

Free for publication on February 15, 2005 at 1.00 p.m.

ELEKTROBIT GROUP PLC'S FINANCIAL STATEMENTS BULLETIN 2004

Elektrobit Group's primary objective for 2004 was to ensure long-term development and continuity. During 2004 the Group added resources to sales, marketing, competence development and to research and development in accordance with its established targets. In addition to this the Group aimed for a moderate increase in net sales and profitability in 2004.

The fourth quarter of 2004 was as the third quarter exceptionally strong. Both net sales and operating profit outperformed the targets that had been set. The strong quarter will not affect the setting of the Company's long-term objectives, and the Company has not made any upward adjustments to its long-term growth and profitability targets. Net sales in the fourth quarter amounted to 60.2 million euro (43.3 million euro) and the operating profit stood at 10.4 million euro (5.8 million euro).

Comparisons between the figures of the fourth quarter of 2004 and the figures for the corresponding period in 2003:

- § Net sales amounted to 60.2 million euro (43.3 million euro; representing an increase of 16.9 million euro or 39.0%). Net sales of the Testing, Contract R&D and Automation Solutions business units increased from the previous year's level. The level of net sales exceeded the targets set, particularly thanks to strong growth in the Testing business unit. Net sales in comparison with the previous year were also improved by the consolidation of 3SOFT GmbH and the CIM Technologies Group with Elektrobit Group as of March 2004. The fourth quarter net sales of these companies amounted to 7.2 million euro, which, in accordance with earlier statements, has not had any significant effect on the level of the consolidated operating profit.
- § Operating profit amounted to 10.4 million euro (5.8 million euro; an increase of 4.6 million euro or 78.7%), which outperformed set targets. Increased profitability was particularly affected by an increased share of the product business of total net sales, the strong period of the Testing business and testing equipment for mobile phone networks in particular.

Financial year 2004 compared with 2003:

- § Net sales amounted to 202.6 million euro (148.6 million euro; an increase of 54.0 million euro or 36.4%). The net sales of the Contract R&D business unit 89.1 million euro (58.8 million euro; an increase of 30.3 million euro or 51.5%) and the net sales of the Testing

business unit 88.3 million euro (67.9 million euro; an increase of 20.4 million euro or 30.1%) and the net sales of the Automation Solutions business unit 25.1 million euro (21.9 million euro; an increase of 3.3 million euro or 15.1%). Of the acquisitions completed in the first quarter, 3SOFT GmbH has been consolidated with Elektrobit Group's figures since March 8, 2004, and CIM-Technologies Group has been consolidated since March 1, 2004. 19.1 million euro of the net sales of these companies was booked in for the year 2004, which, in accordance with earlier statements, has not had any significant effect on the operating profit.

- § Operating profit amounted to 33.2 million euro, including non-recurring income due to a change in the valuation of inventories of 0.9 million euro (16.1 million euro; an increase of 17.1 million euro or 106.5%; excluding the change in the valuation of inventories, the increase is 16.2 million euro or 100,7%).
- § The equity ratio was 63.0% (58.6%).
- § Cash flow from operating activities amounted to 45.3 million euro (21.6 million euro).
- § During 2004 the company acquired a majority shareholding in 3SOFT GmbH (80%) and the entire stock of CIM-Tech Oy, as well as approx. 80% of the stock of PJ Microwave Ltd, turning the latter into a wholly-owned subsidiary of Elektrobit Group. In accordance with its strategy, Elektrobit Group aims to outperform the average growth of the telecommunications industry, for example by expanding its clientele in both telecommunications and other industries.

The quarterly distribution of the Group's overall net sales and profit was the following:

MEUR	10-12/04	7-9/04	4-6/04	1-3/04	10-12/03
Net sales	60.2	57.8	48.0	36.7	43.3
Operating profit	10.4	11.9	6.4	4.6	5.8
Profit before taxes	10.5	11.6	6.2	4.7	4.8
Net profit	7.2	8.2	4.5	3.5	2.5

Operating profit for the first quarter of 2004 includes 0.4 million euro, for the second quarter of 2004 0.3 million euro, for the third quarter of 2004 0.0 million euro and for the fourth quarter of 2004 0.2 million euro, totaling 0.9 million euro of non-recurring profit improvement due to inventory valuation principles during 2004. During the second half of the year write-offs regarding investments in corporate acquisitions have been re-evaluated. As a consequence, the third quarter includes a non-recurring write-off of approx. 1.5 million euro and the fourth quarter a non-recurring write-off of approx. 1.9 million euro.

Net sales by business unit have developed as follows:

MEUR	10-12/04	7-9/04	4-6/04	1-3/04	10-12/03
Contract R&D	28.4	19.1	24.3	17.3	17.0
Testing	25.9	29.2	18.3	14.9	21.3
Automation Solutions	5.9	9.4	5.4	4.5	5.0
Total	60.2	57.8	48.0	36.7	43.3

The net sales by market area were as follows:

MEUR (%)	10-12/04	7-9/04	4-6/04	1-12/04	1-12/03
Asia	9.1 (15%)	8.3 (14%)	4.1 (9%)	26.4 (13%)	21.3 (14%)
Americas	7.4 (12%)	16.2 (28%)	9.1 (19%)	36.8 (18%)	23.7 (16%)
Europe	43.6 (73%)	33.3 (58%)	34.8 (72%)	139.4 (69%)	103.6 (70%)

REVIEW OF THE OPERATING ENVIRONMENT AND BUSINESS OPERATIONS IN 2004

The predictable period is short and therefore assessing the development of operations was difficult for the entire year. The sales volume of the global mobile devices market increased by approximately 29% during 2004. The growth is expected to slow down to an approximate level of 10% in 2005. The simultaneous downward trend in average prices for mobile phones will cause challenges with regard to the improvement of product development efficiency. The number of new players in the mobile phone sector, as well as the number of mobile terminal models and variations continued to increase during 2004. The number of smartphone models, their delivery volume and the number of models under development increased substantially compared to 2003.

The Network business has seen a change of trend to incipient growth. Operators are boosting their investments in network capacity in the Western world, as well as making new investments in the developing markets of Latin America and Asia.

The share of electronics and software in cars is increasing, as is the use of several wireless technologies and the number of entertainment and communications (Infotainment) applications. Navigation services are an example of new automotive applications built on smartphone platforms.

According to the updated strategy, the long term targets of Elektrobit Group include:

- § To grow faster than the telecommunications industry on average;
- § To expand the customer base in telecommunications and other industries by offering productization solutions with product development services as the spearhead;
- § To pursue the leading position among smartphone development partners through the company's ODE business model and, together with partners, through the ODM business model;
- § To pursue a leading position in testing mobile phone terminals and networks by strengthening the product offering, technology and customer base;
- § To strengthen the market position in automotive infotainment applications, in real-time operating systems for body control applications and in electronic production automation;
- § To strengthen the company by investing in new products and competence, both through acquisitions and strategic alliances.

During February Elektrobit expanded and deepened its Series 60 software platform partnership with Nokia (the Series 60 Boutique business model), announced its participation in the development of a new smartphone product platform with Nokia and Texas Instruments Incorporated, and expanded its Symbian OS™ partnership to cover the Symbian Independent Design House (IDH) concept.

The acquisition of the CIM Technologies Group in March strengthened and supplemented Elektrobit Group's software competence, particularly in the expanding areas of smartphones and production testing. The acquisition of a majority holding in 3SOFT GmbH makes it possible for 3SOFT GmbH and Elektrobit Group to achieve a more significant position in the expanding productization service market for the automotive industry.

In the fourth quarter Elektrobit Group Plc. executed a transaction regarding the shares of PJ Microwave Oy in accordance with the preliminary agreement signed in September. This turned PJ Microwave Oy into a wholly owned subsidiary of Elektrobit Group. The core competences of PJ Microwave Ltd; development of microwave based instruments for process industry, adaptive antenna systems, RFID applications and communication and sensor systems for defence forces will add to Elektrobit Group's know how in the respective areas.

Elektrobit Group's primary objective for 2004 was to ensure long-term development and continuity. During 2004 the Group added resources to sales, marketing, competence development and research and development in accordance with its established targets. The aim of research and development

operations has been to concentrate competence at the Group level, creating a synergy advantage. The development of the business environment supports our objective of continuing on a track of moderate net sales growth in 2005 as well. Increased competition and turbulent market conditions, particularly within Contract R&D, as well as added investments in product development and marketing, are not favorable when aiming for the relative profitability level of 2004 in 2005. The increase of net sales and profitability in 2004 outperformed the set targets.

RESEARCH AND DEVELOPMENT IN 2004

During 2004 the Elektrobit Group continued to invest in the practical application of future technologies in the field of radio channel research in particular, in the adoption of new technology in the Contract R&D business, and in the development of new products in the Automation Solutions and Testing business. The research and development expenses in 2004 amounted to 12.0 million euro (compared with 9.8 million euro in 2003). No research and development expenses have been capitalized.

CONTRACT R&D BUSINESS OPERATIONS IN 2004

The Contract R&D business segment comprises design services associated with mobile phone terminals and base stations, and design services in the Automotive, Security, Defence and Wellness areas, as well as wireless products. Product sales make up less than 10% of the net sales of the Contract R&D business unit.

The business environment of the Contract R&D business unit has seen a recovery in comparison with 2003. Net sales in 2004 amounted to 89.1 million euro (58.8 million euro), which was in line with the targets. Net sales in comparison with the previous year were also improved by the consolidation of 3SOFT GmbH and the CIM Technologies Group with the business unit in March 2004 (net sales of the companies in 2004 amounted to 19.1 million euro). The business unit's proportion of the consolidated net sales (44.0%) increased clearly in comparison with 2003 (39.6%).

During 2004 Elektrobit exercised, according to its strategy, Series 60 software platform co-operation with Nokia. Elektrobit continued its effort in the development of smartphone platforms and associated business and R&D processes. Customer projects based on the Symbian OS operating system were carried out within the framework of the Symbian Independent Design House (IDH) agreement. The acquisition of a majority holding in 3SOFT GmbH makes it possible for 3SOFT GmbH and Elektrobit

Group to achieve a better position in the expanding software market for the automotive industry. At the end of 2004, Elektrobit Group employs more than 700 software experts, of whom more than 200 are Symbian specialists.

The Contract R&D business is dominated by the sales of product development services and total solutions associated with mobile phone terminals. The focus area during 2004 was smartphones and associated engineering services. The volume of product development related to mobile phone base stations increased slightly compared to the corresponding period last year. Sales in the Security, Defence and Wellness areas increased as planned. The Automotive software business developed according to plan as well.

TESTING BUSINESS OPERATIONS IN 2004

The Testing business segment mainly consists of the development, manufacture and sales of testing equipment for mobile phones and mobile phone networks, associated software development, and service business related to testing. Elektrobit Group develops and manufactures testing equipment for mobile phone production testing, maintenance, field testing and radio channel simulation, as well as for mobile phone network testing and optimization. The service business comprises testing design for mobile phones and base stations, and field testing and measurement services mainly associated with mobile phone networks.

The Testing business unit continued to develop favourably in 2004. Net sales in 2004 amounted to 88.3 million euro (67.9 million euro). The net sales of testing equipment for production, as well as product development, were substantially up from the 2003 level. The net sales of mobile phone network testing and optimization equipment also increased significantly on the previous year. The business unit's proportion of the consolidated net sales (43.6%) decreased slightly in comparison with 2003 (45.7%). The growth of net sales was stronger than expected.

Net sales in the fourth quarter amounted to 25.9 million euro (21.3 million euro). Deliveries of product-specific production testing solutions continued at a healthy level, but the seasonal nature of the business was evident as an anticipated downtrend towards the end of the year. Seasonal deliveries of production testing equipment were made in the third and fourth quarters, and these are expected to continue at a substantially lower level in the first half of 2005. The sales of mobile phone network testing and optimization equipment were at a significantly higher level than in the other

quarters of the year. The sales of testing and simulation equipment for product development increased on the previous quarter, and demand increased.

Product development investments in testing equipment and software increased in comparison with 2003. The focal point of R&D investments in the area of production testing was in the development of new types of testing products. These include, among other things, mobile phone testing within maintenance and product-specific production testing. In the relation to testing and simulation equipment for product development, and mobile phone network testing, R&D efforts focused on extending the current product ranges.

AUTOMATION SOLUTIONS BUSINESS OPERATIONS IN 2004

The Automation Solutions business unit comprises two business segments: BAS (Board Assembly Systems) and FAS (Final Assembly Systems). The BAS business segment focuses on circuit board processes for automotive, consumer and industrial electronics. The BAS business includes both project sales and standard equipment sales. The most important market is Central Europe, managed through the Group's Italian, German and Hungarian companies.

The FAS business consists mainly of assembly systems for the telecommunication industry. FAS focuses on selected key accounts on a global level and typically delivers complete automation systems as projects. The knowledge centre of the business segment is located in Finland, and it operates in close partnership with Group companies in Asia, Europe and the US.

During 2004, the units of the Automation Solutions business segment regrouped, and started sales and marketing efforts in accordance with their new roles, focusing on mutually agreed accounts and products. Net sales in 2004 amounted to 25.1 million euro (21.9 million euro). The operating environment remained difficult and oversupply means that price competition in the industry is still intense, even though there were weak signs of a favorable turn. The business unit's proportion of the consolidated net sales (12.4%) decreased slightly in comparison with 2003 (14.7%).

During 2004 the Group globally launched a new generation of circuit board cutters and laser markers and made the first equipment deliveries to customers. The rights to these products, as well as associated responsibilities for maintenance and development, were transferred from Germany to the Kuopio knowledge centre. In addition, the Group's holding in the German company JOT Automation LET GmbH was sold to the active management of the company. At the same time, a comprehensive

subcontracting and partnership agreement was signed with the company. From now on, sales to Germany will be the responsibility of a Group unit operating in Munich. The operations of the Hungarian unit were strengthened, and its scope of responsibility was extended to cover all sales and maintenance operations in the central part of Eastern Europe (Poland, the Czech Republic, Slovakia, Romania). The production operations of the unit in Italy were closed down and the unit assumed responsibility of sales and maintenance in the region. At the same time the operations of the company were adjusted to match the new role. Sales and maintenance responsibility in France was transferred from a reseller to a Group company already operating in the region. According to the chosen strategy, sales, maintenance and some project engineering will be located closer to the customer. The knowledge centres in Kuopio and Estonia develop basic products and technology, and the units create related applications for their own customers. The measures called for by this strategy in Europe were completed. As expected, the realized figures of the Automation Solutions business were weaker in the fourth quarter than in the third quarter.

BALANCE SHEET AND FINANCING

The figures presented in the balance sheet of December 31, 2004, have been compared with the balance sheet of December 31, 2003 (1000 euro).

	12/2004	12/2003
Non current assets	54 841	45 741
Inventories	15 410	12 297
Deferred tax receivables	1 122	1 366
Receivables	48 558	45 761
Short term investments	5 497	1
Cash and bank deposits	49 591	37 183
Total assets	175 019	142 350
Share capital	12 941	12 611
Other equity	94 290	67 762
Total equity	107 231	80 373
Minority interest	869	1 943
Deferred tax liabilities	2 612	69
Long term liabilities	17 424	21 085
Short term liabilities	46 883	38 879
Shareholders' equity and liabilities total	175 019	142 350

Cash flow from operations during the period under review was as follows:

+ net profit + depreciations	+ 36.6 million euro
+ minority interest	+ 0.1 million euro
+ decrease in working capital	+ 8.4 million euro
+ share of results of associated companies	+ 0.1 million euro
= net cash from operating activities	+ 45.3 million euro
- net cash used in investing activities	- 22.6 million euro
- net cash used in financial activities	- 3.6 million euro
- change in minority interest and translation differences	- 1.2 million euro
= change in cash and cash equivalents	+ 17.9 million euro

Cash flow from operations was affected by an earlier peak in production testing equipment deliveries in 2004 compared with 2003; the outcome was that the amount of funds tied up in working capital on December 31, 2004, was lower than in the previous year.

The amount of accounts receivable, booked in current receivables, was 32.1 million euro (38.2 million euro on December 31, 2003), while accounts payable, booked in current liabilities, stood at 9.6 million euro (6.8 million euro on December 31, 2003).

The amount of non-depreciated consolidated goodwill at the end of 2004 was 16.2 million euro (5.0 million euro on December 31, 2003) and goodwill depreciations during 2004 totaled 7.2 million euro. Goodwill was re-tested in connection with the structural arrangements carried out in the Automation Solutions business unit, and the remaining goodwill in the CMS business acquired earlier, amounting to 1.5 million euro, was written off in full during the third quarter. Remaining goodwill of 1.5 million euro in the CIM Technologies Group was written off in full in the fourth quarter.

The amount of net investments during the period was 22.6 million euro, investments in corporate acquisitions amounted to 19.4 million euro and replacement investments amounted to 3.2 million euro. Total depreciation during the period under review stood at 13.3 million euro, which included non-recurring goodwill depreciations of 3.4 million euro (9.7 million euro during the corresponding period in 2003).

The Group's other long-term investments include an investment portfolio with a book value of approximately 8.2 million euro that mainly consists of long-term bonds. The portfolio's market value at the end of the financial year was approximately 0.9 million euro higher than its book value.

The amount of interest-bearing debt at the end of the reporting period was 29.3 million euro. The distribution of net financing expenses on the income statement was the following:

interest, dividend and other financial income	+ 1.1 million euro
interest expenses	- 1.5 million euro
foreign exchange gains and losses	+ 0.1 million euro

The company's equity ratio at the end of the period was 63.0% (compared with 58.6% at the end of 2003).

The financial statements dated December 31, 2004, do not include any statutory reserves referred to in Chapter 5, Section 14 of the Accounting Act.

The Group follows a currency 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 principles of the currency strategy, the incoming 12-month net cash flow of the currency in question will be 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 17.1 million euro. The market value of the hedged position at the end of the period was 0.5 million euro.

CHANGES IN GROUP STRUCTURE

The Company acquired a majority shareholding in the automotive electronics software company 3SOFT GmbH on March 8, 2004. The purchase price for the 3SOFT GmbH was paid by issuing 8,421,951 new Elektrobit Group Plc. shares and in addition by paying 9,066,667.07 euro. The new shares were issued to 3SOFT GmbH's shareholders in a directed issue, which was approved by the Board of Directors of Elektrobit Group Plc. on the basis of the authorisation given to the Board of Directors by the Annual General Meeting on March 25, 2003. The new shares will be subject to transfer restrictions, which shall expire with regard to approximately 25 per cent in 2005, with regard

to approximately 25 per cent in 2006, with regard to approximately 25 per cent in 2007 and with regard to approximately 25 per cent in 2008.

Determination of the acquisition price is based on the negotiated outcome, which the parties reached concerning the value of the companies' shares outstanding. As a result of the acquisition Elektrobit Group Plc. owns approximately 80 percent of the shares and votes in 3SOFT GmbH while the remaining 20 per cent of the shares are owned by the two managing directors of 3SOFT GmbH. The shares received by Elektrobit Group Plc. in connection with the acquisition have been recorded at current value in the accounts. According to the parties' agreement Elektrobit Group Plc. has a right and on the other hand also an obligation to purchase the remaining 20 per cent of the shares in 3SOFT GmbH within certain periods of time during the years 2007, 2008 and 2009, however, in any case not later than on June 30, 2009. The purchase price for the option shall be determined based on a substance value component and on the other hand the profit producing ability of 3SOFT GmbH defined in more detail by the calculation principles agreed by the parties.

The Company acquired on March 8, 2004 all shares in the software company CIM-Tech Oy. The acquisition price for the CIM-Tech Oy was paid by issuing 4.799.987 new Elektrobit Group Plc. shares. The new shares were issued to CIM-Tech Oy's shareholders in a directed issue, approved by the Board of Directors of Elektrobit Group Plc. on the basis of the authorisation given to the Board of Directors by the Annual General Meeting on March 25, 2003. Determination of the acquisition price is based on the negotiated outcome, which the parties reached concerning the value of the companies' shares outstanding. 50 per cent of the new shares are subject to transfer restrictions, which shall expire with regard to 25 per cent of the shares in 2006 and with regard to 25 per cent of the shares in 2007. As a result of the acquisition CIM-Tech Oy became a wholly-owned subsidiary of Elektrobit Group Plc. The shares received by Elektrobit Group Plc. in connection with the acquisition will be recorded at current value in the accounts.

The Company sold its 70% holding in JOT Automation LET GmbH to the active management of the company through a transaction closed on 28 July, 2004.

The Company sold the UK related business to its active management through a transaction closed on September 15, 2004.

The Company acquired approximately 80 per cent of PJ Microwave Oy's shares through a transaction closed on November 2, 2004. As a result of the acquisition PJ Microwave Oy became a

fully-owned subsidiary of Elektrobit Group and changed its name to Elektrobit Microwave Oy. The value of the purchased shares amounts to approximately EUR 1.6 million. The purchase price was paid by issuing 3,315,924 new Elektrobit Group Plc. shares to the shareholders of PJ Microwave Oy in a directed issue. Such directed issue was approved by the Board of Directors of Elektrobit Group Plc. on the basis of the authorisation given by the Annual General Meeting on March 12, 2004. Two thirds of the 50 per cent of the new shares, issued to the present major share holder, shall be subject to a transfer restriction. As regards one third the restriction shall cease 2005 and as regards one third the restriction shall expire 2006. As a result of the acquisition the shareholding of the Elektrobit Group in Ylinen Electronics Oy increased from 60 per cent to 90 percent and through a minority acquisition on November 18, 2004 to 100 per cent.

As a result of above mentioned corporate acquisitions, the total amount of Group companies has increased. The Company has started means to create a structure that would be clearer from a business point of view. As a result of this, the total amount of Group companies decreased during 2004. The master company in the Automation Solutions business changed its name to Elektrobit Automation Ltd, and the master company in the Testing business changed its name to Elektrobit Testing Ltd.

During the period under review, JOT Automation Sweden AB was dissolved, JOT Automation CMS Ltd, JOT Automation CMS Holding Ltd, Softbit Ltd and Teraflops Ltd were merged with Elektrobit Ltd. DNT Consulting Oy was dissolved and the companies within the CIM-Technologies subgroup were either dissolved or merged with Elektrobit Ltd.

In 2004 Elektrobit Technologies Ltd acquired all the minority holdings in Nemo Technologies Ltd and in Elektrobit Inc. from the key personnel and currently is the shareholder of all the shares of both companies. Ownership of 49% in the affiliated company Formeca Oy was sold during 2004. Minority shareholdings in Teraflops Ltd. were acquired prior to the commencing of the merger of the company.

CHANGES IN THE GROUP EXECUTIVE BOARD

Doctor of Engineering Hannu Hakalahti has been appointed Executive Vice President and member of the Executive Board of the Elektrobit Group Plc. responsible for the Testing business unit. In addition to Mr. Hakalahti members of the Group Executive Board include Juha Sipilä, CEO, Arto Pietilä, Executive Vice President, Contract R&D business unit, Juha Reinikka, Executive Vice President, Automation Solutions business unit, Jukka Harju, Executive Vice President, Business Development,

Seppo Laine, Chief Financial Officer, Ritva-Liisa Niskanen, Executive Vice President, Strategic Resources and Päivi Vasankari, Executive Vice President, Legal.

BOARD OF DIRECTORS' AUTHORIZATIONS BY THE END OF 2004

The Board of Directors were authorised on March 12, 2004 to decide on a new issue or to take convertible loans, in one or more instalments. In the new issue or taking of convertible loans a right can be given to subscribe for a maximum total of 126,105,100 shares, the accounting par value equivalent of which is EUR 0.02 per share, and from which a maximum of 5,000,000 shares may be used to create incentives for the personnel. On the basis of the authorisation the share capital may be increased by a maximum of EUR 2,522,102. The total proposed amount corresponds to approximately 20 per cent of the currently registered share capital and the total voting rights. The authorisation is valid until the next following Annual General Shareholders' Meeting, however not later than until March 11, 2005.

The authorisation contains a right to deviate from the shareholders pre-emptive right of subscription of new shares and convertible loans rights set out in Chapter 4, Section 2 of the Companies Act as well as a right to decide on the persons entitled to subscription, the terms of subscription and the terms of the convertible loans. In addition the authorisation contains a right to decide on subscription prices. Deviation from the shareholders' pre-emptive subscription rights requires that there is a weighty financial reason for this such as arrangement connected with development of the Company's business or capital structure or financing acquisitions or to encouragement of the personnel. Resolution to this effect shall not, however, be made for the benefit of a party belonging to the inner circle of the company as defined in Chapter 1, Section 4, Subsection 1 of the Companies' Act. When the share capital is increased in another way than on the basis of a convertible loan, the Board of Directors is authorised to decide that the shares may be subscribed against a contribution in kind, by means of set-off or otherwise with specific terms.

The Board of Directors does not have authorization to repurchase the Company's shares or to transfer such repurchased shares.

Board of directors' authorizations

The authorisation granted by the Annual General Meeting to the Board of Directors to resolve on a new issue, to grant option rights or to take convertible loans in one or more installments has been

exercised during 2004 in the acquiring of the shares of CIM Technologies Group, 3SOFT GmbH and PJ Microwave Oy. The authorization has not been exercised in full and it still enables the Board of Directors to issue a maximum of 122,789,176 new shares and increase the share capital by a maximum of 2,455,783.60 euro.

NOTIFICATIONS IN ACCORDANCE WITH CHAPTER 2, SECTION 9 OF THE SECURITIES MARKET ACT

There were no changes in ownership during the reporting period that would have caused an obligation of disclosure in accordance with Chapter 2, Section 9 of the Securities Market Act.

SHARE OPTION RIGHTS

Based on the authorization granted by the Extraordinary Shareholders' Meeting, held on October 1, 1999, the Board of Directors resolved in its meetings held on April 26, 2000 and September 4, 2000, to issue option rights to a maximum of 800 persons employed by the Company or its group companies. A maximum amount of 3 000 000 option rights were issued, which entitle to subscribe for a maximum of 3 000 000 shares in Elektrobit Group Plc. The subscription period for the warrants expired on January 31, 2001. As a result of the subscriptions the share capital of the Company may be increased by a maximum of 52 965,34 euro.

For the warrant C, the subscription period for shares commenced on February 28, 2001 and for the warrant D on February 28, 2002 and for the warrant E on February 28, 2003. For all warrants, the share subscription period for shares will end on March 31, 2005. The subscription price of the share is 5.60 euro per share reduced by the amount of dividends to be paid prior to the subscription of the shares. In accordance with the terms and conditions of the option rights, persons who resigned from the employment of the Company prior to February 28, 2003, have had to return, without remuneration, any warrants, for which the subscription period had not begun at the time of the termination of their employment.

BOARD OF DIRECTORS AND AUDITOR

The Annual General Shareholders' Meeting was held on March 12, 2004. The meeting re-elected Juha Hulkko, Tapio Tammi and Matti Lainema to the company's Board of Directors and appointed Eero Halonen, M.Sc (Eng.) as a new member of the Board. Following the appointment Halonen

ended his operational tasks within the Company. Halonen had been on sabbatical since June 1, 2003.

The authorized accounting firm Ernst & Young Oy was elected as the company's auditor, with Rauno Sipilä, Authorized Public Accountant, as the primarily responsible auditor.

DIVIDEND IN 2003

The Shareholders' Meeting, held on March 12, 2004, resolved that in accordance with the Board of Directors' proposal dividend of EUR 0.01 per share, i.e a total of EUR 6,305,256 be distributed for the financial period of 2003.

EVENTS AFTER THE REPORTING PERIOD

After 2004 actions have been initiated to merge Ylinen Electronics Ltd into Elektrobit Microwave Oy. The intention is to complete the merger by June 30, 2005.

After 2004 the Group has acquired the entire stock of Elektrobit SAS, the company responsible for the Group's operations in France. The sales contract was signed on January 21, 2005.

Eero Tervo, B.Sc. (Engineering), was appointed to the Group Executive Board as Executive Vice President, Logistics and Information Management, starting on February 1, 2005.

TRANSITION TO IFRS/IAS REPORTING

The Group reports in accordance with the International Financial Reporting Standards (IFRS/IAS) from the beginning of 2005 and onwards. In connection with preparations for the transition to IFRS/IAS-compliant reporting, the Group has transferred to a procedure where the acquisition cost of inventories would include the fixed costs of acquisition and manufacturing. The new valuation principle has been adopted since the beginning of 2004. The change in the valuation principle amounted to 0.9 million euro, which was seen as an increase in the earnings during the reporting period ending December 31, 2004.

In 2005 Elektrobit Group Plc. will publish its interim reports and financial statements in accordance with the IFRS/IAS standards. The Group will internally prepare quarterly data for 2004 in accordance with IFRS/IAS and publish these for comparison in connection with the 2005 interim reports.

In addition to the change in the valuation of inventories, the most substantial IFRS/IAS effects, which have already been implemented are attributable to the recognition of imputed tax liabilities and receivables, the recognition of financial instruments at fair value, as well as the inclusion of assets acquired by finance lease in the balance sheet. The current estimate is that the grand total of the opening IFRS/IAS balance sheet will be somewhat greater in comparison to the balance sheet prepared in accordance with Finnish accounting standards. IFRS/IAS will not bring any essential changes to consolidated shareholders' equity.

In segment reporting the primary reporting format will be based on business segments, the division of which will be the following:

- Services, divided into
 - Contract R&D business,
 - § mainly including R&D services provided to the telecommunications sector, and
 - Automotive business
 - § mainly including software development services for the automotive industry
- Products, divided into
 - Testing business and
 - Automation Solutions business

In addition to the data required for segment reporting, the Group will present its net sales information separately for the Services business itemised into Contract R&D and Automotive business, as well as for the Products business itemised into Testing and Automation Solutions business. The secondary reporting format will be based on geographical segments, including Europe, Americas and Asia.

The Group will present a summary of the effects of the IFRS/IAS transition on financial reporting in connection with the publication of the Annual Report in week 10.

OUTLOOK FOR THE FINANCIAL YEAR 2005 AND ITS FIRST QUARTER

The overall business environment is expected to be similar to the year 2004 for the entire duration of the current year. The most significant factor affecting the Contract R&D business environment is the

number of new smartphone models, as well as the competitive success of mobile phone models based on the Series 60 software platform and the Symbian OS operating system. The growth in the volume of software and electronics in cars is expected to continue. This will probably have a positive effect on the development of the automotive software business. The main factors affecting the production testing business environment are the number of new phone models and the degree of automation in testing solutions. The business environment associated with mobile phone networks is expected to improve slightly. The business environment for Automation Solutions is expected to remain similar to that of 2004, while replacement investments and product-specific automation solutions dominate the demand.

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. However, the operating profit for 2005 is expected to fall short of the level achieved in 2004. Both the accumulation of net sales and operating profit are estimated to focus on the second half of the year even more than in 2004. The company will continue its efforts towards long-term development and continuity by adding resources to sales, marketing and competence development, as well as research and development.

Owing to the nature of the Group's business, major fluctuations are still to be expected between quarters. As previously disclosed, both the accumulation of net sales and operating profit are estimated to focus on the second half of the year even more than in 2004. The Group estimates that net sales in the first quarter of 2005 will be clearly higher than in the first quarter of 2004. The operating profit in the first quarter of 2005 is expected to be slightly lower than in the first quarter of 2004. The decline in relative profitability in the first quarter, 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.

Owing to the transition to the IFRS/IAS standards, depreciation on completed business acquisitions in 2005 will be somewhat lower than the corresponding depreciation according to Finnish accounting practice in 2004. The reduction in the amount of depreciation is taken into account in the forward-looking statements above.

**BOARD OF DIRECTORS' PROPOSAL TO REDUCE THE NUMBER OF SHARES AND
DISTRIBUTE PROFITS**

The Company's Board of Directors has decided to propose to the Annual General Shareholders' Meeting that the number of shares in the company be reduced by combining existing shares. The total number of shares would decrease to one-fifth of their present number.

According to the consolidated balance sheet on December 31, 2004, the Group's unrestricted shareholders' equity is 29,710,393 of which 29,540,751 euro is distributable funds. The parent company's unrestricted shareholders' equity according to the balance sheet on December 31, 2004, is 32,884,453 euro, of which 32,884,453 euro is distributable funds.

The Board of Directors proposes to the Annual General Shareholders' Meeting that dividends of 0.012 euro per share, a total of 7,764,761.40 euro, shall be paid for the financial year that ended December 31, 2004, and that the rest of the distributable assets shall be booked as an increase in equity. According to the proposal the record date shall be 22 March 2005 and the dividends shall be paid 31 March 2005.

In Oulunsalo, February 15, 2005

Elektrobit Group Plc.
The Board of Directors

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INVITATION TO PRESS CONFERENCE

Elektrobit will hold a press conference for media, analysts and institutional investors concerning financial statement 2004 on February 15, 2005 as follows:

In Helsinki at 4.00 pm. (EET)
Restaurant Savoy
Eteläesplanadi 14
Salikabinettit, 2 and 3, 7. floor
Helsinki

The material presented during the press conferences (pdf files) will be available from 1.00 pm. (EET) on February 15, 2005 on the company's website, www.elektrobit.com/investors

CONSENSUS ESTIMATES

Elektrobit Group Plc's consensus estimates made by the analysts who observe the Group is updated about four weeks before the release of the next financial report. The previous estimate is available on the Company's website www.elektrobit.com/investors

FINANCIAL REPORTING IN 2005

In 2005 first quarter results will be published on May 11, second quarter results on August 3 and third quarter results on November 2.

ANNUAL GENERAL MEETING

The Annual General Shareholders' Meeting will take place on Thursday, March 17, 2005 at 12.00 a.m. (EET) in Oulunsalo-talo, Oulunsalo, Finland.

ELEKTROBIT GROUP INCOME STATEMENT (MEUR)	Official 1-12/2004 12 months	Official 1-12/2003 12 months
NET SALES	202.6	148.6
Change in work in progress and finished goods	1.1	-1.0
Other operating income	3.4	2.0
Expenses	-160.7	-123.7
Depreciation	-13.3	-9.7
OPERATING PROFIT	33.2	16.1
Financial income and expenses	-0.3	-2.3
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	32.9	13.8
Extraordinary income and expenses	0.0	0.0
PROFIT BEFORE TAXES	32.9	13.8
Income tax	-9.5	-5.3
Minority interest	-0.1	-0.3
NET PROFIT	23.3	8.1

ELEKTROBIT GROUP BALANCE SHEET (MEUR)	Official 31.12.2004	Official 31.12.2003
ASSETS		
Non-current assets	54.8	45.7
Current assets		
Inventories	15.4	12.3
Deferred tax receivables	1.1	1.4
Receivables	48.6	45.8
Short-term investments	5.5	0.0
Cash and bank deposits	49.6	37.2
TOTAL ASSETS	175.0	142.3
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	12.9	12.6

Other equity	94.3	67.8
Total equity	107.2	80.4
Minority interest	0.9	1.9
Deferred tax liabilities	2.6	0.1
Long term liabilities	17.4	21.1
Short term liabilities	46.9	38.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	175.0	142.3

ELEKTROBIT GROUP CASH FLOW (MEUR)

Official	Official
1-12/2004	1-12/2003
12 months	12 months

CASH FLOW FROM OPERATING ACTIVITIES

Profit before extraordinary items	32.9	13.8
Adjustments		
Depreciation according to plan	13.3	9.7
Share of results of associated companies	0.1	0.1
Financial income and expenses	0.3	2.3
Operating incomes and expenses booked in unrestricted equity		
Cash flow before change in net working capital	46.7	26.0
Change in net working capital		
Change in interest-free short-term receivables	-2.6	3.1
Change in inventories	-3.1	2.6
Change in interest-free short-term payables	14.1	-2.4
Cash flow before financing activities	55.1	29.2
Interest paid	-5.1	-5.8
Dividends received	0.3	0.0
Interest received	4.6	3.6
Income taxes paid	-9.5	-5.3
Cash flow before extraordinary items	45.3	21.6
Net cash from operating activities	45.3	21.6

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of tangible and intangible assets	-23.0	-3.9
Proceeds from sale of tangible and intangible assets	0.6	0.8
Purchase of investments	-3.2	-0.2
Proceeds from sale of investments	3.0	0.2
Net cash used in investing activities	-22.6	-3.2

CASH FLOW FROM FINANCIAL ACTIVITIES

Proceeds from issuance of share capital	10.1	
Proceeds from short-term borrowings	3.2	3.0
Repayment of short-term borrowings	-6.9	-1.9
Proceeds from long-term borrowings	0.6	2.9
Repayment of long-term borrowings	-4.1	-9.0
Dividends paid	-6.4	-0.2
Net cash used in financial activities	-3.6	-5.1

NET CHANGE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of period	37.2	23.7
Cash and cash equivalents at end of period	55.1	37.2
Change in cash and cash equivalents in balance sheet	17.9	13.5
Difference in change in cash and cash equivalents	-1.2	0.1
Change in minority interest	-1.2	-1.2
Translation differences in non-current assets	0.1	0.3
Translation differences in shareholders' equity and group structure	-0.1	1.0

ELEKTROBIT GROUP QUARTERLY FIGURES (MEUR)	Official 10-12/2004 3 months	Official 7-9/2004 3 months	Official 4-6/2004 3 months	Official 1-3/2004 3 months	Official 10-12/2003 3 months
NET SALES	60.2	57.8	48.0	36.7	43.3
Change in work in progress and finished goods	-2.7	2.3	0.6	1.0	-0.9
Other operating income	1.0	0.9	0.8	0.7	0.4
Expenses	-43.2	-44.8	-40.7	-31.8	-33.6
Depreciation	-4.8	-4.2	-2.4	-2.0	-3.2
OPERATING PROFIT	10.4	11.9	6.4	4.6	5.8
Financial income and expenses	0.0	-0.3	-0.2	0.2	-1.0
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	10.5	11.6	6.2	4.7	4.8
Extraordinary income and expenses	0.0	0.0	0.0	0.0	0.0
PROFIT BEFORE TAXES	10.5	11.6	6.2	4.7	4.8
Direct taxes	-3.2	-3.3	-1.7	-1.3	-1.9
Minority interest	-0.1	-0.1	0.1	0.0	-0.4
NET PROFIT	7.2	8.2	4.5	3.5	2.5
ELEKTROBIT GROUP BALANCE SHEET (MEUR)	Official 31.12.2004	Official 30.9.2004	Official 30.6.2004	Official 31.3.2004	Official 31.12.2003
ASSETS					
Non-current assets	54.8	57.3	61.1	62.9	45.7
Current assets					
Inventories	15.4	17.9	16.1	13.1	12.3
Deferred tax receivables	1.1	0.1	0.1	0.4	1.4
Receivables	48.6	55.9	48.9	38.1	45.8
Short-term investments	5.5	0.0	0.0	0.2	0.0
Cash and bank deposits	49.6	37.5	30.4	34.5	37.2

TOTAL ASSETS	175.0	168.7	156.7	149.3	142.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital	12.9	12.9	12.9	12.9	12.6
Other equity	94.3	85.6	77.4	72.8	67.8
Total equity	107.2	98.5	90.3	85.7	80.4
Minority interest	0.9	1.0	0.9	1.2	1.9
Deferred tax liabilities	2.6	0.0	0.0	0.1	0.1
Long term liabilities	17.4	19.9	20.5	20.4	21.1
Short term liabilities	46.9	49.3	45.0	42.0	38.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	175.0	168.7	156.7	149.3	142.3

**ELEKTROBIT GROUP FINANCIAL PERFORMANCE
RELATED RATIOS**

Official	Official
1-12/2004	1-12/2003
12 months	12 months

INCOME STATEMENT, (MEUR)

Net Sales	202.6	148.6
Operating profit	33.2	16.1
Operating profit, % of net sales	16.4	10.8
Profit before extraordinary items	32.9	13.8
Profit before extraordinary items, % of net sales	16.3	9.3
Profit before taxes	32.9	13.8
Profit before taxes, % of net Sales	16.3	9.3
Net profit	23.3	8.1

PROFITABILITY AND OTHER KEY FIGURES

Return on equity % (ROE)	24.6	10.8
Return on investment % (ROI)	29.4	16.4
Interest-bearing net liabilities, (MEUR)	-25.8	1.9
Net gearing, %	-23.8	2.3
Equity ratio, % (nominal, net of deferred taxes)	63.0	58.6

Gross investments, (MEUR)	26.2	4.2
Gross investments, % of net sales	12.9	2.8
R&D costs, (MEUR)	12.0	9.8
R&D costs. % of net sales	5.9	6.6
Average personnel during the period	1385	1112
Personnel at the period end	1536	1088

ELEKTROBIT GROUP NUMBER OF SHARES (1000 PCS)	Official 31.12.2004	Official 31.12.2003
At the end of period	647 063	630 526
Average for the period	641 446	630 526

ELEKTROBIT GROUP STOCK-RELATED FINANCIAL RATIOS (EUR)	Official 1-12/2004 12 months	Official 1-12/2003 12 months
Earnings per share	0.0364	0.0129
Equity per share (nominal, net of deferred taxes)	0.1657	0.1275
Dividend per share EUR *)	0.012	0.010
Dividend per earnings, %	33.0	77.6
P/E ratio	15.4	39.6
Effective dividend yield, %	2.14	1.96

*) According to Board's proposal, year 2004

ELEKTROBIT GROUP MARKET VALUES OF SHARES (EUR)	Official 1-12/2004	Official 1-12/2003
Highest	0.69	0.66
Lowest	0.43	0.27
Average	0.57	0.44
At the end of period	0.56	0.51

Market value of the stock, (MEUR)	362.4	321.6
Trading value of shares, (MEUR)	79.9	50.1
Number of shares traded, (1000 PCS)	140 356	112 720
Related to average number of shares %	21.9	17.9

ELEKTROBIT GROUP SECURITIES AND CONTINGENT LIABILITIES (MEUR)	Official 31.12.2004	Official 31.12.2003
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AGAINST OWN LIABILITIES

Floating charges	29.8	29.8
Mortgages	19.7	19.7
Pledges	7.6	10.2
Mortgages are pledged for liabilities totaled	26.1	34.6

ON BEHALF OF OTHERS

Guarantees	0.0	0.2
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OTHER DIRECT AND CONTINGENT LIABILITIES
Leasing liabilities

Falling due in the next year	3.8	2.0
Falling due after one year	3.4	1.8

Rental liabilities

Falling due in the next year	2.2	0.8
Falling due after one year	3.3	1.0

Repurchasing liabilities

Falling due in the next year	0.1	0.1
Falling due after one year	0.5	0.5

Repurchase commitments	1.3	1.7
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ELEKTROBIT GROUP NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	Official 31.12.2004	Official 31.12.2003
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Foreign exchange forward contracts

Market value	0.5	0.3
Nominal value	17.1	12.6
Purchased currency options		
Market value	0.0	0.0
Nominal value	0.0	0.0
Sold currency options		
Market value	0.0	0.0
Nominal value	0.0	0.0