



S O L T E Q

ANNUAL REPORT 2008

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SOLTEQ IN BRIEF

SOLTEQ PLC IS A SOFTWARE SERVICE PARTNER TO COMPANIES IN TRADE AND INDUSTRY. THE COMPANY'S CORE EXPERTISE IS BUSINESS CRITICAL IT SOLUTIONS. SOLTEQ PROVIDES CUSTOMISED BUSINESS DEVELOPMENT AND ERP SOLUTIONS, COMBINING IN-HOUSE PRODUCTS WITH SYSTEMS MADE BY THE WORLD'S LEADING SOFTWARE COMPANIES.

DATA PROCESSED WITH SOLTEQ'S SOLUTIONS HELPS CUSTOMERS TO LEAD THEIR BUSINESS MORE EFFECTIVELY AND ACHIEVE HIGHER PROFITABILITY.

SOLTEQ WAS FOUNDED IN 1982. THE COMPANY'S SHARES HAVE BEEN QUOTED ON THE HELSINKI STOCK EXCHANGE (NASDAQ OMX HELSINKI) SINCE 1999. SOLTEQ AIMS TO GROW PROFITABLY AND MAINTAIN AN ACTIVE DIVIDENDS POLICY. HEADQUARTERED IN TAMPERE, SOLTEQ ALSO HAS OFFICES IN HELSINKI, LAHTI, HÄMEENLINNA, NOKIA AND ST. PETERSBURG.

BUSINESS STRUCTURE

Since the beginning of 2008, Solteq's business has been divided into five internal business units: Auto Trade, Retail and Wholesale Trade, Industry, Information Management and Application Services.

The financial result will be monitored through two business segments. The Retail and Wholesale Trade segment includes both the Retail and Wholesale Trade business unit and the Auto Trade business unit. The Industry and Information Management Units belong to the Industry and Services segment. The Application Services unit operates as an internal service unit within the company.

The Retail and Wholesale Trade unit, which employs nearly 80 employees, is Finland's most experienced trade industry partner. Its solutions improve efficiency in procurements, sales and inventory management of specialised retail, wholesale trade and retail chains. The business unit's strongest suit is the optimisation of solutions by integrating in-house and partner products. Solteq's Retail and Wholesale Trade business unit's partners include SAP, Microsoft, Wincor Nixdorf, IBM, Optiscan and JDA. The Retail and Wholesale Trade is headed up by Ilmari Vallo and it is Solteq's largest business unit in terms of turnover.

Solteq's Auto Trade business unit delivers solutions and services for the entire value chain of the motor vehicle trade and its stakeholders. These solutions enable customers to control their business operations, manage their customer accounts and boost efficiency in financial administration. The Auto Trade business unit is led by Carl-Eric Paakkalén and has a total of 28 employees.

Expertise in industrial ERP and maintenance systems is centralised in the Industry and services business unit. The business unit helps customers to control their business operations and ensure uninterrupted production. The strength of the business unit is mastering maintenance and materials management. The business unit has 70 employees and is headed up by Risto Metsälä.

The special expertise of the Information Management business unit is harmonising the master data of information systems (product information, customer and supplier information), data collection solutions in investment projects, and outsourced upkeep of master data. The business unit, which operates in a rapidly growing industry, offers services to Solteq's customer base across all industries they operate in. The head of the business unit is Jarmo Halmet.

The expertise of Microsoft Dynamics NAV and SAP consultants has been centralised in the Application Services business unit. Its 55-employee organisation also attends to the customer and technical support of the systems supplied by Solteq. The business unit is led by Jani Lehtinen.

KEY FIGURES

TURNOVER BY BUSINESS AREA (EUR MILLION)

	2008	2007	Change
Trade	19,8	18,5	+1,3
Industry and services	10,6	9,4	+1,2
Total	30,4	27,9	+2,5

OPERATING RESULT BY BUSINESS AREA (EUR MILLION)

	2008	2007	Change
Trade	1,6	1,0	+0,6
Industry and services	-0,1	0,3	-0,4
Total	1,5	1,3	+0,2

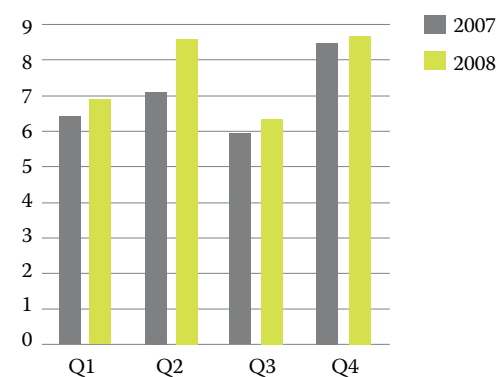
TURNOVER AND OPERATING RESULT BY QUARTER IN 2008 (EUR MILLION)

	Q1	Q2	Q3	Q4
Turnover	6,9	8,5	6,3	8,7
Operating profit	0,0	0,4	0,4	0,7

TURNOVER BY OPERATION (%)

	2008	2007
Services	61	63
Licenses	26	24
Hardware sales	13	13

QUARTERLY TURNOVER 2007-2008 (EUR MILLION)



	2008	2007
Turnover, (EUR million)	30,4	27,9
Operating profit, (EUR million)	1,5	1,3
Pre-tax result, (EUR million)	1,1	1,1
Return on investments, %	9,0	8,7
Return on equity, %	9,0	11,5
Gross investments in non-current assets, (EUR million)	0,9	1,8
Equity ratio, %	43,6	44,1
Net gearing, %	58,5	69,0
Staff (average)	266	252
Dividends/return of equity per share, EUR	0,04	0,06
Earnings per share, EUR	0,07	0,09
Own equity per share, EUR	0,80	0,81



DURING 2009, WE HAVE TO SPEND EVEN MORE
TIME TOGETHER WITH OUR CUSTOMERS COMING UP
WITH NEW WAYS TO DEVELOP AND IMPROVE
EFFICIENCY IN THEIR BUSINESSES.

MANAGING DIRECTOR'S REVIEW

DEAR READER,

The year 2008 was a rather eventful and busy year for our company in many regards. The key indicators of our business, turnover and operating profit, increased. Although there was still room for improvement for the entire year, I am particularly pleased with the fourth quarter of the year, during which we were able to increase both our turnover and our operating profit in an unstable market.

During 2008, our existing clientele was in many regards very active in developing their existing systems. In addition, new customers were acquired at record-breaking numbers. In reference to our own operations, we invested in developing our project activities and starting our subsidiary's operations in Russia. Thus, we can say that we reached most of the set goals for 2008 and the development was trending in the right direction.

When I now look at the situation for the near future in March of 2009, the outlook is two-fold. On one hand, many areas have more work than ever along with sales projects already underway, which demonstrates that our focus areas have been accurate during the past few years. However, it is clear that the very unstable economic conditions also have an effect on

our operations, which is why we must be more careful than usual in reference to our cost structure. Forecasting is also more difficult than usual.

However, the central issues in this situation are that we systematically move forward with all of the development projects that we have found significant associated with customer service, our processes, our products and our personnel. We also have to spend even more time together with our customers coming up with new ways to develop and improve efficiency in their businesses. With these actions, we will make it through even the more difficult times.

During 2009, our primary focus area is going to be improving our profitability. The Board of Directors has set our long-term goal as achieving 10 percent operating profit. We must take another step toward that this year. Reaching our goals is supported by our excellent customer base, knowledgeable staff, and valued partners. Therefore, I wish all of our stakeholders a fast-paced and growing year 2009, regardless of recession worries.

HANNU AHOLA
Managing Director



DEMAND MOVED FROM SYSTEMS THAT SUPPORT
BUSINESS GROWTH TO SOLUTIONS THAT COULD
BE USED BY CUSTOMERS TO IMPROVE EFFICIENCY,
IMPROVE PROFITABILITY AND SAVE COSTS.

SOLTEQ 2008

INDUSTRY TRENDS

Solteq started 2008 with positive expectations. Customers' businesses continued to grow and the demand for IT solutions and services supporting growth was active.

The financial crisis that started in the autumn caused uncertainty first in the United States, where from it soon also spread to Finnish companies. The uncertainty could be seen somewhat in Solteq's clientele toward the end of year in Auto Trade and industry customers, where a few postponed or cancelled their IT investment decisions altogether. The retail and wholesale industry outlook remained positive also during the final months of 2008.

Since autumn, the market was characterized by caution. Demand moved from systems that support business growth to solutions that could be used by customers to improve efficiency, improve profitability and save costs. Solteq believes that the demand for solutions that improve efficiency will remain active also during 2009.

Research company Market-Visio mapped expectations, during August-September and November, of Finnish CIOs for IT investments during 2009. According to the study, 66 percent of the interviewees in August-September predicted their total IT investments to increase during 2009. According to Market-Visio, a quarter of these respondents had re-evaluated their position by the end of November 2008, and had decided to cut costs either in part or completely. Primarily, however, the cost cuts were only a few percentage points.

Although some of the interviewed organisations planned cuts, a majority of the companies interviewed by Market-Visio were keeping to their original IT budget. As the economic outlook weak-

ens, the significance of existing information becomes more important. Therefore, Market-Visio predicted that companies will invest particularly in systems that allow business information to be utilised more diversely, thus improving efficiency.

OPERATIONAL FOCUS AREAS

Solteq's most important development project of the year in internal service development was the project management training, to which a total of approximately 70 employees participated in. The project was a continuation to the manager training during 2007, from which the obtained good practices and experiences were presented to project managers. The goal was to increase co-operation between business units and to create a shared model for implementation projects and customer relationship management and to reproduce some of the best practices of project management.

Shared practices were created in the project, which allow project planning, documentation, and monitoring profitability to take place in a uniform manner throughout Solteq. As a result, projects can be carried out more smoothly, which improves customer satisfaction.

Similar to the previous year, the focus on sales, marketing, and communication remained active. One of the central goals for 2008 was to spread the expanded expertise, gained through company acquisitions, to the customers of different business units. During the year, several projects were successful in utilising solutions and operational procedures from across different business units.

In product development, the most significant project of the year was the maintenance and operative asset management information system, which

IN THE DEVELOPMENT OF BASIC PRODUCTS, SOLTEQ'S STRATEGY IS TO PARTNER UP WITH GLOBAL VENDORS SUCH AS SAP, WINCOR NIXDORF, MICROSOFT AND ORACLE, AND DRAW ON THEIR RESOURCES AND DISTRIBUTION CHANNELS.

was developed together with Microsoft. In co-operation, Solteq's maintenance expertise of over 20 years is placed on a global Microsoft platform. The new system can be utilised either as a part of the Microsoft Dynamics AX ERP system or as an independent maintenance system. The development of the system will continue during 2009 and the first pilot versions should be introduced for use during 2010–2011.

Solteq's strategy in product portfolio development has been combining its software with its partners, such as SAP, Microsoft and Wincor Nixdorf software in order to create solutions that best meet customers' needs. The strategy was successfully implemented during 2008, which strengthened both Solteq's and its partners' position on the market.

ADDITIONAL GROWTH IN RUSSIA

Solteq's investments in increasing the maintenance business operations continued strong in 2008. Solteq established a subsidiary in April of 2008 in St. Petersburg to offer solutions for the maintenance needs of factories and production facilities in the area.

Solteq's primary target groups in the St. Petersburg area are companies under Western ownership that have recently constructed production facilities or are planning investments in factories. The main targeted industries are process and food industries and companies operating in the energy industry. In addition, potential customers include public organisations investing in municipal technology.

Solteq's first year in St. Petersburg has focused on starting operations. The company has recruited local employees and initiated marketing and sales activities. Starting operations has progressed as planned.

According to Solteq's estimations, there is significant potential in the St. Petersburg area in asset man-

agement information systems and, for the time being, relatively little competition. Solteq believes that there will be sufficient demand for the solutions offered by the company for the next few years, even if the economic conditions would not significantly improve.

Solteq will increase its investments in Russia somewhat in 2009, when compared to the previous year.

RISKS AND THEIR MANAGEMENT

The most significant risks for Solteq's business are associated with the general conditions of the national economy. The rapid decline of economic conditions can increase the uncertainty of customers and, therefore, bring additional risk to operations. Risks with being successful in new sales have increased and, therefore, sales trends for the second half of 2009 are difficult to predict.

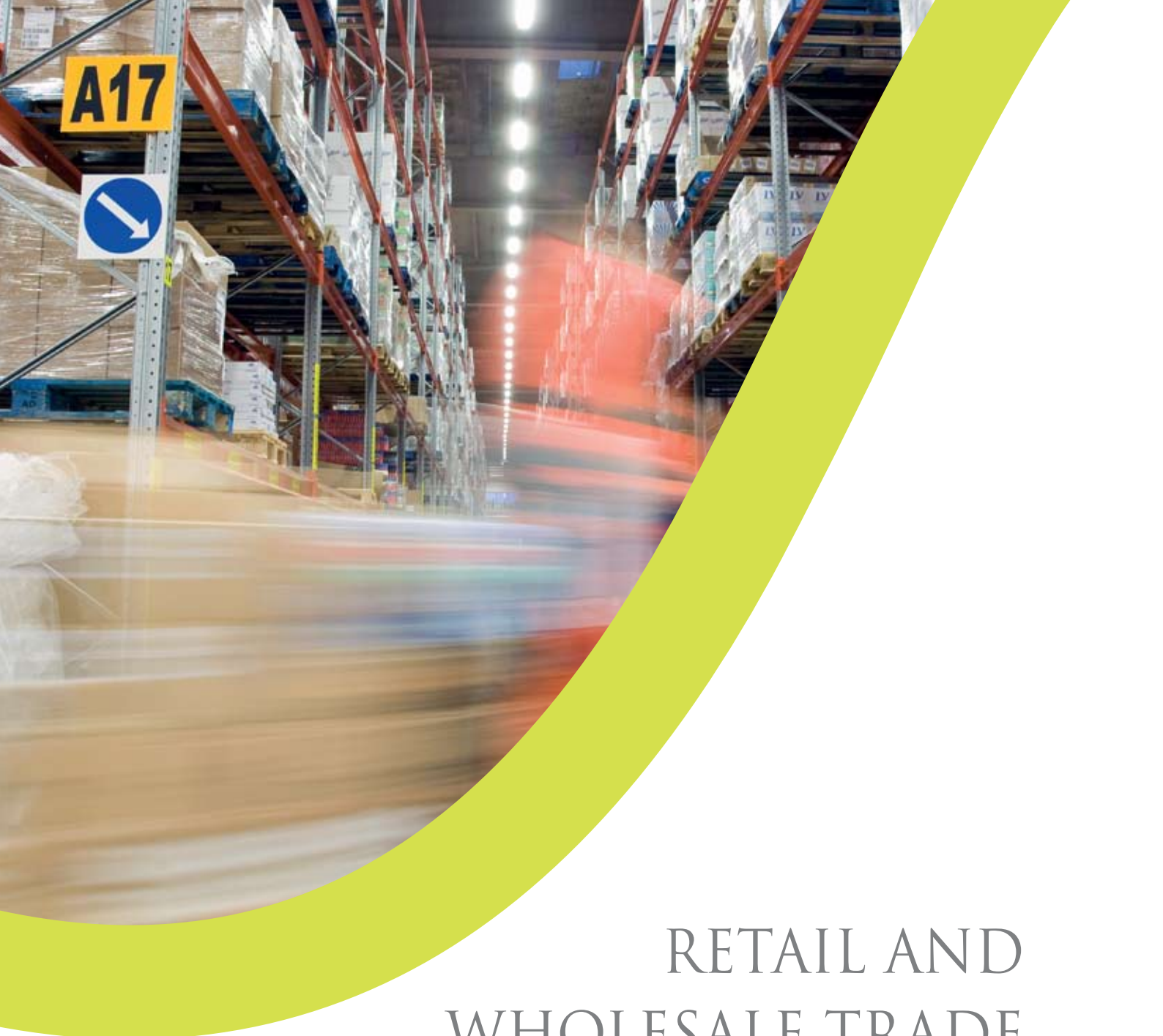
Solteq is preparing for uncertainty in new business by investing heavily in sales, marketing, and communication. The goal is to communicate, in a diverse and active fashion, the advantages gained by the solutions offered by the company.

In the weakened economic conditions, Solteq has two strengths to carry it through even an extended recession. The first strength relates to the company's customers. Solteq's customer relationships are long-term and are based on partnerships. The second strength is the diverse selection of solutions offered by the company. Solteq offers its customers solutions that have a demand particularly during harsh economic conditions.

Solteq's financial success depends greatly on the company's ability to create partnerships that benefit its customers. A significant change in Solteq's partners' partnership strategies may be a risk to the company. The risk has been prepared for using mutual agreements.

**Tokmanni Group uses
voice controlled picking
in its new Mäntsälä
logistics centre.**





RETAIL AND WHOLESALE TRADE

SOLTEQ IS THE MOST EXPERIENCED SOFTWARE SERVICE PARTNER TO INDEPENDENT RETAIL AND WHOLESALE TRADE IN FINLAND. SOLTEQ DELIVERS SOLUTIONS TO ITS CUSTOMERS THAT DIRECT THE RETAIL AND WHOLESALE INDUSTRY GOOD FLOWS FROM THE IMPORTER TO THE WHOLESALERS, FROM WHOLESALERS TO RETAIL OUTLETS AND FURTHER ON TO THE CONSUMER.

SOLTEQ'S SOLUTIONS BOOST THE EFFICIENCY OF THE PROCUREMENTS, SALES AND STOCK MANAGEMENT OF RETAIL CHAIN, SPECIALISED RETAIL AND WHOLESALE TRADE.

Solteq's solutions improve efficiency and flow in procurements, sales and inventory management of specialised retail, wholesale trade and retail chains. In addition, the solutions offer extensive tools for directing the finances of retailers. Our clientele includes the entire range of operators in the sector, from wholesalers to retailers and from stores run by one person to retail chains and multi-outlet retailers with hundreds of users.

Solteq's strength comes from the ability to combine its products with those of its partners' to best suit the customer's needs. The Retail and Wholesale Trade business unit's partners include SAP, IBM, Microsoft, JDA, CDC, Optiscan and Wincor Nixdorf. In addition, the unit offers service packages customised to a customer's needs.

Solteq's solutions can be used to refine a wholesaler's or retailer's data so that it supports profitable business operations. The strengths of the unit's employees include many years of experience and a deep understanding of the entire value chain of retail and wholesale trade.

MARKET SITUATION

The year 2008 began with positive expectations. The IT investments of retail and wholesale trade were guided by positive economic conditions and growth in the industry. Merchants were acquiring new systems as they opened new stores and replaced dated systems that no longer met the needs created by the growth.

During the spring and summer, the customers' interest was increasingly directed from growth-enabling systems to solutions that improved efficiency. Customers were seeking solutions that would bring savings, improve productivity, and automate functions.

Throughout 2008, the need for trade customers to improve their efficiency through different types of optimisation solutions was evident. By optimising procurement, buyers ensured that the correct products were available to customers at the right time and price. Solteq has invested heavily in procurement and logistics optimisation expertise and is well-positioned for when awareness of the solutions' gains continues to increase.

In retail trade, the outlet systems are transforming into trade ERP systems that offer merchants diverse tools, for example, for supply chain management and reporting. Awareness of the opportunities created by the system has increased and merchants are utilising them when making decisions related to, for example, product selections and pricing.

In wholesale, customers are mainly interested in improving efficiency in the logistics chain, in particular. Customers continued investing in optimising procurement and improving efficiency in warehousing operations. There are plenty of growth opportunities in warehouse systems, in particular, as companies acquire solutions that enable optimising picking routes and voice controlled picking. The goal is to reduce errors in deliveries and to lighten the workload of warehouse employees.

INVESTMENTS

Product development focus areas of retail and wholesale trade were developing message traffic, retail outlet systems, and service production. During 2008, Solteq evaluated its service production processes and will continue to develop them to comply with ITIL practices and ISO 20000 standards

Solteq also implemented a large project management development project during 2008, which aimed to unite operational practices and to utilise

best practices of project management. The project concluded at the end of 2008 and it is expected to improve the quality and implementation of projects during 2009.

REFERENCES

The year's largest projects of the retail and wholesale business line were system deliveries to the logistics centres of the **Tokmanni Group** and Anttila Oy. Anttila acquired the Solteq Merx system in order to improve the Hämeenkylä distribution centre department store picking and shipping centre functions. Through use of the new system, Anttila and Kodin Ykkönen department stores can monitor the content and progress of the deliveries sent by the distribution centre in real time.

In November, the Association of Finnish Pharmacies introduced a new pharmacy system to the market. Solteq was responsible for its development. The new pd3 system includes ready interfaces to, for example, the national prescription archive. In addition, the system brings new feature to pharmacies' inventory management and information security. The pharmacy system consists of the Microsoft Dynamics NAV ERP system, the Solteq HUB integration tool, and a cash registry system intended for specialty retail by Solteq.

The partnership with Berner, a multi-industry company, strengthened when Solteq implemented an ERP update at Berner's new logistics centre located in Viinikkala in Vantaa. In addition, a process development project that utilises IT Governance methodology was implemented for Berner.

OUTLOOK FOR 2009

The uncertain economic conditions are both a challenge and an opportunity for the Retail and Wholesale Trade business unit. During the last quarter of 2008, it was apparent that decision-making regarding renewing the old systems was being postponed to the next fiscal period. It is to be expected that some of the companies that were planning to make system investments, will decide to begin the actions only after the economic outlook is more positive.

At the same time, demand continues to grow for different types of systems that improve operational efficiency, such as inventory value and procurement optimisation systems. Due to its extensive solution portfolio and partnership network, Solteq is well-positioned for the current market situation, which favours companies that offer comprehensive solutions.

Toward the end of 2008, a trend could be seen where customers seek consultative expertise from their IT partners. The goal is to find development areas where the services offered to final customers can be improved and, therefore, customer relationships can be strengthened. For Solteq, this trend has been positive, as the company is at its best in projects that extend deeply into the customers' business processes.

During 2009, the central goal of Solteq's Retail and Wholesale Trade business unit is to improve profitability. The goal is to be achieved by investing more into the strengths of the unit. An extensive product portfolio, combined with the knowledge of the value chain of trade, create a foundation for serving clients and, therefore, improve profitability also during harsh economic times.

SOLTEQ'S SOLUTIONS COVER THE ENTIRE RETAIL AND WHOLESALE TRADE SECTOR FROM WHOLESALERS TO RETAILERS AND FROM STORES RUN BY ONE PERSON TO RETAIL CHAINS WITH HUNDREDS OF USERS.



"A good IT partner is responsible for their promises. It is important to us that our partner is fully committed and is capable of ensuring that they will stand behind their promises in all situations", says **Kyösti Kakkonen**, CEO of the Tokmanni Group.

SOLTEQ'S SYSTEMS DIRECT TOKMANNI'S GOOD FLOWS

The year 2008 was a year of two big reforms in the co-operation between Solteq and Tokmanni. The year began with the largest one-time delivery of cash registry systems in Solteq's history to 137 retail outlets of the Tokmanni Group. The co-operation strengthened with the completion of Tokmanni's new Mäntsälä logistics centre. Tokmanni decided to select Solteq as its partner to build comprehensive systems throughout the Group for ERP and inventory management, procurement optimisation, and voice controlled picking. Along with the decision, Tokmanni centralised all of its essential operational information systems to Solteq.

Behind the renewal of the system was Tokmanni's desire to centralise its warehouse units, located in seven different locations, into one logistics centre in Mäntsälä. The centre, which began operations dur-

ing the summer of 2008, is the largest logistics centre built at once in Finland. Its total area is approximately 75,000 square metres. On average, 40,000 picking lines are created daily in the distribution centre.

The heart of the logistics centre is the Solteq Merx ERP system. With it, Tokmanni can ensure that the Group's retail outlets have the correct goods at the right time available to customers.

"Different types of short-duration seasons are very important in commodity trade. Solteq has fine-tuned tools for us that can be used to make quick decisions in procurement and we can implement simultaneous price changes in different retail outlets of our Group. Therefore, different outlets of our Group have products available that our customers wish to purchase from us", says **Kyösti Kakkonen**, CEO of the Tokmanni Group.



AUTO TRADE

SOLTEQ IS A CAR TRADE IT SOLUTION SUPPLIER, WHICH CARRIES PRODUCTS AND SERVICES FOR THE ENTIRE VALUE CHAIN OF CAR TRADE AND ITS STAKEHOLDERS.

The Auto Trade business unit supplies comprehensive ERP systems and services related to them to vehicle dealers and importers. For the vehicle dealer's stakeholders, such as financing and insurance companies, Solteq implements integrated systems that are used to ensure the smooth and real-time utilisation of the stakeholders' services in car dealerships. These solutions enable customers to control their business operations, manage their customer accounts and boost efficiency in financial administration.

The operations of the unit are strongly process-driven. The strengths include understanding the business processes of car trade and a diverse product portfolio customised for the requirements of the trade. There are a total of 28 specialists working for the unit.

The turnover generated by the Auto Trade unit is included in the figures for the Retail and Wholesale Trade segment.

SOLTEQ'S SOLUTIONS ENABLE CUSTOMERS TO CONTROL THEIR BUSINESS OPERATIONS, MANAGE THEIR CUSTOMER ACCOUNTS AND BOOST EFFICIENCY IN FINANCIAL ADMINISTRATION.

MARKET SITUATION

According to the Finnish Information Centre of Automobile Sector, a total of nearly 140,000 new cars were sold in Finland during last year, which amounts to 11.1 percent of growth over the previous year. The elevated fuel and financing costs toward the end of the year, as well as the uncertainty caused by the financial crisis, resulted in prolonged or postponed purchasing decisions by customers.

Uncertain market conditions also limited purchasing of new systems. Customers invested in developing existing systems already in use, as opposed to investments in new ones. Information technology demand for the car trade industry is directed toward different types of services and additional value products offered by Solteq and different stakeholders in the industry. Solteq implements integrations between different services, its own additional value products, and existing systems in the car trade industry.

INVESTMENTS

Solteq's auto trade solutions are based on the company's in-house product development over the past 15 years and on solutions offered by partners. During 2008, the company started the modernisation and development project of the Solteq CD ERP system, which aimed to improve the communication between the applications as well as the message traffic to external systems. At that time, a decision was made to develop and support the current system for a minimum of 10 years.

REFERENCES

The most significant delivery of 2008 was integrating Renault's dealer network's warranty systems into the factory system. Through the renewed system, information of warranty replacements can be delivered directly to the factory from the dealers' systems.

OUTLOOK FOR 2009

Solteq expects the Auto Trade unit's turnover to decrease during 2009 from the year 2008. The general economic conditions make car traders cautious about making investments. The car trade volumes are estimated to decline considerably: The Finnish Central Organisation for Motor Trades and Repairs estimates that, 92,000 new cars will be sold in Finland in 2009.

If the forecasted decline is experienced in first-time registrations, it is probable that car dealers' ability to engage in new large-scale information system renovations is very limited. Service sales are expected to develop more steadily.

In contrast, the car tax rate that will become effective on April 1, 2009 will result in a significant amount of work for the information systems of vehicle trade. Along with the amendment to the car tax law, the taxation is being made more transparent and systems are to meet the requirements of the new pricing structure. Along with the amendment, the use of car tax-free suggested retail prices are adopted.

The economic downturn could increase different types of business reorganisations in car trade. Solteq, as a service provider, will also prepare for this.

Solteq's CD development project will be continued in 2009. The goal is to support car dealers' business processes better than before and to provide better opportunities for the effective utilisation of customer information.



INDUSTRY

THE INDUSTRY UNIT OPERATES AS A SOLUTION PARTNER OF INDUSTRIAL AND SERVICE INDUSTRY COMPANIES. THE BUSINESS UNIT HELPS CUSTOMERS TO CONTROL THEIR BUSINESS OPERATIONS, IMPROVE EFFICIENCY IN FINANCIAL MANAGEMENT AND ENSURE UNINTERRUPTED PRODUCTION.

Solteq has 25 years of experience in industry; therefore, customers can rest assured that the company is capable of supporting them in their business development. Solteq is well versed in the business environment of industry and its special challenges, and finds solutions for the development of operations

during transitional phases.

The business unit's strengths are its diverse expertise, extensive range of solutions and its ability to develop and renew its products. Solteq's service offering comprises industry-leading software products, adapting them to the needs of customers, con-

SOLTEQ OPERATES AS A SOLUTION PARTNER FOR INDUSTRY COMPANIES, HELPING CUSTOMERS TO CONTROL THEIR BUSINESS OPERATIONS, IMPROVE EFFICIENCY IN FINANCIAL MANAGEMENT AND ENSURE UNINTERRUPTED PRODUCTION.

sulting and a range of support services.

Solteq comes up with customised ERP solutions by combining in-house industrial expertise with the products of its international software partners, SAP and Microsoft.

Solteq has a strong position on the market with its products in maintenance and materials management information systems. With Solteq's maintenance solutions, industrial facilities can predict the servicing needs of their production lines, monitor the error history, and manage the material flows related to maintaining the machinery, from purchasing to warehousing.

Solteq's maintenance solutions and their related expert services are used by approximately 370 customers in twenty countries. The companies include energy and production facilities, providers in the process and machine shop industry, and maintenance service companies. Maintenance and materials management solutions are based primarily on the in-house software products Arttu, Artturi and PowerMaint.

Major ERP solutions include the SAP-based qualified Solteq Industry Solution and Microsoft Dynamics NAV. In addition, Solteq's products include the SmartCollect information gathering solution and ArtConnect harmonisation solution.

MARKET SITUATION

The year 2008 was two-fold for Solteq's Industry business unit for both ERP projects and maintenance information system deliveries.

Solteq was particularly successful with new large ERP projects, which generally were in poor demand on the market. The success was a result of

effective project management and carefully targeted sales efforts.

Solteq was not able to fully meet the demand of ERP projects for SMEs on the market. During the first half of the year, in particular, the demand for Microsoft Dynamics NAV systems significantly exceeded the implementation capacity of the company, as Dynamics NAV experts were working at full capacity. During 2009, Solteq will invest in recruiting NAV experts, if the ERP investments of SMEs remain active.

Solteq exceeded expectations with projects for SMEs with maintenance information systems. The maintenance and materials management system and service demand continued to increase, which improved Solteq's position as Finland's market leader.

Solteq's goals were fulfilled partly in reference to maintenance projects with large companies. During the year, Solteq implemented large maintenance information system projects, some of which tied up more human resources than expected. For this reason, the business unit's profitability declined from the previous year.

INVESTMENTS

In their investments during 2008, the Industry unit focused on starting the maintenance business in Russia and on software development implemented together with Microsoft.

Solteq's subsidiary OOO Solteq Russia was registered in the Russian Commercial Register in April of 2008. During the year, local staff has been recruited for the office in St. Petersburg and different types of sales and marketing activities have been carried out.

Solteq's primary target group in Russia are the foreign companies investing in the St. Petersburg area that wish to build their new production facil-

ities' information systems so that they are similar to the systems in the other units and can be seamlessly integrated with them. The goal is to make the systems uniform and, therefore, enable as seamless and transparent operations as possible. In addition, an increasing number of Russian companies want to invest in maintenance systems.

REFERENCES

One of the largest ERP projects of the Industry unit for 2008 was the **SAP ERP system** delivered to the University of Helsinki Funds. The system covers the different areas of financial management, such as electronic invoicing and travel management. The University of Helsinki's Funds use it to automate their invoicing cycles and to improve efficiency with their reporting. The goal of the update was to improve the efficiency and transparency of the functions of the University of Helsinki Funds.

A SAP adaptation was implemented for Componenta, a metal industry corporation, at the Pori unit of the company and was started at the company's Dutch locations.

Solteq implemented updates for maintenance information systems clients including Rautaruukki, Vantaa Energy, and Kotka Energy.

In the Rautaruukki project, which started in 2007, the level of pre-emptive maintenance is improved and, therefore, the reliability and cost-efficiency is improved as well. The system was adopt-

ed to use at the Raahe factory of Ruukki Production and it has over 1,400 users. The project is to be continued during 2009.

Solteq delivered a new maintenance system to Vantaa Energy. The system covers the entire group; the power plants and heat grids, for example. Vantaa Energy uses the system to handle all work orders, maintain the equipment and item registry, and to order the necessary spare parts.

A group-wide maintenance system was also delivered to Kotka Energy. The system helps in predicting and prioritising maintenance procedures and enables systematic inventory control.

OUTLOOK FOR 2009

In the beginning of 2009, the market environment for Solteq's Industry unit was uncertain. The instability on the financial markets, which began in September, spread to Finnish large and medium-sized companies at the end of 2008. Solteq's clientele have reductions underway for several thousand jobs. The uncertainty can also be seen as postponing the ERP projects and the trend is expected to continue throughout 2009.

Solteq predicts that the turnover of the Industry business unit will remain the same during 2009 as it was in 2008. The focus of the company for 2009 is on profitability. The Industry business unit is seeking a significant positive operating profit for 2009.

Despite the weakened economic situation, the

WITH SOLTEQ'S MAINTENANCE SOLUTIONS, INDUSTRIAL FACILITIES CAN PREDICT THE SERVICING NEEDS OF THEIR PRODUCTION LINES, MONITOR THE ERROR HISTORY, AND MANAGE THE MATERIAL FLOWS RELATED TO MAINTAINING THE MACHINERY, FROM PURCHASING TO WAREHOUSING.

demand for IT solutions is expected to remain relatively good in the energy industry and with public sector purchases.

The situation looks the best for maintenance and materials management information systems, where the demand remained good throughout 2008. Scale advantages are sought with maintenance and materials management development projects when, for example, procurement at different business locations can be centralised in a large group. Solteq estimates that the companies' cost-saving procedures and profitability increasing programmes will contribute to maintenance and materials management

information system demand also further in 2009.

The operational environment of OOO Solteq Russia, which operates in the Russian market, became more challenging, as in many cases, foreign companies have declared a time-out in investing in factories in Russia. Although worse funding terms deters investments in production facilities and, therefore, postpones information system needs into the future, the maintenance system market in the St. Petersburg area, for example, remains very promising. In 2009, Solteq will increase its sales efforts in the region.

DEVELOPMENT CO-OPERATION WITH MICROSOFT AIMS FOR GROWTH

Solteq's most important product development project during 2008 was the maintenance ERP system being implemented together with Microsoft. The goal of the co-operation was to create a solution for the needs of industrial companies that will not be efficiently met in all cases when using current solutions in the changing operational environment of the future. The new system was built on Microsoft's technology platform.

The new maintenance, materials management, and operative asset management software solution is based on Solteq's expertise acquired over 20 years and experiences gathered from maintenance customers as well as Microsoft Dynamics AX technology.

The software solution developed by Solteq will assist companies that want to carefully monitor the cost effects of capital asset investments throughout

their life-cycle. The solution is an enterprise asset management (EAM) solution, which can be used by organisations to obtain an accurate picture of the efficiency and investment needs of their capital assets. The new EAM solution completes Solteq's current maintenance solutions by introducing new features to them. The solution benefits companies operating in a high competition environment, in particular as well as companies that are seeking new methods to strengthen their profitability and competitive advantage.

Solteq's goal is to be a trend-setter in maintenance, materials management, and enterprise asset management software solutions that improve profitability and shareholder value. Through the co-operation, Solteq's position will strengthen when the solution implemented together with Microsoft is delivered to the domestic and international markets.



INFORMATION MANAGEMENT

INFORMATION MANAGEMENT UNIT OFFERS CUSTOMERS HARMONISATION AND MANAGEMENT OF MASTER DATA. THE GOAL OF HARMONISATION IS TO IMPROVE THE QUALITY OF THE INFORMATION STORED IN THE INFORMATION SYSTEMS. BY MANAGING THE MASTER DATA, THE CUSTOMER CAN MANAGE OPERATIONS MORE PRECISELY IN INTEGRATED SYSTEMS.

THE GOAL OF MASTER DATA HARMONISATION IS TO IMPROVE THE QUALITY OF THE INFORMATION STORED IN THE INFORMATION SYSTEMS.

Information Management started as its own operative unit at the beginning of 2008 and it employs 22 professionals. The strengths of the unit include top-notch expertise of the industry and nearly 10 years of experience in harmonising master data (product information, customer and supplier information) in global projects and maintenance services. The professionalism can also be seen in the projects implemented by the unit, where keeping to schedules and predicting costs have been sources of positive feedback from customers.

MARKET SITUATION

Research agencies expect that the harmonisation of master data of information systems will be a major growth area in the next few years. Managing master data in large companies is already the prevailing trend. However, smaller organisations have gradually also grown interested in the benefits of harmonisation.

As the market grows, the competition becomes fiercer, as international software companies also aim to expand their product selection in harmonisation. However, Solteq's Information Management business unit operates software-independently and focuses on improving customers' business processes. Extended experience in the industry and tested service models provide Solteq with good opportunities to increase its business.

Finnish companies have been pioneers in information management solutions. For example, research company Gartner has predicted in 2008 that master data management will be offered as application service provisioning in a few years. Solteq has offered this to its customers already since 2005.

Toward the end of 2008, companies moved their purchases from extensive system renovations to projects that aim to improve efficiency and cost-savings in existing systems. At Solteq, this trend has been seen as an increase in the number of harmonisation projects and in a reduction in the average size. The demand of services also significantly declined toward the end of the year. The investment decisions of industrial companies were delayed, which could be seen in new project starts.

Solteq believes the companies will invest in information management also in a recession, as harmonisation achieves significant savings with short payback periods. The economic downturn may also increase the number of company reorganisations. The accuracy of information when, for example, integrating new business locations to the existing systems.

The turnover and operating profit of the Information Management unit for the entire year of 2008 was not satisfactory. Project operations did not reach their goals, but the service business had a positive growth-trend. The new unit was not able to utilise the customer relationships of the entire Solteq group sufficiently in project sales. However, after reorganising the sales department, the trend began to move into a more positive direction during the year.

INVESTMENTS

In the challenging financial situation, Solteq reorganised sales resources and transferred more sales personnel to sell Information Management unit services. At the end of 2008, a separate team was created within the unit. The team focuses on producing savings for customers using their existing systems.

The team analyses the information in the system and calculates the cost-savings available to the customer using harmonisation. The new spear-point team closed its first deal at the end of the year.

In addition to sales, the Information Management business unit focused on developing the service business. The experts of the unit studied new information management applications and developed delivery processes to better meet the needs of customers. Through the process models, project deliveries are made easier and customers can adopt the results into use quicker.

REFERENCES

The primary clientele of the Information Management unit is still located in industrial companies. The interest in harmonising master data is expected to continue to grow in the future in the technical wholesale and retail industries. In addition, public administration organisations are increasingly becoming potential customers. With information management projects and deliveries, the customer's industry does not have a lot of significance. Customers are seeking transparency for their operations and dependable control information to support their decision-making.

Rautaruukki's materials management system harmonisation project was the most significant industrial reference in 2008. Of the public sector proj-

ects, one of the most important ones was the harmonisation plan for the Finnish Military Codification System implemented for the Army Material Command. The National Codification Bureau Finland is established to manage and maintain the codification system of the Finnish Defence Forces. It includes all of the material codes for the Army, Navy, and Air Force.

All of the projects delivered by the unit shared a quick payback period and they achieved concrete advantages in the customer's operations.

OUTLOOK FOR 2009

Due to more efficient sales activities, the Information Management business unit appears to have better prerequisites to succeed and the unit's turnover is expected to increase in 2009. New contracts have been created in rapid succession, although the size of the projects are smaller than in 2008 and were more focused on general efficiency improvements for clients.

Currently, it does not seem necessary to hire additional resources. The ability to deliver projects is ensured by developing process functions. Despite the recession, the trend of harmonising information will continue to grow and it will improve the demand of services provided by the Information Management business unit.

**MASTER DATA HARMONISATION
ACHIEVES SIGNIFICANT SAVINGS WITH
SHORT PAYBACK PERIODS.**

”Having uniform item information lowers warehouse maintenance costs, spare part purchasing and transport costs, and reduces the number of suppliers”, says **Virpi Heikkilä**, Warehouse Manager at Ruukki’s Raahe production facilities.



BEING THOROUGH IN HARMONISATION IS WORTH THE EFFORT

The Raahe steel mill of the Rautaruukki Group was beginning to use the Arttu maintenance system by Solteq and expanding the use of their SAP ERP system to materials management. In order to fully utilise all benefits of both systems, the decision was made to also harmonise the maintenance items. In the project implemented by Solteq, 20,000 overlapping or obsolete item codes were removed.

“The goal of the project was to stock the right amount of the correct maintenance parts at the right time. When the SKU information is accurate, warehouse purchases can be optimised. Having uniform item information lowers warehouse maintenance costs, spare part purchasing and transport costs, and reduces the number of suppliers”, says **Virpi Heikkilä**, Warehouse Manager at Ruukki’s Raahe production facilities.

Significant simplifications are to be achieved

at Ruukki through harmonisation. When previously 7,000 item groups were in use in Raahe, now the goal is 27 groups.

“At the beginning of the project we calculated our item code quantity to be 55,000 SKUs; however, the number of active SKUs was reduced to 35,000 once all the discontinued and overlapping items were removed. In the end, cleaning up the information systems led to cleaning the warehouse shelves as well, as over 4,000 tools were cleared from the shelves.”

The number of maintenance items at the Raahe factory is the largest in the entire Group. Through harmonisation, Ruukki will create a globally recognised materials management item code list, which can be adopted into use in other locations of the Group as well. Shared SKUs improves efficiency in procurement, warehousing and materials management in different production facilities of the Group.

CORPORATE GOVERNANCE

Solteq Plc is a publicly quoted limited company. Its decision-making and administration are in accordance with the Finnish Companies Act, other rules and regulations governing public limited companies and the company's Articles of Association. In addition, the company complies with the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries, as well as the insider guidelines of the Helsinki Stock Exchange.

Solteq Plc's Articles of Association define a redemption obligation in situations where a shareholder's proportion of all shares reaches the level of 1/3 or 1/2. The Company is not aware of any shareholder agreements that would limit the use of votes or transfer of shares.

Solteq Plc's highest decision-making bodies are the General Meeting of Shareholders, the Board of Directors and the Managing Director

GENERAL MEETING OF SHAREHOLDERS

The highest decision-making authority in Solteq Plc is the General Meeting of Shareholders. The Board of Directors convenes the Annual General Meeting once a year. The General Meeting is held at the company's place of domicile, which is Tampere, by the end of June. In accordance with the Finnish Companies Act, the General Meeting makes decisions on the following matters, among others:

- amendments to the Articles of Association
- approval of the financial statements
- dividend distribution

- number of the members of the Board of Directors, their election and fees
- auditors

The Board of Directors can convene an Extraordinary General Meeting if necessary.

BOARD OF DIRECTORS

According to Solteq Plc's Articles of Association, the Board of Directors consists of no less than five and no more than seven ordinary members. Each member's term of office ends at the conclusion of the next Annual General Meeting following the election. The Board appoints a Chairman from among its members. The Board of Directors will perform its duty in accordance with the Finnish Companies Act and other legislation as well as the Articles of Association. The Board of Directors makes decisions on the following matters, among others:

- Group strategy
- preparation of interim reports and financial statements
- significant capital expenditure
- appointment of the Managing Director and remuneration
- Group structure

The Board of Directors does not have any separate committees. The Board of Directors has assessed the independence of its members and noted that Ari Heiniö, Veli-Pekka Jokiniva, Markku Pietilä and Jukka Sonninen are independent of the company. In addition, Ari Heiniö, Veli-Pekka Jokiniva and Jukka Sonninen are independent of major shareholders.

The Board of Directors convened 13 times in 2008. The average attendance rate of the Board members was 88 per cent.

MANAGING DIRECTOR

Solteq Plc has a Managing Director whose duty is to manage the Group in accordance with the Board of Directors' instructions. In accordance with the Articles of Association, the Managing Director is appointed by the Board of Directors, which also determines the terms and conditions of the Managing Director's employment.

AUDITORS

The Company has one ordinary auditor and, in case the auditor is not a public accounting firm authorised by the Central Chamber of Commerce, one deputy auditor. Because Solteq Plc is a public limited company, only an auditor authorised by the Central Chamber of Commerce can be appointed. The auditor's term of office is indefinite. KPMG Oy Ab was Solteq's auditor in 2008 and the responsible auditor was Frans Kärki, APA.

RISK MANAGEMENT AND INTERNAL AUDIT

The Board of Directors is responsible for internal control. The Managing Director oversees the practical arrangements of control. Business operations are controlled and monitored using reporting and forecasting systems. The information includes central sales projects, turnover and result as well as accounts receivable. Actual figures by business area are monitored monthly.

The forecast period is three to six months. The Managing Director presents a monthly overview of the business and its developments in the Board meetings.

Risk management aims to identify significant risks to the business operations at the earliest possible stage and ensure that the ability to react quickly to risks and changes is retained. The company's financing risks are controlled centrally from the group's finance unit and risks are reported, when necessary, to the Managing Director. Appropriate insurance cover is in place in case of property, occupational safety and liability risks arising from business operations.

The company has no internal audit organization of its own. The finance department together with the auditors take care of the internal audit function in practice. The aim is to ensure that unified administration practices and accounting policies are adhered to.

INSIDER MANAGEMENT

Solteq Plc has insider regulations corresponding to the insider guidelines of the Helsinki Stock Exchange that entered into force on 2 June 2008. According to legislation, the company's insiders include the members of the Board, the Managing Director and the auditors. In addition, according to the company's own interpretation, permanent insiders include members of the management group and named persons in the company's governance. Persons who participate in projects affecting the company's share value are considered as project-specific insiders.

Solteq Plc maintains its permanent register of insiders in the NetSire system of Euroclear Finland Ltd (former Finnish Central Securities Depository Ltd). Real-time ownership information regarding insiders is available for viewing on the Euroclear Finland's premises in Urho Kekkosen katu 5 C, 8th floor, Helsinki.

MANAGEMENT

THE BOARD



CHAIRMAN OF THE BOARD:
ALI U. SAADETDIN

- born 1949
- board member since 1982



SEPPÖ AALTO

- born 1953
- board member since 1982



ARI HEINIÖ

- born 1945
- board member since 2002



VELI-PEKKA
JOKINIIVA

- born 1948
- board member since 2003



JUKKA SONNINEN

- born 1958
- board member since 2005



MARKKU PIETILÄ

- born 1957
- board member since 2008

MANAGING DIRECTOR



MANAGING DIRECTOR
HANNU AHOLA

- born 1972
- Managing Director since 2006

INFORMATION FOR INVESTORS

FINANCIAL INFORMATION IN 2009

Financial statements 2008	28.1.2009
Interim report 1Q 2009	22.4.2009
Interim report 2Q 2009	12.8.2009
Interim report 3Q 2009	21.10.2009

ANNUAL GENERAL MEETING

Solteq Plc's Annual General Meeting will be held on the company's premises at Eteläpuisto 2 C, Tampere, on Friday 27 March 2009 at 3 p.m. Shareholders who no later than on 17 March 2009 have been registered in the company's register of shares maintained by Euroclear Finland Ltd are entitled to attend the General Meeting.

Shareholders wishing to attend the meeting shall notify the company's headquarters on Monday 23 March 2009 at 4 p.m. at the latest.

STOCK EXCHANGE RELEASES IN 2008

- 18.12.2008 - Solteq's Financial Reporting 2009
- 15.10.2008 - SOLTEQ PLC'S INTERIM REPORT 1.1.-30.9.2008
- 13.08.2008 - SOLTEQ PLC'S INTERIM REPORT 1.1.-30.6.2008
- 21.05.2008 - Acquiring of company's own shares
- 16.04.2008 - Solteq expands business operations to St. Petersburg
- 16.04.2008 - SOLTEQ PLC'S INTERIM REPORT 1.1.-31.3.2008
- 28.03.2008 - Decisions by the annual general meeting of Solteq Plc
- 20.03.2008 - The court decision of Turku Court of Appeal
- 19.03.2008 - Solteq Plc's Annual Report and annual summary 2007
- 27.02.2008 - Changes in Solteq's financial reporting 2008
- 27.02.2008 - Acquiring of company's own shares
- 27.02.2008 - Solteq's share-based incentive plan for 2008-2010
- 27.02.2008 - Invitation to the Annual General Meeting of shareholders
- 15.02.2008 - Shares subscribed with warrants in Solteq Plc
- 30.01.2008 - SOLTEQ PLC'S FINANCIAL STATEMENTS BULLETIN 1.1.-31.12.2007
- 04.01.2008 - Shares subscribed with warrants in Solteq Plc

PRESS RELEASES IN 2008

- 25.11. 2008 - Solteq and Microsoft are taking a new step in their co-operation
- 17.11. 2008 - Solteq renews Finland's pharmacy systems in co-operation with Pharmadata
- 03.11. 2008 - Microsoft Dynamics NAV directs fresh vegetables to stores
- 07.10. 2008 - Solteq Plc interim report information November 10, 2008
- 06.10. 2008 - Solteq delivers information systems to Tokmanni's new logistics centre
- 29.09. 2008 - Kotka Energy centralised its power plants' maintenance with Solteq's solutions
- 10.09. 2008 - Koivunen Oy optimises its spare part department with systems delivered by Solteq
- 19.08. 2008 - Onninen renews its electronic customer service with system by Solteq
- 07.08. 2008 - Vantaa Energy improved maintenance efficiency using solution by Solteq
- 03.06. 2008 - Solteq paths the way to Finland for cosmetics chain Lush
- 07.05. 2008 - Anttila renews the Hämeenkylä distribution system inventory control system
- 20.03. 2008 - Solteq Plc interim report information April 16, 2008
- 11.03. 2008 - Purchase of company's own shares March 10, 2008
- 13.02. 2008 - Solteq Industry Solution is a new solution for industry
- 07.02. 2008 - Solteq delivers one of Finland's largest Microsoft Dynamics NAV ERP systems to Respecta
- 15.01. 2008 - Solteq Plc financial statements January 30, 2008
- 08.01. 2008 - ERP system by Solteq for the needs of University of Helsinki Funds

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