

Published: 2010-11-03 08:00:00 CET

**Solteq Oyj - Interim report****SOLTEQ PLC'S INTERIM REPORT 1.1.-30.9.2010**

Solteq Plc Stock Exchange Bulletin 3.11.2010 at 9.00am

- Turnover decreased by 4.0% and totalled 19,5 million euros (20,3 million euros)
- Operating result totalled -2.213 thousand euros (678 thousand euros)
- In 2010 the total revenue is expected to decrease by 5-10% compared to 2009 and the operating result is anticipated to remain negative.
- Earnings per share was -0,15 euros (0,03 euros)

## KEY FIGURES

Turnover by operation:

%	1-9/10	1-9/09	1-12/09
Softwareservices	67	63	65
Licences	27	28	26
Hardware	6	9	9

Managing Director Repe Harmanen:

"The third quarter of the year has remained consistent with our previous anticipations. Our position in sales to new markets and clients and demand on our services have remained at the same level than at the beginning of the year. Actions aiming to improve our company's profitability have been carried out according to plans.

As the managing director for about last month I have learned and understood our company's strengths and weaknesses both internally and from our customer's perspective. Based on these observations we will be developing our mode of operations and procedures and highlight our strategy. We want to support our current and prospective customers' business operations even better and more efficiently and to correspond more rapidly to their needs at present and in the future. We have started the adjustment of the company's operating structure and the work will be concluded during the last quarter of the year.

The various situations of the company's business areas balance our operations at the present and in the future. We have a solid basis on our product and service business based on product lines, and by making adjustments to it we can enhance our operations. We will clear our long term functional objectives, emphasis on future operations and growth areas and our position on the market through strategic work and thereby strengthen our competitiveness.

Financial development for the remaining year appears to stay according to prior anticipations."

## BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq is a software service company, whose core competency is IT solutions that are critical to business. Solteq combines its own product portfolio with the products from the 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 manage their business even better than before and to improve their profitability.

Starting from 1.1.2010 Solteq's operations was divided into four business areas and the result of the company is monitored through these areas. Business areas are: ERP (enterprise resource planning), EAM (enterprise asset and maintenance service management), Data (data management, optimization and integration) and Store (retail solutions and technology).

Solteq's revenue totaled 19.507 thousand Euros, which is 4.0 percent lower compared to corresponding period 2009.

Solteq's operating result decreased to -2.213 thousand euros from 678 thousand euros that was the operating result in the corresponding period 2009. Company's operating profit percentage was -11.3% (3.3% in 2009).

Result for the first half was inferior to expected, but during the third quarter there were signs of positive development of the result. The development of revenue and operating profit is as expected. During the year 2010 revenue is expected to decrease 5-10 percent compared to the year 2009 and operating result is anticipated to remain negative.

Result was burdened by co-determination negotiations concluded during the review period and cost savings from implemented actions will not appear in results until on upcoming quarters. Rearrangements were executed also in Solteq Plc's subsidiary OOO Solteq Russia in St. Petersburg, where there is no active operation at the present.

#### ERP

Solteq's business area ERP offers to its clientele enterprise resource planning systems and supporting optimization and reporting solutions as well as a set of other different added value solutions. These solutions help customers to lead their operations and to intensify their operations e.g. purchases, sales and warehouse management as well as reporting. Wide group of customers among others in business branches trade, industry, auto trade and public sector are using these solutions every day.

The revenue of business area ERP totalled 12,1 million euros. Business area's operating result was -1,1 million euros

#### EAM

Solteq's EAM-solutions include systems for maintenance management, asset management optimization, fieldwork management and maintenance. By means of these solutions Solteq's customers are able to anticipate the need for service of production lines and machines as well as they are able to monitor the malfunction history and control the machinery maintenance related material flows from purchasing to warehousing. The clientele consists of among others energy and production plants, companies in processing and engineering industries as well as maintenance related service sector.

During the review period the revenue of business area EAM totalled 2,6 million euros and operating result was -0,3 million euros.

#### Data

Solteq's business area Data is responsible for services and products relating to the data (i.e. masterdata) that is crucial to the customers' businesses as well as e-commerce and integration technologies. Solteq offers to its customers masterdata related quality improvement projects, data maintenance services in which the services are outsourced to masterdata service centers, software technologies and consultancy services that can be utilized in masterdata management. The aim of these services is to ensure that the data that is stored in the programs, which support customers' enterprise resource planning and decision-making, is high-quality, compatible and up to date.

During the review period the revenue of business area Data totalled 2,0 million euros and operating result was -0,5 million euros.

#### Store

The solutions of Solteq's business area Store intensify the purchases, sales and customer relationship management of specialty stores and chained commerce. Every day hundreds of retailers, entrepreneurs and salespersons are leading their

businesses and serving their customers in thousands of store locations by means of these solutions.

The revenue of business area Store totalled 2,8 million euros and operating result was -0,3 million euros during the review period.

#### REVENUE AND RESULT

Revenue decreased by 4.0% compared to the previous year and totalled 19.507 thousand euros (previous financial year 20.324 thousand euros).

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

The operating result for the review period was -2.213 thousand euros (678 thousand euros), result before taxes was -2.342 thousand euros (582 thousand euros) and the loss for the review period -1.764 thousand euros (401 thousand euros).

Operating result is burdened by non-recurring lay-off costs of 430 thousand euros.

Costs of unprofitable contracts that were booked according to IFRS were 549 thousand euros during the review period. These bookings result from uncertainty to receive payments on previously recognized revenues.

Impairment loss for non-current assets of 287 thousand euros was booked during the review period. Impairment loss is related to capitalized development costs of ERP business area. The estimate of possible recoverable amount has decreased due to changed financial expectations.

#### BALANCE SHEET AND FINANCING

The total assets amounted to 19.036 thousand euros (20.858 thousand euros). Liquid assets totalled 157 thousand euros (195 thousand euros).

Solteq Group's interest-bearing liabilities were 7.005 thousand euros (7.089 thousand euros).

Solteq Group's equity ratio was 38.4 percent (45.3%).

#### INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investments during the review period were 97 thousand euros (704 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 and Microsoft and utilize their resources and distribution channels. Own development efforts are focused on added value products and tailored service concepts.

During the review period the company has not capitalized development costs under IFRS. The amortization according to plan has been started relating to the development project that was finalized at the end of previous financial period. During the previous financial period the development costs capitalized under IFRS were 490 thousand euros.

#### PERSONNEL

The number of permanent employees at the end of the review period was 230 (235). Average number of personnel during the review period was 237 (248). In the end of the review period the number of personnel could be divided in accordance with the profit centers that were established on 1.1.2010 as follows: ERP 109, EAM 38, Data 31 and Store 27 and Shared Functions 25.

#### RELATED PARTY TRANSACTIONS

Solteq's related parties include Solteq's board of directors, managing director and the Group's management team. There have been no significant changes in the company's related party transactions since the financial statements 2009.

#### SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's share capital on 30.9.2010 was 1.009.154,17 euros which was represented by 12.148.429 shares. The shares have no nominal value.

In the end of the review period the amount of treasury shares in Solteq Plc's possession was 399.231 shares. The amount of treasury shares represented 3.29% from the total amount of shares and votes in the end of the review period. The equivalent value of acquired shares was 33.164 euros.

#### Exchange and rate

During the review period, the exchange of Solteq's shares in the Helsinki Stock Exchange was 0,8 million shares (0,3 million shares) and 1,0 million euros (0,4 million euros). Highest rate during the review period was 1,56 euros and lowest rate 1,09 euros. Weighted average rate of the share was 1,27 euros and end rate 1,14 euros. The market value of the company's shares in the end of the review period totalled 13,8 million euros (15,6 million euros).

#### Ownership

In the end of the review period, Solteq had a total of 1.970 shareholders (2.004 shareholders). Solteq's 10 largest shareholders owned 8.386 thousand shares i.e. they owned 69.0 percent of the company's shares and votes. Solteq Plc's members of the board owned a total of 5.179 thousand shares which equals 42,6 per cent of the company's shares and votes.

#### ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting on 26.3.2010 adopted the financial statements for 2009 and the members of the board and the managing director were discharged from liability for the financial year 2009.

The annual general meeting decided in accordance with the board's proposal to distribute a dividend in the amount of 0,06 euros per share. The reconciliation date for the dividend was 31.3.2010 and payment date 9.4.2010.

The annual general meeting decided to authorize 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 the incentive scheme of the personnel or convey otherwise or be invalidated. The shares can be acquired in other proportion than the shareholders' holdings. The shares are to be acquired through public trading. The authorization is valid until the next annual general meeting.

The annual general meeting decided in accordance with the board's proposal to amend the section 11 of the articles of association so that notice to the general meeting shall be issued no later than three weeks before the date of the general meeting, however at least nine days before the record date of the general meeting. Furthermore, the articles of association was amended so that the notice to the general meeting can alternatively be delivered, in addition to the current manners, by publishing the notice on the company's website.

#### BOARD OF DIRECTORS AND AUDITORS

Six members were elected to the board of directors of the company. Seppo Aalto, Veli-Pekka Jokiniiva, Ali Saadetdin, Jukka Sonninen and Markku Pietilä will continue as members of the board. Sirpa Sara-aho was elected as new member of the board of directors. The board elected Ali Saadetdin to act as the chairman of the board.

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

#### EVENTS AFTER THE REVIEW PERIOD

Solteq Plc issued a stock exchange bulletin on 15.10.2010, which stated Mika Sipilä's appointment as sales director of Solteq Plc.

#### RISKS AND UNCERTAINTIES

The key uncertainties and risks in short term are related to the timing and pricing of the 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.

The key business risks and uncertainties of the company are monitored constantly as a part of the board of directors' and management team's work. The company has not organized a separate internal audit organization or committee.

#### PROSPECTS

In 2010 the total revenue is expected to decrease by 5 - 10 % compared to 2009 and the operating result is anticipated to remain negative.

#### Financial Reporting

The interim report has been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The same accounting policies and methods of computation are followed in the interim report as were followed in the financial statements of Solteq Plc for 2009.

The financial result is reported through four business areas. The business area ERP includes systems for finance and enterprise resource planning. Business area EAM consist of asset management optimization, material management and maintenance management systems. Data business area includes tools for data collection, assurance of data's quality and accuracy as well as tools for data integration between different systems. Business area Store includes point-of-sale and store management systems. The most essential product and service types of Solteq group of companies are software services, licenses and hardware sales.

All forecasts and estimates presented in the interim report are based on the current views of the management on the economic environment and outlook. Results can differ from those implied as a result of, among other factors, changes in economy, markets and competitive conditions, changes in the regulatory environment and other government actions.

The interim report is unaudited.

#### FINANCIAL INFORMATION

##### GROUP PROFIT AND LOSS ACCOUNT

(TEUR)

	1.7.- 30.9.2010	1.7.- 30.9.2009	1.1.- 30.9.2010	1.1.- 30.9.2009	1.1.- 31.12.2009
NET TURNOVER	6 748	5 620	19 507	20 324	28 550
Other operating					
income	2	2	14	80	94
Raw materials and					
services	-1 895	-1 584	-5 360	-5 587	-7 524

Staff expenses	-2 835	-2 596	-11 689	-10 607	-14 868
Depreciation	-501	-177	-925	-527	-710
Other operating expenses	-1 555	-812	-3 760	-3 005	-4 078
OPERATING RESULT	-36	453	-2 213	678	1 464
Financial income and expenses	-42	-28	-129	-96	-135
RESULT BEFORE TAXES	-78	425	-2 342	582	1 329
Income taxes	16	-119	578	-181	-394
RESULT FOR THE PERIOD	-62	306	-1 764	401	935
OTHER ITEMS OF TOTAL COMPREHENSIVE INCOME					
Cash flow hedging	15	0	-31	0	-9
Other items of total comprehensive income after taxes	11	0	-23	0	-7
TOTAL COMPREHENSIVE INCOME	-51	306	-1 787	401	928
Total profit for the period attributable to Owners of the parent	-62	306	-1 764	401	935
Total comprehensive income attributable to Owners of the parent	-51	306	-1 787	401	928
Earnings / share, e (undiluted)	-0,01	0,02	-0,15	0,03	0,08
Earnings / share, e (diluted)	-0,01	0,02	-0,15	0,03	0,08

Taxes corresponding to the result have been presented as taxes for the period.

GROUP BALANCE SHEET (TEUR) 30.9.2010 30.9.2009 31.12.2009

ASSETS

## NON-CURRENT ASSETS

## Intangible assets

Intangible rights	2 186	2 890	2 755
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Goodwill	8 286	8 286	8 286
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Tangible assets	2 637	2 662	2 645
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## Investments

Other shares and similar rights of ownership	93	93	93
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## Deferred tax

assets	453	88	0
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Other receivables	157	0	0
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## Total non-current

assets	13 812	14 019	13 779
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## CURRENT ASSETS

Short-term debtors	5 067	6 644	7 093
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Cash in hand and at banks	157	195	258
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## Total current

assets	5 224	6 839	7 351
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TOTAL ASSETS	19 036	20 858	21 130
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## EQUITY AND LIABILITIES

## CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS

## OF THE PARENT COMPANY

Share capital	1 009	1 009	1 009
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Company's own shares	-507	-337	-337
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Share premium account	75	75	75
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Account for cash flow hedging	-30	0	-7
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Unrestricted equity fund	7 214	7 214	7 214
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Retained earnings	1 307	1 084	1 084
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Result for the			
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financial period	-1 764	401	935
Total equity	7 304	9 446	9 973
Non-current liabilities			
Deferred tax liabilities	0	0	125
Other non-current liabilities	3 693	3 163	4 337
Current liabilities	8 039	8 249	6 695
Total liabilities	11 732	11 412	11 157
TOTAL EQUITY AND LIABILITIES	19 036	20 858	21 130

## FINANCIAL PERFORMANCE

INDICATORS (IFRS)	1-9/2010	1-9/2009	1-12/2009
Net turnover MEUR	19,5	20,3	28,6
Change in net turnover	-4,0 %	-6,5 %	-6,0 %
Operating result MEUR	-2,2	0,7	1,5
% of turnover	-11,3 %	3,3 %	5,1 %
Result before taxes MEUR	-2,3	0,6	1,3
% of turnover	-12,0 %	2,9 %	4,7 %
Equity ratio, %	38,4	45,3	47,2
Gearing, %	93,8 %	73,0 %	66,7 %
Gross investments in non-current assets MEUR	0,1	0,7	0,7
Return on equity, %	-28,2 %	5,7 %	9,6 %
Return on investment, %	-19,0 %	5,7 %	9,1 %
Personnel at end of period	230	235	235
Personnel average for period	237	248	240
KEY INDICATORS PER SHARE			
Earnings / share, e	-0,15	0,03	0,08
Earnings / share, e (diluted)	-0,15	0,03	0,08
Equity / share, e	0,62	0,79	0,84



## SEGMENT INFORMATION

## Turnover by segment:

Me	1-9/10	1-9/09	Change
ERP	12,1	14,3	-2,2
EAM	2,6	3,0	-0,4
DATA	2,0	0,7	+1,3
STORE	2,8	2,3	+0,5
Total	19,5	20,3	-0,8

## Operating result by segment:

Me	1-9/10	1-9/09	Change
ERP	-1,1	0,8	-1,9
EAM	-0,3	0,0	-0,3
DATA	-0,5	-0,8	+0,3
STORE	-0,3	0,7	-1,0
Total	-2,2	0,7	-2,9

Because of the change in organisation, the respective segment information of 2009 has been allocated from the bookkeeping retroactively.

## QUARTERLY KEY INDICATORS (MEUR)

	4Q/08	1Q/09	2Q/09	3Q/09
Net turnover	8,65	7,21	7,49	5,62
Operating result	0,66	-0,19	0,41	0,46
Result before taxes	0,58	-0,24	0,40	0,42

	4Q/09	1Q/10	2Q/10	3Q/10
Net turnover	8,23	6,17	6,59	6,75
Operating result	0,78	-1,02	-1,16	-0,04
Result before taxes	0,75	-1,07	-1,20	-0,08

## CASH FLOW STATEMENT (MEUR)

	1-9/2010	1-9/2009	1-12/2009
Cash flow from business operations	0,77	-0,02	0,18
Cash flow from capital expenditure	-0,1	-0,70	-0,65

Cash flow from financing activities			
Dividend distribution	-0,71	-0,48	-0,48
Own shares	-0,17	-0,08	-0,08
Loan agreement	0,10	0,78	0,59
Cash flow from financing activities			
	-0,78	0,22	0,03
Change in cash and cash equivalents			
	-0,11	-0,50	-0,44

## TOTAL INVESTMENTS (TEUR)

	1-9/2010	1-9/2009	1-12/2009
Continuing operations,			
group total	97	704	651

## LIABILITIES (MEUR) 30.9.2010 30.9.2009 31.12.2009

Company quorantee for			
credit limits	2,61	1,18	2,61
Perfomance bonds	0,05	0,02	0,05
Lease contracts, machinery & equipment			
	0,64	0,62	0,70
Lease liability,			
premises	1,90	2,31	2,21
Pledged shares	1,59	0,00	1,59

## MAJOR SHAREHOLDERS SEPTEMBER 30, 2010

	Shares and votes	
	Number	%
1. Saadetdin Ali	3 481 383	28,7
2. Aalto Seppo	1 662 206	13,7
3. Profiz Business Solution Oyj	1 384 823	11,4
4. TP-Yhtiöt Oy	513 380	4,2
5. Solteq Oyj	399 231	3,3
6. Roininen Matti	350 000	2,9
7. Hakamäki Jorma	228 430	1,9
8. Saadetdin Katiye	156 600	1,3
9. Halmet Jarmo	106 250	0,9

10. Aukia Timo	103 230	0,8
10 largest shareholders total	8 385 533	69,0 %
Total of nominee-registered	65 365	0,5 %
Others	3 697 531	30,4 %
Total	12 148 429	100,0 %

## STATEMENT OF CHANGES IN GROUP EQUITY (TEUR)

A=Share capital

B=Company's own shares

C=Share premium account

D=Account for cash flow hedging

E=Unrestricted equity fund

F=Retained earnings

G=Total

	A	B	C	D	E	F	G
EQUITY 1.1.2009	1 009	-255	75	0	7 213	1 560	9 602
Total comprehensive income						401	401
Acquiring of own shares		-82					-82
dividend distribution						-475	-475
EQUITY 30.9.2009	1 009	-337	75	0	7 213	1 486	9 446
EQUITY 1.1.2010	1 009	-337	75	-7	7 213	2 020	9 973
Total comprehensive income				-23		-1 764	-1 787
Acquiring of own shares		-170					-170
dividend distribution						-712	-712
EQUITY 30.9.2010	1 009	-507	75	-30	7 213	-457	7 304

## CALCULATION OF FINANCIAL RATIOS

Solvency ratio, in percentage

equity

x 100

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balance sheet total - advances received

Gearing

interest bearing liabilities - cash,  
bank balances and securities x 100

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equity

Return on Equity (ROE) in percentage

profit or loss before taxation - taxes x 100

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equity

Profit from invested equity in percentage

profit or loss before taxation +  
interest expenses and other financing expenses x 100

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balance sheet total - non-interest bearing  
liabilities

Earnings per share

pre-tax result - taxes  
+/- minority interest

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diluted average share issue  
corrected number of shares

Diluted earnings per share

diluted profit before taxation -  
taxes +/- minority interest

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diluted average share issue  
corrected number of shares

Equity per share

equity

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number of shares

Financial Reporting

Solteq Plc's will publish the financial statements bulletin from the financial year 2010 February 16, 2011.

More investor information on Solteq's website at [www.solteq.com](http://www.solteq.com)

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Distribution:  
NASDAQ OMX Helsinki  
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[HUG#1458201]

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