digia

ANNUAL REPORT 2007

The Ordinary Shareholders Meeting of SYSOPENDIGIA Plc decided on 11 March 2008 to change the company name to Digia Plc. In this annual report the new company name Digia has been used in the part that concerns the review. The name SYSOPENDIGIA has been used in parts containing the Report by the Board of Directors and the Financial Statements.

MILTTON / ERWEKO, HELSINKI, FINLAND. MARCH 2008.

Our systems touch millions of people – daily. We are strong in mobility, but mobilising means more than mobile to us. It means a new way of doing things, manage daily routines, get information and use services. It means freedom created by open solutions. It means that our clients can free up their innovativeness to compete on a continuously developing market environment.

We have witnessed great success stories come to life when information systems follow the same time as the rest of the world: **real-time**.

TELECOMMUNICATIONS

We have strong competence in mobile device development and operator ICT solutions. We offer a comprehensive set of solutions, products and services that help our clients in the telecommunications sector – handset manufacturers, semiconductor vendors, operators and enterprises – to develop their products and offering.

Digia Plc

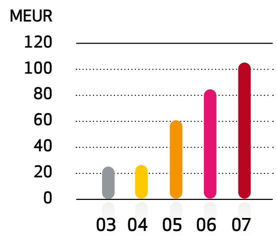
Digia delivers information and communication technology solutions worldwide. Our strength in smart mobile devices and real-time information systems enables a mobile life.

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

We are based in the Nordics, operating globally and employing over 1,200 professionals. We are listed on the OMX Nordic Exchange Helsinki.

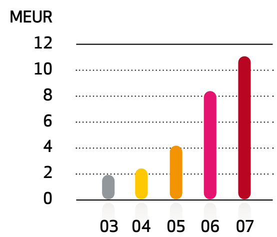
Turnover

	EUR
2007:	105,800,000
2006:	85,000,000
2005:	60,500,000
2004:	26,200,000
2003:	25,200,000



Operating profit

	EUR
2007:	11,100,000
2006:	8,400,000
2005:	4,200,000
2004:	2,400,000
2003:	1,900,000



Key events in 2007

The year 2007 was eventful for Digia. Our personnel turned 2007 into a period when the company developed in line with its financial forecasts, achieved its business targets – and, above all, became a uniform company.

1

In January, Digia announced that it would deliver an enterprise resource planning system to Tammet Ltd, a manufacturer of reinforcement elements. In addition to ERP and financial management, this system includes a business management analysis and reporting solution.

In January, the company established an expert unit providing consulting to companies' executive management teams in ICT strategy selection and business development through new technologies

The Mobility Business Suite is a set of innovative solutions covering smartphone productivity, enterprise mobility and smartphone marketing

2

February. Digia and its partner were selected as one of the suppliers for the State administration architecture design project. The objective of this project is to create the preconditions for a cohesive State IT architecture and develop public administration operations using information and communications technology.

In February, the company participated in the 3GSM World Congress in Barcelona, publishing e.g. its Mobility Business Suite product family, a set of innovative solutions covering smartphone productivity, enterprise mobility and smartphone marketing.

In February, Digia's new Board of Directors was elected at the AGM. Kari Karvinen, Pertti Kyttälä, Matti Mujunen, Martti Mehtälä, Eero Makkonen and Mikko Terho were elected as Board members, in addition to Chairman Pekka Sivonen.

The company established significant new business activities in the area of mobile and real-time information systems for companies

3

In March, Mikko Terho resigned from the Board of Directors for personal reasons.

4

April. In accordance with its revised growth strategy, Digia announced that it aimed to become the number-one partner of its strategic customers in the delivery of information systems guiding their core processes. The company established new business activities in the area of mobile and real-time information systems for companies.

Digia launched Remote Help Desk, a solution for the remote access and management of mobile phones over wireless networks. Remote Help Desk is primarily targeted at mobile device manufacturers, operators and enterprises.

In April, the company also introduced a new ERP system serving the SME sector, calling this system Enterprise Rapid.

6

In June, Digia and Samlink entered co-operation, aimed at creating a joint service concept for investment software products. This service package involves investment-fund, stock and book-entry securities functionality, as well as diverse value added features, such as stock clearing and extensive reporting e.g. for asset management.

Digia published a delivery agreement on a centralised, browser-based membership management and payment system for the Trade Union for the Public and Welfare Sectors (JHL) and its unemployment fund.

In June, the company announced that it would provide maintenance services for a pensions earning system by Arek Oy. This system includes data on pensions earnings for all employment contracts in Finland and is used by major Finnish pension insurance companies and authorised pension providers.

Digia strengthened its operations as well as its product and solution offering in the financial sector in the Nordic market

8

August. Digia acquired Capital C AB, a Swedish financial software company. Through this company, operating in Stockholm, Digia strengthened its operations and product and solution offering in the Nordic financial sector.

The company reported a very successful period in its interim report for the second quarter. Organic growth and profitability improved markedly, particularly in the Telecommunications and Industry and Trade divisions.

In September, Digia and a supply consortium headed by a partner announced that they would supply Kela (the Social Insurance Institution of Finland) with a nationwide electronic patient record system and the information systems needed in the implementation of electronic prescription transmission. Digia's area of responsibility in this project covers messaging services. Messaging will provide an interface enabling national health care information systems to be connected to an electronic patient record system in the future.

In September, Digia announced changes in its company management: Seppo Laaksonen, Digia Plc's Executive Vice President and head of the Telecommunications division, left the company. Jari Mielonen, CEO of Digia Plc, resigned and Juha Sihvonen was appointed as the acting CEO.

Digia demonstrated Linux-based 3G Smartphone

October. Digia demonstrated a Linux-based 3G Smartphone at the Qtopia Mobile Communications Summit in Munich. Digia has developed the Linux-based 3G Smartphone software using open-source software components and Trolltech's Qtopia application platform and user interface. The equipment platform is based on two-processor architecture using a Marvell PXA300 application processor and Ericsson's WCDMA 3G modem.

The company published an agreement to deliver Enterprise Rapid, an ERP and financial management system, to Hyrles Oy, a contract manufacturer of sheet metal and electronics products. The system covers the following: production, acquisition and sales functions, material management, CRM/customer management, accounting, budgeting and payroll management.

Digia announced its entry into a global partnership agreement with UIQ Technology

At the Smartphone Show in London, Digia presented the Eunit Pro Carbide Plug-in, an essential add-on to the Carbide C++ IDE (Integrated Development Environment). This plug-in allows the automation of test creation and execution, which significantly increases the code quality in software projects.

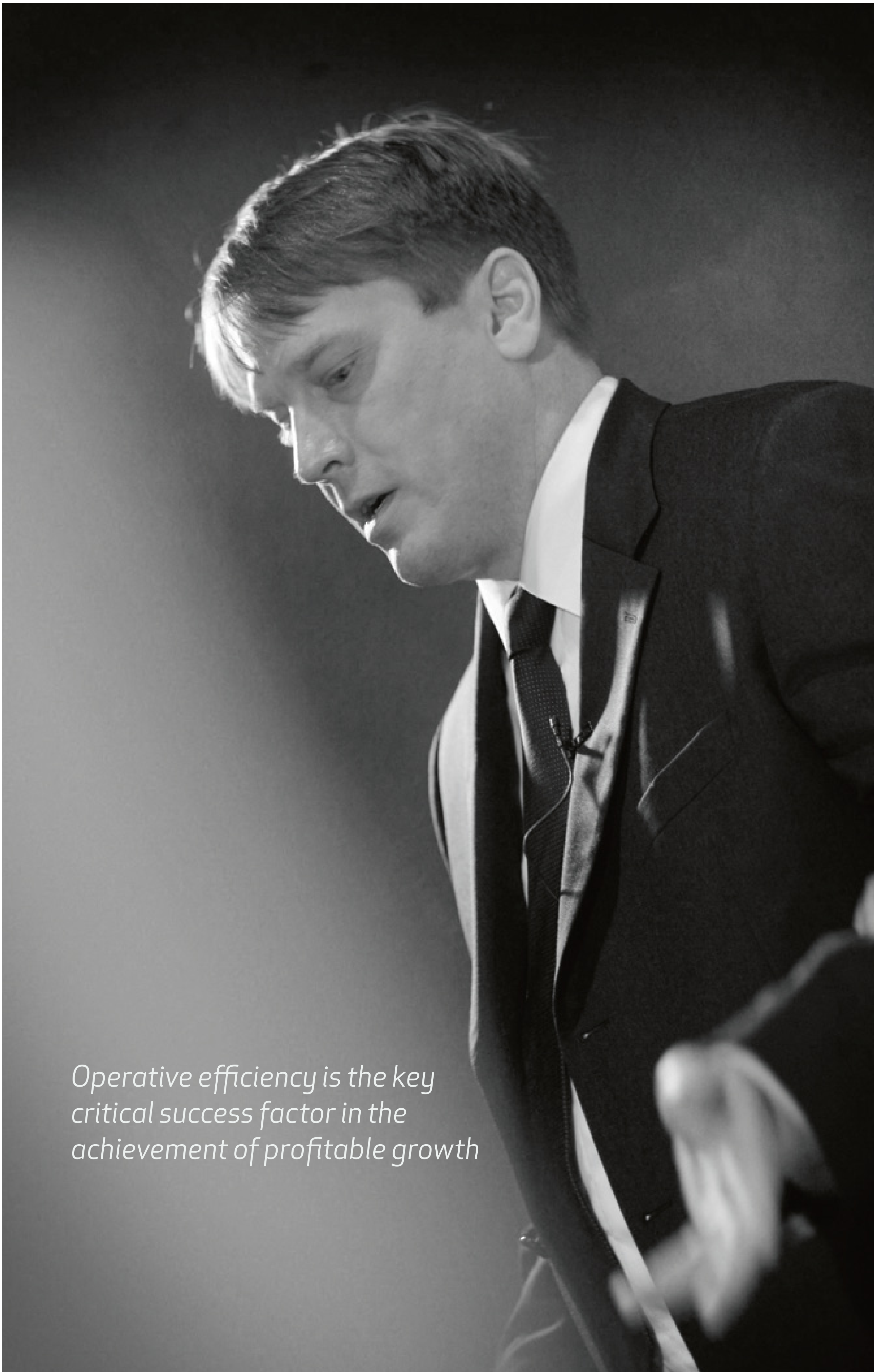
Digia announced that it had entered into a global partnership agreement with UIQ Technology to strengthen the companies' collaboration in the mobile software business. With an extensive portfolio of over 30 courses on mobile software development, Digia has become one of the world's largest mobile phone technology training houses, providing services to OEMs, ODMs, semiconductor vendors and independent software vendors. In the past few years, Digia has also been working extensively with leading phone manufacturers on several Symbian OS phone development programs.

In November, the company announced that it would implement a price label solution, based on e-paper, for Tradeka. In addition to the UPM Ella Store Labels system, the electronic display pilot solution includes a productised cash register integration and management application and a wireless hand-held terminal solution.

Digia the first company to implement a price label system based on UPM Ella e-paper

In December, the Board of Digia appointed Juha Varelius, MSc (Econ), 44, as the new CEO of the company. Varelius is one of the most experienced Finnish executives in the international mobile services field. He started in his new position in January 2008, being responsible for the implementation of the company ' s growth strategy and globalising Digia in accordance with the previously defined strategy.

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


Operative efficiency is the key critical success factor in the achievement of profitable growth

Dear shareholders,

We saw the achievement of our business targets on 2007. Consolidated net sales reached EUR 105.8 million and operating profit were EUR 11.1 million. During the 2007 fiscal year, consolidated net sales increased by 24.6 per cent and operating profit improved by 32.6 per cent year on year. Earnings per share in 2007 were EUR 0.29, representing growth of 16 per cent as compared to the previous fiscal year. During 2007 we developed our company's offerings, established corporate values and a value-based bonus system, and reformed the organisation to meet customer needs more effectively. These reforms further improved the efficiency, quality, and delivery capacity of our company.

The Group adheres to its long-term target for average net sales growth of 25 per cent, the same goal we have successfully implemented after the publication of our strategy. Operative efficiency is the key critical success factor in the achievement of profitable growth.

We have been implementing our internationalisation strategy through carefully managed steps. In August, we obtained a foothold in the Swedish market by purchasing a financial software company, Capital C, and the investment made after the end of the fiscal year in January in the Russian market (Sunrise-r) will again open up new opportunities for us. In 2008, it is our objective to accelerate organic growth and to expand our international operations in line with our strategy.

Our personnel's expertise and recognised perseverance in taking care of our customer relationships are qualities reflected in the company values, which were drawn up during the year. Furthermore, our commitment and striving for excellence form the basis for value rewards aimed at our employees. We seek to be the most valued and attractive employer in the field – and we will build determinedly towards this objective in 2008!

I would like to extend my thanks to our 1,200 employees, our shareholders, and our customers who represent the very best in their industries. Furthermore, I am grateful for having the opportunity to build a successful future alongside you.

We will begin 2008 with a strong basis for growth. I believe that our expertise will once again be rewarded with a year of growth and profitability.

Juha Varelius
President and CEO

Number of employees on the increase

During 2007, the number of employees increased by 74 (an increase of 6.8 %). At the year end, the number of employees was 1,155. Growth was mainly organic.

By business area, Digia's staff were distributed as follows: Telecommunications 49.6 %, Finance and Services 24.2 %, Industry and Trade 21.6 % and Group Services 4.6 %. In terms of its overseas offices, the company had 20 employees in the Stockholm office and 6 in the Tallinn office.

During the year, we received over 3,000 job applications

Interest in Digia as an employer increased further

During the year, we received over 3,000 job applications, clearly more than in the previous year. At the end of the year, we also launched a greater presence in the electronic media, in the form of a campaign. Advertising mainly focused on news services in the ICT business, but also more extensively on portals in the field. Campaigns aimed at people about to complete their studies or starting out on their career paths, such as our Supersankari (Superhero) campaign, were particularly well received.

We also stepped up co-operation with other operators in the field. In the early autumn, we took part, for example, in the Akatemia 1000 campaign organised by Microsoft. Consequently, for our technology training programmes we recruited several top experts of the future, embarking on their careers. We also invested more than previously in the further education of graduates in general.

Competence development is first-rate

During the year, we developed the organisation of various business divisions and invested in the development of expertise.

We introduced our 'Training Office' concept in the smartphone business. Based on this, the targets and needs of business operations and personnel were gathered together. Following the analysis, the training programmes for the year were created, some of which will be managed as inhouse training and some of which will be organised by outside training organisations. The concept proved to be an efficient and flexible way of adapting programmes to meet changing needs. A corresponding training concept for the Finance and Services business division was developed further and the service offering was expanded to the other business divisions.

Value process launched

During the year, new values were created for the company, using the value process. A host of employees from all business divisions of the company took part in the development of these values. With this process, we outlined our set of values, which applies to all of us in our everyday work and to which everyone can commit themselves. The following five values were selected:

Competence. We are renowned and recognised for our competence. We seek to reinforce this attitude and reputation. Moreover, we want our organisation, management and employees to be known for their commitment to distinction.

Commitment. According to customer feedback, our delivery commitment is first-rate. We want to continue along this line and regard it as a matter of honour that our organisation is known for keeping its promises.

Challenges. Top experts are constantly seeking new challenges. The competence of our employees is among the best in the industry, and it is our duty to offer tasks in which our experts are able to develop and innovate. We want to be the leading company in our field. We must be prepared to excel ourselves over and over again.

Success. Our success is the result of our customers' success. We build success from small pieces: a solved technical problem, a thankful colleague, a milestone achieved, positive and constructive feedback – we can be happy about these.

Reward. We seek to recognise good work and reward for it. We want to reward equally and fairly. In 2007, we introduced e.g. the dividend reward as a new rewarding component. Reward methods related to personal performance were also developed further. The value reward was introduced as a rewarding method alongside the launch of the value process and will be awarded for the first time in the spring of 2008. With this reward, we wish to promote the realisation of values in practical work and reward high-standard performances that are in line with our values.

Wellbeing at work is increasingly important

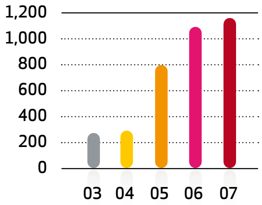
We actively monitored the workplace atmosphere, the functioning of the working community and wellbeing at work. During the year under review, as a new analysis tool we introduced a 'feeling' evaluation, to be carried out throughout the Group four times a year. This evaluation seeks to identify concrete development areas at team level which have an impact on daily work. The key elements of the tool are the delivery of rapid feedback to the team and immediate concrete actions.

Physical wellbeing is important with respect to mental wellbeing, and vice versa. At our disposal we have, for example, sports vouchers, which can be used as a means of payment for our employees' keep-fit activities of choice. There are also various teamsport groups in different locations, according to the employees' own interests. In addition, we support art and other leisure time clubs.

Furthermore, we provide occupational health care services for our employees at contract clinics, as well as more extensive insurance-based specialist-level medical treatment. We also pay for dental treatment as a new Group-level benefit. Nursing services for a sick child, flexible working hours, and family and study leave contribute to the reconciliation of work and family life. The company's holiday homes are also available for hire at cost during holidays and leisure time.

Amount of employees

2007:	1,155
2006:	1,087
2005:	793
2004:	288
2003:	270



Personnel distribution by division

Group services	4.6%
Finance and Services	24.2%
Industry and Trade	21.6%
Telecommunication	49.6%

Personnel distribution by employment years

< 1	18.6%
1–5	36.6%
6–10	36.9%
11–15	3.8%
16–20	3.1%
20 <	1.0%

Digia values

FINANCE AND SERVICES

Our ICT solutions in Finance and Services are based on profound industry and technology expertise throughout the entire life span of information systems. Our clients in the finance sector represent investment and asset management professionals, banks and insurance and pension insurance companies. In the service sector, we primarily work with travel and transport, the media, the public sector and various organisations.

A customer-oriented software company

Digia delivers information and communication technology solutions worldwide. Our strength in smart mobile 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 thought usability and modern service channels enables real time access for correct information or services through their computer, a mobile handset or any other digital device.

We create experiences that open new opportunities and free 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 together with our experience of various industries
- Create solutions for our customers in user-centred orientation – ease of use through well-executed technology innovations
- Free information systems from time constraints, locations, networks and devices to build a competitive advantage for our customers

Our systems touch millions of people - daily. We are strong in mobility, but mobilising means more than mobile to us. It means new way of doing things, manage daily routines, get information and use services. It means freedom created by open solutions. It means that our clients can free up their innovativeness to compete on a continuously developing market environment. We have witnessed great success stories come to life when information systems follow the same time as the rest of the world: real-time.

In customer projects, we create operating methods combining both digital information and the latest technologies

Our competence is shown in tens of millions of mobile devices. Our system guides the path of groceries from the field to the fridge and our financial software products manage tens of thousands security trades daily and secure the correctness of the book-entries of each trade. We facilitate systems where unions interact with their members and we secure functionality of operator networks.

We have seen our customers leap forward when they have allowed us to free up their information and use technology to open new interaction with mobilised employees, partners and customers.

Our clients said that their challenge did not lie in whether they had enough information. They did. Our clients told us that their challenge was to manage real-time information and distribute it on time to the people who needed it. Our clients asked us to help them invite their partners and customers into an extended family. We listened.

We offer a competitive edge to the clients business

The continuous development of information and communications technology has led to a radical change where companies develop new business models and ways to serve their customers in order to improve their competitiveness and customer satisfaction.

The increasing shift towards electronic business has led to the unification of business processes. This trend leads to the development of cross-organisational integrated systems where standards and compatibility of inter-organisational processes play a major role.

Companies use more and more process methods utilising real-time and electronic data to achieve competitive advantage. One good example of the concept is our co-operation with UPM Corporate Venturing, where we developed a dynamic price labelling solution for store environment. It integrates various

store applications and enables the use of electronic price displays technology. This rationalises and automates processes, enables a competitive pricing model and increases customer satisfaction.

We provide innovation and user experience

Service innovation requires an increasing focus on user experience. A service can only succeed when its users regard it is a natural part of their own tasks. This applies to information systems, online services as well as mobile phones.

In customer projects, we create operating methods combining both digital information and the latest technologies. The systems' development approach must be customer-oriented and, more importantly, user-oriented. This provides opportunities for changing the operating methods, consumer or purchasing behaviour and for the creation of new self-service models. This is our view of modern business development. Our User Experience expertise – involving usability and conceptualisation – enables us to design information systems, products and services for all industries, independent of technology.

For Realia Group Oy, we supplied the services available at www.huoneistokeskus.fi and www.skv.fi, which are integrated, among other things, with an ERP system and a map service. The online service has been developed in close co-operation with the customer, and it is subject to further development based on customer feedback. Indeed, special attention has been paid to the service's user experience.

From technologies to service-orientation

The development of information systems creates a foundation for real-time business monitoring and control. We believe that a transfer will be made from technology-led and silo-type solutions to the next level, where the focus will be on service, process and cost-efficient technology platforms. Such platforms need to support integral service development and service production environments. An example of an integral service

Vision. We envision ourselves as the thought and technology leader of an increasingly mobilised world.

Profitable growth company

Mobile integration forerunner

Desired outsourcing partner

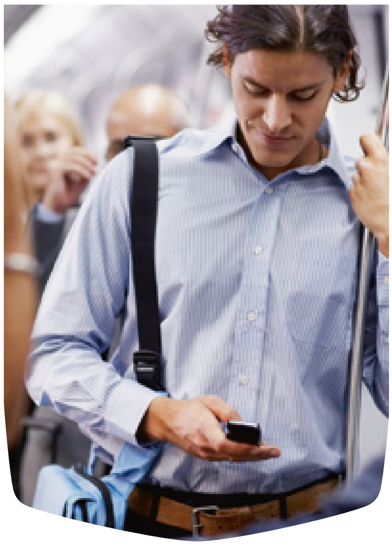
Complete solutions offering

Supplier of next generation Telecommunications solutions

Forerunner in integrated ICT-solutions

Global R&D offering for mobile solutions

Mission. Mobility alone is not enough. We know from experience that mobile ideas without the ability to deliver are just thin air - we aim to be the leader in end-to-end solutions. We firmly believe that our ability to free enterprises from many of their current constraints will introduce them to new ways of winning.



***CASE:* UIQ Technology**

UIQ Technology develops and licences open software platforms for the world's leading mobile phone manufacturers and supports licence holders in their ambition to introduce mobile phones to the mass market, based on an open operating system.

This autumn, one of the leading Symbian OS training houses, Digia, and UIQ Technology signed a partnership contract aiming to strengthen cooperation between companies in the industry with respect to mobile phones. This partnership will enhance the cooperation between Digia and UIQ Technology in several areas.

***CASE:* Linux based 3G smartphone**

In October in Munich, Digia introduced a Linux-based 3G smart phone at the Qtopia Mobile Communications Summit.

The test device examines the options available for the development of smart phone category equipment based on open source program components. The equipment platform is based on two-processor architecture using a Marvell PXA300 application processor and Ericsson's WCDMA 3G modem.

When examining various operating systems and software platforms suitable for smart phones, Linux is one of the most attractive options.

***CASE:* Tradeka**

Tradeka Ltd is Finland's third largest retailing company and the market leader in neighbourhood stores with the Siwa, Valintatalo and Euromarket chains.

The world's first price display system based on electronic paper, UPM Ella, was implemented in the Lahti Euromarket. Digia implemented the solution for Tradeka and UPM developed and manufactured the electronic paper. Integrating a real-time electronic price display in the cash register system is a concrete example of making store environment processes more effective and improving customer service through new technology.

***CASE:* Taaleritehdas**

In autumn 2007, Taaleritehdas introduced three new funds to the markets: Taaleritehdas Hansa, Optimi and Maailma. In order to kick off investment operations, Taaleritehdas needed a reliable system that would comply with the ever-growing demands of the business.

Digia delivered its integrated solution to Taaleritehdas, a company focusing on private banking. The solution covers fund value calculation as well as fund unit registry system, and it was taken into use at Taaleritehdas in September 2007. Fund investment operations were started in October 2007. The fund unit registry system delivered to Taaleritehdas is used for managing fund unit subscriptions and redemptions as well as maintaining fund unit holdings. The Samstock system also handles authority reporting.

production environment is our concept applied to retail trade value chain which connects suppliers, sourcing and logistics, authorities, wholesale and retail groups, sales outlets and end customers.

The current data warehouse solutions allow the processing of large masses of data in real time. A solution can be integrated to an existing service environment, allowing data to be distributed comprehensively throughout the organisation using various channels. This provides "just the right information at the right time, to the right person needing the information, regardless of time, place and terminal."

The mobile revolution: driving real time

Smartphones, wireless networks, technologies and applications free up the use of information systems, releasing it from its ties to time and place, and provide the user with new service experiences. So far, the true potential of mobile technologies has been utilised only on a very modest scale. We believe that the era of mobile technologies is only just starting, both for business solutions and content solutions.

Integration of mobile technologies into both companies' operating methods and consumers' behaviour is continuously increasing. It is not about technology, but about a new way of operating. The trend is a shift from individual solutions towards mobile and network connection systems which are integrated into companies' infrastructures, enabling the fully-fledged utilisation of all mobile technology benefits.

The number of people conducting mobile or remote work is continuously increasing. The analysis company IDC estimates their number will reach 850 million by 2009 – a quarter of the world's workforce. It is for these people that we are creating solutions.

The number of smartphones escalating

The number of smartphones has attained figures which inspires the development of new services and increases the attractiveness of the market, also from a developer's viewpoint. In 2007, more than 75 million Symbian devices were sold – hundreds of phone models based on open architecture are available on the market.

We have developed smartphone software and trained industry specialists for more than a decade. We are the leading software company developing smartphones, and have partnerships with many international players ranging from mobile phone manufacturers to software suppliers and semiconductor producers. Our products and services help the entire mobile phone industry to enhance and accelerate its own product development process.

The opportunities of open systems for intelligent terminals represent a market trend whose significance cannot be underestimated. We have developed the 3G smartphone by utilising Linux operating system and other open-source software components. Our partner in the project is the Norwegian Trolltech, developing an open-source Qtopia application platform and

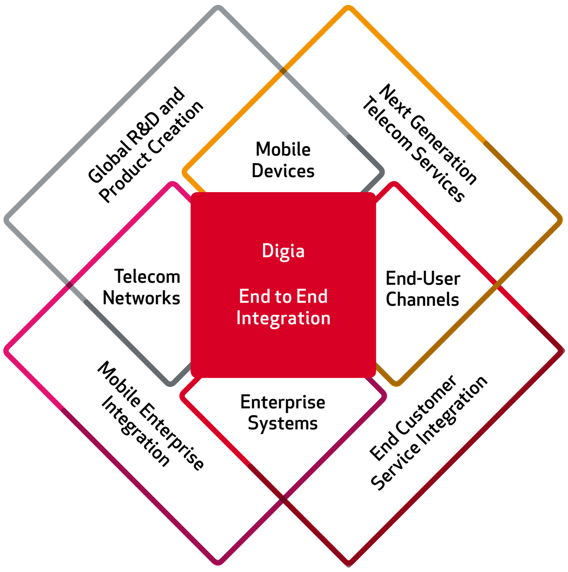
Qt user interface. For our customers and partners, we have developed numerous software applications whose source code is publicly available both with restricted and open source licenses. We believe in open source and have already utilised it for a long time in a way which creates added value both for our customers and for the community developing open-source solutions.

Digia brings flexibility with successfully implemented service innovations

Together with leading mobile phone operators, we are developing their service platforms, infrastructures and products. The scope of our work encompasses a wide solution range for services including answering, conference call, wireless exchange, contact centre, APJ, network monitoring, performance management and mobile terminal management services. In the field of operator systems, we are the leading integrator. In co-operation with mobile phone manufacturers, we realise phone models customised for operators including integrated operator-specific services.

With a versatile product and service range, new business can be created and the existing business enhanced, and it also offers the possibility of outsourcing the customer's solutions under our control. For an end user, this means ease of use and opportunities for self-service models. To the customer, we provide everyday flexibility with successfully implemented service innovations. We firmly believe that our ability to free enterprises from many of their current constraints will introduce them to new ways of winning. ●

Operational Environment



Security is part of our business operations

In our operations, we have invested in security in order to ensure the safety and welfare of our employees, the confidentiality of our customers' data and materials and the continuity of our own business operations.

Our company is constantly developing security-related processes, practices and procedures, in order to detect any risks as early as possible. In this way, in problem situations it will be possible to launch rapid, preplanned actions to minimise damage, and the company will be able to meet constantly developing and growing security challenges (e.g. the security risks involved in new technologies). Digia organises regular security-related audits with the purpose of detecting any security risks and constantly developing the company's security.

Digia also makes considerable annual investments in its data systems and data security. Every new employee is trained in security issues, and we organise annual update security training for all employees. The company's data systems are first rate and data security is an important issue, which is taken into account in the design and introduction of systems.

We are aware of, and concerned about, the welfare of our environment

For sustainable development

Digia regards its management of social responsibility as an essential part of its activities as a listed company.

We are aware of, and concerned about, the welfare of our environment. Our business area does not create any direct negative environmental impacts, but our existence and activities are related to environmental issues, on which we can have an impact.

In our offices, we aim at the efficient recycling of materials, such as paper, cardboard, metals and organic waste. We have also taken the environment into consideration by transferring to electronic document management. As a result, we have been able to reduce our paper consumption considerably. In situations where we can choose between an environmentally friendly or less environmental product, we take the environmental option.

The company follows good ethical and moral principles and procedures, while requiring, for example, compliance with its ethical and environmental principles from its partners and suppliers.

The company has built its operations on international standards, such as SA8000 and ISO/IEC 27001.

The basis of the company's internationalisation is strong understanding and strategic intent in terms of expanding its business operations and developing the company on a sustainable basis: Digia takes account of the welfare of the environment, society, employees, customers and partners and supports a greener and better future for the world.

Board of Directors during fiscal year 2007

Pekka Sivonen, born 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). Also CEO of Digia Inc (1997–2000). Also Chairman of the Board BlueWhite Resorts Ltd and Comma Group Ltd, and Board member of Technopolis Ventures Ltd. Member of the Finnish Association of Professional Board Members since 2005.

Kari Karvinen, born 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.

Pertti Kyttälä, born 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 chairs the Boards of Directors of Valimo Wireless Ltd and ASAN Security Technologies Ltd.

Eero Makkonen, born 1946, B.Sc. (Eng)
Member of the Board since 2007. One of the Finnish construction industry's most experienced and respected executives. Previously Managing Director of Insinöörirakentajat Oy, Haka Oy and Skanska, and most recently Chairman of the Board of the latter. Positions of trust include multifarious roles in the Confederation of Finnish Construction Industries RT, member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company, member of the Board of Trustees of the Savonlinna Opera Festival and of the Confederation of Finnish Industries. Served as a professional board member, including as Chair of the Board of Hansastroi Oy and Vicus Capital Advisors Limited and as a Board member of Tulikivi Corporation and Rapala VMC Corporation, (Chairman of the Board 1999 to 2005).

Martti Mehtälä, born 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.

Matti Mujunen, born 1958, Computer Engineer
Board member since 2004. Currently acts as a Birdstep Technology Ltd's (was formerly Secgo Software Ltd) Managing Director. He previously worked for Secgo Group Ltd as Managing Director (2002–2004), BEA Systems Ltd as Vice President, Nordic Operations (1996–2000), Client Server Technologies Ltd as Managing Director and entrepreneur (1991–1996), Oracle Finland's sales in a managerial position (1989–1991), and Digital Equipment Corporation Ltd's sales (1983–1989). He chairs Profium Ltd's Board of Directors and sits on Avant Visio Ltd and Board Member in Bonware Ltd, in Wakaru Partners Ltd and in Floobs. Chairman of control group of creative Tampere program.

Group Management Team

Juha Varelius, born 1963, M.Sc. (Econ.)
Digia Plc's President and Chief Executive Officer since January 2008. Responsible for the company's day to-day business and reports to Digia's Board of Directors. He has previously worked as the CEO of the technology company's Everypoint Inc in Boston, US (2006–2007), and he held managerial positions at Yahoo! and at Everypoint Inc in London and in the US (2002–2006). He held various managerial positions at Sonera during 1993–2002, from which the latest years he acted as a member of the management team and as a CEO at Zed.

Tommi Laitinen, born 1968, BBA, B.Sc (tech.)
Senior Vice President, Telecommunications. He is responsible for operational and strategic development of Telecommunications division. Previously employed at Digia Inc. as Vice President, Engineering (2001–2004), VP, Quality and Processes (2001–2002), and Business Unit Manager (1999–2000). Before joining Digia, Laitinen held various project and product management positions and was involved with software development work at Econocap Engineering Oy, Teemuaho Oy, Verkonmerkki Oy and HALT Ohjelmointi Oy (1991–1999).

Juha Leinonkoski, born 1964, M.Sc. (Econ.)
Senior Vice President, Finance and Services. He is responsible for operational and strategic development of Finance and Services division. Previously, he was Managing Director at Samstock Oy (1999–2006). He held various managerial positions in Boss Consulting and Samlink Oy between the years 1989 and 1999.

Kjell Lindqvist, born 1957, M.Sc. (Econ.)
Chief Financial Officer. Lindqvist is in charge of the company's finance and administration. Previously Digia Inc.'s Director of Finance (2000–2005). Before joining Digia, he was a partner at KPMG Oy and served as an Authorised Public Accountant in various positions (1982–2000)

Tomi Merenheimo, born 1973, LL.M.
Vice President, Legal and Communications. Responsible for the company's legal affairs and communications. Previously SysOpen Plc's Director of Legal Affairs and Communications (2002–2005). Before joining SysOpen, acted as a Corporate Lawyer at Konecranes Plc (1999–2002) and the Financial Supervision Authority (1998–1999).

INDUSTRY AND TRADE

We have a strong competence in IT projects carried out in the industry field and the value chain of trade. A deep understanding of business areas provides the best possible basis for cooperation resulting in a solution that supports the processes of the client, and which is user-friendly and of high-quality technology-wise. Digia's solutions streamline business processes, bring transparency to the order-delivery chain and automate routine tasks. Our solutions are suited to companies of different sizes operating in various phases of the order-delivery chain.

Financial Statements 2007

Corporate Governance

Digia's corporate governance is based on the Finnish Companies Act, Securities Market Act, general recommendations on corporate governance, the company's Articles of Association and in-company rule s and regulations on corporate governance. Digia adheres to the Recommendation on Listed Companies' Corporate Governance issued by HEX, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers on 1 July 2004.

At Digia, key principles for corporate governance are integrity, accountability, fairness and transparency. In practice, this means the following:

* The company complies with the applicable laws and 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's capital and assets are managed with prudence.
* 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.

Annual General 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 (AGM) should convene annually within three months from the date on which the financial year ends. An Extraordinary General Meeting (EGM) 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 percent of the company's shares, for the purpose of discussing a specific issue.

The duties and responsibilities of the shareholders' meeting are defined in the Finnish Companies Act and in Digia's Articles of Association. For corporate governance purposes, the AGM's two major responsibilities include the election of Board members and the auditor. EGM decides on the matters for which it has 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 Board of Directors or a special Board nomination committee puts forward proposals for a new Board at the shareholders' meeting.

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 CEO or other personnel working directly under the CEO's supervision in the company's operative management 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 limitation regarding the number of successive terms. The Board of Directors elects a Chairman and a Vice Chairman from among its members. If the Board so decides, the Chairman's position may be full-time.

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 the issues defined on its agenda.

Good Board practice requires that the Board of Directors does not needlessly interfere in details involved in day-to-day operations, but instead concentrates on preparing the company's short- and long-term strategies.

The Board's general duty is to steer the company's business with a view to maximising shareholder value in the long run 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. In addition, the Board's agenda:

* Defines the Board's annual action plan and provides a preliminary meeting schedule and framework agenda for each meeting.
* Provides guidelines for the Board's annual self-assessment.
* Provides guidelines for distributing notices of meetings and advance information to the Board and procedures for keeping and adopting minutes.
* Defines job descriptions for the Board's Chairman, members and secretary (the latter position held by the Company Lawyer or, if absent, the CEO).
* Defines frameworks within which the Board may set up special committees or working groups.

In 2007, the Board of Directors met 24 times, the Board members' attendance rate averaging at 92%. The Board of Directors analyses its activities and working methods(määräajoin) periodically. An outside consultant is called in to help with the self-assessment.

The shareholders' meeting decides on emoluments payable to the Board of Directors and grounds for the compensation of expenses. On the basis of the Board's decision, Board members may receive reasonable remuneration for work performed based on specific assignments, or, in the case of the Chairman of the Board, for employment in the company as specified in a separate employment contract. If the Chairman of the Board is permanently employed by the company, he or she will not receive any emolument determined at the shareholders' meeting for Board work. Furthermore, the company does not grant stock options for Board work.

Digia Plc's Board of Directors during the financial year 2007 comprised Pekka Sivonen (Chairman), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Eero Makkonen, Martti Mehtälä and Matti Mujunen. Mikko Terho was also a member of the Board of Directors until the March of 2007: he resigned at his own request, due to personal reasons. Of the previously mentioned current Board members, Pertti Kyttälä, Eero Makkonen, Martti Mehtälä and Matti Mujunen are independent of the company and its major shareholders.

Compensation Committee

Digia's Board of Directors has set up a Compensation Committee for the purpose of preparing and following up incentive schemes in order to ensure that company targets are met, to ensure the objectivity of decision-making, and to ensure that the incentive schemes are transparent and systematic. The Compensation Committee prepares and assesses the salaries, compensation and appointments of the CEO and his/her direct subordinates, as well as the incentive schemes of other personnel. The Compensation Committee is not a decision-making nor an executive body. It assists the Board of Directors in any compensation-related decision-making.

The Compensation Committee has a minimum of three (3) and a maximum of five (5) members that the Board selects annually from among its members. The Chairman of the Board also chairs the Compensation Committee. The secretary of Compensation Committee is also present in the meeting.

The Compensation Committee meets when necessary. The Compensation Committee may invite experts to join its meetings if deemed necessary depending on the matters at hand, and may use outside specialists to assist the Committee in fulfilling its duties. Minutes are kept at the Compensation Committee's meetings and they must be signed by all Committee members present. The Chairman of the Compensation Committee presents the Committee's statements and proposals to the Board of Directors.

Members in 2007

- Pekka Sivonen, Chairman
- Kari Karvinen
- Martti Mehtälä

In 2007, the Compensation Committee met four times.

Audit Committee

Digia Plc's Board of Directors has an Audit Committee with the task of monitoring and assessing the company's business risk management. 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.

The Audit Committee supervises the Group's financial reporting. In accordance with its agenda, the Audit Committee guides and supervises the Group's internal auditing, for example, by assessing the sufficiency and due form of the company's internal auditing and risk management and by processing internal audit plans and reports. It also prepares a proposal to the Annual General Meeting on the selection and remuneration of the auditor, determines and monitors the extent of advisory services given by the Authorised Public Accountants in order to ensure the independence of the Authorised Public Accountants, and examines the financial statements and at least one interim report together with the auditor before the reports are presented to the Board of Directors.

In the main, the meetings are also attended by the Secretary of the Committee, Chief Financial Officer, and a representative of the Authorised Public Accountants. The meeting can also be attended by another representative of company management or personnel by virtue of the Committee's decision. The Committee convenes without the presence of the management and auditor if the issues on the agenda so require.

The Audit Committee consists of at least three companies in the company's Board of Directors and members independent of its shareholders.

Members in 2007

- Pertti Kyttälä, Chairman
- Eero Makkonen
- Matti Mujunen

In 2007, the Audit Committee had five meetings.

Remuneration to the Members of the Board

The AGM 2007 decided to pay monthly emoluments of EUR 2,000 to the Board members, EUR 3,000 to the Vice Chairman of the Board and EUR 5,000 to the Chairman of the Board for their work on the Board. In addition, all Board members receive a EUR 400 fee per meeting, including the meetings of Committees appointed by the Board of Directors. None of the emoluments or fees are paid to the Board's full-time Chairman.

In 2007, the company paid a total of EUR 168,700.00 in Board emoluments with no shares or stock options issued to Board members, with no shares of stock options issued to Board members.

In the financial period of 2007, the current Chairman of the Board, Pekka Sivonen, was employed full-time in the company under the terms and conditions of his employment contract as approved by the Board of Directors. The Chairman did not receive any emolument determined at the shareholders' meeting for this time. In 2007, the Chairman received a total of EUR 188,200.21 in salary for full-time employment and other benefits.

Chief Executive Officer

The CEO is appointed and resigned by the Board of Directors. The CEO is in charge of Digia's day-to-day management and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Companies Act. The CEO may take exceptional and far-reaching measures, in view of the nature and scope of the company's activities, only if authorised by the Board of Directors. The CEO acts as the Chairman for the Group Management Team. While not a Board member, he or she attends Board meetings.

The CEO's service contract defines in writing the key terms and conditions that govern his/her employment and which are approved by the Board of Directors. The Board of Directors decides upon the CEO's salary, other remuneration, stock options and other benefits. His/her compensation package is tied to the Group's financial results, 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 equalling 12 months' salary. The CEO's retirement age is as stipulated by the law, and he has no separate pension agreement with the company.

During the financial year 2007 Digia paid to its CEO Jari Mielonen (until September 19, 2007) a sum equal to EUR 192.122,00 as salary and benefits. In addition, Mielonen was paid as one-off item a sum related to termination of CEO's employment in the company.

Group Management Team

Chaired by the CEO, the Group Management Team is in charge of the company's day-to-day business operations, and regularly convenes to discuss current issues in accordance with the company's management system. The Group Management Team 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 Group Management Team makes decisions concerning the company's day-to-day business operations under the CEO's authority.

The members of the Group Management Team are appointed by the Board of Directors based on the proposal of the CEO, typically including the Vice Presidents of the business units and the 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. Group Management Team members' compensation packages are tied to the Group's financial results, and their key employment terms are defined in writing.

The Group Management Team members are Juha Varelius, CEO, and Tommi Laitinen, Juha Leinonkoski, Kjell Lindqvist and Tomi Merenheimo.

Management Incentive Scheme

Digia applies a short-term reward system approved by the Board of Directors aimed at encouraging its operational management to meet the annual targets set by the Board of Directors. The CEO, the Group Management Team, divisional management teams and designated key personnel are covered by the Performance Bonus Scheme. The Group Management Team's bonus is paid as company's shares.

As a main rule, bonuses are payable only if the Group achieves its profitability target. The Board of Directors may use its discretion when making decisions on bonuses. To earn a bonus, the person involved in the scheme must achieve the financial targets set for him/her and adhere to the company's values and quality management policy. Factors determining the bonus include the Group's turnover, and the division's or unit's turnover and profit. From the financial year 2007, a total of EUR 267,000.00 will be spent on bonuses, social expenses included.

The Board of Digia PLC has also decided to adopt a 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.

Shareholding of the Board of Directors, CEO and Group Management Team

In accordance with the shareholders' register on 31 December 2007, Digia Plc's current Board members held company shares as follows: Pekka Sivonen 2,826,213 and Kari Karvinen 1,586,309, totalling 4,412,522 shares. Pekka Sivonen has also two forward contracts and when these contracts become due, his ownership in the company's shares will increase with 2,256,800 shares. Juha Varelius, President and CEO, held 10.000 company shares at the year end. Board members and the CEO held a total of 4,422,522 shares. At the end of the year, these shares represented 21.72% of the company's share capital and voting rights and after Pekka Sivonen's forward contracts become due, the shares owned by the Board and the CEO represents 32.81% of the company's share capital and voting rights.

Board members held no company warrants. CEO Juha Varelius held 50,000 warrants marked 2005B and 50,000 marked 2005C. Consequently, the Board of Directors and the CEO held a total of 100,000 warrants. Since each warrant entitles its holder to subscribe for one share, these warrants, once exercised, may raise the Board members' and the CEO's total holding to 22.10 per cent of share capital and voting rights, and after Pekka Sivonen's forward contracts become due, to 33.14%.

On 31 January 2007, Group Management Team members held Digia Plc shares and warrants as follows:

	Shares	Warrants 2005A	Warrants 2005B	Warrants 2005C
Tommi Laitinen	6,578	27,000	11,000	
Juha Leinonkoski	1,800	7,000	11,000	
Kjell Lindqvist	6,022	27,000	11,000	
Tomi Merenheimo	10,561	27,000	11,000	
Juha Varelius	10,000		50,000	50,000

The company has neither granted nor secured loans to Board members, the CEO or Group Management Team members.

Internal Audit and Risk Management

The purpose of internal audit is to supervise company management and to ensure the operations comply with laws.

The Board of Directors will annually define the principles and the extent of an internal audit, and can, if necessary, select an independent body to carry out the audit. This may be an organisation specialising in internal audits. The person carrying out the internal audit has the rights to obtain company information defined for a Board member in the Companies Act. The Internal Audit function reports directly to the Board of Directors.

If an outside body is not selected to carry out the internal audit, the company's finance and legal department will be responsible for the audit.

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

Audit

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

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

In 2007, KPMG Oy Ab was the company's auditor, with Kari Ahti, Authorised Public Accountant, acting as the principal auditor.

Based on the AGM 2007 decision, auditors receive their remuneration against an invoice. During 2007, remuneration paid to auditor for general audit totalled EUR 86,803.00 and that for so-called financial due diligence audit and other consulting services related to company acquisitions came to EUR 103,520.18.

Insider Issues

The company introduced its own insider regulations on 1 March 2000. These regulations comply with the recommendation governing the insider rules of listed companies issued by the Helsinki Stock Exchange.

Digia's insiders consist of statutory and company-specific insiders. Statutory insiders include Board members, auditors, the CEO and his/her deputy, and members of the Group Management Team. Information regarding the shareholding and other interests of the statutory insiders is disclosed on the company's website.

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

Proposal for the Board of Directors to the Annual General Meeting of 11 March 2008

Major shareholders, whose combined shareholdings account for 38.3 per cent of the voting rights entitled by company shares, have notified the company that they will support the election of the following six people, who have expressed their consent, until the end of the following Annual General Meeting:

- Pekka Sivonen, Full-time Chairman of the Board of Directors of Digia Plc;
- Pertti Kyttälä, Managing Director of Peranit Ltd, the Vice Chairman of the Board of Directors of Digia Plc;
- Kari Karvinen, Board professional;
- Harri Koponen, Board professional;
- Martti Mehtälä, Board professional and
- Mikko Terho, Vice President and Nokia Fellow, Nokia Plc.

Board of Directors' Report

Markets

The annual growth estimate for the ICT consulting and system integration market varies between 2.3 and 6.4 per cent, depending on the market analyst (Gartner 2007, EITO and IDC 2006).

Customers require a reliable partner capable of supplying sophisticated solution packages and managing services throughout the lifecycle of the customer's applications. The consolidation of various sectors, the networking of value chains, the harmonisation of processes and the strengthening of core partnerships will guide business decisions.

The ICT market demand will focus on outsourcing, contract engineering, extensive turnkey deliveries and the integration of standard software products. Key value creators include business focus and industry expertise, usability and the user interface, scalability and the system's lifecycle as well as productivity and quality. In the future the self care and service-chain digitisation and mobilisation will be emphasised.

Information systems will be developed through portals, eBusiness solutions, business intelligence- and mobile solutions as well as RFID technology and payment cards. Strategic development projects increasingly involve wireless and mobile solutions based on the product platform architecture, which will create interesting new business opportunities for SYSOPENDIGIA. The product development market for smartphones will develop through consolidation, operating models based on the full-responsibility concept and alliances. SYSOPENDIGIA is a forerunner as a supplier of wireless and mobile solutions integrated as part of information systems related to its customers' core businesses.

SYSOPENDIGIA's business operations

In 2007, SYSOPENDIGIA continued its strong growth, adhering to the corporate strategy disclosed n late 2005. A new company, Capital C AB, was consolidated with the Group in the course of the financial year. The Group's business operations have been internally divided into three business divisions: Telecommunications, Finance and Services, and Industry and Trade.

Telecommunications

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

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

The company retained its strong position in the product development of smartphones throughout 2007. Net sales posted by Telecommunications in 2007 increased by 10 per cent as compared to 2006. Market conditions were good for both operator and smartphone businesses during 2007. The improved profitability of operator customers and smartphone customers' investments in new projects have provided the Group with new opportunities. The markets are expected to remain active in 2008.

The improved situation of our operator customers is enabling us to develop new services. At the same time, the strong focus on core areas of business is opening up possibilities for outsourcing. Our range of more versatile terminals is likely to improve with higher margins and more advanced productisation. The operator-specific tailoring of devices will continue in 2008. In terms of usability services, we are expecting growth in the smartphone market and others in 2008.

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 SYSOPENDIGIA's own duplicable software products as well as on duplicable project delivery models and on partners' products.

In 2007, the reported net sales of the division grew by 24 per cent year on year. However, the reported net sales and profitability did not reach the targets set at the beginning of the year. During the third quarter, Finance and Services restructured its organisation in order to increase its operational efficiency. This organisational change, combined with high demand, enabled the division to achieve an excellent result during the last quarter of 2007. Capacity utilisation rates were at a very high level in all business operations of the division.

The business activities in Sweden, based on the Capital C company acquisition, have been promising and the company goal is to continue strengthening its Swedish operations organically. Capacity utilisation rates are expected to remain at a high level, even in the future, maintaining growth and keeping profitability at its healthy level of over 10 per cent.

Industry and Trade

SYSOPENDIGIA 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. SYSOPENDIGIA's solutions are based on the company's own duplicable software products as well as packaged project delivery models and its partners' products.

In 2007, the net sales of the Industry and Trade division grew by 61 per cent year on year, which was attributable to improved efficiency resulting from the major reorganisation of the division as well as a considerable increase in the number of customers.

In the area of Industry and Trade integration solutions, activity levels have remained high, the focus being on the development of current customer relationships. Integration solutions function as key facilitators and provide the basis for the implementation of real-time enterprise systems, supporting all solution areas of SYSOPENDIGIA. The company believes in increasing demand for new productised integration solutions around technologies such as RFID.

The projects of the Enterprise RAPID concept, which was launched in early 2007, have continued to develop according to plan. Major delivery projects reported in the third quarter are still underway, and international projects are expected to begin during 2008. The company expects ERP market development and demand to remain positive, especially in the public sector.

In the field of eBusiness solutions, SYSOPENDIGIA has invested in the development of Microsoft-based enterprise content management (ECM) solutions, the emphasis being on providing portal solutions, eService solutions and document management solutions while commercialising industry-driven concepts for these areas. The company believes that the organic growth of its ECM operations will clearly outperform average market growth in this field.

Financial indicators

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

	2007	2006	2005
Net sales, €000	105,839	84,968	60,525
Operating profit, €000	11,080	8,354	4,229
Operating margin, %	10	10	7
Return on equity, %	9	8	5
Equity ratio, %	47	44	56

Net sales

SYSOPENDIGIA's consolidated net sales for 2007 were EUR 105.8 million, up 25 per cent from the 2006 figure of EUR 85.0 million. The 2007 net sales include a total of EUR 1.7 million of the net sales of the acquired Capital C AB.

Net sales posted by Telecommunications in 2007 were EUR 48.0 million, up by 10 per cent from 2006's EUR 43.6 million. Finance and Services saw EUR 29.3 million in net sales, up 24 per cent from the EUR 23.6 million figure in 2006. Finally, Industry and Trade recorded net sales of EUR 28.6 million, up by 61 per cent (2006: EUR 17.7 million).

During 2007, the product business net sales accounted for EUR 18.3 million (2006: EUR 11.4 million) of consolidated net sales, corresponding 17.3 per cent of net sales (2006: 13.4 per cent).

Pro forma net sales for the 2007 fiscal year were EUR 108.3 million, up by 6.0 per cent from 2006. Pro forma net sales by division were EUR 48.0 million for Telecommunications, EUR 31.7 million for Finance and Services, and EUR 28.6 million for Industry and Trade.

Product business represented 16.9 per cent of the consolidated pro forma net sales for 2007 (2006: 15.0 per cent).

International business represented 8.9 per cent of net sales during the 2007 fiscal year (2006: 7.0 per cent).

Profitability and financial result

SYSOPENDIGIA's consolidated operating profit (EBIT) for 2007 amounted to EUR 11.1 million, up 32.6 per cent on 2006's EUR 8.4 million and profitability (EBIT-%) was 10.5 per cent (2006: 9.8 per cent). The 2007 fiscal year results include one-off expenses of EUR 0.7 million unallocated to segments relating to top management changes and project reservations of approximately EUR 0.2 million allocated to segments.

Telecommunications reported an operating profit of EUR 5.7 million, representing a year-on-year increase of 41.1 per cent (2006: EUR 4.0 million) and profitability was 11.8 per cent (2006: 9.2 per cent). Finance and Services showed an operating profit of EUR 2.6 million, showing an increase of 12.7 per cent (2006: EUR 2.3 million) and profitability was 8.9 per cent (2006: 9.8 per cent). Industry and Trade posted an operating profit of EUR 3.5 million, representing a year-on-year increase of 74.3 per cent (2006: EUR 2.0 million) and profitability was 12.3 per cent (2006: 11.4 per cent).

The Group's net financial expenses for 2007 totalled EUR 3.2 million (2006: EUR 1.7 million).

Earnings before taxes stood at EUR 7.9 million in the fiscal year 2007 (1–12/2006: EUR 6.7 million), and net profit came to EUR 5.9 million (2006: EUR 4.9 million).

Earnings per share in 2007 were EUR 0.29 (2006: EUR 0.25).

The pro forma operating profit for 2007 before one-off expenses unallocated to segments was EUR 12.1 million and the like-for-like pro forma operating profit for 2006 was EUR 10.1 million, showing year-on-year growth of 19.7 per cent. Pro forma profitability during the fiscal year 2007 was 11.2 per cent. The pro forma operating profit of Telecommunications amounted to EUR 5.7 million and the profitability was 11.8 per cent. Pro forma operating profit by Finance and Services came to EUR 2.9 million and profitability to 9.3 per cent, and in Industry and Trade pro forma operating profit amounted to EUR 3.5 million and the profitability was 12.3 per cent.

Financial position and capital expenditure

SYSOPENDIGIA Group's balance sheet total at the end of 2007 stood at EUR 149.6 million (2006: EUR 146.3 million), and the equity ratio was 46.5 per cent (2006: 44.1 per cent). Net gearing was 65.1 per cent (2006: 71.5 per cent). The period-end cash and cash equivalents totalled EUR 11.7 million (2006: EUR 11.5 million) and interest-bearing liabilities amounted to EUR 56.4 million at the end of 2007 (2006: EUR 56.7 million).

On 31 August 2007, SYSOPENDIGIA Plc acquired the entire share capital of Capital C AB. The sales price was EUR 2.6 million paid as a cash consideration and SYSOPENDIGIA financed the transaction through its cash reserves. Capital C AB's four-month earnings of EUR 0.4 million are included in the consolidated income statement for 2007. Capital C AB is a Swedish financial software company. With this acquisition, SYSOPENDIGIA strengthened its operations as well as its product and solution offering in the financial sector for the Nordic market. The acquisition generated EUR 1.3 million of goodwill, EUR 0.4 million of which has been allocated for the acquired products.

The Group carries out annual impairment tests for goodwill and intangible assets with an indefinite useful life in accordance with the IAS 36 standard. Goodwill has not been subject to amortisation since 1 January 2004, and residual value is tested annually. Impairment testing is described in more detail in the notes to the financial statements, under Note 14 'Intangible assets'.

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

During the 2007 fiscal year, the Group's cash flow from business operations was positive by EUR 6.2 million (2006: positive cash flow of EUR 5.8 million).

The Group's total investments in 2007 came to EUR 2.0 million (2006: EUR 1.9 million).

The return on investment (ROI) stood at 9 per cent in 2007 (2006: 9 per cent) and return on equity (ROE) at 9 per cent (2006: 8 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 research and development costs in the financial period totalled EUR 2.2 million (EUR 1.8 million in 2006 and EUR 1.4 million in 2005), which corresponds to 2.1 per cent of net sales (2.1 per cent in 2006 and 2.3 per cent in 2005).

Risk management

The key risks under SYSOPENDIGIA's risk management in 2007 were customer, personnel, project, data security, integration and goodwill risks.

Measures for managing customer risks included the active development of each customer corporate structure and the prevention of the generation 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, SYSOPENDIGIA has taken measures aimed at more systematic and effective internal communication by staging monthly personnel events and 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, management and administration

At the end of 2007, the number of employees totalled 1,155, showing and increase of 74 employees, or 6.8 per cent, from the end of the previous year (2006: 1,087). The average number of personnel in 2007 was 1,116, showing an increase of 135, or 13.8 per cent, (2006: 981).

Cumulative employee turnover came to 11.7 per cent in 2007 (2006: 10.2 per cent).

At the end of 2007, 2.3 per cent of SYSOPENDIGIA's personnel were working abroad.

Employee indicators:

	2007	2006	2005
Average number of personnel	1,116	981	731
Wages and salaries, €000	49,893	41,728	30,197

Employees by function, year-end 2007:

Telecommunications	49%
Finance and Services	24%
Industry and Trade	22%
Administration and Management	5%

The Annual General Meeting (AGM) of 28 February 2007 elected the following Board members: Pekka Sivonen (Chairman), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Matti Mujunen, Mikko Terho, Eero Makkonen and Martti Mehtälä. On 21 March 2007, Mikko Terho resigned from SYSOPENDIGIA Plc's Board of Directors for personal reasons.

On 17 September 2007, the company's Executive Vice President and Deputy CEO, Seppo Laaksonen, left the company's service, and the previous President and CEO, Jari Mielonen, resigned on 18 September 2007 for personal reasons. Juha Sihvonen was the acting CEO of the company until 31 December 2007, and since that date the position of the President and CEO has been held by Juha Varelius.

In 2007, SYSOPENDIGIA's Board of Directors had two committees: a Compensation Committee and an Audit 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 2007 were Pekka Sivonen (Chairman), Kari Karvinen, and Martti Mehtälä. In 2007, the committee convened four times.

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 2007 were Pertti Kyttälä (Chairman), Matti Mujunen, and Eero Makkonen, who are Board members independent of the company. In the 2007 fiscal year, the Audit Committee convened five times.

During the 2007 financial year, KPMG Oy Ab, a firm of authorised public accountants, acted as the Group's auditor, with Ari Ahti, Authorised Public Accountant, as the principal auditor.

SYSOPENDIGIA adheres to the Recommendation on Listed Companies' Corporate Governance issued by HEX, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers on 1 July 2004.

Business acquisitions

During the reporting period, SYSOPENDIGIA acquired the entire share capital of Capital C AB from Carnegie Investment Bank AB. Capital C AB is a Swedish financial software company. With this acquisition, SYSOPENDIGIA strengthened its operations as well as its product and solution offering in the financial sector for the Nordic market.

Capital C produces and delivers post-trade management solutions for the securities industry. The company was founded in 1998 and employs about 30 highly skilled, experienced staff. The company's offering includes the development, maintenance and support of software products targeted at the finance industry.

Capital C's product portfolio consists of the Claes product and Moonray product families. The Claes back-office system is used by some of the largest financial players in the Nordic region. Parallel to this, Capital C has recently launched the first modules of the next-generation Moonray product family. Moonray products can be combined with, and complement, SYSOPENDIGIA's existing business systems within the Nordic securities industry.

Capital C's entire personnel transferred to SYSOPENDIGIA Group and maintain their existing employment rights and privileges. Capital C is a very important asset in strengthening SYSOPENDIGIA's presence in Sweden and from the perspective of the entire SYSOPENDIGIA Group. The acquisition is in line with SYSOPENDIGIA's internationalisation strategy of strengthening its market position in Northern Europe. The deal significantly enhanced the company's product and solution offerings in the financial sector, bringing it very important new customer relationships in Sweden.

Group and organisational structure

At the end of 2007, SYSOPENDIGIA Group consisted of SYSOPENDIGIA Plc, the parent company, and the active subsidiaries SYSOPENDIGIA Finland Ltd (parent company holding 100%) and Capital C AB (100%). In addition, SYSOPENDIGIA Finland Ltd has the wholly-owned active subsidiaries SYSOPENDIGIA Service Ltd (100%) and SYSOPENDIGIA Financial Software Ltd (100%). After the end of the reporting period in January 2008 SYSOPENDIGIA acquired all shares in Sunrise Resources Ltd. Sunrise Resources Ltd has an active subsidiary in Russia, OOO Sunrise-r Spb (100%).

Shareholders' meetings

Convening on 28 February 2007, SYSOPENDIGIA Plc's Annual General Meeting (AGM) adopted the financial statement for 2006, discharged Board members and the CEO from liability and, as proposed by the Board of Directors, approved the profit distribution for 2006, determined Board emoluments and elected the company's Board of Directors for a new term. In addition, the AGM decided to alter the Articles of Association throughout, which also resulted in a new company name, SYSOPENDIGIA Plc. The AGM granted authorisations to the Board for the acquisition of own shares under the following terms:

- The authorisation is valid for 18 months from the issue date of the authorisation, or until 28 August 2008;
- On the basis of the authorisation, the company may, in one or several tranches, buy back a maximum of 2,000,000 own shares;
- The shares shall be bought back for the value determined by the Board of Directors, based on the fair value quoted in public trading on the buyback date;
- Only unrestricted equity may be used to buy back own shares; and
- The Board of Directors is otherwise authorised to decide on other terms and conditions of the buyback of own shares, including the right to decide on buying back own shares in a proportion other than that of the shares held by Company shareholders.

The Board has not exercised these authorisations during the reporting period.

Share capital and shares

The nominal value of a share is EUR 0.1. On 31 December 2007, the total number of SYSOPENDIGIA shares was 20,853,645, when the 494,145 shares subscribed and paid for in December 2007 under the stock option scheme 2005K2 are taken into account.

According to Finnish Central Securities Depository Ltd, on 31 December 2007 SYSOPENDIGIA had 3,114 shareholders. The ten major shareholders were:

Shareholder	Shares and votes
Pekka Sivonen	13.6%
Evli Bank Plc	8.5%
Kari Karvinen	7.6%
Matti Savolainen	6.3%
Nordea Bank Finland Plc	5.7%
OP-Suomi Pienyhtiöt mutual fund	3.6%
Varma Mutual Pension Insurance Company	3.6%
Skandinaviska Enskilda Banken / Nominee-registered	3.3%
Nordea Bank Finland Plc / Nominee-registered	3.2%
Veikko Laine Oy	2.8%

Distribution of holdings by number of shares held on 31 December 2007:

Number of shares	Percentage of holdings	Percentage of shares and votes
1–100	23.7%	0.3%
101–1,000	52.7%	3.8%
1,001–10,000	20.2%	9.1%
10,001–100,000	2.6%	12.6%
100,001–1,000,000	0.6%	31.5%
1,000,001–3,000,000	0.2%	42.7%

Distribution of shareholding by sector on 31 December 2007

	Percentage of holdings	Percentage of shares
Businesses	5.9%	11.0%
Financing and insurance	0.6%	28.1%
Public corporations	0.1%	3.8%
Non-profit organisations	0.4%	0.6%
Households	92.4%	55.0%
Foreign holding	0.6%	1.5%

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 2005 and 2006 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, option scheme 2005 and option scheme 2005K. On 31 January 2007, the maximum dilution effect of SYSOPENDIGIA's issued warrants was 2.0 per cent. The stock options are described in more detail in the notes to the financial statements, under Note 19 '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. SYSOPENDIGIA Plc's Board of Directors has decided to establish a share-based incentive scheme for the company management and, for the scheme's implementation, an outside service provider has acquired 300,000 shares in the company. These share acquisitions have been financed by SYSOPENDIGIA Plc, and the average price of acquired shares was EUR 3.23 per share.

The share-based bonus scheme offers the target group the opportunity to receive SYSOPENDIGIA 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.

Trading on the Helsinki Stock Exchange in 2007

SYSOPENDIGIA Plc shares are listed on the Nordic Exchange under Information Technology IT Services. The company's short name is SYS1V. The lowest reported share quotation was EUR 2.93 and the highest was EUR 4.26, with the share closing at EUR 3.00 on the final trading day in 2007. The trading-weighted average was EUR 3.77. The Group's market capitalisation totalled EUR 61,078,500 at the end of the financial year.

During the reporting period, the following announcements in accordance with Chapter 2, Section 10 of the Finnish Securities Market Act were brought to the company's attention:

- 1. Osuuspankkikeskus Osk ("OPK") informed SYSOPENDIGIA on 11 May 2007 that the ownership share of SYSOPENDIGIA Plc's votes and share capital held by investment funds of OPK exceeded the 5 per cent limit of SYSOPENDIGIA's shares and voting rights. Altogether, OPK and the entities over which it exercises control hold 1,101,958 shares of SYSOPENDIGIA, corresponding to 5.43 per cent of SYSOPENDIGIA's shares and votes.
- 2. Nordea Bank AB (publ) informed SYSOPENDIGIA on 24 September 2007 that its subsidiary Nordea Pankki Suomi Oyj purchased 105,100 shares of SYSOPENDIGIA on 20 September 2007, against sale options it held earlier. After the transaction, Nordea Pankki Suomi Oyj owned 1,091,797 shares in SYSOPENDIGIA, its ownership share thus exceeding the 5 per cent limit of SYSOPENDIGIA's shares and voting rights, at 5.37%. In the same connection, Nordea Pankki Suomi Oyj announced that it had made forward contracts, the first of

which would fall due in December 2007, being equal to 1,000 forwards (100,000 shares), and the second in February 2008, being equal to 7,068 forwards (706,800 shares). After the forward contracts fell due in December 2007, the ownership share of Nordea Pankki Suomi Oyj in SYSOPENDIGIA's shares and votes would decrease to under the 5 per cent limit. According to Nordea Pankki Suomi Oyj, it acquired the shares in SYSOPENDIGIA as part of its market maker business.

* 3. Osuuspankkikeskus Osk ("OPK") informed SYSOPENDIGIA on 11 December 2007 that the combined ownership share of SYSOPENDIGIA Plc's votes and share capital held by the investment funds of OPK's subsidiary, OP-Rahastoyhtiö Oy, had fallen under the 5 per cent limit of SYSOPENDIGIA's shares and voting rights. Altogether, OPK and the entities over which it exercises control own 951,958 shares in SYSOPENDIGIA, corresponding to 4.68 per cent of SYSOPENDIGIA's shares and votes
* 4. Nordea Bank AB (publ) informed SYSOPENDIGIA on 28 December 2007 that, deviating from the announcement made by SYSOPENDIGIA on 25 September 2007 concerning the changes in the company's ownership, Nordea Bank AB had continued the forward contracts which would have become due in December 2007 and that the ownership share in SYSOPENDIGIA's shares and votes held by its subsidiary, Nordea Pankki Suomi Oyj, remained above the 5 per cent limit. On the said date, Nordea Pankki Suomi Oyj owned 1,180,233 shares in SYSOPENDIGIA Plc, representing 5.8 per cent of SYSOPENDIGIA Plc's share capital and votes. According to the same announcement, Nordea Pankki Suomi Oyj also holds 4,000 put options in SYSOPENDIGIA shares. One option entitles the holder to sell 100 SYSOPENDIGIA Plc shares at a certain price by 15 February 2008. When the put options are exercised, the ownership share of Nordea Pankki Suomi Oyj in SYSOPENDIGIA's shares and votes shall decrease under the 5 per cent limit. Nordea Pankki Suomi Oyj has also made forward contracts as communicated earlier. Current forward contracts will fall due in February 2008, being equal to 8,068 forwards (806,800 shares). After the forward contracts fall due in February 2008, Nordea Pankki Suomi Oyj's ownership of SYSOPENDIGIA's shares shall decrease under the 5 per cent limit. Nordea Pankki Suomi Oyj acquired these shares in SYSOPENDIGIA Plc in relation to its market maker business.
* 5. Pekka Päiviö Sivonen informed SYSOPENDIGIA on 28 December 2007 that he had continued the forward contracts which would have fallen due in December 2007. After the forward contracts held by Sivonen fall due, his ownership share of SYSOPENDIGIA Plc's share capital and votes will increase over the 20 per cent limit. Currently, Pekka Sivonen owns 2,826,213 shares in SYSOPENDIGIA Plc. After the forward contracts, being equal to 2,256,800 shares, fall due on 15 February 2008, the ownership share of Pekka Sivonen will increase to 5,083,013 shares, corresponding to 24.97 per cent of SYSOPENDIGIA's shares and votes.

Prospects

For the year 2008, the company aims to achieve strong organic growth while continuing its internationalisation in a controlled manner in line with the corporate strategy. Alongside these, the goal is to maintain profitability at a level of over 10 per cent.

Events after the balance sheet date

After the end of the fiscal year, on 14 January 2008, SYSOPENDIGIA acquired the entire share capital of a Finnish software company, Sunrise Resources (Sunrise-r or company). The company has a Russian subsidiary OOO Sunrise-r Spb and 80% of the Sunrise-group's employees are Russian. Through acquiring Sunrise-r, SYSOPENDIGIA has entered the rapidly developing Russian software market.

The acquisition price was EUR 3.6 million, which was paid as a cash consideration, SYSOPENDIGIA financing the transaction through its cash reserves. In addition, the sellers may receive an additional purchase price based on Sunrise-r objectives for the year 2008. The maximum amount of the additional purchase price is EUR 0.6 million, which may be paid either in cash or in SYSOPENDIGIA shares, as determined by SYSOPENDIGIA.

The company acquisition was part of SYSOPENDIGIA's internationalisation strategy and strengthens the company's current services with qualified near-shore development services as well as local support for SYSOPENDIGIA's customers operating in the Russian markets. Additionally, SYSOPENDIGIA will expand its activities in the Russian markets through its current products and services. Sunrise-r's expertise of many years in the Russian markets will be highly beneficial in that respect.

Sunrise-r's revenues for 2007 amounted to approximately EUR 2.4 million and its operating profit to approximately EUR 0.6 million. The company's revenues for 2008 are expected to exceed EUR 3.0 million and the company currently employs over 50 software developing experts in St. Petersburg and Jaroslaw, Russia, and 10 in Helsinki. All employees were transferred to SYSOPENDIGIA Group under their current employment terms.

Proposal for dividends

According to the balance sheet on 31 December 2007, SYSOPENDIGIA Plc has distributable assets of EUR 39,477,546.59, of which profit for the period accounts for EUR 792,736.42. The Group's earnings per share for 2007 were EUR 0.29. SYSOPENDIGIA Plc's Board of Directors will propose at the Annual General Meeting that a dividend of EUR 0.10 per share be paid for 2007 (2006: EUR 0.08). On 5 February 2008, parties external to the company held a total of 20,853,645 shares, and the corresponding dividends proposed by the Board of Directors amounted to approximately EUR 2.09 million (2006: EUR 1.62 million).

Consolidated income statement (IFRS)

€	Note	1 Jan.-31 Dec. 2007	1 Jan.-31 Dec. 2006
Net sales	1,3	**105,839,390.31**	**84,968,116.83**
Other operating income	5	211,576.24	280,244.97
Materials and services		-8,363,483.99	-4,699,611.35
Depreciation and amortisation	8	-4,893,482.03	-4,557,255.85
Other operating expenses	4,6,7,9	-81,713,911.31	-67,637,418.39
		-94,759,301.09	-76,614,040.62
Operating profit		**11,080,089.22**	**8,354,076.21**
Financial income	10	368,453.33	749,695.91
Financial expenses	10	-3,550,941.04	-2,408,987.93
		-3,182,487.71	-1,659,292.02
Earnings before tax		**7,897,601.51**	**6,694,784.19**
Income taxes	11	- 2,026,413.00	-1,827,622.32
Net profit		**5,871,188.51**	**4,867,161.87**
Distribution:			
Parent company shareholders		5,871,188.51	4,854,097.11
Minority interest		-	13,064.76
		5,871,188.51	4,867,161.87
Basic earnings per share, undiluted		0.29	0.25
Diluted earnings per share		0.29	0.25

Consolidated balance sheet (IFRS)

€	Note	31 Dec. 2007	31 Dec. 2006
ASSETS			
Non-current assets			
Goodwill	14	86,931,688.04	85,960,162.36
Other intangible assets	14	15,175,909.60	17,249,824.63
Tangible assets	13	2,935,546.04	3,251,617.27
Long-term investments	26	660,285.25	608,390.79
Deferred tax assets	15	2 ,311,961.18	2,909,934.25
		108,015,390.11	109,979,929.30
Current assets			
Accounts receivable and other receivables	16	29,889,022.63	24,474,420.65
Advance payments	16	-	362,487.37
Cash and cash equivalents	17	11,738,767.14	11,505,587.63
		41,627,789.77	36,342,495.65
Total assets		**149,643,179.88**	**146,322,424.95**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to equity holders of the parent company			
Share capital	18	2,085,364.50	2,031,167.00
Premium fund		7,892,538.64	6,729,476.88
Other reserves		5,203,821.24	5,203,821.24
Unrestricted invested shareholders' equity		38,110,560.21	39,735,545.65
Fair value reserve		-	-
Translation difference		-11,822.23	-6,598.49
Retained earnings		9,450,334.08	4,458,042.73
Net profit		5,871,188.51	4,854,097.11
		68,601,984.95	63,005,552.12
Minority interest		-	113,825.25
Total shareholders' equity		**68,601,984.95**	**63,119,377.37**
Non-current liabilities			
Deferred income tax liabilities	15	3,442,434.87	3,822,321.52
Loans from finacial institutons	21	55,646,702.10	56,081,480.09
		59,089,136.97	59,903,801.61
Current liabilities			
Accounts payable and other liabilities	23	9,969,097.19	11,793,110.92
Income tax liabilities		514,682.21	14,253.21
Provisions	20	-	43,763.00
Accrued expenses	23	10,702,015.10	10,865,528.72
Interest-bearing liabilities	21	766,263.46	582,590.12
		21,952,057.96	23,299,245.97
Total liabilities		**81,041,194.93**	**83,203,047.58**
Total shareholders' equity and liabilities		**149,643,179.88**	**146,322,424.95**

Consolidated cash flow statement (IFRS)

€ 000	1 Jan.-31 Dec. 2007	1 Jan.-31 Dec. 2006
Cash flow from operations:		
Net profit	5,871	4,854
Adjustments to profit for the period	10,165	8,323
Change in working capital	-4,566	-4,093
Interest paid	-3,329	-1,917
Interest income	250	271
Taxes paid	-2,233	-1,682
Cash flow from operations	6,157	5,756
Cash flow from investments:		
Investments in property, plant and equipment and intangible assets	-1,979	-1,876
Income from disposal of property, plant and equipment and intangible assets and PPE	-	376
Acquisition of subsidiaries	-2,339	-34,229
Income from disposal of other investments	-	-1
Dividends received from investments	-	12
Cash flow from investments	-4,318	-35,718
Cash flow from financing:		
Paid share issue	1,241	320
Equity financing of share-based bonus scheme	-971	-
Repayment of short-term loans	-	-41,208
Repayments of long-term loans	-252	-21,875
Withdrawals of short-term loans	-	38,000
Withdrawals of long-term loans	-	55,000
Dividends paid	-1,625	-930
Cash flow from financing:	-1,606	29,307
Change in cash and cash equivalents	**234**	**-655**
Cash and cash equivalents at beginning of period	**11,506**	**12,326**
Changes in fair value		-166
Change in cash and cash equivalents	234	-655
Cash and cash equivalents at the end of the period	**11,739**	**11,506**

Changes in shareholders' equity

€ 000	Proportion belonging to parent company shareholders								
	Share capital	Premium fund	Other reserves	Transl. diff.	Fair value reserve	Retained earnings	Total	Minority interest	Shareholders' equity, total
Shareholders' equity, 1 Jan. 2006	**1,840**	**39,718**	**5,204**	**23**	**166**	**5,128**	**52,079**	**111**	**52,190**
Available-for-sale investments									
Gains/losses on fair valuation	-	-	-	-	-224	-	-224	-	-224
Amount recognised through profit or loss	-	-	-	-	-	-	-	-	-
Taxes associated with items recognised or derecognised in shareholders' equity	-	-	-	-	58	-	58	-	58
Net profit						4,854	4,854	13	4,867
Total income and expenses recognised during the period	-	-	-	-	-166	4,854	4,688	13	4,701
Increase of share capital	180	6,414	-	-	-	-	6,594	-	6,594
Distribution of dividends	-	-	-	-	-	-920	-920	-10	-930
Share-based transactions settled in shareholders' equity	-	-	-	-	-	251	251	-	251
Stock options exercised	12	309	-	-	-	-	321	-	321
Others	-	-39,712	39,736	-30	-	-1	-7	-	-7
	192	-32,989	39,736	-30	-	-668	6,238	-10	6,228
Shareholders' equity, 31 Dec. 2006	**2,031**	**6,729**	**44,939**	**-7**	**-**	**9,312**	**63,006**	**114**	**63,119**

	Share capital	Premium fund	Other reserves [1]	Transl. diff.	Fair value reserve	Retained earnings	Total	Minority interest	Shareholders' equity, total
Shareholders' equity, 1 Jan. 2006	**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**

[1] Other reserves comprise the Unrestricted invested shareholders' equity reserve amounting to EUR 38,111 thousand on 31 December 2007 and the Other reserve amounting to EUR 5,204 thousand on 31 December 2007.

Distributable funds on 31 December

€ 000	2007 Parent	2006 Parent
Unrestricted invested shareholders' equity	38,111	39,736
Retained earnings	574	431
Net profit	793	93
Total	39,478	40,260

Basic information on the group and accounting policies

Basic information on the company

SYSOPENDIGIA 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, SYSOPENDIGIA 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 1,200 professionals. SYSOPENDIGIA is listed on the OMX Nordic Exchange Helsinki.

The Group's parent company is SYSOPENDIGIA 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 2007.

Consolidation principles

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

The Swedish subsidiary Capital C AB has been consolidated in the consolidated financial statements as of 1 September 2007.

The Group has applied the following new or amended standards and interpretations as of 1 January 2007:

- IFRS 7 Financial Instruments, information to be included in financial statements. IFRS 7 requires that the information presented includes data about both the impact of financial instruments on the community's financial status and earnings, and the nature and extent of risks caused by the financial instruments. The standard has increased the amount of notes attached to the annual financial statements, the new notes primarily concerning sensitivity analyses.
- Amendment to standard IAS 1 Presentation of Financial Statements – Equity data to be presented in financial statements. The amended IAS 1 requires data to be presented on the amount of community equity and the control thereof during the fiscal period. The regulations have extended the notes required in the consolidated financial statements.
- FRIC 8 Scope of IFRS 2 interpretation IFRIC 8 is applied to business transactions when the specified compensation received for equity instruments granted falls below the fair value of the said instruments. The Group has not had arrangements referred to under these regulations during the last fiscal year or during previous fiscal years.
- IFRIC 9 Reassessment of Embedded Derivatives interpretation. IFRIC 9 requires that the separation of embedded derivatives of the main agreement should not be reassessed unless the terms of the agreement have been changed in a way that significantly changes the original cash flows of the main agreement. Adaptation of the interpretation has not affected the consolidated financial statements.
- IFRIC 10 Interim Reporting and Impairment interpretation The interpretation prohibits the redemption of impairment losses recorded in interim reports for goodwill, equity instruments classified as available-for-sale assets, and unquoted own equity instruments recognised in the balance sheet at acquisition cost on a later balance sheet date. This interpretation has had no effect on the consolidated financial statements.

The preparation of financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of financial statements and the reported amounts of income and expenses during the report period. Information about the considerations made by the management when applying the corporate accounting principles with the greatest influence on the figures presented in the financial statements are explained under the item, "Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates".

Segment reporting

The business operations of SYSOPENDIGIA have been divided into three business areas, 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 the standard IAS 14 Segment Reporting. Geographical areas have been specified as secondary segments.

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 transactions denominated in foreign currency are recognised through profit or loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit.

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

Property, plant and equipment

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 expectations of economic value.

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

Government grants

Grants received as compensation for costs are recognised in the income statements at the same time as the expenses related to the target of the grant are recognised as expenses. Grants of this kind are presented under other operating income. 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 to 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, held-to-maturity, held-for-trading, and available-for-sale assets. 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 2006 and 2007.

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 the 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 the option arrangements is determined on the basis of the Black-Scholes 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 and 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 SYSOPENDIGIA 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 SYSOPENDIGIA 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 effective 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 solvency of liquid assets, the management of investments, receivables and liabilities denominated in a foreign currency, and the management of interest rate risks on non-current interest-bearing liabilities.

In accordance with the company's investment policy, assets are invested only in low-risk short rate funds and bank deposits. The Group's policy states creditworthiness requirements for customers in order to minimise the amount of credit losses. At the end of the fiscal year, accounts receivable did not contain substantial credit loss risks, and no major credit losses were recognised during the period. The Group's operative cash flow has developed favourably during the year, and thus the Group's solvency has also remained good. 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 accounting period, the Group does not have any valid forward contracts. Interest rate trends are monitored systematically by various bodies in the Group, and possible interest rate risks are managed using instruments appropriate to the situation. At the end of the fiscal period, the Group does not have any valid interest rate risk management instruments.

Application of new and amended IFRS standards

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

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (valid as of 1 March 2007). The new interpretation clarifies the scope of application of transactions payable under own equity and requires the revaluation of such transactions in subsidiary companies. The new interpretation will not have effect on upcoming consolidated financial statements.
- IFRIC 12 Service Concession Arrangements (valid as of 1 January 2008). The Group does not have any public sector contracts as referred to in the interpretation, and thus the interpretation will not have effect on upcoming consolidated financial statements. The interpretation has not yet been approved for application within the EU.
- 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 effect on upcoming consolidated financial statements. The interpretation has not yet been approved within the EU.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset (valid as of 1 January 2008). The interpretation will be applied to defined contribution plan arrangements after the termination of the employment relationship pursuant to standard IAS-19 and other long-term defined contribution plan benefits, when the arrangement has a reserve fund requirement attached. The interpretation will not have effect on upcoming consolidated financial statements The interpretation has not yet been approved for application within the EU.
- IFRS 8 Operating Segments (valid as of 1 January 2009). In accordance with the new standard, the segment reporting is based on internal management reporting and the calculation principles applied. IFRS 8 requires the presentation of data on the Group's products, services, geographical areas and major customers. According to the Group's estimate, the introduction of IFRS 8 mainly affects the way segment information is presented in the notes to the consolidated financial statements. The IFRS 8 standard has not yet been approved for application within the EU.
- Amendment of standard IAS 23 Borrowing Costs (valid as of 1 January 2009) The standard requires that the liability expenses of a product meeting the standard criteria be recognised as acquisition costs. The IAS 23 standard has not yet been approved for application within the EU.
- Amendment of standard IAS 1 Presentation of Financial Statements (valid as of 1 January 2009). The amended standard changes the way financial information is presented. The Group estimates that the amendment will mainly affect the way the income statements and the calculation of the change in shareholders' equity are presented. The amended standard has not yet been approved for application within the EU.

Notes to the Consolidated Financial Statements

1. Segment information

SYSOPENDIGIA's business segments include Telecommunications, Finance and Services, and Industry and Trade.

Net sales

€ 000	2007	2006
Telecommunications	47,963	43,618
Finance and Services	29,298	23,633
Industry and Trade	28,578	17,717
Group total	105,839	84,968

Operating profit

€ 000	2007	2006
Telecommunications	5,671	4,018
Finance and Services	2,617	2,322
Industry and Trade	3,511	2,014
Unallocated	-719	-
Group total	11,080	8,354

The consolidated figures for 2007 include Capital C AB as of 1 September 2007. Samstock Ltd has been included in the consolidated financial statement figures for the comparison year as of 1 May 2006 and Sentera Plc as of 1 June 2006. The unallocated earnings in the 2007 financial statement figures include one-off expenses amounting to EUR 0.7 million relating to top management changes.

Assets

€ 000	2007	2006
Telecommunications	71,282	69,167
Finance and Services	25,283	23,908
Industry and Trade	34,936	37,759
Unallocated	18,142	15,488
Group total	149,643	146,322

The assets of the Finance and Services division include goodwill arising from the acquisitions of Capital C AB and Samstock Ltd, as well as the part of goodwill arising from the acquisition of Sentera Plc that is attributable to the operations of the Finance and Services division. The assets of the Industry and Trade division include the part of goodwill arising from the acquisition of Sentera Plc that is attributable to the operations of the Industry and Trade division. The goodwill items are described in more detail in Note 14.

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

Liabilities

€ 000	2007	2006
Telecommunications	7,490	6,665
Finance and Services	6,082	6,176
Industry and Trade	4,524	4,739
Unallocated	62,944	65,623
Group total	81,041	83,203

Unallocated liabilities include the liabilities in the parent company's balance sheet. The most significant item within these consists of a long-term bank loan.

Depreciation and amortisation

€ 000	2007	2006
Telecommunications	2,625	2,488
Finance and Services	1,138	1,053
Industry and Trade	1,129	1,016
Group total	4,893	4,557

Capital expenditure

€ 000	2007	2006
Telecommunications	870	885
Finance and Services	755	329
Industry and Trade	125	198
Group total	1,749	1,411

The company operates in one geographic area only.

Geographical distribution of net sales

€ 000	2007	2006
Finland	96,452	79,061
Other countries	9,414	5,907
Total	105,839	84,968

2. Acquired business operations

Acquired business operations in 2007

Acquisition of Capital C AB

The Group acquired all shares of Capital C AB on 31 August 2007. The sales price was EUR 2.6 million paid as a cash consideration and SYSOPENDIGIA financed the transaction through its cash reserves.

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

Capital C AB is a Swedish financial software company. With this acquisition, SYSOPENDIGIA strengthened its operations as well as its product and solution offering in the financial sector for the Nordic market. The acquisition generated EUR 1.3 million of goodwill, EUR 0.4 million of which has been allocated for the acquired products.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	55	55
Tax assets	1	1
Receivables	500	500
Cash and cash equivalents	1,428	1,428
Total assets	1,984	1,984
Other liabilities	709	709
Total liabilities	709	709
Net assets	1,275	1,275
Acquisition cost	2,608	
Goodwill	1,333	
Acquisition cost	-2,608	
Cash and cash equivalents of the acquired subsidiary	1,428	
Cash flow effect	-1,180	

Effect of acquired business operations on the Group's business

The Group's pro forma net sales in the 2007 financial year amounted to EUR 108,3 million (EUR 102.2 million in 2006). Pro forma net sales by division were EUR 48.0 million for Telecommunications, EUR 31.7 million for Finance and Services, and EUR 28.6 million for Industry and Trade.

The Group's pro forma operating profit in the financial year 2007 was EUR 11.4 million. Pro forma operating profit by division was EUR 5.7 million for Telecommunications, EUR 2.9 million for Finance and Services, and EUR 3.5 million for Industry and Trade. The pro forma operating profit includes one-off expenses amounting to EUR 0.7 million relating to top management changes and unallocated to segments. The pro forma net sales in the fiscal year 2006 were EUR 10.1 million.

Business operations acquired after the fiscal year

Acquisition of Sunrise Resources Ltd

After the end of the 2007 fiscal year, on 14 January 2008, the Group acquired the entire share capital of Sunrise Resources Ltd. The acquisitions price was EUR 3.6 million paid as a cash consideration and SYSOPENDIGIA financed the transaction through its cash reserves. In addition, the sellers may receive an additional purchase price based on Sunrise-r objectives for the year 2008. The maximum amount of the additional purchase price is EUR 0.6 million, which may be paid either in cash or in SYSOPENDIGIA's shares, as determined by SYSOPENDIGIA.

The acquisition forms part of SYSOPENDIGIA'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 3.1 million of goodwill.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	50	50
Intangible assets	4	4
Receivables	463	463
Cash and cash equivalents	865	865
Total assets	1,413	1,413
Tax liabilities	27	27
Other liabilities	260	260
Total liabilities	287	287
Net assets	1,126	1,126
Acquisition cost	4,200	
Goodwill	3,074	
Acquisition cost	-4,200	
Additional purchase price, conditional	600	
Cash and cash equivalents of the acquired subsidiary	865	
Cash flow effect	-2,735	

Acquired business operations in 2006

Acquisition of Samstock Ltd

The Group acquired the entire stock of Samstock Oy on 26 April 2006. The purchase price was EUR 5.1 million paid in cash and financed using the Group's cash and cash equivalents.

Samstock Ltd's eight-month earnings of EUR 0.7 million are included in the consolidated income statement for 2006.

With this acquisition, SYSOPENDIGIA strengthened its operations in the financial sector in Finland and the other Nordic countries in accordance with its strategy. The acquisition primarily provided human resources, due to which no allocation of goodwill has been made. The acquisition generated EUR 3.0 million of unallocated goodwill.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	157	157
Intangible assets	312	312
Tax assets	2,038	0
Receivables	1,076	1,076
Cash and cash equivalents	817	817
Total assets	4,399	2,362
Interest-bearing liabilities	535	535
Other liabilities	1,602	1,602
Total liabilities	2,137	2,137
Net assets	2,262	225
Acquisition cost	5,221	
Goodwill	2,958	
Acquisition cost	-5,221	
Cash and cash equivalents of the acquired subsidiary	817	
Cash flow effect	-4,404	

Acquisition of Sentera Group

The Group acquired a total of 77.39 per cent of the share capital and votes of Sentera from the main shareholders of Sentera Plc on 31 May 2006. The purchase price was EUR 3.20 per share, consisting of a share and cash consideration. In June, SYSOPENDIGIA made a redemption offer in the manner prescribed in the Finnish Securities Market Act for all remaining Sentera shares and presented a redemption claim in accordance with the Finnish Companies Act after SYSOPENDIGIA's ownership exceeded 90% of all Sentera shares.

The arbitration tribunal appointed by the Redemption Committee of the Central Chamber of Commerce confirmed on 26 September 2006 that SYSOPENDIGIA Plc's right to redeem the shares of Sentera Plc held by shareholders other than SYSOPENDIGIA was not in dispute and that SYSOPENDIGIA had the right to obtain title to the shares of Sentera to be redeemed by depositing collateral for the payment of the redemption price approved by the tribunal. On the same day, SYSOPENDIGIA deposited collateral as referred to in Chapter 14, Section 21 of the Finnish Companies Act (29.9.1978/734) and approved by the arbitration tribunal. Thus, SYSOPENDIGIA has, in accordance with Chapter 14, Section 21 of the Finnish Companies Act (29.9.1978/734), obtained title to all Sentera shares subject to redemption on 26 September 2006.

The acquisition cost of Sentera Plc shares amounted to a total of EUR 43.2 million, including EUR 0.6 million in experts' fees. EUR 6.6 million of the sales price was paid in SYSOPENDIGIA Plc shares. Sentera Plc's seven-month earnings of EUR 1.7 million are included in the consolidated income statement for 2006.

The acquisition generated EUR 29.6 million of goodwill, EUR 4.3 million of which is allocated and will be amortised over its useful life. The transaction strengthened SYSOPENDIGIA's businesses and know-how, especially in industry, trade, and logistics verticals.

Sentera's business operations have been integrated into SYSOPENDIGIA's Industry and Trade and Finance and Services divisions. The integration of Sentera with SYSOPENDIGIA is expected to provide good opportunities for business synergies. Annual synergy benefits are expected to exceed one million euros, effective in the 2007 financial year.

€ 000	Fair value recognised upon combination	Book value before combination
Property, plant and equipment	898	898
Intangible assets	13,386	9,089
Available-for-sale investments	9	9
Other long-term receivables	211	211
Tax assets	896	896
Receivables	4,584	4,584
Cash and cash equivalents	5,915	5,915
Total assets	25,898	21,601
Deferred tax liabilities	1,133	15
Interest-bearing liabilities	615	615
Other liabilities	6,250	6,250
Total liabilities	7,997	6,880
Net assets	17,901	14,721
Acquisition cost	43,245	
Goodwill	25,345	
Acquisition cost	-43,245	
Purchase price paid in treasury shares	6,594	
Unpaid portion of purchase price	910	
Cash and cash equivalents of the acquired subsidiary	5,915	
Cash flow effect	-29,825	

3. Long-term projects

Consolidated net sales include income recognised on long-term projects for a total amount of EUR 14.7 million in 2007 (EUR 10.4 million in 2006).

The consolidated income statement includes income recognised on incomplete long-term projects for EUR 4.3 million on 31 December 2007 (EUR 3.6 million on 31 December 2006). The balance sheet includes advance payments recognised on incomplete long-term projects for EUR 1.8 million on 31 December 2007 (EUR 3.2 million on 31 December 2006).

4. One-off expenses

The Group's 2007 fiscal year results include one-off expenses of EUR 0.7 million unallocated to segments relating to top management changes and project reservations of approximately EUR 0.2 million. (There were no one-off expenses during the fiscal year 2006).

5. Other operating income

€ 000	2007	2006
Capital gains on disposal of fixed assets	-	16
Grants	194	145
Other income	18	119
Total	212	280

6. Other operating expenses

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

€ 000	2007	2006
Costs of premises	5,342	4,458
IT costs	4,000	2,951
External services	946	997
Total	10,288	8,406

7. Product development expenses

€ 000	2007	2006
Product development expenses	2,182	1,786
Total	2,182	1,786

8. Depreciation, amortisation and impairment

€ 000	2007	2006
Depreciation and amortisation by asset category		
Intangible assets		
Capitalised development costs	570	756
Intangible assets	2,612	2,174
Total	3,182	2,930
Property, plant and equipment		
Buildings	5	5
Machinery and equipment	1,706	1,581
Other tangible assets	-	36
Total	1,711	1,622
Impairment		
Machinery and equipment	-	6
Total	-	6
Depreciation, amortisation and impairment, total	4,893	4,557

9. Personnel expenses

€ 000	2007	2006
Wages and salaries	49,893	41,728
Pension costs, defined-contribution plans	8,906	6,856
Stock options granted	309	250
Other personnel expenses	3,197	2,579
Total	62,305	51,413

Group personnel on average during the period

	2007	2006
Telecommunications	547	541
Finance and Services	268	225
Industry and Trade	248	167
Group management and administration	53	49
Total	1,116	981

Information on employee benefits and loans to the management are presented in Note 27, 'Related party transactions'.

10. Financial income and expenses

Financial income

€ 000	2007	2006
Change in fair value of assets recognised at fair value through profit and loss	70	120
Capital gains on assets recognised at fair value through profit and loss	86	283
Interest income from cash and cash equivalents	191	318
Interest income from accounts receivable	4	2
Dividend incomes	-	12
Exchange rate gains	17	12
Other financial income	1	2
Total	368	750

Financial expenses

€ 000	2007	2006
Interest expenses for financing loans valued at accrued acquisition cost	3,102	2,103
Interest expenses for accounts payable	10	5
Interest expenses for finance lease liabilities	27	20
Exchange rate losses	29	3
Other financial expenses	383	278
Total	3,551	2,409

11. Income taxes

€ 000	2007	2006
Current tax	1,899	1,665
Taxes from previous periods	-114	2
Deferred tax	241	161
Income tax expense (IFRS)	2,026	1,828

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	2007	2006
Earnings before tax	7,898	6,695
Taxes calculated at the domestic corporation tax rate	2,053	1,741
Deviating tax rates of foreign subsidiaries	12	-
Income not subject to tax	-	-3
Non-deductible expenses	67	147
Tax effect of dissolution losses	8	-
Other items	-	-58
Taxes for the period in the income statement	-114	2
Total	2,026	1,828
Taxes for the period in the income statement	**2,026**	**1,828**

12. 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. 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 their exercise price is lower than the fair value of the share.

A total of 494,145 new shares were subscribed and paid under option scheme 2005K2 during December 2007, and entered into the Trade Register on 18 January 2008. These shares have been taken into account when calculating the total number of company shares.

€	2007	2006
Profit for the period attributable to parent company shareholders (€ 000)	5,871	4,854
Weighted average number of shares during the period	20,332,411	19,440,834
Diluting effect of stock options	198,142	210,082
Diluted weighted average number of shares during the period	20,530,553	19,650,916
Basic earnings per share (EUR/share)	0.29	0.25
Diluted earnings per share (EUR/share)	0.29	0.25

13. Property, plant and equipment

€ 000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total 2007	Total 2006
Acquisition cost on 1 January	17	162	8,016	116	8,311	6,548
Addition	-	-	1,393	-	1,393	1,055
Acquisition of subsidiary	-	-	52	-	52	1,055
Disposals	-	-	-19	-32	-51	-347
Acquisition cost on 31 December	17	162	9,442	84	9,705	8,311
Accumulated depreciation and impairment on 1 January	-	-40	-4,936	-83	-5,059	-3,431
Depreciation	-	-5	-1,706	-	-1,711	-1,622
Impairment	-	-	-	-	-	-6
Disposals	-	-	-	-	-	-
Accumulated depreciation and impairment on 31 December	-	-45	-6,642	-83	-6,770	-5,059
Book value on 1 January	17	122	3,080	33	3,252	3,117
Book value on 31 December	17	117	2,800	1	2,935	3,252

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

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

€ 000	2006				
	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost	-	-	2,924	-	2,924
Accumulated depreciation	-	-	-1,916	-	-1,916
Book value	-	-	1,008	-	1,008

14. Intangible assets

€ 000	Goodwill	Development costs	Other intangible assets	Total 2007	Total 2006
Acquisition cost on 1 January	85,960	2,507	21,067	109,534	66,964
Capitalised development costs	-	-	-	-	159
Additions	-	-	405	405	356
Disposals	-	-20	-	-20	-
Transfers between items	-310	-	310	-	-
Acquisition of subsidiary	1,282	-	413	1,695	42,056
Acquisition cost on 31 December	86,932	2,487	22,196	111,614	109,534
Accumulated amortisation and impairment on 1 January	-	-1,679	-4,645	-6,324	-3,394
Amortisation	-	-570	-2,612	-3,182	-2,930
Impairment	-	-	-	-	-
Accumulated amortisation and impairment on 31 December	-	-2,249	-7,257	-9,506	-6,324
Book value on 1 January	85,960	828	16,421	103,210	63,570
Book value on 31 December	86,932	238	14,939	102,108	103,210

Annual impairment tests in accordance with IAS 36 standard are applied to goodwill and intangible assets with an unlimited useful life. Goodwill has not been subject to amortisation since 1 January 2004, and the residual value is tested annually.
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	8,156	46,829	4,633	59,617
Finance and Services	2,173	13,692	2,539	18,404
Industry and Trade	3,468	26,410	2,417	32,313
Total	13,814	86,930	9,589	110,334

The goodwill in the Telecommunication division is mainly associated with the combination of Digia Inc. and SysOpen Plc, as well as the acquisition of Yomi Software Ltd. Goodwill in the Finance and Services division is primarily associated with the acquisitions of Sentera Plc as well as Capital C AB and Samstock Ltd. Finally, the goodwill in the Industry and Trade division is mainly associated with the acquisitions of Sentera Plc and Yomi Software Ltd.

Allocated goodwill is presented in the intangible asset group 'Other intangible assets' and amortised over a period of 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 present value of cash flows recoverable from a GCU to the book value. The present values of cash flows 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 present values are determined on the basis of five-year forecasts by business division, in which growth varies between three and five per cent and operating profit varies between 10 and 12 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 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 2007.

Net sales growth has been estimated to constitute the most critical factor in calculatopn of the present values of cash flows. The amount of goodwill for the Telecommunications division requires average annual long-term growth of two per cent for business operations and 10 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 six 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 nine per cent before allocated goodwill amortisation.

However, 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.

15. Deferred tax assets and liabilities

Changes in deferred taxes during 2007:

€ 000	31 Dec. 2006	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec. 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
€ 000						
Deferred tax liabilities:						
Capitalisation of intangible assets	158	-95	-	-	-	63
Fair valuation 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

Changes in deferred taxes during 2006:

€ 000	31 Dec. 2005	Recognised in income statement	Recognised in equity	Exchange rate differences	Subsidiaries acquired/ divested	31 Dec. 2006
Deferred tax assets:						
Provisions	126	-115	-	-	-	11
Confirmed losses	345	-306	-	-	2,173	2,213
Impairment of intangible assets	196	-10	-	-	-	186
Internal margin on business transfers	961	-554	-	-	-	407
Other items	-7	100	-	-	-	93
Total	1,621	-884	-	-	2,173	2,910
Deferred tax liabilities:						
Fair valuation of investments	58	-	-58	-	-	-
Capitalisation of intangible assets	219	-61	-	-	-	158
Fair valuation of intangible and PPE upon acquisition	2,934	-662	-	-	1,380	3,651
Other items	-	-	-		13	13
Total	149	-723	-58	-	1,392	3,822

16. Accounts receivable and other receivables

€ 000	2007	2006
Loans and other receivables		
Accounts receivable	21,761	15,644
Security deposit for rental dues	370	365
Total	22,131	16,009
Receivables from customers on long-term projects	4,328	3,640
Prepayments and accrued income	2,889	4,799
Other receivables	541	389
Total	7,758	8,828
Accounts receivable and other receivables	29,889	24,837

€ 000	2007	2006
Non-due accounts receivable	14,003	10,827
Accounts receivable due 1-30 days ago	5,819	4,068
Accounts receivable due 31-60 days ago	676	468
Accounts receivable due more than 60 days ago	1,263	281
Total	21,761	15,644

In 2007 and 2006 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 risks. Essential items included in prepayments and accrued income are associated with the accrual of statutory insurance premiums and other accrued expenses.

17. Cash and cash equivalents

€ 000	2007	2006
Financing assets recognised at fair value through profit and loss		
Units in fixed-income mutual funds	5,180	2,778
Bank accounts	6,558	8,724
Guarantee deposits	-	3
Total	11,738	11,506

18. Notes on share capital

€ 000	Number of shares	Share capital
1 Jan. 2006	18,395,349	1,840
Increase of share capital	1,798,252	180
Exercise of stock options	118,069	12
31.12.2006	20,311,670	2,031

€ 000	Number of shares	Share capital
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

The maximum number of shares is 48 million (48 million in 2006). 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 2006). All outstanding shares are paid in full. The company did not hold any of its own shares on the balance sheet date.

The premium fund comprises the amount paid for shares in excess of the nominal value for share subscriptions prior to 1 September 2006. According to a decision by the General Meeting of Shareholders, the premium fund has been reduced by transferring the assets in the fund, EUR 39,736 thousand, to the invested unrestricted equity under unrestricted shareholders' equity. The 'Other reserves' amount arises from fair valuation of acquired business operations in the consolidated financial statements. The translation differences reserve comprises translation differences arising from the translation of financial statements of non-Finnish units.

19. Share-based payments

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

Option scheme 2003

Under the 2003 option scheme, 670,000 warrants were originally issued and they 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. All the warrants have been exercised for subscriptions. The share subscription period for the 2003A warrants was from 2 May 2004 to 31 October 2005 (expired), for 2003B warrants it was from 1 November 2004 to 31 October 2006 (expired), for 2003C warrants it was from 1 November 2005 to 31 October 2007 (expired), and for 2003D warrants it is from 1 November 2006 to 31 October 2008. The current dividend-adjusted share subscription price for series 2003D options is EUR 4.19 per share. Dividends paid will be deducted from the subscription prices in accordance with the terms and conditions of the scheme. On 31 June 2007, SysOpen Digia Partners Ltd, a SYSOPENDIGIA Plc wholly owned subsidiary, held a total of 634,082 warrants under the 2003 stock option scheme. Warrants within the 2003C scheme have been listed on the Helsinki Stock Exchange since 1 November 2005 and those within 2003D since 15 November 2006.

By 31 December 2007, 325,629 new shares had been subscribed for under the 2003 stock option scheme. The shares were subscribed for using 172,515 of the now expired 2003A warrants, 143,114 of the now expired 2003B warrants, and 10,000 of the now expired 2003C warrants.

2007	Warrants 2003			
	2003A	2003B	2003C	2003D
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 €
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	0.8
Persons at end of accounting period	expired	expired	expired	no longer binding
Amounts on 1 January 2007				
Options granted	expired	expired	165,000	158,763
Options returned			42,500	28,845
Shares subscribed using options			800	0
Options outstanding			121,700	129,918
Options in reserve			27,500	20,082
Changes during the period				
Options granted	expired	expired	0	0
Options returned			0	0
Options annulled			0	0
Shares subscribed using options			9,200	0
Trading-weighted average price during subscription period, €			3.84 [1)]	3.77 [1)]
Options expired			140,000	0
Amounts on 31 December 2007				
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

[1)] SYSOPENDIGIA Plc's trading-weighted average share price from January to October 2007 (2003C), SYSOPENDIGIA Plc's trading-weighted average share price for 2007 (2003D, 2005 KI, 2005 KII) and SYSOPENDIGIA Plc's trading-weighted average share price from November to December 2007 (2005 A).

Option scheme 2005

The number of warrants under the 2005 stock option scheme totals 900,000, 300,000 of which are marked as 2005A, 300,000 as 2005B and 300,000 as 2005C. The warrants can be used to subscribe for an aggregate maximum of 900,000 SYSOPENDIGIA Plc shares having a nominal value of EUR 0.10.

The share subscription price for warrants in the 2005A series is EUR 4.20 (dividend-adjusted) and for 2005B warrants it is EUR 3.90. The share subscription price of EUR 3.93 for 2005C warrants is determined by the trade-weighted average price of a SYSOPENDIGIA Plc share quoted on the Helsinki Stock Exchange in the 20 trading days following the release of the Q1/3 Interim Report. On the record date for each distribution of dividends, the share subscription price based on the stock options 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 stock option will be 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 the share subscriptions using warrant series 2005A, 2005B and 2005C, SYSOPENDIGIA's share capital may increase by a maximum of EUR 90,000 and the number of shares by a maximum of 900,000 new shares. On 31 December 2007, SysOpen Digia Partners Ltd, a SYSOPENDIGIA Plc's wholly owned subsidiary, held a total of 614,000 warrants under the 2005 stock option scheme.

2007	Warrants 2005		
	2005 A	2005 B	2005 C
Maximum number of options	300,000	300,000	300,000
Shares available for subscription per option	1	1	1
Original subscription price	4.33 €	3.98 €	1)
Dividend adjustment	Yes	Yes	Yes
Subscription price on 31 December 2005	4.33 €	-	-
Subscription price on 31 December 2006	4.28 €	3.98 €	1)
Subscription price on 31 December 2007	4.20 €	3.90 €	3.93 €
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	1.9	2.9	3.9
Persons at end of accounting period	no longer binding	6	undivided
Amounts on 1 January 2007			
Options granted	326,000	88,000	-
Options returned	26,000	-	-
Options outstanding	300,000	88,000	-
Options in reserve	-	212,000	300,000
Changes during the period			
Options granted	-	-	-
Options returned	80,000	22,000	-
Amounts on 31 December 2007			
Options granted	326,000	88,000	-
Options returned	106,000	22,000	-
Options outstanding	220,000	66,000	-
Options in reserve	80,000	234,000	300,000

1) The share subscription price for warrants in the 2005C series is the trading-weighted average price of a SYSOPENDIGIA Plc share on the Helsinki Stock Exchange in the 20 trading days following publication of the Q1 2007 interim report.

Option scheme 2005K

A total of 663,049 warrants were originally issued under the 2005K option scheme, 105,408 of which were marked 2005K1 and 557,641marked 2005K2. All the warrants have been subscribed. The warrants can be used to subscribe for an aggregate maximum of 663,049 SYSOPENDIGIA Plc shares having a nominal value of EUR 0.10.

The share subscription price for 2005K1 warrants was EUR 1.08 and, for 2005K2 warrants, it is EUR 2.28 (dividend-adjusted). 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 1 June 2005 and the date of subscription. However, the minimum subscription price will always be the nominal value of the share. The share subscription period for the 2005K1 warrants started on the date of recording the 2005K warrants in the Trade Register, on 12 August 2005, and ended on 31 December 2007. The subscription period for the 2005K2 warrants started on 1 January 2006 and ended on 31 December 2007. Warrants in the 2005K1 series could be used only for share subscription.

All of the 2005K1 warrants (105,408 warrants) have been exercised to subscribe for shares. By 31 December 2007, 18,960 new shares had been subscribed for under the 2005K2 option scheme.

2007	Warrants 2005	
	2005 KI	2005 KII
Maximum number of options	105,408	557,641
Shares available for subscription per option	1	1
Original subscription price €	1.21	2.41
Dividend adjustment	Yes	Yes
Subscription price on 31 December 2005 €	1.21	2.41
Subscription price on 31 December 2006 €	1.16	2.36
Subscription price on 31 December 2007 €	1.08	2.28
Vesting date	1 Jul. 2005	1 Jan. 2006
Expiry date	31 Dec. 2007	31 Dec. 2007
Exercise period, years	expired	expired
Persons at end of financial period	expired	expired
Amounts on 1 January 2007		
Options granted	105,408	551,984
Shares subscribed using options	105,408	8,631
Options outstanding	-	543,353
Options in reserve	-	5,657
Changes during the period		
Shares subscribed using options	-	10,329
Trading-weighted average of subscription period, €	3.77	3.77[1]
Amounts 31 on December 2007		
Options granted	expired	expired
Shares subscribed using options		
Options outstanding		
Options in reserve		

[1] The trading-weighted average price of SYSOPENDIGIA Plc share in 2007.

The following table presents a summary of the number of warrants and subscription prices on 31 December 2007.

2007	Options (total)	Subscription prices € (weighted)
Amounts on 1 January 2007		
Options granted	1,395,155	3.11 €
Options returned	97,345	3.72 €
Shares subscribed using options	114,839	2.38 €
Options outstanding	1,182,971	3.32 €
Options in reserve	565,239	3.39 €
Changes during the period		
Options granted	-	-
Options returned	102,000	4.14 €
Shares subscribed using options	19,529	2.91 €
Options expired	697,641	2.55 €
Amounts on 31 January 2007		
Options granted	572,763	4.15 €
Options returned	156,845	4.16 €
Shares subscribed using options	134,368	2.46 €
Options outstanding	415,918	4.15 €
Options in reserve	634,082	3.96 €

On 31 December 2007, a total of 1,050,000 warrants issued by SYSOPENDIGIA remained outstanding. Shares subscribed for using the warrants represent a maximum of 4.90 per cent of the company's share capital and voting rights after any potential increase in share capital. On 31 December 2007, the number of warrants held by SysOpen Digia Partners totalled 634,082 of all valid warrants. On 31 December 2007, the maximum dilution effect of the issued warrants was 2.0 per cent.

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 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 SYSOPENDIGIA Plc's 2003A and 2003B warrants or the converted 2005K1 and 2005K2 warrants. The effect of options on the company's earnings in 2007 is EUR 0.05 million (2006: EUR 0.3 million).

No new options have been granted for fiscal year 2007. The Black-Scholes parameters in the table below are trading-weighted average prices of granted options.

Essential assumptions for the Black-Scholes model	All options
Options granted	976,611
Average share price, €	4.04
Subscription price, €	3.82
Interest rate, %	2.9%
Exercise period, years	3.5
Volatility, % [1]	35.6%
Returned options, %	21%
B&S value per option, €	1.38
Fair value total, €	1,350,669
Logging of expenses total, €	1,073,684
Expense effect in 2007, €	51,201

[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 2006

The following table presents comparison data for the situation 31 December 2006:

	Option scheme										
	2003A	2003B	2003C	2003D	2005A	2005B	2005C	2005KI	2005KII	Total	Subscription price €
Amounts on 1 January 2006											
Options granted	expired	154,380	165,000	155,763	204,000		-	105,408	551,984	1,336,535	3.02
Options returned		10,040	42,500	17,307	20,000	-	-	-	-	89,847	-
Shares subscribed using options		34,476	-	-	-			105,408	-	139,884	-
Options outstanding		109,864	122,500	138,456	184,000	-	-	-	551,984	1,106,804	3.15
Options in reserve		15,660	27,500	11,544	116,000	300,000	300,000	-	5,657	776,361	3.93
Changes during the period											
Options granted	expired	-	-	3,000	122,000	88,000	-	-	-	213,000	4.15
Options returned		-	-	11,538	6,000	-	-	-	-	17,538	4.10
Shares subscribed using optionss		108,638	800	-	-	-	-	-	8,631	118,069	2.71
Trading-weighted average price during subscription period, € [1]		3.7	3.82	3.39	-	-	-	3.82	3.82	-	-
Options expired		16,886	-	-	-	-	-	-	-	16,886	2.73
Amounts on 31 January 2006											
Options granted	expired	expired	165,000	158,763	326,000	88,000	-	105,408	551,984	1,395,155	3.11
Options returned			42,500	28,845	26,000	-	-	-	-	97,345	3.71
Shares subscribed using options			800	-	-	-	-	105,408	8,631	114,839	2.38
Options outstanding			121,700	129,918	300,000	88,000	-	-	543,353	1,182,971	3.32
Options in reserve			27,500	20,082	-	212,000	300,000	-	5,657	565,239	3.39

[1] Trading-weighted average price of SYSOPENDIGIA Plc's share from January to October 2006 (2003B), in 2006 (2003C, 2005K1, 2005K2) and from November to December 2006 (2003D).

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. SYSOPENDIGIA Plc's Board of Directors has decided to establish a share-based incentive scheme for company management and, as part of the scheme, an outside service provider has acquired 300,000 shares of the company for the scheme's implementation. These share acquisitions have been financed by SYSOPENDIGIA Plc, and the average price of acquired shares was EUR 3.23 per share.

The share-based bonus scheme offers the target group an opportunity to receive SYSOPENDIGIA 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.

Share-based bonuses granted during the fiscal year and the related events are shown in the table below:

	Share-based bonuses for management group in 2007	CEO's share-based bonus in 2008
31 Dec. 2007		
Granting date	31.5.2007	27.11.2007
Instrument	Share-based bonus	Share-based bonus
Target group	Management group	CEO
Maximum amount of share-based bonuses	90,459	105,000
Cash equivalent of share-based bonus (max. amount of shares)	-	105,000
Share price at the time of granting	4.01 €	3.20 €
Fair price of the share at the time of granting [1]	4.01 €	2.96 €–3.12 €
Share price at the end of reporting period	3.00 €	3.00 €
Beginning of the earning period	1.1.2007	1.1.2008
End of the earning period	31.12.2007	31.12.2010
Vesting date of shares [2]	1.1.2008	31.3.2011
Vesting condition	Results, Duration of employment	Share price, Duration of employment
Obligation to hold the shares, years	0	0–2
Remaining obligation period, years	0.0	3.2
Number of persons (31 December 2007)	6	1
REPORTING PERIOD 2007 EVENTS		
Number of share-based bonuses granted	90,459	210,000
Number of share-based bonuses returned due to end of employment	16,870	0
Estimated actual share-based bonus used as a basis for logging of expenses [3]	64,190	79,800
Number of expired share-based bonuses	9,399	0
Fair price of maximum bonus at the time of granting	362,741 €	672,000 €
Estimated fulfilment of earning criteria [3]	71%	38%
Estimated fair value at the time of granting used as a basis for logging of expenses, €		245,784 €
Effect on the period's profits, €	257,402 €	0 €

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

[2] Right to management group share-based bonuses will be vested on 1 January 2008 regardless of whether the shares are actually transferred to the person in question.

[3] 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 2007 of the number of shares to which the related rights are expected to be vested.

During the financial period a decision was made about a new share-based incentive scheme for the CEO, the purpose of which is to integrate the goals of the owners and the CEO in raising the value of the company, and to enhance the CEO's commitment to the company. The scheme covers the year 2008–2010 and possible earnings are based on the Group's dividend-adjusted share price. The earning of shares will begin after the share price and cumulative dividend exceed EUR 4.50. The CEO is entitled to the full 210,000 share bonus when the share price exceeds EUR 7.50.

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 the price of SYSOPENDIGIA Plc's shares. 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 the price of SYSOPENDIGIA Plc's shares.

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

Risk-free interest	4.3%
Beta	1.6
Market risk premium	4.8%
Investor's minimum return on investment requirement	11.9%
Expected dividend per annum 2008–2010, €	0.08

20. Provisions

Changes in provisions during 2007:

€ 000	Restructuring provision	Unprofitable agreements	Total
1.1.2007	-	44	44
Increase in provisions	-	-	-
Provisions used	-	-44	-44
Reversals of unused provisions	-	-	-
31.12.2007	-	-	-

Changes in provisions during 2006:

€ 000	Restructuring provision	Unprofitable agreements	Total
1.1.2006	32	315	347
Increase in provisions	-	21	21
Provisions used	-32	-293	-325
Reversals of unused provisions	-	-	-
31.12.2006	-	44	44

Restructuring provision

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

Unprofitable agreements

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

On the balance sheet date 31 December 2006 the company had a total of two fixed-price projects for which loss provisions have been created on the basis of the remaining work input.

21. Loans from financial institutions

€ 000	Fair values		Balance sheet values	
	2007	2006	2007	2006
Non-current				
Bank loan	47,222	43,814	55,000	55,260
Subordinated loan	121	311	161	379
Finance lease liabilities	415	378	486	443
Total	47,758	44,503	55,647	56,082
Current				
Finance lease liabilities	453	501	490	543
Repayment of long-term loans	256	37	276	40
Total	709	538	766	583
Total	**48,467**	**45,041**	**56,413**	**56,664**

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

On 9 November 2006, as part of its financing strategy, SYSOPENDIGIA signed a syndicated loan agreement worth EUR 80 million, which is divided into a fixed-term loan of EUR 50 million and a standby credit limit of EUR 30 million. The term of the loan is three years. Through the arrangement, the company reorganised its loan portfolio, expanding the finance base, optimising financing costs, and creating the opportunity to finance growth investments. The banks participating in the loan arrangement are Sampo, OKO Bank and Nordea.

On the balance sheet date in 2007, the entire fixed-term loan of EUR 50 million had been taken out, and EUR 5 million of the standby credit limit was in use. The loans have floating interest rates tied to the three-month Euribor plus a margin. The covenants for the loans are linked to certain financial indicators. The average interest rate of the loans in 2007 was 5.5% (5.1% in 2006). The shares of SYSOPENDIGIA Finland Ltd and SYSOPENDIGIA Financial Software Ltd are pledged as collateral for the loans.

The subordinated loan has been granted by TEKES for product development. The loan has a fixed interest rate, which has been 3% until 31 December 2007. The effective interest rates of finance lease liabilities during the fiscal year 2007 ranged from 4.16% to 4.51% (in 2006 between 4.03% and 4.41%).

Interest-bearing liabilities will fall due as follows:

Year, € 000	2007	2006
2007	-	583
2008	766	737
2009	55,262	55,195
2010	262	148
Later	123	2
Total	56,413	56,664

The tables below describe agreement-based maturity analysis results for the reporting periods 2007 and 2006. The figures are undiscounted and include interest payments and the repayment of loan capital:

€ 000	31.12.2007				
	Balance sheet values	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	-	-

€ 000	31.12.2006				
	Balance sheet values	Cash flow	Less than 1 year	1–2 years	2–5 years
Bank loans	55,300	63,784	41	285	63,458
Subordinated loans	379	402	-	402	-
Finance lease liabilities	986	1,040	611	429	-
Accounts payable and other liabilities	4,770	4,770	4,770	-	-

22. Due dates of finance lease liabilities

€ 000	2007	2006
Finance lease liabilities, total of minimum lease payments		
Within one year	486	586
Within more than one but less than five years	490	396
After more than five years	-	-
Finance lease liabilities, present value of minimum lease payments		
Within one year	480	563
Within more than one but less than five years	454	386
After more than five years	-	-
Financial expenses to be accrued in the future	42	33
Total amount of finance lease liabilities	976	982

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

23. Non-interest-bearing liabilities

€ 000	2007	2006
Non-current		
Deferred tax liabilities	3,442	3,822
Total	3,442	3,822
Current		
Accounts payable	2,601	1,357
Other liabilities	-	3,413
Total	2,601	4,770
Other non-interest bearing current liabilities		
Advance payments received	2,182	3,222
Accrued expenses	10,959	10,866
Provisions	-	44
Income tax liabilities	515	14
Other liabilities	5,186	3,801
Total	18,843	17,947
Total non-interest-bearing liabilities	**24,886**	**26,539**

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

24. Operating leases

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

€ 000	2007	2006
Within one year	3,867	4,064
Within more than one but less than five years	3,636	6,061
After more than five years	-	-
Total	7,503	10,125

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 an extension after the original date of expiry. The Group has also leased motor vehicles on maintenance lease agreements. The normal duration of maintenance lease agreements is three years.

25. Contingent liabilities

€ 000	2007	2006
Collateral pledged for own commitments		
Business mortgages granted	1,300	3,554
Gurantee for advance payment	-	578
Bank guarantee	-	1,100
Other	803	504
Total	2,103	5,737

The business mortgages on the balance sheet date for 2007 are greanted 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.

The business mortgages on the balance sheet date for 2006 are granted as collateral for long-term loans and a credit facility on a bank account. The guarantee for advance payment has been granted for a long-term customer project and will be dissolved according to the project's degree of completion. The bank guarantee is associated with the redemption of shares from minority shareholders of SYSOPENDIGIA Finland Ltd (formerly SysOpen Digia Industry and Trade Ltd, formerly Sentera Plc). Other contingent liabilities are associated with guarantee deposits or are units in fixed-income mutual funds pledged as collateral for rents on premises.

26. The group's shares and holdings

Group companies	Domicile	Home country	Share of ownership	Share of votes
SYSOPENDIGIA PLC	Helsinki	Finland	Parent company	
SYSOPENDIGIA Financial Software Ltd	Jyväskylä	Finland	100%	100%
SYSOPENDIGIA Finland Ltd	Helsinki	Finland	100%	100%
SYSOPENDIGIA Service Ltd	Jyväskylä	Finland	100%	100%
SysOpen Digia Partners Ltd	Helsinki	Finland	100%	100%
SysOpen Sweden AB *	Stockholm	Sweden	100%	100%
Capital C AB	Stockholm	Sweden	100%	100%
Samstock AB	Stockholm	Finland	100%	100%
Microext Ltd *	Helsinki	Finland	100%	100%

* The companies are not engaged in any 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

27. Related party transactions

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

Remunerations paid to the CEO and Group management during the financial period, including fringe benefits, amount to the following:

€ 000	2007	2006
Salaries and other short-term employee benefits	1,994	1,442

The members of the Board of Directors and the CEO have received the following salaries and fees in 2007:

		€ 000
Sivonen Pekka	Chairman of the Board	188
Kyttälä Pertti	Vice Chairman of the Board	43
Karvinen Kari	Member of the Board	34
Mujunen Matti	Member of the Board	33
Makkonen Eero	Member of the Board	27
Mehtälä Martti	Member of the Board	28
Terho Mikko	Member of the Board (until 21 March 2007)	5
Mielonen Jari	CEO and President (until 18 Sept 2007)	408
Total		765

In 2007, no stock options were granted to the management (137,000 stock options granted in 2006). As of 31 December 2007, the management holds a total of 90,000 granted options, 35,000 of which can be exercised (414,086 in 2006, 147,086 of which could be exercised). The expense effect of option schemes for persons considered related parties was EUR 0.05 million during the financial period. No transactions associated with the sale or purchase of goods or services have taken place with related parties during the financial period. The Group has no related party loans.

28. Management of financing risks

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

Foreign exchange risk

The Group is not significantly exposed to foreign exchange risks in its operations. The key foreign exchange risks in the Group's operations are associated with the Swedish krona and pound sterling. During the fiscal year 2007, SYSOPENDIGIA Plc acquired a subsidiary in Sweden, which is being consolidated into the Group on a monthly basis. With regard to the Swedish subsidiary, the Group has a EUR 2.6 million holding in Swedish krona, which entails a translation difference risk when the investment is converted into euro. The Group has not made risk management arrangements for this investment and, in the balance sheet of 2007, the recognised translation difference was EUR 12 thousand. In the balance sheet, the accounts receivable denominated in foreign currency consisted of approximately EUR 0.8 million in pounds sterling. The accounts payable denominated in foreign currency were very small. In 2007, both the accounts receivable and accounts payable denominated in foreign currency were very small. The most significant currency risks relating to accounts receivable and accounts payable are managed by means of forward foreign exchange contracts. At the end the reporting period, the Group did not have any current forward contracts.

Interest rate risk

The Group's interest rate risk is considered to be primarily associated with the long-term bank loan that has an interest rate linked to the three-month Euribor rate. Changes in market interest rates will have a direct effect on the Group's future interest payments. During the financial period 2007, the interest rate on the long-term bank loan varied between 5.1% and 5.9% (in 2006 the interest rate was 5.1%) If the interest rate on the long-term bank loan changed +/- 1%, its effect on the annual interest expenses would be EUR 550 thousand. Although the Group's short-term financial market investments expose the Group's cash flow to interest risks, their overall impact is negligible. Interest rate trends are followed systematically by various bodies in the Group, and possible interest rate risks are managed using instruments appropriate to the situation. At the end of the financial period, the Group did not have any valid interest rate risk management 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 only sold to companies with a good credit rating. The counterparties in investment transactions are companies with a good credit rating. Credit risks associated with commercial operations are primarily the responsibility of operational units. The parent company's finance function provides customer financing services in a centralised manner and ensures that the principles of the financing policy are observed with regard to terms of payment and collateral required. In 2007 and 2006 no major credit losses were booked from accounts receivable. The age analysis of accounts receivable for the fiscal year 2006 and 2007 is presented in Note 16.

Liquidity risk

The Group aims to continuously estimate and monitor the amount of financing required for business operations in order to maintain sufficient cash and cash equivalents for financing the operations and repaying any 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 unused standby credit facility on 31 December 2007 was EUR 25.0 million and the amount of unused other credit facility on 31 December 2007 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 2007 amounted to a total of EUR 11.7 million. Agreement-based maturity analysis on discounted equity and interest payments for the reporting periods 2007 and 2006 is presented in Note 21.

Management of 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 the shareholder value with a view to the best possible profit. The Group's interest-bearing net liabilities at the end of 2007 were EUR 44,674 thousand (31 December 2006: EUR 45,158 thousand). When calculating net gearing, the interest-bearing net liabilities are divided by shareholders' equity. Net 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 2007, net gearing stood at 66% (2006: 72%).

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

€ 000	2007	2006
Interest-bearing liabilities	56,413	56,664
Cash and cash equivalents	11,739	11,506
Interest-bearing net liabilities	44,674	45,158
Total shareholders' equity	68,602	63,119
Net gearing, %	65 %	72 %

29. The group's key financial ratios

	IFRS				FAS
	2007	2006	2005	2004	2003
Scope of operations					
Net sales, € 000	105,839	84,968	60,525	26,174	25,211
change on previous year, %	25%	40%	131%	4%	-13%
Gross capital expenditure, € 000	1,979	1,876	2,288	1,580	223
- % of net sales	2%	2%	4%	6%	1%
Capitalisation for research and development [1]	-	256	1,464	209	10
- % of net sales	0%	0%	2%	1%	0%
Number of personnel, 31 December	1,155	1,087	793	288	270
Average number of personnel	1,116	981	731	286	290
Profitability					
Operating profit, € 000	11,080	8,354	4,229	2,358	1,644
- % of net sales	10%	10%	7%	9%	7%
Net profit, € 000	5,871	4,867	2,355	2,340	1,422
- % of net sales	6%	6%	4%	9%	6%
Return on equity, %	9%	8%	5%	21%	17%
Return on investment, %	9%	9%	6%	23%	19%
Financing and financial standing					
Loans from financial institutions, € 000	56,413	56,664	26,055	134	0
Cash and cash equivalents, € 000	11,739	11,506	12,326	5,909	7,781
Gearing, %	65%	72%	26%	-51%	-68%
Equity ratio, %	47%	44%	56%	70%	76%
Cash flow from operations, € 000	6,157	5,756	5,691	1,451	2,134
Dividends (paid)	1,625	930	1,020	2,779	3,520
Earnings per share, EUR, basic	0.29	0.25	0.14	0.25	0.23
Earnings per share, EUR, diluted	0.29	0.25	0.14	0.25	0.23
Equity per share	3.32	3.10	2.83	1.23	1.22
Dividend per share (2007 proposal) [2]	0.10	0.08	0.05	0.11	0.30
Dividend payout ratio	35%	32%	35%	44%	133%
Effective dividend yield	3%	2%	1%	3%	7%
Price/earnings ratio (P/E)	10.39	13.70	33.07	14.88	17.28
Lowest share price	2.93	3.00	3.43	2.90	2.83
Highest share price	4.26	4.97	4.93	5.35	4.44
Average share price	3.77	3.75	4.36	3.66	3.63
Market capitalisation	61,079	69,669	85,170	31,679	37,733
Trading volume, shares	9,583,795	13,899,149	14,524,798	2,689,605	2,441,772
Trading volume, %	47%	71%	87%	29%	26%

[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] The dividends for 2003 include the additional dividend of 0.06 cents per share paid in the autumn.

A total of 494,145 new shares were subscribed and paid under option scheme 2005K2 during December 2007, and entered into the Trade Register on 18 January 2008. These shares have been taken into account when calculating the total number of company shares. The weighted average number of shares during the accounting period, adjusted for share issues, is 20,332,411. The number of shares at the end of the accounting period, adjusted for dilution, is 20,530,553. The number of shares outstanding at the end of the accounting period is 20,853,645.

Calculation of financial ratios

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

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

$$\text{Equity ratio (\%)} = \frac{\text{Shareholders' equity + minority interest} \times 100}{\text{Balance sheet total – advance payments received}}$$

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

$$\text{Dividend per share} = \frac{\text{Total dividend}}{\text{Number of shares at the end of the period adjusted for share issues}}$$

$$\text{Dividend payout ratio \%} = \frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

$$\text{Gearing} = \frac{\text{Loans from financial institutions – cash, bank receivables and financial securities}}{\text{Shareholders' equity}}$$

$$\text{Effective dividend yield \%} = \frac{\text{Dividend per share}}{\text{Last trading price for the period adjusted for share issues}}$$

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

Parent company's income statement (FAS)

€	Notes	1 Jan.–31 Dec. 2007	1 Jan.–31 Dec. 2006
Net sales	1	**8,212,690.00**	**5, 350,985.87**
Other operating income	2	13,106.35	24,781.05
Personnel expenses	3	-3,496,734.46	-3,110,079.73
Depreciation, amortisation and write-downs	4	-118,496.36	-49,594.40
Other operating expenses		-4,144,633.88	-1,958,453.27
		-7,746,758.35	-5,093,346.35
Operating profit		**465,931.65**	**257,639.52**
Financial income and expenses	5	-3,588,619.66	-1,664,868.83
Earnings before extraordinary items and taxes		**-3,122,688.01**	**-1,407,229.31**
Extraordinary items		4,000,000.00	1,500,000.00
Earnings before tax		**877,311.99**	**92,770.69**
Income taxes	6	-84,575.57	0.00
Net profit		**792,736.42**	**92,770.69**

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

Parent company's balance sheet (FAS)

€	Notes	31 Dec. 2007	31 Dec. 2006
ASSETS			
FIXED ASSETS			
Intangible assets	7		
Intangible rights		363,792.54	225,322.45
Other long-term expenses		3,887.58	5,442.54
		367,680.12	230,764.99
Tangible assets	8		
Land and water areas		16,818.79	16,818.79
Buildings and structures		117,033.96	121,910.40
Machinery and equipment		93,978.43	109,740.62
		227,831.18	248,469.81
Long-term investments	9		
Shares in Group companies		110,652,387.20	107,785,465.64
Other shares and holdings		606,292.32	589,292.32
		111,258,679.52	108,374,757.96
Total fixed assets		**111,854,190.82**	**108,853,992.76**
CURRENT ASSETS			
Current receivables	10		
Receivables from Group companies		5,782,816.55	5,281,758.98
Other receivables		318,680.29	-
Prepayments and accrued income		1,085,218.48	504,060.38
		7,186,715.32	5,785,819.36
Cash and cash equivalents		309,891.18	530,429.78
Total current assets		**7,496,606.50**	**6,316,249.14**
Total assets		**119,350,797.32**	**115,170,241.90**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to parent company shareholders	11		
Share capital		2,085,364.50	2,031,167.00
Premium fund		7,892,538.64	6,705,600.46
Unrestricted invested shareholders' equity reserve		38,110,560.21	39,735,545.65
Retained earnings		574,249.96	431,410.97
Net profit		792,736.42	92,770.69
Total shareholders' equity		49,455,449.73	48,996,494.77
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	12	55,000,000.00	55,000,000.00
		55,000,000.00	55,000,000.00
Current liabilities	13		
Accounts payable		381,893.98	76,267.90
Liabilities to Group companies		13,467,767.60	5,552,747.74
Other liabilities		268,917.66	3,677,419.47
Accrued expenses		776,768.35	1,867,312.02
		14,895,347.59	11,173,747.13
Total liabilities		**69,895,347.59**	**66,173,747.13**
Total shareholders' equity and liabilities		**119,350,797.32**	**115,170,241.90**

Signatures to the Board's Report and Financial Statements

Helsinki, 5 February 2008

Pekka Sivonen
Chairman of the Board of Directors

Pertti Kyttälä

Kari Karvinen

Matti Mujunen

Eero Makkonen

Martti Mehtälä

Juha Varelius
President and CEO

Auditor's Note

The financial statements and the Board of Director's report have been prepared in accordance with generally accepted accounting principles. A report of the audit has been submitted today.

Helsinki, 5 February 2008

KPMG Oy Ab

Ari Ahti
AUTHORISED PUBLIC ACCOUNTANT

To the shareholders of SYSOPENDIGIA Plc

We have audited the accounting records, the report of Board of Directors, the financial statements and the administration of SYSOPENDIGIA Plc for the period January 1–December 31, 2007. The Board of Directors and the Chief Executive Officer have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit include examining on a test basis evidence supporting the amount and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the board of Directors and the Chief Executive Officer of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act on other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Chief Executive Officer of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of the distributable funds is in compliance with the Companies Act.

Helsinki, February 8, 2008

KPMG OY AB

Ari Ahti
Authorized Public Accountant

Information for shareholders

Investor relations

JUHA VARELIUS, President and CEO
Hiomotie 19, 00380 Helsinki
Tel +358 10 313 3000
juha.varelius@digia.com

TOMI MERENHEIMO, Vice President Legal and IR
Hiomotie 19, 00380 Helsinki
Tel +358 10 313 3000
tomi.merenheimo@digia.com

Financial releases 2008

During the financial year 2008, Digia Plc will publish the following financial releases in Finnish and in English:

- Q1 Interim Report: Tuesday 29 April 2008
- Q2 Interim Report: Tuesday 5 August 2008
- Q3 Interim Report: Tuesday 28 October 2008

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.

Digia switchboard is +358 10 313 3000

HELSINKI
Headquarters
Hiomotie 19
FI-00380 Helsinki
Tel. +358 10 313 3000
Fax. +358 10 313 3700

Hämeentie 135 A
FI-00560 Helsinki
Tel. +358 10 313 3000
Fax +358 10 313 4089

Valimopolku 4 A
FI-00380 Helsinki
Tel. +358 10 313 3000
Fax +358 10 313 2100

Vilhonkatu 6 A
FI-00100 Helsinki
Tel. +358 10 313 3000
Fax +358 10 313 3300

JYVÄSKYLÄ
Piippukatu 11
FI-40100 Jyväskylä
Tel. +358 10 313 3000
Fax +358 10 313 4700

Ohjelmakaari 1
FI-40500 Jyväskylä
Tel. +358 10 313 3000
Fax +358 10 313 3800

KUOPIO
Microkatu 1
FI-70210 Kuopio
Tel. +358 10 313 3000
Fax +358 10 313 4954

LAPPEENRANTA
Laserkatu 6
FI-53850 Lappeenranta
Tel. +358 10 313 3000
Fax +358 10 313 4961

OULU
Sepänkatu 20
FI-90100 Oulu
Tel. +358 10 313 3000
Fax +358 10 313 4022

PORI
Pohjoisranta 11 F
FI-28100 Pori
Tel. +358 10 313 3000
Fax +358 10 313 4411

RAUMA
Teknologiakylä
Syväraumankatu 39
FI-26100 Rauma
Tel. +358 10 313 3000
Fax +358 10 313 2110

TAMPERE
Hatanpään valtatie 24 A
FI-33100 Tampere
Tel. +358 10 313 3000
Fax +358 10 313 2120

Hatanpään valtatie 24 B
FI-33100 Tampere
Tel. +358 10 313 3000
Fax +358 10 313 4759

TURKU
Teknologiakeskus
Lemminkäisenkatu 14 - 18 C
FI-20520 Turku
Tel. +358 10 313 3000
Fax +358 10 313 2130

TALLINN
Jakobsoni 14
Tallinn 10128, Estonia
Tel. +358 10 313 3000
Tel. +372 637 6094
Fax +372 637 6265

STOCKHOLM
Kungsgatan 8
SE-11143 Stockholm, Sweden
Tel. +358 10 313 3000
Tel. +46 8 5149 3680
Fax +46 8 5149 3689

SAINT-PETERSBURG
10-Krasnoarmejskay str, 15.
190103, Saint-Petersburg,
Russia
Tel. +358 10 313 3000
Tel. +7 812 332 08 07
Fax +7 812 332 08 07

JAROSLAW
Uglicheskaya 39
150047, Yaroslavl, Russia
Tel. +358 10 313 3000
Tel. +7 4852 58 52 76
Fax +7 4852 58 52 76