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BASWARE FOURTH QUARTER AND YEAR 2007

Summary (last year's corresponding period in parenthesis, unless otherwise stated.)

Financial Year 2007:

- Net sales EUR 73 270 thousand (59 954 thousand) – growth 22 percent
- Operating profit EUR 7 512 thousand (EUR 8 078 thousand) – decrease by 7 percent
- Operating profit 10 percent (13%) of net sales
- International business operations' share of net sales 48 percent (46%) – growth 29 percent
- Backlog of SaaS orders not recognized as income EUR 11 112 thousand at the end of the year
- Earnings per share EUR 0.36 (EUR 0.45)

October–December (Q4):

- Net sales EUR 23 187 thousand (EUR 16 508 thousand) – growth 41 percent
- Operating profit EUR 1 924 thousand (EUR 1 807 thousand) – growth 7 percent
- Operating profit 8 percent of net sales (11%)
- Share of international operations 53 percent of net sales (50%) – growth 48 percent
- Earnings per share EUR 0.10 (EUR 0.05)

Outlook for 2008: Basware expects the growth of net sales for the financial year to be from 15 to 25 percent compared with the Group's net sales in the previous year. The first quarter of the year is milder in growth resulting from the high level of the restated comparative figures for the first quarter of 2007. Operating profit (EBIT) is expected to be from 10 to 15 percent of net sales.

The Financial Statements have been prepared according to International Financial Reporting Standards (IFRS).

GROUP KEY FIGURES

EUR thousand	10–12/ 2007	10–12/ 2006	Change, %	1–12/ 2007	1–12/ 2006	Change, %
Net sales	23 187	16 508	40.5%	73 270	59 954	22.2%
Operating profit	1 924	1 807	6.5%	7 512	8 078	-7.0%
% of net sales	8.3%	10.9%		10.3 %	13.5%	
Profit before tax	1 888	1 831	3.1%	7 704	8 287	-7.0%
Profit for the period	1 113	526	111.4%	4 112	4 986	-17.5%
Return on equity, %	9.5%	4.8%		8.9 %	15.1%	
Return on investment, %	15.6%	16.6%		16.2 %	24.7%	
Cash and cash equivalents	7 041	8 975	-21.5%	7 041	8 975	-21.5%
Gearing, %	-5.7%	-18.4%		-5.7 %	-18.4%	
Equity ratio, %	70.0%	77.5%		70.0 %	77.5%	
Earnings per share, EUR	0.10	0.05	111.4%	0.36	0.45	-19.7%
Earnings per share (diluted), EUR	0.10	0.05	111.4%	0.36	0.44	-19.3%
Equity per share, EUR	4.12	3.88	6.2%	4.12	3.88	6.2%

Basware's business operations consist of product sales, maintenance and support, consulting and services, Software as a Service (SaaS) sales and other operations. The core of Basware's product sales consists of Basware Enterprise Purchase to Pay product suite and Basware Basware Financial Management suite. The Group's reported market areas are Finland, Scandinavia, Europe and other areas.

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Basware's CEO **Ilkka Sihvo** comments: "The last quarter of 2007 succeeded well as a whole. The Finnish Enterprise Purchase to Pay unit as well as the Scandinavian unit exceeded their objectives and the Financial Management unit met its objective. Both the product sales as well as service revenue grew well in the last quarter. During the quarter, we signed several significant agreements all over the world for both Basware Invoice Processing and Basware Purchase Management solutions. The operating profit for the whole Group has developed positively."

"In 2007, Basware met the financial objectives for net sales growth. The development of profit was affected by our investments in international growth. Operating profit fell behind the objective but was still within the guidance. The Finnish Enterprise Purchase to Pay unit as well as the Scandinavian and European units exceeded their objectives and the Financial Management unit met its objectives for the whole year. Of the 2007 net sales, 48% came from outside of Finland and the growth of international net sales was 29%. Product sales for the whole year grew strongly, by 24%. We have succeeded in entering into agreements with even larger organizations, and in 2007 the competitive situation of our procurement solution improved."

REPORTING

In conjunction with the 2006 Financial Statements, Basware Group adjusted the revenue recognition principles regarding license sales as well as the valuation principles regarding accounts receivables. The company published the restated figures for 2005 and 2006 on February 1, 2007. The audited Financial Statements prepared according to the adjusted accounting principles were published on February 8, 2007. Basware assesses that the adjusted accounting principles have no effect on the Group's financial performance in the future.

Basware acquired Digital Vision Technologies Ltd on September 10, 2007. Digital Vision's financial statements are consolidated in the Group financial statements as of September 1, 2007. This interim report also presents unaudited pro forma comparative figures for net sales and operating profit in 2007. The data has been prepared to demonstrate what would have been the Group net sales and operating profit had the Digital Vision financial statements been incorporated for the whole financial period.

In the first quarter, a formal bad debt reservation of EUR 1.3 million was realized in sales receivables. The debt reservation amounts to EUR 789 thousand (EUR 781 thousand) at the end of the fourth quarter.

Basware reports its Software as a Service (SaaS) revenue separately in the secondary segment. Software as a Service revenue includes license, maintenance and services revenue that are invoiced monthly based on an agreement. Software as a Service agreements typically span several years. The Group also reports the backlog of SaaS orders not recognized as income. The Company's SaaS sales are growing and this dilutes net sales growth in short term.

FOURTH QUARTER OCTOBER 1 – DECEMBER 31, 2007

NET SALES OCTOBER–DECEMBER 2007

Basware Group's net sales grew by 41 percent in October–December and were EUR 23 187 thousand (EUR 16 508 thousand).

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In the fourth quarter, 32 percent (32%) of net sales consisted of own software product sales and the product sales grew by 43 percent. SaaS sales represented 2 percent of net sales in the fourth quarter. Maintenance revenue represented 29 percent (32%) of net sales and grew by 27 percent. Consulting and services revenue represented 37 percent (36%) of net sales and grew by 44 percent.

Value added resellers provided a net share of 14 percent (24%) or EUR 1 046 thousand of product sales in October–December which represents 9 percent (15%) of international operations' total net sales.

The international share of Basware's net sales was 53 percent (50%) in October–December. International operations grew by 48 percent.

FINANCIAL PERFORMANCE OCTOBER–DECEMBER 2007

Basware Group's operating profit grew by 7 percent in October–December and was EUR 1 924 thousand (EUR 1 807 thousand). Operating profit represented 8 percent (11%) of net sales.

The Company's fixed costs were EUR 18 546 thousand (EUR 13 521 thousand) in the quarter. The costs have grown by 37 percent compared with the previous year and by 51 percent compared with the previous quarter. The increase in costs was mainly attributable to the growth of personnel resulting from the acquisition.

The parent company has outstanding sales receivables from companies belonging to Basware Group. The elimination of these intercompany transactions causes foreign exchange difference that is reported in the Group profit and loss statement. Foreign exchange differences for the Group reported in cost of sales totaled EUR -656 thousand (EUR -139 thousand). Majority of this was reported in the last quarter.

The Financial Statements include a total of EUR 233 thousand of non-recurring expenses related to the Digital Vision integration. These consist of write-off of capitalized research and development expenses (EUR 85 thousand), of doubtful receivables related to the discontinuation of third party product sales (EUR 84 thousand) and of a periodised integration bonus (EUR 64 thousand).

In the fourth quarter, product development costs were EUR 4 532 thousand (EUR 3 284 thousand), of which EUR 1 217 thousand or 27 percent have been capitalized. The amortization on development costs was EUR 264 thousand (EUR 170 thousand).

The Company's profit before taxes was EUR 1 888 thousand (EUR 1 831 thousand) in the quarter and profit for the period was EUR 1 113 thousand (EUR 526 thousand). Earnings per share were EUR 0.10 (EUR 0.05).

BUSINESS OPERATIONS OCTOBER–DECEMBER 2007

General economic situation in the main market areas of Basware remains relatively good. Research institutions predict that the annual growth of the IT market will be approximately 5–7 percent in the Nordic countries, Western Europe and United States. The competitiveness of the Basware software is estimated to have slightly improved. Basware is named strong newcomer in the international eProcurement solutions market in a report by the independent research firm Forrester Research, Inc.

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and ranked among five leading vendors globally. According to Forrester, Basware is a leading electronic invoice presentment and payment (EIPP) vendor with the most revenues and largest installed base.

Basware Enterprise Purchase to Pay operations grew by 41 percent in the quarter and represent 90 percent (90%) of total net sales. The Company estimates that the demand for procurement solutions is increasing. The demand for automated invoice processing solutions and travel and expense management solutions has remained steady.

In Enterprise Purchase to Pay units, new customers include Landesmesse Stuttgart GmbH in Germany, Heineken Poland, Elcoteq Corporation, SKF in Sweden, Leiras, The University of Antwerp, Det Norske Veritas, Romande Energie in France, Heatcraft Australia Pty Ltd, Kerry Ingredients Australia and a large international industrial and services company in the United Kingdom.

Approximately 2 million invoices were transmitted through the eInvoicing service of *Basware EInvoices Ltd*, operating in the Nordic countries. The invoice volume grew by 31 percent during the quarter compared with the same period last year. A total of 58 new customer agreements were signed during the quarter, of which international operations represented 22 percent. *Basware EInvoices Oy* signed five new e-Invoice operator agreements with Nordic and European operators. In addition to these agreements, *Basware EInvoices Oy* signed an operator agreement with German operator Crossgate, which strengthens the company's role in international e-invoicing markets, especially in Central Europe. Net sales of *Basware EInvoices Oy* are included in the Enterprise Purchase to Pay net sales.

The Financial Management operations (*Basware FIMA Oy*) grew by 38 percent in the quarter and represented 10 percent (10%) of net sales. The demand for Financial Management software has been moderate especially for the planning and analyzing solutions. The unit's new customers in Finland include The City of Espoo, A-Katsastus, Lindström, Seutukeskus Oy Häme and Folkhälsan. Additionally, the Financial Management unit signed an agreement with Russia-based LSR for the delivery of *Basware IFRS Consolidation* solution.

Reseller Channel and Partners

Reseller operations through business partners are an important part of international operations. The focus of partner activities in the third quarter was on the execution of actions defined in the partner plans. The aim is to identify the most potential companies among the partners and increase their expertise and commitment to the Basware solutions.

Eight new reseller agreements were signed during the third quarter of which Velocity, Doptek and MinMax Technologies in the United States, Dimo Gestion, Teampartners and Linkvest in France as well as Wola Info in Poland and Addcon IT in Sweden. Basware had a total of 70 international resellers at the end of the quarter, operating in 33 countries. Outside the Nordic countries, Basware has 41 partners in Europe. Basware also has an extensive reseller network in Finland.

Value added resellers provided a net share of 14 percent (24%) or EUR 1 046 thousand of product sales in October–December.

Nordic

Basware's Nordic organization includes the Enterprise Purchase to Pay and Financial Management units in Finland, as part of the parent company, as well as the Scandinavian (Sweden, Denmark and Norway) unit. All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the Nordic countries, apart from the payment solutions which are currently sold only in Finland. Russian operations are included in the Finland segment.

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Sales and other business operations are mainly handled by the own organization. There are altogether 28 resellers and 17 application service providers selling payment solutions in Finland. There are four Enterprise Purchase to Pay business partners in Sweden and one in Iceland. In Russia, there is one Financial Management business partner and two Enterprise Purchase to Pay partners.

As a whole, Basware's Nordic operations grew steadily during the last quarter and exceeded the objectives. The Finnish unit exceeded its objective and the Financial Management unit met its objective. The growth of net sales in the Finland segment was 31 percent and 33 percent in the Scandinavia segment.

Europe

Outside of Scandinavia, Basware has European subsidiaries in the Netherlands, Germany, the United Kingdom and France. In addition, there are partner operations in 10 other countries. There are altogether 41 resellers in the area.

As a whole, the European business area met the objective for the quarter. The net sales of the area grew by 108 percent in October–December compared with the same quarter last year. The sales consisted mainly of the *Basware Invoice Processing* solution. The units in United Kingdom and France exceeded their objectives for the quarter. The Dutch unit met their objective and the German unit fell slightly behind their objective. The Data Capture business operations met the EUR 2 million net sales objective for the four consolidated months.

Other Areas

Outside of Europe, Basware has a US subsidiary which focuses on the sales of the Enterprise Purchase to Pay solutions in the United States and Canada. In addition, there are eight resellers in the area. New partner agreements were signed with Velocity, Minmax Technologies and Doxtek during the fourth quarter. The operations of Basware, Inc. fell behind the objective for the quarter.

Other areas segment decreased in October–December by 8 percent compared with the same quarter last year.

The sales in other areas outside Europe, mainly in Australia, are handled through value added resellers. Their net sales are entered as a part of the Finnish parent company's sales in segment reporting. There are four resellers in the Asia Pacific region. The region's net sales exceeded the objective for the period.

FINANCIAL PERIOD JANUARY 1 – DECEMBER 31, 2007

NET SALES

Basware Group's net sales grew by 22 percent during the financial year and were EUR 73 270 thousand (EUR 59 954 thousand). The pro forma net sales for the financial period would have been EUR 77 754 thousand had the Digital Vision net sales been incorporated for the whole financial period.

The Company's product sales grew by 24 percent in the period and were 33 percent (32%) of net sales. Maintenance revenue and support services related to maintenance grew by 17 percent and represented 30 percent (31%) of net sales. Consulting and services revenue grew by 19 percent and represented 35

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percent (37%) of net sales. In the financial period SaaS sales represented 2% percent of net sales. The backlog of SaaS orders not recognized as income was EUR 11 112 thousand.

Value added resellers provided a net share of 15 percent (18%) or EUR 3 579 thousand (EUR 3 465 thousand) of total product sales in the financial year, which represents 10 percent (13%) of international operations' total net sales.

The international share of Basware's net sales was 48 percent (46%). International operations grew by 29 percent. Domestic operations grew by 17 percent.

The geographical division of net sales (primary segment by the location of assets):

Net sales (EUR thousand)	10-12/ 2007	10-12/ 2006	Change, %	1-12/ 2007	1-12/ 2006	Change, %
Finland	14 278	10 918	30.8	48 849	41 028	19.1
Scandinavia	5 782	4 354	32.8	16 797	14 698	14.3
Europe	5 652	2 714	108.3	15 081	8 985	67.8
Other	1 030	1 119	-7.9	3 460	3 512	-1.5
Sales between segments	-3 554	-2 598	-36.8	-10 917	-8 269	-32.0
Group total	23 187	16 508	40.5	73 270	59 954	22.2

The geographical division of net sales by the location of customers:

Net sales (EUR thousand)	10-12/ 2007	10-12/ 2006	Change, %	1-12/ 2007	1-12/ 2006	Change, %
Finland	10 851	8 147	33.2	37 969	32 557	16.6
Scandinavia	5 549	4 415	25.7	15 911	14 129	12.6
Europe	5 422	2 705	100.4	14 785	9 421	56.9
Other	1 366	1 241	10.0	4 604	3 848	19.7
Group total	23 187	16 508	40.5	73 270	59 954	22.2

FINANCIAL PERFORMANCE

Basware's operating profit decreased by 7 percent in the financial year and totaled EUR 7 512 thousand (EUR 8 078 thousand). Operating profit represented 10 percent (13%) of net sales. The pro forma operating profit for the financial year would have been EUR 7 737 thousand had the Digital Vision operating profit been incorporated for the whole financial year.

The Company's fixed costs were EUR 59 543 thousand (EUR 47 427 thousand) in the financial year. Growth compared with the previous year was 26 percent. Personnel costs made up 68 percent or EUR 40 600 thousand (EUR 32 953 thousand) of the fixed costs. The increase of personnel expenses resulting from the acquisition of Digital Vision totaled EUR 909 thousand. Fixed costs include the bad debt reservation of EUR 789 thousand (EUR 781 thousand) realized in sales receivables.

Research and development costs totaled EUR 13 172 thousand (EUR 10 925 thousand) in the financial year, of which EUR 3 061 thousand or 23 percent (23%) were capitalized during the period. The amortization on development costs was EUR 983 thousand (EUR 461 thousand). Research and

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development costs made 18 percent (18%) of net sales. Costs grew by 21 percent (76%) during the financial year.

The division of operating profit geographically (primary segment by the location of assets):

Operating profit (EUR thousand)	10-12/ 2007	10-12/ 2006	Change, %	1-12/ 2007	1-12/ 2006	Change, %
Finland	2 335	3 243	-28.0	12 706	12 314	3.2
Scandinavia	873	20	4 360.0	333	-45	832.0
Europe	-1 078	-910	-18.5	-3 662	-2 831	-29.3
Other areas	-160	-531	69.9	-1 751	-1 297	-35.0
Operating profit between segments	-47	-15	-210.9	-114	-62	-84.2
Group total	1 924	1 807	6.5	7 512	8 078	-7.0

The Company's finance income and finance expenses were EUR +191 thousand (EUR +209 thousand). The Company's profit before tax was EUR 7 704 thousand (EUR 8 287 thousand). Taxes for the period totaled EUR 3 591 thousand (EUR 3 301 thousand). Profit for the period was 6 percent (8%) or EUR 4 112 thousand (EUR 4 986 thousand) of net sales. Earnings per share were EUR 0.36 (EUR 0.45).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the financial period were EUR 67 722 thousand (EUR 57 558 thousand). The Company's cash and liquid assets were EUR 7 041 thousand (EUR 8 975 thousand), of which cash and cash equivalents were EUR 7 010 thousand (EUR 3 012 thousand) and financial assets at fair value through profit or loss were EUR 31 thousand (EUR 5 963 thousand).

During the period, a short-term loan totaling EUR 4 million was withdrawn to in part finance the Digital Vision acquisition.

Cash flows from operating activities were EUR 4 387 thousand (EUR 5 657 thousand) in the period. Cash flows from investments were EUR -7 969 thousand (EUR -6 114 thousand).

Equity ratio was 70.0 percent (77.5%) and gearing was -5.7 percent (-18.4%). The Company had a total of EUR 4 334 thousand (EUR 758 thousand), interest-bearing liabilities, of which current liabilities accounted for EUR 4 314 thousand (EUR 428 thousand). Return on investment was 16.2 percent (24.7%) and return on equity 8.9 percent (15.1%).

The acquisition cost of Digital Vision, acquired in September 2007, totaled EUR 9 232 thousand. Of the amount, a total of EUR 923 thousand, including deferred tax liabilities, has been allocated to intangible assets in respect of customer relationships and products. EUR 7 147 thousand has been recorded as goodwill.

The Company's capital expenditure, resulting from regular, additional and replacement, investments resulting from growth, was EUR 817 thousand (EUR 597 thousand) in the period. Gross investments which include, in addition to the previously mentioned, the capitalized research and development costs and the acquisition of Digital Vision, totaled EUR 12 220 thousand (EUR 25 315 thousand).

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The premises acquired in conjunction with the acquisition of Analyste in 2006 were sold during the financial period. The sales of the business premises had a EUR 439 thousand one off improvement on the full year result of Basware Corporation.

As a result of impairment testing, there are no indications of impairments of assets. Amortizations of intangible assets were EUR 2 050 thousand (EUR 1 466 thousand), of which amortizations related to acquisitions totaled EUR 712 thousand (EUR 659 thousand).

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Basware's research and development units are located in Finland, Norway and India. Altogether 152 people (138) or 23 percent of the personnel worked at the units in the end of 2007. As a result of the acquisition of Digital Vision, Basware's research and development operations extended to the city of Shimla in India, employing currently 13 people.

Basware's research and development costs were EUR 13 172 thousand (EUR 10 925 thousand) in the period and made up 18 percent (18%) of net sales. Research and development costs grew by 21 percent (76%) compared with the same period last year.

In 2007, Basware was the first in the world to introduce a mobile solution, *Basware Mobile Client*, for controlling the purchase to pay process. With the solution, it is possible to approve purchase invoices and purchase requisitions with a mobile device.

During 2007, the Enterprise Purchase to Pay suite was complemented with new, innovative solutions especially for procurement. The Company developed a sourcing solution, *Basware RFX Management*, which was piloted among the existing customer base. The new solution helps customer control their sourcing projects and enables electronic bidding processes. *Basware Contract Lifecycle Management* was also piloted as a new solution. These new solutions automate and support the efficiency of the entire purchase to pay process. Moreover, they ensure the compliance of the bidding process and help customers benefit from agreement terms. Both solutions integrate seamlessly with *Basware Invoice Processing* and *Basware Purchase Management*.

For the Financial Management solutions, new versions of *Basware Group Consolidation* and the related *Basware IFRS Package* were launched. Demand for the new, international version of the IFRS package has been the strongest in Russia where the solution is sold under the name of *Basware IFRS Consolidation*. New versions were also launched of *Basware Cash Flow*, *Basware Business Planning* and *Basware Transparent Reporting*. A new version of the public sector reporting package, related to the *Basware Group Consolidation* solution, was launched during the year. The new version enables e.g. automated calculation of key figures.

In 2007, Basware launched Unicode support for all its Enterprise Purchase to Pay solutions. The standard unifies different encoding systems, enabling the use of several different character sets in one database installation. This is a significant feature for international companies operating for example in Asia or Russia.

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PERSONNEL

Basware employed 580 (513) people in average in the period and 658 (528) people at the end of the period. The number of personnel grew by 25 percent compared with the same period last year and grew by 4 percent compared with the previous quarter of the year. The acquisition of Digital Vision increased the number of personnel by 52 people.

The share of personnel working in foreign units has increased compared with last year. At the end of the period, 41 percent (34%) of the Basware personnel worked outside of Finland and 59 percent (66%) in Finland.

The average age of the employees is 35.6 (35.4) years. 32 percent of them hold a Master’s degree and 43 percent a Bachelor’s degree. 29 percent of the personnel are women and 71 percent men.

For incentive purposes, the Company has a bonus program that covers the whole personnel. During the financial period, the Company also had two on-going warrant programs for the Group’s key personnel.

Geographical distribution of personnel:

Personnel (employed, in average)	10-12/ 2007	10-12/ 2006	Change, %	1-12/ 2007	1-12/ 2006	Change, %
Finland	383	345	11.2	367	346	6.0
Scandinavia	98	93	5.8	96	89	8.5
Europe	142	66	114.1	93	62	48.8
Other areas	28	21	33.9	25	17	50.2
Group total	651	524	24.2	580	513	13.1

BUSINESS OPERATIONS

General economic situation in the main market areas of Basware remains relatively good. Research institutions predict that the annual growth of the IT market will be approximately 5–7 percent in the Nordic countries, Western Europe and United States. The competitiveness of the Basware software is estimated to have slightly improved. Basware is named strong newcomer in the international eProcurement solutions market in a report by the independent research firm Forrester Research, Inc. and ranked among five leading vendors globally. According to Forrester, Basware is a leading electronic invoice presentment and payment (EIPP) vendor with the most revenues and largest installed base.

International share of Basware Group’s net sales was 48 percent (46%) and international operations grew by 29 percent. In the end of the period the Company had software installations in over 50 countries.

Enterprise Purchase to Pay operations grew by 23 percent during the year and represented 89 percent (88%) of total net sales. A total of 54 percent (51%) of net sales came from outside of Finland. The Company estimates that the demand for procurement solutions continues to increase. The demand for automated invoice processing solutions and travel and expense management solutions has remained steady.

In Enterprise Purchase to Pay units, new customers include Elcoteq Corporation, The City of Espoo, Suomen Terveystalo Oyj, Tapiola Bank, Leiras, Sato Oyj, Toyota Material Handling Finland and Maxit Oy Ab, DW Beton GmbH and Keramag - Keramische Werke AG in Germany, Martinair in the Netherlands, Rolls-Royce Marine AS in Norway, SKF in Sweden, Gannett Co. in the United States, BNP Paribas SA in France, Continental AG, C. Steinweg Handelsveem, Scottish & Newcastle in the United

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Kingdom, Ernst & Young in France, ING Direct Spain, Nykredit A/S in Denmark, Fairwinds Credit Union in the United States, the University of Antwerp, Det Norske Veritas, Romande Energie in France, Heatcraft Australia Pty Ltd and Kerry Ingredients Australiassa.

Several new Software as a Service (SaaS) agreements were signed during the last quarter, the most significant agreements being the Finnish State Treasury and the City of Oulu region in Finland for *Basware Purchase Management* solution. At the State Treasury, the Basware solution will be used by the entire Finnish state administration. In addition to *Basware Purchase Management*, the City of Oulu region will also implement the new sourcing solution, *Basware RFx Management*.

During the period, a total of 6.9 million invoices were transmitted through the eInvoicing service of *Basware Einvoices Oy* operating in the Nordic countries. The invoice volume grew by 37 percent (37%). A total of 322 new customer agreements were signed during the period, of which international operations represented 20 percent. *Basware Einvoices Oy* signed ten new e-Invoice operator agreements with Nordic operators during the period. In addition to these agreements, *Basware Einvoices Oy* became a member of the HUB Alliance e-Invoicing community, operating in the United Kingdom. This strengthens the company's role in international e-Invoicing markets, especially in Central Europe and in the United States. Net sales of Basware Einvoices Oy are included in the Enterprise Purchase to Pay net sales.

The Financial Management operations (*Basware FIMA Oy*) grew by 18 percent in the period and represented 11 percent (12%) of the Group's net sales. The demand for Financial Management software has been moderate especially for the planning and analyzing solutions. The unit's new customers in Finland include The City of Espoo, A-Katsastus, Lindström, Seutukeskus Oy Häme, Folkhälsan, Lännen Tehtaat Oyj, Fastems Oy Ab, Incap Oyj and Lemminkäinen Oyj. During the period, the Financial Management unit signed an agreement with Russia-based IES Holding and LSR for the delivery of *Basware IFRS Consolidation* solution.

Reseller Channel and Partners

Reseller operations through business partners are an important part of international operations. The focus of partner activities in 2007 was on the execution of actions defined in the partner plans. The aim is to identify the most potential companies among the partners and increase their expertise and commitment to the Basware solutions. The Group has altogether 70 partners globally, operating in 33 different countries.

In June 2007, Basware signed an international reseller agreement with DICOM Group, a leading provider of data capture solutions. As a result of the cooperation, Basware's product portfolio was complemented by DICOM Group's Ascent® Capture sekä Ascent®Xtrata Pro solutions. Basware is thus able to offer its customers a more extensive solution for invoice processing.

In 2007, Basware focused on operating with selected technology providers (DICOM, Microsoft, Oracle) in specific geographic areas. An extensive partner program was prepared during 2007, to be launched in January 2008. In addition, channel responsibilities were changed to better serve focused partner operations.

In 2007, a net share of 15 percent (18%) of product sales has been achieved through the partner network which represents 10 percent (13%) of international operations' net sales.

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Nordic

Basware's Nordic organization includes the Enterprise Purchase to Pay and Financial Management units in Finland, as part of the parent company, as well as the Scandinavian (Sweden, Denmark and Norway) unit. All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the Nordic countries, apart from the payment solutions which are currently sold only in Finland. Russian operations are included in the Finland segment.

Sales and other business operations are mainly handled by the own organization. There are altogether 28 resellers and 17 application service providers selling payment solutions in Finland. There are four Enterprise Purchase to Pay business partners in Sweden and one in Iceland. In Russia, there is one Financial Management business partner and two Enterprise Purchase to Pay partners.

As a whole, Basware's business units in Finland and Scandinavia exceeded the sales objective for the financial year. The Finnish Enterprise Purchase to Pay unit and Scandinavian units both exceeded their objectives. The Financial Management unit met its objective. The growth of net sales in the Finland segment was 19 percent. The growth of net sales in the Scandinavia segment was 14 percent.

Europe

Outside of Scandinavia, Basware has European subsidiaries in the Netherlands, Germany, the United Kingdom and France. In addition, there are partner operations in 10 other countries. There are altogether 41 resellers in the area.

As a whole, the European business area met the objective for the financial year. The net sales of the area grew by 68 percent in the financial year compared with the same period last year. The sales consisted mainly of the *Basware Invoice Processing* solution. The units in the Netherlands and France clearly exceeded the objectives the financial year. The unit in United Kingdom met its objective and the German unit fell slightly behind its objective.

Other Areas

Outside of Europe, Basware has a US subsidiary which focuses on the sales of the Enterprise Purchase to Pay solutions in the United States and Canada. In addition, there are eight resellers in the area; Tallega, Xerox USA, Xerox Canada, RPIC, Kofax, Velocity, Minmax Technologies and Doptek. The operations of Basware, Inc. fell behind the objective for the financial year.

Other areas segment decreased in the financial period by 1 percent compared with the same period last year.

The sales in other areas outside Europe, mainly in Australia, are handled through value added resellers. Their net sales are entered as a part of the Finnish parent company's sales in segment reporting. There are four resellers in the Asia Pacific region. The region's net sales fell slightly behind the objective for the financial year.

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NEAR FUTURE RISKS AND RISK MANAGEMENT

According to Basware's risk management model, Basware has divided the risks into six categories: risks related to business operations, products, personnel as well as legal, financial and data security risks. Basware takes risks that are a natural part of the strategy and objectives. These risks are managed and reduced in various ways.

As part of Basware's risks and business uncertainties in the near future, Software as a Service (SaaS) based services instead of license agreements may affect the Company's short term net sales growth.

General economic uncertainty has increased. According to research institutions, the global enterprise software market continues to grow. The market growth in Asia Pacific and Europe is estimated to compensate the decline of the US market.

The company operates in several areas outside the Euro zone, the most significant of which being Sweden, Norway, United Kingdom and United States. The company is exposed to exchange rate risks in these countries through intra-company trade, exports and imports as well as through funding of foreign units and currency denominated equities. The Group did not realize hedging for currency changes during the financial year as the currency risks were not considered significant.

There have been no other significant changes in Basware's risks and uncertainties during the financial period.

Risk management at Basware is guided by legal requirements, business requirements set by the owners of the company as well as expectations of the customers, personnel and other important interest groups. The goal of risk management is to systematically and extensively identify and acknowledge the risk involved in the operations as well as to make sure that the risks are appropriately managed when making business decisions. The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations. Basware takes risks that are a natural part of the strategy and objectives. The Company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or would significantly harm the Company's operations.

In the process of risk management, the goal is to identify and evaluate the risks, after which a risk-specific plan is drawn up and concrete action is taken. These actions may include, for example, avoidance of the risk, diminishment of the risk by different means or transference of the risk by insurance or agreements. According to the Company's risk management process, the Board of Directors receives annually a report of the most significant risks discovered during risk mapping. The Board reviews the risks from the shareholder value's perspective. Risk management does not have a separate organization within the Company but its responsibilities follow the distribution of liability throughout the organization and operations. Basware has divided the risks into six categories: risks related to business operations, products, personnel as well as legal, financial and data security risks. Each group has a designated person in charge. The essential risks have been recognized and measures for preparing for them undertaken.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

Basware announced on September 10, 2007 that it has acquired the entire share capital of Digital Vision Technologies Ltd:n ('Digital Vision'). Acquisition price amounted to EUR 9.2 million. The acquired company was owned by local investors and the current management of the company that continued to be employed by the company. The acquisition increased Basware's net sales by EUR 2 million in 2007.

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The Company established a branch in Singapore in September 2007 to strengthen the reseller network in Asia Pacific region.

Basware incorporated its Financial Management unit on August 1, 2007. The new company is called Basware FIMA Oy. The company develops and provides off the shelf software solutions as well as consulting services for business planning, reporting and group consolidation. The aim is to strengthen the market leadership in Finland and gain significant market share in the countries where the transition to IFRS reporting is about to take place.

ENVIRONMENT AND CORPORATE RESPONSIBILITY

The direct environmental impacts of Basware's operations are fairly minimal. Basware's solutions promote paperless operations and financial management in the customer organizations which in part can contribute to the decrease of office waste. The corporate headquarters in Espoo, Finland, follow an environmental management system that has been granted a WWF Green Office Certificate. The Green Office system aims at supporting everyday actions that save energy and raw material. Within the framework of the system, energy consumption and material consumption of the office is measured. The Company continued its cooperation with Plan Finland as part of its social responsibility program. Initiated in 2002, Basware supports the living conditions and education of 14 children in developing countries. Additionally the Company has supported two development projects through the Plan's specialized development programs.

OTHER EVENTS OF THE FINANCIAL PERIOD

Basware Corporation's Annual General Meeting (AGM) on February 26, 2007 adopted the Financial Statements of 2006 and discharged the members of the Board of Directors and the CEO from liability. The AGM resolved, according to the Board's proposition, to distribute a dividend of EUR 0.15 per share, a total of EUR 1 720 218.60 for 2006.

Strategy

Basware's strategic objectives in 2007–2010 are 20–40 percent annual growth in net sales and a profit margin of 10–20 percent. Basware seeks rapid and profitable growth from its strategic market areas, new markets, through new distribution channels and from new products. Basware's business operations in 2007–2010 are profitable. Business operations are profitable in the mid-term also in the Company's strategic markets, in the United States, United Kingdom and France. Basware focuses on Enterprise Purchase to Pay operations.

Vision

Basware's vision is that by 2010 the company is recognized as the leading software company for Enterprise Purchase to Pay software solution suite in all of its key markets. Basware is known for high customer satisfaction and innovativeness as well as being a credible and secure business partner for the customers. Basware has a focused and unique Enterprise Purchase to Pay software solution suite for the global marketplace. Its packaged software products are easy to use and fast to implement and have one million end users in fifty countries by 2010. Basware's presence covers all major markets worldwide with more than ten subsidiaries and 150 reseller partners.

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Strategic Projects

Basware reviewed its growth strategy and introduced five strategic projects that were approved by the Board of Directors in October 2007. The strategic projects aim at reaching the Company's targets and set the direction for operations. Through these five strategic projects, Basware proceeds towards its 2010 vision.

Dominating the US

Basware aims at reaching a dominating position in the US purchase to pay markets. Basware seeks strong growth in the United States that holds excellent growth potential for the Company. The United States is globally the most significant market area for enterprise software solutions but electronic invoice processing and procurement solutions are still in the beginning of their lifecycle. Basware invests heavily in building the sales organization as well as the reseller network in the United States.

Conquer the base

Basware continues on a steady growth path in its more mature markets where customer satisfaction is improved through an extensive service concept and the development of value-added modules that better meet customer requirements continues. The service concept will first be implemented in the Nordic markets after which it will be implemented also in other market areas.

Must-have brand and thought leadership

Basware invests heavily in improving the Company's image and brand in its strategic markets. The Company will reach a global opinion-leader status in the purchase to pay arena. Thought leadership is based on Basware's ground-breaking product development and on the leading purchase to pay product suite. Basware has the most extensive, easy-to-use and fast to implement product suite in the market.

Five global giants

The Company seeks rapid and profitable growth by cooperating with large, international corporations. Large corporations hold significant growth potential in the purchase to pay market. In 2007, Basware signed more agreements with international corporations than in previous years. Basware aims at increasing its solutions' performance so that they fit the needs of large organizations. Basware's competitive advantage lies in an extensive, easy-to-use product family. The Company's aim is to sign customer agreements with at least five major international organizations annually.

Joint forces

As a mid-sized, international software company, Basware seeks rapid growth from strategic and new markets through a reseller network. Basware deepens the cooperation with resellers in all its market areas. The cooperation is continuously developed and partners are offered high quality training. At the same time, the reseller channel is strengthened significantly. The company had resellers in over 30 countries at the end of 2007.

MANAGEMENT AND AUDITOR

Ilkka Sihvo acted as the CEO of the Company in 2007. The CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board, as well as by the Companies Act. The Annual General Meeting on February 26, 2007 elected six members to the Board of Directors. Kirsi Eräkangas, Ossi Pohjola, Antti Pöllänen and Hannu Vaajoensuu were re-elected to the Board. No new members were elected to the Board. In its first meeting on February 26, 2007, the Board elected Hannu Vaajoensuu as Chairman of the Board and Kirsi Eräkangas as Vice

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Chairman. In 2007, the auditor of Basware was Deloitte & Touche, Authorized Public Accountants, with APA Mikael Paul in charge and APA Teppo Rantanen as his deputy.

SHARE AND SHARE CAPITAL

There were no changes to the Company's share capital during the financial period. At the end of 2007, the Company's share capital was EUR 3 440 437.20 and the number of shares 11 468 124.

Warrant Programs

Basware has currently two valid warrant programs.

Warrant Program 2006

The Annual General Meeting on February 15, 2006 approved the new warrant program. Based on the program, a maximum of 300 000 warrants can be granted to the key personnel of Basware Group, each warrant entitling to subscribe one Basware share. The warrants of Warrant Program 2006 are divided into three series, each having an own subscription period as follows: April 1, 2008–March 31, 2009, April 1, 2009–March 31, 2010 and April 1, 2010–March 31, 2011.. The subscription prices of the shares correspond to the volume-weighted average share price of the Company in January–March of 2006, 2007 and 2008. The terms and conditions of the Warrant Program 2007 were published as a stock exchange release on April 10, 2006.

Warrant Program 2007

The Annual General Meeting on February 26, 2007 approved the new warrant program. Based on the program, a maximum of 200 000 warrants can be granted to the key personnel of Basware Group, each warrant entitling to subscribe one Basware share. The warrants of Warrant Program 2007 are divided into two series, each having an own subscription period as follows: April 1, 2009–March 31, 2010 and April 1, 2010–March 31, 2011. The subscription prices of the shares correspond to the volume-weighted average share price of the Company in January–March of 2007 and 2008. The terms and conditions of the Warrant Program 2007 were published as a stock exchange release on February 26, 2007.

Authorization to resolve on share issue

The Annual General Meeting authorized the Board to resolve on the issuance of a maximum of 2 293 624 shares and on the conveying of a maximum of 1 146 812 shares in possession of the Company in one or more installments, either against pay or free of charge.

The new shares can be issued and the Company's own shares conveyed either against payment or for free to the Company's shareholders in proportion to their holding or by means of a directed issue, deviating from the pre-emptive rights of the shareholders provided that from the Company's perspective there are important financial grounds for it, such as enabling business arrangements and company acquisitions, company's capital management, personnel incentive program or other reasons for developing the Company's business activities.

The authorization also includes the right to grant warrants and other special rights to receive new shares in the company or Basware shares held by the company against payment such that either the share

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subscription price will be paid in cash or the subscriber's receivables will be offset against the subscription price.

The authorization also includes the right to resolve on a free issue to the Company itself. The amount of the shares issued to the Company can be a maximum of 1 146 812 shares, including shares acquired based on the authorization or the previously acquired own shares of the Company.

The subscription prices of new shares and the sum paid for the own shares will be recorded in the fund for invested non-restricted equity.

The authorization is valid until March 31, 2008.

Authorization to resolve on acquiring the Company's own shares

The Board is authorized to resolve on the acquisition of a maximum of 1 146 812 own shares. The new shares are acquired at the Helsinki Stock Exchange and can either be held by the Company, nullified or conveyed further. The authorization for acquisition is valid until March 31, 2008.

Authorization to resolve on an extraordinary dividend distribution

The Board is authorized to resolve on an extraordinary dividend distribution totaling a maximum of EUR 1 000 000, distributed from the Company's distributable funds.

The authorization is in effect until the start of the following Annual General Meeting.

Shareholders

Basware had 17 535 (19 759) shareholders at the end of the year. Nominee-registered holdings accounted for 12.3 percent of the total number of shares. The Company received one notice of change in ownership during the financial period. The Company applies the Guidelines for Insiders issued by the Board of Directors of the Helsinki Stock Exchange on January 1, 2006 as well as the Recommendation on Corporate Governance with the exceptions mentioned in the Company's Corporate Governance Statement. The statement can be found in the Investors section of the Company's website.

Share price and trade

During 2007, the highest price of the share on the Nordic Exchange Helsinki was EUR 14.00 (EUR 15.25) and the lowest price EUR 9.50 (EUR 11.21). On the last day of trading in 2007, Basware's closing rate was EUR 10.00 (EUR 13.05). The average price of the share in 2007 was EUR 12.03 (EUR 13.09). Market capitalization with the period's closing price was EUR 114 681 240 (EUR 149 659 018). A total number of 2 761 995 shares were traded during 2007 (5 534 522 in 2006) which is the equivalent of 24 prosenttia (50%) of the number of shares at the end of 2007.

EVENTS AFTER THE FINANCIAL PERIOD

The Company is to provide a data capture solution for UK-based portfolio management company James Hay. James Hay is owned by one of the world's largest banks, Grupo Santander. The value of the agreement is estimated to be EUR 585 000. Implementation is expected to start in March 2008.

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FUTURE OUTLOOK

General economic uncertainty has increased. However, according to research institutions, the global enterprise software market continues to grow. The market growth in Asia Pacific and Europe is estimated to compensate the decline of the US market. Basware operates in the electronic procurement and purchase invoice area, which is expected to grow more rapidly than the average for enterprise software. Basware solutions generate cost savings and therefore the demand is not heavily dependent on the economic situation.

Western Europe and the United States represent approximately three quarters of overall demand for enterprise software. Invoice processing and procurement software remain at the beginning of their lifecycles in these regions. The purchase management and invoice processing software markets are relatively heterogeneous with regards to the competitive situation. However, strong growth may attract more competitors to the market. The industry is consolidating rapidly and this development is expected to continue in the future. Basware is a medium sized software company on a global scale, in terms of sales and number of personnel.

Basware's direct competitors are mainly smaller companies that operate locally. Document management, scanning and workflow solution developers compete with Basware especially in invoice processing. Competing solutions also include tailored software solutions that complement Enterprise Resource Planning (ERP) systems and require extensive client-specific project work.

The competitiveness of the software is still good due to new value added products and the integrated concept that the products form.

The Company's international growth is based on the Company's own sales and marketing efforts as well as on reseller operations. The development of the indirect channel continues especially in Europe and North America and in Russia and Asia. In Scandinavia, the focus is on profitability, supported by the extending product portfolio. In Finland, the focus is on profitability and the moderate growth comes mainly from the purchase management area.

The profitability of the regions outside the Nordic countries continues to be improved in all of the Group's country units which decreases the Group's tax rate in the long term.

As a result of the acquisition of Digital Vision, the Company gained a foothold in the Indian market. The Company extends its research and development unit to India which in the future results in a decrease of the research and development costs' share of the Company's net sales.

Of the Company's EUR 1.1 million backlog of SaaS orders, approximately EUR 1 million will be recognized as income in 2008.

Basware has complemented its organic growth with acquisitions. The Company continues to review possible acquisition targets especially in the United States and Europe during 2008. With the acquisitions, the Company can extend the sales channel in international markets.

In 2008, Basware expects the growth of net sales for the financial year to be from 15 to 25 percent compared with the Group's net sales in the previous year. The first quarter of the year is milder in growth resulting from the high level of the restated comparative figures for the first quarter of 2007. Operating profit (EBIT) is expected to be from 10 to 15 percent of net sales.

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BOARD'S DIVIDEND PROPOSAL

Basware is a growth company that aims for increasing the value of shareholders' investments and for moderate dividend distribution. When preparing the dividend proposal, the Board takes into notice the Company's financial position, profitability and prospects in the near future.

At the end of 2007, the Group's the parent company's distributable funds are EUR 25 468 838.49.

Basware's Board of Directors proposes to the Annual General Meeting that from the financial year 2007, a dividend of EUR 0.15 per share (2006: EUR 0.15) be paid, a total of EUR 1 720 218.60 with the number of shares at the end of the financial period.

In Espoo, Finland, January 24, 2008

BASWARE CORPORATION
Board of Directors

For more information, please contact

CEO Ilkka Sihvo, Basware Corp.,
Tel. +358 9 8791 7251 or +358 40 501 8251

Analyst and Press Briefing

Basware arranges a briefing today, January 24, 2008, on the Financial Statements for the press and analysts at 11:00 at Restaurant BANK, Unioninkatu 20, Helsinki, Finland.

During this briefing CEO Ilkka Sihvo and CFO Mika Harjuaho will comment the operations and financial performance of the year 2007 as well as discuss the outlook for 2008. Welcome.

FINANCIAL REPORTING IN 2008

Basware's Annual Report 2007, including the audited Financial Statements, will be published on the Company's website on week 6 in February 2007. The Company publishes the Annual Report also in print.

Publishing dates of the interim reports

- Interim Report 1-3/2008 (Q1) on Tuesday, April 15, 2008
- Interim Report 1-6/2008 (Q2) on Thursday, July 10, 2008
- Interim Report 1-9/2008 (Q3) on Tuesday, October 14, 2008

Annual General Meeting of Shareholders will be held on Thursday, February 14, 2008 starting at 2.00 PM at Kansallissali (Aleksanterinkatu 44) in Helsinki, Finland.

For further information, please contact:

Ilkka Sihvo, CEO, Basware Corp.
Tel. +358 9 8791 7251 or +358 40 501 8251

Distribution:

Nordic Exchange Helsinki
Principal media
www.Basware.com

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GROUP INCOME STATEMENT

EUR thousand	1.10.– 31.12. 2007	1.10.– 31.12. 2006	Change, %	1.1.– 31.12. 2007	1.1.– 31.12. 2006	Change, %
NET SALES	23 187	16 508	40.5	73 270	59 954	22.2
Other operating income	44	50	-11.9	834	177	370.9
Materials and services	-1 996	-658	203.5	-4 459	-2 593	72.0
Employee benefits expenses	-13 569	-9 042	50.1	-40 600	-32 953	23.2
Depreciation and amortization	-765	-572	33.7	-2 590	-2 033	27.4
Other operating expenses	-4 977	-4 479	11.1	-18 943	-14 474	30.9
Operating profit	1 924	1 807	6.5	7 512	8 078	-7.0
Finance Income	73	66	10.3	344	308	11.4
Finance Expenses	-109	-43	156.4	-152	-99	53.1
Profit before tax	1 888	1 831	3.1	7 704	8 287	-7.0
Income tax expense	-775	-1 304	-40.6	-3 591	-3 301	8.8
PROFIT FOR THE PERIOD	1 113	526	111.4	4 112	4 986	-17.5
EPS (undiluted), EUR	0.10	0.05	111.4%	0.36	0.45	-19.7%
EPS (diluted), EUR	0.10	0.05	111.4%	0.36	0.44	-19.3%
Average share number:						
- undiluted	11 468 124	11 468 124		11 468 124	11 172 612	
- diluted	11 468 124	11 468 124		11 468 124	11 221 052	

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GROUP BALANCE SHEET

EUR thousand	31.12.2007	31.12.2006	Change, %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12 210	9 980	22.3
Goodwill	25 702	18 477	39.1
Tangible assets	1 009	784	28.7
Available-for-sale investments	38	2 612	-98.6
Long-term trade and other receivables	12		
Deferred tax assets	2 489	3 501	-28.9
Non-current assets	41 460	35 354	17.3
CURRENT ASSETS			
Inventories	42	20	112.2
Trade and other receivables	18 704	13 018	43.7
Income tax receivables	476	192	148.2
Financial assets at fair value through profit or loss	31	5 963	-99.5
Cash and cash equivalents	7 010	3 012	132.7
Current assets	26 263	22 204	18.3
TOTAL ASSETS	67 722	57 558	17.7
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	3 440	3 440	
Share premium account	33 127	33 127	
Fair value reserve and other reserves	540	540	
Translation differences	392	235	66.9
Retained earnings	9 765	7 176	36.1
Minority interest	148	88	67.7
Shareholders' equity	47 413	44 606	6.3
NON-CURRENT LIABILITIES			
Deferred tax liability	1 643	1 462	12.4
Interest-bearing liabilities	20	329	-94.0
Non-current liabilities	1 663	1 791	-7.2
CURRENT LIABILITIES			
Interest-bearing liabilities	4 314	428	907.1
Trade payables and other liabilities	14 000	9 957	40.6
Tax liability from income tax	333	775	-57.1
Current liabilities	18 647	11 160	67.1
TOTAL EQUITY AND LIABILITIES	67 722	57 558	17.7

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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Shareholders' equity	Share premium account	Fair value reserve	Translation differences	Retained earnings	Minority interest	Shareholders' equity
SHAREHOLDERS' EQUITY 1.1.2006	2 963	15 010		-203	3 527		21 296
Change in translation difference				438	-198		240
Granted warrants					-108		-108
Myönnetyt optiot					32		32
Other changes			540				540
Net profit/loss recognized directly in shareholders' equity			540	438	-274		704
Profit for the period					4 993	-7	4 986
Total profits and losses			540	438	4 719	-7	5 690
Dividend distribution					-1 070		-1 070
Rights issue	439						439
Warrants used	38	912					950
Share premium		17 211					17 211
Transaction costs for equity		- 6					-6
Business transfer						95	95
SHAREHOLDERS' EQUITY 31.12.2006	3 440	33 127	540	235	7 176	88	44 606
EUR thousand	Shareholders' equity	Share premium account	Fair value reserve	Translation differences	Retained earnings	Minority interest	Shareholders' equity
SHAREHOLDERS' EQUITY 1.1.2007	3 440	33 127	540	235	7 176	88	44 606
Change in translation difference				157	13		168
Granted warrants					204		204
Net profit/loss recognized directly in shareholders' equity				157	217		374
Profit for the period					4 092	20	4 112
Total profits and losses				157	4 310	20	4 486
Dividend distribution					-1 720		-1 720
Rights issue						40	40
SHAREHOLDERS' EQUITY 31.12.2007	3 440	33 127	540	392	9 765	148	47 413

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GROUP CASH FLOW STATEMENT

EUR thousand	1.1.–31.12.2007	1.1.–31.12.2006
Cash flows from operating activities		
Profit for the period	4 112	4 986
Adjustments for profit	5 732	5 235
Working capital changes	-1 812	-902
Interest paid	-124	-41
Dividends received		-8
Interest received	287	70
Other financial items in operating activities	-7	65
Income taxes paid	-3 801	-3 750
Net cash from operating activities	4 387	5 657
Cash flows from investing activities		
Purchase of tangible and intangible assets	-2 869	-3 021
Proceeds from sale of tangible and intangible assets	48	64
Acquired subsidiaries	-8 180	-3 660
Disposal of associated companies		23
Proceeds from other investments	3 013	457
Granted loans		-1
Repayments of loan receivables	20	24
Net cash used in investing activities	-7 969	-6 114
Cash flows from financing activities		
Proceeds from issuance of share capital		760
Minority's capital investment	40	95
Proceeds from short-term loans	4 000	
Repayments of long-term borrowings	-562	-400
Repayments of financial lease liabilities	-10	-75
Dividends paid	-1 720	-1 070
Net cash used in financing activities	1 749	-689
Net change in cash and cash equivalents according to cash flow statement	-1 833	-1 146
Cash and cash equivalents at beginning of period	8 975	9 987
Effects of exchange rate changes on cash and cash equivalents	-101	-19
Effects of fair value implementation		152
Cash and cash equivalents at end of period	7 041	8 975

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2007	1-3/ 2006	4-6/ 2007	4-6/ 2006	7-9/ 2007	7-9/ 2006	10-12/ 2007	10-12/ 2006
NET SALES	17 038	15 432	17 776	14 651	15 268	13 363	23 187	16 508
Other operating income	15	41	752	61	23	25	44	50
Materials and services	-819	-778	-662	-689	-981	-468	-1 996	-658
Employee benefits expenses	-9 243	-8 259	-9 961	-8 710	-7 827	-6 942	-13 569	-9 042
Depreciation and amortization	-571	-453	-597	-488	-657	-520	-765	-572
Other operating expenses	-5 010	-3 454	-4 536	-3 578	-4 419	-2 963	-4 977	-4 479
Operating profit	1 409	2 529	2 773	1 247	1 406	2 495	1 924	1 807
%	8.3%	16.4%	15.6%	8.5%	9.2%	18.7%	8.3%	10.9%
Finance income	61	138	79	48	130	56	73	66
Finance expenses	-11	-60	-12	-8	-20	12	-109	-43
Profit before tax	1 459	2 606	2 840	1 287	1 516	2 563	1 888	1 831
%	8.6%	16.9%	16.0%	8.8%	9.9%	19.2%	8.1 %	11.1%
Tax on income from operations	-575	-613	-1 256	-486	-985	-898	-775	-1 304
PROFIT FOR THE PERIOD	884	1 994	1 584	801	531	1 665	1 113	526
%	5.2%	12.9%	8.9%	5.5%	3.5%	12.5%	4.8%	3.2%

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.12.2007	31.12.2006
Own guarantees		
Business mortgage of own debt	1 200	1 200
Guarantees on behalf of subsidiaries and other group companies		
Guarantees	1 103	986
Other own contingent liabilities		
Lease liabilities:		
Current lease liabilities	601	544
Lease liabilities maturing in 1-5 years	685	567
Total	1 286	1 111
Other rental liabilities:		
Current rental liabilities	1 827	1 334
Rental liabilities maturing in 1-5 years	3 957	3 193
Rental liabilities maturing later	172	
Total	5 956	4 527
Other own contingent liabilities, total	8 442	6 838

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SEGMENT REPORTING
Geographical segments (primary segment)

Net sales (EUR thousand)	10- 12/2007	10- 12/2006	Change, %	1- 12/2007	1- 12/2006	Change, %
Finland	14 278	10 918	30.8	48 849	41 028	19.1
Scandinavia	5 782	4 354	32.8	16 797	14 698	14.3
Europe	5 652	2 714	108.3	15 081	8 985	67.8
Other areas	1 030	1 119	-7.9	3 460	3 512	-1.5
Sales between segments	-3 554	-2 598	-36.8	-10 917	-8 269	-32.0
Group total	23 187	16 508	40.5	73 270	59 954	22.2

Operating profit (EUR thousand)	10- 12/2007	10- 12/2006	Change, %	1- 12/2007	1- 12/2006	Change, %
Finland	2 335	3 243	-28.0	12 706	12 314	3.2
Scandinavia	873	20	4 360.0	333	-45	832.0
Europe	-1 078	-910	-18.5	-3 662	-2 831	-29.3
Other areas	-160	-531	69.9	-1 751	-1 297	-35.0
Operating profit between segments	-47	-15	-210.9	-114	-62	-84.2
Group total	1 924	1 807	6.5	7 512	8 078	-7.0

Personnel (employed, in average)	10- 12/2007	10- 12/2006	Change, %	1- 12/2007	1- 12/2006	Change, %
Finland	383	345	11.2	367	346	6.0
Scandinavia	98	93	5.8	96	89	8.5
Europe	142	66	114.1	93	62	48.8
Other areas	28	21	33.9	25	17	50.2
Group total	651	524	24.2	580	513	13.1

Business segments (secondary segment)

Net sales (EUR thousand)	10- 12/2007	10- 12/2006	Change, %	1- 12/2007	1- 12/2006	Change, %
Product sales	7 480	4 109	82.0	24 117	19 374	24.5
Maintenance and support	6 632	6 005	10.4	22 100	18 776	17.7
Consulting and services	7 819	5 754	35.9	23 342	20 106	16.1
SaaS	369			1 250		
Other operations	888	639	38.9	2 461	1 698	44.9
Group total	23 187	16 508	40.5	73 270	59 954	22.2

Geographical division of net sales by the location of customer

Net sales (EUR thousand)	10- 12/2007	10- 12/2006	Change, %	1- 12/2007	1- 12/2006	Change, %
Finland	10 851	8 147	33.2	37 969	32 557	16.6
Scandinavia	5 549	4 415	25.7	15 911	14 129	12.6
Europe	5 422	2 705	100.4	14 785	9 421	56.9
Other areas	1 366	1 241	10.0	4 604	3 848	19.7
Group total	23 187	16 508	40.5	73 270	59 954	22.2

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GROUP KEY INDICATORS

EUR thousand	1-12/2007	1-12/2006
Net sales	73 270	59 954
Growth of net sales, %	22.2%	43.9%
Operating profit	7 512	8 078
Growth of operating profit, %	-7.0%	123.7%
% of net sales	10.3%	13.5%
Profit before tax	7 704	8 287
% of net sales	10.5%	13.8%
Profit for the period	4 112	4 986
% of net sales	5.6%	8.3%
Return on equity, %	8.9%	15.1%
Return on investment, %	16.2%	24.7%
Interest bearing liabilities	4 334	758
Cash and liquid assets *)	7 041	8 975
Gearing, %	-5.7%	-18.4%
Equity ratio, %	70.0%	77.5%
Total assets	67 722	57 558
Gross investments **)	12 599	25 315
% of net sales	17.2%	42.2%
Capital expenditure	928	597
% of net sales	1.3%	1.0%
Research and development costs	13 172	10 925
% of net sales	18.0%	18.2%
R&D personnel at end of period	152	138
Personnel average for period	580	513
Personnel at end of period	658	528
Growth of personnel, %	24.6%	33.7%
Earnings per share, EUR	0.36	0.45
Earnings per share, EUR (diluted)	0.36	0.44
Equity per share, EUR	4.12	3.88
Average share number:		
- undiluted	11 468 124	11 172 612
- diluted	11 468 124	11 221 052

*) Includes cash, cash equivalents and financial assets at fair value through profit or loss

**) Includes capitalized R&D costs and acquisitions

January 24, 2008

Distribution by number of shares December 31, 2007

Number of shares	Number of shareholders	Shares and votes	
		%	Number
1 - 100	14 608	2.91	333 623
101 - 1 000	2 577	6.90	791 179
1 001 - 10 000	301	6.73	771 442
10 001 - 100 000	30	11.68	1 339 699
100 001 +	19	71.78	8 232 181
Total	17 535	100	11 468 124

MAJOR SHAREHOLDERS

December 31, 2007	Shares and votes	
	Number	%
1. Sihvo, Ilkka	1 065 800	9.3
2. Vaajoensuu, Hannu (incl. a controlled company and children under guardianship)	1 045 800	9.1
3. Eräkangas, Kirsi (incl. children under guardianship)	1 031 800	9.0
4. Perttunen, Sakari	830 400	7.2
5. Pöllänen, Antti (incl. children under guardianship)	800 900	7.0
6. Nordea Nordic Small Cap Fund	462 882	4.0
7. Ahonen, Asko	318 822	2.8
8. Fondita Nordic Small Cap Fund	261 000	2.3
9. Veritas Pension Insurance Company	216 000	1.9
10. Perttunen, Meimi	215 400	1.9
11. Royal Skandia Life Assurance	210 000	1.8
12. Henki-Sampo Insurance Company	155 000	1.4
13. Evli Bank	111 927	1.0
14. OP Finland Small Firm Fund	106 000	0.9
15. Sr Eq Small Firm Fund	99 617	0.9
16. Fondita Nordic Micro Cap Fund	95 000	0.8
17. Kaleva Mutual Insurance Company	93 800	0.8
18. Sr Eq Technology	86 823	0.8
19. Nordea Fennia Plus Fund	80 000	0.7
20. Evli Nordic Tmt	68 424	0.6
20 largest shareholders total	7 355 395	64.1
Nominee-registered shares total	1 705 791	14.9
Others	2 406 938	21.0
Total	11 468 124	100