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SOLTEQ PLC'S INTERIM REPORT 1.1.-30.6.2011

Solteq Plc Stock Exchange Bulletin 22.7.2011 at 9.00 am

- Turnover increased by 11.0% and totalled 14,2 million euros (12,8 million euros)
- Operating profit totalled 692 thousand euros (-2.177 thousand euros)
- In 2011 the turnover is forecasted to be at the same level as in 2010 but the operating profit is forecasted to have improved to nearly 5 per cent
- Earnings per share were 0.04 euros (-0.14 euros)

Turnover by operation:

%	1-6/11	1-6/10	1-12/10
Softwareservices	63	68	65
Licences	31	25	27
Hardware	6	7	8

Managing Director Repe Harmanen:

"The second quarter continued after the start of the year to be nearly in line with our expectations, both functionally and financially. Our revenue increased slightly over the previous year, partly due to the start of projects concerning non-recurrent license sales. As regards our service revenue, the situation is reasonable and close to expectations, which leaves growth opportunities for the remaining second half of the year. The improvement in earnings over the previous year is largely based on the improved functioning of monitoring and risk management, as well as the positive development of our long-term customer relationships. The operational efficiency improvement and development that are part of our strategy have yet to have their proper impact, but there will be objectives and work on that path for years to come. It is exciting, however, to have already seen small successes with both our customers and in internal operations down this path.

For this year, our set theme of predictable profitability is progressing and it is also essential to strongly improve and sharpen this in the second half. This is our main theme and I see this as a very important part of our daily and tactical decision-making.

Demand has remained moderate or good in all business areas. With regard to operational and financial management, our core solutions in the area, as well as with maintenance and store systems, demand is normal and in some cases has even improved during the first half compared to last year. In the area of master data management, we see good and ongoing demand, although in some places the starts of projects have moved to late summer. In each business area, we have served our current customers, while attracting new customers at the same time.

The execution of our new strategy has progressed more or less in line with expectations, leaving room for development in some strategic programs for the end of the year. I am reasonably satisfied with the strategy's first impacts on our operations and customer base. We have taken steps along this strategic path, such as the cooperation agreement with ITC Infotech that we informed about as well as the actions to monitor operations and risk management that I mentioned. The feedback is encouraging and motivates us to further continue down this path. In the second half of the year we will continue to promote the implementation of

six strategic programs and monitor the implementation of the objectives.

My expectations are that our revenues will continue in accordance with that level given in our earlier communications. I see the future as being quite positive, but wish to further emphasize patience and the need to maintain the precision of our operations in all of our practice areas. Our long-term numerical goals will not happen by themselves or very quickly, but by continuing in a patient, systematic fashion we will best accomplish our goals.

I wish all of our stakeholders a great rest of the summer!"

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq offers systematically developing operational and financial control services 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 were divided into four business areas and the results of the company are 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 in the half of 2011 was 14.167 thousand euros (12.759 thousand euros).

Solteq's operating profit was 692 thousand euros (-2.177 thousand euros). The company's operating margin was 4,9 % (-17,1% in 2010).

ERP

Solteq's ERP business area offers 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 lead their operations and enhance, for example, their purchases, sales and warehouse management, as well as reporting. A wide group of customers use these solutions every day in the trade, industry, auto trade and public sector operating areas, among others.

The revenue of the ERP business area totalled 9,0 million euros. The business area's operating profit was 0,8 million euros.

EAM

Solteq's EAM solutions include systems for maintenance management, asset management optimization, fieldwork management and maintenance. Through these solutions, Solteq's customers can anticipate the need for service of production lines and machines, 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 the processing and engineering industries, as well as the maintenance related service sector.

During the review period, the revenue of the EAM business area totalled 2,1 million euros and the operating profit was 0,1 million euros.

Data

Solteq's Data business area is responsible for services and products relating to the data (namely, masterdata) that are 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 that support customers' enterprise resource planning and decision-making is high-quality, compatible and up to date.

During the review period the revenue of the Data business area totalled 1,0 million euros and the operating profit was -0.3 million euros.

Store

The solutions of Solteq's Store business sector enhance the management of the purchases, sales and customer relationships of specialty stores and chained commerce. Every day hundreds of retailers, entrepreneurs and salespersons lead their businesses and serve their customers in thousands of store locations by means of these solutions.

The revenue of Store business area totalled 2,1 million euros and the operating profit was 0.1 million euros during the review period.

TURNOVER AND RESULT

Turnover increased by 11.0 % compared to the previous year and totalled 14.167 thousand euros (previous review period 12.759 thousand euros).

Turnover consists of several individual clientele. At the most, one client corresponds to less than ten per cent of the turnover.

The operating profit for the review period was 692 thousand euros (-2.177 thousand euros), the operating profit before taxes was 585 thousand euros (-2.264 thousand euros) and the operating profit for the review period was 424 thousand euros (-1.702 thousand euros).

BALANCE SHEET AND FINANCING

The total assets amounted to 17.350 thousand euros (20.694 thousand euros). Liquid assets totalled 131 thousand euros (119 thousand euros). In addition to liquid assets the company had unused account limits totalling 2.295 thousand euros at the end of the review period.

Solteq Group's interest-bearing liabilities were 4.800 thousand euros (7.998 thousand euros).

Solteq Group's equity ratio was 32,2 per cent (35,9 per cent).

INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investment during the review period was 37 thousand euros (71 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, Microsoft and IBM 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 in accordance with IFRS standards (comparison year also not amortized for the review period).

PERSONNEL

The number of permanent employees at the end of the review period was 212 (240). The average number of personnel during the review period was 218 (238). In the end of the review period the number of personnel could be divided as follows ERP: 102 people; EAM: 34 people; DATA: 22 people; STORE: 23 people and 31 people in shared functions.

RELATED PARTY TRANSACTIONS

Solteq's related parties include the board of directors, managing director and the management team.

The company has on 1/3 and 23/3/2011 provided notification about an arrangement in which interest bearing loans and a directed issuance have been given to Solteq Management Oy, which is owned by management.

Solteq Management Oy is combined into consolidated financial statements on the basis of the shareholders' agreement.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 30.6.2011 was 1,009,154.17 euros which was represented by 12,148,429 shares. The shares have no nominal value.

At the end of the review period, the amount of treasury shares in Solteq Plc and the group company Solteq Management Oy's possession were 607.096 shares. The amount of treasury shares represented 5,0 % of the total amount of shares and votes at the end of the review period. The equivalent value of acquired shares was 50.427 euros.

Exchange and share price

During the review period, the exchange of Solteq's shares on the Helsinki Stock Exchange was 1.2 million shares (0.5 million shares) and 1.2 million euros (0.7 million euros). The highest price during the review period was 1.19 euros and the lowest price was 0.96 euros. The weighted average price of the share was 1.07 euros and the price ending was 1,09 euros. The market value of the company's shares in the end of the review period totalled 13,2 million euros (13,5 million euros).

Ownership

At the end of the review period, Solteq had a total of 1,884 shareholders (1,987 shareholders). Solteq's 10 largest shareholders owned 8,431 thousand shares, amounting to 69.4 per cent of the company's shares and votes. Solteq Plc board members owned a total of 5,149 thousand shares which equals 42.4 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

At Solteq Plc's annual general meeting on 16 March 2011 the 2010 financial statements were adopted and the members of the board and the managing director were discharged from liability for the 2010 review period.

The annual general meeting decided in accordance with the board's proposal that no dividend will be paid for the review period ending on 31 December 2010.

The annual general meeting decided to authorize the board of directors to decide on acquiring and distress the company's own shares so that the amount in the possession of the company may reach up to 10 per cent 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 be used as part of the incentive scheme of the personnel or be otherwise conveyed or cancelled. The shares can be acquired in proportions other than the shareholders' holdings. The shares are to be acquired through public trading. The authorization is valid until the next annual general meeting.

The General Meeting approved proposal by the Board to cover the loss of 3.412.908,22 euros in balance sheet by the fund for invested unrestricted equity.

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, was re-elected as Solteq's auditors. Frans Kärki, APA, acts as the chief auditor.

EVENTS AFTER THE REVIEW PERIOD

No events have occurred that require reporting after the review period.

RISKS AND UNCERTAINTIES

The key uncertainties and risks in short term are related to the timing and pricing of business deals that are the basis for revenue, changes in the level of costs and the company's ability to manage extensive contract agreements and deliveries.

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

PROSPECTS

Relating to year 2011, Solteq forecasts that the annual revenue will be at the same level as in 2010. The operating profit, however, is forecasted to have clearly improved to approximately 5 per cent.

Financial Reporting

This interim report has been prepared in accordance with the recognition and measurement principles of IFRS-standards.

The financial result is reported through four business areas. The ERP business area includes systems for finance and enterprise resource planning. The EAM business area consists of asset management optimization, material management and maintenance management systems. The 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. The Store business area includes point-of-sale and store management systems. The most essential product and service types of the 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 management on the economic environment and outlook. Because of this, the results can differ as a result of, among other factors, changes in economy, markets and competitive conditions, changes in the regulatory environment and other government actions.

The interim report is unaudited.

FINANCIAL INFORMATION

GROUP PROFIT AND LOSS ACCOUNT

(TEUR)

	1.4.-	1.4.-	1.1.-	1.1.-	1.1.-
	30.6.2011	30.6.2010	30.6.2011	30.6.2010	31.12.2010
NET TURNOVER	7 317	6 591	14 167	12 759	26 998
Other operating					
income	0	1	9	12	52
Raw materials and					
services	-1 585	-1 687	-3 070	-3 465	-7 394
Staff expenses	-3 991	-4 730	-7 734	-8 854	-15 688
Depreciation	-202	-213	-407	-424	-3 223
Other operating					
expenses	-1 212	-1 120	-2 273	-2 205	-5 060
OPERATING RESULT	327	-1 158	692	-2 177	-4 315
Financial income and					
expenses	-57	-40	-107	-87	-172
RESULT BEFORE TAXES	270	-1 198	585	-2 264	-4 487

Income taxes	-74	298	-161	562	780
RESULT FOR THE PERIOD					
	196	-900	424	-1 702	-3 707
OTHER ITEMS OF TOTAL COMPREHENSIVE INCOME					
Cash flow hedging	1	-4	21	-46	-18
Other items of total comprehensive income					
after taxes	1	-3	16	-34	-13
TOTAL COMPREHENSIVE INCOME					
	197	-903	440	-1 736	-3 720
Total profit for the period attributable to					
Owners of the parent	196	-900	424	-1 702	-3 707
Total comprehensive income attributable to					
Owners of the parent	197	-903	440	-1 736	-3 720
Earnings / share,					
e(undiluted)	0,02	-0,08	0,04	-0,14	-0,32
Earnings / share,					
e(diluted)	0,02	-0,08	0,04	-0,14	-0,32

Taxes corresponding to the result have been presented as taxes for the period.

GROUP BALANCE SHEET (TEUR) 30.6.2011 30.6.2010 31.12.2010

ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible rights	1 919	2 567	2 093
Goodwill	6 199	8 286	6 199

Tangible assets	2 631	2 648	2 660
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Investments

Other shares and similar			
rights of ownership	93	93	93

Deferred tax			
assets	494	437	654
Other receivables	87	159	87
Total non-current			
assets	11 423	14 190	11 786
CURRENT ASSETS			
Short-term debtors	5 796	6 385	5 294
Cash in hand and at banks	131	119	131
Total current			
assets	5 927	6 504	5 425
TOTAL ASSETS	17 350	20 694	17 211
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY			
Share capital	1 009	1 009	1 009
Company's own shares	-734	-438	-618
Share premium account	75	75	75
Account for cash flow			
hedging	-4	-41	-20
Unrestricted equity			
fund	3 801	7 214	7 214
Retained earnings	1 012	1 307	1 306
Result for the			
financial period	424	-1 702	-3 707
Total equity	5 583	7 424	5 259
Non-current liabilities			
Other non-current liabilities	2 433	3 703	3 016
Current liabilities	9 334	9 567	8 936
Total liabilities	11 767	13 270	11 952
TOTAL EQUITY AND			
LIABILITIES	17 350	20 694	17 211

FINANCIAL PERFORMANCE

INDICATORS (IFRS) 1-6/2011 1-6/2010 1-12/2010

Net turnover MEUR 14,2 12,8 27,0

Change in net turnover 11,0 % -13,2 % -5,4 %

Operating result MEUR 0,7 -2,2 -4,3

% of turnover 4,9 % -17,1 % -16,0 %

Result before taxes MEUR 0,6 -2,3 -4,5

% of turnover 4,1 % -17,7 % -16,6 %

Equity ratio, % 32,2 35,9 30,6

Gearing, % 83,7 % 106,2 % 132,8 %

Gross investments in

non-current assets MEUR 0,0 0,1 0,2

Return on equity, % 13,2 % -41,5 % -48,7 %

Return on investment, % 10,9 % -27,9 % -29,3 %

Personnel at end of

period 212 240 220

Personnel average

for period 218 238 233

KEY INDICATORS PER SHARE

Earnings / share, e 0,04 -0,14 -0,32

Earnings / share,

e (diluted) 0,04 -0,14 -0,32

Equity / share, e 0,48 0,63 0,45

SEGMENT INFORMATION

Turnover by segment:

Me 1-6/11 1-6/10 Change

ERP 9,0 8,3 +0,7

EAM 2,1 1,7 +0,4

DATA 1,0 0,9 +0,1

STORE 2,1 1,9 +0,2

Total 14,2 12,8 +1,4

Operating result by segment:

Me	1-6/11	1-6/10	Change
ERP	0,8	-1,1	+1,9
EAM	0,1	-0,4	+0,5
DATA	-0,3	-0,4	+0,1
STORE	0,1	-0,3	+0,4
Total	0,7	-2,2	+2,9

QUARTERLY KEY INDICATORS (MEUR)

	3Q/09	4Q/09	1Q/10	2Q/10
Net turnover	5,62	8,23	6,17	6,59
Operating result	0,46	0,78	-1,02	-1,16
Result before taxes	0,42	0,75	-1,07	-1,20

	3Q/10	4Q/10	1Q/11	2Q/11
Net turnover	6,75	7,49	6,85	7,32
Operating result	-0,04	-2,10	0,37	0,32
Result before taxes	-0,08	-2,15	0,32	0,27

CASH FLOW STATEMENT (MEUR)

	1-6/2011	1-6/2010	1-12/2010
Cash flow from business operations	2,46	-0,35	0,82
Cash flow from capital expenditure	-0,04	-0,07	-0,15
Cash flow from financing activities			
Dividend distribution	0,00	-0,71	-0,71
Own shares	-0,12	-0,10	-0,28
Loan agreement	-2,30	1,09	0,19
Cash flow from financing activities	-2,42	0,28	-0,80
Change in cash and cash equivalents	0,00	-0,14	-0,13

TOTAL INVESTMENTS (TEUR)

	1-6/2011	1-6/2010	1-12/2010
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Continuing operations,			
group total	37	71	153

LIABILITIES (MEUR)	30.6.2011	30.6.2010	31.12.2010
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Company guarantee for			
credit limits	2,61	2,61	2,61
Performance bonds	0,00	0,05	0,00
Lease contracts, machinery &			
equipment	0,61	0,62	0,41
Lease liability,			
premises	1,60	2,00	1,80
Pledged shares	1,59	1,59	1,59

MAJOR SHAREHOLDERS JUNE 30, 2011

			%
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 Management Oy	400 000		3,3
6. Roininen Matti	350 000		2,9
7. Solteq Oyj	207 096		1,7
8. Hakamäki Jorma	172 430		1,4
9. Saadetdin Katiye	156 600		1,3
10. Aukia Timo	103 230		0,8
10 largest shareholders total	8 431 148		69,4
Total of nominee-registered	20 016		0,2
Others	3 697 265		30,4
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 1.1.2010	1 009	-337	75	-7	7 213	2 020	9 973
Total comprehensive income				-34		-1 702	-1 736
Acquiring of own shares		-101					-101
dividend distribution						-712	-712
EQUITY 30.6.2010	1 009	-438	75	-41	7 213	-394	7 424
EQUITY 1.1.2011	1 009	-618	75	-20	7 213	-2 400	5 259
Total comprehensive income				16		424	440
Acquiring of own shares		-116					-116
Loss covered by fund				-3 413	3 413		0
EQUITY 30.6.2011	1 009	-734	75	-4	3 800	1 437	5 583

CALCULATION OF FINANCIAL RATIOS

Solvency ratio, in percentage

$$\frac{\text{equity}}{\text{balance sheet total - advances received}} \times 100$$

Gearing

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

Return on Equity (ROE) in percentage

$$\frac{\text{profit or loss before taxation - taxes}}{\text{equity}} \times 100$$

Profit from invested equity in percentage

$$\text{profit or loss before taxation +}$$

	interest expenses and other financing expenses	x 100

	balance sheet total - non-interest bearing	
	liabilities	
Earnings per share		
	pre-tax result - taxes	
	+/- minority interest	

	diluted average share issue	
	corrected number of shares	
Diluted earnings per share		
	diluted profit before taxation -	
	taxes +/- minority interest	

	diluted average share issue	
	corrected number of shares	
Equity per share		
	equity	

	number of shares	

Financial Reporting

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

- Interim Report 1-9/2011 Thursday, 20/10/2011

More investor information is available from Solteq's website at www.solteq.com

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