



Elektrobit Group Plc.
Interim Report January – June, 2006
August 2, 2006

Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements. Elektrobit Group Plc. disclaims all obligations to update such forward-looking statements except as required by mandatory law.

Second Quarter 4–6/2006

The Strategy was renewed during the second quarter

The Company continued to Invest in research and development

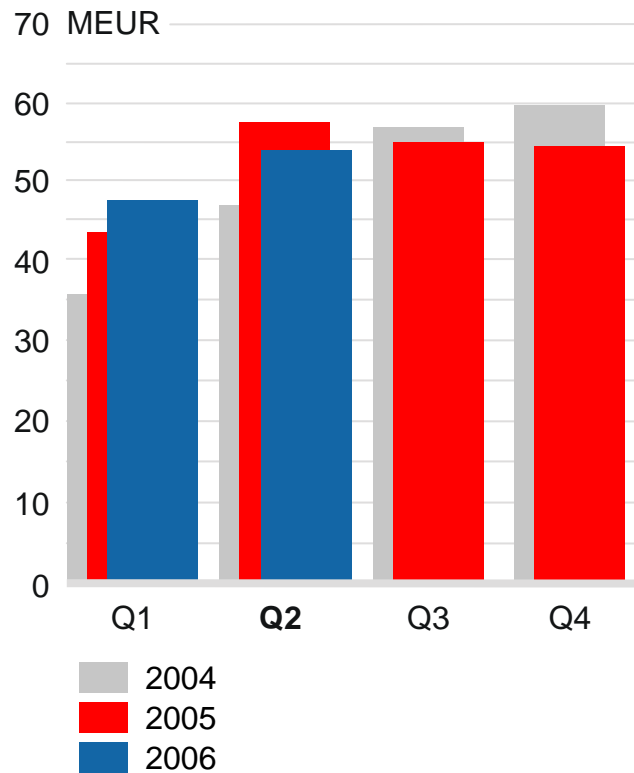
The net sales and the operating profit were substantially in line with previous estimates

- Net sales eur 54.6 million (eur 58.1 million in Q2/2005)
- Operating profit eur 6.5 million (eur 7.2 million in Q2/2005)

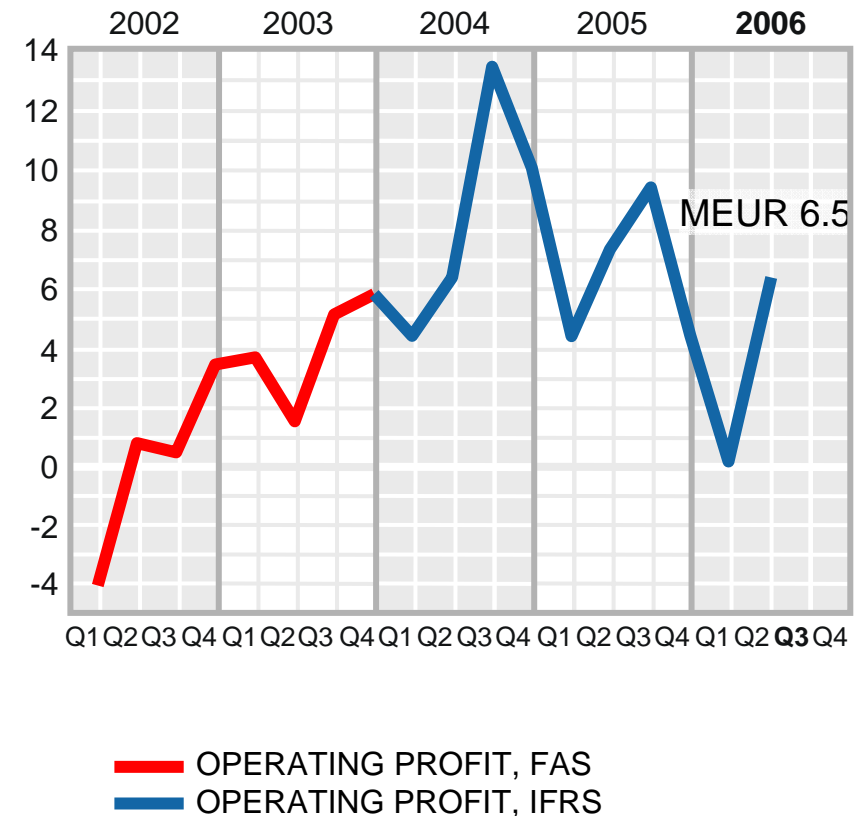
The sales of production solutions declined due to a low season in the deliveries of production automation projects and reduced mobile phone test equipment sales, which was partly compensated by strong growth of the sales of the Automotive business.

Development of Net Sales and Profitability

NET SALES Q1/04 – Q2/06



OPERATING PROFIT Q1/02 – Q2/06



Businesses during the Second Quarter 2006

Net sales of the Contract R&D business exceeded the corresponding period of the previous year amounting to eur 17.9 million

(eur 15.9 million)

The Automotive business continued strong growth amounting to eur 8.8 million (eur 5.8 million)

Net sales of the Test and Automation business unit decreased compared to the previous year amounting to eur 27.9 million (eur 36.3 million)

Businesses during 1–6/2006 (1)

Contract R&D

- Net sales of eur 35.1 million (eur 33.1 million) outperformed the corresponding period of the previous year
- Other than telecommunications infrastructure business slightly fell short of the target
- The share of product sales were less than 10%

Businesses during 1–6/2006 (2)

Automotive

- Net sales of eur 17.5 million (eur 10.1 million) developed in line with the targets
- The product portfolio is becoming stronger and providing foundations for future growth also outside the core market in Germany
- The share of products and associated solutions formed approximately 50% of the net sales

Businesses during 1–6/2006 (3)

Test and Automation

- Net sales were eur 49.6 million (eur 59.4 million)
- Net sales fell short of the targets
- Sales in Network Test declined from the corresponding period of 2005 in USA, while all the other markets were able to show positive development
- Net sales of System Test business remained at the same level as during the corresponding period of 2005, however, the strong second quarter compensated the weak first quarter
- Sales of Production Solutions declined in comparison with the corresponding period in 2005
- Product development investments increased substantially according to plan in comparison with last year
- Several product launches also during second quarter (e.g. new product Nemo Q, new versions of Nemo Handy and Prosim C8)

Business by Segment, as Reported So Far 1–6/2006 (1)

Service Business

- The Contract R&D business comprises mainly product development services for the telecommunications industry
- The Automotive business comprises mainly software development services for the automotive industry
- Net sales of the service business segment amounted to eur 52.6 million (eur 43.2 million), and the operating profit stood at eur 1.0 million (eur 1.6 million)
- The Automotive business continued strong growth, net sales increased by 73% (Y-o-Y)

Business by Segment, as Reported So Far 1–6/2006 (2)

Product Business

- The Test and Automation business consists of products for network testing, system testing, production testing and automation, mainly sold to the manufacturers of mobile terminals and networks, network operators, electronics contract manufacturers and research organizations
- Net sales of the Product Business amounted to eur 49.6 million (eur 59.4 million), and the operating profit stood at eur 5.7 million (eur 9.8 million)
- The sales of production solutions declined due to a low season in the deliveries of production automation projects and reduced mobile phone test equipment sales. The sales of the network testing products fell short of the sales targets, especially in the USA

Net Sales and Operating Profit Quarterly

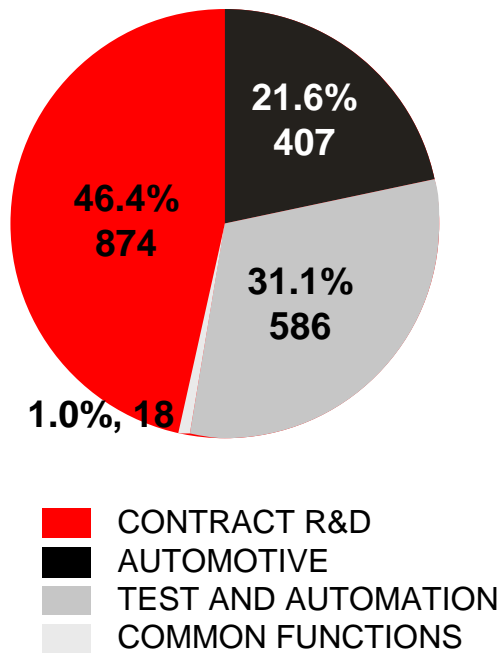
MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Dec. 2005
Net sales	54.6	47.7	54.9	54.9	58.1	212.5
Operating profit	6.5	0.3	4.4	9.4	7.2	25.5
Profit before taxes	5.9	0.4	5.1	9.6	7.4	26.6
Net profit	4.3	0.1	4.0	6.6	5.2	19.0

Net Sales by Market Area Quarterly

MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Dec. 2005
Asia	11.0 (20%)	6.8 (14%)	13.5 (25%)	12.4 (23%)	7.2 (12%)	37.9 (18%)
Americas	6.6 (12%)	7.1 (15%)	4.5 (8%)	12.6 (23%)	12.9 (22%)	35.5 (17%)
Europe	37.1 (68%)	33.8 (71%)	36.9 (67%)	29.9 (54%)	38.0 (65%)	139.1 (65%)
Total	54.6 (100%)	47.7 (100%)	54.9 (100%)	54.9 (100%)	58.1 (100%)	212.5 (100%)

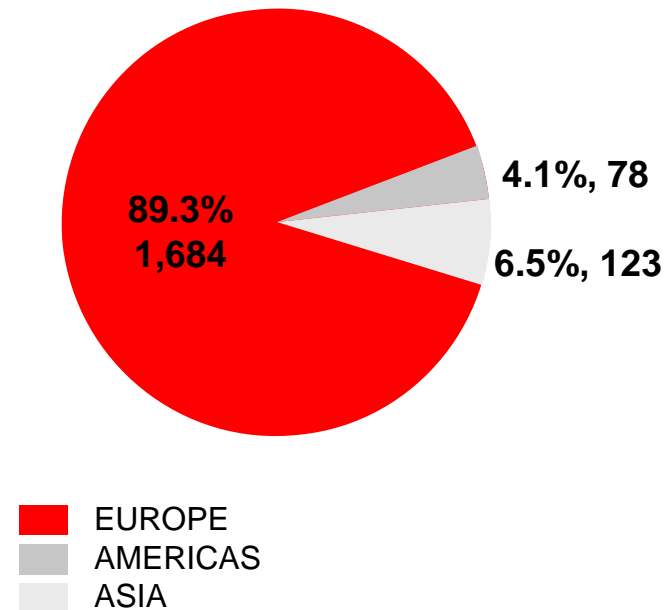
Personnel June 30, 2006

BY BUSINESS UNITS



Total 1,885

BY MARKET AREAS



Balance Sheet Quarterly

MEUR	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005	Jun.30, 2005
Assets					
Non-current assets	68.5	70.0	68.7	74.1	74.9
Current assets	119.8	113.4	125.0	128.4	121.8
Total assets	188.3	183.4	193.6	202.4	196.8
Equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12.9
Minority interest	1.9	1.9	1.8	2.0	2.3
Total equity	117.2	113.0	122.0	118.4	111.7
Non-current liabilities	25.2	26.2	26.5	31.8	32.6
Current liabilities	46.0	44.2	45.2	52.3	52.5
Total equity and liabilities	188.3	183.4	193.6	202.4	196.8

Cash Flow

MEUR	Jan. - Jun. 2006	Jan. - Jun. 2005	Jan. - Dec. 2005
+ net profit +/- adjustment of accrual basis items	11.6	17.0	35.7
+/- change in net working capital	-9.1	-5.8	-1.5
- interests, taxes, and dividends	-4.4	-4.8	-7.9
CASH FLOW FROM OPERATING ACTIVITIES	-1.9	6.4	26.3
- cash flow from investing activities	-1.2	-4.6	-5.3
- cash flow from financial activities	-10.8	-10.1	-15.6
CHANGE IN CASH AND CASH EQUIVALENTS	-13.8	-8.3	5.5

Business Environment in 2006

- The sales volume of the mobile terminal market is expected to grow by some 15% in 2006
- Deliveries of Symbian based smart phones increased approximately 70 % during the first half of 2006 (Y-o-Y), and in general, strong volume growth of smart phones is expected to continue in 2006
- The growth of the wireless infrastructure market is estimated to be moderate in 2006
- The operators are expected to continue investing in network capacity and in new network technologies (WCDMA, HSDPA) as well as in network optimization
- The positive development in the wireless network test equipment market is expected to continue during 2006
- Delivery times in production-related test and automation markets will become even shorter and cost efficiency will remain an essential competitive factor
- The automotive software solutions market is estimated to grow by more than 15%
- The market for automotive navigation applications is estimated to grow strongly

Outlook for 2006

- Elektrobit will invest considerably in the new products development as well as in the development of the production partnering capability stipulated by the new business model. The total investment increase during the second half of the year 2006 is approximately eur 10 million
- The group estimates the net sales of the year 2006 to remain substantially on the same level as in 2005
- The whole year operating profit is expected to be less than half of the operating profit level of 2005
- As a reminder, the company's reporting will from Q3/2006 onwards will be based on the new Business Segments: Wireless Communications Solutions, Automotive Software and Test and Automation

Financial Reporting in 2006

The results of the third quarter will be published on November 1, 2006
(January – September)

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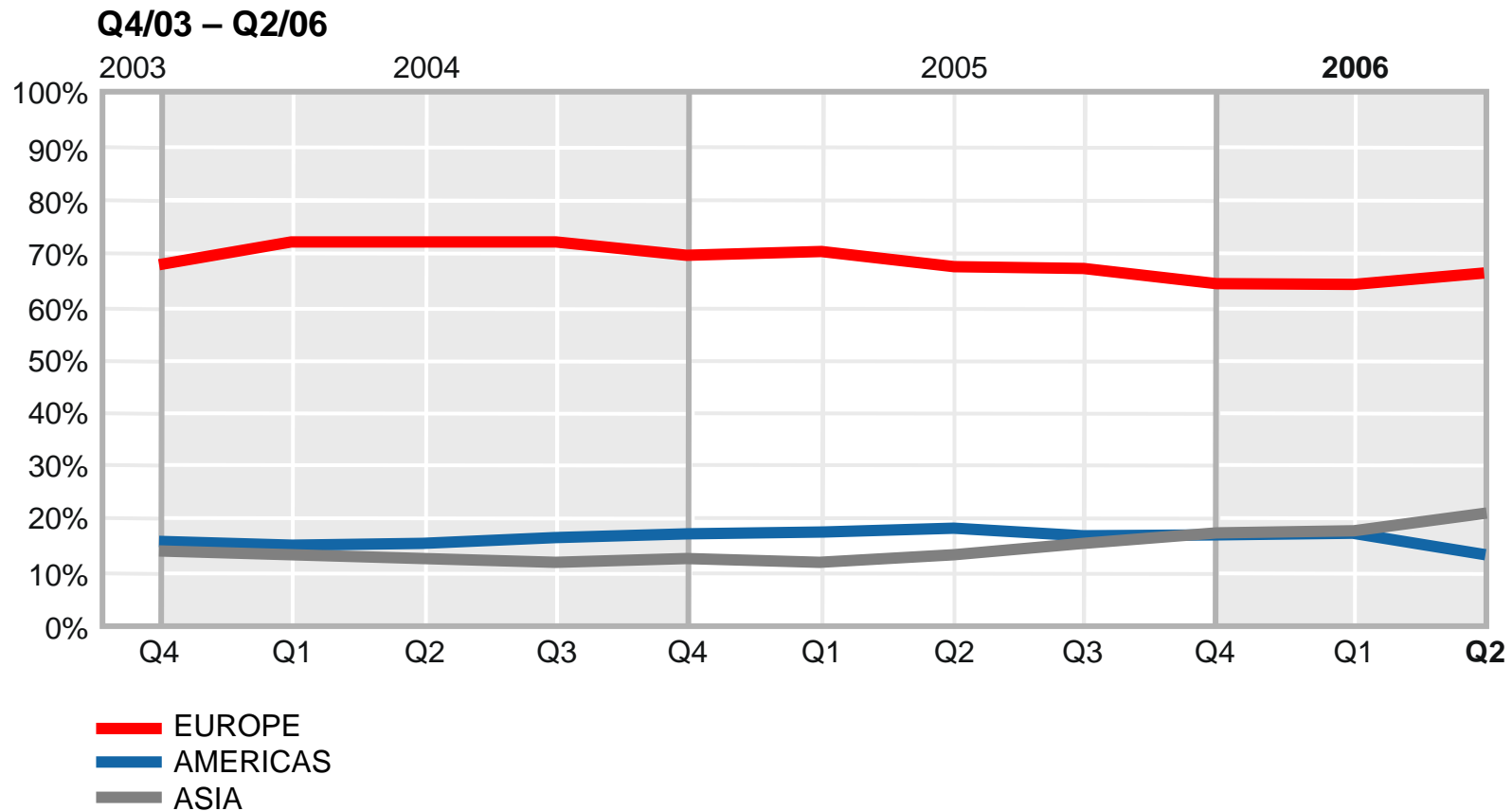
Figures

January – June, 2006

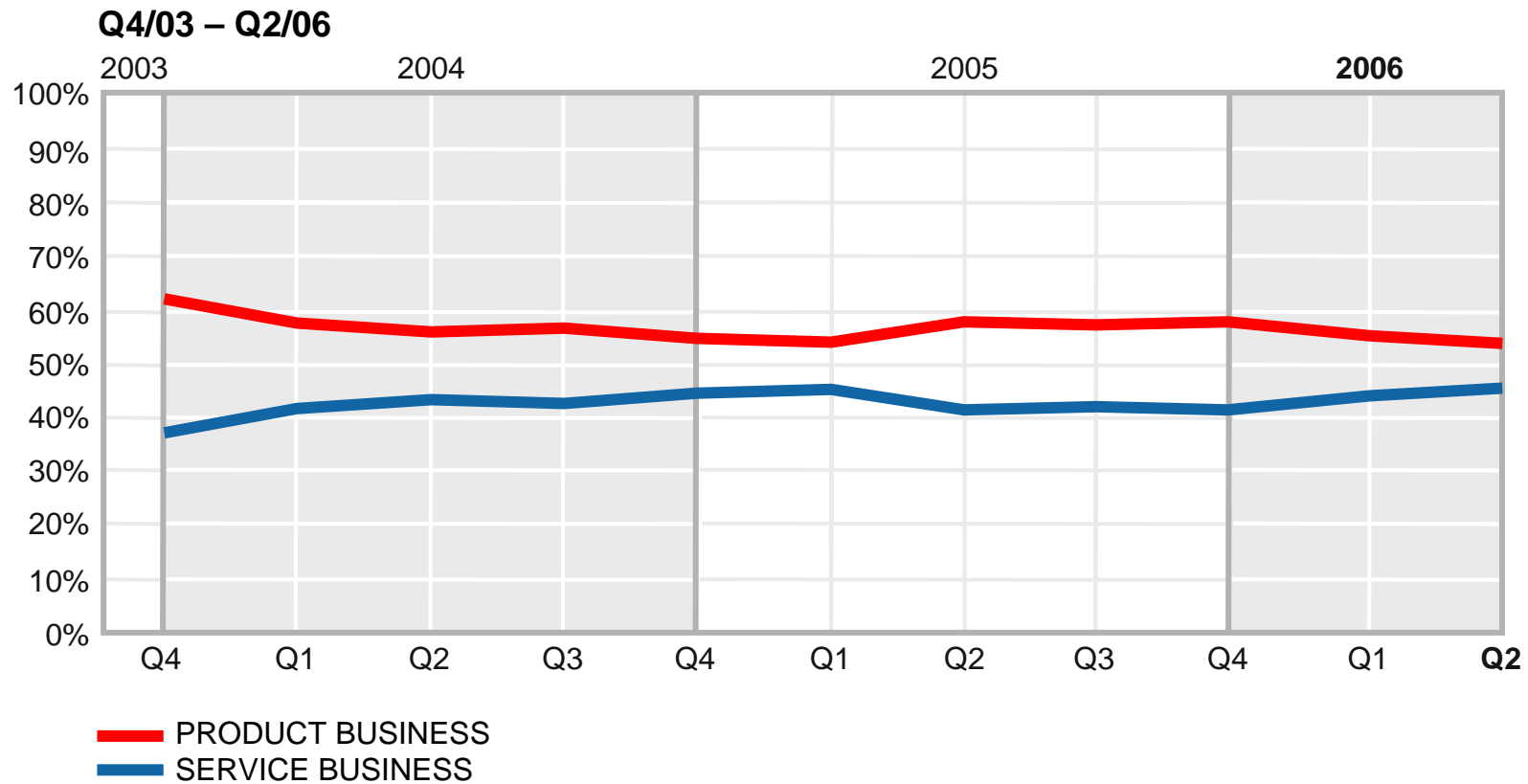
Net Sales by Business Units Quarterly

MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Dec. 2005
Contract R&D	17.9	17.2	16.6	13.4	15.9	63.1
Automotive	8.8	8.7	10.8	6.2	5.8	27.1
SERVICE BUSINESS TOTAL	26.7	25.9	27.4	19.6	21.7	90.2
Test and Automation	27.9	21.8	27.5	35.2	36.3	122.1
PRODUCT BUSINESS TOTAL	27.9	21.8	27.5	35.2	36.3	122.1
GROUP	54.6	47.7	54.9	54.9	58.1	212.5

Net Sales by Market Area, % rolling 12 months



Net Sales by Segment, % rolling 12 months



Net sales and Operating Profit by Business Segments, Quarterly

MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005
SERVICE BUSINESS					
Net sales	26.7	25.9	27.4	19.6	21.7
Operating profit	0.8	0.2	0.0	-0.7	0.4
PRODUCT BUSINESS					
Net sales	27.9	21.8	27.5	35.2	36.3
Operating profit	5.2	0.5	4.8	10.1	6.6
COMMON FUNCTIONS					
Net sales	0.0	0.0	0.1	0.1	0.1
Operating profit	0.6	-0.4	-0.4	-0.0	0.2
ELIMINATIONS					
Net sales	0.0	0.0	0.0	0.0	0.0
Operating profit	0.0	0.0	0.0	0.0	0.0
TOTAL					
Net sales	54.6	47.7	54.9	54.9	58.1
Operating profit	6.5	0.3	4.4	9.4	7.2

Income Statement Quarterly

MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Dec. 2005
Net sales	54.6	47.7	54.9	54.9	58.1	212.5
Change in work in progress and finished goods	1.3	-0.1	-5.6	2.1	0.6	-0.2
Other operating income	0.4	0.5	1.4	0.3	0.3	2.6
Production for own use	-0.0	0.1	0.1	0.0	0.2	0.2
Expenses	-47.3	-45.4	-43.8	-45.3	-49.0	-179.1
Depreciation and reduction in value	-2.5	-2.5	-2.6	-2.6	-2.9	-10.5
Operating profit	6.5	0.3	4.4	9.4	7.2	25.5
Financial income and expenses	-0.7	0.1	0.7	0.2	0.2	1.1
Profit before taxes	5.9	0.4	5.1	9.6	7.4	26.6
Income tax	-1.6	-0.3	-1.4	-2.9	-2.2	-7.8
Minority interest	-0.0	-0.1	0.2	-0.1	0.0	0.1
Net profit	4.3	0.1	4.0	6.6	5.2	19.0

Depreciations and Goodwill

MEUR	Apr. - Jun. Q2/2006	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005
Depreciations					
- on business acquisitions, MEUR	0.5	0.5	0.5	0.5	0.5
- on capital assets, MEUR	1.9	1.9	2.1	2.1	2.4
Replacement investments, MEUR	2.1	1.5	2.3	2.3	1.7
Goodwill 9.2 MEUR					
- % of the equity	7.8	8.1	7.5	7.7	8.2
- % of the net profit of the last 12 months	61.4	57.9	48.3	41.4	33.8

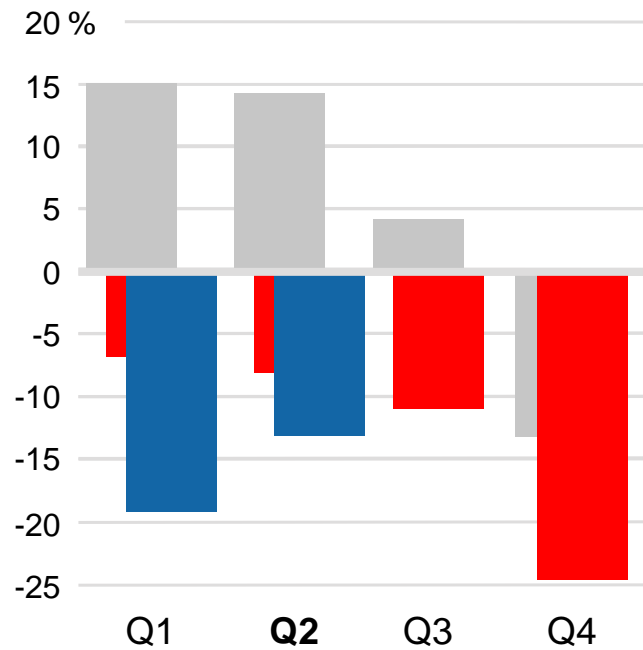
Key Figures

	Jan. - Jun. 2006	Jan. - Jun. 2005	Change %	Jan. - Dec. 2005
Net sales, MEUR	102.3	102.7	-0,4	212.5
Operating profit, MEUR	6.8	11.7	-41,6	25.5
Operating profit, % of net sales	6.7	11.4	-	12.0
Profit before taxes, MEUR	6.3	12.0	-47,8	26.6
Net profit, MEUR	4.3	8.4	-48,2	19.0
Equity, MEUR	117.2	111.7	4,9	122.0
Balance sheet total, MEUR	188.3	196.8	-4,3	193.6
Personnel at the period end	1,885	1,653	14,0	1,684
Return on investment -% (ROI)	9.0	18.8	-	20.0
Interest bearing net liabilities, MEUR	-15.5	-9.0	-72,6	-29.8
Net gearing, %	-13.2	-8.0	-	-24.5
Equity ratio, %	63.0	57.9	-	64.2
Earnings per share, EUR	0.03	0.06	-48,2	0.15

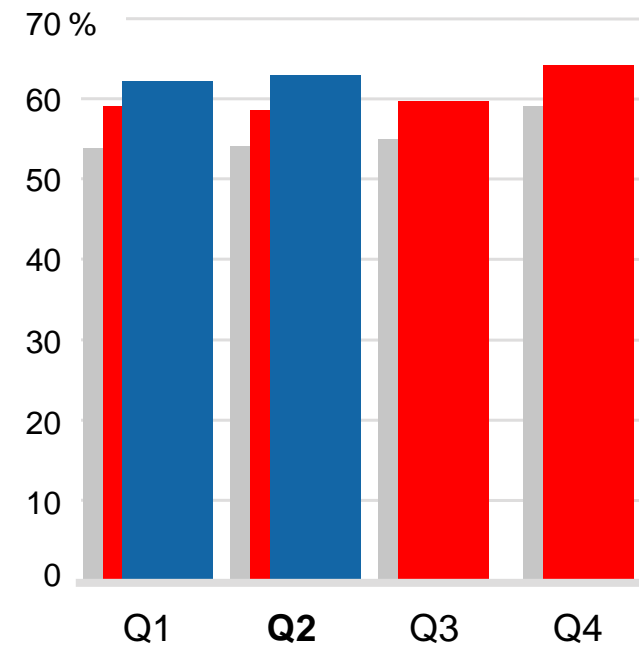
Net Gearing and Equity Ratio

Q1/04 – Q2/06

NET GEARING



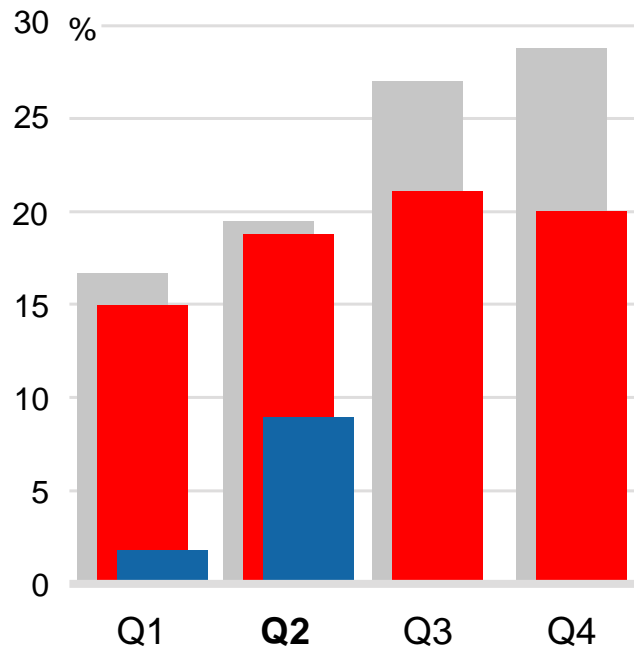
EQUITY RATIO



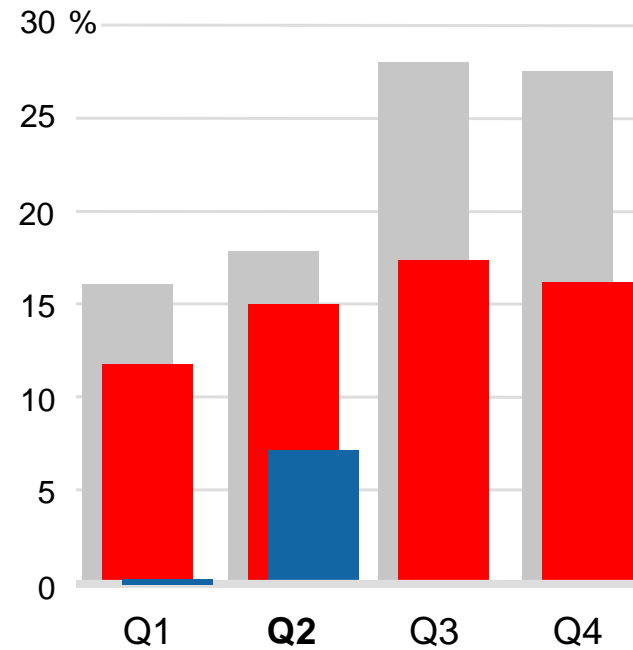
■ 2004 ■ 2005 ■ 2006

Return on Investment and Equity Q1/04 – Q2/06

**RETURN ON INVESTMENT
(ROI)**



**RETURN ON EQUITY
(ROE)**



■ 2004 ■ 2005 ■ 2006

Appendix

Shareholders

June 30, 2006

Shareholder	Number of shares	% of Shares and Votes
1. Hulkko Juha, Member of the Board of the Directors	27,664,097	21.4
2. Hildén Kai	10,831,316	8.4
3. Veikkolainen Erkki	9,388,719	7.3
4. Halonen Eero	8,780,259	6.8
5. Sipilä Juha, Member of the Board of the Directors - and Fortel Companies*	7,680,444	6.1
6. Harju Jukka, Member of the Board of the Directors	7,642,730	5.9
7. Laine Seppo	2,220,051	1.7
8. Sampo Suomi Osake, investment fund	2,050,740	1.6
9. Ilmarinen Mutual Pension Insurance Company	1,753,140	1.4
10. Mandatum Suomi Kasvuosakkeet, investment fund	1,217,480	0.9
11. eQ Pikkujätiläiset sijoitusrahasto	1,000,000	0.8
12. Kaleva/Mandatum Mutual Insurance Company	1,000,000	0.8
13. Mariatorp Oy	700,000	0.5
14. Sijoitus-Wipunen Oy	650,000	0.5
15. Odin Förvaltnings As	620,360	0.5
16. Göttlicher Rainer	561,464	0.4
17. Veikko Laine Oy	535,000	0.4
18. Haas Johann	519,424	0.4
19. Mutual Insurance Company Pension-Fennia	500,000	0.4
20. Sampo Suomi Yhteisösake, investment fund	459,640	0.4
Other (incl. administrative registered)	43,737,826	33.8
Total	129,412,690	100.0

Breakdown of Shareholders by Shareholding

June 30, 2006

Breakdown of Shareholders	Number of Shareholders	% of Shareholders	% of Shares and Votes
Private companies and housing associations	1,323	3.8	12.6
Financial institutions and insurance companies	44	0.1	4.7
Public companies and corporations	10	0.0	2.0
Non-profit organizations	101	0.3	1.0
Private investors	33,470	95.3	76.2
Foreign owned	153	0.4	2.3
Administrative registered	12	0.0	1.2
Total	35,133	100.0	100.0

Share Development



Turnover January – June, 2006

- Number of shares, 1000 pcs 21,767
- MEUR 48.6

Share price (EUR)

- Highest 2.56
- Lowest 1.89

Market capitalization June 30, 2006

- MEUR 287.3

Share capital and shares

- Share capital, MEUR 12.9
- Number of shares 129,412,690