

January 22, 2009

BASWARE FINANCIAL STATEMENTS

Basware fourth quarter and year 2008

SUMMARY (last year's corresponding period in parentheses, unless otherwise stated)

Financial year 2008

- Net sales EUR 86 098 thousand (EUR 73 270 thousand) – growth 17.5 percent
- Operating profit EUR 8 679 thousand (EUR 7 512 thousand) – growth 15.5 percent
- Operating profit 10.1 percent of net sales (10.3%)
- International operations accounted for 51.8 percent of net sales (48.2%) – growth 26.6 percent
- Backlog of SaaS orders not recognized as income EUR 10 519 thousand (EUR 11 112 thousand) at the end of the period
- Earnings per share EUR 0.56 (0.36)
- Dividend proposal for 2008: EUR 0.23 per share (2007: EUR 0.15)

October-December Q4

- Net sales EUR 26 294 thousand (EUR 23 187 thousand) – growth 13.4 percent
- Operating profit EUR 4 122 thousand (EUR 1 924 thousand) – growth 114.2 percent
- Operating profit 15.7 percent of net sales (8.3%)
- Operating profit excluding one-off items EUR 4 858 thousand – growth 152.5 percent
- Operating profit 18.5 percent of net sales excluding one-off items
- International operations accounted for 51.4 percent of net sales (53.2%) – growth 9.6 percent
- Earnings per share EUR 0.28 (0.09)

Basware expects its net sales to develop positively on the level of 2008. Operating profit (EBIT) for 2009 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/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Net sales	26 294	23 187	13.4%	86 098	73 270	17.5%
Operating profit	4 122	1 924	114.2%	8 679	7 512	15.5%
% of net sales	15.7%	8.3%		10.1%	10.3%	
Profit before tax	3 862	1 888	104.6%	8 410	7 704	9.2%
Profit for the period	3 294	1 113	196.0%	6 585	4 112	60.1%
Return on equity, %	26.5%	9.5%		13.7%	8.9%	
Return on investment, %	30.4%	15.6%		16.6%	16.2%	
Liquid assets*	8 777	7 041	24.7%	8 777	7 041	24.7%
Gearing, %	9.3%	-5.7%		9.3%	-5.7%	
Equity ratio, %	59.5%	70.0%		59.5%	70.0%	
Earnings per share, EUR	0.28	0.09	206.5%	0.56	0.36	58.1%
Earnings per share (diluted), EUR	0.28	0.09	206.5%	0.56	0.36	58.1%
Equity per share, EUR	4.23	4.12	2.6%	4.23	4.12	2.6%

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

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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 the Basware Enterprise Purchase to Pay product suite and the Basware Financial Management (FIMA) suite. The Group's reported market areas are Finland, Scandinavia, Europe and North America.

Record-high result in challenging market conditions

Basware's CEO Ilkka Sihvo: "Profitability in the fourth quarter was record high. Considering the significantly softened market conditions, we succeeded excellently. Our net sales increased by 13.4 percent and profitability went up as much as 114.2 percent on the corresponding period the previous year. Excluding one-off items, our operating profit for the fourth quarter grew by 152.5 percent and amounted to EUR 4 858 thousand. Of the units, Finland, North America and the Netherlands exceeded their objectives. France and Norway achieved their goals.

The integration of Contempus was completed successfully. With regard to business operations, consulting continued its growth at a rate of nearly 30 percent during the fourth quarter. Software as a Service business increased by 36.2 percent. Basware succeeded well during the quarter in securing large international customer accounts, particularly in North America and Europe.

The financial objectives set for 2008 as a whole were achieved in terms of net sales in extremely challenging market conditions. Operating profit for the full year was record-high and was within the guidance. Excluding one-off items, operating profit for 2008 as a whole amounted to EUR 9 415 thousand, or 10.9 percent of net sales.

For the year as a whole, the Norwegian, Finnish, German and North American Enterprise Purchase to Pay units exceeded their objectives. The French unit met its goals, while Sweden and the Financial Management business fell slightly short of their objectives. Of the 2008 net sales, 51.8% came from outside of Finland and the growth of international net sales was 26.2%. We have succeeded in entering into agreements with even larger organizations, and in 2008 both our invoice automation and procurement solutions did extremely well in the competition."

REPORTING

Basware acquired Contempus AS from Affecto Plc on September 30, 2008. Contempus has been included in the consolidated financial statements for October 1 - December 31, 2008. The preliminary balance sheet of Contempus Group was included in the Basware's Q3 consolidated balance sheet because the acquisition was confirmed on September 30, 2008. This interim report also presents unaudited pro forma income statement data for net sales and operating profit for 2008 as comparison data. The figures have been calculated to illustrate what the Group's net sales and operating profit for 2008 would have been had the income statement data for Contempus been consolidated for the entire period.

Basware's primary reporting segment is based upon geography as follows: Finland, Scandinavia, Europe and North America.

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 invoiced monthly based on an agreement. Software as a Service agreements typically span several years. The Group also reports the

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backlog of SaaS orders not recognized as income. The Company's SaaS sales are growing and this dilutes net sales growth in the short term.

As of January 1, 2008, the capital structure of Basware Corporation's foreign subsidiaries has been changed to the extent that the majority of the long-outstanding intercompany trade receivables in the parent company have been converted to a long-term net investment in a foreign operation. The purpose of the loan arrangement is to fund a long-term strategic investment. Foreign currency gains and losses from a net investment in a foreign operation are recorded in a separate component of equity in the consolidated financial statements.

FOURTH QUARTER OCTOBER 1 – DECEMBER 31, 2008

NET SALES OCTOBER–DECEMBER 2008

Basware Group's net sales increased by 13.4 percent in October–December and were EUR 26 294 thousand (EUR 23 187 thousand). With comparable currency exchange rates, net sales for October–December increased by 17.6 percent.

In the fourth quarter, 29.3 percent (32.3%) of net sales consisted of own product sales and the product sales grew by 2.7 percent. SaaS sales accounted for 1.9 percent (1.6%) of net sales in the fourth quarter, up 36.2 percent. Maintenance revenue accounted for 26.0 percent (28.7%) of net sales and grew by 3.0 percent. Consulting and services revenue represented 42.8 percent (37.4%) of net sales and grew by 29.6 percent.

Value added resellers provided a net share of 15.3 percent (14.0%) or EUR 1 179 thousand of product sales in October–December, corresponding to 8.7 percent (8.5%) of international operations' total net sales.

The international share of Basware's net sales was 51.4 percent (53.2%) in October–December. International operations grew by 9.6 percent.

FINANCIAL PERFORMANCE OCTOBER–DECEMBER 2008

Basware Group's operating profit increased by 114.2 percent in October–December and was EUR 4 122 thousand (EUR 1 924 thousand). Operating profit amounted to 15.7 percent of net sales. Excluding one-off items, operating profit increased by 152.5 percent to EUR 4 858 thousand. Operating profit margin was correspondingly 18.5 percent.

The Company's fixed costs were EUR 19 911 thousand (EUR 18 546 thousand) in the quarter, up 7.4 percent on the corresponding period the previous year. Personnel costs made up 75.8 percent (73.2%) or EUR 15 093 thousand (EUR 13 569 thousand) of the fixed costs. The increased costs reflect the increase in the number of personnel due to the acquisition and one-off items associated with the integration of Contempus.

Basware's consolidated financial statements include one-off costs of EUR 736 thousand associated with the integration of Contempus. They consist of benefits paid in connection with terminating employment relationships (EUR 504 thousand), expert fees (EUR 48 thousand) and costs resulting from the adoption of shared infrastructure and premises (EUR 185 thousand).

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Of the Contempus acquisition purchase price, EUR 3 758 thousand was allocated to customer relationships and products, of which EUR 268 thousand has been amortized during the fourth quarter of 2008. The allocation of the acquisition purchase price is preliminary.

Research and development costs totaled EUR 4 385 thousand (EUR 4 532 thousand), of which EUR 846 thousand (EUR 1 217 thousand) or 19.3 percent (27.0%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 312 thousand (EUR 264 thousand).

Profit before tax for Q4 was EUR 3 862 thousand (EUR 1 888 thousand) and profit for the period was EUR 3 294 thousand (EUR 1 113 thousand). Undiluted earnings per share were EUR 0.28 (EUR 0.09).

BUSINESS OPERATIONS OCTOBER–DECEMBER 2008

Finland

The Finland segment includes operations in Finland, Russia, Asia, Australia and the Financial Management business. The company has branches in India and Singapore and a representative office in Russia. Net sales for the fourth quarter increased by 7.4 percent to EUR 15 329 thousand (EUR 14 278 thousand).

Net sales of the Finnish Enterprise Purchase to Pay unit grew by 18.3 percent in the fourth quarter. Net sales of the Financial Management operations (Basware FIMA Oy) increased by 12.0 percent, accounting for 9.5 percent (9.7%) of Basware Group's business operations.

In October–December, a total of approximately 2.3 million invoices were transmitted through the eInvoicing service of Basware Einvoices Oy. The invoice volume grew by approximately 16.8 percent during the quarter compared with the same quarter last year. A total of 38 new customer agreements were signed during the period. Of the agreements, 10.5 percents were international agreements.

The Enterprise Purchase to Pay and Financial Management solutions are sold in Russia. Currently there are 5 resellers in the area.

There are 6 resellers in the Asia Pacific region. New customers in the quarter include Flight Centre Ltd and Svitzer Australia Pty Ltd.

In the Finland segment, new customers include Huhtamäki Oyj, Lumon Oy, Instru Optiikka Oy, Cargotec Corporation, Tehy Ry and Publicis Oy.

There are currently 17 resellers in all in the area and the number of personnel averaged 426 (383) during the fourth quarter.

Scandinavia

Basware's Nordic organization consists of a centrally directed 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.

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Net sales of the area grew by 14.6 percent in the fourth quarter to EUR 6 627 thousand (EUR 5 782 thousand). The profitability of operations decreased by -102.4 percent and operating profit was EUR -21 thousand (EUR 873 thousand). Excluding one-off items, the operating profit would have been EUR 695 thousand, i.e. profitability excluding one-off items decreased by -20.4 percent.

New customers include Zalaris HR Services As, HMR Group AS, Nycomed AB, Dagbladet Borsen A/S and Cleanosol AB. Business operations are mainly handled by the own organization and there were 146 (98) employees on average in the area.

Europe

Basware's European business operations consist of the units in Germany, France, The Netherlands, United Kingdom and Southern Europe. Additionally, the reseller network covers the eastern part of Central Europe. All Enterprise Purchase to Pay solutions are sold in Europe, apart from the payment and travel & expense management solutions.

Net sales of the Europe segment decreased by 6.9 percent in the fourth quarter and totaled EUR 5 264 thousand (EUR 5 652 thousand). The profitability of the operations improved by 95.5 percent and operating profit was EUR -48 thousand (EUR -1 078 thousand). At the end of 2008, Basware UK implemented a rationalization program and reorganization of operations, facilitating profitable growth in the unit.

The UK data capture operations developed according to plan and were profitable.

New customers include ABB Schweiz AG, Warnaco BV, Gemeentelijk Havenbedrijf Antwerpen, OCMS and Groupe Arrivée.

There are 35 resellers in Europe, and Basware personnel averaged 127 (142) during the fourth quarter.

North America

Basware's North American unit sells the Enterprise Purchase to Pay solutions in the United States and Canada.

Net sales of the area increased by 27.3 percent in the fourth quarter and totaled EUR 1 311 thousand (EUR 1 030 thousand). The profitability of the operations improved by 174.0 percent and operating profit was EUR 118 thousand (EUR -160 thousand).

New customers include Alcon Laboratories Inc and Brookfield Properties Management LLC. At the end of the period, there were 10 resellers in North America. The number of personnel in the area averaged 29 (28) during the fourth quarter.

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FINANCIAL PERIOD JANUARY 1 – DECEMBER 31, 2008

NET SALES

Basware Group's net sales increased by 17.5 percent during the period (January–December) and were EUR 86 098 thousand (EUR 73 270 thousand). With comparable currency exchange rates, net sales increased by 20.1 percent in 2008. Pro forma net sales for the financial period would have been EUR 93 300 thousand had the Contempus net sales been consolidated for the entire period.

The Company's product sales decreased by 0.8 percent during the period to 27.7 percent (32.8%) of net sales. Due to an adjustment of revenue recognition principles for product sales, some of the agreements signed at the end of 2006 were recognized in the first quarter of 2007. The value of these agreements amounts to over EUR 3 million. The growth of product sales without these components would have been 15.5 percent.

Maintenance revenue and support services related to maintenance increased by 13.1 percent in the period and accounted for 29.0 percent (30.1%) of net sales. Consulting and services revenue grew by 37.1 percent and accounted for 41.3 percent (35.4%) of net sales. SaaS sales increased by 41.5 percent in the period and accounted for 2.0 percent (1.7%) of net sales. The backlog of SaaS orders not recognized as income was EUR 10 519 thousand (EUR 11 112 thousand) at the end of the period.

Value added resellers provided a net share of 16.3 percent (14.9%) or EUR 3 901 thousand of product sales in the financial period, corresponding to 8.7 percent (10.1%) of international operations' total net sales.

International operations accounted for 51.8 percent (48.2%) of Basware's net sales for the period, increasing by 26.2 percent.

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

Net sales (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	15 329	14 278	7.4	49 517	48 849	1.4
Scandinavia	6 627	5 782	14.6	18 805	16 797	12.0
Europe	5 264	5 652	-6.9	19 454	15 081	29.0
North America	1 311	1 030	27.3	5 004	3 460	44.6
Sales between segments	-2 238	-3 554	37.0	-6 682	-10 917	38.8
Group total	26 294	23 187	13.4	86 098	73 270	17.5

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

Net sales (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	12 769	10 851	17.7	41 514	37 969	9.3
Scandinavia	6 411	5 549	15.5	18 309	15 911	15.1
Europe	5 143	5 422	-5.1	19 191	14 785	29.8
Others	1 971	1 366	44.3	7 083	4 604	53.8
Group total	26 294	23 187	13.4	86 098	73 270	17.5

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FINANCIAL PERFORMANCE

Basware's operating profit for the period increased by 15.5 percent to EUR 8 679 thousand (EUR 7 512 thousand). Operating profit represented 10.1 percent (10.3%) of net sales. Excluding one-off items, operating profit for 2008 grew by 25.3 percent and amounted to EUR 9 415 thousand, or 10.9 percent of net sales. Pro forma operating profit for the financial period would have been EUR 8 897 thousand had the Contempus operating profit sales been consolidated for the entire period.

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

Operating profit (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	4 385	2 335	87.8	7 898	12 706	-37.8
Scandinavia	-21	873	-102.4	1 017	333	205.6
Europe	-48	-1 078	95.5	-74	-3 662	98.0
North America	118	-160	174.0	289	-1 751	116.5
Operating profit between segments	-312	-47	-565.8	-452	-114	-295.7
Group total	4 122	1 924	114.2	8 679	7 512	15.5

The Company's fixed costs were EUR 69 900 thousand (EUR 59 543 thousand) in the period, up 17.4 percent on the corresponding period the previous year. Personnel costs made up 72.1 percent (68.2 %) or EUR 50,399 thousand (EUR 40,600 thousand) of the fixed costs. The increase in personnel costs arising from the Contempus acquisition totaled EUR 1 745 thousand. Bad debt and movement in bad debt accruals are included in fixed costs. Bad debt reservations at the end of the fourth quarter amounted to EUR 845 thousand (EUR 789 thousand).

Basware's consolidated financial statements include one-off costs of EUR 736 thousand associated with the integration of Contempus. They consist of benefits paid in connection with terminating employment relationships (EUR 504 thousand), expert fees (EUR 48 thousand) and costs resulting from the adoption of shared infrastructure and premises (EUR 185 thousand).

Research and development costs totaled EUR 15 518 thousand (EUR 13 172 thousand), of which EUR 2 739 thousand (EUR 3 061 thousand) or 17.6 percent (23.2%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 183 thousand (EUR 983 thousand). Research and development costs equaled 18.0 percent (18.0%) of net sales. The costs increased 17.8 percent (20.6%) during the financial year.

The Company's finance income and finance expenses were EUR -269 thousand (EUR +191 thousand). The Company's profit before tax was EUR 8 410 thousand (EUR 7 704 thousand). Taxes for the period totaled EUR 1 825 thousand (EUR 3 591 thousand). Profit for the period was 7.6 percent (5.6%) of net sales, or EUR 6 585 thousand (EUR 4 112 thousand). Undiluted earnings per share were EUR 0.56 (EUR 0.36).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the financial period were EUR 81 909 thousand (EUR 67 722 thousand). The Company's cash and liquid assets were EUR 8 777 thousand (EUR 7 041 thousand), of which cash and cash equivalents were EUR 8 745 thousand (EUR 7 010

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thousand) and financial assets at fair value through profit or loss were EUR 31 thousand (EUR 31 thousand).

During the period under review, the Company withdrew a 3-year loan of EUR 10.7 million to finance the acquisition of Contempus AS. The loan is hedged by a 2-year interest cap agreement, setting a cap of 5.4% for the base rate of interest.

Cash flow from operating activities was EUR 8 331 thousand (EUR 4 387 thousand). Cash flow from investments was EUR -12 303 thousand (EUR -7 969 thousand).

Equity ratio was 59.5 percent (70.0%) and gearing was 9.3 percent (-5.7%). The Company's interest-bearing liabilities totaled EUR 13 283 thousand (EUR 4 334 thousand), of which current liabilities accounted for EUR 5 555 thousand (EUR 4 314 thousand). Return on investment was 16.6 percent and return on equity 13.7 percent.

The acquisition price of Contempus AS was NOK 83.6 million (approximately EUR 10.1 million at the exchange rate on the date of the acquisition). In the financial statements, EUR 3 758 thousand associated with customer relationships and products has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 4 264 thousand of goodwill. The allocation of the acquisition purchase price is preliminary.

The Company's capital expenditure, resulting from regular additional and replacement investments required for growth, was EUR 1 007 thousand (EUR 817 thousand) in the period. Gross investments which include, in addition to those mentioned above, the capitalized research and development costs and acquisitions (Contempus) totaled EUR 12 476 thousand (EUR 12 220 thousand).

Impairment tests indicate no impairments of assets. Amortization of intangible assets totaled EUR 2 398 thousand (EUR 2 050 thousand), of which amortization associated with business acquisitions amounted to EUR 993 thousand (EUR 712 thousand).

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Research and development costs were EUR 15 518 thousand (EUR 13 172 thousand) in the period, corresponding to 18.0 percent (18.0%) of net sales. Research and development costs increased by 17.8 percent (20.6%) compared with the same period last year. Of the research and development costs, EUR 2 739 thousand (EUR 3 061 thousand) or 17.6 percent (23.2%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 183 thousand (EUR 983 thousand).

A total of 171 (152) people worked in Software Production at the end of 2008. The Software Production unit is expanding in India, where there are currently 26 employees.

In 2008, Basware introduced two significant new products: the RFx Management sourcing solution and Basware Contract Lifecycle Management solution piloted in 2007. In addition, Basware piloted its Supplier Portal, which supplements the procurement offering.

In 2008, Basware tightened its customer cooperation in product development even further by changing product development work with customers from individual projects to a continuous operating model. Therefore, the customer is central throughout the product development process from beginning to end.

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In the longer term, changes in the industry that will have an effect on Basware's product development include the increasing popularity of the Software as a Service model. Software as a Service (SaaS) increases the probability of successful software acquisitions by centralizing technological competence in a single place, and it highlights the idea of selling the best practices – something that Basware already cherishes.

PERSONNEL

Basware employed 689 (580) people on average and 731 (658) people at the end of the period. The number of personnel increased by 73 persons and by 11.1 percent compared with the same period the previous year. As a result of the Contempus acquisition, the number of personnel increased by 41 people.

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 46.1 percent (40.9%) of Basware personnel worked outside of Finland and 53.9 percent (59.1%) in Finland. 18.9 percent of the personnel work in sales and marketing, 48.7 in consulting and services, 23.4 percent in Software Production, and 9.0 percent in administration.

The average age of employees is 35.9 (35.6) years. Of the employees, 34.1 percent have a Master's degree and 44.0 percent have a Bachelor's degree. Women account for 27.5 percent of employees, men for 72.5 percent.

For incentive purposes, the Company has a bonus program that covers all employees. During the financial period, the Company also had two outstanding warrant programs, one for the management and the other for the Group's key personnel.

Geographical distribution of personnel (primary segment):

Personnel (employed, on average)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	426	383	11.2	421	367	14.9
Scandinavia	146	98	49.3	112	96	16.8
Europe	127	142	-10.3	129	93	38.9
North America	29	28	3.6	26	25	5.7
Group total	729	651	11.9	689	580	18.7

BUSINESS OPERATIONS

Finland

The Finland segment includes operations in Finland, Russia, Asia, Australia and the Financial Management business. The company has branches in India and Singapore and a representative office in Russia. Net sales for the financial period increased by 1.4 percent to EUR 49 517 thousand (EUR 48 849 thousand).

Net sales of the Finnish Enterprise Purchase to Pay unit increased by 10.6 percent in 2008. Net sales of the Financial Management operations (Basware FIMA Oy) increased by 3.9 percent and accounted for 10.2 percent (11.5%) of Basware Group's business operations.

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A total of approximately 8.3 million invoices were transmitted through the Invoicing service of Basware Invoices Oy in 2008. The invoice volume increased by approximately 21.1 percent during the year compared with the same previous year. A total of 133 new customer agreements were signed in 2008. Of the agreements, 29.0 percent were international agreements.

The Enterprise Purchase to Pay and Financial Management solutions are sold in Russia. Currently there are 5 resellers in the area.

There are 6 resellers in the Asia Pacific region. New customers in 2008 included ABB in Japan, Malaysian Airlines, UnitingCare Health, Challenger Group Services, Bureau VERITAS, Datacom, Flinders University, BGC Contracting Pty Ltd, Flight Centre Ltd, and Svitzer Australia Pty Ltd.

In the Finland segment, new customers during the reporting period included A-Lehdet Oy, Gasum Oy, Konecranes Plc, Suomen Liikunta ja Urheilu (SLU), Tampereen Messut, Rautaruukki Oyj, Finpro ry, CPS Color Oy, American Express Service Europe, NCC Group, Sesca Group, Thermo Fisher, Skanska Oy, Backman-Trummer Oy Ab, AS Paulig Baltic, Viking Line Abp, Sisu Diesel Oy, Oy HYY-Yhtiöt AB, Toyota Motor Finland Oy, Tampereen seurakuntayhtymä, Tschelkovskiy Vitami and Stockmann ZAO.

There are currently 17 resellers in all in the area and the number of personnel averaged 421 (367).

Scandinavia

Basware's Nordic organization consists of a centrally directed 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.

Net sales of the area increased by 12.0 percent in the financial period EUR 18 805 thousand (EUR 16 797 thousand). The profitability of the operations improved by 205.6 percent and operating profit was EUR 1,017 thousand (EUR 333 thousand). One-off items associated with Contempus acquisition totaled EUR 716 thousand. Operating profit excluding one-off items totaled EUR 1 733 thousand.

New customers include SKTF, HSB Umeå, Villa Organic, GS-Hydro Norge AS, Terra Gruppen AS, Apokjeden AS, G4S Security Systems AS, Tollpost, ODIM AS, Sandefjord Kommune, Storebrand Livsforsikring AS, Tamro AB, NORDUnet A/S, Scandic Hotels AB, and Norstedts Juridik AB.

Business operations are mainly handled by the own organization and there were 112 (96) employees on average in the area.

Europe

Basware's European business operations consist of the units in Germany, France, The Netherlands, United Kingdom and Southern Europe. Additionally, the reseller network covers the eastern part of Central Europe. All Enterprise Purchase to Pay solutions are sold in Europe, apart from the payment and travel & expense management solutions.

Net sales in the Europe segment increased by 29.0 percent to EUR 19 454 thousand (EUR 15 081 thousand). The profitability of the operations improved by 98.0 percent and operating profit was EUR -74 thousand (EUR -3 662 thousand).

The UK data capture operations developed according to plan and were profitable.

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New customers included NutriXo, Romande Energie, Societe de Figaro in France, PowerPacker in the Netherlands, Pension Regulator, Signet in the UK, Europe Arab Bank, Transavia.com, AkzoNobel Functional Chemicals, Ballast Nedam 4th environment Axapta, Ovako Steel, Rentokil Initial, Norsk Aller AS, Nor-Lines, Sector Alarm, AKVA Group.Hertel, ENCI, ERAM, Prinovis Liverpool Ltd, Barmenia, Autoliv, Friesland Hungaria zRt., Contitrade Ireland, and CHEP.

There are 35 resellers in Europe, and the number of Basware personnel was 129 (93) at year's end.

North America

Basware's North American unit sells the Enterprise Purchase to Pay solutions in the United States and Canada.

Net sales of the area for the financial year increased by 44.6 percent and totaled EUR 5 004 thousand (EUR 3 460 thousand). The profitability of the operations improved by 116.5 percent and operating profit was EUR 289 thousand (EUR -1 751 thousand).

New customers include Allied Tube & Conduit Corporation, Howard Hughes Medical Institute, Protection One Alarm Monitoring Inc., Allied Building Products, ING Direct in Canada, Natixis, and General Growth Properties.

There were 10 resellers in North America at the end of the period. On average, there were 26 (25) employees in the area.

OTHER EVENTS OF THE FINANCIAL PERIOD

Basware established a representative office in Moscow at the beginning of 2008.

Basware Corporation was one of Forrester's choices in the Forrester Wave survey published on June 18. The survey report consists of three parts: strategy, current product offering and market position. According to the survey, Basware is number one in all these areas, and according to the report, Basware has the highest market share, best functionality and a solid vision. The results of the survey reflect the company's success in combining solid strategic outlook with a functional product offering.

In fall 2008, Forrester Research's market analysis of more than 100 companies in the industry found that Basware was among the five largest suppliers of electronic procurement solutions in the world. According to the same report, the electronic procurement solution market is growing, and there is demand for electronic solutions that cover the entire procurement process and closer new supplier integrations in large companies.

The Basware Executive Team has expanded as a result of organizational changes in the Software Production unit. Pekka Rehn has been appointed as the head of the new Products unit. Olli Hyppänen, former head of the Software Production unit, was appointed as Senior Vice President, Strategy and Development, to lead the new Strategy and Development unit that was founded on October 1.

Additionally, Steve Muddiman has been appointed as Senior Vice President, Global Marketing. Ari Salonen took up his post as General Manager, North America for Basware's North American operations on September 1, 2008.

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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.

Share price and trade

During the reporting period, the highest price of the share was EUR 10.45 (EUR 14.00), the lowest was EUR 6.00 (EUR 9.50) and the closing price was EUR 6.59 (EUR 10.00). The average price of the share was EUR 7.53 (EUR 12.03) during the period.

A total of 2 298 467 (2 761 995) shares were traded during the financial period which is the equivalent of 20.1 percent (24.1%) of the average number of shares. Market capitalization with the period's closing price on December 31, 2008 was EUR 75 301 011 (EUR 114 681 240).

Shareholders

Basware had 17 120 (17 301) shareholders on December 31 including nominee-registered holdings (8). Nominee-registered holdings accounted for 9.1 percent of the total number of shares.

The company received one notice of change in ownership during the financial period when Baillie Gifford Overseas Limited's and Baillie Gifford & Co's holding in Basware Corporation decreased to be below 5%.

GOVERNANCE

The Annual General Meeting of Shareholders on February 14, 2008, confirmed the number of Board members as five. The Annual General Meeting resolved to agree on the proposal and elected Matti Copeland, Sakari Perttunen, Ossi Pohjola, Ilkka Toivola and Hannu Vaajoensuu members of the Board of Directors.

The Annual General Meeting further resolved to elect Ernst & Young Oy, Authorized Public Accountants as the auditor, with APA Heikki Ilkka in charge and APA Terhi Mäkinen as the deputy auditor.

The Board was authorized to resolve on share issue and share repurchase.

A separate stock exchange release has been issued on the Board authorizations and other resolutions of the Annual General Meeting of Shareholders on February 14, 2008.

Share repurchase

The Board of Directors of Basware Corporation decided to start share repurchase during the reporting period. A maximum of 400 000 shares will be purchased, corresponding to approximately 3.49 percent of all shares in the Company. The decision is based on the authorization granted by the Annual General Meeting of Basware Corporation on February 14, 2008, on the repurchase of a maximum of 1 146 812 shares. Share repurchase will end on March 31, 2009 at the latest. Non-restricted equity will be used for acquiring the shares, so the acquisitions will decrease the Company's distributable assets. The shares will be purchased in public trading on NASDAQ OMX Helsinki Ltd in compliance with the rules and

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guidelines of NASDAQ OMX Helsinki Ltd and Finnish Central Securities Depository Ltd. concerning share repurchases.

At the end of 2008, 41 567 shares had been acquired.

Decrease of Share Premium

The AGM authorized the company's share premium to be decreased by EUR 33 057 787.45 for the purpose of transferring the decreased amount to the company's invested non-restricted equity. The decrease has been carried out in accordance with the resolution of the National Board of Patents and Registration of Finland on June 24, 2008.

SHORT-TERM RISKS AND RISK MANAGEMENT

In accordance with Basware's risk management policy, risks are divided 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 its strategy and objectives. These risks are managed and decreased in various ways. Short-term risks are considered to be risks in the current reporting year.

The global crisis of the finance market, general economic uncertainty and depression decrease companies' willingness to invest, which might have an unfavorable impact on the development of the company's net sales and profitability. In previous economic downturns, the demand for the Company's products and services has remained more positive than the general economic market as a whole as the company's software solutions generate cost savings. The rapidly weakened global market situation does however cause uncertainty.

The Group's main currency is Euro, accounting for approximately 67 percent of net sales in 2008 (approximately 66% in 2007). The Company did not realize hedging for exchange rate fluctuations during the financial year as the impact of currency risks on the Company's net sales and result were not considered significant. The significance of exchange rate fluctuations between the euro and other currencies will increase hand in hand with the share of international operations. The Group's exchange rate hedging principles will be defined during the first quarter of 2009 as a part of the leading principles of finance policy approved by the Board.

Goodwill has been tested during the last quarter of 2008. In accordance with the testing for impairment of assets, no depreciation of goodwill was made. At the end of 2008, Basware UK implemented a rationalization program and reorganization of operations, facilitating profitable growth in the unit. If the unit's profitability does not improve as planned in the medium term despite the streamlining program, it is likely that the goodwill allocated to the unit will need to be impaired.

In other respects, no significant changes have taken place in Basware's short-term risks and uncertainties during the financial period.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

Basware acquired the entire share capital of Contempus AS from Affecto. The acquisition price was NOK 83.6 million (approximately EUR 10.1 million, exchange rate EUR/NOK 8.27). Contempus was part of Affecto's operations in Norway and produces software solutions for procurement, invoice and document management.

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The acquisition strengthens Basware's market position in Norway, Sweden and the UK as well as brings valuable expertise to Basware to improve competitiveness. In addition, Basware can extend its distribution channel through existing Contempus' sales channel in the United States and Benelux countries. Synergy benefits can be reached by unifying the business operations as well as by adopting common infrastructure and offices in Oslo, Stockholm and Manchester.

The cost savings will materialize starting from the beginning of 2009 and they will be approximately EUR 3 million by the end of 2009. Basware's consolidated financial statements for 2008 include one-off costs of EUR 736 thousand associated with the integration of Contempus. The financial figures of Contempus have been integrated into Basware for October 1 – December 31, 2008, and the profit of Contempus for the fourth quarter of 2008 is slightly positive before one-off-items.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Basware's software products reduce paper consumption in thousands of offices around the world, leading the customer companies toward the paperless office, which saves both the environment and money. Profitability and financial stability are an integral part of Basware's responsibility. Stability and trustworthiness yield added value to all stakeholders.

Basware's head office in Espoo has held a Green Office certificate issued by the World Wildlife Fund since 2003. The prerequisites for being issued the certificate include a standing environmental program, waste sorting and recycling, reduction of carbon dioxide emissions and endeavors to constantly improve environmental issues.

Cooperation with the Plan Finland charity foundation has continued since 2002. Basware has 14 sponsored children in developing countries, and the company wants to build a better future for their communities. The Art of Basware is an annual competition for young visual artists, intended to support and encourage them to develop their skills.

STRATEGY

Basware adopts updated strategy for the years 2009-2012. The long term net sales growth objective remains in the range of 20-40 percent with operating profit margin of 10-20 percent of net sales.

Basware will launch new EPP (Enterprise Purchase to Pay) Automation Services offering during 2009 to target Software as a Service (SaaS) application space and services market. The SaaS market is predicted to see a remarkably higher growth than the software license market in the business application space.

Due to the changed market situation, Basware updated its strategy projects for 2009 by replacing two projects with new strategy projects better suited to the current situation. The *Dominating the US* and *Joint Forces* projects will advance as a part of daily business operations. Instead of them, Basware will outlay on world-class product development and even tighter networking with customers in 2009.

Updated strategy projects:

Must-have brand and thought leadership

Basware will invest considerably in strengthening its awareness and brand in its strategic market areas.

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Five global giants per year

Basware will pursue rapid and profitable growth in cooperation with internationally-operating corporations.

Conquer the base

Basware will continue growth in mature markets, improving customer satisfaction with the help of a comprehensive service concept.

World-class product development

Basware wants to be a global trailblazer, continuously responding to its customers' changing needs with first-class products. Product development takes place in cooperation with Basware's customers and partners, taking the comments of industry analysts into consideration. The company's product development is able to respond and quickly adapt to changing product development requirements. The functioning and quality of product development will be developed further.

Automation of Purchase to Pay services

Basware will tighten its cooperation with customers by developing various distribution and network models for increasingly efficient distribution, support and updating of products. The company will particularly pay attention to making the service perspective an established part of tight-knit product development cooperation.

MANAGEMENT AND AUDITORS

In 2008, Ilkka Sihvo acted as the CEO of the Company. 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. The Annual General Meeting of Shareholders on February 14, 2008, confirmed the number of Board members as five. Matti Copeland, Sakari Perttunen, Ossi Pohjola, Ilkka Toivola and Hannu Vaajoensuu were elected to the Board. In its first meeting, the Board elected Hannu Vaajoensuu as Chairman of the Board and Sakari Perttunen as Vice Chairman.

The Annual General Meeting further resolved to elect Ernst & Young Oy, Authorized Public Accountants as the auditor, with APA Heikki Ilkka in charge and APA Terhi Mäkinen as the deputy auditor.

EVENTS AFTER THE FINANCIAL PERIOD

The Company's organization has been adjusted to match market changes, and a new unit, Enterprise Purchase to Pay (EPP) Automation Services, headed by Riku Roos, has been established. The EPP Automation Services unit includes the subsidiary Basware Einvoices as well as the Software as a Service functions.

The Finnish business unit, Basware's subsidiary FiMa, and the Russian operations have been merged into a business unit called NorthEast, headed by Jukka Virkkunen, currently the head of the Finnish business unit.

As of January 1, 2009, members of the Basware Executive Team are Ilkka Sihvo, CEO; Mika Harjuaho, CFO; Olli Hyppänen, Strategy and Development; Steve Muddiman, Senior Vice President, Global Marketing; Pekka Rehn, Senior Vice President, Products; Esa Tihilä, Senior Vice President, Global Operations; Odd Roar Trapnes, Senior Vice President Scandinavia; and Jukka Virkkunen, Senior Vice President NorthEast.

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As of 2009 the duties of Hannu Vaajoensuu, the Chairman of the Board, were redefined. In addition to chairman's standard duties Hannu Vaajoensuu will continue as a member of the M&A Team and have an advisory role in major M&A projects. He will also carry out networking and industry influencer activities.

FUTURE OUTLOOK

General economic uncertainty has increased considerably. Basware solutions generate cost savings and therefore the demand is not heavily dependent on the economic situation.

Market forecasts published in January 2009, expect the entire IT market to decrease in 2009 (-3%), while the software market remains unchanged (+0%). However, the invoice automation and Enterprise Purchase to Pay markets are forecast to grow moderately, beating the overall IT market by approximately 6 to 8 percentage units (+3% – +5%).

Western Europe and the United States combined account for approximately three quarters of the enterprise software market. In these markets, electronic invoice processing and procurement solutions are still in their infancy. The procurement management and electronic invoice processing markets are heterogeneous in terms of the competitive situation. Growth could attract more competitors to the market. The industry is consolidating, and this development could go on in the future as well. Globally speaking, Basware is a medium-sized software company in terms of net sales as well as number of personnel.

Basware's direct competitors are mainly locally operating and often smaller companies. In North America in particular, the company has also larger competitors, especially in the field of procurement management. Developers of document management, scanning and recycling systems compete with Basware, particularly with regard to purchase invoice management solutions. Competing solutions also include customized solutions integrated into ERP (*Enterprise Resource Planning*) systems.

The software products still offer a competitive edge, thanks to the integrated offering consisting of new added value products and the products. Automation services, a new concept in the portfolio, will have a positive impact on the competitiveness.

EPP Automation Services will bring more predictability and transparency over Basware's revenue stream and profitability development. In 2008, revenue from continuous services (including maintenance) accounted for approximately a third of the total revenue. Basware predicts that EPP Automation Services revenue will increase significantly in the strategy period. More detailed business targets for EPP Automation Services will be released by the end of 2009.

The Company's international growth is based on efforts of its own sales and marketing activity as well as the reseller channel. Development of the indirect distribution channel continues in Europe, Russia and Asia. In North America, the focus will be on developing the Company's own sales channel for the time being. In Scandinavia, the focus is on profitability, and moderate growth is supported by the Company's expanded product portfolio and the development of the service business. In Finland, the focus is on profitability, and moderate growth will primarily be achieved from the fields of procurement management and services.

Of the Company's EUR 10 519 thousand backlog of SaaS orders, approximately EUR 1 million will be recognized as income in 2009.

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Basware has complemented its organic growth with acquisitions. The Company will continue to review possible acquisition targets during 2009. The aim of the acquisitions is to expand the Company's distribution channel and product portfolio in international markets.

The Group will increase its number of personnel mainly in India during the first quarter. Research and development costs are expected to increase more moderately compared with the level of 2008. Additional investments required by growth will not begin until during the second quarter, provided that net sales for the first quarter have realized in accordance with expectations.

The cost savings resulting from the synergy benefits of the Contempus integration will materialize starting from the beginning of 2009 and they will be approximately EUR 3 million by the end of 2009.

Basware expects its net sales to develop positively on the level of 2008. Operating profit (EBIT) for 2009 is expected to be from 10 to 15 percent of net sales.

BOARD'S DIVIDEND PROPOSAL

Basware is a growth company that aims at increased market capitalization and moderate dividend yield. When preparing the dividend proposal, the Board considers the Company's financial position, profitability and prospects in the near future.

At the end of 2008, the Group parent company's distributable funds are EUR 57 375 196.00.

Basware's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.23 per share (2007: EUR 0.15) be paid for 2008.

Espoo, Finland, January 21, 2009

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, January 22, 2009 a briefing on the Interim Report for the press and analysts at 11:00 a.m. in Hotel Kämp, Pohjoisesplanadi 29, Helsinki, Finland. During this briefing CEO Ilkka Sihvo will comment the operations and financial performance of the quarter. Welcome.

FINANCIAL REPORTING IN 2009

Basware's Annual Report 2008, including the audited Financial Statements, will be published on the Company's website during the week of February 2, 2009. The Company publishes the Annual Report also in print.

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Release dates for interim reports:

- Interim Report January-March 2009 (Q1) on Thursday, April 16, 2009
- Interim Report January-June 2009 (Q2) on Friday, July 10, 2009
- Interim Report January-September 2009 (Q3) on Tuesday, October 13, 2009

Basware Corporation's Annual General Meeting of Shareholders will be held on Thursday, February 12, 2009 starting at 1:00 PM at the Diana auditorium (Erottajankatu 5) in Helsinki, Finland.

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.basware.com

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SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The same Accounting Principles have been applied as in the 2007 Financial Statements. Key indicator calculations remain unchanged and have been presented in the 2007 Financial Statements.

GROUP INCOME STATEMENT

	1.10.-	1.10.-	Change	1.1.-	1.1.-	Change
EUR thousand	31.12	31.12	,	31.12	31.12	,
	2008	2007	%	2008	2007	%
NET SALES	26 294	23 187	13.4	86 098	73 270	17.5
Other operating income	62	44	40.0	250	834	-70.0
Materials and services	-1 333	-1 996	-33.2	-4 726	-4 459	6.0
Employee benefit expenses	-15 093	-13 569	11.2	-50 399	-40 600	24.1
Depreciation and amortization	-990	-765	29.5	-3 043	-2 590	17.5
Other operating expenses	-4 818	-4 977	-3.2	-19 500	-18 943	2.9
Operating profit	4 122	1 924	114.2	8 679	7 512	15.5
Finance income	637	73	770.6	734	344	113.6
Finance expenses	-897	-109	721.3	-1 003	-152	559.2
Profit before tax	3 862	1 888	104.6	8 410	7 704	9.2
Income tax expense	-567	-775	-26.8	-1 825	-3 591	-49.2
PROFIT FOR THE PERIOD	3 294	1 113	196.0	6 585	4 112	60.1
Earnings per share (undiluted), EUR	0.28	0.09	206.5	0.56	0.36	58.1
Earnings per share (diluted), EUR	0.28	0.09	206.5	0.56	0.36	58.1

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GROUP BALANCE SHEET

EUR thousand	31.12.2008	31.12.2007	Change, %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	17 022	12 210	39.4
Goodwill	29 212	25 702	13.7
Tangible assets	991	1 009	-1.8
Available-for-sale investments	38	38	0
Long-term trade and other receivables	536	12	4 305.1
Deferred tax assets	2 208	2 489	-11.3
Non-current assets	50 006	41 460	20.6
CURRENT ASSETS			
Inventories	48	42	15.1
Trade and other receivables	20 737	18 704	10.9
Income tax receivables	2 341	476	392.2
Financial assets at fair value through profit or loss	31	31	0.7
Cash and cash equivalents	8 745	7 010	24.8
Current assets	31 902	26 263	21.5
TOTAL ASSETS	81 909	67 722	20.9
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	3 440	3 440	0
Share premium account	69	33 127	-99.8
Own shares	-271		100
Fair value reserve and other reserves	33 598	540	6 121.4
Translation differences	-3 991	392	-1 118.4
Retained earnings	15 648	9 765	60.2
Minority interest	224	148	51.6
Shareholders' equity	48 717	47 413	2.8
NON-CURRENT LIABILITIES			
Deferred tax liability	2 307	1 643	40.4
Interest-bearing liabilities	7 729	20	39 047.5
Non-current liabilities	10 036	1 663	503.4
CURRENT LIABILITIES			
Interest-bearing liabilities	5 555	4 314	28.8
Trade payables and other liabilities	16 683	14 000	19.2
Tax liability from income tax	918	333	175.9
Current liabilities	23 156	18 647	24.2
TOTAL EQUITY AND LIABILITIES	81 909	67 722	20.9

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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Share- holders' equity	Share premium acc	Invested		Other reser- ves	Transl diff	Retain- ed earn- ings	Minor- ity inter- est	Tot
			Trea- sury sha- res	non- restrict- ed equity					
SHARE- HOLDERS' EQUITY									
Jan 1, 2007	3 440	33 127	0	0	540	235	7 176	88	44 606
Change in translation difference						157	13		170
Granted warrants							204		204
Net profit/loss recognized directly in shareholders' equity									
Profit for the period						157	217		374
Total profits & losses									
New share issue						157	4 310	20	4 486
Dividend distribution							-1 720		-1 720
SHARE- HOLDERS' EQUITY									
Dec 31, 2007	3 440	33 127	0	0	540	392	9 765	148	47 413

EUR thousand	Share- holders' equity	Share premium acc	Invested		Other reser- ves	Transl diff	Retain- ed earn- ings	Minor- ity inter- est	Tot
			Trea- sury sha- res	non- restrict- ed equity					
SHARE- HOLDERS' EQUITY									
Jan 1, 2008	3 440	33 127	0	0	540	392	9 765	148	47 413

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Change in translation difference				-4 383	994			-3 389
Granted warrants					142			142
Transfers between items	- 33 058	33 058			41	-41		0
Other changes					-42			-42
Net profit/loss								
recognized directly in shareholders' equity								
Profit for the period	-33 058	33 058		-4 383	1 136	-41		3 288
Total profits & losses				-4 383	7 603	118		3 337
Dividend distribution					-1 720			-1 720
Share repurchase			-271					-271
SHARE-HOLDERS' EQUITY								
Dec 31, 2008	3 440	69	-271	33 058	540	-3 991	15 648	224 48 717

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GROUP CASH FLOW STATEMENT

EUR thousand	1.1.–31.12.2008	1.1.–31.12.2007
Net cash from operating activities		
Profit for the period	6 585	4 112
Adjustments for profit	5 243	5 732
Working capital changes	125	-1 812
Interest paid	-291	-124
Interest received	154	287
Other financial items in operating activities	-38	-7
Income taxes paid	-3 447	-3 801
Net cash from operating activities	8 331	4 387
Cash flows from investing activities		
Purchase of tangible and intangible assets	-3 631	-2 869
Proceeds from sale of tangible and intangible assets	47	48
Acquired subsidiaries	-8 728	-8 180
Proceeds from other investments	0	3 013
Repayment of loan receivables	9	20
Net cash used in investing activities	-12 303	-7 969
Cash flows from financing activities		
Minority's capital investment	0	40
Proceeds from short-term borrowings	2 000	4 000
Repayments of short-term borrowings	-4 000	
Proceeds from long-term borrowings	10 650	
Repayments of long-term borrowings	-300	-562
Purchase of own shares	-271	0
Repayments of financial lease liabilities	-1	-10
Dividends paid	-1 720	-1 720
Net cash used in financing activities	6 358	1 749
Net change in cash and cash equivalents according to the cash flow statement	2 386	-1 833
Cash and cash equivalents at beginning of period	7 041	8 975
Effects of exchange rate changes on cash and cash equivalents	-650	-101
Cash and cash equivalents at end of period	8 777	7 041

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2008	1-3/ 2007	4-6/ 2008	4-6/ 2007	7-9/ 2008	7-9/ 2007	10-12/ 2008	10-12 2007
NET SALES	18 233	17 038	22 312	17 776	19 259	15 268	26 294	23 187
Other operating income	69	15	62	752	58	23	62	44
Materials and services	-1 211	-819	-1 385	-662	-797	-981	-1 333	-1 996
Employee benefit expenses	-11 765	-9 243	-12 608	-9 961	933	-7 827	-15 093	-13 569
Depreciation and amortization	-671	-571	-693	-597	-690	-657	-990	-765
Other operating expenses	-4 910	-5 010	-5 257	-4 536	-4 516	-4 419	-4 818	-4 977
Operating profit	-254	1 409	2 431	2 773	2 381	1 406	4 122	1 924
%	-1.4%	8.3%	10.9%	15.6%	12.4%	9.2%	15.7%	8.3%
Finance income	39	61	18	79	39	130	637	73
Finance expenses	-35	-11	-21	-12	-50	-20	-897	-109
Profit before tax	-250	1 459	2 428	2 840	2 370	1 516	3 862	1 888
%	-1.4%	8.6%	10.9%	16.0%	12.3%	9.9%	14.7%	8.1%
Income tax expense	-300	-575	-528	-1 256	-430	-985	-567	-775
PROFIT FOR THE PERIOD	-550	884	1 899	1 584	1 941	531	3 294	1 113
%	-3.0%	5.2%	8.5%	8.9%	10.1%	3.5%	12.5%	4.8%

Material changes in liabilities

During the financial period, the Company withdrew a 3-year loan of EUR 10.65 million to finance the acquisition of Contempus AS. The loan is hedged by a 2-year interest cap agreement, setting a cap of 5.4% for the base rate of interest.

Consolidation of new acquisitions

The acquisition of Contempus AS was realized on September 30, 2008. The acquisition price of Contempus AS was NOK 83.6 million (approximately EUR 10.1 million). Of this, EUR 3 758 thousand associated with customer relationships and products has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 4 264 thousand of goodwill. The allocation of the acquisition cost is preliminary.

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.12.2008	31.12.2007
OWN GUARANTEES		
Floating charge	1 200	1 200
GUARANTEES ON BEHALF OF SUBSIDIARIES		
Guarantees	1 096	1 103
OTHER OWN GUARANTEES		
Lease liabilities		
Current lease liabilities	868	601
Lease liabilities maturing in 1–5 years	838	685
Total	1 706	1 286
Other rental liabilities		
Current rental liabilities	2 385	1 827
Rental liabilities maturing in 1–5 years	4 620	3 957
Rental liabilities maturing later	1 196	172
Total	8 201	5 956
Other own contingent liabilities, total	9 907	7 242

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SEGMENT REPORTING
Geographical segments (primary segment)

Net sales (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	15 329	14 278	7.4	49 517	48 849	1.4
Scandinavia	6 627	5 782	14.6	18 805	16 797	12.0
Europe	5 264	5 652	-6.9	19 454	15 081	29.0
North America	1 311	1 030	27.3	5 004	3 460	44.6
Sales between segments	-2 238	-3 554	37.0	-6 682	-10 917	38.8
Group total	26 294	23 187	13.4	86 098	73 270	17.5

Operating profit (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	4 385	2 335	87.8	7 898	12 706	-37.8
Scandinavia	-21	873	-102.4	1 017	333	205.6
Europe	-48	-1 078	95.5	-74	-3 662	98.0
North America	118	-160	174.0	289	-1 751	116.5
Operating profit between segments	-312	-47	-565.8	-452	-114	-295.7
Group total	4 122	1 924	114.2	8 679	7 512	15.5

Personnel (employed, on average)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	426	383	11.2	421	367	14.9
Scandinavia	146	98	49.3	112	96	16.8
Europe	127	142	-10.3	129	93	38.9
North America	29	28	3.6	26	25	5.7
Group total	729	651	11.9	689	580	18.7

Business segments (secondary segment)

Net sales (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Product sales	7 234	7 480	-3.3	23 871	24 117	-1.0
Maintenance and support	6 539	6 632	-1.4	23 785	22 100	7.6
Consulting and services	11 063	7 819	41.5	33 350	23 342	42.9
SaaS	495	369	34.2	1 760	1 250	40.9
Other operations	963	888	8.5	3 332	2 461	35.4
Group total	26 294	23 187	13.4	86 098	73 270	17.5

Geographical division of net sales by the location of customer

Net sales (EUR thousand)	10-12/ 2008	10-12/ 2007	Change, %	1-12/ 2008	1-12/ 2007	Change, %
Finland	12 769	10 851	17.7	41 514	37 969	9.3
Scandinavia	6 411	5 549	15.5	18 309	15 911	15.1
Europe	5 143	5 422	-5.1	19 191	14 785	29.8
Others	1 971	1 366	44.3	7 083	4 604	53.8
Group total	26 294	23 187	13.4	86 098	73 270	17.5

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GROUP KEY INDICATORS

EUR thousand	1-12/08	1-12/07	1-12/06
Net sales	86 098	73 270	59 954
Growth of net sales, %	17.5%	22.2%	43.9%
Operating profit	8 679	7 512	8 078
Growth of operating profit, %	15.5%	-7.0%	123.7%
% of net sales	10.1%	10.3%	13.5%
Profit before tax	8 410	7 704	8 287
% of net sales	9.8%	10.5%	13.8%
Profit for the period	6 585	4 112	4 986
% of net sales	7.6%	5.6%	8.3%
Return on equity, %	13.7%	8.9%	15.1%
Return on investment, %	16.6%	16.2%	24.7%
Interest-bearing liabilities	13 283	4 334	758
Cash and liquid assets *)	8 777	7 041	8 975
Gearing, %	9.3%	-5.7%	-18.4%
Equity ratio, %	59.5%	70.0%	77.5%
Total assets	81 909	67 722	57 558
Gross investments **)	12 476	12 220	25 315
% of net sales	14.5%	16.7%	42.2%
Capital expenditure	1 007	817	597
% of net sales	1.2%	1.1%	1.0%
Research and development costs	15 518	13 172	10 925
% of net sales	18.0%	18.0%	18.2%
R&D personnel at end of period	171	152	138
Personnel on average during the period	689	580	513
Personnel at end of period	731	658	528
Increase in personnel, %	11.1%	24.6%	33.7%
Earnings per share, EUR	0.56	0.36	0.45
Earnings per share (diluted), EUR	0.56	0.36	0.44
Equity per share, EUR	4.23	4.12	3.88
Dividend per profit, %	40.8%	42.0%	33.6%
P/E ratio	11.68	28.02	29.20
Share price performance			
lowest share price	6.00	9.50	11.21
highest share price	10.45	14.00	15.25
average share price	7.53	12.03	13.09
closing share price	6.59	10.00	13.05
Market capitalization at end of period	75 301 011	114 681 240	149 659 018
Number of traded shares	2 298 467	2 761 995	5 534 522
% of average number of shares	20.1%	24.1%	49.5%
Average number of shares			
- during the period	11 463 307	11 468 124	11 172 612
- during the period, diluted	11 463 307	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 22, 2009

MAJOR SHAREHOLDERS, DECEMBER 31, 2008

	Shares	Votes
	pcs	%
1. Sihvo, Ilkka	1 065 800	9.3
2. Eräkangas, Kirsi (incl. children under guardianship)	1 031 800	9.0
3. Vaajoensuu, Hannu (incl. a controlled company and children under guardianship)	962 100	8.3
4. Perttunen, Sakari	830 400	7.2
5. Pöllänen, Antti (incl. children under guardianship)	740 900	6.5
6. Nordea Bank Finland	617 305	5.4
7. Nordea Nordic Small Cap Investment fund	556 184	4.8
8. Mandatum Life Insurance	550 000	4.8
9. Ahonen, Asko	318 822	2.8
10. Royal Skandia Life Assurance Ltd	270 000	2.4
11. Veritas Pension Insurance Company	266 000	2.3
12. Kaleva Mutual Insurance Company	242 690	2.1
13. Northern Trust Global Services Ltd	228 696	2.0
14. Perttunen, Meimi	215 400	1.9
15. Fondita Nordic Micro Cap Investment Fund	200 000	1.7
16. Skandinaviska Enskilda Banken	193 155	1.7
17. Investment Fund Carnegie	175 900	1.5
18. Investment Fund Aktia Capital	118 213	1.0
19. Fondita Nordic Small Cap Investment Fund	106 000	0.9
20. Pavor Oy	75 052	0.7
20 largest shareholders total	8 764 417	76.4
Nominee registered shares	1 046 854	9.1
Others	1 656 853	14.5
Total	11 468 124	100.0