



Elektrobit Group Plc.
Interim Report January - March, 2005
May 11, 2005

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.

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Reporting Period January - March, 2005

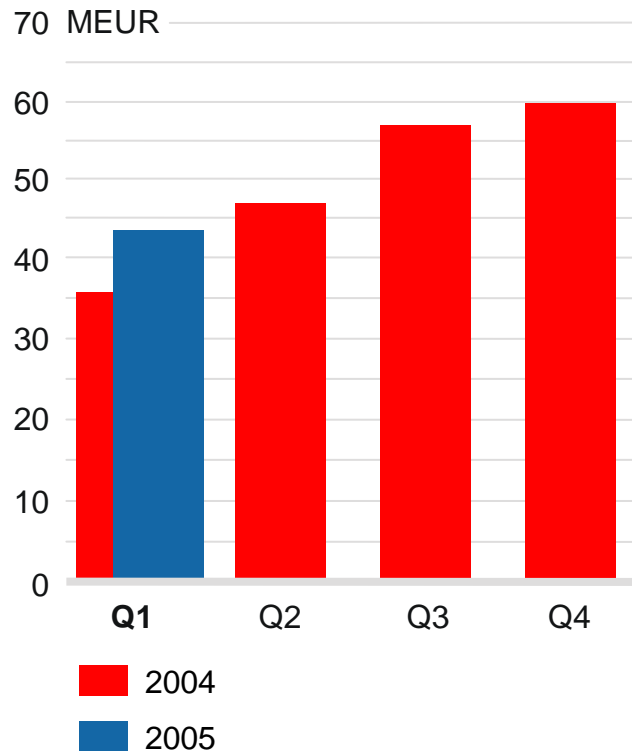
- **The company's objective for 2005 is to continue its efforts towards long-term development**
 - Resources were added to sales, marketing and competence development, as well as research and development
 - The Group is aiming for moderate growth in net sales in 2005 and intends to maintain its good level of profitability and strong balance sheet
 - Net sales in the period under review fell slightly short of and profitability slightly outperformed the targets set for January to March 2005
- **First interim report according to IFRS reporting**
 - Minor impact
 - Consolidated shareholders' equity reduced by approx. 1.5 MEUR
 - Balance sheet total increased by approx. 3.5 MEUR
- **Net sales and operating profit according to earlier estimated**
 - Net sales 44.6 MEUR (36.7 MEUR, increase of 21.7%)
 - Operating profit 4.5 MEUR (4.3 MEUR, increase of 3.3%, comparable FAS 4.6 MEUR)

Reporting Period January - March, 2005

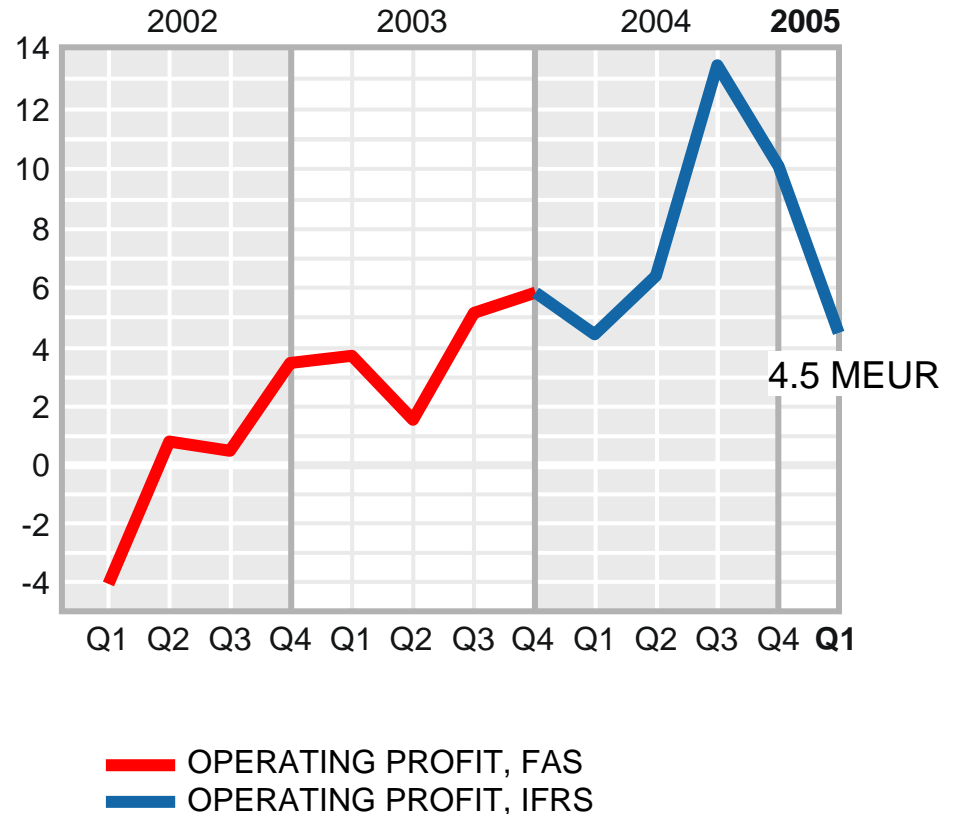
- **Net sales of all business units increased**
 - Elektrobit the first design house to offer complete reference smartphones based on the Series 60 platform
 - Product business segment showed good profitability
- **Operations renewed and strengthened**
 - Juha Hulkko appointed CEO
 - The areas of responsibility of corporate executives were regrouped
 - Decided to put more effort into development of new products
 - The number of the Company's shares have been reduced from 5 to 1

Development of Net Sales and Profitability

NET SALES Q1/04 – Q1/05



OPERATING PROFIT Q1/02 – Q1/05



Review of the Operating Environment

- **Business environment remained challenging**
 - The predictable period has remained short and therefore assessing the development of operations is still difficult
- **Sales volume of the global mobile device market is generally estimated to increase by approximately 10% during 2005**
 - The volume of product development based on different product platforms is expected to increase
 - New product features and the introduction of 3G equipment are anticipated to have an increasing effect on product development during the current year
 - Delivery of smartphones is expected to continue to increase in 2005
 - The downward trend in the average price of mobile devices and a shorter time-to-market impose challenges on the improvement of product development efficiency

Review of the Operating Environment

- **Growth of wireless network business is anticipated to slow down in 2005**
 - Operators are investing in network capacity and new network technologies
 - Network optimization will become more common particularly in developed markets, which will have a positive effect on the wireless network testing market
- **Production-related testing and automation markets**
 - Delivery times will become shorter and cost efficiency will remain a crucial competitive factor
- **Automotive**
 - The share of electronics and software in cars, as well as the use of wireless technologies and the number of infotainment applications will increase

Operations by Business Segments

- **Services Business**

- Contract R&D business mainly includes product development services for the telecommunications industry
- Automotive business mainly includes software development services for the automotive industry. The core of the Automotive business is 3SOFT GmbH, which became a part of the Group through acquisition in March 2004
- Net sales of the service business segment in the period under review amounted to 21.6 million euro (17.3 million euro) and the operating profit stood at 1.5 million euro (2.8 million euro)

- **Products Business**

- Testing business mainly includes testing equipment required for the product development, production and network operation of telecommunications devices
- Automation Solutions business includes equipment for the automation of production lines for telecommunications and other electronic devices
- Net sales of the product business segment amounted to 23.0 million euro (19.3 million euro), and the operating profit stood at 3.2 million euro (1.4 million euro)

Operations by Business Units

- **Contract R&D**

- Business environment, particularly with regard to mobile terminals, has been very turbulent and under intense competition compared to the corresponding period in 2004
- Resulted in longer periods of contract negotiation and the necessity for proactive marketing efforts in the sales of product development projects
- Net sales during the period amounted to 17.2 million euro (16.2 million euro), which was below the target

- **Automotive**

- The Automotive business unit has operated as an independent business unit within Elektrobit Group since the beginning of 2005
- Focal points during the period under review included increased sales to existing and new customers, as well as an increased number of staff
- Net sales during the period under review amounted to 4.4 million euro (1.1 million euro, comparable figure from 2004 comprises 1 month)

Operations by Business Units

- **Testing**

- Product development investments were focused on new production testers for mobile phones, supplementing the radio channel simulator product range, as well as the development of measurement and analysis products
- Net sales of the Testing business stood at 16.7 million euro (14.9 million euro) which was better than planned, particularly attributable to the sales of network testing equipment

- **Automation Solutions**

- The business environment remained challenging, and the industry is still under intense competition and cost pressure
- The trend of outsourcing manufacturing, as well as the associated rearrangements of production, will create new business opportunities for Elektrobit Group in 2005
- Continuous development of the company's own operations and products started to be visible as improved competitive ability, but net sales of 6.3 million euro (4.5 million euro) fell short of the targets

Outlook for the financial year 2005 and its second quarter

- The Group is aiming for moderate growth in net sales in 2005 and intends to maintain its good level of profitability and strong balance sheet
- During the first quarter of 2005, the Group decided to put more effort into the development of new products. The operating profit for 2005 is expected to fall short of the level achieved in 2004 more significantly than previously disclosed
- The accumulation of net sales and operating profit will to some extent be transferred from the second half of the year to the second quarter
- Q2/2005 net sales is estimated to be clearly higher than in Q2/2004
- Q2/2005 operating profit is expected to remain at substantially the same level as Q2/2004
- The decline in relative profitability compared with the previous year is due to the increased product development effort and the addition of resources to match the net sales level corresponding to the targeted growth

Figures

January - March, 2005

Net Sales and Operating Profit Quarterly

MEUR	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Mar. Q1/2004	Jan. - Dec. 2004
Net sales	44.6	60.2	57.8	48.0	36.7	202.6
Operating profit	4.5	10.1	13.5	6.4	4.3	34.4
Profit before taxes	4.6	10.2	13.3	6.0	4.3	33.9
Net profit	3.2	7.2	11.6	4.3	3.3	26.4

Net Sales by Business Units

Quarterly

MEUR	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Mar. Q1/2004	Jan. - Dec. 2004
Contract R&D	17.2	21.5	14.9	19.6	16.2	72.3
Automotive	4.4	6.9	4.1	4.7	1.1	16,8
SERVICE BUSINESS TOTAL	21.6	28.4	19.1	24.3	17.3	89.1
Testing	16.7	25.9	29.2	18.3	14.9	88.3
Automation Solutions	6.3	5.9	9.4	5.4	4.5	25.1
PRODUCT BUSINESS TOTAL	23.0	31.8	38.7	23.7	19.3	113.5
TOTAL	44.6	60.2	57.8	48.0	36.7	202.6

Net Sales by Market Area Quarterly

MEUR	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Mar. Q1/2004	Jan. - Dec. 2004
Asia	4.9 (11%)	9.1 (15%)	8.3 (14%)	4.1 (9%)	4.9 (13%)	26.4 (13%)
Americas	5.4 (12%)	7.4 (12%)	16.2 (28%)	9.1 (19%)	4.0 (11%)	36.8 (18%)
Europe	34.3 (77%)	43.6 (73%)	33.3 (58%)	34.8 (72%)	27.7 (76%)	139.4 (69%)
Total	44.6 (100%)	60.2 (100%)	57.7 (100%)	48.0 (100%)	36.7 (100%)	202.6 (100%)

Net sales and Operating Profit by Business Segments, January - March, 2005

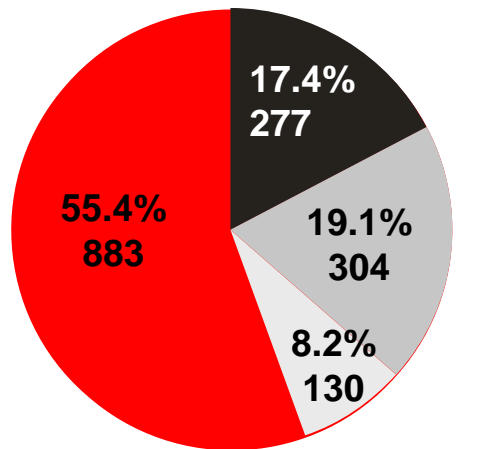
(January - March 2004)

MEUR	Service business	Product business	Common functions	Eliminations	Total
Net sales, external	21.6 (17.3)	23.0 (19.3)	0.1 (0.1)	0.0 (0.0)	44.6 (36.7)
Operating profit	1.5 (2.8)	3.2 (1.4)	-0.3 (-0.9)	0.1 (1.0)	4.5 (4.3)

Personnel

March 31, 2005

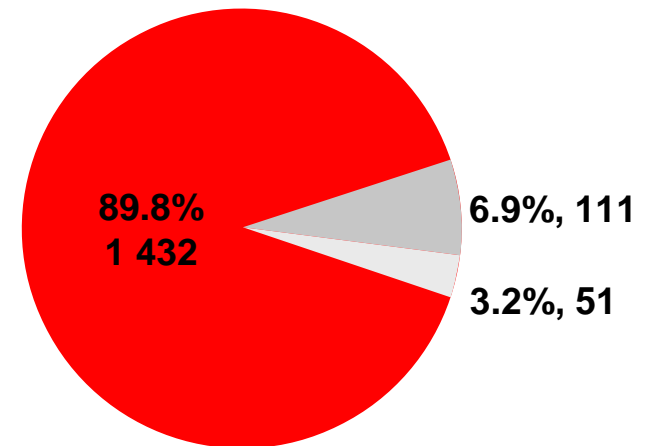
BY BUSINESS UNITS



- CONTRACT R&D
- AUTOMOTIVE
- TESTING
- AUTOMATION SOLUTIONS

Total 1 594

BY MARKET AREAS



- EUROPE
- AMERICAS
- ASIA

Income Statement Quarterly

Q1/04 – Q1/05

MEUR	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Mar. Q1/2004	Jan. - Dec. 2004
Net sales	44.6	60.2	57.7	48.0	36.7	202.6
Change in work in progress and finished goods	2.7	-2.7	2.3	0.6	0.6	0.7
Other operating income	0.5	1.0	0.8	0.8	0.5	3.1
Production for own use	0.0	0.0	0.0	0.0	0.2	0.3
Expenses	-41.0	-42.5	-44.0	-39.9	-31.4	-157.8
Depreciation and reduction in value	-2.4	-5.9	-3.4	-3.1	-2.2	-14.5
Operating profit	4.5	10.1	13.5	6.4	4.3	34.4
Financial income and expenses	0.1	0.1	-0.2	-0.4	0.1	-0.4
Share of results of associated companies	0.0	0.0	-0.0	-0.0	-0.1	-0.1
Profit before taxes	4.6	10.2	13.3	6.0	4.3	33.9
Income tax	-1.4	-3.1	-1.7	-1.7	-0.9	-7.5
Net profit	3.2	7.2	11.6	4.3	3.3	26.4

Balance Sheet Quarterly

Q1/04 – Q1/05

MEUR	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004	Mar. 31, 2004
Assets					
Non-current assets	75.1	74.7	75.2	77.1	78.8
Current assets	110.9	119.6	111.7	95.6	86.0
Total assets	186.0	194.3	186.9	172.7	164.8
Shareholders' equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12,9
Minority interest	2.3	2.3	2.5	2.5	2.7
Total equity	106.4	110.9	102.3	90.7	86.5
Long term liabilities	33.2	34.7	32.4	33.2	33.5
Short term liabilities	46.5	48.7	52.2	48.8	44.9
Shareholders' equity and liabilities total	186.0	194.3	186.9	172.7	164.8

Cash Flow

MEUR	1.-3. 2005
+ net profit + depreciations + taxes + financial income	+ 6.9
+ minority interest	+ 0.0
+ change in net working capital	- 2.2
+ share of results of associated companies	
- interests, taxes, and dividends	- 1.8
CASH FLOW FROM OPERATING ACTIVITIES	+ 2.9
- cash flow from investing activities	- 2.6
- cash flow from financial activities	-9.4
CHANGE IN CASH AND CASH EQUIVALENTS	-9.1

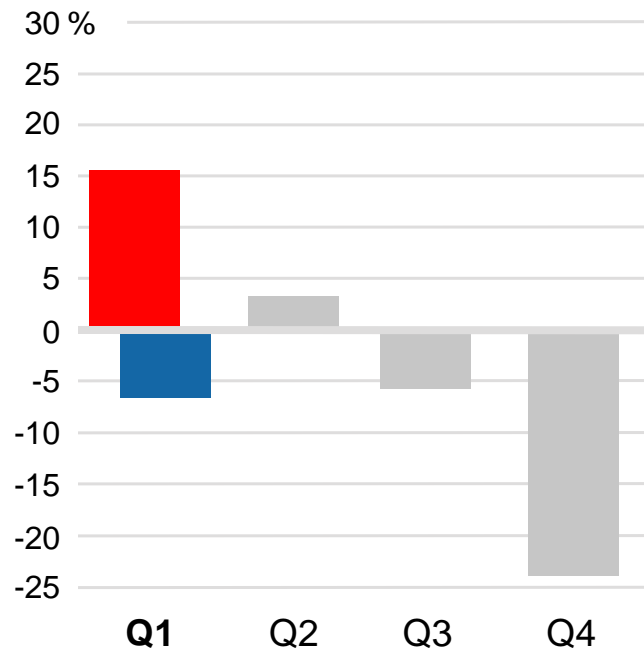
Key Figures

MEUR	Jan. - Mar. 2005	Jan. - Mar. 2004	Change%	Jan. - Dec. 2004
Net sales, MEUR	44.6	36.7	21.5	202.6
Operating profit, MEUR	4.5	4.3	4.7	34.4
Operating profit, % of net sales	10.1	11.9	-	17.0
Profit before taxes, MEUR	4.6	4.3	7.0	32.9
Net profit, MEUR	3.2	3.3	-3.0	26.4
Equity, MEUR	106.4	86.5	23.0	110.9
Balance sheet total, MEUR	186.0	164.8	12.9	194.3
Personnel at the period end	1 594	1 359	17.3	1 536
Return on investment -% (ROI)	15.0	16.7	-	28.8
Interest bearing net liabilities, MEUR	-7.2	13.0	-	-14.7
Net gearing, %	-6.8	15.1	-	-13.2
Equity ratio, %	58.1	53.1	-	58.1
Earnings per share, EUR	0.0049	0.0053	-7.5	0.0412

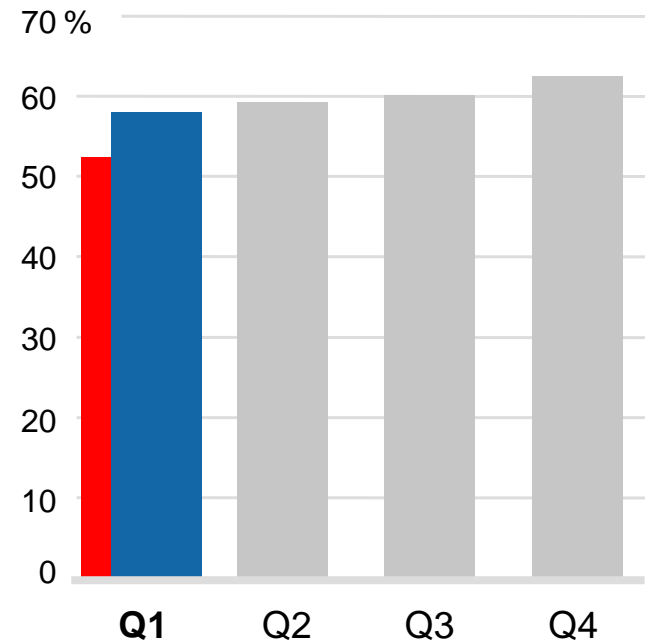
Net Gearing and Equity Ratio

Q1/04 – Q1/05

NET GEARING



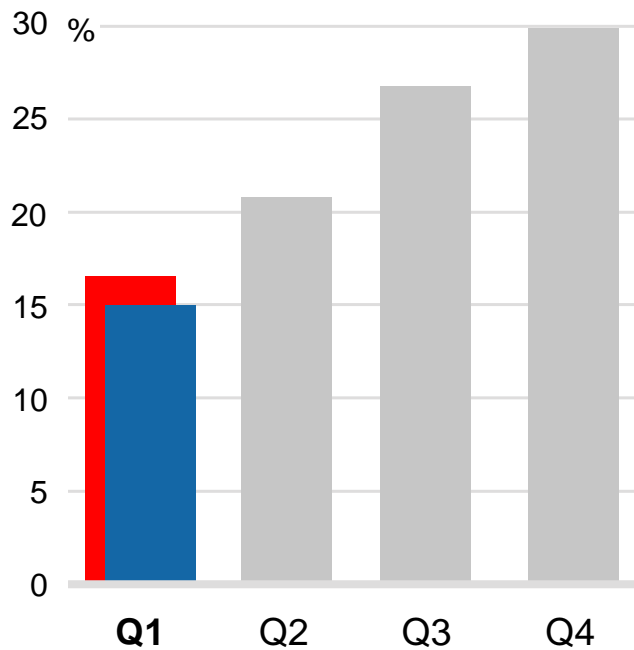
EQUITY RATIO



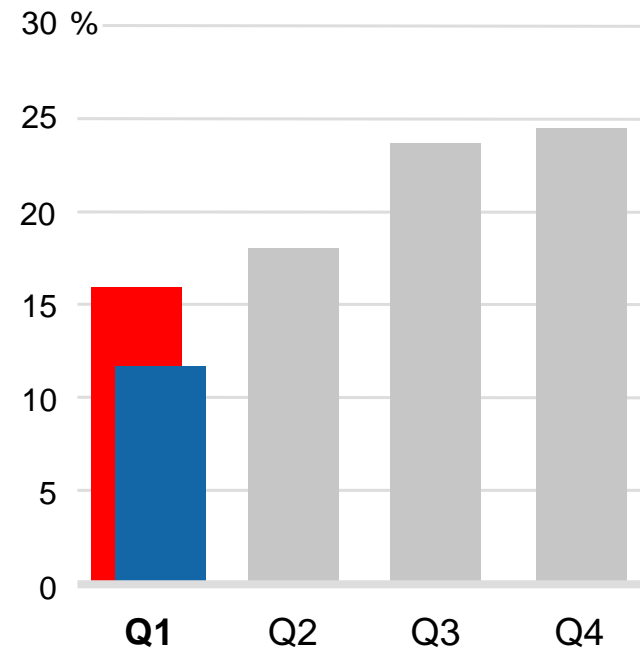
■ 2004, FAS ■ 2004 ■ 2005

Return on Investment and Equity Q1/04 – Q1/05

**RETURN ON INVESTMENT
(ROI)**



**RETURN ON EQUITY
(ROE)**



■ 2004, FAS ■ 2004 ■ 2005

Appendix

Shareholders

April 29, 2005

Shareholder	Number of Shares	% of Shares and Votes
1. Hulkko Juha, CEO	27 904 097	21.6
2. Hildén Kai	10 831 316	8.4
3. Veikkolainen Erkki	9 388 719	7.3
4. Halonen Eero, Member of the Board of the Directors	9 282 159	7.2
5. Sipilä Juha, Chairman of the Board of the Directors - and Fortel Companies *	8 252 844	6.4
6. Harju Jukka	7 637 930	5.9
7. Laine Seppo	2 215 251	1.7
8. Ilmarinen Mutual Pension Insurance Company	2 103 140	1.6
9. Irish Life International	1 765 390	1.4
10. OP-Suomi Kasvu Investment Fund	1 223 740	0.9
11. Mutual Insurance Company Pension Fennia	742 900	0.6
12. FIM Fenno Investment Fund	644 420	0.5
13. Odin Finland	620 360	0.5
14. Royal Skandia Life Assurance Ltd.	569 660	0.4
15. Göttlicher Rainer	561 464	0.4
16. Haas Johann	519 424	0.4
17. FIM Forte Investment Fund	516 840	0.4
18. Mutual Insurance Company Kaleva	500 000	0.4
19. Head Invest Oy	500 000	0.4
20. Fössel Otto	421 104	0.3
Other (incl. administrative registered)	43 211 932	33.4
Total	129 412 690	100,0

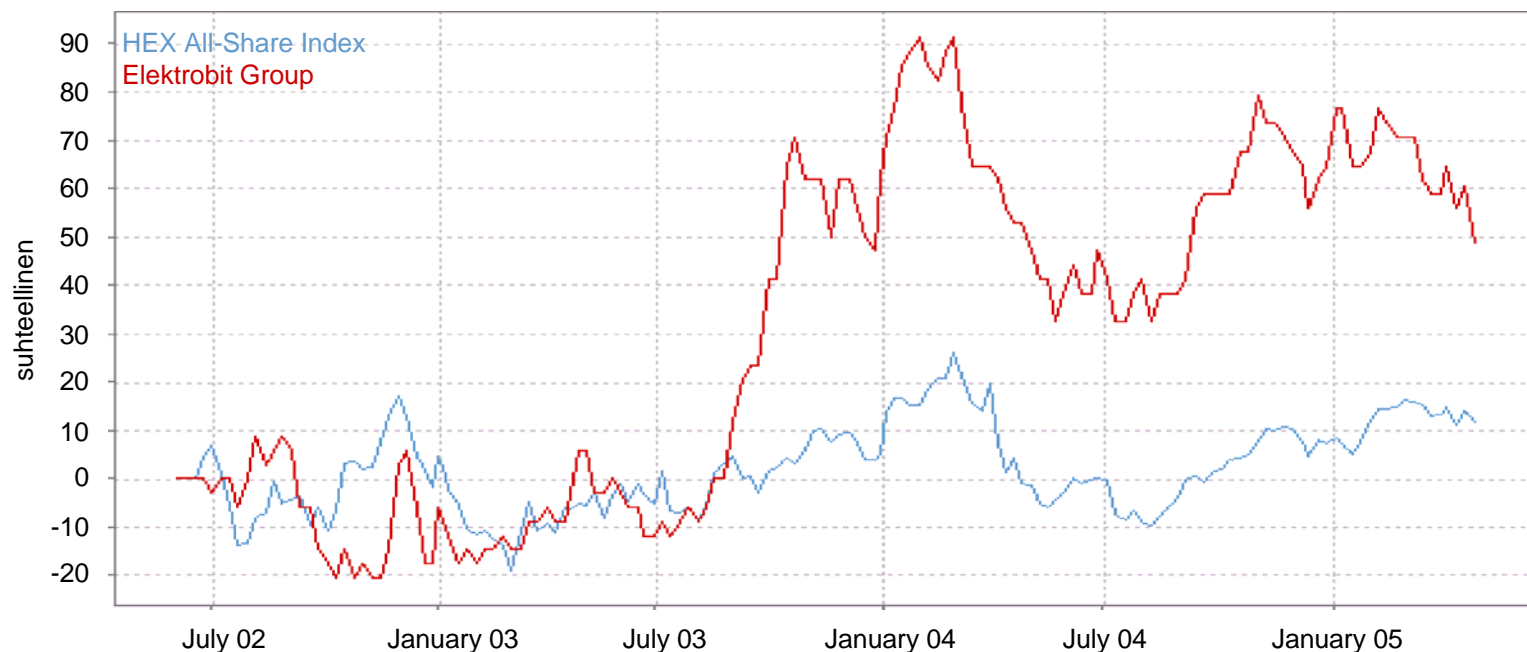
Breakdown of Shareholders by Shareholding

April 29, 2005

Breakdown of Shareholders	Number of Shareholders	% of Shareholders	% of Shares and Votes
Private companies and housing associations	1 705	4.2	10.3
Financial institutions and insurance companies	79	0.2	3.9
Public companies and corporations	26	0.1	2.5
Non-profit organizations	140	0.3	1.7
Private investors	38 858	94.9	77.2
Foreign owned	149	0.4	3.7
Administrative registered	10	0.0	0.7
Total	40 967	100.0	100.0

Share Development

June 3, 2002 - April 25, 2005



Turnover, January – March, 2005

- Number of shares, 1000 pcs 59 350
- MEUR 34.6

Share price, January – March, 2005

- Highest 0.63 Eur
- Lowest 0.53 Eur

Market capitalization, March 31, 2005

- MEUR 355.9

Share capital and shares

- Share capital MEUR 12,9
- Number after the combination of the shares April 9, 2005 129 412 690

Information for Investors

Financial Reports 2005

Elektrobit Group Plc. reports its financial development quarterly.

In 2005 Elektrobit Group Plc. will publish three Interim Reports as follows:

May 11	Interim Report, January - March
August 3	Interim Report, January - June
November 2	Interim Report, January - September

Investor Relations

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