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SOLTEQ PLC'S FINANCIAL STATEMENTS BULLETIN 1.1.-31.12.2010

Solteq Plc Stock Exchange Bulletin 16.2.2011 at 9.00am

- Turnover decreased by 5,4 % and totalled 27,0 million euros (28,5 million euros)
- Operating result totalled -4.315 thousand euros (1.464 thousand euros)
- Operating result is burdened by termination benefits in the amount of 430 thousand euros
- Operating result includes 2.087 thousand euro goodwill write-down
- In 2011 the turnover is believed to be at the same level as in 2010, but the operating result instead is believed to improve and to end up some 5 per cent
- Earnings per share was -0,32 euros (0,08 euros)
- The Board of Directors proposes to the annual general meeting that no dividend will be paid from the financial period 2010

KEY FIGURES

Turnover by operation:

%	1-12/10	1-12/09
Softwareservices	65	65
Licences	27	26
Hardware	8	9

Managing Director Repe Harmanen:

"The past year was the most difficult one in our company's history and the weakest in profits. At the same time, however, we strengthened areas that will continue to play a key role in our operations. Some of the economic challenges during the year were related to new areas of operation, the profitability and productivity of which did not reach the level of expectations. However, we expect these solutions to develop positively and support our operations in the future.

The year's poor economic performance is mainly due to the challenges facing two major projects simultaneously. Underestimated challenges of implementation with new technologies resulted in an excessive use of subcontracting and thus a significant financial loss. We have improved our operative cost structure, and we continually monitor and evaluate it on a daily basis. The year's results were significantly affected by the write-downs of goodwill done in conjunction with the financial statement. As a result of these measures, we will begin to build our future, strengthened and made more wise though difficulties, with a clear idea of where we will improve our operations in the coming years.

During the last quarter, we made necessary changes to our organisational structure and management team, as well as renewed our strategy. A cornerstone of our strategy is to offer and ensure future development paths to our existing clients."

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.

Starting from 1.1.2010 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).

Solteq's turnover totalled 26.998 thousand euros in which contains decrease of 5,4 per cent compared to corresponding period in 2009.

Solteq's operating result for the fourth quarter decreased to -4.315 thousand euros from 1.464 thousand euros that was the operating result in the corresponding period 2009. Company's operating profit percentage was -16,0% (5,1% in 2009).

During the first half of the year 2010 the result was strongly negative. In the second half of the fiscal year, the company's operating income excluding non-recurring goodwill impairment charges were stabilized at zero.

ERP

Solteq's business area ERP offers to its clientele enterprise resource planning systems and supporting optimization and reporting solutions as well as a set of other different added value solutions. These solutions help customers to lead their operations and to intensify their operations e.g. purchases, sales and warehouse management as well as reporting. Wide group of customers among others in business branches trade, industry, auto trade and public sector are using these solutions every day.

The revenue of business area ERP totalled 16,6 million euros. Business area's operating result was -1,5 million euros

EAM

Solteq's EAM-solutions include systems for maintenance management, asset management optimization, fieldwork management and maintenance. By means of these solutions Solteq's customers are able to anticipate the need for service of production lines and machines as well as they are able to monitor the malfunction history and control the machinery maintenance related material flows from purchasing to warehousing. The clientele consists of among others energy- and production plants, companies in processing and engineering industries as well as maintenance related service sector.

During the review period the revenue of business area EAM totalled 3,5 million euros and operating result was -1,0 million euros.

Data

Solteq's business area Data is responsible for services and products relating to the data (i.e. masterdata) that is crucial to the customers' businesses as well as e-commerce and integration technologies. Solteq offers to its customers masterdata related quality improvement projects, data maintenance services in which the services are outsourced to masterdata service centers, software technologies and consultancy services that can be utilized in masterdata management. The aim of these services is to ensure that the data that is stored in the programs, which support customers' enterprise resource planning and decision-making, is high-quality, compatible and up to date.

During the review period the revenue of business area Data totalled 2,8 million euros and operating result was -1,4 million euros

Store

The solutions of Solteq's business area Store intensify the purchases, sales and customer relationship management of specialty stores and chained commerce. Every day hundreds of retailers, entrepreneurs and salespersons are leading their businesses and serving their customers in thousands of store locations by means of these solutions.

The revenue of business area Store totalled 4,1 million euros and operating result was -0,4 million euros during the review period.

TURNOVER AND RESULT

Turnover decreased by 5,4% compared to the previous year and totalled 26.998 thousand euros (previous financial year 28.550 thousand euros).

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

The operating result for the financial year was -4.315 thousand euros (1.464 thousand euros), result before taxes was -4.487 thousand euros (1.329 thousand euros) and result for the financial year -3.707 thousand euros (935 thousand euros).

Operating result was burdened by termination benefits in the amount of 430 thousand euros.

For the fiscal year, expenses for onerous contracts were booked in accordance with IFRS regulations at 797 thousand euros. These bookings result from uncertainty regarding the receipt of payments on previously recognised revenues.

After the end of the fiscal period, Solteq's Board decided to make a 2,087 thousand euro goodwill write-down in fiscal year 2010 as a result of its impairment testing. The write-downs were targeted by segment as follows: DATA 816,000 euros, EAM 541 thousand euros and ERP 730,000 euros.

Impairment loss for fixed assets of 287 thousand euros was booked during the fiscal period. Impairment loss is related to capitalized development costs of ERP business area. The estimate of possible recoverable amount has decreased due to changed financial expectations.

BALANCE SHEET AND FINANCING

The total assets amounted to 17.211 thousand euros (21.130 thousand euros). Liquid assets totalled 131 thousand euros (258 thousand euros).

Solteq Group's interest-bearing liabilities were 7.117 thousand euros (6.909 thousand euros).

Solteq Group's equity ratio was 30,6 per cent (47,2 %).

INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investments during the financial year were 153 thousand euros (651 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. The product development project depreciation decided at the end of the previous fiscal year has started. In the previous fiscal year, amortized product development costs were 424 thousand euros.

PERSONNEL

The number of permanent employees at the end of the review period was 220 (235). Average number of personnel during the financial year was 233 (240). In the end of the financial year the number of personnel could be divided by 1.1.2010 reformed business segments as follows ERP 104 persons, EAM 38 persons, DATA 27 persons, STORE 24 persons and shared functions 27 persons.

RELATED PARTY TRANSACTIONS

Solteq's related parties include board of directors, managing director and the management team. There have been no significant changes in the company's related party transactions since the financial statements 2009.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 31.12.2010 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 500.669 shares. The amount of treasury shares represented 4,12 % from the total amount of shares and votes in the end of the review period. The equivalent value of acquired shares was 41.590 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 1,3 million shares (0,5 million shares) and 1,5 million euros (0,7 million euros). Highest rate during the financial year was 1,56 euros and lowest rate 1,01 euros. Weighted average rate of the share was 1,20 euros and end rate 1,04 euros. The market value of the company's shares in the end of the financial year totalled 12,6 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 1.945 shareholders (1.985 shareholders). Solteq's 10 largest shareholders owned 8.487 thousand shares i.e. they owned 69,9 per cent of the company's shares and votes. Solteq Plc's members of the board owned a total of 5.179 thousand shares which equals 42,6 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

Solteq Plc's annual general meeting on 26.3.2010 adopted the financial statements for 2009 and the members of the board and the managing director were discharged from liability for the financial year 2009. The annual general meeting decided in accordance with the board's proposal to distribute a dividend in the amount of 0,06 euros per share. The reconciliation date for the dividend was 31.3.2010 and payment date 9.4.2010.

The annual general meeting decided to authorize the board of directors to decide on acquiring the company's own shares so that the amount in the possession of the company does not exceed 10 percent of the company's total shares at that 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. General Meeting approved the proposal by the Board Section that 11 of the Articles of Association be amended so that notice to the General Meeting shall be issued no later than three weeks before the date of the General Meeting, however at least nine days before the record date of the General Meeting. Furthermore, the Articles of Association are proposed to be amended so that the notice to the General Meeting can alternatively be delivered, in addition to the current manners, by publishing the notice on the Company's website.

BOARD OF DIRECTORS AND AUDITORS

Six members were elected to the board of directors. Seppo Aalto, Veli-Pekka Jokiniva, Ali Saadetdin, Jukka Sonninen and Markku Pietilä continued as members of the board. Sirpa Sara-aho began as a new member of the board. The board elected Ali Saadetdin to act as the chairman of the board.

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

EVENTS AFTER THE REVIEW PERIOD

On 20 January 2011, Solteq published a stock exchange bulletin concerning a

2,087 thousand euro goodwill write-down based on the Board's impairment testing.

On 4 February 2011, Solteq published a stock exchange bulletin where Solteq refined its strategy to the years 2011-2014.

RISKS AND UNCERTAINTIES

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

Relating to year 2011 Solteq believes that the annual revenue will be at the same level as in 2010. The operating result instead is believed to clearly improve and to end up some 5 per cent.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF DIVIDEND

At the end of the financial period 2010, the distributable equity of the Group's parent company is 3.800.639,68 euros. The board proposes that no dividend will be paid from the financial period 2010.

Financial Reporting

This financial statements bulletin has been prepared in accordance with IAS 34 and the same accounting policies as in the annual financial statements 2009 have been applied.

The financial result is reported through four business areas. The business area ERP includes systems for finance and enterprise resource planning. Business area EAM consist of asset management optimization, material management and maintenance management systems. Data business area includes tools for data collection, assurance of data's quality and accuracy as well as tools for data integration between different systems. Business area Store includes point-of-sale and store management systems. The most essential product and service types of Solteq group of companies are software services, licenses and hardware sales.

All forecasts and estimates presented in the interim report are based on the current views of the management on the economic environment and outlook. Results can differ from those implied as a result of, among other factors, changes in economy, markets and competitive conditions, changes in the regulatory environment and other government actions.

The financial statements bulletin is audited. Balance sheet figures presented in the bulleting are based on the company's audited financial statements. The Auditor's Report was provided on 15/2/2011.

FINANCIAL INFORMATION

GROUP PROFIT AND LOSS ACCOUNT

(TEUR)

	1.10.-	1.10.-	1.1.-	1.1.-
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
NET TURNOVER	7 491	8 226	26 998	28 550

Other operating

income	38	14	52	94
Raw materials and services	-2 034	-1 937	-7 394	-7 524
Staff expenses	-3 999	-4 261	-15 688	-14 868
Depreciation	-2 298	-183	-3 223	-710
Other operating expenses	-1 300	-1 073	-5 060	-4 078
OPERATING RESULT	-2 102	786	-4 315	1 464
Financial income and expenses	-43	-39	-172	-135
RESULT BEFORE TAXES	-2 145	747	-4 487	1 329
Income taxes	202	-213	780	-394
RESULT FOR THE PERIOD	-1 943	534	-3 707	935
OTHER ITEMS OF TOTAL COMPREHENSIVE INCOME				
Cash flow hedging	13	-9	-18	-9
Other items of total comprehensive income after taxes	10	-7	-13	-7
TOTAL COMPREHENSIVE INCOME	-1 933	527	-3 720	928
Total profit for the period attributable to Owners of the parent	-1 943	534	-3 707	935
Total comprehensive income attributable to Owners of the parent	-1 933	527	-3 720	928
Earnings / share, e (undiluted)	-0,17	0,04	-0,32	0,08
Earnings / share, e (diluted)	-0,17	0,04	-0,32	0,08
Taxes corresponding to the result have been presented as taxes for the period.				

GROUP BALANCE SHEET (TEUR)	31.12.2010	31.12.2009
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ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible rights	2 093	2 755
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Goodwill	6 199	8 286
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Tangible assets	2 660	2 645
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Investments

Other shares and similar rights of ownership	93	93
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Deferred tax

assets	654	0
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Other receivables	87	0
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Total non-current

assets	11 786	13 779
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CURRENT ASSETS

Short-term debtors	5 294	7 093
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Cash in hand and at banks	131	258
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Total current

assets	5 425	7 351
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TOTAL ASSETS	17 211	21 130
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EQUITY AND LIABILITIES

CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS

OF THE PARENT COMPANY

Share capital	1 009	1 009
Company's own shares	-618	-337
Share premium account	75	75
Account for cash flow hedging	-20	-7
Unrestricted equity fund	7 214	7 214
Retained earnings	1 306	1 084
Result for the financial period	-3 707	935
Total equity	5 259	9 973

Non-current liabilities

Deferred tax liabilities	0	125
Other non-current liabilities	3 016	4 337

Current liabilities	8 936	6 695
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Total liabilities	11 952	11 157
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TOTAL EQUITY AND

LIABILITIES	17 211	21 130
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FINANCIAL PERFORMANCE

INDICATORS (IFRS)	2010	2009	2008	2007	2006
Net turnover MEUR	27,0	28,6	30,4	27,9	23,2
Change in net turnover	-5,4 %	-6,0 %	8,8 %	20,6 %	7,4 %
Operating result MEUR	-4,3	1,5	1,5	1,3	-0,5
% of turnover	-16,0 %	5,1 %	4,8 %	4,7 %	-2,1 %
Result before taxes MEUR	-4,5	1,3	1,1	1,1	-0,5
% of turnover	-16,6 %	4,7 %	3,7 %	3,9 %	-2,1 %
Equity ratio, %	30,6	47,2	43,6	44,1	47,7
Gearing, %	132,8 %	66,7 %	58,5 %	69,0 %	15,8 %

Gross investments in					
non-current assets MEUR	0,2	0,7	0,9	1,8	7,7
Return on equity, %	-48,7 %	9,6 %	9,0 %	11,5 %	1,2 %
Return on investment, %	-29,3 %	9,1 %	9,0 %	8,7 %	-2,4 %
Personnel at end of					
period	220	235	268	259	234
Personnel average					
for period	233	240	266	252	240
KEY INDICATORS PER SHARE					
Earnings / share, e	-0,32	0,08	0,07	0,09	0,01
Earnings / share,					
e (diluted)	-0,32	0,08	0,07	0,09	0,01
Equity / share, e	0,45	0,84	0,80	0,81	0,81

SEGMENT INFORMATION

Turnover by segment:

Me	1-12/10	1-12/09	Change
ERP	16,6	20,2	-3,6
EAM	3,5	4,0	-0,5
DATA	2,8	1,4	+1,4
STORE	4,1	3,0	+1,1
Total	27,0	28,6	-1,6

Operating result by segment:

Me	1-12/10	1-12/09	Change
ERP	-1,5	1,6	-3,1
EAM	-1,0	0,0	-1,0
DATA	-1,4	-0,8	-0,6
STORE	-0,4	0,7	-1,1
Total	-4,3	1,5	-5,8

Because of the change in organisation, the respective segment information of 2009 has been allocated from the bookkeeping retroactively.

QUARTERLY KEY INDICATORS (MEUR)

1Q/09	2Q/09	3Q/09	4Q/09
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Net turnover	7,21	7,49	5,62	8,23
Operating result	-0,19	0,41	0,46	0,78
Result before taxes	-0,24	0,40	0,42	0,75
	1Q/10	2Q/10	3Q/10	4Q/10
Net turnover	6,17	6,59	6,75	7,49
Operating result	-1,02	-1,16	-0,04	-2,10
Result before taxes	-1,07	-1,20	-0,08	-2,15

CASH FLOW STATEMENT (MEUR)

	1-12/2010	1-12/2009
Cash flow from business operations	0,82	0,18
Cash flow from capital expenditure	-0,15	-0,65
Cash flow from financing activities		
Dividend distribution	-0,71	-0,48
Own shares	-0,28	-0,08
Loan agreement	0,19	0,59
Cash flow from financing activities	-0,80	0,03
Change in cash and cash equivalents	-0,13	-0,44

TOTAL INVESTMENTS (TEUR)

	1-12/2010	1-12/2009
Continuing operations, group total	153	651

LIABILITIES (MEUR) 31.12.2010 31.12.2009

Company guarantee for credit limits	2,61	2,61
Performance bonds	0,00	0,05
Lease contracts, machinery & equipment	0,41	0,70
Lease liability, premises	1,80	2,21

Pledged shares	1,59	1,59
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DISTRIBUTION OF HOLDINGS BY SECTOR DECEMBER 31, 2010

	Number of Shares and		Number
	holdings	votes %	
Private companies	84	21,6 %	2 618 010
Financial an insurance institutions	5	0,2 %	23 052
Public-sector organizations	1	0,1 %	11 300
Households	1 843	78,1 %	9 484 696
Non-profit organizations	6	0,0 %	5 981
Foreigners	6	0,0 %	5 390
Total	1 945	100,0 %	12 148 429
Total of Nominee-registered	4	0,2 %	20 646

DISTRIBUTION BY NUMBER OS SHARES DECEMBER 31,2010

Number of shares	Number of Shares and		Number
	holdings	votes %	
1 - 100	329	0,2 %	26 480
101 - 1 000	1 075	4,3 %	524 480
1 001 - 10 000	468	12,4 %	1 509 950
10 001 - 100 000	63	13,2 %	1 600 548
100 001 - 1 000 000	7	16,1 %	1 958 559
1 000 000 -	3	53,7 %	6 528 412
Total	1 945	100,0 %	12 148 429
Total of nominee-registered	4	0,2 %	20 646

MAJOR SHAREHOLDERS DECEMBER 31, 2010

	Shares and votes	
	Number	%
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. TP-Yhtiöt Oy	513 380	4,2
5. Solteq Oyj	500 669	4,1
6. Roininen Matti	350 000	2,9
7. Hakamäki Jorma	228 430	1,9

8. Saadetdin Katiye	156 600	1,3
9. Halmet Jarmo	106 250	0,9
10. Aukia Timo	103 230	0,8
10 largest shareholders total	8 486 971	69,9
Total of nominee-registered	20 646	0,2
Others	3 640 812	30,0
Total	12 148 429	100,0

STATEMENT OF CHANGES IN GROUP EQUITY (TEUR)

A=Share capital

B=Company's own shares

C=Share premium account

D=Account for cash flow hedging

E=Unrestricted equity fund

F=Retained earnings

G=Total

	A	B	C	D	E	F	G
EQUITY 1.1.2009	1 009	-255	75	0	7 213	1 560	9 602
Total comprehensive income				-7		935	928
Acquiring of own shares		-82					-82
dividend distribution						-475	-475
EQUITY 31.12.2009	1 009	-337	75	-7	7 213	2 020	9 973
EQUITY 1.1.2010	1 009	-337	75	-7	7 213	2 020	9 973
Total comprehensive income				-13		-3 707	-3 720
Acquiring of own shares		-281					-281
dividend distribution						-712	-712
EQUITY 31.12.2010	1 009	-618	75	-20	7 213	-2 400	5 259

CALCULATION OF FINANCIAL RATIOS

Solvency ratio, in percentage		
equity		x 100

balance sheet total - advances received		
Gearing		
interest bearing liabilities - cash,		
bank balances and securities		X 100

equity		
Return on Equity (ROE) in percentage		
profit or loss before taxation - taxes		x 100

equity		
Profit from invested equity in percentage		
profit or loss before taxation +		
interest expenses and other financing expenses		x 100

balance sheet total - non-interest bearing liabilities		
Earnings per share		
pre-tax result - taxes		
+/- ownership share of the non-controlling interest		

diluted average share issue		
corrected number of shares		
Diluted earnings per share		
diluted profit before taxation -		
taxes +/- ownership share of the non-controlling interest		

diluted average share issue		
corrected number of shares		
Equity per share		

equity

number of shares

Financial Reporting

Solteq's Annual Report including audited financial statements for the year 2010 were published in the company's web site on 16/2/2011. The company does not publish a printed annual report.

Solteq Plc's financial information bulletins in 2011 have been scheduled as follows:

Interim Report 1-3/2011 Thursday 28.04.2011

Interim Report 4-6/2011 Friday 22.07.2011

Interim Report 7-9/2011 Thursday 20.10.2011

More investor information on Solteq's website at www.solteq.com

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Attachments:

[Solteq Plc Financial Statement 2010.pdf](#)

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