

Published: 2011-10-20 08:00:00 CEST



SOLTEQ PLC'S INTERIM REPORT 1.1.-30.9.2011

Solteq Plc Stock Exchange Bulletin 20.10.2011 at 9.00 am

- Turnover totalled 19,5 million euros (19,5 million euros)
- Operating profit totalled 985 thousand euros (-2.213 thousand euros)
- In 2011 the turnover is forecasted to be at the same level as in 2010 but the operating profit is forecasted to have improved to nearly 5 per cent
- Earnings per share were 0,05 euros (-0,15 euros)

Turnover by operation:

%	1-9/11	1-9/10	1-12/10
Softwareservices	63	67	65
Licences	32	27	27
Hardware	5	6	8

CEO Repe Harmanen:

"The third quarter was operationally and financially in accordance with our forecasts and our positive performance continued in relation to last year. Our sales were at the previous year's level. The improvement of profitability has been successful and in accordance with our plans. After nine months, we are able to maintain our performance, but we still have work ahead in the upcoming periods as relates to the specified level set forth in the strategy. Our results as compared to the previous quarter and on a cumulative basis have improved and we have maintained our predicted level of earnings.

The level of earnings and improvement are based on improved monitoring, risk management, as well as the effects of the first cost-saving measures. It was encouraging to note effect of the implemented measures on our business operations. It creates good faith in our operations for the coming months and years. I do not think that we have yet achieved major breakthroughs. We have been successful in enhancing our situation with well-planned work and small steps, improvements and activities with our long term customers and employees. Long-term and trustworthy customer relationships are a solid basis for everything we do.

The year's theme of "Forecasted Profitability" can be viewed as working and we want to keep this theme in front and as part of our decision making and operations. It's important to keep focus on simple and basic things and actions also in the future.

Demand in our business areas has remained at normal levels throughout the fiscal year. Our current predictions for the end of the year concerning operations correspond to our earlier projections. The current turbulent situation on the European financial markets raises questions on the future. Due this we have reviewed and attempted to identify factors that may impact our business areas directly or indirectly and taken necessary planning steps at this stage. We want to be ready if the situation requires us to react. So far we do not anticipate any change at the level of operations for this year but, as always, predictions - especially relating to the distant future - are difficult.

We have advanced our new strategy in accordance with our plans. Parts of the

strategic programs have progressed more slowly than expected, and some on the other hand faster than predicted. During the summer, we have also gotten the first new business openings in accordance with our strategy. During the quarter we have refined and added measures in a few strategic areas in order to speed up implementation. We have also sought to speed up and streamline operations through the announced organizational change to better align our operating model with our strategy. As of the beginning of 2012, Solteq Plc's reported segments are the Enterprise Resource Planning and Financial Management Solutions and Value Added Solutions for Enterprise Resource Planning.

Overall, I feel the situation to date this year is even good in some parts. We see reasonable demand but at the same time the general uncertainty creates additional challenges for the realization of growth. We will win by rigorously focusing on our operations, strategy and good client relationships.

We will continue and focus on our operational activities as well as the implementation of our strategy.

Happy autumn to all of our stakeholders!"

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq offers systematically developing operational and financial control services to commercial, logistics, industrial and public administration actors. We complement our core offering with solutions for specialized retail management, maintenance and servicing management, as well as solutions for quality improvement and the management of systems in which master data is contained. With the help of our solutions developed using technology from the world's leading companies, our clients guide their businesses more efficiently and improve their profitability.

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

Solteq's turnover was 19.492 thousand euros (19.507 thousand euros).

Solteq's operating profit was 985 thousand euros (-2.213 thousand euros). The company's operating margin was 5,1 % (-11,3 % in 2010).

ERP

Solteq's ERP business area offers 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 lead their operations and enhance, for example, their purchases, sales and warehouse management, as well as reporting. A wide group of customers use these solutions every day in the trade, industry, auto trade and public sector operating areas, among others.

The revenue of the ERP business area totalled 12,2 million euros. The business area's operating profit was 1,2 million euros.

EAM

Solteq's EAM solutions include systems for maintenance management, asset management optimization, fieldwork management and maintenance. Through these solutions, Solteq's customers can anticipate the need for service of production lines and machines, 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 the processing and engineering industries, as well as the maintenance related service sector.

During the review period, the revenue of the EAM business area totalled 2,9 million euros and the operating profit was 0,1 million euros.

Data

Solteq's Data business area is responsible for services and products relating to the data (namely, masterdata) that are 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 that support customers' enterprise resource planning and decision-making is high-quality, compatible and up to date.

During the review period the revenue of the Data business area totalled 1,4 million euros and the operating result was -0.4 million euros.

Store

The solutions of Solteq's Store business sector enhance the management of the purchases, sales and customer relationships of specialty stores and chained commerce. Every day hundreds of retailers, entrepreneurs and salespersons lead their businesses and serve their customers in thousands of store locations by means of these solutions.

The revenue of Store business area totalled 3,0 million euros and the operating profit was 0.1 million euros during the review period.

TURNOVER AND RESULT

Turnover decreased by 0.1 % compared to the previous year and totalled 19.492 thousand euros (previous review period 19.507 thousand euros).

Turnover consists of several individual clienteles. At the most, one client corresponds to less than ten per cent of the turnover.

The profit for the review period was 985 thousand euros (-2.213 thousand euros), the operating profit before taxes was 846 thousand euros (-2.342 thousand euros) and the operating profit for the review period was 614 thousand euros (-1.764 thousand euros).

BALANCE SHEET AND FINANCING

The total assets amounted to 16.775 thousand euros (19.036 thousand euros). Liquid assets totalled 147 thousand euros (157 thousand euros). In addition to liquid assets the company had unused account limits totalling 2.061 thousand euros at the end of the review period.

Solteq Group's interest-bearing liabilities were 5.041 thousand euros (7.005 thousand euros).

Solteq Group's equity ratio was 33,9 per cent (38,4 per cent).

INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investment during the review period was 104 thousand euros (97 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, Microsoft and IBM and utilize their resources and distribution channels. Own development efforts are focused on added value products and developing tailored service concepts.

During the review period product development costs were not amortized in accordance with IFRS standards (comparison year also not amortized for the review period).

PERSONNEL

The number of permanent employees at the end of the review period was 211 (230). The average number of personnel during the review period was 213 (237). In the end of the review period the number of personnel could be divided as follows ERP: 101 people; EAM: 34 people; DATA: 21 people; STORE: 24 people and 31 people in shared functions.

RELATED PARTY TRANSACTIONS

Solteq's related parties include the board of directors, managing director and the management team.

The company has on 1/3 and 23/3/2011 provided notification about an arrangement in which interest bearing loans and a directed issuance have been given to Solteq Management Oy, which is owned by management.

Solteq Management Oy is combined into consolidated financial statements on the basis of the shareholders' agreement.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 30.9.2011 was 1.009.154,17 euros which was represented by 12.148.429 shares. The shares have no nominal value.

At the end of the review period, the amount of treasury shares in Solteq Plc and the group company Solteq Management Oy's possession were 674.976 shares. The amount of treasury shares represented 5,6 % of the total amount of shares and votes at the end of the review period. The equivalent value of acquired shares was 56.069 euros.

Exchange and share price

During the review period, the exchange of Solteq's shares on the Helsinki Stock Exchange was 1.5 million shares (0.8 million shares) and 1.6 million euros (1.0 million euros). The highest price during the review period was 1.20 euros and the lowest price was 0.96 euros. The weighted average price of the share was 1.08 euros and the price ending was 1,02 euros. The market value of the company's shares in the end of the review period totalled 12,4 million euros (13,8 million euros).

Ownership

At the end of the review period, Solteq had a total of 1,858 shareholders (1,970 shareholders). Solteq's 10 largest shareholders owned 8,499 thousand shares, amounting to 70.0 per cent of the company's shares and votes. Solteq Plc board members owned a total of 5,149 thousand shares which equals 42.4 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

At Solteq Plc's annual general meeting on 16 March 2011 the 2010 financial statements were adopted and the members of the board and the managing director were discharged from liability for the 2010 review period.

The annual general meeting decided in accordance with the board's proposal that no dividend will be paid for the review period ending on 31 December 2010.

The annual general meeting decided to authorize the board of directors to decide on acquiring and distress the company's own shares so that the amount in the possession of the company may reach up to 10 per cent 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 be used as part of the incentive scheme of the personnel or be otherwise conveyed or cancelled. The shares can be acquired in proportions other than the shareholders' holdings. The shares are to be acquired through public trading. The authorization is valid until the next annual general meeting.

The General Meeting approved proposal by the Board to cover the loss of 3.412.908, 22 euros in balance sheet by the fund for invested unrestricted equity.

BOARD OF DIRECTORS AND AUDITORS

Five members were elected to the board of directors. Ali Saadetdin, Seppo Aalto, Markku Pietilä, Sirpa Sara-aho and Jukka Sonninen continued as members of the board. The board elected Ali Saadetdin to act as the Chairman of the Board.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as Solteq's auditors. Frans Kärki, APA, acts as the chief auditor.

EVENTS AFTER THE REVIEW PERIOD

No events have occurred that require reporting after the review period.

RISKS AND UNCERTAINTIES

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

pricing of business deals that are the basis for 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 duties. The company has not organized a separate internal audit organization or committee.

PROSPECTS

Relating to year 2011, Solteq forecasts that the annual revenue will be at the same level as in 2010. The operating profit, however, is forecasted to have clearly improved to approximately 5 per cent.

Financial Reporting

This interim report has been prepared in accordance with the recognition and measurement principles of IFRS-standards.

The financial result is reported through four business areas. The ERP business area includes systems for finance and enterprise resource planning. The EAM business area consists of asset management optimization, material management and maintenance management systems. The 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. The Store business area includes point-of-sale and store management systems. The most essential product and service types of the 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 management on the economic environment and outlook. Because of this, the results can differ 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.- 30.9.2011	1.7.- 30.9.2010	1.1.- 30.9.2011	1.1.- 30.9.2010	1.1.- 31.12.2010
NET TURNOVER	5 325	6 748	19 492	19 507	26 998
Other operating income	0	2	9	14	52
Raw materials and services	-1 211	-1 895	-4 281	-5 360	-7 394
Staff expenses	-2 711	-2 835	-10 445	-11 689	-15 688
Depreciation	-207	-501	-614	-925	-3 223
Other operating expenses	-903	-1 555	-3 176	-3 760	-5 060
OPERATING RESULT	293	-36	985	-2 213	-4 315

Financial income and expenses	-32	-42	-139	-129	-172
RESULT BEFORE TAXES	261	-78	846	-2 342	-4 487
Income taxes	-71	16	-232	578	780
RESULT FOR THE PERIOD	190	-62	614	-1 764	-3 707
OTHER ITEMS OF TOTAL COMPREHENSIVE INCOME					
Cash flow hedging	-13	15	8	-31	-18
Other items of total comprehensive income after taxes	-10	11	6	-23	-13
TOTAL COMPREHENSIVE INCOME	180	-51	620	-1 787	-3 720
Total profit for the period attributable to Owners of the parent	190	-62	614	-1 764	-3 707
Total comprehensive income attributable to Owners of the parent	180	-51	620	-1 787	-3 720
Earnings / share, e(undiluted)	0,01	-0,01	0,05	-0,15	-0,32
Earnings / share, e(diluted)	0,01	-0,01	0,05	-0,15	-0,32

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

GROUP BALANCE SHEET (TEUR) 30.9.2011 30.9.2010 31.12.2010

ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible rights	1 860	2 186	2 093
Goodwill	6 199	8 286	6 199

Tangible assets	2 634	2 637	2 660
Investments			
Other shares and similar rights of ownership	93	93	93
Deferred tax assets	420	453	654
Other receivables	87	157	87
Total non-current assets	11 293	13 812	11 786
CURRENT ASSETS			
Short-term debtors	5 335	5 067	5 294
Cash in hand and at banks	147	157	131
Total current assets	5 482	5 224	5 425
TOTAL ASSETS	16 775	19 036	17 211

EQUITY AND LIABILITIES

CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Share capital	1 009	1 009	1 009
Company's own shares	-808	-507	-618
Share premium account	75	75	75
Account for cash flow hedging	-14	-30	-20
Unrestricted equity fund	3 801	7 214	7 214
Retained earnings	1 012	1 307	1 306
Result for the financial period	614	-1 764	-3 707
Total equity	5 689	7 304	5 259

Non-current liabilities

Other non-current liabilities	2 444	3 693	3 016
Current liabilities	8 642	8 039	8 936
Total liabilities	11 086	11 732	11 952
TOTAL EQUITY AND LIABILITIES	16 775	19 036	17 211

FINANCIAL PERFORMANCE

INDICATORS (IFRS) 1-9/2011 1-9/2010 1-12/2010

Net turnover MEUR	19,5	19,5	27,0
Change in net turnover	-0,1 %	-4,0 %	-5,4 %
Operating result MEUR	1,0	-2,2	-4,3
% of turnover	5,1 %	-11,3 %	-16,0 %
Result before taxes MEUR	0,8	-2,3	-4,5
% of turnover	4,3 %	-12,0 %	-16,6 %
Equity ratio, %	33,9	38,4	30,6
Gearing, %	86,0 %	93,8 %	132,8 %
Gross investments in non-current assets MEUR	0,1	0,1	0,2
Return on equity, %	12,6 %	-28,2 %	-48,7 %
Return on investment, %	10,7 %	-19,0 %	-29,3 %
Personnel at end of period	211	230	220
Personnel average for period	213	237	233
KEY INDICATORS PER SHARE			
Earnings / share, e	0,05	-0,15	-0,32
Earnings / share, e (diluted)	0,05	-0,15	-0,32
Equity / share, e	0,50	0,62	0,45

SEGMENT INFORMATION

Turnover by segment:

Me	1-9/11	1-9/10	Change
ERP	12,2	12,1	+0,1
EAM	2,9	2,6	+0,3
DATA	1,4	2,0	-0,6
STORE	3,0	2,8	+0,2
Total	19,5	19,5	

Operating result by segment:

Me	1-9/11	1-9/10	Change
ERP	1,2	-1,1	+2,3
EAM	0,1	-0,3	+0,4
DATA	-0,4	-0,5	+0,1
STORE	0,1	-0,3	+0,4
Total	1,0	-2,2	+3,2

QUARTERLY KEY INDICATORS (MEUR)

	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

	4Q/10	1Q/11	2Q/11	3Q/11
Net turnover	7,49	6,85	7,32	5,32
Operating result	-2,10	0,37	0,32	0,29
Result before taxes	-2,15	0,32	0,27	0,26

CASH FLOW STATEMENT (MEUR)

	1-9/2011	1-9/2010	1-12/2010
Cash flow from business operations	2,38	0,77	0,82
Cash flow from capital expenditure	-0,10	-0,10	-0,15
Cash flow from financing activities			

Dividend distribution	0,00	-0,71	-0,71
Own shares	-0,19	-0,17	-0,28
Loan agreement	-2,07	0,10	0,19
Cash flow from financing activities	-2,26	-0,78	-0,80
Change in cash and cash equivalents	0,02	-0,11	-0,13
TOTAL INVESTMENTS (TEUR)			
	1-9/2011	1-9/2010	1-12/2010
Continuing operations, group total	104	97	153
LIABILITIES (MEUR)			
	30.9.2011	30.9.2010	31.12.2010
Company quorantee for credit limits	2,61	2,61	2,61
Perfomance bonds	0,00	0,05	0,00
Lease contracts, machinery & equipment	0,65	0,64	0,41
Lease liability, premises	1,51	1,90	1,80
Pledged shares	1,59	1,59	1,59
MAJOR SHAREHOLDERS SEPTEMBER 30, 2011			
			%
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 Management Oy	400 000		3,3
6. Roininen Matti	350 000		2,9
7. Solteq Oyj	274 976		2,3
8. Hakamäki Jorma	172 430		1,4
9. Saadetdin Katiye	156 600		1,3
10. Aukia Timo	103 230		0,8
10 largest shareholders total	8 499 028		70,0 %
Total of nominee-registered	20 016		0,2 %

Others	3 629 385	29,9 %
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 1.1.2010	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	
EQUITY 1.1.2011	1 009	-618 75	-20	7 213	-2 400	5 259	
Total comprehensive income			6		614	620	
Acquiring of own shares		-190					-190
Loss covered by fund				-3 413	3 413	0	
EQUITY 30.9.2011	1 009	-808 75	-14	3 801	1 626	5 689	

CALCULATION OF FINANCIAL RATIOS

Solvency ratio, in percentage

equity x 100

balance sheet total - advances received

Gearing

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

 equity

Return on Equity (ROE) in percentage

profit or loss before taxation - taxes x 100

 equity

Profit from invested equity in percentage

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

 balance sheet total - non-interest bearing
 liabilities

Earnings per share

pre-tax result - taxes
 +/- minority interest

 diluted average share issue
 corrected number of shares

Diluted earnings per share

diluted profit before taxation -
 taxes +/- minority interest

 diluted average share issue
 corrected number of shares

Equity per share

equity

 number of shares

Solteq Plc's will publish the financial statements bulletin from the financial year 2011 February 16, 2012 at 9.00 am.

More investor information is available from Solteq's website at www.solteq.com

Additional information:

CEO Repe Harmanen

Telephone: +358 400 467 717

Email: repe.harmanen@solteq.com

CFO Antti Kärkkäinen

Telephone: +358 20 1444 393 or +358 40 8444 393

Email: antti.karkkainen@solteq.com

Distribution:

NASDAQ OMX Helsinki

Key Media

[HUG#1556220]

Attachments:

[Solteq Plc IR 3Q 2011.pdf](#)

This news release was distributed by GlobeNewswire, www.globenewswire.com – a NASDAQ OMX company