SOLTEQ

Report of the Board of Directors and Financial Statements

1.1.2008 - 31.12.2008

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Report of the Board of Directors

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq is a strategic partner for trade and industry, whose core competency is IT solutions that are critical to business. Solteq combines its own product portfolio with the products from leading software companies in the world to deliver individual business development and ERP solutions for its customers. The information that is processed by means of these solutions is helping customers to lead their business more efficiently and to improve their profitability.

Solteq Plc's operations are internally divided to five separate units. The result is monitored through two business segments. The segment Trade consists of Trade and Car Trade units. Industry and Services segment consists of Industry and Information Management units. Application Services is company's internal service unit. OOO Solteq Russia acts as a separate subsidiary that serves with the support of the parent company's organization Solteq's customers operating in Russia.

REVENUE AND RESULT

Revenue increased by 8,8 per cent compared to the previous year and amounted to 30.383 thousand euros (27.926 thousand euros in previous financial period).

Revenue consists of several individual customerships. At the most, one client corresponds to less than five percentages of the total revenue.

Operating profit for the financial year totalled 1.460 thousand euros (1.304 thousand euros), result before taxes 1.136 thousand euros (1.090 thousand euros) and profit for the period 867 thousand euros (1.118 thousand euros).

The contractual increase in personnel costs during the financial year could not be transferred to customer fees completely by the end of the financial year. Thus, the increase in the operating result did not correspond directly with the increase in turnover.

Although the result before taxes for the financial year was at the same level as a year before, the profit for the period decreased from the previous year. This is due to tax benefits from intra-group reorganisations recognised in previous year.

BALANCE SHEET AND FINANCING

The total assets amounted to 22.033 thousand euros (22.046 thousand euros). Cash and cash equivalents amounted to 695 thousand euros (345 thousand euros).

The company's interest-bearing liabilities were 6.316 thousand euros (7.052 thousand euros). As a consequence of the company's overall loan portfolio rearrangement an amount of 3.500 thousand euros has been transferred in accordance with the terms of the loan contract from current interest-bearing loans to non-current interest-bearing loans.

The company's equity ratio was 43,6 % (44,1%).

CAPITAL EXPENDITURE, RESEARCH AND DEVELOPMENT

Gross capital expenditure during the financial year, not including assets acquired under financial lease agreement, were 920 thousand euros (1.833 thousand euros). The gross capital expenditure include additional purchase price due to acquisition of Fulmentum Oy totalling 200 thousand euros.

Research and development

Solteq's research and development costs consist mainly of personnel costs. When developing basic products, it is Solteq's strategy to cooperate with global actors such as SAP, Wincor-Nixdorf and Microsoft and utilize their resources and distribution channels. Own development efforts are focused on added value products and developing tailored service concepts.

During the financial period development costs have been capitalized in the amount of 587 thousand euros (129 thousand euros) in accordance with IFRS. Due to their nature, most costs relating to development work are expensed annually. Capitalised costs relate to two development projects. Amortisation according to plan will start when the projects will be taken into commercial use.

PERSONNEL

Solteq's number of permanent employees at the end of the financial period was 268 (259). The average number of personnel during the financial period was 266 (252). At the end of the financial period the number of personnel per segment was as follows: Trade 126, Industry and Services 111 and shared functions 31.

RELATED PARTY TRANSACTIONS

The company has related party relationships with members of the Board of Directors, the managing director and the management group of the company. There have not been any significant changes in the company's related party transactions after the issuance of the financial statements for the year 2007.

SHARES, SHAREHOLDERS AND OWN SHARES

Solteq Plc's shareholder's equity at 31.12.2008 was 1.009.154,17 euros which was represented by 12.148.429 shares. The shares have no nominal value.

At the end of the financial year, the amount of own shares in Solteq Plc's possession was 188.600 shares. The amount of own shares represented 1,55 % from total amount of shares and votes in the end of the financial year. The accountable par of acquired shares was 15.667 euros.

Exchange and price

During the financial year, the exchange of Solteq's shares at the Helsinki Stock Exchange was 1,0 million shares (2,7 million shares) and 1,5 million euros (4,3 million euros). The highest price during the financial year was 1,77 euros and the lowest price was 1,16 euros. The weighted average price of the share was 1,44 euros and closing price at the last business day of the year was 1,16 euros. The market value of the company's shares at the end of the financial year totalled 14,1 million euros (21,1 million euros).

Ownership

At the end of the financial period, Solteq had a total of 2.003 shareholders (2.117 shareholders). Solteq's 10 largest shareholders owned 8.101 thousand shares i.e. they owned 66,7 per cent of the company's shares and votes. Solteq Plc's members of the board owned a total of 5.189 thousand shares which equals 42,7 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting at 28.3.2008 adopted the financial statements for 2007 and the members of the board and the managing director were discharged from liability for the financial year.

The annual general meeting decided, in accordance with the board's proposal to share dividend in the amount of 0,06 euros per share. The reconciliation date for the dividend was 2.4.2008 and dividend payments were made 9.4.2008.

The annual general meeting decided to authorise the board of directors to decide on acquiring the company's own shares so that the amount in the possession of the company does not exceed 10 percent of the company's total shares at that moment. The shares can be acquired in order to develop the company's capital structure, finance and execute acquisitions or similar arrangements or used as part of incentive schemes for the personnel or convey otherwise or be voided. The shares can be acquired in other proportion than the shareholders' holdings. The shares are to be acquired through public trading and at market price. The Company's unrestricted shareholders' equity is to be used for the acquisitions. The authorization is valid until the next annual general meeting.

BOARD OF DIRECTORS AND AUDITORS

Six members were elected to the board of directors. Seppo Aalto, Ari Heiniö, Veli-Pekka Jokiniva, Ali Saadetdin and Jukka Sonninen continued as members of the board. Markku Pietilä began as a new member of the board. The board elected Ali Saadetdin to act as the chairman of the board.

Of the members of the board, Seppo Aalto has not been able to participate in the board of directors duties due to sick leave. His sick leave will continue until further notice.

KPMG Oy Ab, Authorised Public Accountants, were re-elected as Solteq's auditors. Frans Kärki, APA, acts as the lead partner.

EVENTS AFTER THE REVIEW PERIOD

After the balance sheet date, Solteq Plc has issued a stock exchange bulleting dated 5.1.2009 regarding the beginning of co-operation negotiations.

RISKS AND UNCERTAINTIES

Most significant uncertainties and risks in the near future relate to the timing and pricing of business deals that are the basis for the revenue, changes in the level of costs and the company's ability to manage extensive contract agreements and deliveries.

These significant risks and uncertainties relating to the company's business operations are monitored regularly as a part of the board and management group work. The company does not have a separate internal audit organization or committee.

PROSPECTS

In the interim review 8.8.2007 Solteq Plc set a long-term objective for the years 2008-2010 that is to achieve an average of 10 % yearly organic growth of revenue. Additional growth is searched through targeted acquisitions. The company is aiming for an annual operating profit of 10 % of the revenue in the same period.

The board will decide upon more specific objectives for the year 2009 in its February meeting.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF DIVIDEND

At the end of the financial period 2008, the distributable equity of the group's parent company is 9.047.660,34 euros.

The Board of Directors proposes to the annual general meeting a dividend of 0,04 euros per share, excluding own shares, for the financial period 2008 (2007: 0,06 euros/share).

Consolidated income statement

thousand EUR	Note	1.1.-31.12. 2008	1.1.-31.12. 2007
Revenue	1,3	30 383	27 926
Other income	4	44	69
Materials and services		-7 744	-6 398
Employee benefit expenses	7	-15 583	-14 356
Depreciation and amortisation expenses	6	-718	-742
Other expenses	5,8	-4 922	-5 195
Operating profit		1 460	1 304
Financial income	9	16	15
Financial expenses	10	-340	-229
Profit before taxes		1 136	1 090
Income tax expense	11	-269	28
Profit for the financial period		867	1 118
Earnings per share attributable to equity holders of the parent			
Earnings per share, undiluted, continuing operations (EUR)	12	0,07	0,09

Diluted result does not differ from the undiluted result for the financial year or the previous year.

Consolidated balance sheet

THOUSAND EUR	NOTE	1.1.-31.12. 2008	1.1.-31.12. 2007
ASSETS			
Non-current assets			
Property, plant and equipment	13	2 707	2 743
Goodwill	14	8 286	8 086
Other intangible assets	14	2 417	2 069
Available-for-sale financial assets	15	93	117
Deferred tax assets	16	268	661
		13 771	13 676
Current assets			
Trade and other receivables	17	7 567	8 025
Cash and cash equivalents	18	695	345
		8 262	8 370
Total assets		**22 033**	**22 046**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	19	1 009	1 002
Share issue	19	0	64
Share premium reserve	19	75	18
Reserve for own shares	19	-255	0
Distributable equity reserve	19	7 213	7 213
Retained earnings	19	1 560	1 422
Total equity		**9 602**	**9 719**
Non-current liabilities			
Interest-bearing liabilities	21	3 663	163
		3 663	163
Current liabilities			
Trade and other payables	22	6 115	5 275
Short-term interest bearing liabilities	21	2 653	6 889
		8 768	12 164
Total liabilities		**12 431**	**12 327**
Total equity and liabilities		**22 033**	**22 046**

Consolidated statement of cash flows

THOUSAND EUR	NOTE	1.1.-31.12. 2008	1.1.-31.12. 2007
Cash flow from operating activities			
Operating profit		1 460	1 304
Adjustments for operating profit	24	718	742
Changes in working capital		966	-2 229
Interest paid		-340	-227
Interest received		16	15
Paid taxes		124	-61
Net cash from operating activities		**2 944**	**-456**
Cash flows from investing activities			
Acquisition of subsidiaries		-200	-3 904
Investments in tangible and intangible assets		-675	-243
Sale of tangible and intangible assets		0	551
Proceeds from sales of securities		0	121
Net cash used in investing activities		**-875**	**-3 475**
Cash flow from financing activities			
Withdrawal of non-current loans		5 000	0
Repayment of non-current loans		-500	0
Withdrawal of current loans		0	3 293
Repayment of current loans		-5 236	0
Income from issued shares		0	82
Acquisition of treasury shares		-255	0
Dividend distribution		-728	0
Return of equity paid		0	-1 204
Net cash used in financing activities		**-1 720**	**2 171**
Changes in cash and cash equivalents		**350**	**-1 760**
Cash and cash equivalents 1.1.		345	2 105
Cash and cash equivalents 31.12.	**18**	**695**	**345**

Cash and cash equivalents presented in the cash flow statement consist of the following items:

THOUSAND EUR	2008	2007
Cash and bank accounts	695	345
Total	**695**	**345**

Consolidated statement of changes in equity

thousand EUR	Share capital	Share issue	Reserve for own shares	Share premium reserve	Shareholders equity reserve	Distributable equity reserve	Retained earnings	Total
Equity 1.1.2007	994	0	0	2 164	5 962	298	296	9 714
Awarded options							7	7
Profit for the financial period							1 118	1 118
Total recognised income and expense							1 125	1 125
Return of equity						-1 204		-1 204
Transfers between reserves / share issue without payment	6			-2 164	-5 962	8 120		0
Subscription issue	2	64		18				84
Equity 31.12.2007	1 002	64	0	18	0	7 213	1 422	9 719
Profit for the financial period							867	867
Total recognised income and expense							867	867
Own shares acquired			-255					-255
Dividend distribution							-728	-728
Subscription issue	7	-64		57				0
Equity 31.12.2008	1 009	0	-255	75	0	7 213	1 560	9 602

Notes to consolidated financial statements

Group information

Solteq group is an IT solutions and service provider to domestic companies in the trade and industry sectors. It has specialist know-how in the fields of chained trade, retail and wholesale trade, car trade and selected industry segments' IT systems and related services. The group operates mainly in Finland. In Russia operates a fully-owned subsidiary OOO Solteq Russia, which has its domicile in St. Petersburg.

The group's parent company is Solteq Plc. The parent company is a Finnish publicly limited company, domiciled in Tampere and its registered address is Eteläpuisto 2 C, FI-33200 TAMPERE, Finland. A copy of the consolidated financial statements is available from the aforementioned address as well as the company's website at www.solteq.com/annual-reports.

In its meeting 27.1.2009, the Board of Directors of Solteq Plc has approved these financial statements to be published. According to the Finnish Companies act, the shareholders may adopt or reject the financial statements in the annual general meeting held after the publication. The annual general meeting also has the option to make changes in the financial statements.

Accounting policies

Basis of preparation

Solteq Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid as at 31.12.2008. International Financial Reporting Standards mean the standards and their interpretations that have been approved for adoption in the EU in accordance with the procedure No. 1606/2002 enacted in the Finnish Accounting Act and EU (EC) regulations laid down by the Act. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish Accounting and Companies Acts.

The consolidated financial statements have been prepared on historical cost convention basis, with the exception of available-for-sale financial assets which are measured at fair value. Financial statement information is presented in thousands of euros.

The group has adopted following new and revised standards, amendments and interpretations effective from 1.1.2008:

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions. Interpretation clarifies the scope of application of those standards which relate to equity-settled transactions (IFRS 2) and require such transactions to be re-estimated in subsidiaries. This interpretation did not have an effect on the consolidated financial statements.
- IFRIC 12 Service Concession Arrangements. The group did not have agreements with the public sector as set out in the interpretation during the financial period now ended or prior periods.
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The group does not have defined benefit plans as set out in the interpretation.

The preparation of the financial statement in accordance with the IFRS standards requires the group management to make certain estimates and assumptions that affect the application of accounting policies. Information of these considerations that the management has used in applying accounting policies and which have the most effect in the figures shown in the financial statement, have been presented in the section ”Accounting policies requiring management judgement and significant uncertainties relating to accounting estimates”.

Accounting policies for the consolidated financial statement

Subsidiaries

The consolidated financial statements include Solteq Plc and its subsidiaries. The consolidated financial statements for year 2007 include Fulmentum Oy starting from 1.5.2007 and Solorus Holding Oy starting from 1.1.2007. As a consequence of intra-group rearrangements, Artekus Oy merged to the parent company on 1.10.2007 and Tampereen Systeemitiimi and Fulmentum Oy merged to the parent company on 31.12.2007. Starting from 1.5.2008, OOO Solteq Russia has been consolidated in the consolidated financial statements.

The aforementioned subsidiaries are companies where the group holds the right of control. Right of control is assumed when the group owns more than half of the votes or it otherwise has the right of control. Right of control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The group's mutual shareholdings have been eliminated using the acquisition method. Companies acquired are included in the consolidated financial statements from the date when the group has acquired right of control and subsidiaries sold until the date when the right of control seizes. All intra-group business transactions, receivables, debts and unrealised profits as well as internal distribution of profit are eliminated in the preparation of the consolidated financial statements. Unrealised losses are not eliminated in the event that they are caused by impairment.

Foreign currency items

Figures on the result and the financial position of the Group's entities are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are translated to the presentation currency at the monthly average rate close to the date of the transaction. At the time of closing the annual accounts, receivables and debts in foreign currencies have been converted to functional currency at the exchange rate of that date. Any exchange rate gain or loss from transactions in foreign currencies has been recognised in the financial statements under financial income and expense.

Property, plant and equipment

Property, plant and equipment consist mainly of buildings, machines and equipment. They are measured at historical cost less accumulated depreciation and possible impairment losses. Shares in real estate companies have been presented in the balance sheet as buildings and land. Costs from building maintenance have been expensed over the financial period, which is why no depreciation has been recognised for buildings and land.

Depreciation is calculated on a straight-line basis over their estimated useful life. The estimated useful lives are as follows:

Machinery and equipment	3-5 years
Other tangible assets	consists of works of art which are not depreciated

The residual values and useful lives are reviewed at each reporting date and, when necessary, are corrected to reflect any possible changes in expected future economic benefit.

Gains and losses from disposal and divestment of tangible assets are recognised under other income or expenses.

Intangible assets

An intangible asset is recognised in the balance sheet only if the asset's acquisition cost can be reliably measured and if it is probable that future economic benefits will flow to the entity. Intangible assets with a finite useful life are recognised in the balance sheet at historical cost and are amortised on a straight-line basis during their useful life. Estimated amortisation periods are as follows:

Development costs	5-10 years
Intangible rights	3-5 years
Other intangible assets	3-10 years

Goodwill

Goodwill is the part of the acquisition cost that exceeds the group's share in the acquired company's net assets' fair value at the time of acquisition which has taken place after 1.1.2004. Acquisitions prior to the IFRS transition date have in accordance with IFRS 1 not been restated but the balance sheet values according to the previous accounting standards are taken as the deemed cost. The classification of these acquisitions or their accounting treatment has not been adjusted in the group's opening IFRS balance sheet.

Goodwill is not amortised but is tested annually for impairment. For this purpose the goodwill is allocated to cash-generating units. The goodwill is valued at the original acquisition cost less impairment losses.

Research and development costs

Research costs are recognised as expenses in the income statement. Development cost for new or substantially improved product or service processes are capitalised in the balance sheet as intangible assets from the date when the product is technically and commercially feasible and it is expected to bring financial benefit. Development costs previously expensed will not be capitalised at a later date. Assets are amortised from the date when they are ready for use. Assets that are not yet ready for use are tested annually for impairment. Development expenses that have been capitalised have a useful life of 5 to 10 years, during which capitalised assets are expensed on a straight-line basis.

Government grants

Government grants, such as grants from public institutions for acquisition of intangible assets, are deducted from the carrying amount of the asset when it is reasonably certain that they will be received and the group fulfils the requirements to receive such grants. Grants are recognized in the form of lower depreciation expense during the useful life of the asset. Grants that compensate for expenses incurred are recognized in the income statement when the expenses are recognized. These grants are presented in other income.

Leases

Group as a lessee

Lease contracts for tangible assets for which the group have a significant part of the risks and rewards incidental to ownership, are classed as financial leases. At the inception of the lease term, a finance lease is recognised on the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payment. Assets acquired by a finance lease are depreciated during the asset's useful life or, if shorter, the lease term. Lease payments are apportioned between financial expenses and loan repayments during the rental period so that the remaining debt at the end of a financial period has a constant periodic interest rate. Lease commitments are included in interest bearing liabilities.

Lease agreements where the risks and rewards incidental to ownership remain with the lessor, are classified as other lease agreements. Lease payments under other lease agreements are recognised as expense in the income statement in equal amounts throughout the lease term.

Impairment of tangible and intangible assets

The group estimates at the end of each financial period whether or not there is any indication of impairment on any asset. In the event of any such indication, the recoverable amount of the asset is estimated. Recoverable amounts are also estimated annually on the following asset groups regardless of whether or not there is any indication of impairment: goodwill and intangible assets not yet available for use. Need for impairment is monitored at the cash-generating unit level, that is, at the level of units that are independent from other units and whose cash flows can be separated from other cash flows.

Recoverable amount is the greater of the asset's fair value less selling costs or its value in use. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a cash generating unit. In the calculation of present value, discounting percentage is pre-tax rate which reflects the market's view of time value of money and asset-specific risks.

Impairment loss is recognised when the asset's carrying amount is higher than its recoverable amount. Impairment loss is immediately recognised in the income statement. If the impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment loss is reversed, if circumstances change and the asset's recoverable value has changed from the time of the recognition of the impairment loss. Reversal amount cannot, however, be higher than the asset's book value would be without the recognition of the impairment loss. Impairment loss on goodwill is not reversed under any circumstances.

Employee benefits

Pension liabilities

Pension arrangements are classed as defined benefit plans and defined contribution plans. The group has only defined contribution plans. Payments under the Finnish pension system and other contribution based pension schemes are recognised as expenses as incurred.

Share based payments

The group has applied IFRS 2 - Share based payments - standard to all its option arrangements, where the options had been issued after 7.11.2002 and which had not vested prior to 1.1.2005. Option arrangements prior to this date have not been recognised as expense in the income statement. Option rights are valued at fair value at the time of their issue and are recognised as expense in the income statement in equal amounts during the vesting period. Costs defined at the time of issue of the options are based on the group's estimate of the number of options which are expected to mature at the end of the vesting period. The valuation of the option rights is calculated using the Black-Scholes model. Effects of non-market based conditions are not included in the valuation of the options, but they are considered in the number of options that are expected to mature at the end of the vesting period. Group will update its assumption of the final number of options at the end of each financial period. Any such amendments are recognised in the income statement. When option rights are used, transactions made based on share subscription are recognised in accordance with the option terms in share capital and share premium reserve.

Provisions and contingent liabilities

Provision is recognised when the group has a present legal or constructive obligation as a result of a past event, realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are valued at the present value required to cover the obligation. Present values are determined by discounting the expected future cash flows at a pre-tax rate that reflects the market's view of that moment's time value and risks associated with the obligation. If part of the obligation is possible to be covered by a third party, the obligation is recognised as a separate asset, but only once this coverage is virtually certain.

Provisions are recognised for loss-making contracts, when the expenses necessary for fulfilling the obligations exceed the benefits receivable from that contract.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Also present obligation that is not probable to cause liability to pay or the amount of obligation can not be measured with sufficient reliability are considered contingent liabilities. Contingent liabilities are disclosed as notes to the financial statements.

Income taxes

Tax expenses for the financial period comprise current tax based on the taxable income of the financial period and deferred taxes. Tax calculated from the taxable income of the financial period is based on the tax rate prevailing in each country. Taxes are adjusted with possible taxes relating to previous financial periods.

Deferred taxes are calculated from temporary differences between book value and taxable value. Most significant temporary differences are due to carryforward of unused tax losses and goodwill tax amortisation. Deferred taxes are not recognised on temporary differences arising from goodwill impairment losses that are not tax deductible. Deferred taxes are neither recognised on undistributed profit from subsidiaries when the differences are unlikely to reverse in the foreseeable future.

Deferred taxes are calculated using the tax rates enacted at the end of the financial period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the temporary differences can be utilised.

Revenue recognition

Income from the sale of goods, software licences and hardware is recognised at fair value excluding indirect taxes, discounts and exchange rate differences from sales in currencies.

Services rendered and sale of software licences and hardware

Income from services is recognised when the service has been rendered. Maintenance income is recognized over the agreement period.

In order to recognise revenue from sales of software licences and hardware, there must be a binding agreement, delivery of product or equipment has taken place, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the group has transferred to the buyer the significant risks and rewards of ownership of the software licence or hardware. Software licences with right of return or conditions relating to start-up project are recognized when the right of return has expired or conditions have been fulfilled.

Long-term projects

When the outcome of the project can be estimated reliably, income and expenses for long-term projects are recognised as income and expenses based on the stage of completion. Stage of completion is defined by comparing the costs incurred for work performed at the reporting date to the estimated total cost of the project. When it is likely that a project's completion costs are going to exceed the income from the project, the expected loss is immediately recognised in income statement.

When the final result of a long-term project cannot be reliably estimated, costs incurred are recognised as expense during the period when incurred. Revenue from the project is recognised only to the extent of contract costs incurred and when it is probable that it will be recoverable. Losses from the project will immediately be recognised as cost in income statement.

Other income

Other income comprise gains from assets and income not relating to actual sales, such as rental income and government grants. Government grants are recognised in the income statement at the same time with those expenses that the government grants were intended to cover.

Interest income and dividends

Interest income is recognised using the effective interest method and dividends at the time the right for the dividend has been earned.

Operating profit

IAS 1 Presentation of financial statements standard does not define operating profit. The group has defined it as follows: operating profit is the net sum that is calculated by adding other income to the revenue, deduct material and services, employee benefit expense, depreciation and amortisation expense, possible impairment losses and other expenses. Everything else, except the aforementioned items, is presented below the operating profit.

Financial assets and liabilities

Financial assets

The group has classified its financial assets to the following classes: loans and receivables and available-for-sale financial assets. The classification is based on the purpose of purchasing financial assets and the classification is made at the time of the initial purchase.

Transaction costs are included in the financial asset value at initial measurement. All purchases and sales of financial assets are recognised on the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the group has transferred substantially all the risks and rewards of ownership outside the group.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and the group is not holding them for trading. They are valued at amortised cost. They are classified in the balance sheet under current assets due to their nature.

Available-for-sale financial assets are assets that are not designated to other categories. They are classified in non-current assets. Available-for-sale financial assets consist of shares. They are recognised at fair value or, if fair value can not be measured reliably, at cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits that can be withdrawn on demand. Account with overdraft facility is included in current financial liabilities. Unused overdraft facility in the amount of 1,7 M€, has not been recognised in the balance sheet

Impairment of financial assets

The group assesses at the end of the financial period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the loss is recognised in the income statement.

Based on a risk estimate, an impairment loss for non-recoverable trade receivables is recognised in the income statement.

Financial liabilities

Financial liabilities are initially recognised at fair value. Transaction costs are included in the financial liability value at the initial measurement. Later all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are classified under non-current and current liabilities which can be either interest-bearing or interest-free.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they incur. Transaction costs directly attributable to acquisition of loans which clearly relate to a certain loan are included in the original amortised cost of the loan and are expensed using effective interest method.

Equity

Costs relating to the acquisition of own shares are deducted from the equity. If Solteq Plc acquires its own shares, the acquisition costs are deducted from the equity.

Accounting policies requiring management judgement and significant uncertainties relating to accounting estimates

In preparation of the consolidated financial statements, estimates and assumptions regarding the future must be made. The end results may deviate from these assumptions and estimates. In addition, some judgement must be exercised in the application of the policies of the financial statements.

Management judgement regarding selection and application of accounting policies

The group management uses judgement regarding selection and application of accounting policies. This applies especially to those cases where the IFRS standards and interpretations in effect have recognition, measurement and presentation alternatives.

Uncertainties relating to accounting estimates

Accounting estimates in preparation of the financial statements are based on management's best estimate at the end of the financial period. These estimates and assumptions are based on experience and other reasonable assumptions, which are believed to be appropriate in the circumstances that form the basis on which the consolidated financial statements are prepared. Uncertainties relate to the outcome of projects, recoverability of trade receivable and changes in economic environment when the overall economic situation is uncertain. Possible changes in estimates and assumptions are recognised in accounting during the financial year when the estimate or assumption is revised, and all the periods after that.

Impairment test

The group carries out annual tests for the possible impairment of goodwill and intangible assets not yet available for use, and indications of impairment are evaluated in accordance with the principles described earlier in these financial statement. Recoverable amount of cash-generating units is defined with calculations based on value in use. These calculations require the use of estimates. Additional information about sensitivity analyses regarding changes in assumptions relating to recoverable amount are disclosed under note 14 Intangible assets.

Adoption of new and amended standards and interpretations

IASB has published the following new or amended standards and interpretations which are not yet effective and which the group has not yet applied. The group will introduce each standard and interpretation starting from the date they become effective or, if the effective date is other than the first date of the financial period, from the beginning of the next financial year:

- IFRS 1 First-time Adoption of International Financial Reporting and IAS 27 Consolidated and Separate Financial Statements – amendment to the standards. Become effective in the financial period starting from 1.1.2009.
- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations – amendment to the standard. Becomes effective in the financial period starting from 1.1.2009.
- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements – amendment to the standards (becomes effective after 2009). Becomes effective in the financial period starting from 1.1.20010.
- IFRS 8 Operating Segments – new standard. Becomes effective in the financial period starting from 1.1.2009.
- IAS 1 Presentation of Financial Statements – amendment to the standard. Becomes effective in the financial period starting from 1.1.2009.
- IAS 23 Borrowing costs – amendment to the standard. Becomes effective in the financial period starting from 1.1.2009.
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Financial Puttable Instruments and Obligations Arising on Liquidation. Borrowing costs – amendment to the standards. Becomes effective in the financial period starting from 1.1.2009.
- IAS 39 Financial instruments: Recognition and Measurement Eligible hedged items. Becomes effective in the financial period starting from 1.1.20010.
- IFRIC 13 Customer Loyalty Programs – new interpretation. Becomes effective in the financial period starting from 1.1.2009.
- IFRIC 15 Agreements for the Construction of Real Estate – new interpretation . Becomes effective in the financial period starting from 1.1.2009.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operations – new interpretation. Becomes effective in the financial period starting from 1.1.2009.

IAS 1 will affect the presentation of the financial statements and IFRS 8 will affect the notes to the financial statements. Other changes are not estimated to have significant effect on the consolidated financial statements.

1 Segment information

Segment information is presented based on group's business segments. Geographical segment information is not disclosed as the group's main business operations are in group's home country which is one geographical segment. Business segments are based mainly on the group's internal organisational structure and internal financial reporting.

Business segments consist of assets and business operations, whose products or services bear risks and profitability that deviate from the other business segments.

Business segments

The group's business segments are:

Trade: all trade customers

Industry and services: industry customers

2008, thousand EUR			
Business segment	**Retail and wholesale trade**	**Industry and services**	**Total**
Revenue	19 766	10 617	30 383
Operating result	1 581	-121	1 460
Interests and taxes	-385	-208	-593
Result for the financial period	1 196	-329	867
Segment's assets	9 768	12 265	22 033
Total assets	9 768	12 265	22 033
Segment's liabilities	7 459	4 972	12 431
Total liabilities	7 459	4 972	12 431
Investments	80	840	920
Depreciation	467	251	718

2007, thousand EUR			
Business segment	**Retail and wholesale trade**	**Industry and services**	**Total**
Revenue	18 517	9 409	27 926
Operating result	970	334	1 304
Interests and taxes	-123	-63	-186
Result for the financial period	847	271	1 118
Segment's assets	10 323	11 723	22 046
Total assets	10 323	11 723	22 046
Segment's liabilities	7 396	4 931	12 327
Total liabilities	7 396	4 931	12 327
Capital expenditure	102	1 731	1 833
Depreciation	490	252	742

2 Business combinations

No new business combinations took place during financial year 2008. OOO Solteq Russia was established in April 2008.

Solteq acquired on 13.3.2007 all the shares of Fulmentum Oy which is specialized in global master data harmonizing and maintenance projects. Fulmentum Oy has been consolidated in the financial statements starting from 1.5.2007.

The basic purchase price was 1.500 thousand euros and it has been paid in cash according to the purchase agreement. The additional price, that is 1.400 thousand euros at the maximum, consists of the possible financial benefit received from the ongoing and future projects of Fulmentum at the time of acquisition in the forthcoming three years.

The acquisition price exceeding Fulmentum Oy's equity at the time of the acquisition has been allocated as goodwill totalling 1.422 thousand euros. The goodwill consists of future income expectations that relate to cross-utilizing customers, knowledgeable personnel and complementing product knowledge.

In January 2008, additional purchase price in the amount of 200 thousand euros was paid. Additional purchase price is goodwill. Payment of the rest of the additional purchase price is not considered to be likely.

Following assets and liabilities were recorded during financial year 2007 related to the acquisitions:

thousand EUR	Fair values used in the combination	Book values before the combination
Intangible assets	37	37
Tangible assets	4	4
Invesments	40	40
Receivables	106	106
Cash and cash equivalents	179	179
Total assets	366	366
Deferred tax liabilities	0	0
Current liabilities	265	265
Total liabilities	265	265
Net assets	101	101
Acquisition cost	1 524	
Goodwill	1 422	
Acquisition price paid in cash	1 500	
Cash in acquired companies	-179	
Cash flow effect	1 321	

If Fulmentum Oy had been consolidated from the beginning of the financial year 2007, the group's revenue had been 28.082 thousand euros and profit 992 thousand euros in financial year 2007.

3 Revenue and long-term projects

Revenue

THOUSAND EUR	2008	2007
Services	18 590	17 656
Sales of software licences	7 788	6 783
Sales of hardware	4 005	3 487
Total	**30 383**	**27 926**

Revenue from long-term projects totalled 2.220 thousand euros in 2008 (914 thousand euros in 2007).

The consolidated income statement includes income from long-term projects in process totalled 1.868 thousand euros as at 31.12.2008 (598 thousand euros as at 31.12.2007). Receivable from long-term projects in process were included in prepayments and accrued income in the amount of 288 thousand euros as at 31.12.2008 (156 thousand euros as at 31.12.2007).

4 Other income

THOUSAND EUR	2008	2007
Gain from sale of tangible assets	0	30
Other income	44	39
Total	**44**	**69**

5 Other expenses

THOUSAND EUR	2008	2007
Expenses from telephone and telecommunications	451	453
Rental expenses	1 115	1 149
Car and travel expenses	1 436	1 404
External services	551	423
Other expenses	1 369	1 766
Total	**4 922**	**5 195**

External services include audit fees 35 thousand euros (37 thousand euros in 2007) and other services 17 thousand euros (26 thousand euros 2007) to the company's audit firm.

6 Depreciation, amortisation and impairment

THOUSAND EUR	2008	2007
Depreciation and amortisation by asset group		
Intangible assets		
Development costs	118	118
Intangible rights	123	156
Other intangible assets	20	22
Total	**261**	**296**
Tangible assets		
Machines and equipment	457	446
Total	**457**	**446**

7 Employee benefit expenses

THOUSAND EUR	2008	2007
Wages	12 528	11 518
Pension expenses - defined contribution plans	2 128	2 014
Other personnel expenses	927	824
Total	**15 583**	**14 356**
Average number of employees in group during financial period		
Trade	133	126
Industry and services	109	97
Shared functions	24	29
Total	**266**	**252**
Employees as at 31.12.	268	259

Information on the management remuneration is disclosed in note 27 Related party transactions. Information on awarded options is disclosed in note 20 Share-based payments.

8 Research and development costs

Income statement for 2008 includes research and development costs in the amount of 777 thousand euros (645 thousand euros in 2007), mainly comprising wages.

9 Financial income

thousand EUR	2008	2007
Interest income from loans and receivables	13	14
Dividend income from held-for-sale financial assets	3	0
Other financial income	0	1
Total	**16**	**15**

10 Financial expenses

thousand EUR	2008	2007
Interest expenses from financial liablities at amortized cost	269	188
Other financial expenses	71	41
Total	**340**	**229**

Other financial expenses include 4 thousand euros of variable rents relating to financial leasing contracts (1 thousand euros in 2007).

11 Income taxes

thousand EUR	2008	2007
Taxes based on the taxable income of the financial period	0	-104
Deferred taxes	269	76
Total	**269**	**-28**

Reconciliation between income statement's tax expenses and taxes based on the group's domestic tax rate (2008 and 2007: 26 %):

THOUSAND EUR	2008	2007
Result before taxation	1 136	1 090
Taxes based on domestix tax rate	295	283
Non-deductible expenses	36	7
Liquidation loss	0	-309
Previously unrecognized losses in taxation	-73	0
Other differences	10	-10
Taxes in the income statement	**269**	**-28**

12 Earnings per share

Undiluted EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding.

EPS corrected by dilution calculated by using the weighted average number of shares takes into account all potentially diluting stock shares transformed into ordinary shares thus creating a diluting effect. Share options are instruments that increase the number of diluting stock shares in the group. Share options have a diluting effect when the issue price of the option is lower than the share's actual value. The number of shares causing the diluting effect is that which needs to be released without compensation, because the income from the use of options does not enable the group to release the same amount of shares at the fair value. The share's fair value is based on the average price of the shares over the financial period.

	2008	2007
Profit for the financial period attributable to equity holders of the parent (thousand EUR), continuing operations	867	1 118
Weighted average of the number of shares during the financial period (1000)	12 013	12 052
Undiluted EPS EUR (per share), continuing operations	0,07	0,09
Dilutive effect has no influence on earnings per share (EPS).		

13 Property, plant and equipment

thousand EUR	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acqusition cost 1.1.2008	160	1 860	2 462	21	4 503
Additions	0	0	445	0	445
Deductions	0	-24	0	0	-24
Acquisition cost 31.12.2008	**160**	**1 836**	**2 907**	**21**	**4 924**
Accumulated depreciation and impairment 1.1.2008	0	0	1 760	0	1 760
Depreciation	0	0	457	0	457
Accumulated depreciation and impairment 31.12.2008	**0**	**0**	**2 217**	**0**	**2 217**
Book value 1.1.2008	160	1 860	702	21	2 743
Book value 31.12.2008	160	1 836	690	21	2 707
Acqusition cost 1.1.2007	173	2 030	2 107	23	4 333
Additions	0	0	389	0	389
Acquisition of subsidiaries	0	0	4	0	4
Deductions	-13	-170	-38	-2	-223
Acquisition cost 31.12.2007	**160**	**1 860**	**2 462**	**21**	**4 503**
Accumulated depreciation and impairment 1.1.2007	0	0	1 314	0	1 314
Depreciation	0	0	446	0	446
Accumulated depreciation and impairment 31.12.2007	**0**	**0**	**1 760**	**0**	**1 760**
Book value 1.1.2007	173	2 030	793	23	3 019
Book value 31.12.2007	160	1 860	702	21	2 743

EUR 574 thousand remained to be depreciated of the group's machinery and equipment on 31.12.2008 (EUR 525 thousand on 31.12.2007).

Financial leases

Property, plant and equipment include property acquired by financial leases as follows:

thousand EUR	Machinery and equipment	Total
31.12.2008		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489
31.12.2007		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489

EUR 332 thousand worth of assets under financial leases is included in the additions in 2008 (EUR 332 thousand in 2007).

14 Intangible assets

thousand EUR	Goodwill	Development costs	Intangible rights	Other intangible assets	Total
Acquisition costs 1.1.2008	8 196	1 625	2 049	324	12 194
Capitalised development costs	0	587	0	0	587
Additions	200	0	15	7	222
Acquisition costs 31.12.2008	**8 396**	**2 212**	**2 064**	**331**	**13 003**
Accumulated amortisation and impairment 1.1.2008	110	236	1 555	138	2 039
Amortisation	0	118	123	20	261
Accumulated amortisation and impairment 31.12.2008	**110**	**354**	**1 678**	**158**	**2 300**
Book value 1.1.2008	8 086	1 389	494	186	10 155
Book value 31.12.2008	8 286	1 858	386	173	10 703
Acquisition costs 1.1.2007	6 710	1 496	2 049	228	10 483
Capitalised development costs	0	129	0	0	129
Additions	1 486	0	0	60	1 546
Acquisition of subsidiaries	0	0	0	36	36
Acquisition costs 31.12.2007	**8 196**	**1 625**	**2 049**	**324**	**12 194**
Accumulated amortisation and impairment 1.1.2007	110	118	1 399	116	1 743
Amortisation	0	118	156	22	296
Accumulated amortisation and impairment 31.12.2007	**110**	**236**	**1 555**	**138**	**2 039**
Book value 1.1.2007	6 600	1 378	650	112	8 740
Book value 31.12.2007	8 086	1 389	494	186	10 155

During this reporting period and comparative year, the company has been involved in two large-scale projects in added value product development, and 587 thousand euros (129 thousand euros) of expenses have been capitalised during the review period.

Impairment

Goodwill originating from business combinations and intangible assets relating to development projects not yet available for use are allocated to cash-generating units which are based on the Group's reporting structure used in monitoring business operations. These units are Trade, Industry, Car Trade and Information Management.

As at 31.12.2008 the book value of goodwill totalled 8.286 thousand euros (8.086 thousand euros as at 31.12.2007). The book value of intangible assets not yet available for use totalled 1.075 thousand euros (488 thousand euros as at 31.12.2007).

Goodwill is allocated as follows (thousand euros):

	2008	2007
Trade	1 812	1 812
Industry	4 517	4 517
Auto trade	334	334
Information management	1 623	1 423
Total	**8 286**	**8 086**

Intangible assets not yet available for use are allocated as follows (thousand euros):

	2008	2007
Trade	0	0
Industry	759	172
Auto trade	316	316
Information management	0	0
Total	**1 075**	**488**

Impairment tests have been carried out at cash-generating unit level. Recoverable amount has been determined by using value in use. Defined estimated cash flows are based on the operating result budget for 2009 and operating result for the following four years. Forecasted cash flows do not include real growth and assets are not estimated to have residual value at the end of the 5-year period. According to management, this estimate is moderate.

The discount rate used in the calculations, 9 per cent, is the weighted average cost of capital before taxes.

Impairment tests did not result in impairment for either goodwill or intangible assets not yet available for use. If the forecasted operating results were 10 per cent lower than those used in the 5-year forecast, the impairment tests would have resulted in an impairment loss of 523 thousand euros in 2008.

15 Available-for-sale financial assets

thousand EUR	2008	2007
Beginning of financial period	117	81
Additions/deductions	-24	36
End of financial period	93	117

16 Deferred tax assets and liabilities

Changes in deferred taxes during 2008:

thousand EUR	31.12. 2007	Recorded in the income statement	31.12. 2008
Deferred tax assets:			
Project accruals	0	14	14
Booked depreciation in excess of tax depreciation	13	19	32
Carryforward of unused tax losses	1 097	-272	825
Total	**1 110**	**-239**	**871**
Deferred tax liabilities:			
Amortisation of goodwill	431	91	522
Other items	18	63	81
Total	**449**	**154**	**603**
Deferred tax net	**661**	**393**	**268**

In financial statements 2007, the deferred tax assets include tax receivable in the amount of 124 thousand euros based on stand-alone companies' taxable income. These have been recovered during the financial year 2008 and thus the change in differed taxes calculated between the two balance sheets differs from the change in differed taxes recognised in the income statement.

17 Trade and other receivables

THOUSAND EUR	2008	2007
Loans and other receivables		
Trade receivables	5 235	5 362
Loan receivables	0	3
Prepayments and accrued income	2 261	2 590
Other receivables	71	70
Total	**7 567**	**8 025**

Significant items included in prepayments and accrued income relate to normal business accruals. The interest rate for loan receivable has been Euribor + 1,0 %.

Analysis of trade receivables by age and amounts expensed as bad debt:

THOUSAND EUR	2008	Impairment losses	Net 2008	2007	Impairment losses	Net 2007
Not due	4 296	-	4 296	3 981	-	3 981
Due	939	-	939	1 381	-	1 381
Under 30 days	307	-	307	640	-	640
31-60 days	37	-	37	212	-	212
61-90 days	148	-	148	157	-	157
Over 90 days	447	-	447	372	-	372
Total	**5 235**	**-**	**5 235**	**5 362**	**-**	**5 362**

All current receivables are demonited in euros. During the financial year company has not recorded material impairment losses. There are no significant concentrations of risk related to receivables. Balance sheet values are equivalent to the maximum exposure of credit risk. Because the receivables are current their fair value is equivalent to carrying value.

18 Cash and cash equivalents

thousand EUR	2008	2007
Cash and bank accounts	695	345
Total	**695**	**345**

An amount of 48 thousand euros has been pledged as guarantee period collaterals (2007: 48 thousand euros).

19 Notes to equity

Below is the reconciliation of the number of shares and the statement of changes in equity:

thousand EUR	Number of shares (1 000)	Share capital	Share issue	Reserve for own shares	Share premium reserve	Shareholders equity reserve	Distributable equity reserve	Total
1.1.2007	**12 038**	**994**	**0**	**0**	**2 164**	**5 962**	**298**	**9 418**
Use of share options	27	2	64	0	18	0	0	84
Transfers between reserves / share issue without payment	0	6	0	0	-2 164	-5 962	8 120	0
Return of equity	0	0	0	0	0	0	-1 204	-1 204
31.12.2007	**12 065**	**1 002**	**64**	**0**	**18**	**0**	**7 213**	**8 297**
Acquisition of own shares	0	0	0	-255	0	0	0	-255
Use of share options	83	7	-64	0	57	0	0	0
31.12.2008	**12 148**	**1 009**	**0**	**-255**	**75**	**0**	**7 213**	**8 042**

The maximum number of shares is 28.539.504 (28.539.504 in 2007). The shares have no nominal value. The Group's maximum share capital according to the articles of association is 2.4 million euros (2.4 million euros in 2007).

The reserves included in equity are as follows:

Share premium reserve

A reserve to be used in accordance with the old Companies Act § 12:3a.

Shareholders equity reserve

Solteq's Extraordinary General Meeting on 9.9.2005 approved the board's proposal to transfer 9,500,000 euros from the Share Premium Reserve to shareholders equity reserve under the AGM's control and into unrestricted equity. The permission to carry out this decision was received from the trade register official on 30.12.2005 and transfer of funds was carried out in accordance with the decision of the Extraordinary General Meeting. In 2006, the company distributed equity return to its shareholders from this reserve totalling 3.537.661,50 euros. In 2007 according to the decision of the annual general meeting an amount of 5.962.338,50 euros was transferred to the distributable equity reserve.

Distributable equity reserve

In accordance with the Companies Act 8:2 §, the proportion of payments received from shares that is not recognised as share capital is recognised in this reserve.

Reserve for own shares

Reserve for own shares consists of acquisition cost of own shares acquired by the group. The acquisition cost of the shares was 255.054,87 euros which is deducted from equity. At the end of the financial year Solteq Plc had 188.600 own shares in its possession. The amount of acquired shares corresponded to 1,55 percent of the shares and votes at the end of the financial year. The accountable par of acquired shares was 15.667,00 euros.

Dividends

After the balance sheet date the Board of Directors has proposed to the Annual General Meeting a dividend of 0,04 euros per share for the financial period 2008.

20 Share-based payments

The group has had option arrangements since 26.8.1999. Information on option rights and conditions:

Option programme II

The Annual General Meeting on 15.11.2000 decided to issue 1,000,000 option rights, each of which entitles to the subscription of one Solteq Plc's share. Option rights can be offered, as decided, to members of the board, other management and personnel to increase their levels of motivation and commitment. The subscription period for the shares begins on a sliding scale after one year from the end of the issue period.

The option program's subscription period ended at 31.12.2007. During this program, a total 233.125 of new Solteq Plc's shares were subscribed through the option program II. Registration of 83.100 of these shares took place only in 2008 because the subscriptions took place in December 2007.

The subscriptions of options have been recorded into share capital and share premium account according to the old Companies Act.

Amendments and weighted average subscription prices of the options are as follows:

1 000 pcs	2007 Exercise price weighted averaged EUR/share	Number of options
Beginning of financial period	**1,07**	**189**
Used options	0,76	-110
Voided options	0,00	0
New options awarded	0,00	0
End of financial period	**1,50**	**79**
Implementable options at the end of the financial period	1,50	79

The option programme II has ended 31.12.2007, thus the unsubscribed options have been made void.

21 Interest-bearing liabilities

thousand EUR	2008 Book value	2007 Book value
Financial liabilities at amortized cost		
Long-term		
Loans from financial institutions	3 500	0
Finance lease obligations	163	163
Total	**3 663**	**163**
Short-term		
Loans from financial institutions	2 327	6 563
Finance lease obligations	326	326
Total	**2 635**	**6 889**

The fair value of interest-bearing liabilities is equivalent to their carrying value because the interests are based on short-term reference rates of interest.

Due dates for interest-bearing liabilities:

2008	2009	2010	2011	2012-2013
thousand EUR				
Loans from financial institutions	2 327	1 000	1 000	1 500
Finance lease obligations	326	163	0	0
Long-term debt total	2 653	1 163	1 000	1 500

2007	2008	2009	2010	2011-2012
thousand EUR				
Finance lease obligations	6 889	163	0	0
Long-term debt total	6 889	163	0	0

The average rate of interest of loans was 5,0 percentages in 2008. (4,6 % in 2007). Interest-bearing liabilities are denominated in euros. The amounts of Group's interest-bearing liabilities with a fluctuating rate of interest and re-pricing periods according to contracts are as follows:

THOUSAND EUR	2008	2007
under 6 months	6 316	1 726
6-12 months	0	4 163
1-5 years	0	1 163
Total	**6 316**	**7 052**

Due dates for financial lease obligations:

THOUSAND EUR	2008	2007
Financial lease obligations - total amount of minimum payments		
Within 12 months	326	326
Between 1 and 5 years	163	163
Total	**489**	**489**
Finance lease obligations - current value of miminum liabilities		
Within 12 months	322	322
Between 1 and 5 years	161	161
Total	**483**	**483**
Future financing expenses	6	6
Total financial lease obligations	**489**	**489**

22 Trade and other payables

THOUSAND EUR	2008	2007
Financial liabilities at amortized cost		
Current		
Trade payable	2 268	929
Accruals and deferred income	2 602	2 725
Other debts	1 245	1 621
Total	**6 115**	**5 275**

Current liabilities are denominated in euros and their fair values equal their book values. Significant items included in accruals and deferred income relate to usual accruals for business operations.

23 Financial risk management and capital management

The group is subject to a number of financial risks in its business operations. The group's risk management aims to minimise the adverse effects of the finance markets to the group's result. The general principles of the group's risk management are approved by the board and their implementation is the responsibility of the accounting department together with the different business units.

Credit risk

The group's operating style defines the customers' and investment transactions' credit-worthiness demands and investment principles. The group does not have any significant credit risk concentrations in its receivables, because it has a wide customer-base and it gives credit only to companies who have an unblemished credit rating. During the financial period, the effect of credit losses has not been significant. The group's credit risk's maximum amount is the carrying value of financial assets as at 31.12.2008.

Liquidity risk

The group monitors and estimates continuously the amount of funds needed to run the business operations, so that the group will, at all times, retain enough liquid assets to fund the operation and repay debts that fall due. The availability of funding and its flexibility is ensured by unused credit limits and by using a number of different banks and financing methods in the procurement of funding. The amount of unused credit limits as at 31.12.2008 totalled 1.673 thousand euros.

Interest rate risk

Group's income and operative cash flows are mainly free from market rate fluctuation effects. The group is subject to fair value interest rate risk relating to the loan portfolio. A one percentage change in the interest rate of loans with floating interest has an effect on the company's interest rate expenses in the amount of approximately +/- 60 thousand euros.

Capital management

The objective for the group's capital management is to secure the continuance of activities (going concern) and increase in shareholder value. The capital structure can be managed among other things through decisions regarding dividend distribution and return of equity, purchase of own shares as well as share issues.

Covenants relating to group's loans from financial institutions are usual requirements. The group has fulfilled the covenant requirements in financial years 2008 and 2007.

Equity ratio and net gearing -% are characteristic key figures for capital structure. Equity ratio in 2008 was 43,6 % (44,1 % in 2007). Net gearing percentage in 2008 was 58,5 % (69,0 % in 2007).

24 Adjustments to cash flow from business operations

Significant events are listed in the cash flow statement. Significant adjustments to cash flow from business operations are due to scheduled depreciation.

25 Other lease agreements

Group as a lessee

Non-cancellable other lease agreements carry the following minimum lease amounts to be paid:

thousand EUR	2008	2007
Within a year	662	790
One to five years	1 703	1 632
More than five years	708	1 062
Total	**3 073**	**3 484**

The group has leased most of the cars, copiers and mobile telephones in its use. The lease agreements include the possibility to continue the agreement after the expiration of the original. The agreements differ in terms of index, renewal and other conditions. Lease liability for premises in Helsinki has been presented for the set lease period. The move to these premises took place in March 2006.

The income statement for 2008 includes lease expenses based on other lease agreement 1.115 thousand euro (1.149 thousand euros in 2007).

26 Contingent liabilities and collateral

thousand EUR	2008	2007
Collateral given on our own behalf		
Performance guarantees	50	50
Business mortgages	1 178	1 178
Total	**1 228**	**1 228**

The business mortgages given as collateral by the parent company relate to the credit limits totalling 3.505 thousand euros.

27 Related party transactions

Group's related parties consist of the parent company and its subsidiaries. Also members of the Board of Directors and management group including the managing director as well as close members of their families are considered as related parties.

Group's parent and subsidiary relations are as follows:

Company	Domicile	Share of ownership (%)	Share of votes (%)
Solteq Oyj			
Solteq Finance Oy	Finland	100 %	100 %
Qetlos Oy	Finland	100 %	100 %
Solorus Holding Oy	Finland	100 %	100 %
OOO Solteq Russia	Russia	100 %	100 %

Operating group companies have been included in the consolidated financial statements. Tampereen Systeemitiimi Oy and Fulmentum Oy were merged to the parent company as at 31.12.2007. Qetlos Oy has not been consolidated as the company is dormant and its effect on the group's result and financial position is irrelevant. OOO Solteq Russia has been consolidated starting from 1.5.2008.

The following related party transactions took place:

Rental arrangements	2008	2007
thousand EUR		
Renting expenses		
Key management personnel	76	76

Management employee benefits	2008	2007
thousand EUR		
Wages and other short-term employment benefits	1 298	1 055
	1 298	**1 055**

Wages and salaries	2008	2007
thousand EUR		
Managing Director Hannu Ahola	163	140
Members of the Board		
Saadetdin Ali U. Chairman of the Board	46	66
Aalto Seppo	12	0
Jokiniva Veli-Pekka	12	12
Heiniö Ari	12	12
Pietilä Markku	12	0
Sonninen Jukka	12	12

The members of the Board and the Managing Director owned 5.188.589 shares at the end of 2008 (2007: 4.861.518 shares).

The Managing Director's notice period is three months. If terminated, nine months salaries are to be paid as termination compensation.

28 Events after the balance sheet date

After the balance sheet date, Solteq Plc has issued a stock exchange bulleting dated 5.1.2009 regarding the beginning of co-operation negotiations.

29 Five year figures

Financial period 1.1.-31.12.	2008	2007	2006	2005	2004
Key figures outlining the group's financial development (million EUR)	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	30,4	27,9	23,2	21,6	21,7
Increase in revenue	8,8 %	20,6 %	7,4 %	-0,7 %	4,4 %
Operating profit/loss	1,5	1,3	-0,5	1,2	0,9
% of revenue	4,8 %	4,7 %	-2,2 %	5,7 %	4,2 %
Profit/loss before taxes	1,1	1,1	-0,5	1,5	1,4
% of revenue	3,7 %	3,9 %	-2,1 %	6,9 %	6,3 %
Return on equity, %	9,0 %	11,5 %	1,2 %	11,4 %	8,7 %
Return on investment, %	9,0 %	8,7 %	-2,4 %	13,3 %	12,4 %
Equity ratio %	43,6 %	44,1 %	47,7 %	75,2 %	65,6 %
Gross investments in non-current assets	0,9	1,8	7,7	1,3	2,7
% of turnover	3,0 %	6,6 %	33,1 %	5,8 %	12,4 %
Research and development costs	0,6	0,1	0,5	1,1	0,9
% of turnover	1,9 %	0,5 %	1,3 %	5,2 %	4,1 %
Net Gearing	58,5 %	69,0 %	15,8 %	-8,0 %	-34,5 %
Average number of employees over the financial period	266	252	240	193	202

Financial period 1.1.-31.12.	2008	2007	2006	2005	2004
Group's key figures per share	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings per share, EUR	0,07	0,09	0,01	0,11	0,09
Equity attributable to the equity holders of the parent, EUR	0,80	0,81	0,81	1,00	0,99
Dividends per share, EUR	0,04	0,06	0,00	0,00	0,10
Dividend from result, %	55,4 %	64,7 %	0,0 %	0,0 %	108,3 %
Effective dividend yield, %	3,5 %	3,4 %	0,0 %	0,0 %	6,3 %
Price/earnings (P/E)	16,1	18,9	122,2	17,8	17,2
Highest share price, EUR	1,77	1,86	2,24	2,17	2,25
Lowest share price, EUR	1,16	1,28	1,28	1,58	1,51
Average share price, EUR	1,44	1,59	1,79	1,90	1,83
Market value of the shares, 1000 EUR	14 092	20 632	15 890	21 820	16 955
Shares trade volume, 1000 pcs	1 017	2 694	3 930	3 519	2 840
Shares trade volume, %	8,5 %	22,4 %	34,4 %	32,8 %	26,8 %
Weighted average of the share issue corrected number of shares during the financial period, 1000 pcs	12 013	12 052	11 420	10 733	10 596
Number of shares corrected by share issue at the end of the financial period, 1000 pcs	11 160	12 065	12 038	10 802	10 664

When calculating the number of shares, the number of own shares retained by the company has been deducted from the number of shares.

In 2009 the Board of Directors has proposed to the Annual General Meeting a dividend of 0,04 euros per share from financial year 2008.

CALCULATION OF FINANCIAL RATIOS

Return on Equity (ROE) %	$\dfrac{\text{net result}}{\text{average equity}}$	x 100
Return on investment %	$\dfrac{\text{result after the financial items + financial expenses}}{\text{total assets - interest-free liabilities (average)}}$	x 100
Equity ratio	$\dfrac{\text{equity}}{\text{total assets - advances received}}$	x 100
Net gearing	$\dfrac{\text{interest-bearing liabilities - cash, bank and securities}}{\text{equity}}$	x 100
Diluted earnings per share	$\dfrac{\text{net result -/+ minority interest}}{\text{average number of shares added with number of shares at the end of the period}}$	
Earnings per share:	$\dfrac{\text{net result -/+ minority interest}}{\text{average number of shares}}$	
Equity per share	$\dfrac{\text{equity}}{\text{number of shares}}$	
Dividend per share	$\dfrac{\text{dividend for the period}}{\text{number of shares at the time of payment}}$	
Dividend from result %	$\dfrac{\text{dividend per share}}{\text{earnings per share}}$	x 100
Effective dividend yield	$\dfrac{\text{dividend per share}}{\text{share price at the year-end}}$	x 100
Price/earnings	$\dfrac{\text{share price at the year-end}}{\text{earnings per share}}$	

30 Distribution of ownership and shareholder information

DISTRIBUTION OF OWNERSHIP BY SECTOR 31.12.2008			
	Number of owners	Shares and votes %	pcs
Companies	88	18,9 %	2 295 870
Financier and insurance institutions	7	0,7 %	89 918
Public organisations	1	0,1 %	11 300
Households	1 896	80,2 %	9 741 480
Not for profit organisations	5	0,0 %	3 971
Outside Finland	6	0,0 %	5 890
Total	2 003	100,0 %	12 148 429
of which nominee registered	4	0,7 %	84 026

DISTRIBUTION OF OWNERSHIP BY SIZE 31.12.2008			
Number of shares	Number of owners	Shares and votes %	pcs
1 - 100	353	0,2 %	28 059
101 - 1 000	1 109	4,4 %	537 952
1 001 - 10 000	459	11,8 %	1 439 213
10 001 - 100 000	71	16,0 %	1 938 866
100 001 - 1 000 000	8	14,4 %	1 743 920
1 000 000 -	3	53,2 %	6 460 419
Total	2 003	100,0 %	12 148 429
of which nominee registered	4	0,7 %	84 026

MAJOR SHARE OWNERS 31.12.2008		
	Shares and votes	
	pcs	%
1. Saadetdin Ali	3 481 383	28,7 %
2. Aalto Seppo	1 662 206	13,7 %
3. Profiz Business Solution Oyj	1 316 830	10,8 %
4. TP-Yhtiöt Oy	513 380	4,2 %
5. Roininen Matti	331 300	2,7 %
6. Hakamäki Jorma	228 430	1,9 %
7. Solteq Oyj	188 600	1,6 %
8. Saadetdin Katiye	156 600	1,3 %
9. Kiiveri Jouko	118 280	1,0 %
10. Halmet Jarmo	104 100	0,9 %
10 largest total	8 101 109	66,7 %
Nominee registered total	84 026	0,7 %
Others	3 963 294	32,6 %
Total	12 148 429	100,0 %

Parent company's financial statements 2008

Parent company's income statement

Parent company's income statement	1.1.-31.12.2008	1.1.-31.12.2007
Net turnover	30 163 455,28	23 347 366,70
Other operating income	43 995,16	19 771,73
Raw materials and services	-7 689 233,15	-6 825 337,60
Personnel expenses	-15 934 754,16	-11 557 462,89
Depreciation, amortisation and reduction in value	-1 534 151,01	-615 091,14
Other operating expenses	-4 825 826,41	-3 445 555,38
Operating result	**223 485,71**	**923 691,42**
Financial income and expenses	-317 123,91	2 780 123,14
Result before extraordinary items	**-93 638,20**	**3 703 814,56**
Extraordinary items	0,00	123 000,00
Result before appropriations and taxes	**-93 638,20**	**3 826 814,56**
Income taxes	-147 899,81	37 560,75
Result for the period	**-241 538,01**	**3 864 375,31**

Parent company's balance sheet

Assets	31.12.2008	31.12.2007
NON-CURRENT ASSETS		
Intangible assets	10 775 104,51	7 277 794,78
Tangible assets	198 308,70	217 455,04
Investments		
Shares in group companies	9 725,86	4 573 851,76
Other investments	2 136 127,03	2 095 588,63
TOTAL NON-CURRENT ASSETS	**13 119 266,10**	**14 164 690,21**
CURRENT ASSETS		
Short-term receivables	8 241 920,68	8 999 418,90
Cash in hand and at banks	690 966,22	159 460,56
TOTAL CURRENT ASSETS	**8 932 886,90**	**9 158 879,46**
TOTAL ASSETS	**22 052 153,00**	**23 323 569,67**

Equity and liabilities	31.12.2008	31.12.2007
EQUITY		
Share capital	1 009 154,17	1 002 251,16
Share issue	0,00	63 670,00
Share premium account	74 490,83	17 723,84
Distributable equity reserve	7 213 547,90	7 213 547,90
Retained earnings	2 075 650,45	-805 304,25
Result for the financial year	-241 538,01	3 864 375,31
TOTAL EQUITY	**10 131 305,34**	**11 356 263,96**
LIABILITIES		
Long-term liabilities	3 500 000,00	0,00
Short-term liabilities	8 420 847,66	11 967 305,71
TOTAL LIABILITIES	**11 920 847,66**	**11 967 305,71**
TOTAL EQUITY AND LIABILITIES	**22 052 153,00**	**23 323 569,67**

Parent company's cash flow statement

	2008	2007
CASH FLOW FROM BUSINESS OPERATIONS		
Operating profit	223 486	923 691
Adjustments to operating profit	1 534 151	615 091
Change in net working capital	1 352 844	-2 240 506
Paid interests and payments	-333 295	-226 372
Received interests	16 171	6 013
Received dividends from subsidiaries	0	1 500 000
Paid taxes	125 741	0
CASH FLOW FROM BUSINESS OPERATIONS	**2 919 097**	**577 917**
CASH FLOW FROM CAPITAL EXPENDITURE		
Acquisition of subsidiaries	-19 038	-3 009 363
Capital expenditure in tangible and intangible assets	-675 347	-264 178
Sales proceeds from tangible and intangible assets	23 671	322 933
Received dividends from investments	2 756	363
CASH FLOW FROM CAPITAL EXPENDITURE	**-667 958**	**-2 950 245**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital for consideration	0	82 040
Increase in longt-term loans	5 000 000	0
Repayments of long-term loans	-500 000	0
Increase in short-term loans	0	3 293 139
Repayments of short-term loans	-5 236 213	0
Purchase of own shares	-255 055	0
Dividend distribution	-728 366	0
Paid equity returns	0	-1 204 400
CASH FLOW FROM FINANCING ACTIVITIES	**-1 719 633**	**2 170 779**
CHANGE IN CASH AND CASH EQUIVALENTS	**531 506**	**-201 549**
Cash and cash equivalents 1.1.	159 461	361 011
Cash and cash equivalents 31.12	690 966	159 462

Notes to the parent company's financial statements

Notes concerning company belonging to a group

The company is a part of the Solteq Group.

Solteq Group's parent company is Solteq Plc, domiciled in Tampere.

Accounting principles

Currency used in financial statements

Financial statements have been prepared in euro.

Depreciation periods

Machinery and equipment	3-5 years
Software	3-5 years
Goodwill	10 years
Other intangible assets	3-10 years
Development costs	5-10 years

Research and development

Research costs are expensed as incurred. Development costs for new or further developed products are capitalised as intangible assets starting from the date that product is considered to be technically possible to produce, it can be commercially utilised and the product is expected to yield financial gain. Development costs expensed earlier can not be capitalised. Depreciation is started when the item is ready for use. Items not yet available for use are tested annually for impairment. The economic life of capitalised development costs is 10 years, during which capitalised assets are depreciated using straight-line method.

Pensions

Pension arrangements are classified as benefit based and contribution based arrangements. Solteq Plc carries only contribution based pension arrangements. Payments under Finnish pension system and other contribution based pension plans are expensed during the financial year to which the payments correspond to.

Revenue recognition

Income from sale of assets is recorded when the significant rewards and plans have been transferred to the buyer.

Income from services is recorded when the service has been carried out. Revenue is recognised to the amount that can be reliably estimated to be the outcome. Income and expenses for long-term projects are recognised and expensed based on the degree of completion. The degree of completion is defined by comparing the costs incurred at the time of the reporting date to the estimated total cost of the project. When it is likely that the total costs will exceed total proceeds from the project, the estimated loss is recorded immediately. When the final outcome of a long-term project can not be estimated reliably, costs incurred from the project are expensed and any income from the project is only recorded up to the amount that equals the expenses incurred. Losses from a project will be expensed immediately.

Notes to income statement

	2008	2007
Materials and services		
Materials and consumables		
Purchases during the financial year	5 839 039,45	4 315 293,82
External services	1 850 193,70	2 510 043,78
Total materials and services	7 689 233,15	6 825 337,60
Personnel		
Average number of personnel		
Trade	132	113
Industry and services	109	39
Shared functions	25	29
Total	266	181
Number of employees as at 31.12.	268	179
Personnel expenses		
Wages and salaries	12 884 776,50	9 301 242,87
Pension expenses	2 122 426,71	1 578 691,63
Other social security expenses	927 550,95	677 528,39
Total	15 934 754,16	11 557 462,89
Depreciation, amortisation and reduction in value		
Machinery and equipment	125 345,20	65 378,09
Intangible rights	1 408 805,81	549 713,05
Total	1 534 151,01	615 091,14
Financial income and expenses		
Dividend income, external	2 756,40	0,00
Dividend income, group undertakings	0,00	3 000 120,00
Interest income and other financial income, external	13 414,73	6 375,41
Interest expenses and other financial expenses, external	-333 295,04	-226 372,27
Total financial income and expenses	-317 123,91	2 780 123,14

Notes to balance sheet

Non-current assets	2008	2007
Intangible assets		
Development costs		
Acquisition cost 1.1.	1 609 141,79	1 442 616,79
Additions	542 289,15	166 525,00
Acquisition cost 31.12.	2 151 430,94	1 609 141,79
Accumulated depreciation 1.1.	232 472,47	114 777,90
Depreciation for the period	117 694,57	117 694,57
Accumulated depreciation 31.12.	350 167,04	232 472,47
Book value 31.12.	**1 801 263,90**	**1 376 669,32**
Intangible rights		
Acquisition cost 1.1.	1 742 850,11	1 705 457,35
Additions	15 096,41	18 822,09
Subsidiary merger	23 801,91	18 570,67
Acquisition cost 31.12.	1 781 748,43	1 742 850,11
Accumulated depreciation 1.1.	1 645 124,21	1 595 662,77
Depreciation for the period	61 568,40	49 461,44
Accumulated depreciation 31.12.	1 706 692,61	1 645 124,21
Book value 31.12.	**75 055,82**	**79 245,90**
Goodwill		
Acquisition cost 1.1.	3 073 003,38	2 437 979,24
Subsidiary merger	0,00	635 024,14
Acquisition cost 31.12.	3 073 003,38	3 073 003,38
Accumulated depreciation 1.1.	1 127 603,38	864 141,07
Depreciation for the period	410 006,34	263 462,31
Accumulated depreciation 31.12	1 537 609,72	1 127 603,38
Book value 31.12.	**1 535 393,66**	**1 945 400,00**

	2008	2007
Other long-term expenditure		
Acquisition cost 1.1.	4 095 992,18	161 471,47
Subsidiary merger	4 297 431,03	0,00
Additions	27 497,04	3 934 520,71
Acquisition cost 31.12.	8 420 920,25	4 095 992,18
Accumulated depreciation 1.1.	237 992,62	118 897,89
Depreciation for the period	819 536,50	119 094,73
Accumulated depreciation 31.12.	1 057 529,12	237 992,62
Book value 31.12.	**7 363 391,13**	**3 876 479,56**
Intangible assets total book value 31.12.	**10 775 104,51**	**7 277 794,78**
Tangible assets		
Acquisition cost 1.1.	585 202,14	474 675,06
Additions	90 464,69	45 016,65
Subsidiary merger	15 734,17	65 510,43
Acquisition cost 31.12.	691 401,00	585 202,14
Accumulated depreciation 1.1.	367 747,10	302 369,01
Depreciation for the period	125 345,19	65 378,09
Accumulated depreciation 31.12.	493 092,29	367 747,10
Tangible assets total book value 31.12.	**198 308,71**	**217 455,04**

Notes to balance sheet

Investments

Group companies		**Company's share of ownership %**
Solteq Finance Oy, Savonlinna		100 %
Solorus Holding Oy, Tampere		100 %
OOO Solteq Russia, St. Petersburg, Russia		
(Parent company: Solorus Holding Oy, share of ownership 100 %)		

Group company Qetlos Oy has not been consolidated. The company is dormant and thus would have no material effect on Solteq Group's result or distributable reserves.

Other shares and holdings	Shares	Book value
Kiinteistö Oy Villakarstaaja	888	769 924,80
Kiinteistö Oy Nukanleikkaaja	844	708 878,54
Vierumäen Kuntokylä Oy, K-sarja	2640	261 620,00
Asunto Oy Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti Oy	105	111 190,68
Qetlos Oy	150	57 189,30
Kiinteistö Oy Levinhovi		40 538,40
Other shares		41 801,43
Total		2 136 127,03

Notes to balance sheet

Current assets	2008	2007
Receivables		
Trade receivables	5 235 278,67	5 134 325,23
Group receivables		
Other receivables	115 490,48	673 708,00
Total	**115 490,48**	**673 708,00**
Other receivables	58 644,74	101 319,85
Prepayments and accrued income	2 832 506,79	3 090 065,82
Total	**2 891 151,53**	**3 191 385,67**
Total receivables	**8 241 920,68**	**8 999 418,90**
Equity and liabilities		
Equity		
Share capital	1 009 154,17	1 002 251,16
Share premium reserve	74 490,83	17 723,84
Share issue	0,00	63 670,00
Distributable equity reserve	7 213 547,90	7 213 547,90
Retained earnings	2 075 650,45	-805 304,25
Result for the period	-241 538,01	3 864 375,31
Total equity	**10 131 305,34**	**11 356 263,96**
Distributable reserves		
Retained earnings	3 059 071,06	-805 304,25
Dividend distribution	-728 365,74	0,00
Purchase of own shares	-255 054,87	0,00
Result for the period	-241 538,01	3 864 375,31
Distributable equity reserve	7 213 547,90	7 213 547,90
Total	**9 047 660,34**	**10 272 618,96**
Long-term liabilities		
Loans from financial institutions	3 500 000,00	0,00
Short-term liabilities		
Loans from financial institutions	2 327 032,06	6 563 244,73
Intra-group debts	14 333,59	729 262,48
Trade payable	2 264 047,04	953 558,18
Other debts	1 245 331,33	1 101 085,72
Accruals and deferred income	2 570 103,64	2 620 154,60
Total	**8 420 847,66**	**11 967 305,71**

Significant items included in accruals and deferred income

Significant items in accruals and deferred income relate to normal accruals relating to the business operations.

Notes to balance sheet

Other notes	2008	2007
Contingent liabilities		
Payments for leasing contracts		
To be paid during the next financial period	513 119,61	570 852,22
To be paid later	510 029,28	397 285,38
Total	**1 023 148,89**	**968 137,60**
Leasing contracts vary in length and do not include any specific redemption clauses.		
Other collateral and contingent liabilities		
Business mortgage for credit limits	1 178 000,00	1 178 000,00
Debts with collateral		
Credit limit	3 505 000,00	3 505 000,00
Collaterals		
Business mortgages	1 178 000,00	1 178 000,00
Deposits for performance guarantees	48 304,05	48 304,05
Total guarantees	**1 226 304,05**	**1 226 304,05**
Leasing liabilities for the company's premises total 2.423.917 euros as at 31.12.2008.		

List of accounting records, document types and method of filing	
Accounting records	**Method of filing**
Journal and general ledger	IT lists on paper print-outs
Financial statements and related material	Book printed on paper and bound
Document types	
Purchase ledger vouchers	As paper documents and CDs
Sales ledger vouchers	As paper documents and CDs
Salary vouchers	On paper
Memorial vouchers	On paper

Proposal for distribution of profits and signatures

The distributable equity of the parent company Solteq Plc as at 31.12.2008 is:

Distributable equity reserve	7.213.547,90 euros
Profit for previous financial periods	2.075.650,45 euros
Loss for the financial period	-241.538,01 euros
Total	9.047.660,34 euros

Of this amount 9.047.660,34 euros are distributable funds.
The Board of Directors proposes a dividend of 0,04 euros per share for the financial period 2008.

No significant changes have taken place in the company's financial situation after the balance sheet date. The company's liquidity is good and thus the Board does not consider that the proposed distribution of dividend would weaken the liquidity of the company.

Signatures of the financial statements and the report of the Board of Directors

Helsinki 27 January 2009

Ali U. Saadetdin
Chairman of the Board

Seppo Aalto
Member of the Board

Veli-Pekka Jokiniva
Member of the Board

Ari Heiniö
Member of the Board

Markku Pietilä
Member of the Board

Jukka Sonninen
Member of the Board

Hannu Ahola
Managing Director

The Auditor's Note

Our auditors' report has been issued today.
Helsinki 29 January 2009

KPMG Oy Ab

Frans Kärki
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Solteq Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Solteq Plc for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 29 January 2009

KPMG Oy Ab

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KHT

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