FINANCIAL STATEMENTS 2011

SOLTEQ

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REPORT OF THE BOARD OF DIRECTORS

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq offers operational and financial control services developed according to plan to commercial, logistics, industrial and public administration actors. We complement our core offering with solutions for specialized retail management, maintenance and servicing management, as well as solutions for quality improvement and the management of systems in which master data is contained. With the help of our solutions developed using technology from the world's leading companies, our clients guide their businesses more efficiently and improve their profitability.

Till the end of year 2011 Solteq's operations was divided into four business areas and the result of the company is monitored through these areas. Business areas are: ERP (enterprise resource planning), EAM (enterprise asset management), Data (data management, optimization and integration) and Store (retail solutions and technology).

As from the beginning of 2012, Solteq Plc's reportable segments are the Enterprise Resource Planning and Financial Management Solutions (until 2011 ERP) and Value Added Solutions (until 2011 EAM, DATA and STORE)

Solteq's turnover totalled 27.144 thousand euros in which contains increase of 0,5 per cent compared to corresponding period in 2010. Solteq's operating result for the fourth quarter increased to 1.435 thousand euros from -4.315 thousand euros that was the operating result in the corresponding period 2010. Company's operating profit percentage was 5,4% (-16,0% in 2010).

REVENUE AND RESULT

Revenue increased by 0,5 % compared to the previous year and totalled 27.144 thousand euros (previous financial year 26.998 thousand euros). Revenue consists of several individual customerships. At the most, one client corresponds to less than ten percentages of the revenue.

The operating result for the financial year was 1.453 thousand euros (-4.315 thousand euros), result before taxes was 1.280 thousand euros (-4.487 thousand euros) and result for the financial year 897 thousand euros (-3.707 thousand euros).

BALANCE SHEET AND FINANCING

The total assets amounted to 17.374 thousand euros (17.211 thousand euros). Liquid assets totalled 277 thousand euros (131 thousand euros). In addition to liquid assets, the company has unused bank account limits amounting to a total of 2.374 thousand euros.

The Group's interest-bearing liabilities were 4.166 thousand euros (7.117 thousand euros).

The Group's equity ratio was 34,2 percent (30,6 %).

INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investments during the financial year were 473 thousand euros (153 thousand euros).

Research and development

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

During the fiscal year, product development costs were not amortized (none in the reference year, either).

PERSONNEL

The number of permanent employees at the end of the review period was 212 persons (220 persons). Average number of personnel during the financial year was 211 persons (233 persons). In the end of the financial year the number of personnel could be divided by 1.1.2010 reformed business segments as follows ERP 105 persons, EAM 32 persons, DATA 21 persons, STORE 24 persons and shared functions 30 persons.

RELATED PARTY TRANSACTIONS

Solteq's related parties include board of directors, managing director and the management team. The company issued a stock release on 1 March 2011 and a statement on 23 March on an arrangement in which Solteq Plc granted an interest-bearing loan and directed a share issue against payment to Solteq Management Oy, a company owned by the Solteq Group senior management. Solteq Management Oy is included in Solteq Plc's consolidated financial statements on the basis of a shareholders' agreement.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 31.12.2011 was 1.009.154,17 euros which was represented by 12.148.429 shares. The shares have no nominal value.

In the end of the financial year the amount of treasury shares in Solteq Plc's possession was 700.062 shares. The amount of treasury shares represented 5,76 % from the total amount of shares and votes in the end of the review period. The equivalent value of acquired shares was 58.153 euros. The treasury shares were acquired through the company's unrestricted shareholder equity at the prevailing market price at the Helsinki Stock Exchange.

Exchange and rate

During the financial year, the exchange of Solteq's shares in the Helsinki Stock Exchange was 1,6 million shares (1,3 million shares) and 1,7 million euros (1,5 million euros). Highest rate during the financial year was 1,20 euros and lowest rate 0,95 euros. Weighted average rate of the share was 1,07 euros and end rate 0,98 euros. The market value of the company's shares in the end of the financial year totalled 11,9 million euros (16,2 million euros).

Corporate Governance Statement

Solteq has issued its Corporate Governance Statement as a separate report. The auditor of Solteq Plc has audited that the Corporate Governance Statement has been issued and that the systems of internal control and risk management relating to the reporting of financial results that are described in the report are consistent with Solteq Plc's financial statements. Solteq Plc's Corporate Governance Statement is available on company's website at www.solteq.com/investors

Ownership

In the end of the financial year, Solteq had a total of 1.829 shareholders (1.945 shareholders). Solteq's 10 largest shareholders owned 8.524 thousand shares i.e. they owned 70,2 per cent of the company's shares and votes. Solteq Plc's members of the board owned a total of 5.149 thousand shares which equals 42,4 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting on 16.3.2011 adopted the financial statements for 2010 and the members of the board and the managing director were discharged from liability for the financial year 2010.

The Annual General Meeting of 16 March 2011 accepted the Board's proposal that no dividends be paid for the financial period ending on 31 December 2010

The Annual General Meeting authorized the Board of Directors to decide on acquiring company's own shares and pledging them as security in such a way that the number of shares in the possession of the company may be a maximum of 10 per cent of the company's total shares at any moment. The shares can be acquired in order to develop the company's capital structure, finance and execute acquisitions or similar arrangements or used as part of the incentive scheme of the personnel or convey otherwise or be invalidated. The shares can be acquired in other proportion than the shareholders' holdings. The shares are to be acquired through public trading. The authorization is valid until the next annual general meeting.

The Annual General Meeting approved the proposal of the Board to cover the loss of EUR 3,412.908. 22 in balance sheet by assets from the distributable equity reserve.

BOARD OF DIRECTORS AND AUDITORS

Five members were elected to the board of directors. Ali Saadetdin, Seppo Aalto, Markku Pietilä, Sirpa Sara-aho and Jukka Sonninen continued as members of the board. The board elected Ali Saadetdin to act as the chairman of the board.

KPMG Oy Ab, Authorized Public Accountants, has acted as Solteq's auditors. Frans Kärki, APA, acts as the lead partner.

EVENTS AFTER THE REVIEW PERIOD

No events requiring reporting have taken place after the review period.

RISKS AND UNCERTAINITIES

The key uncertainties and risks in short term are related to the timing and pricing of the business deals that are the basis for the revenue, changes in the level of costs and the company's ability to manage extensive contract agreements and deliveries. An addition, as a result of the weak financial performance at the end of the fiscal period, risk concerning the company's access to capital is greater than before.

The key business risks and uncertainties of the company are monitored constantly as a part of the board of directors' and management team's work. The company has not organized a separate internal audit organization or committee.

PROSPECTS

For 2012, we estimate that we grow with the market and at the same time we improve our profitability.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF DIVIDEND

At the end of the financial period 2011 , the distributable equity of the Group's parent company
is 3.791.858,52 euros. The Solteq Plc Board proposes to the Annual General Meeting that the Board be authorised, on the basis of Chapter 13, Section 6, Sub-section 2 of the Finnish Companies Act, to decide on the distribution of a dividend amounting to a maximum of EUR 0.05 per share or of other assets from the distributable equity reserve, as well as decide on the timing and other details concerning the possible distribution. In view of the current number of the share, the authorisation, if used to the full, would mean the distribution of share capital amounting to EUR 589,000.00 to the shareholders. No essential changes have taken place in the company's financial situation after the end of the financial period. The liquidity of the company is good, and in the Board's estimation the proposed distribution of dividends or other assets will not endanger the company's financial standing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand EUR	Note	1.1.–31.12. 2011	1.1.–31.12. 2010
Revenue	1,3	27 144	26 998
Other income	4	15	52
Materials and servuces		-6 383	-7 394
Employee benefit expenses	7	-14 165	-15 688
Depreciation ans asset write-downs	6	-750	-3 223
Other expenses	5,8	-4 408	-5 060
Operating result		**1 453**	**–4 315**
Financial income	9	24	27
Financial expenses	10	-198	-199
Result before taxes		**1 280**	**–4 487**
Income tax expense	11	-383	780
Result for the financial period		**897**	**–3 707**
Other comprehensive income:			
Cash flow hedges		8	-18
Taxes related to cash flow hedge		-2	5
Other comprehensive income, net of tax		6	-13
Total comprehensive income		**903**	**–3 720**
Earnings per share attributable to equity			
holders of the parent::			
Earnings per share, undiluted, (EUR)	12	0,08	-0,32

Diluted result does not differ from the undiluted result for the financial year or the previous year.

Result for the financial period and total comprehensive income belong exclusively to the owners of the parent company.

Consolidated balance sheet

thousand EUR	Note	1.1.-31.12. 2011	1.1.-31.12. 2010
ASSETS			
Non-current assets			
Property, plant and equipment	13	2 264	2 229
Goodwill	14	6 199	6 199
Other intanglible assets	14	1 780	2 093
Available-for-sales financial assets	15	524	524
Deferred tax assets	16	280	654
Trade receivables	17	67	87
		11 114	**11 786**
Current assets			
Trade and other receivables	17	5 983	5 294
Cash and cash equivalents	18	277	131
		6 260	**5 425**
Total assets		**17 374**	**17 211**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	19	1 009	1 009
Share premium reserve	19	75	75
Hedging reserve	19	-14	-20
Reserve for own shares	19	-835	-618
Distributable equity reserve	19	3 801	7 213
Retained earnings	19	1 909	-2 400
Total equity		**5 945**	**5 259**

thousand EUR	Note	1.1.-31.12. 2011	1.1.-31.12. 2010
Non-current liabilities			
Financial liabilities	21	1 948	3 016
		1 948	**3 016**
Current liabilities			
Trade and other payables	22	6 526	4 835
Financial liabilities	21	2 218	4 101
Provisions	20	737	0
		9 481	**8 936**
Total liabilities		**11 429**	**11 952**
Total equity and liabilities		**17 374**	**17 211**

On the basis of a decision by the management, certain investments in shares in buildings have been reclassified as available-for-sale financial assets owing to their factual nature, instead of being classified as property, plant and equipment. Owing to the reclassification, there is a difference of EUR 431 000 between the items in the reference figures

Consolidated statement of cash flows

thousand EUR	Note	1.1.-31.12.2011	1.1.-31.12.2010
Cash flow from operating activities			
Result for the financial period		897	-3 707
Adjustments for operating profit	24	750	3 223
Changes in working capital		2 302	1 480
Interest paid		-195	-199
Interest received		24	27
Net cash from operating activities		**3 778**	**824**
Cash flows from investing activities			
Investments in tangible and intangible assets		-473	-153
Net cash used in investing activities		**-473**	**-153**
Cash flow in financing activities			
Withdrawal of non-current loans		100	0
Repayment of non-current loans		-1 333	-1 267
Short-term loans drawn, including financial leasing liabilities		107	1 462
Repayment of current loans		-1 817	0
Acquisition of treasury shares		-216	-281
Dividend distribution		0	-712

thousand EUR	Note	1.1.-31.12.2010	1.1.-31.12.2010
Net cash used in financing activities		**-3 159**	**-798**
Changes in cash and cash equivalents		**146**	**-127**
Cash and cash equivalents 1.1.		131	258
Cash and cash equivalents 31.12.	**18**	**277**	**131**

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

thousand EUR	2011	2010
Cash and bank accounts	277	131
Total	**277**	**131**

Consolidated statement of changes in equity

	Equity belonging to the shareholders of the parent company.						
thousand EUR	Share capital	Reserve for own shares	Share premium reserve	Hedging reserve	Distributable equity reserve	Retained earnings	Total equity
Equity 1.1.2010	1 009	**-337**	75	**-7**	7 213	**2 020**	9 973
Profit for the financial period						-3 707	-3 707
Other comprehensive income				-13			-13
Total comprehensive income for the financial period				**-13**		**-3 707**	**-3 720**
Transactions with owners							
Own shares acquired		-281					-281
Dividend distribution						-712	-712
Equity 31.12.2010	1 009	**-618**	75	**-20**	7 213	**-2 400**	5 259
Profit for the financial period						897	897
Other comprehensive income				6			6
Total comprehensive income for the financial period				**6**		**897**	**903**
Transactions with owners							
Own shares acquired		-217					-217
Cover for losses					-3 413	3 413	0
Equity 31.12.2011	1 009	**-835**	75	**-14**	3 800	**1 910**	5 945

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GROUP INFORMATION

Solteq group is an IT solutions and service provider to domestic companies in the trade and industry sectors. It has specialist know-how in the fields of chained trade, retail and wholesale trade, car trade and selected industry segments' IT systems and related services. The Group operates mainly in Finland. In Russia operates a fully-owned subsidiary OOO Solteq Russia, (no activity at the moment), which has its domicile in St. Petersburg.

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

In its meeting 15.2.2012, the Board of Directors of Solteq Plc has approved these financial statements to be published. According to the Finnish Companies act, the shareholders may adopt or reject the financial statements in the annual general meeting held after the publication. The annual general meeting also has an option to make changes in the financial statements.

ACCOUNTING POLICIES

Basis of preparation

Solteq Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid as at 31.12.2011. 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 are also in accordance with the requirements of the Finnish Accounting and Companies Acts.

The consolidated financial statements have been prepared on historical cost convention basis, with the exception of available-for-sale financial assets which are measured at fair value. Financial statement information is presented in thousands of euros.

As from 1 January 2011, the Group has applied the following amended standards. They have not, however, had a significant impact on the consolidated financial statements. The standards or interpretations not listed below that entered into force on 1 January 2011 or amendments made to them do not have an impact on Solteq's consolidated financial statements:

- Amended IAS 24 Information regarding related party in financial statements (effective on1 January 2011 or in the financial periods following the effective date). The definition of related party has been clarified and the disclosure requirements concerning certain government-related entities have been amended.

- Improvements to IFRS standards (May 2010, generally effective on 1 July 2010 or in the financial periods following the effective date). The minor and less urgent amendments to be made to the standards through the Annual Improvement procedure will be combined into one project and implemented once a year. The amendments in the project concern a total of seven standards.

The preparation of the financial statement in accordance with the IFRS standards requires the group management to make certain estimates and assumptions that affect the application of accounting policies. Information of these considerations that the management has used in applying accounting policies 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 significant uncertainties relating to accounting estimates".

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENT

Subsidiaries

Consolidated financial statements include Solteq Plc and its subsidiaries, as well as Solteq Management Oy, which is included in the consolidated financial statements on the basis of a shareholders' agreement. The financial statements of the mutual real estate companies which own the commercial properties are included in the consolidated financial statements by using proportionate consolidation.

The aforementioned subsidiaries are companies where the group holds the 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 mutual real estate companies have been consolidated as associates, i.e. jointly controlled assets, by using proportionate line by line consolidation

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

In March 2011, Solteq Group's senior management established a limited liability company Solteq Management Oy for the implementation of a share-based incentive scheme for the senior management. The company holds 400,000 shares in Solteq Plc. Further information on the arrangements in Note 28 "Related Party Disclosures". As Solteq Management Oy is controlled by the parent company on the basis of a shareholders' agreement, it is included in the consolidated financial statements. The shares that Solteq Management Oy holds in the parent company are deducted from the consolidated balance sheet and from the distributable equity of the Group.The deduction from equity is disclosed in the reserve for own shares.

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 consolidated 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 foreign currencies have been converted to functional currency at the exchange rate of that date. Any exchange rate gain or loss from transactions in foreign currencies has been recognised in the financial statements under financial income and expense.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist mainly of buildings, machines and equipment. They are measured at historical cost less accumulated depreciation and possible impairment losses.

Depreciation is calculated on a straight-line basis over their estimated useful life. The estimated useful lives are as follows:

Machinery and equipment	2-5 years
Buildings	40 years
Other tangible assets	consists of works of art which are not depreciated

The residual values and useful lives are reviewed at each reporting date and, when necessary, are corrected to reflect any possible changes in expected future economic benefit.

Gains and losses from disposal and divestment of tangible assets are recognised under other income or expenses.

INTANGIBLE ASSETS

An intangible asset is recognised in the balance sheet only if the asset's acquisition cost can be reliably measured and if it is probable that future economic benefits will flow to the entity. Intangible assets with a finite useful life are recognised in the balance sheet at historical cost and are amortised on a straight-line basis during their useful life. Estimated amortisation periods are as follows:

Development costs	5-10 years
Intangible rights	3-5 years
Other intangible assets	3-10 years

Goodwill

The goodwill arising from business consolidations that occurred after 1/1/2010 is recorded to an amount whereby the sum of the released consideration, controlling interest in the acquiree and previously owned share exceed the group's share of the acquired net asset value.

Company acquisitions occurring from 1/1/2004 until 31/12/2009 are recorded in accordance with the the previous IFRS norm (IFRS 3 (2004)). Goodwill is the 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 before 1.1.2004. The classification of these acquisitions or their accounting treatment has not been adjusted in the group's opening IFRS balance sheet.

Goodwill is not amortised but is tested annually for impairment. For this purpose the goodwill is allocated to cash-generating units. The goodwill is valued at the original acquisition cost less impairment losses.

Research and development costs

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

GOVERNMENT GRANTS

Government grants, such as grants from public institutions for acquisition of intangible assets, are deducted from the carrying amount of the asset when it is reasonably certain that they will be received and the group fulfils the requirements to receive such grants. Grants are recognized in the form of lower depreciation expense during the useful life of the asset. Grants that compensate for expenses incurred are recognized in the income statement when the expenses are recognized. These grants are presented in other income.

LEASES

Group as a lessee

Lease contracts for tangible assets for which the group have a significant part of the risks and rewards incidental to ownership, are classed as financial leases. At the inception 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 useful life or, if shorter, the lease term. Lease payments are apportioned between financial expenses and loan repayments during the rental period so that the remaining debt at the end of a financial period has a constant periodic interest rate. Lease liabilities are included in the financial liabilities.

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The group estimates at the end of each financial period whether or not there is any indication of impairment on any asset. In the event of any such indication, the recoverable amount of the asset 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 and 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 greater of the asset's fair value less selling costs or its value in use. 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. In the calculation of present value, discounting percentage is pretax rate which reflects the market's view of time value of money and asset-specific risks.

Impairment loss is recognised when the asset's carrying amount is higher than its recoverable amount. Impairment loss is immediately recognised in the income statement. If the impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment loss is reversed, if circumstances change and the asset's recoverable value has changed from the time of the recognition of the impairment loss. Reversal amount cannot, however, be higher than the asset's book value would be without the recognition of the impairment loss. Impairment loss on goodwill is not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension liabilities

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

PROVISIONS AND CONTINGENT LIABILITIES

Provision is recognised when the group has a present legal or constructive obligation as a result of a past event, realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are valued at the present value required to cover the obligation. Present values are determined by discounting the expected future cash flows at a pre-tax rate that reflects the market's view of that moment's time value and risks associated with the obligation. If part of the obligation is possible to be covered by a third party, the obligation is recognised as a separate asset, but only once this coverage is virtually certain.

Warranty provision is booked on anticipated warranty obligations related to project activity. The Group recognises a provision for onerous contracts when the expected benefits from a contract are less than the unavoidable costs of meeting the obligations.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Also present obligation that is not probable to cause liability to pay or the amount of obligation cannot be measured with sufficient reliability are considered contingent liabilities. Contingent liabilities are disclosed as notes to the financial statements.

INCOME TAXES

Tax expenses for the financial period comprise 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 temporary differences between book value and taxable value. Most significant temporary differences are due to carry-forward of unused tax losses and goodwill tax amortisation. Deferred taxes are not recognised on temporary differences arising from goodwill impairment losses that are not tax deductible. Deferred taxes are neither recognised on undistributed profit from subsidiaries when the differences are unlikely to reverse 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

Income from the sale of goods, software licences and hardware is recognised at fair value excluding indirect taxes, discounts and exchange rate differences from sales in currencies.

Services rendered and sale of software licences and hardware

Income from services is recognised when the service has been rendered. Maintenance income is recognized over the agreement period.

In order to recognise revenue from sales of software licences and hardware, there must be a binding agreement, delivery of product or equipment has taken place, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the group has transferred to the buyer the significant risks and rewards of ownership of the software licence or hardware. Software licences with right of return or conditions relating to start-up project are recognized when the right of return has expired or conditions have been fulfilled.

Long–term projects

When the outcome of the project can be estimated reliably, income and expenses for long-term projects are recognised as income and expenses based on the stage of completion. Stage of completion is defined by comparing the costs incurred for work performed 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 immediately recognised in income statement.

When the final result of a long-term project cannot be reliably estimated, costs incurred are recognised as expense during the period when incurred. Revenue from the project is recognised only to the extent of contract costs incurred and when it is probable that it will be recoverable. Losses from the project will immediately be recognised as cost in income statement.

Other income

Other income comprises gains from assets and income not relating to actual sales, such as rental income and government grants. Government grants are recognised in the income statement at the same time with those expenses that the government grants were intended to cover.

Interest income and dividends

Interest income is recognised using the effective interest method and dividends at the time the right for the dividend has been earned.

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, 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.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The group has classified its financial assets to the following classes: loans and receivables and available-for-sale financial assets. The classification is based on the purpose of purchasing financial assets and the classification is made at the time of the initial purchase.

Transaction costs are included in the financial asset value at initial measurement. All purchases and sales of financial assets are recognised on the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the group has transferred substantially all the risks and rewards of ownership outside the group.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and the group is not holding them for trading. They are valued at amortised cost. They are classified in the balance sheet under current assets due to their nature.

Available-for-sale financial assets are assets that are not designated to other categories. They are classified in non-current assets. Available-for-sale financial assets consist of shares. They are recognised at fair value or, if fair value can not be measured reliably, at cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits that can be withdrawn on demand. Account with overdraft facility is included in current financial liabilities. Unused overdraft facility in the amount of 2,4 M€, has not been recognised in the balance sheet.

Impairment of financial assets

The group assesses at the end of the financial period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the loss is recognised in the income statement.

Financial liabilities

Financial liabilities are initially recognised at fair value. Transaction costs are included in the financial liability value at the initial measurement. Later all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are classified under non-current and current liabilities which can be either interest-bearing or interest-free.

Cash flow hedges

For cash flow hedges, the effective portion of the change in fair value of the derivative that is determined to be an effective hedge shall be recognized in other comprehensive income and shall be disclosed in the hedging reserve in that case the hedging relationship qualifies the requirements for hedge accounting as set in IAS 39. The ineffective portion of the change in fair value of the derivative shall be recognised in profit or loss. Cumulative gain or loss of the effective portion of derivatives deferred to other comprehensive income is transferred to the profit and loss and classified as revenue or expense for the accounting period or periods when the hedged item is recognized in the profit and loss, e.g. when the interest expenses of a loan are accrued in the profit and loss. The group applies hedge accounting on an interest rate swap that is hedging cash flows. Interest rate swaps are used to hedge against interest rate risks arising from fluctuating rate loans.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they incur. If there is certain known criteria concerning qualifying asset, the borrowing costs are capitalized. Transaction costs directly attributable to acquisition of loans which clearly relate to a certain loan are included in the original amortised cost of the loan and are expensed using effective interest method.

Equity

Costs relating to the acquisition of own shares are deducted from the equity. If Solteq Plc acquires its own shares, the acquisition costs are deducted from the equity.

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

In preparation of the consolidated financial statements, estimates and assumptions regarding the future must be made. The end results may deviate from these assumptions and estimates. In addition, some judgement must be exercised in the application of the policies of the financial statements.

Management judgement regarding selection and application of accounting policies

The group management uses judgement regarding selection and application of accounting policies. This applies especially to those cases where the IFRS standards and interpretations in effect have recognition, measurement and presentation alternatives.

Uncertainties relating to accounting estimates

Accounting estimates in preparation of the financial statements are based on management's best estimate at the end of the financial period. 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 on which the consolidated financial statements are prepared. Uncertainties are related to, inter alia, existing uncertainty in the assessment of project outcomes, valuation of accounts receivable, the measuring and recognition of deferred tax assets and the development of the overall financial environment. Possible changes in estimates and assumptions are recognised in accounting during the financial year when the estimate or assumption is revised, and all the periods after that.

Impairment test

The group carries out annual tests for the possible impairment of goodwill and intangible assets not yet available for use, and indications of impairment are evaluated in accordance with the principles described earlier in these financial statement. Recoverable amount of cash-generating units is defined with calculations based on value in use. These calculations require the use of estimates. Additional information about sensitivity analyses regarding changes in assumptions relating to recoverable amount are disclosed under note 14 Intangible assets.

ADOPTION OF NEW AND THE REVISED IFRS STANDARDS

IASB has issued the following new, amended standards which have not yet been approved in the EU. They have not been applied in the Group yet. They will be adopted as from the effective date, or if the effective date is other than the first day of the financial period, from the beginning of the following financial period. Other announced amendments to the standards or interpretations which are not listed below are not estimated to have a significant impact on Solteq's future consolidated financial statements

Amendments to IAS 1: Presentation of Financial Statements (effective on 1 July 2012 or in financial periods following the effective date): The most essential amendment is the requirement of grouping of other items of the comprehensive income statement as items that will not be reclassified subsequently to profit or loss or as items that might be reclassified subsequently to profit or loss when specific conditions are met. In Solteq, the amendment will not have a significant impact on the presentation of the comprehensive consolidated income statement.

The new and amended standards concerning the preparation of consolidated financial statements (effective on 1 January 2013 or in the financial period following the effective date):

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interest in Other Entities

IAS 27 (amended in 2011) Consolidated and Separate Financial Statement

IAS 28 (amended in 2011) Interest in Associate and Associates

IFRS 10 identifies the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 11 provides guidance on the accounting treatment of joint arrangements on the basis of rights and obligations rather than their legal form. In addition, the reporting method to be used for associates in the future is the equity method instead of the earlier proportionate consolidation method. IFRS 12 contains disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standards are estimated not to have a significant impact on Solteq's consolidated financial statements.

IFRS 9 Financial Instruments and amendments made to it (effective on 1 January 2015 or in the financial periods following the effective date): The new standard will be announced in three phases and it will replace currently effective IAS 39. In the first phase, the method of measuring financial assets has been simplified: the financial assets are classified into two main groups: those measured at the periodized acquisition cost and those measured at fair value. As to financial liabilities, most of the IAS 39 regulations have been transferred to the new standard. The possible impacts of the new standard on the consolidated financial statements will be estimated at Solteq during upcoming financial periods.

1 OPERATING SEGMENT INFORMATION

In the Solteq Group, the highest operative decision maker is the CEO, who monitors the results and takes decisions on the allocation of the resources through four business segments. The Group has not combined the business segments in order to form reportable segments; the business segments as such also form reportable segments.

The operating segments of the group are:

- ERP business: financial and ERP systems
- EAM Business: asset optimization, material management and maintenance systems
- Data business: tools for data collection, data quality and to ensure the accuracy of data integration between different systems
- Store business: cashier and shop systems

The highest operative decision maker monitors the result of each reportable segment through a profit/loss figure based on IFRS reporting. The assets and liabilities of the reportable segments are not monitored as there is no realistic way of allocating them to the segments. The consolidated turnover is allocated to the segments; the segments have no significant mutual business transactions. The combined operating profit of the segments equals the consolidated operating profit. The reconciliation between the operating profit and the Group's profit before taxes consists of the financial items in the consolidated income statement that are not allocated to the segments.

The most essential products and service types of the Group are software services, licenses and hardware sales.

As the Group mainly operates in Finland, no Community-level geographical information on revenue from external sources or long-term assets has been presented separately. Income from no one customer exceeds 10% of the Group's total revenue.

2011, thousand EUR					
Operating segments	ERP	EAM	DATA	STORE	Total
Revenue	16 594	3 831	2 482	4 237	27 144
Result for the financial period	1 476	59	-320	238	1 453
Depreciation and asset write-downs	-446	-128	-79	-97	-750
Expenses that do not include payment transactions*	-442	-138	-75	-82	-737

2010, thousand EUR					
Operating segments	ERP	EAM	DATA	STORE	Yht
Revenue	16 567	3 532	2 839	4 060	26 998
Result for the financial period	-1 503	-981	-1 394	-437	-4 315
Depreciation and asset write-downs	-1 535	-651	-909	-127	-3 223
Expenses that do not include payment transactions*	0	0	0	0	0

* Warranty provisions and other provisions

Reportable segments in 2012

On 1 January 2012, Solteq made changes to its organisational structure to clarify the company strategy and speed up its implementation. As from the beginning of 2012, EAM, DATA and STORE are combined into one segment, Value Added Solutions for Enterprise Resource Planning (VAS). The ERP Segment will be Enterprise Resource Planning and Financial Management Solutions (ERPFM). In this level the highest operative decision maker monitors result and makes decisions in allocation of resources to each segment.

Below are the actual figures for the financial period of 2011 in accordance with the new segment division

2011, thousand EUR			
Operatingsegments	ERPFM	VAS	Total
Revenue	16 596	10 548	27 144
Result for the financial period	1 476	-23	1 453
Depreciation and asset write-downs	-446	-304	-750

2011, thousand EUR			
Operatingsegments	ERPFM	VAS	Total
Expenses that do not include payment transactions *	-442	-295	-737

* Warranty provisions and other provisions

2 BUSINESS COMBINATIONS

There were no new business acquisitions in fiscal year 2011 (none in the reference year, either).

3 REVENUE AND LONG-TERM PROJECTS

Revenue

thousand EUR	2011	2010
Services	12 712	16 413
Income from construction contracts	4 612	1 129
Income from software licenses	8 271	7 234
Sales of hardware	1 549	2 222
Total	27 144	**26 998**

By the end of the year, actual expenses and profits (less losses) amounting to a total of EUR 10,057,000 were recognised from ongoing long-term projects (EUR 1,030,000 in 31.12.2010). At 31 December 2011, receivables connected with ongoing long-term projects amounted to EUR 107,233.00 (EUR 491,000.00 at 31 December 2010).

4 OTHER INCOME

thousand EUR	2011	2010
Other income	15	52
Total	**15**	**52**

5 OTHER EXPENSES

thousand EUR	2011	2010
Telephone and telecommunications costs	301	365
Rental expenses	734	884
Car and travel expenses	734	834
External services	406	313
Loss-making projects	12	797
Impairment losses	32	121
Warranty provisions	725	0
Other expenses	1 464	1 746
Total	**4 408**	**5 060**

External services include audit fees 51 thousand euros (41 thousand euros 2010) and other services 2 thousand euros (13 thousand euros 2010).

6 DEPRECIATION, AMORTISATION AND IMPAIRMENT

thousand EUR	2011	2010
Depreciation by asset group		
Intangible assets		
Development costs	228	252
Intangible rights	108	108
Other intangible assets	60	61

thousand EUR	2011	2010
Asset write-downs by group		
Intangible assets		
Development costs	0	287
Goodwill	0	2 087
Total	**396**	**2 795**
Tangible assets		
Buildings	36	0
Machinery and equipment	318	428
Total	**354**	**428**

7 EMPLOYEE BENEFIT EXPENSES

thousand EUR	2011	2010
Salaries and wages	11 530	12 575
Pension expenses - defined contribution plan	1 985	2 385
Other personnel expenses	650	728
Total	**14 165**	**15 688**
Average number of employees in group during financial period	**2011**	**2010**
ERP	102	114
EAM	33	40
DATA	21	28
STORE	24	27
Shared functions	31	25
Total	**211**	**234**
Emplyees as at 31.12.	212	220

Information on management's employee benefits is presented in note 28 Related party transactions.

8 RESEARCH AND DEVELOPMENT COSTS

Income statement for 2011 includes research and development costs in the amount of 820 thousand euros (1.603 thousand euros in 2010).

9 FINANCIAL INCOME

thousand EUR	2011	2010
Interest income from loans and receivable	22	26
Dividend income from held-for-sale financial assets	2	1
Total	**24**	**27**

10 FINANCIAL EXPENSES

thousand EUR	2011	2010
Interest expenses from financial expenses at amortized costs	168	180
Other financial expenses	30	19
Total	**198**	**199**

Other financial expenses include 4 thousand euros of variable rents relating to financial leasing contracts (1 thousand euros in 2010).

11 INCOME TAXES

thousand EUR	2011	2010
Deferred taxes	383	-780
Total	**383**	**-780**

Reconciliation between the tax expenses in the income statement and the taxes calculated at the tax rate valid in the Group's home country. The taxable income for the financial period has been calculated at a tax rate of 26%, but the tax rate of the deferred taxes is 24.5%.

thousand EUR	2011	2010
Result before tax	1 280	-4 487
Taxes based on domestix tax rate	333	-1 167
Non-deductible goodwill amortisation	0	353
Non-deductible expenses	16	21
Unrecognised losses in taxation relating to subsidiaries	6	16
Other differences	12	-3
Impact of the change in the tax rate	16	0
Taxes in the income statement	**383**	**-780**

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 outstanding.

When calculating the diluted earnings per share, the weighted average number of stocks takes into account the dilutive effect of the reserve own shares held by the company. The Group had not ongoing share option programs or convertible bonds that would have had a diluting effect. The share's fair value is based on the average price of the shares over the financial period.

	2011	2010
Profit for the financial period attributable to equity holders of the parent (thousand EUR)	897	-3 707
Weighted average of the number of shares during the financial period (1 000)	11 546	11 767
Undiluted EPS (EUR/share)	0,08	-0,32
Dilutive effect has no influence on earnings per share (EPS)		

13 PROPERTY, PLANT AND EQUIPMENT

thousand EUR	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2011	160	1 836	3 718	21	5 735
Reclassification	-9	-398	-23	0	-431
Additions	0	0	388	0	388
Acquisition cost 31.12.2011	**151**	**1 438**	**4 083**	**21**	**5 693**
Accumulated depreciation and impairment 1.1.2011	0	0	3 075	0	3 075
Depreciation	0	36	318	0	354
Accumulated depreciation and impairment 31.12.2011	**0**	**36**	**3 393**	**0**	**3 429**
Book value 1.1.2011	151	1 438	620	21	2 230
Book value 31.12.2011	151	1 402	690	21	2 264
Acquisition cost 1.1.2010	160	1 836	3 275	21	5 292
Additions	0	0	443	0	443
Acquisition cost 31.12.2010	**160**	**1 836**	**3 718**	**21**	**5 735**
Accumulated depreciation and impairment 1.1.2010	0	0	2 647	0	2 647
Depreciation	0	0	428	0	428
Accumulated depreciation and impairment 31.12.2010	**0**	**0**	**3 075**	**0**	**3 075**
Book value 1.1.2010	160	1 836	628	21	2 645
Book value 31.12.2010	160	1 836	643	21	2 660

On the basis of a decision by the management, certain investments in shares in buildings have been classified as available-for-sale financial assets owing to their factual nature, instead of being classified as property, plant and equipment. Owing to the reclassification, there is a difference of EUR 431 000 between the items in the reference figures.

EUR 659 thousand remained to be depreciated of the group's machinery and equipment on 31.12.2011 (595 thousand euros 31.12.2010).

Financial leases

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

thousand EUR	Machinery and equipment	Total
31.12.2011		
Acquisition cost	2 828	2 828
Accumulated depreciation	2 237	2 237
Book value	591	591
31.12.2010		
Acquisition cost	2 499	2 499
Accumulated depreciation	2 010	2 010
Book value	489	489

EUR 329 thousand worth of assets under financial leases is included in the additions (335 thousand euros 2010).

14 INTANGIBLE ASSETS

thousand EUR	Goodwill	Development costs	Intangible rights	Other intangible assets	Total
Acquisition cost 1.1.2011	8 396	2 618	2 311	342	13 667
Additions	0	0	32	51	83
Acquisition cost 31.12.2011	**8 396**	**2 618**	**2 343**	**393**	**13 750**
Accumulated depreciation and impairment 1.1.2011	2 197	1 013	1 911	254	5 375
Depreciation	0	228	108	60	396
Accumulated depreciation and impairment 31.12.2011	**2 197**	**1 241**	**2 019**	**314**	**5 771**
Book value 1.1.2011	6 199	1 605	400	88	8 292
Book value 31.12.2011	6 199	1 377	324	79	7 979
Acquisition cost 1.1.2010	8 396	2 618	2 300	307	13 621
Additions	0	0	11	35	46
Acquisition cost 31.12.2010	**8 396**	**2 618**	**2 311**	**342**	**13 667**
Accumulated depreciation and impairment 1.1.2010	110	474	1 803	193	2 580
Depreciation	0	252	108	61	421
Impairment	2 087	287	0	0	2 374
Accumulated depreciation and impairment 31.12.2010	**2 197**	**1 013**	**1 911**	**254**	**5 375**
Book value 1.1.2010	8 286	2 144	497	114	11 041
Book value 31.12.2010	6 199	1 605	400	88	8 292

No development projects were operating during the review period (none in the reference year, either).

The impairment recorded for development costs during the previous period, 287 thousand euros, is related to the activated development costs of the ERP segment. The estimate for the recoverable financial amount has declined because of the changes in the economic conditions.

Impairment

Goodwill originating from business combinations and intangible assets relating to development projects not yet available for use are allocated to cash-generating units which are based, starting from 1.1.2010, on the Group's budgeting and reporting structure used in monitoring business operations. These cash generating units according to the reporting structure are SAP, Microsoft Dynamics, Solteq Solutions, EAM, Store and Data.

As at 31.12.2011 the book value of goodwill totalled 6.199 thousand euros (6.199 thousand euros 31.12.2010). The financial statement doesn´t include intangible assets at 31.12.2011 (none in the reference year, either).

Goodwill is allocated as follows (thousand euros):

	2011	2010
SAP	1 493	1 493
Microsoft Dynamics	1 168	1 168
Solteq Solutions	334	334
EAM	2 398	2 398
Store	0	0
Data	806	806
Total	**6 199**	**6 199**

Impairment tests have been carried out at the cash-generating unit level. The recoverable amount has been determined by means of the value in use. The defined estimated cash flows are based on the operating result budget for 2012 and operating result forecasts for the following four years. After the forecast period, the impact of the cash flows has been considered in the testing only to the extent in which cash flows seem probable, and even then with special caution.

In view of the development of the cash flows during the forecast period, the units are divided into three categories. EAM and Microsoft Dynamics, estimated average increase annually 10-20%; SAP, Data and Store, estimated average increase annually 0-10%; Solteq Solutions, estimated average decrease annually 0-10%. The cash flows are not expected to increase in any category after the forecast period.

The discount rate of 8.2% used in the calculations for 2011 is the weighted average cost of capital before taxes (equal to 10,9% before taxes). In the 2010 calculations, the cash flows to be tested and the discount rate (9.0%) were presented as pre-tax figures.

The 2011 test results showed no need for impairment losses.

In the previous financial period, the impairment tests showed a need for an impairment write-down of EUR 2,087,000 on goodwill. The write-downs made in the financial statements of the reference year were allocated as follows: DATA, EUR 816,000; EAM, EUR 541,000; SAP, EUR730,000.

The sensitivity analysis

The increase of 1.5 percentage points in the discount rate would not cause a need to write down goodwill in any cash flow generating unit. The increase of 3 percentage points in the average operating result used in testing would not cause a need to make write-downs in Solteq Solutions, EAM or Store. In SAP, the need to make a write-down amounts to EUR 153,000, in Microsoft Dynamics to EUR 115,000, and in Data to EUR 51,000.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

thousand EUR	2011	2010
Beginning of financial period	524	524
End of financial period	524	524

On the basis of a decision by the management, certain investments in shares in buildings have been classified as available-for-sale financial assets owing to their factual nature, instead of being classified as property, plant and equipment. Owing to the reclassification, there is a difference of EUR 431 000 between the items in the reference figures.

16 DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes during 2011:

thousand Eur	31.12.2009	Recognized in the income statement	31.12.2010	Recognized in the income statement	31.12.2011
Deferred tax assets:					
Carryforward of unused tax losses	520	540	1 060	-541	519
Provisions	0	0	0	178	178

thousand Eur	31.12.2009	Recognized in the income statement	31.12.2010	Recognized in the income statement	31.12.2011
Booked depreciation in excess of tax depreciation	40	4	44	2	46
Other items	0	64	64	-2	62
Total	**560**	**608**	**1 168**	**-363**	**805**
Deferred tax liabilities:					
Tax-deductible goodwill	612	-99	513	12	525
Other items	73	-73	0	0	0
Total	**685**	**-172**	**513**	**12**	**525**

Deferred taxes are recognised in full, except for the losses of the Russian subsidiary. The losses for the previous financial periods of the Russian subsidiary are EUR 217 000 and the loss for the financial period EUR 22 000. The tax losses are carried forward in accordance with the Russian legislation. No losses for deferred tax receivables are recognised as it is probable that during the time the losses are carried forward, no taxable income against which the losses could be set off will accrue for the company.

The booking of the deferred tax asset on parent company's unused tax losses is based on the positive forecast in the near future. According to the forecast the company is able to use the deferred tax asset. During 2011 the company made positive taxable result and the deferred tax asset decreased by 541 thousand euros.

17 TRADE AND OTHER RECEIVABLES

thousand EUR	2011	2010
Loans and other receivables		
Trade receivables	4 183	3 924
Receivables from clients concerning long-term acquisitions	107	491
Prepayment and accrued income	1 688	567
Other receivables	72	399
Total	**6 050**	**5 381**

Receivables from clients concerning long-term acquisitions are related to credited ongoing projects in accordance with the readiness degree. Significant items included in prepayments and accrued income relate to normal business accruals. The interest rate for loan receivable has been Euribor + 1,0 %.

The aging of accounts receivable and items recorded as impairment losses:

thousand EUR	2011	Impairment losses	Net 2011	2010	Impairment losses	Net 2010
Not due	3 200	-70	3 130	2 994	-70	2 924
Due	1 053	-	1 053	1 000	-	1 000
Under 30 days	1 020	-	1 020	746	-	746
31-60 days	12	-	12	186	-	186
61-90 days	2	-	2	36	-	36
Over 90 days	19	-	19	32	-	32
Total	**4 253**	**-70**	**4 183**	**3 994**	**-70**	**3 924**

All current receivables are denominated in euros. There are no significant concentrations of risk related to receivables. Because the receivables are current their fair value is equivalent to carrying value.

18 CASH AND CASH EQUIVALENTS

No financial resources are lodged as guarantee period security (EUR 19 000 in 2010).

thousand EUR	2011	2010
Cash and bankaccounts	277	131
Total	**277**	**131**

19 NOTES TO EQUITY

Below is the reconciliation of the number of shares

and the statement of changes in equity:
The maximum number of shares is 28.539.504 (28.539.504 in 2010). The shares have no nominal value. The

thousand EUR	Number of shares (1 000)	Share capital	Reserve for own shares	Share premium reserve	Hedging reserve	Distributable equity reserve	Total
1.1.2010	12 148	1 009	-337	75	-7	7 213	7 954
Acquisition of own shares	0	0	-281	0	0	0	-281
Valuation of hedging instruments	0	0	0	0	-13	0	-13
31.12.2010	**12 148**	**1 009**	**-618**	**75**	**-20**	**7 213**	**7 660**
Acquisition of own shares	0	0	-217	0	0	0	-217
Cover for losses	0	0	0	0	0	-3 413	-3 413
Valuation of hedging instruments	0	0	0	0	6	0	6
31.12.2011	**12 148**	**1 009**	**-835**	**75**	**-14**	**3 800**	**4 036**

Group's maximum share capital according to the articles of association is 2.4 million euros (2.4 million euros in 2010).

The reserves included in equity are as follows:

Share premium reserve

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

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Distributable equity reserve

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

Reserve for own shares

Reserve for own shares consists of acquisition cost of own shares acquired by the group. The acquisition cost of the shares was 833.711,40 euros which is deducted from equity. At the end of the financial year Solteq Plc had 700.062 own shares in its possession (2010: 500.669 shares). The amount of acquired shares corresponded to 5,76 percent of the shares and votes at the end of the financial year. The equivalent value of acquired shares was 58.153 euros.

Dividends

After the balance sheet date the Board of Directors has proposed to the Ordinary General Meeting that the Board be authorised, on the basis of Chapter 13, Section 6, Sub-section 2 of the Finnish Companies Act, to decide on the distribution of a dividend amounting to a maximum of EUR 0.05 per share or of other assets from the distributable equity reserve, as well as decide on the timing and other details concerning the possible distribution.

20 PROVISIONS

thousand EUR	Warranty provisions	Other provisions
31.12.2010	**0**	**0**
Additional provisions	725	12
31.12.2011	**725**	**12**
	2011	**2010**
Short-term provisions	737	0
Total	**737**	**0**

Warranty provisions

As from the beginning of the financial period of 2011, warranty-based work was monitored more efficiently than before. During the financial period, a provision was made for anticipated warranty-based work in each project. The general warranty period is 6 – 12 months. As no history information was available, the warranty provisions are based on the warranty obligations created in 2011. The warranty provisions are expected to be used in 2012.

Other provisions

Other provisions are connected with long-term projects in which the total expenses of completing the project are expected to exceed the total income from the project.

21 FINANCIAL LIABILITIES

thousand EUR	2011 Book value	2011 Fair value	2010 Book value	2010 Fair value
Financial liabilities at amortized cost				
Non-current				
Loans from financial institutions	1 614	1 614	2 853	2 853
Finance lease obligations	334	334	163	163
	1 948	**1 948**	**3 016**	**3 016**
Current				
Loans from financial institutions	1 959	1 959	3 775	3 775
Finance lease obligations	259	259	326	326
	2 218	**2 218**	**4 101**	**4 101**

21 FINANCIAL LIABILITIES

As interests are tied to short-term reference rates, the fair value of the financial liabilities is mainly the same as the book value. The impact of the interest rate swap has been recognised as added financial liabilities.

Due dates of financial liabilities:

	2011	2012	2013	2014	2015–2017
thousand EUR					
Loans from financial institutions		2 053	884	353	447
Finance lease obligations		271	155	236	1
Long-term debt total		**2 324**	**1 039**	**589**	**448**

	2010	2011	2012	2013	2014–2016
thousand EUR					
Loans from financial institutions		3 775	1 353	833	667
Finance lease obligations		326	163	0	0
Long-term debt total		**4 101**	**1 516**	**833**	**667**

The credit limit of the account with overdraft facility has been presented annually as an item that matures in the following year. In 2011, the average interest rate of the loans was 2.7 percent (2.5 percent in 2010).

Due dates for financial lease obligations:

thousand EUR	2011	2010
Financial lease obligations - total amount of future minimum lease payments		
Within 12 months	259	326
Between 1 and 5 years	334	163
	593	**489**
Finance lease obligations - present value of minimum lease payments		
Within 12 months	267	329
Between 1 and 5 years	342	166
	609	**495**
Future financing expenses	-16	-6
Total financial lease obligations	**593**	**489**

22 TRADE AND OTHER PAYABLES

thousand EUR	2011	2010
Financial liabilities at amortized cost		
Current		
Trade payable	1 437	927
Accruals and deferred income	4 045	2 901
Other debts	1 044	1 007
Total	**6 526**	**4 835**

Current liabilities are denominated in euros and their fair values equal their book values. Significant items included in accruals and deferred income relate to usual accruals for business operations. Withheld taxes for paid wages and salaries, social security payments and other social security related items to be accounted for in connection with tax withholding, as well as VAT liability are disclosed in other payables.

23 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is subject to a number of financial risks in its 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 operating segment 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 concentrations 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 carrying value of financial assets as at 31.12.2011.

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 31.12.2011 totalled 2.374 thousand euros.

Interest rate risk

Group's income and operative cash flows are mainly free from market rate fluctuation effects. Group is able to take out either fixed-rate or fluctuating rate loans and to use interest rate swaps to achieve its objective relating to the financial principles.

The group is partly exposed to cash flow interest rate risk. The Group is partially subject to fair value interest rate risk relating to the portion of the loan portfolio that is not subject to hedging. A one percentage change in the interest rate of loans with floating interest has an effect on the company's interest expenses in the amount of approximately +/- 50 thousand euros.

In the end of the reporting period the Group had one interest rate swap denominated in euros. Based on the interest swap contract the Group receives approximately Euribor 1 month variable interest rate and pays approximately 1,97 % fixed interest rate. The Group has entered in to an interest rate swap to hedge the cash flows a fluctuating rate loan with a nominal contract amount of 1.500 thousand euros. The interest rate swap has been classified as an effective cash flow hedge and the correlation to interest cash flows is 100 % for both the value and timing.

The fair value of interest rate swap is verified quarterly by means of a confirmation from 3rd party.

Capital management

The objective for the Group's capital management is to secure the continuance of activities (going concern) and increase in shareholder value. The capital structure can be managed among other things through decisions regarding dividend distribution and return of equity, purchase of own shares as well as share issues.

The covenants concerning the Group's loans from financial institutions (EUR 1.5 million at 31 December 2011) and the account with overdraft facility (at 31 December 2011 EUR 3.0 million, of which in use EUR 0.6 million) are normal conditions reviewed in each financial period. The provider of financing has the right to call in the loans if the company's equity ratio decreases below 25% or the interest-bearing liabilities / operating profit ratio exceeds 8 during two consecutive financial periods. The financing margin can vary between 0.30 and 1.50 per cent, depending on changes in the equity ratio and the interest-bearing liabilities / operating profit ratio. In financial periods of 2010 and 2011, the Group's interest rate margin was 0.5%. It rose to 1.5% in 2011, but no risk of the loan agreement being terminated is foreseeable. The management monitors the loan covenant conditions regularly. The current marginal level is at the highest level based on the covenant agreement, i.e. possible changes will reduce the marginal level.

Equity ratio and net gearing -% are characteristic key figures for capital structure. Equity ratio in 2011 was 34,2 % (30,6 % in 2010). Net gearing percentage in 2011 was 65,4 % (132,8 % in 2010). Financial liabilities/operating profit ratio for 2011 was 1,8 (-6,5 in 2010).

24 ADJUSTMENTS TO CASH FLOW FROM BUSINESS OPERATIONS

Significant events are listed in the cash flow statement. Significant adjustments to cash flow from business operations are due to scheduled depreciation and asset write-downs.

25 ASSOCIATES

Together with other parties, Solteq exercises shared control over the assets, i.e. real property, that are under shared control. The Group has a 11.29 percent holding in Kiinteistö Oy Nukanleikkaaja (real estate corporation), a 14.48 percent holding in Kiinteistö Oy Villankarstaaja (real estate corporation) , and a 15.56 percent holding in Klingendahlin Pysäköinti Oy (parking services provider).

The associates are included in the consolidated financial statements by using proportionate consolidation. The assets, liabilities, expenses and income of the associates included in the comprehensive consolidated balance sheet and the consolidated income statement are as follows:

thousand EUR	2011	2010
Non-current asset	1 344	1 590
Current assets	4	0
Non-current liabilities	-2	0
Current liabilities	-6	0
Income	71	0
Expenses	-74	-74

The associates have not concluded investment agreements that obligate the Group.

26 OTHER LEASE AGREEMENTS

Group as a lessee

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

thousand EUR	2011	2010
Within a year	502	637
One to five years	1 154	1 574
More than five years	0	0
Total	**1 656**	**2 211**

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

The income statement for 2011 includes lease expenses based on other lease agreement 734 thousand euros (884 thousand euros in 2010).

27 CONTINGENT LIABILITIES AND COLLATERAL

thousand EUR	2011	2010
Collateral given on our own behalf		
Deposits for performance guarantees	0	19
Business mortgages	2 277	2 614
Carrying amount of pledged shares	1 590	1 590
Total	**3 867**	**4 223**

The business mortgages as well as the pledged shares are given as collateral by the parent company for credit limits and long-term loans.

28 RELATED PARTY TRANSACTIONS

Group's related parties consist of the parent company and its subsidiaries. Also members of the Board of Directors and management group including the managing director as well as close members of their families are considered as related parties.

Group's parent and subsidiary relations are as follows:

Company	Domicile	Share of ownership (%)	Share of votes (%)
Solteq Oyj			
Solteq Finance Oy	Finland	100 %	100 %
Qetlos Oy	Finland	100 %	100 %
Solorus Holding Oy	Finland	100 %	100 %
OOO Solteq Russia	Russia	100 %	100 %
Solteq Management Oy *	Finland	0%	100%
Kiinteistö Oy Nukanleikkaaja**	Finland	11 %	11 %
Kiinteistö Oy Villankarstaaja**	Finland	14 %	14 %
Klingendahlin Pysäköinti Oy**	Finland	16 %	16 %

* Solteq Plc has control over the company on the basis of a shareholders' agreement

** Consolidated in the Solteq Group as an associate

Solteq has a share-based incentive scheme for the senior management. The scheme is implemented through Solteq Management Oy, a company owned by the senior management. Solteq Management Oy owns a total of 400,000 shares in Solteq Plc. The shares were subscribed for through a private offering to the holding company. The acquisition of Solteq shares was financed by a long-term bank loan of EUR 100,000.00 and a loan of EUR 335,000.00 granted by the parent company. The shares will remain in the possession of the holding company until the arrangement is dissolved. The holding company owned by the senior management will operate until the publication of the company's statement of accounts for 2014, after which the holding company will be wound up in a manner to be decided on later. The arrangement can be dissolved e.g. by merging Solteq Management Oy with Solteq Plc or by selling the shares held by Solteq Management Oy in another way. The arrangement will be continued by one year at a time if after the publication of the company's financial statements, the stock exchange quotation of the company's share is less than the average price of the shares acquired in the arrangement.

The interest rate of the bank loan is fixed 4.21% for three years, negotiable at the end of the term. The whole capital of the bank loan shall be paid off on 23 September 2016. The interest rate of the loan granted by Solteq Plc is fixed 4.20%.The loan granted by Solteq Plc shall be paid off by 30 April 2015 at the latest. If the validity of the arrangement is extended on the basis of the terms by one year at a time in 2014 and 2015, the repayment period of the loan granted by Solteq Plc will be extended accordingly. The transfer of Solteq Management Oy shares is restricted during the validity period of the arrangement.

The following related party transactions took place:

thousand EUR	2011	2010
Renting expenses	76	76
Outsourcing expenses	13	25
Loan to Solteq Management Oy	335	0
Sale of own shares to Solteq Management Oy	420	0
Key management personnel total	**844**	**101**

Subcontracting from companies with insider influence has happened at market prices and is related to the company's normal software service activities. The closing date balance sheet does not have any significant insider debt or liabilities.

thousand EUR	2011	2010
Salaries and other short-term employment benefits	904	686
	904	**686**

The compensations of managing director, board of directors and management group are included in the management employee benefits

Management employee benefits:

thousand EUR	2011	2010
Managing Director Hannu Ahola (until 8.4.2010)	0	144
Managing Director Repe Harmanen (starting 20.9.2010)	180	49
Members of the board:		
Saadetdin Ali U., Chairman of the board	46	44
Aalto Seppo	15	15
Jokiniva Veli-Pekka (until 16.3.2011)	0	15
Pietilä Markku	15	15
Sonninen Jukka	15	15
Heiniö Ari (until 26.3.2010)	0	0
Sara-aho Sirpa (starting 26.3.2010)	15	15

Wages and salaries of the members of the board and the managing director

The members of the Board and the Managing Director owned 5.148.589 shares at the end of 2011 (2010: 5.178.589 shares). At the end of 2011, the senior management of the company held indirectly additional 400,000 shares through Solteq Management Oy.

The Managing Director's notice period is three months. If terminated, nine months salaries are to be paid as termination compensation.

29 EVENTS AFTER THE BALANCE SHEET DATE

No events requiring reporting have taken place after the review period.

30 FIVE YEAR FIGURES

Financial period 1.1.–31.12.	2011	2010	2009	2008	2007
Key figures outlining the group's financial development (million EUR)	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	27,1	27,0	28,6	30,4	27,9
Increase in revenue	0,5 %	-5,4 %	-6,0 %	8,8 %	20,6 %
Operating profit/-loss	1,5	-4,3	1,5	1,5	1,3
% of revenue	5,4 %	-16,0 %	5,1 %	4,8 %	4,7 %
Profit/loss before taxes	1,3	-4,5	1,3	1,1	1,1
% of revenue	4,7 %	-16,6 %	4,7 %	3,7 %	3,9 %
Return on equity, %	16,0 %	-48,7 %	9,6 %	9,0 %	11,5 %
Return on investment, %	13,1 %	-29,3 %	9,1 %	9,0 %	8,7 %
Equity ratio, %	34,2 %	30,6 %	47,2 %	43,6 %	44,1 %
Gross investments in non-current assets	0,5	0,2	0,7	0,9	1,8
% of revenue	1,7 %	0,6 %	2,3 %	3,0 %	6,6 %
Research and development costs	0,8	1,6	1,6	0,6	0,1
% of revenue	2,9 %	5,9 %	5,7 %	1,9 %	0,5 %
Net Gearing	65,4 %	132,8 %	66,7 %	58,5 %	69,0 %
Average number of employees over the financial period	211	233	240	266	252

Financial period 1.1.–31.12.	2011	2010	2009	2008	2007
Group's key figures per share	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings per share, EUR	0,08	-0,32	0,08	0,07	0,09
Equity attributable to the equity holders of the parent, EUR	0,52	0,45	0,84	0,80	0,81
Dividends per share, EUR	0,00*	0,00	0,06	0,04	0,06
Dividend from result, %	0,0 %*	0,0 %	76,5 %	55,4 %	64,7 %
Effective dividend yield, %	0,0 %*	0,0 %	4,5 %	3,5 %	3,4 %
Price/earnings (P/E)	12,6	negative result.	17,0	16,1	18,9
Highest share price, EUR	1,20	1,56	1,39	1,77	1,86
Lowest share price, EUR	0,95	1,01	1,02	1,16	1,28
Average share price, EUR	1,07	1,20	1,25	1,44	1,59
Market value of the shares, 1000 EUR	11 905	12 634	16 157	14 092	20 632
Shares trade volume, 1000 pcs	1 614	1 270	532	1 017	2 694
Shares trade volume, %	14,0 %	10,8 %	4,5 %	8,5 %	22,4 %
Weighted average of the share issue corrected number of shares during the financial period, 1000 pcs	11 546	11 766	11 925	12 013	12 052
Number of shares corrected by share issue at the end of the financial period, 1000 pcs	11 448	11 644	11 890	11 960	12 065

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 that the Board be authorised to decide on the distribution of a dividend amounting to a maximum of EUR 0.05 per share or of other assets from the distributable equity reserve, as well as decide on the timing and other details concerning the possible distribution.

CALCULATION ON FINANCIAL RATIOS

Return on Equity (ROE) %::

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

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:

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

Earnings per share:

$$\frac{\text{net result -/+ ownership share of the non-controlling interest}}{\text{average number of shares}}$$

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 %:

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

Effective dividend yield::

$$\frac{\text{dividend per share}}{\text{share price at the year-end}} \times 100$$

Price/earnings:

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

31 DISTRIBUTION OF OWNERSHIP AND SHAREHOLDER INFORMATION

DISTRIBUTION OF OWNERSHIP BY SECTOR 31.12.2011

	Number of owners	Shares and votes %	pcs
Companies	80	18,9 %	2 295 263
Financier and insurance institutions	5	0,2 %	20 457
Public organisations	1	0,1 %	11 747
Households	1 732	80,8 %	9 811 991
Not for profit organisations	5	0,0 %	4 381
Outside Finland	6	0,0 %	4 590
Total	1 829	100,0 %	12 148 429
of which nominee registered	5	0,2 %	20 016

MAJOR SHAREHOLDETS 31.12.2011

	Shares and notes pcs	%
1. Saadetdin Ali	3 481 383	28,7%
2. Aalto Seppo	1 662 206	13,7 %
3. Profiz Business Solution Oyj	1 384 823	11,4 %
4. Pirhonen Jalo	513 380	4,2 %
5. Solteq Management Oy	400 000	3,3 %
6. Roininen Matti	350 000	2,9 %
7. Solteq Oyj	300 062	2,5 %
8. Hakamäki Jorma	172 430	1,4 %
9. Saadetdin Katiye	156 600	1,3 %
10. Aukia Timo	103 230	0,8 %
10 largest total	8 524 114	70,2 %
Nominee registered total	20 016	0,2 %
Others	3 604 299	29,7 %
Total	12 148 429	100,0 %

DISTRIBUTION OF OWNERSHIP BY SIZE 31.12.2011

Number of shares	Number of owners	Shares and votes %	pcs
1 - 100	334	0,2 %	26 410
101 - 1 000	1 008	4,0 %	487 042
1 001 - 10 000	410	11,0 %	1 339 600
10 001 - 100 000	67	14,6 %	1 771 263
100 001 - 1 000 000	7	16,4 %	1 995 702
1 000 000 -	3	53,7 %	6 528 412
Total	1 829	100,0 %	12 148 429
of which nominee registered	5	0,2 %	20 016

PARENT COMPANY'S FINANCIAL STATEMENTS 2011

PARENT COMPANY'S INCOME STATEMENT

Parent company's income statement	1.1.-31.12.2011	1.1.-31.12.2010
NET TURNOVER	27 135 504,17	26 989 725,68
Other operating income	14 905,96	52,544,60
Raw materials and services	-6 381 972,84	-7 394 302,76
Personnel expenses	-14 204 997,31	-15 718 736,08
Depreciation, amortisation and reduction in value	-1 462 701,99	-2 613 534,34
Other operating expenses	-4 612 614,58	-5 041 914,01
OPERATING RESULT	**488 123,41**	**-3 726 216,91**
Financial income and expenses	-159 066,11	-464 958,13
RESULT BEFORE APPROPRIATIONS AND TAXES	**329 057,30**	**-4 191 175,04**
Deferred taxes	-541 431,70	539 605,68
RESULT FOR THE PERIOD	**-212 374,40**	**-3 651 569,36**

PARENT COMPANY'S BALANCE SHEET

	31.12.2011	31.12.2010
NON-CURRENT ASSETS		
Intangible assets	6 220 444,78	7 508 119,42
Tangible assets	116,719,18	149 890, 31
Investments		
Shares in group companies	7 225,86	7 225,86
Other investments	2 136 127,03	2 136 127,03
TOTAL NON-CURRENT ASSETS	**8 480 516,85**	**9 801 362,62**
CURRENT ASSETS		
Short-term receivables	6 879 691,21	6 436 783,39
Cash in hand and at banks	235 839,68	114 785,20
TOTAL CURRENT ASSETS	**7 115 530,89**	**6 551 568,59**
TOTAL ASSETS	**15 596 047,74**	**16 352 931,21**

	31.12.2011	31.12.2010
EQUITY		
Share capital	1 009 154,17	1 009 154,17
Share premium account	74 490,83	74 490,83
Distributable equity reserve	4 220 429,68	7 213 547,90
Retained earnings	-216 196,76	238 661,14
Loss for the financial year	-212 374,40	-3 651 569,36
TOTAL EQUITY	**4 875 503,50**	**4 884 284,68**
STATUTORY PROVISIONS		
Statutory provisions	736 923,00	0,00
TOTAL STATUTORY PROVISIONS	**736 923,00**	**0,00**
LIABILITIES		
Long-term liabilities	1 500 004,00	2 833 336,00
Short-term liabilities	8 483 617,22	8 635 310,53
TOTAL LIABILITIES	**9 983 621,22**	**11 468 646,53**
TOTAL EQUITY AND LIABILITIES	**15 596 047,72**	**16 352 931,21**

PARENT COMPANY'S CASH FLOW STATEMENT

CASH FLOW FROM BUSINESS OPERATIONS	2011	**2010**
Operating result	488 123	-3 726 217
Adjustments to operating result	922 893	2 613 534
Change in net working capital	1 957 389	2 090 729
Paid interests and paymentst	-183 215	-188 997
Received interest	22 525	25 535
CASH FLOW FROM BUSINESS OPERATIONS	3 207 716	**814 584**
CASH FLOW FROM CAPITAL EXPENDITURE		
Capital expenditure in tangible and intangible assets	-143 480	-153 452
Received dividends from investments	1 624	1 470
CASH FLOW FROM CAPITAL EXPENDITURE	- 141 856	**– 151 982**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments in long-term loans	-1 333 332	-1 266 666
Increase in short-term loans	0	1 461 212
Repayments in short-term loans	-1 815 067	0
Purchase of own shares	-216 197	-280 542
Sale of own shares	419 791	0
Dividend distribution	0	-711 936
CASH FLOW FROM FINANCING ACTIVITIES	-2 944 805	**-797 932**
CHANGE IN CASH AND CASH EQUIVALENTS	121 055	**-135 329**
Cash and cash equivalents 1.1.	114 785	250 114
Cash and cash equivalents 31.12.	235 840	114 785

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes concerning company belonging to a group

Solteq Oyj's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations concerning the preparation of financial statements and activity report.

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

GOODWILL

The amortisation period of goodwill is based on expected returns for a minimum of 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 5-10 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 the sale of goods, software licences and hardware is recognised at fair value excluding indirect taxes, discounts and exchange rate differences from sales in currencies.

Services rendered and sold software licences and hardware

The revenues from services are recognised when the services have been rendered. Revenues from maintenance are recognised over the agreement period.

The recognition of the revenues from the sale of software licences and hardware requires that there is a binding sales contract, the product or equipment has been delivered, the revenue from the business transaction can be defined in a reliable way, the business transaction benefits the company in sufficient probability, and the significant benefits and risks involved in the ownership of the software licence or hardware have been transferred to the buyer Software licence agreements with a right to return or conditions concerning the start-up project are recognised when the right to return has expired or the conditions fulfilled.

Long–term projects

Income and expenses for long-term projects are recognised as income and expenses on the basis of the stage of completion, when the outcome of the project can be estimated reliably. The stage of completion is defined on the basis of the share of the costs caused by work performed by the reporting date of the estimated total costs of the project concerned. When it is probable that the completion costs of a project will exceed the revenue from the project, the expected loss is recognised immediately as an expense.

When the final result of a long-term project cannot be estimated reliably, the costs incurred are recognised as expenses in the period during which they were incurred. The revenues from the project are recognised only to the amount of obtainable money against the actual costs. Losses from a project are immediately recognised as expenses.

RECOGNITION OF DEFERRED TAXES

Deferred tax liability or asset is calculated for the temporary difference between taxation and financial statements, using the confirmed tax rate of the following years. The balance sheet contains the total amount of deferred tax liability and the amount of deferred tax receivable to the amount of estimated probable receivable.

STATUTORY PROVISIONS

Warranty provisions are recognised for anticipated warranty work. Provisions are recognised for onerous contracts when the expected benefits from a contract are less than the unavoidable costs of meeting the obligations.

NOTES TO INCOME STATEMENT

Turnover	2011	2010
ERP	16 591 000,00	16 559 000,00
EAM	3 829 000,00	3 532 000,00
DATA	2 480 000,00	2 839 000,00
STORE	4 234 000,00	4 060 000,00
Unallocated	1 504,17	-274,32
Total	**27 135 504,17**	**26 989 725,68**

Revenue mainly consist of domestics sales.

The turnover for the financial period includes turnover amounting to EUR 4,612,521.00 (EUR 1,129,000.00 at 31 December 2010). By the end of the year, actual expenses and profits (less losses) amounting to a total of EUR 10,057,000.00 (EUR 1,030,000.00 at 31 December 2010) had been recognised from ongoing long-term projects. At 31 December 2011, receivables connected with ongoing long-term projects amounted to EUR 107,233.00 (EUR 491,000.00 at 31 December 2010).

Materials and services	2011	2010
Materials and comsumables		
Purchases during the financial year	3 756 985,08	4 275 026,08
External services	2 624 987,76	3 119 276,68
Total	**6 381 972,84**	**7 394 302,76**

Personnel

Average number of personnel	2011	2010
ERP	102	114
EAM	33	40
DATA	21	28
STORE	24	27
Shared functions	31	25
Total	**211**	**234**
Number of employees as at 31.12.	212	220

Personnel expenses	2011	2010
Wagies and salaries	11 562 546,66	12 610 912,79
Pension expenses	1 992 761,03	2 379 698,53
Other social security expenses	649 689,62	728 124,76
Total	**14 204 997,31**	**15 718 736,08**

Wages and salaries of the Manament	2011	2010
The member of the board and the Managing Director	286 422,00	296 932,50
Total	**286 422,00**	**296 932,50**

Depreciation, amortisation and reduction in value	2011	2010
Depreciation and amortisation		
Machinery and equipment	91 926,89	93 437,52
Intangible rights	1 370 775,10	1 590 605,28
Total	**1 462 701,99**	**1 684 042,80**
Impairment		
Intangible rights	0,00	642 000,00
Development costs	0,00	287 491,54
Total	**0,00**	**929 491,54**
Total	**1 462 701,99**	**2 613 534,34**

Other operating expensest	2011	2010
Telephone and telecommunications expenses	300 637,70	364 204,31
Rental expenses	962 856,42	1 112 748,34
Car and travel expenses	755 430,58	850 017,01
External services	460 406,74	514 167,88
Loss-making projects	12 000,00	797 000,00
Credit losses	32 207,79	121 000,00
Warranty provisions	724 923,00	0,00
Other charges	1 364 152,35	1 282 776,47
Total	4 612 614,58	**5 041 914,01**

External services include audit fees amounting to EUR 51,051.00 (EUR 41,270.20 in 2010) and other services amounting to EUR 1,605.55 (EUR 12,677.80 in 2010).

Financial income and expenses		
Dividend income, external	1 623,90	1 470,46
Interest income and other financial income, external	22 524,55	25 535,41
Interest expenses and other financial expenses, external	-183 214,56	-188 997,34
Impairment losses on fixed assets investments		
in group companies	0,00	-102 500,00
Value adjustments of		
financial securities of group companies	0,00	-200 466,66
Total financial income and expenses	**-159 066,11**	**-464 958,13**

Notes to balance sheet

NON-CURRENT ASSETS	2011	2010
Intangible assets		
Development costs		
Acquisition cost 1.1..	2 614 503,94	2 614 503,94
Acquisition during the financial period	0,00	0,00
Acquisition cost 31.12.	2 614 503,94	2 614 503,94
Accumulated depreciation 1.1..	1 009 499,33	470 220,01
Depreciation for the period	228 049,95	251 787,78
Impairment	0,00	287 491,54
Accumulated depreciation 31.12..	1 237 549,28	1 009 499,33
Book value 31.12.	**1 376 954,66**	**1 605 004,61**
Intangible rights	**2011**	**2010**
Acquisition cost 1.1..	1 927 683,28	1 892 330,28
Acquisition during the financial period	31 523,56	35 353,00
Acquisition cost 31.12.	1 959 206,84	1 927 683,28
Accumulated depreciation 1.1..	1 830 161,41	1 768 904,74
Depreciation for the period	55 277,48	61 256,67
Accumulated depreciation 31.12..	1 885 438,89	1 830 161,41
Book value 31.12.	**73 767,95**	**97 521,87**
Goodwill	**2011**	**2010**
Acquisition cost 1.1..	3 073 003,38	3 073 003,38
Acquisition cost 31.12.	3 073 003,38	3 073 003,38
Accumulated depreciation 1.1..	2 357 622,40	1 947 616,06
Depreciation for the period	214 614,30	410 006,34
Accumulated depreciation 31.12..	2 572 236,70	2 357 622,40
Book value 31.12.	**500 766,68**	**715 380,98**
Other long-term expenditure	**2011**	**2010**
Acquisition cost 1.1..	8 514 650,88	8 503 950,88
Acquisition during the financial period	51 576,90	10 700,00
Acquisition cost 31.12.	8 566 227,78	8 514 650,88
Accumulated depreciation 1.1..	3 424 438,92	1 914 884,43
Depreciation for the period	872 833,86	867 554,49
Impairment	0,00	642 000,00
Accumulated depreciation 31.12..	4 297 272,78	3 424 438,92
Book value 31.12.	**4 268 955,00**	**5 090 211,96**
Intangible assets total book value 31.12..	**6 220 444,30**	**7 508 119,42**

Notes to balance sheet

Tangible assets	2011	2010
Acquisition cost 1.1..	831 881,28	724 482,28
Acquisition during the financial period	58 755,77	107 399,00
Acquisition cost 31.12.	890 637,05	831 881,28
Accumulated depreciation 1.1..	681 990,96	588 553,44
Depreciation for the period	91 926,89	93 437,52
Accumulated depreciation 31.12..	773 917,85	681 990,96
Tangible assets total book value 31.12.	**116 719,20**	**149 890,32**

The share of the depreciable acquisitions costs of machinery and equipment belonging to property, plant and equipment was EUR 65,511.26 at 31 December 2011 (EUR 81,547.35 at 31 December 2010)..

Investments	
Group companies	Company's share of ownership %
Solteq Finance Oy, Savonlinna	100 %
Solorus Holding Oy, Tampere	100 %
OOO Solteq Russia, St. Petersburg, Russia	
(Parent company: Solorus Holding Oy, share of ownership 100 %)	
Qetlos Oy	100%
Kiinteistö Oy Nukanleikkaaja*	11 %
Kiinteistö Oy Villankarstaaja*	14 %
Klingendahlin Pysäköinti Oy*	16 %
Solteq Management Oy **'	0 %

* Consolidated in the Solteq Group as an associate

** Solteq Plc has control over the company on the basis of a shareholders' agreement

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	2 640	261 620,00
Asunto Oy Ylläsnäkyy	150	144 983,88
Klingendahlin Pysäköinti Oy	105	111 190,68
Kiinteistö Oy Levihovi		40 538,40
Other shares		98 990,73
Total		2 136 127,03

* The companies were merged with Kiinteistö Oy Tampereen Klingendahl on 31 May 2011. Solteq PLC's holding in the company is 9.2%

CURRENT ASSETS	2011	2010
Receivables		
Trade receivables	4 180 357,20	3 921 034,29
Group receivables	20 000,00	0,00
Other receivables	335 065,00	65,00
Total	**355 065,00**	**65,00**
Other receivables	70 220,51	63 881,95
Prepayments and accrued income	2 166 815,50	1 960 802,15
Receivables from clients concerning long-term acquisitions	107 233,00	491 000,00
Total	**2 344 269,01**	**2 515 684,10**
Total receivables	**6 879 691,21**	**6 436 783,39**

Significant items included in prepayments and accrued income	2011	2010
Deferred tax	518 616,47	1 060 048,17
Other items	1 648 199,03	900 753,98
Total	**2 166 815,50**	**1 960 802,15**

Notes to balance sheet

EQUITY AND LIABILITIES		
Equity		
Share capital	1 009 154,17	1 009 154,17
Share premium reserve	74 490,83	74 490,83
Distributable equity reserve	4 220 429,68	7 213 547,90
Retained earnings	-216 196,76	238 661,14
Result for the period	-212 374,40	-3 651 569,36
Total equity	**4 875 503,52**	**4 884 284,68**

Distributable reserves	2011	2010
Retained earnings	0,00	1 231 138,66
Dividend distribution	0,00	-711 935,95
Purchase of own shares	-216 196,76	-280 541,57
Result for the period	-212 374,40	-3 651 569,36
Distributable equity reserve	4 220 429,68	7 213 547,90
Total	**3 791 858,52**	**3 800 639,68**

Statutory provisions	2011	2010
Warranty provisions	724 923,00	0,00
Other provisions	12 000,00	0,00
Total	**736 923,00**	**0,00**

Long-term liabilities	2011	2010
Loans from financial institutions	1 500 004,00	2 833 336,00

The parent company has no liabilities maturing later than five years at the time of the financial statements or in the reference year..

Short-term liabilities	2011	2010
Loans from financial institutions	1 959 282,50	3 774 349,43
Intra-group debts	14 333,59	14 333,59
Trade payable	1 431 577,37	926 669,75
Other debts	1 039 315,12	971 411,06
Accruals and deferred income	4 039 108,64	2 948 546,70
Total	**8 483 617,22**	**8 635 310,53**

Significant items included in accruals and deferred income	2011	2010
Holiday pays	1 814 881,98	1 838 881,98
Other items	2 224 226,66	1 109 664,72
Total	4 039 108,64	**2 948 546,70**

OTHER NOTES	2011	2010
Contingent liabilities		

Payments for leasing contracts	2011	2010
To be paid during the next financial period	412 710,14	443 415,23
To be paid later	483 581,57	275 882,32
Total	**896 291,71**	**719 297,55**

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

Other collateral and contingent liabilities	2011	2010
Business mortgage for credit limits	2 277 315,51	2 613 700,00
Debts with collateral	5 833 336,00	7 166 668,00
Collaterals		
Business mortages	2 277 315,51	2 613 700,00
Deposits for performance guarantees	0,00	18 570,85
Carrying amount of pledged shares	1 589 994,02	1 589 994,12
Total quarantees	**3 867 309,53**	**4 222 264,97**

Leasing liabilities for the company's premises total 1.422.097 euros at 31.12.2011.

PROPOSAL FOR DISTRIBUTION OF PROFITS AND SIGNATURES

The distributable equity of the parent company Solteq Plc as at 31.12.2011 is:

Distributable equity reserve	4.220.429,68 euros
Loss for previous financial periods	-216.196,76 euros
Loss for the financial period	-212.374,40 euros
Total	3.791.858,52 euros

Of this amount 3.791.858,52 euros are distributable funds.

The Solteq Plc Board proposes that the Board be authorised, on the basis of Chapter 13, Section 6, Subsection 2 of the Finnish Companies Act, to decide on the distribution of a dividend amounting to a maximum of EUR 0.05 per share or of other assets from the distributable equity reserve, as well as decide on the timing and other details concerning the possible distribution. The board proposes that the result for the period be transferred to the retained earnings account. No essential changes have taken place in the company's financial situation after the end of the financial period. The liquidity of the company is good, and in the Board's estimation the proposed distribution of dividend or other assets will not endanger the company's financial standing. No significant changes have taken place in the company's financial situation after the balance sheet date.

Signatures of the financial statements and the report of the Board of Directors

Helsinki 15 February 2012

Ali U. Saadetdin
Chairman of the Board

Seppo Aalto
Member of the Board

Markku Pietilä
Member of the Board

Sirpa Sara-aho
Member of the Board

Jukka Sonninen
Member of the Board

Repe Harmanen
Managing Director

The Auditor's Note

Our auditors' report has been issued today.

Tampere 15 February 2012

KPMG Oy Ab
Frans Kärki
Authorised Public Accountant

LIST OF ACCOUNTING RECORDS AND DOCUMENT TYPES

Accounting records	Method of filling
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

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF SOLTEQ PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Solteq Plc for the year ended on 31 December, 2011. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on financial statements, consolidated financial statements and annual report based on our completed audit of the financial statements. The Auditing Act requires that we comply with ethical principles. We conducted our audit in accordance with good auditing practices. Good accounting practices require that we plan and perform the audit to gain reasonable assurance about whether there are material errors in the financial statements or annual report, and whether any members of the Board or the CEO are guilty of any act or omission which may result in liability for damages towards the company or is in breach of the Companies Act or the Articles of Association.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including fraud or misconduct and substantial risk assessment error. In making those risk assessments, the auditor considers the internal control in the company relevant to the preparation of consolidated financial statements and activity report that give accurate and sufficient information. The auditor evaluates internal controls in order to devise the audit steps appropriate in the circumstances, but not with the intention of giving an opinion on the company's internal control effectiveness. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and activity report.

We believe that we have acquired as the basis for our opinion a sufficient amount of audit evidence appropriate for this purpose.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Tampere 15 February 2012

KPMG Oy Ab
Frans Kärki
Authorised Public Accountant

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