

IXONOS PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2007**IXONOS TURNOVER AND OPERATING PROFIT GREW STRONGLY**

- Turnover for the review period was EUR 41.2 million (2006: EUR 27.0 million), turnover growth was 52.4 per cent. Organic turnover growth was 38,5 per cent.
- Operating profit was EUR 3.6 million (2006: EUR 2.8 million), 8.7 per cent of turnover, operating profit growth was 30.2 per cent.
- Operating profit without non-recurring expenses was EUR 4.2 million (2006: EUR 2.9 million), 10.1 per cent of turnover, operating profit growth without non-recurring expenses was 41.8 per cent.
- Net profit was EUR 2.5 million (2006: EUR 1.9 million), 6.1 per cent of turnover, net profit growth was 32.5 per cent.
- Net profit without non-recurring expenses was EUR 2.9 million (2006: EUR 2.0million), 7.1 per cent of turnover, net profit growth without non-recurring expenses was 44.7 per cent.
- Earnings per share were EUR 0.33 (2006: EUR 0.26).
- Earnings per share without non-recurring expenses were EUR 0.39 (2006: EUR 0.28).
- Diluted earnings per share were EUR 0.32 (2006: EUR 0.25).
- Diluted earnings per share without non-recurring expenses were EUR 0.37 (2006: EUR 0.28).
- Turnover of the Systems Services Business Unit for the review period was EUR 16.8 million (2006: EUR 9.9 million), turnover increase was 68.8 per cent. Operating profit of the Business Unit was EUR 1.6 million (2006: EUR 1.3 million), 9.6 per cent of turnover, operating profit growth was 26.5 per cent.
- Turnover of the Telecommunications Business Unit for the review period was EUR 24.7 million (2006: EUR 17.3 million), an increase of 43.1 per cent. Operating profit of the Business Unit was EUR 3.8 million (2006: EUR 2.5 million), 15.3 per cent of turnover, operating profit growth was 53.8 per cent.
- The turnover for the last quarter is expected to be significantly higher than in the previous year, and the figure for the whole of 2006 is estimated to exceed EUR 58 million.
- The Group's operating profit percentage without depreciation of intangible rights in connection with the corporate acquisitions is expected to be at the previous year's level in the last quarter. The operating profit for the full year is expected to increase substantially on the previous year. The operating profit percentage for the full financial year without the non-recurring expenses of the first quarter and depreciation of intangible rights in connection with the corporate acquisitions is expected to be at the same level as in 2006.

President and CEO Kari Happonen:

The company's turnover continued its strong growth throughout the third quarter and exceeded that of the first nine months of the previous year by more than 50 per cent. Strong organic growth was further boosted by the acquisition of Mermit Business Applications Oy and Cidercone Life Cycle Solutions Oy. As in the early months of the year, both Business Units grew significantly faster than the market in the third quarter. This means that throughout the year, we have continued to win market share from our competitors and strengthen customerships that are important to us.

Due to the EUR 0.55 million non-recurring expenses in the first quarter, related to the change in the company name and the revamping of the corporate image and the growth in depreciation during the third quarter of intangible rights in connection with the corporate acquisitions, our operating profit percentage was slightly below the figure for the corresponding period in 2006. However, excluding the non-recurring expenses and depreciation of intangible rights, our relative profitability was slightly better than in the previous year.

We believe that both of our Business Units will continue to grow strongly in the last quarter. Despite fast growth, we expect to keep our business operations at a relatively good level of profitability. Our operating profit is, however, adversely affected by the increasing depreciation of intangible rights, which resulted from corporate acquisitions. During the last quarter, this will amount to more than EUR 0.4 million.

In the second quarter, to support our strategy, we acquired Mermit Business Applications Oy in May. Founded in 1999, Mermit is a highly regarded specialist company producing business-critical information system solutions and services. The acquisition will significantly strengthen our capability to deliver information systems services projects and will boost our capacity to deliver demanding specification, design, architecture and integration services.

Mermit has a staff of 65 highly educated specialists in Espoo, Tampere and Turku. All the employees continued at the Ixonos Group with their existing status and benefits. Mermit's services cover systems and technology consulting, architecture consulting, and systems design and specification. In September, we acquired the entire share capital of Cidercone Life Cycle Solutions Oy (LCS), a company producing business-critical mobile and Internet services. The acquisition will strengthen Ixonos's readiness and capacity to deliver and maintain software and system projects and complement Ixonos's service provision with hosting services.

The services provided by LCS cover the entire life-cycle of software and information systems, from process modelling to customer-specific software development, hosting services, and systems maintenance and support. In its software production, LCS makes extensive use of Open Source software components. The company's customer-specific software solutions are a comprehensive service: the customer uses the solution on the LCS servers over the Internet. LCS is responsible for the maintenance of the servers and software and further software development. The company has a staff of 30 software development and maintenance experts in Helsinki who all continued at Ixonos with their existing status and benefits.

According to our annual customer satisfaction survey published in June, our customers value Ixonos's reliability and ability to take on agreed responsibilities, business segment competence, and customer-specific flexibility. The overall satisfaction with the service we offer is high and exceeds the maximum value of the reference data of Market-Visio, the research company that carried out the survey. Our customers also expressed stronger interest in more extensive cooperation with Ixonos.

According to the survey, the customers have welcomed the change of the company name, made in February. Feedback we have received from other stakeholders has also been very positive. The company's new name and identity have already had a favourable impact on the corporate image, helped to boost recruitment and made the personnel more committed, which can be seen, for example, in the form of lower personnel turnover.

I can only congratulate and thank all Ixonos personnel members for their splendid performance during the first nine months of the year

FUTURE PROSPECTS

Market analysts estimate that the Finnish ICT service market will grow by 4-6 per cent in 2007. Even if private companies and public administration organizations make only moderate inputs in the maintenance, further development and upgrading of their information systems and software, Ixonos Systems has good chances of expanding its Systems Services business. Boosted by the success of new large-scale services with extensive responsibility, project management services and acquired businesses, the Unit's turnover is expected to continue on a growth path in the last quarter. The profitability of the Unit in the second half of the year is expected to improve slightly compared with the first half of the year.

For the latter part of the year, too, the growth expectations for the Telecommunications Unit are based on the increasing demand for comprehensive-responsibility software development, integration and testing services, and the growing smart phone market. The last quarter business operations of the Telecommunications Unit are expected to continue their strong growth and the profitability is expected to stay at a good level.

Judging from the Business Units' order backlogs and tender prospects, the turnover of the Ixonos Group in the last quarter is expected to be significantly above the figure for the same period in 2006. The turnover for the whole of 2007 is expected to exceed EUR 58 million.

The Group's operating profit percentage in the last quarter without depreciation of intangible rights in connection with the corporate acquisitions is expected to be at the previous year's level. The operating profit for the full year is expected to increase substantially on the previous year. The operating profit percentage for the full financial year without the non-recurring expenses of the first quarter and

depreciation of intangible rights in connection with the corporate acquisitions is expected to be at the same level as in 2006.

BUSINESS OPERATIONS

Ixonos operates in the ICT service markets, offering its customers flexible technology consulting, software development, maintenance and project management solutions that support their competitiveness and risk management. Ixonos's services cover consulting and project-management expert services, as well as software project deliveries and maintenance services with comprehensive responsibility.

Ixonos's business is organized into two Business Units: Systems Services and Telecommunications. The Systems Services Unit develops and maintains software that is part of its customer companies' information systems, and produces technology consulting and project management services. The Unit's most significant customers operate in the telecommunications, finance and public administration sectors.

The Telecommunications Unit produces hardware and software development, software integration and testing services for the telecommunications sector. The Unit's clientele comprises leading international mobile and smart phone manufacturers, mobile network suppliers and telecom carriers.

The Ixonos Group comprises the following subsidiaries: Vega Technologies Oy, Ixonos Project Management Services Ltd; Ixonos Technology Consulting Ltd (formerly Mermit Business Applications Oy); Ixonos Ulkoistuspalvelut Oy (formerly Cidercone Life Cycle Solutions Oy); Ixonos Slovakia s.r.o, which is located in Kosice, Slovakia; and Ixonos Testhouse Oy, and its subsidiary, Ixonos Testhouse Estonia OÜ, which is located in Tallinn, Estonia.

Systems Services

During the review period, the turnover of the Ixonos Systems Services Unit grew by 68.8 per cent to EUR 16.8 million (2006: EUR 9.9 million). The Unit's turnover was boosted by the launch of new customer projects, the strong growth of Service 4 Mobile Oy (now Ixonos Project Management Services Ltd.), which was acquired in June 2006 and produces project management services, and also by the turnover of Mermit Business Applications Oy (now Ixonos Technology Consulting Ltd), which was incorporated into the Unit's turnover from 1 June, 2007. The turnover of Cidercone Life Cycle Solutions Oy (now Ixonos Ulkoistuspalvelut Oy), which was acquired in September, was incorporated into the Unit's turnover as of 1 September.

The Unit's operating profit for the review period increased by 26.5 per cent, to EUR 1.6 million (2006: EUR 1.3 million).

During the review period, the Unit invested heavily in improved project delivery capabilities, open architecture solutions, data security services for Open Source applications and streamlined software development methods. The acquisition of Mermit Business Applications Oy will further strengthen the Unit's expertise and delivery capabilities, especially in data system specification, design and architecture services. This will make Ixonos more competitive in such areas as the upgrading of public administration information systems. The acquisition of Cidercone Life Cycle Solutions Oy will strengthen Ixonos's readiness and capacity to deliver and maintain software and system projects and complement Ixonos's service provision with hosting services.

The integration of the software production capacity of our Slovakian subsidiary into the Unit's comprehensive-responsibility software production services, which began in the first quarter, continued in the second and third quarters. The resources of the Slovakian subsidiary are also utilized in the Unit's internal software and methods development.

Competition on the market of the Systems Services Unit remained fierce throughout the review period.

Telecommunications

During the period under review, the turnover of the Ixonos Telecommunications Unit grew by 43.1 per cent, to EUR 24.7 million (2006: EUR 17.3 million). The Unit managed to increase its market share with its key customers. The Unit continued the design work of several extensive customer projects as comprehensive-responsibility deliveries and launched a big new comprehensive-responsibility project, in which an entire wireless telecommunications device is being developed for a key customer.

During the review period, the Telecommunications Unit improved its relative profitability, compared with the previous year, and its operating profit grew by 53.8 per cent, to EUR 3.8 million (2006: EUR 2.5 million).

The Unit's strong smart phone competence as well as the lower-cost services in Estonia and Slovakia will help to keep the Unit competitive when it is competing for large-scale comprehensive-responsibility projects and aspiring to gain market share on the international smart phone markets.

During the review period, Ixonos Testhouse Ltd, the subsidiary producing smart phone software-testing and quality-assurance services, and its Tallinn-based subsidiary Ixonos Testhouse Estonia OÜ grew into an entity employing more than 60 people.

The operations of the Telecommunications Unit's subsidiary in Kosice, Slovakia, were launched according to plan during the review period. The Kosice unit produces software development services for all stages of software project production, and implements part-projects in software ventures for the Telecommunications Unit's key customers. At the end of the review period, the Kosice unit employed 40 telecommunications software experts, most of whom worked in the Unit's customer projects.

In spring 2007, the Telecommunications Unit launched a large-scale internal development project aiming to expand and deepen the Unit's Linux skills, and to develop Open Source software and components for Linux-based mobile communication. The expertise generated through the project has already helped the Unit in winning new Linux-based customer projects.

The global competition for the software ventures of the leading international mobile and smart phone manufacturers remained fierce.

UNCERTAINTY FACTORS IN THE NEAR FUTURE

The aim of Ixonos Plc's risk management is to ensure undisturbed and continuous business operations and development, and to support the implementation of the company's operational targets and to increase the company's value. For more information about our risk management organization, process and identified risks, go to www.ixonos.com/en/company/risk_management

At the moment, the biggest uncertainty factors relate to the growing international competition and the reorganization of a significant customer. Proliferating international competition, especially Indian, may tighten the price competition of the business still further and thus cut the profit margins of Finnish companies. Ixonos has prepared for the tightening price competition by establishing offices in lower-cost regions. The reorganization of a significant customer may temporarily postpone the launch of new projects at the turn of the year and move some of the forecasted turnover for 2007 over to 2008.

TURNOVER

Consolidated turnover was EUR 41.2 million (2006: EUR 27.0 million), or 52.4 per cent more than in the previous year. Of the turnover, 60 per cent was accrued by the Telecommunications Unit and 40 per cent by the Systems Services Unit.

Turnover by segment

EUR 1,000	1-9 2007	1-9 2006	1-12 2006
Telecommunications	24,705	17,262	24,879
Systems Services	16,793	9,948	14,604
Eliminations	- 281	- 168	- 299
Group total	41,217	27,042	39,184

FINANCIAL RESULT

Consolidated operating profit was EUR 3.6 million (2006: EUR 2.8 million), and profit before taxes was EUR 3.5 million (2006: EUR 2.6 million). Profit for the review period was EUR 2.5 million (2006: EUR 1.9 million), which is 6.1 per cent of turnover. Diluted earnings per share were EUR 0.32 (2006: EUR 0.25). Diluted cash flow from business operations was EUR 0.12 per share (2006: EUR 0.04).

The consolidated result was burdened by a EUR 0.55 million non-recurring expense item relating to the change of the company name and the new corporate image. Without the above non-recurring expenses, the consolidated operating profit came to EUR 4.2 million (10.1 per cent of the turnover) and the profit before taxes to EUR 4.0 million (9.8 per cent of turnover). The profit for the review period excluding non-recurring items was EUR 2.9 million (7.1 per cent of turnover). Diluted earnings per share, excluding non-recurring items, were EUR 0.37 (2006: 0.28), and diluted cash flow from business operations per share was EUR 0.17 (2006: 0.05).

Operating profit by segment

EUR 1,000	1-9 2007	1-9 2006	1-12 2006
Telecommunications	3,771	2,452	3,583
Systems Services	1,604	1,267	1,629
Administration*	- 1,777	- 956	- 1,271
Group total	3,599	2,763	3,941

* The administrative costs include EUR 0.55 million of non-recurring expenses.

RETURN ON CAPITAL INVESTMENT

Consolidated return on equity (ROE) was 25.8 (2006: 27.8) per cent and return on investment (ROI) was 23.2 (2006: 27.2) per cent.

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 46.8 million (2006: EUR 23.0 million). Shareholders' equity was EUR 15.3 million (2006: EUR 9.7 million). Equity ratio was 32.7 per cent (2006: 42.2 per cent). The Group's liquid assets stood at EUR 0.9 million at the end of the review period (2006: EUR 0.9 million). The Group's liquidity remained good.

CASH FLOW

Consolidated cash flow from business operations was EUR 0.9 million (2006: EUR 0.3 million).

PERSONNEL

The number of personnel averaged 684 (2006: 476) during the review period and was 812 (2006: 528) at the end of the period.

SHARES AND SHARE CAPITAL

Share turnover and price

The highest share price quoted during the review period was EUR 8.08 (2006: EUR 5.07), the lowest EUR 4.55 (2006: EUR 3.75) and the last price of the period quoted on 28 September 2007 was EUR 6.42 (2006: EUR 4.02). The average price over the review period was EUR 5.85 (2006: EUR 4.06). The number of shares traded during the review period was 4,969,692 (2006: 2,630,839), which corresponds to 62 per cent (2006: 36 per cent) of the total number of shares at the end of the review period. The market value of the share capital at the final quotation on 30 September 2007 was EUR 51,595,165 (2006: EUR 29,742,774).

Share capital

At the beginning of the year 2007 the company's registered share capital was EUR 296,948.00, and the number of shares was 7,423,700. During 2007, 10,000 shares have been subscribed with option rights of the 2003 stock options plan BI, 11,000 shares with option rights of CI, 18,000 shares with option rights of CII, 54,500 with option rights of DI, and 15,500 shares with option rights of DII. With the authorization granted by the Annual General Meeting held on 22 March 2007, the Board of Directors of Ixonos Plc decided on 7 May 2007 on a targeted share issue in which 112,300 new Ixonos Plc shares were issued for subscription by the previous principal owner and present Chief Executive Officer of Ixonos Project Management Services Ltd as payment for the additional acquisition

price of the share capital of Ixonos Project Management Services Ltd. With the authorization granted by the Annual General Meeting held on 22 March 2007, the Board of Directors of Ixonos Plc decided on 20 June 2007 on a targeted share issue in which 391,630 new Ixonos Plc shares were issued for subscription by the owners of Mermit Business Applications Oy as payment for the acquisition price of the share capital of Mermit Business Applications Oy. At the end of the review period Ixonos's share capital was EUR 321,465.20 and the total number of shares was 8,036,630.

Stock options plans 2003 and 2006

Under the 2003 stock options plan, 10,000 options have been released under AI, 10,000 options under AII, 82,500 options under BI, 22,500 options under BII, 100,000 options under CI, 35,000 options under CII, 127,500 options under DI, and 112,500 options under DII. Under the 2003 options plan, 45,000 shares have been subscribed with options BI, 5,000 shares with options BII, 23,500 shares with options CI, 25,500 shares with options CII, 64,500 shares with options DI, and 15,500 shares with options DII. The maximum number of shares that can be subscribed with outstanding options under options plan 2003 is 321,000, which is equivalent to 4.0 per cent of the company's total shares. The subscription price is EUR 1.88 for AI and AII options, EUR 1.56 for BI and BII options, EUR 3.32 for CI and CII options, and EUR 3.22 for DI and DII options. The subscription period for the 2003 options ends on 31 December 2008.

Under the 2005 stock options plan, 140,000 options have been released under AI, 140,000 options have been released under AII, 75,000 options have been released under BI, and 75,000 options have been released under BII. Of the options of series A, 15,000 AI options and 15,000 AII options have been returned to the company based on the terms of the options. These options have been converted to options of series B in accordance with the terms of options, and they have been redistributed. The share subscription period for 2005 options AI started on 1 October 2007. The subscription period for options AII and BI will begin on 1 October 2008, and for options BII on 1 October 2009. The subscription price is EUR 4.13 for options AI and AII and EUR 5.10 for options BI and BII. The subscription period for the 2005 options ends on 31 December 2011.

Shareholders

There were 2,973 shareholders on 28 September 2007. Private persons owned 57 per cent and corporations 43 per cent of the company's shares. Foreign ownership was 6 per cent of the total.

Board authorizations

The Annual General Meeting authorized the Board to decide on issuing up to 1,500,000 shares in one or more issues. The Board's decision may concern either new shares or existing shares possibly held by the company. The maximum of the authorization is equivalent to approximately 20.2 per cent of all company shares. The authorization may be used to finance or implement corporate acquisitions or other arrangements or for other purposes decided by the Board. The authorization includes the right of the Board to decide on all share issue terms and conditions, including the recipients of shares and the compensation to be paid. Thus the authorization also includes the right to targeted issues, i.e. the right to derogate from the shareholders' pre-emptive right, under conditions laid down by law. The authorization will be effective until the next Annual General Meeting but not later than 30 June 2008.

The Board of Directors has used the above authorization and decided, by two separate decisions, to issue a total of 503,930 shares to finance corporate acquisitions.

The Annual General Meeting authorized the Board to decide on the acquisition of up to 742,370 of the company's own shares, provided that the company and its subsidiaries at no time hold more than 10 per cent of the company's registered shares altogether. The company may acquire its own shares to develop the capital structure, to finance corporate acquisitions or other structural arrangements or to be otherwise conveyed or cancelled. The minimum purchasing price for such shares is the lowest market price quoted in publications during the authorization period and the maximum purchasing price is the highest price quoted in public trading during the authorization period. The Board of Directors will decide on the means of acquisition of such shares and on the other terms and conditions. The acquisition may derogate from the shareholders' pre-emptive rights to acquire the company's shares (targeted acquisition), provided that weighty financial grounds exist. Under this authorization, the company may acquire its own shares only by using non-restricted equity. Thus such share acquisitions will reduce the company's distributable non-restricted equity. The authorization is effective until the next Annual General Meeting, but not later than 30 June 2008.

The Board of Directors has not utilized the authorization to acquire the company's own shares.

EXTRAORDINARY SHAREHOLDERS' MEETING

An Extraordinary Shareholders' Meeting of Tieto-X Plc on 25 January 2007 approved the proposal by the Board of Directors to change the company name and the company's Articles of Association. The decision to change the company name to Ixonos Plc was conditional on registration of the change by the Trade Register. The Trade Register registered the change on 9 February 2007.

ANNUAL GENERAL MEETING DECISIONS

The AGM of Ixonos Plc held on 22 March 2007 adopted the company's and Ixonos Group's financial statements for the financial period 1 January-31 December 2006 and granted discharge from liability to the Members of the Board of Directors and the CEO.

The AGM decided to distribute EUR 0.27 per share as dividend. The dividend was paid on 4 April 2007 on the shares that were registered on the balance date 27 March 2007 on the list of company shareholders maintained by the Finnish Central Securities Depository Ltd.

The AGM confirmed six as the number of Board members. Members of the Board Eero Hurme, Seppo Jaatinen, Matti Järvinen, Tero Laaksonen, Matti Makkonen and Esko Siik were re-elected.

At its meeting following the AGM, the Board of Directors elected Tero Laaksonen Chairman of the Board and Eero Hurme Deputy Chairman of the Board.

The AGM elected Peter Ramsey and Jari Kivihuhta to represent shareholders on the Nomination Committee.

SUMMARY OF STOCK EXCHANGE RELEASES UNDER CHAPTER 2, SECTION 7 OF THE SECURITIES MARKETS ACT

On 6 March 2007 the company published a release stating the company had set up a subsidiary in Slovakia and opened a new office for it in Kosice. The Slovakia-based subsidiary would produce testing services and software development and maintenance services for customer projects run by the Group's two business units and for the company's internal software development. The purpose of the establishment of a new office was to secure the availability of skilled software development and testing personnel in order to meet the needs of strong expansion and ever-larger individual customer projects, and to boost the volume of lower-price services in the Group's overall service range.

On 12 March 2007 the company published a release stating that the company's turnover for the first quarter would exceed the turnover for the same period in 2006 by more than 40 per cent, amounting to approximately EUR 13.5 million. Excluding approximately EUR 0.55 in million non-recurring costs relating to the change of company name and the new corporate image, the first quarter operating profit percentage was expected to be about 11.5 per cent. Including the non-recurring costs, the operating profit percentage was estimated at 7.5 per cent. The turnover for the entire year was expected to increase by approximately 25 per cent compared with 2006 and to reach EUR 48-50 million. The operating profit percentage was expected to reach at least its 2006 level.

On 9 May 2007 the company published a release stating that the company had acquired the entire share capital of Mermit Business Applications Oy, a company producing business-critical information systems solutions and services. The acquisition strengthened Ixonos' capability to deliver information systems projects significantly and enhanced its capacity to deliver demanding specification, design, architecture and integration services.

On 23 August 2007 the company published a release stating that it was setting up a subsidiary in Germany and would open a new office for it in Bochum. The German-based subsidiary would produce software development services for Ixonos Telecommunications customer projects. The Bochum office would focus on developing multimedia features for smart phones. The new office is geared to advance the expanding close cooperation between Ixonos and the product development teams of its clients in Germany. The Bochum unit will act in cooperation with both Ixonos Telecommunications units in Finland and the subsidiary set up in Kosice, Slovakia, in March.

On 4 September 2007 the company published a release stating that it had purchased the entire share capital of Cidercone Life Cycle Solutions Oy (LCS), a company producing business-critical mobile and Internet services. The acquisition will strengthen Ixonos' readiness and capacity to deliver and maintain software and information systems projects and complement Ixonos' service provision with hosting services. Services provided by LCS cover the entire life-cycle of software and information systems from process modelling to customer-specific software development, hosting services and systems maintenance and support. In its software production, LCS makes extensive use of Open Source software components. The company's customer-specific software solutions are a comprehensive service: the customer uses the solution on the LCS servers over the Internet, and LCS is responsible for the maintenance of servers and software and further software development.

NEXT REPORTS

The financial statements information release for the period 1 January – 31 December 2007 will be published on 13 February 2008.

IXONOS PLC

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IXONOS GROUP

ABBREVIATED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2007

Accounting principles

This interim report has been prepared in accordance with the Interim Report standard of IAS 34, following the accounting principles for the financial reports for 31 December 2006. The interim report has been prepared in accordance with the IFRS standards and interpretations in force on 30 September 2007. The new IFRIC interpretations (7-10) that became effective in 2007 have not had any effect on the consolidated financial statements. IFRS 7 (effective from 1 January 2007) does not have any effect on the data of this interim report, because this is an abbreviated financial statement. The entered tax is based on the estimated average income tax rate that is expected to be realized for the entire financial period.

The consolidated financial statements include the information of Mermit Business Applications (acquired on 20 June 2007) starting from 1 June 2007, as well as the information of Cidercone Life-Cycle Solutions Oy (acquired on 4 September 2007) starting from 1 September 2007.

The preparation of the financial statements in accordance with the IFRS standards compels that the Ixonos management, when the balance sheet is prepared, utilizes such estimates and assumptions that influence the amount of assets and liabilities as well as income and expenses of the financial period. In addition, when preparing the financial statements, the financial reporting principles have to be applied with consideration. The actual figures may deviate from the estimates and assumptions.

The interim report is unaudited.

The figures in the income statement and balance sheet have been consolidated. All group companies are included in the consolidated balance sheet. The original Interim Report is in Finnish. The English version is a translation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, K EURO

	1.1.- 30.9.2007	1.1.- 30.9.2006	Change	1.1.- 31.12.2006
Turnover	41,217	27,042	52.4 %	39,184
Operating costs	- 37,619	- 24,279	54.9 %	- 35,243
OPERATING PROFIT	3,599	2,763	30.2 %	3,941
Financial income and expenses	- 130	- 175	- 25.5 %	- 174
Profit before taxes	3,468	2,589	30.4 %	3,766
Taxes	- 936	- 676	38.3 %	- 855
NET PROFIT FOR THE PERIOD	2,533	1,912	32.5 %	2,911

CONSOLIDATED BALANCE SHEET, K EURO

	30.9.2007	30.9.2006	31.12.2006
ASSETS			
FIXED ASSETS			
Property, plant and equipment	1,336	330	399
Goodwill	22,848	10,674	11,190
Intangible assets	6,258	633	450
Deferred tax claim	40	74	49
Long-term receivables	0	16	12
Other financial assets	19	19	19
FIXED ASSETS TOTAL	30,501	11,746	12,120
CURRENT ASSETS			
Accounts receivable and other receivables	15,164	10,057	9,945
Financial assets	150	222	695
Liquid assets	940	939	2,689
CURRENT ASSETS TOTAL	16,253	11,218	13,330
TOTAL ASSETS	46,754	22,964	25,449
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	321	296	297
Premium fund	4,510	4,095	4,176
Share issue	2	0	0
Fair value and other reserves	469	214	315
Reserves of invested non-restricted equity	3,345	0	0
Retained earnings	4,086	3,180	3,180
Net profit for the period	2,533	1,912	2,911
SHAREHOLDERS' EQUITY TOTAL	15,266	9,698	10,879
LIABILITIES			
Long-term liabilities	12,732	5,000	4,733
Current liabilities	18,756	8,266	9,837
TOTAL LIABILITIES	31,488	13,267	14,570
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	46,754	22,964	25 449

CHANGES IN EQUITY, K EURO

	Share capital	Premium fund	Share issue	Fair value and other reserves	Reserves of invested non restricted equity	Retained earnings	Total
Shareholders' equity 1.1.2006	292	3,746	0	108	0	4,496	8,643
Transfer to reserves				106			106
Share issue	3	349					352
Dividend						- 1,316	- 1,316
Profit for the period						1,912	1,912
Shareholders' equity 30.9.2006	296	4,095	0	214	0	5,092	9,698
Shareholders' equity 1.1.2007	297	4,176	0	315	0	6,091	10,879
Transfer to reserves				154			154
Share issue	25	334	2		3,345		3,705
Dividend						- 2,004	- 2,004
Profit for the period						2,533	2,533
Shareholders' equity 30.9.2007	321	4,510	2	469	3,345	6,619	15,266

SOURCES AND APPLICATION OF FUNDS, K EURO

	1.1.- 30.9.2007	1.1.- 30.9.2006	1.1.- 31.12.2006
Business operations			
Net profit for the period	2,533	1,912	2,911
Taxes	936	676	855
Depreciation and amortisation	600	324	416
Interest yields and charges	130	175	174
Other adjustments	105	74	176
Change in net working capital	- 2,637	- 2,257	- 800
Interest received	36	35	61
Interest paid	- 192	- 162	- 221
Taxes paid	- 565	- 490	- 1,049
Cash flow from business operations	946	287	2,526
Investments			
Investments in tangible and intangible assets	- 612	- 228	- 315
Change in financial assets	545	1,771	1,298
Transfer income from fixed assets	0	11	248
Acquisition of subsidiaries	- 4,136	- 5,160	- 5,186
Total cash flow from investments	- 4,202	- 3,607	- 3,954
Cash flow before financing	- 3,256	- 3,320	- 1,429
Financing			
Dividend paid	- 2,004	- 1,316	- 1,316
Increase of long-term loans	3,800	3,000	3,000
Repayment of long-term loans	- 643	- 431	- 658
Share issue	340	35	117
Short-term loan receivables decrease	14	2	7
Financing total	1,507	1,291	1,150
Change in liquid assets	- 1,750	- 2,029	- 279
Liquid assets at the beginning of the period	2,689	2,968	2,968
Liquid assets at the end of the period	940	939	2,689

CONSOLIDATED PROFIT AND LOSS ACCOUNT, QUARTERLY, K EURO

	Q3/2007	Q2/2007	Q1/2007	Q4/2006	Q3/2006
	1.7.07- 30.9.07	1.4.07- 30.6.07	1.1.07- 31.3.07	1.10.06- 31.12.06	1.7.06- 30.9.06
Turnover	13,868	14,125	13,224	12,141	8,862
Operating costs	- 12,589	- 12,770	- 12,260	- 10,964	- 7,764
OPERATING PROFIT	1,280	1,356	963	1,178	1,098
Financial income and -expenses	- 28	- 50	- 52	0	- 94
Profit taxes	1,252	1,305	911	1,178	1,004
Taxes	- 345	-348	- 242	- 179	- 310
PROFIT FOR THE PERIOD	906	957	669	999	695

SEGMENT REPORTING

	1.1.- 30.9.2007	1.1.- 30.9.2006	1.1.- 31.12.2006
Turnover by segment			
Telecommunications	24,705	17,262	24,879
Systems Services	16,793	9,948	14,604
Eliminations	- 281	- 168	-299
Turnover total	<u>41,217</u>	<u>27,042</u>	<u>39,184</u>
Operating profit by segment			
Telecommunications	3,771	2,452	3,583
Systems Services	1,604	1,267	1,629
Administration	- 1,777	- 956	- 1,271
Total operating profit	<u>3,599</u>	<u>2,763</u>	<u>3,941</u>
Operating profit of turnover %	8,7	10,2	10,1
Interest and financial income	- 130	- 175	- 174
Profit before taxes	<u>3,468</u>	<u>2,589</u>	<u>3,766</u>
Taxes	- 936	- 676	- 855
PROFIT FOR THE PERIOD	<u><u>2,533</u></u>	<u><u>1,912</u></u>	<u><u>2,911</u></u>
Assets by segment			
Telecommunications	18,844	16,035	18,094
Systems Services	23,489	6,086	6,984
Other	4,422	844	371
Total assets	<u>46,754</u>	<u>22,964</u>	<u>25,449</u>
Liabilities by segment			
Telecommunications	8,263	7,980	8,592
Systems Services	19,154	3,315	3,822
Other	4,071	1,972	2,156
Total liabilities	<u>31,488</u>	<u>13,267</u>	<u>14,570</u>
Depreciation by segment			
Telecommunications	43	164	211
Systems Services	394	78	97
Other	163	82	109
Total depreciation	<u>600</u>	<u>324</u>	<u>416</u>
Investments by segment			
Telecommunications	231	81	130
Systems Services	16,287	3,282	3,707
Administration	302	140	210
Total investments	<u>16,821</u>	<u>3,503</u>	<u>4,048</u>

CHANGES IN FIXED ASSETS, K EURO

	Intan gible assets	Good will	Real estate	Machinery and equipment	Other tangible assets	Total
Carrying amount 1.1.2006	473	8,621	91	149	5	9,339
Additions	105			112	7	223
Additions from corporate acquisitions	334	2,053		12		2,399
Disposals	0					0
Depreciation during the financial period	- 279			- 45		- 324
Carrying amount 30.9.2006	633	10,674	91	228	11	11,637
Carrying amount 1.1.2007	450	11,190	91	297	11	12,039
Additions	346			274		620
Additions from corporate acquisitions	5,935	11,658		789		18,382
Disposals						
Depreciation during the financial period	- 474			- 126		- 600
Carrying amount 30.9.2007	6,258	22,848	91	1,234	11	30,441

ACQUIRED BUSINESS OPERATIONS

When business operations are merged, tangible assets are measured at fair value based on the market price of equivalent assets, taking their age, wear and other similar factors into account. Tangible assets are depreciated based on the management's estimation of their economic lifespan, taking the Groups' depreciation principles into account.

Intangible assets acquired through business combinations are recognized separate from goodwill based on their fair value at the time of acquisition, provided that the fair value of the assets can be determined reliably. The business operations that the Group has acquired comprise primarily customerships, customer contracts, tender prospects and covenants in restraint of competition. The fair value of customer contracts and the accompanying customerships, tender prospects and covenants in restraint of competition have been defined using the MEEM model (Multi-Earning-Excess model). Other intangible asset items are depreciated based on the management's evaluation of their economic lifespan.

In addition to the skills of the personnel, the goodwill arising from business combinations in 2007 comprises other intangible assets that cannot be identified in accordance with IAS 38. Such items include the potential within an acquired company for acquiring new customers, the development prospects of new services and the strong geographical position of the acquired business operations. These items do not fulfil the IAS 38 criteria in any respect: they are not identifiable, they are not based on a contract or legal right, and it is not possible to determine their value reliably. In addition, all business combinations create synergy benefits that primarily consist of the cross-selling of existing services and savings in fixed costs.

The goodwill/acquisition cost of acquired business operations may change based on the contract terms relating to the acquisition price. Part of the acquisition price is tied to short-term (under 12 months) future events and part to long-term (over 12 months) future events. Changes in the acquisition price, including legal and consultancy fees relating to the merger, are recognized as goodwill within 12 months of the acquisition. Apart from this, the allocation calculations are final. The consolidated turnover for the period 1 January – 30 September 2007 would have been EUR 45.9 million and the profit for the period EUR 2.3 million if the companies acquired during the review period had been acquired on 1 January 2007. The above consolidated turnover includes the actual turnovers of the acquired companies, and the consolidated financial result includes the actual profits of the acquired companies based on the interim financial statements at the time of the acquisition.

The intangible and tangible asset items in the merger have been measured at fair value, and the depreciation on these items has been deducted from the profit for the financial period. Synergy benefits have not been taken into account.

EFFECT OF ACQUIRED BUSINESS OPERATIONS ON BALANCE SHEET ASSETS AND LIABILITIES, K EURO

Mermit Business Applications Oy (nowadays Ixonos Technology Consulting Ltd)	Carrying amount before merger	Change	Fair value
Intangible fixed assets	14	737	751
Tangible assets	94	0	94
Receivables	910	0	910
Liquid assets	45	0	45
Total assets	1,064	737	1,800
Interest-bearing liabilities	1,019	0	1,019
Deferred tax liabilities	0	191	191
Total liabilities	1,019	191	1,210
Acquired net assets	45	545	590
Total payments			3,045
Goodwill			2,455
Effect on cash flow:			
Cash payments			- 107
Funds of acquired company			45
Cash flow of acquisitions			- 62

EUR 2,713,996 of the entire compensation was paid in Ixonos shares. The estimated additional acquisition price payable, to be determined on the basis of the future performance of the acquired company, is taken into account under current liabilities.

Cidercone Life Cycle Solutions (nowadays Ixonos Outsourcing Services Ltd)	Carrying amount before merger	Change	Fair value
Intangible fixed assets	19	5,165	5,184
Tangible assets	188	507	695
Receivables	614	4	618
Liquid assets	0	0	0
Total assets	821	5,675	6,497
Interest-bearing liabilities	555	521	1,077
Deferred tax liabilities	0	1,343	1,343
Total liabilities	555	1,864	2,419
Acquired net assets	266	3,811	4,077
Total payments			13,164
Goodwill			9,087
Effect on cash flow:			
Cash payments			- 3,842
Funds of acquired company			0
Cash flow of acquisitions			- 3,842

EUR 5,635,500 of the entire compensation will be paid in Ixonos shares in an issue of 850,000 shares during the last quarter. The estimated additional acquisition price payable, to be determined on the basis of the future performance of the acquired company, is taken into account under long-term liabilities.

FINANCIAL RATIOS

	1.1.- 30.9.2007	1.1.- 30.9.2006	1.1.- 31.12.2006
Earnings per share, EUR diluted	0.32	0.25	0.38
Earnings per share, EUR	0.33	0.26	0.39
Equity per share, EUR	2.02	1.29	1.43
Operating cash flow per share, EUR Diluted	0.12	0.04	0.36
Return on investment, %	23.2	27.2	28.2
Return on equity, %	25.8	27.8	29.8
Operating profit/turnover, %	8.7	10.2	10.1
Net gearing	48.8	45.5	18.1

OTHER INFORMATION

	1.1.- 30.9.2007	1.1.- 30.9.2006	1.1.- 31.12.2006
Average number of personnel	684	476	503
Personnel at the end of the period	812	528	579

COMMITMENTS

	30.9.2007	30.9.2006	31.12.2006
Securities to guarantee own commitments			
Corporate mortgages	9,800	6,000	6,000
Other securities	280	127	148

Leasing- and other rental commitments

Falling due within 1 year*	3,339	578	1,605
Falling due within 1-5 years*	8,132	718	1,640
Falling due after 5 years	0	0	0
Total	11,471	1,296	3,245

*most of the increase in contingent liabilities relates to the fixed-term lease of new operating facilities

Nominal value of interest rate swap agreement

Falling due within 1 year	1,400	857	857
Falling due within 1-5 years	2,800	2,571	2,357
Falling due after 5 years	0	0	0
Total	4,200	3,428	3,214
Fair value	5	- 51	- 14

CALCULATION OF FINANCIAL RATIOS

Return on equity (ROE) = $100 \times \text{Net profit} / \text{Shareholders' equity(average)}$

Return on investment (ROI) = $100 \times (\text{profit before taxes} + \text{interest} + \text{other financial expenses}) / \text{Balance sheet total} - \text{non-interest bearing liabilities (average)}$

Diluted result per share = $\text{Net profit} / \text{Diluted number of shares}$

Shareholders' equity per share = $\text{Shareholders' equity} / \text{Adjusted number of shares at the end of the period}$