SOLTEQ

FINANCIAL STATEMENTS 1.1.2006 – 31.12.2006

Solteq Plc Financial Statements 2006

Report of the Board of Directors

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENTS

Solteq Group (hereafter Solteq) delivers IT systems and related services supporting business operations of trade and industrial companies. Solteq's industry knowledge is strongest in chain stores and wholesale trade, car sales and forest and wood industry. In addition, Solteq serves companies specialised in project operations among other things. Artekus, acquired in the beginning of 2006, is the leading provider of IT systems for industry maintenance in Finland. Solteq's operations are based on strong partnerships with its customers. Over 60 % of the company's turnover comes from services.

Solteq's product strategy is based on both developing own product together with the customers as well as packaging international software companies', such as SAP and Wincor Nixdorf, retail products as tailored solutions for different industries. In addition to these industry specific solutions, Solteq has developed its own added value products. During the review period Solteq expanded its offering to cover Microsoft's Dynamics corporate software by acquiring all the shares of Tampereen Systeemitiimi Oy specialised in their delivery.

According to Market-Visio's estimate, the value of Finland's IT-markets was ca. 5 250 million euros in 2006, which meant a 3,5 percent growth from the previous year. The estimated growth for year 2007 is 3 per cent. IT-markets include hardware, software and IT-service markets.

In addition to organic growth, Solteq seeks growth through acquisitions suitable for its strategy as well as expanding in the near areas. The company's internationalisation possibilities improved clearly during the review year through Artekus. The possibilities of exporting its products in Russia have been investigated and first deliveries have taken place. Together with Wincor Nixdorf, sales of store systems in the international markets have been started.

The internationalisation of Solteq's clientele brings pressure to integrate systems cross-border and new growth potential also to Solteq. This is also supported by the fact that even now approximately 80 % of the customers' IT investment decisions are made in Finland.

According to Market-Visio, companies' IT consumption is labelled by strong cost control and awareness, and this is predicted to continue in the coming years. The cost saving measures are expected to increase out-sourcing activities as well as demand for IT services produced in countries with lower cost level (offshore/nearshore services).

The price pressure has been also noted in Solteq's clientele. Especially in industry, larger customers are cutting down the number of their IT suppliers and paying less for their IT services. On the other hand, Solteq can offer its customers ready packaged industry specific solutions applicable for even global markets cost-effectively.

TURNOVER AND RESULT

Turnover increased 7,4% compared to the previous year and totalled 23.166 thousand euros (21.568 thousand euros). The growth resulted from the acquisitions during the financial year. Organic growth was negative.

Turnover consists of several individual customerships. At the most, one client corresponds to a less than five percentages from the turnover.

The company's result figures weakened clearly. The operating result was -498 thousand euros (1.228 thousand euros), result before taxes was -479 thousand euros (1.476 thousand euros) and the profit for the period 123 thousand euros (1.220 thousand euros).

Tampere district court ruled Solteq Plc to pay approximately 560 thousand euros as a compensation for damages to Arokarhu Oy relating to a claimed agreement breach. The amount in question and accrued interests have been expensed during the financial year in accordance with a prudence principle. Solteq regards the ruling as false and has appealed to Turku court of appeal regarding both the basis for the ruling as well as the amount of compensation.

As a consequence of the co-operation negotiations held during the summer, fifteen employments ended either through termination or voluntary arrangements. The costs for ending the employments totalled approximately 200 thousand euros.

The company's financial income totalled 19 thousand euros (248 thousand euros). Funds to be invested decreased due to acquisitions and return of equity.

In October Solteq Plc received a decision regarding the regular taxation of the year 2005 from the Tampere inland revenue office. Based on the decision Solteq Plc can deduct the loss, ca. 3.6 million euros, caused by the liquidation of its previously owned subsidiary Solteq Retail Oy in 2005 from its taxable income for the tax years 2005 – 2007, as the company had suggested. In accordance with IFRS the company adjusts its tax expense for the review period to reflect the received decision. The positive effect of this adjustment on the taxes for the review period is 617 thousand euros.

BALANCE SHEET AND FINANCING

The total assets amounted to 20.347 thousand euros (14.377 thousand euros). The increase is mainly due to the acquisitions of Artekus Oy and Tampereen Systeemitiimi Oy and their consolidation.

Liquid assets and current investments totalled 2.225 thousand euros (1.349 thousand euros). The significant increase in liquid assets during the last part of the year is due to the timing and payment terms of the acquisition of Tampereen Systeemitiimi Oy. The company's liquid funds have been included in the Group balance sheet beginning from November 2006 while the payment of the purchase price to be paid in cash will take place mainly in January 2007.

The company's equity ratio was 47,7 % (75,2%). The equity ratio, which was earlier considered to be even too high, has been lowered in the spring through the equity return to the shareholders which was mainly funded though debt. In addition, growth of the balance sheet due to acquisitions lowered the ratio as well.

INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investments during the review period were 7.680 thousand euros (1.251 thousand euros). For the most part these consisted of the acquisitions during the financial period as well as capitalised development costs.

Acquisitions

Solteq announced on 27.1.2006 that it will acquire the shares of Artekus Oy specialising in maintenance and materials management systems and services for industry. The company has been consolidated in the financial statements starting from 1.2.2006.

Solteq announced on 16.11.2006 that it is acquiring Tampereen Systeemitiimi Oy specialising in Microsoft's corporate software. The company has been consolidated starting from 1.11.2006.

Research and development

Solteq's research and development costs consist mainly of personnel costs. When developing basic products, it is Solteq's strategy to co-operate with global actors such as SAP and Wincor-Nixdorf and utilise their resources and distribution channels. Own development efforts are focused on added value products and developing tailored service concepts.

During the review period, development costs under IFRS have been capitalised in the amount of 342 thousand euros relating to four different development projects. Of the aforementioned projects, two have been completed during the first quarter and thus the depreciation according to plan have been started for the capitalised amount.

PERSONNEL

The number of permanent employees at the end of the review period was 234 (187). Average number of personnel during the review period was 240 (193). At the end of the review period the number of personnel divided as follows: trade 114, industry and services 75 and shared functions 45.

The increase in the number of personnel is due to the acquisitions during the financial year. As a result of the co-operation negotiations which took place in the autumn, employment of 15 people ended in the parent company either through termination or voluntary arrangements.

SHARES AND SHAREHOLDERS

Solteq Plc's equity on 31.12.2006 was 993.654,69 euros which was represented by 12 038 229 shares. The shares have no nominal value.

As a part of the acquisition price, sellers of Tampereen Systeemitiimi Oy were given 222.224 new shares of Solteq Plc in December 2006. The shares have been registered in the trade register at the end of the financial year and trading with the shares in question is estimated to begin 15.3.2007.

Exchange and rate

During the financial year, the exchange of Solteq's shares in the Helsinki Stock Exchange was 3,9 million shares (3,5 million shares) and 6,8 million euros (6,7 million euros). Highest rate during the review period was 2,24 euros and lowest rate 1,28 euros. Weighted average rate of the share was 1,79 euros and end rate 1,32 euros. The market value of the company's shares at the end of the review period totalled 15,7 million euros (21,8 million euros).

Ownership

At the end of the financial year, Solteq had a total of 2.489 shareholders (2.791 shareholders). Solteq's 10 largest shareholders owned 7.089 thousand shares i.e. they owned 58,9 per cent of the company's shares and votes.

Solteq Plc's members of the board owned a total of 4.855 thousand shares which equals 40,3 per cent of the company's shares and votes.

During the review period one change of ownership was flagged when as a consequence of the share issue deviating from the shareholders' pre-emptive right of subscription made on 14.2.2006 Seppo Aalto's share of ownership decreased below the notification limit of 15 per cent set in the Finnish Security Markets Law.

ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting on 24.3.2006 adopted the financial statements for 2005 and the members of the board and the managing director were discharged from liability for the financial year 2005.

The annual general meeting decided in accordance with the board's proposal that no dividend is distributed.

The annual general meeting made a decision to return equity to the shareholders from the unrestricted equity fund in the amount of 0,30 euros per share. Entitled to this return were shareholders which on 29.3.2006 were registered in the company's list of shareholders maintained by the Finnish Central Securities Depository Ltd. The return was paid 5.4.2006.

The annual general meeting authorised the board of directors to decide on increasing the share capital on one or more occasions through a subscription issue or issuing option rights or both, the maximum increase totalling 198.000 euros. This authorization includes a right to deviate from the shareholders' pre-emptive right of subscription if there is a weighty financial reason for the company.

The annual general meeting authorised the board of directors to acquire company's own shares in the maximum amount of 10 per cent of the company's total number of shares. The shares can be acquired through public trading in other proportion than the shareholders' holdings at market price. Shares can be acquired in order to develop the company's capital structure, finance acquisitions or similar arrangements or convey otherwise or be invalidated.

In addition, the board of directors were authorised to decide on conveyance of the company's own shares, the maximum conveyed amount being 1.179.000 shares. The board of directors is entitled to decide on to whom and how own shares are conveyed and the board of directors has a 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 fair value at the time of transfer and it is possible to convey them against other property than money. The authorization includes that the Board of Directors may decide on the way and extent of conveyance and the shares may be used in acquisitions or similar arrangements and they can be sold in public trading.

BOARD OF DIRECTORS, AUDITOR AND MANAGING DIRECTOR

Five members were re-elected to the board of directors, namely Seppo Aalto, Ari Heiniö, Veli-Pekka Jokiniva, Ali Saadetdin and Jukka Sonninen. The board elected Ali Saadetdin to act 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.

After Managing Director Jorma Hänninen asked for a resignation, the Board decided to appoint the director of retail and wholesale trade profit centre, M.Sc.econ, M.Sc.techn. Hannu Ahola as the new Managing Director beginning from 1.10.2006.

EVENTS AFTER THE REVIEW PERIOD

The company has issued a stock exchange bulleting on 16.1.2007 containing preliminary information on the turnover and result for the year 2006.

In the beginning of January 2007 Solteq has deposited the sum ruled by the Tampere district court as a compensation for damages including interest with Tampere jurisdictional district's execution office. By making this deposit in accordance with the ruling, the company is avoiding significant interest risks which prolonged court proceedings could cause.

PROSPECTS

The company estimated its turnover to grow at least 15 % and the result to improve clearly. The most significant measures for more efficient operations are focused on costs relating to new sales and production of services.

Solteq seeks growth in addition by searching for suitable acquisitions for its strategy and expanding its market area. At the moment, store systems and data transmission solutions for specialised stores developed together with Wincor-Nixdorf as well as maintenance products are considered tot have the best export possibilities.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF DISTRIBUTABLE FUNDS

The Board of Directors propose to the annual general meeting to be held 23 March 2007 that the Board is authorised in accordance with the Finnish Companies Act 13 chapter 6§ 2 paragraph to decide on a maximum dividend of 0,10 euros and/or other distribution of funds from the distributable equity reserve as well as to decide upon the timing of the distribution and other details.

With the present number of shares, the full realisation of this authorisation would mean a distribution of 1.204 thousand euros to the shareholders.

No significant changes have taken place in the company's financial situation after the balance sheet date. The company's liquidity is good and thus the Board does not consider that the proposed distribution of dividend and/or other funds would weaken the liquidity of the company.

Group's income statement

thousand EUR	Note	1.1.–31.12.2006	1.1.–31.12.2005
Revenue	1,3	23 166	21 568
Other income	4	42	55
Materials and services		-5 378	-5 141
Employee benefit expenses	7	-12 831	-10 656
Depreciation and amortisation expenses	6	-698	-511
Other expenses	5,8	-4 799	-4 087
Operating profit / loss		-498	1 228
Financial income	9	196	269
Financial expenses	10	-177	-21
Profit / loss before taxes		-479	1 476
Tax expenses	11	602	-256
Profit for the financial period		**123**	**1 220**
Earnings per share attributable to equity holders of the parent		0,01	0,11
Profit attributable to equity holders of the parent		0,01	0,11
Earnings per share, undiluted (EUR)	12	0,01	0,11
Earnings per share, diluted (EUR)	12	0,01	0,11

Group's balance sheet

thousand EUR

ASSETS	Note	1.1.–31.12.2006	1.1.–31.12.2005
Non-current assets			
Property, plant and equipment	13	3 019	2 891
Goodwill	14	6 600	2 556
Other intangible assets	14	2 140	1 327
Non-current assets available for sale	15	81	88
Receivables	15	0	140
Deferred tax assets	16	663	192
		12 503	7 194
Current assets			
Trade receivable and other receivables	17	5 619	5 834
Financial assets at fair value through profit or loss	18	1 579	1 118
Cash and cash equivalents	19	646	231
		7 844	7 183
Total assets		**20 347**	**14 377**

EQUITY AND LIABILITIES		1.1.–31.12.2006	1.1.–31.12.2006
Equity attributable to equity holders of the parent			
Share capital	20	994	908
Share premium reserve	20	2 164	234
Shareholders equity reserve	20	5 962	9 500
Distributable equity reserve	20	298	0
Retained earnings		296	167
Total equity		**9 714**	**10 809**
Non-current liabilities			
Interest-bearing liabilities	23	163	163
		163	163
Current liabilities			
Trade and other payable	24	6 874	3 018
Provisions	22	0	61
Short-term interest bearing liabilities	23	3 596	326
		10 470	3 405
Total liabilities		**10 633**	**3 568**
Total equity and liabilities		**20 347**	**14 377**

Group's cashflow statement

thousand EUR	Note	1.1.–31.12.2006	1.1.–31.12.2005
Business operation cash flow			
Operating profit		-498	1 228
Adjustments for operating profit	26	698	572
Amendments to working capital		23	-1 706
Interest paid		-43	-17
Interest received		41	15
Paid taxes		34	-175
Business operation net cash flow		**255**	**-83**
Investment cash flow			
Acquisition of subsidiaries / associates		82	-8
Investments in tangible and intangible assets		-718	-1 108
Sale of tangible and intangible assets		237	108
Loans issued		0	-950
Repayment of loan receivables		1 020	0
Purchase of other shares		0	-30
Investments in securities		0	-1 355
Proceeds from sales of securities		1 244	1 546
Dividends received from investments		0	51
Net investment cash flow		**1 865**	**-1 746**
Financing cash flow			
Withdrawal of current loans		3 770	0
Repayment of current loans		-500	0
Income from issues shares		22	103
Return of equity paid		-3 538	0
Dividends paid		0	-1 066
Net financing cash flow		**-246**	**-963**
Changes in cash and cash equivalents		1 874	-2 792
Cash and cash equivalents 1.1.	26	231	3 023
Cash and cash equivalents 31.12.		**2 105**	**231**

Cash and cash equivalents presented in the cash flow statement consist of the following items:

thousand EUR	2006	2005
Cash and bank accounts	646	231
Interest funds and investment plans	1 459	0
Total	**2 105**	**231**

Statement of changes in equity

thousand EUR	Share capital	Share premium reserve	Shareholders equity reserve	Distributable equity reserve	Retained earnings	Total
Equity 1.1.2005	897	9 643	0	0	6	10 546
Awarded options					7	7
Items recognised directly in equity					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	0	167	10 809
Awarded options					6	6
Items recognised directly in equity					6	6
Profit for the financial period					123	123
Return of equity			-3 538			-3 538
Subscription issue	2	13				15
Directed issue	84	1 917		298		2 299
Equity 31.12.2006	994	2 164	5 962	298	296	9 714

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. It has 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 statements is available from the aforementioned address as well as the company's website at www.solteq.com/annual-reports.

Accounting principles

Basis of preparation

Solteq Group's financial statements have been prepared to the stipulations of the International Financial Reporting Standards (IFRS) and in its preparation, as valid on 31.12.2006, 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'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 statement in accordance with the IFRS standards 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 statement, 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 statement

Subsidiaries

The group financial statement includes Solteq Plc and its subsidiaries. Only Atk-Integrointi Oy Väinö Tissari has been included as a subsidiary in the 2005 group financial statement. 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 31.08.2005. In addition, in the 2006 group financial statements include Artekus Oy starting from 1.2.2006 and Tampereen Systeemitiimi Oy starting from 1.11.2006. The 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 statement 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 statement for 2005 does not include Oscar Software Oy, acquired in January 2005. Exclusion is based on the temporary nature of ownership. The shares of the associate have been sold in accordance with the ownership agreement in December 2006.

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 statement is 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 statement under financial income and expense.

Property, plant and equipment

Property, plant and equipment are mainly machines, equipment and stock. They have been valued at historical cost less accumulated depreciation 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 periodised acquisition expense and are periodised 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. Thos 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 which has taken place after 1.1.2004. 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 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 accordance with the option terms.

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 under published prices in working 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 0.7 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 deductable losses, 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 assets and services produced

Income from the sale of assets 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 as cost straight away.

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

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, receivables 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.

Adoption of new and amended standards and interpretations

The Group will apply in the financial statements 2007 the new or amended standards and interpretations publishes by the IASB in 2005 and 2006, which have been published but they are not yet effective and the Group does not apply them before they are mandatory. According to the Group's estimate their adoption will not have a significant effect on the Group's next financial statements.

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

2006, thousand EUR

Business segment	Retail and wholesale trade	Industry and Services	Total
Turnover	15 358	7 806	23 164
Operating result	-743	245	-498
Unallocated items	373	248	621
Result for the financial period	-370	493	123
Segment's assets	10 248	10 099	20 347
Total assets	10 248	10 099	20 347
Segment's liabilities	5 017	5 616	10 633
Total liabilities	5 017	5 616	10 633
Investments	441	7 240	7 681
Depreciation	419	279	698

2005, thousand EUR

Business segment	Retail and wholesale trade	Industry and services	Total
Turnover	15 651	5 917	21 568
Operating profit	658	570	1 228
Unallocated items	-5	-3	-8
Result for 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

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 27.1.2006 Solteq announced that it will acquire all the shares of Artekus Oy, specialising in maintenance and materials management systems for industry. The company has been consolidated in the Group financial statements starting from 1.2.2006. The acquisition price was 3.924 thousand euros, of which 2.000 thousand euros was paid by new shares that Solteq Plc issues and the rest in cash. The proportion of acquisition price that exceeded Artekus Oy's equity at the time of the acquisition has been allocated as goodwill 1,907 thousand euros and intangible asset consisting of product rights 614

thousand euros. The amount of goodwill represents cross-utilisation of customerships, control of a more extensive value chain in industry, knowledgeable personnel and synergies relating to the complementing product range that can be offered to the customers. The intangible asset is based on Artekus Oy's research and development efforts and acquisitions which have lead to product rights and know-how. The acquisition cost of product rights will be amortised during its economic life which is ten years.

Solteq announced on 16.11.2006 that is acquiring all the shares of Tampereen Systeemitiimi Oy specialising in Microsoft's corporate software. The company has been consolidated starting from 1.11.2006. The acquisition price was 2.970 thousand euros. During 2006, 298 thousand euros was paid through new shares issued by Solteq Plc and 400 thousand euros in cash. In accordance with the agreement, the rest of the acquisition price will be paid by the end of January 2007. The proportion of acquisition price that exceeded Tampereen Systeemitiimi Oy's equity at the time of the acquisition has been allocated as goodwill 1.168 thousand euros. The amount of goodwill represents future income expectations which relate to cross-utilisation of customerships, knowledgeable personnel and complementing product know-how.

The following assets and liabilities were booked relating to the acquisitions:

thousand EUR	Fair values used in the combination	Book values before the combination
Intangible assets	1 582	968
Tangible assets	104	104
Invesments	1 935	1 935
Receivables	2 220	2 220
Cash and cash equivalents	784	784
Total assets	6 625	6 011
Deferred tax liabilities	160	0
Current liabilities	2 585	2 585
Total liabilities	2 745	2 585
Net assets	3 880	3 426
Acquisition cost	6 964	
Goodwill	3 083	
Acquisition price paid in cash	4 526	
Cash in acquired companies	-2 405*	
Cash flow effect	2 121	

*includes interest funds and investment plans

If Artekus Oy and Tampereen Systeemitiimi Oy had been consolidated from the beginning of the financial year 2006, the Group's revenue had been approximately 1.500 thousand euros better and profit approximately 300 thousand euros better.

3 Long-term projects

Income from long-term projects to the group's turnover reached 4.079 thousand euros in 2006 (4.585 thousand euros in 2005).

Incomplete long-term projects yielded 973 thousand euros in proceeds to the group's financial statements by 31.12.2006 (2.503 thousand euros 31.12.2005). Advance payments relating to the incomplete long-term projects included in the balance sheet totalled 380 thousand euros as at 31.12.2006 (2.180 thousand euros 31.12.2005).

4 Other income

thousand EUR	2006	2005
Profits from sale of tangible assets	7	26
Other income	35	29
Total	**42**	**55**

5 Other expenses

thousand EUR	2006	2005
Expenses from telephone and telecommunications	451	458
Rent costs	1 107	882
Car and travel expenses	1 377	1 315
Compensation for damages	535	0
Other expenses	1 329	1 432
Total	**4 799**	**4 087**

6 Depreciation, amortisation and impairment

thousand EUR	2006	2005
Depreciation by asset group		
Intangible assets		
Other intangible assets	264	101
Total	**264**	**101**
Tangible assets		
Machines and equipment	434	410
Total	**434**	**410**

7 Employee benefit expense

thousand EUR	2006	2005
Wages	10 315	8 486
Pension expenses - defined contribution plans	1 863	1 582
Other staff expenses	653	588
Total	**12 831**	**10 656**
Average number of employees during financial period	**2006**	**2005**
Trade	132	129
Industry and services	108	64
Total	**240**	**193**
Employees as at 31.12.	234	187

Information on the management remuneration employment benefits and loans are presented in note 29 Related party transactions. Information on awarded options are presented in note 21 Share-based payments.

8 Research and development costs

The income statement 2006 includes R&D expenses in the amount of 300 thousand euros, mainly comprising of wages (600 thousand euros in 2005).

9 Financial income

thousand EUR	2006	2005
Interest income	65	19
Income from dividends	4	51
Other financial income	127	187
Changes in fair value	0	12
Total	**196**	**269**

10 Financial expenses

thousand EUR	2006	2005
Interest expenses	66	6
Other financial expenses	111	15
Total	**177**	**21**

Other financial expenses include 1 thousand euros of variable rents relating to financial leasing contracts (4 thousand euros in 2005).

11 Income taxes

thousand EUR	2006	2005
Taxes based on the taxable income of the financial period	152	102
Final taxes from the previous financial period	-88	0
Deferred taxes	-666	154
Total	**-602**	**256**

Reconciliation between income statement's tax expenses and taxes based on the group's domestic tax rate (2006 and 2005: 26 %):

thousand EUR	2006	2005
Result before taxation	-479	1 476
Taxes based on domestix tax rate	-125	384
Undeductible expenses	17	16
Liquidation loss	-454	-87
Valuation of investments at fair value	-4	-3
Change in tax rate	0	-22
Taxes for the previous financial period	-88	0
Other differences	52	-32
Taxes in the income statement	**-602**	**256**

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.

	2006	2005
Profit for the financial period attributable to equity holders of the parent (thousand EUR) Continuing operations	0,01	0,11
Weighted average of the number of shares during the financial period (1 000)	11 420	10 733
Undiluted EPS (EUR per share), continued operations	0,01	0,11
EPS after dilution correction (EUR per share), continued operations	0,01	0,11

13 Property, plant and equipment

thousand EUR	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2006	158	2 144	1 448	21	3 771
Additions	15	192	585	2	794
Acquisition of subsidiaries	0	0	104	0	104
Deductions	0	-306	-30	0	-336
Exchange gains and losses	0	0		0	0
Acquisition cost 31.12.2006	**173**	**2 030**	**2 107**	**23**	**4 333**
Accumulated depreciation and impairment 1.1.2006	0	0	880	0	880
Depreciation	0	0	434	0	434
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 31.12.2006	**0**	**0**	**1 314**	**0**	**1 314**
					0
Book value 1.1.2006	158	2 144	568	21	2 891
Book value 31.12.2006	173	2 030	793	23	3 019
Acquisition cost 1.1.2005	158	1 882	1 122	21	3 183
Additions	0	262	349	0	611
Acquisition of subsidiaries	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**
Book value 1.1.2005	158	1 882	652	21	2 713
Book value 31.12.2005	158	2 144	568	21	2 891

EUR 521 thousand remained to be depreciated of the group's machinery and equipment on 31.12.2006 (EUR 538 thousand on 31.12.2005).

Financial leases

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

thousand EUR	Machinery and equipment	Total
31.12.2006		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489
31.12.2005		
Acquisition cost	489	489
Accumulated depreciation	0	0
Book value	489	489

EUR 335 thousand worth of assets with financial leases is included in the additions in 2006 (EUR 332 thousand in 2005).

14 Intangible assets

thousand EUR	Goodwill	Development costs	Intangible rights	Other long-term expenses	Total
Acquisition costs 1.1.2006	2 667	1 154	1 386	155	7 703
Capitalised development costs	0	342	0	0	342
Additions	0	0	49	45	94
Deductions	0	0	0	0	0
Acquisition of subsidiaries	4 043	0	614	28	5 646
Exchange gains and losses	0	0	0	0	0
Acquisition costs 31.12.2006	**6 710**	**1 496**	**2 049**	**228**	**13 785**
Accumulated amortisation and impairment 1.1.2006	110	0	1 269	100	1 589
Amortisation	0	118	130	16	264
Impairment	0	0	0	0	0

Accumulated amortisation and impairment 31.12.2006	**110**	**118**	**1 399**	**116**	**1 853**
Book value 1.1.2006	2 557	1 154	117	55	6 114
Book value 31.12.2006	6 600	1 378	650	112	11 932
Acquisition costs 1.1.2005	2 819	356	1 463	136	7 212
Capitalised development costs	0	798	0	0	798
Additions	0	0	5	19	24
Deductions	-152	0	-82	0	-331
Acquisition of subsidiaries	0	0	0	0	0
Exchange gains and losses	0	0	0	0	0
Acquisition costs 31.12.2005	**2 667**	**1 154**	**1 386**	**155**	**7 703**
Accumulated amortisation and impairment 1.1.2005	0	0	1 189	79	1 378
Amortisation	0	0	80	21	101
Impairment	0	0	0	0	0
Accumulated amortisation and impairment 31.12.2005	**110**	**0**	**1 269**	**100**	**1 589**
Book value 1.1.2005	2 709	356	274	57	5 724
Book value 31.12.2005	2 557	1 154	117	55	6 114

During this review period and comparison year, the company has been involved in four large-scale projects in added value product development, and 342 thousand euros (798 thousand euros) of expenses have been capitalised in accordance with IFRS. Other product development costs have not been capitalised. Two development projects that were running in 2006 were finalised during the first quarter of 2006 and the scheduled depreciation has been started accordingly.

Impairment

Goodwill generated in business combinations are allocated to cash-generating units which are based on the Group's reporting structure used in monitoring business operations.

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 the budget 2007 and 5-year forecasts. Forecasted cash flows do not take into account real growth. According to the view of the management, this estimate is moderate.

The discounting rate used in the calculations, 9 per cent, is the weighted average cost of capital before taxes. Even if the operating profit figures were 10 % lower during the estimated period than used in the forecast, the impairment tests would not result in impairment for 2006.

The book value of goodwill as at 31.12.2006 totals 6.600 thousand euros. Compared to the book value as at 31.12.2005 the amount of goodwill increased by 4.043 thousand euros. The book value of intangible assets not yet available for use totalled 359 thousand euros (1.154 thousand euros 31.12.2005).

15 Long-term assets available for sale

thousand EUR	2006	2005
Beginning of financial period	88	64
Additions/deductions	-7	24
End of financial period	**81**	**88**

Oscar Software Oy (ownership 20 %) was not consolidated in the Group's financial statements in 2005 because the ownership was temporary that had been agreed on a separate contract between the shareholders. Solteq Plc divested the shares in December 2006 in accordance with the original plan.

The receivable from Oscar Software Oy totalling 140 thousand euros was presented as a long-term receivable in 2005. The payment was received in December 2006.

16 Deferred tax assets and liabilities

Changes in deferred taxes during 2006:

thousand EUR	31.12. 2005	Recorded in the income statement	31.12. 2006
Deferred tax assets:			
Provisions for loss	43	-43	0
Project accruals	220	-220	0
Shelved depreciation	22	-9	13
Liquidation loss	0	1018	1018
Total	**285**	**746**	**1031**
Deferred tax liabilities:			
Amortisation of goodwill	93	106	199
Items from stand-alone companies	0	145	145
Other items	0	24	24
Total	**93**	**275**	**368**

17 Trade receivables and other receivables

thousand EUR	2006	2005
Trade receivables	4 183	3 872
Loan receivables	0	950
Prepayments and accrued income	1 377	956
Other receivables	59	56
Total	**5 619**	**5 834**

Significant items included in prepayments and accrued income relate to usual business accruals. The interest rate for loan receivable was 3 month Euribor + 1,0 %.

18 Financial assets at fair value through profit or loss

thousand EUR	2006	2005
Publicly quoted securities	0	1 118
Short-term interest funds / equity funds	1 579	0
Total	**1 579**	**1 118**

19 Cash and cash equivalents

thousand EUR	2006	2005
Cash and bank accounts	646	231
Total	**646**	**231**

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	Share-holders equity reserve	Distrib-utable equity reserve	Total
1.1.2005	10 664	897	9 643	0		10 540
Use of share options	138	11	91	0		102
Fund transfer	0	0	-9 500	9 500		0
31.12.2005	**10 802**	**908**	**234**	**9 500**		**10 642**
Use of share options	24	2	13	0		15
Directed issue	1 212	84	1 917		298	2299
Return of equity				-3 538		-3538
31.12.2006	**12 038**	**994**	**2 164**	**5 962**	**298**	**9 418**

The maximum number of shares is 28.539.504 (28.539.504 in 2005). The shares have no nominal value. The Group's maximum share capital according to the articles of association is 2.4 million euros (2.4 million euros in 2005).

The description of reserves included in the equity is presented in the following:

Share premium reserve

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

Shareholders equity reserve

Solteq's Extraordinary General Meeting 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. In 2006, the company distributed equity return to its shareholders from this reserve totalling 3.537.661,50 euros.

Distributable equity reserve

In accordance with the Companies Act 8:2 §, the proportion of payments received from shares that is not recorded as share capital is recorded in this reserve.

Dividends

After the balance sheet date the Board of Directors has proposed to the Annual General Meeting that the Board of Directors are authorised in accordance with the Companies Act 13 Chapter 6 § 2 paragraph to decide on dividend distribution or other distribution of funds from the distributable equity reserve or both as well as decide on the timing and other details.

21 Share-based payments

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

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. By the balance sheet date 31.12.2006, 122.925 of Solteq Plc's shares had been subscribed through the option programme II.

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

(1 000 shares)

	2006		2005	
	Exercise price weighted averaged EUR/share	Number of options	Exercise price weighted averaged EUR/share	Number of options
Beginning of financial period	1,32	213	0,85	635
Used options	0,64	-24	0,84	-139
Invalidated options	0,00	0	3,49	-283
New options awarded	0,00	0	0,00	0
End of financial period	**1,07**	**189**	**1,32**	**213**
Implementable options at the end of the financial period	1,07	189	1,32	213

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

Expiration years	Implementation price (EUR)	2006 number of shares (1 000)	2005 number of shares (1 000)
2007	0,40-1,70	189	213

22 Provisions

Short-term provisions

thousand EUR	Unprofitable contracts
1.1.2005	137
Use of provisions	-76
1.1.2006	61
Use of provisions	-61
31.12.2006	0

Short-term provisions relate to delivery agreements with fixed price. At the year-end 2006 there was no need for provision.

23 Interest-bearing liabilities

thousand EUR	2006 Book value	2005 Book value
Long-term		
Finance lease liabilities	163	163
	163	**163**
Short-term		
Loans from financial institutions	3270	0
Finance lease liabilities	326	326
	3596	**326**

The fair value of interest-bearing liabilities is the same as their book value because the interests are based on short-term reference rates of interest.

Due dates for long-term debts:

2006	2007	2008	2009	Later
thousand EUR				
Finance lease liabilities	326	163	0	0
Total long-term debt	**326**	**163**	**0**	**0**

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

Loans from financial institutions are presented as short-term liabilities. Their due dates are in 2007. Their average rate of interest was 3,7 percentages in 2006.

Due dates for financial leasing debts:

thousand EUR	2006	2005
Financial lease liabilities – total amount of minimum payments		
Within 12 months	326	326
Between 1 and 5 years	163	163
	489	**489**
Finance lease liabilities – current value of miminum liabilities		
Within 12 months	322	322
Between 1 and 5 years	161	161
	483	**483**
Future financing expenses	**6**	**6**
Total financial lease liabilities	**489**	**489**

24 Trade and other payables

thousand EUR	2006	2005
Short-term		
Trade payable	1 533	743
Accruals and deferred income	2 066	1 392
Other debts	3 275	883
Total	**6 874**	**3 018**

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

25 Financial risk management

The group is subject to a number of financial risks during business operations. The group's risk management aims to minimise the adverse effects of the finance markets to the group's result. The general principles of the group's risk management 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 financial assets as at 31.12.2006.

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. The amount of unused credit limits as at 31.12.2006 totalled 1.730 thousand euros.

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.

27 Other lease agreements

Group as a lessee

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

thousand EUR	2006	2005
Within a year	781	550
One to five years	1 932	1 620
More than five years	1 416	1 798
Total	**4 129**	**3 968**

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 took place in March 2006.

The income statement includes lease expenses based on other lease agreement 1.240 thousand euros (1.061 thousand euros in 2005).

28 Contingent liabilities and collateral

thousand EUR	2006	2005
Collateral given on our own behalf		
Company guarantees	1 178	1 178

Company guarantee given as collateral by the parent company relate to the credit limits totalling 3.505 thousand euros.

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	Suomi	100 %	100 %
Qetlos Oy	Suomi	100 %	100 %
Artekus Oy	Suomi	100 %	100 %
Tampereen Systeemitiimi Oy	Suomi	100 %	100 %

Group companies which are doing business operations have been consolidated in the Group's financial statements. Qetlos Oy has not been consolidated as the company is dormant.

The following related party transactions took place:

Rent arrangements

thousand EUR	2006	2005
Rent costs		
Company management	76	73

Management employee benefits

thousand EUR	2006	2005
Wages and other short-term employment benefits	431	405
	431	**405**

Wages and salaries

thousand EUR	2006	2005
Managing Director Jorma Hänninen, until 30.9.2006	121	158
Managing Director Hannu Ahola, starting from 1.10.2006	33	0
Deputy Managing Director and Member of the Board Seppo Aalto	29	98
Members of the Board		
Saadetdin Ali U.	72	71
Jokiniva Veli-Pekka	12	10
Heiniö Ari	12	10
Sonninen Jukka	12	10

The members of the Board and the Managing Director owned 5.000 option rights and 4.876.593 shares at the end of 2006 (2005: 10.620 option rights and 4.866.518 shares). The options give the right to subscribe to 5.000 shares representing 0,0 per cent of all shares and votes (2005: 10.620 shares representing 0,1 per cent 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.

The Managing Director's notice period is 3 months. 9 months wages are to be paid as leaving compensation.

30 Events after the balance sheet date

In the beginning of January 2007 Solteq has deposited the sum ruled by the Tampere district court as a compensation for damages including interest with Tampere jurisdictional district's execution office. By making this deposit in accordance with the ruling, the company is avoiding significant interest risks which prolonged court proceedings could cause. The compensation has been expensed in 2006 and presented as a short-term liability.

31 Five year figures

Financial period 1.1.–31.12.

Key figures outlining the group's financial development (million EUR)	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
Turnover	23,2	21,6	21,7	20,8	18,8
Increase in turnover	7,4 %	-0,7 %	4,4 %	10,5 %	-14,4 %
Operating profit/loss	-0,5	1,2	0,9	1,2	0,6
% of turnover	-2,2 %	5,7 %	4,2 %	5,6 %	2,9 %
Profit/loss before taxes	-0,5	1,5	1,4	1,6	-0,5
% of turnover	-2,1 %	6,9 %	6,3 %	7,5 %	-2,8 %
Return on equity, %	1,2 %	11,4 %	8,7 %	10,1 %	4,8 %
Return on investment, %	-2,4 %	13,3 %	12,4 %	13,8 %	8,2 %
Equity ratio %	47,7 %	75,2 %	65,6 %	74,5 %	70,5 %
Gross investments in non-current assets	7,7	1,3	2,7	0,2	1,4
% of turnover	33,1 %	5,8 %	12,4 %	0,7 %	7,4 %
Research and development costs	0,5	1,1	0,9	1,4	1,9
% of turnover	1,3 %	5,2 %	4,1 %	6,8 %	10,3 %
Net Gearing	15,8 %	-8,0 %	-34,5 %	-55,5 %	-26,2 %
Average number of employees over the financial period	240	193	202	192	195

Financial period 1.1.–31.12.

Group's key figures per share	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS	2002 FAS
Earnings per share, EUR	0,01	0,11	0,09	0,11	0,05
Equity attributable to the equity holders of the parent, EUR	0,81	1,00	0,99	1,13	1,03
Dividends per share, EUR	0,00	0,00	0,10	0,09	0,00
Dividend from result, %	0,0 %	0,0 %	108,3 %	82,4 %	0,0 %
Effective dividend yield, %	0,00 %	0,00 %	6,29 %	5,81 %	0,00 %
Price/earnings (P/E)	122,2	17,8	17,2	14,2	12,1
Highest share price, EUR	2,24	2,17	2,25	1,73	1,10
Lowest share price, EUR	1,28	1,58	1,51	0,61	0,52
Average share price, EUR	1,79	1,90	1,83	1,26	0,80
Market value of the shares, 1000 EUR	15 890	21 820	16 955	16 319	6 526
Shares trade volume, 1000 kpl	3 930	3 519	2 840	3 174	1 232
Shares trade volume, %	34,4 %	32,8 %	26,8 %	29,9 %	11,5 %
Weighted average of the share issue corrected number of shares during the financial period, 1000 pcs	11 420	10 733	10 596	10 614	10 698
Number of shares corrected by share issue at the end of the financial period, 1000 pcs	12 038	10 802	10 664	10 529	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.

The Board of Directors has proposed to the Annual General Meeting in 2007 that the Board is authorised to decide on a maximum dividend of 0,10 euros and/or other distribution of funds from the distributable equity reserve as well as to decide upon the timing of the distribution and other details.

CALCULATION OF FINANCIAL RATIOS

Return on Equity (ROE) %

$$\frac{\text{net result}}{\text{average equity}} \times 100$$

Return on investment %

$$\frac{\text{result after the financial items + financial expenses}}{\text{total assets – interest-free liabilities (average)}} \times 100$$

Equity ratio

$$\frac{\text{equity}}{\text{total assets – advances received}} \times 100$$

Net gearing

$$\frac{\text{interest-bearing liabilities – cash, bank and securities}}{\text{equity}} \times 100$$

Diluted earnings per share

$$\frac{\text{net result -/+ minority interest}}{\text{average number of shares added with number of shares at the end of the period}}$$

Earnings per share:

$$\frac{\text{net result -/+ minority interest}}{\text{average number of shares}}$$

Equity per share

$$\frac{\text{equity}}{\text{number of shares}}$$

Dividend per share

$$\frac{\text{dividend for the period}}{\text{number of shares at the time of payment}}$$

Dividend from result %

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

Effective dividend yield

$$\frac{\text{dividend per share}}{\text{share price at the year-end}}$$

Price/earnings:

$$\frac{\text{share price at the year-end}}{\text{earnings per share}}$$

32 Distribution of ownership and shareholder information

DISTRIBUTION OF OWNESHIP BY SECTOR 31.12.2006

		Shares and votes	
	Number of owners	%	pcs
Companies	116	10,29 %	1 238 413
Financier and insurance institutions	7	0,82 %	98 967
Public organisations	1	0,11 %	13 000
Households	2 353	88,66 %	10 673 238
Not for profit organisations	6	0,08 %	8 971
Outside Finland	6	0,05 %	5 640
Total	2 489	100,00 %	12 038 229
of which nominee registered	3	0,67 %	80 216

DISTRIBUTION OF OWNERSHIP BY SIZE 31.12.2006

		Shares and votes	
Number of shares	Number of owners	%	pcs
1-100	392	0,27 %	32 022
101 - 1 000	1 371	5,60 %	673 707
1 001 - 10 000	627	15,98 %	1 923 895
10 001 - 100 000	90	20,05 %	2 414 067
100 001 - 1 000 000	7	18,05 %	2 173 020
1 000 000 -	2	40,05 %	4 821 518
Total	2 489	100,00 %	12 038 229
of which nominee registered	3	0,67 %	80 216

MAJOR SHARE OWNERS 31.12.2006

	Shares and votes	
	pcs	%
1. Saadetdin Ali	3 159 312	26,2 %
2. Aalto Seppo	1 662 206	13,8 %
3. Pirhonen Jalo	513 380	4,3 %
4. Profiz Business Solution Oyj	478 530	4,0 %
5. Onninen-Sijoitus Oy	400 000	3,3 %
6. Hakamäki Jorma	278 430	2,3 %
7. Roininen Matti	227 800	1,9 %
8. Saadetdin Katiye	156 600	1,3 %
9. Kiiveri Jouko	118 280	1,0 %
10. Meronen Kari	94 385	0,8 %
10 largest total	7 088 923	58,9 %
Nominee registered total	80 216	0,7 %
Others	4 869 090	40,4 %
Total	12 038 229	100,0 %

Parent company's financial statements 2006

Parent company's income statement	1.1.–31.12.2006	1.1.–31.12.2005
Net turnover	18 895 778,01	21 116 723,27
Other operating income	10 383,22	54 679,01
Raw materials and services	-5 253 601,10	-5 140 845,47
Personnel expenses	-11 040 577,53	-11 250 048,48
Depreciation, amortisation and reduction in value	-468 023,32	-789 266,11
Other operating expenses	-3 996 798,98	-3 822 319,03
OPERATING RESULT	**-1 852 839,70**	**168 923,19**
Financial income and expenses	-39 657,09	252 120,28
RESULT BEFORE EXTRAORDINARY ITEMS	**-1 892 496,79**	**421 043,47**
Extraordinary items	0,00	-333 809,07
RESULT BEFORE APPROPRIATIONS AND TAXES	**-1 892 496,79**	**87 234,40**
Income taxes	1 019 887,75	-101 463,74
RESULT FOR THE PERIOD	**-872 609,04**	**-14 229,34**

Parent company's balance sheet

PARENT COMPANY´S BALANCE SHEET	31.12.2006	31.12.2005
Assets		
NON-CURRENT ASSETS		
Intangible assets	3 054 045,22	3 221 132,94
Tangible assets	172 306,05	100 117,15
Investments		
Share in Group companies	6 970 934,00	15 225,86
Other investments	2 099 003,49	2 404 068,22
Long-term receivables	0,00	140 000,00
TOTAL NON-CURRENT ASSETS	**12 296 288,76**	**5 880 544,17**
CURRENT ASSETS		
Short-term receivables	6 048 577,26	6 537 297,44
Financial assets		
Other securities	0,00	1 117 718,00
Cash in hand and at banks	90 905,79	230 508,33
TOTAL CURRENT ASSETS	**6 139 483,05**	**7 885 523,77**
Total assets	**18 435 771,81**	**13 766 067,94**
Equity and liabilities		
EQUITY		
Share capital	993 654,69	908 392,66
Share premium account	2 164 197,45	234 297,68
Shareholders' equity reserve	5 962 338,50	9 500 000,00
Distributable equity reserve	297 780,16	0,00
Retained earnings	67 304,79	81 534,13
Result for the financial year	-872 609,04	-14 229,34
TOTAL EQUITY	**8 612 666,55**	**10 709 995,13**
LIABILITIES		
Short-term liabilities	9 823 105,26	3 056 072,81
TOTAL LIABILITIES	**9 823 105,26**	**3 056 072,81**
Total equity and liabilities	**18 435 771,81**	**13 766 067,94**

Parent company's cash flow statement

PARENT COMPANY'S CASH FLOW STATEMENT	2006	2005
CASH FLOW FROM BUSINESS OPERATIONS		
Operating profit	-1 852 840	168 923
Adjustments to operating profit	468 023	572 241
Change in net working capital	2 148 085	-573 224
Paid interests and payments	-43 189	-17 442
Received interests	5 535	15 426
Paid taxes	175 531	-174 628
CASH FLOW FROM BUSINESS OPERATIONS	901 145	-8 704
CASH FLOW FROM CAPITAL EXPENDITURE		
Acquisition / sale of associates	8 000	-8 000
Acquisition of subsidiaries	-2 323 634	0
Capital expenditure in tangible and intangible assets	-574 041	-846 011
Sales proceeds from tangible and intangible assets	17 600	107 640
Loans issued	0	-950 000
Payments of current loan receivables	1 098 000	0
Capital expenditure in other investments	0	-292 352
Capital expenditure in securities	0	-1 354 882
Sales proceeds from securities	1 244 489	1 546 228
Received dividends from investments	4 450	51 084
CASH FLOW FROM CAPITAL EXPENDITURE	-525 136	-1 746 293
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital for consideration	22 050	103 285
Increase in short-term loans	3 770 106	0
Repayments of short-term loans	-500 000	0
Paid dividends	0	-1 066 359
Paid equity returns	-3 537 662	0
CASH FLOW FROM FINANCING ACTIVITIES	-245 506	-963 074
CHANGE IN CASH AND CASH EQUIVALENTS	130 503	-2 718 071
Cash and cash equivalents 1.1.	230 508	2 948 579
Cash and cash equivalents 31.12.	361 011	230 508

Notes to the parent company's financial statements

Notes concerning company belonging to a group

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

Accounting principles

Currency used in financial statements

Financial statements have been prepared in euro.

Depreciation periods

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 development

Research costs are expensed as incurred. Development costs for new or further developed products are capitalised as intangible assets starting from the date that product is considered to be technically possible to produce, it can be commercially utilised and the product is expected to yield financial gain. Development costs expensed earlier can not be capitalised. Depreciation is started when the item is ready for use. Items not yet available for use are tested annually for impairment. The economic life of capitalised development costs is 10 years, during which capitalised assets are depreciated using straight-line method.

Pensions

Pension arrangements are classified as benefit based and contribution based arrangements. Solteq Plc carries only contribution based pension arrangements. Payments under Finnish pension system and other contribution based pension plans are expensed during the financial year to which the payments correspond to.

Revenue recognition

Income from sale of assets are recorded when the significant rewards and plans have been transferred to the buyer.

Income from services is recorded when the service has been carried out. Revenue is recognised to the amount that can be reliably estimated to be the outcome. Income and expenses for long-term projects are recognised and expensed based on the degree of completion. The degree of completion is defined by comparing the costs incurred at the time of the reporting date to the estimated total cost of the project. When it is likely that the total costs will exceed total proceeds from the project, the estimated loss is recorded immediately. When the final outcome of a long-term project can not be estimated reliably, costs incurred from the project are expensed and any income from the project is only recorded up to the amount that equals the expenses incurred. Losses from a project will be expensed immediately.

NOTES TO INCOME STATEMENT

Materials and services	2006	2005
Materials and consumables		
Purchases during the financial year	3 592 169,86	3 642 945,92
External services	1 661 431,24	1 497 899,55
Total materials and services	**5 253 601,10**	**5 140 845,47**
Personnel		

Average number of personnel	2006	2005
Trade	133	129
Industry and services	64	64
Total	**197**	**193**
Number of employees as at 31.12.	183	187

Personnel expenses	2006	2005
Wages and salaries	8 909 616,88	9 079 481,99
Pension expenses	1 554 394,61	1 582 029,12
Other social security expenses	576 566,04	588 537,37
Total	**11 040 577,53**	**11 250 048,48**

Depreciation, amortisation and reduction in value	2006	2005
Machinery and equipment	57 971,96	78 163,10
Intangible rights	410 051,36	711 103,01
Total	**468 023,32**	**789 266,11**

Financial income and expenses	2006	2005
Interest income and other financial income, external	137 203,42	269 562,73
Interest expenses and other financial expenses, external	-176 860,51	-17 442,45
Total financial income and expenses	**-39 657,09**	**252 120,28**

NOTES TO BALANCE SHEET

Non-current assets

Intangible assets

Development costs	2006	2005
Acquisition cost 1.1.	1 241 616,79	356 000,00
Additions	201 000,00	885 616,79
Acquisition cost 31.12.	1 442 616,79	1 241 616,79
Accumulated depreciation 1.1.	0,00	0,00
Depreciation for the period	114 777,90	0,00
Accumulated depreciation 31.12.	114 777,90	0,00
Book value 31.12.	**1 327 838,89**	**1 241 616,79**

Intangible rights	2006	2005
Acquisition cost 1.1.	1 669 661,73	1 878 066,53
Additions	17 315,62	31 595,20
Deductions	0,00	240 000,00
Acquisition cost 31.12.	1 686 977,35	1 669 661,73
Accumulated depreciation 1.1.	1 533 487,56	1 210 124,88
Depreciation for the period	62 175,21	142 892,86
Reduction in value during the financial period	0,00	180 469,82
Accumulated depreciation 31.12.	1 595 662,77	1 533 487,56
Book value 31.12.	**91 314,58**	**136 174,17**

Goodwill	2006	2005
Acquisition cost 1.1.	2 437 979,24	2 437 979,24
Acquisition cost 31.12.	2 437 979,24	2 437 979,24
Accumulated depreciation 1.1.	649 526,77	282 617,21
Depreciation for the period	214 614,30	214 614,31
Reduction in value during the financial period	0,00	152 295,25
Accumulated depreciation 31.12.	864 141,07	649 526,77
Book value 31.12.	**1 573 838,17**	**1 788 452,47**

Other long-term expenditure	2006	2005
Acquisition cost 1.1.	155 303,47	135 365,98
Additions	24 648,00	19 937,49
Acquisition cost 31.12.	179 951,47	155 303,47
Accumulated depreciation 1.1.	100 413,94	79 583,17
Depreciation for the period	18 483,95	20 830,77
Accumulated depreciation 31.12.	118 897,89	100 413,94
Book value 31.12.	**61 053,58**	**54 889,53**
Intangible assets total book value 31.12.	**3 054 045,22**	**3 221 132,96**

Tangible assets	2006	2005
Acquisition cost 1.1.	344 514,18	322 244,89
Additions	141 097,64	45 553,03
Deductions	10 936,76	23 283,74
Acquisition cost 31.12.	474 675,06	344 514,18
Accumulated depreciation 1.1.	244 397,05	166 233,95
Depreciation for the period	57 971,96	78 163,10
Accumulated depreciation 31.12.	302 369,01	244 397,05
Book value 31.12.	**172 306,05**	**100 117,13**
Investments		

Group companies	Company's share of ownership %
Atk-Integrointi Oy Väinö Tissari, Savonlinna	100 %
Artekus Oy, Tampere	100 %
Tampereen Systeemitiimi Oy, Tampere	100 %

Group company Qetlos Oy has not been consolidated. The company is dormant and thus would have no material effect on Solteq Group's result or distributable reserves.

Other shares and holdings	Shares	Book value
Kiinteistö Oy Villakarstaaja	888	769 924,80
Kiinteistö Oy Nukanleikkaaja	844	708 878,54
Vierumäen Kuntokylä Oy, K-sarja	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		2 099 003,49

Current assets		
Receivables	**2006**	**2005**
Trade receivables	3 457 085,39	3 871 898,22
Group receivables		
Other receivables	439 200,00	0,00
Total	**439 200,00**	**0,00**
Loan receivables	0,00	950 000,00
Other receivables	57 513,72	56 213,23
Prepayments and accrued income	2 094 778,15	1 659 185,99
Total	**2 152 291,87**	**2 665 399,22**
Total receivables	**6 048 577,26**	**6 537 297,44**
Equity and liabilities		
Equity	**2006**	**2005**
Share capital	993 654,69	908 392,66
Share premium reserve	2 164 197,45	234 297,68
Shareholders' equity reserve	5 962 338,50	9 500 000,00
Distributable equity reserve	297 780,16	0,00
Retained earnings	67 304,79	81 534,13
Result for the period	-872 609,04	-14 229,34
Total equity	**8 612 666,55**	**10 709 995,13**
Distributable reserves	**2006**	**2005**
Retained earnings	67 304,79	81 534,13
Result for the period	-872 609,04	-14 229,34
Shareholders' equity reserve	5 962 338,50	9 500 000,00
Distributable equity reserve	297 780,16	0,00
Total	**5 454 814,41**	**9 567 304,79**
Short-term liabilities	**2006**	**2005**
Loans from financial institutions	3 000 000,00	0,00
Intra-group debts	643 900,45	14 367,09
Trade payable	1 387 315,06	742 859,24
Other debts	3 051 404,13	800 391,79
Accruals and deferred income	1 740 485,62	1 498 454,69
Total	**9 823 105,26**	**3 056 072,81**

Significant items included in accruals and deferred income	2006	2005
Significant items in accruals and deferred income relate to normal accruals relating to the business operations.		
Other notes		
Contingent liabilities		

Payments for leasing contracts	2006	2005
To be paid during the next financial period	635 520,00	517 019,00
To be paid later	480 444,00	500 549,00
Total	**1 115 964,00**	**1 017 568,00**

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

Other collateral and contingent liabilities	2006	2005
Company guarantee for credit limits	1 178 000,00	1 178 000,00
Debts with collateral		
Credit limit	3 505 000,00	1 505 000,00
Collaterals		
Company guarantees	1 178 000,00	1 178 000,00
Total guarantees	**1 178 000,00**	**1 178 000,00**

Leasing liabilities for the company's premises total 3.191.797 euros as at 31.12.2006.

List of accounting records and document types

Accounting records	Method of filing
Journal and general ledger	IT lists on paper print-outs
Financial statements and related material	Book printed on paper and bound
Document types	
Purchase ledger vouchers	As paper documents and CDs
Sales ledger vouchers	As paper documents and CDs
Salary vouchers	On paper
Memorial vouchers	On paper

Proposal for distribution of profits and signatures

The distributable equity of the parent company Solteq Plc as at 31.12.2006	
Shareholders equity reserve	5.962.338,50 euros
Distributable equity reserve	297.780,16 euros
Profit from previous financial periods	67.304,79 euros
Loss from financial period	-872.609,04 euros
Total	**5.454.814,41 euros**

Of this amount, 5.454.814,41 euros are distributable funds.

the Board is authorised in accordance with the Finnish Companies Act 13 chapter 6§ 2 paragraph to decide on a maximum dividend of 0,10 euros and/or other distribution of funds from the distributable equity reserve as well as to decide upon the timing of the distribution and other details. The Board proposes that the result for the period is transferred to retained earnings.

No significant changes have taken place in the company's financial situation after the balance sheet date. The company's liquidity is good and thus the Board does not consider that the proposed distribution of dividend and/or other funds would weaken the liquidity of the company.

Signatures of the financial statements and the report of the Board of Directors
Helsinki 29 January 2007

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

Hannu Ahola
Managing Director

The auditor's note
The above financial statements and the Report of the Board of Directors have been prepared in accordance with generally accepted accounting principles in Finland. Our auditors' report has been issued today.

Tampere, 30 January, 2007

KPMG Oy Ab

Frans Kärki
Authorised Public Accountant

Auditors' Report

To the shareholders of Solteq Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Solteq Plc for the period 1.1. – 31.12.2006.

The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and 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, as well as on the report of the Board of Directors, 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 report of the Board of Directors and 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.

Parent company's financial statements, report of the Board of Directors 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.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's 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 disposal of distributable funds is in compliance with the Companies Act.

Tampere, 30 January, 2007
KPMG Oy Ab

Frans Kärki
Authorised Public Accountant