2009 ANNUAL REPORT

Discover the Experience

EB creates advanced technology and turns it into enriching end-user experience. EB is specialized in demanding embedded software and hardware solutions for automotive and wireless industries.

Contents

EB in 2009

2009 in Brief

OPERATING RESULT 2009 WITHOUT NON-RECURRING ITEMS WAS POSITIVE

EB's net sales for 2009 decreased by 10.7 per cent to EUR 153.8 million (EUR 172.3 million in 2008). The operating result from business operations improved significantly to EUR 0.5 million (EUR -29.1 million in 2008). Non-recurring items totaled to EUR -1.9 million resulting to a total operating loss of EUR -1.4 million (EUR -42.7 million in 2008). The significant improvement of operating result with lower net sales was mainly due to profitability improvement and costs structure adjusting program executed in full by the end of the second quarter 2009. Through this program EB achieved over EUR 40 million annual cost savings.

The Automotive Business Segment's net sales decreased slightly 2.8 per cent to EUR 61.5 million (EUR 63.3 million in 2008). The operating loss decreased to EUR -3.8 million (EUR -12.1 million in 2008).

The Wireless Business Segment's net sales decreased 15.6 per cent to EUR 91.6 million (EUR 108.6 million in 2008). The operating profit from business operations amounted to EUR 2.6 million and non-recurring costs totaled to EUR -1.6 million, resulting to a total operating profit of EUR 1.0 million (EUR -28.5 million in 2008).

The total R&D investments during 2009 were EUR 14.7 million (EUR 37.9 million), equaling 9.6 per cent of the net sales (22.0 per cent in 2008). The significant reduction of the R&D investments was mostly due to the change of the business model (and consequent exit from developing own products) in Mobile WiMAX in October 2008 and exit from RFID technology business in February 2009.

MAIN EVENTS DURING 2009

The main objective for EB in 2009 was to improve the profitability and to achieve a positive operating profit development in selected business areas.

In February EB announced that it has exited from RFID technology business by selling 7iD Technologies GmbH to the acting management of the said company in Austria. RFID technology business was part of EB's Wireless Sensor Solution Business with 20 employees. Due to this transaction Wireless Sensor Solution Business ceased to exist.

In June EB appointed M.Sc (Eng.), M.Sc (Econ.) Jukka Harju as CEO of the Company. Along with the appointment Harju resigns from the membership of the EB's Board of Directors and from the chairmanship of the Board's committee for Automotive Segment. Jorma Halonen, member of EB's Board of Directors, has been elected as the new Chairman of the Automotive committee. CEO Pertti Korhonen has resigned from EB as of June 3, 2009.

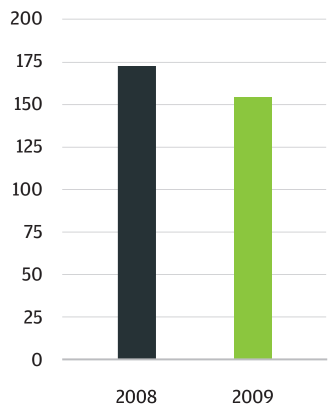
In June EB's Board of Directors approved EB's strategic guidelines. EB continues to focus on two Business Segments – Automotive and Wireless. EB's target is to be a globally leading provider of solutions, products and services in its selected businesses. EB's most important short term objective is to further improve the profitability.

By the end of the first half of 2009 EB concluded its earlier announced profitability improvement and cost structure adjustment program. As a result of the program EB achieved a total of EUR 40 million annual cost savings in comparison to the first half of 2008.

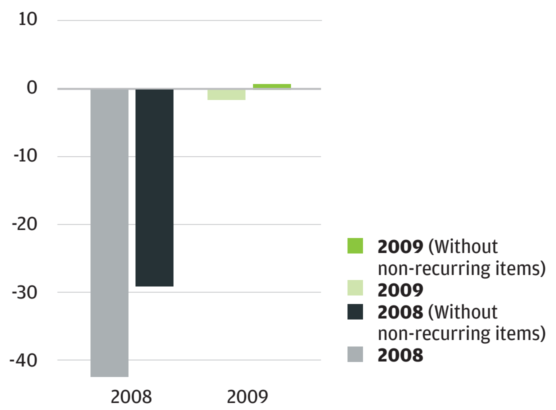
In June Elektrobit Automotive GmbH, a subsidiary of Elektrobit Corporation and AEV (Audi Electronics Venture GmbH), 100 per cent subsidiary of AUDI AG launched a joint venture, based in Gaimersheim, Germany. The joint venture, e.solutions GmbH, concentrates on the development of a software framework for in-vehicle infotainment systems and application integration. EB holds 51 per cent stake in the new company, with AEV holding the remaining 49 per cent. The joint venture employed approximately 50 persons at the end of 2009.

In December Elektrobit Inc., a subsidiary of Elektrobit Corporation, and TerreStar Corporation (TerreStar) signed a frame supply agreement regarding the delivery of satellite-terrestrial smartphones for TerreStar. The products are based on EB-designed satellite-terrestrial design.

Net sales 2008 and 2009 (MEUR)



Operating result development 2008 and 2009 (MEUR)



According to the agreement EB is responsible for delivering complete products to TerreStar. Through this agreement, EB's Wireless Solutions business introduced, in addition to its current R&D services and customized solutions offering, a product delivery business model, where it provides complete products to its customers by subcontracting the production of EB-designed devices from selected Electronic Manufacturing Services (EMS) companies. This business model both strengthens EB's strategic position as turnkey solution provider for its customers and enables EB's Wireless Solutions business to address new business opportunities.

Purpose and Vision

The Purpose of EB is to enrich people's lives through innovative technology, products and solutions.

The Vision of the company is that EB is the innovation partner for its customers by offering value creating solutions in the automotive and selected wireless environments.

Strategic Guidelines

EB's business operations have experienced changes during the previous year, including the change in the business model reported in October 2008 related to mobile WiMAX technology by shifting from investing upfront in the product development to the development of customer-financed solution business model and the exit from RFID technology business reported in February 2009.

According to the strategy, EB will focus on two Business Segments - Automotive and Wireless. EB's long-term objective is to be a global leading provider of solutions, products and services in its selected businesses. The most important short-term objective is the improvement of profitability.

In order to achieve long-term growth, EB will continue its R&D investments in the Automotive and Wireless Business Segments. EB's objective is to develop its partnerships further and identify M&A opportunities that will increase the company's competitiveness and broaden the market opportunities.

Within the Automotive Business Segment, EB specializes in software for cars. Applications include in-car software platforms and communications protocols, user interface solutions, navigation software, and software development environments. Our main customers include leading car manufacturers, car electronics suppliers and chipset suppliers for the automotive industry.

Within the Wireless Business Segment, EB offers customized device and network solutions, technology platforms and R&D services for industries utilizing wireless technologies, and testing tools for the measurement, modeling and simulation of radio channel environments. At the end of 2009, EB introduced a new business model through which EB offers customers EB-designed devices by utilizing manufacturing partners. The Wireless Business Segment's customers include mobile phone and network equipment manufacturers, satellite and mobile phone network operators, defence and security authorities, and chipset manufacturers.

Consolidated statement of comprehensive income (MEUR)

	1-12/2009 12 months	1-12/2008 12 months
Net sales	**153.8**	**172.3**
Other operating income	4.0	6.2
Change in work in progress and finished goods	-0.9	-2.8
Work performed by the undertaking for its own purpose and capitalized	0.4	0.1
Raw materials	-8.3	-18.0
Personnel expenses	-90.9	-104.0
Depreciation	-9.7	-16.4
Other operating expenses	-49.8	-80.1
Operating profit (loss)	**-1.4**	**-42.7**
Financial income and expenses	-0.6	-4.7
Result before taxes	**-2.0**	**-47.4**
Income taxes	-1.3	-2.4
Result for the period from counting operations	**-3.3**	**-49.8**
Result after taxes for the period from discontinued operations	1.3	0.3
Result for the period	**-2.0**	**-49.5**
Other comprehensive income		
Exchange differences on translating foreign operations	-0.3	0.6
Other comprehensive income for the period total	-0.3	0.6
Total comprehensive income for the period	**-2.4**	**-48.9**
Result for the period attributable to		
Equity holders of the parent	-2.2	-49.5
Minority intrest	0.2	
Earnings per share eur continuing operations	-0.03	-0.38
Earnings per share eur discontinued operations	0.01	0.00
Earnings per share eur continuing and discontinued operations	-0.02	-0.38
Net gearing, %	-37.6%	-40.2%
Equity ratio, %	71.5%	64.9%

Business Segments

Automotive Segment	Wireless Segment
Automotive Software Business	Wireless Solutions Business
	Wireless Communications Tools Business

CEO's Review

The main objectives for EB in 2009 were improving the profitability and achieving a positive operating profit development, and strengthen EB's position as a solution provider for Automotive and Wireless customers. The operating result of 2009 without non-recurring items was positive, which is significant improvement compared to the previous year's result. An essential element in achieving this was the execution of the profitability improvement and the EUR 40 million annual cost savings program. Improving the profitability further and achieving a positive operating profit development remains our most important objective.

During the year 2009 EB's Board of Directors decided on the Company's strategic guidelines. EB continues to focus on two business segments: Automotive and Wireless. The markets for both segments continued to be challenging during the year, however, EB succeeded in improving the profitability significantly despite of the decreasing net sales in both segments compared to the previous year.

In Automotive Business Segment the business was developed among other things by establishing a joint venture with AEV (Audi Electronics Venture GmbH). The joint venture is based in Germany and concentrates on the development of a software framework for in-vehicle infotainment systems and application integration. The joint venture started its operations in June and by the end of 2009 it employed approximately 50 persons. EB has exclusive rights to market the joint venture's product to customers outside the VW Group. It complements EB's existing in-vehicle infotainment product offering.

In Wireless Business Segment EB continued to further develop its offering towards customized solutions by integrating own and third party technology assets and providing own R&D services. As a significant project EB developed a new satellite-terrestrial smartphone to its American customer TerreStar Networks. EB also signed a frame agreement to deliver these smartphones to TerreStar and simultaneously introduced a business model, where it provides complete products to its customers by subcontracting the production of EB-designed devices from selected Electronic Manufacturing Services (EMS) companies. The mobile communication R&D services market continued to be challenging and the continuing price pressure drives increasing off-shoring in the industry.

For our customers who are the leading automotive and mobile communication technology companies we want to be an innovation partner providing new business opportunities. We are well positioned to meet this role as we combine the know-how of our personnel on in-vehicle software and mobile communication devices with EB's products, technology solutions and partner network.

I want to express my appreciation to our personnel for their efforts towards EB and our customers. I would also like to thank all our customers and shareholders for their trust and long-term co-operation.

Jukka Harju
CEO

"Improving the profitability further and achieving a positive operating profit development remains our most important objective."

Business Segments and Market Outlook

EB's Business Segments are "Automotive" and "Wireless".

Automotive Business Segment in 2009

The Automotive Business Segment consists of in-car software products, navigation software for after market devices and development services for the automotive industry with leading car manufacturers, car electronics suppliers and automotive chipset suppliers as customers. By combining its software products and R&D services EB is creating unique, customized solutions for its automotive customers.

The Automotive Business Segment's net sales during January - December 2009 amounted to EUR 61.5 million (EUR 63.3 million) representing a modest decrease of -2.8 per cent. The operating loss reduced to EUR -3.8 million (EUR -12.1 million). The significant improvement of operating result with slightly reduced turnover reflects the operative profitability improvement measures taken.

Despite of the taken profitability the execution of the strategy continued as planned and investments into products development continued.

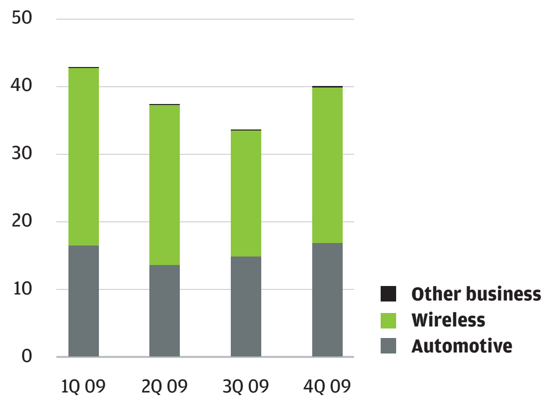
EB's Automotive Software products currently include:

- EB street director navigation software for line-fit car navigation systems, Personal Navigation Devices (PND), Personal Digital Assistants (PDA) and smartphones,
- EB GUIDE product family of HMI (Human Machine Interface) design tools and runtime frameworks,
- EB tresos® AUTOSAR (Automotive Open System Architecture) software components used in automotive electronic control units (ECU) and tools for their configuration and testing,
- High performance network communications protocol standards and solutions for automotive electronics including FlexRay™, CAN (Controller Area Network) and LIN (Local Interconnect Network) solutions, and
- EB Assist ADTF for testing and verifying environment to develop applications to assist the driver.

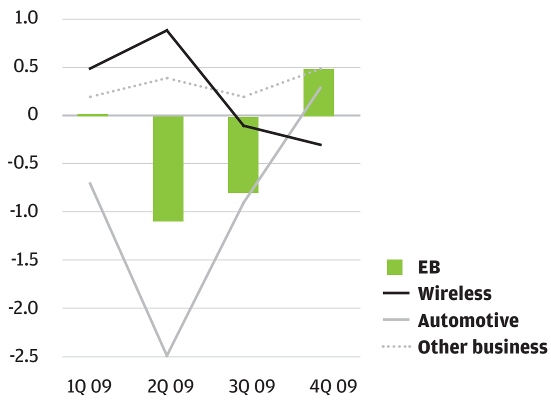
Some highlights of the business year include:

- In February EB announced the availability of its navigation solution, EB street director for MIDs (Mobile Internet Devices) based on the Moblin operating system and Intel® Atom™ processor.
- In May EB announced that its navigation solution, EB street director, supports Microsoft Live Search for Devices on Microsoft Auto software platform.
- In June EB announced its joint venture, named e.solutions GmbH, with AEV (Audi Electronics Venture GmbH). The joint venture concentrates on the development of a software framework and control system for in-vehicle infotainment systems and application integration.
- In October EB's Automotive Software Business received the "Frost & Sullivan 2009 European Automotive Telematics and infotainment Product Line Strategy Award" as a recognition of EB's outstanding ability to address customer needs and product demands with its versatile product lines. EB's Automotive Software Business also received Microsoft Windows Embedded EMEA Partner Excellence Award. These awards are given annually by Microsoft and recognizes visionary organizations around the world that use Windows Embedded technology in innovative and creative ways to drive business results.
- In December EB announced its co-operation with a semiconductor vendor Freescale. EB's AUTOSAR, navigation and HMI product performance has been optimized for Freescale microcontrollers used in automotive industry.
- Later in December EB announced also to have provided a new XAML (Extensible Application Markup Language) plug-in to connect the HMI development tool EB GUIDE Studio to Microsoft Expression Blend™.

Net sales (MEUR) by Business Segments quarterly 2009



Operating result (MEUR) by Business Segments quarterly in 2009



Business Segments and Market Outlook

Wireless Business Segment in 2009

The Wireless Business Segment comprises the following businesses:

- Wireless Solutions provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies.
- Wireless Communications Tools provides test tools for measuring, modeling and emulating radio channel environments.

The Wireless Business Segment's net sales during January - December 2009 amounted to EUR 91.6 million (EUR 108.6 million), representing a decline of -15.6 per cent. Operating result from business operations amounted to EUR 2.6 million and the non-recurring costs totaled to EUR -1.6 million, resulting to the operating profit of EUR 1.0 million (EUR -28.5 million). The significant improvement of operating result with lower turnover year-on-year was mainly due to the execution of the earlier announced profitability improvement program.

WIRELESS SOLUTIONS

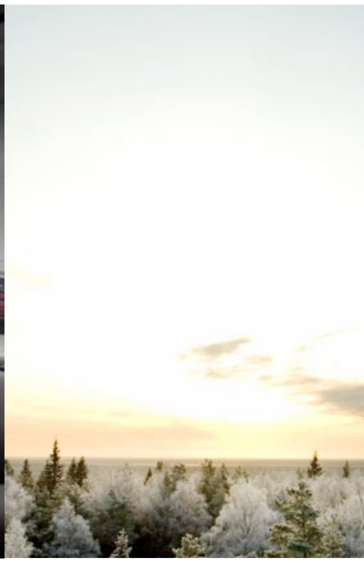
Wireless Solutions provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies. EB has unique competences in both mobile devices and infrastructure.

The customers of Wireless Solutions include wireless device and infrastructure OEM's and ODM's, mobile and satellite operators, defence and security industry and authorities, and semiconductor vendors.

Wireless Solutions integrates own and 3rd party technology assets into customized solutions, creating new revenue opportunities for its customers. At the end of 2009 EB introduced a new business model where it provides complete products to its customers based on EB-designed devices. In this business model EB subcontracts the production of the EB-designed devices from selected Electronic Manufacturing Services (EMS) companies.

Some high-lights of the business year include:

- In February EB strengthened its position as innovative solutions provider to its customers in wireless and other industries utilizing wireless technologies by launching a satellite-terrestrial network PDA and connectivity module reference designs and Mobile WiMAX basestation framework concept. EB also launched a ruggedized VoIP solution for demanding environments.
- In March EB announced among six European companies to develop common software defined radio (SDR) architecture for the European defence communication's needs as part of the ESSOR (European Secure Software Defined Radio) Program.
- In June EB launched a new MID (Mobile Internet Device) reference design based on Intel's second generation MID platform, codenamed Moorestown. Later in fall EB's MID reference design was honored as finalist for the annual 4G World Awards for Best Mobile Internet Device. In September EB announced further multimedia improvements to its MID reference design.



- In August EB joined the Symbian Foundation. EB holds a seat on the Release Council, which coordinates the integration of contributions to the Symbian source code into stable and timely platform and tools releases.
- In December EB announced that it will deliver TerreStar satellite-terrestrial smartphones. The smartphones are based on EB-designed satellite-terrestrial reference device. For the production of the devices EB has subcontracted leading Electronics Manufacturing Services (EMS) provider Flextronics. Through the agreement with TerreStar, EB's Wireless Solutions business took a new business model into use, where it provides complete products to its customers by subcontracting the EB-designed devices from selected EMS companies. This business model both strengthens EB's position as turnkey solutions provider for its customers, and enables EB's Wireless Solutions Business to address new business opportunities according to its strategy.

WIRELESS COMMUNICATIONS TOOLS

Wireless Communications Tools provides test tools for measuring, modeling and emulating radio channel environments. EB Propsim radio channel emulator product family provides realistic and repeatable fading and interference test conditions for physical layer testing. The test labs of leading players in the wireless, defence and aerospace industries' R&D, research and testing laboratories are equipped with EB wireless communications tools and solutions.

Some high-lights of the business year include:

- In January EB released Spatial Channel Modeling (SCM) tool for its EB Propsim radio channel emulators for Mobile Wimax and 3GPP LTE. Spatial Channel Modeling tool supports both the use of SCM and SCME channel models and is ideal for testing a range of applications including mobile devices and base-stations.
- In April EB delivered the industry's first multi-antenna Over-The-Air (OTA) performance testing solution. This tester allows testing of full mobile device functionality and performance in realistic radio channel environments without any compromises to the performance verification.
- In the beginning of 2009 the sales of wireless communications emulation and design tools were slightly recovered due to the growing demand for tools needed in development of LTE systems. The sales of the tools continued to be driven mainly by the development of LTE systems. During the fourth quarter the Wireless Communications Tools business focused on supporting new MIMO (Multiple Input and Multiple Output) devices.

EB creates advanced technology and turns it into enriching end-user experience. EB is specialized in demanding embedded software and hardware solutions for automotive and wireless industries.

Business Segments and Market Outlook

Market Outlook

As a consequence of the general economic environment, both automotive and wireless communication market growth is unlikely before the global economic environment starts to improve. However, there has been growing signs of recovery during the latter part of 2009.

The share of electronics and software in cars has grown significantly during the past years and it is expected that the trend of increased use of software in automotive continues to prevail in the market. The majority of the innovation and differentiation in the automotive industry is brought about by software and electronics. In order to enable faster innovation, to improve quality and development efficiency and to reduce complexity related to software, the use of standard software solutions is expected to increase. The estimated automotive software general market growth rate of some 15 per cent (Frost & Sullivan) has been in the short term negatively affected by the current downturn of the automotive industry. Due to the global recession, the global market for automotive electronic systems was forecasted to fall in 2009 (Strategy Analytics). However, the underlying growth of the automotive software market is expected to continue past the crisis and the cost pressures of the automotive industry are expected to accelerate the need of productized, efficient software solutions EB is offering. While customers remain very cost conscious there are signs that the demand starts to recover. EB's net sales currently cumulating from the automotive industry is primarily driven by the development of new cars and platforms and is not directly dependent on production volumes of the car industry.

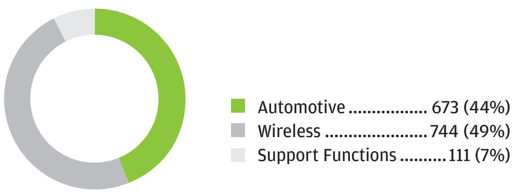
The global mobile phone market decreased in volume in 2009, yet the mobile phone market volumes are expected to start to increase again in 2010. The value share is expected to move towards higher-end due to the increased demand for new features and services. New open software architectures and platforms are creating opportunities for companies such as EB with strong integration capabilities. The global mobile infrastructure market is decreasing and the consolidation of the industry is expected to continue. LTE standard is gaining strength while the momentum of Mobile WiMAX standard has been decreasing. Going forward, EB's business driven by LTE is increasing while EB's future sales revenues are not materially dependent on Mobile WiMAX technology.

The mobile satellite communication service industry is introducing new data and mobile communication services with new operators being formed and traditional ones upgrading their solutions and offerings. Mastering of multi-radio technologies and end-to-end system architectures covering both terminal and network technologies, has gained importance in the complex wireless technology industry. The demand for EB's satellite-terrestrial device solutions is expected to continue. The satellite-terrestrial and Mobile Satellite Services (MSS) market demand is expected to start moving from the current reference design phase towards the launch of commercial products and services. This can create new service and product related business opportunities for EB.

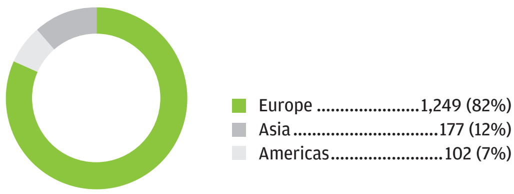
The mobile communication R&D services market continues to be challenging and the continuing price pressure drives increasing off-shoring in the industry. However, attractive niches continue to exist (OVUM forecast). Because of the economical slowdown, companies are expected to adjust their R&D costs and project portfolios resulting in reduction of the overall R&D expenditures and activities during the next couple of years, resulting in less demand for external R&D services. However, OEMs are expected to increase their R&D flexibility that can create new opportunities for partnering for EB.

The current economic downturn did not have a significant effect on the overall wireless communications tools market. There is a need for advanced development tools 3GPP LTE technology and that need is expected to remain as a driver for the demand in the medium and long term. EB provides world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.

Personnel according to business segments 2009



Personnel at market areas 2009



Personnel

General

EB employed 1,528 people at the end of 2009. EB has employees in Austria, China, Finland, France, Germany, Japan and the United States. The average age of the personnel is 35. Design engineers constitute the most significant proportion of the personnel.

Well Working Processes Form the Basis for EB's Personnel Development

EB is known for its competences in its focus technologies and for its unique research and development capabilities. Therefore a continuous development of expertise is important for future success. This development includes the systematic development of key expertise, offering new and inspiring challenges to experts and encouraging them to solve different technological challenges by working together. This is supported by an atmosphere which inspires creativity and by modern tools and processes.

In 2009, processes continued to be a particular focus of emphasis in the development of EB's capabilities and personnel's competence. EB believes that processes improve efficiency and increase employees' job satisfaction. EB has developed a set of functional end-to-end processes based on a common Process Framework and supporting tools. An important topic within the process development has been to increase the amount of competent SCRUM masters in order to increase capabilities for utilization of Agile and SCRUM models within practical projects.

Performance Management

Clear processes are also essential at EB in setting goals, as well as in developing and rewarding the personnel enabling the systematic monitoring and future development of the functions. When setting objectives at EB, each person's individual goals are linked to the company's objectives. Working towards a common goal increases efficiency and strengthens the employees' commitment. In addition to goal-oriented working, it is important that goals are documented and monitored regularly and that persons receive feedback about their performance. Therefore, supervisory work at EB emphasizes open discussion and our 2009 personnel survey confirmed that EB has succeeded in this goal. In 2009 EB's performance management process was further developed with particular focus on the quality of targets and in process streamlining.

In addition to setting objectives, EB's performance management process emphasizes the planning of personal development areas so that they are in line with EB's overall development goals. This planning is done by supervisor and employee together. EB believes, that it is important for both to be jointly involved in planning an employee's individual competence development.

EB provides annually training related to management and leadership. These themes include the development of business competence and personnel competence. Additionally open interaction and learning together are important in striving for the continuous development of expertise.

The working atmosphere is monitored annually through the EB Spirit personnel survey. The results are analyzed in teams, thereafter development measures for the forthcoming period were agreed at all levels of the organization. The personnel survey also identifies the personnel's engagement to work performed at EB. The 2009 survey indicated that overall work motivation at EB is in line with other ICT companies despite the challenging times and needed restructuring actions that where executed during late 2008 and early 2009 (Source: Promenade Research Oy).

Rewarding

The main principle of the EB reward programs is that they follow the strategy and the most important business objectives. The evaluation period for the Short Term Incentive program usually covers six months. The emphasis is in financial targets and in current situation in reaching the operating profit targets. About 200 persons mainly in managerial positions are included in the Short Term Incentive program.

Current Long Term Incentive program is based on the option program for the EB's key personnel, which was approved by the shareholders' general meeting in March 2008. According to the program rules the 1st series of options (Option Rights 2008A) were allocated to EB's key persons during 1H2009. About 1,200,000 options out of the maximum 1,400,000 were allocated. The option rights are intended to form part of the key personnel's incentive and commitment system.

EB's Core Competences

Core competence refers to the deep knowledge which has been accumulated at EB and enables success in business operations. Core competence includes the competence accumulated within the company, and the knowledge and skills of individuals. It is important for competences that personnel are able to cooperate and create networks internally and externally.

EB's core competence areas are:

- Automotive software,
- Wireless systems, and
- Systems architecture and solutions.

Corporate Governance Statement

Introduction

The governance of Elektrobit Corporation (hereinafter "Company") is determined by the Company's Articles of Association, the laws of Finland (such as the Finnish Companies Act and Securities Market Act) and the Company's Corporate Governance Code. The Company's Corporate Governance Code follows to the extent applicable the Finnish Corporate Governance Code 2008 prepared by the Finnish Securities Market Association ("Finnish Governance Code"). The Company has, however, departed from certain individual recommendations of the Finnish Governance Code. These departures are concerning the number of the Audit- and Financial committee members and their independency as explained in further detail below. This Corporate Governance Statement has been made according to recommendation 51 of the Finnish Governance Code and the applicable legislation. This Statement is made separate from the Company's Annual Report.

The statutory governing bodies of the Company are the Shareholders' meeting, Board of Directors, Chief Executive Officer and the Auditor. Other governing bodies, such as the Corporate Executive Board, support the statutory governing bodies. The Company's domicile is Oulu.

The Company's Corporate Governance Code and this Statement are publicly available at the Company's website at www.elektrobit.com.

The Board of Directors and the Composition and Operation of Committees Established by the Board

BOARD OF DIRECTORS

The Board of Directors is responsible for the Company's governance and proper organization of the operations. The Board of Directors comprises three to seven (3-7) members and in addition it may have one to three (1-3) deputy members. The Annual General Meeting shall elect the members of the Board of Directors for a term which expires at the end of the following Annual General Meeting. The number of terms for the members of the Board of Directors is not limited. The Board of Directors selects a Chairman among its members.

The Annual General Meeting held on March 19, 2009 elected six (6) members to the Board of Directors. The following members of the Board of Directors were elected: Jorma Halonen, Jukka Harju, Juha Hulkko, Seppo Laine, Staffan Simberg and Erkki Veikkolainen. The term of the members of the Board of Directors expires at the end of the following Annual General Meeting. The Board of Directors elected Juha Hulkko as the Chairman of the Board of Directors at its organizing meeting on March 19, 2009.

The Company appointed Jukka Harju as its Chief Executive Officer as of June 4, 2009. Harju resigned from the Board of Directors and from the chairman position of the Automative Committee due to the appointment. After the appointment of Harju the Board of Directors continued with five (5) members.

A corporate governance target is that at least half of the members of the Board of Directors are independent of immediate company interest. In addition, at least two of the Directors representing this majority shall be independent of significant shareholders of the Company. On March 19, 2009 Jorma Halonen, Staffan Simberg and Erkki Veikkolainen are considered independent members of the Board whereas Jukka Harju, Juha Hulkko and ja Seppo Laine were not considered independent of immediate company interests due to major ownership in the Company or participation in the Company management during the previous three years prior to the Annual General Meeting of 2009. On February 15, 2010 the majority of the members of the Board of Directors were considered independent of immediate company interests.

Left to right: Staffan Simberg, Juha Hulkko (sitting), Jorma Halonen, Seppo Laine (sitting) and Erkki Veikkolainen.

Chairman of the Board of Directors

JUHA HULKKO
b. 1954, M.Sc (Eng.), eMBA, Dr.tech.h.c.

Elektrobit Corporation, Chairman of the Board 2008– and member of the Board 2006–. Gamga Oy, Chairman of the Board. CWC (Centre for Wireless Communications) reserch insitute, Chairman of the Steering Committee. Elektrobit Corporation, CEO, Chairman of the Board 2002–2005. Elektrobit Ltd., one of the founders in 1985, CEO 1985–1995, Chairman of the Board 1995–2002.

Holds 27,395,362 shares in Elektrobit Corporation.

Other members of the Board of Directors

JORMA HALONEN
b. 1948, Bachelor of Science (Economics).

Elektrobit Corporation, Member of the Board of Directors 2009– and Deputy Chairman of the Automotive Committee 2009–. Permira, Nordic Advisory Board, Member 2009–. TMD Friction Holding GmbH, Chairman of the Board of Directors 2009–. Assa abloy AB (publ.), Member of the Board of Directors 2008–. CPS Color Group Oy, Chairman of the Board of Directors 2008–. Niscayah Group Ab, Chairman of the Board of Directors 2008–. Semcon Ab, Member of the Board of Directors 2008–. Vice President of AB Volvo and Vice President of Volvo group, 2004–2008. President and CEO of Volvo Truck Corporation, Göteborg, Sweden 2001–2004. President and CEO of Scania Latin America, Sao Paulo, Brasil, 1998–2001. Vice President, Scania Latin America, Sao Paulo, Brasil, 1996–1998. President and CEO of Oy Scan-Automotive Ab, Oy Scan-Auto Ab (Scania importer) and Oy Saab-Auto Ab, Helsinki, Finland, 1990–1996. Leading positions in different companies within computer and telecommunications industries, 1972–1990.

Does not hold any shares in Elektrobit Corporation.

SEPPO LAINE
b. 1953, Authorized Public Accountant.

Elektrobit Corporation, Member of the Board 2008–, Chairman of the Audit and Financial Committee 2009– and Member of Automotive- and Wireless Committee 2009–. Member of the Board, Oulun Puhelin Holding Oyj, Cor Group Oy and Taxpayers Association of Finland. Elektrobit Corporation, CFO 2000–2007. Auditing Company Ernst & Young Ltd., Director at the Oulu regional office and international partner 1995–2000. Oulun Laskenta Oy, President 1979–1995. Turun Muna Oy Jaakko Tehtaat, Financial Manager 1977–1979. Tammerneon Oy, Financial Manager 1975–1977.

Holds 2,220,051 shares in Elektrobit Corporation including the shareholdings of corporation controlled by Laine.

STAFFAN SIMBERG
b. 1949, MBA.

Elektrobit Corporation, Member of the Board 2008– and Member of the Audit and Financial Committee 2009–. Business Consultant, Simberg & Partners AB, Chairman of the Board 1994–. NEZ-Invest AB, Chairman of the Board. Karnell, investment advisor 2009–. Metso Panelboard, Chairman 2008–2009. Landis & Gyr AG, Member of the Advisory Board 2007–. Powermill Service group, Member of the Board 2005–2007. Dotcom Solutions AB, Member of the Board 2000–2005. Enermet group, Managing Director 2005–2007. Siar-Bossard, Associated Partner 1992–1994. Leading positions at Nokia 1978–1991.

Corporation controlled by Simberg holds 290,000 shares in Elektrobit Corporation.

ERKKI VEIKKOLAINEN
b. 1952, M.Sc. (EE), eMBA.

Elektrobit Corporation, Member of the Board 2008– and Chairman of the Wireless Committee 2009–. MEVita Invest Oy, CEO. Elcoflex Oy, Chairman of the Board. Member of the Board, Technopolis Plc., Aplicom Oy, Elcoflex (Suzhou) Co. Ltd:n, Maustaja Oy, Mecanova Oy, Mevita Invest Oy. Elektrobit Corporation, Exectuive Vice President, Contrat R&D and Test Business Units, 2002–2003. Elektrobit Technologies Ltd., Managing Director, 2001–2003. Elektrobit Ltd., Vice President, Business Development, 1998–2001. Nokia Mobile Phones, various positions 1985-1998, latest Vice President and General Manager.

Holds 9,388,719 shares in Elektrobit Corporation.

Corporate Governance Statement

DESCRIPTION OF ACTIVITIES

The Board of Directors has defined a working order and evaluates its performance annually. The Board of Directors shall implement the decisions of the General Meeting. The Board of Directors supervises the operations and management. The Board of Directors makes decisions on the Company's guiding principles for operation, strategy and budget. The Board of Directors decides on mergers and acquisitions and other strategic alliances as well as significant investments and significant matters regarding organization and finance. The Board of Directors supervises that the group companies' accounting and financial management is duly organized. The Board of Directors appoints the CEO and possible Deputy for him or her as well as approves the Company's organization structure.

The CEO, CFO and Chief Legal Officer (who acts as secretary of the Board of Directors) attend the meetings of the Board of Directors. Other members of the Corporate Executive Board attend the meetings when necessary or upon invitation by the Board of Directors. The Chairman of the Board approves the agendas of the meetings of the Board of Directors. The agendas are prepared by the CEO and the Chief Legal Officer.

In 2009, the Board convened 16 times and the average attendance of the Board members at meetings was 96.4 per cent. The most important subject during the year was profitability improvement and establishing a solid foundation for positive profit development within the chosen business areas.

The Annual General Meeting decides on the compensation of the members of the Board of Directors and such compensations can be publicly reviewed from the Company's website at www.elektrobit.com.

THE BOARD COMMITTEES

The proper function of the corporate governance of a company requires that Board work be organized as efficiently as possible. For this reason the Company established three Board committees:

- Audit and Financial Committee,
- Automotive Committee, and
- Wireless Committee.

The Directors on the committees can concentrate on the matters delegated to the committee more extensively than the entire Board of Directors. The purpose of the committees is to enhance the efficient preparation of matters within the competence of the Board, increase transparency and ensure the quality and efficiency of the decision making of the Board.

The committees assist the Board by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to the committees. The committees have no autonomous decision-making power, and thus the Board makes the decisions within its competence collectively.

Taking into consideration the current composition and the number of Board members, the Board committees in EB shall have at least two members appointed by the Board of Directors among its members, one of them being the Chairman of the respective committee.

A committee shall regularly report on its work to the Board. The reports shall include at least a summary of the matters addresses and measures taken by the committee.

The central duties and operating principles of the committees are described below. The members of the committee have not been remunerated for attending meetings of the committees during 2009.

Audit and Financial Committee

The Audit and Financial Committee has the following duties:

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of the company's internal control, internal audit, if applicable, and risk management systems;
- to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement;
- to monitor the statutory audit of the financial statements and consolidated financial statements;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited;
- to prepare the proposal for resolution on the election of the auditor.

The Chairman and the members of the Audit and Financial Committee are appointed by the Board of Directors. At least one committee member must be a financial expert who has significant knowledge and experience in accounting and accounting principles applicable to the Company. The members of the Audit and Financial Committee have been Seppo Laine, Authorised Public Accountant (chairman of the committee) and Juha Hulkko until February 26, 2009 and Staffan Simberg from February 27, 2009. Taking into consideration the current composition and the number of Board members and the financial expertise held in particular by Seppo Laine, it has been resolved to deviate from the recommendation concerning a minimum of three committee members and on the other hand from the independence recommendation for committee members by the Finnish Governance Code.

In addition to committee members, other regular participants to the committee meetings are CEO and CFO of the company and optionally external auditors. Further the committee members may meet the external auditors without the operative management being present in connection with such meetings.

In 2009, the Audit and Financial Committee convened 11 times with all members attending the meetings. In addition to the focus areas specified above, the most important subjects during 2009 were profitability improvement, sharpening the balance strategy, the role of controlling cash flow and working capital as well as principles and role of internal control.

Automotive Committee

The Automotive Committee has the following focus areas:

- support the CEO and the Automotive Software business unit head in preparing matters for the Board;
- review the business outlook, strategic issues including potential mergers and acquisitions, competitor analysis, the budget, the result and market situation;
- ensure efficient and high quality preparation of Automotive Software business related matters for the Board;
- increase transparency of the business operations;
- regularily report on its work to the Board including at least a summary of the matters addressed and the measures taken by the Automotive Committee.

EB creates advanced technology and turns it into enriching end-user experience. EB is specialized in demanding embedded software and hardware solutions for automotive and wireless industries.

Corporate Governance Statement

The Chairman and the members of the Automotive Committee are appointed by the Board of Directors. At least one committee member must have a significant knowledge and experience regarding the automotive markets. The members of the Automotive Committee have been Jukka Harju (chairman of the committee) until June 3, 2009, Jorma Halonen (chairman of the committee) as of June 4, 2009 and Seppo Laine during the entire year 2009.

In 2009, the Automotive Committee convened 7 times with all members attending the meetings. In addition to committee members other regular participants to the committee meetings were Automotive Software business unit head and CEO, CFO and Chief Legal Officer of the Company.

In addition to the focus areas specified above, most important subjects during 2009 were profitability improvement as well as business strategy and long range plans.

Wireless Committee

The Wireless Committee has the following focus areas:

- support the CEO and business unit heads in Wireless Business Segment in preparing matters for the Board;
- review the business outlook, strategic issues including potential mergers and acquisitions, competitor analysis, the budget, the result and the market situation;
- ensure efficient and high quality preparation of wireless business related matters to the Board;
- increase transparency of the business operations;
- regularily report on its work to the Board including at least a summary of the matters addressed and the measures taken by the Wireless Committee.

The Chairman and the members of the Wireless Committee are appointed by the Board of Directors. At least one committee member must have a significant knowledge and experience regarding the Wireless markets. The members of the Wireless Committee have been Erkki Veikkolainen (chairman of the committee) and Seppo Laine for the entire year 2009.

In 2009, the Wireless Committee convened 10 times with all members attending the meetings. In addition to committee members other regular participants to the committee meetings were business unit heads of the Wireless Business Segment and CEO, CFO and Chief Legal Officer of the Company. In addition to the focus areas specified above, most important subjects during 2009 were profitability improvement as well as implementing a new business model to offer complete products in the Wireless Solutions business.

CHIEF EXECUTIVE OFFICER

Jukka Harju, Chief Executive Officer

The CEO is in charge of the operative management of the Company in accordance with the Finnish Companies Act, the Articles of Association as well as the instructions and orders given by the Board of Directors. The CEO is responsible for the preparation of the Board meetings and implementation of any decisions made therein. Further, the CEO is responsible for ensuring that the Company's accounting methods comply with the applicable law and that the financial matters are being handled in a reliable manner. The CEO prepares strategy, long-term planning, investments, mergers and acquisitions, financing and makes decisions thereof to the extent that such decisions are not tasks of the Board of the Directors. The CEO is responsible for financial planning, the Company's communications and investor relations.

The Board of Directors defines and approves the essential terms of the service of the CEO, including the CEO's remuneration, in a form of a written agreement. The CEO's service contract is effective until further notice and can be terminated by both the company and the CEO with six (6) months' written notice.

The CEO is entitled to a pension under the Contracts of Employment Act and other legislation pertaining to pensions. The Finnish employee pension system (TyEL) allows for an old-age pension based on years of service and the income accumulated during those years, including the base salary, bonuses (excluding any option rights and shares subscribed on their basis) and taxable fringe benefits. The old age pension can be taken out at one's own discretion between the ages of 63–68 (flexible retirement age).

In June EB appointed Jukka Harju, M.Sc (Eng.), M.Sc (Econ.) as its Chief Executive Officer. Harju resigned from the Board of Directors and from the chairman position of the Automative Committee due to the appointment. EB's member of the Board, Jorma Halonen, was appointed as the new Chairman of the Automotive Committee. In June 3, 2009 CEO Pertti Korhonen announced his resignation from the service of the Company in order to proceed with his career as the CEO of another company.

CORPORATE EXECUTIVE BOARD

The Corporate Executive Board supports the CEO in his tasks, The CEO acts as the Chairman of the Corporate Executive Board. The Corporate Executive Board supports the CEO in operative management and implementation and follow-up in the CEO's competence area. The Corporate Executive Board convenes once a month.

JUKKA HARJU
Chief Executive Officer

b. 1956, M.Sc (Eng.), M.Sc (Econ.). Elektrobit Corporation, member of the Board of Directors 2006–2009. Boier Capital Ltd., partner 2007–2009. Incap Corporation, member of the Board 2007–. Elektrobit Corporation, Chief Operating Officer 2005–2006 and Executive Vice President, Business Development 2000–2004. Tellabs Ltd, Managing Director 1994–1999. Nokia Telecommunications Ltd, Vice President, Microwave Radios 1990–1994 and other duties in the same organization 1981–1990.

Holds 7,776,064 shares in Elektrobit Corporation (including the shareholdings of Harju's related persons and corporations controlled by Harju).

PANU MIETTINEN
Chief Financial Officer

b. 1968, M. Econ. Elektrobit Corporation, Member of the Corporative Executive Board 2007–. Accenture Ltd, Senior Manager, Finance & Performance Management 2001–2007. KPMG Consulting Oy, Senior Consultant , World Class Finance 1998–2001.

Does not hold shares in Elektrobit Corporation. Holds 50,000 stock options 2005B and 45,000 stock options 2008A.

OLLI PEKKA NASTAMO
Senior Vice President,
Business Services

b 1956, MSc. (Eng). Elektrobit Corporation, Member of the Corporative Executive Board 2007–. Nokia Siemens Networks, Head R&D Services 2007. Nokia Oyj, Networks 1996–2007. Nokia Siemens Networks integration, Head of R&D contracting and collaboration substream 2006–2007. Vice President, WCDMA RAN Business 2003–2005. Vice President, Sites & HR, IP Mobility Networks 2001–2003. Director, Sites & HR, Radio Networks 1999–2001. Manager, Product Programs, Cellular Transmission 1997–1998.

Holds 800 shares in Elektrobit Corporation (includes shares held by persons closely associated with Olli Pekka Nastamo), 100,000 stock options 2005B and 45,000 stock options 2008A.

ARTO PIETILÄ
Senior Vice President,
Operations, Wireless Solutions

b. 1958, MSc (Eng). Elektrobit Corporation, Member of the Corporative Executive Board 2004–. Elektrobit Corporation, Executive Vice President, Mobile Terminal Solutions, 2006–2008 and Executive Vice President, Contract R&D, 2004–2006. Elektrobit Ltd, Managing Director, 2002–2004 and Vice President, 2001–2002. Polar Electro Ltd, President and CEO, 1999–2001.

Holds 182,803 shares in Elektrobit Corporation, 24,000 stock options 2005A, 30,000 stock options 2005B and 45,000 stock options 2008A.

JARKKO SAIRANEN
Executive Vice President,
Automotive Software

b. 1963, MSc (Eng), MBA. Elektrobit Corporation, Member of the Corporative Executive Board 2007–. Nokia Corporation, Vice President, Corporate Strategy 2006–2007, Vice President, Strategy & Planning, Technology Platforms 2004–2006 and Vice President, Insight & Foresight, Nokia Ventures Organization 2001–2004. Boston Consulting Group, Vice President 1999–2001.

Does not hold shares in Elektrobit Corporation. Holds 200,000 stock options 2005B and 62,500 stock options 2008A.

ANTTI SIVULA
Senior Vice President,
Wireless Communications
Tools

b. 1961, MSc (Eng). Elektrobit Corporation, Member of the Corporative Executive Board 2007–. Orbis Group and Orbis International Technologies Inc., Vice President of Sales and Marketing 2004–2007. Tektronix Inc., Various roles in General Management and Marketing 2000–2004. Tektronix Ltd., Various roles in General Management and Marketing 1996–2004.

Does not hold shares in Elektrobit Corporation. Holds 75,000 stock options 2005B and 45,000 stock options 2008A.

PÄIVI TIMONEN
Chief Legal Officer

b. 1970, LLM, trained on the bench. Elektrobit Corporation, Member of the Corporative Executive Board 2002–. Roschier Holmberg Oy, Lawyer 1998–2002.

Holds 11,800 shares in Elektrobit Corporation, 24,000 stock options 2005A and 45,000 stock options 2008A.

ARI VIRTANEN
Executive Vice President,
Wireless Solutions

b. 1966, MSc (Computer Science and Industrial Economics). Elektrobit Corporation, Member of the Corporative Executive Board 2008–. Nokia Corporation, Vice President, Convergence Products, Devices R&D 2008. Vice President, Convergence Products, Multimedia 2005–2007. Nokia Corporations, Networks, Vice President, Systems Technologies 2004–2005, Vice President & General Manager, IP Network Services Core 2003–2004, Vice President & Director, Network Platforms 2000–2003. Vice President & General Manager, Mobile Packet Core, 1999–2000. Vice President, MSC&HLR business, 1997–1999.

Does not hold shares in Elektrobit Corporation. Holds 150,000 stock options 2005B (2005B 30,000, 2005C 60,000 and 2005D 60,000) and 62,500 stock options 2008A.

Corporate Governance Statement

Main Features of Internal Control and Risk Management Processes Related to Financial Reporting Processes

RISK MANAGEMENT

The purpose of risk management is to secure positive development of earnings of the Company and the continuation of the business by implementing risk management cost effectively and systematically throughout the different businesses.

Risk management is part of the Company's strategic and operative planning, daily decision making process and internal control system. Business objectives, risks and risk management operations are combined through risk management as one chain of events.

MAIN PRINCIPLES OF ORGANIZING RISK MANAGEMENT

Company adheres to the risk management policy approved by the Board.

Risk management contains all actions, which are connected to setting up targets, identification of risks, measurement, review, handling, reporting, follow-up, monitoring and reacting to risks.

The aim of risk management of the Company is to:

- systematically and thoroughly identify and assess all major risks, which threaten the achievement of objectives, including risks related to business operations, property, agreements, competence, currencies, financing and strategy;
- optimize business opportunities and secure continuation of business;
- recognize and identify uncertainties and subsequently develop the prediction of risks and measures needed to manage risks;
- take only calculated and assessed risks with respect to e.g. expanding the business, increase market share and creating new businesses;
- avoid or minimize liability risks;
- ensure the safety of products, solutions and services;
- establish a safe working environment for the employees;
- minimize possibilities for unhealthy occurrences, crimes or misconduct by operating procedures, control and supervision;
- inform interest groups of risks and risk management; and
- be cost effective.

The aim of risk management is not to:

- exclude all risks at their entirety;
- adopt unnecessary control and management procedures; or
- take bureaucratic processes and procedures into use.

MAIN FEATURES OF THE RISK MANAGEMENT PROCESS

In connection with the strategy process and bi-annual planning the Corporate Executive Board reviews business risks, which could endanger the achievement of strategic or profit targets. The businesses produce risk assessment reports for each business to support the strategy process. Strategic and operative risks are monitored through monthly reporting by businesses. Businesses must produce assessments of risks in their designated areas of responsibilities and provide action plans to manage risks as well as to report measures taken including the stage and effectiveness of such measures.

CEO reports all identified risks as well as all planned and effected measures to control the risks to the Board of Directors.

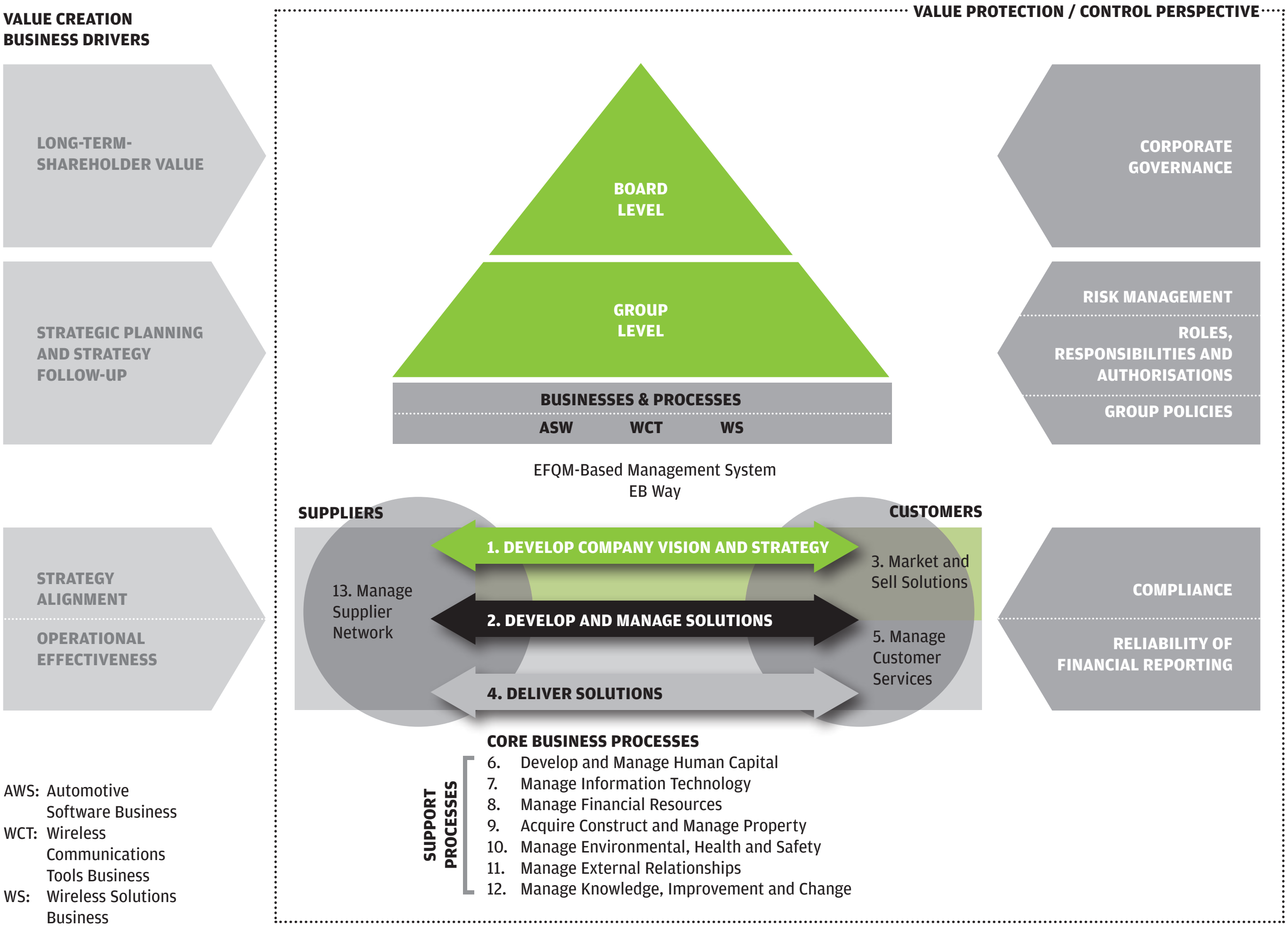
GENERAL DESCRIPTION OF INTERNAL CONTROL AND OPERATIONAL PROCEDURES

Internal control is a process applied by the Board of Directors, management and all levels of personnel in the Group to ensure that management has reasonable assurance that

1. operations are effective, efficient and aligned with strategy,
2. financial reporting and management information is reliable, complete and timely made, and
3. the Group is in compliance with applicable laws and regulations as well as the Company's internal policies and ethical values including sustainability.

The first category addresses the basic business objectives, including performance and profitability goals, strategy, implementation of objectives and actions and safeguarding resources. The second category relates to the preparation of reliable published financial statements, including interim reports and condensed financial statements and selected financial data derived from such statements, such as earnings releases, reported publicly. The third deals with complying with those laws and regulations to which the Company is subject to.

INTERNAL CONTROL FRAMEWORK OF THE COMPANY

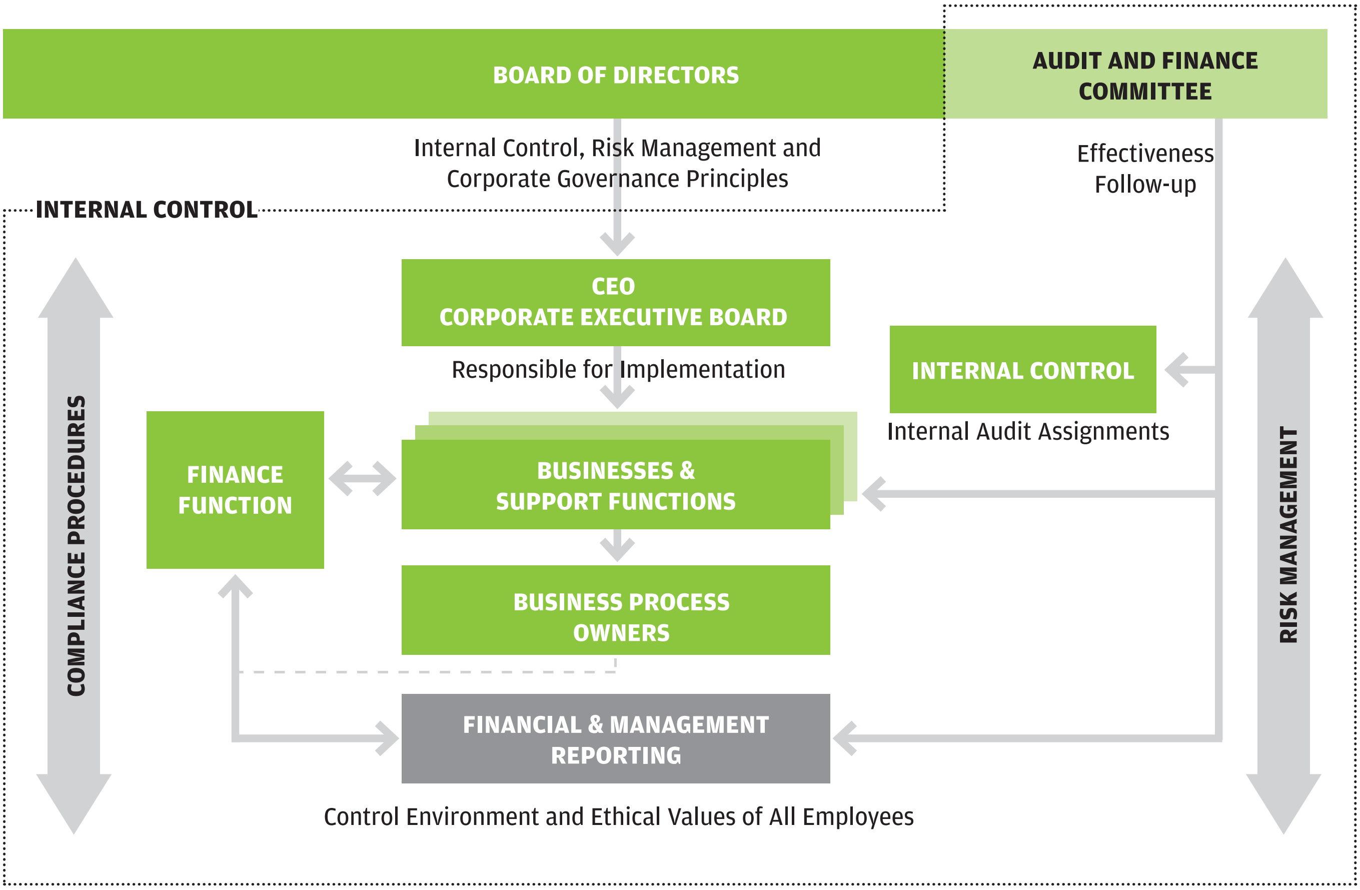


Governance and Internal Control Framework.

EB's internal control framework consists of:

- the internal control, risk management and corporate governance policies and principles set by the Board of Directors;
- management overseeing the implementation and application of the policies and principles;
- finance function, internal controller and business controllers monitoring the efficiency and effectiveness of the operations and reliability of the financial and management reporting;
- enterprise risk management process identifying, assessing and mitigating risks threatening the realization of the Company's objectives;
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values (including sustainability) are adhered to;
- effective control environment at all organisational levels including control activities tailored for each process and creating group minimum requirements for business and geographical areas;
- shared ethical values and strong internal control culture among all employees; and
- internal audit assignments reviewing the effectiveness of the internal controls as needed.

Corporate Governance Statement



Key areas of the EB internal control framework.

RISKS AND CONTROLS IN CORE BUSINESS PROCESSES

Risk management procedures are in place for business processes in the form of defined control points:

- Relevant process risks are identified;
- Common control points/group minimum requirement control points are identified;
- Common control points are implemented in business processes;
- Additional control points can be determined as needed at business or functional levels.

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the Company's objectives. Control activities are set throughout the organization, at all levels and in all functions. They include various range of activities including but not limited to approvals, authorizations, verifications, reviews of operating performance, security of assets and segregation of duties.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Group's external financial reporting process, internal control and risk management systems are briefly described in this section. The main focus is on financial accounting and related controls.

Financial reporting organization

The Company's team for external financial reporting is based in Finland. In addition to the Group's financial reporting the Group's shared accounting functions consist of financing, currency hedging, investments, external debt management and transfer pricing.

Accounting functions for the parent company and Finnish subsidiaries are organized thru service center teams. General accounting is responsible for e.g. monthly closing procedures and accounts payable team invoice workflow management. Segregation of duties is embedded in the teams' job descriptions

The Group's subsidiaries in China, Germany, Austria and USA have own accounting departments. Accounting functions in smaller subsidiaries in France and Japan are organized in the external accounting offices.

Financial reporting systems

Consolidated financial statements are prepared by using the chosen consolidation and reporting tool. Subsidiaries report actual figures on a monthly basis directly to the consolidation and reporting tool. Subsidiaries in Japan and France send the information in a pre-defined format directly to the group consolidation.

Main accounting system includes general ledger accounting, accounts paybles and accounts receivables. Purchase invoices are managed through electronic invoice processing system.

Internal controls

The Group's internal control mechanisms are based on policies, instructions, limited process descriptions, authorization matrix, financial reporting review meetings and segregation of key accounting duties.

Compliance procedures

Compliance procedures are in place at all levels of the organization to ensure that that all applicable laws, regulations, internal policies and ethical values including sustainability are adhered to. Legal function, businesses and corporate management are responsible for following up developments in legislation and regulations in their respective areas and communicating them to the organization. Businesses and corporate function directors are responsible for setting up adequate compliance controls and compliance related training in their units.

Roles and responsibilities regarding risk management and internal control

The key roles and responsibilities regarding the Group's internal control and risk management are defined as follows:

BOARD OF DIRECTORS

The Board of Directors is ultimately responsible for the administration and the proper organisation of the operations of the company. According to good corporate governance, the Board also ensures that the company has duly endorsed the corporate values applied to its operations. The Board approves the internal control, risk management and corporate governance policies. The Board establishes the risk-taking level and risk bearing capacity of the Company and re-evaluates them on a regular basis as part of the strategy and goal setting of the Company. The Board reports to the shareholders of the Company.

AUDIT AND FINANCIAL COMMITTEE

Audit and Financial Committee is responsible for the following internal control related duties

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of the company's internal control, internal audit, if applicable, and risk management systems;
- to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement; and
- to monitor the statutory audit of the financial statements and consolidated financial statements.

More detailed descriptions how Audit and Financial Committee is fulfilling its monitoring role are defined in Committee's annual plan. The Audit and Financial Committee reports to the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. CEO sets the ground of the internal control environment by providing leadership and direction to senior managers and reviewing the way they are controlling the business. CEO is in charge of the risk management process and its continuous development, allocation of resources to the work, review of risk management policies as well as defining the principles of operation and overall process. CEO reports to the Board on risk management as part of the monthly reporting. The Group's Corporate Executive Board, which operates under CEO, is responsible for the management of risks endangering the fulfillment of objectives set to the Company.

CHIEF FINANCIAL OFFICER

CFO ensures that the accounting practices of the Company comply with the law and that the financial matters are handled in a reliable manner.

BUSINESSES AND LINE MANAGEMENT

Businesses and line management are responsible for internal control implementation in their respective responsibility areas. More specific internal control policies and procedures are established within each function. Additionally, the businesses and line management are responsible for implementing risk management practices in planning cycle and daily operations, and ensure the adherence of

- laws,
- regulations,
- internal policies, and
- ethical values

in their designated responsibility areas.

FINANCE FUNCTION

Group finance function is responsible for:

- helping units and functions to set up adequate control activities in cooperation with the business management;
- operative follow-up of the adequacy and effectiveness of control activities, and
- ensuring that external reporting is correct, timely and in compliance with regulations.

Finance function has a person who is in charge of internal control. This person reports to CFO.

INTERNAL AUDIT

The Company has no specific internal audit organization. This is taken into account in the content and scope of the annual audit plan. On the one hand external auditing focuses on specific areas in turn to be audited, and on the other hand, on separately agreed priority areas.

Shareholders

Shares and Shareholders

The shares of Elektrobit Corporation are quoted on the NASDAQ- OMX Helsinki. The company has one series of shares. All shares entitle their holders to dividends of equal value. Each share has one vote. The share does not have a nominal value. The company's shares have been entered into the Euroclear Finland Ltd's book-entry securities system.

At the end of the financial period, the fully paid share capital of the company entered into the Finnish Trade Register was EUR 12,941,269.00 and the total number of the shares was 129,412,690. The accounting per value of the company's share is EUR 0.10. The company is not in the possession of its own shares.

SHARE PRICES AND TRADING VOLUMES

The closing price of Elektrobit Corporation's share was EUR 0.94 in 2009; the share reached a high of EUR 1.40 and a low of EUR 0.33. During the year, a total of 17.8 million shares with a value of EUR 11.1 million changed hands on the NASDAQ OMX Helsinki. This is 13.8 per cent of the share capital. Elektrobit Corporation's market capitalization at the end of 2009 was EUR 121.6 million.

DIVIDEND POLICY

Elektrobit Corporation follows a dividend policy that takes into account the group's net income, financial situation, need for capital and financing of growth. The Board of Directors of Elektrobit Corporation proposes that no dividend shall be paid for 2009.

TRADING CODES

Elektrobit Corporation has been listed on NASDAQ OMX Helsinki (previously Helsinki Stock Exchange) since 1998. Elektrobit Corporation's company code and trading code in the NASDAQ OMX Helsinki SAXESS system is EBC and the trading code EBC1V.

The trading codes are:

NASDAQ OMX Helsinki	EBC1V
Reuters	EBC1V.HE
Bloomberg	EBC1VFH

SHAREHOLDERS

At the end of 2009, Elektrobit Corporation had 26,794 shareholders. The ten largest shareholders owned 60.5 per cent of the shares. Private ownership was 76.1 per cent. The percentage of foreign and nominee-registered shareholders was 3.7 per cent at the end of 2009.

SHAREHOLDING OF THE BOARD OF DIRECTORS AND CEO

Shareholding of the Board of Directors, CEO and the companies controlled by them was 36.3 per cent, corresponding to 46,936,862 shares.

Information to Shareholders

FINANCIAL REPORTS 2010

Elektrobit Corporation reports its financial development quarterly. In 2010 EB will publish financial reports as follows:

February 16
Financial Statement Bulletin 2009

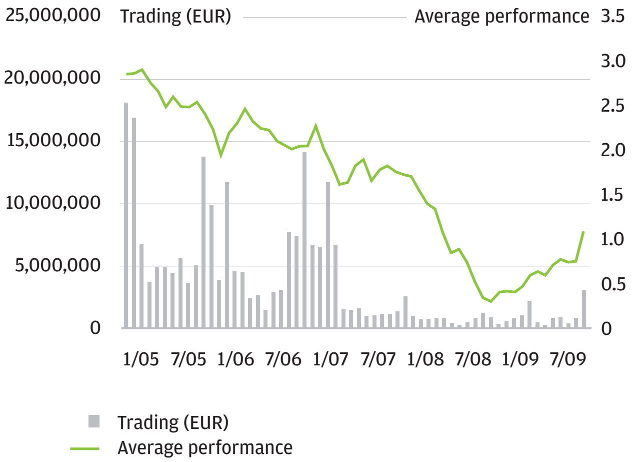
April 29
Interim Report, January-March

August 6
Interim Report, January-June

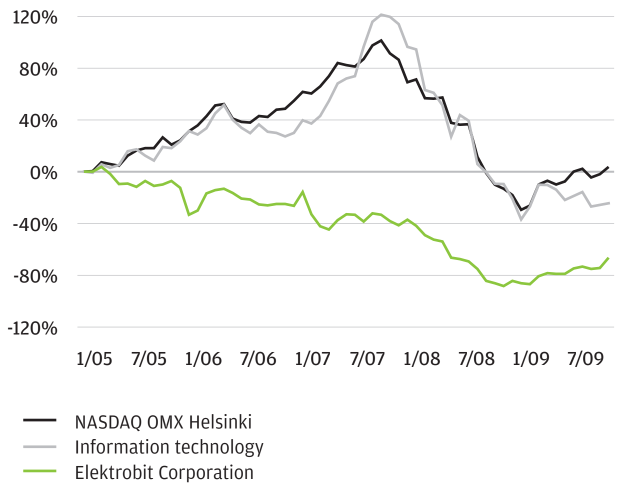
October 28
Interim Report, January-September

The financial reports will be published simultaneously in Finnish and English at 8.00 am. (CET+1) on EB's web pages at www.elektrobit.com/investors. The company will hold press and telephone conference regarding the reports on dates to be specified later.

Trading and average performance 2005–2009



Share performance in NASDAQ OMX Helsinki 2005–2009



Source: NASDAQ OMX Helsinki, status 31 December 2009

SILENT PERIOD

Elektrobit Corporation will observe a Silent Period prior to announcing its results. The Silent Periods in 2010 are as follows:

26 January–16 February 2010
8 April–29 April 2010
16 July–6 August 2010
7 October–28 October 2010

ELEKTROBIT CORPORATION'S ANNUAL GENERAL MEETING

Elektrobit Corporation's Annual General Meeting will be held on Thursday, March 25, 2010 at 1.00 p.m. (CET +1) at the University of Oulu, Saalastinsali, Pentti Kaiterankatu 1, 90570 Oulu, Finland.

Each shareholder, who on the record date of the General Meeting, 15 March 2010, is registered in the company's shareholders' register held by Euroclear Finland Ltd, has the right to participate in the General Meeting. A shareholder, whose shares are registered on his/her personal book-entry account, is registered in the company's shareholders' register.

A shareholder, who wants to participate in the General Meeting, shall register for the General Meeting no later than 22 March 2010 by 10.00 a.m. (CET +1) by giving a prior notice of participation. Such notice can be given:

a) by e-mail; yhtiokokous@elektrobit.com

b) by telephone; +358 40 344 3322 or +358 40 344 5425 between 9 a.m. (CET +1) and 4 p.m. (CET +1)

c) by telefax; +358 8 343 032 or

d) by regular mail to the address Elektrobit Oyj, Yhtiökokous, Tutkijantie 8, 90570 Oulu, Finland.

In connection with the registration, a shareholder shall notify his/her name, personal identification number, address, telephone number and the name of a possible assistant. The personal data given to Elektrobit Corporation is used only in connection with the General Meeting and with the processing of related registrations.

Pursuant to Chapter 5, Section 25 of the Companies Act, a shareholder who is present at the General Meeting has the right to request information with respect to the matters to be considered at the General Meeting.

A shareholder may participate in the General Meeting and exercise his/her rights at the General Meeting by way of proxy representation.

A proxy representative shall present a proxy document or in another reliable manner demonstrate his/her right to represent the shareholder. When a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

Possible proxy documents should be delivered to the address Elektrobit Oyj, Yhtiökokous, Tutkijantie 8, 90570 Oulu, Finland, before the last date for registration.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholders' register of the company, the issuing of proxy documents and registration for the General Meeting from his/her custodian bank. The account operator of the custodian bank will register a holder of nominee registered shares, who wants to participate in the General Meeting, to be temporarily entered into the shareholders' register of the company at the latest on 22 March 2010 by 10.00 am. Temporary registration into the shareholders' register is deemed as a simultaneous registration for the General Meeting. Further information on these matters can also be found on the company's website at www.elektrobit.com.

The proposals to the General Meeting relating to the agenda of the General Meeting as well as this notice are available on Elektrobit Corporation's website at www.elektrobit.com. Elektrobit Corporation's Annual report, including the Annual Accounts, the report of the Board of Directors and the Auditor's report as well as the company's Corporate Governance Statement, is available on the above-mentioned website no later than 4 March 2010. The proposals to the General Meeting and the Annual Accounts are also available at the General Meeting. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the General Meeting will be available on the above-mentioned website as of 8 April 2010.

Press releases, reports, earnings estimates, share price ticker, contact details of analysts and other current investor material can be found on the Company's website at www.elektrobit.com. An e-mail-based subscription service for press releases and publications can be found from the Company's website as well.

Report by the Board of Directors 2009

2009 in Brief

OPERATING RESULT 2009 WITHOUT NON-RECURRING ITEMS WAS POSITIVE

EB's net sales for 2009 decreased by 10.7 per cent to EUR 153.8 million (EUR 172.3 million in 2008). The operating result from business operations improved significantly to EUR 0.5 million (EUR -29.1 million in 2008). Non-recurring items totaled to EUR -1.9 million resulting to a total operating loss of EUR -1.4 million (EUR -42.7 million in 2008). The significant improvement of operating result with lower net sales was mainly due to profitability improvement and costs structure adjusting program executed in full by the end of the second quarter 2009. Through this program EB achieved over EUR 40 million annual cost savings.

The Automotive Business Segment's net sales decreased slightly 2.8 per cent to EUR 61.5 million (EUR 63.3 million in 2008). The operating loss decreased to EUR -3.8 million (EUR -12.1 million in 2008).

The Wireless Business Segment's net sales decreased 15.6 per cent to EUR 91.6 million (EUR 108.6 million in 2008). The operating profit from business operations amounted to EUR 2.6 million and non-recurring costs totaled to EUR -1.6 million, resulting to a total operating profit of EUR 1.0 million (EUR -28.5 million in 2008).

The total R&D investments during 2009 were EUR 14.7 million (EUR 37.9 million), equaling 9.6 per cent of the net sales (22.0 per cent in 2008). The significant reduction of the R&D investments was mostly due to the change of the business model (and consequent exit from developing own products) in Mobile WiMAX in October 2008 and exit from RFID technology business in February 2009.

MAIN EVENTS DURING 2009

The main objective for EB in 2009 was to improve the profitability and to achieve a positive operating profit development in selected business areas.

In February EB announced that it has exited from RFID technology business by selling 7iD Technologies GmbH to the acting management of the said company in Austria. RFID technology business was part of EB's Wireless Sensor Solution Business with 20 employees. Due to this transaction Wireless Sensor Solution Business ceased to exist.

In June EB appointed M.Sc (Eng.), M.Sc (Econ.) Jukka Harju as CEO of the Company. Along with the appointment Harju resigns from the membership of the EB's Board of Directors and from the chairmanship of the Board's committee for Automotive Segment. Jorma Halonen, member of EB's Board of Directors, has been elected as the new Chairman of the Automotive committee. CEO Pertti Korhonen has resigned from EB as of June 3, 2009.

In June EB's Board of Directors approved EB's strategic guidelines. EB continues to focus on two Business Segments – Automotive and Wireless. EB's target is to be a globally leading provider of solutions, products and services in its selected businesses. EB's most important short term objective is to further improve the profitability.

By the end of the first half of 2009 EB concluded its earlier announced profitability improvement and cost structure adjustment program. As a result of the program EB achieved a total of EUR 40 million annual cost savings in comparison to the first half of 2008.

In June Elektrobit Automotive GmbH, a subsidiary of Elektrobit Corporation, and AEV (Audi Electronics Venture GmbH), 100 per cent subsidiary of AUDI AG launched a joint venture, based in Gaimersheim, Germany. The joint venture, e.solutions GmbH, concentrates on the development of a software framework for in-vehicle infotainment systems and application integration. EB holds 51 per cent stake in the new company, with AEV holding the remaining 49 per cent. The joint venture employed approximately 50 persons at the end of 2009.

In December Elektrobit Inc., a subsidiary of Elektrobit Corporation, and TerreStar Corporation (TerreStar) signed a frame supply agreement regarding the delivery of satellite-terrestrial smartphones for TerreStar. The products are based on EB-designed satellite-terrestrial design. According to the agreement EB is responsible for delivering complete products to TerreStar. Through this agreement, EB's Wireless Solutions business introduced, in addition to its current R&D services and customized solutions offering, a product delivery business model, where it provides complete products to its customers by subcontracting the production of EB-designed devices from selected Electronic Manufacturing Services (EMS) companies. This business model both strengthens EB's strategic position as turnkey solution provider for its customers and enables EB's Wireless Solutions business to address new business opportunities.

FINANCIAL PERFORMANCE IN 2009

EB's reporting is based on the Automotive and Wireless Business Segments and businesses divided under them as follows:

Automotive Business Segment	**Wireless Business Segment**
Automotive Software Business	Wireless Solutions Business
	Wireless Communications Tools Business

According to the IFRSS standard, EB reports its financial results divided between Discontinued and Continuing Operations.

CONSOLIDATED INCOME STATEMENT (MEUR)

	1–12/2009 12 months	1–12/2008 12 months
CONSOLIDATED INCOME STATEMENT (MEUR)		
Net sales	**153.8**	**172.3**
Operating profit (loss)	**-1.4**	**-42.7**
Financial income and expenses	-0.6	-4.7
Result before tax	**-2.0**	**-47.4**
Result for the period from continuing operations	**-3.3**	**-49.8**
Profit after tax for the year from discontinued operations	1.3	0.3
Result for the period	**-2.0**	**-49.5**
Total comprehensive income for the period	**-2.4**	**-48.9**
Result for the period attributable to:		
Equity holders of the parent	-2.2	-49.5
Minority interest	0.2	
Total comprehensive income for the period attributable to:		
Equity holder of the parent	-2.5	-48.9
Minority interest	0.2	
Earnings per share eur continuing operations	-0.03	-0.38
Earnings per share eur discontinued operations	0.01	0.00
Earnings per share eur continuing and discontinued operations	-0.02	-0.38

- Cash flow from Business Operations amounted to EUR 0.4 million (EUR -24.7 million).
- Equity ratio was 71.5% (64.9%).
- Net gearing was -37.6% (-40.2%).

Report by the Board of Directors 2009

QUARTERLY DISTRIBUTION

The distribution of the Group's overall net sales and profit, MEUR:

	4Q 09	3Q 09	2Q 09	1Q 09	4Q 08
Net sales	40.1	33.5	37.4	42.8	49.5
Operating profit (loss)	0.5	-0.8	-1.1	0.0	-8.5
Operating profit (loss) without non-recurring costs	0.8	-0.8	-0.4	0.9	-2.8
Result before taxes	0.1	-0.6	-0.7	-0.9	-11.8
Result for the period	-0.3	-0.5	-1.6	-1.1	-14.0

The distribution of the net sales by Business Segments, MEUR:

	4Q 09	3Q 09	2Q 09	1Q 09	4Q 08
Automotive	16.8	14.8	13.5	16.4	18.7
Wireless	23.0	18.6	23.7	26.3	30.7
Corporation total	40.1	33.5	37.4	42.8	49.5

The distribution of the net sales by market areas, MEUR and %:

	4Q 09	3Q 09	2Q 09	1Q 09	4Q 08
Asia	4.4 (11.0%)	1.8 (5.5%)	2.5 (6.8%)	4.4 (10.3%)	3.1 (6.2%)
Americas	13.7 (34.2%)	11.1 (33.1%)	12.5 (33.5%)	11.9 (27.7%)	10.9 (22.0%)
Europe	22.0 (54.8%)	20.6 (61.4%)	22.3 (59.7%)	26.6 (62.1%)	35.5 (71.8%)

Net sales (external) and operating profit development by Business Segments and Other businesses, MEUR:

	4Q 09	3Q 09	2Q 09	1Q 09	4Q 08
Automotive					
Net sales	16.8	14.8	13.5	16.4	18.7
Operating profit (loss)	0.3	-0.9	-2.5	-0.7	-2.3
Wireless					
Net sales	23.0	18.6	23.7	26.3	30.7
Operating profit (loss)	-0.3	-0.1	0.9	0.5	-4.9
Other businesses					
Net sales	0.2	0.2	0.2	0.1	0.1
Operating profit (loss)	0.5	0.2	0.4	0.2	-1.3
Total					
Net sales	40.1	33.5	37.4	42.8	49.5
Operating profit (loss)	0.5	-0.8	-1.1	0.0	-8.5

Business Segments

EB's Business Segments are "Automotive" and "Wireless".

Automotive Business Segment January–December 2009

The Automotive Business Segment consists of in-car software products, navigation software for after market devices and development services for the automotive industry with leading car manufacturers, car electronics suppliers and automotive chipset suppliers as customers. By combining its software products and R&D services EB is creating unique, customized solutions for its automotive customers.

The Automotive Business Segment's net sales during January - December 2009 amounted to EUR 61.5 million (EUR 63.3 million) representing a modest decrease of -2.8 per cent. The operating loss reduced to EUR -3.8 million (EUR -12.1 million). The significant improvement of operating result with slightly reduced turnover reflects the operative profitability improvement measures taken.

Despite of the taken profitability the execution of the strategy continued as planned and investments into products development continued.

EB's Automotive Software products currently include:

- EB street director navigation software for line-fit car navigation systems, Personal Navigation Devices (PND), Personal Digital Assistants (PDA) and smartphones,
- EB GUIDE product family of HMI (Human Machine Interface) design tools and runtime frameworks,
- EB tresos® AUTOSAR (Automotive Open System Architecture) software components used in automotive electronic control units (ECU) and tools for their configuration and testing,
- High performance network communications protocol standards and solutions for automotive electronics including FlexRay™, CAN (Controller Area Network) and LIN (Local Interconnect Network) solutions, and
- EB Assist ADTF for testing and verifying environment to develop applications to assist the driver.

Some highlights of the business year include:

- In February EB announced the availability of its navigation solution, EB street director for MIDs (Mobile Internet Devices) based on the Moblin operating system and Intel® Atom™ processor.
- In May EB announced that its navigation solution, EB street director, supports Microsoft Live Search for Devices on Microsoft Auto software platform.
- In June EB announced its joint venture, named e.solutions GmbH, with AEV (Audi Electronics Venture GmbH). The joint venture concentrates on the development of a software framework and control system for in-vehicle infotainment systems and application integration.
- In October EB's Automotive Software Business received the "Frost & Sullivan 2009 European Automotive Telematics and infotainment Product Line Strategy Award" as a recognition of EB's outstanding ability to address customer needs and product demands with its versatile product lines. EB's Automotive Software Business also received Microsoft Windows Embedded EMEA Partner Excellence Award. These awards are given annually by Microsoft and recognizes visionary organizations around the world that use Windows Embedded technology in innovative and creative ways to drive business results.
- In December EB announced its co-operation with a semiconductor vendor Freescale. EB's AUTOSAR, navigation and HMI product performance has been optimized for Freescale microcontrollers used in automotive industry.
- Later in December EB announced also to have provided a new XAML (Extensible Application Markup Language) plug-in to connect the HMI development tool EB GUIDE Studio to Microsoft Expression Blend™.

Wireless Business Segment January–December 2009

The Wireless Business Segment comprises the following businesses:

- Wireless Solutions provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies.
- Wireless Communications Tools provides test tools for measuring, modeling and emulating radio channel environments.

The Wireless Business Segment's net sales during January - December 2009 amounted to EUR 91.6 million (EUR 108.6 million), representing a decline of -15.6 per cent. Operating result from business operations amounted to EUR 2.6 million and the non-recurring costs totaled to EUR -1.6 million, resulting to the operating profit of EUR 1.0 million (EUR -28.5 million). The significant improvement of operating result with lower turnover year-on-year was mainly due to the execution of the earlier announced profitability improvement program.

WIRELESS SOLUTIONS

Wireless Solutions provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies. EB has unique competences in both mobile devices and infrastructure.

The customers of Wireless Solutions include wireless device and infrastructure OEM's and ODM's, mobile and satellite operators, defence and security industry and authorities, and semiconductor vendors.

Wireless Solutions integrates own and 3rd party technology assets into customized solutions, creating new revenue opportunities for its customers. At the end of 2009 EB introduced a new business model where it provides complete products to its customers based on EB-designed devices. In this business model EB subcontracts the production of the EB-designed devices from selected Electronic Manufacturing Services (EMS) companies.

Report by the Board of Directors 2009

Some high-lights of the business year include:

- In February EB strengthened its position as innovative solutions provider to its customers in wireless and other industries utilizing wireless technologies by launching a satellite-terrestrial network PDA and connectivity module reference designs and Mobile WiMAX basestation framework concept. EB also launched a ruggedized VoIP solution for demanding environments.
- In March EB announced among six European companies to develop common software defined radio (SDR) architecture for the European defence communication's needs as part of the ESSOR (European Secure Software Defined Radio) Program.
- In June EB launched a new MID (Mobile Internet Device) reference design based on Intel's second generation MID platform, codenamed Moorestown. Later in Fall EB's MID reference design was honored as finalist for the annual 4G World Awards for Best Mobile Internet Device. In September EB announced further multimedia improvements to its MID reference design.
- In August EB joined the Symbian Foundation. EB holds a seat on the Release Council, which coordinates the integration of contributions to the Symbian source code into stable and timely platform and tools releases.
- In December EB announced that it will deliver TerreStar satellite-terrestrial smartphones. The smartphones are based on EB-designed satellite-terrestrial reference device. For the production of the devices EB has subcontracted leading Electronics Manufacturing Services (EMS) provider Flextronics. Through the agreement with TerreStar, EB's Wireless Solutions business took a new business model into use, where it provides complete products to its customers by subcontracting the EB-designed devices from selected EMS companies. This business model both strengthens EB's position as turnkey solutions provider for its customers, and enables EB's Wireless Solutions Business to address new business opportunities according to its strategy.

WIRELESS COMMUNICATIONS TOOLS

Wireless Communications Tools provides test tools for measuring, modeling and emulating radio channel environments. EB Propsim radio channel emulator product family provides realistic and repeatable fading and interference test conditions for physical layer testing. The test labs of leading players in the wireless, defence and aerospace industries' R&D, research and testing laboratories are equipped with EB wireless communications tools and solutions.

Some high-lights of the business year include:

- In January EB released Spatial Channel Modeling (SCM) tool for its EB Propsim radio channel emulators for Mobile Wimax and 3GPP LTE. Spatial Channel Modeling tool supports both the use of SCM and SCME channel models and is ideal for testing a range of applications including mobile devices and basestations.
- In April EB delivered the industry's first multi-antenna Over-The-Air (OTA) performance testing solution. This tester allows testing of full mobile device functionality and performance in realistic radio channel environments without any compromises to the performance verification.
- In the beginning of 2009 the sales of wireless communications emulation and design tools were slightly recovered due to the growing demand for tools needed in development of LTE systems. The sales of the tools continued to be driven mainly by the development of LTE systems. During the fourth quarter the Wireless Communications Tools business focused on supporting new MIMO (Multiple Input and Multiple Output) devices.

Research and Development in 2009

EB continued to invest in R&D in the automotive software products and tools and radio channel emulation products.

The total R&D investments during the year 2009 were EUR 14.7 million (EUR 37.9 million), equaling 9.6 per cent of the net sales (22.0 per cent). EUR 1.1 million of R&D investments were capitalized.

The significant reduction of the R&D investments was mostly due to the change of the business model (and consequent exit from developing own products) in Mobile WiMAX in October 2008 and exit from RFID technology business in February 2009.

Market Outlook

As a consequence of the general economic environment, both automotive and wireless communication market growth is unlikely before the global economic environment starts to improve. However, there has been growing signs of recovery during the latter part of 2009.

The share of electronics and software in cars has grown significantly during the past years and it is expected that the trend of increased use of software in automotive continues to prevail in the market. The majority of the innovation and differentiation in the automotive industry is brought about by software and electronics. In order to enable faster innovation, to improve quality and development efficiency and to reduce complexity related to software, the use of standard software solutions is expected to increase. The estimated automotive software general market growth rate of some 15 per cent (Frost & Sullivan) has been in the short term negatively affected by the current downturn of the automotive industry. Due to the global recession, the global market for automotive electronic systems was forecasted to fall in 2009 (Strategy Analytics). However, the underlying growth of the automotive software market is expected to continue past the crisis and the cost pressures of the automotive industry are expected to accelerate the need of productized, efficient software solutions EB is offering. While customers remain very cost conscious there are signs that the demand starts to recover. EB's net sales currently cumulating from the automotive industry is primarily driven by the development of new cars and platforms and is not directly dependent on production volumes of the car industry.

The global mobile phone market decreased in volume in 2009, yet the mobile phone market volumes are expected to start to increase again in 2010. The value share is expected to move towards higher-end due to the increased demand for new features and services. New open software architectures and platforms are creating opportunities for companies such as EB with strong integration capabilities. The global mobile infrastructure market is expected to be flat during 2010 and the consolidation of the industry may continue. LTE standard is gaining strength while the momentum of Mobile WiMAX standard has been decreasing. Going forward, EB's business driven by LTE is increasing while EB's future sales revenues are not materially dependent on Mobile WiMAX technology.

The mobile satellite communication service industry is introducing new data and mobile communication services with new operators being formed and traditional ones upgrading their solutions and offerings. Mastering of multi-radio technologies and end-to-end system architectures covering both terminal and network technologies, has gained importance in the complex wireless technology industry. The demand for EB's satellite-terrestrial device solutions is expected to continue. The satellite-terrestrial and Mobile Satellite Services (MSS) market demand is expected to start moving from the current reference design phase towards the launch of commercial products and services. This can create new service and product related business opportunities for EB.

The mobile communication R&D services market continues to be challenging and the continuing price pressure drives increasing off-shoring in the industry. However, attractive niches continue to exist (OVUM forecast). Because of the economical slowdown, companies are expected to adjust their R&D investments and project portfolios resulting in reduction of the overall R&D expenditures and activities during the next couple of years, resulting in less demand for external R&D services. However, OEMs are expected to increase their R&D flexibility that can create new opportunities for partnering for EB.

The current economic downturn did not have a significant effect on the overall wireless communications tools market. There is a need for advanced development tools 3GPP LTE technology and that need is expected to remain as a driver for the demand in the medium and long term. EB provides world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.

Outlook for the First Half of 2010

The more general market outlook by the businesses is presented under the Market Outlook section.

Our main focus for the first half of 2010 is to improve profitability further and achieve a positive operating result development.

EB expects that:

- the turnover of the first half of 2010 is higher than in the second half of 2009 (EUR 73.6 million), and that
- the operating profit of the first half of 2010 is higher than the operating profit of the second half of 2009 (EUR 0.0 million).

Material Events After the Reporting Period

The Company had no significant events subsequent to the reporting period.

Risks and Uncertainties

EB has identified a number of business, market and finance related factors that can affect the level of sales and profits. Those of the greatest significance on a short term are those affecting the utilization and chargeability levels and average hourly prices of R&D services. On the ongoing financial period the global economic slowdown may affect the demand for the EB's services, solutions and products and provide pressure on e.g. volumes and pricing. It may also increase the risk for credit losses. As the EB's customer base consists mainly of companies operating in the fields of automotive and telecommunications, the company is exposed to market changes in these industries. EB believes that expanding the customer base will reduce dependence on individual companies and that the company will thereby be mainly affected by the general business climate in automotive and telecommunication industries. However, some parts of EB's business are more sensitive to customer dependency than others. The more general market outlook by the businesses is presented under the Market Outlook section.

EB's operative business risks are mainly related to following items: uncertainties and short visibility on customers' product program decisions, their make or buy decisions and on the other hand, their decisions to continue, downsize or terminate current product programs, ramping up and down project resources, timing and on the other hand successful utilization of the most important technologies and components, competitive situation and potential delays in the markets, timely closing of customer and supplier contracts with reasonable commercial terms, delays in R&D projects, activations based on customer contracts, obsolescence of inventories and technology risks in product development causing higher than planned R&D costs. In addition there are typical industry warranty and liability risks involved in selling EB's services, solutions and products. Product delivery business model includes such risks as high dependency on actual product volumes and development of the cost of materials and production yields. The above mentioned risks may manifest themselves as higher cost of product delivery, and ultimately, as lower profit. Revenues expected to come from new products for existing and new customers include normal timing risks.

More information on the risks and uncertainties affecting EB can be found on the Company's website at www.elektrobit.com

Report by the Board of Directors 2009

Statement of Financial Position and Financing

The figures presented in the statement of financial position of December 31, 2009, are compared with the statement of financial position of December 31, 2008 (EUR 1,000).

	12/2009	12/2008
Non-current assets	39,407	46,724
Current assets	120,765	133,797
Total assets	160,172	180,520
Share capital	12,941	12,941
Other equity	99,454	102,181
Minority interest	437	
Total shareholders' equity	112,833	115,123
Non-current liabilities	14,967	19,690
Current liabilities	32,372	45,708
Total shareholders' equity and liabilities	160,172	180,520

Net cash flow from operations during the period under review:

+ net profit +/- adjustment of accrual basis items	5.6 MEUR
- increase in net working capital	-3.8 MEUR
- interest, taxes and dividends	-1.4 MEUR
= cash generated from operations	0,4 MEUR
- net cash used in investment activities	-3.4 MEUR
- net cash used in financing	-6.5 MEUR
= net change in cash and cash equivalents	-9.5 MEUR

The amount of accounts and other receivables, booked in current receivables, was EUR 59.3 million (EUR 61.9 million on December 31, 2008). Accounts and other payables, booked in interest-free current liabilities, were EUR 27.5 million (EUR 38.7 million on December 31, 2008).

The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 18.5 million (EUR 18.3 million on December 31, 2008).

The amount of gross investments in the period under review was EUR 4.0 million, consisting of replacement investments.

Net investments for the reporting period totaled EUR 2.8 million. The total amount of depreciation during the period under review was EUR 9.7 million, including EUR 2.2 million of depreciation owing to business acquisitions.

The amount of interest-bearing debt at the end of the reporting period was EUR 16.7 million. The distribution of net financing expenses on the income statement was as follows:

interest, dividend and other financial income	0.9 MEUR
interest expenses and other financial expenses	-1.0 MEUR
foreign exchange gains and losses	-0.5 MEUR

EB's equity ratio at the end of the period was 71.5 per cent (64.9 per cent at the end of 2008).

The figures from the period under review includes the statutory reserves EUR 2.4 million.

EB follows a hedging strategy, the objective of which is to ensure the margins of business operations in changing market circumstances by minimizing the influence of exchange rates. In accordance with the hedging strategy, the agreed customer commitments net cash flow of the currency in question is hedged. The net cash flow is determined on the basis of sales receivables, payables, the order book and the budgeted net currency cash flow. The hedged foreign currency exposure at the end of the review period was equivalent to EUR 22.5 million.

Environmental Factors

EB's own business operations focus mostly on the design, assembly and marketing of products. This represents only a minor part of the environmental impacts over the entire life cycle of the products. Products manufactured by the company have minor environmental impacts.

Elektrobit Corporation has had ISO 14001 certified management systems since 2001. The certification was updated to confirm ISO14001.2004 requirements in 2007 and enhanced to China in 2008.

EB is monitoring globally the environmental requirements for products and derived national regulations to the extent that they are related to the corporate operations. EB has also observed and applied the requirements of the ROHS (use of hazardous substances) including WEEE (recycling of electrical and electronic equipment) directives in design since 2002.

During 2009 the applied environmental standards and regulations in EB operations were consolidated as uniform EB substance list of which requirements were enhanced to cover also EB suppliers. The substance list includes also the requirements of so called ROHS2 standards application. The products or solutions that EB has partial or total responsibility shall apply the applicable environmental requirements, however, depending on the application scope. The imposed requirements will be observed in business operations on a country-specific basis.

Personnel

EB employed 1,528 people at the end of 2009. Compared with the previous year, the number of personnel decreased by 207.

The following table presents the average personnel amounts and salaries of the Continuing Operations from the past two financial years.

	2009	2008
Average personnel	1,589	1,768
Salaries and wages (MEUR)	75.8	85.1

At the end of the year 2009 about 44 per cent of the employees worked at the Automotive Business Segment, about 49 per cent at the Wireless Business Segment, and about 7 per cent for support functions. When compared these percentages to the figures of the year 2008, it is shown that the Automotive Segment increased by two (2) percentage units and support functions decreased correspondingly.

Incentive System

PERSONNEL FUND

A personnel fund was established on April 27, 2005. The members of the fund include EB's personnel working in Finland.

A profit-related pay scheme, in accordance with the Act on Personnel Funds, was implemented within EB at the beginning of 2005, pursuant to which a predetermined proportion of the Group's result will be paid to the personnel fund as a profit-related payment. The Board of Directors will decide upon the grounds for the profit-related pay scheme annually. For the years 2009 and 2010 it has been decided not to pay any profit-related payment to the fund.

STOCK OPTIONS

2005A-D

The Annual General Meeting of Shareholders decided on 17 March 2005 to issue stock options to the management of the Elektrobit. The purpose of the scheme was to encourage the management to work on a long-term basis to increase the shareholder value and to commit them further to their employer.

The total number of stock options 2005 has been 4,500,000. The stock options were divided into stock option classes 2005A, 2005B, 2005C and 2005D.

A total of 372,000 2005 A stock options, 1.055,000 2005B stock options, 60,000 2005C stock options and 60,000 2005D stock options have been distributed to EB's management. The rest stock options were granted to Elektrobit Technologies Ltd, a wholly-owned subsidiary of Elektrobit Corporation.

In accordance with the terms and conditions of the stock options, the prerequisite for receiving 2005A stock options was that the participating managers purchase a predetermined number of Elektrobit Corporation shares, as decided by the Board of Directors. 2005B–2005D stock options are subject to preconditions relating to EB's financial targets. In accordance with the share ownership scheme, associated with this stock option scheme, the participating managers are committed to using a considerable portion of the future income from the distributed stock-options for purchasing the company's shares.

2006A

The Annual General Meeting decided on March 15, 2006 that option rights with a commitment to shareholding would be granted to Elektrobit Corporation's Chairman of the Board and CEO.

The distributed stock options commit managers to long-term shareholding in the EB. Of the above, 750,000 stock options marked as 2006A were distributed to the Chairman of the Board, while 1,000,000 stock options were distributed to the CEO. In accordance with the terms and conditions of the stock options, the prerequisite for receiving 2006A stock options was that the participating managers purchase, either directly of through companies under their control, a predetermined number of Elektrobit Corporation shares, as decided by the Annual General Meeting on March 15, 2006 (a minimum of 75,000 shares for the Chairman of the Board and a minimum of 100,000 shares for the CEO).

2008A-C

The Annual General Meeting decided on March 14, 2008 that there is a weighty financial reason for the company to issue stock options since the stock options are intended for use as part of the incentive and commitment program for key personnel.

The maximum total number of stock options shall be 4,200,000, of which 1,400,000 shall be marked with the symbol 2008A, 1,400,000 shall be marked with the symbol 2008B and 1,400,000 shall be marked with the symbol 2008C. The stock options entitle to subscription of a maximum total of 4,200,000 new shares of the company or treasury shares.

The subscription price for the shares to be subscribed based on the stock options shall be based on the prevailing market value of the Elektrobit Corporation share at NASDAQ OMX Helsinki Ltd in January 2009, January 2010 and January 2011. These stock options have not been distributed yet.

VARIABLE PAY

Limited amount of personnel is participating into Variable Pay (VP) program. Most goals of this program are financial and all of them should be in alignment with the Company strategy. These incentives are based on the achievement of the bi-annual targets.

Authorization of the Board of Directors at the End of the Reporting Period

AUTHORIZING THE BOARD OF DIRECTORS TO DECIDE ON THE REPURCHASE OF OWN SHARES

The General Meeting held on March 19, 2009 decided to authorize the Board of Directors to decide on the repurchase of the company's own shares as follows.

The amount of own shares to be repurchased shall not exceed 12,500,000 shares, which corresponds to approximately 9.66 per cent of all of the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how own shares will be repurchased. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the share-holders (directed repurchase). The authorization cancels the authorization given by the General Meeting on 14 March 2008 to decide on the repurchase of the company's own shares. The authorization is effective until 30 June 2010.

Report by the Board of Directors 2009

AUTHORIZING THE BOARD OF DIRECTORS TO DECIDE ON THE ISSUANCE OF SHARES AS WELL AS THE ISSUANCE OF OPTIONS AND OTHER SPECIAL RIGHTS ENTITLING TO SHARES

The General Meeting held on March 19, 2009 decided to authorize the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act as follows.

The amount of shares to be issued shall not exceed 25,000,000 shares, which corresponds to approximately 19.32 per cent of all of the shares in the company. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization cancels the authorization given by the General Meeting on 14 March 2008 to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization is effective until 30 June 2010.

Shares and Shareholders

The shares of Elektrobit Corporation are quoted on the NASDAQ- OMX Helsinki. The company has one series of shares. All shares entitle their holders to dividends of equal value. Each share has one vote. The share does not have a nominal value. The company's shares have been entered into the Euroclear Finland Ltd's book-entry securities system.

At the end of the financial period, the fully paid share capital of the company entered into the Finnish Trade Register was EUR 12,941,269.00 and the total number of the shares was 129,412,690. The accounting per value of the company's share is EUR 0.10. The company is not in the possession of its own shares.

Shareholding and control related information is presented in section 38 of the Notes to the Financial Statement.

Flagging Notifications

There were no changes in ownership during the period under review that would have caused flagging notifications which are obligations for disclosure in accordance with Chapter 2, section 9 of the Securities Market Act.

Option Rights

I. The Annual General Meeting held on March 17, 2005 decided to authorise the Board of Directors to issue option rights. By virtue of the authorisation the Board of Directors granted 4,500,000 option rights to the company's management and EB's fully owned subsidiary serving as a reserve company in the stock option scheme. Subscriptions made by virtue of the 2005 option rights may increase the share capital of Elektrobit Corporation by a maximum of EUR 450,000 and the number of shares by a maximum of 4,500,000.

II. The Annual General Meeting held on March 15, 2006 decided that option rights with a commitment to shareholding be granted to Elektrobit Corporation's new directors. The number of option rights granted totals 1,750,000, of which 750,000 were granted to the Chairman of the Board and 1,000,000 were granted to the CEO. Subscriptions made by virtue of the said option rights might increase the share capital of Elektrobit Corporation by a maximum of EUR 175,000 and the number of shares by a maximum of 1,750,000 new shares.

III. The Annual General Meeting of March 14, 2008 decided to issue stock options to EB's key personnel. The maximum number of stock options shall be 4,200,000, of which 1,400,000 shall be marked with the symbol 2008A, 1,400,000 shall be marked with the symbol 2008B and 1,400,000 shall be marked with the symbol 2008C. The stock options entitle to subscription of a maximum total of 4,200,000 new shares of the company or treasury shares. The proportion of the shares that can be subscribed using the stock options to be issued will be a maximum total of 3.1 per cent of the company's shares and associated voting rights after a possible share subscription, should new shares be issued in the subscription. The subscription price for the shares to be subscribed based on the stock options shall be based on the prevailing market value of the Elektrobit Corporation share at NASDAQ OMX Helsinki Ltd in January 2009, January 2010 and January 2011. The subscription price will be recorded in the fund for invested unrestricted equity. The share subscription period for stock options 2008A shall be 1 April 2012–31 March 2014, for stock options 2008B 1 April 2013–31 March 2015, and for stock options 2008C 1 April 2014–31 March 2016.

Changes in Company's Management

EB appointed M.Sc (Eng.), M.Sc (Econ.) Jukka Harju as CEO of the Company as of June 4, 2009. Along with the appointment Harju resigned from the membership of the EB's Board of Directors and from the Chairmanship of the Board's committee for Automotive Segment. CEO Pertti Korhonen resigned from EB as of June 3, 2009.

EB's Board of Directors and Corporate Executive Board can be found from the Company's website at www.elektrobit.com/corporate_governance.

Board of Directors, Board Committees and Auditor

The General Meeting held on March 19, 2009 fixed the number of members of the Board of Directors to six (6). Mr. Jorma Halonen, Mr. Jukka Harju, Mr. Juha Hulkko, Mr. Seppo Laine, Mr. Staffan Simberg and Mr. Erkki Veikkolainen were elected members of the Board of Directors. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting. At its assembly meeting held on 19 March 2009, the Board of Directors has elected Mr. Juha Hulkko Chairman of the Board.

The Company appointed Jukka Harju as CEO of the Company as of June 4, 2009. Along with the appointment Harju resigned from the membership of the EB's Board of Directors and from the chairmanship of the Board's committee for Automotive Segment. After the appointment of Jukka Harju, the Company's Board of Directors continued with five (5) members.

In order to organize Board work efficiently, the Board of Directors has established three Board committees: Audit and Financial Committee, Automotive Committee and Wireless Committee. The members of the Audit and Financial Committee have been Seppo Laine, Authorised Public Accountant (chairman of the committee)and Juha Hulkko until February 26, 2009 and Staffan Simberg as of February 27, 2009. The members of the Automotive Committe have been Jukka Harju (chairman of the committee) until June 3, 2009, Jorma Halonen (chairman of the committee)as of June 4, 2009 and Seppo Laine for the whole year 2009. The members of the Wireless Committee have been Erkki Veikkolainen (chairman of the committee) and Seppo Laine for the whole year 2009.

The General Meeting elected Ernst & Young Oy, an auditing firm authorized by the Central Chamber of Commerce, Auditor of the company, with Jari Karppinen, APA, as responsible Auditor.

Dividend from 2008

The General Meeting decided in accordance with the proposal of the Board of Directors that no dividend shall be distributed.

Amendment of the Articles of Association

The General Meeting held on March 19, 2009 decided in accordance with the proposal of the Board of Directors to amend section 7 of the Articles of Association of the company so that notice to the General Meeting shall be delivered three weeks before the General Meeting, at the latest, by publishing it on the company's website or in one or more newspapers decided by the Board of Directors or by delivering the notice to each shareholder by a letter posted to the address reported by the shareholder in the shareholders register.

Corporate Governance Statement

The Board of Directors has issued corporate governance statement separate from this report.

Financial Statements 2009

Consolidated Statement of Comprehensive Income

Continuing operations	Notes	2009 1000 EUR	2008 1000 EUR
NET SALES	1, 4	**153 764**	**172 264**
Other operating income	5	3 972	6 206
Change in work in progress and finished goods		-896	-2 756
Work performed by the undertaking for its own purpose and capitalised		360	90
Raw materials		-8 254	-17 990
Personnel expenses	8	-90 923	-104 018
Depreciation	7	-9 715	-16 366
Other operating expenses	6	-49 752	-80 141
OPERATING PROFIT		**-1 444**	**-42 711**
Financial income and expenses	10	-601	-4 688
PROFITBEFORE TAX		**-2 045**	**-47 399**
Income tax	11	-1 305	-2 389
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**-3 350**	**-49 788**
Profit after tax for the year from discontinued operations	2	1 314	296
PROFIT FOR THE YEAR		**-2 036**	**-49 492**
Other comprehensive income:			
Exchange differences on translating foreign operations		-317	564
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-2 353**	**-48 928**
Profit for the period attributable to			
Equity holders of the parent		-2 215	-49 492
Minority interest		180	
Total		**-2 036**	**-49 492**
Total comprehensive income for the period attributable to			
Equity holders of the parent		-2 532	-48 928
Minority interest		180	
Total		**-2 353**	**-48 928**
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY:			
Earnings per share from continuing operations, EUR			
Basic earnings per share	12	-0.03	-0.38
Diluted earnings per share	12	-0.03	-0.38
Earnings per share from discontinued operations, EUR			
Basic earnings per share	12	0.01	0.00
Diluted earnings per share	12	0.01	0.00
Earnings per share from continuing and discontinued operations, EUR			
Basic earnings per share	12	-0.02	-0.38
Diluted earnings per share	12	-0.02	-0.38
Average number of shares, 1,000 pcs		129 413	129 413
Average number of shares, diluted, 1,000 pcs		129 580	129 413

Consolidated Statement of Financial Position

	Notes	2009 1000 EUR	2008 1000 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	13	11 376	16 166
Goodwill	14	18 503	18 258
Intangible asssets	14	8 739	11 006
Financial assets at fair value through profit or loss	16		
Other financial assets	17	280	385
Receivables	18	429	838
Deferred tax assets	19	81	70
		39 407	**46 724**
Current assets			
Inventories	20	2 390	3 341
Trade and other receivables	21	59 320	61 858
Financial assets at fair value through profit or loss	22	40 239	
Cash and short-term deposits	23	18 816	68 598
		120 765	**133 797**
Total assets		**160 172**	**180 520**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	24		
Share capital		12 941	12 941
Share premium		64 579	64 579
Translation differences		-141	176
Retained earnings		35 016	37 426
		112 395	**115 123**
Minority interest		437	
Total equity		**112 833**	**115 123**
Non-current liabilities			
Deferred tax liabilities	19	2 256	2 598
Interest-bearing loans and borrowings (non-current)	28	11 806	15 382
Provisions	27	905	1 043
Other liabilities		0	667
		14 967	**19 690**
Current liabilities			
Trade and other payables	29	24 429	35 067
Financial liabilities at fair value through profit or loss	29	417	138
Pension obligations	26	1 210	1 004
Current tax liabilities			
Provisions	27	1 455	2 519
Interest-bearing loans and borrowings (current)	28	4 862	6 979
		32 372	**45 708**
Total liabilities		**47 339**	**65 398**
Total equity and liabilities		**160 172**	**180 520**

Consolidated Statement of Cash Flows

	Notes	2009 1000 EUR	2008 1000 EUR
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the financial year		**-2 036**	**-49 492**
Adjustments			
Effects of non-cash business activities	32	5 760	19 967
Finance costs		1 499	8 893
Finance income		-898	-4 205
Income tax		1 305	2 389
Change in net working capital			
Change in short-term receivables		1 043	-2 184
Change in inventories		1 328	2 202
Change in interest-free short-term liabilities		-6 166	2 411
Interest paid on operating activities		-1 956	-7 329
Interest and dividend received from operating activities		1 578	4 374
Income taxes paid		-1 066	-1 701
Net cash from operating activities		**392**	**-24 674**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of business unit, net cash acquired		-671	-908
Disposal of business unit, net of cash acquired		-577	26 850
Purchase of property, plant and equipment		-1 230	-1 819
Purchase of intangible assets		-1 483	-2 600
Purchase of other investments		-60	-536
Sale of property, plant and equipment		305	225
Sale of intangible assets		125	
Proceeds from sale of other investments		165	10 638
Net cash from investing activities		**-3 427**	**31 850**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans granted			
Proceeds from borrowing		1 555	58
Repayment of borrowing		-3 932	-1 941
Payment of finance lease liabilities		-4 131	-5 999
Dividends paid			-2 588
Net cash from financing activities		**-6 508**	**-10 470**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**-9 543**	**-3 295**
Cash and cash equivalents at 1 January		68 598	71 893
Cash and cash equivalents at 31 December		59 055	68 598

Consolidated Statement of Changes in Equity

1000 EUR	Share capital	Share premium	Translation difference	Retained earnings	Total	Minority interest	Total equity
	Equity attributable to equity holders of the parent						
Shareholders equity 1.1.2008	12 941	64 579	-387	88 518	165 651	0	165 651
Total comprehensive income for the period			564	-49 492	-48 928		-48 928
Dividend distribution				-2 588	-2 588		-2 588
Expense of share-based payments				1 014	1 014		1 014
Other changes				-26	-26		-26
Shareholders equity 31.12.2008	12 941	64 579	176	37 426	115 123	0	115 123
Total comprehensive income for the period			-317	-2 215	-2 532	180	-2 353
Dividend distribution					0		0
Expense of share-based payments				256	256		256
Other changes				-451	-451	258	-194
Shareholders equity 31.12.2009	12 941	64 579	-141	35 016	112 395	437	112 833

Notes to the Consolidated Financial Statements

Corporate Information

The company's field of activities is the development, production and selling of software, equipment and other products for the automotive and electronics industry, the production of R&D services and other services as well as other industrial operations. The company may administer product and other rights and conduct research- and development operations, hold and trade securities and real-estate and conduct other investment activities.

The parent company of the Group is Elektrobit Corporation, which is a Finnish public company. The parent company is domiciled in Oulu and its registered address is Tutkijantie 8, 90570 Oulu.

Accounting Principles for the Consolidated Accounts

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the SIC and IFRIC interpretations in force at December 31st, 2009. The financial statements are presented in thousands of euro. The consolidated financial statements have been prepared on a historical cost basis unless otherwise indicated.

From the beginning of 2005 the Group adopted IFRS and the adoption was done according to the IFRS 1: First-time Adoption of International Financial Reporting Standards. The transition date was January 1st, 2004.

Consolidation Principles

SUBSIDIARIES

The consolidated financial statements include Elektrobit Corporation and its subsidiaries financial statements. Subsidiaries are companies in which the Elektrobit Corporation has a controlling interest. A controlling interest arises when the Group holds more than half of the voting rights or it otherwise has the power to govern the financial and operating policies of the entity. The existence of potential voting rights is taken into account in assessing the conditions under which control arises whenever instruments conferring potential voting rights can be exercised at the review date.

Intra-Group share ownership has been eliminated by means of the purchase method. Acquired subsidiaries are included in the consolidated financial statements from the time when the Group has obtained control, and divested subsidiaries up to the time when control ceases.The excess of the acquisition cost of the subsidiary shares over fair value of the net assets acquired is allocated partly to the identifiable assets and liabilities. Any excess is recorded as goodwill. For business combinations that occurred before the implementation of IFRS, in 2004, the carrying amount of the goodwill has been treated according to the Finnish GAAP in accordance with the exemption under IFRS 1. According to IFRS goodwill is not amortized, but tested annually for impairment.

Intra-Group transactions, receivables, liabilities and margins are eliminated in preparation of the consolidated financial statements.

Minority interests are presented separately from the net profit and disclosed as a separate item in the equity.

ASSOCIATES

Associates are entities in which the Group has significant influence. A significant influence arises when the Group holds 20–50 per cent of the company's voting rights or when the Group otherwise has a significant influence in the company's operations but does not have control. Investments in associates are included in the consolidated financial statements by using the equity method. The Group's proportionate share of associated companies' net income for the financial year is stated as a separate item in the consolidated income statement. The Group's proportionate share of associated companies' net income for the financial year is stated as a separate item in the consolidated income statement. Each investment includes the goodwill arising from the acquisition less impairment losses.

If the Group's share of losses exceeds the carrying amount, losses in excess of the carrying amount are not consolidated unless the Group has given a commitment to fulfill the obligations.

The Group does not have any associates during the financial year 2009 or 2008.

JOINT VENTURES

Joint ventures are companies in which the Group exercises joint control together with other parties.

The Group does not have any joint ventures according to IAS:31 during the financial year 2009 or 2008.

FOREIGN CURRENCY TRANSACTIONS

Figures relating to the financial statements of Group entities are measured in the currency that is the currency of each entity's main operating environment ("functional currency"). The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company.

Transactions denominated in foreign currency are recorded in euros using the exchange rate on the date of the transaction. Monetary items denominated in foreign currency are translated to euros using the European Central Bank exchange rates at the balance sheet date. Gains and losses arising from transactions denominated in foreign currency and the translation of monetary items are recorded in the income statement.

Income statements and cash flows of subsidiaries, whose functional and reporting currency is not the euro, are translated into euros at the average exchange rates during the financial period. Their balance sheets are translated at the exchange rates prevailing at the balance sheet date. Translating the profit for the period using different rates in the income statement and the balance sheet leads to a translation difference that is recorded in equity. The translation differences arising from the elimination of the cost of foreign subsidiaries are recorded in equity. When a subsidiary is sold, the cumulative translation differences are entered in the income statement as part of the capital gain or loss.

Cumulative exchange differences arising from the translation of internal long term loans, which are in actual terms net investments in foreign operations, are taken directly to a separate component of equity.

Since January 1st, 2004 the goodwill arising from the acquisition of foreign operations as well fair value adjustments made to the carrying amounts of the assets and liabilities of said foreign operations in connection with an acquisition are treated as the assets and liabilities of said foreign operations and translated to euros using the exchange rates at the balance sheet date. The goodwill and fair value adjustments that have occurred before transition to IFRS have been entered in euros.

In accordance with the exemption under IFRS 1 the cumulative translation differences have been entered in to retained earnings. At the time of transition to IFRS the amount of these cumulative translation differences was immaterial.

Property, Plant and Equipment

Property, plant and equipment are measured at historical cost less depreciation and impairment losses. Assets of acquired companies are stated at their fair values at the date of acquisition.

Assets are depreciated using the straight-line or reducing balance method over their useful life. Land areas are not depreciated. The applied depreciation methods according to the Group's accounting policy are as follows: buildings and constructions 4% and 7% of remaining balance, machinery and equipment 3–10 years straight-line depreciation.

The residual value of assets and their useful life are reviewed periodically in connection with each set of financial statements and the interim report and, if necessary, they are adjusted to reflect changes that have occurred in the expectations for the asset's useful life. Ordinary repair and maintenance costs are charged to the income statement during the financial year in which they incurred.

Gains and losses on sales and disposals are determined by comparing the received proceeds with the carrying amount and are included in operating profit.

Intangible Assets

GOODWILL

After January 1st, 2004 the cost of goodwill is the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets. The goodwill arising from the business combinations prior to this represents the amount recorded under previous GAAP, which has been used as the as the deemed cost. The classification and accounting treatment of these business combinations has not been adjusted when the Group's opening IFRS balance sheet has been prepared.

Goodwill is tested annually or, if necessary, more frequently to determine any impairment. For this purpose, goodwill has been allocated to cash-generating units. The recoverable amount of a cash generating unit is compared to its carrying amount and an impairment loss is recognized if the carrying amount of the assets exceeds the recoverable amount. An impairment loss is recognized in the income statement.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditures are recorded as an expense as they are incurred. Expenditure on development activities is capitalized if they meet the criteria defined in IAS 38 Intangible Asset. Capitalized development expenses include mainly materials, supplies and direct labor costs. They are amortized on a systematic basis over their expected useful lives.

Capitalized development expenses are reviewed for potential impairment regularly by comparing the carrying amount to their recoverable amount. Significant changes in the technological environment are taken into account. If the carrying amount of the development expenses is greater than the recoverable amount, an impairment loss is recognized immediately.

Notes to the Consolidated Financial Statements

OTHER INTANGIBLE ASSETS

Purchased patents, trademarks, licenses and other intangible assets having a finite useful life are entered in the balance sheet and the amortized expense is recorded in the income statement over their useful life. If indications on possible impairment exist, the recoverable amount is determined and an impairment loss is recognized if necessary. Intangible assets with an indefinite useful life are not amortized, but are tested annually or if necessary more frequently to determine any impairment.

INVENTORIES

Inventories are stated at the lower of initial cost or net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs of sale. The value of raw material inventory is determined using a weighted average cost formula. The initial cost of finished and semi-finished products comprises of raw material, direct labor and other direct expenses as well an appropriate share of fixed and variable production overheads, based on the normal capacity of the production facilities.

BORROWING COSTS

Borrowing costs are recognized in the income statement as they accrue.

GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that Group will comply with the conditions attaching to them and the grant will be received. Government grants received from public corporations are presented as other income in the income statement.

LEASES

When the Group is a lessee, all lease contracts of property, plant and equipment, in which the Group has substantially all the risks and rewards of ownership, are classified as finance leases. A finance lease agreement is recognized in the balance sheet at an amount equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. An asset obtained on a finance lease is depreciated over the useful life of the asset or, if shorter, the lease term. Lease obligations are included in interest-bearing liabilities.

When the Group is a lessor, it recognizes assets held under a finance lease as interest-bearing receivables in the balance sheet. During the financial years 2009 and 2008 the Group did not have any finance lease agreements in which it would have been classified as a lessor.

Lease agreements in which the risks and benefits incident to ownership remain with the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the income statement on a straight line basis over the lease term.

IMPAIRMENT OF ASSETS

At each balance sheet date (including interim reports) the Group estimates whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is estimated annually regardless of any indication of impairment to the following assets: goodwill, intangible assets with an indefinite useful life and for intangible assets which are not yet ready for use. The recoverable amount is based on the future discounted net cash flows, which are equivalent with the expected cash flows generated by the asset. The impairment testing has been disclosed in the notes 14. to the financial statements.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable value. The loss is booked to the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. However, the reversal must not cause that the adjusted value is higher than the carrying amount that would have been determined if no impairment loss had been recognized in prior years. Impairment losses recognized for goodwill will under no circumstances be reversed.

Employee Benefits

PENSION LIABILITIES

Group companies in different countries have various pension plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. In Finland, the Group has organized pension coverage for its staff through independent pension insurance companies.

The Finnish system under the Employees' Pensions Act and the disability portion are treated as a defined contribution plan. The contributions to defined contribution plans are charged to the income statement in the year to which they relate. After this the Group has no other obligations for additional payment.

The pension arrangements of the foreign subsidiaries have mainly been classified as defined contribution plans. The only significant defined benefit plan relates to a German subsidiary. The present value of the obligation of the defined benefit plan is determined using the projected unit credit method. The pension expenditure calculations required by IAS 19 standard are prepared by authorized actuaries. The Group does apply the corridor method when recognizing the actuarial gains and losses.

SHARE-BASED PAYMENT

The Group has applied IFRS 2 Share-Based Payment to the share-based scheme which was granted June 23rd, 2005. Expenses of option and share incentive schemes prior to this have not been presented in the income statement. Option rights and shares granted are measured at fair value at the time they are granted and entered as an expense in the income statement in even installments during the vesting period. The expense determined is based on the defined fair value of the stock options and shares as well as on management's estimate of the amount of options or shares to which the employee will be entitled at the end of the vesting period. The fair value of the options is determined on the basis of the Black-Scholes pricing model. The Group updates the assumption concerning the final amount of stock options and shares at each balance sheet date. Changes in the estimates are recorded in the income statement. When options are exercised, the cash payments received on the basis of share subscriptions (adjusted for any transaction expenses) are entered in the share capital (at nominal value) and in the share premium reserve.

PROVISIONS

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that a payment obligation will be realized or cause a financial loss and the amount of the obligation can be estimated reliably. Provisions can arise from restructuring plans, onerous contracts, warranty repairs and allowances and from environmental, litigation or tax risks.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the time value of money is material, provisions will be discounted.

If a reimbursement can be obtained from a third party for part of the obligation, the reimbursement is treated as a separate asset when it is virtually certain that the reimbursement will be received.

TAXES

Tax expense in the Group's income statement comprises the current tax and change in deferred taxes of each group company. Current tax is calculated based on the taxable income using the tax rate that is enacted in each country at the balance sheet date.

Deferred tax liability is calculated on the temporary differences between the carrying amounts and the amounts used for taxation purposes. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which tax credits and deductible temporary differences can be utilized. In calculating deferred tax liabilities and assets, the tax base which is in force at the time of preparing the financial statements or which has been enacted by the balance sheet date for the following period, has been applied.

REVENUE RECOGNITION

Sales of goods are recognized after the significant risks and rewards that, are connected with ownership, have been transferred to the buyer. Neither the Group retains a continuing managerial involvement to the degree usually associated with ownership, nor effective control of those goods. Revenues from services are recorded when the service has been performed. Sales are presented net of indirect sales taxes and discounts.

Revenue from long-term construction contracts is recognized based on the stage of completion when the outcome of the project can be reliably measured. The stage of completion is measured by using the cost-to-cost method under which the percentage of completion is defined as the ratio of costs incurred to total estimated costs.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and asset items related to discontinued operations, which are classified as held for sale, are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation and amortization on these asset items is discontinued at the time of classification. Profit after tax and gain on sale of discontinued operation is presented as a separate line item in the consolidated income statement.

Financial Assets, Financial Liabilities and Derivative Contracts

FINANCIAL ASSETS

The Group's financial assets are classified in accordance with IAS 39 Financial Instruments: Recognition and Measurement in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets held for sale. The classification is based on the purpose for which the assets have been acquired and they are classified upon acquisition.

A financial asset is classified at fair value through profit or loss, when it has been acquired for trading purposes. The category comprises the Group's investment portfolio and all derivative contracts. The consolidated balance sheet does not contain assets that would be classified in this category upon initial recognition as allowed under the fair value option of IAS 39. Realized and unrealized gains and losses from changes in fair values are recognised in profit or loss in the financial year they are incurred. The assets are in accordance with their nature included in the non-current and current assets of the balance sheet.

Notes to the Consolidated Financial Statements

Loans and receivables are assets other than derivative contracts with related payments that are fixed or determinable. They are not quoted on efficient markets and they are not held by the Group for trading purposes. They are valued at amortised cost. They are in accordance with their nature included in the current or long-term assets of the balance sheet: long-term if they fall due after more than 12 months.

The Group has not had held-to-maturity investments during the financial or the prior financial year. In case of occurrence they are valued at amortised cost.

Financial assets held for sale are assets other than derivative contracts that have particularly been classified into this category or have not been classified into any other category. They are included in the balance sheet on the basis of their estimated date of sale. Assets to be sold within 12 months are included in current assets. Such financial assets are disclosed separately in the consolidated balance sheet if their carrying amount is significant. The change in fair value of the financial assets held for sale is recognised net of tax in the revaluation fund in equity. The cumulative change in fair value recognised in equity is recognised in profit or loss when the asset is sold or the asset has been impaired and an impairment loss has to be recognised. Investments, whose fair value may not be reliably established, are valued at cost or cost adjusted for a permanent impairment loss.

Cash comprises cash on hand, bank deposits and other highly liquid investments. Assets classified as financial assets have a maximum maturity of three months from the date of acquisition.

Transaction costs are included in the cost of financial assets that are not valued at fair value through profit or loss. The purchases and sales of financial assets are recognised at the trade date.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value. Transaction costs are included in the initial carrying amount of financial liabilities. All financial liabilities are subsequently measured at amortised cost. Financial liabilities are included in current and non-current liabilities and may be interest-bearing or interest-free.

The bases for determining the fair value of all financial assets and liabilities have been disclosed in note 17, 22 and 29.

THE IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses whether objective indications of the impairment of any financial assets exist at each balance sheet date. A loss is recognised in profit or loss as a recognised or probable credit loss, when there are indications that trade or loan receivables may not be collected in full. Impairment losses on trade receivables are included in other operating expense and on loan receivables in financial expenses.

Impairment losses on financial assets recognised in the financial year are disclosed in note 17 and 22.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

Derivative contracts are recognised at their fair value. Hedge accounting in accordance with IAS 39 Financial Instruments: Recognition and measurement is not applied. The change in fair value of hedging instruments is recognised in finance items in profit or loss.

The fair values of derivative contracts and the valuation methods used are disclosed in note 30.

TREASURY SHARES

Purchases of treasury shares, inclusive costs, are deducted directly from equity in the Group's financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions about future that affect the reported amounts. Used estimates and assumptions are based on prior experience and presumptions, which reflect the circumstances and expectations prevailing at the time of the preparation of the financial statements. Materiality and judgment in assessing the effect of uncertainties and the application of accounting principles have been observed in the preparation of the financial statements.

The management has exercised judgment during the financial year in applying e.g. the IFRS 3 standard and in assessing the future prospects of Group companies in conjunction with standards IAS 12 Income Taxes and IAS 36 Impairment of Assets.

SEGMENT INFORMATION

Segment information will be shown according to Group's business segment distribution. Operating segments are premised on the group internal organization structure and group internal financial management reporting. Business segments pertain to products or services that are subject to risks and returns that are different from those of other business segments.

Elektrobit's reporting segments are its business segments, namely Wireless – Wireless Solutions, Automotive - Automotive Software. Other items consist of parent company's services and Group's support function services. The revenues, costs, assets and liabilities are allocated to right segment based on the matching principle. Assets and liabilities that can not be allocated to businesses are presented as unallocated assets and liabilities. Pricing of inter-segment transactions are based on current market prices.

Geographical areas are Europe, The Americas and Asia. In presenting the geographical information, the revenue is based on the geographical location of customers. Geographical assets are based on the geographical location of the assets.

THE APPLICATION OF NEW AND REVISED IFRS -REGULATIONS

The Group has applied the following new or revised standards and interpretations issued by IASB from 1.1.2009

- IAS 1 Presentation of Financial Statements (revised)
- IFRS 8 Operating Segments (new)
- IAS 23 Borrowing Costs (revised)
- IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (revised)
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation. (revised)
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognitiion and Measurement – Embedded Derivatives (revised)
- Improvements to IFRSs for 2009. (Issued May 2008)
- IFRS 2 Share–based Payment, Vesting conditions and cancellations (revised)
- IFRIC 13 Customer Loyalty Programmes (new)

IASB has issued the following new or revised standards and interpretations, which are not yet in effect and which have not been applied by the Group. The Group will apply such standards and interpretations as of the effective date, or if the effective date differs from the inception date of the financial year, from the beginning of the subsequent financial year.

- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements (revised)
- IAS 27 Consolidated and Separate Financial Statements (revised)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (revised)
- Improvements to IFRSs (Issued 16. April 2009)
- IFRS 2 Share-based Payment – Group-cash-settle share –based payment transactions ((revised)
- IFRIC 12 Service Concession Arrangements (new)
- IFRIC 15 Agreements for the Construction of real Estate (new)
- IFRIC 16 Hedges of a Net Investments in a Foreign Operations (new)
- IFRIC 17 Distributions of Non-Cash Assets to Owners (new)
- IFRIC 18 Transfers of Assets from Customers (new).

Notes to the Consolidated Financial Statements

1. OPERATING SEGMENTS

Segment information will be shown according to Group's business segment distribution. Operating segments are premised on the group internal organization structure and group internal financial management reporting. Inter-segment pricing is determined on an arm's length basis. IFRS-adjustments are allocated to segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax and financial assets and expenses and corporate assets and expenses. Segment capital expenditure comprise additions of property, plant and equipment and intangible assets that are expected to be used for more than one period.

The implementation of IFRS 8 has not changed the operating segments reported by EB because the segment information that was reported earlier was based on the managements internal reporting in which measurement basis of assets and liabities has been and still are in accordance with the IFRS-standards.

EB's reporting is based on two operating segments, Automotive and Wireless.

Automotive

The Automotive Business Segment consists of in-car software products, navigation software for after market devices (PND, personal navigation devices) and R&D services for the automotive industry with leading car manufacturers, car electronics suppliers (Tier 1) and automotive chipset suppliers as customers. By combining its software products and engineering services EB is creating unique, customized solutions for its automotive customers.

Wireless

The Wireless Business Segment comprises the following businesses:

- Wireless Solutions provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies
- Wireless Communications Tools provides test tools for measuring, modeling and emulating radio channel environments

Other items

Other items consis of parent company's services and Group's support function services.

Operating segments 2009 1000 EUR	Automotive segment	Wireless segment	Other items	Discontinued operations	Eliminations	Group total
Net sales						
Net sales to external customers	61 530	91 594	641			153 764
Net sales to other segments	0	174	0		-174	0
Net sales total	**61 530**	**91 767**	**641**	**0**	**-174**	**153 764**
Operating Profit	**-3 783**	**1 027**	**1 312**	**0**	**0**	**-1 444**
Unallocated expenses						-1 906
Profit for the year from continuing operations						-3 350
Profit for the year from discontinued operations						1 314
Profit for the year						**-2 036**
Assets and liabilities						
Segments assets	46 039	40 863	12 930		0	99 833
Unallocated assets						60 339
Total assets	**46 039**	**40 863**	**12 930**	**0**	**0**	**160 172**
Segment liabilities	10 893	10 792	6 349		0	28 034
Unallocated liabilities						19 305
Total liabilities	**10 893**	**10 792**	**6 349**	**0**	**0**	**47 339**
Capital expenditure						
Tangible assets	581	453	1 134			2 168
Intangible assets	1 123	296	64			1 483
Investments	60	0	0			60
Goodwill	250	0				250
Depreciation	-3 460	-1 597	-4 657			-9 715

Notes to the Consolidated Financial Statements

Operating segments 2008 1000 EUR	Automotive segment	Wireless segment	Other items	Discontinued operations	Eliminations	Group total
Net sales						
Net sales to external customers	63 285	108 567	412			172 264
Net sales to other segments	123	73	2		-197	0
Net sales total	**63 407**	**108 640**	**414**	**0**	**-197**	**172 264**
Operating Profit	**-12 109**	**-28 489**	**-2 112**	**0**	**0**	**-42 711**
Unallocated expenses						-7 077
Profit for the year from continuing operations						-49 788
Profit for the year from discontinued operations						296
Profit for the year						**-49 492**
Assets and liabilities						
Segments assets	54 133	35 052	20 327		-216	109 296
Unallocated assets						71 225
Total assets	**54 133**	**35 052**	**20 327**	**0**	**-216**	**180 520**
Segment liabilities	20 170	20 177	4 380		-216	44 510
Unallocated liabilities						20 887
Total liabilities	**20 170**	**20 177**	**4 380**	**0**	**-216**	**65 398**
Capital expenditure						
Tangible assets	765	564	4 516			5 845
Intangible assets	176	1 446	1 220			2 842
Investments	70	0	470			540
Goodwill	599	12				611
Depreciation	-3 787	-6 408	-6 172			-16 366

GEOGRAPHICAL AREAS

EB's two segments operates in three geographical areas which are Europe, The Americas and Asia. In presenting the geographical information, the revenue is based on the geographical location of customers. Geographical assets are based on the geographical location of the assets.

Geographical areas 2009 1000 EUR	Europe	The Americas	Asia	Eliminations	Group total
Net sales					
Sales to external customers	91 412	49 160	13 192		153 764
Segments assets	38 160	727	440		39 327
Unallocated assets					120 845
Total assets					**160 172**
Capital expenditure					
Tangible assets	2 054	84	30		2 168
Intangible assets	1 454	29			1 483
Investments	60				60
Goodwill	250				250

Geographical areas 2008 1000 EUR	Europe	The Americas	Asia	Eliminations	Group total
Net sales					
Sales to external customers	114 902	49 238	8 124		172 264
Segments assets	44 721	918	836		46 475
Unallocated assets					134 045
Total assets					**180 520**
Capital expenditure					
Tangible assets	5 055	454	335		5 845
Intangible assets	2 783	36	23		2 842
Investments	540				540
Goodwill	599	12			611

Information of primary customers

Group's revenues from the 10 largest customers in year 2009 was 101 million euros (106 million euros 2008) representing a 65.8 per cent of the net sales (61.5 per cent in 2008).

Notes to the Consolidated Financial Statements

2. DISCONTINUED OPERATIONS

According to the IFRS5 standard, EB reports its financial results divided between Discontinued and Continuing Operations. In this Financial Statements, financial figures concerning the income statement of 2008 and 2007 are reported based on Continuing Operations, without the Production Solutions business (sold in June 2007) and Network Test (sold in November 2006) figures.

	2009 1000 EUR	2008 1000 EUR
Income statement, discontinued operations:		
Network Test and Production Solutions businesses		
Net sales		
Expenses		
Profit before tax	1 000	
Income tax		
Profit after tax for the year	1 000	
Profit before tax for the year from discontinued operations	314	296
Income tax		
Profit after tax for the year from discontinued operations	314	296
Profit after tax for the year from discontinued operations	1 314	296
Cash flow statement from discontinued operations:		
Net cash from operating activities		
Net cash from investing activities	314	5 115
Net cash from financing activities		
Net change in cash and cash equivalents	314	5 115

3. ACQUISITIONS

There are no new acquisitions during the annual period.

4. NET SALES

	2009 1000 EUR	2008 1000 EUR
Income recognized from construction contracts	51 233	20 117
Net sales other	102 531	152 147
Total	153 764	172 264

Construction contracts

The contract revenue is recognized in the income statement in proportion to the stage of completion of the contract. The stage of completion is defined as the ratio of costs incurred to total estimated costs.

Income recognized as sales based on the stage of completion of long-term construction contracts	51 233	20 117
Revenue recognized from long-term construction contracts in progress amounted to	14 104	11 582
Advances received from long-term construction contracts recognized in the balance sheet amounted to	1 838	4 803
Receivables recognized from long-term construction contracts amounted to	4 534	2 817

5. OTHER OPERATING INCOME

Business transactions		2 515
Government grants	2 858	2 856
Other income	1 113	836
Total	**3 972**	**6 206**

6. OTHER OPERATING EXPENSES

External services	-19 445	-27 658
Voluntary staff expenses	-2 795	-4 123
Premises expenses	-8 464	-8 847
Travel expenses	-4 354	-6 219
IT expenses	-6 545	-7 272
Other expenses	-8 149	-26 022
Total	**-49 752**	**-80 141**

Auditors charges		
Ernst & Young		
Auditing	129	119
Certificates and statements	10	2
Tax advice	83	48
Other services	47	79
	269	**248**
Others		
Auditing	34	14
Other services	32	44
	66	**58**

Notes to the Consolidated Financial Statements

7. DEPRECIATIONS AND IMPAIRMENTS	2009 1000 EUR	2008 1000 EUR
Depreciations		
Intangible assets		
Capitalized development expenditure		-1 476
Intangible rights	-2 600	-3 719
Other intangible assets	-84	-112
Other capitalized long-term expenditures	-793	-763
Tangible assets		
Buildings and constructions	-462	-532
Machinery and equipment	-5 638	-7 816
Other tangible assets	-138	0
Goodwill	0	-1 949
Total	**-9 715**	**-16 366**

8. EMPLOYEE BENEFIT EXPENSES AND NUMBER OF PERSONNEL		
Number of personnel		
Average number of personnel during the fiscal period		
Wireless	774	920
Automotive	686	652
Other businesses	129	196
Total	**1 589**	**1 768**
Number of personnel at the year end	1 528	1 735
Personnel expenses 1,000 EUR		
Personnel expenses		
Management salaries	-1 561	-1 665
Board of directors	-130	-186
Expense of share-based payments	-289	-1 115
Other salaries and wages	-73 791	-82 117
	-75 770	**-85 083**
Pension expenses, defined contribution plans	-6 062	-8 648
Pension expenses, defined benefit plans	-37	-91
Other personnel expenses	-9 054	-10 196
Total	**-90 923**	**-104 018**

9. RESEARCH AND DEVELOPMENT EXPENSES

	2009 1000 EUR	2008 1000 EUR
The research and development expenses total	14 708	37 887
Recognition as an asset	-1 065	
The expensed research and development expenses recongized in the income statement amounted to	13 643	37 887

10. FINANCIAL EXPENSES (NET)

Interest expenses	-946	-1 411
Interest income	396	3 103
Dividend income	3	2
Exchange gains and losses	-195	-4 624
Change of financial assets and liabilities at fair value through profit or loss	-57	-2 043
Other financial expenses	-80	-815
Other financial incomes	279	1 100
Total	**-601**	**-4 688**

10. INCOME TAXES

Income taxes, current year	-1 592	-1 417
Income taxes, previous years	-65	-121
Deferred taxes	352	-852
Total	**-1 305**	**-2 389**
A reconciliation between the effective tax rate and domestic tax rate (26%) of the Group:		
Profit before taxes	**-731**	**-47 103**
Tax at the domestic tax rate	190	12 247
Effect of tax rates of foreign subsidiaries	-240	417
Taxes for prior years	-54	-121
Tax free income	296	458
Non-deductible expenses	-247	-7 064
Temporary difference between carrying amounts and tax base	352	-852
Reassessment of deferred tax assets	-1 649	-7 537
Others	47	62
Income taxes in the consolidated income statement	**-1 305**	**-2 389**

Notes to the Consolidated Financial Statements

12. EARNINGS PER SHARE

Basic

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2009	2008
Profit attributable to the equity holders of the parent, continuing operations (1,000 EUR)	-3 529	-49 788
Profit attributable to the equity holders of the parent, discontinued operations (1,000 EUR)	1 314	296
Profit attributable to the equity holders of the parent, continuing and discontinued operations (1,000 EUR)	-2 215	-49 492
Weighted average number of ordinary shares during the financial year (1,000 PCS)	129 413	129 413
Basic earnings per share, continuing operations, EUR	-0.03	-0.38
Basic earnings per share, discontinued operations, EUR	0.01	0.00
Basic earnings per share, continuing and discontinued operations, EUR	-0.02	-0.38

Diluted

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Group has a share-based payment scheme (23.6.2005 and 15.3.2006) which has a diluting effect, when the exercise price is lower than the closing share price.

The exercise price of the stock options at 31 December 2008 is higher than the closing share price, hence the stock options do not have dilutive effect.

Profit attributable to the equity holders of the parent, continuing operations (1,000 EUR)	-3 529	-49 788
Profit attributable to the equity holders of the parent, discontinued operations (1,000 EUR)	1 314	296
Profit attributable to the equity holders of the parent, continuing and discontinued operations (1,000 EUR)	-2 215	-49 492
Weighted average number of ordinary shares during the financial year (1,000 PCS)	129 413	129 413
Effect of dilution (1,000 PCS)	167	0
Weighted average number of ordinary shares during the financial year (1,000 PCS)	129 580	129 413
Diluted earnings per share, continuing operations, EUR	-0.03	-0.38
Diluted earnings per share, discontinued operations, EUR	0.01	0.00
Diluted earnings per share, continuing and discontinued operations, EUR	-0.02	-0.38

13. PROPERTY, PLANT AND EQUIPMENT

The Group has not revalued property, plant and equipment, hence the Group has not recognized any impairment losses directly to equity or recorded any reversals of those.

	2009 1000 EUR	2008 1000 EUR
Buildings and constructures		
Acquisition cost Jan. 1	2 155	13 170
Translation differences	-18	52
Additions during the period	469	729
Disposals during the period		-11 796
Acquisition cost Dec. 31	2 607	2 155
Accumulated depreciations Jan. 1	-743	-5 952
Translation differences	13	-19
Depreciations on disposals		5 760
Depreciation for the period	-462	-531
Carrying amount Dec. 31	1 415	1 413
No revaluations or capitalizations of the interest costs have been done.		
Machinery and equipment		
Acquisition cost Jan. 1	53 471	48 505
Translation differences	-98	253
Additions during the period	1 736	5 023
Disposals during the period	-754	-311
Acquisition cost Dec. 31	54 354	53 471
Accumulated depreciations Jan. 1	-38 943	-30 959
Translation differences	68	-178
Depreciations on disposals	4	9
Depreciation for the period	-5 638	-7 816
Carrying amount Dec. 31	9 845	14 528
Advance payments		
Acquisition cost Jan. 1		
Additions during the period	28	
Acquisition cost Dec. 31	28	0

Notes to the Consolidated Financial Statements

	2009 1000 EUR	2008 1000 EUR
Other tangible assets		
Acquisition cost Jan. 1	226	274
Disposals during the period		-48
Acquisition cost Dec. 31	226	226
Depreciation for the period	-138	
Carrying amount Dec. 31	88	226
Property, plant and equipment total		
Acquisition cost Jan. 1	55 852	61 949
Translation differences	-116	305
Additions during the period	2 233	5 752
Disposals during the period	-754	-12 154
Acquisition cost Dec. 31	57 215	55 852
Accumulated depreciations Jan. 1	-39 685	-36 911
Translation differences	81	-197
Depreciations on disposals	4	5 770
Depreciation for the period	-6 238	-8 347
Carrying amount Dec. 31	11 376	16 166
Finance leases		
The Group had the following amounts of property, plant and equipment acquired by finance leases:		
Machinery and equipment		
Acquisition cost Jan. 1	30 845	30 036
Accumulated depreciations	-23 594	-19 897
Carrying amount Dec. 31	7 251	10 139

Additions of property, plant and equipment include assets acquired by finance leases of 1,062 TEUR in 2009 (3,772 TEUR 2008).

14. INTANGIBLE ASSETS	2009 1000 EUR	2008 1000 EUR
Capitalized development expenditure		
Acquisition cost Jan. 1		3 930
Additions during the period	1 065	990
Disposals during the period		-3 445
Acquisition cost Dec. 31	1 065	1 476
Depreciation for the period		-1 476
Carrying amount Dec. 31	1 065	0
Intangible rights		
Acquisition cost Jan. 1	10 409	9 945
Translation differences	-2	26
Additions during the period	335	413
Disposals during the period	-117	-37
Acquisition cost Dec. 31	10 625	10 347
Accumulated depreciations Jan. 1	-9 469	-9 127
Translation differences	2	-7
Depreciation for the period	-414	-274
Carrying amount Dec. 31	744	940
Goodwill allocated to Intangible rights		
Acquisition cost Jan. 1	16 763	16 899
Additions during the period		155
Disposals during the period	-120	-229
Acquisition cost Dec. 31	16 643	16 825
Accumulated depreciations Jan. 1	-8 505	-5 121
Depreciation for the period	-2 178	-3 445
Carrying amount Dec. 31	5 960	8 258

Notes to the Consolidated Financial Statements

	2009 1000 EUR	2008 1000 EUR
Other intangible assets		
Acquisition cost Jan. 1	308	308
Acquisition cost Dec. 31	308	308
Accumulated depreciations Jan. 1	-224	-112
Depreciation for the period	-84	-112
Carrying amount Dec. 31	0	84
Other capitalized long-term expenditures		
Acquisition cost Jan. 1	6 073	4 828
Translation differences	-4	4
Additions during the period	59	1 240
Disposals during the period	-25	
Acquisition cost Dec. 31	6 103	6 073
Accumulated depreciations Jan. 1	-4 349	-3 583
Translation differences	3	-3
Depreciations on disposals	7	
Depreciation for the period	-793	-763
Carrying amount Dec. 31	971	1 724
Intangible assets total		
Acquisition cost Jan. 1	33 553	35 911
Translation differences	-6	30
Additions during the period	1 459	2 798
Disposals during the period	-262	-3 710
Transfer to assets	0	0
Acquisition cost Dec. 31	34 744	35 028
Accumulated depreciations Jan. 1	-22 546	-17 943
Translation differences	5	-10
Depreciations on disposals	7	0
Depreciation for the period	-3 469	-6 069
Carrying amount Dec. 31	8 739	11 006

	2009 1000 EUR	2008 1000 EUR
Goodwill		
Acquisition cost Jan. 1	18 258	19 597
Translation differences	-5	12
Additions during the period	250	599
Depreciation for the period		-1 949
Carrying amount Dec. 31	18 503	18 258
Goodwill has been allocated to cash generating units as follows:		
Wireless segment	159	164
Automotive segment	18 344	18 094
Total	**18 503**	**18 258**

Impairment test

Goodwill is allocated to the Group's cash-generating units (CGU) which are defined according with the business segments (i.e. Automotive and Wireless). The recoverable amounts of each CGU are determined based on a value in use calculation.

The cash flow projections employed in the value in use calculation are based on the cash flow projections in the strategic plans approved by management for strategic period (Long Range Plan). Cash flow beyond five-year period is calculated using the terminal value method. Cash flow beyond the explicit forecast period is extrapolated using an estimated constant terminal growth rate that does not exceed the long-term average growth rates for the industry and economies in which the CGU operates.

Deterioration in the business environment during 2009 has decreased cash flow expectations for all of the Group's CGUs during the short to medium term.

Discount rate is the weighted average pre-tax cost of capital (WACC) as defined for EB. WACC define total costs of equity and debt noticing risks belonging into the each component. The components of WACC are risk-free yield rate, market risk premium, equity beta, cost of debt and targeted capital structure.

The WACC used in the calculations was 13.09% in 2009 (12.53% in 2008). The WACC rate has changed because of increase of market risk premium.

The impairment test is performed on need basis - latest update in October 2009. The impairment test did not reveal any need for impairment charges.

Sensitivity analysis was carried out by changing either cash flow projections of the CGU or the discount factor of the WACC. According to the performed sensitivity analysis it does not appear probable that a decrease of cash flow by 20% or a increase of the discount factor by 5% would cause their respective values to fall short of their carrying amounts. As a result of the performed sensitivity analysis, no impairment losses are expected. Recoverable amount exceed multiple times the book value of goodwill.

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES AND INVESTMENTS IN ASSOCIATES

The Group does not have any investment properties and associates.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2009 1000 EUR	2008 1000 EUR
Balance sheet value on Jan. 1		10 815
Additions during the period		349
Disposals during the period		-10 082
Changes in fair-value		-769
Profits/losses in income statement		-314
Balance sheet value on Dec. 31		0

17. OTHER FINANCIAL ASSETS		
At 1 January	385	261
Additions	60	212
Disposals	-165	-88
At 31 December	280	385

18. RECEIVABLES		
At 1 January	838	669
Additions		169
Disposals	-409	
At 31 December	429	838

19. DEFERRED TAX LIABILITIES AND ASSET

1000 EUR	Jan. 1, 2009	Recognized in the income statement	Recognized in equity	Translation difference	Acquisitions and disposals of subsidiaries	Dec. 31, 2009
Deferred tax assets						
Other items	70	11				81
Total	**70**	**11**	**0**	**0**	**0**	**81**
Non booked deferred tax receivables of loss-making domestic companies						17 467
Deferred tax liabilities						
Allocated goodwill	2 096	-591			-32	1 473
Other items	502	281				783
Total	**2 598**	**-310**	**0**	**0**	**-32**	**2 256**

1000 EUR	Jan. 1, 2008	Recognized in the income statement	Recognized in equity	Translation difference	Acquisitions and disposals of subsidiaries	Dec. 31, 2008
Deferred tax assets						
Tax losses	824	-824				0
Other items	1 984	-1 914				70
Total	**2 808**	**-2 738**	**0**	**0**	**0**	**70**
Non booked deferred tax receivables of loss-making domestic companies						14 417
Deferred tax liabilities						
Cumulative depreciation difference	52	-52				0
Fair-value of other investments	200	-200				0
Fair-value of derivatives	173	-173				0
Goodwill	3 303	-1 198			-9	2 096
Other items	710	-207				502
Total	**4 438**	**-1 830**	**0**	**0**	**-9**	**2 598**

Notes to the Consolidated Financial Statements

20. INVENTORIES	2009 1000 EUR	2008 1000 EUR
Raw materials and supplies	928	1 130
Work in progress	6	135
Finished products	1 100	1 869
Other inventories	356	207
Total	**2 390**	**3 341**

21. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	44 789	39 800
Receivables from construction contracts	4 534	2 817
Prepaid expenses and accrued income	7 819	16 536
Other receivables	2 178	2 705
Total	**59 320**	**61 858**

Receivables are valued at nominal value or probable current value, whichever is lower.

Aged Accounts Receivable		
Current	24 954	12 965
Aged Overdue Amounts		
0–3 months	18 946	25 962
4–6 months	703	567
7–12 months	0	250
> 12 months	186	56
Total	**44 789**	**39 800**

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009 1000 EUR	2008 1000 EUR
Bonds		
Balance sheet value on Jan. 1		50 252
Disposals during the period		-48 826
Changes in fair-value		-513
Profits/losses in income statement		-913
Balance sheet value on Dec. 31		0
Currency derivatives		
Balance sheet value on Jan. 1		666
Changes in fair-value		-666
Balance sheet value on Dec. 31		0

23. CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits	18 816	68 598
Total	**18 816**	**68 598**
Cash and cash equivalents at cosolidated cash flow statement consist of:		
Financial assets at fair value through profit or loss	40 239	
Cash and short-term deposits	18 816	68 598
Total	**59 055**	**68 598**

Fair value of cash and cash equivalents does not significantly differ from the carrying amount.

Notes to the Consolidated Financial Statements

24. ISSUED CAPITAL AND RESERVES	Shares 1000 PCS	Share premium 1000 EUR	Premium fund 1000 EUR	Treasury shares 1000 EUR	Total 1000 EUR
At 1 January 2008	129 413	12 941	64 579		77 521
At 31 December 2008	129 413	12 941	64 579		77 521
At 31 December 2009	129 413	12 941	64 579	0	77 521

All issued shares are fully paid.

Translation differences

The translation reserve copmrises all foreign exhange differences arising from the transition of the financial statements of foreign subsidiaries.

Dividends

After the balance sheet date the Board of Directors has proposed that no dividend shall be paid.

25. SHARE-BASED PAYMENT PLANS

The Board of Directors of Elektrobit Corporation decided on June 23, 2005 on the distribution of stock options to Elektrobit Corporation's Group managers and to its wholly-owned subsidiary, serving as a reserve company in the stock option plan. The distributed stock options commit managers to long-term shareholding in the Elektrobit . The objective of the new plan is to encourage participating managers to work with a long-term focus to increase shareholder value and to commit them further to their employer.

A total of 612,000 2005A stock options were distributed to Group management. The rest, 288.000 stock options 2005A, 1,200,000 stock options 2005B, 1,200,000 stock options 2005C and 1,200,000 stock options 2005D were granted to Elektrobit Technologies Ltd, a wholly-owned subsidiary of Elektrobit Corporation, to be further distributed to the present and future managers of the Group at a later date. In accordance with the terms and conditions of the stock options, the prerequisite for receiving 2005A stock options was that the participating managers purchase a predetermined number of Elektrobit shares, as decided by the Board of Directors.

The Stock options, aimed at encouraging long-term equity commitment, were originally issued at the Annual General Shareholder's Meeting held on March 15, 2006 were granted to the Chairman of the Board and CEO of Elektrobit Corporation.

The maximum total number of stock options issued shall be 1,750,000. All of the stock options shall be marked with the symbol 2006A. The Chairman of the Board shall be granted 750,000 stock options and the CEO shall be granted 1,000,000 stock options, free of charge.

The Annual General Meeting held on March 14. 2008 approved a proposal by the Board of Directors to issue stock options to key personnel of the Elektrobit Group as follows.

The maximum total number of stock options shall be 4,200,000, of which 1,400,000 shall be marked with the symbol 2008A, 1,400,000 shall be marked with the symbol 2008B and 1,400,000 shall be marked with the symbol 2008C. The stock options entitle to subscription of a maximum total of 4,200,000 new shares of the company or own shares held by it. The proportion of the shares that can be subscribed using the stock options to be issued will be a maximum total of 3.1% of the company's shares and associated voting rights after a possible share subscription, should new shares be issued in the subscription.

The subscription price for the shares be subscribed based on the stock options shall be based on the prevailing market value of the Elektrobit Corporation share at OMX Nordic Exchange Helsinki Ltd in January 2009, January 2010 and January 2011. The subscription price will be recorded in the fund for invested unrestricted equity.

The share subscription period for stock options 2008A shall be 1 April 2012–31 March 2014, for stock options 2008B 1 April 2013–31 March 2015, and for stock options 2008C 1 April 2014–31 March 2016.

Share-option plan 2005A	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	23.6.2005
Number of instruments granted (1,000 PCS)	372
Exercise price, EUR	2.54
Share price at the grant date, EUR	2.53
Contractual life of the options (years)	4.9

Vesting conditions	
Settlement method	Shares
Expected volatility (%)	46%
Expected contractual life of the options (years)	4.9
Risk-free interest rate (%)	2.70%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	372	408
Granted during the year	0	0
Forfeited during the year	0	0
Exercised during the year	0	0
Expired during the year	0	-36
Outstanding at the end of the year	372	372
Exercisable at the end of the year	0	0

Notes to the Consolidated Financial Statements

Share-option plan 2005B	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	31.5.2006
Number of instruments granted (1,000 PCS)	1,055
Exercise price, EUR	2.47
Share price at the grant date, EUR	2.34
Contractual life of the options (years)	5.0
Vesting conditions	
Settlement method	Shares
Expected volatility (%)	43%
Expected contractual life of the options (years)	5.0
Risk-free interest rate (%)	3.69%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	1 055	1 158
Granted during the year	0	0
Forfeited during the year	0	0
Exercised during the year	0	0
Expired during the year	-52	-103
Outstanding at the end of the year	1 003	1 055
Exercisable at the end of the year	0	0

Share-option plan 2005C	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	26.3.2008
Number of instruments granted (1,000 PCS)	60
Exercise price, EUR	2.34
Share price at the grant date, EUR	1.45
Contractual life of the options (years)	4.2

Vesting conditions	
Settlement method	Shares
Expected volatility (%)	46%
Expected contractual life of the options (years)	4.2
Risk-free interest rate (%)	2.70%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	60	0
Granted during the year		60
Outstanding at the end of the year	60	60
Exercised during the year	0	0

Notes to the Consolidated Financial Statements

Share-option plan 2005D	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	26.3.2008
Number of instruments granted (1,000 PCS)	60
Exercise price, EUR	2.34
Share price at the grant date, EUR	1.45
Contractual life of the options (years)	4.2
Vesting conditions	
Settlement method	Shares
Expected volatility (%)	46%
Expected contractual life of the options (years)	4.2
Risk-free interest rate (%)	2.70%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	60	0
Granted during the year		60
Outstanding at the end of the year	60	60
Exercised during the year	0	0

Share-option plan 2006A	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	15.3.2006
Number of instruments granted (1,000 PCS)	1,750
Exercise price, EUR	2.32
Share price at the grant date, EUR	2.34
Contractual life of the options (years)	6.3
Vesting conditions	
Settlement method	Shares
Expected volatility (%)	44%
Expected contractual life of the options (years)	6.3
Risk-free interest rate (%)	3.34%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	1 750	1 750
Granted during the year	0	0
Forfeited during the year		
Exercised during the year	0	0
Expired during the year	0	0
Outstanding at the end of the year	1 750	1 750
Exercisable at the end of the year	0	0

Notes to the Consolidated Financial Statements

Share-option plan 2008A	Share-based options, granted to group management
Nature of arrangement	Granted share-options
Grant date	14.8.2009
Number of instruments granted (1,000 PCS)	1,175
Exercise price, EUR	0.39
Share price at the grant date, EUR	0.68
Contractual life of the options (years)	4.7

Vesting conditions	
Settlement method	Shares
Expected volatility (%)	43%
Expected contractual life of the options (years)	4.7
Risk-free interest rate (%)	2.65%
Dividend yield (%)	0
Expected early exercise (at grant date)	0
Market conditions (at grant date)	
Fair-value of the options at the grant date	
Option pricing model	Black-Scholes

	Number of options 2009	Number of options 2008
Outstanding at the beginning of the year	0	
Granted during the year	1 175	0
Forfeited during the year		0
Exercised during the year	0	0
Expired during the year	0	0
Outstanding at the end of the year	1 175	0
Exercisable at the end of the year	0	0

26. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

	2009 1000 EUR	2008 1000 EUR
Benefit pension plan liability consists of following items:		
Present value of funded obligations	1 089	862
Fair value of plan assets	-259	-245
Unrecognized actuarial gains (+) / losses (-)	242	387
Net liability	1 072	1 004
Net periodic pension cost in income statement:		
Unrecognized net liability on Jan. 1	0	0
Current service cost	41	51
Interest cost	56	55
Expected return on plan assets	-9	-8
Recognized net actuarial gains and losses	-14	-1
Employee contributions	-6	-6
Total	**68**	**91**
Balance sheet reconciliation:		
Net liability on Jan. 1	1 004	914
Net periodic pension cost in income statement	68	91
Net liability on Dec. 31	1 072	1 004
Principal actuarial assumptions:		
Europe		
Discount rate	5.90	6.50
Expected return on plan assets	3.00	3.50

27. PROVISIONS

1000 EUR	Provisions for reorganising operations	Unprifitable rental agreements	Others	Total
31.12.2008	1 509	2 052		3 561
Increase in provisions		188	285	473
Used provisions	-1 509	-165		-1 675
Reversal of unused provisions				0
31.12.2009	0	2 075	285	2 360
Long-term provisions	0	905		905
Short-term provisions		1 170	285	1 455
Total	**0**	**2 075**	**285**	**2 360**

Notes to the Consolidated Financial Statements

28. FINANCIAL LIABILITIES	2009 1000 EUR	2008 1000 EUR
Non-current loans		
Bank loans	6 300	8 795
Finance lease liabilities	5 006	6 587
Other liabilities interest bearing	500	0
Total	**11 806**	**15 382**
Current loans		
Bank loans		
Finance lease liabilities	2 562	4 049
Repayments of long-term bank loans	2 300	2 930
Total	**4 862**	**6 979**
Repayment schedule of long-term loans:		
2009		6 979
2010	4 862	4 733
2011	4 485	3 796
2012	4 051	3 681
2013	2 848	2 757
2014	422	416
Later		
Total	**16 668**	**22 361**

Loans and borrowings have mainly floating interest rates, from which 2.9 million euro loan principal has been changed into fixed interest rate loan by using SWAP agreement.

The interest-bearing non-current loans are distributed by currency as follows:	2009 1000 EUR	2008 1000 EUR
EUR	11 806	22 361
Total	**11 806**	**22 361**
The interest-bearing current loans are distributed by currency as follows:		
EUR	4 862	5 926
CNY		1 053
Total	**4 862**	**6 979**
Maturities of the finance lease liabilities:		
Finance lease liabilities – minimum lease payments	8 214	11 789
Within one year	2 873	4 318
After one year but no more than five years	5 341	7 471
After five years		
Finance lease liabilities – present value of minimum lease payments	7 568	10 636
Within one year	2 562	4 049
After one year but no more than five years	5 006	6 572
After five years		16
Future finance charges	646	1 153
Total amount of finance lease liabilities	8 214	11 789

Notes to the Consolidated Financial Statements

29. TRADE AND OTHER PAYABLES	2009 1000 EUR	2008 1000 EUR
Current liabilities		
Trade and other payables		
Trade liabilities	6 937	5 623
Accrued liabilities, deferred income	13 412	24 078
Other liabilities	4 080	5 366
Total	**24 429**	**35 067**

Material of accrued expenses and deferred income consist of costs of changes in organization, personnel expenses and other accruals.

Fair value of the other liabilities than derivatives don't significantly differ from the initial carrying value, because the impact on discounting is not significant when taking into account the maturities of the loans.

Financial liabilities at fair value through profit or loss		
Liabilities based on derivates		
Balance sheet value on Jan. 1	138	
Changes in fair-value	278	138
Balance sheet value on Dec. 31	**417**	**138**

30. FINANCIAL RISK MANAGEMENT

Under its normal business activities, Elektrobit Corporation is exposed to several financial risks. The primary financial risks are foreign exchange rate risk, interest rate risk, investment risk and default risk. The goal of the Group's financial risk management function is to reduce adverse effects of price fluctuations and other uncertainties on earnings, balance sheet and cash flows as well as to ensure sufficient liquidity. In its risk management, the Group uses financial instruments such as forward exchange agreements, currency options and interest rate swaps. In the beginning of the year money market instruments are used and from summer external professional portfolio managers are employed for investing activities.

The Group's general risk management principles are approved by the Board of Directors. The responsibility for their implementation lies with the parent company together with operational units. The parent company identifies and assesses risks and obtains relevant financial instruments for hedging them in close co-operation with operative units. The management evaluates risk concentrations from the viewpoint of business activities, taking into consideration shared factors between underlying variables such as those arising from changes in economic conditions or other variables. Operations and funding programs executed in the financial markets are mainly concentrated into the parent company. Subsidiaries are mainly funded through intra-company loans and group account overdraft credit limits.

The Group's financial risks are divided into market, default and liquidity risk.

Market risks

Market risks are caused by changes in foreign exchange rates, interest rates and prices of securities. Fluctuations in these may have an impact on the Group's income statement, cash flow or balance sheet.

Foreign exchange rate risk

The Group operates globally and is exposed to transaction risk from foreign exchange positions as well as to risk due to the translation of investments in different currencies to the functional currency of the parent company. The most relevant currencies for the Group are the Euro and the US dollar. Foreign exchange rate risk is caused by commercial activities, monetary items on the balance sheet and net investments in foreign subsidiaries. A business unit's functional currency or generally used currencies (EUR, USD) are used as invoicing currency. Additional information on functional currency and foreign currency conversion is available in the accounting principles section of the consolidated financial statements.

The Group follows a currency strategy that aims at securing the margin of business activities in changing market conditions by minimizing the effect of fluctuations in foreign exchange rates. According to the principles of the currency strategy, sure and the most propable net cash flow in a particular currency is hedged. The cash flow is defined based on the net position of the trade receivables, trade payables, order intake and forecasted net currency cash flow. The Group does not apply hedge accounting as defined in the IAS 39 standard. According to the currency strategy the degree of hedging can vary from approximately 25% to 125% of the forecasted net position. At the end of the financial period the counter value of the hedged net position was 22.5 million euros. During the financial year the amount of the hedged position has been changing between 10.5–22.5 million euros.

The Group has hedged the transaction risk related to its income statement and as a principal rule has not hedged the translation risk related to equity on the balance sheet. Dollar denominated equities of foreign subsidiaries on December 31, 2009 was 8.4 million euros (2008: 6.6 million euros). Equities of subsidiaries denominated in currencies other than the Euro or the US dollar are not considered to have practical significance.

On the closing date, the Group had the following foreign exchange derivative contract nominal amounts outstanding (the nominal amounts do not represent the amounts exchanged by the parties):

	2009 1000 EUR	2008 1000 EUR
Forward contracts		
Market value	-333	-138
Nominal value	11 000	11 888
Buyed currency options		
Market value	63	0
Nominal value	11 500	0
Sold currency options		
Market value	-147	0
Nominal value	23 000	0

Dollar denominated assets and liabilities translated to euros using the closing date's value:

Long-term assets	567	741
Long-term liabilities	266	1 378
Current assets	17 720	13 729
Current liabilities	9 652	6 499

The table below describes the appreciation or depreciation of the Euro against the US dollar, other variables remaining constant. A change of 10% represents the average historical change. The sensitivity analysis is based on foreign currency denominated assets and liabilities as of the closing date. The change in dollar denominated trade receivables and debt would primarily have been due to fluctuations in the foreign exchange rate.

	Changes in income statement		**Changes in equity**	
1000 EUR	before tax, 2009	2008	before tax, 2009	2008
EUR appreciates	-800	-600	-800	-600
EUR depreciates	900	700	900	700

Interest rate risk

The majority of the Group's debt is tied to fixed interest rates. Interest rate swaps are also utilized to an extent to reduce cash flow risk due to interest rate fluctuations. At closing date, the Group had the following fixed interest rate debts and interest rate swaps outstanding:

	2009 1000 EUR	2008 1000 EUR
Fixed interest rate debts	12 568	17 284
Interest rate swaps	2 900	2 900

The table below describes the interest rate risk of debts should there have been a +/-1% change in interest rates of short term reference interest rate debts, other variables remaining constant. The figures presented indicate the change in yearly interest expense calculated using the average amount of debt during the financial period

	Changes in income statement		**Changes in equity**	
1000 EUR	before tax, 2009	2008	before tax, 2009	2008
Loan stock January, 1	22 400	32 200		
Loan stock December, 31	16 700	22 400		
Average loan stock	19 500	27 300		
Change in interest	+/-0	+/-100	+/-0	+/-100

Market risk of investment activities

The Group's money market investments result in interest rate exposure, but their effect is not considered significant. The Group's revenue and operative cash flows are mainly independent of market rate fluctuations.

The Group's investments to low-risk interest rate funds has not exposed security price risk due to fluctuations in the price of these securities. According to the Group's principles investments related to cash management are made in liquid and low-risk money market instruments and thus have not been hedged using derivatives.

The table below describes the distribution of investments in securities at closing date

	2009	2008
Stock shares	0.0%	0.0%
Bonds	0.0%	0.0%
Money market investments	100.0%	100.0%
Total	100.0%	100.0%

The combined value of the above instruments during the financial period has ranged from approximately 40.1 million euros to approximately 52.0 million euros. At closing date their value was approximately 40.2 million euros. This risk concentration has been managed by investing to well spread and low-risk money market funds and other money market instruments.

The table below describes the price risk of the investments if they had exhibited a +/-1% change in a market rate of interest, other variables remaining constant. Financial assets that are recognized at market value in the income statement affect after-tax net income. Changes in the value of for-sale financial assets affect equity. In the calculations it is presumed that the Group's investments change with the interest rate level in question. The sensitivity analysis describes the total market risk of investment activity because all investments are in the interest rate instruments.

	Changes in income statement		**Changes in equity**	
1000 EUR	before tax, 2009	2008	before tax, 2009	2008
Interest-income portfolio	+/-100	+/-0	+/-100	+/-0

Notes to the Consolidated Financial Statements

Default risk

The Group policy defines credit standing requirements and investment principles related to customers and counterparties of investment transactions and derivative contracts. The Group's trade receivables are distributed among a wide customer base and across several geographical areas. Hence, default risk concentration is assessed as a single customer's share of total trade receivables. The Group issues credits only to well known customers that have a good credit standing. Letters of credit are also utilized to decrease default risk. The Group significant default risk concentration represents approximately 50 % of the total accounts receivable. During the past financial year the amount of recognized credit losses was approximately 0.3 million euros. The amount of capital loans granted to outside Group were 0.4 million euros at the end of 2009 (2008: 0.5 million euros). The Group only enters into derivative contracts with banks that have a good credit standing.

The amount of the Group's counterparty default risk is consistent with the book value of financial assets at closing date. For the maturity distribution of trade receivables, see note 21.

Liquidity risk

The Group strives to continuously evaluate and monitor the amount of liquid funds needed for business operations and loan repayments. The Group's parent company raises most of the Group's interest-bearing debt. The Group strives to guarantee the availability and flexibility of financing by its strong financial position and liquid investments. The Group's loan covenants are conventional in nature. For the maturity distribution of the Group's debt, see note 28.

Capital structure management

The Group strives to optimize its capital structure and thus support business activities by ensuring normal operating conditions under all circumstances. An optimal capital structure also ensures that the cost of capital is minimized.

The capital structure is affected by dividend policy and share issuance. The Group can alter and adjust dividends paid to shareholders as well as share repurchases. The Group can also alter and adjust the amount of shares issued, or make decisions on the sale of assets.

The management has continuously monitored the development of the Group's net gearing and solvency ratio. The Group's interest bearing net debt at the end of 2009 was -42.4 million euros (2008: -46.2 million euros) and net gearing was -37.6 % (2008: -40.2 %). The Group's solvency ratio at the end of 2009 was 71.5 % (2008: 64.9 %).

Fair values of financial assets and liabilities

This section presents the Group's fair valuing principles for all financial instruments. The table below presents book values for each item in detail. Their fair values are not considered to materially differ from the book values presented in the consolidated balance sheets.

1000 EUR	Note	Book value 2009	Fair value 2009	Book value 2008	Fair value 2008
Financial assets					
Other financial assets		280	280	385	385
Trade receivables and other receivables	18, 21	59 748	59 748	62 696	62 696
Financial assets at fair value through profit or loss	17, 22	40 239	40 239		
Cash and cash equivalents	22	18 816	18 816	68 598	68 598
Currency forwards and options	22				
Financial liabilities					
Bank loans	28	9 100	9 560	11 725	11 813
Finance lease liabilities	28	7 568	7 568	10 636	10 636
Trade payables and other debts	26, 27, 29	27 998	27 998	40 300	40 300
Currency forwards and options	29	417	417	138	138

Investments in shares and funds and other investments

For-sale financial assets consist mainly of money market investments that fair values are based on the quotes of the closing day (IFRS 7 fair value hierarchy level 1; quoted prices (unadjusted) in active markets for identical assets or liabilities).

Derivatives

The fair values of forward exchange and option contracts are defined based on publicly quoted currency and interest rate information and using commonly accepted valuation methods (IFRS 7 fair value hierarchy level 2; instruments whose fair value is observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)). These calculations have been carried out by an outside professional party.

Bank loans

In assigning fair values for bank loans, the cash flows have been discounted.

Finance lease liabilities

Book values are considered to closely approximate fair values.

Trade receivables and other receivables

The original book value of receivables is considered to equal their fair values, since the effect of discounting is non-significant considering the maturities of the receivables.

Trade payables and other debts

The original book value of payables and other debts is considered to equal their fair values, since the effect of discounting is non-significant considering the maturities of the receivables.

Notes to the Consolidated Financial Statements

31. DERIVATE CONTRACTS AND HEDGE ACCOUNTING

The Group does not apply the hedge accounting defined by IAS 39 standard.

32. ADJUSTMENTS TO NET CASH FROM OPERATING ACTIVITIES	2009 1000 EUR	2008 1000 EUR
Business transactions without payments		
Depreciations	9 715	16 366
Employee benefits	289	1 115
Profit and loss from sale of property, plant and equipment	77	-2 413
Other adjustments	-4 320	4 899
Total	**5 760**	**19 967**

33. OPERATING LEASE AGREEMENTS

The Group as lessee

The total of future minimum lease payments under non-cancelable operating leases for each of the following periods:

Not later than one year *	5 947	5 637
Later than one year and not later than five years *	11 963	11 007
Later than five years	5 953	5 893

* The comparison data does not include contingent liabilities relating to discontinued operations.

The Group has rented most of its facilities. In average the maturities of the lease agreements are from 1 month to 10 years and normally they include an option to extend the rental period from originally agreed end date.

The Group as lessor

The Group has leased the excess office and production facilities with lease agreements valid until further notice.

34. SECURITIES AND CONTINGENT LIABILITIES *	2009 1000 EUR	2008 1000 EUR
Against own liabilities		
Floating charges	3 119	3 119
Pledges	972	1 096
Guarantees	3 763	4 150
Rental liabilities		
Falling due in the next year	5 947	5 637
Falling due after one year	17 916	16 900
Total	**31 717**	**30 901**
Mortgages are pledged for liabilities totalled		
Loans from financial institutions	8 600	9 900
Other liabilities		
Total	**8 600**	**9 900**

* The comparison data does not include contingent liabilities relating to discontinued operations.

Notes to the Consolidated Financial Statements

35. RELATED PARTY DISCLOSURES

The Group has the following structure:	Country of incorporation	Owned by the parent, %	Owned by the group, %
Parent			
Elektrobit Corporation	Finland		
Subsidiaries			
Elektrobit Technologies Oy	Finland	100.00	100.00
Elektrobit Wireless Communications Oy	Finland	0.00	100.00
Elektrobit System Test Oy	Finland	0.00	100.00
Elektrobit Wireless UK Ltd.	Great Britain	100.00	100.00
Elektrobit France SAS	France	0.00	100.00
Elektrobit Automotive GmbH	Germany	100.00	100.00
Decomsys Beteiligungs-GmbH	Austria	0.00	100.00
Elektrobit Austria GmbH	Austria	0.00	100.00
Elektrobit Inc	USA	0.00	100.00
Elektrobit Nippon KK	Japan	0.00	100.00
Elektrobit Wireless (Beijing) Ltd.	China	0.00	100.00
e.solutions GmbH	Germany	0.00	51.00

	2009 1000 EUR	2008 1000 EUR
Employee benefits for key management		
Salaries and remuneration		
Managing director of the parent		
Pertti Korhonen 1.1.–4.6.2009 and 1.1.–31.12.2008	397	423
Jukka Harju 4.6.–31.12.2009	146	
Total	**543**	**423**
Members of the board of the parent		
J.T. Bergqvist 1.1.–18.11.2008		117
Jorma Halonen 19.3.–31.12.2009	19	
Jukka Harju 1.1.–3.6.2009 and 1.1.–31.12.2008	10	11
Juha Hulkko 1.1.–31.12.2009 and 1.1.–31.12.2008	29	11
Laine Seppo 1.1.–31.12.2009 and 14.3.–31.12.2008	24	7
Matti Lainema 1.1.–14.3.2008		4
Staffan Simberg 1.1.–31.12.2009 and 14.3.–31.12.2008	24	19
Juha Sipilä 1.1.–14.3.2008		4
Tapio Tammi 1.1.–14.3.2008		4
Erkki Veikkolainen 1.1.–31.12.2009 and 14.3.–31.12.2008	24	7
Total	**130**	**186**
There have not been any business transactions or open balances between the related parties.		
Members of the corporate executive board	**1 360**	**1 773**
Loans and guarantees to related party		
There are no loans or guarantees granted between the related parties		
Stock option expenses	**198**	**920**

36. SUBSEQUENT EVENTS

The Group management is not aware of any significant events after balance sheet date, that would have had impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

37. KEY RATIOS	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Income statement, (MEUR)					
Net sales, (MEUR)	153.8	172.3	144.3	120.5	190.1
Net sales change, %	-10.7	19.4	19.8	-36.6	0.0
Operating profit/loss, (MEUR)	-1.4	-42.7	-20.3	-6.0	17.3
% of net sales	-0.9	-24.8	-14.1	-5.0	9.1
Profit/loss for continuing operations before taxes, (MEUR)	-2.0	-47.4	-20.0	-6.1	18.4
% of net sales	-1.3	-27.5	-13.9	-5.0	9.7
Profit for the year from continuing operations, (MEUR)	-3.3	-49.8	-20.0	-6.1	13.0
% of net sales	-2.2	-28.9	-13.9	-5.1	6.9
Profit after tax for the year from discontinued operations, (MEUR)	1.3	0.3	13.1	80.3	5.8
% of net sales	0.9	0.2	9.1	66.7	3.0
Profit for the year attributalble to equity holders of the parent, (MEUR)	-2.2	-49.5	-6.9	73.9	19.0
% of net sales	-1.4	-28.7	-4.8	61.3	10.0
Balance sheet (MEUR)					
Non-current assets	39.4	46.7	77.2	66.3	68.7
Inventories	2.4	3.3	7.6	13.9	17.5
Current assets	118.4	130.5	151.4	182.6	107.5
Shareholders' equity	112.8	115.1	165.7	188.6	122.0
Long-term liabilities	15.0	19.7	28.9	23.7	26.5
Short-term liabilities	32.4	45.7	41.5	50.5	45.2
Balance sheet total	160.2	180.5	236.1	262.8	193.6
Profitability and other key figures					
Return on equity % (ROE) ***	-2.9	-35.5	-11.3	-3.9	11.2
Return on investment % (ROI) ***	-0.8	-26.2	-8.7	-2.7	13.1
Interest-bearing net liabilities, (MEUR)	-42.4	-46.2	-39.7	-92.7	-30.5
Net gearing, %	-37.6	-40.2	-24.0	-49.2	-25.0
Equity ratio, % (nominal, net of deferred taxes)	71.5	64.9	70.9	72.2	64.2
Gross investments, (MEUR) ***	4.0	9.8	44.1	16.4	12.5
Gross investments, % of net sales	2.6	5.7	30.6	13.6	6.6
R&D costs, (MEUR) ***	14.7	37.9	38.3	23.7	13.1
R&D costs, % of net sales	9.6	22.0	26.6	19.6	6.9
Average personnel during the period ***	1 589	1 768	1 695	1 424	1 599

	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Stock-related financial ratios *					
Earnings per share from continuing operations, EUR					
Basic earnings per share	-0.03	-0.38	-0.15	-0.05	0.10
Diluted earnings per share	-0.03	-0.38	-0.15	-0.05	0.10
Earnings per share from discontinued operations, EUR					
Basic earnings per share	0.01	0.00	0.10	0.62	0.04
Diluted earnings per share	0.01	0.00	0.10	0.62	0.04
Earnings per share from continuing and discontinued operations, EUR					
Basic earnings per share	-0.02	-0.38	-0.05	0.57	0.15
Diluted earnings per share	-0.02	-0.38	-0.05	0.57	0.15
Equity per share, EUR	0.87	0.89	1.28	1.30	0.93
Dividend per share EUR **			0.02	0.11	0.07
Dividend per earnings, %			-12.9	-220.4	68.8
P/E ratio	-34.5	-0.9	-10.6	-41.3	18.4
Effective dividend yield, %			1.2	5.3	3.7
Market values of shares (EUR)					
Highest	1.40	1.79	2.48	2.56	3.15
Lowest	0.33	0.29	1.51	1.82	1.82
Average	0.62	0.82	1.93	2.18	2.53
At the end of period	0.94	0.33	1.64	2.06	1.87
Market value of the stock, (MEUR)	121.6	42.7	212.2	266.6	242.0
Trading value of shares					
MEUR	11.1	9.6	53.4	72.4	117.2
1,000 PCS	17 822	11 770	27 656	33 206	46 374
Related to average number of shares %	13.8	9.1	21.4	25.7	35.8
Adjusted number of the shares at the end of the period (1,000 PCS)	129 413	129 413	129 413	129 413	129 413
Adjusted number of the shares average for the period (1,000 PCS)	129 413	129 413	129 413	129 413	129 413
Adjusted number of the shares average for the period diluted with stock options (1,000 PCS)	129 580	129 413	129 413	129 413	129 413

* The figures have been transformed to correpond with the number of shares after the combination of shares performed during the year 2005.

** According to Board of Director's proposal, year 2009.

*** Year 2007 and 2006 data does not include discontinued operations.

Notes to the Consolidated Financial Statements

CALCULATION OF KEY RATIOS

Return on equity % (ROE)	=	Profit for the year × 100 / Total equity (average for the accounting period)
Return on investment % (ROI)	=	Profit before tax + interest and other financial expenses × 100 / Balance sheet total - interest-free liabilities (average for the accounting period)
Net gearing, %	=	Interest-bearing liabilities - cash and deposits and short-term investments × 100 / Total equity
Equity ratio, %	=	Total equity × 100 / Balance sheet total - advances received
Earnings per share	=	Profit attributable to equity holders of the parent / Share issue adjusted number of the shares average for the period
Equity per share	=	Equity attributable to equity holders of the parent / Share issue adjusted number of the shares at the end of the period
Dividend per share	=	Dividend for the period (Board's proposal) per share / Adjustment coefficient of post-fiscal share issues
Dividend per earnings, %	=	Dividend per share × 100 / Earnings per share
P/E ratio	=	Share issue adjusted share price at the end of the period / Earnings per share
Effective dividend yield, %	=	Dividend per share × 100 / Share issue adjusted share price at the end of the period

38. SHAREHOLDINGS AND SHARES

Brakedown of shares by shareholding, December 31, 2009

Number of shares	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
1–100	12 341	45.7%	590 410	0.5%
101–500	7 888	29.2%	2 072 098	1.6%
501–1,000	2 784	10.3%	2 181 932	1.7%
1,001–5,000	2 974	11.0%	6 846 896	5.3%
5,001–10,000	490	1.8%	3 742 202	2.9%
10,001–50,000	407	1.5%	9 088 445	7.0%
50,001–100,000	58	0.2%	4 085 179	3.2%
100,001–500,000	52	0.2%	12 968 078	10.0%
500,001–999,999,999,999	18	0.1%	87 837 450	67.9%
	27 012	**100.0%**	**129 412 690**	**100.0%**
nominee-registered	12		2 685 913	2.1%

Brakedown of shareholders by shareholder type, December 31, 2009

Shareholdes by shareholder type	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
Companies	976	3.6	21 784 831	16.8%
Financial institutes and insurance companies	24	0.1	2 454 594	1.9%
Public corporations	5	0.0	638 560	0.5%
Non-profit organizations	78	0.3	1 210 358	0.9%
Private investors	25 594	95.5	98 492 928	76.1%
Foreign owned	106	0.4	2 956 713	2.3%
nominee-registered	11	0.0	1 874 706	1.4%
	26 794	**100.0**	**129 412 690**	**100.0 %**

Notes to the Consolidated Financial Statements

Largest shareholders, December 31, 2009	Number of shares	Percentage of shares and votes
Number of shares total	129 412 690	100.0%
Hulkko Juha	27 395 362	21.2%
Hilden Kai	10 831 316	8.4%
Veikkolainen Erkki	9 388 719	7.3%
Halonen Eero	7 995 716	6.2%
Harju Jukka *	7 642 730	5.9%
Fortel Invest Oy	7 205 497	5.6%
Laine Seppo **	2 220 051	1.7%
Vakuutusyhtiö Henki-Fennia	1 909 000	1.5%
Pikkujättiläiset	1 850 000	1.4%
Mariatorp	1 850 000	1.4%
	78 288 391	**60.5%**
Others (includes nominee-registered)	51 124 299	39.5%

Board of Directors and Chief Executive Officer	
Hulkko Juha, Chairman of the Board	27 395 362
Harju Jukka *	7 642 730
Laine Seppo **	2 220 051
Simberg Staffan ***	290 000
Veikkolainen Erkki	9 388 719
	46 936 862

* Including the shareholdings of Jukka Harju's related persons and company controlled by Jukka Harju.

** Including the shareholdings of a company controlled by Seppo Laine.

*** Including the shareholdings of a company controlled by Staffan Simberg.

Income Statement, Parent Company

	Notes	2009 1000 EUR	2008 1000 EUR
NET SALES	1, 2	**10 323**	**16 736**
Other operating income	3	2 317	8 047
Raw materials and services		-14	-10
Personnel expenses	4	-5 664	-8 953
Depreciation and reduction in value	5	-1 031	-782
Other operating expenses	6	-8 759	-17 085
OPERATING PROFIT		**-2 829**	**-2 047**
Financial income and expenses	7	47 051	-2 827
PROFIT BEFORE EXTRAORDINARY ITEMS		**44 223**	**-4 875**
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**44 223**	**-4 875**
Income tax	8	-12	0
NET PROFIT FOR THE FINANCIAL YEAR		**44 211**	**-4 875**

Balance Sheet, Parent Company

	Notes	2009 1000 EUR	2008 1000 EUR
ASSETS			
Non-current assets			
Intangible assets	9	963	1 627
Tangible assets	10	312	639
Investments	11	70 480	70 480
Non-current assets total		71 754	72 746
Current assets			
Receivables			
Long-term receivables	12	2 926	7 387
Short-term receivables	13	74 348	31 625
Receivables total		77 275	39 012
Cash and bank deposits		9 304	8 356
Current assets total		86 579	47 368
Total assets		**158 333**	**120 114**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		12 941	12 941
Share issue premium		64 579	64 579
Retained earnings		22 336	27 211
Net profit for the year		44 211	-4 875
Shareholders' equity total		144 068	99 857
Provisions			82
Liabilities			
Short-term liabilities	15	14 265	20 176
Liabilities total		14 265	20 176
Shareholders' equity and liabilities total		**158 333**	**120 114**

Cash Flow Statement, Parent Company

	2009 1000 EUR	2008 1000 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extraordinary items	44 223	-4 875
Adjustments:		
Depreciation according to plan	824	782
Other non-cash items	-43	500
Reduction in value in non-current assets	207	
Financial income and expenses	-47 051	2 827
Effects of non-cash business activities		-2 022
Cash flow before change in net working capital	-1 840	-2 787
Change in net working capital		
Change in interest-free short-term receivables	11 773	8 378
Change in interest-free short-term payables	-1 022	-755
Cash flow before financing activities	8 911	4 836
Interest paid	-1 599	-9 594
Dividends received	0	
Interest received	2 066	6 321
Income taxes paid	-12	
Cash flow before extraordinary items	9 368	1 563
Net cash flow from extraordinary items		0
Net cash from operating activities	9 368	1 563

Cash Flow Statement, Parent Company

	2009 1000 EUR	2008 1000 EUR
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-60	-1 023
Proceeds from sale of tangible and intangible assets	21	14
Purchase of investments	-6 000	
Proceeds from sale of investments		13 862
Loan granted		-5 336
Proceeds from repayments of loans	3 250	7 087
Net cash used in investing activities	-2 790	14 604
CASH FLOW FROM FINANCIAL ACTIVITIES		
Change in interest-free short-term receivables in Group	-6 286	7 826
Change in interest-free short-term payables in Group	656	-24 115
Dividends paid		-2 588
Net cash used in financial activities	-5 630	-18 877
NET CHANGE IN CASH AND CASH EQUIVALENTS	**948**	**-2 710**
Cash and cash equivalents at beginning of period	8 356	11 067
Cash and cash equivalents at end of period	9 304	8 356
Change in cash and cash equivalents in balance sheet	948	-2 710

Notes to the Financial Statements of the Parent Company

Accounting Principles for the Preparation of Financial Statements

The financial statements have been prepared in accordance with the Finnish Accounting Act.

VALUATION PRINCIPLES

Valuation of Non-current Assets

Non-current assets are capitalized in the balance sheet at the original acquisition cost deducted by accumulated depreciation. Depreciations according to the plan is calculated either using the straight-line method or the reducing balance method, taking into consideration of the useful life of assets. The depreciation periods are:

Intangible assets	3–10 years
Tangible assets	3–5 years

VALUATION OF FINANCIAL SECURITIES

Financial securities are valued at fair value. The fair value of forward exchange are defined based on forward exchange prices on balance sheet date and option contracts are defined based on market prices on balance sheet date.

PENSIONS

Company has organized pension coverage for its personnel through independent pension insurance companies. The pension insurance expenditures are included into personnel expenses.

LEASING AGREEMENTS

Leasing agreements and fixed-term rental agreements are reported as contingent liabilities off the balance sheet.

INCOME TAX

Taxes of the financial year have been reported in the income statement as income taxes. Deferred tax or liabilities or receivables has not been recorded on the financial statement.

FOREIGN CURRENCY ITEMS

The transactions in the income statement have been converted into euro using the exchange rate of the transaction date. Receivables and payables denominated in foreign currency have been converted into euro by using the exchange rate of the European Central Bank at the balance sheet date.

NET SALES

Sales of goods is recorded when goods have been handed over to the customer or the services have been rendered. Sales are shown net of indirect sales taxes and discounts.

Notes to the Financial Statements of the Parent Company

	2009 1000 EUR	2008 1000 EUR
1. NET SALES BY SEGMENTS		
Common functions	10 323	16 736
Total	**10 323**	**16 736**
2. NET SALES BY MARKET AREAS		
Europe	9 931	16 045
America	188	453
Asia	205	238
Total	**10 323**	**16 736**
3. OTHER OPERATING INCOME		
Other operating income	2 317	8 047
Total	**2 317**	**8 047**
4. NUMBER OF PERSONNEL AND PERSONNEL EXPENSES		
Average number of personnel during the fiscal period		
Common functions	77	139
Total	**77**	**139**
Number of personnel at year end	63	126
Personnel expenses		
Management salaries	543	423
Board of directors	130	186
Other salaries and wages	4 052	6 691
Total	**4 725**	**7 300**
Pension expenses	681	1 441
Other social expenses	259	257
Total	**5 664**	**8 997**
5. DEPRECIATION AND REDUCTION IN VALUE		
Intangible rights	36	22
Other capitalized long-term expenditures	666	573
Other tangible goods	138	
Machinery and equipment	191	187
Total	**1 031**	**782**

	2009 1000 EUR	2008 1000 EUR
6. OTHER OPERATING CHARGES		
IT equipment and SW expenses	3 653	5 569
Premises expenses	2 277	3 076
Administrative services	1 187	2 797
Travel expenses	453	999
Voluntary staff expenses	316	834
Other business expenses	873	3 810
Total	**8 759**	**17 085**
Auditor's charges		
Auditing	27	30
Certificates and Statements	2	
Tax advice	8	
Other services	14	85
Total	**49**	**115**
7. FINANCIAL INCOME AND EXPENSES		
Income from investments		
From Group companies	47 000	0
From affiliated companies		
Total	**47 000**	**0**
Other interest and financial income		
From Group companies	533	1 420
From others	1 533	5 664
Total	**2 066**	**7 083**
Other interest and financial expenses		
Receivables depreciations		-478
To Group companies	-76	-1 497
To others	-1 940	-7 936
Total	**-2 015**	**-9 911**
Net financial income and expenses	**47 051**	**-2 827**
Net financial income and expenses includes exchange gains and losses	-466	-3 883
8. INCOME TAX		
For operations	-12	0
For extraordinary items		
Total	**-12**	**0**

Notes to the Financial Statements of the Parent Company

	2009 1000 EUR	2008 1000 EUR
9. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost Jan. 1	234	157
Investments during the period	55	77
Disposals during the period	-37	
Acquisition cost Dec. 31	252	234
Accumulated depreciations Jan. 1	-31	-9
Depreciation for the period	-27	-22
Book value Dec. 31	195	203
Other capitalized long-term expenditures		
Acquisition cost Jan. 1	4 165	3 329
Investments during the period	10	836
Disposals during the period	-59	
Acquisition cost Dec. 31	4 116	4 165
Accumulated depreciations Jan. 1	-2 741	-2 287
Depreciation for the period	-607	-455
Book value Dec. 31	768	1 424
Intangible assets total		
Acquisition cost Jan. 1	4 399	3 486
Investments during the period	64	913
Disposals during the period	-96	
Acquisition cost Dec. 31	4 368	4 399
Accumulated depreciations Jan. 1	-2 772	-2 295
Depreciation for the period	-633	-477
Book value Dec. 31	963	1 627
10. TANGIBLE ASSETS		
Machinery and equipment		
Acquisition cost Jan. 1	1 931	1 892
Investments during the period	2	39
Acquisition cost Dec. 31	1 933	1 931
Accumulated depreciations Jan. 1	-1 501	-1 314
Depreciation for the period	-191	-187
Book value Dec. 31	241	430
Other tangible assets		
Acquisition cost Jan. 1	209	257
Deduction during the period	-138	-48
Acquisition cost Dec. 31	71	209
Book value Dec. 31	71	209
Tangible assets total		
Acquisition cost Jan. 1	2 140	2 149
Investments during the period	2	39
Deduction during the period	-138	-48
Acquisition cost Dec. 31	2 004	2 140
Accumulated depreciations Jan. 1	-1 501	-1 314
Depreciation for the period	-191	-187
Book value Dec. 31	312	639

	2009 1000 EUR	2008 1000 EUR
11. INVESTMENTS		
Investments in subsidiaries		
Acquisition cost Jan. 1	70 470	66 294
Investments during the period		6 000
Disposals during the period		-1 824
Acquisition cost Dec. 31	70 470	70 470
Investments in other shares		
Acquisition cost Jan. 1	9	10 070
Investments during the period		883
Disposals during the period		-10 944
Acquisition cost Dec. 31	9	9
Other long-term receivables		
Acquisition cost Jan. 1	0	24
Disposals during the period		-24
Acquisition cost Dec. 31	0	0
Investments total		
Acquisition cost Jan. 1	70 480	76 388
Investments during the period		6 883
Disposals during the period		-12 792
Acquisition cost Dec. 31	70 480	70 480
12. LONG-TERM RECEIVABLES		
Loan receivables		
From Group companies	2 926	7 387
Total	**2 926**	**7 387**
Long-term receivables total	**2 926**	**7 387**

Notes to the Financial Statements of the Parent Company

		2009 1000 EUR		2008 1000 EUR
13. SHORT-TERM RECEIVABLES				
Accounts receivable				
From Group companies		11 319		21 629
From others		2		105
Total		**11 321**		**21 735**
Loan receivables				
From Group companies		2 416		1 260
From Others				
Total		**2 416**		**1 260**
Other receivables				
From Group companies		60 032		6 692
From others		15		15
Total		**60 047**		**6 706**
Prepaid expenses and accrued income				
From Group companies		0		0
From others		564		1 924
Total		**564**		**1 924**
Short-term receivables total		**74 348**		**31 625**
14. SHAREHOLDERS' EQUITY				
Share capital at the beginning of the period	1.1.	12 941	1.1.	12 941
Share capital at the end of the period	**31.12.**	**12 941**	**31.12.**	**12 941**
Share premium fund at the beginning of the period	1.1.	64 579	1.1.	64 579
Share premium fund at the end of the period	**31.12.**	**64 579**	**31.12.**	**64 579**
Retained earnings at the beginning of period	1.1.	22 336	1.1.	29 799
Dividend payment				-2 588
Net profit for the period		44 211		-4 875
Retained earnings at the end of period	**31.12.**	**66 547**	**31.12.**	**22 336**
Distributable earnings at the end of the period	31.12.	66 547	31.12.	22 336
Shareholders' equity total	**31.12.**	**144 068**	**31.12.**	**99 857**

	2009 1000 EUR	2008 1000 EUR
15. SHORT-TERM LIABILITIES		
Accounts payable		
To Group companies	74	378
To others	437	247
Total	**511**	**625**
Other short-term liabilities		
To Group companies	11 904	16 945
To others	770	1 344
Total	**12 674**	**18 289**
Accrued expenses and deferred income		
To Group companies		
To others	1 080	1 262
Total	**1 080**	**1 262**
Short-term liabilities total	**14 265**	**20 176**
16. SECURITIES AND CONTINGENT LIABILITIES		
On behalf of Group companies		
Guarantees	13 177	15 609
Other direct and contingent liabilities	25	25
Leasing liabilities		
Falling due in the next year	2 783	4 157
Falling due after one year	5 247	6 667
Rental liabilities		
Falling due in the next year	895	1 604
Falling due after one year	781	1 097
Total	**22 908**	**29 159**
17. NOMINAL VALUE OF CURRENCY DERIVATES		
Foreign exchange forwards		
Market value	-333	-138
Nominal value	11 000	11 888
Options		
Buyed options		
Market value	63	
Nominal value	11 500	
Sold options		
Market value	-147	
Nominal value	23 000	

Notes to the Financial Statements of the Parent Company

	Owned by parent %	Owned by group %	Book value 1000 EUR
18. SHARES AND HOLDINGS			
Subsidiaries			
Elektrobit Wireless UK Ltd.	100.00	100.00	0
Elektrobit Technologies Oy	100.00	100.00	39 749
Elektrobit Automotive GmbH	100.00	100.00	30 721
Other holdings by Parent			
Oulun Golf Oy			8
Oulun Puhelin Oy			1
Oulun Innovation Oy			0

Proposal by the Board of Directors on the Use of the Profit Shown on the Balance Sheet and the Payment of Dividend

According to the parent company's balance sheet at December 31, 2009, the distributable assets of the parent company are EUR 66,546,891.53 of which the profit of the financial year is EUR 44,210,929.40.

The Board of Directors proposes to the General Meeting to be held on March 25, 2010 that no dividend shall be paid.

Oulu, February 15, 2010

Juha Hulkko
Chairman of the Board

Seppo Laine
Member of the Board

Erkki Veikkolainen
Member of the Board

Jorma Halonen
Member of the Board

Staffan Simberg
Member of the Board

Jukka Harju
CEO

The Auditor's Note

Our auditor's report has been issued today.

Oulu, February 15, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Jari Karppinen
Authorized Public Accountant

Auditor’s Report

TO THE ANNUAL GENERAL MEETING OF ELEKTROBIT OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Elektrobit Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company’s financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company 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.

Oulu, February 15, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Jari Karppinen
Authorized Public Accountant

www.elektrobit.com

Elektrobit (EB), Tutkijantie 8, FI-90570 Oulu, Finland Tel. +358 40 344 2000 Fax +358 8 343 032