

July 10, 2009

BASWARE INTERIM REPORT JANUARY 1 – JUNE 30, 2009 (IFRS)

SUMMARY

January–June H1

- Net sales EUR 44 446 thousand (EUR 40 545 thousand) – growth 9.6 percent
- Operating profit EUR 3 738 thousand (EUR 2 177 thousand) – growth 71.8 percent
- Operating profit 8.4 percent of net sales (5.4%)
- International operations accounted for 52.5 percent of net sales (50.4%) – growth 14.2 percent
- Cash flows from operating activities were EUR 7995 thousand (EUR 4 579 thousand).
- Earnings per share EUR 0.18 (EUR 0.11)

April–June Q2

- Net sales EUR 22 729 thousand (EUR 22 312 thousand) – growth 1.9 percent
- Operating profit EUR 2 146 thousand (EUR 2 431 thousand) – decrease 11.7 %
- Operating profit 9.4 percent of net sales (10.9%)
- International operations accounted for 52.6 percent of net sales (49.3%) – growth 8.6 percent
- Cash flows from operating activities were EUR -428 thousand (EUR -2 306 thousand).
- Earnings per share EUR 0.12 (EUR 0.16)

Basware expects its net sales for 2009 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 figures are unaudited.

GROUP KEY FIGURES

EUR thousand	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Net sales	22 729	22 312	1.9%	44 446	40 545	9.6%	86 098
EBITDA	3 213	3 123	2.9%	5 809	3 540	64.1%	11 722
Operating profit before IFRS-3 amortization	2 559	2 627	-2.6%	4 592	2 569	78.7%	9 730
Operating profit	2 146	2 431	-11.7%	3 738	2 177	71.8%	8 679
% of net sales	9.4%	10.9%		8.4%	5.4%		10.1%
Profit before tax	2 122	2 428	-12.6%	3 607	2 178	65.6%	8 410
Profit for the period	1 396	1 899	-26.5%	2 062	1 350	52.7%	6 585
Return on equity, %	11.5%	16.6%		8.4%	5.7%		13.7%
Return on investment, %	11.9%	20.9%		11.9%	8.9%		16.6%
Liquid assets*	9 516	5 771	64.9%	9 516	5 771	64.9%	8 777
Gearing, %	3.3%	-7.8%		3.3%	-7.8%		9.3%
Equity ratio, %	58.2%	67.2%		58.2%	67.2%		59.5%
Earnings per share, EUR	0.12	0.16	-26.0%	0.18	0.11	55.6%	0.56
Earnings per share (diluted), EUR	0.12	0.16	-26.0%	0.18	0.11	55.6%	0.56
Equity per share, EUR	4.25	4.06	4.9%	4.25	4.06	4.9%	4.23

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

July 10, 2009

Basware's business operations consist of product sales, maintenance, consulting and Automation Services. 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.

Basware's CEO **Ilkka Sihvo**'s comments in connection with the publishing of the Interim Report:

"The company's results for the second quarter were at a good and anticipated level under extremely challenging financial market situation that has also seen prolonged sales cycles. Our six-month operating profit has increased by 72% on the previous year, which is a sufficient starting point also considering the achievement of the target for the rest of the year.

During the first half of the year, the company's geographical segments fared well considering the circumstances. All areas continued their growth while also improving their profitability.

During the reporting period, the proportion of services grew solidly, and Automation Services increased their share compared to product sales. Sales of the Basware Connectivity Services, launched at the beginning of the year, have seen excellent success. Supplier Activation, e-invoicing and Scan and Capture agreements have been sold successfully in Finland, Central Europe and North America among others. Automation Services agreements typically span several years, generating continuous income throughout the contract period. Automation Services net sales increased superbly by 61% during the first half of the year, by 73% during the second quarter and by 55% compared to the previous quarter."

REPORTING

As of January 1, 2009, the Group has applied the following new and revised standards: IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. IFRS 8 has an effect on the segment information in the notes and IAS 1 has an effect on the presentation of the income statement.

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

In addition, the company reports revenue from products and services as follows: Product sales, Consulting, Maintenance and Automation Services. Automation Services include SaaS revenue and Connectivity Services, which include digitalization of paper invoices and exchange of e-invoices and purchase transactions.

The company also reports the backlog of Automation service agreements not recognized as income. Automation Services agreements typically span several years.

NET SALES

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

Net sales (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	12 406	13 091	-5.2	23 737	23 584	0.6	49 517
Scandinavia	6 278	4 628	35.6	11 595	8 827	31.4	18 805
Europe	4 318	4 469	-3.4	8 984	8 762	2.5	19 454
North America	1 128	1 446	-21.9	2 323	2 125	9.3	5 004
Sales between segments	-1 402	-1 322	-6.0	-2 193	-2 752	20.3	-6 682
Group total	22 729	22 312	1.9	44 446	40 545	9.6	86 098

July 10, 2009

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

Net sales (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	10 774	11 320	-4.8	21 098	20 100	5.0	41 514
Scandinavia	5 613	4 508	24.5	10 823	8 635	25.3	18 309
Europe	4 391	4 401	-0.2	9 073	8 749	3.7	19 191
Others	1 950	2 082	-6.3	3 453	3 061	12.8	7 083
Group total	22 729	22 312	1.9	44 446	40 545	9.6	86 098

Basware Group's net sales increased by 9.6 percent during the first two quarters to EUR 44 446 thousand (EUR 40 545 thousand). Net sales for the second quarter increased by 1.9 percent to EUR 22 729 thousand (EUR 22 312 thousand).

The company's product sales decreased by 15.1 percent during the reporting period to 22.8 percent (29.5%) of net sales.

Maintenance revenue increased by 22.3 percent in the reporting period and accounted for 32.5 percent (29.1%) of net sales. Consulting revenue increased by 11.7 percent and accounted for 36.6 percent (35.9%) of net sales.

During the period, Automation Services grew 62.1 percent and accounted for 8.1 percent (5.5%) of net sales. The backlog of the Automation Services business not recognized as income was EUR 13 116 thousand (EUR 11 241 thousand) at the end of the period. A total of 976 customers had been connected to the service at the end of the reporting period.

In April-June, 24.1 percent (33.2%) of net sales consisted of own product sales with product sales decreasing by 26.0 percent. Automation Services sales accounted for 9.6 percent (5.6%) of net sales in the second quarter, up 73.2 percent. Maintenance revenue accounted for 32.1 percent (27.2%) of net sales during the second quarter and grew by 20.3 percent. Consulting revenue represented 34.2 percent (34.0%) of net sales and grew by 2.5 percent.

Value added resellers provided a net share of 11.3 percent (16.1%) or EUR 1 145 thousand (1 044 thousand) of product sales during the reporting period and 10.5 percent (11.9%) or EUR 577 thousand in April-June, accounting for 4.8 percent (8.0%) of the net sales from international operations.

The international share of Basware's net sales was 52.5 percent (50.4%) in the reporting period. International operations grew by 14.2 percent.

FINANCIAL PERFORMANCE

Basware's operating profit for the period increased by 71.8 percent to EUR 3 738 thousand (EUR 2 177 thousand). Operating profit represented 8.4 percent (5.4%) of net sales.

Operating profit decreased by 11.7 percent during the second quarter to EUR 2 146 thousand (EUR 2 431 thousand). Operating profit represented 9.4 percent of net sales.

The geographical division of operating profit by the location of assets:

July 10, 2009

Operating profit (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	1 295	1 926	-32.8	2 144	1 834	16.9	7 898
Scandinavia	1 249	489	155.2	1 915	810	136.5	1 017
Europe	-32	-123	73.7	199	-401	149.6	-74
North America	-102	185	-155.2	35	27	28.7	289
Operating profit between segments	-263	-47	-461.2	-555	-94	-492.2	-452
Group total	2 146	2 431	-11.7	3 738	2 177	71.8	8 679

The company's fixed costs were EUR 35 556 thousand (EUR 34 539 thousand) in the period, up 2.9 percent on the corresponding period the previous year. Personnel costs made up 74.1 percent (70.6%) or EUR 26 340 thousand (EUR 24 373 thousand) of the fixed costs. Fixed costs for the second quarter amounted to EUR 17 957 thousand (EUR 17 865 thousand).

Research and development costs totaled EUR 7 530 thousand (EUR 8 133 thousand), of which EUR 892 thousand (EUR 1 342 thousand) or 11.8 percent (16.5%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 778 thousand (EUR 569 thousand).

The company's finance income and finance expenses were EUR -132 thousand (EUR 1 thousand). Profit before tax was EUR 3 607 thousand (EUR 2 178 thousand) and profit for the period was EUR 2 062 thousand (EUR 1 350 thousand). Undiluted earnings per share were EUR 0.18 (EUR 0.11).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the period were EUR 84 060 thousand (EUR 69 627 thousand). The company's cash and liquid assets were EUR 9 516 thousand (EUR 5 771 thousand), of which cash and cash equivalents were EUR 9 484 thousand (EUR 5 739 thousand) and financial assets at fair value through profit or loss were EUR 32 thousand (EUR 32 thousand).

Equity ratio was 58.2 percent (67.2%) and gearing was 3.3 percent (-7.8%). The company's interest-bearing liabilities totaled EUR 11 115 thousand (EUR 2 130 thousand), of which current liabilities accounted for EUR 5 563 thousand (EUR 2 111 thousand). Return on investment was 11.9 percent (8.9%) and return on equity 8.4 percent (5.7%).

Cash flows from operating activities were EUR 7 995 thousand (EUR 4 579 thousand). Cash flows from investments were EUR -2 734 thousand (EUR -1 838 thousand).

Basware AS purchased the Norwegian invoice automation solution business of Itella Information AS. The purchase price was NOK 6.38 million (approximately EUR 0.72 million) and it was paid in cash on the day the acquisition was completed, April 1, 2009. In addition, Basware may pay an additional purchase price of a maximum of NOK 7.0 million (EUR 0.77 million) in February 2010 at the latest, determined on the basis of the volume of the purchased operations' service sales in 2009. EUR 1 039 thousand associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 436 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 481 thousand (EUR 368 thousand) in the period. Gross investments which include, in addition to those mentioned above, the capitalized research and development costs and acquisitions totaled EUR 2 598 thousand (EUR 1 823 thousand).

Amortization of intangible assets totaled EUR 1 073 thousand (EUR 921 thousand). There are no indications of impairments of assets.

July 10, 2009

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Research and development costs were EUR 7 530 thousand (EUR 8 133 thousand) in the period, corresponding to 16.9 percent (20.1%) of net sales. Research and development costs decreased by 7.4 percent compared with the same period last year. Of the research and development costs, EUR 892 thousand (EUR 1 342 thousand) or 11.8 percent has been capitalized. Amortization of capitalized research and development costs totaled EUR 778 thousand (EUR 569 thousand).

A total of 187 (161) people worked in Products at the end of June 2009. The Products unit is expanding in India, where there are currently 48 employees.

At the beginning of 2009, Basware launched the Basware Connectivity solution, which aims at speeding up the migration to electronic exchange of documents. There has been obvious demand for the solution in the market, and it has been sold successfully in Europe as well as North America. Basware is now able to exchange all the documentation related to the Purchase to Pay process in a single solution.

PERSONNEL

Basware employed 738 (672) people on average during the first two quarters and 742 (686) at the end of the period. The number of personnel increased by 56 persons and by 8.2 percent compared with the same period the previous year. The Contempus acquisition during the last quarter of 2008 increased the number of personnel 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 (41.8%) of Basware personnel worked outside of Finland and 53.9 percent (58.2%) in Finland. 17.5 percent of the personnel work in sales and marketing, 48.5 percent in consulting and services, 25.2 percent in Products, and 8.8 percent in administration.

The average age of employees is 36.1 (35.7) years. Of the employees, 35.6 percent have a Master's degree and 42.7 percent have a Bachelor's degree. Women account for 28.4 percent of employees, men for 71.6 percent.

Geographical distribution of personnel:

Personnel (employed, on average)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	458	421	8.8	449	418	7.3	421
Scandinavia	137	101	35.3	138	100	37.3	112
Europe	119	130	-8.5	121	129	-6.2	129
North America	31	26	19.5	31	25	24.3	26
Group total	744	678	9.8	738	672	9.8	689

BUSINESS OPERATIONS

Finland

The Finland segment includes the business operations in Finland, Russia, Asia and Australia and the head office functions. Net sales for the second quarter decreased by 5.2 percent to EUR 12 406 thousand (EUR 13 091 thousand).

Net sales of the Finnish and Russian business operations increased by 4.1 percent during the second quarter to EUR 11 333 thousand (EUR 10 887 thousand). All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the region.

July 10, 2009

Basware signed a partnership agreement with the Russian auditing and consulting company RSM Top Audit and the auditing and consulting company Baker Tilly Russaudit. As a result of the agreements, RSM Top Audit and Baker Tilly Russaudit will resell Basware's IFRS consolidation solutions in Russia.

The company will deliver an extensive Basware Connectivity solution to a Finnish corporate group. The solution will be adopted throughout the group in approximately 20 countries. The value of the transaction totals approximately EUR 900 000.

New customers included DNA, Metso, Empower Oy, Lindell Oy, RoboMec Oy, Voglia, HRAK Vocational Adult Education Centre, Aller Julkaisut and Globetel.

There are 5 resellers in the Asia Pacific region.

There are currently 10 resellers in all in the area and the number of personnel averaged 458 (421) during the second 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.

The Scandinavian business operations developed positively as a whole during the second quarter, and net sales of the area increased by 35.6 percent to EUR 6 278 thousand (EUR 5 317 thousand). The profitability of the operations has improved by 155.2 percent and operating profit was EUR 1 249 thousand (EUR 489 thousand).

New customers include Danish Agency for Governmental Management, Danish Technical University, Alliance Boots, Heimdal Gruppen (HENT AS), LINK Singatur AS, Nordnet AB, Permobil AB, Landscape Services Sweden AB and LRF Konsult AB.

Business operations are mainly handled by the own organization and there were 137 (101) 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 products and services are sold in Europe, apart from the payment and travel & expense management solutions.

Net sales in the Europe segment decreased by 3.4 percent in the second quarter and totaled EUR 4 318 thousand (EUR 4 469 thousand). The profitability of the operations has improved by 73.7 percent and operating profit was EUR -32 thousand (EUR -347 thousand).

At the end of 2008, Basware UK initiated a rationalization program and reorganization of operations, facilitating profitable growth. The program has resulted in significant cost-savings and the utilization rate of consulting has increased, which improves the unit's profitability.

New customers included SITA NEWS, Aggreko Plc, Malvern Instruments, Thon Hotels, Gibo Groep, Quadraam, Aviva Investors Luxemburg, Michael Page, PQ Europe and Nouvelles Frontières.

There are 35 resellers in Europe, and Basware personnel averaged 119 (130).

July 10, 2009

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 decreased by 21.9 percent in the second quarter to EUR 1 128 thousand (EUR 1 446 thousand). The profitability of the operations has decreased by 155.2 percent and operating profit was EUR -102 thousand (EUR 185 thousand).

Basware will deliver the Basware Enterprise Purchase to Pay solution and Scan and Capture services to HCR ManorCare, Inc. in North America. The value of the agreement is over EUR one million including product sales, consulting and Scan and Capture services. The sales and consulting revenue will be recognized mainly during the last quarters of 2009 and Connectivity services over the next three years.

At the end of the period, there were 9 resellers in North America. On average, there were 31 (26) employees in the area.

OTHER EVENTS OF THE PERIOD

Basware AS purchased the Norwegian invoice automation solution business of Itella Information AS. The purchase price was NOK 6.38 million (approximately EUR 0.72 million) and it was paid in cash on the day the acquisition was completed, April 1, 2009. In addition, Basware may pay an additional purchase price of a maximum of NOK 7.0 million (EUR 0.77 million) in February 2010 at the latest, determined on the basis of the volume of the purchased operations' service sales in 2009. The acquisition is expected to increase Basware's Automation Services revenues for 2009 by approximately EUR 0.9 million instead of the previous estimate amounting to EUR 1.2 million. The decrease is based on the volume of service sales being below previous estimates.

Basware Einvoices Oy merged into Basware Corporation on June 30, 2009, in accordance with the previously registered merger plan. The business operations of Basware Einvoices Oy will resume in Basware Corporation as a part of the Basware Automation Services business. The merger did not result in changes to Basware Corporation's organization structure.

Contempus AS in Norway merged into Basware AS on June 30, 2009, in accordance with the previously registered merger plan. The business operations of Contempus AS will resume in Basware AS as a part of its normal business. The merger did not result in changes to Basware AS' organization structure.

Strategy

Basware has updated its 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 expand the EPP (Enterprise Purchase to Pay) Automation Services concept during 2009. The concept targets Basware software license customers to achieve an even higher degree of automation. The Software as a Service (SaaS) model is predicted to see a remarkably higher growth than the software license market.

The company's vision, mission and financial objectives for the years 2007-2010 announced on September 12, 2006, remain unchanged.

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.

A separate stock exchange release has been issued on the Board authorizations and other resolutions of the Annual General Meeting of Shareholders on February 12, 2009.

July 10, 2009

Share price and trade

During the reporting period, the highest price of the share was EUR 11.48 (EUR 10.45), the lowest was EUR 6.60 (EUR 6.14) and the closing price was EUR 11.40 (EUR 7.00). The average price of the share was EUR 8.57 (EUR 8.03) during the period.

A total of 986 643 (1 039 454) shares were traded during the period which is the equivalent of 8.7 percent (9.1%) of the average number of shares. Market capitalization with the period's closing price on June 30, 2009 was EUR 129 707 194 (EUR 80 276 868).

Shareholders

Basware had 16 770 (17 301) shareholders on June 30 including nominee-registered holdings (7). Nominee-registered holdings accounted for 8.4 (11.4) percent of the total number of shares.

Basware Corporation's share repurchases program that was resolved by the Board of Directors on October 14, 2008 ended on March 31, 2009. The program was based on the authorization granted by the Annual General Meeting on February 14, 2008. The purchases started on October 23, 2008 and ended according to the terms of the share repurchase program on March 31, 2009.

On March 31, 2009 90.300 of shares were acquired and the company now holds a total number of 90.300 shares representing approximately 0.79 % of all Basware shares. The average price of the shares acquired during the repurchases program was 6.9475 euro.

GOVERNANCE

The Annual General Meeting of Shareholders on February 12, 2009, confirmed the number of Board members as five. The Annual General Meeting resolved to agree on the proposal and elected Matti Copeland, Sakari Perttunen, Pentti Heikkinen, Ilkka Toivola and Hannu Vaajoensuu members of the Board of Directors. In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as chairman and Sakari Perttunen as vice chairman of the Board.

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 12, 2009.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

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.

July 10, 2009

The rapidly weakened global market situation does however cause uncertainty. The depression has generally increased companies' delinquency entries and the number of bankruptcies. Typically, companies may also prolong the times of payments in order to free up working capital. Basware has intensified its management of sales receivables, and business management regularly monitors the payment of sales receivables as part of the management of customer accounts.

Goodwill has been tested during the last quarter of 2008. In accordance with the testing for impairment of assets, no impairment of assets has occurred. At the end of 2008, Basware UK implemented a rationalization program and reorganization of operations. The program has resulted in significant cost-savings and the utilization rate of consulting has increased, which improves the unit's profitability. 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.

EVENTS AFTER THE REPORTING PERIOD

Basware acquired the entire share capital of TAG Services Pty Ltd in Australia on July 1, 2009. The acquisition price will be based on the company's net sales for its fiscal year ended June 30, 2009 and the company's net asset value on June 30, 2009, and is estimated to amount to AUD 2.25 Million (EUR 1.30 Million, using an exchange rate of EUR/AUD 1.7359 on June 30, 2009). The company's net asset value at June 30, 2009, is estimated to be AUD 0.53 million (EUR 0.31 Million). The acquisition price will be paid in cash in two parts in July and August 2009. In addition the deal includes an additional acquisition price element that is based on the growth of the company's net sales of the period from July 1, 2009 to June 30, 2010 and will be paid in August 2010 at the latest.

TAG Services, a Basware's partner since 2001, offers Basware Enterprise Purchase to Pay solutions to its customers. As a result of the acquisition, Basware will obtain a strong foothold in the Australian market, be able to launch the Basware Connectivity Services solution also in this market area and offer 24/7 customer support to its global customers.

TAG Services' net sales of the fiscal year ended June 30, 2009 was AUD 2.26 million (EUR 1.29 Million) excluding the resale share to be paid to Basware and the operating profit was positive. The above mentioned figures are unaudited. Basware employs 13 persons in Australia.

FUTURE OUTLOOK

Market forecasts published in March 2009 expected the entire IT market to decrease by 3.7 percent in 2009, while the corporate software market was forecast to increase by 5.4 percent on average annually until 2013. According to forecasts published in June 2009 the software markets are estimated to decrease by 8.2 percent and entire IT markets to decrease by 10.6 percent globally in 2009.

According to analysts' estimates published in June 2009, both the entire IT market and service market are expected to increase by 4.0 percent in 2010, while the software market is forecast to increase by 5.6 percent globally.

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 early maturity. 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.

July 10, 2009

Basware's direct competitors are primarily 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 still offers 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.

Automation Services increase the predictability and transparency of a company's net sales and profitability. In 2008, revenue from continuous services (including maintenance) accounted for a third of the company's total revenue. Basware predicts that Automation Services revenue will increase significantly in the strategy period.

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.

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 increased its number of personnel mainly in India during the first two quarters. Research and development costs are not expected to substantially increase from the level of 2008. Growth-related investments will start earliest during the second half of the year if net sales and profitability are at the expected level.

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. Approximately EUR 1 million will be amortized of the Contempus acquisition cost allocated to customer relationships and products in accordance with a straight-line depreciation plan of 4.25 years.

Basware expects its net sales for 2009 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.

Espoo, Finland, July 10, 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, July 10, 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 and CFO Mika Harjuaho will comment the events and financial performance of the quarter. Welcome.

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.basware.com

July 10, 2009

The Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS). As of January 1, 2009, the Group has applied the following new and revised standards: IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. Otherwise the same Accounting Principles have been applied as in the 2008 Financial Statements. Key indicator calculations remain unchanged and have been presented in the 2008 Financial Statements.

GROUP INCOME STATEMENT

	1.4.- 30.6. 2009	1.4.- 30.6. 2008	Change , %	1.1.- 30.6. 2009	1.1.- 30.6. 2008	Change , %	1.1.- 31.12. 2008
EUR thousand							
NET SALES	22 729	22 312	1.9	44 446	40 545	9.6	86 098
Other operating income	52	62	-16.6	81	131	-37.8	250
Materials and services	-1 611	-1 385	-16.3	-3 162	-2 596	21.8	-4 726
Employee benefit expenses	-13 444	-12 608	6.6	-26 340	-24 373	8.1	-50 399
Depreciation and amortization	-1 067	-693	54.0	-2 071	-1 364	51.8	-3 043
Other operating expenses	-4 513	-5 257	-14.1	-9 216	-10 166	-9.3	-19 500
Operating profit	2 146	2 431	-11.7	3 738	2 177	71.8	8 679
Finance income	30	18	71.0	155	57	170.4	734
Finance expenses	-54	-21	159.9	-286	-56	413.2	-1 003
Profit before tax	2 122	2 428	-12.6	3 607	2 178	65.6	8 410
Income tax expense	-727	-528	37.6	-1 545	-828	86.5	-1 825
PROFIT FOR THE PERIOD	1 396	1 899	-26.5	2 062	1 350	52.7	6 585
Other comprehensive income							
Exchange differences on translating foreign operations	594	-26	-2384.6	1 397	-210	-765.2	-4 383
Income tax relating to components of other comprehensive income	8	0		-44	0		0
Other comprehensive income, net of tax	602	-26	-2415.4	1 353	-210	-744.3	-4 383
TOTAL	1 998	1 873	6.6	3 415	1 140	199.6	2 201

July 10, 2009

COMPREHENSIVE INCOME

Profit attributable

to:

Owners of the

parent

Minority interest

1 370	1 865	-26.5	2 012	1 302	54.5	6 467
26	35	-25.3	50	48	5.2	118
1 396	1 899	-26.5	2 062	1 350	52.7	6 585

Total
comprehensive
income attributable
to:

Owners of the

parent

Minority interest

1 973	1 839	7.3	3 365	1 092	208.2	2 084
26	35	25.3	50	48	5.2	118
1 998	1 873	6.6	3 415	1 140	199.6	2 201

Earnings per share

(undiluted), EUR

Earnings per share

(diluted), EUR

0.12	0.16	-26.0	0.18	0.11	55.6	0.36
0.12	0.16	-26.0	0.18	0.11	55.6	0.36

GROUP BALANCE SHEET

EUR thousand	30.6.2009	30.6.2008	Change, %	31.12.2008
--------------	-----------	-----------	-----------	------------

ASSETS

NON-CURRENT ASSETS

Intangible assets	17 678	12 589	40.4	17 022
Goodwill	30 389	25 726	18.4	29 212
Tangible assets	933	1 081	-13.7	991
Available-for-sale investments	38	38		38
Long-term trade and other receivables	208	12	1 614.1	536
Deferred tax assets	1 973	2 300	-14.2	2 208
Non-current assets	51 220	41 746	22.7	50 006

CURRENT ASSETS

Inventories	45	37	23.5	48
Trade and other receivables	20 285	20 654	-1.8	20 737
Income tax receivables	2 993	1 420	110.8	2 341
Financial assets at fair value through profit or loss	32	32	3.1	31
Cash and cash equivalents	9 484	5 739	65.2	8 745
Current assets	32 840	27 881	17.8	31 902

TOTAL ASSETS	84 060	69 627	20.7	81 909
---------------------	---------------	---------------	-------------	---------------

July 10, 2009

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Share capital	3 440	3 440		3 440
Share premium account	69	69		69
Own shares	-629			-271
Fair value reserve and other reserves	33 598	33 598		33 598
Translation differences	-3 818	229	-1 769.2	-3 991
Retained earnings	16 088	9 227	74.4	15 648
Minority interest	189	196	-3.5	224
Shareholders' equity	48 937	46 759	4.7	48 717

NON-CURRENT LIABILITIES

Deferred tax liability	2 823	1 618	74.5	2 307
Interest-bearing liabilities	5 552	14	29 368.1	7 729
Non-interest-bearing liabilities	21			
Non-current liabilities	8 396	1 632	412.9	10 036

CURRENT LIABILITIES

Interest-bearing liabilities	5 563	2 111	163.5	5 555
Trade payables and other liabilities	20 664	18 870	9.5	16 683
Tax liability from income tax	500	255	96.6	918
Current liabilities	26 727	21 236	25.9	23 156

TOTAL EQUITY AND LIABILITIES	84 060	69 627	20.7	81 909
-------------------------------------	---------------	---------------	-------------	---------------

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Share-holders equity	Share premium account	Own shares	Inv. non-restr. equity res.	Other res.	Transl diff.	Retained earnings	Minority interest	Total
SHAREHOLDERS' EQUITY 1.1.08	3 440	33 127	0	0	540	392	9 765	148	47 413
Comprehensive income						-163	1 255	48	1 14
Dividend distribution							-1 720		-1 720
Granted warrants							70		70
Changes in reporting period							-143		-143
SHAREHOLDERS' EQUITY 30.6.08	3 440	33 127	0	0	540	229	9 227	196	46 759

July 10, 2009

EUR thousand	Share- holders equity	Share premium account	Own shares	Inv. non- restr. equity res.	Other res.	Transl diff.	Retained earnings	Minority interest	Total
SHAREHOLDERS' EQUITY 1.1.09	3 440	69	-271	33 058	540	-3 991	15 648	224	48 717
Comprehensive income						173	3 192	50	3 415
Dividend distribution							-2 663		-2 663
Granted warrants							378		378
Repurchase of own shares			-358						-358
Changes in reporting period							-467	-86	-553
SHAREHOLDERS' EQUITY 30.6.09	3 440	69	-629	33 058	540	-3 818	16 088	189	48 937

GROUP CASH FLOW STATEMENT

EUR thousand	1.1.– 30.6.2009	1.1.– 30.6.2008	1.1.– 12.2008
Net cash from operating activities			
Profit for the period	2 062	1 350	6 585
Adjustments for profit	3 748	2 191	5 243
Working capital changes	4 392	2 770	125
Interest paid	-99	-51	-291
Interest received	29	56	154
Other financial items in operating activities	-16	-6	-38
Income taxes paid	-2 122	-1 730	-3 447
Net cash from operating activities	7 995	4 579	8 331

Cash flows from investing activities

Purchase of tangible and intangible assets	-2 010	-1 842	-3 631
Proceeds from sale of tangible and intangible assets			47
Acquired subsidiaries	-724	-1	-8 728
Repayment of loan receivables		5	9
Net cash used in investing activities	-2 734	-1 838	-12 303

July 10, 2009

Cash flows from financing activities

Proceeds from short-term loans		2 000	2 000
Repayments of short-term loans		-4 000	-4 000
Proceeds from long-term borrowings			10 650
Repayments of long-term borrowings	-1 783	-200	-300
Share repurchase	-358		-271
Repayments of financial lease liabilities		-4	-1
Dividends paid	-2 623	-1 720	-1 720
Net cash used in financing activities	-4 763	-3 925	6 358

Net change in cash and cash equivalents according to cash flow statement	498	-1 184	2 386
---	------------	---------------	--------------

Cash and cash equivalents at beginning of period	8 777	7 041	7 041
Effects of exchange rate changes on cash and cash equivalents	242	-86	-650
Cash and cash equivalents at end of period	9 516	5 771	8 777

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2009	1-3/ 2008	4-6/ 2009	4-6/ 2008	7-9/ 2008	10-12/ 2008
NET SALES	21 717	18 233	22 729	22 312	19 259	26 294
Other operating income	30	69	52	62	58	62
Materials and services	-1 552	-1 211	-1 611	-1 385	-797	-1 333
Employee benefit expenses	-12 896	-11 765	-13 444	-12 608	-10 933	-15 093
Depreciation and amortization	-1 004	-671	-1 067	-693	-690	-990
Other operating expenses	-4 703	-4 910	-4 513	-5 257	-4 516	-4 818
Operating profit	1 592	-254	2 146	2 431	2 381	4 122
%	7.3%	-1.4%	9.4%	10.9%	12.4%	-15.7%
Finance income	124	39	30	18	39	637
Finance expenses	232	-35	-54	-21	-50	-897
Profit before tax	1 484	-250	2 122	2 428	2 370	3 862
%	6.8%	-1.4%	9.3%	10.9%	12.3%	14.7%
Income tax expense	-818	-300	-727	-528	-430	-567
PROFIT FOR THE PERIOD	666	-550	1 396	1 899	1 941	3 294
%	3.15	-3.0%	6.1%	8.5%	10.1%	12.5%

July 10, 2009

Changes of ownership

Basware increased its shareholding in Basware Einvoices Oy to 100 percent on January 30, 2009, by acquiring 12.55% of the company's shares and control from the company's management. The purchase price paid on the date of the transaction was approximately EUR 720 thousand and the additional purchase price to be paid based on the business volume for 2009 in February 2010 at the latest is expected to be approximately EUR 250 thousand. Basware Einvoices Oy will be merged with the parent company during the financial period underway. A situation such as the one presented above is currently not regulated by IFRS, so the company's management has compiled an accounting principle for the case in compliance with IAS 8. The change of ownership is recognized under shareholders' equity, and it will not have any effect on profit or goodwill.

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	30.6.2009	30.6.2008	31.12.2008
GUARANTEES ON BEHALF OF SUBSIDIARIES			
	1 098	1 075	1 096
Guarantees total	1 098	1 075	1 096
OWN GUARANTEES			
Lease liabilities			
Current lease liabilities	795	713	868
Lease liabilities maturing in 1–5 years	820	754	838
Total	1 615	1 468	1 706
Other rental liabilities			
Current rental liabilities	2 477	2 000	2 385
Rental liabilities maturing in 1–5 years	4 299	4 471	4 620
Rental liabilities maturing later	1 227	25	1 196
Total	8 003	6 496	8 201
Other own contingent liabilities, total	9 618	7 964	9 907

SEGMENT REPORTING

Net sales by market area

Net sales (EUR thousand)	4–6/ 2009	4–6/ 2008	Change, %	1–6/ 2009	1–6/ 2008	Change, %	1–12/ 2008
Finland	12 406	13 091	-5.2	23 737	23 584	0.6	49 517
Scandinavia	6 278	4 628	35.6	11 595	8 827	31.4	18 805
Europe	4 318	4 469	-3.4	8 984	8 762	2.5	19 454
North America	1 128	1 446	-21.9	2 323	2 125	9.3	5 004
Sales between segments	-1 402	-1 322	-6.0	-2 193	-2 752	20.3	-6 682
Group total	22 729	22 312	1.9	44 446	40 545	9.6	86 098

July 10, 2009

Operating profit (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	1 295	1 926	-32.8	2 144	1 834	16.9	7 898
Scandinavia	1 249	489	155.2	1 915	810	136.5	1 017
Europe	-32	-123	73.7	199	-401	149.6	-74
North America	-102	185	-155.2	35	27	28.7	289
Operating profit between segments	-263	-47	-461.2	-555	-94	-492.2	-452
Group total	2 146	2 431	-11.7	3 738	2 177	71.8	8 679

Personnel (employed, on average)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change, %	1-12/ 2008
Finland	458	421	8.8	449	418	7.3	421
Scandinavia	137	101	35.3	138	100	37.3	112
Europe	119	130	-8.5	121	129	-6.2	129
North America	31	26	19.5	31	25	24.3	26
Group total	744	678	9.8	738	672	9.8	689

Net sales by business

Net sales (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2009	1-6/ 2008	Change , %	1-12/ 2008
Product sales	5 475	7 400	-26.0	10 152	11 964	-15.1	25 859
Maintenance	7 301	6 071	20.3	14 439	11 809	22.3	25 068
Consulting	7 773	7 582	2.5	16 269	14 560	11.7	30 538
Automation services	2 179	1 258	73.2	3 585	2 212	62.1	4 633
Group total	22 729	22 312	1.9	44 446	40 545	9.6	86 098

Net sales by the location of customer:

Net sales (EUR thousand)	4-6/ 2009	4-6/ 2008	Change, %	1-6/ 2008	1-6/ 2008	Change, %	1-12/ 2008
Finland	10 774	11 320	-4.8	21 098	20 100	5.0	41 514
Scandinavia	5 613	4 508	24.5	10 823	8 635	25.3	18 309
Europe	4 391	4 401	-0.2	9 073	8 749	3.7	19 191
Other	1 950	2 082	-6.3	3 453	3 061	12.8	7 083
Group total	22 729	22 312	1.9	44 446	40 545	9.6	86 098

GROUP KEY INDICATORS

EUR thousand	1-6/ 2009	1-6/ 2008	1-6/ 2007	1-12/ 2008
Net sales	44 446	40 545	34 814	86 098
Growth of net sales, %	9.6 %	16.5%	15.7%	17.5%
EBITDA	5 809	3 540	5 350	11 722
% of net sales	13.1%	8.7%	15.4%	13.6%
Operating profit before IFRS3 amortization	4 592	2 569	4 512	9 730
% of net sales	10.3%	6.3%	13.0%	11.3%

July 10, 2009

Operating profit	3 738	2 177	4 182	8 679
Growth of operating profit, %	71.8%	-48.0%	10.7%	15.5%
% of net sales	8.4%	5.4%	12.0%	10.1%
Profit before tax	3 607	2 178	4 299	8 410
% of net sales	8.1 %	5.4%	12.3%	9.8%
Profit for the period	2 062	1 350	2 468	6 585
% of net sales	4.6%	3.3%	7.1%	7.6%
Return on equity, %	8.4%	5.7%	11.0%	13.7%
Return on investment, %	12.8 %	8.9%	18.9%	16.6%
Interest-bearing liabilities	11 115	2 130	552	13 283
Cash and liquid assets *)	9 516	5 771	14 683	8 777
Gearing, %	3.3%	-7.8%	-31.0%	9.3%
Equity ratio, %	58.2 %	67.2%	71.6%	59.5%
Total assets	84 060	69 627	63 593	81 909
Gross investments **)	2 598	1 823	1 649	12 476
% of net sales	5.8%	4.5%	4.7%	14.5%
Capital expenditure	230	481	368	1 007
% of net sales	0.5%	1.2%	1.1%	1.2%
Research and development costs	7 530	8 133	6 344	15 518
% of net sales	16.9%	20.1%	18.2%	18.0%
R&D personnel at end of period	187	161	140	171
Personnel on average during the period	738	672	541	689
Personnel at end of period	742	686	559	731
Increase in personnel, %	8.2%	22.7%	10.3%	11.1%
Earnings per share, EUR	0,18	0.11	0.22	0.56
Earnings per share (diluted), EUR	0,18	0.11	0.22	0.56
Equity per share, EUR	4,25	4.06	3.97	4.23
P/E ratio	64,54	61.67	56.46	11.68
Share price performance				
lowest share price	6,60	6.14	10.48	6.00
highest share price	11,48	10.45	14.00	10.45
average share price	8,57	8.03	12.19	7.53
closing share price	11,40	7.00	12.25	6.59
Market capitalization at end of period	129 707 194	80 276 868	140 484 519	75 301 011
Number of traded shares	986 643	1 039 454	1 597 569	2 298 467
% of average number of shares	8,7 %	9.1%	13.9%	20.1%
Average number of shares				
- undiluted	11 385 986	11 468 124	11 468 124	11 463 307
- diluted	11 385 986	11 468 124	11 468 124	11 463 307

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

**) Includes capitalized R&D costs and acquisitions

July 10, 2009

Major shareholders

June 30, 2009

	Shareholders	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	8.4
4.	Perttunen, Sakari	830 400	7.2
5.	Pöllänen, Antti (incl. children under guardianship)	717 415	6.3
6.	Nordea Nordic Small Cap Fund	552 217	4.8
7.	Sampo Life Insurance Company Limited	550 000	4.8
8.	Ilmarinen Mutual Pension Insurance Company	429 064	3.7
9.	Ahonen, Askö	318 822	2.8
10.	Royal Skandia Life Assurance Eib 17527-6	270 000	2.4
11.	Kaleva Mutual Insurance Company	242 690	2.1
12.	Pension insurance company Veritas	226 000	2.0
13.	Perttunen, Meimi	215 400	1.9
14.	Fondita Nordic Micro Cap Placeringsfond	200 000	1.7
15.	Investment Fund Aktia Capital	133 213	1.2
16.	Fondita Nordic Small Cap Fund	118 500	1.0
17.	Basware Corporation	90 300	0.8
18.	Vaajoensuu, Sara	83 700	0.7
19.	Tietoklusteri Oy	77 000	0.7
20.	Pavor Oy	75 052	0.7
	Total of 20 largest shareholders	8 189 473	70.8
	Total of nominee-registered	962 693	8.4
	Others	2 315 958	20.8
	Total	11 468 124	100.0