SOLTEQ

2005

ANNUAL REPORT

Contents

Solteq develops and delivers strategic IT systems. The company has over 20 years of experience with working methods based on strong industry knowledge and companionship. The use of international knowledge systems and technology brings additional value and competitiveness to our clients business. Solteq provides industry specific solutions for companies representing wholesale and retail trade, car sales and selected industrial segments.

www.solteq.com .

Solteq develops the business operations of retail and industry companies with IT products and services.

- Solteq is a comprehensive IT partner for the retail, wholesale and industry sectors. Our customer base consists of approximately 1300 large, mid-sized and growing businesses.

- Our IT systems and services create added value to our clients' business by supporting their core operations. Our aim is to work together with the client to develop their IT systems so that we will find the best possible solution based on their business needs. Our clients can get all of their hardware and services from us.

- We have specialised in a handful of business sectors and hold a comprehensive knowledge of their special needs. We serve our customers in two profit units: trade and industry.

- Our know-how is strongest in chain retail trade, wholesale, car sales as well as forest and wood processing industries. We have over 20 years experience from these sectors through our cooperation with our wide-ranging customer base. In addition we serve, among others, companies specialising in project operations and process industries.

- Our own product range is complemented by solutions and services by international product developers. We are in cooperation with, among others, SAP and Wincor Nixdorf and re-packaged and further developed their basic products to fit the sector specific needs of Finnish companies. The roll-out of these solutions is fast and cost-efficient.

- We, continuously, further develop our operations to specialise as a service oriented environment and build closer strategic relationships with our clients. The core of our relationship model is the IT OK concept, which enables the mapping of IT development needs and the opportunity to work together with the client to plan the appropriate way to address these needs.

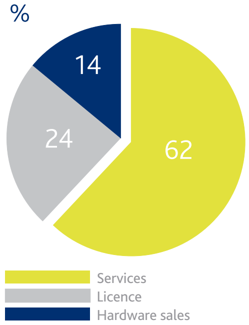
- Solteq maintains a staff of approximately 240. We strive to be a good employer and we are continuously investing in the training and well-being of our employees.

- Solteq Ltd., previously Tampereen Tiedonhallinta, was listed on the Helsinki Stock Exchange NM-list in 1999. We aim to grow profitably and adhere to our active profit share policy.

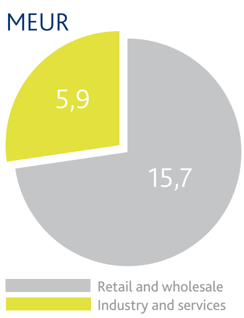
- Solteq was founded in 1982 in Tampere. In addition to Tampere, we maintain offices in Helsinki, Kuopio, Hämeenlinna, Lahti, Nokia and Imatra.

2005 in numbers

Distribution of Turnover by services, license and hardware sales in 2005



Distribution of Turnover by segment in 2005

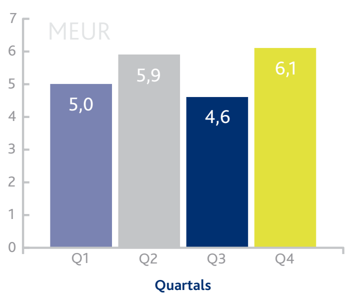


2005 in figures

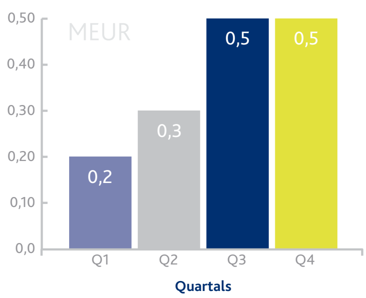
KEY FIGURES (IFRS)	2005	2004
Turnover, MEUR	21,6	21,7
Operating Profit, MEUR	1,2	0,9
Pre-tax result, MEUR	1,5	1,4
Profit from invested equity, %	13,3	12,4
Profit from own equity, %	11,4	8,7
Gross investments to fixed assets, MEUR	1,1	2,7
Solvency ratio, %	75,2	65,6
Net indebtness ratio, %	-8,0	-34,5
Staff (average)	193	202
Dividends per share, EUR	0	0,1
Profit per share, EUR	0,11	0,09
Own equity per share, EUR	1	0,99

See more information from the Financial Statements 2005 on www.solteq.com.

Quarterly turnover in 2005



Quarterly profit in 2005 before taxes



- Solteq signed its largest single delivery contract in history with Componenta Oyj. Solteq will deliver a comprehensive SAP solution including finance control, production control and logistics, to Componenta's facilities in Finland, Sweden and the Netherlands.
- Solteq and the U.S. based software house JDA Software Group Inc. have signed a contract where Solteq will sell JDA Software procurement control products in the Finnish and Baltic markets. Solteq will also assume responsibility for the servicing of JDA Software's existing Finnish clients.
- Solteq sold its Solteq Oscar business to a new start-up company. This company is Solteq's affiliate company of which Oscar's long-standing reseller, Tietojukka Oy, owns 55%, Pekka Mäki, who was responsible for Oscar's product development owns a 25% share and Solteq owns 20%. The sold business covers electronic business products and services mainly for trade and industry SME's.

Managing director's review

IT systems investments have found their place in companies' operations: The development of systems is no longer an absolute value; IT projects are now competing for investment capital with all other development projects. The customers expect a good business understanding from their service providers and through this understanding, long-standing strategic partnerships are born. Larger systems overhauls are fading out, but current systems are being further developed more actively than before. IT budgets are experiencing moderate growth and two thirds of the funds are used for current systems maintenance, the remaining third is for new acquisitions. Service sector has increased its IT market-share considerably, becoming the largest sector.

The aforementioned trend strengthens our belief that our strategy works. We have raised the customer as the focal point in our development work; we believe that we can understand the customer's processes better than our competitors by focusing our know-how to our strongest market segments, wholesale and retail trade and industry. Our aim is to be the preferred IT partner in our chosen markets.

We develop our own products, which are in wide use, in close cooperation with our customers. Our cooperation with global software developers provides our customers the security and continuity even when the need for a comprehensive operations control overhauls arise. Our widening service portfolio and comprehensive contract options reflect our belief that our customers wish to centralise their procurement.

The year 2005 was industrious. Cooperation with many of our long-standing customers grew in strength. New products were launched for our customers in the wholesale and retail trade. Our portfolio for the auto trade sector is also expanding. The acquisition of Artekus Oy in early 2006 widens our portfolio to our industry customers significantly.

2006 will be a period of growth for Solteq. Continued sector restructuring trends increase, also, the need for further systems development and companies are networking and internationalising more than ever before. This is why it is viable to grow organically. We will still seek further company acquisitions that fit our business strategy. Our growth targets are not to be achieved at the expense of profits, but we must increase our profitability as we grow.

Thank you to all our customers and service partners. It is an honour to work and succeed alongside all of you. Thank you, also, to Solteq's fantastic staff, who have the ability to continuously learn new and have the ability to transfer this knowledge to even better products and services.

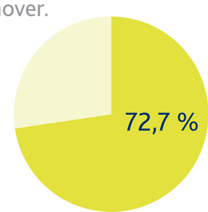
Jorma Hänninen
Managing Director

Retail and wholesale trade

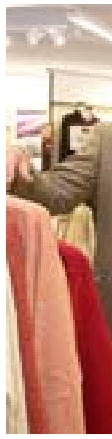
Solteq provides its retail clients with added value by offering sophisticated IT-solutions, such as operations management, chain management and store management systems. In addition, retail unit offers comprehensive services tailored specifically to the customer, which are based on common and purposeful design plan. The unit's main target groups are Finnish-led wholesale, chain and specialist retail companies operating in the Baltic Sea area as well as independent stores.

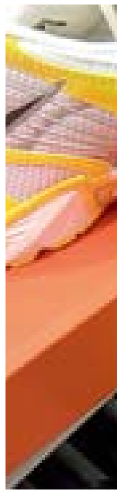
The unit's strengths are a wide and successful customer base, over 20 years sector experience and superior solutions portfolio, which covers the entire value chain from the factory to the customer.

In 2005 the wholesale and retail trade profit unit´s (including car sales) turnover was 15,7 million euros, accounting for 72,7 per cent of Solteq´s total turnover.



About ten shops in Caratia chain have Solteq´s store management system in use. The Managing Director of the Caratia chain, Tapio Suomi, and Hannaleena Mikkonen showing rings in the picture.





Various specialty goods stores use Solteq´s store management systems.

Year 2005

Markets

Retail and wholesale trade sector has grown for years and this trend in Finland has continued. Turnover has grown in retail, wholesale as well as in auto trade. Centralisation trend continued and increase of international competition created a pressure for domestic operators to optimise their operations.

The trade sector investments into IT-solutions grew moderately. The market growth for new operation management systems appears to have stalled for now, but the demand for store management systems in 2005 was strong. The demand for IT-services has shown considerable growth as users are concentrating on exploiting their current systems.

As retail companies grow internationally, cross-border system integration needs grow. Retail chains operating in a number of countries wish to control, for example, supply chains and service operations using a single centralised system.

The market share of active-price stores was growing. Solteq has a strong market share in this segment, but the acquisition activity taking place within this segment along with its characteristically high cost effectiveness are providing both growth opportunities and challenges.

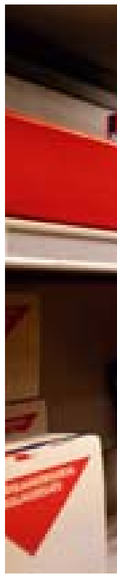
Investment into product development and the development of customers' current systems

The year 2005 was a period of strong product development for the retail and wholesale trade unit. Solteq concentrated on the finalising of the retail chain trade's SAP based operations control system. Solution titled Solteq Kauppa was finalised and its first roll-outs were carried out in 2005.

Development of Solteq TP.net store system solution, based on a Wincor Nixdorf product, also progressed as planned and its first deliveries were carried out.

Solteq and the U.S. based software house JDA Software Group Inc. signed a contract where Solteq will sell JDA Software procurement control products in the Finnish and Baltic markets. These optimal procurement products can optimise the procurement process and produce a competitive edge by optimising the flow of goods and thus decrease the amount of stored goods. This adds considerably to Solteq's existing comprehensive product portfolio available to our wholesale and retail clients. Solteq has also assumed responsibility for the servicing of JDA Software's existing Finnish clients.

Cooperation with long-standing customers was intensified further. Solteq's IT OK cooperation model got a stronger base as a tool for continued development of cooperation. Distribution of work for the customer's daily operations control and support services as well as systems development needs in the IT OK model, are agreed in cooperation with the customer.



The Sello Shopping Centre expansion, which opened in September in Espoo's Leppävaara, boasts 17 stores with Solteq's system.

HL-Group is one of the users of JDA Software´s procurement control products. Pia Kjellman (in the picture) works as a buyer in the company.

Operation results

The unit´s turnover grew from the previous year. However, investments into product and service development decreased profitability.

Business operations developed especially well for services. Customers invested into the development and better utilisation of their current systems, which kept the demand for services good.

Investments into the operation control systems were moderate. The demand for store systems both in specialised chain retail and in independent stores, on the other hand, was brisk.

Most important customer projects

Some of the most noteworthy projects were Oy Klinkmann Ab's Business Operating system launch in Finland, Berner Oy's logistics systems launch and Oy Schetelig Ab's and Lastentarvike Oy's store systems launch. Vesijohtoliike Siimesvaara Oy signed a contract for the delivery of a material control system for wholesale trade. Heinon Tukku Oy received a delivery of an overall solution, which covers a next generation store system integrated with a Business Operation System.

The Sello Shopping Centre expansion, which opened in September in Espoo's Leppävaara, boasts 17 stores with Solteq's system. The promising demand for store systems has also continued.

Veljekset Halonen Oy's specialty goods store solutions were rolled out in Tampere and in Espoo's Sello stores. The solution will be delivered to all Veljekset Halonen Oy's clothing stores as well as Carlson Oy's department stores and hardware stores. This covers in excess of 20 stores around Finland.

Procurement optimisation solution for Teräskonttori Oy was also agreed.

Year 2006

Market outlook

Wholesale and retail trade sector is expected to grow some 2.5 to 3 percent annually. Its centralisation trend is expected to continue and staff productivity and cost control are expected to be areas of close attention.

The demand for electronic retail systems is expected to grow further, as stores are seeking new ways to reach their customers and enhance their service operations. In addition, information used in customer service roles and its availability will attract even more attention in the future.

One of the key items in Solteq's vision is that operations management and store management systems will be integrated in the future. Customers are increasingly interested in the total control of IT-projects and they wish to ensure the highest return on previous investments to existing systems.

Wholesale and Retail Trade Unit in 2006

In 2006, Solteq will invest in growth and strengthening its position within its chosen segments. We are seeking growth, in particular, from the sales of store systems, new operation control system projects and procurement optimisation solutions. In addition, Solteq aims to build its existing customer relations towards strategic partnerships.

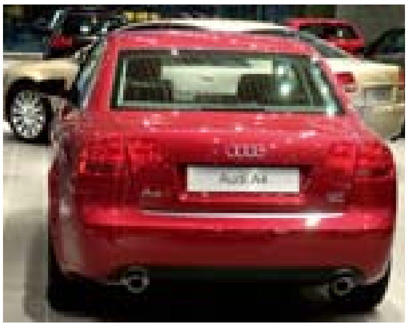
Solteq continues the development of its product and service concepts to provide a closer match of the changing needs of the structurally changing markets, through, for example, company restructuring. In addition, the company will further develop its IT OK service model. Solteq aims to strengthen its position, also, as a specialist in store level solutions.

Auto trade

Vehicle retail unit is part of the wholesale and retail trade profit unit. It provides comprehensive operation control solutions and services derived thereof to vehicle retailers, importers, repair shops and groups linked to them. Solteq is the preferred systems partner for the auto trade, whose products and services cover the entire scope of auto trade itself and its linked operations. Solteq is the market leader for auto trade systems in Finland.

The unit's strengths are over 20 years of sector experience, large and successful customer base and a wide and continuously growing product range that takes into consideration the special needs of auto trade.

VV-Auto in Helsinki is one of the customers using the booking system for car services. Project Manager Tero Kaskenviita in the picture.



Year 2005

Markets

Car sales continued strongly throughout the year. New vehicle registrations were up 3.9 percent from 2004. In October 2005, the auto trade's regional restrictions were abolished within the EU; sales of a specific make can no longer be regionally restricted. A clear hesitation was visible in the auto trade market with regards to IT-investments, as car dealers were waiting to see the effects from the abolishment of trade restrictions. The demand for IT services reached the expected levels only at the end of the year.

Investment into product development

Vehicle retail unit invested into the product and staff development throughout the year.

As SAP brings out its new solution for auto retailers, Solteq's position in the sector strengthens. Dealer Business Management or DBM is a package solution designed for auto trade and it is suitable for all sizes of auto traders from small retailers to large chains or groups. Solteq will include the new product as a part of its existing product portfolio for the auto trade by acting as its re-seller. The work to develop this product to meet the requirements of Finnish customers has begun in 2005 and staff training for the new product has also commenced.

In addition, the auto trade unit concentrated specifically on developing the new product family and new functionalities for financial control.

Operation results

The demand for added value products and devices remained strong during this financial period. The sales for the booking system for servicing departments fared especially well.

License sales were slower than expected due to cautious markets. Sales of services, however, progressed as planned.

Turnover figures for auto trade are embedded in the Solteq's retail unit's figures (see page 5).

Most important customer projects

The booking service for service departments was delivered to, among others, Pörhön Autoliike Oy, Autotalo Ripatti Oy, Toyota Autotalot Oy as well as to Hämeen Tehoauto Oy.

Year 2006

Market outlook

According to the vehicle sector prediction group, car retail market will grow just over one percent in 2006. The market consolidation trend is predicted to continue, which should keep the demand for IT services and new solutions on a healthy level.

Car manufacturers are closing in on retailers as well as end-clients, which results in the need for simplification and integration of systems from the factory to the end-user. At the same time, demands for vehicle retail systems' product and service supply as well as staff know-how will increase. As the value chain internationalises, the cross-border integration needs will grow, which results in the higher activity levels for international system providers, such as SAP and Microsoft, also in the Nordic vehicle retail markets.

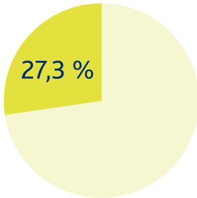
Solteq's answer to the new market demands is to further invest in the development of its staff know-how. Solteq will also continue the development of SAP 's Dealer Business Management solution to fit the needs of Finnish retailers. The solution is already in use by several German retailers and their feedback has been positive. The first pilot project in Finland is due to be carried out during this year.

Industry and services

The industry and services profit unit produces and supports value-adding information systems and comprehensive information services. The unit aims to grow profitably, based on long-term and developing customer relationships. Solteq serves large, mid-sized and growing companies in the industry and service sectors. The most important target groups are wood processing industry, pharmaceutical industry, process type industry and the so called project operational companies. Solteq aims to be the customers' number one choice for an IT partner in its chosen segments.

The unit's strengths are a good and successful customer base, and software and technology solutions developed in cooperation with international partners, such as SAP and IBM, and over 20 years experience, know-how and project knowledge.

In 2005 the industry and services profit unit´s turnover was 5,9 million euros, accounting for 27,3 per cent of Solteq´s entire turnover.



Solteq has delivered a SAP solution suited for pharmaceutical companies for Medix Biochemica, which is an internationally operating diagnostics company. The Managing Director Ismo Råman and the IT manager Hannele Winter in the picture.

Year 2005

Markets

According to Statistics Finland, the industrial output did not grow significantly under any industry sector. The demand for information systems in Finland grew moderately in the mid-sized and large industries.

The market was dominated by the continuation of industry sector's structural change, for which one characterisation was the moving of production away from Finland. As industrial companies internationalise, they also increase their investments outside of Finland, which creates the need for IT systems integration across borders. For Solteq this means not only the offering of international products but also the development of new high quality services as dictated by customer needs.

Investment in even better customer service

In the industry unit, particular attention was paid into the development of customer relationships and providing more efficient project deliveries. Customer service methodology was further developed and the organisation was restructured to provide even better customer service. The aim of project follow-ups is to ensure the success of the project, resourcing, adherence to schedules and profitability. The aim is to gain even higher customer satisfaction and service levels.

Also, the development of staff know-how was under special scrutiny. Specifically, staff were trained in SAP based services. International project experience was highlighted in new staff recruitment with views to counter the ever-increasing complexity of customer needs.

Operation results

The service turnover was excellent, which resulted in a good unit result. However, the development of hardware and license sales was slower than anticipated.

Product Development Projects

The industry unit has several SAP customers. To serve these customers better, the unit aimed to utilise the so called SAP Best Practises more actively than before, thus easing and speeding up the completion of projects. The unit's own, strong sector know-how was also utilised more proficiently from the very beginning of projects, to ensure that the customer will benefit from this as soon as possible.

Most important customer projects

Examples of long-term and continuously evolving customers are Stora Enso Packaging Oy, Finnforest Oyj, UPM-Kymmene Wood Oy and Santen Oy.

A new significant customer is Honkarakenne Oyj, and work has begun to further develop and update their existing SAP system in accordance with the contract signed in the summer.

One of the most important projects of the year was Polar Electro Oy's large SAP-project's development into working condition. Also, Oy Medix Biochemica Ab's, a growing bio-tech company, SAP system was finalised and has been launched.

Forest Industry Group Finnforest Oyj's large development project, which began early in the year, has progressed as planned and the first units are already online and running. This project connects the operation control systems in all Finnforest board and beam production facilities in Finland.

Also the project started with industry group, Componenta Oyj, has progressed as planned. Solteq will deliver a comprehensive solution including finance control, production control and logistics, to Componenta's facilities in Finland, Sweden and the Netherlands.

Year 2006

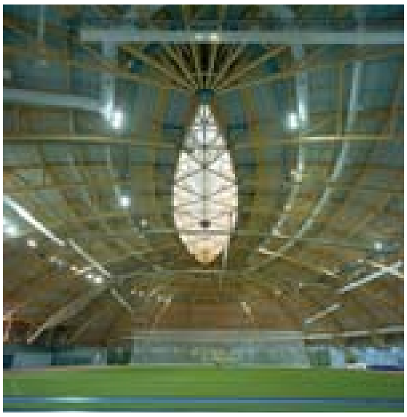
Market outlook

The industry sector continues its moderate growth. The sector's structural changes will continue, so that company sizes will grow and globalisation continues. As Solteq's customer-base goes international, it offers Solteq further growth opportunities and development needs for new services.

The overall improvements for information systems will probably be carried out at the usual rate. However, the partial updating of systems will increase which keeps the demand for services at a growing level. To complement existing systems, there is also demand for, among others, mobile and different types of portal solutions. In addition, demand for information analysis and reporting solutions as well as CRM solutions is still growing.

As ownership moves abroad, decision-making, also, is often transferred away from Finland. This results in extended procurement decision-making times in IT projects. Also, funds for investment decisions may not necessarily be available.

Products, solutions and technology are developing fast and customers' demands are growing. Because of this trend, the staff know-how, also, must be developed to cover wider topic areas.



Industry and services unit in 2006

The most important target is growth, which is based on organic growth as well as company acquisitions.

Organic growth is sought by investing into sales and delivery process. Sales capacity is increased and the sales process is further developed. The delivery process will be improved, so the aim is an ever faster and cost-effective IT systems installation.

Further development of customer relationships is also carried out. Solteq aims for a wider range of cooperation with its customers and aims to provide the widest possible array of the services required by its customers.

Within the industry sector, market shares of IT companies are fragmented. Customers still retain a large number of self-developed systems. Markets are concentrated to a few operators. Solteq's position is already strong in wood processing and pharmaceutical industries and the aim is to further strengthen it. Increased market shares are sought from process and project type industries.

Solteq's 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 five and no more than seven 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.

Real time ownership information of insiders 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


Jukka Sonninen

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 10.000
- Veli-Pekka Jokiniva, born 1948, board member since 2003. Number of shares 15.000
- Jukka Sonninen, born 1958, board member since 2005. Number of shares -.

Managing Director

- Jorma Hänninen, born 1952. Managing Director since 2001. Number of shares 20.000 and options 13.500.

Auditor

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

Information to shareholders

Financial information in 2006

Financial Statements 1. 1. – 31. 12. 2005	27. 1. 2006
Interim report 1Q 1. 1. – 31. 3. 2006	21. 4. 2006
Interim report 2Q 1. 1. – 30. 6. 2006	10. 8. 2006
Interim report 3Q 1. 1. – 30. 9. 2006	19. 10. 2006

General annual meeting

Solteq Plc's Annual General Meeting of shareholders will be held on the company's premises in Eteläpuisto 2 C, Tampere, March 24, 2006, at 3 p.m. 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 14, 2006 shall have the right to attend the general meeting.

A shareholder wishing to attend the Annual General Meeting should notify the company's headquarters by March 21, 2006, at 4 p.m.

Stock Exchange Bulletins

27. 01. 05	Preliminary information on financial statements 1. 1. – 31. 12. 2004
25. 02. 05	SOLTEQ Plc - Financial statements 1. 1. – 31. 12. 2004
25. 02. 05	Adoption of ifrs
25. 02. 05	Invitation to the annual general meeting of shareholders
07. 03. 05	Solteq delivers a comprehensive SAP solution to Componenta
21. 03. 05	Decisions by the general meeting of Solteq Plc
18. 04. 05	SOLTEQ Plc – Interim report 1. 1. – 31. 3. 2005
09. 05. 05	Shares subscribed with warrants in Solteq Plc
17. 06. 05	Shares subscribed with warrants in Solteq Plc
30. 06. 05	Shares subscribed with warrants in Solteq Plc
03. 08. 05	SOLTEQ Plc – Interim report 1. 1. – 30. 6. 2005
22. 08. 05	Invitation to the extraordinary general meeting of shareholders
09. 09. 05	Decision by the extraordinary general meeting of shareholders
30. 09. 05	Shares subscribed with warrants in Solteq Plc
17. 10. 05	SOLTEQ Plc INTERIM REPORT 1. 1. – 30. 9. 2005
31. 10. 05	Shares subscribed with warrants in Solteq Plc
15. 12. 05	Shares subscribed with warrants in Solteq Plc
23. 12. 05	Solteq's financial reporting 2006
30. 12. 05	Transfer of Solteq Plc's funds entered into Trade Register
30. 12. 05	Shares subscribed with warrants in Solteq Plc

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SOLTEQ

SOLTEQ Plc

FINANCIAL STATEMENTS

1. 1. 2005 – 31. 12. 2005

Solteq Plc Financial statements 2005

Report of the Board of Directors

OPERATIONAL ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq Group (hereafter Solteq) is a comprehensive IT partner for the retail, wholesale and industry sectors. Solteq's IT systems and services create added value to our clients' business by supporting their core operations.

Solteq's know-how is strongest in chain retail trade, wholesale, car sales as well as forest and wood product industries. In addition Solteq serves, among others, companies specialising in project operations.

According to Market-Visio, the net worth of the Finnish IT-market in 2005 was approximately 5.1 billion Euro, of which SME's share was 15% or approximately 800 million euro. Annual growth rate was 4%. Services hold a 43.5% share of the overall market.

The trend on the market has been the centralisation of the software market. International product developers, such as SAP's and Microsoft's Business Management Systems have increased their market shares in Finland also in the SME-sector. Solteq operates in cooperation with SAP and Wincor-Nixdorf and tailors their base products into packages more suited for the specific needs of each of our target sectors. The aim is to create solutions that are easy to embed into existing business, and we believe that the demand for these is up.

Solteq continues to work with its clients after the initial product delivery for further development as well as product support to ensure the system serves the client efficiently. This market of further development of existing systems has experienced strong growth. According to Market-Visio, upkeep and control of existing systems covers approximately 2/3 of companies' IT -sector's overall expenses, so there is a strong sense of further development of previous investments.

In addition to products based on international solutions, Solteq also offers a portfolio of its own products that it has developed with its clients and these still bear a relevance in today's markets in many business sectors.

The internationalisation of Finnish companies also shows in the partial shift of IT-expenditure out of Finland. According to Market-Visio, internationalised companies spend a quarter of their IT-expenditure outside of Finland. This share was higher in industry than in other sectors.

As Solteq's clients expand regionally and further afield, the need for cross-border systems integration creates further growth opportunities. Utilisation of global product suites enables Solteq's expansion and internationalisation together with its clients.

Solteq further develops its operations to specialise as a service oriented environment and builds closer strategic relationships with its clients. The core of Solteq's relationship model is the IT OK (IT know-how centre) cooperation concept, which enables the mapping of development needs and plans the required operations and service plan together with the customer.

INVESTMENT, RESEARCH AND DEVELOPMENT

Gross investment (excluding financial leasing contracts) during the financial period was 1.145 thousand Euro (2.702 thousand Euro).

Solteq Oscar operations were sold to an associated company of which Solteq owns 20%. This sale does not have a significant impact into the 2005 result or balance sheet position. Operational turnover in 2004 was approximately 500 thousand euro.

From the beginning of 2005, the operations from the group's companies were transferred to the parent company. This clarified the operational structure of the group and lowered administration expenditure.

Solteq's R&D costs are mainly personnel costs. Solteq's strategy for base products has been to work in cooperation with global actors, such as SAP and Wincor-Nixdorf and utilise their resources and distribution channels. Our own R&D has been concentrated to the development of customer specific add-on products.

During this review period, the company has been involved in three large-scale projects in add-on development, and 798 thousand Euro of expenses has been capitalised in accordance of the IFRS-standards. Other product development expenditure has not been capitalised.

Two development projects that were running in 2005 will be concluded during the first quarter of 2006 and the scheduled depreciation will be started accordingly.

TURNOVER AND RESULT

Turnover decreased from the last year's equivalent review period to 21.6 million Euro (21.7 million Euro).

Turnover is built on a number of clients and, at most, one client contributes approximately 5 per cent to the total turnover.

The company's profit grew considerably to 1.228 thousand Euro (918 thousand Euro). Profit before taxation was 1.476 thousand Euro (1.378 thousand Euro).

BALANCE SHEET AND FINANCING

Total assets equalled 14,377 thousand Euro (16,087 thousand Euro), of which cash and cash equivalents were 1,349 thousand Euro (4,123 thousand Euro). The main reason for the decrease in cash and cash equivalents was the periodisation of project billing.

The company's already high solvency ratio rose to 75.2 percent (65.6%)

SOLTEQ AND IFRS

Solteq has begun its financial reporting in accordance with IFRS with effect from 01.01.2005.

Changes to the reporting practices, equity reconciliation and IFRS comparison figures for all quarters of 2004 have been presented in a separate stock exchange bulletin dated 25.2.2005.

OPERATIONAL RISK AND UNCERTAINTY EVALUATION

Solteq Plc takes risks that are relevant to the company's strategy and aims. These risks are controlled and reduced by different means. The Board is responsible for internal monitoring. The Managing Director will oversee the practical arrangements of the monitoring. Business operations are controlled and monitored using reporting and forecasting systems.

By utilising risk control measures, the aim is to identify significant risks to the business operations at the earliest possible stage and ensure that the ability to react quickly to risks and changes is retained. The company's financing risks are controlled centrally from the group's finance unit and risks are reported, when necessary, to the Managing Director. Appropriate insurance cover is in place in case of property, work safety and liability risks arising from business operations.

PERSONNEL

The number of permanent employees was 187 at the end of the review period (199 employees). Average number of personnel during the review period was 193 (202 employees). At the end of the review period the number of personnel divided as follows: retail and wholesale trade employed 125 persons and industry and service sector employed 62 persons.

SHARES AND SHAREHOLDERS

Solteq Plc's share capital on 31.12.2005 was 908,392.66 Euro and the number of shares was 10,802,115. The shares have no nominal value and their accounting par value is approximately 0.08 euro per share.

Exchange and Rate

During the review period, the exchange of Solteq's shares in the Helsinki Stock Exchange was 3.5 million shares (2.8 million shares) and 6.7 million Euro (5.2 million Euro). Highest rate during the review period was 2.17 Euro and lowest rate 1.58 Euro. Weighted average rate of the share was 1.90 Euro and end rate 2.02 Euro. The market value of the company's shares at the end of the review period totalled 21.8 million Euro (17.0 million Euro).

Ownership

In December 2005, Solteq had a total of 2,791 share holders (2,841 share holders). Solteq's 10 largest share holders owned 6,291 thousand shares or 58.2 percent of the company's shares and votes.

Solteq Plc's members of the board owned a total of 4,846 thousand shares or 44.9 percent of the company's shares and votes.

ANNUAL GENERAL MEETING

Solteq's annual general meeting was held on 21.3.2005 where the company's financial statements for 2004 were adopted and the members of the board and the Managing Director were discharged from liability. The proposals of the board of directors are included as in full in the stock exchange bulletin published by Solteq on 25.2.2005.

Authorisation to increase share capital, acquire own shares and release own shares.

The annual general meeting authorised the board of directors within one year of the annual general meeting to decide on the increase of the share capital on one or more occasions through a subscription issue or issuing option rights or both, the maximum increase totalling 179,348 Euro. The authorisation includes the right to deviate from the shareholders' pre-emptive right of subscription.

The annual general meeting authorised the board of directors within one year of the annual general meeting to acquire the company's own shares. The amount, together with the own shares already acquired and in the possession of the company, must not exceed 5 percent of the company's total number of shares. Shares can be acquired in order to develop the company's capital structure, finance acquisitions or similar arrangements or convey otherwise or be invalidated. This proposed acquisition of own shares does not have material effect on the company's ownership or the voting rights.

The annual general meeting authorised the board of directors within one year of the annual general meeting to decide on conveyance of the company's own shares, the maximum conveyed amount being 533,179 shares. As per the authorisation, the board of directors has the right to decide on the conveyance of repurchased shares other than in proportion to the existing pre-emptive right of shareholders to subscribe the company's own shares. The shares shall be conveyed at the market value at the time of transfer and it is possible to convey them against other than monetary property.

Board of Directors and Auditors

The annual general meeting decided to change Solteq's articles of association in a way that the board of directors consist of 5 – 7 members. In accordance with the decision made by the annual general meeting, Seppo Aalto, Ari Heiniö, Veli-Pekka Jokiniva and Ali U. Saadetdin continue as members of the board. Jukka Sonninen was elected as a new member of the board.

Ali U. Saadetdin was re-elected as the Chairman of the Board.

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

Dividends

The annual general meeting decided in accordance with the board of directors' proposal to pay dividends for the financial year 1.1.–31.12.2004 an amount of 0.10 Euros per share. The dividends were paid on 4.4.2005.

EXTRAORDINARY GENERAL MEETING

Solteq's EGM on 9.9.2005 approved the board's proposal to transfer 9,500,000 Euros from the Share Premium Reserve to another account under the AGM's control and into unrestricted equity.

The permission to carry out this decision was received from the trade register official on 30.12.2005 and transfer of funds was carried out in accordance with the decision of the Extraordinary General Meeting.

EVENTS AFTER THE BALANCE SHEET DATE

The company has bought the entire share capital of Artekus Oy on 26.01.2006. Artekus specialises in the material control and maintenance IT systems and services for the industry sector.

Solteq Plc is acquiring business operations with an estimated turnover of EUR 4.5 million in 2005. This acquisition is expected to yield a significant positive effect on Solteq's 2006 result.

PROSPECTS

During 2006, we expect the company's turnover to increase by over 20%. Main part of this growth is attributable to a company trade.

BOARD'S PROPOSAL FOR THE USE OF PROFITS

The Board of Directors will propose to the AGM on 24. March 2006 that dividends will not be paid and profits will be transferred to the company's retained earnings.

GROUP'S INCOME STATEMENT

thousand EUR	Note	1.1.–31.12.2005	1.1.–31.12.2004
Revenue	1,3	21 568	21 730
Other income	4	55	73
Materials and services		-5 141	-4 829
Employee benefit expenses	7	-10 656	-11 069
Depreciation and amortisation expenses	6	-511	-637
Other expenses	5,8	-4 087	-4 350
Operating profit		1 228	918
Financial income	9	269	1 251
Financial expenses	10	-21	-791
Profit before taxes		1 476	1 378
Tax expenses	11	-256	-400
Profit for the financial period		**1 220**	**978**
Earnings per share attributable to equity holders of the parent:		0,11	0,09
Profit attributable to equity holders of the parent		0,11	0,11
Earnings per share, undiluted (EUR)	12	0,11	0,09
Earnings per share, diluted (EUR)	12	0,11	0,09

GROUP'S BALANCE SHEET

thousand EUR			
ASSETS	**Note**	**31.12.2005**	**31.12.2004**
Non-current assets			
Property, plant and equipment	13	2 891	2 713
Goodwill	14	2 556	2 709
Other intangible assets	14	1 327	687
Non-current assets available for sale	15	88	64
Receivables	15	140	0
Deferred tax assets	16	192	333
		7 194	6 506
Current assets			
Trade receivable and other receivables	17	5 834	5 458
Financial assets at fair value through profit or loss	18	1 118	3 092
Cash and cash equivalents	19	231	1 031
		7 183	9 581
Total assets		**14 377**	**16 087**
EQUITY AND LIABILITIES		**31.12.2005**	**31.12.2004**
Equity attributable to equity holders of the parent			
Share capital	20	908	897
Share premium reserve	20	234	9 643
Shareholders equity reserve	20	9 500	0
Retained earnings		167	6
		10 809	10 546
Total equity		**10 809**	**10 546**
Non-current liabilities			
Interest-bearing liabilities	23	163	163
		163	163
Current liabilities			
Trade and other payable	24	3 018	4 915
Provisions	22	61	137
Short-term interest bearing liabilities	23	326	326
		3 405	5 378
Total liabilities		**3 568**	**5 541**
Total equity and liabilities		**14 377**	**16 087**

GROUP'S CASHFLOW STATEMENT

thousand EUR	Note	1.1.-31.12.2005	1.1.-31.12.2004
Business operation cash flow			
Operating profit		1 228	1 034
Adjustments for operating profit	26	572	506
Amendments to working capital		-1 706	-1 110
Interest paid		-17	-75
Interest received		15	53
Paid taxes		-175	-4
Business operation net cash flow		**-83**	**404**
Investment cash flow			
Acquisition of associates		-8	0
Investments in tangible and intangible assets		-1 108	-2 702
Sale of tangible and intangible assets		108	124
Proceeds from sale of other shares and assets		0	261
Loans issued		-950	0
Purchase of other shares		-30	0
Investments in securities		-1 355	-5 181
Proceeds from sales of securities		1 546	5 257
Dividends received from investments		51	652
Net investment cash flow		**-1 746**	**-1 589**
Financing cash flow			
Income from issued shares		103	99
Payment of financial leasing debt installments			
Dividends paid		-1 066	-947
Net financing cash flow		**-963**	**-848**
Changes in cash and cash equivalents		-2 792	-2 033
Cash and cash equivalents 1.1.	26	3 023	5 056
Cash and cash equivalents 31.12.		**231**	**3 023**

STATEMENT OF CHANGES IN EQUITY

thousand EUR	Share capital	Share premium reserve	Shareholders equity reserve	Retained earnings	Total
Equity 31.12.2003	910	9 531	0	1 459	11 900
Effects of adopting the IFRS standards				-1 522	-1 522
Adjusted equity 1.1.2004	910	9 531	0	-63	10 378
Awarded options				39	39
Profit for the financial period				978	978
Distribution of dividends				-948	-948
Cancellation of shares	-25	25			0
Subscription issue	12	87			99
Equity 31.12.2004	897	9 643	0	6	10 546
Awarded options				7	7
Profit for the financial period				1 220	1 220
Distribution of dividends				-1 066	-1 066
Subscription issue	11	91			102
Funds transfer		-9 500	9 500		0
Equity 31.12.2005	908	234	9 500	167	10 809

DISTRIBUTABLE EARNINGS

Distributable earnings	31.12.2005	31.12.2004
Retained earnings	167	6
Shareholders equity reserve	9 500	0
Distributable earnings	9 667	6

Notes to consolidated financial statements

COMPANY'S BASIC INFORMATION

The group is an IT solutions and service provider to companies in the trade and industry sectors. Specialist know-how in the fields of chained trade, retail and wholesale trade, auto trade and selected industry segments' IT systems and related services. The group operates mainly in Finland.

The group's parent company is Solteq Plc. The parent company is a Finnish publicly limited company, domiciled in Tampere and its registered address is Eteläpuisto 2 C, FI-33200 TAMPERE, Finland. A copy of the group's financial statement is available from the aforementioned address.

ACCOUNTING PRINCIPLES

Basis of preparation

This is the group's first financial statement, that has been prepared to the stipulations of the International Financial Reporting Standards (IFRS) and in its preparation, as valid on 31.12.2005, the IAS and IFRS standards along with the SIC and IFRIC interpretations have been followed. International financial reporting standards mean the standards and their interpretations that have been approved for adoption in the EU in accordance with the procedure No. 1606/2002 enacted in the Finnish Accounting Act and EU (EC) regulations laid down by the Act. The notes to the consolidated financial statements also follow the accounting and company laws in Finland.

The group adopted the IFRS accounting standards during 2005 and has, in this occasion, applied the IFRS 1 – First-time Adoption of International Financial Reporting Standards. The transition date of IFRS adoption was 1.1.2004. An IFRS compliant opening balance sheet has been prepared for that date. Effects of adopting the IFRS standards have been outlined in the notes to the consolidated financial statements.

The group's financial statement has been prepared on historical cost convention, with the exceptions for financial assets available for sale and financial assets recorded at fair value through income statement. In the preparation of the group's financial statement, with effect from the beginning of 2004, the IFRS 3 Business Combinations standard, as published in March 2004, has been followed along with the IAS 36 Impairment of Assets and IAS 38 Intangible assets standards, effective from the same date. As outlined in the aforementioned standards, goodwill is not amortised but, instead, an annual test for the goodwill impairment is carried out. Share-based payments are recorded to their fair value at the grant date. Financial statement information is presented in thousands of Euros.

Preparation of the financial statements in accordance with the IFRS requires that the group management carries out certain estimations and considerations in the adoption of accounting principles. Information of these considerations that the management has used in the adoption of the accounting principles and which have the most effect in the figures shown in the financial statements, have been presented in the section "Accounting policies requiring management judgement and central uncertainties relating to accounting estimates".

ACCOUNTING PRINCIPLES FOR THE GROUP'S FINANCIAL STATEMENTS

Subsidiaries

The group financial statements include Solteq Plc and its subsidiaries. Solteq Retail Oy and Atk-Integrointi Oy Väinö Tissari were included as subsidiaries in the group's 2004 financial statements. Only Atk-Integrointi Oy Väinö Tissari has been included as a subsidiary in the 2005 group financial statements. Solteq Retail Oy's business operations were transferred as an advance distribution share to parent company Solteq Plc on 1.1.2005 and the company's voluntary insolvency status concluded to the company's dissolution on 31.8.2005. Both aforementioned subsidiaries are companies where the group holds right of control. Right of control is assumed when the group owns more than half of the votes or it otherwise has the right of control. Right of control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Associates

Associates are companies where the group has a significant influence. Significant influence is reached when the group owns over 20% of the company's votes or when the group otherwise has a significant influence but not right of control. Group's financial statements for 2005 do not include Oscar Software Oy, acquired in January 2005. Exclusion is based on the temporary nature of ownership.

FOREIGN CURRENCY ITEMS

Figures on the result and the financial position of the Group's entities are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). The group financial statements are presented in Euros, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are translated to the presentation currency at the monthly average rate close to the date of the transaction. At the time of closing the annual accounts, receivables and debts in a foreign currency have been converted to functional currency using that date's exchange rates. Any exchange rate profit or loss from transactions in foreign currencies has been recorded in the financial statements under financial income and expense.

PROPERTY, PLANT AND EQUIPMENT

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

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

Machinery and equipment	3–5 years

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

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

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

BORROWING COSTS

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

INTANGIBLE ASSETS

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

Development costs	5–10 years
Software	3–5 years
Other intangible assets	3–10 years

Goodwill

Goodwill is that part of the acquisition cost that exceeds the group's share in the acquired company's net assets' fair value at the time of acquisition. Goodwill of previous business combinations equals their book value in accordance with the previous accounting standards applied by the Group that has been used as estimated acquisition cost. The classification of these acquisitions or their accounting treatment has not been adjusted in the group's opening IFRS balance sheet.

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

Research and development costs

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

LEASES

Group as a lessee

Lease contracts for tangible assets for which the group has a significant part of the risks and rewards incidental to ownership, are classed as financial leases. At the commencement of the lease term, a finance lease is recognised on the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payment. Assets acquired by a finance lease are depreciated during the asset's economic life or, if shorter, the lease term. Lease payments are divided into financial expenses and loan repayments during the rental period so that the remaining debt at the end of a financial period has an equal interest percentage. Lease commitments are included under interest bearing liabilities.

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

IMPAIRMENT

The group estimates at the end of each financial period whether or not there is any indication of impairment in any asset. In the event of any such indication, the recoverable amount of the value is estimated. Recoverable amounts are also estimated annually on the following asset groups regardless of whether or not there is any indication of impairment: goodwill, intangible assets with indefinite economic life as well as intangible assets not yet available for use. Need for impairment is monitored at the cash-generating unit level, that is, at the level of units that are independent from other units and whose cash flows can be separated from other cash flows.

Recoverable amount is the asset's fair value less selling costs or value in use, if higher. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a cash generating unit. Recoverable amount of financial asset is either the fair value or estimated present value of future cash flows discounted at the original effective rate. Impairment loss is recognised when the asset's book value is higher than its recoverable amount. Impairment loss is immediately entered in the income statement. If the impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the goodwill of the cash-generating unit and then to decrease symmetrically other assets of the unit. Impairment loss is reversed, if circumstances change and the asset's recoverable value has changed from the time of the recording of the impairment loss. Reversal amount cannot, however, be higher than the asset's book value would be without the recording of the impairment loss. Impairment loss on goodwill is not reversed under any circumstances.

Goodwill's impairment test in accordance with IAS 36, has been carried out on the IFRS transition date, 1.1.2004 as required by the IFRS adoption standard.

EMPLOYEE BENEFITS

Pension liabilities

Pension arrangements are classed as defined benefit plans and defined contribution plans. The group only has defined contribution plans. Payments under the Finnish pension system and other contribution based pension schemes are recorded as expenses as incurred.

Share based payments

The group has applied IFRS 2 - Share based payments - standard to all its option arrangements, where the options had been issued after 7.11.2002 and which had not matured prior to 1.1.2005. Option arrangements prior to this date have not been recorded as expense in the income statement. Option rights are valued at fair value at the time of their issue and are recorded as expense in the income statement in equal amounts during the vesting period. Costs defined at the time of issue of the options are based on the group's estimate of the number of options which are expected to mature at the end of the vesting period. The valuation of the option rights is defined using the Black-Scholes and Monte Carlo model. Effects of non-market based conditions are not included in the valuation of the options, but they are considered in the number of options that are expected to mature at the end of the vesting period. Group will update its assumption of the final number of options at the end of each financial period. Any such amendments are recorded in the income statement. When option rights are used, transactions made based on share subscription are recorded in the share capital and the share premium reserve.

FINANCIAL ASSETS AND LIABILITIES

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

TRADE AND OTHER RECEIVABLES

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

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

FINANCIAL ASSETS RECORDED AT THE FAIR VALUE THROUGH PROFIT OR LOSS

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

CASH AND CASH EQUIVALENTS

Cash and bank accounts are included in cash and cash equivalents. Unused overdraft facility in the amount of EUR 1.0 M has not been recorded in the balance sheet.

PROVISIONS

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

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

INCOME TAXES

Tax expenses for the financial period comprise of current tax based on the taxable income of the financial period and deferred taxes. Tax calculated from the taxable income of the financial period is based on the tax rate prevailing in each country. Taxes are adjusted with possible taxes relating to previous financial periods.

Deferred taxes are calculated from all temporary differences between book value and taxable value. Most significant temporary differences are due to project calculation periods and goodwill amortisations. Goodwill impairment losses that are not tax deductible are not recorded as deferred taxes and taxes are not recorded on undistributed profit from subsidiaries when the differences are unlikely to realise in the foreseeable future.

Deferred taxes are calculated using the tax rates enacted at the end of the financial period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the temporary differences can be utilised.

REVENUE RECOGNITION

Sold goods and services produced

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

Income from services are recorded when the service has been carried out. Income is recorded up to the amount that can be reliably assessed at the end of performing the service. Income and expenses for long-term projects are recorded as income and expenses based on degree of completion. Degree of completion is defined by comparing the costs incurred at the reporting date to the estimated total cost of the project. When it is likely that a project's completion costs are going to exceed the income from the project, the expected loss is recorded immediately.

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

Interests

Interest income is recorded using the effective interest method.

Other income and expenses

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

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

Operating profit

IAS 1 Presentation of financial statements standard does not define operating profit. The group has defined it as follows: operating profit is the net sum that is calculated by adding other income to the revenue, deduct material and services and change in finished goods and work in progress, deduct employee benefit expense, depreciation and amortisation expense, possible impairment losses and other expenses. Everything else, except the aforementioned items, is presented below the operating profit.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND CENTRAL UNCERTAINTIES RELATING TO ACCOUNTING ESTIMATES

In preparation of the group's financial statement, estimates and assumptions regarding the future must be made and some of these have an effect on the numbers recorded for assets, liabilities, income and expenses. These estimates and assumptions are based on experience and other reasonable assumptions, which are believed to be appropriate in the circumstances that form the basis in which the group's financial statement is prepared. The end results may deviate from these assumptions and estimates. In addition, some judgement must be exercised in the preparation of the principles of the financial statement.

Impairment test

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

1. Segment information

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

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

Pricing between the segments is done by appropriate market values.

Business segments

The group's business segments are:

Retail and wholesale trade: all trade customers

Industry and services: industry customers

2005, thousand EUR			
Business segments	**Trade**	**Industry and services**	**Total**
Turnover	15 651	5 917	21 568
Operating profit	658	570	1 228
Unallocated items	-5	-3	-8
Result of the financial period	653	567	1 220
Segment's assets	9 774	4 603	14 377
Total assets	9 774	4 603	14 377
Segment's liabilities	2 391	1 177	3 568
Total liabilities	2 391	1 177	3 568
Investments	1 030	115	1 145
Depreciation	342	169	511
2005, thousand EUR			
Business segments	**Trade**	**Industry and services**	**Total**
Turnover	15 019	6 711	21 730
Operating profit	1 016	-98	918
Unallocated items	40	20	60
Result of the financial period	1 056	-78	978
Segment's assets	10 657	5 430	16 087
Total assets	10 657	5 430	16 087
Segment's liabilities	3 712	1 829	5 541
Total liabilities	3 712	1 829	5 541
Investments	1 563	1 139	2 702
Depreciation	427	210	637

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

2 Acquired business operations

On 6.4.2004, the group acquired the Danish R5 A/S's Finnish operations by the means of an asset deal. The acquisition expense for this event was EUR 2,146 thousand. Solteq did not acquire any significant tangible or intangible assets, therefore this acquisition expense was entirely goodwill. The trade price was paid in cash.

3 Long-term projects

Income from long-term projects to the group's turnover reached EUR 4,585 thousand in 2005 (EUR 1,917 thousand in 2004).

Incomplete long-term projects yielded EUR 2,503 thousand in proceeds to the group's financial statement by 31.12.2005 (EUR 1,917 thousand 31.12.2004). Advance payments from incomplete long-term projects reached EUR 2,180 thousand for the balance sheet by 31.12.2005 (EUR 3,041 thousand on 31.12.2004).

4 Other income

thousand EUR	2005	2004
Profits from sale of tangible fixed assets	26	49
Other income	29	24
Total	**55**	**73**

5 Other expenses

thousand EUR	2005	2004
Losses from sale of tangible fixed assets and write-offs	0	14
Expenses from telephone and information flow	458	548
Rent costs	882	804
Car and travel expenses	1 315	1 397
Other expenses	1 432	1 587
Total	**4 087**	**4 350**

6 Depreciation, amortisation and impairment

thousand EUR	2005	2004
Depreciation by asset group		
Intangible assets		
Other intangible assets	101	229
Total	**101**	**229**
Tangible assets		
Machines and equipment	410	408
Total	**410**	**408**

7 Employee benefit expense

thousand EUR	2005	2004
Wages	8 486	8 834
Pension expenses - defined contribution plans	1 582	1 702
Other staff expenses	588	533
Total	**10 656**	**11 069**
Average group staff during financial period	**2005**	**2004**
Trade	129	135
Industry and services	64	67
Total	**193**	**202**
Employees on 31.12.	187	199

Information on the management remuneration and loans are presented in note 29 Related party transactions.

8 Research and development costs

The financial statement included EUR 600 thousand in R&D costs, mainly comprising of wages, in 2005 (EUR 500 thousand in 2004).

9 Financial income

thousand EUR	2005	2004
Interest income	19	29
Income from dividends	51	915
Other financial income	187	307
Changes in fair value	12	0
Total	**269**	**1 251**

10 Financial expenses

thousand EUR	2005	2004
Interest expenses	6	2
Losses from sale of financial securities	0	705
Other financial expenses	15	84
Total	**21**	**791**

Other financial expenses include rent expenses of EUR 4 thousand (EUR 4 thousand in 2004), recorded as financial leasing contracts.

11 Income taxes

thousand EUR	2005	2004
Taxes based on the taxable income of the financial period.	102	4
Deferred taxes	154	396
Total	**256**	**400**

Reconciliation between income statement's tax expenses and taxes based on the group's domestic tax rate (2005: 26 %, 2004: 29%):

thousand EUR	2005	2004
Result before taxation	1 476	1 378
Taxes based on domestic tax rate	384	400
Undeductible expenses	16	13
Liquidation loss	-87	0
Valuation of investments into fair value	-3	14
Change in tax rate	-22	0
Other differences	-32	-27
Taxes in the income statement	**256**	**400**

12 Earnings per share

Undiluted EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares in circulation.

EPS corrected by dilution calculated by using the weighted average number of shares takes into account all potentially diluting stock shares transformed into ordinary shares thus creating a diluting effect. Share options are the instrument that increases the number of diluting stock shares in the group. Share options have a diluting effect when the issue price of the option is lower than the share's actual value. The number of shares causing the diluting effect is that which needs to be released without substitutes, because the income from the use of options does not enable the group to release the same amount of shares at the actual value. The share's actual value is based on the average price of the shares over the financial period.

	2005	2004
Profit for the financial period attributable to equity holders of the parent (thousand EUR)		
Continuing operations	0,11	0,09
Weighted average of the number of shares during the financial period (1000)	10 733	10 596
Undiluted EPS (EUR per share), continued operations	0,11	0,09
EPS after dilution correction (EUR per share), continued operations	0,11	0,09

13 Property, plant and equipment

thousand EUR	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2005	158	1 882	1 122	21	3 183
Additions	0	262	349	0	611
Acquisition of subsidiary companies	0	0	0	0	0
Deductions	0	0	-23	0	-23
Exchange gains and losses	0	0	0	0	0
Acquisition cost 31.12.2005	**158**	**2 144**	**1 448**	**21**	**3 771**
Accumulated depreciation and impairment 1.1.2005	0	0	470	0	470
Depreciation	0	0	410	0	410
Impairment	0	0	0	0	0
Deductions	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0
Accumulated depreciation and impairment 31.12.2005	**0**	**0**	**880**	**0**	**880**
					0
Book value 1.1.2005	158	1 882	652	21	2 713
Book value 31.12.2005	158	2 144	568	21	2 891
Acquisition cost 1.1.2004	158	1 882	790	15	2 845
Additions	0	0	436	6	442
Acquisition of subsidiary companies	0	0	0	0	0
Deductions	0	0	-104	0	-104
Exchange gains and losses	0	0	0	0	0
Acquisition cost 31.12.2004	**158**	**1 882**	**1 122**	**21**	**3 183**
Accumulated depreciation and impairment 1.1.2004	0	0	90	0	90
Depreciation	0	0	380	0	380
Impairment	0	0	0	0	0
Deductions	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0
Accumulated depreciation and impairment 31.12.2004	**0**	**0**	**470**	**0**	**470**
Book value 1.1.2004	158	1 882	700	15	2 755
Book value 31.12.2004	158	1 882	652	21	2 713

EUR 538 thousand remained to be depreciated of the group's machinery and equipment on 31.12.2005 (EUR 577 thousand on 31.12.2004).

Along with the adoption of the IFRS, the tangible fixed asset reporting included items, which had a remaining book value on 1.1.2004.

Financial leases

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

thousand EUR	Machinery and equipment	Total
31.12.2005		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489
31.12.2004		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489

EUR 332 thousand worth of assets with financial leases is included in the additions in 2005 (EUR 332 thousand in 2004).

14 Intangible assets

thousand EUR	Goodwill	Group goodwill	Development cost	Intangible rights	Other long-term expences	Total
Acquisition costs 1.1.2005	2 438	381	356	1 463	136	4 774
Capitalised development costs	0	0	798	0	0	798
Additions	0	0	0	5	19	24
Deductions	-97	-55	0	-82	0	-234
Acquisition of subsidiary companies	0	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0	0
Acquisition costs 31.12.2005	**2 341**	**326**	**1 154**	**1 386**	**155**	**5 362**
Accumulated amortisation and impairment 1.1.2005	110	0	0	1 189	79	1 378
Amortisation	0	0	0	80	21	101
Impairment	0	0	0	0	0	0
Accumulated amortisation and impairment 31.12.2005	**110**	**0**	**0**	**1 269**	**100**	**1 479**
Book value 1.1.2005	2 328	381	356	274	57	3 396
Book value 31.12.2005	2 231	326	1 154	117	55	3 883
Acquisition costs 1.1.2004	292	381	0	1 404	119	2 196
Capitalised development costs	0	0	356	0	0	356
Additions	2 146	0	0	59	17	2 222
Acquisition of subsidiary companies	0	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0	0
Acquisition costs 31.12.2004	**2 438**	**381**	**356**	**1 463**	**136**	**4 774**
Accumulated amortisation and impairment 1.1.2004	110	0	0	953	58	1 121
Amortisation	0	0	0	236	21	257
Impairment	0	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0	0
Accumulated amortisation and impairment 31.12.2004	**110**	**0**	**0**	**1 189**	**79**	**1 378**
Book value 1.1.2004	182	381	0	451	61	1 075
Book value 31.12.2004	2 328	381	356	274	57	3 396

During this review period and comparison year, the company has been involved in three large-scale projects in add-on development, and EUR 798 thousand (EUR 356 thousand) of expenses have been capitalised in accordance with IFRS. Other product development costs have not been activated. Two development projects that were running in 2005 will be concluded during the first quarter of 2006 and the scheduled depreciation will be started accordingly.

Along with the adoption of the IFRS, the intangible asset reporting included items, which had a remaining book value on 1.1.2004.

Impairment

Impairment tests have been carried out at cash-generating unit level. Recoverable amount has been determined by using value in use. Defined estimated cash flows are based on actual operating profit and 5-year forecasts. Forecast has taken into account a three percent growth estimate. According to the view of the management, this estimate is moderate and represents the general growth of the market.

The discounting rate used in the calculations was 10 percent before taxes. According to the management's view, reasonable variations in the main assumptions used in the calculations would not result in the bookvalue of assets exceeding their recoverable amounts.

15 Long-term assets available for sale

thousand EUR	2005	2004
Beginning of financial period	64	64
Additions	24	0
End of financial period	**88**	**64**

Information on the group's associates:

	Domicile	ownership share (%)
2005		
Oscar Software Oy	Tampere	20

Oscar Software Oy has not been consolidated into the group's financial statement because the ownership is temporary that has been agreed on a separate contract between the shareholders. Solteq Plc will relinquish its shares at a pre-determined time and Solteq Plc holds no rights to the company's result. For this reason, Solteq Plc holds the view that the company has no considerable influence in Oscar Software Oy.

The EUR 140 thousand receivable from Oscar Software Oy has been presented as long-term receivables.

16 Deferred tax assets and liabilities

Changes in deferred taxes over 2005:

thousand EUR	31.12.2004	Recorded in income statement	31.12.2005
Deferred tax assets:			
Provision for loss	145	-102	43
Project accruals	140	80	220
Shelved depreciation	0	22	22
Other items	48	-48	0
Total	**333**	**-48**	**285**
Deferred tax liabilities:			
Amortisation of goodwill	0	93	93
Total	**0**	**93**	**93**
thousand EUR	**1.1.2004**	**Recorded in income statement**	**31.12.2004**
Deferred tax assets:			
Provision for loss	105	40	145
Project accruals	62	78	140
Other items	0	48	48
Total	**167**	**166**	**333**

17 Trade receivables and other receivables

thousand EUR	2005	2004
Trade receivables	3 872	5 053
Loan receivables	950	0
Prepayments and accrued income	956	325
Other receivables	56	80
Total	**5 834**	**5 458**

Significant items included in prepayments and accrued income relate to usual business accruals.

18 Financial assets at fair value through profit or loss

thousand EUR	2005	2004
Publicly quoted securities	1 118	1 100
Short-term interest bearing funds	0	1 992
Total	**1 118**	**3 092**

19 Cash and cash equivalents

thousand EUR	2005	2004
Cash and bank accounts	231	1 031
Total	**231**	**1 031**

20 Notes to equity

Below is the reconciliation of the number of shares.

thousand EUR	Number of shares (1 000)	Share capital	Share premium reserve	Shareholders equity reserve	total
1.1.2004	10 816	910	9 531	0	10 441
Use of share options	135	12	87		99
Cancellation of own shares	-287	-25	25	0	0
31.12.2004	**10 664**	**897**	**9 643**	**0**	**10 540**
Use of share options	138	11	91		102
Funds transfer	0		-9 500	9 500	0
31.12.2005	**10 802**	**908**	**234**	**9 500**	**10 642**

The maximum number of shares is 28,539,504 (28,539,504 in 2004). The shares have no nominal value and their accounting par value is approximately EUR 0.08 per share. The group's maximum equity according to the articles of association is EUR 2.4 million (EUR 2.4 million in 2004).

Description of reserves is presented in the following

Share premium reserve

A reserve to be used in accordance with the Companies Act § 12:3a.

Shareholders equity reserve

Solteq's EGM on 9.9.2005 approved the board's proposal to transfer 9,500,000 Euros from the Share Premium Reserve to another account under the AGM's control and into unrestricted equity. The permission to carry out this decision was received from the trade register official on 30.12.2005 and transfer of funds was carried out in accordance with the decision of the Extraordinary General Meeting.

Dividends

The Board of Directors has proposed to the AGM, that dividends will not be paid and profits will be transferred to the company's retained earnings.

21 Share-based payments

The group has had option arrangements since 26.8.1999. Information on option rights and conditions:

Option programme I

AGM on 26.8.1999 decided to issue 550,000 option rights, each of which represents one Solteq Plc's share. Option rights can be offered, as decided, to members of the board, other management and to staff to increase their levels of motivation and commitment. The subscription period begins:

– option certificate A 1.9.2001
– option certificate B 1.9.2002
– option certificate C 1.9.2003
– option certificate D 1.9.2004

Option programme I's registration into the trade register was not carried out in the time limit specified by the Companies Act, which is why the programme was annulled. AGM decided on 26.3.2003 that option programme I would be renewed with the earlier conditions. All registration issues regarding this decision have also been made.

Option programme I's subscription period ended on 31.5.2005. By the end of the subscription period, 211,750 of Solteq Plc's shares had been subscribed to through option programme I.

Option programme II

AGM on 15.11.2000 decided to issue 1,000,000 option rights, each of which entitles to the subscription of one Solteq Plc's share. Option rights can be offered, as decided, to members of the board, other management and to staff to increase their levels of motivation and commitment. The subscription period for the shares begins on a sliding scale from one year of the end of the issue period.

Option programme's subscription period ends on 31.12.2007. 99,125 of Solteq Plc's shares had been subscribed to by the financial report dated 31.12.2005 through option programme II.

Amendments and weighted average subscription prices of the options are as follows:

	2005		2004	
(1 000 pcs)				
	Exercise price weighted averaged EUR/shar	Option numbers	Exercise price weighted averaged EUR/share	Option numbers
Beginning of financial period	0,85	635	0,82	626
Used options	0,84	-139	0,74	-135
Invalidated options	3,49	-283	0,00	0
New options awarded	0,00	0	0,80	144
End of financial period	**1,32**	**213**	**0,85**	**635**
Implementable options at the end of the financial period	**1,32**	213	**0,85**	635

At the time of the financial report, the issued share options' subscription prices and ending times have been presented in the following:

Expiration year	Implementation price (EUR)	2005 number of shares (1 000 pcs)	2004 number of shares (1 000 pcs)
2005	0,63–5,10	0	124
2007	0,70–2,00	213	201

22 Provisions

thousand EUR	Unprofitable contracts
1.1.2005	137
Change of provisions	-76
31.12.2005	61

Short-term provisions relate to delivery agreements with fixed price.

23 Interest-bearing liabilites

thousand EUR		2005 Balance sheet values	2004 Balance sheet values	
Long-term				
Finance lease liabilities		163	163	
		163	**163**	
Short-term				
Finance lease liabilities		326	326	
		326	**326**	

Due dates for long-term liabilities:

2005	**2006**	**2007**	**2008**	**Later**
thousand EUR				
Finance lease liabilities	326	163	0	0
Total long-term liabilities	**326**	**163**	**0**	**0**
2004	**2005**	**2006**	**2007**	**Later**
thousand EUR				
Finance lease liabilities	326	163	0	0
Total long-term liabilities	**326**	**163**	**0**	**0**

Due dates for financial leasing liabilities:

thousand EUR	2005	2004	
Financial lease liabilities - total amount of minimum payments			
Within 12 months	326	326	
Between 1 and 5 years	163	163	
	489	**489**	
Financial lease liabilities - current value of minimum liabilities			
Within 12 months	322	322	
Between 1 and 5 years	161	161	
	483	**483**	
Future financing expences	**6**	**6**	
Total financial lease liabilities	**489**	**489**	

24 Trade and other payables

thousand EUR	2005	2004
Short-term		
Trade payable	743	806
Accruals and deferred income	1 392	1 877
Other liabilities	883	2 232
Total	**3 018**	**4 915**

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

25 Control of financing risk

The group is subject to a number of financing risks during business operations. The group's risk control aims to minimise the adverse effects of the finance markets to the group's result. The general principles of the group's risk control are approved by the board and their implementation is the responsibility of the accounting department together with the different business units.

Credit risk

The group's operating style defines the customers' and investment transactions' credit-worthiness demands and investment principles. The group does not have any significant credit risk groupings in its receivables, because it has a wide customer-base and it gives credit only to companies who have an unblemished credit rating. During the financial period, the effect of credit losses has not been significant. The group's credit risk's maximum amount is the book value of financing funds on 31.12.2005

Liquidity risk

The group monitors and estimates continuously the amount of funds needed to run the business operations, so that the group will, at all times, retain enough liquid assets to fund the operation and repay debts that fall due. The availability of funding and its flexibility is ensured by unused credit limits and by using a number of different banks and financing methods in the procurement of funding. EUR 1,000 thousands of unused credit remained on 31.12.2005.

26 Adjustments to cash flow from business operations

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

During the comparison year, the liquid funds also include the short-term interest funds, EUR 1,992 thousands.

27 Other lease agreements

Group as a lessee

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

thousand EUR	2005	2004
Within a year	550	305
One to five years	1 620	271
More than five years	1 798	0
Total	**3 968**	**576**

The group has leased most of the cars, copiers and mobile telephones in its use. The lease agreements include the possibility to continue the agreement after the expiration of the original. The agreements differ in terms in index, renewal and other conditions. Lease liability for the new premises in Helsinki has been presented for a set period of time. Move to these premises will take place in March 2006.

EUR 587 thousand (EUR 533 thousand in 2004) of other payments made through lease agreements were included in the 2005 balance sheet.

28 Contingent liabilities and collateral

thousand EUR	2005	2004
Collateral given under our own behalf		
Company guarantees	1 178	1 178

Collateral from the parent company amount to EUR 1,505 thousand for credit limits.

29 Related party transactions

Group's parent and subsidiary relations are as follows:

Company	Domicile	Share of ownership (%)	Share of votes (%)
Solteq Oyj			
Atk-Integrointi Oy Väinö Tissari	Finland	100 %	100 %
Qetlos Oy	Finland	100 %	100 %

Group's subsidiaries have not carried out operations during the closed financial period. Qetlos Oy has not been consolidated into the group because the company is dormant. Fully owned subsidiary, Solteq Retail Oy's operations were moved to parent company, Solteq Plc with effect from 1.1.2005 and the company was dissolved after a voluntary liquidation period on 31.8.2005.

The following related party transactions took place:

Sale of services		
thousand EUR	**2005**	**2004**
Sale of services		
Parent company	0	499
Total	**0**	**499**
Purchase of services		
thousand EUR	**2005**	**2004**
Purchase of services		
Subsidiaries	0	499
Total	**0**	**499**
Rent arrangements		
thousand EUR	**2005**	**2004**
Rent costs		
Company leadership	73	59
Management employee benefits		
thousand EUR	**2005**	**2004**
Wages and other short-term employment benefits	405	440
	405	**440**

Wages and salaries

thousand EUR	2005	2004
Managing Director Jorma Hänninen	158	197
Deputy Managing Director and Member of the Board Seppo Aalto	98	100
Members of the Board		
Saadetdin Ali U.	71	71
Jokiniva Veli-Pekka	10	10
Heiniö Ari	10	10
Sonninen Jukka	10	0

In 2004, EUR 39 thousand have been paid to the members of the board as consulting remuneration in addition to the standard payment for being a member of the board.

Certain members of the company's leadership may, if they so wish, retire between 55-58 years of age. Members of the board and the Managing Director owned 10,620 option rights and 4,866,518 shares at the end of 2005 (2004: 57,000 option rights and 4,855,118 shares). Options give the right to subscribe to 10,620 shares, which is 0.1 percent of all shares and votes (2004: 57,000 shares, which correspond to 0.5 percent of all shares and votes). Option programmes for the board and the Managing Director have the same conditions as the option programmes for the rest of the staff.

thousand EUR	2005	2004
Trade receivables		
Receivable from the parent company	0	198
Receivable from subsidiary	0	1 120
Trade payable		
Debt to parent company	0	198
Debts to subsidiary	0	1 120

30 Events after the balance sheet date

Solteq Plc has signed an acquisition deal on 26.01.2006 over the entire share capital of Artekus Oy, a company specialising in providing maintenance and material control information systems and services for the industry sector.

Solteq Plc is acquiring business operations with an estimated turnover of EUR 4.5 million in 2005. This acquisition is expected to yield a significant positive effect on Solteq's 2006 results.

Because the exact trade price has not yet been defined, the acquisition price allocations have not yet been carried out.

31 Adopting the IFRS

As pointed out in the basis for reporting, this is Solteq group's first IFRS compliant financial statement. Prior to IFRS, Solteq group's financial reports followed the rules and regulations of the Finnish accounting standards.

Adopting the IFRS has amended the financial statements, their notes and accounting principles when compared to the previous financial statements. The principles outlined in the notes have been followed in the preparation of the financial statements up to 31.12.2005, comparison figures from 31.12.2004 and the opening balance sheet compliant to IFRS for 1.1.2004 (group's IFRS transition date, with the exceptions for IAS 32 and IAS 39).

Reconciliation calculations later and explanations describe the differences between the IFRS and the Finnish Accounting Standards (FAS) from the year 2004 and from the IFRS transition date 1.1.2004.

Financial instruments governed by IAS 32 and 39 have been presented in accordance with FAS in the comparison figures of 2004, as allowed in IFRS 1. There are no significant changes in the figures from the comparison period's ending date, 31.12.2004, and the first day's balance sheet of the IFRS standard, so no separate reconciliation has been prepared.

RECONCILIATION OF EQUITY 1.1.2004 JA 31.12.2004

thousand EUR	Reference	FAS 31.12.2003	to IFRS transfer effect	IFRS 1.1.2004	FAS 31.12.2004	to IFRS transfer effect	IFRS 31.12.2004
ASSETS							
Long-term assets							
Intangible assets							
Intangible rights	6	820	-350	470	1 037	-350	687
Goodwill	7	562		562	2 481	228	2 709
Tangible assets	4,5,6	247	2 786	3 033	184	2 529	2 713
Investments							
Other shares and holdings	5	2 840	-2 772	68	2 579	-2 515	64
Deferred tax assets				0	0	333	333
Total long-term assets		4 469		4 133	6 281		6 506
Short-term assets							
Short-term receivables		4 913	285	5 198	5 458		5 458
Financial assets		4 546		4 546	3 092		3 092
Cash and bank balances		2 054		2 054	1 031		1 031
Total short-term assets	3	11 513		11 798	9 581		9 581
Total assets		15 982		15 931	15 862		16 087
EQUITY AND LIABILITIES							
Equity							
Share capital		910		910	897		897
Share premium reserve		9 531		9 531	9 643		9 643
Retained earnings	2,3,6,9	329	-825	-496	512	-1 484	-972
Profit/Loss for the financial year		1 130	-697	433	1 056		978
Total shareholders' equity		11 900		10 378	12 108		10 546
Liabilities							
Long-term liabilities	4	0	163	163		163	163
Short-term liabilities	2,4	4 082	1 308	5 390	3 755	1 624	5 379
Total liabilities		4 082		5 553	3 755		5 542
Total equity and liabilities		15 982		15 931	15 863		16 088

RECONCILIATION OF PROFIT FOR FINANCIAL PERIOD 1.1.-31.12.2004				
thousand EUR	**Reference**	**FAS 1.1.–31.12.2004**	**to IFRS transfer effect**	**IFRS 1.1.–31.12.2004**
Turnover	2	22 270	-540	21 730
Other operating income		73		73
Materials and services	2	-5 053	224	-4 829
Staff expenses	9	-11 031	-38	-11 069
Depreciation	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 income and expenses	1	-235	235	0
Income taxes	3	-448	48	-400
Profit for the financial period		1 056		978
EPS calculated from the profit attributable to the equity holders of the parent		0,12		0,09
Earnings per share, undiluted (EUR)		0,12		0,09
Earnings per share, diluted (EUR)		0,12		0,09

Notes to reconciliations of equity 1.1.2004 and 31.12.2004 and profit between 1.1. and 31.12.2004.

Extraordinary items (1) - IAS 1 BC

No income or expenditure is presented as being the result of anything other than the company's ordinary business operation. Therefore, all extraordinary items are returned to the income and expenditure of business operations.

Revenue recognition (2) - IAS 11 & IAS 18

As per previous practise, the company has presented revenue from goods and services included in long-term projects separately.

IAS 11: stipulates that the company must present each long-term project as a whole. When the long-term project's result is possible to estimate accurately, that specific project's income is recorded as profit based on the degree of completion. In the event that an accurate estimate is not possible, any income is only recorded up to the amount of that project's expenditure. Any expected loss from the project is immediately recorded as an expense.

The company has previously recorded income from its own product rights during the quarter when the customer is due to pay for them. Generally, this has taken place during the first and third quarters of the year.

Maintenance payments are divided according to IAS 18 by the degree of completion as income. This means that the company divides these payments into equal amounts between the different quarters.

Deferred taxes (3) - IAS 12

The company has already previously recorded Deferred tax liabilities and assets from temporary differences between bookkeeping and tax values. Deferred taxes that are now presented are due to the changes in the accounting principles.

Leases (4) - IAS 17
Financing leases are recorded in the company's balance sheet as assets and liabilities. Leased assets are depreciated during their useful life and the lease payments are divided into financing expenses and loan repayments.

Pension insurance - IAS 19
Because TEL (pension) disability part is considered a defined contribution plan in the future, the company will not note any possible imputed pension liability in the IFRS comparison figures for 2004. The company finds that presenting this liability will not considerably improve the comparison of 2004 to later years.

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 of assets (6) - IAS 36
The company records impairment losses when the recoverable amount of the asset is smaller than its book value.

Amortisation of goodwill (7) - IAS 38
No amortisation is made to goodwill or other assets with indefinite useful lives. The assets are tested and, if necessary, impairment loss booked according to IAS 36 annually and at times when there is indication that the value of the asset has depreciated.

Research and development costs (8) - IAS 38
Intangible asset that is a consequence of development work, is recorded into the balance sheet when the stipulations of IAS 38 have been met.

Option programmes (9) - IFRS 2
Actual value of staff options at the time of issue is recorded as salary expenses for the time between the issue and subscription.

The reference column of the table refers to the numbers marked at the end of the main variables.

32 Five year figures

	Financial period 1.1.–31.12.				
Key figures outlining the group's financial development (million EUR)	**2005 IFRS**	**2004 IFRS**	**2003 FAS**	**2002 FAS**	**2001 FAS**
Turnover	21,6	21,7	20,8	18,8	22,0
Increase in turnover	-0,7 %	4,4 %	10,5 %	-14,4 %	8,2 %
Operating profit/loss	1,2	0,9	1,2	0,6	-0,5
% of turnover	5,7 %	4,2 %	5,6 %	2,9 %	-2,4 %
Profit/loss before taxation	1,5	1,4	1,6	-0,5	-0,9
% of turnover	6,9 %	6,3 %	7,5 %	-2,8 %	-4,3 %
Return on equity, %	11,4 %	8,7 %	10,1 %	4,8 %	-3,0 %
Return on invested capital, %	13,3 %	12,4 %	13,8 %	8,2 %	-3,4 %
Solvency ratio, %	75,2 %	65,6 %	74,5 %	70,5 %	66,2 %
Gross investments in non-current assets	1,3	2,7	0,2	1,4	0,7
% of turnover	5,8 %	12,4 %	0,7 %	7,4 %	3,1 %
Research and development costs	1,1	0,9	1,4	1,9	2,2
% of turnover	5,2 %	4,1 %	6,8 %	10,3 %	10,0 %
Net Gearing	-8,0 %	-34,5 %	-55,5 %	-26,2 %	-17,6 %
Average number of employees over the financial period	193	202	192	195	238
	Financial period 1.1.–31.12.				
Group's key figures per share	**2005 IFRS**	**2004 IFRS**	**2003 FAS**	**2002 FAS**	**2001 FAS**
Earnings per share, EUR	0,11	0,09	0,11	0,05	-0,04
Equity per share, EUR	1,00	0,99	1,13	1,03	1,07
Dividends per share, EUR	0,00	0,10	0,09	0,00	0,00
Dividend-to-earnings ratio, %	0,0 %	108,3 %	82,4 %	0,0 %	0,0 %
Effective dividend yield, %	0,00%	6,29%	5,81%	0,00%	0,00%
Price/earnings (P/E)	17,8	17,2	14,2	12,1	N/A
Highest share value, EUR	2,17	2,25	1,73	1,10	1,59
Lowest share value, EUR	1,58	1,51	0,61	0,52	0,55
Average share value, EUR	1,90	1,83	1,26	0,80	1,09
Market capitalisation, 1000 EUR	21 820	16 955	16 319	6 526	7 221
Shares trade volume, 1000 pcs	3 519	2 840	3 174	1 232	1 882
Shares trade volume, %	32,8 %	26,8 %	29,9 %	11,5 %	17,6 %
Weighted average number of shares adjusted with share issue during the financial period, 1000 pcs	10 733	10 596	10 614	10 698	10 698
Number of shares adjusted with share issue at the end of the financial period, 1000 pcs	10 802	10 664	10 529	10 698	10 698

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

Dividend for financial period 2005 as proposed by the board.

Calculation principles of the key figures

CALCULATION OF FINANCIAL RATIOS		
Return on Equity (ROE) in percentage:		
	profit or loss before taxation - taxes / equity	x 100
Profit from invested equity in percentage:		
	profit or loss before taxation+ interest expenses and other financing expenses / balance sheet total - non-interest bearing liabilities	x 100
Solvency ratio, in percentage		
	equity / balance sheet total - advances received	x 100
Gearing		
	interest-bearing liabilities - cash, bank balances and securities / equity	x 100
Diluted earnings per share:		
	diluted profit before taxation - taxes +/- minority interest / diluted average share issue corrected number of shares	
Earnings per share:		
	Pre-tax result - taxes +/- minority interest / diluted average share issue corrected number of shares	
Equity per share:		
	equity / adjusted number of shares at the end of financial period	
Dividend per share:		
	Dividend for the financial period / Number of shares at the time of payment	
Dividend of the result in percentage:		
	dividend per share x 100 / equity per share	
Effective dividend yield in percentage:		
	dividend per share / last share price of the financial period	
Price/earnings (P/E number):		
	last share price of the financial period / equity per share	

33 Share-ownership division and shareholder information

OWNERSHIP DISTRIBUTION BY SECTOR 31.12.2005

	Owners amount	Shares and votes %	Shares and votes pcs
Companies	128	10,19 %	1 100 638
Financier and insurance institutions	4	0,07 %	7 855
Public organisations	1	0,14 %	15 000
Households	2 643	88,67 %	9 578 146
Non-profit organisations	5	0,08 %	8 970
Outside Finland	8	0,15 %	16 290
	2 789	99,30 %	10 726 899
Nominee registered	2	0,70 %	75 216
Total	2 791	100,00 %	10 802 115

OWNERSHIP DISTRIBUTION ACCORDING TO SIZE CLASS 31.12.2005

Number of shares	Owners amount	Shares and votes %	Shares and votes pcs
1–100	442	0,33 %	35 738
101–1 000	1 589	7,21 %	778 461
1 001–10 000	673	18,54 %	2 002 571
10 001–100 000	80	18,22 %	1 968 147
100 001–1 000 000	5	11,07 %	1 195 680
1 000 000–	2	44,64 %	4 821 518
Total	2 791	100,00 %	10 802 115
of which nominee registered	2	0,70 %	75 216

MAJOR SHARE OWNERS 31.12.2005

	Shares and votes pcs	Shares and votes %
1. Saadetdin Ali	3 159 312	29,2 %
2. Aalto Seppo	1 662 206	15,4 %
3. Profiz Business Solution Oyj	455 830	4,2 %
4. Onninen-Sijoitus Oy	300 000	2,8 %
5. Saadetdin Katiye	156 600	1,4 %
6. Meronen Kari	146 250	1,4 %
7. Roininen Matti	137 000	1,3 %
8. Paloniemi Asko	100 000	0,9 %
9. Hynä Oy	93 400	0,9 %
10. Hyttinen Pertti	80 863	0,7 %
10 largest total	6 291 461	58,2 %
Nominee registered	75 216	0,7 %
Others	4 435 438	41,1 %
Total	10 802 115	100,0 %

Financial Statements, parent company 2005

INCOME STATEMENT	1.1.–31.12.2005	1.1.–31.12.2004
NET TURNOVER	21 116 723,27	20 319 033,77
Other operating income	54 679,01	61 312,50
Materials and services	-5 140 845,47	-5 001 017,37
Personnel expenses	-11 250 048,48	-10 254 680,03
Depreciation, amortisation and reduction in value	-789 266,11	-517 064,87
Other operating expenses	-3 822 319,03	-3 962 192,19
OPERATING PROFIT	168 923,19	645 391,81
Financial income and expenses	252 120,28	468 909,02
PROFIT BEFORE EXTRAORDINARY ITEMS	421 043,47	1 114 300,83
Extraordinary items	-333 809,07	399 000,00
PROFIT BEFORE APPROPRIATIONS AND TAXES	87 234,40	1 513 300,83
Income taxes	-101 463,74	-431 002,23
PROFIT FOR THE FINANCIAL YEAR	-14 229,34	1 082 298,60

BALANCE SHEET		
Assets	**31.12.2005**	**31.12.2004**
NON-CURRENT ASSETS		
Intangible assets	3 221 132,94	3 235 086,47
Tangible assets	100 117,15	156 010,95
Financial assets		
Shares in Group companies	15 225,86	213 899,06
Other investments	2 404 068,22	1 755 494,31
Long-term receivables	140 000,00	0,00
TOTAL NON-CURRENT ASSETS	5 880 544,17	5 360 490,79
CURRENT ASSETS		
Short-term receivables	6 537 297,44	6 113 944,85
Financial assets		
Other securities	1 117 718,00	3 092 136,49
Cash in hand and at banks	230 508,33	956 381,78
TOTAL CURRENT ASSETS	7 885 523,77	10 162 463,12
Total assets	**13 766 067,94**	**15 522 953,91**

Equity and Liabilities	31.12.2005	31.12.2004
EQUITY		
Share capital	908 392,66	896 743,55
Share premium reserve	234 297,68	9 642 661,04
Shareholders equity reserve	9 500 000,00	0,00
Retained earnings	81 534,13	65 594,53
Profit for the financial year	-14 229,34	1 082 298,60
TOTAL EQUITY	10 709 995,13	11 687 297,72
LIABILITIES		
Short-term liabilities	3 056 072,81	3 835 656,19
TOTAL LIABILITIES	3 056 072,81	3 835 656,19
Equity and liabilities	**13 766 067,94**	**15 522 953,91**

CASH FLOW STATEMENT	2005	2004
BUSINESS OPERATION CASH FLOW		
Operating profit	168 923,19	645 391,81
Adjustments for operating profit	572 241,07	483 530,09
Changes in working capital	-573 224,20	-1 143 409,89
Interest and other financial expenses	-17 442,00	-74 568,29
Dividends received	0,00	119 894,15
Interest income	15 426,00	51 898,47
Extraordinary items	0,00	-235 000,00
Paid taxes	-174 628,00	0,00
NET BUSINESS OPERATION CASH FLOW	-8 703,94	-152 263,66
INVESTMENT CASH FLOW		
Acquisition of affiliate associates	-8 000,00	0,00
Investments in tangible and intangible assets	-846 011,00	-2 701 912,42
Proceeds from sale of tangible and intangible assets	107 640,00	123 656,83
Proceeds from sale of other shares and assets	0,00	260 420,00
Loans issued	-950 000,00	0,00
Other investments	-292 352,00	
Investments in securities	-1 354 882,00	-5 180 672,78
Proceeds from sales of securities	1 546 228,00	5 256 621,00
Dividends received from investments	51 084,00	652 383,00
NET INVESTMENT CASH FLOW	-1 746 293,00	-1 589 504,37
FINANCING CASH FLOW		
Income from issued shares	103 285,00	99 267,00
Amortization of long-term loans	0,00	0,00
Dividends paid	-1 066 359,00	-947 582,10
Group contributions	0,00	556 000,00
NET FINANCING CASH FLOW	-963 074,00	-292 315,10
CHANGE IN CASH AND CASH EQUIVALENTS	-2 718 070,94	-2 034 083,13
Cash and cash equivalents 1.1.	2 948 579,27	4 982 662,40
Cash and cash equivalents 31.12.	230 508,33	2 948 579,27

Notes to the financial statements

NOTES CONCERNING THE REPORTING ENTITY BELONGING TO A GROUP

The company is a part of the Solteq Plc Group.
Solteq Plc Group's parent company is Solteq Plc, domiciled in Tampere

ACCOUNTING PRINCIPLES

Currency

The currency of this financial report is the Euro.

The depreciation periods are as follows:

Machinery and equipment	3–5 years
Software	3–5 years
Goodwill	10 years
Other intangible assets	3–10 years
Development costs	5–10 years

Research and product development

Research costs are noted as expenses in the income statement. Costs derived from new or further developed products are activated in the balance sheet as intangible assets from when the product is technically possible to produce, it can be commercially utilised and the product is expected to yield financial gain. Research costs previously noted as expenses will not be activated at a later date. Depreciation will be noted from assets when it is ready for use. Asset that is not yet ready for use is tested annually for depreciation. Research expenses that have been activated carry a goodwill period not exceeding 10 years, during which activated assets are written off as costs in equal amounts.

Pensions

Pension obligations are classed as benefit based and contribution based arrangements. Solteq Plc only carries contribution based pension arrangements. Payments under the Finnish pension system and other contribution based pension schemes are recorded as expenses during the financial year to which they correspond to.

Revenue recognition

Income from the sale of assets is recorded when the significant benefits and risks of the ownership of that asset have transferred to the buyer. Income from services is recorded when the service has been carried out. Income is recorded up to the amount that can be reliably assessed at the end of performing the service. Income and expenses for long-term projects are recorded as income or expenses based on degree of completion. Degree of completion is defined by comparing the costs incurred at the time of the audit to the estimated total cost of the project. When it is likely that the costs incurred by the completion of the project will exceed the estimated total income from the project, the estimated loss will be recorded as expenses immediately. When the completion of a long-term project cannot be accurately estimated, costs incurred from this project are recorded as expenses during the same period when they have been incurred and any income from the project is only recorded up to the amount that equals the expenses incurred. Losses from the project will be recorded as costs immediately.

NOTES TO THE INCOME STATEMENT

Materials and services	2005	2004
Materials and consumables		
Purchases during the financial year	3 642 945,92	3 676 698,22
External services	1 497 899,55	1 324 319,15
Total materials and services	**5 140 845,47**	**5 001 017,37**

Personnel

Average number of staff	2005	2004
Trade	129	135
Industry and services	64	67
Total	**193**	**202**
Employees on 31.12.	187	199

Staff expenses	2005	2004
Wages and salaries	9 079 481,99	8 196 045,66
Pension expenses	1 582 029,12	1 585 760,70
Other social security expenses	588 537,37	472 873,67
Total	**11 250 048,48**	**10 254 680,03**

Depreciation, amortisation and reducton in value	2005	2004
Machinery and equipment	78 163,10	67 069,46
Intangible rights	711 103,01	449 995,41
Total	**789 266,11**	**517 064,87**

Financial income and expenses	2005	2004
Other interest income and other financial income	269 562,73	1 249 810,99
Interest and other financial expences	-17 442,45	-780 901,97
Total financial income and expenses	**252 120,28**	**468 909,02**

NOTES TO THE BALANCE SHEET

Non-current assets

Intangible assets

Development costs	**2005**	**2004**
Acquisition expense 1.1.	356 000,00	0,00
Acquisitions during the financial year	885 616,79	356 000,00
Acquisition expense 31.12.	1 241 616,79	356 000,00
Book value 31.12.	**1 241 616,79**	**356 000,00**

Intangible rights	**2005**	**2004**
Acquisition expense 1.1.	1 878 066,53	1 798 270,97
Acquisitions during the financial year	31 595,20	79 795,56
Decreases during financial year	240 000,00	0,00
Acquisition expense 31.12.	1 669 661,73	1 878 066,53
Accrued depreciation 1.1.	1 210 124,88	953 557,80
Depreciation according to plan	142 892,86	256 567,08
Reduction in value	180 469,82	0,00
Accumulated depreciation 31.12.	1 533 487,56	1 210 124,88
Book value 31.12.	**136 174,17**	**667 941,65**

Goodwill	**2005**	**2004**
Acquisition expense 1.1.	2 437 979,24	291 836,28
Acquisitions during the financial year	0,00	2 146 142,96
Acquisition expense 31.12.	2 437 979,24	2 437 979,24
Accrued depreciation 1.1.	282 617,21	110 357,38
Depreciation according to plan	214 614,31	172 259,83
Reduction in value	152 295,25	0,00
Accumulated depreciation 31.12.	649 526,77	282 617,21
Book value 31.12.	**1 788 452,47**	**2 155 362,03**

Other capitalised long-term expenditure	**2005**	**2004**
Acquisition expense 1.1.	135 365,98	117 865,98
Acquisitions during the financial year	19 937,49	17 500,00
Acquisition expense 31.12.	155 303,47	135 365,98
Accrued depreciation 1.1.	79 583,17	58 414,68
Depreciation according to plan	20 830,77	21 168,50
Accumulated depreciation 31.12.	100 413,94	79 583,18
Book value 31.12.	**54 889,53**	**55 782,80**
Total book value for intangible assets 31.12.	**3 221 132,96**	**3 235 086,48**

Tangible assets		
	2005	2004
Acquisition expense 1.1.	322 244,89	308 569,87
Acquisitions during the financial year	45 553,03	116 704,24
Decreases during financial period	23 283,74	103 029,22
Acquisition expense 31.12.	344 514,18	322 244,89
Accrued depreciation 1.1.	166 233,95	99 164,49
Depreciation according to plan	78 163,10	67 069,46
Accumulated depreciation 31.12.	244 397,05	166 233,95
Book value 31.12.	**100 117,13**	**156 010,94**

Investments

Group undertakings	Company's share of ownership-%
Atk-Integrointi Oy Väinö Tissari, Savonlinna	100 %

Qetlos Oy, which is a part of the group, has not been consolidated in the group balance sheet. Company has been dormant and its exclusion has no significant effect on the Solteq Group's result nor its open equity.

Group´s associates	Group's ownership	Parent company's ownership
Oscar Software Oy, Tampere	20,0 %	20,0 %

Associated company has not been consolidated in the parent company's balance sheet because its ownership has been agreed as temporary. Solteq Plc will relinquish its shares at a pre-determined time and Solteq Plc carries no right to the company's profits.

Other shares and holdings	Pcs	Book value
Kiinteistö Oy Villakarstaaja	888	769 924,80
Kiinteistö Oy Nukanleikkaaja	844	708 878,54
Kiinteistö Oy Kuopion Sammonkatu 14	772	305 064,73
Vierumäen Kuntokylä Oy, K-series	2640	261 620,00
Asunto Oy Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti Oy	105	111 190,68
Qetlos Oy	150	61 783,16
Other shares		40 622,43
Total		2 404 068,22

Current assets		
Receivables	**2005**	**2004**
Trade receivables	3 871 898,22	4 624 597,57
Group receivables		
Other receivables	0,00	1 119 895,00
Total	**0,00**	**1 119 895,00**
Loan receivables	950 000,00	0,00
Other receivables	56 213,23	64 717,94
Prepayments and accrued income	1 659 185,99	304 734,34
Total	**2 665 399,22**	**369 452,28**
Total receivables	**6 537 297,44**	**6 113 944,85**
Liabilities		
Equity	**2005**	**2004**
Share capital	908 392,66	896 743,55
Share premium reserve	234 297,68	9 642 661,04
Shareholders equity reserve	9 500 000,00	0,00
Retained earnings	81 534,13	65 594,53
Result for the financial year	-14 229,34	1 082 298,60
Total equity	**10 709 995,13**	**11 687 297,72**
Distributable earnings	**2005**	**2004**
Retained earnings	81 534,13	65 594,53
Result for the financial year	-14 229,34	1 082 298,60
Shareholders equity reserve	9 500 000,00	0,00
Total	**9 567 304,79**	**1 147 893,13**
Short-term liabilities	**2005**	**2004**
Loans from financial institutions	0,00	0,00
Intra group debts	14 367,09	198 381,31
Trade payable	742 859,24	803 360,28
Other debts	800 391,79	1 058 567,88
Accruals and deferred income	1 498 454,69	1 775 346,72
Total	**3 056 072,81**	**3 835 656,19**
Significant items in accruals and deferred income	**2005**	**2004**
Significant items in accruals and deferred income relate to usual accruals of business operations.		

Other notes

Liabilities and commitments excluded from the balance sheet

Payments from leasing contracts	**2005**	**2004**
To be paid in the next financial period	517 019,00	516 521,17
To be paid later	500 549,00	524 852,16
Total	**1 017 568,00**	**1 041 373,33**

Leasing contracts vary in length and do not include any specific redemption clauses.

Contingent liabilities and collateral	**2005**	**2004**
Company quarantee for credit limits	1 178 000,00	1 178 000,00
Debts with collateral		
Credit limit	1 505 000,00	505 000,00
Collaterals		
Company guarantees	1 178 000,00	1 178 000,00
Total guarantees	**1 178 000,00**	**1 178 000,00**

Fixed-term rent liability for the new Helsinki premises is EUR 3.509 thousand.
Move to these premises will take place in March 2006.

DIVIDEND PROPOSAL AND SIGNATURES

Parent company Solteq Plc's unrestricted equity on 31.12.2005 is:

Shareholders equity reserve	EUR 9.500.000,00
Retained earnings	EUR 81.534,13
Loss for financial period	EUR -14.229,34
Total	EUR 9.567.304,79

Distributable earnings of this is EUR 9,567,304.79.

Solteq Plc group's unrestricted equity on 31.12.2005 is

Shareholders equity reserve	EUR 9.500.000,00
Retained earnings	EUR -1.053.639,94
Profit for the financial period	EUR 1.219.865,31
Total	EUR 9.666.225,37

Distributable earnings of this is EUR 9,666,225.37.

The Board of Directors proposes that dividends will not be paid and profits will be transferred to retained earnings.

Signatures of the financial statements and the report of the board of directors

In Helsinki, 26. January 2006

Ali U. Saadetdin
Chairman of the Board

Seppo Aalto
Member of the Board

Veli-Pekka Jokiniva
Member of the Board

Ari Heiniö
Member of the Board

Jukka Sonninen
Member of the Board

Jorma Hänninen
Managing Director

Auditor's balance sheet remarks

These financial statements have been prepared following the generally accepted accounting principles. On this date, auditor's report has been issued on these financial statements.

In Helsinki, 27. January 2006

KPMG Oy Ab

Frans Kärki
APA

Auditor's report

TO THE SHAREHOLDERS OF SOLTEQ PLC

We have audited the accounting records, the financial statements and the administration of Solteq Plc for the financial period 1.1. - 31.12.2005. The Board of Directors and the Managing Director have prepared the report of the board of directors, consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and the administration.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

PARENT COMPANY'S FINANCIAL STATEMENTS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the treatment of the result for the period is in compliance with the Companies Act.

In Helsinki, 27. January 2006

KPMG Oy Ab

Frans Kärki
APA