



STOCK EXCHANGE RELEASE

Free for publication on February 17, 2011, at 8.00 a.m. (CET+1)

EB, ELEKTROBIT CORPORATION, FINANCIAL STATEMENT BULLETIN 2010

NET SALES GREW FROM LAST YEAR DUE TO STRONG GROWTH IN THE AUTOMOTIVE BUSINESS SEGMENT, OPERATING LOSS SIGNIFICANT DUE TO IMPAIRMENT OF ACCOUNTS RECEIVABLES AND RESTRUCTURING COSTS IN THE WIRELESS BUSINESS SEGMENT

SUMMARY OCTOBER-DECEMBER 2010

- Net sales for the period amounted to EUR 41.8 million (EUR 40.1 million, 4Q 2009), representing an increase of 4.5% year-on-year.
- Operating loss was EUR -7.7 million (EUR 0.5 million, 4Q 2009). Non-recurring costs totaled to EUR 4.5 million; operating loss excluding non-recurring items was EUR -3.2 million (EUR 0.8 million, 4Q 2009).
- EBITDA was EUR -5.6 million (EUR 2.7 million, 4Q 2009).
- Operating cash flow was EUR -4.9 million (EUR -0.5 million, 4Q 2009). The net cash flow was EUR -9.3 million (EUR -3.1 million, 4Q 2009).
- Cash and other liquid assets totaled EUR 20.5 million (EUR 59.1 million, 4Q 2009).
- Equity ratio remained strong at 62.6% (71.5%, 4Q 2009).
- Earnings per share were EUR -0.04 (EUR 0.00, 4Q 2009).

SUMMARY 2010

- Net sales amounted to EUR 161.8 million (EUR 153.8 million in 2009), representing an increase of 5.2% year-on-year.
- Operating loss was EUR -17.3 million (EUR -1.4 million in 2009). Operating loss included non-recurring costs and impairments of EUR 12.7 million; excluding the non-recurring items the operating loss was EUR -4.6 million (EUR 0.5 million in 2009).
- EBITDA was EUR -8.8 million (EUR 8.3 million in 2009).
- Operating cash flow was EUR 1.5 million (EUR 0.4 million in 2009). Net cash flow was EUR -38.5 million (EUR -9.5 million in 2009). The decrease was mainly attributable to the distribution of EUR 25.9 million from the share premium fund on September 2, 2010.
- Cash and other liquid assets totaled to EUR 20.5 million (EUR 59.1 million in 2009).
- Equity ratio remained strong at 62.6% (71.5% in 2009).
- Earnings per share were EUR -0.12 (EUR -0.03 in 2009).
- The Board of Directors proposes to the General Meeting that no dividend shall be distributed.



EB'S CEO JUKKA HARJU:

"The main objective in 2010 was to continue the clear profitability improvement started the previous year. During the first half of the year the financial performance improved as planned but during the second half of the year the operating profit was strongly negative due to the challenges in the satellite terminal business in the Wireless Business Segment. TerreStar Networks Inc., a significant customer of EB, filed for reorganization in the United States, which led to a decreased business level in the Wireless Business Segment during the second half of the year. Due to the risk of losing accounts receivables, EB booked an impairment of accounts receivables during the third quarter of the year. The amount of personnel was adjusted to correspond to the lower sales volumes and sales outlook at the end of the year.

In the Automotive Business Segment the market recovered from the downturn in 2009 and the sales increased considerably. The Automotive Business Segment's operating profit improved from last year and it was positive.

The objective for 2011 is to achieve a positive operating profit and profitability development."

OUTLOOK FOR THE FIRST HALF OF 2011

The demand for software products and services is estimated to grow in the automotive industry and EB's net sales is expected to increase in the Automotive Business Segment. The technological changes, driving the demand, are expected to continue in the wireless communications market. The net sales of EB's Wireless Business Segment is expected to remain in the same level than in the second half of 2010. The continuing challenges of TerreStar Networks Inc., a significant customer of EB, in obtaining funding has resulted in payment delays. TerreStar Network and certain affiliates of TerreStar Corporation have filed for voluntary petitions for reorganization to strengthen their financial position on October 19, 2010. Despite the filing for reorganization and the legal proceedings initiated by EB against TerreStar Corporation, the risk of credit losses may still increase during the first half of 2011. More specific market outlook is presented under the "Business Segments' development during October-December 2010 and market outlook" section, and uncertainties regarding the TerreStar Networks filing for reorganization, collecting the receivables, and other uncertainties regarding the outlook under "Risks and Uncertainties" section.

EB expects for the first half of 2011 that net sales will be lower than in the first half of 2010 (EUR 86.2 million) and operating profit will be lower than in the first half of 2010 (EUR 1.8 million). The profit estimate for the first half of 2011 is based on the assumption that there will not be further bookings of impairments of EB's accounts receivables from TerreStar Networks. It is possible that, based on later information related to TerreStar Networks' reorganization and EB's legal proceedings against TerreStar Corporation, this outlook may need to be reconsidered.



Information on the development of TerreStar Networks' filing for reorganization and EB's initiated legal proceedings against TerreStar Corporation are presented in the October 20 and 25, November 20, and December 30, 2010 stock exchange releases at www.elektrobit.com.

INVITATION TO A PRESS CONFERENCE

EB will hold a press conference on the Financial statements 2010 for media, analysts and institutional investors in Finland, Oulu, Tutkijantie 8, meeting room NH1 on Thursday, February 17, 2011, at 11.00 a.m. (CET+1). The conference will also be held as a conference call and the presentation will be shown simultaneously in the Internet through WebEx. The conference will be held in English. For more information on joining the conference please go to www.elektrobit.com/investors.

EB, Elektrobit Corporation

EB creates advanced technology and turns it into enriching end-user experiences. EB is specialized in demanding embedded software and hardware solutions for wireless and automotive industries. The net sales for the year 2010 totaled MEUR 161.8. Elektrobit Corporation is listed on NASDAQ OMX Helsinki. www.elektrobit.com



EB, ELEKTROBIT CORPORATION, FINANCIAL STATEMENTS JANUARY-DECEMBER 2010

FINANCIAL PERFORMANCE DURING JANUARY-DECEMBER 2010

(Corresponding figures are for January-December 2009 unless otherwise indicated)

EB's net sales during January-December 2010 increased by 5.2 per cent to EUR 161.8 million (EUR 153.8 million in 2009). Operating loss was EUR -17.3 million (EUR -1.4 million). Operating loss was impacted by non-recurring costs and impairments of EUR 12.7 million during the second half of the year. Excluding the non-recurring items operating loss was EUR -4.6 million (0.5 million).

The Automotive Business Segment's net sales during January-December 2010 amounted to EUR 80.1 million (EUR 61.5 million), representing 30.2% growth. Operating profit was EUR 1.9 million (EUR -3.8 million). The profitability improvement year-on-year was mainly attributable to the increased net sales and solid overall market demand for EB's software products and services following the market recovery.

The Wireless Business Segment's net sales during January-December 2010 decreased to EUR 80.9 million (EUR 91.6 million), representing a decline of -11.7% compared to the previous year. Operating loss was EUR -19.3 million (EUR 1.0 million). The decline was mostly attributable to the filing for reorganization of a significant customer and hence resulting impairment of account receivables, lower sales volumes, and restructuring costs. The sales of radio channel emulators and related services increased compared to the previous year. Excluding the non-recurring costs and impairments the operating loss of the Wireless segment was EUR -7.0 million (EUR 2.6 million).

During the last quarter restructuring measures were taken in Wireless Business Segment and the amount of personnel was adjusted to correspond to the lower sales volumes. As the result of the personnel negotiations EB dismissed 60 and temporarily dismissed 85 employees in Wireless Solution Business and EB corporate functions based on financial and production-related reasons. In the stock exchange release on December 13, 2011, EB estimated that the expected cost savings resulting from the dismissals and temporary dismissals, if fully executed, would be approximately EUR 4 million and the cost savings from the other related measures approximately 1 million by the end of the first half of 2011. Based on the current understanding the temporary dismissals will not be executed in full in order to secure resources for the received project orders.

The total R&D investments during the reporting period grew to EUR 21.6 million (EUR 14.7 million), equaling 13.3% of the net sales (9.6%).



CONSOLIDATED INCOME STATEMENT (MEUR)	1-12 2010	1-12 2009
	12 months	12 months
NET SALES	161.8	153.8
OPERATING PROFIT (LOSS)	-17.3	-1.4
Financial income and expenses	-1.3	-0.6
RESULT BEFORE TAX	-18.6	-2.0
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-15.7	-3.3
Profit after tax for the year from discontinued operations		1.3
RESULT FOR THE PERIOD	-15.7	-2.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-14.9	-2.4
Result for the period attributable to:		
Equity holders of the parent	-16.1	-2.2
Non-controlling interest	0.5	0.2
Total comprehensive income for the period attributable to:		
Equity holder of the parent	-15.4	-2.5
Non-controlling interest	0.5	0.2
Earnings per share EUR continuing operations	-0.12	-0.03
Earnings per share EUR discontinued operations		0.01
Earnings per share EUR continuing and discontinued operations	-0.12	-0.02

- Cash flow from business operations was EUR 1.5 million (EUR 0.4 million).
- Equity ratio was 62.6% (71.5%).
- Net gearing was -10.2% (-37.6%).

QUARTERLY FIGURES

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

	4Q10	3Q 10	2Q 10	1Q 10	4Q 09
Net sales	41.8	33.7	44.7	41.5	40.1
Operating profit (loss)	-7.7	-11.5	0.1	1.7	0.5
Operating profit (loss) without non-recurring costs	-3.2	-3.2	0.1	1.7	0.8
Result before taxes	-8.0	-10.6	-0.7	0.7	0.1
Result for the period	-5.4	-9.0	-0.9	-0.3	-0.3



Non-recurring items are exceptional gains and costs that are not related to normal business operations and occur only seldom. These items include capital gains or losses, significant changes in asset values such as write-downs or reversals of write-downs, significant restructuring costs, or other items the management considers non-recurring. When evaluating a non-recurring item, the euro translation value of the item is considered, and in case of a change in an asset value, it is measured against the total value of the asset.

The distribution of net sales by Business Segments, MEUR:

	4Q 10	3Q 10	2Q 10	1Q 10	4Q 09
Automotive	23.1	19.9	18.6	18.5	16.8
Wireless	18.6	13.7	25.9	22.8	23.0
Corporation total	41.8	33.7	44.7	41.5	40.1

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

	4Q 10	3Q 10	2Q 10	1Q 10	4Q 09
Asia	4.4 10.6%	1.8 5.4%	2.6 5.9%	2.7 6.5%	4.4 11.0%
Americas	10.8 25.8%	9.4 27.7%	17.4 39.0%	15.8 38.1%	13.7 34.2%
Europe	26.6 63.6%	22.5 66.8%	24.6 55.2%	23.0 55.4%	22.0 54.8%

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

	4Q 10	3Q 10	2Q 10	1Q 10	4Q 09
Automotive					
Net sales	23.1	19.9	18.6	18.5	16.8
Operating profit (loss)	1.1	0.1	-0.2	0.9	0.3
Wireless					
Net sales	18.6	13.7	25.9	22.8	23.0
Operating profit (loss)	-8.8	-11.7	0.3	0.9	-0.3
Other businesses					
Net sales	0.2	0.2	0.2	0.2	0.2
Operating profit (loss)	0.1	0.1	0.0	-0.1	0.5
Total					
Net sales	41.8	33.7	44.7	41.5	40.1
Operating profit (loss)	-7.7	-11.5	0.1	1.7	0.5



BUSINESS SEGMENTS' DEVELOPMENT DURING OCTOBER-DECEMBER 2010 AND MARKET OUTLOOK

EB's reporting is based on the Automotive and Wireless Business Segments.

AUTOMOTIVE

The Automotive Business Segment's product offering 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.

During the fourth quarter of 2010, net sales of the Automotive Business Segment amounted to EUR 23.1 million (EUR 16.8 million, 4Q 2009), representing strong 36.8% growth year-on-year. The operating profit was EUR 1.1 million (EUR 0.3 million, 4Q 2009). The profitability improvement year-on-year was mainly attributable to the market recovery resulting in increased net sales and solid overall market demand for EB's software products, services and solutions based on own automotive grade software products adapted and integrated to the customer specific requirements.

EB made progress during the fourth quarter both in the Infotainment and ECU (Electronic Control Unit) software markets. In Infotainment market the projects with several car manufacturers and their electronic component suppliers targeting to market releases in 2011 and 2012 proceeded according to the plans. The development of Infotainment Software Suite, Volkswagen Group's next generation high-end infotainment platform, proceeded as planned by e.solutions (EB and Audi Joint Venture), and it was noticeable mentioned in Audi's presentation at the International Consumer Electronics Show (CES) in Las Vegas in January 2011. In ECU market EB got new customers for its AUTOSAR-standard based solutions. EB continued to develop Driver Assistance applications in order to increase its business in that area. EB launched a new version of its integrated HMI development environment EB Guide. EB Guide 5.0 offers significant improvements to enhance development of advanced graphical elements and offers growth potential in the future in the market of fully configurable cluster instruments.

Automotive Market Outlook

The majority of the innovation and differentiation in the automotive industry is brought about by software and electronics. The share of electronics and software in cars has grown significantly during the past years. It is expected that the use of software in automotives continues to increase. The estimated annual automotive software market long-term growth rate in passenger cars is some 15% (Frost & Sullivan). The underlying world automotive market is also expected to grow steadily with a yearly rate of about 6% between 2010 and 2015 (CSM).



The increasingly sophisticated and networked features and growing performance increase the complexity of automotive electronics. The increasing complexity is driving the industry towards gradual separation of software and hardware in the electronics solutions. It is necessary for managing the architectural software layer appropriately and for efficiency in innovation and implementation. The use of standard software solutions is expected to increase in the automotive industry. This enables faster innovation, improves quality and development efficiency and reduces complexity related to deployment of software.

The fundamental industry migration and consequent growth of the automotive software market will continue. Cost pressures of the automotive industry are expected to accelerate the need of productized and efficient software solutions EB is offering.

EB's net sales cumulating from the automotive industry are currently primarily driven by the development of software and software platforms for new cars. Hence the dependency of EB's net sales on car production volumes is currently limited, however, the direct dependency is expected to increase as a result of the EB's transition towards software product business models over the forthcoming years.

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.

Net sales for the Wireless Business Segment during the fourth quarter of 2010 was EUR 18.6 million (EUR 23.0 million, 4Q 2009), representing a fall of 19.2% year-on-year. Operating loss was EUR -8.8 million (EUR -0.3 million, 4Q 2009). This was mostly due to filing for reorganization of a significant customer, TerreStar Networks Inc., which resulted in restructuring costs and lower sales volumes. Operating loss excluding non-recurring costs and impairments was EUR -4.8 million (EUR 0.1 million, 4Q 2009) in the Wireless Business Segment. The sales of radio channel emulators and related services increased compared to the previous year, and the business with Defense & Security customers developed well. EB continued to strengthen its competence development in Open Source Software area.

EB announced in October to start personnel negotiations to improve profitability and to decrease the amount of personnel to correspond to the decreased sales volumes and sales outlook in Wireless Solutions business. As the result of the negotiations EB dismissed 60 and temporarily dismissed 85 employees. Based on the current understanding the temporary dismissals will not be executed in full in order to secure resources for the received project orders.



EB continued its investments in radio channel emulators and introduced more powerful EB Prosim F8 radio channel emulator. EB announced a new affordable baseline hardware configuration of EB Prosim F8 in November.

Wireless Market Outlook

The growth of demand for smartphones and transitions in the related software architectures and platforms are expected to continue during 2011. In the mobile infrastructure market the use of LTE standard, which improves the performance of radio channel and mobile phone networks, is expected to continue to gain strength. EB's business driven by LTE is expected to increase. Mastering of multi-radio technologies and end-to-end system architectures covering both terminals and networks has gained importance in the complex wireless technology industry. Fast implementation of LTE technology and a wide spectrum of bandwidth needed are creating opportunities for EB.

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. The Satellite Terrestrial and Mobile Satellite Services (MMS) market demand is expected to move from the current reference design phase towards the launch of commercial products and services during the next few years. The filing for reorganization of TerreStar Networks Inc. has delayed and brought uncertainties to the development of demand of the satellite terrestrial "Genus" terminal. Potential implications due to the filing for reorganization to the business relations between the two parties cannot be currently evaluated in a precise manner but based on the current understanding the total business volume between the two parties will not be significant in the near future.

The market for communications, interference and intelligence solutions targeted for public authorities is estimated to remain stable. The systems used by authorities are expected to be based on commercial technology in the future. EB's competence on commercial technologies and mastering the radio channel and software radio solutions are creating opportunities for EB.

The R&D services market for wireless communications continues to be challenging and the continuing price pressure drives increasing off-shoring in the industry. However, OEMs are expected to increase their R&D flexibility that can create new partnering opportunities for EB. New open software architectures and platforms are creating opportunities for companies such as EB with strong integration capabilities.

The performance of radio channel is going to increase quickly when introducing new LTE-technologies. This will create demand for advanced development tools during the next few years. EB provides world leading channel emulation tools for the development of MIMO based LTE, LTE-Advanced and other advanced radio technologies.



RESEARCH AND DEVELOPMENT

EB continued its investments in R&D in the automotive software products and tools, in radio channel emulation products and in Wireless Solutions' product platforms.

The total R&D investments during the fourth quarter of 2010 were EUR 6.1 million (EUR 4.2 million, 4Q 2009), equaling 14.6% of the net sales (10.6%, 4Q 2009). EUR 2.3 million of R&D investments were capitalized.

OUTLOOK FOR THE FIRST HALF OF 2011

The demand for software products and services is estimated to grow in the automotive industry and EB's net sales is expected to increase in the Automotive Business Segment. The technological changes, driving the demand, are expected to continue in the wireless communications market. The net sales of EB's Wireless Business Segment is expected to remain in the same level than in the second half of 2010. The continuing challenges of TerreStar Networks Inc., a significant customer of EB, in obtaining funding has resulted in payment delays. TerreStar Network and certain affiliates of TerreStar Corporation have filed for voluntary petitions for reorganization to strengthen their financial position on October 19, 2010. Despite the filing for reorganization and the legal proceedings initiated by EB against TerreStar Corporation, the risk of credit losses may still increase during the first half of 2011. More specific market outlook is presented under the "Business Segments' development during October-December 2010 and market outlook" section, and uncertainties regarding the TerreStar Networks filing for reorganization, collecting the receivables, and other uncertainties regarding the outlook under "Risks and Uncertainties" section.

EB expects for the first half of 2011 that net sales will be lower than in the first half of 2010 (EUR 86.2 million) and operating profit will be lower than in the first half of 2010 (EUR 1.8 million). The profit estimate for the first half of 2011 is based on the assumption that there will not be further bookings of impairments of EB's accounts receivables from TerreStar Networks. It is possible that, based on later information related to TerreStar Networks' reorganization and EB's legal proceedings against TerreStar Corporation, this outlook may need to be reconsidered.

Information on the development of TerreStar Networks' filing for reorganization and EB's initiated legal proceedings against TerreStar Corporation are presented in the October 20 and 25, November 20, and December 30, 2010 stock exchange releases at www.elektrobit.com.



RISKS AND UNCERTAINTIES

EB has identified a number of business, market and finance related risk factors and uncertainties 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 uncertainty may affect the demand for EB's services, solutions and products and provide pressure on e.g. volumes and pricing. It may also increase the risk for credit losses.

Challenges in obtaining funding have resulted in payment delays by TerreStar Networks, a significant customer of EB's subsidiary Elektrobit Inc., and increased the risk of credit losses. While TerreStar Networks and certain other affiliates of TerreStar have on October 19, 2010, in order to strengthen their financial position, filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code, the credit risk may still grow during the first half of 2011. Chapter 11 establishes a process for reorganizing financially troubled companies. Under such reorganization process, payment by TerreStar Networks of amounts owed to its creditors will require approval by the United States Bankruptcy Court and, if made pursuant to a plan of reorganization, an affirmative vote of TerreStar Networks' creditors. The plan of reorganization filed by TerreStar Networks and its affiliated debtors suggests that payment of EB's receivables may take the form of newly issued common stock in the reorganized debtors.

As previously published, on November 20, 2010, EB initiated legal proceedings against TerreStar Corporation. The claim is partly based on a guarantee issued by TerreStar Corporation for EB's accounts receivables from TerreStar Networks and partly based on TerreStar Corporation's direct contractual obligations towards EB. Currently TerreStar Corporation is not part of the reorganization proceedings initiated by TerreStar Networks. According to the court filings relating to the reorganization proceedings, it is contemplated by TerreStar Networks that TerreStar Corporation (and its subsidiary TerreStar Holdings Inc.) will file their own voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the near term. It is EB's understanding that if TerreStar Corporation did file for reorganization, the legal proceedings brought by EB against TerreStar Corporation would be stayed under the United States bankruptcy law, but EB could bring the claim to the reorganization process.

On February 15, 2011, EB's receivables from TerreStar Networks amounted to approximately USD 25.8 million (EUR 19.1 million as per exchange rate of February 15, 2011). Due to uncertainties related to the accounts receivables EB booked an impairment of the accounts receivables in the amount of EUR 8.3 million during the second half of 2010. Based on EB's current understanding there is no reason to believe that there would be further impairments losses on EB's receivables from TerreStar Networks. EB aims to collect the amounts owed to it in full through the reorganization process of TerreStar Networks or through legal proceedings against TerreStar Corporation initiated on November 20, 2010, and/or for example through selling of the earlier mentioned accounts receivables.



More exact implications of the customer's reorganization process for the parties' future business relations cannot be currently evaluated. Based on the current understanding it is likely that TerreStar Networks may, in an exercise of its business judgment (and subject to Court approval) determine that it will not comply with its contractual obligations towards EB as provided by EB. Such determination would result termination of the parties' further obligations under the current contracts between them, but this does not change the EB's current view that there would not be further impairment losses on EB's receivables from TerreStar Networks. At worst, TerreStar Networks' reorganization process and challenges in obtaining funding may, however, result in significant credit losses for EB. Should the business relationship completely terminate in short term and the accounts receivables not be collected, either from TerreStar Networks or TerreStar Corporation, this would additionally lower EB's operating profit non-recurringly by approximately EUR 11 million, at maximum (USD-nominated items as per exchange rate of February 15, 2011). However, this would not have any significant negative effect on the EB's cash flow. Further, it is possible that under Chapter 11 reorganization process, debtors may seek to recover payments made prior to their bankruptcy filing. In addition to the above, the risk of potential recovery claims by TerreStar Networks against EB cannot be out ruled at this time.

It is possible that based on later information related to the TerreStar Networks' reorganization and to the legal proceedings against TerreStar Corporation, the view may need to be reconsidered.

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. Respectively, this may translate as accumulation of risk with respect to outstanding receivables and ultimately with respect to credit losses. The more specific market outlook is presented under the "Business Segments' development during the fourth quarter 2010 and 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, development of the cost of materials and production yields. The abovementioned 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

STATEMENT OF FINANCIAL POSITION AND FINANCING

The figures presented in the statement of financial position of December 31, 2010, are compared with the statement of the financial position of December 31, 2009 (MEUR). The figures for the period under review contain provision of EUR 3.4 million.

	12/2010	12/2009
Non-current assets	41.2	39.4
Current assets	83.7	120.8
Total assets	124.9	160.2
Share capital	12.9	12.9
Other equity	58.3	99.5
Non-controlling interests	1.3	0.4
Total shareholders' equity	72.5	112.8
Non-current liabilities	11.6	16.2
Current liabilities	40.8	31.2
Total shareholders' equity and liabilities	124.9	160.2

Net cash flow from operations during the period under review:

+ net profit +/- adjustment of accrual basis items	EUR +1.8 million
+ decrease in net working capital	EUR +3.5 million
- interest, taxes and dividends	EUR -3.8 million
= cash generated from operations	EUR +1.5 million
- net cash used in investment activities	EUR -7.9 million
- net cash used in financing	EUR -32.1 million
= net change in cash and cash equivalents	EUR -38.5 million

The amount of accounts and other receivables, booked in current receivables, was EUR 61.3 million (EUR 59.3 million on December 31, 2009). As announced on December 8, 2010, EB adjusted the balance sheet posting of the statutory provision in the amount of approximately EUR 8.3 million related to its receivables from TerreStar Networks Inc. by replacing the statutory provision with the impairment that will directly reduce the carrying value of accounts receivable in the Financial Statements. Accounts and other payables, booked in interest-free current liabilities,



were EUR 35.7 million (EUR 26.3 million on December 31, 2009). The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 18.5 million (EUR 18.5 million on December 31, 2009).

The amount of gross investments in the period under review was EUR 10.7 million, consisting of replacement investments. Net investments for the reporting period totaled EUR 10.5 million. The total amount of depreciation during the period under review was EUR 8.5 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 13.1 million. The distribution of net financing expenses on the income statement was as follows:

interest, dividend and other financial income	EUR 0.7 million
interest expenses and other financial expenses	EUR -0.9 million
foreign exchange gains and losses	EUR -1.0 million

EB's equity ratio at the end of the period was 62.6% (71.5% at the end of 2009).

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 16.0 million.

PERSONNEL

EB employed an average of 1,561 people between January and December 2010. At the end of December, EB had 1,539 employees (1,528 at the end of 2009). A significant part of EB's personnel are product development engineers.

CHANGE IN COMPANY'S MANAGEMENT

Hannu Huttunen (M. Econ.), 44, was appointed President of the Wireless Business Segment and Managing Director of Elektrobitt Technologies Ltd. effective November 1, 2010.

EB announced on December 15, 2010, the employment of Jarkko Sairanen (MSc.(Eng), MBA), the President of the Automotive Business Segment and Managing Director of Elektrobitt Automotive GmbH, will end on March 31, 2011.

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



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.

EVENTS AFTER THE REVIEW PERIOD

The company has no significant events subsequent to the reporting period.

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, 2010, the distributable assets of the parent company are EUR 105,294,341.06 of which the profit of the financial year is EUR 50,596.03.

The Board of Directors proposes to the General Meeting to be held on March 31, 2011, that no dividend shall be paid.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

Elektrobit Corporation's Annual General Meeting will be held on Thursday, March 31, 2011, at 1 pm at the University of Oulu, Saalastinsali, Pentti Kaiteran katu 1, 90590 Oulu, Finland. Elektrobit Corporation's Annual Report, including the Annual Accounts, the report by the Board of Directors and the Auditor's report as well as Corporate Governance Statement, is available on the company's website no later than March 4, 2011.

Oulu, February 17, 2011

EB, Elektrobit Corporation
The Board of Directors

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NASDAQ OMX Helsinki
Major media



EB, ELEKTROBIT CORPORATION, FINANCIAL STATEMENT BULLETIN 2010

The consolidated financial statement has been prepared in accordance with International Financial reporting Standards (IFRS). The Financial Statement of 2010 has been audited and the auditing report has been dated on February 16, 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)	1-12/2010	1-12/2009
	12 months	12 months
NET SALES	161.8	153.8
Other operating income	2.4	4.0
Change in work in progress and finished goods	-0.2	-0.9
Work performed by the undertaking for its own purpose and capitalized	0.2	0.4
Raw materials	-15.4	-8.3
Personnel expenses	-97.7	-90.9
Depreciation	-8.5	-9.7
Other operating expenses	-59.8	-49.8
OPERATING PROFIT (LOSS)	-17.3	-1.4
Financial income and expenses	-1.3	-0.6
RESULT BEFORE TAXES	-18.6	-2.0
Income taxes	2.9	-1.3
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-15.7	-3.3
Result after taxes for the period from discontinued operations		1.3
RESULT FOR THE PERIOD	-15.7	-2.0
Other comprehensive income:		
Exchange differences on translating foreign operations	0.8	-0.3
Other comprehensive income for the period total	0.8	-0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-14.9	-2.4
Result for the period attributable to		
Equity holders of the parent	-16.1	-2.2
Non-controlling interests	0.5	0.2



Total comprehensive income attributable to		
Equity holders of the parent	-15.4	-2.5
Non-controlling interests	0.5	0.2
Earnings per share EUR continuing operations		
Basic earnings per share	-0.12	-0.03
Diluted earnings per share	-0.12	-0.03
Earnings per share EUR discontinued operations		
Basic earnings per share		0.01
Diluted earnings per share		0.01
Earnings per share EUR continuing and discontinued Operations		
Basic earnings per share	-0.12	-0.02
Diluted earnings per share	-0.12	-0.02
Average number of shares, 1000 pcs	129 413	129 413
Average number of shares, diluted, 1000 pcs	130 277	129 580

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	Dec. 31, 2010	Dec. 31, 2009
ASSETS		
Non-current assets		
Property, plant and equipment	10.5	11.4
Goodwill	18.5	18.5
Intangible assets	11.6	8.7
Other financial assets	0.2	0.3
Receivables	0.3	0.4
Deferred tax assets	0.1	0.1
Non-current assets total	41.2	39.4
Current assets		
Inventories	1.9	2.4
Trade and other receivables	61.3	59.3
Financial assets at fair value through profit or loss	7.7	40.2
Cash and short term deposits	12.9	18.8
Current assets total	83.7	120.8
TOTAL ASSETS	124.9	160.2



EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent		
Share capital	12.9	12.9
Share premium		64.6
Invested non-restricted equity fund	38.7	
Translation difference	0.6	-0.1
Retained earnings	19.0	35.0
Non-controlling interests	1.3	0.4
Total equity	72.5	112.8
Non-current liabilities		
Deferred tax liabilities	1.4	2.3
Pension obligations	1.2	1.2
Provisions	1.0	0.9
Interest-bearing liabilities	8.0	11.8
Non-current liabilities total	11.6	16.2
Current liabilities		
Trade and other payables	33.3	24.4
Financial liabilities at fair value through profit or loss		0.4
Provisions	2.4	1.5
Interest-bearing loans and borrowings	5.1	4.9
Current liabilities total	40.8	31.2
Total liabilities	52.4	47.3
TOTAL EQUITY AND LIABILITIES	124.9	160.2

CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)

	1-12/2010	1-12/2009
	12 months	12 months
CASH FLOW FROM OPERATING ACTIVITIES		
Result for the period	-15.7	-2.0
Adjustment of accrual basis items	17.5	7.7
Change in net working capital	3.5	-3.8
Interest paid on operating activities	-2.3	-2.0
Interest received from operating activities	0.6	1.6
Other financial income and expenses, net received	0.0	0.0
Income taxes paid	-2.2	-1.1
NET CASH FROM OPERATING ACTIVITIES	1.5	0.4



CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of business unit, net of cash acquired	-0.3	-0.7
Disposal of business unit, net of cash acquired		-0.6
Purchase of property, plant and equipment	-1.7	-1.2
Purchase of intangible assets	-6.2	-1.5
Purchase of other investments	-0.0	-0.1
Sale of property, plant and equipment	0.1	0.3
Sale of intangible assets	0.0	0.1
Proceeds from sale of investments	0.1	0.2
NET CASH FROM INVESTING ACTIVITIES	-7.9	-3.4
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowing		1.6
Repayment of borrowing	-2.8	-3.9
Payment of finance liabilities	-3.4	-4.1
Distribution of funds from the share premium fund	-25.9	
NET CASH FROM FINANCING ACTIVITIES	-32.1	-6.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	-38.5	-9.5
Cash and cash equivalents at beginning of period	59.1	68.6
Cash and cash equivalents at end of period	20.5	59.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

- A = Share capital
- B = Share premium
- C = Invested non-restricted equity fund
- D = Retained earnings
- E = Non-controlling interests
- F = Total equity



	A	B	C	D	E	F
Equity on January 1, 2009	12.9	64.6		37.6		115.1
Share-related compensation				0.3		0.3
Total comprehensive income for the period				-2.5		-2.5
Other items				-0.5	0.4	-0.0
Equity on December 31, 2009	12.9	64.6		34.9	0.4	112.8
Equity on January 1, 2010	12.9	64.6		34.9	0.4	112.8
Distribution of funds from the share premium fund		-25.9				-25.9
Transfer from the share premium fund		-38.7	38.7			0.0
Share-related compensation				0.6		0.6
Total comprehensive income for the period				-15.4		-15.4
Other items				-0.5	0.8	0.3
Equity on December 31, 2010	12.9	0.0	38.7	19.6	1.3	72.5

NOTES TO THE FINANCIAL STATEMENT BULLETIN

Accounting principles for the Financial Statement Bulletin:

The same accounting policies and methods of computation are followed in the financial statement bulletin as compared with annual financial statements.

Explanatory comments about the seasonality or cyclicity of reporting period operations:

The Company operates in business areas which are subject to seasonal fluctuations.

The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size or incidence:

Distribution of funds from the share premium fund:

The General Meeting held on March 25, 2010 decided in accordance with the proposal of the Board of Directors that the shareholders will be distributed EUR 0.20 per share from the parent company's share premium fund, corresponding at the date of the General Meeting an aggregate amount of EUR 25,882,538 based on the number of shares. The resolution was booked in group in March 2010.

Transfer of the funds from the share premium fund to the invested non-restricted equity fund:

The General Meeting decided in accordance with the proposal of the Board of Directors that the share premium fund in the parent company's balance sheet as at 31 December 2009 will be decreased by transferring to the company's invested non-restricted equity fund all the funds



remaining in the share premium fund after the distribution of the share premium fund The resolution was booked in group in March 2010.

The distribution and decrease required an authorization by the Finnish National Board of Patents and Registration. The Finnish National Board of Patents and Registration gave its consent on August 12, 2010 for the distribution of the share premium fund and the transfer of the funds from the share premium fund to the invested non-restricted equity fund. On September 2, 2010, the shareholders were distributed EUR 25,882,538.00 in total from the share premium fund, and after the distribution, EUR 38,696,853.50 remaining in the share premium fund was transferred to the invested unrestricted equity fund of the company.

During the financial year group has booked accounts receivable impairment losses in value for approximately 10.3 million euros.

Payment of dividend:

The General Meeting held on March 25, 2010 decided in accordance with the proposal of the Board of Directors that no dividend shall be distributed.

SEGMENT INFORMATION (MEUR)

OPERATING SEGMENTS	1-12/2010 12 months	1-12/2009 12 months
Automotive		
Net sales to external customers	80.1	61.5
Net sales to other segments	0.0	0.0
Net sales total	80.1	61.5
Operating profit (loss)	1.9	-3.8
Wireless		
Net sales to external customers	80.9	91.6
Net sales to other segments	0.0	0.2
Net sales total	81.0	91.8
Operating profit (loss)	-19.3	1.0



OTHER ITEMS

Other items

Net sales to external customers	0.8	0.6
Operating profit (loss)	0.1	1.3

Eliminations

Net sales to other segments	-0.0	-0.2
Operating profit (loss)	0.0	0.0

Group total

Net sales to external customers	161.8	153.8
Operating profit (loss)	-17.3	-1.4

Net sales of geographical areas (MEUR)

1-12/2010 **1-12/2009**
12 months **12 months**

Net sales

Europe	96.8	91.4
Americas	53.4	49.2
Asia	11.6	13.2
Net sales total	161.8	153.8

Material events subsequent to the end of the interim period not reflected in the financial statements for the interim period:

There are no such material events subsequent to the end of the interim report period that have not been reflected in this report.

Related party transactions:

1-12/2010 **1-12/2009**

Employee benefits for key management and stock
option expenses total

2.1 2.2



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	10-12/ 2010 3 months	7-9/ 2010 3 months	4-6/ 2010 3 months	1-3/ 2010 3 months	10-12/ 2009 3 months
NET SALES	41.8	33.7	44.7	41.5	40.1
Other operating income	0.6	0.4	0.8	0.6	1.2
Change in work in progress and finished goods	-0.5	0.2	-0.1	0.1	-0.1
Work performed by the undertaking for its own purpose and capitalized	0.0	0.1	0.1	0.0	0.0
Raw materials	-6.1	-2.8	-3.2	-3.3	-2.5
Personnel expenses	-26.1	-22.5	-24.9	-24.2	-23.3
Depreciation	-2.1	-2.2	-2.2	-2.0	-2.2
Other operating expenses	-15.3	-18.4	-15.0	-11.1	-12.7
OPERATING PROFIT (LOSS)	-7.7	-11.5	0.1	1.7	0.5
Financial income and expenses	-0.3	0.9	-0.8	-1.0	-0.3
RESULT BEFORE TAXES	-8.0	-10.6	-0.7	0.7	0.1
Income taxes	2.6	1.6	-0.2	-1.1	-0.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-5.4	-9.0	-0.9	-0.3	-0.3
Result after taxes for the period from discontinued operations					1.0
RESULT FOR THE PERIOD	-5.4	-9.0	-0.9	-0.3	0.7
Other comprehensive income for the period total	0.3	-1.4	1.2	0.7	0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-5.1	-10.4	0.3	0.3	1.0
Result for the period attributable to:					
Equity holders of the parent	-5.5	-9.0	-0.9	-0.6	0.6
Non-controlling interests	0.1	0.0	0.0	0.3	0.1
Total comprehensive income for the period attributable to:					
Equity holders of the parent	-5.2	-10.5	0.3	0.0	0.9
Non-controlling interests	0.1	0.0	0.0	0.3	0.1



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009
ASSETS					
Non-current assets					
Property, plant and equipment	10.5	10.6	10.8	10.4	11.4
Goodwill	18.5	18.5	18.5	18.5	18.5
Intangible assets	11.6	10.0	9.1	8.8	8.7
Other financial assets	0.2	0.1	0.1	0.3	0.3
Receivables	0.3	0.4	0.4	0.4	0.4
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
Non-current assets total	41.2	39.7	39.1	38.5	39.4
Current assets					
Inventories	1.9	2.9	2.5	2.4	2.4
Trade and other receivables	61.3	53.8	65.6	57.3	59.3
Financial assets at fair value through profit or loss	7.7	15.8	45.5	50.4	40.2
Cash and short term deposits	12.9	15.0	14.4	16.7	18.8
Current assets total	83.7	87.5	128.0	126.8	120.8
TOTAL ASSETS	124.9	127.2	167.1	165.3	160.2
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	12.9	12.9	12.9	12.9	12.9
Share premium					64.6
Invested non-restricted equity fund	38.7	38.7	38.7	38.7	
Translation difference	0.6	0.3	1.7	0.5	-0.1
Retained earnings	19.0	24.3	33.3	34.5	35.0
Non-controlling interests	1.3	1.2	1.1	0.7	0.4
Total equity	72.5	77.4	87.8	87.4	112.8
Non-current liabilities					
Deferred tax liabilities	1.4	1.2	1.7	2.3	2.3
Pension obligations	1.2	1.2	1.1	1.2	1.2
Provisions	1.0	0.6	0.6	0.8	0.9
Interest-bearing liabilities	8.0	8.9	10.5	10.4	11.8
Non-current liabilities total	11.6	11.8	13.9	14.8	16.2
Current liabilities					
Trade and other payables	33.3	32.1	59.3	56.9	24.4
Financial liabilities at fair value through profit or loss			0.0	0.4	0.4



Provisions	2.4	0.8	1.1	1.2	1.5
Interest-bearing loans and Borrowings (non-current)	5.1	5.1	5.0	4.6	4.9
Current liabilities total	40.8	38.0	65.4	63.1	31.2
Total liabilities	52.4	49.9	79.3	77.9	47.3
TOTAL EQUITY AND LIABILITIES	124.9	127.2	167.1	165.3	160.2

CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009
	3 months	3 months	3 months	3 months	3 months

Net cash from operating activities	-4.9	0.2	-4.5	10.6	-0.5
Net cash from investing activities	-2.9	-2.6	-1.4	-0.9	-0.7
Net cash from financing activities	-1.5	-27.8	-1.1	-1.7	-1.9
Net change in cash and cash equivalents	-9.3	-30.1	-7.1	8.0	-3.1

FINANCIAL PERFORMANCE RELATED RATIOS

1-12/2010	1-12/2009
12 months	12 months

STATEMENT OF COMPREHENSIVE INCOME (MEUR)

Net sales	161.8	153.8
Operating profit (loss)	-17.3	-1.4
Operating profit (loss), % of net sales	-10.7	-0.9
Result before taxes	-18.6	-2.0
Result before taxes, % of net sales	-11.5	-1.3
Result for the period	-15.7	-3.3

PROFITABILITY AND OTHER KEY FIGURES

Interest-bearing net liabilities, (MEUR)	-7.4	-42.4
Net gearing, -%	-10.2	-37.6
Equity ratio, %	62.6	71.5
Gross investments, (MEUR)	10.7	4.0
Average personnel during the period	1561	1589
Personnel at the period end	1539	1528



AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)	Dec. 31, 2010	Dec. 31, 2009
At the end of period	129 413	129 413
Average for the period	129 413	129 413
Average for the period diluted with stock options	130 277	129 580

STOCK-RELATED FINANCIAL RATIOS (EUR)	1-12/2010 12 months	1-12/2009 12 months
Basic earnings per share	-0.12	-0.03
Diluted earnings per share	-0.12	-0.03
Equity *) per share	0.55	0.87

*) Equity attributable to equity holders of the parent

MARKET VALUES OF SHARES (EUR)	1-12/2010	1-12/2009
Highest	1.25	1.40
Lowest	0.66	0.33
Average	0.92	0.62
At the end of period	0.67	0.94
Market value of the stock, (MEUR)	86.7	121.6
Trading value of shares, (MEUR)	16.8	11.1
Number of shares traded, (1,000 pcs)	18 190	17 822
Related to average number of shares %	14.1	13.8

	Dec. 31, 2010	Dec. 31, 2009
SECURITIES AND CONTINGENT LIABILITIES (MEUR)		
AGAINST OWN LIABILITIES		
Floating charges	3.1	3.1
Pledges	2.3	1.0
Mortgages are pledged for liabilities totaled	6.3	8.6



AGAINST OTHER LIABILITIES

Guarantees	2.0	3.8
Other liabilities	10.1	

OTHER DIRECT AND CONTINGENT LIABILITIES

Rental liabilities

Falling due in the next year	6.0	5.9
Falling due after one year	15.0	17.9

Other contractual liabilities

Falling due in the next year	3.9	4.3
Falling due after one year	2.1	0.7

**NOMINAL VALUE OF CURRENCY DERIVATIVES
(MEUR)****Dec. 31, Dec. 31,
2010 2009**

Foreign exchange forward contracts

Market value	-0.0	-0.3
Nominal value	11.0	11.0

Purchased currency options

Market value	0.1	0.1
Nominal value	5.0	11.5

Sold currency options

Market value	-0.1	-0.1
Nominal value	10.0	23.0