SOLTEQ Plc

ANNUAL REPORT 2002

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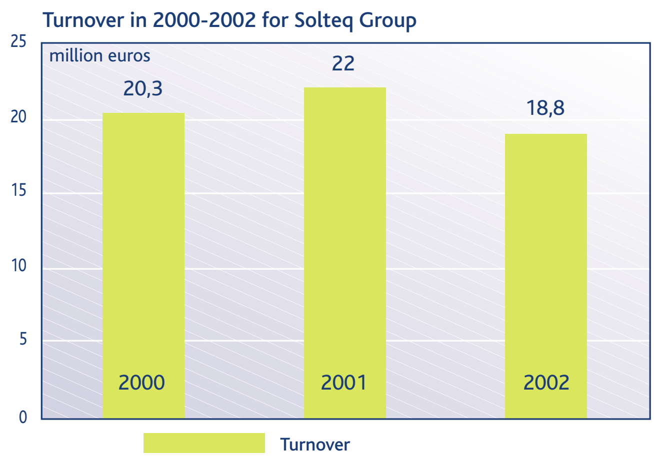
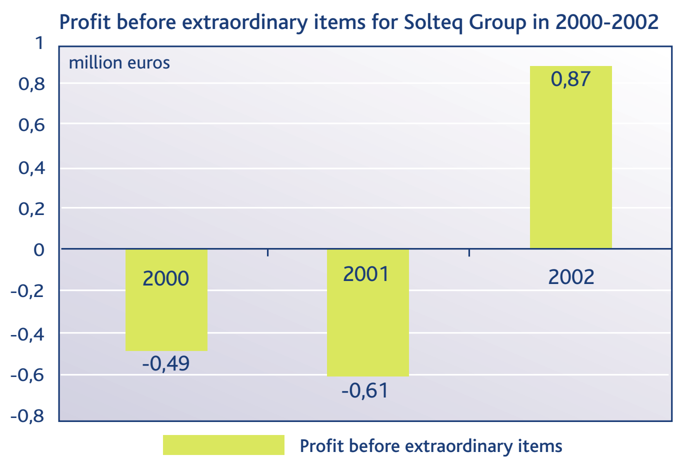
2002 in Brief

- The year 2002 was a jubilee year for Solteq: it was twenty years ago that Tampereen Tiedonhallinta was founded
- The focus and the strategy for the company were developed in an even more customer oriented direction. Solteq's competence in the areas of retail, car sales and selected industrial segments can also be seen in the company's new organisational chart.
- Co-operation with SAP and IBM was strengthened. The alliance aims at achieving market leadership among growing and medium sized companies in selected business areas in retail, car sales and industry.
- The turnover for the financial year was 18,8 million euros, which is 14.4% less than the previous year.
- Profit before extraordinary items for the financial year was 0,87 million euros (-0,61 million euros in 2001)
- Losses for the financial year were 0,35 million euros (-0,67 million euros in 2001)





SOLTEQ Today and Tomorrow

Solteq is a supplier of business IT solutions. Our competence, based on the considerable knowledge and understanding of our customers' business models and processes, covers the IT management requirements of growing and medium sized companies primarily in retail, car sales and selected industrial segments. Our know-how is the result of twenty years of experience and of strong partnerships with successful customers.

To our customers Solteq offers all necessary IT products and solutions, and guarantees their risk-free, evolution-like development based on the customer's changing business needs. At present Solteq has over 800 customers.

Founded in 1982, Solteq Plc went public on the NM list on the Helsinki Stock Exchange in 1999. The company is based in Tampere with additional branches in Helsinki, Lahti, Hämeenlinna and Kuopio. The main operational interests lie in the domestic markets.

SATISFIED CUSTOMER THE CORNERSTONE OF OUR OPERATIONS

Customer orientation, aiming at growth and profitable business through strong partnerships and high customer satisfaction, is the starting point for all business at Solteq. For us, customer orientation means, above all, genuine partnerships, good knowledge and understanding of the customer's needs and business processes, and business area competence.

BUSINESS AREA COMPETENCE AS A STRATEGY

Solteq has extensive experience of the business processes of chain store retail and car sales, and of developing supportive IT systems for them in co-operation with a broad customer base. The focus of our operations will, in the future as well, remain in these sectors.

Along with business operations based on business area competence in retail and car sales, Solteq is concentrating on tailor-made co-operation agreements. It is Solteq's mission to offer the right resources to match our customers' needs and to ensure in close partnerships with the customers safe development of the IT systems one step at a time, without the need for large one-off investments. Solteq has several years of experience of such modes of operation from, for example, working with companies in the mechanical forest and wood industry.

PRODUCT AND SERVICE STRATEGY AND STRONG PARTNERS

Solteq's product and service range has been strengthened through closer co-operation with SAP and IBM. During the reporting year the companies released a new solution package for growing and medium sized companies in the domestic market. This co-operation aims at utilising the international systems and technology know-how of SAP and IBM together with Solteq's business area competence and expertise in the local market.

In addition, Solteq will also continue the developing of its own ERP (enterprise resource planning) systems for retail and car sales. Development of new products focuses on value added products that support the needs of our customer business areas. As part of the complete service Solteq also delivers equipment and related technical services.

STAFF INPUT MAKES ALL THE DIFFERENCE

Our vision of our personnel is that we have a staff who do well and who operate with good results. Clear personnel strategies and policies are a concrete part of our company's business strategy. Solteq has a long-term commitment to developing its personnel with the goal of creating even better preconditions for succeeding in their work.

Notably, attention has been paid to continuous development of employment practices that are not only as uniform as need be but also flexible enough, and to promoting internal staff co-operation and job satisfaction.

In the development of competence and processes the focus is on business area competence, product competence and high quality customer relations management. Improving our competence is increasingly part of our everyday work and its development.

ECONOMIC TARGETS IN 2003 – 2007

In accordance with the corporate group's strategy, Solteq's board has defined the company's long term growth and result targets as follows:

- Doubling the turnover during the years 2003 - 2007
- Increasing business result level to 10 per cent of turnover
- Increasing the return on investment (ROI) to 15 per cent
- Implementing a dividend policy in accordance with active financial performance development, and paying minimum of one third of the yearly result as a dividend.

Review by the Managing Director

The year 2002 was a Solteq jubilee: Tampereen Tiedonhallinta was founded 20 years earlier in 1982. A great many changes have taken place during those twenty years both in the company and in its business environment. The most prominent of these changes took place in the turn of the millennium, when the company went public on the Helsinki Stock Exchange and changed its name to Solteq.

The fundamental principles of the company's business practices are still the same as they were twenty years ago. Genuine partnerships with our customers, who are themselves successful in their business sectors, and with our competent staff continue to produce more success and positive results on a daily basis.

We entered the year under report with the main objectives of ensuring customer satisfaction and making a clear improvement in our results. In our opinion, achieving these objectives would also add to the value of our owners' investments. Quick or easy solutions were never an option, but instead we wanted to build our business on a solid basis.

The year 2002 was a year of serious work. We streamlined our strategies, while at the same time improving our own processes. Eventually, our result did improve and we also secured more new contracts than we had done the year before. A clear focus on our core business and domestic operations was well received by our customers, and now we know we are heading in the right direction. Impatient as we are, we would not have objected if we had achieved even more. There is yet more work to be done, but there is also the enthusiasm to do it!

Our efforts to improve our strategies have been guided by our motivation and will to be the best supplier in those sectors of trade and industry where we operate. We believe in the importance of business area competence and we know that in order to succeed we must understand our customers' business processes even better and more deeply. Throughout our history we have been developing systems for store chains. The experience we have of car sales systems totals hundreds of years if we add up the individual experience of our staff. We have worked together with our wood products industry customers for a long time now. Furthermore, we have also succeeded in updating and renewing our customers' own systems. Our goal is to secure a controlled manner of developing our customers' systems, one step at a time, without the need for any expensive one-off decisions and unpredictable risk-taking.

In order to take our business area competence to the next level, the co-operation we enjoy with our customers has to be taken a step further as well. True core competence is a result of our ability to bring together both our customers' competence and our own. We also need expert supplier partners. As a part of our strategy we have decided to strengthen our alliance with SAP and IBM. Through this trilateral co-operation we will be able to offer our Finnish customers a safe all-round service both in Finland and abroad.

We aim at constantly creating new content for genuine partnerships. Everything is based on open and honest interaction. In addition to this we need a common sense of purpose and persistence of effort. The IT strategy brainstorming we have commenced with the managements in our customer companies are one example of a new way of developing partnerships. We want to make purchasing and utilising information technology both easy and risk-free.

Our financial performance developed in the right direction during 2002. We decisively improved our result at a time when others were lamenting the wretched state of the markets and of the economic cycle. And we believe we can do even better. Our focused strategy, competent and confident staff and our excellent clientele are the basis on which we can continue to develop our performance and productivity. We have decided that we will be of even more use to our customers and partners, and a credit to our owners and ourselves.

Jorma Hänninen
Managing Director

Car Sales Business Unit

The car sales business unit at Solteq is a supplier of complete IT systems for car and machinery trade. The customers are vehicle importers, car retailers, and repair shops as well as finance, insurance and leasing companies. Solteq's strengths lie in long term partnerships with our successful customers, high-level business area competence and in offering complete range of IT solutions and services. The strategy is based on customer-orientation and on achieving higher customer satisfaction than our competitors can offer. Customer satisfaction is achieved through service-oriented staff, by creating strong partnerships with our customers and through offering services that produce added value to our customers' business. Solteq is the leading supplyer of car sales systems in Finland.

In 2002 a defining trend in car trade was insecurity. Customers were waiting for decisions on motor vehicle taxation and postponed purchases. This period of uncertainty together with the general insecurity in the economy was reflected in the IT investments in car sales as well.

The car sales did, however, develop more positively than anticipated towards the end of the year, and in 2002 117, 034 new private cars were registered in Finland – some 7 per cent more than the year before. Taking all categories of vehicles together, overall growth was 6,2 per cent. In December sales were 4,5 per cent less than at the same time the previous year, due to the markets waiting for the tax reduction on cars.

The car sales business unit at Solteq aimed at improving customer satisfaction in all areas of operations. According to the direct feedback and enquiries made, customer orientation as a defining mode of operations began to manifest itself as improvement in customer satisfaction – although there is still room for improvement.

Business unit turnover, 5,1 million euros, grew 16 per cent in comparison to the previous year and can be regarded a satisfactory result. The demand for the services provided by this business unit among existing customers was at a good level, but acquiring new business did not reach target.

Some of the more extensive ventures we entered into with our customers were the development projects with the Volvo organisation and the integration of financing and insurance products into the Solteq car dealer system.

Other significant ventures were carried out with, among others, Stockmann Autoryhmä, Bilia Oy Ab, Raskone Oy, GMAC Rahoitus Oy, Vakuutusyhtiöiden Autokorjaustoimikunta (VAT) and Volvo Kuorma- and Linja-autot Oy Ab.

New ERP solutions were supplied to, among others, Ford dealers in Savon Autoyhtymä Oy. eCar customer information systems were supplied to Lohjan Autola Oy and Savilahden Auto Oy, and iSeries server solutions were supplied to Bilia Oy Ab and Italkon Oy.

In product development the emphasis was on the integration of the supply chain into the Solteq CD ERP system, carried out in co-operation with brand organisations and import companies. Other develoment projects included the technical updating of CRM solutions, the development of a new version of our financial management application, and launching a development project for a servicing appointment system.

The Future

Changes in taxation and a drop in prices can be expected to show up as growth in car sales in 2003. Prices of new cars dropped more than anticipated in the new year, which led immediately to heightened demand.

With the growth in car sales we believe that there will also be growth in IT investments. Improving the efficiency of the supply chain – in which car manufacturers themselves play a major role – creates a continuing need to improve the entire IT system and increase integration. The effect of after-sales marketing on the profitability of the retail companies will continue to increase. A prominent position in the development of customer service will be taken by appointment systems for servicing and by an increase in the efficiency of use of CRM applications. Quality and environmental programs aimed at improving customer satisfaction will lead to new demands on IT-systems.

Solteq's car sales business unit aims at further growth, further profitability, and improvement in customer satisfaction. In new sales we will be offering, alongside our own products, a car sales solution that is supplied together with SAP and IBM. The goal in our business area competence development is to achieve an even better knowledge and understanding of car sales processes.

Car sales business unit in 2002

- Turnover: 5,1 million euros

Volvo Car Sales Financing, director **Robert Hernberg:**

"Our central goal is to be a pace-setter in car sales financing. Seamless co-operation between car dealerships, importers, and the financing company is the basis of our operations.

Our success is built on efficiency. We have arranged our operations in such a manner that the administrative costs that will fall upon both our customers and our productivity should be as small as possible. The main methods in achieving this have been outsourcing and going electroinc in, for example, invoicing and archiving.

Solteq is the primary IT systems supplier for Volvo Car Sales Financing. We have been developing our current systems environment together since 1995. I believe this co-operation will continue for a long time to come, as those who stop to rest on their laurels soon find that they are far behind the rest."

Wholesale and Retail Trade Business Units

Solteq is a strong professional in store chains, wholesale and speciality item retail. Solteq's supply and competence include complete systems for enterprise resource planning and store management systems as well as chain management that co-ordinates activities operating between the systems. Alongside our own products the role of SAP All-in-One retail solution will play a greater role. We also supply the right tools for e-commerce as well as for the management of both the supply chain and customer relationships management. Solteq's strengths lie in excellent business area competence and understanding of our customers' business practices that have been built up over the past 20 years. The strategy is based on high customer satisfaction, achieved through developing our business area competence towards an even more consulting role, by ensuring technological development capability, and by developing long term relationships with our partners as well.

Wholesale and retail markets in 2002

Consumer goods wholesale grew by 4.3 per cent from the previous year in 2002. Technical wholesale, on the other hand, was clearly in decline.

Retail sales, not including car sales, grew by 3.7 per cent in 2002. Daily consumer goods sales grew by 4.2 per cent in 2002. Good growth is in great part due to a rise in the price level. Producer prices continued to grow in 2002, and therefore actual volume growth was only approximately 1.5 per cent – which can be considered fairly normal long term average growth. Product range broadened and the degree of processing increased.

The fair two per cent average growth in specialty items sales that was experienced last spring turned into a decline in the third quarter. However, by the end of the year sales picked up to extent that sales growth ended up at 1.5 per cent. At the same time, differences between different business sectors narrowed down.

Wholesale business unit

The reporting year was eventful for Solteq's wholesale business unit. Several development projects were started with our customers, aiming at increasing business efficiency. The larger projects concerned both the domestic and foreign business at Onninen Oy, and the development of a complete IT system for Starkki Oy Ab.

Significant complete IT systems sales were made to HL Group Oy, Fenet Oy, Tokmanni Oy, and Notex-Yhtiöt Oy. Solteq and Berner Oy reached a contract on Solteq taking over Berner's iSeries applications maintenance and development.

Solteq´s systems for wholesale and retail trade were under heavy development during the reporting year. New features were developed for Solteq Merx version 8, and were also installed to our customers during the year.

A next generation store management system was developed for store chains: Solteq Retail. The system will function with, among others, SAP, Solteq Merx, and a few other ERP systems that are generally available, forming a comprehensive solution for store chains.

A significant strategic change was the new solutions family, released together with SAP and IBM, for growing and medium sized companies in Finland. The solution utilises the international systems and technology competence from SAP and IBM along with Solteq's retail business area expertise in the local markets.

Turnover for the business unit was 7 million euros, with some 8 per cent growth in comparison to the previous year. As a result of new contracts and a good portfolio of orders, wholesale business unit reached its targets.

The logistics manager of Hartman Rauta, **Jari Pienkuukka**:

'We looked at several software providers. The Solteq system was best as a whole and also most compatible with the needs of the hardware retail industry. It was very important for us that Solteq could offer a comprehensive business solution, which integrated the software needed both for wholesale and retail trade. We have worked together extremely well and both sides have strived to create a real partnership. There have never been any issues of "we" and "you" - it has always been just "we" as a single team."

Hartman Rauta has Solteq Merx system and TN10 cash management system of Solteq. Hartman Rauta is a part of the Hartman Group and it operates in the hardware wholesale and retail business. Hartman Rauta has its own wholesale and retail outlets in Vaasa, Kokkola, Pietarsaari and Seinäjoki.

The wholesale business unit in 2002

- Turnover 7 million euros

Retail business unit

One of the main targets for Solteq's retail business unit was to increase customer satisfaction. Within the business unit we refined our own processes and made an effort to develop our customer service, for example the Help Desk. With Solteq's new strategy we refocused even more clearly on manager oriented stores and chain stores.

After the extra effort demanded by the introduction of the Euro, retail investment rate was cautious. There were approximately 20 new cash system sales, among which for example was the new Moda boutique on Aleksanterinkatu in Helsinki.

In product development the effort was on developing the character-based TN10 cash system's Windows version, TeksoPro. TeksoPro is a store system that is designed for bulk retail, and includes special features such as sales order processing, required by, for example, hardware stores, supermarkets, and household appliance stores.

Turnover for the business unit was 2.5 million euros. The turnover declined some 46 per cent in comparison to the previous year, which was partly due to the sale of business to Novo Group Plc at the end of 2001 and to the transfer of chain store clientele to the new Trade business unit, as defined in Solteq's new strategy in 2002.

Rami Antila, the CEO of the Moda boutique:

'The criteria set by the management were, that the system should be easy to use and should provide reliable and versatile reporting information. The solution also had to be easy to learn for the sales staff. It was also important that Solteq's solution has been developed specifically for the needs of the trade industry.'

Helsinki's Aleksanterinkatu saw the opening of a new MODA boutique in September. The boutique specializing in women's and men's clothing uses a cash system provided by Solteq. Solteq´s cash system is widely used also in other Moda boutiques.

Retail business unit in 2002:

- Turnover: 2.5 million euros

The Future

Solteq's Retail and Wholesale business units were reorganised in accordance with the company's new business strategy to better serve different groups of customers. From the beginning of 2003 Retail and Wholesale have operated as Solteq's Trade business unit, and as a POS (Point of Sale) business unit.

Trade business unit was established from the Retail and Wholesale business units. It serves franchising groups and store chains where decision making processes are centralised and which need extensive logistics systems. Solutions supply covers operations and chain management, store systems and value added products.

One of the most important targets for the Trade business unit in the year 2003 is to develop business processes for our store chain customers as an IT partner. Our goals are long term partnership with our existing customers and reaching as high a level of customer satisfaction as possible.

In new sales the joint supply by Solteq, SAP, and IBM for store chain companies has a significant role. Solteq's part in this co-operation is to build optimised solutions according to our customers' needs by utilising our own business area competence and our extensive experience. In addition we will keep selling and developing our own products.

POS business unit. The POS business unit, founded from the retail business unit, will concentrate on serving manager oriented and independent companies that belong to marketing chains, as well as small and medium sized specialty item stores in selected business sectors. Solteq's supply covers product oriented complete POS systems that are used in managing the entire logistic chain of retail.

Central targets for 2003 are the preparations for an EMV (Eurocard, MasterCard, Visa) pilot project, and updating the TN10 software into our TeksoPro product. This guarantees improvement in customer satisfaction and an even greater competitiveness for our products in the selected sectors of retail.

Solutions to fashion retail business (clothes, shoe, and leisure item sales) are being developed and sold. POS business also looks for growth in other sectors in specialty item retail. The target is to strengthen Solteq's market leadership position as a systems supplier for specialty items retail.

Industry Business Unit

Solteq's industry business unit supplies IT services and solutions mainly for companies in the board and wood product industry, and for the bulk and plastic product industry. Along with our own products and SAP solutions, a major part of the activities in the business unit consists of development work on our customers' own systems.

Solteq's strengths lie in the solid business area and project competence of our experienced staff, SAP competence, and in our ability to offer complete IT solutions. A high level of customer satisfaction is achieved through maintaining and improving our staff's skills, knowledge, and their motivation for customer service. At the beginning of 2003 the industry business unit was re-grouped into Customised solutions and Oscar business units to serve the requirements and needs of our various customer segments even more efficiently.

According to the preview by the Central Statistical Office, seasonally adjusted industrial production grew in 2002 by two per cent from the previous year. Economic insecurity that has branded the report year presented itself as cautiousness in IT investments and as customers postponing projects. The networking trend within the industry, however, generated considerable development projects, which for the most part focused on integrating the supply chain.

Solteq's industry business unit aimed at augmenting its role from its current position as a supplier of software into developing our customers' business practices. Co-operation with the most significant industry customers strengthened even further.

Turnover for the industry business unit, which was 4.2 million euros, was reduced by some 19 per cent from the year before. The reduction in turnover was partly due to the sale of a business unit to Novo Group Plc that took place at the end of 2001. Service production for our long term customers remained at a good level, but targets for new sales were not met.

The largest customer for the business unit was Schaumann Wood Oy of UPM Kymmene Puuteollisuus. Other significant projects included implementation projects at Tekmanni Oy, Puhos Board Oy, Eltete Oy and the city of Vantaa.

The single most significant partnership undertaking was the co-operation in system development and maintenance with Stora Enso Packaging Oy. Other new ventures included, among others, Satmatic Oy and Stowe Woodward Oy. In additon to these we made our first complete IT system sales in Estonia.

In research and development the most significant project was improving the functionality of our Oscar product, and integrating it both into Solteq's and our customers' own products.

The Future

As a result of Solteq's strategic reorganisation the industry business unit became part of Solteq's Customised solutions business unit and Oscar business was separated into a unit of its own.

In Customised solutions what is essential for our customers is Solteq's closer than ever co-operation with SAP and IBM. This co-operation guarantees our customers sustained and technologically advanced international solutions that are safe to implement with help from Solteq. We are pursuing growth particularly with customers who are willing to transfer their system maintenance and development to Solteq. In this way our customers are free to focus on their own business and to profit from Solteq's 20 years' worth of project and service competence both in traditional and in more recent technologies.

Oscar business unit serves, in particular, small and medium sized companies in the bulk and plastic product industry as well as in technical wholesale who need an integrated complete IT solution or parts of one. In 2003 the business unit will focus on broadening its customer base and on increasing customer satisfaction among the existing clientele.

Industry business unit in 2002:

- Turnover: 4.2 million euros

Director **Pekka Pöllänen**, Stora Enso Packaging, Corrugated cardboard business in Finland:

"Our target is a long-term co-operation with Solteq. Since Solteq covers the functions and development of our central IT systems, Stora Enso Packaging corrugated cardboard business can focus on developing our own core business. We chose Solteq for our partner because with Solteq we can carry out our system development in a flexible manner by using purpose-specific, modern techniques," director Pekka Pöllänen says.

Solteq has taken the responsibility of developing and maintaining the IT systems that are essential for Stora Enso Packaging Oy's business in Finland. These systems run on an IBM iSeries platform. The contract covers managing the central sales and logistics applications development environment, implementation of system development, maintenance, and additional support in system use as required.

SOLTEQ PLC

Financial Statement 2002

Board of director´s report

Business Development

The business development is presented according to the Group´s numbers. The Company numbers can be seen from the Profit and Loss Account, Balance Sheet and the notes to the financial statement.

Turnover Trend

The turnover for the Solteq Group amounted to EUR 18.830 thousand (EUR 22.002 thousand), with a 14,4 % decrease compared to the respective period the previous year.

The turnover decrease, which is due to the sale of business operations at the end of 2001, was expected. The sale of services to existing clientele grew substantially, whereas the sale of equipment and licences did not reach the goals.

Business Performance

The company's result for the financial period improved from the previous year. Operating result turned profitable after two unprofitable years. Divestment of the Polish associated company and the related one-off write-down of its shares caused the result for the financial period to be unprofitable.

The operating profit for the financial period totalled EUR 554 thousand (EUR -536 thousand). The proportion of operating profit from the total turnover was 2,9 % (-2,4 %).

Result before extraordinary items and taxes amounted to EUR 870 thousand (EUR -613 thousand). The net financial income totalled EUR 316 thousand (EUR –77 thousand), and consisted mainly from the profit received from Novo Group Plc.

The loss for the financial period was EUR 354 thousand (EUR -669 thousand). The company's extraordinary expenses amounted to EUR 1.393 thousand (EUR -329 thousand). The extraordinary expenses consisted primarily of the write-down of the associated company Koma S.A.'s shares.

Significant post balance sheet date events

Solteq Plc.'s Board of Directors in its meeting 21 January, 2003, decided to accept the agreement proposal prepared as a consequence of negotiations with Prokom Software S.A. regarding the re-organisation of Koma S.A.'s ownership structure.

Koma S.A. is a Polish associated company of Solteq Plc. and its main shareholders are Prokom Software S.A. and Solteq Plc. Solteq Plc. owns 25 % of the company.

In 2000, Solteq Plc. acquired an ownership in Koma S.A. in order to launch its product Oscar in the Polish markets. The sales have not taken off as expected and thus, as earlier announced, Koma S.A.'s main shareholders have negotiated since summer 2002 about the future of the sales co-operation.

The result of these negotiations will mean that the present ownership and co-operation agreement will expire and Solteq Plc. will end its ownership in Koma during the first quarter of 2003. The expiry of this ownership will have no effect on Solteq Plc.'s other on-going system deliveries in Poland.

The cash flow effect of this arrangement to the Solteq Group amounts to EUR 1,3 million positive. The total cost effect due to the write-down of Koma S.A.'s shares is ca. EUR 1,3 million euros and has been entered as an extraordinary expense for the financial year 2002.

Prospect for the financial year 2003

Prospect for this year are good. New sales agreements made at the end of the previous year will generate service turnover from the beginning of the year. Also prospective backlog to be processed is greater than a year before. Based on this, the company expects the turnover for the financial period to increase compared to the previous year.

Also the positive result trend is expected to continue. The company's operations have been re-grouped in accordance with the defined strategy and processes have been developed. Based on this, the operating result is expected to improve significantly and the result for the whole financial period to be clearly profitable.

Research and development

The company's research and development expenses are mainly personnel expenses. Research and development costs for 2002 were ca. 10 % from the turnover (10 %). Research and development costs have been expensed annually in the financial statements.

Treasury shares

The Board of Directors decided on 14 August 2000 to acquire max. 100.000 shares of their own company in public trade in the Stock Exchange of Helsinki. The shares accounted for about 1,0 % of the whole share capital at the time (9.846.240 shares). The shares were acquired by the authorisation of the annual shareholders´meeting of 31 March 2000.

The shares were acquired within the time between the 6th of September and the 13th of November 2000. The Company purchased about 80.000 shares with the average price of EUR 2,2.

At the end of the financial period, the Company owns 80.000 of its own shares. The shares have been registered as assets to the balance sheet of the Group. The amount of the shares owned by the Company is about 0,7 % of the share capital on the day of the financial statement.

Equity, own shares and authorisations of the board of directors

Solteq Plc's share capital is EUR 906.392,23 which is represented by 10.778.327 shares. The shares have no nominal value and their accounting par value is ca. EUR 0,08 per share.

The Board of Directors is authorised to decide by 27.3.2003 on a subscription issue or granting option rights, the maximum increase being EUR 181.278, without applying the shareholders' pre-emptive right to subscribe for shares.

In addition, the Board of Directors has an authorisation by 27.3.2003 to acquire a maximum of 458.916 of the company's own shares without applying the shareholders' pre-emptive right to subscribe for shares as well as sell a maximum of 538.916 of the company's own shares otherwise than in proportion to the holdings of the shareholders.

Management and auditors

Jorma Hänninen has acted as the company's Managing Director. Ali U. Saadetdin is the Chairman of the Board of Directors. Other members of the Board of Directors include Seppo Aalto, Ari Heiniö, Hannu Partala and Roger Westerberg.

The company has been audited by KPMG Wideri Oy Ab, Authorised Public Accountants, with Frans Kärki, APA, as lead partner.

SOLTEQ PLC
BOARD OF DIRECTORS

Profit and Loss Account

PROFIT AND LOSS ACCOUNT	GROUP 1.1. – 31.12.2002	GROUP 1.1.-31.12.2001	COMPANY 1.1. – 31.12.2002	COMPANY 1.1.-31.12.2001
TURNOVER	18 829 546,17	22 001 557,50	16 735 324,80	18 044 397,93
Other operating income	65 501,85	1 557 577,69	64 227,78	1 022 171,00
Materials and services				
Raw materials and consumables				
Purchases during the financial period	-3 050 834,57	-4 996 471,41	-3 016 947,16	-4 831 340,81
External services	-702 791,92	-628 481,12	-602 962,15	-441 667,12
Staff expenses				
Wages and salaries	-7 910 660,20	-9 189 475,62	-7 377 901,52	-8 134 049,50
Social security expenses				
Pension expenses	-1 302 533,76	-1 630 116,96	-1 198 050,13	-1 448 028,33
Other social security expenses	-851 857,07	-1 028 602,21	-786 525,84	-901 623,23
Result of associated company	0,00	151 832,20	0,00	0,00
Depreciation				
Depreciation according to plan	-659 328,66	-1 025 892,88	-706 629,96	-1 014 748,35
Value adjustments of non-current assets	0,00	-526 031,34	0,00	-526 031,34
Other operating expenses	-3 862 808,12	-5 221 703,32	-3 525 424,10	-4 248 443,57
Operating profit (loss)	554 233,72	-535 807,47	-414 888,28	-2 479 363,32
Financial income and expenses				
Profit from associated companies	0,00	0,00	0,00	64 301,94
Other interest and financial income	467 745,78	74 985,13	376 143,80	74 124,83
Interest and other financial expenses	-151 490,34	-152 237,08	-315 504,29	-282 264,97
Profit/loss before extraordinary items	870 489,16	-613 059,42	-354 248,77	-2 623 201,52
Extraordinary items				
Extraordinary income	0,00	0,00	880 000,00	2 051 304,57
Extraordinary expenses	-1 393 485,78	-328 544,01	-1 677 185,68	-328 544,01
Profit (loss) before appropriations and expenses	-522 996,62	-941 603,43	-1 151 434,45	-900 440,96
Appropriations				
Change in depreciation difference	0,00	0,00	43 620,36	46 089,16
Income taxes	169 411,81	272 354,08	262 238,06	247 367,94
Profit (loss) for the financial year	-353 584,81	-669 249,35	-845 576,03	-606 983,86

Balance Sheet

GROUP BALANCE SHEET	GROUP		COMPANY	
	31.12.2002	31.12.2001	31.12.2002	31.12.2001
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	983 158,84	1 158 296,88	1 114 315,18	1 330 865,42
Goodwill	252 763,32	324 047,74	210 662,53	239 846,15
Group goodwill	436 515,61	627 232,65	0,00	0,00
Other long-term expenses	58 636,54	48 107,59	173 422,09	280 593,63
Tangible assets				
Machinery and equipment	409 795,09	1 041 329,72	359 961,24	966 816,08
Other tangible assets	15 084,78	15 084,78	14 580,22	14 580,22
Investments				
Holdings in				
Group´s companies	0,00	0,00	213 899,06	407 602,39
Holdings in associated companies	0,00	2 914 496,43	0,00	3 197 713,90
Other shares and holdings	4 422 995,50	1 681 978,10	3 611 463,93	870 446,53
Total non-current assets	6 578 949,68	7 810 573,89	5 698 304,25	7 308 464,32
CURRENT ASSETS				
Receivables				
Trade receivables	3 989 088,96	4 862 255,84	3 543 554,58	3 789 801,29
Loan receivables	11 073,48	17 632,81	11 073,48	31 234,96
Other receivables	53 079,38	52 094,86	1 061 448,63	2 023 635,67
Accrued income	1 046 312,13	1 277 568,57	934 337,57	783 229,62
Securities				
Treasury shares	48 800,00	55 200,00	48 800,00	55 200,00
Other securities	379 741,82	1 641 117,39	379 741,82	1 111 565,52
Cash in hand and at banks	3 606 824,43	1 584 245,86	3 371 955,80	503 027,62
Total current assets	9 134 920,20	9 490 115,33	9 350 911,88	8 297 345,03
TOTAL ASSETS	15 713 869,88	17 300 689,22	15 049 216,13	15 605 809,35

Balance Sheet

GROUP BALANCE SHEET	GROUP 31.12.2002	GROUP 31.12.2001	COMPANY 31.12.2002	COMPANY 31.12.2001
EQUITY AND LIABILITIES				
SHAREHOLDER´S EQUITY				
Share capital	906 392,23	906 392,23	906 392,23	906 392,23
Treasury shares	48 800,00	55 200,00	48 800,00	55 200,00
Share premium account	9 509 795,61	9 577 070,88	9 509 795,61	9 509 795,61
Retained earnings	972 787,78	1 642 037,13	990 234,03	1 597 217,89
Profit/loss for the period	-353 584,81	-669 249,35	-845 576,03	-606 983,86
Total shareholder´s equity	11 084 190,82	11 511 450,89	10 609 645,84	11 461 621,87
ACCUMULATED APPROPRIATIONS				
Difference in depreciation	0,00	0,00	59 397,49	103 017,85
LIABILITIES				
Long-term				
Loans from financial institutions	0,00	820 259,11	0,00	107 983,24
Pension loans	990 000,02	0,00	990 000,02	0,00
Other long-term liabilities	17 225,27	134 105,93	0,00	48 224,17
Short-term				
Loans from financial institutions	0,00	246 121,480	0,00	63 637,58
Pension loans	73 333,32	0,00	73 333,32	0,00
Trade payables	632 970,95	1 092 907,64	620 643,43	1 040 049,28
Other short-term liabilities	856 472,04	645 862,66	775 443,96	542 961,63
Accruals and deferred income	2 059 677,46	2 849 981,51	1 920 752,07	2 238 313,73
Total liabilities	4 629 679,06	5 789 238,33	4 380 172,80	4 041 169,63
TOTAL EQUITY AND LIABILITIES	15 713 869,88	17 300 689,22	15 049 216,13	15 605 809,35

Cash Flow Statement

	GROUP		COMPANY	
	2002	2001	2002	2001
OPERATING ACTIVITIES				
Operating profit/loss	554 233,72	-535 807,47	-414 888,28	-2 479 363,32
Depreciation	659 328,66	1 551 924,22	706 629,96	1 540 779,69
Change in net working capital	389 981,51	-410 471,93	4 050,05	-127 290,38
Total financial items	316 255,44	-77 251,95	60 639,51	-143 838,20
Extraordinary items	-49 123,00	0,00	1 919 877,00	0,00
Taxes	-79 531,39	0,00	-59 028,03	0,00
NET CASH FLOW FROM OPERATING ACTIVITIES	1 791 144,94	528 392,87	2 217 280,21	-1 209 712,21
INVESTMENTS				
Acquisition of assets	-1 394 610,29	-746 391,98	-1 394 610,29	-874 394,85
Sales of assets	517 119,29	260 800,00	516 119,29	235 000,00
INVESTMENTS CASH FLOW TOTAL	-877 491,00	-485 591,98	-878 491,00	-639 394,85
FINANCING ACTIVITIES				
Payment of long-term liabilities	-1 252 450,94	-285 626,96	-301 684,59	-204 310,00
Borrowings	1 100 000,00	0,00	1 100 000,00	201 000,00
Dividends paid	0,00	-179 932,94	0,00	-179 932,94
TOTAL FINANCING ACTIVITIES	-152 450,94	-465 559,90	798 315,41	-183 242,94
CHANGE IN CASH AND CASH EQUIVALENTS	761 203,00	-422 759,01	2 137 104,62	-2 032 350,00
Cash and cash equivalents 1.1.	3 225 363,25	3 648 122,26	1 614 593,00	3 646 943,00
Cash and cash equivalents 31.12.	3 986 566,25	3 225 363,25	3 751 697,62	1 614 593,00

Cash and cash equivalents include cash in hand and at banks, treasury investments, and short-term capital investments.

NOTES TO THE FINANCIAL STATEMENT 31 DECEMBER 2002

Accounting Principles

Consolidated Financial Statements

All the companies in the Group are included in the consolidated financial statements. The acquired companies are consolidated from their month of acquisition.

Intra-group transactions, receivables, liabilities and the internal distribution of profit is eliminated. Items due to mergers shown in the parent company's result and balance sheet have been eliminated from the consolidated finacial statements.

The shares acquired in 1999 with the exchange of shares have been assessed according to the market value (accounted market value was 5,10 EUR) of the shares assigned for consideration.

In 2000 the valuation principle has been changed to be equivalent to the principle accordant with the statement 1591 (25 October 1999) of the Finnish Accounting Standards Board. As for acquisition cost and increase of the Group's equity of the shares of the companies acquired this way has been created the estimated value equivalent to the book value of the acquired companies at the time of the acquisition, increased with capital transfer and indirect costs.

The Polish associated company Koma S.A. has been consolidated in years 2000 and 2001. In 2002 the company has not been consolidated, as the ownership is expired in the first quarter of 2003. The costs of the arrangement are presented as extraordinary expenses in the financial statement of 31.12.2002.

Fixed assets and depreciation

Fixed assets are capitalised to their direct acquisition cost excluding the planned depreciation. Fixed assets subject to wear are depreciated according to plan based on the economic life span of the asset.

The depreciation periods according to plan are:

Intangible rights	5 - 10 years
Goodwill	10 years
Goodwill on consolidation	10 years
Other long-term expenditure	5 - 10 years
Machinery and equipment	3 - 5 years

Consolidated goodwill and goodwill are created from business acquisitions with expected profit-generating time of at least 10 years.

Marketable securities

Marketable securities are carried at their acquisition or the lower market value on the balance sheet date.

NOTES TO PROFIT AND LOSS ACCOUNT

1 Turnover by business unit (MEUR)

	Group			
	2002	2001	Change	Change %
Car Sales	5,1	4,4	0,7	16 %
Industry	4,2	5,2	-1,0	-19 %
Wholesale Trade	7,0	6,5	0,5	8 %
Retail Trade	2,5	4,6	-2,1	-46 %
Others	0,0	1,3	-1,3	-100 %
TOTAL	18,8	22,0	-3,2	-14 %

2 Other operating income

	Group		*Company*	
	2002	2001	2002	2001
Selling of business activities	0,00	1 513 691,34	0,00	984 139,47
Gain on disposals	56 217,96	38 694,63	56 217,96	38 031,53
Gain on sales of securities	210,91	210,91	299,66	0,00
Others	8 984,23	4 980,81	7 710,16	0,00
TOTAL	65 501,85	1 557 577,69	64 227,78	1 022 171,00

3 Management, staff and staff expenses

The average number of personnel in the Group and the Company was 195 (238) during the financial year.
Part of the Management may retire at the age of 55 - 58, if they so desire.
The Company has not granted loans to persons belonging to the inner circle of the Company.

4 Financial income and expenses from the Group undertakings

During the financial year and the year of comparison there were no financial income and expenses from the Group undertakings.

5 Extraordinary income and expenses of the Group

Extraordinary items of the Company in 2002

	Group		*Company*	
	2002	2001	2002	2001
Group contributions	0,00	0,00	880 000,00	1 969 315,05
Write-down of KOMA shares	- 1 314 362,78	0,00	-1 598 062,68	0,00
Sales adjustment items from assignments	- 31 727,00	-328 544,01	- 31 727,00	-328 544,01
Other items	- 47 396,00	0,00	- 47 396,00	81 989,52
TOTAL	-1 393 485,78	-328 544,01	-797 185,68	1 722 760,56

6 Income taxes

	Group		*Company*	
	2002	2001	2002	2001
Income taxes	-79 531,39	-1 536,72	-59 028,03	-394,06
Change of deferred income tax assets	248 943,20	273 890,80	321 266,09	246 973,88
TOTAL	169 411,81	272 354,08	262 238,06	247 367,94

NOTES TO THE BALANCE SHEET

7 Fixed assets

Intangible rights

	Group		Company	
	2002	2001	2002	2001
Residual value 1 January	1 158 296,88	1 309 496,01	1 330 865,42	1 292 651,33
Decreases	6 863,79	13 031,01	4 557,21	13 031,01
Increases	106 871,76	303 355,22	106 871,76	610 234,46
Depreciation according to plan	275 146,01	199 332,73	318 864,79	316 798,75
Write-down	0,00	242 190,61	0,00	242 190,61
Residual value 31 December	983 158,84	1 158 296,88	1 114 315,18	1 330 865,42

Goodwill

	Group		Company	
	2 002	2 001	2 002	2 001
Residual value 1 January	324 047,74	719 064,91	239 846,15	587 952,03
Decreases	0,00	50 221,23	0,00	0,00
Increases	0,00	0,00	0,00	0,00
Depreciation according to plan	71 284,42	60 955,21	29 183,62	64 265,15
Write-down	0,00	283 840,73	0,00	283 840,73
Residual value 31 December	252 763,32	324 047,74	210 662,53	239 846,15

Group goodwill

	Group	
	2002	2001
Residual value 1 January	627 232,65	741 356,79
Decreases	135 311,14	10 364,68
Increases	0,00	0,00
Depreciation according to plan	55 405,90	103 759,46
Residual value 31 December	436 515,61	627 232,65

Other long-term expenses

	Group		Company	
	2 002	2 001	2 002	2 001
Residual value 1 January	48 107,59	52 539,52	280 593,63	45 409,68
Increases	24 151,74	126 208,54	24 151,74	364 366,94
Depreciation according to plan	13 622,79	130 640,47	131 323,28	129 182,99
Residual value 31 December	58 636,54	48 107,59	173 422,09	280 593,63

Machinery and equipment

	Group		Company	
	2 002	2 001	2 002	2 001
Residual value 1 January	1 041 329,72	1 493 647,46	966 816,08	1 291 296,81
Decreases	513 432,82	379 209,59	505 364,31	276 697,54
Increases	125 767,74	458 096,86	125 767,74	456 718,27
Depreciation according to plan	243 869,55	531 205,01	227 258,27	504 501,46
Residual value 31 December	409 795,09	1 041 329,72	359 961,24	966 816,08

Other tangible assets

	Group		Company	
	2002	2001	2002	2001
Residual value 1 January	15 084,78	13 823,37	14 580,22	12561,96
Decreases	0,00	756,85	0,00	0,00
Increases	0,00	2018,26	0,00	2018,26
Residual value 31 December	15 084,78	15 084,78	14 580,22	14 580,22

8 Investments

Group undertakings	*Group's share of ownership %*	*Company's share of ownership %*
Solteq Retail, Tampere	100,0	30,0
Kuopion Neuvos-Ohjelmistot, Kuopio	100,0	100,0
ATK-Integrointi, Väinö Tissari, Tampere	100,0	100,0
Solteq Baltics Oü, Viro	80,0	80,0

Other shares and participations of the Group	Number of shares	Book value
Koma S.A. (Poland)	69 000	1 599 651,22
Kiinteistö Villakarstaaja	888	769 924,80
Kiinteistö Kuopion Sammonkatu 14	772	764 221,05
Kiinteistö Nukanleikkaaja	844	708 878,54
Kiinteistö Haukilahden Kauppakeskus	539	256 318,40
As Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti	105	111 190,68
Mercantia	150	37 644,88
Elisa Communications Plc	2486	13 287,68
Other shares		16 894,37
TOTAL		4 422 995,50

Group undertakings Mercantia and Koy Sammonkatu 14 have not been consolidated to the Group balance sheet. The companies have not had any business operating activity and therefore they do not have any significance for the result or the non-restricted equity of Solteq Group.

9 Liabilities and receivables from Group undertakings

	Company 2002	*Company* 2001
Short-term liabilities	0,00	23 010,78
Short-term receivables	880 000,00	1 989 600,84

10 Marketable securities

	Group		*Company*	
	2002	2001	2002	2001
Shares of Novo Group Plc	352 831,75	1 588 650,46	352 831,75	1 059 098,59
Investment funds	0,00	328,67	0,00	328,67
Others	75 710,07	140 138,26	75 710,07	140 138,26
TOTAL	428 541,82	1 696 317,39	428 541,82	1 166 765,52

11 Shareholders' equity

	Group		*Company*	
	2002	2001	2002	2001
Share capital 1 January	906 392,23	888 977,47	906 392,23	888 977,47
Share issues	0,00	17 414,76	0,00	17 414,76
Share capital 31 Dec	906 392,23	906 392,23	906 392,23	906 392,23
Premium funds 1 January	9 577 070,88	9 342 257,75	9 509 795,61	9 237 288,57
Share issues	0,00	272 507,04	0,00	272 507,04
Currency exchange difference	-67 275,27	-37 693,91	0,00	0,00
Premium funds 31 Dec	9 509 795,61	9 577 070,88	9 509 795,61	9 509 795,61
Non-restricted equity 1 January	972 787,78	1 823 097,41	990 234,03	1 777 150,83
Distribution of dividend	0,00	-179 932,94	0,00	-179 932,94
Currency exchange difference	0,00	-1 127,34	0,00	0,00
Profit for the financial year	-353 584,81	-669 249,35	-845 576,03	-606 983,86
Non-restricted equity 31 Dec	619 202,97	972 787,78	144 658,00	990 234,03

Non-distributable accumulated depreciation of the Group's non-restricted equity	42 172,22
The Group's distributable funds	577 030,76
The Company's distributable funds	144 658,00

The Company's share capital is divided by types of shares as follows

	2002		2001	
	Number of shares	EUR	Number of shares	EUR
Series of shares	10 778 327	906 392,23	10 778 327	906 392,23

12 Liabilities to fall due after more than 5 years

	Group		*Company*	
	2002	2001	2002	2001
Loans from credit institutions	0,00	147 164,44	0,00	0,00
Pension loans	696 666,74	0,00	696 666,74	0,00

13 Option programs

Option programme I

The shareholders' meeting held on 26 August 1999, decided to grant 550,000 rights of option: each right of option entitles the holder to subscribe one share of Solteq Plc. In accordance with the decision, the Board of Directors, other management and employees can be offered rights of option for subscription in order to enhance their motivation and commitment. The subscription for shares will begin as follows:

- Option certificate A 1 September 2001
- Option certificate B 1 September 2002
- Option certificate C 1 September 2003
- Option certificate D 1 September 2004

Registering the option program I to the trade register has not been done in the time frame required by the Companies Act. Therefore, the option program I has been cancelled. The Board of Directors has decided to propose in the annual shareholders´ meeting in March 2003 the renewed issue of the option program I as it was before.

Option programme II

The shareholders' meeting held on 15 November 2000, decided to grant 1,000,000 rights of option: each right of option entitles the holder to subscribe one share of Solteq Plc. In accordance with the decision, the Board of Directors, other management and employees can be offered rights of option for subscription in order to enhance their motivation and commitment. The subscription of shares begins after one year from the starting year set for the subscription of shares.

Altogether 1.550.000 shares of Solteq Plc can be subscribed within the option programmes I and II.

14 Given pledges and contingent liabilities

	Group		*Company*	
	2002	2001	2002	2001
Shares pledged for own liabilities	1 141 845,52	1 169 004,99	1 141 845,52	404 783,94
Business mortgages	2 619 167,87	2 619 167,87	1 677 315,49	1 677 315,49
in the company's possession	1 441 852,39	500 000,00	500 000,00	500 000,00
Mortgaged deposit insurances	0,00	52 138,26	0,00	52 138,26
Leasing and rent liabilities	835 556,40	723 208,08	835 556,40	555 020,16

The shares pledged by the Group are equivalent to pension liabilites for 1 063 000 EUR. The business mortgages given as pledges by the Company are equivalent to EUR 505,000 of accounts payable and 420 000 of liabilities. The Group has no liabilities of derivative instruments.

KEY FIGURES ON FINANCIAL DEVELOPMENT IN 1998-2002

Key figures of the financial development of the Group (MEUR)	2002	2001	Financial year 1.1. – 31.12. 2000	1999	1998
Net revenue	18,8	22,0	20,3	16,9	15,0
Change of net revenue	-14,4 %	8,2 %	20,6 %	12,2 %	59,6 %
Operating profit	0,6	-0,5	-0,8	1,3	1,6
% of net revenue	2,9 %	-2,4 %	-4,0 %	7,9 %	11,0 %
Profit before extraordinary items and taxes	0,9	-0,6	-0,5	1,6	1,6
% of net revenue	4,6 %	-2,8 %	-2,4 %	9,4 %	10,4 %
Extraordinary items	-1,4	-0,3	0,8	0,0	0,0
Profit before appropriations and taxes	-0,5	-0,9	0,3	1,6	1,6
% of net revenue	-2,8 %	-4,3 %	1,4 %	9,4 %	10,4 %
Return on equity, %	4,8 %	-3,0 %	-5,0 %	17,4 %	76,4 %
Return on capital employed, %	8,2 %	-3,4 %	-2,3 %	20,1 %	53,9 %
Solvency ratio, %	70,5 %	66,2 %	63,6 %	72,0 %	26,5 %
Gross investments in non-current assets	1,4	0,7	5,4	3,2	0,6
% of net revenue	7,4 %	3,1 %	26,6 %	18,7 %	4,1 %
R & D costs	1,9	2,2	1,9	1,0	1,0
% of net revenue	10,3 %	10,0 %	9,5 %	6,1 %	6,6 %
Net Gearing	-26,2 %	-17,6 %	-15,5 %	-52,8 %	19,2 %
Average number of personnel during the financial year	195	238	245	152	140

GROUP KEY FIGURES PER SHARE 1998-2002

Group key figures per share	2002	2001	Financial year 1.1. – 31.12. 2000	1999	1998
Earnings per share, EUR	0,05	-0,04	-0,04	0,15	0,14
Equity per share, EUR	1,03	1,07	1,15	1,47	0,23
Dividend per share, EUR	0,00	0,00	0,02	0,03	0,01
Dividend in % of net profit	0,0 %	0,0 %	-25,8 %	22,2 %	7,0 %
Effective dividend yield, %	0,00 %	0,00 %	1,47 %	0,58 %	
Price/earnings (P/E-figure)	12,1	N/A	N/A	38,32	
Year-end market value, TEUR	6 526	7 221	11 680	47 675	
Weighted average of the number of shares, revised after the share issue, during the financial year	10 698 327	10 698 327	9 458 514	7 096 532	9 422
Number of shares, revised after the share issue, during the financial year	10 698 327	10 698 327	10 698 327	8 218 700	9 422

The key figures for each share for the year 1998 have been revised in accordance with the number of shares immediately before the listing issue (6.569.800 shares).

The shares held by the Company have been subtracted when calculating the total number of shares.

Key figures on dividend for the financial year 2002 are calculated according to the proposal of the Board of Directors.

CALCULATION OF KEY RATIOS

Return on equity % (ROE):

Profit or loss before extraordinary items and taxes x 100
Share capital + minority interests

Return on investment % (ROI):

Profit before extraordinary items +
interest charges and other financial expenses x 100
Balance sheet total – non-interest bearing loans

Equity ratio, %:

Share capital – minority interests x 100
Balance sheet total – advances received

Gearing, %:

Interest-bearing loans – cash and bank equivalents
Share capital – minority interests

Earnings per share (EPS):

Profit before extraordinary items and taxes -/+ minority interests
Average number of shares adjusted for share issue

Share capital per share:

Share capital
Number of shares on 31 December adjusted for share issue

Dividend per share:

Dividend paid for the year
Number of shares at dividend payment date

Payout ratio,%:

Dividend per share x 100
Earnings per share

Effective dividend yield, %:

Dividend per share x 100
Share price quoted on stock exchange on 31 December

Price/earnings ratio (P/E):

Share price quoted on stock exchange on 31 December
Earnings per share

Market value of share capital:

Number of shares on 31 December x
share price quoted on stock exchange on 31 December

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The Board of Directors proposes to the shareholders' meeting that the assets that can be distributed as profits be used as follows:

- dividend is not paid out
- the total loss of the financial year is transferred to the retained earnings account

Tampere 3 March 2003

Solteq Plc

Ali U. Saadetdin
Chairman of the Board

Seppo Aalto
Member of the Board

Roger Westerberg
Member of the Board

Hannu Partala
Member of the Board

Ari Heiniö
Member of the Board

Jorma Hänninen
Managing Director

AUDITOR'S REPORT

To the shareholders of Solteq Plc

We have audited the accounting, the financial statements and the corporate governance of Solteq Plc for the period of 1 January – 31 December, 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Chief Executive Officer. Based on our audit we express an opinion of these financial statements and on corporate governance.

We have conducted our audit in accordance with the Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures 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 corporate governance is to examine that the Board of Directors and the Managing Director have legally complied with the rules of the Finnish Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view as defined in the Accounting Act, of both the consolidated and the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the member of the Board of Directors and the Chief Executive Officer of the parent company can be discharged from liability for the period audited by us. The proposal of the Board of Directors regarding the distributable assets is in compliance with the Finnish Companies Act.

Helsinki, 3 March 2003

KPMG WIDERI OY AB
Authorised Public Accountants

Frans Kärki
Authorised Public Accountant

DETAILS OF SHAREHOLDERS

Major shareholders of Solteq Plc 31 December 2002

		Number of shares	Proportion of shares and votes, %
1.	Saadetdin, Ali U.	3 159 312	29,31
2.	Aalto, Seppo	1 662 206	15,42
3.	Niininen, Ile	374 900	3,48
4.	Onninen-Sijoitus	304 300	2,82
5.	Koma Spolka Akcyjna	207 087	1,92
6.	Saadetdin, Katiye	145 800	1,35
7.	Meronen, Kari	144 000	1,34
8.	Penttilä, Jarkko	116 400	1,08
9.	Paloniemi, Asko	110 000	1,02
10.	Hyttinen, Pertti	108 863	1,01
Total		6 332 868	58,75
Shares in nominee registration		115 431	1,07

Distribution of shareholding 31 December 2002

In accordance with the shares owned

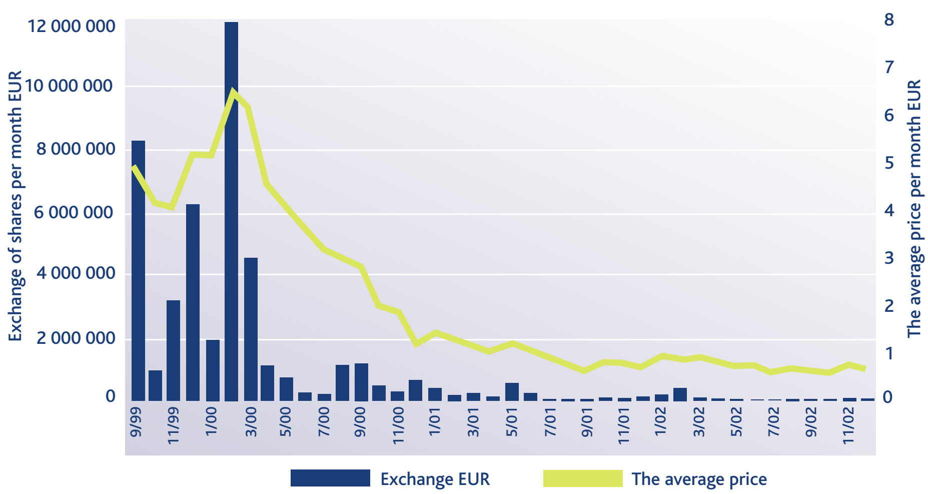
Number of shares	Shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1 – 100	539	18,89	44 442	0,41
101 – 1 000	1 757	61,58	805 772	7,48
1 001 – 10 000	472	16,54	1 427 606	13,25
10 001 – 100 000	75	2,63	2 167 639	20,11
100 001 – 1 000 000	8	0,28	1 511 350	14,02
1 000 000 -	2	0,07	4 821 518	44,73
Total	2 853	100,00	10 778 327	100,00

By shareholder group

	Proportion of shares, %
Corporate companies	8,52
Financial and insurance institutions	1,57
Public corporations	0,14
Non-profit organisations	0,25
Private households	87,45
Foreign owners	2,08
Total	100,00

The Board of Directors has 4 857 968 shares and 31 000 rights of option entitling to subscription of a total of 31,000 shares. 27.000 of the options held by the Board of Directors belong to option program I and 4000 to option program II.

The exchange of shares and the average price during 6.9.1999 –30.12.2002



The exchange and price development of the share in 1999 – 2002

Year	Exchange EUR	Exchange, quantity	Average price	Lowest	Highest	Price at the end of the year	Market value
1999	18 520 922,40	3 801 715,00	4,87	3,40	6,00	5,80	47 668 460,00
2000	24 176 025,45	5 107 463,00	4,73	1,04	8,40	1,10	11 628 364,00
2001	2 044 096,38	1 882 175,00	1,09	0,55	1,59	0,67	7 221 479,09
2002	989 206,42	1 231 552,00	0,80	0,52	1,10	0,61	6 574 779,47

MANAGEMENT PRINCIPLES

Shareholders' meeting

Highest decision-making authority at Solteq Plc resides with its stockholders in the stockholders' meeting. The board calls the general stockholders' meeting once a year. The stockholders' meeting is held in the company's place of domicile, Tampere, by the end of June. Stockholders' meeting decides in accordance to Companies Act over, for example, the following items:

- changes in articles of association
- approval of the financial statements
- distribution of dividends
- number of board members, their selection and fees
- auditors

An extraordinary stockholders' meeting can be called if necessary.

Solteq's articles of association define the obligation to redeem in situations where a stockholder's share of all shares reaches the level of 1/3 or 1/2. The company is not aware of any such shareholder agreements that would limit the use of votes or share handovers.

Board

According to Solteq Plc articles of association, the board consists of no less than three and no more than five permanent members. Term of office for board members finishes at the end of the ordinary stockholders' meeting that follows the election.

The board elects one of its members as the chairman of the board.

The board will perform its duty in accordance to the Companies Act and other legislation. The board is responsible for, for example, the following items:

- strategy for the group of companies
- preparing interim reports and financial statements
- significant investments
- appointment, wages and benefits of the Managing Director
- organisation of the group of companies

Managing Director

Solteq Plc has a Managing Director, whose duty it is to run the company in accordance to the orders and directions given by the board of of the company. The Managing Director is elected by the board in accordance to the articles of association. The board also decides on the terms and conditions of the Managing Director's employment relationship.

Auditors

The company has one ordinary auditor, and one deputy auditor in case the company is not an audit company certified by the Central Chamber of Commerce. Because Solteq Plc is a public limited company only an auditor certified by the Central Chamber of Commerce can be appointed to the post of auditor. The auditor is elected to the post for the time being.

BOARD OF MEMBERS AND AUDITOR

Board of Members

Chairman of the Board:

- Ali U. Saadetdin, born 1949, board member since 1982

Other members:

- Seppo Aalto, born 1953, board member since 1982
- Ari Heiniö, born 1945, board member since 2002
- Hannu Partala, born 1941, board member since 1999
- Roger Westerberg, born 1954, board member since 1987

The members of the board from left: Hannu Partala, Roger Westerberg, Ali U. Saadetdin, Ari Heiniö and Seppo Aalto.

Managing Director

- Jorma Hänninen, born 1952, managing director since 2001

Auditor

- KPMG Wideri, Authorised Public Accountants
- The main auditor Frans Kärki, Authorised Public Accountant, born 1952

INFORMATION TO SHAREHOLDERS

STOCK EXCHANGE BULLETINS IN 2002

08.01.2002
PUBLISHING DATES FOR SOLTEQ PLC'S FINACIAL REPORTS 2002

14.02.2002
SOLTEQ PLC - FINANCIAL STATEMENTS 1.1.-31.12.2001

08.03.2002
SUMMONS TO AN ANNUAL GENERAL MEETING

14.03.2002
ILE NIININEN'S HOLDING IN SOLTEQ PLC

02.04.2002
DECISIONS BY THE GENERAL MEETING OF SOLTEQ PLC

06.05.2002
SOLTEQ PLC'S INTERIM REPORT 1.1.-31.3.2002

19.08.2002
SOLTEQ PLC - INTERIM REPORT 1.1.-30.6.2002

04.11.2002
SOLTEQ PLC. – INTERIM REPORT 1.1. - 30.9.2002

19.12.2002
PUBLISHING DATES FOR SOLTEQ PLC'S FINANCIAL REPORTS 2003

FINANCIAL REPORTS IN 2003:

Financial statement 1.1.-31.12.2002, published on Feb 12, 2003
Annual report 1.1.-31.12.2002, published in March 2003
Interim report 1.1.-31.3.2003, published on April 28, 2003
Interim report 1.1.-30.6.2003, published on August 18, 2003
Interim report 1.1.-30.9.2003, published on October 27, 2003

ANNUAL GENERAL MEETING

The annual general meeting will be held on March 26, 2003. All the shareholders recorded in the list of the company's shareholders, which is maintained by the Finnish Central Securities Depository Ltd, no later than March 16, 2003 shall have the right to attend the general meeting.

A shareholder wishing to attend the Annual General Meeting should notify the company's main office by March 21, 2002 at 4 p.m at the latest.

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