SOLTEQ

ANNUAL REPORT

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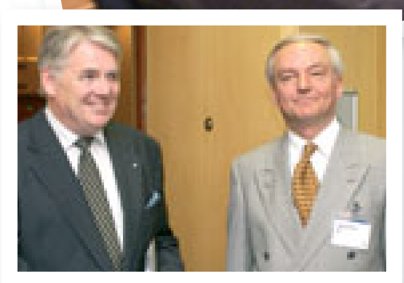
2004



Glances to the Solteq customer event "Solteq Day" held in the spring 2004 at the Helsinki Fair Center. The feedback collected from the event that brought customers and experts together was very positive. Thefore the Solteq Day will be organised also in 2005. **Welcome to Solteq Day on April 13, 2005 in the Helsinki Fair Center!**

A comprehensive it partner for the customer

Solteq is a robust partner for companies in trade and industry, supplying IT solutions and services to medium-size and growing domestic companies.

Our strengths derive from more than 20 years of experience, our expertise in our chosen business areas, a skilled and highly motivated staff and our network of outstanding partners. Thanks to all of this we are in a position to offer our customers added value and a competitive edge.

Everything starts with the customer

IT partnership as we understand it means that our customer's IT systems are developed hand in hand with the customer. Our aim is to move towards ever greater strategic co-operation with our customers, as distinct from acting as a traditional application supplier. We want our IT systems and services to support our customers' business processes — meaning that we are seeking to find the best possible solutions package to meet each customer's business requirements. This also means the sort of ongoing maintenance and development of IT systems that will allow our customers' information systems to provide uninterrupted support for their day-to-day business activities.

Solteq's strong points: retail and wholesale trade, car sales and industry

Our business area competence has evolved through co-operative projects with our extensive and renowned clientele. Business area competence means that we appreciate the specific characteristics of our customers' business areas and can offer them those IT solutions and services that best respect and support these characteristics. We are particularly strong in the fields of chained commerce and wholesale trade, car sales and selected industrial segments. The most notable of these industrial segments are the mechanic forest and wood products industries, pharmaceuticals, biotechnology, the food processing industry and so-called project-operative companies.

A product portfolio that serves the needs of a variety of business areas with increasing accuracy

Our own product portfolio is complemented with products from the best international partners that are continuously investing in further development in this respect. In new sales we focus mainly on SAP's ERP solution and Wincor Nixdorf's cash register system. However, we are also continuing to develop and maintain our own robust products. We add our own distinctive touch to the SAP and Wincor Nixdorf products, offering them to various industries ready packed, to make them easier and faster to implement. Thus our customers can find all the services and products that they need handily on one counter.

Solteq IT Competence Center — the concept of partnership crystallised

At the core of our conception of partnerships is the co-operation model we call IT Competence Center — IT OK for short. This includes a process whereby we can go through a customer's present and future business operations requirements and thus their IT development requirements and so agree upon ways of managing them. The main objective for IT OK is to determine the most appropriate co-operation model for the customer, so that the customer can then concentrate upon their core business activities, with Solteq bearing responsibility for the day-to-day functioning and development of the IT systems. Our goal is a satisfied customer and mutually beneficial co-operation.

Solteq as part of an investor's portfolio

Solteq Oyj, formerly Tampereen Tiedonhallinta, went public on the Helsinki Stock Exchange NM list in 1999. We are striving to develop and evolve in a sustained and profitable manner and to maintain an active dividend policy. Solteq also aims at being a good employer and a trustworthy business partner investing in sustained partnerships.

Solteq was founded in 1982. Our head office is located in Tampere, with branch offices in Helsinki, Lahti, Hämeenlinna and Kuopio.

Important news in 2004

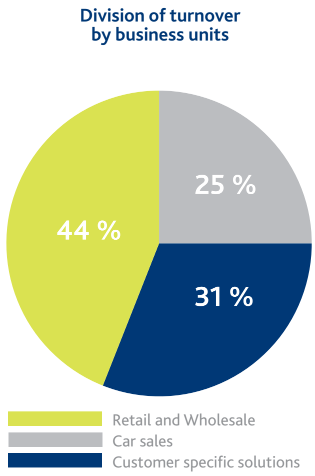
- In January Solteq and Wincor Nixdorf agreed on co-operation in marketing cash register systems. Solteq now acts as a retailer and added value producer for Wincor Nixdorf cash register systems.
- In April Solteq bought the Finnish business operations of R5 A/S, a company specialising in SAP consulting. This purchase significantly reinforced Solteq's SAP competence and resources.
- During the spring Solteq qualified the SAP based business area solutions for the wholesale area, chained commerce, car imports, the food processing industry and project-operative companies.

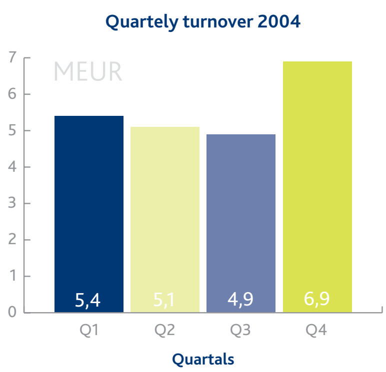
Year 2004 in numbers

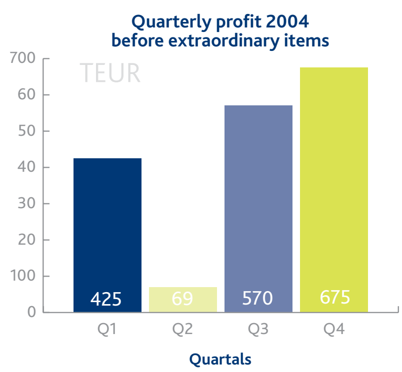
KEY FIGURES	2004	2003	Change %
Net turnover	22,3	20,8	7,0
Operating profit	1,3	1,2	9,7
Profit before extraordinary items	1,7	1,6	8,8
Return on investment %	14,6	13,8	5,8
Return on equity %	10,2	10,1	1,0
Gross investments in non-current assets	2,7	0,2	1690,3
Equity ratio %	76,3	74,5	2,4
Net Gearing	-34,1	-55,5	-38,6
financial year	202	192	5,2
Dividend per share, EUR	0,10	0,09	11,1
Earnings per share, EUR	0,12	0,11	5,7
Equity per share, EUR	1,14	1,13	0,4

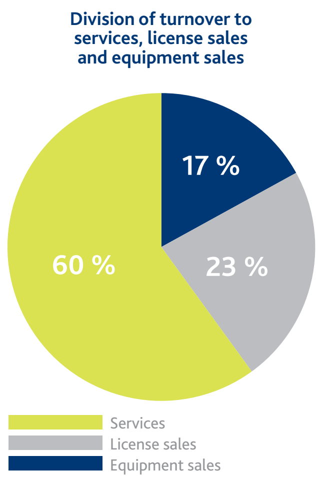
* Proposal to the annual general meeting

See more information on the 2004 results from the financial statements page 14









Sustained co-operation is in everyone's interest

Solteq finds itself in a time of immense change. Our objective is to evolve into a business development partner for our customers. In line with our strategy we are building and developing, alongside services based upon our own products, solutions deriving from the operations management systems of global product developers. At the same time the focal point of our activities is moving to services with a higher degree of refinement.

The year under review has brought home to us the difficulties inherent in change. However, unremitting effort has allowed us to move forwards, and we have good reason to assert that as a company we are once again a little nearer the image set out in our objectives.

We have completed the first new customer solutions based upon SAP products. Once again our expertise has made advances in line with our new strategy along with a retraining programme for our own staff, internal relocation of personnel and recruitment of new employees. A contract with Wincor Nixdorf has complemented our band of partners.

All this headway has demanded hard work and effort from Solteq's expert workforce. These advances have been made possible by a healthy pride in our professionalism and a strong resolve. And these are virtues which we will need in facing the future, too, for there is still very much work to be done.

"But a responsible venture will also sometimes demand a greater than average investment in the future."

Results in the year under review were a slight disappointment for us, particularly after the positive developments in preceding years. The cautious nature of our customers' decision making along with the level of investments resulted in our being unable to achieve our own targets. However, sustained and responsible operations sometimes call for greater than average investment in the future. In the latter part of the year business perked up and, among other things, a normalisation of sub-contracting expenses allowed us to improve our results for the year under review after all.

We have entered the new year with confidence. Once again we are better prepared, and new contracts with our customers testify to the effectiveness of the strategy we have adopted. In particular, contracts for the IT Competence Center services (IT OK), whereby overall responsibility for the everyday operation and reliability of our customers' information systems is shifted to Solteq, affirm our customers' readiness to develop our partnerships in the direction of strategic partnership. We have also signed important contracts regarding the delivery of new information systems of some moment.

"The end result is good when both customer and supplier benefit materially from co-operation. It is also important for supplier partners to share both successes and disappointments."

What is positive for the overall development of the industry is a new type of readiness to work together. We are finally beginning to appreciate how sustained co-operation is in the best interests of all parties concerned.

A strong level of commitment by all participants to the goals agreed upon is the ***sine qua non*** for success.

The end result is good when both customer and supplier benefit materially from co-operating. It is also important for supplier partners to share in both successes and disappointments. And the best interests of companies and their staff cannot be allowed to clash.

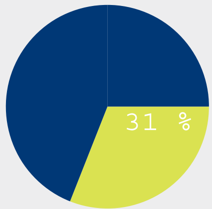
Awareness of such issues will help us towards a more open level of discourse than heretofore and a better understanding of one another. An appreciation of our common goals along with a frank appraisal of potential hazards and opportunities will help all of us towards success. Co-operation will no longer be a series of isolated sales, purchasing and supply events, but instead an ongoing process of learning from one another.

Solteq's proficient workforce is fortunate to be able to work with highly successful customers and the best partners in the industry. Our warmest thanks to you all for the past year. Let us enjoy success together this year, too!

Jorma Hänninen
Managing Director

Customer-specific solutions

- Produces and supports information technology solutions and service packages to serve our customers' business activities and to generate added value. Operations focus on large, medium and growing companies in industry and the service field.
- Aims at a profitable and growing business based upon long-term, evolving customer relations, our Solteq IT Competence Center product and service concept, a co-operative model tailored to our customers' needs and maximum utilisation of our own expertise in gaining new customers.
- Strengths lie in our competence in the particular field of business, our understanding of customers' business processes and needs, an ability to work together with the customer to find the best solution for their specific line of business, and our experience of long-term business co-operation.



In 2004 the customer-specific solutions business unit's turnover was 6,9 2003: 5,5) million euros, accounting for 31 per cent of Solteq's entire turnover (22,3 MEUR).

"We have the experience of long-term customer relations and the ability to work with our customer to find the best solution for their particular business."

Asko Paloniemi, Manager, Customer-specific solutions business unit, BSc., born 1956, At Solteq 1995-2000 and 2002-

2004

Turnover was 6,9 (2003: 5,5) million euros. Set targets were underachieved by the unit. Investments in SAP product creation and SAP business development along with staff training and recruitment were all considerable, reflecting on the unit's profit-making abilities. In the spring Solteq bought the Finnish business operations of R5, a company specialising in SAP consulting, and integrating this SAP competence into the unit's own business area competence likewise demanded resources. On the other hand, service business in line with the IT Competence Center concept grew as expected.

The most considerable development project was the product creation and certification of Solteq Project, based upon the mySAP All-in-One solution, for project-operative companies which sell, supply, follow up or monitor their services in project format. SAP is the single most important product solution in the IT Competence Center portfolio, and investments in SAP competence and modes of co-operation were accordingly particularly heavy.

Among the most significant partnerships was the contract with Finnforest Oyj. This contract covers operations management system integration to SAP environment for the wood product company's Finnish sheet materials and beam production plants. A contract was also entered into with a group of Finnish health spas for the maintenance and development of their central software. Companies and organisations involved in this contract are Huoltoliitto ry, Härmän Kuntoutus ry, Ikaalisten Kylpylä Oy, Miinan Hoitolat Oy and Rokuan Kuntoutus Oy. We also extended IT co-operation with Stora Enso Packaging.

New SAP ventures were signed with, among others, Medix Biochemica Oy, Finnish Chemicals Oy and Polar Electro Oy.

The pharmaceuticals company Santen's integrated SAP solution package delivery was carried out on schedule towards the end of the year and the complete SAP solution for Inion was updated.

UPM's wood products business unit's resource management and maintenance SAP systems were implemented in all domestic production plants.

The future

It is estimated that demand for information systems in Finland will grow to some extent in both major and medium-size industries. The standing of SAP software will probably become stronger particularly in medium-size companies.

In selecting business partners customers emphasise more than ever before the need for suppliers who have the means to provide support and development co-operation even after the actual delivery project has concluded.

Solteq's customer-specific solutions business unit is focusing more determinedly on SAP operations and customer relations based on our IT Competence Center services. Oscar for Windows, which used to be part of the unit, was sold at the beginning of 2005 to an affiliated company.

The unit continues to develop project models and project management and is responsible for competence development within the entire organisation. More attention than previously is being paid to gaining new customers.

A new unit for SAP consultancy and technology services

In the autumn of 2004 Solteq set up a new unit for SAP technology and consultancy. This organisation, operating as an independent business unit from the beginning of 2005, offers its services to all of Solteq's business units, co-ordinates the company's SAP competence development and develops new services for Solteq's entire clientele. The unit is also responsible for those customers who have turned to Solteq primarily for consultation services. In addition the unit provides sales support and co-operates with other business units in ensuring the quality of our SAP projects.

The SAP technology and consultation unit is headed by Risto Metsälä.

Transparency and efficiency in Finnforest operations

The wood products industry corporation Finnforest Oyj and Solteq have signed up to an extensive venture in IT co-operation covering the unification of operation management systems at Finnforest's plywood and chipboard plants in Finland.

The single system selected for Finnforest's wood products industry is SAP R/3. In addition to the Solid Wood business SAP R/3 is also being taken into use now at the plywood, chipboard, laminated timber and Kerto® glulam production plants in Finland. In all, the system is being adopted in seven production plants, which have several hundred system users.

The goal is to increase the transparency and efficiency of Finnforest's operations. "A uniform operations management system makes possible the integration of operations and the boosting of efficiency in production, in customer interface and in support functions, thereby lending support to our One Shop Finnforest concept," says Jarmo Toikka, head of Finnforest's information management.

Toikka adds that he has every confidence in Solteq's business area and systems delivery competence. He notes that Solteq's SAP competence has shown a considerable advance in the last few years.

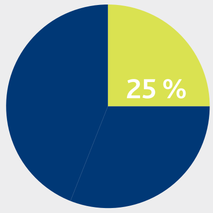
The operations management system will be implemented at Finnforest plants phase by phase by the spring of 2006.

Sulzer Pumps implemented SAP simultaneously at both their Karhula and Mänttä pump production facilities. Sulzer characterises its co-operation with Solteq as very fluent.

"The successful outcome of any information systems project is above all dependent upon people's readiness to learn and succeed in something new," says Ari Hartikainen, head of IT and security at GlaxoSmithKline. Under his direction the SAP project at this pharmaceuticals company was implemented on schedule and below budget.

Car sales

- Supplies complete solutions and services for operations management to vehicle retailers and importers, repair shops and other related interest groups.
- Aims at becoming a comprehensive systems partner with products and services catering for the entire value chain and all interest groups in car sales.
- Strengths are in business area competence, complete solutions based upon customers' needs, tailoring international competence and product development to meet the needs of domestic customers, and good working relations with the various customer groups.



Car sales business unit turnover in 2004 was 5,6 MEUR (2003: 6,1 MEUR), representing 25 per cent of Solteq's entire turn over (22,3 MEUR).

"We value our customer and the good interaction that has developed through our co-operation. We also have the skills to tailor solutions from international product developers to the needs of our domestic customers."

Hannu Ahola, Head of Solteq's Car sales business unit until 31 December 2004. M.Sc.Bus.-Adm., M.Sc.Techn., b. 1972, At Solteq since 2000.
Satu Eskelinen, Head of Car sales business unit since 3 February 2005. M.Sc.Techn. b.1961, At Solteq since 2005.

2004

As expected, turnover for the year, 5,6 MEUR, was lower than in the previous year (6,1 MEUR).

2003 had been a year of active hardware and equipment updating in the car business, and it was clear that a similar pace could not be expected in the following year. The volume of systems deliveries remained at approximately the same level as the year before. Service demand, on the other hand, increased notably.

Despite the drop in turnover the business unit was able to improve its results. Factors in this positive trend were the successful investments in the developing of the unit's own internal processes and the commitment by our personnel to see projects through more efficiently than before.

Some of the major projects included implementation and start-up of Solteq CD system at VV-Auto Oy's retail operations, and implementation of Akseli system in Peugeot's Latvian organisation. A contract was signed with Maan Auto Oy to transfer their vehicle imports and guarantee systems maintenance over to Solteq. There was growing interest in our servicing booking application, and the application was implemented in several instances.

Some of the most significant development projects included development work on coach and bus companies' post marketing IT system in co-operation with the Savonlinja corporation, further development of our servicing booking application, technical update on the eCar application, and development and qualification of the SAP solution for car importers.

The Future

The volume of car sales in 2005 is expected to remain at the level of the year under review. However, the number of makes and models in the market has increased significantly.

In October 2005 car sales will be opened up in the sense that dealerships for a given make of car can no longer be limited regionally in EU countries. This may cause further structural changes in Finnish car sales.

In addition, great structural changes are taking place in European car sales. The increase in the number of makes on the market alone is adding pressure to developing car sales management systems. There is an increasing need for further development in integration services and systems integration. Structural reorganisation will probably also add to the demand for IT systems.

Thanks to its strong business area competence, robust customer relations and more efficient internal processes, Solteq's car sales business unit is better prepared than ever to react and respond to changing needs in car sales.

A partner in the entire value chain

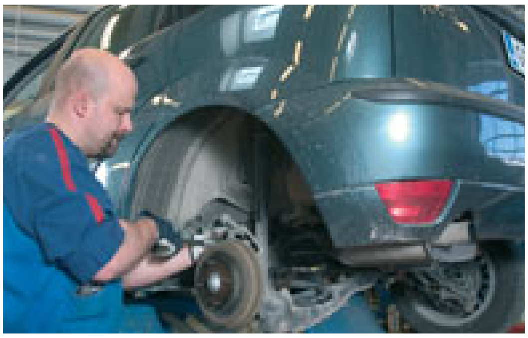
Solteq's co-operation with retailers selling Volkswagen and Audi has become even closer. VV-Auto Oy, who import these makes, now have their own retail facility both in Turku and Helsinki, and they have implemented Solteq CD complete solution. VV-Auto in Herttoniemi, Helsinki is the largest single retail facility in Finland for Volkswagen and Audi cars and Volkswagen utility vehicles.

"We chose the Solteq CD system also to Helsinki because Turku already had it. That way we can serve our subsidiaries with one centralised system", says Mauri Kuutsa, the IT manager at VV-Auto.

" I have known Solteq for many years in different contexts. The recent experiences show improvement in customer services and strive towards an even more comprehensive solution for automotive sector", says Kuutsa.

In addition, the car sales business unit has developed factory interfaces for VV dealerships and begun a development project in detail reporting functions. In 2004 many VV dealers also implemented Solteq's servicing booking application.

"Partnership with the entire VV organisation is very important for Solteq. It is also a fine example of our aim to become a comprehensive systems supplier in the car sales business area and a partner capable of serving the entire value chain," says Hannu Ahola, who was Head of Car sales business unit during the year under review.

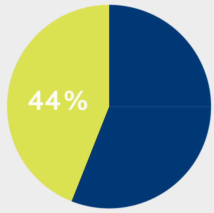


As car sales are opened up for more competition, post marketing will be taking on an even more important role. Sales of new cars creates a fleet of cars that require efficient post marketing, and when there is often a need to cut profit margins in selling cars, the significance of post marketing as a revenue builder is bound to increase. Picture: Car mechanic Kari Sirén from the Ford servicing at Stockmann Auto Tikkurila.

Car sales day, an event organised by Solteq, has become more and more popular year by year among our customers and partners. The event which took place in the autumn of 2004 also heard Sami Pulli´s, from Valtra, reviews of tractor seller´s system developed by Solteq. .

Retail and wholesale trade

- Produces added value for its customer in the retail trade segment by offering advanced IT solutions (systems for business operations, chained commerce and store management) and service packages designed individually for each customer on the principle of over-all responsibility.
- Operates as architect and implementor for utilising global partnerships (e.g. SAP, Wincor Nixdorf and IBM) for the needs of our domestic customers. In customer-specific solutions the business unit has assumed a strong role as integrator.
- Aims at strengthening its standing as the IT development partner for its customers, capable of producing a service that is reliable, comprehensive and mindful of the customer's competitive edge.
- Strengths lie in a distinguished clientele and sustained, continuously evolving customer relations, an understanding of our customers' business areas, an appreciation of their business needs, and a committed staff.



Turnover for the Retail trade business unit in 2004 was 9,8 MEUR, representing 44 per cent of Solteq's entire turnover (22,3 MEUR). These figures include the Point-of-Sale (POS) business unit, which was reported as a separate business unit in the previous year. In 2003 the turnover for both units was 9,2 MEUR, of which POS turnover was 2,0 MEUR.

"Our motto: A will to understand, an ability to assemble and a pleasure to serve"

Urpo Karjalainen, Director, Solteq Retail trade business unit, M.Sc.Techn., b. 1955, At Solteq since 2003

2004

The year under review was better than the one before. Sales, at 9,8 MEUR, rose from the previous year by 6,5 per cent (2003: 9,2 MEUR).

Our core customers' commitment to Solteq was further reinforced. There was success, too, in gaining new business with the development of SAP business area solutions and in starting up service business operations in accordance with our IT Osaamiskeskus (IT Competence Center) concept.

Among the most important undertakings in 2004 were developing the SAP based Solteq Kauppa business area solution and qualification, a development project on an operations management solution for special goods retail in co-operation with Wincor Nixdorf, and the implementation and related training project of Solteq Merx for Berner Oy.

Most significant contracts in 2004 were Solteq Kauppa business area solution delivery to Heinon Tukku Oy and Klinkmann Oy, the contract with Tuko Logistics Oy on solutions for purchases optimisation and product bank store management system deliveries to Puuilo Oy, Vendi Oy and Kultanäppi Oy, as well as the IT OK contracts with Starkki Oy, Starckjohann Steel Oy and Tuko Logistics.

The Future

The retail trade business is continuing to grow in Finland, and investments in ICT solutions and services are also enjoying moderate growth. The internal structural changes taking place in the business area are making themselves apparent as a tendency for retail to form chains and centralise.

The focus of ICT systems demand is still on operations management systems. In the retail trade the demand for store management systems is also growing. New technologies (EMV, RFID) and mobile solutions make possible a customer service that is more functional than before.

Our customers' levels of expectation are rising. They rely increasingly on international basic products. Systems suppliers must also manage integration issues because customers are not likely to change and update their entire systems environment all at one go.

Some customers want to cut back the number of ICT suppliers they work with and to focus their co-operation on so-called strategic partnerships. Business area competence and appreciation of a customer's business operations are crucial features when a company is selecting suppliers.

Solteq's Retail trade business unit is focusing its operations increasingly on customer relations. We aim to understand even more profoundly the goals, needs and expectations of our customers. By developing our integration competence we will be able to implement solutions that best match both the whole business area and our individual customers' business needs. In addition, we are improving our readiness to commit to open and sustained partnerships, where both parties together strive for continuous improvement.

Consistency in customer and product management

Heinon Tukku is implementing the SAP based Solteq Kauppa solution, a solution produced specifically for companies in the retail trade. The company, operating in consumer non-durables, alcohol and office supplies, expects Solteq's comprehensive solution to provide them with overall consistency in their product and customer management, as well as transparency and efficiency in the entire group's activities.

"One uniform system reduces the need for manual data transfer between various systems and thus releases time and resources for our core business, which is customer service", says Petri Heino, Managing director at Heinon Tukku. "With an SAP solution ready packaged for the retail trade we also hope to find new, more efficient methods and ideas for improving our own activities", he adds.

Within the Heinon Tukku solutions Solteq has brought together some of the best practices in the industry, all ready to use. "Packaging makes it easier and faster to implement the system, significantly boosts the entire business process and keeps expenses under control. Heinon Tukku offers us a versatile and viable partnership" says Urpo Karjalainen, head of Solteq's Retail trade business unit.

The CEO of Heinon Tukku, Mr. Petri Heino and the CEO of Solteq, Mr. Jorma Hänninen in front. Behind them Janne Huovinen and Veikko Salmi from Heinon Tukku and Janne Mäkelä, Antti Turkkinen and Urpo Karjalainen from Solteq.

Starckjohann Steel and Solteq have taken their long-standing co-operation a step further. As stated in a contract signed in the autumn of 2004 Solteq will be taking responsibility for the customer's operations management system, except for the user environment. In addition, the companies have agreed on development projects in IT management, to be carried out in a joint IT steering group.

International credit card organisations want to move over to electronic cash cards with smart chips as quickly as possible, because of the increased copying of magnetic stripe card copying around the world. Smart chip technology makes it significantly more difficult to misuse a card. The new responsibility share principles at Visa and MasterCard will come into force in Finland from the beginning of July. After that time a retailer who does not have a chip card enabled payment terminal in his shop will be responsible for any financial damage caused by card misuse, provided that smart chip technology could have prevented the misuse of the card.

The support for the IT system of Starkki chain used to lie in the hands of one IT professional. Starkki wanted to lower the risk and give part of the responsibility to wider shoulders. Solteq IT OK was the answer.

Solteq Plc.

Financial Statements 2004

Report of the board of directors

BUSINESS DEVELOPMENTS

Business operations of Solteq have focused on chain stores and car dealers as well as tailored solutions for mid-size and big companies.

The company's aim has been to shift the focus of own know-how to services with more added value and to develop customerships towards strategic partnerships. To support this, solutions based on global companies' ERP systems have been developed alongside services relating to own products.

Cooperation with SAP has been developed strongly. During the period under review, the company obtained ability to deliver solutions qualified by SAP to wholesale trade and chain stores, car importers, food industry and companies with project operations. In spring, Solteq acquired the Finnish operations of the Danish R5 A/S, specialised in SAP consultancy. This strengthened the company's SAP know-how and resources significantly.

Regarding cash systems, a cooperation with an international company has begun in accordance with Solteq's strategy. In accordance with an agreement made at the end of January 2004, Solteq became a dealer and additional services provider for Wincor Nixdorf. During the period under review, a new store solution for specialised stores in the Finnish markets was developed.

Turnover

Solteq's turnover for the financial year totalled 22.270 thousand euros (20.812 thousand euros). Increase from the previous year was 7,0 %.

The share of turnover by operations (million euros):

	2004	2003	Change	Change %
Services	13,4	12,1	1,3	10,8 %
Licences	5,2	4,9	0,3	6,4 %
Hardware	3,7	3,8	-0,1	-2,1 %
TOTAL	22,3	20,8	1,5	7,0 %

Business performance

Operating profit for the financial year totalled 1.269 thousand euros (1.157 thousand euros). The operating profit was 5,7 % (5,6 %) of the turnover.

The result before extraordinary items and taxes was 1.739 thousand euros (1.598 thousand euros). The company's net financial income amounted to 470 thousand euros (441 thousand euros).

The cost for ending the development of the Company's own cash system, 235 thousand euros, have been presented under extraordinary expenses.

The profit for the financial year totalled 1.055 thousand euros (1.130 thousand euros).

Financing and Investments

The Company's financial position remained excellent throughout the whole financial year.

Total assets amounted to 15.861 thousand euros (15.982thousand euros) while equity ratio was 76,3% (74,5%) Liquid assets in the balance sheet at year-end amounted to 3.023 thousand euros (5.056 thousand euros). The company has no interest-bearing liabilities.

Current investments consist of domestic securities listed in Helsinki Stock Exchange's main list in the amount of 1.100thousand euros and shares in liquid short-term investment funds in the amount of 1.992 thousand euros. These investments are based on the investment policy approved by the Company's board of directors.

The most significant individual investment during the financial year was the acquisition of the Finnish business operations of the Danish R5 A/S.

Research and development

The Company's research and development costs consist of staff costs for the most part. In the financial year 2004, research and development costs totalled approximately 4% of the turnover (7%). In accordance with the strategy, the Company utilises the resource of worldwide actors in developing basic products and own resources are focused on country-specific added value products and development of service concept required by the customer.

In prior years, the research and development costs have been expensed annually. During 2004, accounting practice in accordance with IAS 38 was introduced. An amount of 355 thousand euros relating to the development of new cash system product together with Wincor Nixdorf has been capitalised.

Personnel

The number of permanent employees was 199 (190) at the end of the financial year. The average number of personnel during the financial year was 202 (192).

EVENTS AFTER THE REVIEW PERIOD

Solteq Plc sold on 1.1.2005 its Solteq Oscar-business operations to a new company to be founded. The company to be founded is an associated company to Solteq with a holding of 20%. The sale has no significant impact on the result for 2005 or Solteq's balance sheet.

In the beginning of 2005, all business operations in the operating Group companies were transferred to the parent company. This simplifies the operational structure of the Solteq Group and decreases administrative costs.

PROSPECTS FOR 2005

The prospects for 2005 are favourable. During 2004, the Company invested in business solutions for trade and car sales in cooperation with SAP and Wincor-Nixdorf. The company expects these investments to increase new sales opportunities during this year. Tight cooperation with long-term customers has lead to more extensive partnership contracts. Order backlog is better than a year before. The company's own abilities to deliver new systems have improved due to training, recruits and the acquisition of business operations.

The turnover increase during this financial period is expected to be on the same level as previous year and operating result to improve clearly.

EQUITY, OWN SHARES AND AUTHORISATIONS OF THE BOARD OF DIRECTORS

Solteq Plc's share capital is 896.743,55 euros, which is represented by 10.663.590 shares. The shares have no nominal value and their accounting par value is approximately 0,08 euros per share.

The annual general meeting held on 26.3.2004 to annul the 287.087 own shares, which the Company held in its possession. The annulment was registered in the trade register on 3.5.2005.

The Board of Directors is authorised to decide by 26.3.2005 on a subscription issue or granting option rights, the maximum increase being 177.000,00 euros, without applying the shareholders' pre-emptive right to subscribe for shares.

In addition, the Board of Directors has an authorisation by 26.3.2005 to acquire and release a maximum of five percent of the company's shares without applying the shareholders' pre-emptive right to subscribe for shares.

MANAGEMENT AND AUDITORS

Jorma Hänninen acts as the Company's managing director. Ali U. Saadetdin is the chairman of the board of directors and other members include Seppo Aalto, Ari Heiniö and Veli-Pekka Jokiniva.

The company's auditor is KPMG Oy Ab, Authorised Public Accountants, with Frans Kärki, APA, as the lead partner.

Profit and loss account

	GROUP		PARENT COMPANY	
PROFIT AND LOSS ACCOUNT	1.1.–31.12.2004	1.1.–31.12.2003	1.1.–31.12.2004	1.1.–31.12.2003
Net turnover	22 269 911,53	20 811 831,25	20 319 033,77	18 743 323,84
Other operating income	73 096,80	124 062,87	61 312,50	108 000,87
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	-3 703 410,51	-3 784 760,65	-3 676 698,22	-3 782 385,69
External services	-1 349 790,10	-767 010,48	-1 324 319,15	-681 250,40
Staff expenses				
Wages and salaries	-8 834 343,57	-8 365 764,68	-8 196 045,66	-7 657 938,52
Social security expenses				
Pension expenses	-1 702 075,97	-1 449 893,39	-1 585 760,70	-1 327 643,84
Other social security expenses	-494 041,90	-445 229,93	-472 873,67	-408 350,32
Depreciation, amortisation and reduction in value				
Depreciation and amortisation according to plan	-539 222,39	-526 889,45	-517 064,87	-646 865,60
Other operating expenses	-4 451 134,49	-4 439 254,42	-3 962 192,19	-3 925 345,19
Operating profit	1 268 989,40	1 157 091,12	645 391,81	421 545,15
Financial income and expenses				
Income from Group				
undertakings	0,00	0,00	0,00	168 865,00
Other interest income and other financial income	1 251 274,00	732 190,61	1 249 810,99	729 903,89
Interest and other financial expenses	-781 270,00	-291 533,55	-780 901,97	-287 775,13
Profit before extraordinary items	1 738 993,40	1 597 748,18	1 114 300,83	1 032 538,91
Extraordinary items				
Extraordinary income	0,00	0,00	634 000,00	556 000,00
Extraordinary expenses	-235 000,00	-39 844,00	-235 000,00	-39 844,00
Profit before appropriations				
and taxes	1 503 993,40	1 557 904,18	1 513 300,83	1 548 694,91
Appropriations				
Change in cumulative accelerated depreciation	0,00	0,00	0,00	59 397,49
Income taxes	-448 407,56	-427 590,03	-431 002,23	-449 651,97
Profit for the financial year	1 055 585,84	1 130 314,15	1 082 298,60	1 158 440,43

Financial Statements

Balance sheet

	GROUP		PARENT COMPANY	
	GROUP		PARENT COMPANY	
BALANCE SHEET	12/31/04	12/31/03	12/31/04	12/31/03
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	624 222,87	757 275,61	667 941,65	844 713,17
Goodwill	2 155 362,02	181 478,89	2 155 362,02	181 478,89
Group goodwill	325 703,83	381 109,71	0,00	0,00
Other capitalised long-term expenditure	413 240,27	62 366,25	411 782,80	59 451,30
Tangible assets				
Machinery and equipment	162 129,49	232 200,55	135 090,73	194 825,17
Other tangible assets	21 424,78	15 084,78	20 920,22	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	2 579 253,42	2 839 672,91	1 755 494,31	2 015 913,80
Total non-current assets	6 281 336,68	4 469 188,70	5 360 490,79	3 524 861,61
CURRENT ASSETS				
Debtors				
Trade debtors	5 052 485,83	4 085 129,92	4 624 597,57	3 802 667,61
Amounts owed by Group				
undertakings	0,00	0,00	1 119 895,00	997 975,00
Loan receivable	0,00	18 885,33	0,00	18 885,33
Other debtors	79 792,69	53 023,42	64 717,94	51 033,72
Prepayments and accrued income	325 266,76	755 606,02	304 734,34	704 076,41
Investments				
Other investments	3 092 136,49	4 546 105,29	3 092 136,49	4 546 105,29
Cash in hand and at banks	1 030 542,07	2 053 764,17	956 381,78	1 980 450,12
Total current assets	9 580 223,84	11 512 514,15	10 162 463,12	12 101 193,48
TOTAL ASSETS	15 861 560,52	15 981 702,85	15 522 953,91	15 626 055,09

	GROUP		PARENT COMPANY	
BALANCE SHEET	12/31/04	12/31/03	12/31/04	12/31/03
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	896 743,55	909 541,55	896 743,55	909 541,55
Share premium account	9 642 661,04	9 530 596,04	9 642 661,04	9 530 596,04
Retained earnings (loss)	512 013,23	329 281,18	65 594,53	-145 263,80
Profit for the financial year	1 055 585,84	1 130 314,15	1 082 298,60	1 158 440,43
Total equity	12 107 003,66	11 899 732,92	11 687 297,72	11 453 314,22
CREDITORS				
Current				
Trade creditors	805 752,79	1 455 593,98	803 360,28	1 449 393,49
Amounts owed to Group				
undertakings	0,00	0,00	198 381,31	267 882,58
Other creditors	1 071 348,71	836 708,66	1 058 567,88	816 569,61
Accruals and deferred income	1 877 455,36	1 789 667,29	1 775 346,72	1 638 895,19
Total creditors	3 754 556,86	4 081 969,93	3 835 656,19	4 172 740,87
TOTAL EQUITY AND LIABILITIES	15 861 560,52	15 981 702,85	15 522 953,91	15 626 055,09

Cash flow statement

Cash flow statement	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Cash flow from business operations				
Operating profit	1 268 989,40	1 157 091,12	645 391,81	421 545,12
Adjustments to operating profit	505 687,61	452 925,56	483 530,09	572 901,71
Change in net working capital	-1 109 818,67	217 715,70	-1 143 409,89	252 465,77
Paid interests and payments	-74 936,29	-61 305,37	-74 568,29	-57 546,95
Received dividends	0,00	0,00	119 894,15	0,00
Received interests	53 361,47	82 176,38	51 898,47	79 889,66
Extraordinary items	-235 000,00	-39 844,00	-235 000,00	-39 844,00
Received and paid taxes	-3 700,94	70 575,31	0,00	0,00
Cash flow from business operations	404 582,58	1 879 334,70	-152 263,66	1 229 411,31
Cash flow from capital expenditure				
Capital expenditure in tangible and intangible assets	-2 701 912,42	-150 915,80	-2 701 912,42	-219 437,83
Sales proceeds from tangible and intangible assets	123 656,83	208 110,00	123 656,83	208 110,00
Sales proceeds from other shares and similar rights of ownership	260 420,00	1 233 735,78	260 420,00	1 233 735,78
Capital expenditure in investments	-5 180 672,78	-3 997 920,00	-5 180 672,78	-3 997 920,00
Sales proceeds from investments	5 256 621,00	3 297 665,59	5 256 621,00	3 297 665,59
Received dividends from investments	652 383,00	18 525,34	652 383,00	18 525,34
Cash flow from capital expenditure	-1 589 504,37	609 200,91	-1 589 504,37	540 678,88
Cash flow from financing activities				
Increase in share capital for consideration	99 267,00	23 949,75	99 267,00	23 949,75
Repayment of non-current liabilities	0,00	-1 063 333,34	0,00	-1 063 333,34
Paid dividends	-947 582,10	0,00	-947 582,10	0,00
Paid and received group contributions	0,00	0,00	556 000,00	880 000,00
Cash flow from financing activities	-848 315,10	-1 039 383,59	-292 315,10	-159 383,59
Change in cash and cash equivalents	-2 033 236,89	1 449 152,02	-2 034 083,13	1 610 706,60
Cash and cash equivalents 1.1.	5 055 976,45	3 606 824,43	4 982 662,40	3 371 955,80
Cash and cash equivalents 31.12	3 022 739,56	5 055 976,45	2 948 579,27	4 982 662,40

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.

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.

Research and development costs

Research and development costs prior to year 2004 have been expensed in the year incurred. From 2004, development costs in accordance with IAS 38 have been capitalised.

NOTES TO THE PROFIT AND LOSS ACCOUNT

1 Turnover by business unit

	2004	2003	Change	Change %
Trade	7,6	7,2	0,4	5 %
Car sales	5,6	6,1	-0,5	-8 %
Tailored solutions	6,9	5,5	1,4	25 %
POS group	2,2	2,0	0,2	10 %
TOTAL	22,3	20,8	1,5	7 %

2 Other operating income

	Group		Parent company	
	2004	2003	2004	2003
Profits from fixed asset sales	48 771,80	81 951,56	47 295,50	81 951,56
Rental income	24 325,00	38 754,50	14 017,00	22 692,50
Other	0,00	3 356,81	0,00	3 356,81
Total	73 096,80	124 062,87	61 312,50	108 000,87

3 Notes concerning staff and members of administrative bodies

The average number of personnel in the Group and the Parent Company was 202 (192) during the financial year.
Some members of the Company 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

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	
	2004	2003	2004	2003
Group contribution received	0,00	0,00	634 000,00	556 000,00
Expenses from ending own cash system	-235 000,00	0,00	-235 000,00	0,00
Expenses from sold business activities	0,00	-39 844,00	0,00	-39 844,00
Total	-235 000,00	-39 844,00	399 000,00	516 156,00

6 Income taxes

	Group		Parent company	
	2004	2003	2004	2003
Income taxes	-329 360,55	46 653,95	-325 659,61	0,00
Change in deferred tax assets	-119 047,01	-474 243,98	-105 342,62	-449 651,97
Total	-448 407,56	-427 590,03	-431 002,23	-449 651,97

Notes to the balance sheet

7 Non-current assets

Intangible rights	Group		Parent company	
	2004	2003	2004	2003
Residual value 1.1.	757 275,61	983 158,84	844 713,17	1 114 315,18
Increases	79 795,56	37 934,27	79 795,56	37 934,27
Depreciation according to plan	212 848,30	263 817,50	256 567,08	307 536,28
Residual value 31.12.	624 222,87	757 275,61	667 941,65	844 713,17

Goodwill	Group		Parent company	
	2004	2003	2004	2003
Residual value 1.1.	181 478,89	252 763,32	181 478,89	210 662,53
Increases	2 146 142,96	0,00	2 146 142,96	0,00
Depreciation according to plan	172 259,83	71 284,43	172 259,83	29 183,64
Residual value 31.12.	2 155 362,02	181 478,89	2 155 362,02	181 478,89

Group goodwill		
	2004	2003
Residual value 1.1.	381 109,71	436 515,61
Decreases	0,00	0,00
Depreciation according to plan	55 405,88	55 405,90
Residual value 31.12.	325 703,83	381 109,71

Other capitalised long-term expenditure	Group		Parent company	
	2004	2003	2004	2003
Residual value 1.1.	62 366,25	58 636,54	59 451,30	173 422,09
Increases	373 500,00	23 747,17	373 500,00	92 269,20
Depreciation according to plan	22 625,98	20 017,46	21 168,50	206 239,99
Residual value 31.12.	413 240,27	62 366,25	411 782,80	59 451,30

Machinery and equipment	Group		Parent company	
	2004	2003	2004	2003
Residual value 1.1.	232 200,55	409 795,09	194 825,17	359 961,24
Decreases	104 352,92	127 205,23	103 029,22	127 205,23
Increases	110 364,24	65 974,85	110 364,24	65 974,85
Depreciation according to plan	76 082,38	116 364,16	67 069,46	103 905,69
Residual value 31.12.	162 129,49	232 200,55	135 090,73	194 825,17

Other tangible assets	Group		Parent company	
	2004	2003	2004	2003
Residual value 1.1.	15 084,78	15 084,78	14 580,22	14 580,22
Increases	6 340,00	0,00	6 340,00	0,00
Residual value 31.12.	21 424,78	15 084,78	20 920,22	14 580,22

8 Investments

Group undertakings

	Group's share of ownership %	Parent company's share of ownership %
Solteq Retail Oy, in liquidation, Tampere	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
As Oy Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti Oy	105	111 190,68
Qetlos Oy	150	37 644,88
Elisa Communications Oyj	2486	13 287,68
Other shares		16 894,37
Total		2 579 253,42

Group undertakings Qetlos Oy and Koy Sammonkatu 14 have not been consolidated to the Group balance sheet. The companies have had no business activities and 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		
	2004	2003
Short-term liabilities	198 381,31	267 882,58
Short-term receivables	1 119 895,00	997 975,00

10 Investments

	Group		Parent company	
	2004	2003	2004	2003
Securities listed in Helsinki Stock Exchange's main list	1 099 939,00	1 543 893,01	1 099 939,00	1 543 893,01
Short-term investment funds	1 992 197,49	3 002 212,28	1 992 197,49	3 002 212,28
Total	3 092 136,49	4 546 105,29	3 092 136,49	4 546 105,29

11 Equity

	Group		Parent company	
	2004	2003	2004	2003
Share capital 1.1.	909 541,55	906 392,23	909 541,55	906 392,23
Decrease in share capital	-24 142,28	0,00	-24 142,28	0,00
Increase in share capital	11 344,28	3 149,32	11 344,28	3 149,32
Share capital 31.12.	896 743,55	909 541,55	896 743,55	909 541,55
Share premium account 1.1.	9 530 596,04	9 509 795,61	9 530 596,04	9 509 795,61
Increase in share capital	112 065,00	20 800,43	112 065,00	20 800,43
Share premium account 31.12.	9 642 661,04	9 530 596,04	9 642 661,04	9 530 596,04
Non-restricted equity 1.1.	1 459 595,33	619 202,97	1 013 176,63	144 658,00
Dividend distribution	-947 582,10	0,00	-947 582,10	0,00
Elimination of own shares	0,00	-289 921,80	0,00	-289 921,80
Result for the financial year	1 055 585,84	1 130 314,15	1 082 298,60	1 158 440,43
Non-restricted equity 31.12.	1 567 599,07	1 459 595,33	1 147 893,13	1 013 176,63

The Group's distributable reserves total	1 567 599,07
The Parent Company's distributable reserves total	1 147 893,13

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

	2004		2003	
	Number of shares	EUR	Number of shares	EUR
Class of shares	10 663 590	896 743,55	10 815 777	909 541,55

12 Liabilities to fall due after more than 5 years

The Group has had no liabilities to fall due after more than 5 years since 2002.

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 2004, a total of 172.350 new Solteq Plc. shares have been subscribed based on these option programmes

14 Given pledges and contingent liabilities

	Group		Parent company	
	2004	2003	2004	2003
Mortgage on business assets	2 030 510,13	2 619 167,87	1 677 315,49	1 677 315,49
of which in the company's possession	853 194,64	1 441 852,39	500 000,00	500 000,00
Leasing and rent liabilities	1 041 373,33	830 967,73	1 041 373,33	830 967,73

Mortgage on business assets given as a pledge by the Parent Company are equivalent to a credit limit in the amount of 505 TEUR.
The Group has no liabilities from derivative instruments.

CALCULATION OF KEY RATIOS

Return on equity, %

$$\frac{\text{profit or loss before extraordinary items - income taxes x 100}}{\text{equity + minority interest}}$$

Return on investment, %

$$\frac{\text{profit or loss before extraordinary items + interests and other financial expenses x 100}}{\text{total assets - non-interest bearing liabilities}}$$

Equity ratio, %

$$\frac{\text{equity + minority interest x 100}}{\text{total assest - advances received}}$$

Net gearing:

$$\frac{\text{interest bearing liabilities - cash other liquid financial assets x 100}}{\text{equity + minority interest}}$$

Earnings per share:

$$\frac{\text{result before extraordinary items - income taxes -/+ minority interest}}{\text{average number of shares during the financial year adjusted with share issue effect}}$$

Equity per share:

$$\frac{\text{equity}}{\text{number of shares at the year-end adjusted with share issue effect}}$$

Dividend per share:

$$\frac{\text{dividend distribution for the financial year}}{\text{number of shares at the time of dividend distribution}}$$

Payout ratio, %

$$\frac{\text{dividend per share x 100}}{\text{earnings per share}}$$

Effective dividend yield, %

$$\frac{\text{dividend per share}}{\text{share price quoted on stock exchange at the year-end}}$$

Price / earnings ratio:

$$\frac{\text{share price quoted on stock exchange at the year-end}}{\text{earnings per share}}$$

Market value of the shares:

$$\frac{\text{number of shares at the year-end x}}{\text{share price quoted on stock exchange at the year-end}}$$

FINANCIAL PERFORMANCE INDICATORS 2000-2004

	Tilikausi 1.1.-31.12.				
Group’s financial performance indicators (Me)	2004	2003	2002	2001	2000
Net turnover	22,3	20,8	18,8	22,0	20,3
Increase in turnover	7,0 %	10,5 %	-14,4 %	8,2 %	20,6 %
Operating profit	1,3	1,2	0,6	-0,5	-0,8
% of turnover	5,7 %	5,6 %	2,9 %	-2,4 %	-4,0 %
Profit before extraordinary items, appropriations and taxes	1,7	1,6	0,9	-0,6	-0,5
% turnover	7,8 %	7,7 %	4,6 %	-2,8 %	-2,4 %
Extraordinary items	-0,2	-0,0	-1,4	-0,3	0,8
Profit before appropriations and taxes	1,5	1,6	-0,5	-0,9	0,3
% of turnover	6,8 %	7,5 %	-2,8 %	-4,3 %	1,4 %
Return on equity %	10,2 %	10,1 %	4,8 %	-3,0 %	-5,0 %
Return on investment %	14,6 %	13,8 %	8,2 %	-3,4 %	-2,3 %
Equity ratio %	76,3 %	74,5 %	70,5 %	66,2 %	63,6 %
Gross investments in non-current assets	2,7	0,2	1,4	0,7	5,4
% of turnover	12,1 %	0,7 %	7,4 %	3,1 %	26,6 %
Research and development costs	0,9	1,4	1,9	2,2	1,9
% of turnover	4,0 %	6,8 %	10,3 %	10,0 %	9,5 %
Net Gearing	-34,1 %	-55,5 %	-26,2 %	-17,6 %	-15,5 %
Average number of personnel during the					
financial year	202	192	195	238	245

KEY INDICATORS PER SHARE 2000-2004

	Financial year 1.1.-31.12.				
Group's key indicators per share	2004	2003	2002	2001	2000
Earnings per share, EUR	0,12	0,11	0,05	-0,04	-0,04
Equity per share, EUR	1,14	1,13	1,03	1,07	1,15
Dividend per share, EUR	0,10	0,09	0,00	0,00	0,02
Payout ratio, %	86,7 %	82,4 %	0,0 %	0,0 %	-25,8 %
Effective dividend yield, %	6,29%	5,81%	0,00%	0,00%	1,47%
Price / Earnings ratio	13,8	14,2	12,1	N/A	N/A
Year-end market value, 1000 EUR	16 955	16 319	6 526	7 221	11 680
Weighted average number of shares during the					
financial year adjusted with share issue effect	10 596 140	10 613 509	10 698 327	10 698 327	9 458 514
Number of shares at the year-end adjusted					
with share issue effect	10 663 590	10 528 690	10 698 327	10 698 327	10 698 327

When calculating the number of shares, shares owned by the Company itself have been deducted.
Dividend for the year 2004 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 1 567 599,07 €. The Parent Company's distributable reserves total 1 147 893,13 €, of which the profit for the financial year is 1 082 298,60 €.
The Board of Directors propose to the Annual General Meeting that the distributable reserves are treated as follows:

- 0,10 € dividend is distributed per each share not in possession of the Company itself totalling	1 066 359,00 €
- in equity remains	81 534,13 €

Helsinki, 24 February 2005

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, 2004. 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, on 24 February, 2004

KPMG WIDERI OY AB
Authorised Public Accountants

Frans Kärki
Authorised Public Accountant

Details of shareholders

Major shareholders of Solteq Plc 31.12.2004

		Number of shares	Proportion of shares and votes, %
1.	Saadetdin, Ali U.	3 159 312	29,63
2.	Aalto, Seppo	1 662 206	15,59
3.	Profiz Business Solution Oyj	455 830	4,28
4.	Onnivaatio Oy	182 500	1,71
5.	Onninen-Sijoitus Oy	170 100	1,59
6.	Saadetdin, Katiye	153 225	1,44
7.	Meronen, Kari	145 125	1,36
8.	Paloniemi, Asko	100 000	0,94
9.	Nordea Pankki Suomi Oyj	90 000	0,84
10.	FIM Securities Ltd	87 500	0,82
	Total	6 205 798	58,20
	Shares in nominee registration	110 431	1,04

Distribution of shareholding 31.12.2004

By number of shares				
Number of shares	Shareholders	Proportion of shareholders%	Number of shares	Proportion of shares, %
1 – 100	484	17,03	39 550	0,37
101 – 1 000	1 681	59,17	807 329	7,57
1 001 – 10 000	596	20,98	1 811 226	16,98
10 001 – 100 000	73	2,57	2 077 187	19,48
100 001 – 1 000 000	5	0,18	1 106 780	10,38
1 000 001 –	2	0,07	4 821 518	45,22
Yhteensä	2 841	100,00	10 663 590	100,00

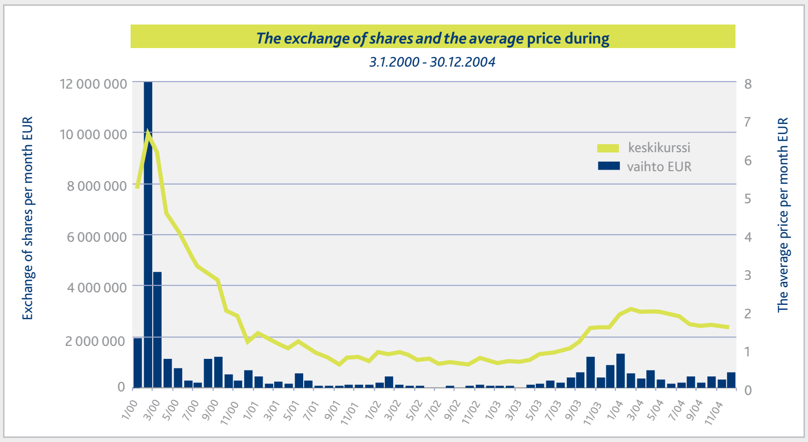
By shareholder group

	Proportion of shares, %
Corporations	11,14
Financial and insurance institutions	0,09
Private households	86,97
Non-profit organisations	0,61
Foreign owners	0,15
Shares in nominee registration	1,04
Yhteensä	100,00

The members of the Board of Directors own 4 841 618 shares.

The exchange and the price development of the share in 2000 - 2004

year	exchange EUR	exchange no.	average price	lowest	highest	last price	market value
2000	24 176 025	5 107 463	4,73	1,04	8,40	1,10	11 628 364
2001	2 044 096	1 882 175	1,09	0,55	1,59	0,67	7 221 479
2002	989 206	1 231 552	0,80	0,52	1,10	0,61	6 574 779
2003	3 992 492	3 174 237	1,26	0,61	1,73	1,55	16 764 454
2004	5 182 211	2 839 557	1,83	1,51	2,00	1,59	16 955 108



PRINCIPLES OF CORPORATE GOVERNANCE

Solteq Plc is a publicly quoted limited company. Its decision-making and administration are in accordance with the Finnish Companies Act, other rules and regulations governing public limited companies and the Company's articles of association. In addition, the company complies with the Corporate Governance Recommendation for Listed Companies issued by Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers as well as Guide to Insiders issued by Helsinki Stock Exchange.

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.

Solteq Plc's highest decision-making authorities are annual general meeting, board of directors and managing director.

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.

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

Managing Director

Solteq Plc has a Managing Director whose duty is to manage the Group in accordance with the Board of Directors' instructions. In accordance with the articles of association, 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.

Risk management and internal audit

The Company's board of directors is responsible for internal control. The managing director organizes the internal control in practice. Business operations are controlled and monitored through reporting and forecast systems. Information includes central sales projects, turnover and result as well as trade receivable. Actual figures by business area are monitored monthly.

Forecast period is three to six months. The managing director presents a monthly overview of the business and its developments in the board meetings.

Risk management aims at recognizing significant risks affecting the business as early as possible and ensuring that risks and changes can be responded to quickly if needed. The Company's financing risks are controlled centralized in the Groups finance department and risks are reported to the managing director if necessary. Assets, occupational safety and liability risks relating to business operations have been protected with appropriate insurances.

The company has no internal audit organization itself. The finance department together with the auditors take care of the internal audit function in practice. The aim is to ensure that unified administration practices and accounting policies are adhered to.

Insider management

The Company complies with the Guide to Insiders approved by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

According to the legislation, the Company's insiders include the board members, managing director and auditors. In addition, according to the company's own interpretation, permanent insiders include member of the management groups and named persons in the company's governance. Persons who participate in projects affecting the company's share value are considered as project-specific insiders.

The insider register for Solteq Plc is maintained by the Finnish Central Securities Depository. Real time ownership information can be seen in the Helsinki Stock Exchange premises in Fabianinkatu 14 (street level), Helsinki.

Board of directors, managing director and auditor

Ali U. Saadetdin

Seppo Aalto

Ari Heiniö

Veli-Pekka Jokiniva

Board of Directors

Chairman of the Board:

- Ali U. Saadetdin, born 1949, board member since 1982. Number of shares 3.159.312

Other members:

- Seppo Aalto, born 1953, board member since 1982. Number of shares 1.622.206
- Ari Heiniö, born 1945, board member since 2002. Number of shares 5.000 and options 5.000
- Veli-Pekka Jokiniva, born 1948, board member since 2003. Number of shares 15.100 and options 5.000

Managing Director

- Jorma Hänninen, born 1952. Managing Director since 2001. Number of shares 13.500 and options 47.000

Auditor

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

Adoption of IFRS

Solteq Plc (the company) will adopt International Financial Reporting Standards in its reporting beginning from 1.1.2005. The company's date of transition to IFRS is 1.1.2004.

Attached is the opening balance sheet and comparative figures for interim reporting for year 2004 in accordance with IFRS.

SIGNIFICANT EFFECTS

Extraordinary items (1) – IAS 1 BC

No items are presented as income or expense arising from other than the company's ordinary activities. Thus, items presented as extraordinary are transferred to income or expenses arising from ordinary activities.

Revenue recognition principles (2) - IAS 11 & IAS 18

Previously, the company has recognised separately the revenue relating to separate assets and services included in a construction contract.

According to IAS 11, the company should treat each construction contract as one unity. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity. If the outcome cannot be estimated reliably, recognised revenue equals the contract costs incurred. An expected loss is recognised as an expense immediately.

Previously, the company has recognised the maintenance payments relating to its product rights as income during the quarter that the customer's payment obligation was generated. In principle, the payment obligations were generated during the first and the third quarters.

In accordance with IAS 18, maintenance payments will be recognised as revenue based on the stage of completion of the service. For the company, this means equal maintenance income for each quarter.

Deferred taxes (3) - IAS 12

The company has recognised deferred tax liabilities and assets arising from temporary differences between the carrying amounts in accounting and taxation already earlier. The deferred taxes presented here relate to changes in the accounting practice.

Finance lease (4) - IAS 17

Finance leases are recognised as assets and liabilities in the company's balance sheet. Leased items will be depreciated during their useful life and lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Pension plans – IAS 19

Because the unemployment proportion of the Finnish pension system TEL will be considered as defined contribution plan in the future, the company does not incorporate a possible calculatory pension liability in its comparative IFRS figures for 2004. The company considers that including this liability would not significantly improve the comparability of the year 2004 to the future years.

Shares entitling to the premises (5) - IAS 31

Shares entitling to the premises, which have been presented as investments and not consolidated in the Group accounts previously, have been consolidated using the proportionate consolidation in accordance with IAS 31. As a result, the value of shares is presented in principle as buildings and land.

Impairment (6) - IAS 36

The company recognises an impairment loss when the recoverable amount of an asset is less than its carrying amount.

Goodwill amortisation (7) - IAS 38

Goodwill or other assets with an unlimited useful life are not amortised. In accordance with IAS 36, these assets will be tested and, if necessary, an impairment loss recognized annually and each time there is an indication that an asset may be impaired.

Development costs (8)- IAS 38

An intangible asset arising from development is recognized when the requirements set in IAS 38 are fulfilled.

Share-based payment (9) - IFRS 2

The fair value of share options at the grant date is expensed as personnel expenses during the period between the grant date and subscription date.

Täsmäyslaskelman viitesarakkeen numerot viittaavat tekstissä edellä kuvattujen keskeisten vaikutusten numerointiin.

OPENING BALANCE 1.1.2004				
GROUP BALANCE SHEET (thousand euros)	Ref.	FAS		IFRS
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	6	820	-350	470
Goodwill		562		562
Tangible assets	4,5,6	247	2 786	3 033
Investments				
Other shares and holdings	5	2 840	-2 772	68
Total non-current assets		4 469		4 133
CURRENT ASSETS				
Short-term receivables	3	4 913	285	5 198
Securities		4 546		4 546
Cash at banks		2 054		2 054
Total current assets		11 513		11 798
TOTAL ASSETS		15 982		15 931
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		910		910
Share premium		9 531		9 531
account Retained earnings	2,3,6	1 459	-1 522	-63
Total shareholders' equity		11 900		10 378
OBLIGATORY RESERVES	2		361	361
LIABILITIES				
Long-term liabilities	4		163	163
Short-term liabilities	2,4	4 082	947	5 029
TOTAL LIABILITIES		4 082		5 192
TOTAL EQUITY AND LIABILITIES		15 982		15 931

INTERIM REPORT 1.1.-31.3.2004					
GROUP INCOME STATEMENT (thousand euros)	**Ref.**	**FAS**			**IFRS**
TURNOVER	2	22 270		-540	21 730
Other operating income		73			73
Material and services	2	-5 053		224	-4 829
Staff expenses	9	-11 031		-38	-11 069
Depreciations	4,7	-539		-98	-637
Other operating expenses	1,4	-4 451		101	-4 350
OPERATING RESULT		1 269			918
Financial income and expenses	4	470		-10	460
PROFIT BEFORE EXTRAORDINARY ITEMS		1 739			1 378
Extraordinary items	1	-235		235	0
PROFIT BEFORE APPROPRIATIONS AND TAXES		1 504			1 378
Income taxes	3	-448		48	-400
PROFIT FOR THE PERIOD		1 056			978
GROUP BALANCE SHEET (thousand euros)	**Ref.**	**FAS**			**IFRS**
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Intangible rights	6	1 037	-350		687
Goodwill	7	2 481		228	2 709
Tangible assets	4,5,6	184	2 529		2 713
Investments					
Other shares and holdings	5	2 579	-2 515		64
Total non-current assets		6 281			6 173
CURRENT ASSETS					
Short-term receivables	3	5 458	285	48	5 791
Cash at banksies		3 092			3 092
Cash at banks		1 031			1 031
Total current assets		9 581			9 914
TOTAL ASSETS		15 862			16 087
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		897			897
Share premium		0			0
account		9 643			9 643
Retained earnings	2,3,6,9	512	-1 522	38	-972
Profit/loss for the period		1 056			978
Total shareholders' equity		12 108			10 546
OBLIGATORY RESERVES	2		361	-224	137
LIABILITIES					
Long-term liabilities	4		163		163
Short-term liabilities	2,4	3 755	947	539	5 241
TOTAL LIABILITIES		3 755			5 404
TOTAL EQUITY AND LIABILITIES		15 862			16 087

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