

**BASWARE INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2007  
(IFRS)****SUMMARY**

## January–September

- Net sales EUR 50 082 thousand (EUR 43 446 thousand) – growth 15 percent
- Operating profit EUR 5 588 thousand (EUR 6 271 thousand) – decrease 11 percent
- Operating profit 11 percent of net sales (14%)
- Share of international operations 46 percent of net sales (44%) – growth 21 percent
- Backlog of SaaS orders not recognized as income EUR 7 048 thousand at the end of the period
- Earnings per share EUR 0.26 (EUR 0.40)

## July–September (Q3)

- Net sales EUR 15 268 thousand (EUR 13 363 thousand in Q3/2006) – growth 14 percent
- Operating profit EUR 1 406 thousand (EUR 2 495 thousand) – decrease 44 percent
- Operating profit 9 percent of net sales (19%)
- Share of international operations 48 percent of net sales (48%) – growth 15 percent
- Earnings per share EUR 0.05 (EUR 0.15)

Outlook for 2007: BasWare expects the growth of net sales for the financial year to be from 15 to 20 percent compared with the Group's net sales in the previous year. Operating profit (EBIT) is expected to be from 10 to 15 percent of net sales.

The 2006 figures have been restated to comply with the adjusted accounting principles regarding license sales recognition. The Financial Statements have been prepared according to International Financial Reporting Standards (IFRS).

**GROUP KEY FIGURES**

| EUR thousand                         | 7–9/<br>2007 | 7–9/<br>2006 | Change,<br>% | 1–9/<br>2007 | 1–9/<br>2006 | Change,<br>% | 1–12/<br>2006 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net sales                            | 15 268       | 13 363       | 14,3%        | 50 082       | 43 446       | 15.3%        | 59 954        |
| Operating profit                     | 1 406        | 2 495        | -43.6%       | 5 588        | 6 271        | -10.9%       | 8 078         |
| % of net sales                       | 9.2%         | 18.7%        |              | 11.2%        | 14.4%        |              | 13.5%         |
| Profit before tax                    | 1 516        | 2 563        | -40.8%       | 5 816        | 6 457        | -9.9%        | 8 287         |
| Profit for the period                | 531          | 1 665        | -68.1%       | 2 999        | 4 460        | -32.7%       | 4 986         |
| Return on equity, %                  | 4.6%         | 15.6%        |              | 8.8%         | 18.2%        |              | 15.1%         |
| Return on investment, %              | 12.7%        | 23.3%        |              | 16.2%        | 25.8%        |              | 24.7%         |
| Cash and cash equivalents *)         | 9 644        | 9 909        | -2.7%        | 9 644        | 9 909        | -2.7%        | 8 975         |
| Gearing, %                           | -10.9%       | -20.6%       |              | -10.9%       | -20.6%       |              | -18.4%        |
| Equity ratio, %                      | 68.7%        | 76.6%        |              | 68.7%        | 76.6%        |              | 77.5%         |
| Earnings per share, EUR              | 0.05         | 0.15         | -67.5%       | 0.26         | 0.40         | -34.4%       | 0.45          |
| Earnings per share (diluted),<br>EUR | 0.05         | 0.15         | -67.5%       | 0.26         | 0.40         | -34.4%       | 0.44          |
| Equity per share, EUR                | 4.04         | 3.83         | 5.5%         | 4.04         | 3.83         | 5.5%         | 3.88          |

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

BasWare's CEO **Iikka Sihvo** comments in conjunction with the Interim Report:

"We succeeded according to plan in the third quarter of the year. The Finnish Enterprise Purchase to Pay and Financial Management units as well as the European business area exceeded the objectives for the quarter. Also the Scandinavian unit met their objective. Development was positive also for *BasWare Purchase Management* solution and demand for the solution increased both in Finland as well as internationally. Additionally, services revenue increased during the quarter while in the first half of the year the development was mild. The third quarter of the year fell behind the same quarter in 2006 but was however as expected due to the growth investments realized during the quarter."

"During the quarter, BasWare signed several significant agreements for *BasWare Invoice Processing* as well as *BasWare Purchase Management* in Finland and in the rest of Europe. During the quarter, BasWare was chosen to implement *BasWare Purchase Management* as a Software as a Service delivery to both the Finnish State Treasury and the Oulu region. These deliveries strengthen our position in the public sector."

"As a result of the acquisition of Digital Vision, realized during the quarter, BasWare gained a market leading position in the UK purchase to pay market. We also gained valuable expertise in data capture solutions that can also be utilized within the global partner agreement we recently signed with DICOM Group."

## REPORTING

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 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 formal debt reservation amounts to EUR 1.3 million at the end of the third quarter.

BasWare reports its Software as a Service (SaaS) revenue separately in the second 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 orders not recognized as income. The Company's SaaS sales are growing and this dilutes net sales growth in short term.

## NET SALES

BasWare Group's net sales grew during the financial period by 15 percent and were EUR 50 082 thousand (EUR 43 446 thousand). During the third quarter, net sales grew by 14 percent and were EUR 15 268 thousand (EUR 13 363 thousand). The pro forma net sales for the financial period would have been EUR 54 627 thousand had the Digital Vision net sales been incorporated for the whole financial period.

The Company's product sales grew by 17 percent in the period and were 33 percent (33%) of net sales. Maintenance revenue and support services related to maintenance grew by 14 percent and represented 31 percent (31%) of net sales. Consulting and services revenue grew by 9 percent and represented 34 percent (36%) 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 7 048 thousand at the end of the period.

In July–September, 26 percent (34%) of net sales came from own product sales and product sales decreased by 12 percent. The decrease of product sales in the quarter is affected by part of the Company's product sales becoming SaaS-based. SaaS sales represented 2 percent of net sales in the third quarter. Maintenance revenue represented 35 percent (32%) of net sales and grew by 23 percent. Consulting and services revenue represented 37 percent (34%) of net sales and grew by 25 percent.

Value added resellers provided a net share of 15 percent (16%) or EUR 2 533 thousand of product sales in January–September. In July–September value added resellers provided a net share of 16 percent (15%) or EUR 620 thousand of product sales which represents 9 percent (11%) of international operations' total net sales.

The international share of BasWare's net sales was 46 percent (44%) in the period. International operations grew by 21 percent.

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

| <b>Net sales<br/>(EUR thousand)</b> | <b>7–9/2007</b> | <b>7–9/2006</b> | <b>Change, %</b> | <b>1–9/2007</b> | <b>1–9/2006</b> | <b>Change, %</b> | <b>1–12/2006</b> |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                             | 10 238          | 9 375           | 9.2              | 34 571          | 30 110          | 14.8             | 41 028           |
| Scandinavia                         | 3 126           | 2 672           | 17.0             | 11 015          | 10 344          | 6.5              | 14 698           |
| Europe                              | 3 477           | 2 332           | 49.1             | 9 429           | 6 272           | 50.3             | 8 985            |
| Other                               | 757             | 1 306           | -42.0            | 2 429           | 2 393           | 1.5              | 3 512            |
| Sales between segments              | -2 329          | -2 321          | 0.3              | -7 362          | -5 671          | -29.8            | -8 269           |
| <b>Group total</b>                  | <b>15 268</b>   | <b>13 363</b>   | <b>14.3</b>      | <b>50 082</b>   | <b>43 446</b>   | <b>15.3</b>      | <b>59 954</b>    |

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

| <b>Net sales<br/>(EUR thousand)</b> | <b>7–9/2007</b> | <b>7–9/2006</b> | <b>Change, %</b> | <b>1–9/2007</b> | <b>1–9/2006</b> | <b>Change, %</b> | <b>1–12/2006</b> |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                             | 7 939           | 7 024           | 13.0             | 27 118          | 24 410          | 11.1             | 32 557           |
| Scandinavia                         | 2 819           | 2 602           | 8.3              | 10 362          | 9 713           | 6.7              | 14 129           |
| Europe                              | 3 371           | 2 051           | 64.4             | 9 364           | 6 717           | 39.4             | 9 421            |
| Other                               | 1 139           | 1 686           | -32.5            | 3 239           | 2 607           | 24.2             | 3 848            |
| <b>Group total</b>                  | <b>15 268</b>   | <b>13 363</b>   | <b>14.3</b>      | <b>50 082</b>   | <b>43 446</b>   | <b>15.3</b>      | <b>59 954</b>    |

## FINANCIAL PERFORMANCE

BasWare's operating profit decreased by 11 percent in the financial period and totaled EUR 5 588 thousand (EUR 6 271 thousand). Operating profit represented 11 percent (14%) of net sales. In the third quarter, BasWare's operating profit decreased by 44 percent and was EUR 1 406 thousand (EUR 2 495 thousand). Operating profit represented 9 percent (19%) of net sales. The pro forma operating profit for the period would have been EUR 5 874 thousand had the Digital Vision operating profit been incorporated for the whole financial period.

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

| <b>Operating profit<br/>(EUR thousand)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|--|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                                    | 3 219           | 3 514           | -8.4             | 10 371          | 9 072           | 14.3             | 12 314           |
| Scandinavia                                | -104            | -211            | 50.7             | -540            | -65             | -729.5           | -45              |
| Europe                                     | -1 058          | -580            | -82.4            | -2 584          | -1 922          | -34.5            | -2 831           |
| Other areas                                | -614            | -213            | -188.4           | -1 591          | -767            | -107.6           | -1 297           |
| Operating profit between segments          | -37             | -15             | -146.7           | -67             | -47             | -42.6            | -62              |
| <b>Group total</b>                         | <b>1 406</b>    | <b>2 495</b>    | <b>-43.6</b>     | <b>5 588</b>    | <b>6 271</b>    | <b>-10.9</b>     | <b>8 078</b>     |

The Company's fixed costs were EUR 40 996 thousand (EUR 33 906 thousand) in the period and have grown by 21 percent compared with the same period last year. Fixed costs include the bad debt reservation of EUR 1.3 thousand realized in sales receivables. Personnel costs made up 66 percent or EUR 27 031 thousand (EUR 23 910 thousand) of the fixed costs. In the third quarter, fixed costs totaled EUR 12 247 thousand (EUR 9 905 thousand).

Research and development costs totaled EUR 8 640 thousand (EUR 7 640 thousand) of which EUR 1 843 thousand (EUR 1 542 thousand) or 21 percent (20%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 719 thousand (EUR 291 thousand). In the third quarter, research and development costs totaled EUR 2 296 thousand (EUR 2 195 thousand).

The Company's finance income and finance expenses were EUR 227 thousand (EUR 185 thousand). The Company's profit before tax was EUR 5 816 thousand (EUR 6 457 thousand) and profit for the period was EUR 2 999 thousand (EUR 4 460 thousand). Undiluted earnings per share were EUR 0.26 (EUR 0.40).

In the third quarter, profit before tax was EUR 1 516 thousand (EUR 2 563 thousand) and profit for the period was EUR 531 thousand (EUR 1 665 thousand). Earnings per share were EUR 0.05 (EUR 0.15).

## FINANCE AND INVESTMENTS

BasWare Group's total assets on the balance sheet at the end of the financial period were EUR 67 555 thousand (EUR 57 293 thousand). The Company's cash and liquid assets were EUR 9 644 thousand (EUR 9 909 thousand), of which cash and cash equivalents were EUR 9 217 thousand (EUR 3 993 thousand) and financial assets at fair value through profit or loss were EUR 427 thousand (EUR 5 915 thousand).

Equity ratio was 68.7 percent (76.6%) and gearing was -10.9% (-20.6%). The Company had a total of EUR 4 597 thousand (EUR 870 thousand) interest-bearing liabilities, of which current liabilities accounted for EUR 4 418 thousand (EUR 433 thousand). Return on investment was 16.2 percent and return on equity 8.8 percent.

Cash flows from operating activities were EUR 5 918 thousand (EUR 5 532 thousand). Cash flows from investments were EUR -7 373 thousand (EUR -5 023 thousand).

The acquisition cost of Digital Vision, acquired in September 2007, totals EUR 9 271 thousand according to the estimate conducted at the end of the quarter. Of the amount, a total of EUR 916 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 581 thousand (EUR 510 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 11 109 thousand (EUR 24 492 thousand, includes the acquisition of Analyste).

Amortizations of intangible assets were EUR 1 448 thousand (EUR 1 051 thousand). There are no indications of impairments of assets.

## RESEARCH, DEVELOPMENT AND NEW PRODUCTS

BasWare's research and development costs were EUR 8 640 thousand (EUR 7 640 thousand) in the period and made up 17 percent (18 %) of net sales. Research and development costs grew by 13 percent (75%) compared with the same period last year.

Research and development is centralized in the Software Production business unit. Altogether 144 people (138) worked in the unit at the end of September 2007.

During the second quarter, the BasWare portfolio was further developed according to plan. A new version of *BasWare Purchase Management* was launched during the quarter. The new version includes support for the Unicode standard, enabling the use of different Latin or Asian character sets in one database installation. A new version was also launched of the *BasWare Travel & Expense Management* solution. The new version enables e.g. fully automated document processing by matching pre-approved travel plans with incoming travel claims. A new version of *BasWare Mobile* was launched during the quarter with enhancements to the user interface and also support for mobile phones running the Windows Mobile operating system.

A new version of *BasWare Group Consolidation* was launched during the quarter, including full support for Cyrillic characters. During the quarter, a Russian version of the related *BasWare IFRS Consolidation* solution was also launched. A new version of the public sector reporting package, related to the *BasWare Group Consolidation* solution, was launched during the quarter. The new version enables e.g. automated calculation of key figures.

## PERSONNEL

BasWare employed 588 (510) people in average in the third quarter and 630 (519) people at the end of the period. The number of personnel grew by 21 percent compared with the same period last year and grew by 13 percent compared with the first 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 the same period 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 35.8 (35.4) years. 32 percent of them hold a Master's degree and 44 percent a Bachelor's degree. 28 percent of the personnel are women and 72 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 as well as a share-based incentive program directed to the top management.

Geographical distribution of personnel:

| Personnel<br>(employed, in average) | 7-9/<br>2007 | 7-9/<br>2006 | Change,<br>% | 1-9/<br>2007 | 1-9/<br>2006 | Change,<br>% | 1-12/<br>2006 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Finland                             | 369          | 343          | 7.6          | 361          | 348          | 3.7          | 346           |
| Scandinavia                         | 98           | 88           | 11.4         | 96           | 87           | 10.3         | 89            |
| Europe                              | 94           | 63           | 49.2         | 76           | 60           | 26.7         | 62            |
| Other areas                         | 28           | 17           | 64.7         | 24           | 15           | 60.0         | 17            |
| <b>Group total</b>                  | <b>588</b>   | <b>510</b>   | <b>15.3</b>  | <b>557</b>   | <b>510</b>   | <b>9.2</b>   | <b>513</b>    |

## 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.

BasWare Enterprise Purchase to Pay operations grew by 16 percent in the financial period and represent 88 percent (87%) of total net sales. In the third quarter the growth was 18 percent. 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 Toyota Material Handling Finland and Maxit Oy Ab in Finland, Scottish & Newcastle in the UK, Ernst & Young in France, ING Direct Spain in Spain, Nykredit A/S in Denmark and Fairwinds Credit Union in the United States. Additionally, several Software as a Service deliveries were agreed during the quarter, the most significant of which being the Finnish State Treasury and the Oulu region. BasWare was chosen to deliver its *BasWare Purchase Management* solution as a service to the State Treasury where it will be taken in to use in the entire state administration. In addition to *BasWare Purchase Management*, the Oulu region will implement also the new sourcing solution, *BasWare RFX Management*.

A total of 1.6 million invoices were transmitted through the eInvoicing service of *BasWare EInvoices Oy*, operating in the Nordic countries. The invoice volume grew by 34.1 percent during the quarter compared with the same period last year. A total of 20 new customer agreements were signed during the quarter, of which international operations represented 25 percent. *BasWare EInvoices Oy* signed two new e-Invoice operator agreements with Nordic operators. 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 12 percent in the period and represented 12 percent (13%) of net sales. In the third quarter the operations decreased by 7 percent. The demand for Financial Management software has been moderate especially for the planning and analyzing solutions. The unit's new customers include Espoon kaupunki, Lännen Tehtaat Oyj and Fastems Oy Ab in Finland. Additionally, the Financial Management unit signed an agreement with Russian IES Holding for the delivery of *BasWare IFRS Consolidation*.

## 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.

Three new reseller agreements were signed during the third quarter of which Pba Consult in Russia, IT Sistemi in Croatia and Pebbletree Consulting in South Africa. BasWare had a total of 66 international resellers at the end of the period, operating in 33 countries. Outside the Nordic countries, BasWare has 42 partners in Europe. BasWare also has an extensive reseller network in Finland.

Value added resellers provided a net share of 15 percent (16%) or EUR 2 533 thousand of product sales in January–September. In July–September value added resellers provided a net share of 16 percent (15%) or EUR 620 thousand.

## 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.

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 two Enterprise Purchase to Pay business partners in Sweden and one in Iceland. In Russia, there are two Enterprise Purchase to Pay partners of which the other started operations during the quarter. In addition there are two Financial Management business partners in the area.

As a whole, BasWare's Nordic operations exceeded its objectives for the third quarter. The Finnish unit exceeded its objective while the Scandinavian unit met its objective. Also the Financial Management unit exceeded its objective. The growth of net sales in the Finland segment was 9 percent. In the Scandinavia segment, the quarter's net sales grew by 17 percent. Net sales of the financial period grew by 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. Two new reseller agreements were signed during the quarter. There are altogether 42 resellers in the area.

As a whole, the European business area exceeded the objective for the quarter. The net sales of the area grew by 49 percent in July–September 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 and German units met their objectives.

## Other Areas

Other areas segment decreased in July–September by 42 percent compared with the same quarter last year.

Outside of Europe, BasWare has a U.S. subsidiary which focuses on the sales of the Enterprise Purchase to Pay solutions in the United States and Canada. In addition, there are six resellers in the area. The operations of BasWare, Inc. fell behind the objective for the quarter.

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

## **OTHER EVENTS OF THE FINANCIAL PERIOD**

### **Acquisition of Digital Vision**

BasWare acquired the entire share capital of UK-based Digital Vision on September 10, 2007. The acquisition price was approximately EUR 9.2 million and was paid in cash. First part, a total of EUR 9 million, was paid in conjunction with the completion of the acquisition. The remainder, totaling approximately EUR 0.2 million, will be determined by Digital Vision's net assets on the Interim Financial Statements on August 31, 2007 and will be paid in October 2007.

Digital Vision's organization was combined with BasWare's UK subsidiary. The acquisition strengthens BasWare's market position in the United Kingdom and also extends BasWare's expertise in scan & capture and mailroom automation solutions. Digital Vision's mailroom automation application automates document processing in companies that receive large volumes of documents. Digital Vision uses state of the art document recognition and data capture technologies to eliminate the paper documents and automate processes. The company has been the leading mailroom automation solution provider in the UK.

### **Changes in Group structure**

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.

### **Strategy**

In its meeting on October 4, 2007, the Board of Directors of BasWare Corp. discussed the Company's growth strategy and approved five strategic projects that facilitate reaching the set targets. The projects, to be realized in the strategy period from 2007 to 2010, are: Dominating the US, Conquer the base, Must-have brand and thought leadership, Five global giants per year and Joint forces.

There has been no change to the Company's vision, mission and financial targets, published on September 12, 2006.

## **SHARE AND SHAREHOLDERS**

BasWare Corporation's share capital totaled EUR 3 440 437.20 at the end of the period and the number of shares was 11 468 124. The book counter value of the shares is EUR 0.30 per share.

**Board's Authorizations given by the Annual General Meeting of Shareholders 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 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.

**Warrant Programs**Warrant Program 2006

Based on the Warrant Program 2006, 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 the 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.

### Warrant Program 2007

The warrants shall, by deviation from the shareholders' pre-emptive right to subscription, be issued to key personnel identified by the Board of Directors, employed by the group for the present and not part-time, to increase their commitment and work motivation. Part of the warrants shall be issued to the wholly owned subsidiary of BasWare Corporation to be issued later to persons employed by the Group or to persons who are recruited to the Group.

The shareholders' pre-emptive right to subscription is being deviated from, since the warrants are intended to form a part of the Group's incentive program and, thus, from the Company's perspective, there are considerable financial grounds for it.

The warrants are granted free of charge. The Board of Directors shall decide upon the procedure and schedule of the approval of warrants. The warrants will be granted to the Group's personnel and management according to the resolution of the Board.

BasWare Corporation shall issue a maximum of 200 000 warrants, whereof 100 000 shall be marked with the letter D and 100 000 with the letter E. The warrants will be issued in the book-entry system. Each warrant entitles its holder to subscribe one (1) share in BasWare Corporation.

The subscription price of the share will be recorded to EUR 0.30 in the share capital of Company and for the remainder in the fund for invested non-restricted equity. BasWare's share capital can increase by a maximum of 200.000 new shares or EUR 60 000 based on the subscriptions.

The subscription period is

- warrant D April 1, 2009 - March 31, 2010,
- warrant E April 1, 2010 - March 31, 2011

The subscription prices correspond to

- for warrant D, the volume-weighted average share price of the Company in January-March of 2007
- for warrant E, the volume-weighted average share price of the Company in January-March of 2008

The portion of shares subscribed based on the now issued warrants totals a maximum of 1.71% of the Company's shares and votes after the possible increase in share capital.

### **Share price and trade**

In the third quarter, the highest price of the share was EUR 14.00 (EUR 15.25), lowest price was EUR 10.11 (EUR 11.21) and closing price was EUR 12.95 (EUR 11.90). The average price of the share was EUR 12.13 (EUR 13.22).

A total of 2 216 534 (4 708 382) shares were traded during the financial period which is the equivalent of 19 percent (43%) of the average number of shares. Market capitalization with the period's closing price on September 28, 2007 was EUR 148 512 thousand (EUR 136 471 thousand).

### **Shareholders**

BasWare had 17 990 (20 453) shareholders at the end of the financial period, including nominee-registered holdings (10). Nominee-registered holdings accounted for 14.2 percent of the total number of shares.

The Company received one notice of change in ownership during the financial period when the holdings of Baillie Gifford Overseas Limited and Baillie Giffords & Co. exceeded the five percent threshold defined in the Securities Markets Act.

## THE COMPANY'S NEAR FUTURE RISKS AND BUSINESS UNCERTAINTIES

A more in-depth account of the Company's operating risks has been published in conjunction with the 2006 Financial Statements. 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. The availability of consulting resources has improved but resourcing may still somewhat slow down the growth of services operations.

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

## FUTURE OUTLOOK

According to research institutions, the global enterprise software market will grow by approximately 5–7 percent annually. However, regional growth may outstrip this; for example in Asia Pacific annual growth is estimated at over 12 percent. BasWare operates in the electronic procurement and purchase invoice area, which is expected to grow more rapidly than the average for enterprise software.

Western Europe and the United States represent approximately three quarters of overall demand for enterprise software. Since invoice processing and purchase management software remain at the beginning of their lifecycles in these regions, demand is estimated to be high.

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. A leading research company, Forrester Research, Inc. names BasWare the leading provider of invoice automation solutions and in procurement one of the top five vendors in the world.

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.

BasWare has complemented its organic growth with acquisitions. The Company continues to review possible acquisition targets during 2007. With the acquisitions, the Company can extend the sales channel and the product portfolio. They may also strengthen the Company's position in the electronic invoicing market.

In 2007, BasWare expects the growth of net sales for the financial year to be from 15 to 20 percent compared with the Group's net sales in the previous year. Operating profit (EBIT) is expected to be from 10 to 15 percent of net sales.

In Espoo, Finland, October 11, 2007

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 today, October 11, 2007 a briefing on the Interim Report for the press and analysts at 10:30 in Hotel Kämp, Paavo Nurmi conference room in Helsinki, Finland. During this briefing CEO Ilkka Sihvo will comment the operations and financial performance of the quarter. Welcome.

**Distribution**

Helsinki Stock Exchange

Key media

[www.basware.com](http://www.basware.com)

## GROUP INCOME STATEMENT

| EUR thousand                  | 1.7.–<br>30.9.<br>2007 | 1.7.–<br>30.9.<br>2006 | Change,<br>% | 1.1.–<br>30.9.<br>2007 | 1.1.–<br>30.9.<br>2006 | Change,<br>% | 1.1.–<br>31.12.<br>2006 |
|-------------------------------|------------------------|------------------------|--------------|------------------------|------------------------|--------------|-------------------------|
| <b>NET SALES</b>              | <b>15 268</b>          | <b>13 363</b>          | <b>14.3</b>  | <b>50 082</b>          | <b>43 446</b>          | <b>15.3</b>  | <b>59 954</b>           |
| Other operating income        | 23                     | 25                     | -8.1         | 790                    | 127                    | 521.0        | 177                     |
| Materials and services        | -981                   | -468                   | 109.5        | -2 463                 | -1 935                 | 27.3         | -2 593                  |
| Employee benefits expenses    | -7 827                 | -6 942                 | 12.8         | -27 031                | -23 910                | 13.0         | -32 953                 |
| Depreciation and amortization | -657                   | -520                   | 26.4         | -1 825                 | -1 462                 | 24.9         | -2 033                  |
| Other operating expenses      | -4 419                 | -2 963                 | 49.2         | -13 966                | -9 995                 | 39.7         | -14 474                 |
| <b>Operating profit</b>       | <b>1 406</b>           | <b>2 495</b>           | <b>-43.6</b> | <b>5 588</b>           | <b>6 271</b>           | <b>-10.9</b> | <b>8 078</b>            |
| Finance Income                | 130                    | 56                     | 133.2        | 270                    | 242                    | 11.7         | 308                     |
| Finance Expenses              | -20                    | 12                     | -266.6       | -43                    | -57                    | -24.5        | -99                     |
| <b>Profit before tax</b>      | <b>1 516</b>           | <b>2 563</b>           | <b>-40.8</b> | <b>5 816</b>           | <b>6 457</b>           | <b>-9.9</b>  | <b>8 287</b>            |
| Income tax expense            | -985                   | -898                   | 9.7          | -2 816                 | -1 997                 | 41.0         | -3 301                  |
| <b>PROFIT FOR THE PERIOD</b>  | <b>531</b>             | <b>1 665</b>           | <b>-68.1</b> | <b>2 999</b>           | <b>4 460</b>           | <b>-32.7</b> | <b>4 986</b>            |
| EPS (undiluted), EUR          | 0.05                   | 0.15                   | -67.5        | 0.26                   | 0.40                   | -34.4        | 0.45                    |
| EPS (diluted), EUR            | 0.05                   | 0.15                   | -67.5        | 0.26                   | 0.40                   | -34.0        | 0.44                    |
| Average share number:         |                        |                        |              |                        |                        |              |                         |
| - undiluted                   | 11 468 124             | 11 443 639             |              | 11 468 124             | 11 074 109             |              | 11 172 612              |
| - diluted                     | 11 468 124             | 11 443 639             |              | 11 468 124             | 11 138 694             |              | 11 221 052              |

**GROUP BALANCE SHEET**

| EUR thousand  | 30.9.2007     | 30.9.2006     | Change,<br>% | 31.12.2006    |
|---|---------------|---------------|--------------|---------------|
| <b>ASSETS</b>   |               |               |              |               |
| <b>NON-CURRENT ASSETS</b>                             |               |               |              |               |
| Intangible assets                                     | 11 873        | 9 384         | 26.5         | 9 980         |
| Goodwill  | 25 816        | 18 228        | 41.6         | 18 477        |
| Tangible assets                                       | 1 003         | 841           | 19.3         | 784           |
| Investments in associates                             |               | 3             | -100.0       |               |
| Available-for-sale investments                        | 38            | 2 612         | -98.6        | 2 612         |
| Trade and other receivables                           | 12            | 12            | -0.5         |               |
| Deferred tax assets                                   | 2 752         | 3 446         | -20.1        | 3 501         |
| <b>Non-current assets</b>                             | <b>41 495</b> | <b>34 527</b> | <b>20.2</b>  | <b>35 354</b> |
| <b>CURRENT ASSETS</b>                                 |               |               |              |               |
| Inventories   | 28            | 8             | 265.7        | 20            |
| Trade and other receivables                           | 16 158        | 12 724        | 27.0         | 13 018        |
| Income tax receivables                                | 230           | 125           | 84.1         | 192           |
| Financial assets at fair value through profit or loss | 427           | 5 915         | -92.8        | 5 963         |
| Cash and cash equivalents                             | 9 217         | 3 993         | 130.8        | 3 012         |
| <b>Current assets</b>                                 | <b>26 060</b> | <b>22 766</b> | <b>14.5</b>  | <b>22 204</b> |
| <b>TOTAL ASSETS</b>                                   | <b>67 555</b> | <b>57 293</b> | <b>17.9</b>  | <b>57 558</b> |
| <b>EQUITY AND LIABILITIES</b>                         |               |               |              |               |
| <b>SHAREHOLDERS' EQUITY</b>                           |               |               |              |               |
| Share capital   | 3 440         | 3 440         |              | 3 440         |
| Share premium account                                 | 33 127        | 33 127        |              | 33 127        |
| Fair value reserve and other reserves                 | 540           | 514           | 5.0          | 540           |
| Translation differences                               | 550           | 211           | 160.5        | 235           |
| Retained earnings                                     | 8 629         | 6 584         | 31.1         | 7 176         |
| Minority interest                                     | 98            |               |              | 88            |
| <b>Shareholders' equity</b>                           | <b>46 383</b> | <b>43 877</b> | <b>5.7</b>   | <b>44 606</b> |
| <b>NON-CURRENT LIABILITIES</b>                        |               |               |              |               |
| Deferred tax liability                                | 1 649         | 1 415         | 16.5         | 1 462         |
| Interest-bearing liabilities                          | 179           | 437           | -58.9        | 329           |
| <b>Non-current liabilities</b>                        | <b>1 828</b>  | <b>1 851</b>  | <b>-1.2</b>  | <b>1 791</b>  |
| <b>CURRENT LIABILITIES</b>                            |               |               |              |               |
| Interest-bearing liabilities                          | 4 418         | 433           | 919.5        | 428           |
| Trade payables and other liabilities                  | 13 774        | 10 085        | 36.6         | 9 957         |
| Tax liability from income tax                         | 1 152         | 1 046         | 10.1         | 775           |
| <b>Current liabilities</b>                            | <b>19 343</b> | <b>11 565</b> | <b>67.3</b>  | <b>11 160</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                   | <b>67 555</b> | <b>57 293</b> | <b>17.9</b>  | <b>57 558</b> |

## GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| EUR thousand   | Share-<br>holders'<br>equity | Share<br>premium<br>account | Other<br>reserves | Translation<br>differences | Retained<br>earnings | Minority<br>interest | Share-<br>holders'<br>equity |
|--|------------------------------|-----------------------------|-------------------|----------------------------|----------------------|----------------------|------------------------------|
| <b>SHAREHOLDERS'<br/>EQUITY 1.1.2006</b>                               | 2 963                        | 15 010                      |                   | -203                       | 3 527                |                      | 21 296                       |
| Change in translation difference                                       |                              |                             |                   | 414                        | -252                 |                      | 162                          |
| Granted warrants   |                              |                             |                   |                            | -81                  |                      | -81                          |
| <b>Net profit/loss recognized<br/>directly in shareholders' equity</b> |                              |                             | 514               | 414                        | -333                 |                      | 596                          |
| Profit for the period  |                              |                             |                   |                            | 4 460                |                      | 4 460                        |
| <b>Total profits and losses</b>  |                              |                             | 514               | 414                        | 4 127                |                      | 5 055                        |
| Dividend distribution  |                              |                             |                   |                            | -1 070               |                      | -1 070                       |
| Rights issue   | 477                          |                             |                   |                            |                      |                      | 477                          |
| Warrants used  |                              | 190                         |                   |                            |                      |                      | 190                          |
| Share premium  |                              | 17 933                      |                   |                            |                      |                      | 17 933                       |
| Transaction costs for equity   |                              |                             |                   |                            |                      |                      | -6                           |
| <b>SHAREHOLDERS'<br/>EQUITY 30.9.2006</b>                              | <b>3 440</b>                 | <b>33 127</b>               | <b>514</b>        | <b>211</b>                 | <b>6 584</b>         |                      | <b>43 877</b>                |
| EUR thousand   | Share-<br>holders'<br>equity | Share<br>premium<br>account | Other<br>reserves | Translation<br>differences | Retained<br>earnings | Minority<br>interest | Share-<br>holders'<br>equity |
| <b>SHAREHOLDERS'<br/>EQUITY 1.1.2007</b>                               | 3 440                        | 33 127                      | 540               | 235                        | 7 176                | 88                   | 44 606                       |
| Change in translation difference                                       |                              |                             |                   | 315                        | -2                   |                      | 312                          |
| Granted warrants   |                              |                             |                   |                            | 142                  |                      | 142                          |
| <b>Net profit/loss recognized<br/>directly in shareholders' equity</b> |                              |                             |                   | 315                        | 143                  |                      | 458                          |
| Profit for the period  |                              |                             |                   |                            | 3 030                | -31                  | 2 999                        |
| <b>Total profits and losses</b>  |                              |                             |                   | 315                        | 3 173                | -31                  | 3 457                        |
| Rights issue   |                              |                             |                   |                            |                      | 40                   | 40                           |
| Dividend distribution  |                              |                             |                   |                            | -1 720               |                      | -1 720                       |
| <b>SHAREHOLDERS'<br/>EQUITY 30.9.2007</b>                              | <b>3 440</b>                 | <b>33 127</b>               | <b>540</b>        | <b>550</b>                 | <b>8 629</b>         | <b>98</b>            | <b>46 383</b>                |

**GROUP CASH FLOW STATEMENT**

| EUR thousand  | 1.1.-30.9.2007 | 1.1.-30.9.2006 | 1.1.-31.12.2006 |
|---|----------------|----------------|-----------------|
| <b>Cash flows from operating activities</b>                                     |                |                |                 |
| Profit for the period   | 2 999          | 4 460          | 4 986           |
| Adjustments for profit  | 4 110          | 3 176          | 5 235           |
| Working capital changes   | 739            | -305           | -902            |
| Interest paid   | -47            | -34            | -41             |
| Dividends received  |                |                | -8              |
| Interest received   | 55             | 52             | 70              |
| Other financial items in operating activities                                   | 35             | 69             | 65              |
| Income taxes paid   | -1 975         | -1 885         | -3 750          |
| <b>Net cash from operating activities</b>                                       | <b>5 918</b>   | <b>5 532</b>   | <b>5 657</b>    |
| <b>Cash flows from investing activities</b>                                     |                |                |                 |
| Purchase of tangible and intangible assets                                      | -2 402         | -1 974         | -3 021          |
| Proceeds from sale of tangible and intangible assets                            | 25             | 133            | 64              |
| Acquired subsidiaries   | -8 018         | -3 660         | -3 660          |
| Disposal of associated companies  |                |                | 23              |
| Proceeds from other investments   | 3 013          | 457            | 457             |
| Granted loans   |                |                | -1              |
| Repayments of loan receivables  | 8              | 21             | 24              |
| <b>Net cash used in investing activities</b>                                    | <b>-7 373</b>  | <b>-5 023</b>  | <b>-6 114</b>   |
| <b>Cash flows from financing activities</b>                                     |                |                |                 |
| Proceeds from issuance of share capital   |                | 760            | 760             |
| Minority's capital investment   | 40             |                | 95              |
| Proceeds from short-term loans  | 4 000          |                |                 |
| Repayments of long-term borrowings  | -307           | -300           | -400            |
| Repayments of financial lease liabilities                                       | -12            | -63            | -75             |
| Dividends paid  | -1 720         | -1 070         | -1 070          |
| <b>Net cash used in financing activities</b>                                    | <b>2 000</b>   | <b>-673</b>    | <b>-689</b>     |
| <b>Net change in cash and cash equivalents according to cash flow statement</b> | <b>545</b>     | <b>-163</b>    | <b>-1 146</b>   |
| Cash and cash equivalents at beginning of period                                | 8 975          | 9 987          | 9 987           |
| Effects of exchange rate changes on cash and cash equivalents                   | -39            | -20            | -19             |
| Effects of fair value implementation  | 164            | 105            | 152             |
| Cash and cash equivalents at end of period                                      | 9 644          | 9 909          | 8 975           |

**GROUP QUARTERLY INCOME STATEMENT**

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

**COMMITMENTS AND CONTINGENT LIABILITIES**

EUR thousand 30.9.2007    30.9.2006    31.12.2006

**GUARANTEES ON BEHALF OF SUBSIDIARIES**

|                         |       |     |     |
|-------------------------|-------|-----|-----|
| <b>Guarantees total</b> | 1 097 | 980 | 986 |
|-------------------------|-------|-----|-----|

**OWN CONTINGENT LIABILITIES**

|  |              |              |              |
|--|--------------|--------------|--------------|
| Lease liabilities                        |              |              |              |
| Current lease liabilities                | 553          | 611          | 544          |
| Lease liabilities maturing in 1-5 years  | 598          | 613          | 567          |
| <b>Total</b>                             | <b>1 151</b> | <b>1 224</b> | <b>1 111</b> |
| Rental liabilities                       |              |              |              |
| Current rental liabilities               | 1 675        | 1 064        | 1 334        |
| Rental liabilities maturing in 1-5 years | 4 152        | 1 156        | 3 193        |
| Rental liabilities maturing later        | 246          |              |              |
| <b>Total</b>                             | <b>6 074</b> | <b>2 220</b> | <b>4 527</b> |
| <b>Own contingent liabilities, total</b> | <b>7 225</b> | <b>3 444</b> | <b>5 638</b> |

**SEGMENT REPORTING**

**Geographical segments (primary segment)**

| <b>Net sales<br/>(EUR thousand)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                             | 10 238          | 9 375           | 9.2              | 34 571          | 30 110          | 14.8             | 41 028           |
| Scandinavia                         | 3 126           | 2 672           | 17.0             | 11 015          | 10 344          | 6.5              | 14 698           |
| Europe                              | 3 477           | 2 332           | 49.1             | 9 429           | 6 272           | 50.3             | 8 985            |
| Other areas                         | 757             | 1 306           | -42.0            | 2 429           | 2 393           | 1.5              | 3 512            |
| Sales between segments              | -2 329          | -2 321          | 0.3              | -7 362          | -5 671          | -29.8            | -8 269           |
| <b>Group total</b>                  | <b>15 268</b>   | <b>13 363</b>   | <b>14.3</b>      | <b>50 082</b>   | <b>43 446</b>   | <b>15.3</b>      | <b>59 954</b>    |

| <b>Operating profit<br/>(EUR thousand)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|--|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                                    | 3 219           | 3 514           | -8.4             | 10 371          | 9 072           | 14.3             | 12 314           |
| Scandinavia                                | -104            | -211            | 50.7             | -540            | -65             | -729.5           | -45              |
| Europe                                     | -1 058          | -580            | -82.4            | -2 584          | -1 922          | -34.5            | -2 831           |
| Other areas                                | -614            | -213            | -188.4           | -1 591          | -767            | -107.6           | -1 297           |
| Operating profit between segments          | -37             | -15             | -146.7           | -67             | -47             | -42.6            | -62              |
| <b>Group total</b>                         | <b>1 406</b>    | <b>2 495</b>    | <b>-43.6</b>     | <b>5 588</b>    | <b>6 271</b>    | <b>-10.9</b>     | <b>8 078</b>     |

| <b>Personnel<br/>(employed, in average)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|---|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                                     | 369             | 343             | 7.6              | 361             | 348             | 3.7              | 346              |
| Scandinavia                                 | 98              | 88              | 11.4             | 96              | 87              | 10.3             | 89               |
| Europe                                      | 94              | 63              | 49.2             | 76              | 60              | 26.7             | 62               |
| Other areas                                 | 28              | 17              | 64.7             | 24              | 15              | 60.0             | 17               |
| <b>Group total</b>                          | <b>588</b>      | <b>510</b>      | <b>15.3</b>      | <b>557</b>      | <b>510</b>      | <b>9.2</b>       | <b>513</b>       |

**Business segments (secondary segment)**

| <b>Net sales<br/>(EUR thousand)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Product sales                       | 4 019           | 5 632           | -28.6            | 16 637          | 15 265          | 9.0              | 19 374           |
| Maintenance and support             | 5 369           | 3 561           | 50.8             | 15 468          | 12 771          | 21.1             | 18 776           |
| Consulting and services             | 4 987           | 4 072           | 22.5             | 15 523          | 14 352          | 8.2              | 20 106           |
| SaaS                                | 340             |                 |                  | 881             |                 |                  |                  |
| Other operations                    | 553             | 98              | 462.8            | 1 573           | 1 059           | 48.5             | 1 698            |
| <b>Group total</b>                  | <b>15 268</b>   | <b>13 363</b>   | <b>14.3</b>      | <b>50 082</b>   | <b>43 446</b>   | <b>15.3</b>      | <b>59 954</b>    |

**Geographical division of net sales by the location of customer**

| <b>Net sales (EUR thousand)</b> | <b>7-9/2007</b> | <b>7-9/2006</b> | <b>Change, %</b> | <b>1-9/2007</b> | <b>1-9/2006</b> | <b>Change, %</b> | <b>1-12/2006</b> |
|---------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| Finland                         | 7 939           | 7 024           | 13.0             | 27 118          | 24 410          | 11.1             | 32 557           |
| Scandinavia                     | 2 819           | 2 602           | 8.3              | 10 362          | 9 713           | 6.7              | 14 129           |
| Europe                          | 3 371           | 2 051           | 64.4             | 9 364           | 6 717           | 39.4             | 9 421            |
| Other areas                     | 1 139           | 1 686           | -32.5            | 3 239           | 2 607           | 24.2             | 3 848            |
| <b>Group total</b>              | <b>15 268</b>   | <b>13 363</b>   | <b>14.3</b>      | <b>50 082</b>   | <b>43 446</b>   | <b>15.3</b>      | <b>59 954</b>    |

## GROUP KEY INDICATORS

| EUR thousand                      | 1-9/2007   | 1-9/2006   | 1-12/2006  |
|-----------------------------------|------------|------------|------------|
| Net sales                         | 50 082     | 43 446     | 59 954     |
| Growth of net sales, %            | 15.3%      | 40.9%      | 43.9%      |
| Operating profit                  | 5 588      | 6 271      | 8 078      |
| Growth of operating profit, %     | -10.9%     | 78.5%      | 123.7%     |
| % of net sales                    | 11.2%      | 14.4%      | 13.5%      |
| Profit before tax                 | 5 816      | 6 457      | 8 287      |
| % of net sales                    | 11.6%      | 14.9%      | 13.8%      |
| Profit for the period             | 2 999      | 4 460      | 4 986      |
| % of net sales                    | 6.0%       | 10.3%      | 8.3%       |
| Return on equity, %               | 8.8%       | 18.2%      | 15.1%      |
| Return on investment, %           | 16.2%      | 25.8%      | 24.7%      |
| Interest bearing liabilities      | 4 597      | 870        | 758        |
| Cash and liquid assets *)         | 9 644      | 9 909      | 8 975      |
| Gearing, %                        | -10.9%     | -20.6%     | -18.4%     |
| Equity ratio, %                   | 68.7%      | 76.6%      | 77.5%      |
| Total assets                      | 67 555     | 57 293     | 57 558     |
| Gross investments **)             | 11 109     | 24 492     | 25 315     |
| % of net sales                    | 22.2%      | 56.4%      | 42.2%      |
| Capital expenditure               | 581        | 510        | 597        |
| % of net sales                    | 1.2%       | 1.2%       | 1.0%       |
| Research and development costs    | 8 640      | 7 640      | 10 925     |
| % of net sales                    | 17.3%      | 17.6%      | 18.2%      |
| R&D personnel at end of period    | 144        | 138        | 138        |
| Personnel average for period      | 557        | 510        | 513        |
| Personnel at end of period        | 630        | 519        | 528        |
| Growth of personnel, %            | 21.4%      | 34.8 %     | 33.7%      |
| Earnings per share, EUR           | 0.26       | 0.40       | 0.45       |
| Earnings per share, EUR (diluted) | 0.26       | 0.40       | 0.44       |
| Equity per share, EUR             | 4.04       | 3.83       | 3.88       |
| Average share number:             |            |            |            |
| - undiluted                       | 11 468 124 | 11 074 109 | 11 172 612 |
| - diluted                         | 11 468 124 | 11 138 694 | 11 221 052 |

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

\*\*) Includes capitalized R&D costs and acquisitions

**MAJOR SHAREHOLDERS**

|     | September 30, 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   | 465 997           | 4.1        |
| 7.  | Ahonen, Asko   | 318 822           | 2.8        |
| 8.  | Fondita Nordic Small Cap Fund  | 247 000           | 2.2        |
| 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. | OP Finland Small Firm Fund   | 106 000           | 0.9        |
| 14. | Veritas Life Insurance Company Ltd   | 100 000           | 0.9        |
| 15. | Sarvala, Vesa  | 95 241            | 0.8        |
| 16. | Kaleva Mutual Insurance Company  | 93 800            | 0.8        |
| 17. | Fides Finland Focus Fund   | 93 048            | 0.8        |
| 18. | Nordea Fennia Plus Fund  | 86 000            | 0.7        |
| 19. | Luoto, Matti   | 81 950            | 0.7        |
| 20. | Fondita Nordic Micro Cap Fund  | 75 000            | 0.7        |
|     | 20 largest shareholders total  | 7 333 958         | 64.0       |
|     | Nominee-registered shares total  | 1 631 640         | 14.2       |
|     | Others   | 2 502 526         | 21.8       |
|     | <b>Total</b>   | <b>11 468 124</b> | <b>100</b> |