digia

Annual Report 2011

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Markets and Digia's business operations

Realigned technology-platform strategies and changes in the competitive situation for phone manufacturers markedly changed the business environment for the company's Mobile Solutions segment. As a result of the changes and the ensuing reduction in contract engineering orders, the Mobile Solutions segment's consolidated net sales and profitability fell significantly throughout the financial year. This had a major negative impact on the whole company's consolidated net sales and operating profit compared to the previous year.

The negative impact strengthened as the year progressed. For this reason, the company conducted four rounds of personnel negotiations during the period, leading to the closure of the Pori and Lappeenranta offices and the dismissal of 344 employees. The personnel negotiations caused non-recurrent costs of approximately EUR 4.9 million.

As a consequence of the change in the operating environment of the Mobile Solutions segment, and of the downward revision of long-term profit expectations for mobile operations in general, the company made a one-off writedown of EUR 25.4 million in relation to the segment's customer relations and goodwill.

With regard to international operations, the product selections, expertise and ability to serve local customers of the Chinese and Russian units were improved during 2011. The Chinese unit generates product development and maintenance services, thanks to which the company is able to serve customers at various points in their product development cycle. The unit's capacity is utilised both in projects within China and for global customer relationships. The decrease in demand for contract engineering also affected the Chinese unit's operations.

The Russian unit operates as a near-shore resource for Digia's Finnish customers and also sells services directly to local customers. The unit's direct sales to local customers were actively developed during the year and operations progressed according to plan.

Enterprise Solutions

The customers of Digia's Enterprise Solutions segment are companies, organisations and public bodies. The segment's product and service strategy is based on multi-channel solutions that increase the efficiency of customers' business operations, and on services that cover the entire product lifecycle. An innovative development partner for its customers, Digia introduces to the market products, services and business models that employ new technologies. The segment's core market consists of the Nordic region and Russia, where it seeks to increase its operations mainly through organic growth.

In addition, the segment includes a commercial Qt licensing and service business acquired from Nokia Plc during the year, and whose start-up and development progressed according to plan. The majority of the Qt Commercial turnover is generated by product-based, scalable business operations. Around half of the turnover is generated in the North American market, with Central Europe and Great Britain being the other significant markets.

Demand for ERP systems continued at a moderate level during the period. Demand for e-business and financial sector systems was lower than expected.

The net sales of the Enterprise Solutions segment grew slightly. Taking into account the Qt licensing and service business, the segment's growth rate exceeded that of the market in general.

Operational profitability also increased towards the end of the year, flattening out at the high level previously encountered. Further segment-specific information is presented in Note 1 to the financial statements.

Mobile Solutions

The customers of Digia's Mobile Solutions segment are globally operational smart phone, machine and equipment manufacturers and telecom operators that utilise Digia's contract engineering services.

Due to major changes in the operating environment, the Mobile Solutions segment's contract engineering business shrank significantly compared to the previous year. Because the effect of the changes was permanent, during the period the company revised the entire segment and its long-term profit expectations. The result was a writedown of EUR 25.4 million in relation to the segment's customer relations and goodwill. Further segment-specific information is presented in Note 1 to the financial statements.

Financial indicators

The consolidated profit was positive before extraordinary items. After extraordinary items there was an operating loss of EUR 22.2 million. The company maintained good solvency and liquidity. The group’s financial indicators are presented in the following table:

	2011	2010	2009	2008	2007
Net sales	121,940	130,825	120,335	123,203	105,839
Operating profit	−22,168	17,164	−7,796	13,437	11,080
Operating margin, %	−18%	13%	−6%	11%	10%
Return on equity, %	−42%	18%	−21%	11%	9%
Equity ratio, %	48%	59%	52%	47%	47%
Net gearing, %	34%	20%	34%	53%	65%

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

Net sales

Digia's consolidated net sales for the fiscal year were EUR 121.9 (130.8) million, down 6.8 per cent on the previous year.

The Enterprise Solutions segment posted net sales of EUR 82.7 (75.7) million, up 9.2 per cent. The Mobile Solutions segment had net sales of EUR 39.3 (55.2) million, down 28.8 per cent. The Enterprise Solutions segment's growth in net sales was mainly thanks to the Qt business, which accumulated EUR 6.0 million in net sales starting in the second quarter. Total net sales were negatively affected, especially at the beginning of the year, by lower licence sales than expected, which had an impact on billing. In Mobile Solutions, net sales fell because of a sudden and considerable decline in demand for services, following a change in the business environment.

During the financial year, the product business accounted for EUR 25.7 (19.7) million or 21.0 (15.1) per cent of consolidated net sales.

International operations accounted for EUR 14.7 (10.6) million or 12.1 (8.1) per cent of consolidated net sales.

Profitability and financial result

Digia's consolidated operating profit (EBIT) before extraordinary items for the fiscal year was EUR 8.1 (17.2) million and profitability (EBIT %) was 6.6 (13.1) per cent. Digia's consolidated operating profit after extraordinary items was EUR -22.2 (17.2) million and profitability (EBIT %) was -18.2 (13.1) per cent. The extraordinary non-recurrent items for 2011 comprised a EUR 25.4 million goodwill writedown and a EUR 4.9 million restructuring provision related to the closure of sites and to personnel negotiations. The reduction was mainly due to the negative development in net sales of Mobile Solutions.

The Enterprise Solutions segment's operating profit before extraordinary items was EUR 8.4 (11.0) million, down 24.0 per cent. Operating profit after extraordinary items was EUR 7.9 million. The decrease in the Enterprise Solutions segment's net sales was caused by lower-than-expected Finnish licence sales, combined with higher operating expenses. During the period, the cost structure was particularly burdened by personnel turnover. Recruitment, subcontracting and training expenses related to resolving resource shortages in certain competence areas, and the launch expenses for the Qt business, were also major costs.

The Mobile Solutions segment's operating profit before extraordinary items was EUR -0.3 (6.2) million, and after extraordinary items, EUR -30.1 million. Lower profitability in the Mobile Solutions segment was due to a sudden, major and unpredicted change in the operating environment at the beginning of the review period. As a consequence of this change, throughout the period the segment had excess personnel in proportion to the continuously falling demand for its services. The cost of keeping employees without work caused a financial strain.

The Group's net financial expenses for 2011 totalled EUR 1.0 (1.4) million. Consolidated earnings before tax for the year totalled EUR -23.1 (15.7) million, and net profit was EUR -22.5 (11.5) million.

Consolidated earnings per share were EUR 0.32 (0.56) before extraordinary items, and EUR -1.08 after extraordinary items. Other per-share key figures are presented in Note 30 to the financial statements.

Financial position and capital expenditure

At the end of the fiscal year, the Digia Group's consolidated balance sheet total stood at EUR 87.8 (115.4) million and the equity ratio was 47.8 (58.8) per cent. Net gearing was 34.5 (20.2) per cent. At the year-end, the Group's liquid assets totalled EUR 8.2 (9.7) million.

At the end of the year, the Group had interest-bearing liabilities of EUR 21.9 (23.3) million. These consisted of EUR 20.0 million in loans from financial institutions and EUR 1.9 million in financial leasing liabilities. During the period, the company repaid EUR 2 million in loans from financial institutions.

On 31 October 2011, Digia revised its three-year loan arrangements, replacing the company's old loan portfolio totalling EUR 17 million. The loan agreement is financed by Pohjola Bank and Nordea Bank. The total sum of the new loan was EUR 22 million, of which the company withdrew EUR 17 million. As part of the financing package, the company committed to covenants concerning the maintenance of the company's financial standing and liquidity, which were similar to the previous package. One difference lies in the fact that the company can now distribute a maximum of 50 per cent (previously 30%) of the Group's net profit for the year, without separate agreement. Further information on financing loans is presented in Note 22 to the financial statements.

The Group carries out quarterly impairment testing of goodwill and intangible assets with an indefinite useful life. Impairment testing is described in more detail in the notes to the financial statements, under Note 15 'Intangible assets'.

The company has financing, framework and delivery agreements with special terms and conditions for any situation in which control of the company changes hands.

The Group's cash flow from business operations for 2011 was positive by EUR 8.8 million (positive by EUR 11.1 million), cash flow from investments was negative by EUR 2.7 million (negative by EUR 2.0 million) and cash flow from finance was negative by EUR 7.6 million (negative by EUR 9.9 million). Cash flow from operations was negatively affected by the fact that the company paid EUR 2.2 million more in tax than in the previous year. Cash flow from finance was negatively affected by a repayment of loans totalling EUR 2.0 million, as well as by the payment of dividends with a total effect of EUR 5.6 million.

The Group's total investments into fixed assets were EUR 2.7 (2.0) million. Acquisitions of tangible fixed assets totalled EUR 2.1 (1.7) million.

Return on investment (ROI) for 2011 was -28.7 (19.3) per cent and return on equity (ROE) was -41.9 (18.3) per cent.

Report on the extent of research and development

The Group made research and development efforts and engaged in product development in all of its divisions. In the 2011 fiscal year, the Group's R&D costs totalled EUR 4.8 million (2010: EUR 3.0 million and 2009: EUR 2.6 million), corresponding to 3.9 per cent of net sales (2.3 per cent and 2.2 per cent).

Personnel, management and administration

At the end of 2011 the number of Group employees totalled 1,175, which shows a decrease of 383 employees or 24.6 per cent from the end of the previous year (1,558). The number of employees averaged 1,453, which is a decrease of 55 employees or 3.6 per cent from the 2010 average (1,508).

Cumulative employee turnover was 16.0 per cent in 2011 (8.5 per cent).

Employee indicators:

	2011	2010	2009
Average number of personnel	1,453	1,508	1,387
Wages and salaries	68,564	65,172	59,907

Employees by segment, year-end 2011:

Enterprise Solutions	68%
Mobile Solutions	28%
Administration and management	4%

As of the end of the year, 161 (196) employees were working outside Finland. The overseas decrease in the number of employees was mostly due to reductions made in Chengdu, China in response to lower customer demand.

The Digia Plc Annual General Meeting of 16 March 2011 re-elected Robert Ingman, Kari Karvinen, Pertti Kyttälä, Martti Mehtälä, Pekka Sivonen, Tommi Uhari, and Marjatta Virtanen as members of the Board. At the organisational meeting of the Board, Kyttälä was elected Chairman of the Board and Mehtälä as Vice Chairman.

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

In 2011, Digia’s Board of Directors had three committees: the Compensation Committee, the Audit Committee, and the Nomination Committee.

Digia's Compensation Committee's task is to prepare and follow management remuneration schemes in order to ensure that the company's targets are met, that the objectivity of decision-making is maintained, and that the schemes are transparent and systematic. The members of the Compensation Committee in 2011 were Martti Mehtälä (Chairman), Pekka Sivonen and Tommi Uhari. The Committee convened four times in 2011. Board members’ meeting attendance rate averaging 92 per cent.

The purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and other financial information provided by the company are in accordance with the law, balanced, transparent and clear. In 2011 the Audit Committee was made up of Pertti Kyttälä (Chairman), Kari Karvinen and Marjatta Virtanen. The committee convened four times in 2010, with full attendance.

The Nomination Committee will prepare proposals for the Annual General Meeting of the shareholders concerning (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chairman, Vice Chairman and members of the Board of Directors and (d) the remuneration for the Chairman and members of the committees of the Board of Directors. In 2011, the Nomination Committee comprised Pekka Sivonen (Chairman), Kari Karvinen and Robert Ingman until 9 December, and from 9 December 2011, Robert Ingman (Chairman), Kari Karvinen and Pertti Kyttälä. The Nomination Committee convened once with full attendance.

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

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

Business acquisitions

On 7 March 2011, Digia concluded an agreement with Nokia Plc for the acquisition of its commercial Qt business. The acquisition came into effect on 22 March 2011. This transaction included a right to sell commercial software licences for Qt technology, as exclusive supplier for the first three years.

The purchase price for the business acquired includes fixed and variable components. Fixed components amount to EUR 150,000, which were paid with the company's cash reserves. In addition to fixed components, the seller is entitled to an additional purchase price in the event that the sales targets agreed upon for said business for 2011–2013 are met. For 2011 the additional purchase price came to EUR 1.0 million, which is EUR 0.8 million higher than the original estimate. The additional price will be paid in cash as agreed. Due to the higher-than-expected sales of 2011, the additional purchase price is now estimated to total EUR 1.5 million.

On the basis of the initial purchase price allocation, the majority of the acquisition price (EUR 0.8 million) is related to the exclusive sales rights and customer relationships acquired. The transaction carried no goodwill subject to testing.

Group structure and organisation

At the end of the year, the Digia Group consisted of parent company Digia Plc and its active subsidiaries Digia Finland Ltd (parent company holding 100%); Digia Sweden AB (100%); Digia Estonia Oü (100%), Digia Hong Kong Ltd (100%), Digia Norway AS (100%), Digia USA, Inc. (100%), and Digia Partners Oy (100%). The previously wholly owned subsidiary Sunrise Resources Oy (100%) merged into Digia Finland Oy on 31 March 2011.

Digia Finland Ltd has the wholly owned active subsidiaries Digia Financial Software Ltd (100%), Digia Service Ltd (100%), OOO Digia RUS (100%) and Microext Oy (100%). Digia Hong Kong Ltd has the wholly owned subsidiary Digia Software (Chengdu) Co. Ltd (100%), with a registered branch in Beijing. Digia Estonia Oü, Digia Hong Kong Ltd, Digia Partners Oy and Microext Oy are inactive.

In 2011, Digia's business operations were divided into two main business segments: Enterprise Solutions and Mobile Solutions. Enterprise Solutions is divided into ERP and Financial Administration, Digital Services and Integration Solutions. The Mobile Solutions segment is divided into Contract Engineering Services and User Experience Services.

Towards the end of the year, the company carried out a reorganisation which came into effect at the start of 2012. In the new organisation, business is managed according to four strategic portfolios: Solutions & Services, Industry Verticals, International Products, and New market areas (e.g. Russia).

Based on this reorganisation, Digia will employ single-segment reporting from the beginning of 2012.

Shareholders' meetings

Digia Plc's Annual General Meeting (AGM) was held on 16 March 2011.

The AGM adopted the financial statements for 2010, released the Board members and the CEO from liability, specified the dividend payment, determined Board emoluments, resolved to keep the number of Board members at seven (7), and elected the company's Board of Directors for a new term. The AGM granted the following authorisations to the Board:

Authorisation of the Board of Directors to decide on the buyback of own shares

The AGM authorised the Board to decide on the buyback and/or acceptance as collateral of a maximum of 2,000,000 shares in the company (9.6% of the shares and votes). This buyback can only be executed by means of the company's unrestricted equity. The Board shall decide on how these shares are to be bought. Own shares may be bought back in disproportion to the holdings of the shareholders. The authorisation also includes acquisition of shares through public trading organised by NASDAQ OMX Helsinki Oy in accordance with the rules and instructions of NASDAQ OMX Helsinki and Euroclear Finland Ltd, or through offers made to shareholders. Shares may be acquired in order to improve the company's capital structure, to fund acquisitions or other business transactions, for offering share-based incentive schemes, to sell on, or to be annulled. The shares must be acquired at the market price in public trading. This authorisation supersedes that granted by the Shareholders' Meeting on 3 March 2010 and is valid for 18 months – i.e., until 16 September 2012.

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

The AGM authorised the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments, as follows: The issue may total a maximum of 4,000,000 shares (19.2% of shares and votes). The authorisation applies both to new shares and to treasury shares held by the company. By virtue of the authorisation, the Board has the right to decide on share issues and the granting of special rights, in deviation from the pre-emptive subscription rights of the shareholders (a directed issue). The authorisation may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes. The Board was authorised to decide on all terms related to the share issue or special rights, including the subscription price, its payment in cash or (partly or wholly) in capital contributed in kind or its being written off against the subscriber's receivables, and its recognition in the company's balance sheet. This authorisation supersedes that granted by the Shareholders' Meeting on 3 March 2010 and is valid for 18 months – i.e., until 16 September 2012.

The Annual General Meeting will take place on Tuesday 13 March 2012 from 10 a.m. at the company's headquarters at Valimotie 21, 00380 Helsinki.

Share capital and shares

The nominal share price is EUR 0.10. The number of shares at the end of 2011 totalled 20,875,645. At the year-end, the company held 159,576 of its own shares.

On 31 December 2011, according to Finnish Central Securities Depository Ltd, Digia had 6,296 shareholders. The 10 biggest shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	16.0%
Jyrki Hallikainen	10.2%
Pekka Sivonen	8.8%
Kari Karvinen	6.5%
Matti Savolainen	6.1%
Ilmarinen Mutual Pension Insurance Company	3.8%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc (nominee-registered)	1.4%
Etola Oy	1.0%
Olli Ahonen	0.9%

Distribution of holdings by number of shares held on 31 December 2011

Number of shares	Holding (%)	Shares and votes
1 – 100	22.2%	0.5%
101 – 1,000	58.9%	8.1%
1,001 – 10,000	17.4%	14.4%
10,001 – 100,000	1.0%	9.9%
100,001 – 1,000,000	0.3%	19.6%
1,000,001 – 3,000,000	0.1%	47.6%

Shareholding by sector on 31 December 2011

	Holding (%)	Shares and votes
Non-financial corporations	4.6%	21.4%
Financial and insurance corporations	0.2%	3.9%
General government	0.0%	7.5%
Not-for-profit institutions serving households	0.3%	0.5%
Households	94.4%	65.6%
Rest of the w orld	0.4%	1.1%

Share-based payments

Stock options

Digia Plc had no outstanding options at the time of writing.

Share incentive scheme and management ownership

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

With authorisation received at the AGM, the Board made a decision on the CEO's share-based incentive scheme in spring 2010.

The scheme comprises four earning periods, which are the calendar years 2010-2013. According to the scheme, rewards totalling a maximum value equivalent to 100,000 shares will be paid for each of the earning periods from 2011 to 2013, based on the fulfilment of earning criteria set by the Board. For 2012 the reward will be determined based on the company's earnings per share and net sales, according to principles set separately by the Board.

For the 2011 fiscal year the CEO will receive, in April 2012, a reward equivalent to the value of 39,266 shares in conjunction with his salary payment.

In addition to the CEO, the scheme applies to the company's other management team members, who are entitled to share the same share bonus that the CEO receives.

Furthermore, the company has a share incentive scheme for specific key persons, who, based on the financial results for 2009, could receive a total maximum bonus equivalent to 200,000 shares, paid out 50/50 in shares and cash in four equal annual instalments beginning in January 2010.

The rewards based on the share incentive scheme are paid half in shares and half in cash, after the financial statements for the period in question are approved. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs of the scheme. The system involves no vesting periods limiting the sale of shares.

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

According to the list of shareholders dated 31 December 2011, Digia's Board of Directors and CEO owned shares in the company as follows:

Pertti Kyttälä	0
Martti Mehtälä	0
Robert Ingman	20,000
Kari Karvinen	1,353,901
Pekka Sivonen	1,831,613
Tommi Uhari	0
Marjatta Virtanen	3,000
Juha Varelius	147,625

At the year-end, the shares held by the Board members and the CEO represented 16.1% of the company's shares and votes.

Reported share performance on NASDAQ OMX Helsinki in 2011

During the fiscal year Digia Plc shares have been quoted on the Main List of the NASDAQ OMX Helsinki Ltd, in the Information Technology sector. The company's short name is DIG1V. The lowest reported share quotation was EUR 2.30 and the highest was EUR 5.79. The share closed at EUR 2.42 on the last trading day. The trade-weighted average was EUR 3.88. The Group’s market capitalisation at the year-end was EUR 50,519,061.

The company received the following flagging notifications during the fiscal year:

- **The Ingman Group announced on 16 August 2011 that the total holding of said group and entities under its control had grown to exceed the 15% flagging threshold and was 15.15% of the company’s shares and votes.**
- **Pekka Sivonen announced on 19 December 2011 that his holding in the company had fallen below the 10% flagging threshold and amounted to 8.77% of the company’s shares and votes.**

Risks and uncertainties

The key risks under Digia’s risk management in 2011 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 regular goal and appraisal discussion process for key personnel. To develop personnel commitment, measures were taken to produce more systematic and effective internal communication through regular personnel events and increased management visibility. 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 streamlined its project delivery reporting procedures. In order to manage data security risks, the Group carries out data security audits and continuously develops operating models, practices and processes that promote data security. The management team 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 a part of prudent and proactive risk management practices within financial management. Short-term uncertainties are related to any major changes occurring in the company’s core business areas.

The business risk associated with the mobile market was realised during the period, fundamentally changing the operating environment. However, this mostly eliminated the company’s business risk associated with the mobile market.

In addition, the Eurozone debt crisis has deepened and the risk of economic recession has grown, which may affect customers’ investment decisions and liquidity, and thereby the company’s sales and profits. There have already been signs that the greater uncertainty is affecting customers’ investment decisions, and some planned projects have been delayed. However, these signs have not assumed alarming proportions in recent weeks.

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

Future prospects

The main objective for 2012 is to grow the scalable product business's share of the overall product selection. This will mainly be achieved organically, but carefully planned strategic acquisitions are also possible. Digia will continue developing its international operations, particularly in Russia. The main cornerstone of the company's operations remains the maintenance of high profitability and a positive cash flow.

The company expects the IT market to remain at roughly the previous year's level in 2012. However, risks associated with the Eurozone debt crisis and general inflation may affect demand for IT services and the development of business profitability. Slightly greater uncertainty is therefore related to the economic prospects for 2012.

With regard to its own operations, the company expects demand for contract engineering services to continue falling in the first quarter of 2012. This will cause the company's first-quarter net sales to fall from the level of the last quarter of 2011. The reduction in net sales and the start-up of the new organisation will also tax the company's profitability, which is expected to fall temporarily from the fourth quarter's level.

The company expects the new organisation to begin impacting on efficiency from the second quarter of 2012, upon which it will have a positive impact on the company's net sales and profitability.

The company expects its commercial Qt licensing and service business to grow in 2012 compared to the previous year, while maintaining a good profitability level. The Russian functions are also expected to develop favourably and to have an even greater impact on positive development of consolidated net sales and profitability during 2012.

On the whole, the company predicts that its operational profitability will improve as the year progresses, reaching a good level in the second half of 2012.

Major events after the balance sheet date

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

Board’s dividend proposal

At the end of 2011, the distributable shareholders’ equity of Digia Plc was EUR 35,142,569.13, of which EUR 1,409,098.31 was the net loss for the year. At the Annual General Meeting, the Board of Directors will propose that a repayment of capital totalling EUR 0.10 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2011. Shareholders listed on the shareholder register maintained by Euroclear Finland Oy on the reconciliation date, 16 March 2012, will be eligible for the capital repayment. The repayment date is 23 March 2012.

The company’s loan covenants were changed under the new loan arrangements. In the future, this means that the company can distribute a maximum of 50 per cent (previously 30%) of the Group’s net profit for the year without separate agreement. This does not affect 2012, when a maximum of EUR 3 million can be distributed.