SOLTEQ

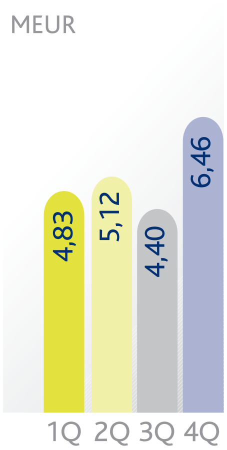
Annual Report 2003

Key Figures	2003	2002	Change %
Turnover, MEUR	20,8	18,8	10,5
Operating profit, MEUR	1,2	0,6	108,8
Profit before extraordinary items, MEUR	1,6	0,9	83,5
Return on capital employed, %	13,8	8,2	67,8
Return on own equity %	10,1	4,8	111,3
Gross investments on non-current assets,MEUR	0,15	1,39	-89,2
Solvency ratio, %	74,5	70,5	5,7
Net gearing, %	-55,5	-26,2	111,8
Number of personnel	192	195	-1,5
Dividend per share, EUR*	0,09	-	-
Earnings per share, EUR	0,11	0,05	117,1
Own equity per share, EUR	1,13	1,03	9,7

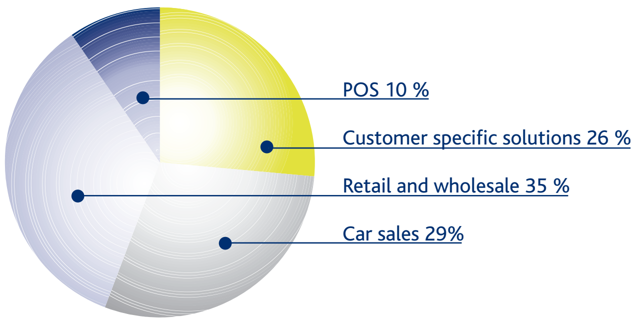
*Proposal to the annual general meeting

2003 in brief

2003 was a positive year to Solteq. The turnover grew by 10,5 per cent from the previous year and was 20,8 MEUR (18,8 MEUR in 2002). The operating profit was doubled and was 1,2 (0,6) MEUR. The operating profit´s share of the turnover was 5,6 per cent (2,9). The profit for the financial year was 1,1 (-0,4) MEUR. The solvency ratio remained high and was 74,5 per cent (70,5). The average number of the personnel during the financial year was 192 (195).



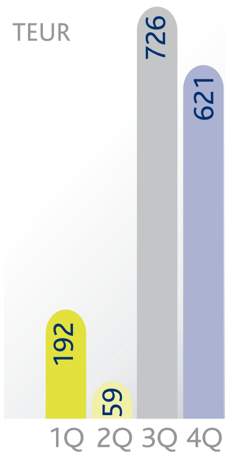
Quarterly turnover 2003



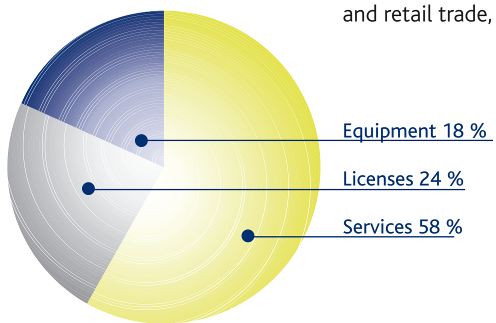
Division of turnover 2003 by business units

Focusing on key segments was continued

The focus of Solteq´s operations was in retail and car sale segments and in customer specific solutions of middle sized and growing companies. The retail business unit which serves the chained stores, wholesale and retail trade, had the highest turnover.



Quarterly profit 2003 before extraordinary items



Division of turnover 2003 to equipment sales, license sales and services

The role of services was significant

Over half of Solteq´s turnover consisted of various services delivered to customers. The role of services will remain significant as Solteq aims at being even a more comprehensive provider of IT services to its customers.

Solteq today and tomorrow

Solteq Oyj delivers IT solutions to medium sized and growing companies in retail, car sales and selected industrial segments. Supply covers all IT services, software, and equipment. The company, founded in 1982, has nearly 1000 customers.

Solteq Oyj went public in the Helsinki Stock Exchange NM list in 1999. The company is based in Tampere with additional offices in Helsinki, Lahti, Hämeenlinna and Kuopio. Operations focus is in the domestic market.

Genuine partnerships

Solteq's strategy is customer oriented. The company aims for long-term, mutually beneficial customer relationships, high-level customer satisfaction and, through these, growing and profitable business.

Solteq's focus of operations is increasingly that of a partner providing an all-inclusive service to its customers. The aim is to produce a comprehensive service, find the best tailor-made solutions and service components, and to take responsibility for integration. Solteq calls this model of operations IT CompetenceCentre.

Strengths in business area competence and customer specific development

Solteq has operated as a systems supplier for chained stores, the wholesale and retail trade, and car sales for more than 20 years. For the same length of time, in co-operation with our broad clientele, Solteq has developed IT systems that support business processes in these business areas. The strong business area competence we have acquired over the years produces genuine added value for our customers.

Along with business operations based on business area competence Solteq focuses on customer specific co-operation. If need be, Solteq, in close co-operation with our customers can develop IT systems in small instalments, obviating the need to make large one-off investments. Solteq has several years' experience of these types of operations from, for example, co-operation with companies in the mechanical forest and wood industry.

The best application and service supply in the markets

In order to focus on providing our customers a comprehensive service and added value Solteq has reinforced its application and service supply by intensifying co-operation with the strongest partners in the markets. Strategic co-operation contracts were signed in the autumn of 2002 with both SAP and IBM. At the beginning of 2004 Solteq and Wincor Nixdorf entered into a co-operation contract, based on which Solteq started to retail Wincor Nixdorf's TP.net cash register system in the Finnish market. These partnerships draw upon the international systems and technology competence of SAP, IBM and Wincor Nixdorf, and Solteq's business area competence and expertise in the domestic markets.

Solteq is also actively continuing the development of its own operations management systems for retail and car sales in co-operation with our customers. As part of a comprehensive service Solteq also supplies equipment and related technical services.

Economic targets 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 turnover between 2003 and 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 a minimum of one third of the yearly result as a dividend.

Strategic corner stones

- Customer orientation
- Comprehensive service
- Business area competence
- Strong partners

Strategic partners

- SAP
- IBM
- Wincor Nixdorf

Managing Director's Review

As we entered 2003 we set ourselves two main objectives: to implement changes inherent in our new strategy and to further improve our results.

The changeover from being a software supplier to operating as a partner in developing our customers' business operations was set in motion. At the same time, the true scale of this changeover became apparent to us in a definitive way. There is much more to be done, but all that has taken place so far has confirmed our belief that we are on the right track. Simultaneously with the transition process we achieved a clear improvement in our results despite the general economic insecurity that marked the year under review. We can, then, be rather satisfied with the year now ended.

In co-operation with our successful customers and competent partners

Many factors lie behind Solteq's positive development. Our owners have wisely chosen to plan for the future of this company over the long term without resorting to the much-criticised quartile economics. Furthermore, it has been our belief that the improvements in our company's processes and results will also make themselves apparent in the owner value. This patience has shown itself to be justified, for the company's share price development was among the best in the market last year.

Our widespread clientele, representing acknowledged leaders in their business fields, has enabled the development of new models for co-operation. For example, joint strategic IT planning with our customer' management along with a change in the traditional division of effort have helped improve the functionality and cost-effectiveness of IT systems.

These days few firms can hope to succeed without good partners. We aim at collecting such a product and service portfolio around our core competencies that we can guarantee our customers a dependable means of developing their IT infrastructure. We are, then, extremely pleased to have been able to join forces with the best companies in their field. IBM, SAP and Opus Capita are companies with whom we have had successful co-operation for a longer period time now. The co-operation in supplying Point-of-Sale systems that was started with Wincor Nixdorf at the beginning of 2004 will significantly improve the range of services available to our retail customers.

Responsible personnel policy and people who are proud of their profession

In the year now ended the job markets were in turmoil and negotiations over a considerable number of jobs made the headlines. At the same time public debate over the morals and publics responsibility of companies grew louder.

No one can afford to underestimate the significance of economic trends, but it has not always been possible to avoid the impression that things are done in the name of common interest whose raisons d'être are not entirely valid. The criticism companies have directed at circumstances and external factors has, at times, seemed exaggerated. In these cases we run the risk of creating a spiral of pessimism that can be used to demonstrate to ourselves that success is impossible. And yet the truth is that the "good old days" seldom return and that even here and now some businesses succeed.

Particularly important factors in our development have been the competence and professional pride of Solteq's own staff as well as their application and readiness to change. All these factors have for their part made possible a sustainable and responsible personnel policy which has ensured that our company has not had to downsize its staff even during economically difficult times. For many of our customers this only serves to add to the security of long-term co-operation.

We must justify our existence day by day

We have entered 2004 with a sense of confidence. The successes we have had in the past add to our own faith in the future. However, we are still some good way from our goals, so that it is not difficult for us to remain humble. Each day we must earn the right to our existence in the eyes of our customers.

We have a lot to learn and we must keep on developing our processes the whole time. We are determined to maximize customer satisfaction in our field of operations, and there is still some way to go. We also aim at continuing to improve our results, for it is only in this way that we can secure sustained development.

We wish to thank all our customers, partners, and staff for last year's smooth-running and successful business operations endeavours.

Jorma Hänninen

Business Unit

Customer specific solutions

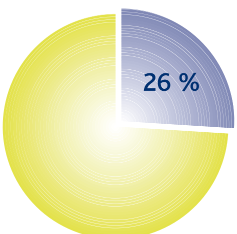
- Develops and supports customer specific IT systems and service concepts for medium sized and growing companies in industry, technical wholesale and service business

- Defines IT solutions to best match our customers' business and development targets, ensures their high usability and guarantees the customers a safe development path

- A solution may contain a customary project delivery and maintenance for some specific function or it may be a comprehensive service solution. As an application it may e based on software by SAP, a Solteq partner, Solteq's own products or the customer's own software

- Aims at growth, profitability and long-lasting customer relationships, in which Solteq would be the customer's primary IT partner.

- Strengths lie in our ability to understand our customers' business processes, high-quality project work, SAP and IBM competence and, in particular, business area competence that derives from long experience in wood and bulk product industries and in project operational business



Customer specific solutions business unit's turnover was 5,5 MEUR and its share of Solteq's entire turnover (20,8 MEUR) was 26 per cent.

The Managing Director Jyrki Liljeroos (on right) and Quality Chemist Mikko Myllymäki from Santen Oy, the producer of eye pharmaceuticals.

Santen:

The journey of a new medicine from product development to markets is a long one and along the way a considerable amount of officially required documentation is created.

"No other industry produces this much documentation. A situation where two different versions of one document are in circulation must not happen in pharmaceuticals," says Jyrki Liljeroos, Managing Director of Santen Oy, which develops and produces eye pharmaceuticals.

Ensuring that information is not fragmented demands a great deal from an operations management systems. For Santen Oy, operating in Tampere, it was clear that their new solution was going to be SAP, which their parent company in Japan has used for several years now.

One large and comprehensive solution will replace systems tailored for each separate function. Santen will now have their operations management with its masses of documentation and information in a single system that distributes documents in a uniform manner.

Solteq and Santen were acquainted from before, but this SAP project took the partnership to a new, more comprehensive level. A factor in selecting a partner was also that the two companies both operate in Tampere. For Santen this eases communication and co-operation.

“We provide our customers with a tailor made solution for their needs. That solution is based on the leading software and service providers in the market, on the competence Solteq has acquired in over 20 years, and on a cutting edge service concept,”

says Timo Viitanen, Head of the Business Unit.

2003

Services turnover developed primarily as a result of our current customers’ systems development and updates. Similarly, the amount of technology upgrades was as expected. However, acquiring new customers did not reach the set targets, which also explains why product sales lagged behind targets as well. Level of interest in the markets was as expected, but customers were postponing their investment and development decisions.

Among the largest projects for the business unit were renewal of the purchase and maintenance system, based on SAP, at UPM-Kymmene Wood, implementation of SAP Pharmaceuticals system with Santen, expansion of Tekmanni Oy’s SAP system, and systems development and modernisation projects at Stora Enso Packaging and Töölön Matkatoimisto.

In the last quarter of the year business based on Oscar for Windows was amalgamated into the business unit. This ensures the product’s development and a software solution for those customers in technical wholesale and assembly industries for whom SAP is not a convenient solution.

The business unit developed and turned service concepts into products, as well as expanded SAP competence into various other environments. With our partners we focused on solutions that bring the benefits of electronic commerce and invoicing to customers.

Co-operation with SAP and IBM showed as increased staff training, consultants’ co-operation in implementation projects, as sub-contracting and as joint customer events and operations planning.

The Future

Customer orientation will remain the corner stone of the business unit’s operations in the future as well. We seek growth and even stronger partnerships with both our existing and new customers. At the business unit we believe that demand for both customary project deliveries and service concepts will pick up.

Service offering is developed into a comprehensive service, as defined in Solteq’s IT Competence Centre concept. Our aim is to produce all the services our customer requires together with our partners while Solteq remains the responsible supplier and customer contact point. Solteq is also prepared to take overall responsibility for our customers’ operative IT functions.

We will increase the efficiency level of our own operations by clarifying customer responsibilities and operations according to the so-called “one desk” principle. In addition, we will add resources to our service operations. Application software will be customised to suite various business fields and customer categories/groups as basic solutions. By this we aim at a higher level of customer satisfaction and delivery capability.

We are going to put more effort into our sales. We will also boost the sales of Oscar for Windows by making it available from resellers.

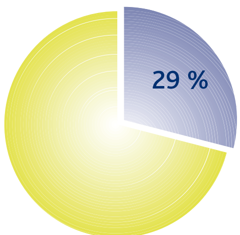
”Solteq provided us with the best software products and technology in the market, as well as considerable business area competence,” says Antti Myllykangas, IT manager at UPM-Kymmene Wood.

“Products, suppliers, clients and reports. These are the most important things an IT system must manage. In addition, it must be easy to use,” summarises Managing Director Antero Ekström (on the right) from Esbecon Oy. Next to him is warehouse worker Pekka Harju. Esbecon Oy, an importer and marketer of electro-technology, chose Solteq’s Oscar for Windows as their tool.

Business Unit

Car sales

- Delivers complete IT systems and related services for the car and machinery trade, repair shops, and finance, insurance and leasing companies
- Understands the complete value chain and related interest groups from factory to consumer
- Market leader in supplying software for retail companies
- Seeks growth in the import, servicing and bus sectors
- Strengths include high-level business area competence, an appreciation of changes in the car trade, comprehensive solutions based on customer needs, and highly regarded international partners supporting product and service supply



Car sales business units turnover in 2003 was 6,1 MEUR and its share of Solteq's entire turnover (20,8 MEUR) was 29 per cent.

Case PÖRHÖ

As exclusive rights for regional representation are abolished and brand servicing is opened to competition, the structures of the car trade are changing. The new competitive setting has drawn care dealers' attention to the quality of their operations.

Pörhön Autoliike, which operates in the north of Finland, started their quality improvement project already in 2001, and now this quality programme has been certified in all companies in the group.

Defining a general concept of operations for all departments, improving efficiency, and highlighting the key role of customer satisfaction are Managing Director Matti Pörhö's list of goals for work on quality. Customer satisfaction rose the moment the quality programme was implemented.

There were some surprises as well: "We finally woke up to just how old fashioned our processes actually were," Pörhö admits.

Pörhö considers the role of IT systems crucial. "The processes we now have in place were fine tuned so that the IT systems guide people to act in accordance to our quality standards. In turn, implementing the quality programme influenced the content of the IT systems.

Pörhön Autoliike utilizes a comprehensive car-sales solution supplied by Solteq.

"We offer our customers an optimised solution, we can react quickly to change and offer IT support for actualising these changes. Our goal is to improve customer satisfaction by reinforcing good co-operation both with the import sector and with individual dealerships."

Hannu Ahola, Head of the Business Unit.

2003

The insecurity that prevailed in the automobile market in the previous year faded, and consumers were emboldened to purchase car. Sales of new cars grew by 20 per cent to some 147 000 cars. Changes in the tax on imported second-hand cars brought some 30 000 cars to Finland from abroad.

The favourable market situation was also reflected in the IT investments made by car retailers. In addition, the number of Solteq systems' users grew as our customers expanded their operations through purchasing other businesses. In effect, the year was very successful for Solteq's car sales business unit. Turnover increased by a fifth from the previous year. Volume of orders showed an upward trend and the sales of additional products, such as solutions for management reporting, finan-

Solteq manages the IT system development and maintenance for Kommest Auto, part of the SOK group, in Estonia and Latvia. In the picture, taken in Tallinn, car dealer Allan Lupp is acquainting Tiit Millert, transport executive at Eesti Energia, to the Peugeot 307.

Savonlinja and Solteq are developing a new product for bus servicing, repairs and spare parts business together.

"In development of electronic services it is important to know the processes that have prevailed in car sales for decades," concludes Timo Ronkainen, Development Manager of Nordea Financing, who has co-operated with Solteq since 1997.

Information systems manager Liisa Ala-Käkelä has been working in co-operation with Solteq for two decades. The most recent co-operative effort is to do with the outsourcing of Veho Group's SAP maintenance to Solteq.
"We wanted a supplier who combines both SAP competence and an understanding of car sales."

"With servicing appointments it is important that the application can be accessed individually by each mechanic," Tero Koskenviita, Regional manager of post-marketing at VV-Auto Oy, says about the new application at Solteq's customer event.

cial management and printing, developed well. Sale of licenses lagged slightly behind set targets.

A further factor behind this growth was Solteq's active part in developing complete solutions for the car trade. Solteq introduced on to the market a new application, Servicing appointments, which integrates with the car trade operations management system. This new application was well received. We also developed a new version of our car dealer's tool, which is applicable for example as a sole operative system for trade-in car dealers. Product and service supply was also strengthened through even closer co-operation with SAP and IBM.

Among the most significant undertakings were the implementation of a post-marketing system in the Volvo, Land Rover and Renault organisations, and developing importer interfaces in the Ford and Peugeot organisations. As a partner of Maan Auto, Solteq also serviced the Peugeot dealers in Estonia and Latvia. Co-operation with Savonlinja group expanded from car sales to include bus repair and spare parts business.

When Veho Group selected Solteq for the maintenance of their SAP system and moved the operating services of their SAP equipment over to IBM, the co-operation model between SAP and IBM became more concrete. In addition to this, Solteq imported SAP's vehicle import system into Finland and started localisation work on it.

The Future

The objective for the car sales business unit is to strengthen its market leadership among retail firms and to further expand its clientele to include importers, repair shops, and bus companies. Central targets in this development are increasing customer satisfaction and improving the competitive edge of our products even further.

Quality requirements both in car sales and in post-marketing are increasing. With a new law competition in servicing and repair business is opened up. This accelerating competition will bring new challenges for the data produced by the IT systems, and will require an increased level of efficiency and integration from the systems. Solteq will continue focusing its effort on post-marketing solutions development and on integrating those solutions into the car trade operations management solutions.

Import of used cars is expected to be brisk. The special features of this "new" type of motor vehicle population must also be taken into account in the IT systems.

Co-operation with the Swiss company Information Management Group, who specialise in car sales SAP ventures, will further strengthen Solteq's SAP competence.

Business Unit

Retail and wholesale

- Supplies complete solutions that enhance the business operations and include the tools for enterprise resource planning, management of chain stores, checkout payment operations, and e-commerce for medium and growing companies in chained commerce and wholesale trade

- Compiles solutions to match each customer's needs from Solteq's own or, if necessary, our partners' products and services, and ensures their high quality implementation

- Strengths lie in the long term, reliable customer relationships, in business area competence that has developed through every-day co-operation with our customers, in our partners and in high level project competence

- Aims at developing even more into a business operations development partner for our customers, obtaining all the genuinely beneficial elements from the best supply in the markets and tailoring them into complete solutions for our customers' businesses


Managing Director Paul Kauste

Case: Schetelig

Schetelig group's storage building in Vantaa opens a view into a wondrous world: the cutest little saplings side by side in their little boxes, bumblebee nests, lamps, garden hoses, heavy duty irrigation and fertilising systems, ingenious scissors, lawn mixtures for golf courses – altogether some 35 000 articles.

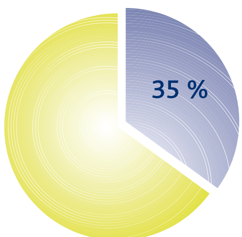
The largest gardening wholesale in Finland goes through a hectic season when its clients are preparing to serve their own green-thumbed customers. The growth potential in the gardening field is in us, the consumers, who are gradually picking up European influences and beginning to see that home gardening can offer more and better experiences than mere squatting and weeding.

"It is time to refurbish" says Paul Kause, 75, Managing Director for the family business, referring to the group's decision to invest on a SAP system.

Schetelig has set four major objectives for the new system: more accurate and faster reporting, more efficient capital management, improved sales management, and improvement in the quality of customer service.

SAP was a natural choice as the wholesale's international partners and its biggest customers also use the same system. Communication with a large network will thus be easier.

Solteq and Schetelig have worked together for some ten years, and the same trustworthy partner will now help take the group to a new era.



Retail and wholesale business unit's turnover was 7,2 MEUR and its share of Solteq's entire turnover (20,8 MEUR) was 35 per cent.

"With us the customer is provided with a complete solution that serves their business well, and we take the responsibility for its reliable and cost-efficient implementation, maintenance and development for future needs."

Urpo Karjalainen, Head of the Business Unit

Jonas Huttula, Lastentarvike group's Managing Director lists integration to the POS system and development of e-commerce as key elements in their SAP project. He was not familiar with Solteq from before, but was impressed by Solteq's expertise and readiness to listen.

The idea of Merx customers' club came about at Solteq's customer event in the autumn. "We need each other," concluded, among others, Jari Pienkuukka of Hartman Rauta, Petteri Niemi of Tuko Logistics, Mira Sohlman of Solteq, and Hannu Raiskio of Berner, who was also elected the club host.

"IT systems partner has to have the competence to focus on the relevant issue – to produce added value to their customers," Fenet's Managing Director Anne Tuomas points out.

2003

The year was a year of investments and learning for the retail and wholesale business unit. In the beginning of the year Solteq reorganised and regrouped its business units to better serve the various customers in the retail and wholesale sector. Retail and wholesale business unit focused on servicing chained commerce and wholesale sector where the decision-making processes are centralised and who need broad operation management systems. At the same time Solteq, SAP and IBM tightened the partnership mode to better match the shared model of partnership. For Solteq this meant a considerable investment on training, particularly SAP competence, and on developing our internal processes.

Despite the changes the business unit met its targets it had set for the co-operation with its existing clientele. Acquiring new customers, however, lagged behind the set targets,

Among the most significant project were a development project with Berner Osakeyhtiö, implementation of new systems for Fenet Oy, Tokmanni Oy and Notex Oy, and a project with Onninen Sp. Z.O.O's new central warehouse. Towards the end of the year Solteq was contracted to deliver SAP systems to Schetelig group and Lastentarvike Oy.

At Solteq's retail event, which has already become a tradition, an idea came up of creating an open forum for Solteq Merx customers, where the participants can discuss the development needs for the system and where they can exchange their experiences around it. A kick-off meeting for this Merx IT user forum, organised at the end of the year, attracted a wide audience. Hannu Raiskio, Head of Administrations, was elected as chair.

The Future

Our views into the year now started are better than a year ago. As a result of the development work and training during the year under review Solteq can now offer its customers an even stronger and finalised service concept. Solteq's new IT OsaamisKeskus (IT Competence Centre) service concept will strengthen the role of our retail and wholesale business unit in integrating and co-ordinating customer specific solutions even further.

Emphasis on our consulting role and leading ever-tightening partnerships demand sustained process development, continuous learning and also entirely new competencies.

Retailer Jarmo Karhunen

POS (Point-of-Sale)

- Supplies POS and store management systems as well as IT system implementation and maintenance services for manager-oriented stores and store chains

- Services more than 400 customers who altogether have nearly 5000 cash registers in 2300 outlets

- Market leader among fashion and leisure outlets, a sought-after partner for, for example, low price stores, hardware stores, furniture and interior decoration business fields, and for daily consumer goods retailers

- Seeks new customers in other sectors of retail with the objective of becoming the most important store management system supplier in selected fields in Finland

- Strengths include understanding and appreciation of retailers and entrepreneurship, business area understanding, functional processes, and competent staff

Case: Arokarhu

"The greatest satisfaction of entrepreneurship is that the decision-making power over your business is in your own hands. Entrepreneurship and independence are the salt of the earth for this job," says Jarmo Karhunen, who exchanged his civil servant like career for that of a retailer. He and his wife Mia own three convenience stores in the Arokarhu chain: Ruoka-Carlsons in Kuopio and Mikkeli, and Ruoka-Liina in Lapinlahti.

These three stores form a small chain, which made Karhunen interested in Solteq's TeksoPro system with its chain management element. "Our starting point was to find one uniform system."

Outstanding level of service is close to Jarmo Karhunen's heart, and he expects similar flexibility and fluency form the new IT system as well.

The decision was made on the basis of the complete package. Solteq's reliability image was the best and a clear number one as a cash register system supplier. Arokarhu now has the chain management and tracking reports it wanted, printable from any store or even at home in Lapinlahti at weekends.

“Our references indicate that we have a solid product and we are trusted. It is means a lot to us when a store manager speaks in glowing terms of our system to another manager,”

says Ile Niininen, Head of the Business unit.

The IT Manager of L-Fashion, Sinikka Marttila, has contributed ideas to the EMV project of Solteq.

VPU Pukutehdas changed from their character-based store management system to a new Windows version. Managing Director Ralf Wolin, below.

Karhulan Helmi, which is part of the Caratia chain, uses Solteq’s store management system. Pictured here storeowners Päivi and Jukka Leijamaa.

Guests at the POS customer event in the autumn included Soile Paajanen, Liisa Ahlstedt and Sirpa Kräklin from Ajatar.

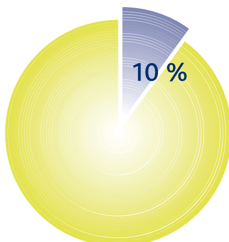
2003

POS business unit, which supplies Solteq’s POS and store management systems, expanded its operations to new fields of business during the year under review. These new frontiers included a florist’s, furniture and interior design and daily consumer goods retail. In addition to this, there was a breakthrough in the jewellery sector when Caratia Oy set about co-operating with Solteq in promoting Solteq’s store management system to Caratia’s member companies. As a supplier for fashion and low price stores Solteq has already held a strong standing.

The sale of store management systems was speeded up by growth in the retail sector and by the positive business development among Solteq’s customers. To add to this, Solteq developed the product to respond to various needs in different retail sectors in an even more versatile manner. Windows-based TeksoPro, launched in the autumn and designed for bulk retail, has received excellent reviews from our customers. This reception manifested itself already towards the end of the year as an increase in the number of product updates.

The Future

Solteq has been developing an EMV application for cash registers in the store management system that reads electronic cash cards. The aim is to have the application certified before the start of the holiday season in the summer of 2004, and to start pilot deliveries in early autumn. EMV electronic cash cards will replace Eurocard, MasterCard and Visa credit cards, which currently utilise a magnetic stripe. Solteq’s prediction is that some of our store management system customers will implement the EMV application before the start of 2005, because after that date the responsibility for any misuse in payment operations will rest with the party who does not have an EMV certified cash register system.



POS business unit’s turnover in 2003 was 2,0 MEUR and its share of Solteq’s entire turnover (20,8 MEUR) was 10 per cent.

Solteq Oyj

Financial Statements 2003

Financial Statement

REPORT OF THE BOARD OF DIRECTORS

BUSINESS DEVELOPMENTS

In accordance with its strategy, Solteq Group's (later Solteq or the Company) business operations have focused on chain stores and car dealers as well as tailored solutions for mid-size and big companies. Customers have been offered customised solutions to their business requirements and their IT systems have been developed safely and cost-effectively, working in close co-operation and using business understanding.

General economic uncertainty has labelled the market situation all year. In addition, IT business re-organisations as well as co-operation negotiations in several IT companies caused the customers to be cautious in their investment decisions. Understanding the customer's business and a desire and ability to true partnership were emphasized in supplier selection. Also ability to integrate systems in a controlled way even between different companies was found to be necessary. New systems have to support development of customers' business processes and the repayment period has to be short for these projects.

Turnover

Solteq's turnover for the financial year was 20.812 thousand euros (18.743 thousand euros). Increase from the previous year was 10,5 %.

Business performance

Operating profit for the financial year totalled 1.157 thousand euros (554 thousand euros). The proportion of operating profit from the turnover was 5,6 % (2,9 %). Increase in volumes and cost-efficiency resulted in this positive trend.

Result before extraordinary items and taxes amounted to EUR 1.598 thousand (EUR 870 thousand). The net financial income totalled EUR 441 thousand (EUR 316 thousand).

The profit for the financial year totalled EUR 1.130 thousand (EUR -354 thousand).

Financing and investments

The company's financial position remained excellent during the whole financial year.

The total assets amounted to EUR 15.982 thousand (EUR 15.714 thousand) and equity ratio was 74,5% (70,5 %). Liquid assets in the balance sheet amount to EUR 5.056 thousand (EUR 3.607 thousand). The company has no interest-bearing liabilities.

As announced earlier, Solteq Plc gave up its Polish associated company during the financial year. Ending the ownership and co-operation agreement lead to a positive cash flow effect of EUR 1.234 thousand.

Research and development

The company's research and development expenses consist for the most part of personnel expenses. Research and development costs for the financial year 2003 were ca. 7 % (10 %) of the turnover. In accordance with the strategy, the company utilises resources of global actors in developing the basic products. Own efforts are focused on country specific products with added value as well as developing a range of services required by the customer.

Research and development costs have been expensed annually in the financial statements.

Personnel

The number of permanent employees was 190 (188) at the end of the financial period. Average number of permanent employees during the financial period was 192 (195).

SIGNIFICANT POST BALANCE SHEET DATE EVENTS

After the period under review, the company made an agreement with Wincor Nixdorf about delivering cash systems and sharing consultant resources. Thus, a strong alliance is established in the Finnish markets aiming at increasing turnover and market share of both parties.

The co-operation agreement enabled Solteq to end developing a new cash system of its own. Also system development project with Hankkija Maatalous Oy announced earlier was terminated. The company will encounter one-off expenses due to these arrangements during the first quarter in 2004.

PROSPECTS FOR 2004

During this year, the company will continue its operations in accordance with the company's strategy. A favourable economic trend is foreseen in the customers' businesses. Organic turnover growth is expected to continue. A strong balance sheet enables growth also through acquisitions.

The positive trend in the company's result is expected to continue and both operating result and the result for the financial year are expected to improve from the previous year.

SHARE CAPITAL, OWN SHARES AND AUTHORISATIONS OF THE BOARD OF DIRECTORS

Solteq Plc's share capital is EUR 909.541,55, which is represented by 10.815.777 shares. The shares have no nominal value and their accounting par value is ca. EUR 0,08 per share.

At the end of the financial year, the company owns 287.087 of its own shares. These shares represent 2,65 % of the company's shares at the year-end.

Of the shares that the company owns itself, 80.000 were acquired through public trading during 6 September – 13 November 2000 at an average price of 2,2 euros. The purchases based on the authorisation given to the Board of Directors by the Annual General Meeting 31 March 2000. 207.087 shares came to the company's possession when Solteq Plc, Koma S.A. and Prokom Software S.A. ended their co-operation agreement in March 2003.

The accounting treatment of own shares has been changed during the financial year and the shares are no longer reported as an asset in the Company's balance sheet.

The Board of Directors is authorised to decide by 26 March 2004 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 26 March 2004 to acquire a maximum of 5 % of the company's 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.

GOVERNANCE

Jorma Hänninen acts 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 and Veli-Pekka Jokiniva.

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

SOLTEQ PLC
BOARD OF DIRECTORS

Financial Statement

PROFIT AND LOSS ACCOUNT

	GROUP		PARENT COMPANY	
PROFIT AND LOSS ACCOUNT	1.1. – 31.12.2003	1.1. – 31.12.2002	1.1. – 31.12.2003	1.1. – 31.12.2002
Net turnover	20 811 831,25	18 829 546,17	18 743 323,84	16 735 324,80
Other operating income	124 062,87	65 501,85	108 000,87	64 227,78
Raw materials and services				
Raw materials and consumables				
Purchases during the	-3 784 760,65	-3 050 834,57	-3 782 385,69	-3 016 947,16
External services	-767 010,48	-702 791,92	-681 250,40	-602 962,15
Staff expenses				
Wages and salaries	-8 365 764,68	-7 910 660,20	-7 657 938,52	-7 377 901,52
Social security expenses				
Pension expenses	-1 449 893,39	-1 302 533,76	-1 327 643,84	-1 198 050,13
Other social security expenses	-445 229,93	-851 857,07	-408 350,32	-786 525,84
Depreciation, amortisation and reduction in value				
Depreciation and amortisation according to	-526 889,45	-659 328,66	-646 865,60	-706 629,96
Other operating expenses	-4 439 254,42	-3 862 808,12	-3 925 345,19	-3 525 424,10
Operating profit (loss)	1 157 091,12	554 233,72	421 545,15	-414 888,28
Financial income and expenses				
Income from Group undertakings	0,00	0,00	168 865,00	0,00
Other interest income and other financial income	732 190,61	467 745,78	729 903,89	376 143,80
Interest and other financial expenses	-291 533,55	-151 490,34	-287 775,13	-315 504,29
Profit (loss) before extraordinary items	1 597 748,18	870 489,16	1 032 538,91	-354 248,77
Extraordinary items				
Extraordinary income	0,00	0,00	556 000,00	880 000,00
Extraordinary expenses	-39 844,00	-1 393 485,78	-39 844,00	-1 677 185,68
Profit (loss) before appropriations and taxes	1 557 904,18	-522 996,62	1 548 694,91	-1 151 434,45
Appropriations				
Change in cumulative accelerated deprecia	0,00	0,00	59 397,49	43 620,36
Income taxes	-427 590,03	169 411,81	-449 651,97	262 238,06
Profit (loss) for the financial year	1 130 314,15	-353 584,81	1 158 440,43	-845 576,03

BALANCE SHEET

	GROUP		PARENT COMPANY	
BALANCE SHEET	31.12.2003	31.12.2002	31.12.2003	31.12.2002
ASSETS				
NON CURRENT ASSETS				
Intagible assets				
Intagible rights	757 275,61	983 158,84	844 713,17	1 114 315,18
Goodwill	181 478,89	252 763,32	181 478,89	210 662,53
Group goodwill	381 109,71	436 515,61	0,00	0,00
Other capitalised long-term expenditure	62 366,25	58 636,54	59 451,30	173 422,09
Tangible assets				
Machinery and equipment	232 200,55	409 795,09	194 825,17	359 961,24
Other tangible assets	15 084,78	15 084,78	14 580,22	14 580,22
Investments				
Holdings in Group undertakings	0,00	0,00	213 899,06	213 899,06
Other shares and similar rights of ownership	2 839 672,91	4 422 995,50	2 015 913,80	3 611 463,93
Total non-current assets	4 469 188,70	6 578 949,68	3 524 861,61	5 698 304,25
CURRENT ASSETS				
Debtors				
Trade debtors	4 085 129,92	3 989 088,96	3 802 667,61	3 543 554,58
Amounts owed by Group undertakings	0,00	0,00	997 975,00	880 000,00
Loan receivable	18 885,33	11 073,48	18 885,33	11 073,48
Other debtors	53 023,42	53 079,38	51 033,72	181 448,63
Prepayments and accrued income	755 606,02	1 046 312,13	704 076,41	934 337,57
Investments				
Own shares or similar rights of ownerhip	0,00	48 800,00	0,00	48 800,00
Other investments	4 546 105,29	379 741,82	4 546 105,29	379 741,82
Cash in hand and at banks	2 053 764,17	3 606 824,43	1 980 450,12	3 371 955,80
Total current assets	11 512 514,15	9 134 920,20	12 101 193,48	9 350 911,88
TOTAL ASSETS	15 981 702,85	15 713 869,88	15 626 055,09	15 049 216,13

Financial Statement

BALANCE SHEET

	GROUP		PARENT COMPANY	
BALANCE SHEET	31.12.2003	31.12.2002	31.12.2003	31.12.2002
EQUILTY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	909 541,55	906 392,23	909 541,55	906 392,23
Reserve for own shares or similar rights of ownership	0,00	48 800,00	0,00	48 800,00
Share premium account	9 530 596,04	9 509 795,61	9 530 596,04	9 509 795,61
Retained earnings (loss)	329 281,18	972 787,78	-145 263,80	990 234,03
Profit (loss) for the financial year	1 130 314,15	-353 584,81	1 158 440,43	-845 576,03
Total equity	11 899 732,92	11 084 190,82	11 453 314,22	10 609 645,84
APPROPRIATIONS				
Cumulative accelerated depreciation	0,00	0,00	0,00	59 397,49
CREDITORS				
Non-current				
Pension loans	0,00	990 000,02	0,00	990 000,02
Other creditors	0,00	17 225,27	0,00	0,00
Current				
Pension loans	0,00	73 333,32	0,00	73 333,32
Trade creditors	1 455 593,98	632 970,95	1 449 393,49	620 643,43
Amounts owed to Group undertakings	0,00	0,00	267 882,58	0,00
Other creditors	836 708,66	856 472,04	816 569,61	775 443,96
Accruals and deferred income	1 789 667,29	2 059 677,46	1 638 895,19	1 920 752,07
Total creditors	4 081 969,93	4 629 679,06	4 172 740,87	4 380 172,80
TOTAL EQUITY AND LIABILITIES	15 981 702,85	15 713 869,88	15 626 055,09	15 049 216,13

CASH FLOW STATEMENT

CASH FLOW STATEMENT	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Cash flow from business operations				
Operating profit	1,157,091.12	554,233.72	421,545.12	-414,888.28
Adjustments to operationg profit	452,925.56	659,328.66	572,901.71	706,629.96
Change in net working capital	217,715.70	430,645.99	252,465.77	4,050.05
Paid interests and payments	-61,305.37	-107,117.34	-57,546.95	-246,089.48
Received interests	82,176.38	98,721.04	79,889.66	109,425.72
Extraordinary items	-39,844.00	-49,123.00	-39,844.00	-49,123.00
Received and paid taxes	70,575.31	-79,531.39	0.00	-59,028.03
Cash flow from business operations	1,879,334.70	1,507,157.68	1,229,411.31	50,976.94
Cash flow from capital expenditure				
Capital expenditure in tangible and intangible assets	-150,915.80	-1,394,610.29	-219,437.83	-1,394,610.29
Sales proceeds from tangible and intangible assets	208,110.00	517,119.29	208,110.00	516,119.29
Sales proceeds from other shares and similar rights of ownership	1,233,735.78	0.00	1,233,735.78	0.00
Capital expenditure in investments	-3,997,920.00	0.00	-3,997,920.00	0.00
Sales proceeds from investments	3,297,665.59	1,508,374.75	3,297,665.59	892,138.75
Received dividends from investment	18,525.34	36,988.08	18,525.34	36,988.08
Cash flow from capital expenditure	609,200.91	667,871.83	540,678.88	50,635.83
Cash flow from financing activities				
Increase in share capital for consideration	23,949.75	0.00	23,949.75	0.00
Repayment of non-current liabilities	-1,063,333.34	-1,252,450.94	-1,063,333.34	-301,684.59
Non-current borrowings	0.00	1,100,000.00	0.00	1,100,000.00
Paid and received group contributions	0.00	0.00	880,000.00	1,969,000.00
Cash flow from financing activities	-1,039,383.59	-152,450.94	-159,383.59	2,767,315.41
Change in cash and cash equivalents	1,449,152.02	2,022,578.57	1,610,706.60	2,868,928.18
Change and cash equivalents 1.1.	3,606,824.43	1,584,245.86	3,371,955.80	503,027.62
Change and cash equivalents 31.12	5,055,976.45	3,606,824.43	4,982,662.40	3,371,955.80

NOTES TO THE FINANCIAL STATEMENTS 31.12.2003

ACCOUNTING PRINCIPLES

Consolidated financial statements

Group companies with active business operations have been included in the consolidated financial statements. Acquired companies have been consolidated since the month of the acquisition.

The consolidated financial statements have been prepared using the purchase method. Intra-Group transactions, internal receivables and liabilities as well as internal dividend distribution have been eliminated.

The shares acquired in 1999 through the exchange of shares were valued at the market value of the shares traded in by the Company (market value used was 5,1 euros)

In 2000, the valuation principle was changed to comply with the principle in the Finnish Accounting Standards Board's statement 1591 (25 October 1999). Thus, the acquisition cost of the acquired shares and the increase in the Group's equity consist of the book value of the acquired companies at the time of the acquisition added with transfer tax and direct costs.

The Polish company Koma S.A. that classified as an associated company earlier was consolidated using the equity method in the financial statements 2000 and 2001. The company was not consolidated in the financial statements 31 December 2002 as the ownership ended in the beginning of 2003. The costs of these arrangements were presented as extraordinary expenses in the financial statements 2002.

Fixed assets and depreciation

Fixed assets are valued at the original acquisition cost less depreciation according to plan. Depreciation according to plan is calculated on a straight-line basis based on the estimated useful lives of the assets.

The depreciation periods are as follows:

Intangible rights	5 –10 years
Goodwill	10 years
Group goodwill	10 years
Other capitalised long-term expenditure	5 – 10 years
Machinery and equipment	3 – 5 years

Group goodwill and goodwill have been created from business acquisitions with expected income-generating time of at least 10 years.

Valuation of investments under current assets

Investments under current assets have been valued at lower of acquisition cost or market value.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The European Union requires all listed companies in the EU to adopt International Financial Reporting Standards (IFRS) in their reporting by the end of the year 2005. Adoption of the international standards aims to make EU's capital market more efficient by making the financial statements of the companies, which operate in the EU more reliable, transparent and comparable.

IFRS adoption project and transition timetable

Solteq Plc will report using IAS/IFRS in the year 2005 interim reports and financial statements. Preparations for this have been started in 2003. During 2003 analysis of different areas has started in order to identify the differences between IFRS and Finnish accounting principles affecting Solteq Plc's accounting principles.

During 2004, decisions on alternate accounting principles will be made and opening IFRS balance sheet and comparison information of 2004 for 2005 interim reports will be prepared. Also necessary changes in the systems will be made in order to facilitate IFRS reporting from the beginning of 2005. The project has proceeded in accordance with the timetable.

Effects of adopting IFRS on the financial statements

Based on the preliminary analysis, Solteq Plc's accounting principles may change especially in the following areas:

Leasing contracts

According to IFRS, finance leases should be recognised as assets and liabilities in the lessee's balance sheet.

Business Combinations and goodwill

Changes in the principles regarding goodwill have been suggested, e.g. depreciation according to plan would be stopped and instead an annual goodwill impairment test would be performed.

Impairment tests

Goodwill impairment test is obligatory at the date of transition to IFRS. Testing requires cash generating units and test methods to be determined.

Intangible rights

Capitalising development costs is obligatory when certain criteria have been fulfilled.

Revenue recognition

IFRS contains detailed instructions when to recognise sales revenues and it is possible that for some operations revenue recognition will be deferred from the present practice.

Future changes to IFRS standards

The first IFRS financial statements for 2005 with comparison figures are to be prepared using the standards effective at the reporting date. Some standards are expected to become finalised only at the end of the first quarter 2004 and effects of these standards remain partly unsolved. In addition, the existing standards have alternate accounting principles, on which Solteq Plc has not made final decisions yet. Application of possible exemptions given in IFRS1 standard has neither been decided on. Thus, not all changes have necessarily been identified yet. It is also possible that when the project proceeds, other changes and effects than the ones mentioned above will arise.

NOTES TO THE PROFIT AND LOSS ACCOUNT

1 Turnover by business unit

	2003	2002	Muutos	Muutos %
Trade	7,2	6,8	0,4	6 %
Car sales	6,1	5,1	1,0	20 %
Tailored solutions	4,6	3,7	1,0	26 %
POS group	2,0	2,2	-0,2	-9 %
OFW group	0,9	1,0	-0,2	-16 %
Total	20,8	18,8	2,0	11 %

2 Other operating income

	Group		Parent company	
	2003	2002	2003	2002
Profits from fixed asset sales	81 951,56	56 217,96	81 951,56	56 217,96
Rental income	38 754,50	0,00	22 692,50	0,00
Other	3 356,81	9 283,89	3 356,81	8 009,82
Total	124 062,87	65 501,85	108 000,87	64 227,78

3 Notes concerning staff and members of administrative bodies

The average number of personnel in the Group and the Parent Company was 192 (195) during the financial year.

Members of the company management may retire at the age of 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

There were no financial income and expenses from the Group undertakings during the financial year or comparison year.

5 Extraordinary income and expenses

Extraordinary items	Group		Parent company	
	2003	2002	2003	2002
Group contribution received	0	0	556 000,00	880 000,00
Write-down of Koma S.A's shares	0,00	-1 314 362,78	0,00	-1 598 062,68
Expenses from sold business activities	-39 844,00	-31 727,00	-39 844,00	-31 727,00
Others	0,00	-47 396,00	0,00	-47 396,00
Total	-39 844,00	-1 393 485,78	516 156,00	-797 185,68

6 Income taxes

	Group		Parent company	
	2003	2002	2003	2002
Income taxes	46 653,95	-79 531,39	0,00	-59 028,03
Change in deferred tax assets	-474 243,98	248 943,20	-449 651,97	321 266,09
Total	-427 590,03	169 411,81	-449 651,97	262 238,06

NOTES TO THE BALANCE SHEET

7 Non-current assets

Intangible rights	Group		Parent company	
	2003	2002	2003	2002
Residual value 1.1.	983 158,84	1 158 296,88	1 114 315,18	1 330 865,42
Decreases	0,00	6 863,79	0,00	4 557,21
Increases	37 934,27	106 871,76	37 934,27	106 871,76
Depreciation according to plan	263 817,50	275 146,01	307 536,28	318 864,79
Residual value 31.12.	757 275,61	983 158,84	844 713,17	1 114 315,18

Goodwill	Group		Parent company	
	2003	2002	2003	2002
Residual value 1.1.	252 763,32	324 047,74	210 662,53	239 846,15
Depreciation according to plan	71 284,43	71 284,42	29 183,64	29 183,62
Residual value 31.12.	181 478,89	252 763,32	181 478,89	210 662,53

Group goodwill		
	2003	2002
Residual value 1.1.	436 515,61	627 232,65
Decreases	0,00	135 311,14
Depreciation according to plan	55 405,90	55 405,90
Residual value 31.12.	381 109,71	436 515,61

Other capitalised long-term expenditure	Group		Parent company	
	2003	2002	2003	2002
Residual value 1.1.	58 636,54	48 107,59	173 422,09	280 593,63
Increases	23 747,17	24 151,74	92 269,20	24 151,74
Depreciation according to plan	20 017,46	13 622,79	206 239,99	131 323,28
Residual value 31.12.	62 366,25	58 636,54	59 451,30	173 422,09

Machinery and equipment	Group		Parent company	
	2003	2002	2003	2002
Residual value 1.1.	409 795,09	1 041 329,72	359 961,24	966 816,08
Decreases	127 205,23	513 432,82	127 205,23	505 364,31
Increases	65 974,85	125 767,74	65 974,85	125 767,74
Depreciation according to plan	116 364,16	243 869,55	103 905,69	227 258,27
Residual value 31.12.	232 200,55	409 795,09	194 825,17	359 961,24

Other tangible assets	Group		Parent company	
	2003	2002	2003	2002
Residual value 1.1.	15 084,78	15 084,78	14 580,22	14 580,22
Residual value 1.1.31.12.	15 084,78	15 084,78	14 580,22	14 580,22

8 Investments

Group undertakings		
	Group's share of ownership %	Parent company's share of ownership
Solteq Retail Oy, Tampere	100,0	30,0
Kuopion Neuvos-Ohjelmistot Oy, Kuopio	100,0	100,0
ATK-Integrointi Oy Väinö Tissari, Tampere	100,0	100,0

Other shares and similar rights of ownership owned by the Group		
	Number of shares	Book value
Kiinteistö Oy Villakarstaaja	888	769 924,80
Kiinteistö Oy Kuopion Sammonkatu 14	772	776 448,59
Kiinteistö Oy Nukanleikkaaja	844	708 878,54
Kiinteistö Oy Haukilahden Kauppakeskus	539	260 419,49
As Oy Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti Oy	105	111 190,68
Mercantia Oy	150	37 644,88
Elisa Communications Oyj	2486	13 287,68
Other shares		16 894,37
Total		2 839 672,91

Group undertakings Mercantia Oy and Koy Sammonkatu 14 have not been consolidated to the Group balance sheet. The companies have had no business activities and therefore they would not have any significance for the result or non-restricted equity of Solteq Group.

9 Receivable from and liabilities to the Group undertakings

Parent company		
	2003	2002
Short-term liabilities	267 882,58	0,00
Short-term receivables	997 975,00	880 000,00

10 Investments

	Group		Parent company	
	2003	2002	2003	2002
Securities listed in Helsinki Stock Exchange's main list	1 543 893,01	352 831,75	1 543 893,01	352 831,75
Short-term investment funds	3 002 212,28	0,00	3 002 212,28	0,00
Others	0,00	75 710,07	0,00	75 710,07
Total	4 546 105,29	428 541,82	4 546 105,29	428 541,82

11 Equity

	Group		Parent company	
	2003	2002	2003	2002
Share capital 1.1.	906 392,23	906 392,23	906 392,23	906 392,23
Share issues	3 149,32	0,00	3 149,32	0,00
Share capital 31.12.	909 541,55	906 392,23	909 541,55	906 392,23
Share premium account 1.1.	9 509 795,61	9 577 070,88	9 509 795,61	9 509 795,61
Share issues	20 800,43	0,00	20 800,43	0,00
Translation difference	0,00	-67 275,27	0,00	0,00
Share premium account 31.12.	9 530 596,04	9 509 795,61	9 530 596,04	9 509 795,61
Non-restricted equity 1.1.	619 202,97	972 787,78	144 658,00	990 234,03
Elimination of own shares	-289 921,80	0,00	-289 921,80	0,00
Result for the financial year	1 130 314,15	-353 584,81	1 158 440,43	-845 576,03
Non-restricted equity31.12.	1 459 595,33	619 202,97	1 013 176,63	144 658,00

The Group's distributable reserves total 1 459 595,33
The Parent Company's distributable reserves total 1 013 176,63

The Parent Company's share capital by class of shares is as follows:

	2003		2002	
	Number of shares	EUR	Number of shares	EUR
Class of shares	10 815 777	909 541,55	10 778 327	906 392,23

12 Liabilities to fall due after more than 5 years

	2003		2002	
Pension loans	0,00	696 666,74	0,00	696 666,74

13 Option programme

Option programme I

The Annual General Meeting held 26 August 1999 decided to grant 550.000 option rights which each entitles to subscribe one share of Solteq Plc. According to the decision, the Board of Directors, other management and personnel can be offered option rights in order to enhance their motivation and commitment. The subscription for shares begins 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 programme I to the trade register was not made in the time frame required by the Companies Act. Therefore, the option programme I became invalid. The Annual General Meeting held 26 March 2003 decided to renew the option programme I with the same conditions. The decision has also been registered accordingly.

Option programme II

The Annual General Meeting held 15 November 2000 decided to grant 1.000.000 option rights which each entitles to subscribe one share of Solteq Plc. According to the decision, the Board of Directors, other management and personnel can be offered option rights in order to enhance their motivation and commitment. The subscription for shares begins after one year from the end of the period set for granting the options.

According to the option programmes I and II, a total of 1.550.000 shares of Solteq Plc. can be subscribed. By the financial statements 31 December 2003, a total of 37.450 new Solteq Plc. shares have been subscribed based on these option programmes.

14 Given pledges and contingent liabilities

	Group		Parent company	
	2003	2002	2003	2002
Share pledges for own debt	0,00	1 141 845,52	0,00	1 141 845,52
Mortgage on business assets	2 619 167,87	2 619 167,87	1 677 315,49	1 677 315,49
of which in the company's possession	1 441 852,39	1 441 852,39	500 000,00	500 000,00
Leasing and rent liabilities	830 967,73	835 556,40	830 967,73	835 556,40

Mortgage on business assets given as a pledge by the Parent Company are equivalent to a credit limit in the amount of 505 TEUR and a delivery guarantee in the amount of 1.000 TEUR.

The Group has no liabilities from derivative instruments.

CALCULATION OF KEY RATIOS

Return on equity % (ROE):

$$\frac{\text{Profit or loss before extraordinary items and taxes x 100}}{\text{Share capital + minority interests}}$$

Return on investment % (ROI):

$$\frac{\text{Profit before extraordinary items + interest charges and other financial expenses x 100}}{\text{Balance sheet total – non-interest bearing loans}}$$

Equity ratio, %:

$$\frac{\text{Share capital – minority interests x 100}}{\text{Balance sheet total – advances received}}$$

Gearing, %

$$\frac{\text{Interest-bearing loans – cash and bank equivalents}}{\text{Share capital – minority interests}}$$

Earnings per share (EPS):

$$\frac{\text{Profit before extraordinary items and taxes -/+ minority interests}}{\text{Average number of shares adjusted for share issue}}$$

Share capital per share:

$$\frac{\text{Share capital}}{\text{Number of shares on 31 December adjusted for share issue}}$$

Dividend per share:

$$\frac{\text{Dividend paid for the year}}{\text{Number of shares at dividend payment date}}$$

Payout ratio,%:

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$$

Effective dividend yield, %:

$$\frac{\text{Dividend per share x 100}}{\text{Share price quoted on stock exchange on 31 December}}$$

Price/earnings ratio (P/E)

$$\frac{\text{Share price quoted on stock exchange on 31 December}}{\text{Earnings per share}}$$

Market value of share capital

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

Financial Statement

FINANCIAL PERFORMANCE INDICATORS 1999–2003					
	Tilikausi 1.1.–31.12.				
Group's financial performance indicators (Me)	2003	2002	2001	2000	1999
Net turnover	20.8	18.8	22.0	20.3	16.9
Change in turnover	10.5 %	-14.4 %	8.2 %	20.6 %	12.2 %
Operating profit	1.2	0.6	-0.5	-0.8	1.3
% of turnover	5.6 %	2.9 %	-2.4 %	-4.0 %	7.9 %
Profit before extraordinary items, appropriations and taxes	1.6	0.9	-0.6	-0.5	1.6
% turnover	7.7 %	4.6 %	-2.8 %	-2.4 %	9.4 %
Extraordinary items	0.0	-1.4	-0.3	0.8	0.0
Profit before appropriations and taxes	1.6	-0.5	-0.9	0.3	1.6
% of turnover	7.5 %	-2.8 %	-4.3 %	1.4 %	9.4 %
Return on equity %	10.1 %	4.8 %	-3.0 %	-5.0 %	17.4 %
Return on investment %	13.8 %	8.2 %	-3.4 %	-2.3 %	20.1 %
Equity ratio %	74.5 %	70.5 %	66.2 %	63.6 %	72.0 %
Gross investments in non-current assets	0.2	1.4	0.7	5.4	3.2
% of turnover	0.7 %	7.4 %	3.1 %	26.6 %	18.7 %
Research and development costs	1.4	1.9	2.2	1.9	1.0
% of turnover	6.8 %	10.3 %	10.0 %	9.5 %	6.1 %
Net Gearing	-55.5 %	-26.2 %	-17.6 %	-15.5 %	-52,8 %
Average number of personnel during the financial year	192	195	238	245	152

KEY INDICATORS PER SHARE 1999–2003					
	Tilikausi 1.1.–31.12.				
Group's key indicators per share	2003	2002	2001	2000	1999
Earnings per share, EUR	0.11	0.05	-0.04	-0.04	0.15
Equity per share, EUR	1.13	1.03	1.07	1.15	1.47
Dividend per share, EUR	0.09	0.00	0.00	0.02	0.03
Payout ratio, %	82.4 %	0.0 %	0.0 %	-25.8 %	22.2 %
Effective dividend yield, %	5.81 %	0.00 %	0.00 %	1.47 %	0.58 %
Price / Earnings ratio	14.2	12.1	N/A	N/A	38.32
Year-end market value, 1000 EUR	16,319	6,526	7,221	11,680	47,675
Weighted average number of shares during the financial year adjusted with share issue effect	10,613,509	10,698,327	10,698,327	9,458,514	7,096,532
Number of shares at the year-end adjusted with share issue effect	10,528,690	10,698,327	10,698,327	10,698,327	8,218,700

When calculating the number of shares, shares owned by the Company itself have been deducted. Dividend for the year 2003 is presented in accordance with the Board of Directors' proposal.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DISTRIBUTABLE RESERVES:

The Group's distributable reserves total 1 459 595,33 €. The Parent Company's distributable reserves total 1 013 176,63 €, of which the profit for the financial year is 1 158 440,43 €. The Board of Directors propose to the Annual General Meeting that the distributable reserves are treated as follows:

• dividend is distributed per each share not in possession of the Company itself totalling	947 582,10 €
• in equity remains	65 594,53 €

Tampere, 3 March 2004

Solteq Plc

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

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, 2003. 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 2004
KPMG WIDERI OY AB
Authorised Public Accountants

Frans Kärki
Authorised Public Accountant

DETAILS OF SHAREHOLDERS

Major shareholders of Solteq Plc 31 December 2003

		Number of shares	Proportion of shares and votes, %
1.	Saadetdin, Ali U.	3 159 312	29,21
2.	Aalto, Seppo	1 662 206	15,37
3.	Profiz Business Solution Oyj	387 630	3,58
4.	Solteq Oyj	287 087	2,65
5.	Niininen, Ile	200 000	1,85
6.	Onninen-Sijoitus Oy	170 100	1,57
7.	Saadetdin, Katiye	149 175	1,38
8.	Meronen, Kari	145 125	1,34
9.	Paloniemi, Asko	109 000	1,01
10.	Onnivaatio Oy	103 400	0,96
	Total	6 373 035	58,92
	Shares in nominee registration	112 431	1,04

Distribution of shareholding 31 December 2003

By number of shares				
Number of shares	Shareholders	Proportion of sharehold rs%	Number of shares	Proportion of shares, %
1 – 100	515	17,84	42 248	0,39
101 – 1 000	1 739	60,26	824 820	7,63
1 001 – 10 000	546	18,92	1 625 921	15,03
10 001 – 100 000	76	2,63	1 949 128	18,02
100 001 – 1 000 000	8	0,28	1 551 517	14,34
1 000 000 –	2	0,07	4 821 518	44,58
Total	2 886	100,00	10 815 777	100,00

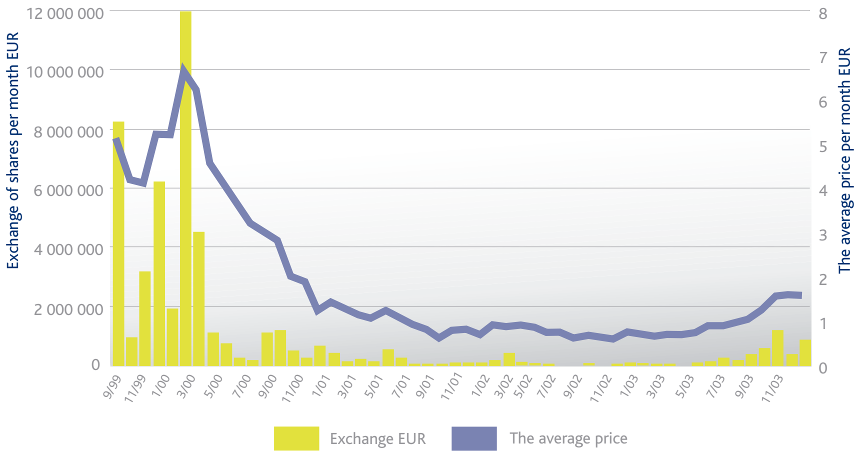
By shareholder group

	Proportion of shares, %
Corporations	12,84
Financial and insurance institutions	1,09
Public organisations	0,05
Non-profit organisations	0,25
Private households	85,62
Foreign owners	0,15
Total	100,00

The members of the Board of Directors own 4.831.618 shares.

The exchange and the price development of the share in 1999–2003							
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
2003	3 992 492,19	3 174 237,00	1,26	0,61	1,73	1,55	16 764 454,35

The exchange of shares and the average price during
6.9.1999 – 30.12.2003



PRINCIPLES OF CORPORATE GOVERNANCE

Annual General Meeting

Solteq Plc's highest decision-making authority is the Annual General Meeting formed by the shareholders. The Board of Directors calls the Annual General Meeting once a year. The Annual General Meeting is held in the company's place of domicile i.e. Tampere by the end of June. In accordance with the Finnish Companies Act, the Annual General Meeting makes decisions on the following matters for example:

- changes to the articles of association
- approval of the financial statements
- dividend distribution
- number of the board members, their election and fees
- auditors

The Board of Directors can call an Extraordinary General Meeting if necessary.

Solteq Plc's articles of association define a redemption obligation in situations where a shareholder's proportion of all shares reaches the level of 1/3 or ½. The Company is not aware of any such shareholder agreements, which would limit the use of votes or transfer of shares.

Board of Directors

According to Solteq Plc's articles of association, the Board of Directors consists of no less than three and no more than five permanent members. A Board member's term of office finishes at the end of the next Annual General Meeting following the election.

The Board appoints a Chairman from among its members.

The Board of Directors will perform its duty in accordance with the Finnish Companies Act and other legislation as well as articles of association. The Board of Directors makes decisions on the following matters for example:

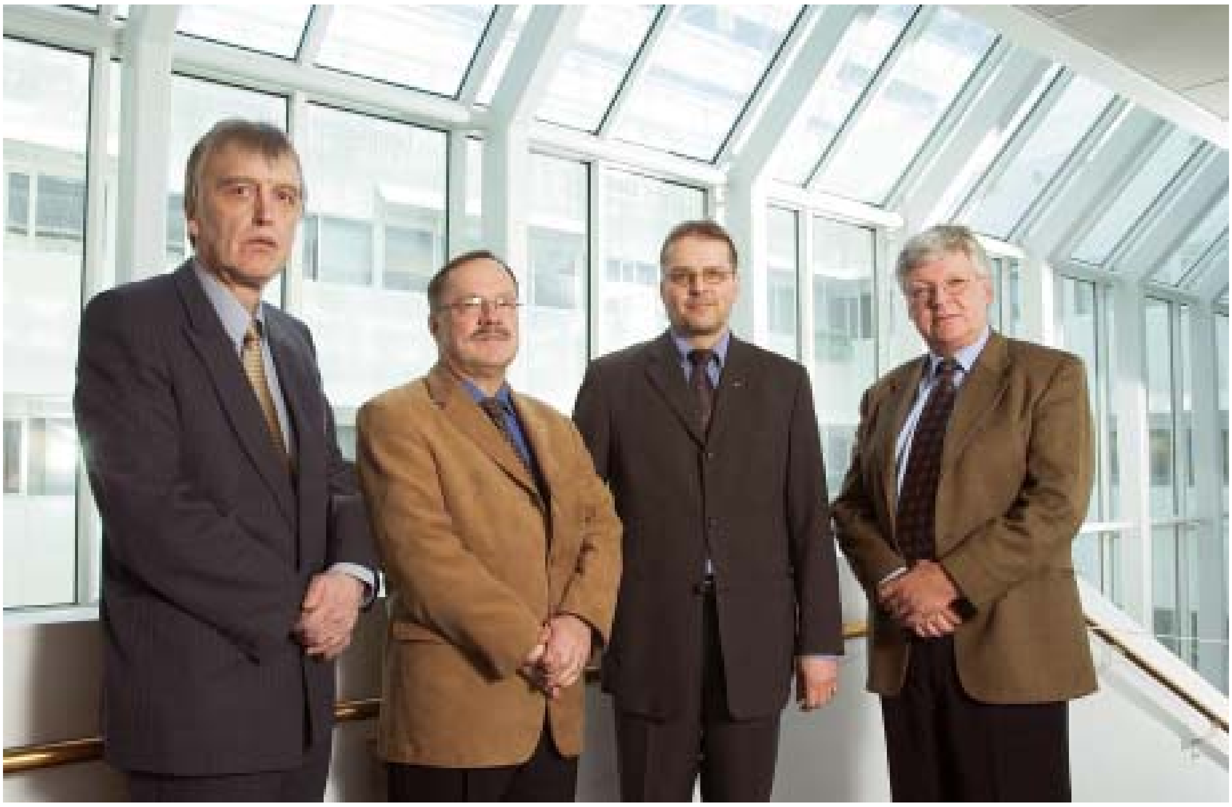
- Group strategy
- preparation of interim reports and financial statements
- significant capital expenditure
- appointment of the Managing Director and remuneration
- Group structure

Managing Director

Solteq Plc has a Managing Director whose duty is to manage the Group in accordance with the Board of Directors' instructions. The Managing Director is appointed by the Board of Directors who also determines the terms and conditions of the Managing Director's employment.

Auditors

The Company has one auditor and, in case the auditor is not a firm of auditors authorised by the Central Chamber of Commerce, one substitute auditor. Because Solteq Plc is a public limited company, only an auditor authorized by the Central Chamber of Commerce can be appointed as auditor. Auditor is appointed to the post for the time being.



Members of the Board from the left: Veli-Pekka Jokiniva, Ali U. Saadetdin, Seppo Aalto ja Ari Heiniö.

BOARD OF DIRECTORS AND AUDITOR

Board of Directors

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.
- Veli-Pekka Jokiniva, born 1948, board member since 2003.

Managing Director

- Jorma Hänninen, born 1952. Managing Director since 2001.

Auditor

- KPMG Wideri Oy Ab, Authorised Public Accountants
- Frans Kärki, APA, as lead partner, born 1952.

INFORMATION TO SHAREHOLDERS

STOCK EXCHANGE BULLETINS 2003

20.01.2003	SOLTEQ PLC – REGISTRATION OF STOCK OPTIONS
23.01.2003	SOLTEQ PLC TO END ITS OWNERSHIP IN THE POLISH ASSOCIATED COMPANY
12.02.2003	SOLTEQ PLC – FINANCIAL STATEMENTS 1.1. – 31.12.2002
07.03.2003	INVITATION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
24.03.2003	SHAREHOLDERS' PROPOSAL FOR COMPOSITION OF BOARD OF DIRECTORS
27.03.2003	DECISIONS BY THE GENERAL MEETING OF SOLTEQ PLC.
27.03.2003	SOLTEQ PLC. ENDED ITS OWNERSHIP IN KOMA S.A.
17.04.2003	SOLTEQ PLC. – CHANGE IN PUBLISHING DATE
24.04.2003	SOLTEQ PLC. – INTERIM REPORT 1.1.–31.3.2003
18.08.2003	SOLTEQ PLC. – INTERIM REPORT 1.1. – 30.6.2003
24.09.2003	SOLTEQ PLC. – CHANGE IN PUBLISHING DATE
10.10.2003	SHARES SUBSCRIBED WITH WARRANTS IN SOLTEQ PLC
20.10.2003	SOLTEQ PLC – INTERIM REPORT 1.1.–30.9.2003
03.11.2003	SHARES SUBSCRIBED WITH WARRANTS IN SOLTEQ PLC
01.12.2003	SHARES SUBSCRIBED WITH WARRANTS IN SOLTEQ PLC
29.12.2003	SHARES SUBSCRIBED WITH WARRANTS IN SOLTEQ PLC
29.12.2003	PUBLISHING DATES FOR SOLTEQ PLC'S FINANCIAL REPORTS 2004

FINANCIAL REPORTS 2004

Financial statements 1.1. – 31.12.2003	12.2.2004
Annual report	March
Interim report 1.1. – 31.3.2004	26.4.2004
Interim report 1.1. – 30.6.2004	6.8.2004
Interim report 1.1. – 30.9.2004	25.10.2004

ANNUAL GENERAL MEETING

The annual general meeting will be held on Friday, March 26. 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 19, 2004 at 4 p.m. at the latest.

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SOLTEQ