Aktia

Aktia acts as a central financial institution for savings banks and cooperative banks. Digia delivered a project for Aktia in which various separate portfolio, investment and depository systems were replaced with a single comprehensive system, Digia Samstock. This system provides clearance, depository, and account management community functions for Aktia's centralised support services. Other centralised support services such as securities management, monitoring and performance of corporate transactions, and customer reporting management are included in the comprehensive system. An easy-to-use office user interface, used for the management of customers' investment service activities, was also required for the office network.

CASE: Finnish Civil Aviation Authority

The Finnish Civil Aviation Authority is responsible for aviation safety as well as official duties in civil aviation. Digia will modernise the Finnish Civil Aviation Authority's operative information systems. The first phase of this delivery will include solutions for the customer contact database (CRM), aircraft register application, licence system and theoretical examination system. The multi-year goal of this project is the development of the aviation authority's activities and improvement of aviation safety.

CASE: JHL

The Trade Union for the Public and Welfare Sectors (JHL) is a trade union for employees working in the private and public welfare service sector. In order to improve their comprehensive services JHL and the unemployment fund decided to centralise their member management and daily allowance payment system under a single solution. Digia delivered a centralised member management and payment system to JHL and the unemployment fund. The system is based on Digia's browser-based OpenPoint solutions. The system provides services in JHL's and the unemployment fund's intranet and extranet. JHL's and Digia's partnership will continue with the development of e-services and mobile functions.

Our product development services

Digia is one of the world's leading providers of contract product development services and technological solutions in the fields of smartphones and their platforms, and the creation and development of information systems.

We meet customers' changing and demanding needs by means of premium quality, competent personnel and flexibility

Our customers include mobile and smartphone manufacturers operating in the international market, network providers, operators, service providers, software companies, semi-conductor manufacturers and industrial customers. We have delivered hundreds of smartphone solutions to the leading device manufacturers.

Digia has extensive experience of demanding customer projects and the efficient processes and methods that are required for them. We meet customers' changing and demanding needs by means of premium quality, competent personnel and flexibility.

Contract product development services are delivered to customers in the form of comprehensive solutions that include terminal solutions, back-end system solutions, and systems that support the comprehensive integration solution. Digia develops terminal solutions for all the significant software platforms. Contract product development services comprise the following elements:

- project services
- consultation services
- workstation solutions
- smartphone solutions
- hardware-approximate programming services
- verification services
- product integration services
- server solutions and server and terminal software including end-to-end solutions
- maintenance services throughout the software life cycle
- training services

Digital Services

Digia's digital services package includes Internet and intranet portal solutions, customer relationship management and service availability management. With digital services solutions, our customers can develop and boost the efficiency of their business operations. All solutions are always adapted to customers' needs.

With digital services solutions, our customers can develop and boost the efficiency of their business operations

Digia has delivered hundreds of solutions for public web services, Internet shops and self-service and company portals. These solutions enhance the efficiency of work and optimise work flow, while also improving the management and delivery of information, documents and content. With the help of portal solutions, a customer's interest groups, for instance, can be transparently incorporated as part of that customer's operations.

Customer relationship management services provide tools for better management of customer information and, simultaneously, customer meetings and contacts.

Service availability management includes the solutions, tools and services, provided by Digia, for the supervision of production systems, anticipatory failure maintenance, automation of support-related processes, and enhancement of the operations of parties that are related to the value chain.

Integration

Digia's integration solutions provide cost savings and improved customer service which can be witnessed as direct competitive advantages in the business operations of our customers.

Distribution of information is efficient and error-free owing to the co-operation of information systems and the value network. Business processes can be integrated within the company and with partners. Real-time status assessment enables rapid reactions to changes in business operations.

Our expertise covers all the elements of the comprehensive integration process: business process management, service-oriented architecture, and technological integration.

Business process management enhances customers' business operations, improves profitability and manageability, and enables the networking of business processes. Service-oriented architecture is the basis for inter-system integration. It also translates into faster development and distribution of new systems for the customer. Technological integration includes our solution for data transfer between systems if the customer uses several different types of systems. ●

Digia takes care of security while improving productivity in an agile manner

During 2008, Digia substantially expanded its international business operations. Security matters and quality of operations have been emphasised in this expansion from the very beginning.

In the spring of 2008 Digia established a software development unit in China that has received accolades from our customers regarding its exemplary security measures. These measures are a common set of processes and practices deployed at all Digia locations concerning such matters as office facilities, information systems, personnel training and local practices.

We are constantly improving our security practices and educating our personnel about the importance and impact of security in our daily operations

We are constantly improving our security practices and educating our personnel about the importance and impact of security in our daily operations. New practices are efficiently deployed through standardized processes, thus making continuous improvement activities done anywhere in the organization easily available for the whole company.

Intangible aspects play a significant role in security since only a fraction of corporate security is about technical solutions and control. Corporate culture together with every employee's attitude towards and commitment to security ultimately define a given company's security situation. This is a strong point for Digia – for which our personnel deserve all the credit!

Agility has been a hot topic for a few years now in software development. Digia has been at the vanguard of this trend by actively adopting and improving new methods as well as providing training and coaching regarding the subject.

According to our experience, agile software development methods provide productivity and quality gains in projects as well as a more motivated team. The knowledge and understanding of agile software development is actively utilized company-wide as the best practices deployment program goes forward in Digia. Other activities where best practices are currently sought and deployed around the company include key business process measurement and reporting, project portfolio management and assessment process, all to ensure continuous improvement also in the future.

The primary goals of the above development activities are to improve the quality of the services and products we deliver to our customers and to enhance the efficiency of our operations.

Financial Statements 2008

Board of Directors During Fiscal Year 2008

Pekka Sivonen, b. 1961, Secondary school graduate in Political Science
Chairman of the Board of Directors since 2005. Founding shareholder of Digia Inc., Board member (1997–2005) and Chairman (2000–2005). CEO of Digia Inc (1997–2000). Chairman of the National Emergency Supply Agency's Information Technology Pool. Currently also Chairman of the Board at BlueWhite Resorts Ltd and Comma Group Ltd. Member of the Finnish Association of Professional Board Members since 2005.

Pertti Kyttälä, b. 1950, M.Sc. (Econ.)
Vice Chairman of the Board. Board member since 2005. Currently Managing Director of Peranit Ltd. His previous posts include the CEO of Ltd Radiolinja Ab (1999–2003), IT Director of Helsinki Telephone Company (1997–1999), Managing Director of Ltd Samlink Ab (1994–1997), and Managing Director and Deputy Managing Director of Sp-palvelu Ltd (1991–1994). Before this he served in several positions at SKOP Bank (1985–1990) and OKO Bank (1973–1985). He is a Board member of Valimo Wireless Ltd and the Chairman of the Board of Directors in ASAN Security Technologies Ltd.

Kari Karvinen, b. 1959, M.Sc.
Board member since 1990. Co-founder of SysOpen Plc. Chairman of the Board (2002–2005) and Vice Chairman (1999–2002) and (2005–2007). Board professional and independent investor. SysOpen Plc's deputy Managing Director (1990–1999), Director of Planning (1999–2000) and full-time Chairman of the Board (2002–2004). His previous posts include Managing Director and Product Manager at Helsingin PC-Konsultit Ltd (1988–1990), and Product Manager, Software Analyst and Systems Analyst at Sycon Ltd (1982–1988). Board member of Oy Drumso Utveckling Ab. Member of the Finnish Association of Professional Board Members since 2003.

Martti Mehtälä, b. 1957, M.Sc. (Tech.)
Member of the Board since 2007. Served for 12 years as Managing Director of Microsoft Oy until June 2007. Previously worked in managerial sales and marketing positions in Nokia Data and ICL Data Oy, as Dava Oy's Managing Director and Country Director of Computervision Inc. etc. Over 25 years' experience in adapting IT and in sales and marketing in various industries, and broad experience of working in cooperation with Finland's most extensive IT partner network and several foreign partners. Positions of trust have included membership of the National Information Security Advisory Board established by the Ministry of Transport and Communications and of the National Board of Economic Defense.

Group Management Team

Juha Varelius, b. 1963, M.Sc. (Econ.)
Digia's President and CEO as from the beginning 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 and the US (2002–2006). Moreover, he has served in various managerial positions at Sonera (1993–2002), acting during recent years as Managing Director of Sonera Zed and a member of the Sonera Management Team.

Asko Hakonen, b. 1961, vocational qualification in business and administration
Senior Vice President, software and service products. Responsible for software and service products as well as their development. Previously held managerial positions at the Digia Industry and Trade division (2007–2008). He also served as the business unit director at Sentera Plc (1998–2006). Hakonen has been working in the IT sector since 1985.

Tommi Laitinen, b. 1968, vocational qualification in business and administration
Senior Vice President, competences and projects. Laitinen is responsible for the development and management of competencies as well as project resourcing. Previously, he has served as the SVP of Digia's Telecommunication division (2007–2008) and the SVP in charge of the company's strategy and development (2005–2007). His previous positions at Digia Inc. included Vice President, Engineering (2001–2004); Director, Quality and Processes (2001–2004); 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 at Econocap Engineering Oy, Teemuaho Oy, Verkonmerkki Oy and HALT Ohjelmointi Oy.

Antti Lastunen, b. 1964, vocational qualification in business and administration
Senior Vice President, sales and marketing. Responsible for sales and marketing operations, he has previously held managerial positions at SAP Nordic and SAP Finland. He held various positions in sales at Computer Associates and Inter Marketing between the years 1988 and 1997.

Juha Leinonkoski, b. 1964, M.Sc. (Econ.)
Senior Vice President, international business. Leinonkoski is in charge of developing international business operations. Previously, he has served as the SVP of Digia's Finance and Services division (2007–2008) and Managing Director of Samstock Oy (1999–2006). He held various managerial positions at Boss Consulting and Samlink Oy between the years 1989 and 1999.

Kjell Lindqvist, b. 1957, M.Sc. (Econ.)
Chief Financial Officer. Lindqvist is in charge of corporate finances and administration. Previously, he has acted as Digia Inc.'s CFO (2000–2005). Between 1982 and 2000, he was involved in various duties as Authorised Public Accountant at KPMG Oy, as a shareholder.

Corporate Governance

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 adheres to the Governance Code for Listed Finnish Companies, issued on 20 October 2008 by the Securities Market Association, which replaced the Recommendation on Listed Companies' Corporate Governance issued by HEX, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers in December 2003.

Based on integrity, accountability, fairness and transparency, Digia's corporate governance principles are reflected in the following statements of intent:

* 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 businesses and operations.
* The company's management, administration and personnel are subject to the appropriate internal and external audit and supervision.

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.

The Annual General Meeting should convene annually within three months of the date on which the financial year ends. An Extraordinary General Meeting must 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 % of the company's shares, for the purpose of discussing a specific issue.

The Finnish Companies Act and Digia's Articles of Association define the responsibilities and duties of the shareholders' meeting. For corporate governance purposes, the Annual General Meeting's two major roles include the election of Board members and auditors. Extraordinary General Meetings decide on the matters for which they have been specifically convened.

Board of Directors

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 will prepare a proposal for the shareholders' meeting regarding the composition of the new Board of Directors.

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 position of Chairman of the Board may, if the Board so decides, be a full-time job.

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

Good Board practices require that the Board of Directors concentrate on elaborating the company's short and long-term strategies, rather than needlessly being involved in details regarding day-to-day operations.

The Board's general duty is to steer the company's business with a view to maximising shareholder value in the long term while taking account of expectations set by various stakeholder groups. Board members are required to perform on the basis of sufficient, relevant and updated information to serve the company's interests.

During 2008, the Board of Directors met 20 times, with the Board members' meeting attendance rate averaging 92 %. The Board will evaluate its activities and working methods at regular intervals. An external consultant will be used in this evaluation, if necessary.

The shareholders' meeting decides on emoluments payable to the Board of Directors and grounds for compensation of expenses. On the basis of the Board's decision, Board members may receive reasonable remuneration for work performed based on specific assignments. The Board Chairman may receive remuneration based on a separate employment relationship with the company through an employment contract. Previously, Digia has enforced a policy, approved by the shareholders' meeting, according to which no emolument for Board work as determined by the shareholders' meeting will be simultaneously paid to the Chairman of the Board, if said Chairman has a permanent employment relationship with the company. In future, the shareholders' meeting will determine the Board members' emoluments for their work on the Board as well as the possible maximum emolument paid to the Chairman of the Board for full-time work. The company does not grant stock options to Board members for their work on the Board.

During the financial year 2008, until the shareholders' meeting on 11 March 2008, Digia Plc's Board comprised Pekka Sivonen (full-time Chairman), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Eero Makkonen, Martti Mehtälä and Matti Mujunen. In the shareholders' meeting, Kari Karvinen, Harri Koponen, Pertti Kyttälä, Martti Mehtälä and Pekka Sivonen were named as members of the new Board. In its organising meeting, the Board decided to extend Pekka Sivonen's full-time post as the Chairman of the Board, based on a separate employment contract, as well as to re-appoint Pertti Kyttälä as the Vice Chairman. As of 27 March 2008, Harri Koponen abstained from work on the Digia Board due to personal work-related matters, leaving his position on the Board on 4 April 2008 after having been appointed the President & CEO of the telecommunications operator Tele2. On 10 April, Pekka Sivonen requested that the Board release him from his full-time employment relationship for a fixed period due to personal reasons. As of 6 October 2008, the Digia Board re-appointed Sivonen as the full-time Chairman of the Board in accordance with a separate employment contract until the end of the next shareholders' meeting. Sivonen's areas of responsibility as determined in the employment contract include the following: evaluation of strategic customer relationships and partnerships, analysis of Digia's primary business markets, participation in the planning of the company's strategy, and development of the capital structure. Of the aforementioned current members of the Board, Pertti Kyttälä and Martti Mehtälä are independent of the company and its major shareholders.

Committees

The Digia Board of Directors employed three committees in financial year 2008: the Compensation Committee, the Audit Committee, and the Nomination Committee. These committees do not hold powers of decision or execution. The committees assist the Board in decision-making concerning their own areas of expertise.

Digia's Compensation Committee's purpose is to prepare and follow up incentive schemes in order to ensure that the company's targets are met, to ensure the objectivity of decision-making, and to ensure that the incentive schemes are transparent and systematic. In financial year 2008, the members of the Compensation Committee were Martti Mehtälä (Chairman) and Pertti Kyttälä. The Committee met three times during the financial year.

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 balanced, transparent and clear. In the financial year 2008, the Audit Committee comprised Board members Pertti Kyttälä (Chairman) and Martti Mehtälä, who were independent of the company. In financial year 2008, the Audit Committee met six times.

The Nomination Committee will 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 financial year 2008, the members of the Audit Committee were Pekka Sivonen (Chairman) and Kari Karvinen. The Nomination Committee was founded only after the Annual General Meeting in 2008, and it did not meet during the rest of the year.

Board members' emoluments

The AGM 2008 decided to pay monthly emoluments of EUR 2,000 to Board members, 3,000 to the Vice Chairman and 5,000 to the Chairman in addition to EUR 400 in fees per Board or Committee meeting. However, the aforementioned monthly and meeting-based emoluments will not be paid to a full-time Chairman of the Board of Directors. Moreover, the shareholders' meeting decided that standard and reasonable costs resulting from work on the Board will be remunerated to the Board members, Chairman and Vice Chairman in exchange for an invoice. In financial year 2008, a total of EUR 121,800.00 was paid in emoluments to the members of the Board of Directors for their work on the Board. No stock options were granted to the Board members.

The current Chairman of the Board, Pekka Sivonen, was employed full-time by the company for a portion of the financial year 2008 in accordance with the terms of an employment contract approved by the Board. The company only paid the Chairman compensation for his work in line with the then-valid employment contract for the period of full-time employment. For the remaining time, the aforementioned emoluments as decided by the Annual General Meeting were paid to the Chairman. In financial year 2008, the Chairman received a total of EUR 132,530.69 in salary for full-time employment and other benefits.

CEO

Appointed by the Board of Directors, the company's CEO is in charge of Digia's day-to-day business operations and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Companies Act. The Managing Director may take exceptional and far-reaching measures, in view of the nature and scope of the company's activities, only if authorised by the Board of Directors. (S)he chairs the Management Group's meeting. (S)he is not a member of the Board of Directors, but attends Board meetings.

The CEO's service contract defines in writing the key terms and conditions which govern his/her employment and which are approved by the Board of Directors. The Board of Directors decides the CEO's salary, remuneration, stock options and other benefits. His/her compensation package is tied to the Group's financial results and the development of the value of the company's share, and the performance-based bonus payable to him/her is settled as company shares, cash, or a combination of the two, as decided by the Board of Directors.

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

During the financial year 2008 Digia paid to its CEO Juha Varelius a sum equal to EUR 222,191.35 in salary and benefits.

Group Management Team

Chaired by the CEO, the Management Team is in charge of the day-to-day management of the Group's operative business. The Management Team convenes regularly to discuss issues, in accordance with the Group's management system. The Management Group has no official status based on the Companies Act or Digia's Articles of Association i.e. it does not exercise authority by virtue of the Companies Act. In practice, the Management Group, chaired by the CEO, makes decisions on the company's day-to-day business operations, under the CEO's authority.

On a proposal submitted by the CEO, the Board of Directors confirms membership of the Management Team, comprising directors representing key functions.

The company's Board of Directors confirms the CEO's immediate subordinates' terms of employment, salary, remuneration, stock options and other benefits, as proposed by the CEO. Management Group members' compensation packages are tied to the Group's financial results, and their key employment terms are defined in writing. The Group's current Management Team includes CEO Juha Varelius, Asko Hakonen, Tommi Laitinen, Antti Lastunen, Juha Leinonkoski and Kjell Lindqvist.

Management incentives

Digia employs a short-term incentive scheme, approved by the Board of Directors, annually aiming to encourage the operational management to work towards realising the goals determined by the Board of Directors. The incentive scheme covers the CEO, the Group's Management Team, various business areas' management groups, and separately determined key employees. Incentives will be paid in company shares to the Group's Management Team.

Primarily, emoluments will only be paid in line with the incentive scheme if the Group's profitability targets are met. The Board of Directors will use its discretionary power in deciding on emoluments. For one to obtain emoluments, the Company's determined financial targets must be achieved. In calculating the amount of emoluments in 2008, the Group's turnover as well as the Divisions' or units' turnover and profit were taken into account. For financial year 2008, the Group's performance-based emoluments will not be paid.

The Board of Digia Plc has adopted a new performance-based incentive system in the shape of shares, which is intended to match the shareholders' goals with those of the company's CEO in order to increase the company's share value, and thus improve the CEO's commitment to the company. The system covers the years 2008–2010 and the possible profit will be based on the company's dividend-adjusted share price. Profit will start to accumulate when the company's share price exceeds EUR 4.50 and the CEO is entitled to the full 210,000-share incentive when the company's share price reaches EUR 7.50. The system stipulates that the first shares cannot be assigned until 31 March 2011 at the earliest.

Ownership by the Board, CEO and Group Management Team

According to the list of shareholders, dated 31 December 2008, the current members of Digia's Board of Directors own the company's shares as follows: Pekka Sivonen owns 5,083,013 shares and Kari Karvinen 1,586,309 shares, amounting to 6,669,322 shares. CEO Juha Varelius owns 10,000 Digia shares. The Board of Directors' and CEO's holding in the company amounted to 6,679,322 shares. At the turn of the year, these shares represented 32.0 % of the company's shares and votes.

The members of the Board of Directors do not hold any Digia option certificates. CEO Juha Varelius has 50,000 2005B option certificates, and 50,000 2005C option certificates. Thus, the Board and CEO own a combined 100,000 option certificates. Each option certificate allows its owner to subscribe to one share, meaning that if these option certificates were to be added, the Board's and CEO's portion of the company's shares and votes would increase to 32.4 %.

On 31 December 2008, the members of the Group's Management Team owned Digia Plc's shares and option certificates as follows:

	Shares	Options 2005 A	Options 2005 B	Options 2005 C
Asko Hakonen	134,189	4,000	0	0
Tommi Laitinen	33,190	27,000	11,000	0
Antti Lastunen	2,000	0	10,000	10,000
Juha Leinonkoski	10,107	7,000	11,000	0
Kjell Lindqvist	16,523	27,000	11,000	0
Tomi Merenheimo	16,842	27,000	11,000	0
Juha Varelius	10,000	0	50,000	50,000

The Group has not granted loans or guarantees to its Board members, CEO, or members of the Group Management Team.

Internal control and risk management

Internal control is responsible for monitoring the management of the company as well as the legality of its operations.

The Board of Directors annually determines the principles and extensiveness of internal control, and, if necessary, may select an external party to perform internal control functions in the company. This party may be a company specialising in internal control. Internal control representatives have similar rights to obtaining information within the company as Board members, stipulated in accordance with the Companies Act. The internal control function reports directly to the Board of Directors.

If the company does not appoint an external party to perform internal control, its legal and financial functions will be responsible for internal control.

The Board of Directors confirms corporate risk management principles and manages and oversees risk management planning and implementation. Taking account of special characteristics related to Digia's business operations and operating environment, risk management policy aims at the identification and optimal management of major risks in such a way that the company meets its strategic and financial goals.

Audit

Under the Articles of Association, the company must have an auditor who is an Authorised Public Accountant firm approved by the Central Chamber of Commerce.

The shareholders' meeting decides on remuneration payable to the auditors and grounds for compensation of expenses. On the basis of the Board's decision, auditors may receive reasonable remuneration for work performed based on specific assignments.

During financial year 2008, Ernst & Young Ltd acted as the company's auditor, with Heikki Ilkka, Authorised Public Accountant, acting as the principal auditor.

Based on the AGM 2008 decision, auditors receive their remuneration and compensation for reasonable costs against an invoice. During 2008, remuneration paid to auditors for general audit totalled EUR 90,525.56 and that for other consulting services came to EUR 37,471.65.

Insider issues

Since 1 March 2000, Digia has adhered to the recommendation governing the insider rules of listed companies issued by Hex Plc.

Digia divides insiders into public and company-specific insiders. Public insiders include the members of the Board of Directors, auditors, CEO, deputy CEO, and the members of the Group Management Team. Information on public insiders' holdings and connections will be published on the company's website.

The company maintains project-specific insider registers for any company acquisition projects and other projects which may have an impact on its share price. The Director of Legal Affairs is in charge of supervising compliance with insider rules and disclosure requirements pertaining to shareholding.

Proposal regarding the Board of Directors membership for the AGM, 10 March 2009

Digia's Board of Directors' Nomination Committee has prepared a proposal for the Annual General Meeting, in which it is proposed that the following six persons, who have agreed to accept the positions in question, be appointed to Digia's Board of Directors until the end of the next AGM:

- Pekka Sivonen, full-time Chairman of Digia's current Board of Directors;
- Pertti Kyttälä, CEO of Peranit Plc, Vice Chairman of Digia's current Board of Directors;
- Kari Karvinen, Board professional;
- Martti Mehtälä, Board professional;
- Heikki Mäkijärvi, Director, Accel Partners; and
- Jari Pasanen, Independent Consultant, Pointtia Investment & Consulting

The primary shareholders, representing 38.31 % of the company's shares and votes, have notified the company that they will support the aforementioned proposal.

Board of Directors' Report

Markets and Digia's business operations

The outcome for the 2008 fiscal year was excellent as a whole, and the company reached its most important goals: strengthened organic growth and improved profitability. Operating profit and earnings per share were significantly higher than in the previous year.

The financial crisis which began in the third quarter became more serious during the fourth quarter which resulted in Digia's clients postponing or cancelling projects. Nevertheless, in spite of the market turbulence, Digia has succeeded in increasing its level of activity and clientele.

Digia pursued a moderate and deliberate internationalisation strategy in 2008. The development of the unit in China has progressed according to expectations. Business activities in Sweden and Russia also progressed as expected.

Digia completed preparations for organisational change whereby the company's sales, products, services and competencies were unified as of 1 January 2009. The purpose of the organisation change is to further enhance resource utilisation, raise the invoicing rate and thereby improve profitability. In 2008, business operations were divided into three divisions: Telecommunications; Finance and Services; and Industry and Trade.

Telecommunications

Digia is an expert in the development and integration of smartphones and their software platforms, as well as in overall integration spanning from operating systems to tailor-made user interface and end user solutions. Our customers can utilise Digia's contract engineering services and products in all stages of smartphone development and the product lifecycle.

Digia also offers a comprehensive solutions package, enabling operators and service providers to extend their service offerings and shift smoothly to IP-based services. In addition, the Group provides high-quality, cost-effective outsourcing services.

The growth and profitability of the Telecommunication business was excellent for this fiscal period. Profitability for the year was weakened significantly by credit loss provisions of EUR 2.1 million, but the consolidated operating profit was good. The demand towards the end of the year was at a good level, but the global financial crisis has increased the level of risk.

The division strengthened its delivery capacity by continuing the active recruitment policy initiated during the first half of the year. Recruitment is mainly focused on countries with lower cost levels. The unit that was opened in Chengdu, China, in April has grown favourably and initiated customer projects have progressed in line with plans. The project load has grown as expected.

Finance and Services

The Finance and Services division provides its customers with comprehensive service, product and integration solutions that utilise the entire Group's expertise and resources, and a delivery capacity corresponding to a new, larger size. The solutions are based on Digia's own duplicable software products as well as on duplicable project delivery models and partners' products.

The division's net sales for the fiscal period grew, but profitability was significantly lower than in the previous fiscal period. The reasons for this include projects being pushed back and the cancellation of ongoing projects, especially in the Finance sector due to customer reasons. The market situation continues to be challenging in both the Finance and Service sectors.

Industry and Trade

Digia holds a strong position in the information system market for Industry and Trade value chains. The company's solid expertise in the business sector provides an optimal foundation for co-operation, creating a user-friendly and technically accomplished solution that supports the customer's processes. Digia's solutions are based on the company's own duplicable software products, packaged project delivery models and partners' products.

The division increased its business satisfactorily and the operating profit showed excellent growth. The growth in operating profit was especially strong towards the end of the year.

As in other sectors, in the Industry and Trade sector the general economic situation has caused decisions being delayed by clients, even though the company has signed agreements for delivery of service with regard to Microsoft Dynamics AX and Digia Enterprise and Logistics software. In general, however, the level of demand for the Industry and Trade sector is good.

Financial indicators

The company's operations were profitable, and its liquidity and financial position were good. The company's financial indicators are presented in the following table:

	2008	2007	2006
Net sales, € 000	123,203	105,839	84,968
Operating profit, € 000	13,437	11,080	8,354
Operating margin, %	11	10	10
Return on equity, %	11	9	8
Equity ratio, %	47	47	44

Net sales

Digia had consolidated net sales of EUR 123.2 million in 2008, up by 16.4 per cent (2007: EUR 105.8 million). This includes EUR 2.2 million of net sales of Sunrise Resources Ltd, a subsidiary acquired on 14 January 2008.

Net sales of Telecommunications for the period were EUR 60.9 million, up 27.1 per cent (2007: EUR 48 million). Net sales of Finance and Services totalled EUR 32.3 million for the period, up 10.4 per cent (2007: EUR 29.3 million). Net sales of Industry and Trade was EUR 29.9 million for the period, up 4.7 per cent (2007: EUR 28.6 million).

During the financial year, the product business generated EUR 17.7 million (2007: EUR 18.3 million), or 14.4 per cent of consolidated net sales (2007: 17.3 per cent).

Net sales from international operations totalled EUR 14.2 million (2007: EUR 9.4 million), representing 11.6 per cent (2007: 8.9 per cent) of consolidated net sales.

Profitability and financial result

Digia's consolidated operating profit (EBIT) of 2008 amounted to EUR 13.4 million, up 21.3 per cent on a year earlier (2007: EUR 11.1 million). This includes EUR 0.3 million of net sales from Sunrise Resources Ltd. Profitability (EBIT-%) was 10.9 per cent (2007: 10.5 per cent). The Group's operating profit includes a EUR 2.1 million credit loss, which weakened profitability (EBIT-%) by 1.7 percentage points.

Telecommunications operating profit was EUR 7.7 million, representing a year-on-year increase of 35.3 per cent (2007: EUR 5.7 million), and profitability (EBIT-%) was 12.6 per cent (2007: 11.8 per cent). Finance and Services recorded an operating profit of EUR 1.6 million, down 38.2 per cent (2007: EUR 2.6 million), and profitability was 5.0 per cent (2007: 8.9 per cent). Operating profit of Industry and Trade was EUR 4.1 million, representing a year-on-year increase of 18.1 per cent (2007: EUR 3.5 million), and profitability was 13.9 per cent (2007: 12.3 per cent).

The Group's net financial expenses for the year were EUR 3.0 million (2007: EUR 3.2 million).

The Group's reported earnings before tax was EUR 10.4 million, representing a growth of 31.8 per cent (2007: EUR 7.9 million), and net profit totalled EUR 7.4 million, up 26.2 per cent (2007: EUR 5.9 million).

Earnings per share for the period were EUR 0.36, up 24.1 per cent (2007: EUR 0.29).

Financial position and capital expenditure

Digia Group's balance sheet total at the end of 2008 was EUR 153.4 million (2007: EUR 149.6 million), and the equity ratio was 47.1 per cent (2007: 46.5 per cent). Gearing was 52.8 per cent (2007: 65.1 per cent). The Group's liquid assets at the end of the period were EUR 18.9 million (2007: EUR 11.7 million). At the end of the period, the Group had interest-bearing liabilities of EUR 56.9 million (2007: EUR 56.4 million).

On 14 January 2008, Digia Plc acquired Sunrise Resources Ltd. The acquisition price was EUR 3.6 million paid as a cash consideration, and Digia financed the transaction through its cash reserves. The sellers are entitled to an additional purchase price if the company's goals for 2008 are achieved. The additional amount paid will be at most EUR 0.6 million, which Digia may pay either in cash or in Digia shares. The acquisition generated EUR 3.3 million of goodwill, EUR 0.6 million of which has been allocated to acquired customer relationships.

Annual impairment tests in accordance with IAS 36 standard are applied to goodwill and intangible assets with an unlimited useful life. Impairment testing is described in more detail in the notes to the financial statements, under Note 15 'Intangible assets'.

The company has financing, framework and delivery agree ments with special terms and conditions relating to a situation in which control of the company is changing.

During the 2008 fiscal year, the Group's cash flow from business operations was positive by EUR 15.5 million (2007: positive cash flow of EUR 6.2 million), cash flow from investment operations was negative by EUR 5.3 million (2007: negative cash flow of EUR 4.3 million), and cash flow from financial operations was negative by EUR 3.0 million (2007: negative cash flow of EUR 1.6 million). Cash flow from investment operations was affected negatively by the acquisition of Sunrise Resources Ltd, to the amount of EUR -2.8 million. Cash flow from financial operations was affected negatively by the acquisition of own shares, with an impact totalling EUR -1.0 million, as well as by the dividend distribution, of EUR -2.0 million.

The Group's total investments in fixed assets was EUR 2.5 million (2007: EUR 1.8 million). The Group's investments in tangible assets totalled EUR 2.0 million (2007: EUR 1.4 million).

The return on investment (ROI) for the period was 11.3 per cent (2007: 9.4 per cent) and return on equity (ROE) at 10.5 per cent (2007: 8.9 per cent).

Report on the extent of research and development

The Group has made research and development efforts and engaged in product development in all of its divisions. The Group's R&D costs in the financial period totalled EUR 2.0 million (EUR 2.2 million in 2007 and EUR 1.8 million in 2006), which corresponds to 1.6 per cent of net sales (2.1 per cent in 2007 and 2.1 per cent in 2006).

Risk management

The key risks under Digia's risk management in 2008 were customer, personnel, project, data security, integration and goodwill risks.

Measures for managing customer risks included the active development of the customer structure and the active prevention of potential risk positions. Personnel risks were assessed and managed using a quarterly goal and appraisal discussion process in which key personnel participate. To develop personnel commitment, Digia has taken measures aimed at more systematic and effective internal communication by staging monthly personnel events and by making the management more visible within the organisation. The Group carried out key project audits with a view to enhancing project risk management and securing the success of project deliveries to customers. In addition, the Group's certified quality management systems were re-evaluated and approved, and the Group has streamlined its project delivery reporting procedures. In order to manage data-security risks, the Group carries out data-security audits and is continuously developing operating models, practices and processes that promote data security. The management group is tasked with managing risks associated with the integration of business operations, unified operating models and best practices, as well as their integrated development. 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.

Personnel, administration and management

At the end of 2008, the number of employees totalled 1,337, showing an increase of 182 employees, or 15.8 per cent, from the end of the previous year (2007: 1,155 employees). The average number of personnel in 2008 was 1,314, showing an increase of 198 persons, or 17.7 per cent (2007: 1,116).

Cumulative employee turnover came to 9.4 per cent in 2008 (2007: 11.7 per cent).

Employee indicators:

	2008	2007	2006
Average number of personnel	1,314	1,116	981
Wages and salaries, € 000	58,606	49,893	41,728

Employees by function, year-end 2008:

Telecommunications	56%
Finance and Services	21%
Industry and Trade	19%
Administration and Management	4%

At the end of 2008, 123 employees were working outside of Finland (2007: 26 employees).

The Annual General Meeting (AGM) of 11 March 2008 elected the following Board members: Pekka Sivonen (Chairman, full-time), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Harri Koponen and Martti Mehtälä. Pekka Sivonen requested leave of absence regarding his full-time position as Chairman in spring 2008. On his return, the Board re-appointed him as full-time Chairman from 6 October 2008 until the end of the next AGM, in accordance with a separately drawn up employment contract. Sivonen's duties include investigating potential strategic partnerships and business relationships, analysing markets in Digia's core business areas, participating in strategy planning, and developing the company's capital structure. Harri Koponen resigned as a member of Digia's Board of Directors on 4 August 2008 after he was appointed CEO of telecom operator Tele2.

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

In 2008, Digia's Board of Directors had three committees: a Compensation Committee, an Audit Committee and a Nomination Committee.

The Compensation Committee is tasked with preparing remuneration schemes and monitoring their effectiveness in meeting Group targets, safeguarding objective decision-making and securing transparent and systematic remuneration schemes. The members of the Compensation Committee in 2008 were Martti Mehtälä (Chairman) and Pertti Kyttälä. The committee convened three times during the year.

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 balanced, transparent and unambiguous. The members of the Audit Committee in 2008 were Pertti Kyttälä (Chairman) and Martti Mehtälä, who are Board members independent of the company. The Audit Committee convened five times during the year.

The Nomination Committee is tasked with submitting before the Annual General Meeting a proposal on the number of Board members, the members of the Board, the Board's Chairman and Vice Chairman, as well as on the emoluments paid to the Board members and the Chairmen and members of the Board's committees. The members of the Nomination Committee in 2008 were Pekka Sivonen (Chairman) and Kari Karvinen. The Nomination Committee was established after the 2008 AGM, and did not convene in 2008.

Ernst & Young Oy, Authorised Public Accountants, is the Group's auditor, with Heikki Ilkka, Authorised Public Accountant, as chief auditor.

Digia adheres to the Finnish Corporate Governance Code for listed companies issued by Finland's Securities Market Association on 28 October 2008.

Business acquisitions

During the reporting period, Digia acquired the software company Sunrise Resources Ltd. The company has a subsidiary in Russia, OOO Sunrise-r Spb, and 80% of Sunrise Group's employees are Russian. Sunrise-r Spb offers a platform for entry into the rapidly developing software markets in Russia.

The acquisition was part of Digia's internationalisation strategy and has strengthened Digia's offering with qualified nearshore development services as well as local support for Digia customers operating in the Russian markets. Digia will also expand its operations in Russia by means of its current products and services. Sunrise-r's expertise and experience from the Russian markets is highly valuable to Digia. Sunrise-r employs more than 50 software developers in St. Petersburg and in Jaroslaw in Russia, and ten in Helsinki.

Group structure and organisation

At the end of the period, 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%), which has a wholly-owned subsidiary, Digia Software (Chengdu) Co. Ltd, operating in China; as well as Sunrise Resources Ltd (100%), which has an active subsidiary, OOO Sunrise-r Spb (100%), in Russia. Digia Finland Ltd also has the wholly-owned active subsidiaries Digia Service Ltd (100%) and Digia Financial Software Ltd (100%). The aim is to merge Digia Service Ltd into Digia Finland Ltd during 2009.

Since the beginning of 2009, a new organisation has been in force, merging the company's sales, products, services and competencies. Digia's business operations are now divided into two main business segments: Mobile Solutions and Enterprise Solutions. The Mobile Solutions segment is divided into Contract Engineering Services and User Experience Services. Enterprise Solutions is divided into ERP and Financial Administration, Digital Services and Integration Solutions.

Reporting following the new organisational structure will commence in Q1/2009.

Shareholders' meetings

Convening on 11 March 2008, Digia Plc's Annual General Meeting (AGM) adopted the financial statements for 2007, released the Board members and the CEO from liability, approved the distribution of profit for 2007 as proposed by the Board of Directors, determined Board emoluments, and elected the company's Board of Directors for a new term. In addition, the AGM decided to change the company name to Digia Plc and selected a new auditor for the company.

The AGM granted the Board authorisation to carry out a share issue and buy back of the company's own shares. At the meeting held after the AGM of 11 March 2008, the Board of Directors decided to continue the buyback of its own shares in accordance with the terms of the General Meeting's authorisation and the terms published on 13 February 2008. The Board of Directors decided on the termination of the buybacks on 3 February 2009.

Share capital and shares

The nominal share price is EUR 0.10. On 31 December 2008, the total number of Digia shares was 20,853,645.

According to the Finnish Central Securities Depository Ltd, on 31 December 2008 Digia had 3,281 shareholders.

The ten major shareholders were:

Shareholder	Shares and votes
Pekka Sivonen	24.4%
Kari Karvinen	7.6%
Matti Savolainen	6.3%
OP-Suomi Pienyhtiöt mutual fund	3.6%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc / Nominee-registered	3.5%
UBVIEW Non-Ucits Fund	3.4%
Veikko Laine Oy	2.8%
Scandinaviska Enskilda Banken / Nominee-registered	1.9%
Digia Plc	1.5%

Distribution of holdings by number of shares held on 31 December 2008

Number of shares	Percentage of holdings	Percentage of shares and votes
1–100	22.2%	0.3%
101–1,000	50.8%	3.8%
1,001–10,000	23.4%	10.7%
10,001–100,000	2.8%	12.8%
100,001–1,000,000	0.7%	34.1%
1,000,001–3,000,000	0.1%	38.3%

Distribution of shareholding by sector on 31 December 2008

	Percentage of holdings	Percentage of shares
Businesses	6.2%	15.0%
Finance and insurance	0.5%	11.9%
Public corporations	0.1%	3.8%
Non-profit organisations	0.4%	0.4%
Households	92.3%	67.5%
Foreign holding	0.5%	1.4%

Share-based payments

Stock options

The Group has had stock option schemes since 15 September 1999. Stock options granted after 2003 have been recognised in the financial statements for 2007 and 2008 in accordance with the standard IFRS 2 Share-based Payment. Stock options will expire if they are not exercised during the period separately defined in the option scheme. Stock options are also lost if the employee resigns from the company before the right is vested.

The Group had the following stock option schemes during the fiscal year: Options scheme 2003 and Options scheme 2005. At the end of 2008, the dilution effect of option rights issued was at most 1.8 per cent. The stock options are described in more detail in the notes to the financial statements, under Note 20 'Share-based payment'.

Share-based bonuses

In addition to stock option schemes, the company offers share-based bonuses as part of the key personnel commitment and incentive scheme.

The share-based bonus scheme offers the target group the opportunity to receive Digia Plc's shares as a reward for the achievement of specified goals set for an earning period. The Board of Directors will decide the earning criteria for the scheme and specify the targets, as well as the maximum remuneration for the earning period for each person belonging to the target group. No remuneration is paid if the employment of the person in question ends before the end of the earning period.

Reported share performance on NASDAQ OMX Helsinki

Digia Plc shares are listed on the NASDAQ OMX Helsinki under Information Technology IT Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 1.73 and the highest was EUR 3.35, with the share closing at EUR 1.86 on the final trading day in 2008. The trading-weighted average was EUR 2.83. The Group's market capitalisation totalled EUR 38,787,780 at the end of the financial year.

In 2008, the company was not aware of any disclosure notifications as stipulated in Chapter 2, Section 10 of the Securities Markets Act.

Risks and uncertainties

Digia's short-term uncertainties are related to any major changes occurring in the company's core markets and the impact of the unpredictable economic situation on Digia customers' investment decisions and liquidity. In particular, the global financial crisis, which started in the third quarter, may have a significant negative impact on Digia's business in case the continuing crisis significantly weakens customers' financial positions, which could lead to credit loss and write off of assets. Even with the market situation strongly weakened and the presence of perceivable signs of the financial situation impacting investment decisions and customer liquidity in some sectors, the general demand of the company has nevertheless remained at a good level.

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

Prospects for the future

In 2009, Digia's main goals are to maintain a strong cash flow and good profitability, and to decrease indebtedness. The company will continue the conservative internationalisation of its businesses and to increase business volumes in countries with favourable cost levels.

In light of the global financial crisis, it is estimated that investments in information systems by customers may somewhat decrease, but the company is attempting to maintain good profitability, the development of its services and the satisfaction of its personnel. The company intends to increase its operational efficiency while pursuing a strict cost policy.

The long-term focus for Digia is first and foremost to strengthen its organic growth and to maintain its strong cash flows. Digia is now focused on the organic development of its business operations, with focus on competencies and products, in order to improve profitability, earnings per share and the balance sheet structure.

Major events after the balance sheet date

Credit facility 2009–2011

On 29 January 2009, Digia decreased its loans from EUR 55 million to EUR 50 million. In addition, on 3 February 2009, the company agreed on a new three-year credit facility, which will be used to pay off the existing loan stock in its entirety.

The new credit facility will be financed by the banks Pohjola and Nordea, as well as by the Varma Mutual Pension Insurance Company. The facility covers a three-year bank-financed package of EUR 42 million, and also the re-borrowing of employee pension contributions to a maximum of EUR 8 million. As part of the deal, the company has agreed on terms concerning the maintenance of the company's financial standing and liquidity. The Board of Directors has also agreed with the banks to tighten its dividend policy during the years to come as part of the financing package: the company will, during 2009–2011, distribute at most 15 per cent of the profit in dividends. The previous policy had been to distribute 30 per cent of the profit in dividends. In addition, in its meeting on 3 February 2009, the Board of Directors decided to terminate the company's own share purchase scheme. A key element of the refinancing package is to reduce the amount of loans during the loan period, at an annual rate of about EUR 6 million.

Proposal for dividend distribution

At the end of the fiscal year 2008, the distributable shareholders' equity of the parent company was EUR 37,926,719.11, of which EUR 2,187,621.03 was net profit for the financial period. Earnings per share was EUR 0.36. Digia Plc's Board of Directors will propose to the Annual General Meeting that the Board of Directors would be authorised to distribute dividend, that the maximum dividend would be EUR 0.05 per share, and that the authorisation would be valid until the next Annual General Meeting (2007: EUR 0.10). On 3 February 2009, the company had 20,525,601 shares outstanding, based on which the maximum proposed dividend cash payment is about EUR 1.03 million (2007: EUR 2.09 million).

Consolidated Income Statement (IFRS)

€	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales	1,3	**123,203,397.26**	**105,839,390.31**
Other operating income	6	59,582.19	211,576.24
Materials and services		-10,048,668.36	-8,363,483.99
Depreciation and amortisation	8	-4,762,647.76	-4,893,482.03
Other operating expenses	4,5,7,8,10	-95,014,258.54	-81,713,911.31
		-109,765,992.47	-94,759,301.09
Operating profit		**13,437,404.79**	**11,080,089.22**
Financial income	11	867,380.05	368,453.33
Financial expenses	11	-3,898,703.21	-3,550,941.04
		- 3,031,323.16	-3,182,487.71
Earnings before tax		**10,406,081.63**	**7,897,601.51**
Income taxes	12	-2,997,107.65	-2,026,413.00
Net profit		**7,408,973.98**	**5,871,188.51**
Distribution:			
Parent company shareholders		7,408,973.98	5,871,188.51
Minority interest		-	-
		7,408,973.98	5,871,188.51
Basic earnings per share, undiluted		0.36	0.29
Diluted earnings per share		0.36	0.29

Consolidated Balance Sheet (IFRS)

€	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Goodwill	15	89,648,931.01	86,931,688.04
Other intangible assets	15	13,396,315.85	15,175,909.60
Tangible assets	14	3,125,615.77	2,935,546.04
Long-term investments	27	627,964.34	660,285.25
Deferred tax assets	16	1,756,074.77	2,311,961.18
		108,554,901.74	108,015,390.11
Current assets			
Accounts receivable and other receivables	17	25,957,433.99	29,889,022.63
Cash and cash equivalents	18	18,878,846.32	11,738,767.14
		44,836,280.31	41,627,789.77
Total assets		**153,391,182.05**	**149,643,179.88**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to the equity holders of the parent company			
Share capital	19	2,085,364.50	2,085,364.50
Premium fund		7,899,485.80	7,892,538.64
Other reserves		5,203 821.24	5,203,821.24
Unrestricted invested shareholders' equity		34,938,181.34	38,110,560.21
Translation difference		-254,250.33	-11,822.23
Retained earnings		14,801,015.95	9,450,334.08
Net profit		7,408,973.98	5,871,188.51
		72,082,592.48	68,601,984.95
Minority interest		-	-
Total shareholders' equity		**72,082,592.48**	**68,601,984.95**
Non-current liabilities			
Deferred income tax liabilities	16	3,137,752.31	3,442,434.87
Loans from financial institutions	22	935,247.99	55,646,702.10
		4,073,000.30	59,089,136.97
Current liabilities			
Accounts payable and other liabilities	24	8,020,647.30	9,969,097.19
Income tax liabilities		2,082,505.16	514,682.21
Provisions	21	431,506.80	-
Accrued expenses	24	10,686,179.47	10,702,015.10
Interest-bearing liabilities	22	56,014,750.54	766,263.46
		77,235,589.27	21,952,057.96
Total liabilities		**81,308,589.57**	**81,041,194.93**
Total shareholders' equity and liabilities		**153,391,182.05**	**149,643,179.88**

Consolidated Cash Flow Statement (IFRS)

€ 000	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flow from operations:		
Net profit	7,409	5,871
Adjustments to profit for the period	10,821	10,165
Change in working capital	1,321	-4,566
Interest paid	-3,533	-3,329
Interest income	596	250
Taxes paid	-1,141	-2,233
Cash flow from operations	15,473	6,157
Cash flow from investments:		
Investments in property, plant and equipment and intangible assets	- 2,512	-1,979
Acquisitions from subsidiaries	-2,803	-2,339
Cash flow from investments	-5,315	-4,318
Cash flow from financing:		
Paid share issue	7	1,241
Purchase of own shares	-951	-
Equity financing of share-based bonus scheme	-	-971
Repayment of short-term loans	-33	-
Repayment of long-term loans	-	-252
Dividends paid	-2,041	-1,625
Cash flow from financing	-3,019	-1,606
Change in cash and cash equivalents	**7,140**	**234**
Cash and cash equivalents at the beginning of the period	**11,739**	**11,506**
Changes in fair value		
Change in cash and cash equivalents	7,140	234
Cash and cash equivalents at the end of the period	**18,879**	**11,739**

Changes in Shareholders' Equity

€ 000	Proportion belonging to parent company shareholders								
	Share capital	Premium fund	Other reserves [1]	Transl. diff.	Fair value reserve	Retained earnings	Total	Minority interest	Shareholders' equity, total
Shareholders' equity, 1 Jan 2007	**2,031**	**6,729**	**44,939**	**-7**	**-**	**9,312**	**63,006**	**114**	**63,119**
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						5,871	5,871	-	5,871
Total income and expenses recognised during the period	-	-	-	-	-	5,871	5,871	-	5,871
Increase of share capital	5	117	-	-	-	-	121		121
Distribution of dividends	-	-	-1,625	-	-	-	-1,625	-	-1,625
Share-based transactions settled in shareholders' equity	-	-	-	-	-	112	112	-	112
Stock options exercised	49	1,070	-	-	-	-	1,120	-	1,120
Others	-	-23	-	-5	-	26	2	-114	-114
	54	1,164	-1,625	-5	-	138	-273	-114	-386
Shareholders' equity, 31 Dec 2007	**2,085**	**7,893**	**43,314**	**-12**	**-**	**15,321**	**68,602**	**0**	**68,602**
	Share capital	Premium fund	Other reserves [1]	Transl. diff.	Fair value reserve	Retained earnings	Total	Minority interest	Shareholders' equity, total
Shareholders' equity, 1 Jan 2008	**2,085**	**7,893**	**43,314**	**-12**	**-**	**15,321**	**68,602**	**0**	**68,602**
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	-	-	-	-	-	7,409	7,409	-	7,409
Total income and expenses recognised during the period	-	-	-	-	-	7,409	7,409	-	7,409
Increase of share capital	-	7	-	-	-	-	7	-	7
Distribution of dividends	-	-	-2,041	-	-	-	-2,041	-	-2,041
Own share redemption fund	-	-	-1,130	-	-	169	-961	-	-961
Share-based transactions settled in shareholders' equity	-	-	-	-	-	-690	-690	-	-690
Stock options exercised	-	-	-	-	-	-	-	-	-
Others	-	-	-	-242	-	-	-242	-	-242
	-	7	-3,172	-242	-	-520	-3,928	-	-3,928
Shareholders' equity, 31 Dec 2008	**2,085**	**7,899**	**40,142**	**-254**	**-**	**22,210**	**72,083**	**0**	**72,083**

[1] Other reserves comprise the unrestricted invested shareholders' equity reserve amounting to EUR 34,938,000 on 31 December 2008 and other reserve amounting to EUR 5,204,000 on 31 December 2008.

Distributable funds on 31 December

€ 000	2008 Parent	2007 Parent
Unrestricted invested shareholders' equity reserve	34,938	38,111
Retained earnings	801	574
Net profit	2,188	793
Total	37,927	39,478

Basic Information on the Group and Accounting Policies

Basic information on the company

Digia Plc is a modern, agile software company providing and implementing ICT products, services and technologies for its customers to improve their competitive advantage - solutions for the needs of a transforming world.

Solutions that are independent of the terminals and technologies used provide true freedom and enable the right information to reach the right people in the right place at the right time.

As a comprehensive solution provider and system integrator, Digia provides its customers with an extensive range of IT products and services, strong software expertise in mobile environments and extensive industry knowledge.

Headquartered in Finland, the company operates globally and employs over 1,300 professionals. Digia is listed on the NASDAQ OMX Helsinki.

The Group's parent company is Digia Plc. The parent company is domiciled in Helsinki and its registered office is at Hiomotie 19, 00380 Helsinki.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (EU-IFRS), observing the IAS and IFRS standards, as well as SIC and IFRIC interpretations valid on 31 December 2008.

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 the 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 IFRS principles. Their values remain unchanged from Finnish Accounting Standards. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as of the date of acquisition, while divested subsidiaries are included until the date of divestment. Intra-Group transactions, receivables, liabilities, unrealised margins and internal profit distribution are eliminated in the consolidated financial statements. The profit for the period is divided between the parent company shareholders and the minority. The minority interest is also presented as a separate item within shareholders' equity.

The subsidiary Sunrise Resources Ltd has been consolidated in the consolidated financial statements as of 1 February 2008.

The Group has applied the following new or amended standards and interpretations as of 1 January 2008:

* IFRIC 11 IFRS 2 Group and Treasury Share Transactions. The new interpretation clarifies the scope of application of share-based payment transactions (IFRS 2) and requires the revaluation of such transactions in subsidiary companies. The new interpretation has had no effect on the consolidated financial statements.
* IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The interpretation will be applied to employee benefits after termination of employment, as set out in IAS 19, and other long-term employee benefits when this involves a minimum funding requirement. The interpretation also specifies book-entry practices concerning future refunds or similar arrangements in the balance sheet. The Group does not have the kind of benefit-based pension schemes discussed in the interpretation. The new interpretation has had no effect on the consolidated financial statements.
* IAS 39 Financial Instruments: Recognition and Measurement; and IFRS Financial Instruments. Amendments were issued in October 2008 in response to the financial crisis and address the reclassification of certain financial assets. The standard has had no impact on the 2008 consolidated financial statements, and will not affect future statements, because the Group did not consider that it had financial assets requiring such reclassification in its balance sheet at the end of the fiscal period 2008. The amendments to the standard have been approved for application within the EU.

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 and crucial factors of uncertainty associated with estimates'.

Segment reporting

The business operations of the Group have been divided into three business segments: Telecommunications, Finance and Services, and Industry and Trade, each one forming its own division. The Telecommunications division consists mainly of smartphone and operator businesses. The main operating areas of Finance and Services include product business relating to investment and asset management and the integration business. The business of the Industry and Trade division mainly consists of ERP and integration business.

The divisions have been specified as primary reporting segments in accordance with standard IAS 14 Segment Reporting. Geographical areas have been specified as secondary segments.

Since the beginning of 2009, a new organisation has been in force, merging the company's sales, products, services and competencies. The company now divides its business into two main segments: Mobile Solutions and Enterprise Solutions. Mobile Solutions comprises Contract Engineering Services and User Experience Services. Enterprise Solutions comprises ERP and Financial Administration, Digital Services and Integration Solutions. Reporting in line with the new structure will begin in Q1/2009.

Foreign currency translation

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

The income statements of non-Finnish consolidated companies have been converted into euro at the weighted average exchange rate for 2008, 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	3–5 years
Equipment	3–5 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 in either 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. Government grants attributable to fixed assets are recognised as deductions in the value of intangible fixed assets. The grants will be recognised as income over the life of the asset through reduced amortisation.

Intangible assets

Goodwill

Goodwill corresponds to the proportion of the acquisition cost of an entity acquired after 1 January 2004 that exceeds the Group's share of the fair value of the entity's net assets on the date of acquisition. The goodwill for business combinations prior to this corresponds to goodwill in accordance with previous accounting standards that has been used as the deemed cost. A portion of goodwill is allocated to customer relationships or products originating in acquisitions and recognised in intangible assets. The portions of goodwill 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 balance sheet until the product is ready for commercial utilisation and future economic benefit is expected from the product. Amortisation will begin once the product is ready for commercial utilisation. The useful life of capitalised development expenses is 2–5 years, during which time the capitalised assets will be recognised as expenses by straight-line amortisation.

Other intangible assets

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

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 in non-current and current liabilities. Interest expenses and fees are stated in the income statement during the loan period, on an accrual basis using the effective yield method, and they are recognised as a cost on the period during which they are incurred.

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.

Impairment

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 has been treated as a defined contribution plan in 2007 and 2008.

Share-based payments
The Group has various 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.

The cost determined at the time of granting options is based on the Group's estimate of the amount of options that are expected to become vested at the end of the vesting period. The Group updates the assumption of the final amount of options on each balance sheet date. Changes in the estimates are entered in the income statement. The fair value of option arrangements is determined on the basis of the Black-Scholes option pricing model. Non-market-based conditions, such as profitability and certain growth targets, are not taken into account when determining the fair value of an option, but they affect the estimate of the final amount of options.

When options are exercised, the payments received net of any transaction costs are recognised in shareholders' equity. Before the entry into force of the new Limited Liability Companies Act on 1 September 2006, payments received from share subscriptions based on granted options have been recognised in accordance with the terms and conditions of these arrangements in the share capital and share premium account. In the option arrangements decided after the entry into force of the new Limited Liability Companies Act, proceeds received net of any eventual transaction costs are recognised in accordance with the terms and conditions of these arrangements in the unrestricted shareholders' equity reserve.

Provisions

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

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

A provision is recognised for unprofitable agreements if the costs necessary for fulfilling the obligations exceed the benefits available from the agreement.

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

Shares, dividends and shareholders' equity

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

Earnings per share

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

Income taxes

Taxes recognised in the income statement include taxes based on taxable income for the financial period, adjustments to taxes for previous periods, as well as changes in deferred taxes. Tax based on taxable income for the period is calculated using the corporate income tax rate applicable in each country. Deferred tax assets and liabilities are recognised for temporary differences between the taxable values and book values of asset and liability items. The biggest temporary differences will arise from amortisation 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 noticed. Licensing income is recognised in accordance with the factual substance of the agreement. Maintenance fees are allocated over the agreement period.

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 in the circumstances 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.

Recognition as income and expenses

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 percentage of completion is based on the estimates of expected income and expenses of the project and on reliable measurement and estimation of project progress. If estimates of the project's outcome change, the recognised sales and profit/margin are amended in the period during which the change becomes known and can be estimated for the first time. Any loss expected from a project is immediately recognised as an expense.

Financial risks

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

In accordance with the company's investment policy, cash and cash equivalents are invested only in low-risk short rate funds and bank deposits. The Group's policy defines creditworthiness requirements for customers in order to minimise the amount of credit losses. A sufficient provision was made for uncertain accounts receivable at the end of the fiscal period. The Group's operative cash flow has developed favourably during the year, and thus the Group's financial standing has also remained positive. The most significant currency risks relating to accounts receivable or accounts payable are managed by means of forward foreign exchange contracts. At the end of the fiscal year 2008, the company did not have any such forward contract in force. Interest rate developments are monitored systematically in different bodies within the company, and possible interest rate hedges will be made with the appropriate instruments.

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.

- IAS 23 Borrowing Costs (amended 2007, valid for accounting periods starting 1 January 2009 or thereafter). The amended standard requires that the borrowing cost of a qualifying asset, such as a production facility, that is directly attributable to the acquisition, construction or production of the asset shall be capitalised as part of the cost of the asset. The amendment will not have an effect on upcoming consolidated financial statements. The amendment was subject to approval by the EU in December 2008.
- IFRIC 12 Service Concession Arrangements. The Group had not had any public sector contracts as referred to in the interpretation in 2008 or in preceding fiscal years.
- IFRIC 13 Customer Loyalty Programmes (valid as of 1 July 2008). The Group does not have customer loyalty arrangements as referred to in the interpretation, and thus the interpretation will not have an effect on upcoming financial statements. The amendment was subject to approval by the EU in December 2008.
- Amendment of IAS 1 Presentation of Financial Statements (amended 2007, valid for accounting periods starting 1 January 2009 or thereafter). The amendment will mainly affect the presentation of the income statement and changes in shareholders' equity. The comprehensively revised standard will also substantially affect the terminology used in other standards, and also the titles of some financials statements. The formula for calculating earnings per share will not change. The amended standard was approved by the EU in December 2008.
- IFRS 3 Business Combinations (amended 2008, valid as of 1 July 2009 or for accounting periods starting thereafter). The amended standard has a broader scope of application, and contains several significant changes. The changes affect the valuation of goodwill arising from business acquisitions as well as profit from business operations. In addition, the amendment affects the accounting of income statement items, both during the acquisition period and during periods when additional purchase price is paid or further acquisitions are made. According to the standard's transitional rule, business combinations made before the mandatory adoption of the standard will not be corrected. The amended standard has not yet been approved for application within the EU.
- IFRS 8 Operating Segments. According to the standard, the presentation of segment information must be based on internal reports submitted to the management and on the calculation principles applied in such reports.
- Amendments to IFRS 2 Share-based payment. The amended standard requires that all vesting conditions and cancellations are taken into account when defining the value of issued share-based instruments. The amendments were approved by the EU in December 2008.
- IAS 27 Consolidated and Separate Financial Statements. The amended standard requires that the impact of changes in a subsidiary's ownership are directly recognised in consolidated shareholders' equity when the parent company retains control of the subsidiary. The amended standard was approved by the EU in January 2009.
- IAS 32 Financial Instruments. Approved by the EU in January 2009.
- Improvements to IFRS. Less significant and urgent amendments are pooled and implemented once a year.
- IFRIC 15 Agreements for Construction of Real Estate. Not yet approved by the EU.
- IFRIC 16 Hedges of Net Investment in Foreign Operation. Not yet approved by the EU.
- IFRIC 17 Distribution on Non-cash Assets to Owners. Not yet approved by the EU.
- IAS 27 Consolidated and Separate Financial Statements. Not yet approved by the EU.
- IAS 39 Financial Instruments. Not yet approved by the EU.

Notes to the Consolidated Financial Statements

1. Segment information

Digia's business segments are Telecommunications, Finance and Services, and Industry and Trade.

Net sales

€ 000	2008	2007
Telecommunications	60,945	47,963
Finance and Services	32,348	29,298
Industry and Trade	29,910	28,578
Group total	123,203	105,839

Operating profit

€ 000	2008	2007
Telecommunications	7,673	5,671
Finance and Services	1,617	2,617
Industry and Trade	4,147	3,511
Unallocated	-	-719
Group total	13,437	11,080

The consolidated figures for 2008 include Sunrise Resources Ltd, as of 1 January 2008, and Digia Sweden AB (formerly Capital C AB), as of 1 September 2007. Unallocated earnings include one-off expenses amounting to EUR 0.7 million relating to top management changes.

Assets

€ 000	2008	2007
Telecommunications	73,633	71,282
Finance and Services	21,732	25,283
Industry and Trade	34,611	34,936
Unallocated	23,415	18,142
Group total	153,391	149,643

The assets of the Telecommunications division include goodwill arising from the acquisition of Sunrise Resources Ltd. The assets of the Finance and Services division include goodwill arising from the acquisitions of Digia Sweden AB (formerly Capital C AB) and Samstock Ltd, as well as the part of the goodwill arising from the acquisition of Sentera Plc that is attributable to the operations of the division. The assets of the Industry and Trade division include the part of the goodwill arising from the acquisition of Sentera Plc that is attributable to the operations of the division. The goodwill items are described in more detail in note 15.

The most significant unallocated asset items comprise investments and cash and cash equivalents treated from the viewpoint of the Group level.

Liabilities

€ 000	2008	2007
Telecommunications	8,790	7,490
Finance and Services	5,250	6,082
Industry and Trade	4,148	4,524
Unallocated	63,120	62,944
Group total	81,309	81,041

The most significant item within unallocated liabilities consists of a long-term bank loan.

Depreciation and amortisation

€ 000	2008	2007
Telecommunications	2,573	2,625
Finance and Services	1,118	1,138
Industry and Trade	1,072	1,129
Group total	4,763	4,893

Capital expenditure

€ 000	2008	2007
Telecommunications	1,301	870
Finance and Services	566	755
Industry and Trade	489	125
Group total	2,512	1,749

The company operates in one geographic area only.

Geographical distribution of net sales

€ 000	2008	2007
Finland	108,958	96,452
Other countries	14,245	9,414
Total	123,203	105,839

2. Acquired business operations

Acquired business operations in 2008

Acquisition of Sunrise Resources Ltd

The Group acquired the entire share stock of Sunrise Resources Ltd on 14 January 2008. The acquisition price was EUR 3.6 million paid as a cash consideration, and Digia financed the transaction through its cash reserves. In addition, the sellers have a right to receive an additional purchase price of about EUR 0.6 million, which Digia may pay either in cash or Digia shares upon its own choosing. The additional purchase price is estimated for payment in March 2009.

The acquisition is part of Digia's internationalisation strategy and has strengthened the company's current services with qualified near-shore development services as well as local support for customers operating in the Russian markets. The acquisition generated EUR 2.7 million of goodwill, in addition to which EUR 0.6 million of the acquisition price was allocated to acquired customer relationships.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	82	82
Intangible assets	636	4
Receivables	479	479
Cash and cash equivalents	865	865
Total assets	2,062	1,430
Tax liabilities	191	27
Other liabilities	277	277
Total liabilities	468	304
Net assets	1,594	1,126
Acquisition cost	4,311	
Net assets	-1,594	
Goodwill	2,717	
Acquisition cost	-4,311	
Additional purchase price, conditional	630	
Cash and cash equivalents of the acquired subsidiary	865	
Cash flow effect	-2,816	

Acquired business operations in 2007

Acquisition of Digia Sweden AB (formerly Capital C AB)

On 31 August 2007, the Group acquired the entire share stock of Digia Sweden AB. The sales price was EUR 2.6 million paid as a cash consideration and Digia financed the transaction through its cash reserves.

Digia Sweden AB's four-month earnings of EUR 0.4 million are included in the consolidated income statement for 2007.

Digia Sweden AB is a Swedish financial software company.

With this acquisition, Digia strengthened its operations as well as its product and solution range in the financial sector for the Nordic market. The acquisition generated EUR 1.1 million of goodwill, in addition to which EUR 0.4 million of the acquisition price was allocated to acquired products.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	55	55
Intangible assets	413	-
Tax assets	1	1
Receivables	500	500
Cash and cash equivalents	1,428	1,428
Total assets	2,397	1,984
Other liabilities	860	709
Total liabilities	860	709
Net assets	1,537	1,275
Acquisition cost	2,608	
Net assets	-1,537	
Goodwill	1,071	
Acquisition cost	-2,608	
Cash and cash equivalents of the acquired subsidiary	1,428	
Cash flow effect	-1,180	

Effect of the acquired business operations on the Group's business

The consolidated figures include EUR 2.2 million of Sunrise Resources Ltd's net sales and EUR 0.3 million of Sunrise Resources Ltd's operating profit.

3. Long-term projects

Consolidated net sales include income recognised as part of long-term projects totalling EUR 13.0 million in 2008 (EUR 12.4 million in 2007). The consolidated income statement includes income recognised as part of incomplete long-term projects to the amount of EUR 11.8 million on 31 December 2008 (EUR 11.4 million on 31 December 2007). The balance sheet includes advance payments recognised as part of incomplete long-term projects to the amount of EUR 0.5 million on 31 December 2008 (EUR 1.8 million on 31 December 2007).

The Group's project monitoring systems were developed during 2008, as a result of which the comparison figures for 2007 were adjusted. For this reason the figures do not match those presented in the Annual Report 2007.

4. One-off expenses

There were no one-off expenses during the fiscal year 2008. The Group's 2007 results include one-off expenses relating to top management changes of EUR 0.7 million and project reservations of approximately EUR 0.2 million.

5. Auditors' fees

€ 000	2008	2007
Audit	91	87
Tax counselling	6	14
Other services	31	90
Total	128	190

6. Other operating income

€ 000	2008	2007
Grants	23	194
Other income	37	18
Total	60	212

7. Other operating expenses

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

€ 000	2008	2007
Costs of premises	5,798	5,342
IT costs	4,409	4,000
External services	829	946
Total	11,036	10,288

8. Product development expenses

€ 000	2008	2007
Product development expenses	1,989	2,182
Total	1,989	2,182

9. Depreciation, amortisation and impairment

€ 000	2008	2007
Depreciation and amortisation by asset category		
Intangible assets		
Capitalised development costs	155	570
Intangible assets	2,783	2,612
Total	2,938	3,182
Property, plant and equipment		
Buildings	7	5
Machinery and equipment	1,817	1,706
Other tangible assets	-	-
Total	1,824	1,711
Impairment		
Machinery and equipment	-	-
Total	-	-
Depreciation, amortisation and impairment, total	4,763	4,893

10. Personnel expenses

€ 000	2008	2007
Wages and salaries	58,606	49,893
Pension costs, defined-contribution plans	10,242	8,906
Stock options granted	105	309
Other personnel expenses	3,306	3,197
Total	72,259	62,305

Group personnel on average during the period

	2008	2007
Telecommunications	709	547
Finance and Services	296	268
Industry and Trade	256	248
Group management and administration	53	53
Total	1,314	1,116

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

11. Financial income and expenses

Financial income

€ 000	2008	2007
Changes in fair value of assets recognised at fair value through profit and loss	-	70
Capital gains on assets recognised at fair value through profit and loss	155	86
Interest income from cash and cash equivalents	444	191
Interest income from accounts receivable	13	4
Dividend income	30	-
Exchange rate gains	214	17
Other financial income	11	1
Total	867	368

Financial expenses

€ 000	2008	2007
Interest expenses for financing loans valued at accrued acquisition cost	3,585	3,102
Interest expenses for accounts payable	4	10
Interest expenses for finance lease liabilities	12	27
Exchange rate losses	55	29
Other financial expenses	243	383
Total	3,899	3,551

12. Income taxes

€ 000	2008	2007
Current tax	3,194	1,785
Taxes from previous periods	-197	241
Total	2,997	2,026

Reconciliation between the tax expenses in the income statement and taxes calculated at the tax rate valid in the Group's home country (26 per cent):

€ 000	2008	2007
Earnings before tax	10,406	7,898
Taxes calculated at the domestic corporation tax rate	2,706	2,053
Deviating tax rates of foreign subsidiaries	7	12
Income not subjected to tax	-108	-
Non-deductible expenses	481	67
Tax effect of dissolution losses	67	8
Other items	206	-
Deferred taxes	-362	-114
Total	2,997	2,026
Taxes for the period in the income statement	**2,997**	**2,026**

13. Earnings per share

Basic earnings per share are calculated by dividing the pre-tax profit 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. The stock options have a diluting effect if the exercise price is lower than the fair value of the share.

€	2008	2007
Profit for the period attributable to parent company shareholders (€ 000)	7,409	5,871
Weighted average number of shares during the period	20,381,026	20,332,411
Diluting effect of stock options	-	198,142
Diluted weighted average number of shares during the period	20,381,026	20,530,553
Basic earnings per share (EUR/share)	0.36	0.29
Diluted earnings per share (EUR/share)	0.36	0.29

14. Property, plant and equipment

€ 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2008	Total 2007
Acquisition cost on 1 January	17	162	9,442	84	9,705	8,311
Addition	0	0	1,987	0	1,987	1,393
Acquisition of subsidiary	0	0	50	0	50	52
Disposals	0	0	-23		-23	-51
Acquisition cost on 31 December	17	162	11,456	84	11,719	9,705
Accumulated depreciation and impairment on 1 January	0	-45	-6,642	-83	-6,770	-5,059
Depreciation	0	-7	-1,817	0	-1,824	-1,711
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Accumulated depreciation and impairment on 31 December	0	-51	-8,460	-83	-8,594	-6,770
Book value on 1 January	17	117	2,800	1	2,935	3,252
Book value on 31 December	17	111	2,996	1	3,125	2,935

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

€ 000	2008				
	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost	-	5,025	-	5,025	5 025
Accumulated depreciation	-	-3,524	-	-3,524	-3 524
Book value	-	1,501	-	1,501	1 501

€ 000	2007				
	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost	-	3,681	-	3,681	3 681
Accumulated depreciation	-	-2,687	-	-2,687	-2 687
Book value	-	994	-	994	994

15. Intangible assets

€ 000	Goodwill	Development costs	Other intangible assets	Total 2008	Total 2007
Acquisition cost on 1 January	86,932	2,487	22,196	111,615	109,534
Capitalised development costs	0	0	0	0	0
Additions	0	0	529	529	405
Disposals	0		-2	-2	-20
Transfers between items	0	0	0	0	0
Acquisition of subsidiary	2,717	0	631	3,348	1,695
Acquisition cost on 31 December	89,649	2,487	23,353	115,488	111,614
Accumulated amortisation and impairment on 1 January	0	-2,249	-7,257	-9,506	-6,324
Amortisation	0	-155	-2,783	-2,938	-3,182
Impairment	-	-	-	-	-
Accumulated amortisation and impairment on 31 December	-	0	-10,040	-10,040	-9,506
Book value on 1 January	86,932	239	14,939	102,108	103,210
Book value on 31 December	89,649	83	13,313	103,044	102,108

Annual impairment tests in accordance with IAS 36 standard are applied to goodwill and intangible assets with an unlimited useful life.

The distribution of goodwill and values subject to testing between divisions on the balance sheet date was as follows:

€ 000	Allocated goodwill	Unallocated goodwill	Other items	Total value subject to testing
Telecommunications	7,586	49,546	5,343	62,475
Finance and Services	1,860	13,692	2,619	18,172
Industry and Trade	2,901	26,410	2,372	31,684
Total	12,347	89,649	10,335	112,331

The goodwill in the Telecommunications division is mainly associated with the combination of Digia Inc. and SysOpen Plc, as well as the acquisition of Yomi Software Ltd and Sunrise Resources Ltd. Goodwill in the Finance and Services division is mainly associated with the acquisition of Sentera Plc, Digia Sweden AB and Samstock Ltd. Finally, goodwill the Industry and Trade division is mainly associated with the acquisition of Sentera Plc and Yomi Software Ltd.

Allocated goodwill is presented in the intangible asset group 'Other intangible assets' and amortisised over a period of 5–10 years.

The other items include the estimated working capital and fixed assets of the divisions.

Impairment testing

The Group has defined its business segments as cash-generating units (CGU). Goodwill impairment is tested by comparing the CGU fair value to the book value. The use values are based on the continuous use of an asset as well as on the financial plans and estimates of the CGU's future development, approved by the relevant CGU management.

The fair values are determined on the basis of five-year forecasts by business division, in which growth is estimated at an average of three per cent and operating profit at an average of 8–11 per cent. Cash flows following the forecast period are estimated by extrapolating the cash flows using a steady net sales growth forecast of three per cent, with operating profit estimated at 8–10 per cent of net sales. Discount rates have been determined in view of the industry's general risk level, corresponding to an annual interest rate of 11 per cent in 2008.

Net sales growth has been estimated to constitute the most critical factor in calculating the use value. The amount of goodwill for the Telecommunications division requires average annual long-term growth of two per cent for business operations and nine per cent profitability before allocated goodwill amortisation. The amount of goodwill for Finance and Services requires average annual growth of two per cent for business operations and five per cent profitability before allocated goodwill amortisation. The amount of goodwill for Industry and Trade requires average annual long-term growth of two per cent for the business operations and profitability of ten per cent before allocated goodwill amortisation.

At the end of the fiscal period, the fair value of the Telecommunications division was EUR 32.7 million higher than the segment's book value, the fair value of the Finance and Services division was EUR 21.6 million higher than the segment's book value, and the fair value of the Industry and Trade division was EUR 15.3 million higher than the segment's book value.

No reasonably estimated change in any essential variable used in the calculations would result in the book value of a segment exceeding the amount recoverable from it. Therefore, there is no need for impairment entries.

Starting from 1 January 2009, goodwill and itemised intangible assets will be allocated in accordance with the new segment division, i.e. Mobile Solutions and Enterprise Solutions.

16. Deferred tax assets and liabilities

Changes in deferred taxes during 2008:

€ 000						2008
	1 Jan 2008	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/divested	31 Dec 2008
Deferred tax assets:						
Provisions	0	112	-	-	-	112
Confirmed losses	1,589	-406	-	-		1,183
Impairment of intangible assets	65	-65	-	-	-	0
Internal margin on business transfers	562	-254	-	-	-	308
Other items	96	55	-	-	-	150
Total	2,312	-558	-	-		1,753
Deferred tax liabilities:						
Capitalisation of intangible assets	63	-42	-	-		21
Fair value of intangible and PPE upon acquisition	3,308	-428	-	-	147	3,027
Other items	71	19	-	-		90
Total	3,442	-451	-	-	147	3,138

Changes in deferred taxes during 2007:

€ 000	1 Jan 2007	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/divested	31 Dec 2007
						2007
Deferred tax assets:						
Provisions	11	-11	-	-	-	0
Confirmed losses	2,213	-624	-	-	-	1,589
Impairment of intangible assets	186	-121	-	-	-	65
Internal margin on business transfers	407	155	-	-	-	562
Other items	93	3	-	-	-	96
Total	2,910	-598	-	-	-	2,312
Deferred tax liabilities:						
Capitalisation of intangible assets	158	-95	-	-	-	63
Fair value of intangible and PPE upon acquisition	3,651	-450	-	-	107	3,308
Other items	13	188	-	-	-130	71
Total	3,822	-357	-	-	-23	3,442

17. Accounts receivable and other receivables

€ 000	2008	2007
Accounts receivable and other receivables		
Accounts receivable	20,980	21,761
Security deposit for rental dues	595	370
Receivables from customers on long-term projects	2,826	4,328
Prepayments and accrued income	1,556	2,889
Other receivables	-	541
Accounts receivable and other receivables	25,957	29,889

€ 000	2008	2007
Non-due accounts receivable	13,849	14,003
Accounts receivable due 1–30 days ago	5,722	5,819
Accounts receivable due 31–60 days ago	907	676
Accounts receivable due more than 60 days ago	502	1 263
Total	20,980	21,761

At the end of the fiscal year 2008, credit loss provisions amounted to EUR 2.1 million. The biggest single provision concerns receivables of EUR 1.8 million from UIQ Technologies AB. In 2007, no major credit losses were booked from accounts receivable. 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 risk. Essential items included in prepayments and accrued income are associated with the accrual of statutory insurance premiums and other accrued expenses.

18. Cash and cash equivalents

€ 000	2008	2007
Financing assets recognised at fair value through profit and loss		
Mutual funds	273	5,180
Bank accounts	18,606	6,558
Total	18,879	11,738

19. Notes on share capital

	Number of shares	Share capital, € 000
1 Jan 2007	20,311,670	2,031
Increase of share capital	-	-
Exercise of stock options	541,975	54
31 Dec 2007	20,853,645	2,085

	Number of shares	Share capital, € 000
1 Jan 2008	20,853,645	2,085
Increase of share capital	-	-
Exercise of stock options	-	-
31 Dec 2008	20,853,645	2,085

The maximum number of shares is 48 million (48 million in 2007). All shares grant equal rights to their holders. The nominal value of each share is EUR 0.1, and the Group's maximum share capital is EUR 4.8 million (EUR 4.8 million in 2007). All outstanding shares are paid in full. At the end of the fiscal year 2008, the company held 316,620 own shares, or 1.5 per cent of all shares.

The premium fund comprises the amount paid for shares in excess of the nominal value for share subscriptions prior to 1 September 2006. The 'Other reserves' amount arises from fair valuation of acquired business operations in the consolidated financial statements. The translation differences reserve comprises price 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.

20. Share-based payments

The company has had stock options schemes in place since 15 September 1999, and has also offered share-based bonuses as part of the key personnel commitment and incentive scheme since 31 May 2007. Options granted after 2003 have been recognised in the financial statements since 2005 in accordance with the standard IFRS 2 Share-based Payment. Stock options will expire if they are not exercised during the period separately defined in the option scheme. Stock options are also lost if the employee resigns from the company before the right is vested. The Group had the following stock option schemes during the fiscal year:

Option scheme 2003

Under the 2003 option scheme, 670,000 warrants were originally issued and are distributed as follows: 210,000 warrants for 2003A, 160,000 warrants for 2003B, 150,000 warrants for 2003C, and 150,000 warrants for 2003D. The share subscription period for the 2003A warrants was from 2 May 2004 to 31 October 2005 (and thus has expired), for 2003B warrants from 1 November 2004 to 31 October 2006 (and thus has expired), for 2003C warrants from 1 November 2005 to 31 October 2007 (and thus has expired), and for 2003D warrants from 1 November 2006 to 31 October 2008 (and thus has expired).

2008	Warrants 2003			
	2003 A	2003 B	2003 C	2003 D
Maximum number of options	210,000	160,000	150,000	150,000
Shares available for subscription per option	1	1	1	1
Original subscription price	€ 3.28	€ 3.19	€ 3.92	€ 4.32
Dividend adjustment	Yes	Yes	Yes	Yes
Subscription price on 31 December 2004	€ 2.98	€ 2.89	€ 3.86	-
Subscription price on 31 December 2005	€ 2.87	€ 2.78	€ 3.75	€ 4.32
Subscription price on 31 December 2006	€ 2.82	€ 2.73	€ 3.70	€ 4.27
Subscription price on 31 December 2007	expired	expired	expired	€ 4.19
Subscription price on 31 December 2008	-	-	-	expired
Vesting date	2 May 2004	1 Nov 2004	1 Nov 2005	1 Nov 2006
Expiry date	31 Oct 2005	31 Oct 2006	31 Oct 2007	31 Oct 2008
Exercise period, years	expired	expired	expired	expired
Persons at end of accounting period	expired	expired	expired	expired
Amounts on 1 January 2008				
Options granted	expired	expired	expired	158,763
Options returned				28,845
Shares subscribed using options				0
Options outstanding				129,918
Options in reserve				20,082
Changes during the period				
Options granted	expired	expired	expired	0
Options returned				0
Options annulled				0
Shares subscribed using options				0
Trading-weighted average price during subscription period, €				3.11 [1)]
Options expired				150,000
Amounts on 31 December 2008				
Options granted	expired	expired	expired	expired
Options returned				
Shares subscribed using options				
Options outstanding				
Options in reserve				

[1)] Digia Plc's trading-weighted average share price 1 January–31 October 2008 (2003D).

Option scheme 2005

A total of 900,000 warrants were issued under the 2005 option scheme, 300,000 of which are marked 2005A, 300,000 marked 2005B, and 300,000 marked 2005C. The warrants can be used to subscribe for an aggregate maximum of 900,000 Digia Plc shares.

The share subscription price for the 2005A warrants was EUR 4.10 (dividend adjusted), for 2005B warrants EUR 3.80, and for 2003C warrants EUR 3.83. On the record date for each distribution of dividends, the share subscription price will be deducted by the amount of dividends for which the decision to distribute has been made between the beginning of the price-setting period and the date of subscription. However, the minimum subscription price will always be the nominal value of the share. The subscription period for warrant series 2005A is from 1 November 2007 to 30 November 2009, for warrant series 2005B from 1 November 2008 to 30 November 2010, and for warrant series 2005C from 1 November 2009 to 30 November 2011. As a result of share subscriptions using warrant series 2005A, 2005B, and 2005C, the share capital of Digia Plc may increase by a maximum of EUR 90,000, and the number of shares may increase by a maximum of 900,000 new shares. On 31 December 2008, Digia Plc's wholly owned subsidiary Digia Partners Ltd held a total of 527,000 warrants under the 2005 option scheme.

2008	Warrants 2005		
	2005A	2005B	2005C
Maximum number of options	300,000	300,000	300,000
Shares available for subscription per option	1	1	1
Original subscription price [1]	€ 4.33	€ 3.98	€ 3.93
Dividend adjustment	Yes	Yes	Yes
Subscription price on 31 December 2005	€ 4.33	-	-
Subscription price on 31 December 2006	€ 4.28	€ 3.98	-
Subscription price on 31 December 2007	€ 4.20	€ 3.90	€ 3.93
Subscription price on 31 December 2008	€ 4.10	€ 3.80	€ 3.83
Vesting date	1 Nov 2007	1 Nov 2008	1 Nov 2009
Expiry date	30 Nov 2009	30 Nov 2010	30 Nov 2011
Exercise period, years	0.9	1.9	2.9
Persons at end of accounting period	no longer binding	no longer binding	2
Amounts on 1 January 2008			
Options granted	326,000	88,000	0
Options returned	106,000	22,000	0
Options outstanding	220,000	66,000	0
Options in reserve	80,000	234,000	300,000
Changes during the period			
Options granted	0	60,000	60,000
Options returned	0	33 000	0
Amounts on 31 December 2008			
Options granted	326,000	148,000	60,000
Options returned	106,000	55,000	0
Options outstanding	220,000	93,000	60,000
Options in reserve	80,000	207,000	240,000

[1] At the end of the 2008 fiscal year, the subscription price for warrants in force was determined as follows:
2005A: Trading-weighted average share price on the Helsinki Stock Exchange calculated for the 20 days following the publication of Digia's Q1 Interim Report Q1/2005.
2005B: Trading-weighted average share price on the Helsinki Stock Exchange calculated for the 20 days following the publication of Digia's Interim Report Q1/2006.
2005C: Trading-weighted average share price on the Helsinki Stock Exchange calculated for the 20 days following the publication of Digia's Interim Report Q1/2007.

On the recorded date for each distribution of dividends, the share subscription price will be deducted by the amount of dividends for which the decision to distribute has been made between the beginning of the price-setting period and the date of subscription.

The following table presents a summary of the number of warrants and subscription prices on 31 December 2008.

2008	Options total	Subscription prices (weighted)
Amounts on 1 January 2008		
Options granted	572,763	€ 4.15
Options returned	156,845	€ 4.16
Shares subscribed using options	0	-
Options outstanding	415,918	€ 4.15
Options in reserve	634,082	€ 3.96
Changes during the period		
Options granted	-	-
Options returned	33,000	€ 3.80
Shares subscribed using options	-	€ 0
Options expired	150,000	€ 4.09
Amounts on 31 December 2008		
Options granted	534,000	€ 3.99
Options returned	161,000	€ 4.00
Shares subscribed using options	-	€ 0
Options outstanding	373,000	€ 3.98
Options in reserve	527,000	€ 3.86

On 31 December 2008, a total of 900,000 warrants issued by Digia Plc remained outstanding. Shares that can be subscribed to with the warrants represent a maximum of 4.1 per cent of the company's share capital and voting rights after a potential increase of share capital. Of all valid warrants, Digia Partners Ltd held a total of 527,000 on 31 December 2008. The maximum dilution effect of the issued warrants was 1.8 per cent on 31 December 2008.

Determination of fair value

The fair value of the options is determined using the Black-Scholes option pricing model. A fair value is determined for the date of granting the options and charged to personnel expenses over the vesting period. The granting date is the date of the decision by the Board of Directors. In accordance with IFRS regulations, options granted before 7 November 2002 or options that become vested before 1 January 2005 have not been expensed. No fair value has been determined for Digia Plc's 2003A and 2003B warrants or the converted 2005K1 and 2005K2 warrants. The effect of options on the company's earnings in 2008 was EUR 45,563 million (2007: EUR 51,201 million).

In 2008, a total of 60,000 2000B options and 60,000 2000C options were granted. The weighted averages of the fair value on the valuation date and the assumptions used in the valuation for the options granted in 2008 are presented below. The effect of options granted in 2008 on the company's earnings was EUR 26,102.

The Black-Scholes parameters in the table below are the weighted averages of all options granted.

Essential assumptions for the Black-Scholes model	All options
Options granted	120,000
Average share price, €	3.03
Subscription price, €	3.90
Interest rate, %	4.1%
Exercise period, years	3.3
Volatility, % [1]	21.0%
Returned options, %	0%
B&S value per option, €	0.32
Fair value total, €	38,000
Logging of expenses total, €	38,611
Expense effect in 2008, €	26,102

[1] Volatility is estimated on the basis of historical variations in the share price, based on monthly observations over a period corresponding to the exercise period.

Comparison data for 2007

The following table presents the situation on 31 December 2007 as comparative data:

	Option scheme								
	2003 A	2003 B	2003 C	2003 D	2005 A	2005 B	2005 C	Total	Subscription price
Amounts on 1 January 2007									
Options granted	expired	expired	165,000	158,763	326,000	88,000	0	737,763	€ 4.11
Options returned			42,500	28,845	26,000	0	0	97,345	€ 4.02
Shares subscribed using options			800	0	0	0	0	800	€ 3.70
Options outstanding			121,700	129,918	300,000	88,000	0	639,618	€ 4.13
Options in reserve			27,500	20,082	0	212,000	300,000	559,582	€ 3.98
Changes during the period									
Options granted	expired	expired	0	0	0	0	0	0	-
Options returned			0	0	80,000	22,000	0	102,000	€ 4.14
Shares subscribed using options			9,200	0	0	0	0	9,200	€ 3.62
Trading-weighted average price during the subscription period, € [1]			3.84	3.77	3.18	-	-	-	-
Options expired			140,000	0	0	0	0	140,000	€ 3.62
Amounts on 31 December 2007									
Options granted	expired	expired	expired	158,763	326,000	88,000	0	572,763	€ 4.15
Options returned				28,845	106,000	22,000	0	156,845	€ 4.16
Shares subscribed using options				0	0	0	0	0	-
Options outstanding				129,918	220,000	66,000	0	415,918	€ 4.15
Options in reserve				20,082	80,000	234,000	300,000	634,082	€ 3.96

[1] Trading-weighted average price of Digia Plc's share from January to October 2007 (2003C), through 2007 (2003D) and from November to December 2007 (2005A).

Share-based bonuses

In addition to stock option schemes, the company offers share-based bonuses as part of its key personnel commitment and incentive scheme. The share-based bonus scheme offers the target group the opportunity to receive Digia Plc's shares as a reward for the achievement of specified goals set for the earning period. The Board of Directors decides on the earning criteria for the schemes, on the targets set for them, as well as on the maximum remuneration for the earning period for each person belonging to the target group. No remuneration is paid if the employment of the person in question ends before the end of the earning period. Key personnel did not earn share-based bonuses in 2008 (2007: EUR 0.3 million).

The CEO's share-based bonus scheme covers the years 2008–2010, and possible earnings are based on the Group's dividend-adjusted share price. The earning of shares begins after the share price exceeds EUR 4.50. The CEO is entitled to the full 210,000 share bonus when the share price exceeds EUR 7.50.

Share-based bonuses granted during the fiscal year and the related events are shown in the table below. Because the possible cash component of a share bonus is recorded as a share-based expense, the numbers below are gross figures, i.e. the share-based bonus numbers include the number of shares corresponding to any possible cash component.

	CEO's share-based bonus in 2008
31 December 2008	
Granting date	27 Nov 2007
Instrument	Shares and cash
Target group	CEO
Maximum amount of share based-bonuses	105,000
Cash equivalent of share-based bonus (max. amount of shares)	105,000
Share price at the time of granting	€ 3.20
Fair price of the share at the time of granting [1]	€ 2.96 – € 3.12
Share price at the end of the reporting period	€ 1.86
Beginning of the earning period	1 Jan 2008
End of the earning period	31 Dec 2010
Vesting date of shares	31 Mar 2011
Vesting condition	Share price
	Duration of employment
Obligation to hold the shares, years	0–2
Remaining obligation period, years	2.2
Number of persons (31 December 2008)	1
REPORTING PERIOD 2008 EVENTS	
Number of share-based bonuses granted	22,799
Number of share-based bonuses returned due to end of employment	0
Estimated actual share-based bonus used as a basis for logging of expenses [2]	73,815
Number of share-based bonuses expired	0
Fair price of maximum bonus at the time of granting	672,000
Estimated fulfilment of earning criteria [2]	38%
Fair value of bonus at the time of granting	245,784
Fair value of bonus on 31 December 2008	192,318
Effect on the period's profit	59,399

[1] Share price at the time of granting deducted by dividend expected during the earning period: € 0.08 per year.

[2] The amount of bonuses earned during the earning period is determined on the basis of how well the specified goals have been met after the end of each measuring period, by the end of April. The table is based on the best possible estimate that the company has on 31 December 2008 of the number of shares to which the related rights are expected to be vested.

The share-based bonus is measured at fair value at the time of granting and recognised as an expense during the vesting period of the right. The share-based bonus was measured at its fair value at the time of granting on 27 November 2007. The fair value is based on an annual increase in the shareholder value in accordance with the assumption of the investor's minimum return on the investment requirement, and the actual accrual of share-based bonuses at the end of the earning period. The investor's return on investment was determined using the CAPM model, the basic assumptions of which are listed in the table below. Using these assumptions, the fair value was set at EUR 245,784. The expenses from share-based bonus scheme are distributed evenly over the earning period as of 1 January 2008. Since the CEO's share-based bonus is paid as a combination of shares and cash, in accordance with the IFRS 2 standard, the determination of its fair value is divided into two parts: 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 share-based payment at the time of granting was Digia Plc's share price. Correspondingly, the fair value of the part settled in cash is revaluated on each reporting date until the end of earning period, and thus the fair value of the liability changes in accordance with Digia Plc's share price.

Because the CEO's right to a share-based bonus is based on a market-based criterion, i.e. the dividend-adjusted share price, the share-based bonus is valued according to its fair value at the time of granting and the expense is not adjusted even if the bonus is not exercised, as set in IFRS 2. The fair value was based on an annual increase in the shareholder value in accordance with the assumption of the investor's minimum return on the investment requirement, and the actual accrual of share-based bonuses at the end of the earning period. The investor's return on investment was determined using the CAPM model, the basic assumptions of which are listed in the table below. Based on these assumptions, the fair value of the share-based bonus was calculated as EUR 118,104. Because the CEO's share-based bonus is settled as a combination of shares and cash, the part settled in cash is revaluated on each reporting date until the end of earning period, and thus the fair value of the liability changes in accordance with Digia Plc's share price.

Key assumptions used for calculating the fair value of share-based bonuses:

Risk-free interest	4.25%
Beta	1.6
Market risk premium	4.75%
Investor's minimum return on investment requirement	11.85%
Expected dividend per annum 2008–2010, €	0.08

During the period under review, the fair value of share-based bonuses recorded in shareholders' equity was EUR 36,478, and the fair value of share-based bonuses recorded in liabilities was EUR 22,922. The effect of share-based bonuses on the company's earnings in 2008 was EUR 59,399.

21. Provisions

Changes in provisions during 2008:

€ 000	2008		
	Restructuring provision	Unprofitable agreements	Total
1 Jan 2008	0	0	0
Increase in provisions	-	432	432
Provisions used	-	-	-
Reversals of unused provisions	-	-	-
31.12.2008	0	432	432

Changes in provisions during 2007:

€ 000	2007		
	Restructuring provision	Unprofitable agreements	Total
1 Jan 2007	0	44	44
Increase in provisions	-	-	-
Provisions used	-	-44	-44
Reversals of unused provisions	-	-	-
31 Dec 2007	0	0	0

Restructuring provision

The restructuring provision is associated with the restructuring of entities in connection with acquisitions, and with the reorganisation of unprofitable business operations.

Unprofitable agreements

A loss provision is created for fixed-price projects if it becomes apparent that 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 on 31 December 2008, there were two fixed-price projects for which a loss provisions have been recorded on the basis of remaining work.

22. Loans from financial institutions

€ 000	Fair values		Balance sheet values	
	2008	2007	2008	2007
Non-current				
Bank loans	-	47,222	-	55,000
Subordinated loans	146	121	170	161
Finance lease liabilities	679	415	765	486
Total	825	47,758	935	55,647
Current				
Bank loans	51,132	-	55,000	-
Finance lease liabilities	742	453	772	490
Repayment of long-term loans	216	256	242	276
Total	52,090	709	56,015	766
Total	**52,915**	**48,467**	**56,950**	**56,413**

The fair value of loans has been calculated by discounting the loan capital on the balance sheet date using a discount rate of 8.28%, which has been determined on the basis of the industry's general risk level.

On 9 November 2006, Digia signed a syndicated loan agreement worth EUR 80 million, which was divided into a fixed-term loan of EUR 50 million and a standby credit facility of EUR 30 million. The credit facility's limit was reduced by EUR 25 million in 2008. The loan agreement's duration is three years and the loan will be due on 9 November 2009. The banks participating in the loan agreement are Sampo, OKO and Nordea.

On the balance sheet date, the entire fixed-term loan of EUR 50 million had been withdrawn, and EUR 5 million of the standby credit facility was in use. The loans have floating interest rates tied to Euribor rates plus a margin. The covenants for the loans are linked to certain financial indicators. The average interest rate for the loans during the period was 5.8% (2007: 5.5%). The shares of Digia Financial Software Ltd and Digia Financial Solutions Ltd are pledged as collateral.

On 29 January 2009, Digia decreased the amount withdrawn via the syndicated loan agreement from EUR 55 million to EUR 50 million. In addition, on 3 February 2009, the company agreed on a new three-year credit facility, which will be used to pay off the old loan stock in its entirety.

The new credit facility will be financed by Pohjola and Nordea banks, as well as by the Varma Mutual Pension Insurance Company. The facility covers a three-year bank-financed package of EUR 42 million, and also the re-borrowing of the employees' pensions, totalling a maximum of EUR 8 million. As part of the deal, the company has agreed on covenants concerning the maintenance of the company's financial standing and liquidity.

The subordinated loan has been granted by TEKES for product development. The loan has a fixed interest rate, which has been 3.75% until 31 December 2008. The effective interest rates on finance lease liabilities during the fiscal year ranged from 4.46% to 5.04% (from 4.16% to 4.51% in 2007).

The Group's EUR 55 million bank loan is hedged with interest rate cap and floor agreements. The cap agreement covers loan capital of EUR 25 million, and the floor agreement covers loan capital of EUR 12.5 million. The threshold interest rate is 5% and agreements that will expire on 9 November 2009 have been valued at fair value. Hedge accounting is not applied to the agreements.

Interest-bearing liabilities will fall due as follows:

Year, € 000	2008	2007
2008		766
2009	56,014	55,262
2010	822	262
2011	57	123
Later	57	-
Total	56,950	56,413

The tables below describe agreement-based maturity analysis results for the reporting periods 2008 and 2007. The figures are undiscounted and include interest payments and repayment of loan capital.

€ 000	31 Dec 2008				
	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	55,000	57,658	57,658		
Subordinated loans	412	434	247	60	127
Finance lease liabilities	1,537	1,575	787	789	
Accounts payable and other liabilities	1,668	1,668	1,668	-	-

€ 000	31 Dec 2007				
	Balance	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	55,000	61,592	-	61,592	-
Subordinated loans	437	467	34	271	162
Finance lease liabilities	976	1,039	511	528	-
Accounts payable and other liabilities	2,600	2,600	2,600	-	-

23. Due dates of financial lease liabilities

€ 000	2008	2007
Finance lease liabilities, total of minimum lease payments		
Within one year	809	486
Within more than one but less than five years	789	490
After more than five years	-	-
Finance lease liabilities, present value of minimum lease payments		
Within one year	756	480
Within more than one but less than five years	765	454
After more than five years	-	-
Financial expenses to be accrued in the future	77	42
Total amount of finance lease liabilities	1,537	976

The finance leases cover IT and office equipment and have durations of two to three years.

24. Non-interest bearing liabilities

€ 000	2008	2007
Non-current		
Deferred tax liabilities	3,138	3,442
Total	3,138	3,442
Current		
Accounts payable	1,668	2,601
Total	1,668	2,601
Other non-interest bearing current liabilities		
Advance payments received	460	2,182
Accrued expenses	10,686	10,959
Provisions	432	-
Income tax liabilities	2,083	515
Other liabilities	5,892	5,186
Total	19,553	18,843
Total, non-interest bearing liabilities	**24,359**	**24,886**

The book value of non-interest bearing 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.

25. Operating leases

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

€ 000	2008	2007
Within one year	3,821	3,867
Within more than one but less than five years	2,134	3,636
After more than five years	-	-
Total	5,955	7,503

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

26. Contingent liabilities

€ 000	2008	2007
Collateral, pledged for own commitments		
Business mortgages granted	3,067	3,067
Other	1,029	803
Total	4,096	3,870

The business mortgages on the balance sheet date for 2008 are granted as collateral for a credit facility on a bank account. Other contingent liabilities are associated with guarantee deposits or are units in fixed-income mutual funds pledged as collateral for rents on premises. Furthermore, the item includes a guarantee deposit pledged as collateral.

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 Financial Software Ltd	Jyväskylä	Finland	100%	100%
Digia Finland Ltd	Helsinki	Finland	100%	100%
Digia Hong Kong Ltd	Hong Kong	China	100%	100%
Digia Service Ltd	Jyväskylä	Finland	100%	100%
Digia Software (Chengdu) Co. Ltd	Chengdu	China	100%	100%
Digia Sweden AB	Stockholm	Sweden	100%	100%
ooo Sunrise-r SpB	St. Petersburg	Russia	100%	100%
Sunrise Resources Ltd	Helsinki	Finland	100%	100%
Digia Partners Ltd	Helsinki	Finland	100%	100%
Microext Ltd*)	Helsinki	Finland	100%	100%

*) The companies are not engaged in business operations.

Other shares and holdings	€ 000
Keimola Golf Club Oy	7
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
Tahkovuorenpeikko Oy	11
Total	624

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 its subsidiaries, in addition to the members of the Board of Directors and the Management Group.

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

€ 000	2008	2007
Salaries and other short-term employee benefits	1,226	1,994

The salaries and fees paid in 2008 to the CEO and members of the Board of Directors were as follows:

		€ 000
Sivonen Pekka	Chairman of the Board	133
Kyttälä Pertti	Vice Chairman of the Board	47
Karvinen Kari	Member of the Board	32
Mehtälä Martti	Member of the Board	35
Mujunen Matti	Member of the Board (until 11 Mar 2008)	8
Makkonen Eero	Member of the Board (until 11 Mar 2008)	7
Total		262

In 2008, 120,000 stock options were granted to management (no stock options were granted to management in 2007). On 31 December 2008, management held a total of 252,000 granted options, 192,000 of which could be exercised (90,000 on 31 December 2007, of which 35,000 could be exercised). During the financial period, the expense effect of stock option schemes for persons considered related parties was EUR 0.05 million. No transactions associated with the purchase of goods or services took place with related parties in 2007 and 2008. Transactions associated with the purchase of goods and services in 2008 amounted to EUR 19,7 (EUR 23,7 in 2007). During the reporting period, the scope of persons considered as related parties was expanded to cover Management Group members, as stipulated in IFRS regulations, and the figures for 2007 were correspondingly adjusted. The Group has no related-party loans.

29. Management of financing risks

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

Foreign exchange risk

The Group is not significantly exposed to foreign exchange risk in its operations. The Group's key foreign exchange risks involve the Swedish krona and UK pound sterling. Digia Plc acquired a subsidiary in Sweden in 2007. The Group has a EUR 2.6 million holding in Swedish krona through the subsidiary, which entails an exchange risk when the investment is converted into euro. The Group has not hedged this investment. In the balance sheet, the Group's accounts receivable denominated in foreign currency amounted to EUR 0.1 million, covering receivables in Swedish krona and the US dollar. Accounts payable denominated in foreign currency were very small. The most significant currency risks relating to accounts receivable or accounts payable are managed by means of forward foreign exchange contracts. At the end of the fiscal year 2008, the company did not have any such forward contract in force.

Interest rate risk

The Group's interest rate risk is primarily associated with a long-term bank loan that has an interest rate linked to Euribor rates. Changes in market interest rates will have a direct effect on the Group's future interest payments. During the financial period 2008, the interest rate on the long-term bank loan varied between 4.6% and 6.2% (in 2007 the interest rate varied between 5.1% and 5.9%). The impact of a +/- 1% change in the loan's interest rate is EUR 560,000 per annum. The Group's money market investments are a source of interest rate risk, but the overall impact of these investments is negligible. Interest rate developments are monitored systematically in different bodies within the company, and possible interest rate hedges will be made with the appropriate instruments.

Credit risk

The Group's customers are mostly well-known Finnish and foreign companies with well-established credit, and thus the Group does not have any significant credit risks. The Group's policy defines creditworthiness requirements for customers, investment transactions, and counterparties. Services and products are sold only 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 department provides customer financing services in a centralised manner and ensures that the principles of the agreed financing policy are observed with regard to terms of payment and collateral required. At the end of the fiscal year 2008, credit loss provisions amounted to EUR 2.1 million. The biggest single provision concerns receivables of EUR 1.8 million from UIQ Technologies AB. In 2007, the Group booked no major credit losses. The maturity analysis of accounts receivable for 2008 and 2007 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 several banks for financing. The amount of unwithdrawn standby credit on 31 December 2008 was EUR 1.0 million. 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 2008 amounted to EUR 18.9 million. Agreement-based maturity analysis on discounted equity and interest payments for the reporting periods 2008 and 2007 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 operational conditions and increasing shareholder value with a view to the best possible profit. At end of period, the Group's interest-bearing net liabilities were EUR 38,071,000 (December 31 2007: EUR 44,674,000). 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 net liabilities have primarily been used for financing the Group's company acquisitions, and at the end of the reporting period 2008, gearing stood at 53% (2007: 65%).

The share of liabilities in total shareholders' equity on 31 December 2008 and 31 December 2007 was as follows:

€ 000	2008	2007
Interest-bearing liabilities	56,950	56,413
Cash and cash equivalents	18,879	11,739
Interest-bearing net liabilities	38,071	44,674
Total shareholders' equity	72,083	68,602
Gearing, %	53%	65%

30. The group's key financial ratios

	IFRS				
	2008	2007	2006	2005	2004
Scope of operations					
Net sales, € 000	123,203	105,839	84,968	60,525	26,174
- change on previous year, %	16%	25%	40%	131%	4%
Gross capital expenditure, € 000	2,512	1,979	1,876	2,288	1,580
- % of net sales	2%	2%	2%	4%	6%
Capitalisation for research and development [1]	-	-	256	1,464	209
- % of net sales	0%	0%	0%	2%	1%
Number of personnel, 31 December	1,337	1,155	1,087	793	288
Average number of personnel	1,314	1,116	981	731	286
Profitability					
Operating profit, € 000	13,437	11,080	8,354	4,229	2,358
- % of net sales	11%	10%	10%	7%	9%
Net profit, € 000	7,409	5,871	4,867	2,355	2,340
- % of net sales	6%	6%	6%	4%	9%
Return on equity, %	11%	9%	8%	5%	21%
Return on investment, %	11%	9%	9%	6%	23%
Financing and financial standing					
Loans from financial institutions, € 000	56,950	56,413	56,664	26,055	134
Cash and cash equivalents, € 000	18,879	11,739	11,506	12,326	5,909
Gearing, %	53%	65%	72%	26%	-51%
Equity ratio, %	47%	47%	44%	56%	70%
Cash flow from operations, € 000	15,473	6,157	5,756	5,691	1,451
Dividends (paid), € 000	2,041	1,625	930	1,020	2,779
Earnings per share, €, basic	0.36	0.29	0.25	0.14	0.25
Earnings per share, €, diluted	0.36	0.29	0.25	0.14	0.25
Equity per share	3.46	3.32	3.10	2.83	1.23
Dividend per share [2]	0.05	0.10	0.08	0.05	0.11
Dividend payout ratio [2]	14%	35%	32%	35%	44%
Effective dividend yield [2]	3%	3%	2%	1%	3%
Price/earnings ratio (P/E)	5.17	10.39	13.70	33.07	14.88
Lowest share price, €	1.73	2.93	3.00	3.43	2.90
Hightest share price, €	3.35	4.26	4.97	4.93	5.35
Average share price, €	2.83	3.77	3.75	4.36	3.66
Market capitalisation, € 000	38,788	61,079	69,669	85,170	31,679
Trading volume, shares	7,321,002	9,583,795	13,899,149	14,524,798	2,689,605
Trading volume, %	36%	47%	71%	87%	29%

[1] In connection with the acquisition of Digia Inc. in 2005, the consolidated balance sheet includes EUR 0.9 million of capitalised product development costs.
[2] Digia Plc's Board of Directors will propose to the Annual General Meeting that the Board of Directors should be authorised to decide on dividend distribution for 2008, with the maximum dividend being EUR 0.05 per share, and that the authorisation would be valid until the next Annual General Meeting.

The weighted average number of shares during the accounting period, adjusted for share issues, was 20,853,645. The number of shares at the end of the accounting period, adjusted for dilution, was 20,853,645. The number of shares outstanding at the end of the accounting period was 20,853,645. At the end of the fiscal year 2008, the company held 316,620 own shares.

Calculation of financial ratios

Return on investment (ROI), % $= \left(\dfrac{\text{Profit or loss before extraordinary items and taxes + interest and other financing costs x 100}}{\text{Balance sheet total – non-interest bearing liabilities (average)}} \right)$

Return on equity (ROE), % $= \left(\dfrac{\text{Profit or loss before extraordinary items and taxes – taxes x 100}}{\text{Shareholders' equity + minority interest (average)}} \right)$

Equity ratio, % $= \left(\dfrac{\text{Shareholders' equity + minority interest x 100}}{\text{Balance sheet total – advance payments received}} \right)$

Earnings per share $= \left(\dfrac{\text{Earnings before extraordinary items and taxes – taxes +/- minority interest}}{\text{Average number of shares during the period, adjusted for share issues}} \right)$

Dividend per share $= \left(\dfrac{\text{Total dividend}}{\text{Average number of shares during the period, adjusted for share issues}} \right)$

Dividend payout ratio, % $= \left(\dfrac{\text{Dividend per share x 100}}{\text{Earnings per share}} \right)$

Gearing $= \left(\dfrac{\text{Loans from financial institutions – cash, bank receivables and financial securities}}{\text{Shareholders' equity}} \right)$

Effective dividend yield, % $= \left(\dfrac{\text{Dividend per share}}{\text{Last trading price for the period adjusted for share issues}} \right)$

Price/earnings ratio (P/E) $= \left(\dfrac{\text{Last trading price for the period, adjusted for share issues}}{\text{Earnings per share}} \right)$

Parent Company's Income Statement (FAS)

€	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales	1	**7,974,743.00**	**8,212,690.00**
Other operating income	2	29,772.10	13,106.35
Personnel expenses	3	-3,955,620.08	-3,496,734.46
Depreciation, amortisation and write-downs	4	-235,479.53	-118,496.36
Other operating expenses	5	-3,232,358.95	-4,144,633.88
		-7,393,686.46	-7,746,758.35
Operating profit		**581,056.54**	**465,931.65**
Financial income and expenses	6	-4,612,631.08	-3,588,619.66
Earnings before extraordinary items and taxes		**-4,031,574.54**	**-3,122,688.01**
Extraordinary items		7,200,000.00	4,000,000.00
Earnings before tax		**3,168,425.46**	**877,311.99**
Income taxes	7	-980,804.43	-84,575.57
Net profit		**2,187,621.03**	**792,736.42**

Financial statements of the parent company is available at company website: **www.digia.com**

Parent Company's Balance Sheet (FAS)

€	Note	31 Dec 2008	31 Dec 2007
ASSETS			
FIXED ASSETS			
Intangible assets	8		
Intangible rights		612,018.93	363,792.54
Other long-term expenses		2,332.58	3,887.58
		614,351.51	367,680.12
Tangible assets	9		
Land and water areas		16,818.79	16,818.79
Buildings and structures		110,440.45	117,033.96
Machinery and equipment		122,123.00	93,978.43
		249,382.24	227,831.18
Long-term investments	10		
Shares in Group companies		114,942,032.98	110,652,387.20
Other shares and holdings		606,292.32	606,292.32
		115,548,325.30	111,258,679.52
Total fixed assets		**116,412,059.05**	**111,854,190.82**
CURRENT ASSETS			
Current receivables	11		
Receivables from Group companies		11,490,973.05	5,782,816.55
Other receivables		329,991.50	318,680.29
Prepayments and accrued income		328,021.81	1,085,218.48
		12,148,986.36	7,186,715.32
Cash and cash equivalents		540,131.42	309,891.18
Total current assets		**12,689,117.78**	**7,496,606.50**
Total assets		**129,101,176.83**	**119,350,797.32**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to parent company shareholders	12		
Share capital		2,085,364.50	2,085,364.50
Premium fund		7,899,485.80	7,892,538.64
Unrestricted invested shareholders' equity reserve		34,938,181.34	38,110,560.21
Retained earnings		800,916.74	574,249.96
Net profit		2,187,621.03	792,736.42
Total shareholders' equity		47,911,569.41	49,455,449.73
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	13	-	55,000,000.00
		-	55,000,000.00
Current liabilities	14		
Accounts payable		90,739.37	381,893.98
Interest-bearing liabilities		55,000,000.00	-
Liabilities to Group companies		22,970,951.53	13,467,767.60
Other liabilities		2,133,250.15	268,917.66
Accrued expenses		994,666.37	776,768.35
		81,189,607.42	14,895,347.59
Total liabilities		**81,189,607.42**	**69,895,347.59**
Total shareholders' equity and liabilities		**129,101,176.83**	**119,350,797.32**

Signature to the Board's Report and Financial Statements

Helsinki, 3 February 2009

Pekka Sivonen
Chairman of the Board

Pertti Kyttälä

Kari Karvinen

Martti Mehtälä

Juha Varelius
CEO

Auditor's note

A report of the audit has been submitted today.

Helsinki, 10 February 2009

Ernst & Young Oy
Authorised Public Accountants

Heikki Ilkka
Authorised Public Accountant

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 ending 31 December 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity 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 CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors, for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the company's financial statements and the report of the Board of Directors in accordance with relevant laws and regulations in Finland. The Board of Directors is responsible for organising appropriate oversight for the company's accounts and finances, and the CEO for ensuring that the company's accounts are compliant with the law and that the company's financial affairs are reliably organised.

Auditor's responsibility

Our responsibility is to perform the audit in accordance with good auditing practice in Finland, and, based on our audit, to express an opinion on the financial statements of the parent company, the consolidated financial statements and the report of the Board of Directors. Good auditing practice requires that we comply with the profession's ethical principles and plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board and the CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making such assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good accounting practice in Finland. 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 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 the financial performance and the financial standing of the Group and the parent company in accordance with the laws and regulations governing the preparation of 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.

Helsinki, 10 February 2009
Ernst & Young Oy
Authorised Public Accountants

Heikki Ilkka
Authorised Public Accountant

Information for Shareholders

Investor relations

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Financial releases 2009

During the financial year 2009, Digia Plc will publish the following financial releases in Finnish and in English:

- Q1 Interim Report: Tuesday 28 April 2009
- Q2 Interim Report: Thursday 6 August 2009
- Q3 Interim Report: Wednesday 28 October 2009

To order Annual Reports and other publications, please contact:

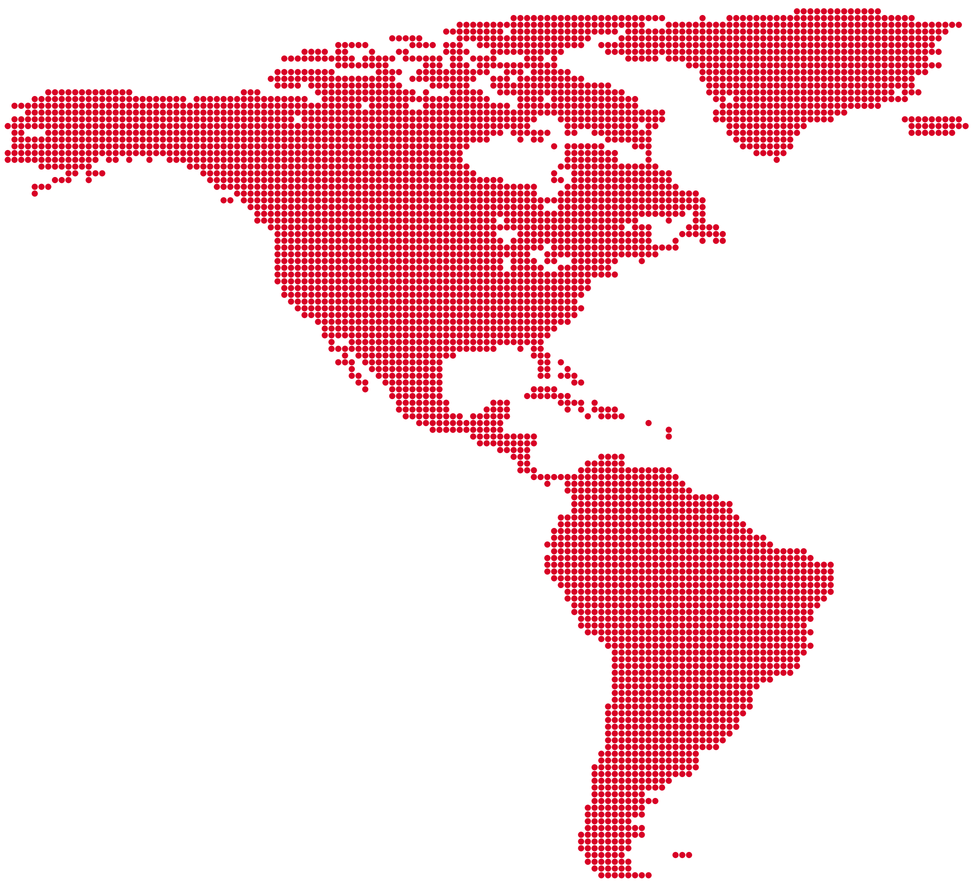
Digia Plc, Corporate Communications
Hiomotie 19, 00380 Helsinki
Tel +358 10 313 3000
info@digia.com

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

The Annual Report for 2008 will be published in print version in Finnish and in English, and will also be available on our website at www.digia.com.

Change of address

We kindly ask shareholders to notify their respective book-entry securities registers of any change of address.



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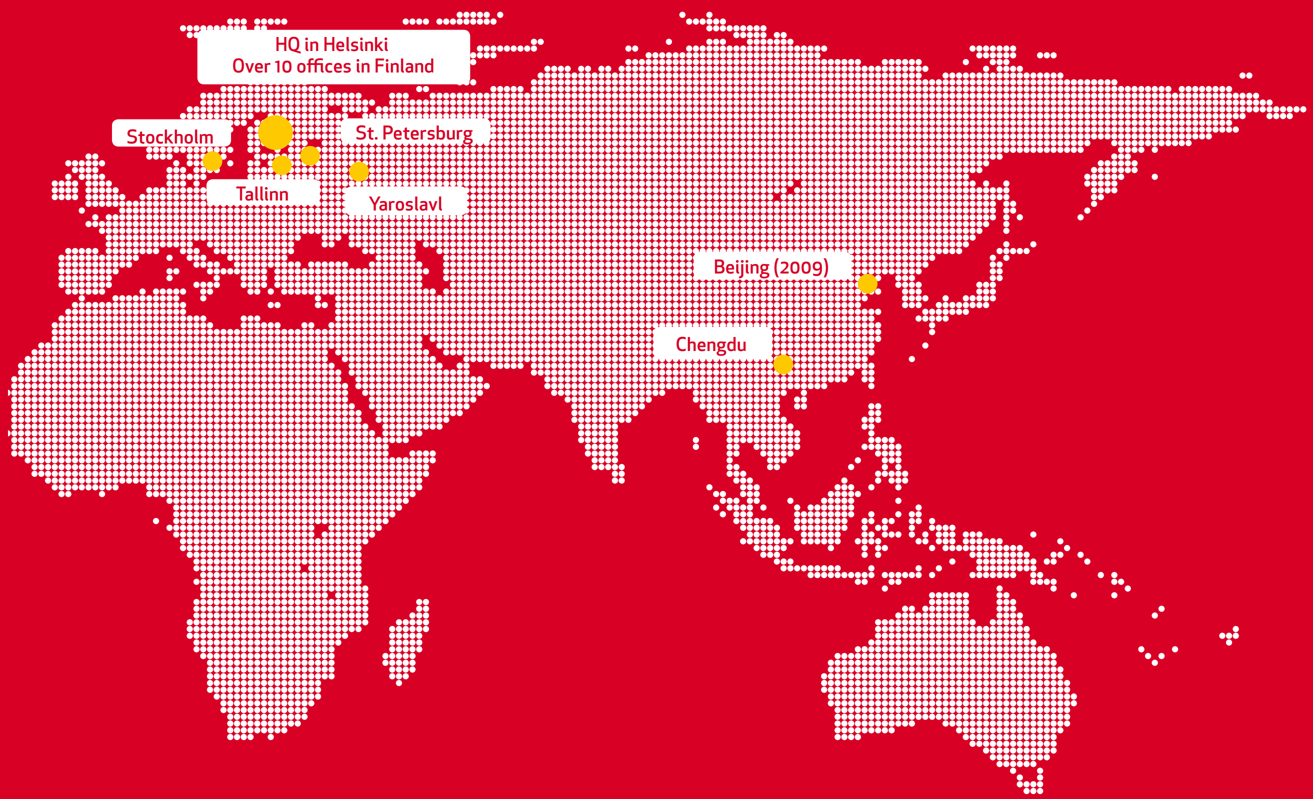


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