

CEO's Review

The contents of this CEO's review differ from the reviews of the previous years. The reason for this is the corporate fine of EUR 50,000 imposed on TJ Group Plc as a punitive sanction by the Helsinki Court of Appeal on 5 July 2007, in the matter concerning the company's share issue in the year 2000. In connection with the said matter, former managerial persons of the company were sentenced to punishments for an information offense related to the securities market and for aggravated misuse of inside information and for aiding and abetting in these. The company considers the judgment of the Court of Appeal to be erroneous and unfounded. This review presents the main grounds for the company's view on the matter.

Business Review

The goal set for 2007 was to improve the company's net sales and result compared to the previous year. It was stated as a prerequisite for this that the ongoing legal process would have a positive outcome for the company. Although this prerequisite was not yet realized this year, the goal, as regards the result of the company, was achieved. The result was over EUR 1.5 million better than in the previous year. However, the net sales were about EUR 0.5 million smaller than in the previous year.

The operating result of TJ Group in the review period was EUR -0.42 million (EUR -1.56 million on 1 January-31 December 2006). The comparable operating result of the continuing business operations for 1 January-31 December 2006 was EUR -1.88 million.

The result of the review period was EUR -0.20 million (EUR -1.74 million on 1 January-31 December 2006). The comparable result of the continuing business operations for 1 January-31 December 2006 was EUR -2.07 million.

TJ Group's net sales for the review period were EUR 3.81 million (EUR 4.32 million). The comparable net sales of the continuing business operations for 1 January-31 December 2006 was EUR 3.93 million.

The other business costs for the review period include EUR 223 thousand in legal expenses. The financial income includes a registration of change in the market value of GROUP Technologies AG shares amounting to EUR 421 thousand. The shares have been valued at the stock exchange rate of the closing date, 31 December 2007.

TJ Group Plc uses an operating model in which the operative functions have been centralized into the subsidiary/subsidiaries. The company's subsidiary, Documenta Oy is a company specializing in software products for digital case & workflow and document management, quality management, customer relationship management and intensification of operative processes.

Documenta Oy's net sales for the review period 1 January–31 December 2007 were EUR 3.86 million (EUR 3.9 million on 1 January-31 December 2006). The operating result was EUR 0.35 million (EUR 0.42 million on 1 January-31 December 2006), which is 9% of the net sales.

Documenta Oy obtained several new customers from the municipal sector during the review period. During the review period, the company signed an agreement with the Finnish Competition Authority for the delivery of a workflow management system. These deliveries are still going on. During the past year, new additions and options were delivered for the workflow management system delivered to the Finnish Defense Forces. These deliveries will also continue on the first half of this year. Some of the projects delivered in 2007 are based on new technologies, and personnel was both trained in these and new personnel was recruited. The first software products of a long-term product development project were completed during the review period, and their marketing was started.

The state of the legal process

On 5 July 2007, the Helsinki Court of Appeal imposed on TJ Group Plc a corporate fine of EUR 50,000 as a punitive sanction in the matter concerning the company's share issue in the year 2000. In connection with the said matter, former managerial persons of the company were sentenced to punishments for an information offense related to the securities market and for aggravated misuse of inside information and for aiding and abetting in these. However, the sanction imposed on the company is erroneous and unfounded. Immediately after receiving notification of the judgment, the company announced that it would seek a permission to appeal to the Supreme Court. Information about the granted leave to appeal concerning the measurement of the corporate fine was received on 17 January 2008. At the same time, the Supreme Court announced that it would decide on the leave of appeal considering the entire matter in connection with the proceedings for the appeals.

In the TJ Group Plc's Extraordinary General Meeting of 5 September 2007, the shareholders were given a special report on the judgment given by the Helsinki Court of Appeal, the petition for leave of appeal submitted by the company on 3 September 2007, and the appeal to the Supreme Court. The CEO's presentation connected to the report has been published on the company's web site.

The company denies that, in connection with the share issue of the year 2000, the company or its former management committed any reprehensible actions in the alleged manner. TJ Group will not agree to become a scapegoat for the bursting of the so called IT bubble, even though it has been attempted to make it into one in the publicity. It should be emphasized that in this same matter, on 26 January 2006, the Helsinki District Court in its extended configuration, based on the same evidence, made a decision in which it dismissed the main charges and ordered the Finnish state to compensate for the company's legal expenses.

The company strictly denies that the company or its former management were guilty of misrepresenting the interim financial statement in connection with the share issue as has been alleged. The said interim financial statement was examined and all notes made by the auditors during the process were taken into consideration. The actions of the auditors

have not been criticized and the auditors have not been charged in this matter. The Board of Directors of the company unanimously approved the interim financial statement. It is difficult to understand how individual persons in the company's management could have been guilty of any criminal misrepresentation of the interim financial statement. The decision of the Court of Appeal totally bypasses the protection of trust of the former management.

A financial statement always includes interpretations and discretionary valuation items. This is why it is important for the management of the company to use and hear specialists during the process of drawing up the financial statement. In the interim financial statement connected to the share issue of the year 2000, the company could have entered a result considerably better than what was actually entered, for example, by dissolving reserves of the group that were in its use at the time. There would not have been any need to improve the result by making the alleged criminal representation.

The reasoning of the judgment by the Court of Appeal includes parts the company cannot accept. The company does not understand how the goal of making a good result as presented by the management can be considered a fault in the way the Court of Appeal has done in its judgment. The company cannot accept the actions of the Court of Appeal when it in its reasoning referred to the recommendations and instructions given by the Accountancy Board (KILA) as these were given several years after the alleged crime happened. It is also strange that in the condemnatory decision, the Court of Appeal regarded as faults such matters, which did not even relate to the descriptions of the alleged action and to which the prosecution did not refer to in the Court of Appeal. The company does not consider it right that the Court of Appeal ignored the views of the defense's specialist witnesses, who were familiar with the matter, and seemed only to accept the views of the prosecution's specialists, who were not familiar with the details of the matter. Considering that the burden of proof in certain central parts of the matter was placed on the defendants, it seems that the question of guilt had already been decided before the legal process in the Court of Appeal started.

The incorrectness of the judgment by the Court of Appeal is demonstrated by the undisputed calculation error, amounting to a total of about EUR 100,000, made in the reasoning of the judgment. The scale of the error is essential when following the Court of Appeal's own deduction elsewhere. The company is wondering whether a condemnatory judgment can be based on an essential and undisputed error.

The company thinks that the prosecutor's way of bringing the legal process into publicity has endangered the company's legal protection. The company's right to defend itself against the prosecutor's unreasonable and unfounded claims by using the best available legal advisers has been questioned by the prosecutor publicly. The company thinks that the most dubious part of the prosecutor's actions has been the insulting and inappropriate criticism directed at the professionalism and working methods of the company's legal advisers by using the press.

In addition to the company's views, the above-mentioned includes only main parts of the contents of the official letters submitted by the company to the Supreme Court. However, on the basis of what has been presented above, it is clear that the company cannot abide by the judgment of the Court of Appeal. The company trusts that the Supreme Court will open the entire matter for reconsideration in connection with the proceedings for the appeals. The company has also asked that the matter be handled urgently as the ongoing process is significantly harming the operation of the company.

Goals for 2008

TJ Group Plc's goal for 2008 is to increase the group's net sales and improve the result compared to 2007. However, due to the above-mentioned reasons, there are great risks involved in achieving the goals.

Hannu Jokela
CEO
TJ Group Plc