SOLTEQ

Financial Statements 1.1.2007-31.12.2007

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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.

The new service –oriented software solutions and –architectures have been predicted to break through in large scale during the next couple of years. According to market researcher Gartner the vast majority of companies planned to increase investments in SOA, Web Services- and Web 2.0 –solutions during last year. According to Gartner this trend will accelerate during forthcoming years, when the old IT-systems of companies will become more expensive to update and maintain.

The above mentioned trend has a direct influence on the demand of Solteq's new fields of know-how, because the significance of Solteq's competence in integration and data management is further emphasized. The integration of different IT systems and the success of service –oriented solutions depend largely on the fact how current the information is that these systems use, and how the information can be utilized in the operational environment of the company. According to market researchers the harmonization of metadata i.e. the basic data of IT systems, is one of the most significant trends during forthcoming years. Current basic data also makes it possible to more efficiently manage and prioritize information that is generated in organizations.

For example in the management of supply chain of trade, it is more and more important to know where in the system the data is located, what it means, how the data is used and who are involved with the management process. For companies in trade business this means in addition to operative effectiveness, a better potential for customer service and a possibility to offer supplementary services.

The strategic role of IT systems is increasing

Last November the Finnish Information Processing Association (FIPA) surveyed the views of Finnish executives and IT directors about their view of utilization of information technology. The respondents of this survey were business and IT management from organizations, whose personnel exceeded 1000 people. The survey showed that Finnish companies are using 4,5 per cent from their turnover on information technology and also that companies are seeking more and more a strategic role for IT in the organization.

According to the respondents the use of information technology as a competitive asset is increasing even more in the future. The use of IT systems in innovation and when developing new business activities is considered to be very important. The future generations of IT professionals are trusted to be able to take advantage of technology in the future development and also combine both technical and business competence.

Globalization continues

Almost half of the companies in trade business that were interviewed by Market-Visio during autumn 2007 have operations outside Finland. Retail companies concentrate to the Baltic region whereas wholesale companies are more widely spread.

It is expected that large companies in trade business will invest intensively in developing and expanding their overseas operations. Small companies, however, usually do not have the required resources for this. The growth potential is believed to lie in Russia and in the Baltic countries as well as in other developing markets in Eastern Europe.

Decisions and actions for foreign business operations have a solid effect on the company's IT solutions and development. Companies in trade business highlight matters concerning the business environment of the destination country as the biggest problems. These matters include legislation and different practices as well as acquiring required competence to IT system projects.

Solteq wants to actively accompany the globalization development of its customers both in trade and industry branches. Solteq has so far delivered IT systems to almost thirty countries, mainly to its Finnish customers, and the potential for global deliveries is clearly increasing. The readiness for deliveries is improved among others by building a local organization to Russia.

REVENUE AND RESULT

Revenue increased by 20,6 % compared to the previous year and amounted to 27.926 thousand euros (23.166 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.

The reported income taxes for the financial period are positive which is mainly due to internal structural changes in Solteq Plc group of companies. A deferred tax asset has been booked for the liquidation loss of 3.559 thousand euros from 2005 that has been confirmed in taxation. This deferred tax asset contributes to the result as a change of deferred taxes during the financial periods 2006-2007.

The operating result from the financial year amounted to 1.304 thousand euros (-498 thousand euros), the result before taxes amounted to 1.090 thousand euros (-479 thousand euros) and the profit for the financial year to 1.118 thousand euros (123 thousand euros).

BALANCE SHEET AND FINANCING

The total assets amounted to 22.046 thousand euros (20.347 thousand euros). Cash and cash equivalents amounted to 345 thousand euros (2.225 thousand euros).

The company's interest-bearing liabilities were 7.052 thousand euros (3.759 thousand euros).

The company's equity ratio was 44,1 % (47,7 %).

INVESTMENTS, RESEARCH AND DEVELOPMENT

Capital expenditures during the financial period were 1.833 thousand euros (7.680 thousand euros). These consist mainly of corporate acquisition that has been carried out during the financial period.

Corporate acquisitions

Solteq Plc announced 13.3.2007 that the company acquires all the shares of Fulmentum Oy that is specialized in global master data harmonizing and maintenance projects. Fulmentum Oy has been consolidated in the group financial statements starting from 1.5.2007.

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

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

Changes in group structure

During the financial period the company has finalized the mergers of its operating subsidiaries to the parent company. Artekus Oy was merged on 1.10.2007 and Fulmentum Oy and Tampereen Systeemitiimi Oy were merged on 31.12.2007.

In connection with the business plans for Russia, Solteq Plc established 1.11.2007 a subsidiary Solorus Holding Oy.

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 under IFRS have been capitalized in the amount of 129 thousand euros (342 thousand euros). The costs relating to research and development are mainly presented due to their nature as annual costs in the profit and loss account. Two development projects have been completed during the previous financial year and thus the depreciation according to plan have been started for the capitalized amount. Two other development projects are still ongoing and the depreciation according to plan will start when the projects will be taken into commercial use.

PERSONNEL

The number of permanent employees at the end of the financial period was 259 (234). The average number of personnel during the financial period was 252 (240). At the end of the financial period the number of personnel per segment were: trade 118, industry and services 100 and shared functions 41.

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 2006.

SHARES AND SHAREHOLDERS

Solteq Plc's shareholder's equity at 31.12.2007 was 1.002.251,16 euros which was represented by 12 065 329 shares. The shares have no nominal value.

Exchange and rate

During the financial period, the exchange of Solteq's shares at the Helsinki Stock Exchange was 2,7 million shares (3,9 million shares) and 4,3 million euros (6,8 million euros). The highest rate during the financial period was 1,86 euros and the lowest rate was 1,28 euros. The weighted average rate of the share was 1,59 euros and closing rate at the last business day of the year was 1,75 euros. The market value of the company's shares at the end of the financial period totalled 21,1 million euros (15,7 million euros).

Ownership

At the end of the financial period, Solteq had a total of 2.117 shareholders (2.489 shareholders). Solteq's 10 largest shareholders owned 7.757 thousand shares i.e. they owned 64,3 per cent of the company's shares and votes. Solteq Plc's members of the board owned a total of 4.862 thousand shares which equals 40,3 per cent of the company's shares and votes.

During the review period two changes of ownership were flagged, when Profiz Business Solution Plc's ownership of Solteq shares and votes exceeded 28.5.2007 the 5 % threshold and 17.12.2007 the 10 % threshold set in the Finnish Security Markets Act.

ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting at 23.3.2007 adopted the financial statements for 2006 and the members of the board and the managing director were discharged from liability for the financial year 2006.

The annual general meeting decided, in accordance with the board's proposal, to authorize the board of directors to decide on dividend distribution or other distribution of funds from the distributable equity reserve. The board of directors is authorized to decide on dividend distribution or other distribution of funds from the distributable equity reserve or both, totalling altogether a maximum of 0,10 euros per share. The authorization is valid until the beginning of the next annual general meeting.

The annual general meeting decided that an amount of 5.962.338,50 euros is transferred to the distributable equity reserve from the shareholders equity reserve that was formed in the extraordinary general meeting on 9.9.2005 and governed by the annual general meeting of shareholders. The distributable equity reserve is a reserve based on the new Finnish Companies Act and may be used among other things to dividend distribution or other distribution of funds.

The annual general meeting decided that the company's share capital is increased from 993.654,69 euros to one million (1.000.000) euros by transferring the respective amount from the distributable equity reserve.

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 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.

The annual general meeting decided to authorize the board of directors to give or convey company's own shares, maximum amount being 3.000.000 shares. The shares can be given or conveyed in order to finance and fulfill terms of an acquisition or similar or develop company's capital structure or be used as part of the incentive scheme of the personnel or otherwise develop the company's business operations. The authorization includes a right to deviate from the shareholders' preemptive right of subscription if there is a weighty financial reason for the company. The authorization includes that the board of directors may decide the terms and other matters concerning the share issue according to the instructions of the Finnish Companies Act. The authorization is valid for five years starting from the decision.

The annual general meeting decided that the funds in the share premium account at the time of the annual general meeting totaling 2.164.197,45 euros are transferred to the distributable equity reserve.

BOARD OF DIRECTORS AND AUDITORS

Five members were elected to the board of directors. Seppo Aalto, Ari Heiniö, Veli-Pekka Jokiniva, Ali Saadetdin and Jukka Sonninen will continue as members of the board. The board elected Ali Saadetdin to act as the chairman of the board.

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

RETURN OF EQUITY AND LOWERING OF THE SHARE PREMIUM ACCOUNT

The board of directors has decided in its meeting 7.8.2007 to return equity of the amount of 0,10 euros per share using the maximum authorization granted by the annual general meeting. The date of dividend ex-date was 14.8.2007, the date of record was 16.8.2007 and the payment date was 23.8.2007.

The company has received an announcement that was dated 5.9.2007 from The Finnish Registrar of Companies that the transfer of funds, totaling 2.164.197,45 euros, from the share premium account to distributable equity reserve can be carried out. According to the new Companies Act no separate entry to the Finnish Trade Register has to be made in connection with the lowering of share premium account.

EVENTS AFTER THE REVIEW PERIOD

There has been no significant subsequent events.

RISKS AND UNCERTAINITIES

The key uncertainties and risks are related to the timing and pricing of the business deals that are the basis of the revenue, changes in the level of costs and to 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 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 by targeted acquisitions. The company's is aiming for an annual operating profit of 10 % of the revenue, which is a significant improvement compared to previous years. The conditions for achieving these goals are realistic based on the development during 2007 and in particular during the latter half of the year.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF DIVIDEND

The Board of Directors proposes to the annual general meeting a dividend of 0,06 euros per share for the financial period 2007.

Group's income statement

THOUSAND EUR	NOTE	1.1.-31.12. 2007	1.1.-31.12. 2006
Revenue	1,3	27 926	23 166
Other income	4	69	42
Materials and services		-6 398	-5 378
Employee benefit expenses	7	-14 356	-12 831
Depreciation and amortisation expenses	6	-742	-698
Other expenses	5,8	-5 195	-4 799
Operating profit / loss		1 304	-498
Financial income	9	15	196
Financial expenses	10	-229	-177
Profit / loss before taxes		1 090	-479
Tax expenses	11	28	602
Profit for the financial period		1 118	123
Earnings per share attributable to equity holders of the parent		0,09	0,01
Profit attributable to equity holders of the parent		0,09	0,01
Earnings per share, undiluted (EUR)	12	0,09	0,01
Earnings per share, diluted (EUR)	12	0,09	0,01

Group's balance sheet

THOUSAND EUR	NOTE	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Property, plant and equipment	13	2 743	3 019
Goodwill	14	8 086	6 600
Other intangible assets	14	2 069	2 140
Non-current assets available for sale	15	117	81
Deferred tax assets	16	661	663
		13 676	12 503
Current assets			
Trade receivable and other receivables	17	8 025	5 619
Financial assets at fair value through profit or loss	18	0	1 579
Cash and cash equivalents	19	345	646
		8 370	7 844
Total assets		**22 046**	**20 347**
EQUITY AND LIABILITIES		**31.12.2007**	**31.12.2006**
Equity attributable to equity holders of the parent			
Share capital	20	1 002	994
Share issue	20	64	0
Share premium reserve	20	18	2 164
Shareholders equity reserve	20	0	5 962
Distributable equity reserve	20	7 213	298
Retained earnings		1 422	296
Total equity		**9 719**	**9 714**
Non-current liabilities			
Interest-bearing liabilities	23	163	163
		163	163
Current liabilities			
Trade and other payable	24	5 275	6 874
Provisions	22	0	0
Short-term interest bearing liabilities	23	6 889	3 596
		12 164	10 470
Total liabilities		**12 327**	**10 633**
Total equity and liabilities		**22 046**	**20 347**

Group's cashflow statement

THOUSAND EUR	NOTE	1.1.-31.12. 2007	1.1.-31.12. 2006
Business operation cash flow			
Operating profit		1 304	-498
Adjustments for operating profit	26	742	698
Changes in working capital		-2 229	23
Interest paid		-227	-43
Interest received		15	41
Paid taxes		-61	34
Business operation net cash flow		**-456**	**255**
Investment cash flow			
Acquisition of subsidiaries / associates		-3 904	82
Investments in tangible and intangible assets		-243	-718
Sale of tangible and intangible assets		551	237
Repayment of loan receivables		0	1 020
Proceeds from sales of securities		121	1 244
Net investment cash flow		**-3 475**	**1 865**
Financing cash flow			
Withdrawal of current loans		3 293	3 770
Repayment of current loans		0	-500
Income from issues shares		82	22
Return of equity paid		-1 204	-3 538
Net financing cash flow		2 171	-246
Changes in cash and cash equivalents		**-1 760**	**1 874**
Cash and cash equivalents 1.1.	26	2 105	231
Cash and cash equivalents 31.12.		**345**	**2 105**

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

THOUSAND EUR	2007	2006
Cash and bank accounts	345	646
Interest funds and investment plans	0	1 459
Total	**345**	**2 105**

Statement of changes in equity

thousand EUR	Share capital	Share issue	Share premium reserve	Shareholders equity reserve	Distributable equity reserve	Retained earnings	Total
Equity 1.1.2006	908	0	234	9 500	0	167	10 809
Awarded options						6	6
Items recognised directly in equity						6	6
Profit for the financial period						123	123
Distribution of dividends				-3 538			-3 538
Subscription issue	2		13				15
Funds transfer	84		1 917		298		2 299
Equity 31.12.2006	994	0	2 164	5 962	298	296	9 714
Awarded options						7	7
Items recognised directly in equity						7	7
Profit for the financial period						1 118	1 118
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	18	0	7 213	1 422	9 719

Notes to consolidated financial statements

Company's basic information

The 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, auto trade and selected industry segments' IT systems and related services. The group operates mainly in Finland.

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 group's financial statements is available from the aforementioned address as well as the company's website at www.solteq.com/annual-reports.

Accounting principles

Basis of preparation

Solteq Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the valid IAS and IFRS standards as well as the SIC and IFRIC interpretations valid as at 31.12.2007. 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 group's financial statement has been prepared on historical cost convention, with the exceptions for financial assets available for sale and financial assets recorded at fair value through income statement.

Financial statement information is presented in thousands of Euros.

The group has adopted following new and revised standards, amendments and interpretations starting from 1.1.2007:

IFRS 7, "Financial instruments: Disclosures". The standard has increased the amount of notes to the financial statements that are presented in the Group's financial state¬ments.

Amendment to IAS 1, "Presentation of financial statements– Capital disclosures". Additional disclosures regarding capital management have been added to the notes in the financial statements.

IFRIC 8 Scope of IFRS 2. The group has not have arrangements that are described in the before mentioned interpretation during the financial period or previous financial periods.

IFRIC 9 Reassessment of Embedded Derivatives. Implementation of the interpretation has had no impact on group's financial statements.

IFRIC 10 Interim Financial Reporting and Impairment. This interpretation has had no impact on the consolidated financial statements.

The group will adopt in 2008 or later the following standards and interpretations, which have not yet applied in the financial statements 2007:

IFRS 8 Operating segments (will be applied in the financial period that begins 1.1.2009)

IAS 1 Presentation of financial statements, Comprehensive Revision including requiring a statement of comprehensive income **

IAS 23 revised, Borrowing Costs Relating to Qualifying Assets **

IFRIC 11 IFRS 2 Group and Treaury Share Transactions (will be applied in financial periods starting from 1.3.2007 and thereafter)

IFRIC 12, Service Concession Arrangements **

IFRIC 13, Customer Loyalty Programmes **

IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction **

***EU has not yet accepted the implementation of standard/interpretation at issue.*

These amendments are not considered to have a material impact on the group's financial statements.

The preparation of the financial statement in accordance with the IFRS standards requires the group management to make certain estimates and assumptions in the adoption of accounting principles. Information of these considerations that the management has used in the adoption of the accounting principles 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 central uncertainties relating to accounting estimates".

Accounting principles for the group's financial statement

Subsidiaries

The group financial statement includes Solteq Plc and its subsidiaries. The group financial statements from 2006 include Artekus Oy starting from 1.2.2006 and Tampereen Systeemitiimi Oy starting from 1.11.2006. The 2007 group financial statements include Fulmentum Oy which is consolidated starting from 1.5.2007 and Solorus Holding Oy starting from 1.12.2007. As a consequence of the intra-group arrangements of Solteq group of companies Artekus Oy merged to its parent 1.10.2007 and the mergers of Tampereen Systeemitiimi Oy and Fulmentum Oy to their parent realized 31.12.2007.

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 purchase method. Acquired companies are included in the group financial statement from the date when the group has acquired right of control and sold subsidiaries until the date when the right of control seizes. All group's internal business transactions, receivables, debts and unrealised profits as well as internal distribution of profit is eliminated in the preparation of the group financial statement. Unrealised losses are not eliminated in the event that they are caused by impairment.

Associates

Associates are companies where the group has a significant influence. Significant influence is reached when the group owns over 20% of the company's votes or when the group otherwise has a significant influence but not right of control. The consolidated financial statements for 2005 do not include Oscar Software Oy, acquired in January 2005. The exclusion is based on the temporary nature of ownership. The shares of the associate have been sold in accordance with the ownership agreement in December 2006.

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 group financial statement is 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 a foreign currency have been converted to functional currency using that date's exchange rates. Any exchange rate profit or loss from transactions in foreign currencies has been recorded in the financial statement under financial income and expense.

Property, plant and equipment

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

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

- Machinery and equipment 3-5 years

The remaining values and useful lives are reviewed at each financial statement and, when necessary, are corrected to reflect any possible changes in future economic benefit to previous estimates.

Depreciation of property, plant and equipment are discontinued once the asset has been classified under IFRS 5 Non-current assets held for sale and discontinued operations.

Profits and losses from disposal and divestment of property, plant and equipment are recorded under other income or expenses.

Borrowing costs

Borrowing costs are recognised as an expense in the financial period in which they have incurred. Direct expenses from acquisition of loans are included in that loan's original periodised acquisition expense and are periodised as interest expense using the effective interest method.

Intangible assets

Intangible asset is recorded in the balance sheet only if the asset's acquisition cost can be reliably determined and if it is likely to bring future economic benefit to the company. Those intangible assets having an indefinite useful life are not depreciated but they are tested annually for impairment. Intangible assets with a finite useful life are recorded in the balance sheet with at historical cost and are depreciated on a straight-line basis during their economic life. Estimated depreciation periods are as follows:

- development costs 5-10 years
- software 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 and other intangible assets with indefinite useful life are tested annually for impairment and are not subject to regular depreciation. For this purpose the goodwill is allocated to cash-generating units or, in case of associates, to the acquisition cost of the associate. The goodwill is valued at the original acquisition cost less impairment.

Research and development costs

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

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 economic life or, if shorter, the lease term. Lease payments are divided into financial expenses and loan repayments during the rental period so that the remaining debt at the end of a financial period has an equal interest percentage. Lease commitments are included under interest bearing liabilities.

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

Impairment

The group estimates at the end of each financial period whether or not there is any indication of impairment in any asset. In the event of any such indication, the recoverable amount of the value 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, intangible assets with indefinite economic life as well as 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 asset's fair value less selling costs or value in use, if higher. 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. Recoverable amount of financial asset is either the fair value or estimated present value of future cash flows discounted at the original effective rate. Impairment loss is recognised when the asset's book value is higher than its recoverable amount. Impairment loss is immediately entered in the income statement. If the impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the goodwill of the cash-generating unit and then to decrease symmetrically other assets of the unit. Impairment loss is reversed, if circumstances change and the asset's recoverable value has changed from the time of the recording of the impairment loss. Reversal amount cannot, however, be higher than the asset's book value would be without the recording 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 recorded 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 matured prior to 1.1.2005. Option arrangements prior to this date have not been recorded as expense in the income statement. Option rights are valued at fair value at the time of their issue and are recorded 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 recorded in the income statement. When option rights are used, transactions made based on share subscription are recorded in accordance with the option terms..

Financial assets and liabilities

Solteq group has applied the IAS 32 and IAS 39 standards, as amended in 2004, since 1.1.2005. The group has classified, in accordance with IAS 39 standard, its financial assets as loan and other receivables. Financial assets include trade and other receivables. Financial liabilities are classified as other liabilities. Financial liabilities include trade and other payable.

Trade and other receivables

Trade receivables are valued at the original invoiced amount, deducted by uncertain receivables or at the amount of proceeds that can be reliably determined as the result of executing services. Recorded uncertain receivables are reviewed and estimated on a case-by-case basis. Any credit losses are recorded in the income statement as expenses.

Other receivables are recorded according to their original value. Uncertain receivable amounts are estimated under individual instalment risk. Receivables noted as uncertain are recorded as expenses in the income statement.

Financial assets recorded at the fair value through profit or loss

Financial assets include assets recorded initially at fair value through profit or loss. These are included in non-current assets. The items in this group have been valued at fair value which has been defined under published prices in working markets, or in other words, based on purchase quotes at the end of the financial period. Changes in fair value as well as unrealised or realised profit or loss are recorded in the income statement under the period when they incurred.

Cash and cash equivalents

Cash and bank accounts are included in cash and cash equivalents. Unused overdraft facility in the amount of EUR 0.4 M€ has not been recorded in the balance sheet.

Provisions

Provision is recognised when the group has a present obligation (legal or constructive), based on a past event, realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. If part of the obligation is possible to be covered by a third party, the obligation is recorded as a separate asset, but only once this coverage is practically certain. Provisions are valued at the present value required to cover the obligation. In the calculation of present value, discounting is considered so that it reflects the market's view of that moment's time value and risks associated with the obligation.

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

Income taxes

Tax expenses for the financial period comprise of 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 all temporary differences between book value and taxable value. Most significant temporary differences are due to project calculation periods and goodwill amortisations. Goodwill impairment losses that are not tax deductible are not recorded as deferred taxes and taxes are not recorded on undistributed profit from subsidiaries when the differences are unlikely to realise 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

Sold assets and services produced

Income from the sale of assets is recorded when the significant benefits and risks incidental to ownership of that asset have transferred to the buyer.

Income from services is recorded when the service has been carried out. Income is recorded up to the amount that can be reliably assessed at the end of performing the service. Income and expenses for long-term projects are recorded as income and expenses based on degree of completion. Degree of completion is defined by comparing the costs incurred 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 recorded as cost straight away.

When the final result of a long-term project cannot be reliably estimated, costs incurred are recorded as costs during the period when they have been incurred and the proceeds from the project will be recorded only up to the amount as the accumulated costs amount is reachable. Losses from the project will be recorded as costs straight away.

Interests

Interest income is recorded using the effective interest method.

Other income and expenses

Other income recorded contains sales of assets and other actual sales income, such as rental income and public grants. Public funding is recorded in the income statement at the same time with those expenses that the public funding was intended to cover.

Other expenses include losses from sales of assets and other costs except those linked to actual sales, such as renting of premises.

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 and change in finished goods and work in progress, deduct 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.

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

In preparation of the group's financial statement, estimates and assumptions regarding the future must be made and some of these have an effect on the numbers recorded for assets, liabilities, receivables and expenses. 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 in which the group's financial statement is prepared. The end results may deviate from these assumptions and estimates. In addition, some judgement must be exercised in the preparation of the principles of the financial statement.

Impairment test

The group carries out annual tests for the possible impairment of goodwill, intangible assets not yet available for use and intangible assets with indefinite economic life, and indications of impairment are evaluated in accordance with the principles of the financial statement. Recoverable amount of cash-generating units is defined as calculations based on value in use. These calculations require the use of estimates.

Adoption of new and amended standards and interpretations

The Group will apply in the financial statements 2008 the new or amended standards and interpretations publishes by the IASB in 2006 and 2007, which have been published but they are not yet effective and the Group does not apply them before they are mandatory. According to the Group's estimate their adoption will not have a significant effect on the Group's next financial statements.

1 Segment information

Segment information is presented based on business segments. Business segments are based mainly on the group's internal organisational structure and internal financial reporting.

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

Pricing between the segments is done by appropriate market values.

Business segments

The group's business segments are:

- Retail and wholesale trade: all trade customers
- Industry and services: industry customers

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
Unallocated items	-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
Investments	102	1 731	1 833
Depreciation	490	252	742

2006, thousand EUR			
Business segment	**retail and wholesale trade**	**industry and services**	**total**
Revenue	15 358	7 806	23 164
Operating result	-743	245	-498
Unallocated items	373	248	621
Result for the financial period	-370	493	123
Segment's assets	10 248	10 099	20 347
Total assets	10 248	10 099	20 347
Segment's liabilities	5 017	5 616	10 633
Total liabilities	5 017	5 616	10 633
Investments	441	7 240	7 681
Depreciation	419	279	698

Geographical segmentation has not been presented, because the group's main business operation takes place in only one geographical segment, Finland.

2 Acquired business operations

Solteq acquired 13.3.2007 all the shares of Fulmentum Oy that 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.

The following assets and liabilities were booked relating 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 Long-term projects

Income from long-term projects to the group's turnover reached 914 thousand euros in 2007 (4.079 thousand euros in 2006).

Incomplete long-term projects yielded 598 thousand euros in proceeds to the group's financial statements by 31.12.2007 (973 thousand euros 31.12.2006). Advance payments relating to the incomplete long-term projects included in the balance sheet totalled 156 thousand euros as at 31.12.2007 (380 thousand euros 31.12.2006).

4 Other income

THOUSAND EUR	2007	2006
Profits from sale of tangible assets	30	7
Other income	39	35
Total	**69**	**42**

5 Other expenses

THOUSAND EUR	2007	2006
Expenses from telephone and telecommunications	453	451
Rent costs	1 149	1 107
Car and travel expenses	1 404	1 377
Compensation for damages	0	535
Other expenses	2 189	1 329
Total	**5 195**	**4 799**

6 Depreciation, amortisation and impairment

THOUSAND EUR	2007	2006
Depreciation by asset group		
Intangible assets		
Other intangible assets	296	264
Total	**296**	**264**
Tangible assets		
Machines and equipment	446	434
Total	**446**	**434**

7 Employee benefit expense

THOUSAND EUR	2007	2006
Wages	11 518	10 315
Pension expenses - defined contribution plans	2 014	1 863
Other staff expenses	824	653
Total	**14 356**	**12 831**
Average number of employees during financial period	**2007**	**2006**
Trade	126	132
Industry and services	126	108
Total	**252**	**240**
Employees as at 31.12.	259	234

Information on the management remuneration employment benefits and loans are presented in note 29 Related party transactions. Information on awarded options is presented in note 21 Share-based payments.

8 Research and development costs

The income statement 2007 includes R&D expenses in the amount of 250 thousand euros, mainly comprising of wages (300 thousand euros in 2006).

9 Financial income

THOUSAND EUR	2007	2006
Interest income	14	65
Income from dividends	0	4
Other financial income	1	127
Total	**15**	**196**

10 Financial expenses

THOUSAND EUR	2007	2006
Interest expenses	188	66
Other financial expenses	41	111
Total	**229**	**177**

Other financial expenses include 1 thousand euros of variable rents relating to financial leasing contracts (thousand euros in 2006).

11 Income taxes

THOUSAND EUR	2007	2006
Taxes based on the taxable income of the financial period	-104	152
Final taxes from the previous financial period	0	-88
Deferred taxes	76	-666
Total	**-28**	**-602**

Reconciliation between income statement's tax expenses and taxes based on the group's domestic tax rate (2007 and 2006: 26 %):

THOUSAND EUR	2007	2006
Result before taxation	1 090	-479
Taxes based on domestix tax rate	283	-125
Undeductible expenses	7	17
Liquidation loss	-309	-454
Valuation of investments at fair value	0	-4
Taxes for the previous financial period	0	-88
Other differences	-10	52
Taxes in the income statement	**-28**	**-602**

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 in circulation.

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 substitutes, because the income from the use of options does not enable the group to release the same amount of shares at the actual value. The share's actual value is based on the average price of the shares over the financial period.

	2007	2006
Profit for the financial period attributable to equity holders of the parent (thousand EUR) Continuing operations	0,09	0,01
Weighted average of the number of shares during the financial period (1000)	12 052	11 420
Undiluted EPS (EUR per share), continued operations	0,09	0,01
EPS after dilution correction (EUR per share), continued operations	0,09	0,01

13 Property, plant and equipment

THOUSAND EUR	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Acquisition 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
Exchange gains and losses	0	0	0	0	0
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
Impairment	0	0	0	0	0
Deductions	0	0	0		0
Exchange gains and losses	0	0	0	0	0
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
Acquisition cost 1.1.2006	158	2 144	1 448	21	3 771
Additions	15	192	585	2	794
Acquisition of subsidiaries	0	0	104	0	104
Deductions	0	-306	-30	0	-336
Exchange gains and losses	0	0	0	0	0
Acquisition cost 31.12.2006	**173**	**2 030**	**2 107**	**23**	**4 333**
Accumulated depreciation and impairment 1.1.2006	0	0	880	0	880
Depreciation	0	0	434	0	434
Impairment	0	0	0	0	0
Deductions	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0
Accumulated depreciation and impairment 31.12.2006	**0**	**0**	**1 314**	**0**	**1 314**
Book value 1.1.2006	158	2 144	568	21	2 891
Book value 31.12.2006	173	2 030	793	23	3 019

EUR 525 thousand remained to be depreciated of the group's machinery and equipment on 31.12.2007 (EUR 521 thousand on 31.12.2006).

Financial leases

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

THOUSAND EUR	MACHINERY AND EQUIPMENT	TOTAL
31.12.2007		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489
31.12.2006		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489

EUR 335 thousand worth of assets with financial leases is included in the additions in 2007 (EUR 335 thousand in 2006).

14 Intangible assets

THOUSAND EUR	GOOD-WILL	DEVELOPMENT COSTS	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENSES	TOTAL
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
Deductions	0	0	0	0	0
Acquisition of subsidiaries	0	0	0	36	36
Exchange gains and losses	0	0	0	0	0
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
Impairment	0	0	0	0	0
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
Acquisition costs 1.1.2006	2 667	1 154	1 386	155	5 362
Capitalised development costs	0	342	0	0	342
Additions	0	0	49	45	94
Deductions	0	0	0	0	0
Acquisition of subsidiaries	4 043	0	614	28	4 685
Exchange gains and losses	0	0	0	0	0
Acquisition costs 31.12.2006	**6 710**	**1 496**	**2 049**	**228**	**10 483**
Accumulated amortisation and impairment 31.12.2006	110	0	1 269	100	1 479
Amortisation	0	118	130	16	264
Impairment	0	0	0	0	0
Accumulated amortisation and impairment 31.12.2006	**110**	**118**	**1 399**	**116**	**1 743**
Book value 1.1.2006	2 557	1 154	117	55	6 114
Book value 31.12.2006	6 600	1 378	650	112	8 740

During this review period and comparison year, the company has been involved in two large-scale projects in added value product development, and 129 thousand euros (342 thousand euros) of expenses have been capitalised in accordance with IFRS. Other product development costs have not been capitalised.

Impairment

Goodwill generated in business combinations is allocated to cash-generating units which are based on the Group's reporting structure used in monitoring business operations.

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 budget 2008 and 5-year forecasts. Forecasted cash flows do not take into account real growth. According to the view of the management, this estimate is moderate.

The discounting rate used in the calculations, 9 per cent, is the weighted average cost of capital before taxes. Even if the operating profit figures were 10 % lower during the estimated period than used in the forecast, the impairment tests would not result in impairment for 2007.

The book value of goodwill as at 31.12.2007 totals 8.086 thousand euros. Compared to the book value as at 31.12.2006 the amount of goodwill increased by 1.486 thousand euros. The book value of intangible assets not yet available for use totalled 488 thousand euros (359 thousand euros 31.12.2006).

15 Long-term assets available for sale

THOUSAND EUR	2007	2006
Beginning of financial period	81	88
Additions/deductions	36	-7
End of financial period	117	81

16 Deferred tax assets and liabilities

Changes in deferred taxes during 2007:

Thousand Eur	31.12. 2006	Recorded in the income statement	31.12. 2007
Deferred tax assets:			
Provisions for loss	0		0
Project accruals	0		0
Shelved depreciation	13		13
Liquidation loss	1 018	79	1 097
Total	**1 031**	**79**	**1 110**
Deferred tax liabilities:			
Amortisation of goodwill	199	103	302
Items from stand-alone companies	145	-16	129
Other items	24	-6	18
Total	**368**	**81**	**449**

17 Trade receivables and other receivables

THOUSAND EUR	2007	2006
Trade receivables	5 362	4 183
Loan receivables	3	0
Prepayments and accrued income	2 590	1 377
Other receivables	70	59
Total	**8 025**	**5 619**

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

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

THOUSAND EUR	2007	BOOKED AS BAD DEBTS	NET 2007	2006	BOOKED AS BAD DEBTS	NET 2006
Not due	3 981		3 981	3 265		3 265
Due	1 381		1 381	918		918
Under 30 days	640		640	415		415
31-60 days	212		212	55		55
61-90 days	157		157	69		69
Over 90 days	372	39	372	379	-7	379
Total		**39**	**5 362**		-7	**4 183**

All short-term receivables are in euros

18 Financial assets at fair value through profit or loss

THOUSAND EUR	2007	2006
Short-term interest funds / equity funds	0	1 579
Total	**0**	**1 579**

19 Cash and cash equivalentst

THOUSAND EUR	2007	2006
Cash and bank accounts	345	646
Total	**345**	**646**

20 Notes to equity

Below is the reconciliation of the number of shares:

THOUSAND EUR	Number of shares 1 000	Share capi-tal	Share issue	Share premium equity reserve	Share-holders equity reserve	Distri-butab-le equity reserve	Total
1.1.2006	**10 802**	**908**		**234**	**9 500**		**10 642**
Use of share options	24	2		13			15
Fund transfer	1 212	84		1 917		298	2 299
Return of equity					-3 538		-3 538
31.12.2006	**12 038**	**994**	**0**	**2 164**	**5 962**	**298**	**9 418**
Use of share options	27	2	64	18			84
"Transfers between reserves / share issue without payment"		6		-2 164	-5 962	8 120	0
Return of equity						-1 204	-1 204
31.12.2007	**12 065**	**1 002**	**64**	**18**	**0**	**7 213**	**8 297**

The maximum number of shares is 28.539.504 (28.539.504 in 2006). 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 2006).
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 recorded as share capital is recorded in this reserve.

Dividends

After the balance sheet date the Board of Directors has proposed to the Annual General Meeting a dividend of 0,06 euros per share for the financial period 2007.

21 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 in 2008 because the subscriptions took place in December 2007.

The subscriptions of options have been booked 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:

	Exercise price weighted averaged EUR/share	Number of options	Exercise price weighted averaged EUR/share	Number of share
Beginning of financial period	**1,07**	**189**	**1,32**	**213**
Used options	0,76	-110	0,64	-24
Voided options	0,00	0	0,00	0
New options awarded	0,00	0	0,00	0
End of financial period	**1,50**	**79**	**1,07**	**189**
Implementable options at the end of the financial period	1,50	79	1,07	189

The option programme II has ended 31.12.2007, thus the unsubscribed options will be cancelled and the options have no value.

22 Provisions

Short-term provisions

thousand EUR	Unprofitable contracts
1.1.2006	61
Use of provisions	-61
1.1.2007	0
Use of provisions	0
31.12.2007	0

Short-term provisions relate to delivery agreements with fixed price. At the year-end 2007 there was no need for provision.

23 Interest-bearing liabilities

thousand EUR	2007	2006
Long-term		
Finance lease liabilities	163	163
	163	163
Short-term		
Loans from financial institutions	6 563	3 270
Finance lease liabilities	326	326
	6 889	**3 596**

The fair value of interest-bearing liabilities is the same as their book value because the interests are based on short-term reference rates of interest.

Due dates for long-term debts:

2007	2008	2010	Later
thousand EUR			
Finance lease liabilities	326	0	0
Total long-term debt	326	0	0

2006	2007	2008	2009	Later
thousand EUR				
Finance lease liabilities	326	163	0	0
Total long-term debt	326	163	0	0

Loans from financial institutions are presented as short-term liabilities. Their due dates are in 2008. Their average rate of interest was 4,6 percentages in 2007. Interest-bearing liabilities are in euros. The amount of Group's interest-bearing liabilities with a fluctuating rate of interest and re-pricing periods according to contracts are as follows:

THOUSAND EUR	2007	2006
under 6 months	1 726	3 163
6-12 months	4 163	163
1-5 years	1 163	433
Total	**7 052**	**3 759**

Due dates for financial leasing debts:

THOUSAND EUR	2007	2006
Financial lease liabilities - total amount of minimum payments		
Within 12 months	326	326
Between 1 and 5 years	163	163
	489	**489**
Finance lease liabilities - current value of miminum liabilities		
Within 12 months	322	322
Between 1 and 5 years	161	161
	483	**483**
Future financing expenses	**6**	**6**
Total financial lease liabilities	**489**	**489**

24 Trade and other payables

THOUSAND EUR	2007	2006
Short-term		
Trade payable	929	1 533
Accruals and deferred income	2 725	2 066
Other debts	1 621	3 275
Total	**5 275**	**6 874**

Significant items included in accruals and deferred income relate to usual accruals for business operations.

25 Financial risk management and capital management

The group is subject to a number of financial risks during 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 groupings 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 book value of financial assets as at 31.12.2007.

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 31.12.2007 totalled 437 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 others through decisions regarding dividend distribution and return of equity, purchase of own shares as well as share issues.

Equity ratio and net gearing -% are characteristic key figures for capital structure. The group's equity ratio was 44,1 % in 2007 (47,7 % in 2006). Net gearing -% was 69,0 % in 2007 (15,8 % in 2006). The change in net gearing -% during 2007 is mainly a consequence of short-term loan arrangements in connection with the acquisition of Fulmentum Oy and return of equity that has been carried out.

26 Adjustments to cash flow from business operations

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

27 Other lease agreements

Group as a lessee

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

THOUSAND EUR	2007	2006
Within a year	790	781
One to five years	1 632	1 932
More than five years	1 062	1 416
Total	**3 484**	**4 129**

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 in index, renewal and other conditions. Lease liability for the new premises in Helsinki has been presented for the set period of time. The move to these premises took place in March 2006.

The income statement includes lease expenses based on other lease agreement 1.175 thousand euros (1.240 thousand euros in 2006).

28 Contingent liabilities and collateral

THOUSAND EUR	2007	2006
Collateral given on our own behalf		
Company guarantees	1 178	1 178

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

29 Related party transactions

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 %
Tampereen Systeemitiimi Oy	Finland	100 %	100 %
Fulmentum Oy	Finland	100 %	100 %
Solorus Holding Oy	Finland	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 of 31.12.2007. Qetlos Oy has not been consolidated as the company is dormant.

The following related party transactions took place:

Rent arrangements		
thousand EUR	**2007**	**2006**
Rent costs		
Company management	76	76

Management employee benefits		
thousand EUR	**2007**	**2006**
Wages and other short-term employment benefits	242	431
	242	**431**

Wages and salaries

thousand EUR	2007	2006
Managing Director Jorma Hänninen, until 30.9.2006	0	121
Managing Director Hannu Ahola, starting from 1.10.2006	140	33
Deputy Managing Director and Member of the Board Seppo Aalto	0	29
Members of the Board		
Saadetdin Ali U.	66	72
Jokiniva Veli-Pekka	12	12
Heiniö Ari	12	12
Sonninen Jukka	12	12

The members of the Board and the Managing Director owned 4.861.518 shares at the end of 2007 (2006: 5.000 option rights and 4.876.593 shares). Solteq's option programme II ended 31.12.2007, thus there are no available options at 31.12.2007.

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

30 Events after the balance sheet date

There have been no significant subsequent events.

31 Five year figures

Financial period 1.1.-31.12.	2007	2006	2005	2004	2003
Key figures outlining the group's financial development (million EUR)	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**FAS**
Revenue	27,9	23,2	21,6	21,7	20,8
Increase in revenue	20,6 %	7,4 %	-0,7 %	4,4 %	10,5 %
Operating profit/loss	1,3	-0,5	1,2	0,9	1,2
% of revenue	4,7 %	-2,2 %	5,7 %	4,2 %	5,6 %
Profit/loss before taxes	1,1	-0,5	1,5	1,4	1,6
% of revenue	3,9 %	-2,1 %	6,9 %	6,3 %	7,5 %
Return on equity, %	11,5 %	1,2 %	11,4 %	8,7 %	10,1 %
Return on investment, %	8,7 %	-2,4 %	13,3 %	12,4 %	13,8 %
Equity ratio %	44,1 %	47,7 %	75,2 %	65,6 %	74,5 %
Gross investments in non-current assets	1,8	7,7	1,3	2,7	0,2
% of turnover	6,6 %	33,1 %	5,8 %	12,4 %	0,7 %
Research and development costs	0,1	0,5	1,1	0,9	1,4
% of turnover	0,5 %	1,3 %	5,2 %	4,1 %	6,8 %
Net Gearing	69,0 %	15,8 %	-8,0 %	-34,5 %	-55,5 %
Average number of employees	252	240	193	202	192
over the financial period					

Financial period 1.1.-31.12.	2007	2006	2005	2004	2003
Group's key figures per share	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**FAS**
Earnings per share, EUR	0,09	0,01	0,11	0,09	0,11
Equity attributable to the equity holders of the parent, EUR	0,81	0,81	1,00	0,99	1,13
Dividends per share, EUR	0,06	0,00	0,00	0,10	0,09
Dividend from result, %	64,7 %	0,0 %	0,0 %	108,3 %	82,4 %
Effective dividend yield, %	3,43 %	0,00 %	0,00 %	6,29 %	5,81 %
Price/earnings (P/E)	18,9	122,2	17,8	17,2	14,2
Highest share price, EUR	1,86	2,24	2,17	2,25	1,73
Lowest share price, EUR	1,28	1,28	1,58	1,51	0,61
Average share price, EUR	1,59	1,79	1,90	1,83	1,26
Market value of the shares, 1000 EUR	20 632	15 890	21 820	16 955	16 319
Shares trade volume, 1000 pcs	2 694	3 930	3 519	2 840	3 174
Shares trade volume, %	22,4 %	34,4 %	32,8 %	26,8 %	29,9 %
Weighted average of the share issue corrected number					
of shares during the financial period, 1000 pcs	12 052	11 420	10 733	10 596	10 614
Number of shares corrected by share issue					
at the end of the financial period, 1000 pcs	12 065	12 038	10 802	10 664	10 529

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

In 2008 the Board of Directors has proposed to the Annual General Meeting a dividend of 0,06 euros per share for the financial period 2007.

Calculation of financial ratios

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

32 Distribution of ownership and shareholder information

Distribution of ownership by sector 31.12.2007	Number of owners	Shares and votes %	pcs
Companies	91	19,31 %	2 329 669
Financier and insurance institutions	7	0,73 %	88 529
Public organisations	1	0,09 %	11 300
Households	2 006	79,78 %	9 626 220
Not for profit organisations	5	0,03 %	3 971
Outside Finland	6	0,05 %	5 640
Total	2 116	100,00 %	12 065 329
of which nominee registered	4	0,67 %	81 126

Distribution of ownership by size 31.12.2007			
Number of shares	Number of owners	Shares and votes %	pcs
1 - 100	357	0,24 %	28 646
101 - 1 000	1 169	4,71 %	568 002
1 001 - 10 000	504	13,06 %	1 575 241
10 001 - 100 000	76	17,71 %	2 136 511
100 001 - 1 000 000	7	14,31 %	1 726 441
1 000 000 -	3	49,98 %	6 030 488
Total	2 116	100,00 %	12 065 329
of which nominee registered	4	0,67 %	81 126

Major share owners 31.12.2007	Shares and votes pcs	%
1. Saadetdin Ali	3 159 312	26,2 %
2. Aalto Seppo	1 662 206	13,8 %
3. Profiz Business Solution Oyj	1 208 970	10,0 %
4. TP-Yhtiöt Oy	513 380	4,3 %
5. Onninen-Sijoitus Oy	322 071	2,7 %
6. Roininen Matti	284 450	2,4 %
7. Hakamäki Jorma	228 430	1,9 %
8. Saadetdin Katiye	156 600	1,3 %
9. Kiiveri Jouko	118 280	1,0 %
10. Aukia Timo	103 230	0,9 %
10 largest total	7 756 929	64,3 %
Nominee registered total	81 126	0,7 %
Others	4 227 274	35,0 %
Total	12 065 329	100,0 %

Parent company's financial statements 2007
Parent company's income statement

Parent company's income statement	1.1.-31.12.2007	1.1.-31.12.2006
Net turnover	23 347 366,70	18 895 778,01
Other operating income	19 771,73	10 383,22
Raw materials and services	-6 825 337,60	-5 253 601,10
Personnel expenses	-11 557 462,89	-11 040 577,53
Depreciation, amortisation and reduction in value	-615 091,14	-468 023,32
Other operating expenses	-3 445 555,38	-3 996 798,98
Operating result	**923 691,42**	**-1 852 839,70**
Financial income and expenses	2 780 123,14	-39 657,09
Result before extraordinary items	**3 703 814,56**	**-1 892 496,79**
Extraordinary items	123 000,00	0,00
Result before appropriations and taxes	**3 826 814,56**	**-1 892 496,79**
Income taxes	37 560,75	1 019 887,75
Result for the period	**3 864 375,31**	**-872 609,04**

Parent company's balance sheet

Assets	31.12.2007	31.12.2006
NON-CURRENT ASSETS		
Intangible assets	7 277 794,78	3 054 045,22
Tangible assets	217 455,04	172 306,05
Investments		
Share in Group companies	4 573 851,76	6 970 934,00
Other investments	2 095 588,63	2 099 003,49
TOTAL NON-CURRENT ASSETS	**14 164 690,21**	**12 296 288,76**
CURRENT ASSETS		
Short-term receivables	8 999 418,90	6 048 577,26
Cash in hand and at banks	159 460,56	90 905,79
TOTAL CURRENT ASSETS	**9 158 879,46**	**6 139 483,05**
Total assets	**23 323 569,67**	**18 435 771,81**

Equity and liabilities	31.12.2007	31.12.2006
EQUITY		
Share capital	1 002 251,16	993 654,69
Share issue	63 670,00	0,00
Share premium account	17 723,84	2 164 197,45
Shareholders' equity reserve	0,00	5 962 338,50
Distributable equity reserve	7 213 547,90	297 780,16
Retained earnings	-805 304,25	67 304,79
Result for the financial year	3 864 375,31	-872 609,04
TOTAL EQUITY	**11 356 263,96**	**8 612 666,55**
LIABILITIES		
Short-term liabilities	**11 967 305,71**	**9 823 105,26**
TOTAL LIABILITIES	**11 967 305,71**	**9 823 105,26**
Total equity and liabilities	**23 323 569,67**	**18 435 771,81**

Parent company's cash flow statement

CASH FLOW FROM BUSINESS OPERATIONS	2 007	2 006
Operating profit	923 691	-1 852 840
Adjustments to operating profit	615 091	468 023
Change in net working capital	-2 240 506	2 148 085
Paid interests and payments	-226 372	-43 189
Received interests	6 013	5 535
Received dividends from subsidiaries	1 500 000	0
Paid taxes	0	175 531
CASH FLOW FROM BUSINESS OPERATIONS	**577 917**	**901 145**
CASH FLOW FROM CAPITAL EXPENDITURE		
Acquisition / sale of associates	0	8 000
Acquisition of subsidiaries	-3 009 363	-2 323 634
Capital expenditure in tangible and intangible assets	-264 178	-574 041
Sales proceeds from tangible and intangible assets	322 933	17 600
Payments of current loan receivables	0	1 098 000
Sales proceeds from securities	0	1 244 489
Received dividends from investments	363	4 450
CASH FLOW FROM CAPITAL EXPENDITURE	**-2 950 245**	**-525 136**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital for consideration	82 040	22 050
Increase in short-term loans	3 293 139	3 770 106
Repayments of short-term loans	0	-500 000
Paid equity returns	-1 204 400	-3 537 662
CASH FLOW FROM FINANCING ACTIVITIES	**2 170 779**	**-245 506**
CHANGE IN CASH AND CASH EQUIVALENTS	**-201 549**	**130 503**
Cash and cash equivalents 1.1.	361 011	230 508
Cash and cash equivalents 31.12	159 462	361 011

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

	2007	2006
Materials and services	**2007**	**2006**
Materials and consumables		
Purchases during the financial year	4 315 293,82	3 592 169,86
External services	2 510 043,78	1 661 431,24
Total materials and services	6 825 337,60	5 253 601,10
Personnel		
Average number of personnel	**2007**	**2006**
Trade	128	133
Industry and services	53	64
Total	181	197
Number of employees as at 31.12.	179	183
Personnel expenses	**2007**	**2006**
Wages and salaries	9 301 242,87	8 909 616,88
Pension expenses	1 578 691,63	1 554 394,61
Other social security expenses	677 528,39	576 566,04
Total	11 557 462,89	11 040 577,53
Depreciation, amortisation and reduction in value	**2007**	**2006**
Machinery and equipment	65 378,09	57 971,96
Intangible rights	549 713,05	410 051,36
Total	615 091,14	468 023,32
Financial income and expenses	**2007**	**2006**
Dividend income from group undertakings	3 000 120,00	0,00
Interest income and other financial income, external	6 375,41	137 203,42
Interest expenses and other financial expenses, external	-226 372,27	-176 860,51
Total financial income and expenses	2 780 123,14	-39 657,09

Notes to balance sheet

ASSETS	2007	2006
Intangible assets		
Development costs	**2007**	**2006**
Acquisition cost 1.1.	**1 442 616,79**	**1 241 616,79**
Additions	166 525,00	201 000,00
Acquisition cost 31.12.	1 609 141,79	1 442 616,79
Accumulated depreciation 1.1.	114 777,90	0,00
Depreciation for the period	117 694,57	114 777,90
Accumulated depreciation 31.12.	232 472,47	114 777,90
Book value 31.12.	**1 376 669,32**	**1 327 838,89**
Intangible rights	**2007**	**2006**
Acquisition cost 1.1.	1 686 977,35	1 669 661,73
Additions	18 822,09	17 315,62
Subsidiary merger	18 570,67	0,00
Acquisition cost 31.12.	1 724 370,11	1 686 977,35
Accumulated depreciation 1.1.	1 595 662,77	1 533 487,56
Depreciation for the period	49 461,44	62 175,21
Accumulated depreciation 31.12.	1 645 124,21	1 595 662,77
Book value 31.12.	**79 245,90**	**91 314,58**
Goodwill	**2007**	**2006**
Acquisition cost 1.1.	2 437 979,24	2 437 979,24
Subsidiary merger	635 024,14	0,00
Acquisition cost 31.12.	3 073 003,38	2 437 979,24
Accumulated depreciation 1.1.	864 141,07	649 526,77
Depreciation for the period	263 462,31	214 614,30
Accumulated depreciation 31.12.	1 127 603,38	864 141,07
Book value 31.12.	**1 945 400,00**	**1 573 838,17**

	2007	2006
Other long-term expenditure	**2007**	**2006**
Acquisition cost 1.1.	179 951,47	155 303,47
Additions	3 934 520,71	24 648,00
Acquisition cost 31.12.	4 114 472,18	179 951,47
Accumulated depreciation 1.1.	118 897,89	100 413,94
Depreciation for the period	119 094,73	18 483,95
Accumulated depreciation 31.12.	237 992,62	118 897,89
Book value 31.12.	**3 876 479,56**	**61 053,58**
Intangible assets total book value 31.12.	**7 277 794,78**	**3 054 045,22**
Tangible assets		
	2007	**2006**
Acquisition cost 1.1.	474 675,06	344 514,18
Additions	45 016,65	141 097,64
Subsidiary merger	65 510,43	0,00
Deductions	0,00	10 936,76
Acquisition cost 31.12.	585 202,14	474 675,06
Accumulated depreciation 1.1.	302 369,01	244 397,05
Depreciation for the period	65 378,09	57 971,96
Accumulated depreciation 31.12.	367 747,10	302 369,01
Book value 31.12.	**217 455,04**	**172 306,05**

Notes to balance sheet

Investments

Group companies		Company's share of ownership %
Solteq Finance Oy, Savonlinna		100 %
Tampereen Systeemitiimi Oy, Tampere		100 %
Fulmentum Oy, Helsinki		100 %
Solorus Holding Oy, Tampere		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
Other shares		41 801,43
Total		2 095 588,63

Notes to balance sheet

Receivables	**2007**	**2006**
Trade receivables	5 134 325,23	3 457 085,39
Group receivables		
Other receivables	673 708,00	439 200,00
Total	**673 708,00**	**439 200,00**
Other receivables	101 319,85	57 513,72
Prepayments and accrued income	3 090 065,82	2 094 778,15
Total	**3 191 385,67**	**2 152 291,87**
Total receivables	**8 999 418,90**	**6 048 577,26**
Equity and liabilities		
Equity	**2007**	**2006**
Share capital	1 002 251,16	993 654,69
Share premium reserve	17 723,84	2 164 197,45
Share issue	63 670,00	0,00
Shareholders' equity reserve	0,00	5 962 338,50
Distributable equity reserve	7 213 547,90	297 780,16
Retained earnings	-805 304,25	67 304,79
Result for the period	3 864 375,31	-872 609,04
Total equity	**11 356 263,96**	**8 612 666,55**
Distributable reserves	**2007**	**2006**
Retained earnings	-805 304,25	67 304,79
Result for the period	3 864 375,31	-872 609,04
Shareholders' equity reserve	0,00	5 962 338,50
Distributable equity reserve	7 213 547,90	297 780,16
Total	**10 272 618,96**	**5 454 814,41**
Short-term liabilities	**2007**	**2006**
Loans from financial institutions	6 563 244,73	3 000 000,00
Intra-group debts	729 262,48	643 900,45
Trade payable	953 558,18	1 387 315,06
Other debts	1 101 085,72	3 051 404,13
Accruals and deferred income	2 620 154,60	1 740 485,62
Total	**11 967 305,71**	**9 823 105,26**
Significant items included in accruals and deferred income	**2007**	**2006**
Significant items in accruals and deferred income relate to normal accruals relating to the business operations		

Notes to balance sheet

Other notes	2007	2006
Contingent liabilities		
Payments for leasing contracts	**2007**	**2006**
To be paid during the next financial period	570 852,22	635 520,00
To be paid later	397 285,38	480 444,00
Total	**968 137,60**	**1 115 964,00**
Leasing contracts vary in length and do not include any specific redemption clauses.		
Other collateral and contingent liabilities	**2007**	**2006**
Company guarantee 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		
Company guarantees	1 178 000,00	1 178 000,00
Deposits for performance guarantees	48 304,05	0,00
Total guarantees	**1 226 304,05**	**1 178 000,00**
Rental liabilities for the company's premises total 2.929.657 euros as at 31.12.2007.		

List of accounting records, document types and method of filing

Accounting records	
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 31.12.2007 is:

Distributable equity reserve	7.213.547,90 euros
Loss from previous financial periods	-805.304,25 euros
Profit from financial period	3.864.375,31 euros
Total	10.272.618,96 euros

Of this amount, 10.272.618,96 euros are distributable funds.
The Board of Directors proposes a dividend of 0,06 euros per share for the financial period 2007.

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 29 January 2008

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

Jukka Sonninen
Member of the Board

Hannu Ahola
Managing Director

The auditor's note

The above financial statements and the Report of the Board of Directors have been prepared in accordance with generally accepted accounting principles in Finland. Our auditors' report has been issued today.
Helsinki, 1st February, 2008

KPMG Oy Ab

Frans Kärki
Authorised Public Accountant

Auditors' Report

To the shareholders of Solteq Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Solteq Plc for the period 1.1. – 31.12.2007.

The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki 1st February, 2008

KPMG Oy Ab

Frans Kärki
Authorised Public Accountant

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