



STOCK EXCHANGE RELEASE

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EB, ELEKTROBIT CORPORATION, INTERIM REPORT, JANUARY-SEPTEMBER 2010

NET SALES GREW FROM LAST YEAR, STRONG GROWTH IN THE AUTOMOTIVE BUSINESS SEGMENT, STATUTORY PROVISION OF EUR 8.3 MILLION BOOKED DUE TO RISK OF LOSING RECEIVABLES

SUMMARY JULY-SEPTEMBER 2010

- Net sales for the period amounted to EUR 33.7 million (EUR 33.5 million, 3Q 2009), representing an increase of 0.6% year-on-year.
- After the review period TerreStar Networks Inc., a customer to EB's subsidiary Elektrobit Inc., filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in order to strengthen its financial position. EB has booked a statutory provision in the amount of EUR 8.3 million related to the receivables owed by TerreStar Networks. More information is available in the chapters titled Outlook for the second half of 2010, Risks and uncertainties and Events after the review period.
- Operating loss excluding the statutory provision of EUR 8.3 million related to TerreStar was EUR -3.2 million (EUR -0.8 million, 3Q 2009). The decline year-on-year was due to weaker performance in the Wireless Business Segment. Operating loss including the statutory provision was EUR -11.5 million.
- EBITDA was EUR -9.3 million (EUR 1.6 million, 3Q 2009).
- Operating cash flow was EUR 0.2 million (EUR 4.6 million, 3Q 2009). The net cash flow was EUR -30.1 million (EUR 1.8 million, 3Q 2009). The decrease was mainly attributable to the distribution of EUR 25.9 million from the share premium fund in September 2, 2010.
- Cash and other liquid assets totaled EUR 29.8 million (EUR 62.2 million, 3Q 2009).
- Equity ratio including the impact of the statutory provision remained strong at 62.7% (71.1%, 3Q 2009).
- Earnings per share including the statutory provision were EUR -0.08 (EUR -0.00, 3Q 2009).



SUMMARY JANUARY-SEPTEMBER 2010

- Net sales amounted to EUR 119.9 million (EUR 113.7 million, Jan-Sept 2009), representing an increase of 5.5% year-on-year.
- Operating loss excluding the statutory provision of EUR 8.3 million related to TerreStar was EUR -1.4 million (EUR -1.9 million, Jan-Sept 2009). Operating loss including the statutory provision was EUR -9.7 million.
- EBITDA was EUR -3.2 million (EUR 5.6 million, Jan-Sept 2009).
- Operating cash flow was EUR 6.3 million (EUR 0.9 million, Jan-Sept 2009). Net cash flow was EUR -29.2 million (EUR -6.4 million, Jan-Sept 2009). The decrease was mainly attributable to the distribution of EUR 25.9 million from the share premium fund in September 2, 2010.
- Earnings per share including the statutory provision were EUR -0.08 (EUR -0.02, Jan-Sept 2009).

EB'S CEO JUKKA HARJU:

"During the January-September period EB's net sales increased slightly. Sales and profit for the Automotive Business Segment increased considerably from last year as well as sequentially as the industry recovered from last year's downturn. The Wireless Business Segment's net sales and operating profit, excluding the statutory provision related to TerreStar, were weaker compared to last year mostly due to lower sales in the third quarter. Managing of our financial and business interests with TerreStar during their restructuring process will require special attention. Our main objective for the second half of 2010 is to continue improving profitability."

OUTLOOK FOR THE SECOND HALF OF 2010

During the second half the growth of EB's sales in the Automotive Business Segment is expected to continue. Sales in EB's Wireless Business Segment is expected to be lower than in the first half of the year. More specific market outlook is presented under the "Business Segments' development during July-September 2010 and market outlook" section.

The continuing challenges of TerreStar Networks Inc. (TerreStar Networks), a significant customer of EB's subsidiary Elektrobitt Inc., in obtaining funding have resulted in payment delays and increased the risk of credit losses. While TerreStar Networks and certain other affiliates of TerreStar Corporation, a parent company to TerreStar Networks, have on October 19, 2010 filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in order to strengthen their financial position, this risk may grow during the second half of 2010. TerreStar Networks' court filings with the United States Bankruptcy Court contain only limited information on how EB's receivables will be treated in the reorganization. Further, the court filings do not contain a plan of reorganization, which EB anticipates will be presented for the approval of creditors and the Court later in the bankruptcy case. Due to its customer's reorganization process, EB has lowered its TerreStar Networks related net sales estimates for the last quarter of 2010.



Considering the current estimated implications of TerreStar Networks' filing for reorganization for EB's profit and financial position in the third quarter of 2010, as well as on the outlook for the parties' business relations during the last quarter, EB expects that net sales for the second half of 2010 will be higher than in the second half of 2009 (EUR 73.6 million) and operating profit for the second half of 2010, without the statutory provision of EUR 8.3 million, will be clearly lower than the operating profit for the second half of 2009 (0.0 million). The weakening operating profit level is mainly due to lowered TerreStar Networks related net sales estimates. It is possible that, based on later information related to TerreStar Networks' reorganization, this outlook may need to be reconsidered.

Uncertainties regarding the outlook are presented under the "Risks and uncertainties" section. Information on TerreStar Networks's filing for reorganization is also available in the "Events after the review period" and the October 20 and 25, 2010 stock exchange releases at www.elektrobit.com.

INVITATION TO A PRESS CONFERENCE

EB will hold a press conference on the interim report 3Q 2010 for media, analysts and institutional investors in Finland, Espoo, Keilasatama 5, 2nd floor in meeting room Purje on Thursday, October 28, 2010 at 11.00 am (CEST+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 2009 totaled MEUR 153.8. Elektrobit Corporation is listed on NASDAQ OMX Helsinki. www.elektrobit.com

**EB, ELEKTROBIT CORPORATION, INTERIM REPORT, JANUARY-SEPTEMBER 2010**

FINANCIAL PERFORMANCE DURING JANUARY-SEPTEMBER 2010

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

EB's net sales during January-September 2010 increased by 5.5 per cent to EUR 119.9 million (EUR 113.7 million). Operating loss excluding the statutory provision of EUR 8.3 million related to TerreStar was EUR -1.4 million (EUR -1.9 million). Operating loss including the statutory provision was EUR -9.7 million.

The Automotive Business Segment's net sales during January-September 2010 amounted to EUR 57.0 million (EUR 44.7 million), representing 27.7% growth. The segment posted operating profit of EUR 0.8 million (EUR -4.0 million). The profitability improvement year-on-year was mainly attributable to the increased sales and solid overall market demand.

The Wireless Business Segment's net sales during January-September 2010 amounted to EUR 62.3 million (EUR 68.6 million), representing a decline of -9.1% compared to January-September 2009. Operating loss excluding the statutory provision was EUR -2.2 million (EUR 1.3 million). The decline was mostly attributable to weaker sales in the third quarter. Operating loss including the statutory provision was EUR -10.4 million.

The total R&D investments during the reporting period grew to EUR 15.5 million (EUR 10.5 million), equaling 12.9% of the net sales (9.2%).

CONSOLIDATED INCOME STATEMENT (MEUR)	1-9 2010	1-9 2009
	9 months	9 months
NET SALES	119.9	113.7
OPERATING PROFIT (LOSS)	-9.7	-1.9
Financial income and expenses	-0.9	-0.3
RESULT BEFORE TAX	-10.6	-2.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-10.2	-3.1
Profit after tax for the year from discontinued operations		0.3
RESULT FOR THE PERIOD	-10.2	-2.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-9.8	-3.4
Result for the period attributable to:		
Equity holders of the parent	-10.6	-2.8
Minority interest	0.3	0.0
Total comprehensive income for the period attributable to:		



Equity holder of the parent	-10.1	-3.4
Minority interest	0.3	0.0
Earnings per share EUR continuing operations	-0.08	-0.02
Earnings per share EUR discontinued operations		0.00
Earnings per share EUR continuing and discontinued operations	-0.08	-0.02

- Cash flow from business operations was EUR 6.3 million (EUR 0.9 million).
- Equity ratio was 62.7% (71.1%).
- Net gearing was -20.5% (-39.5%).

QUARTERLY FIGURES

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

	3Q 10	2Q 10	1Q 10	4Q 09	3Q 09
Net sales	33.7	44.7	41.5	40.1	33.5
Operating profit (loss)	-11.5	0.1	1.7	0.5	-0.8
Operating profit (loss) without non-recurring costs	-3.2	0.1	1.7	0.8	-0.8
Result before taxes	-10.6	-0.7	0.7	0.1	-0.6
Result for the period	-9.0	-0.9	-0.3	-0.3	-0.5

The distribution of net sales by Business Segments, MEUR:

	3Q 10	2Q 10	1Q 10	4Q 09	3Q 09
Automotive	19.9	18.6	18.5	16.8	14.8
Wireless	13.7	25.9	22.8	23.0	18.6
Corporation total	33.7	44.7	41.5	40.1	33.5

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

	3Q 10	2Q 10	1Q 10	4Q 09	3Q 09
Asia	1.8 5.4%	2.6 5.9%	2.7 6.5%	4.4 11.0%	1.8 5.5%
Americas	9.4 27.7%	17.4 39.0%	15.8 38.1%	13.7 34.2%	11.1 33.1%
Europe	22.5 66.8%	24.6 55.2%	23.0 55.4%	22.0 54.8%	20.6 61.4%



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

	3Q 10	2Q 10	1Q 10	4Q 09	3Q 09
Automotive					
Net sales	19.9	18.6	18.5	16.8	14.8
Operating profit (loss)	0.1	-0.2	0.9	0.3	-0.9
Wireless					
Net sales	13.7	25.9	22.8	23.0	18.6
Operating profit (loss)	-11.7	0.3	0.9	-0.3	-0.1
Other businesses					
Net sales	0.2	0.2	0.2	0.2	0.2
Operating profit (loss)	0.1	0.0	-0.1	0.5	0.2
Total					
Net sales	33.7	44.7	41.5	40.1	33.5
Operating profit (loss)	-11.5	0.1	1.7	0.5	-0.8



BUSINESS SEGMENTS' DEVELOPMENT DURING JULY-SEPTEMBER 2010 AND MARKET OUTLOOK

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

AUTOMOTIVE

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

During the third quarter of 2010, net sales of the Automotive Business Segment amounted to EUR 19.9 million (EUR 14.8 million, 3Q 2009), representing strong 34.4% growth year-on-year. The operating profit was EUR 0.1 million (EUR -0.9 million, 3Q 2009). The profitability improvement year-on-year was mainly due to increased sales and solid overall market demand.

In accordance with its value proposal as an infotainment software solution partner EB announced that it provides both navigation software and speech dialog software for the infotainment head unit of the new Audi A1. The navigation software is based on the navigation solution EB street director and the speech solution uses Speech Target Framework service that is included in EB GUIDE tools for user interface design.

EB has developed a position as the global AUTOSAR (automotive open system architecture) partner for several car electronics system vendors. During the quarter the AUTOSAR market grew slightly slower than expected and EB announced extensions to its EB Tresos software tools that are used to develop embedded automotive software for electronic control units.

EB accelerated its efforts to expand its business to driver assistance applications.



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 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).

Expanding capabilities and more sophisticated and networked features increase the complexity of automotive electronics. The growing 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, efficient software solutions EB is offering.

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



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 third quarter of 2010 was EUR 13.7 million (EUR 18.6 million, 3Q 2009), representing a fall of 26.4%. Operating loss excluding the statutory provision of EUR 8.3 million related to TerreStar was EUR -3.4 million (EUR -0.1 million, 3Q 2009). This was mostly due to weaker sales in the satellite terminal and mobile infrastructure markets. The temporary dismissals announced in June resulted in cost savings of approximately EUR 0.4 million in the third quarter. Operating loss including the statutory provision was EUR -11.7 million.

During the third quarter the EB-designed TerreStar GENUS smartphone became available in the USA and EB made good progress in the defense market. Demand for services and solutions in the device domain remained stable. The strengthening of Open Source Software capabilities continued through the July-September period.

EB announced the availability of EB Prosim F8 Aerospace and Satellite channel emulation Option (ASO) for the aerospace and defense markets. Wireless Communications Tools demand continued to be driven by the advanced development tools for 3GPP LTE technology.

Wireless Market Outlook

The global mobile device market volumes have continued to grow in 2010 especially in the area of smart phones. The value share is expected to move towards higher-end due to the increased demand for new features and services. The global mobile infrastructure market is expected to be flat during 2010 and the consolidation of the industry may continue. 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 wireless communication R&D services market 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.



LTE standard continued gaining strength and 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. The satellite-terrestrial and Mobile Satellite Services (MSS) market demand is expected to start moving from the current reference design phase towards the launch of commercial products and services. This can create new service and product related business opportunities for EB. However, EB has lowered its Terrestrial Networks related business volume estimates for the last quarter of 2010, due to its customer's reorganization process. More exact implications for the parties' future business relations cannot be currently evaluated.

Need for advanced development tools 3GPP LTE technology is expected to remain as a driver for the demand in the medium and long term. EB provides world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.

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 third quarter of 2010 were EUR 5.4 million (EUR 3.5 million, 3Q 2009), equaling 16.0% of the net sales (10.5%, 3Q 2009). EUR 1.6 million of R&D investments were capitalized.

OUTLOOK FOR THE SECOND HALF OF 2010

During the second half the growth of EB's sales in the Automotive Business Segment is expected to continue. Sales in EB's Wireless Business Segment is expected to be lower than in the first half of the year. More specific market outlook is presented under the "Business Segments' development during July-September 2010 and market outlook" section.

The continuing challenges of TerreStar Networks Inc. (Terrestrial Networks), a significant customer of EB's subsidiary Elektrobit Inc., in obtaining funding have resulted in payment delays and increased the risk of credit losses. While Terrestrial Networks and certain other affiliates of TerreStar Corporation, a parent company to TerreStar Networks, have on October 19, 2010 filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in order to strengthen their financial position, this risk may grow during the second half of 2010. TerreStar Networks' court filings with the United States Bankruptcy Court contain only limited information on how EB's receivables will be treated in the reorganization. Further, the court filings do not contain a plan of reorganization, which EB anticipates will be presented for the approval of creditors and the Court later in the bankruptcy case. Due to its customer's reorganization process, EB has lowered its Terrestrial Networks related net sales estimates for the last quarter of 2010.



Considering the current estimated implications of TerreStar Networks' filing for reorganization for EB's profit and financial position in the third quarter of 2010, as well as on the outlook for the parties' business relations during the last quarter, EB expects that net sales for the second half of 2010 will be higher than in the second half of 2009 (EUR 73.6 million) and operating profit for the second half of 2010, without the statutory provision of EUR 8.3 million, will be clearly lower than the operating profit for the second half of 2009 (0.0 million). The weakening operating profit level is mainly due to lowered TerreStar Networks related net sales estimates. It is possible that, based on later information related to TerreStar Networks' reorganization, this outlook may need to be reconsidered.

Uncertainties regarding the outlook are presented under the "Risks and uncertainties" section. Information on TerreStar Networks's filing for reorganization is also available in the "Events after the review period" and the October 20 and 25, 2010 stock exchange releases at www.elektrobit.com.

RISKS AND UNCERTAINTIES

EB has identified a number of business, market and finance related factors that can affect the level of sales and profits. Those of the greatest significance on a short term are those affecting the utilization and chargeability levels and average hourly prices of R&D services. On the ongoing financial period the global economic 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 also 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, this risk may grow during the second half of 2010. Challenges in obtaining funding have also resulted 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, this risk may grow during the second half of 2010. 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. It is also possible that the payment of receivables will be done partly or wholly in a form of shares in the reorganized company or in the form of other securities entitling creditors to obtain shares. The form or timing of any such payment of EB's receivables cannot be predicted with any degree of certainty at this time.



On October 26, 2010, EB's receivables from TerreStar Networks amounted to approximately USD 25.9 million (EUR 18.6 million), out of which USD 24.2 million (EUR 17.4 million) are outstanding.. TerreStar Networks' court filings with the United States Bankruptcy Court contain only limited information on how EB's receivables will be treated in the reorganization. Further, TerreStar Networks' court filings do not contain a plan of reorganization, which EB anticipates will be presented for the approval of creditors and the Court later in the bankruptcy case. Based on EB's current understanding, there is no reason to believe that EB would not be able to collect in due course at least that portion of TerreStar Networks' receivables that exceed the amount of the statutory provision of EUR 8.3 million booked for Q3/2010. It is possible that, based on later information, this view may need to be reconsidered. While EB has lowered its Terrestar Networks related net sales estimates for the last quarter of 2010, more exact implications of the customer's reorganization process for the parties' future business relations cannot be currently evaluated. At worst, TerreStar Networks' reorganization process and challenges in obtaining funding may result in significant credit losses for EB or even termination of the business relation should TerreStar Networks, in an exercise of its business judgment and with Court approval, determine that it will not comply with its contractual obligations towards EB as provided by EB.

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 second 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 September 30, 2010, are compared with the statement of the financial position of December 31, 2009 (MEUR). The figures for the period under review contain provisions of EUR 9.7 million, including the TerreStar related statutory provisions of EUR 8.3 million.

	9/2010	12/2009
Non-current assets	39.7	39.4
Current assets	95.8	120.8
Total assets	135.5	160.2
Share capital	12.9	12.9
Other equity	63.3	99.5
Minority interest	1.2	0.4
Total shareholders' equity	77.4	112.8
Non-current liabilities	10.7	15.0
Current liabilities	47.4	32.4
Total shareholders' equity and liabilities	135.5	160.2

Net cash flow from operations during the period under review:

+ net profit +/- adjustment of accrual basis items	EUR +6.7 million
+ decrease in net working capital	EUR +3.7 million
- interest, taxes and dividends	EUR -4.1 million
= cash generated from operations	EUR +6.3 million
- net cash used in investment activities	EUR -5.0 million
- net cash used in financing	EUR -30.6 million
= net change in cash and cash equivalents	EUR -29.2 million



The amount of accounts and other receivables, booked in current receivables, was EUR 62.0 million (EUR 59.3 million on December 31, 2009). Accounts and other payables, booked in interest-free current liabilities, were 42.4 million (EUR 27.5 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 7.0 million, consisting of replacement investments. Net investments for the reporting period totaled EUR 6.7 million. The total amount of depreciation during the period under review was EUR 6.4 million, including EUR 1.6 million of depreciation owing to business acquisitions.

The amount of interest-bearing debt at the end of the reporting period was EUR 14.0 million. The distribution of net financing expenses on the income statement was as follows:

interest, dividend and other financial income	EUR 0.6 million
interest expenses and other financial expenses	EUR -0.6 million
foreign exchange gains and losses	EUR -1.0 million

EB's equity ratio at the end of the period was 62.7% (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 20.0 million.

PERSONNEL

EB employed an average of 1,559 people between January and September 2010. At the end of September, EB had 1,584 employees (1,528 at the end of 2009). A significant part of EB's personnel are product development engineers.

On August 28, 2010 Chief Executive Officer Jukka Harju took over the responsibility for EB's investor communications and investor relations.



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.

DISTRIBUTION AND DECREASE OF THE SHARE PREMIUM FUND

The Annual General Meeting of Elektrobit Corporation, held on March 25, 2010 approved the proposal of the Board of Directors to distribute the shareholders EUR 0.20 per share from the parent company's share premium fund. In addition, it approved the Board's proposal to decrease the share premium fund by transferring to the company's invested unrestricted equity fund the funds remaining in the share premium fund after the above distribution. The distribution and decrease required an authorization by the Finnish National Board of Patents and Registration. The resolutions were booked on the balance sheet in March 2010.

The Finnish National Board of Patents and Registration gave its consent on August 12, 2010 for the distribution and decrease of the share premium fund. On September 2, 2010, the shareholders were distributed EUR 0.20 per share from the share premium fund, EUR 25,882,538.00 in total, and EUR 38,696,853.50 remaining in the share premium fund after the distribution was transferred to the invested unrestricted equity fund of the company.



EVENTS AFTER THE REVIEW PERIOD

As informed by EB on October 20, 2010, a significant customer of EB's subsidiary, Elektrobit Inc, TerreStar Networks and certain other affiliates of TerreStar Corporation 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. TerreStar Networks is a majority-owned indirect subsidiary of TerreStar Corporation.

On October 25, 2010 EB resolved to book a statutory provision in the amount of EUR 8.3 million related to the receivables owed to its subsidiary Elektrobit Inc. by TerreStar Networks, lower its TerreStar Networks related net sales estimates for the last quarter of 2010 and consequently lower its second half profit estimate. TerreStar Networks' court filings contain only limited information on how these receivables will be treated in the reorganization. Further, the court filings do not contain a plan of reorganization, which EB anticipates will be presented for the approval of creditors and the United States Bankruptcy Court later in the bankruptcy case. After subsequent discussions on the matter, EB resolved to make the statutory provision due to uncertainty as to how the receivables will be treated in the reorganization.

Information about the implications of the TerreStar Networks' reorganization process for EB is available in the "Outlook" and "Risks and uncertainties" sections of this report. EB's stock exchange releases regarding TerreStar's filing for reorganization and the consequent statutory provision and adjusted outlook, published on October 20 and 25, 2010 respectively, are available at www.elektrobit.com.

On October 18, 2010 EB announced that Hannu Huttunen (M. Econ.), 44, has been appointed President of the Wireless Business Segment and Managing Director of Elektrobit Technologies Ltd., effective November 1, 2010.

Oulu, October 28, 2010

EB, Elektrobit Corporation
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EB, ELEKTROBIT CORPORATION, CONDENSED FINANCIAL STATEMENTS AND NOTES

JANUARY- SEPTEMBER 2010

(unaudited)

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)	1-9/2010	1-9/2009	1-12/2009
	9 months	9 months	12 months
NET SALES	119.9	113.7	153.8
Other operating income	1.8	2.8	4.0
Change in work in progress and finished goods	0.3	-0.8	-0.9
Work performed by the undertaking for its own purpose and capitalized	0.2	0.4	0.4
Raw materials	-9.3	-5.8	-8.3
Personnel expenses	-71.6	-67.6	-90.9
Depreciation	-6.4	-7.5	-9.7
Other operating expenses	-44.5	-37.1	-49.8
OPERATING PROFIT (LOSS)	-9.7	-1.9	-1.4
Financial income and expenses	-0.9	-0.3	-0.6
RESULT BEFORE TAXES	-10.6	-2.2	-2.0
Income taxes	0.3	-0.9	-1.3
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-10.2	-3.1	-3.3
Result after taxes for the period from discontinued operations	0.0	0.3	1.3
RESULT FOR THE PERIOD	-10.2	-2.8	-2.0
Other comprehensive income:			
Exchange differences on translating foreign operations	0.4	-0.6	-0.3
Other comprehensive income for the period total	0.4	-0.6	-0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-9.8	-3.4	-2.4
Result for the period attributable to			
Equity holders of the parent	-10.6	-2.8	-2.2
Minority interest	0.3	0.0	0.2
Total comprehensive income attributable to			
Equity holders of the parent	-10.1	-3.4	-2.5
Minority interest	0.3	0.0	0.2



Earnings per share EUR continuing operations			
Basic earnings per share	-0.08	-0.02	-0.03
Diluted earnings per share	-0.08	-0.02	-0.03
Earnings per share EUR discontinued operations			
Basic earnings per share		0.00	0.01
Diluted earnings per share		0.00	0.01
Earnings per share EUR continuing and discontinued Operations			
Basic earnings per share	-0.08	-0.02	-0.02
Diluted earnings per share	-0.08	-0.02	-0.02
Average number of shares, 1000 pcs	129 413	129 413	129 413
Average number of shares, diluted, 1000 pcs	130 376	129 466	129 580
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
ASSETS			
Non-current assets			
Property, plant and equipment	10.6	12.2	11.4
Goodwill	18.5	18.5	18.5
Intangible assets	10.0	8.8	8.7
Other financial assets	0.1	0.3	0.3
Receivables	0.4	0.8	0.4
Deferred tax assets	0.1	0.0	0.1
Non-current assets total	39.7	40.7	39.4
Current assets			
Inventories	2.9	2.6	2.4
Trade and other receivables	62.0	55.6	59.3
Financial assets at fair value through profit or loss	15.8	0.3	40.2
Cash and short term deposits	15.0	62.2	18.8
Current assets total	95.8	120.7	120.8
TOTAL ASSETS	135.5	161.4	160.2
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Share premium		64.6	64.6
Invested non-restricted equity fund	38.7		



Translation difference	0.3	-0.4	-0.1
Retained earnings	24.3	35.1	35.0
Minority interest	1.2	0.0	0.4
Total equity	77.4	112.2	112.8
Non-current liabilities			
Deferred tax liabilities	1.2	2.2	2.3
Provisions	0.6	1.3	0.9
Interest-bearing liabilities	8.9	12.5	11.8
Other liabilities		0.1	
Non-current liabilities total	10.7	16.2	15.0
Current liabilities			
Trade and other payables	32.1	24.5	24.4
Financial liabilities at fair value through profit or loss			0.4
Pension obligations	1.2	1.2	1.2
Provisions	9.1	1.9	1.5
Interest-bearing loans and borrowings	5.1	5.2	4.9
Current liabilities total	47.4	32.9	32.4
Total liabilities	58.1	49.1	47.3
TOTAL EQUITY AND LIABILITIES	135.5	161.4	160.2

CONSOLIDATED STATEMENT OF CASH FLOWS **1-9/2010** **1-9/2009** **1-12/2009**
(MEUR)

	9 months	9 months	12 months
CASH FLOW FROM OPERATING ACTIVITIES			
Result for the period	-10.2	-2.8	-2.0
Adjustment of accrual basis items	17.0	6.6	7.7
Change in net working capital	3.7	-1.6	-3.8
Interest paid on operating activities	-2.9	-1.8	-2.0
Interest received from operating activities	0.6	1.4	1.6
Other financial income and expenses, net received	0.0	0.0	0.0
Income taxes paid	-1.9	-0.8	-1.1
NET CASH FROM OPERATING ACTIVITIES	6.3	0.9	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	-0.6
Purchase of property, plant and equipment	-1.2	-1.5	-1.2
Purchase of intangible assets	-3.7	-0.9	-1.5
Purchase of other investments	-0.0	-0.0	-0.1
Sale of property, plant and equipment	0.1	0.1	0.3
Sale of intangible assets	0.0	0.0	0.1
Proceeds from sale of investments	0.2	0.1	0.2



NET CASH FROM INVESTING ACTIVITIES	-5.0	-2.8	-3.4
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowing		1.1	1.6
Repayment of borrowing	-2.1	-2.6	-3.9
Payment of finance liabilities	-2.6	-3.0	-4.1
Distribution of funds from the share premium fund	-25.9		
NET CASH FROM FINANCING ACTIVITIES	-30.6	-4.6	-6.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	-29.2	-6.4	-9.5
Cash and cash equivalents at beginning of period	59.1	68.6	68.6
Cash and cash equivalents at end of period	29.8	62.2	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 = Minority share
 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				0.2		0.2
Total comprehensive income for the period				-3.4		-3.4
Other items				0.3	0.0	0.3
Equity on Sept. 30, 2009	12.9	64.6		34.7	0.0	112.2
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				0.5		0.5
Total comprehensive income for the period				-10.1		-10.1
Other items				-0.6	0.7	0.1
Equity on Sept. 30, 2010	12.9	0.0	38.7	24.6	1.2	77.4



NOTES TO THE FINANCIAL STATEMENT BULLETIN

Accounting principles for the Interim Report:

The same accounting policies and methods of computation are followed in the interim report 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.

The result of the reporting period comprises statutory provision EUR 8.3 million related to the TerreStar Network receivables.

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	1-9/2010 9 months	1-9/2009 9 months	1-12/2009 12 months
Automotive			
Net sales to external customers	57.0	44.7	61.5
Net sales to other segments		0.0	0.0
Net sales total	57.0	44.7	61.5
Operating profit (loss)	0.8	-4.0	-3.8
Wireless			
Net sales to external customers	62.3	68.6	91.6
Net sales to other segments	0.0	0.2	0.2
Net sales total	62.4	68.7	91.8
Operating profit (loss)	-10.4	1.3	1.0
OTHER ITEMS			
Other items			
Net sales to external customers	0.6	0.4	0.6
Operating profit (loss)	0.0	0.9	1.3
Eliminations			
Net sales to other segments	-0.0	-0.2	-0.2
Operating profit (loss)	0.0	0.0	0.0
Group total			
Net sales to external customers	119.9	113.7	153.8
Operating profit (loss)	-9.7	-1.9	-1.4



Net sales of geographical areas (MEUR)	1-9/2010	1-9/2009	1-12/2009
	9 months	9 months	12 months
Net sales			
Europe	70.2	69.5	91.4
Americas	42.6	35.5	49.2
Asia	7.2	8.8	13.2
Net sales total	119.9	113.7	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:	1-9/2010	1-9/2009	1-12/2009
Employee benefits for key management and stock option expenses total	1.8	1.8	2.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009
	3 months	3 months	3 months	3 months	3 months
NET SALES	33.7	44.7	41.5	40.1	33.5
Other operating income	0.4	0.8	0.6	1.2	0.9
Change in work in progress and finished goods	0.2	-0.1	0.1	-0.1	0.4
Work performed by the undertaking for its own purpose and capitalized	0.1	0.1	0.0	0.0	0.0
Raw materials	-2.8	-3.2	-3.3	-2.5	-2.1
Personnel expenses	-22.5	-24.9	-24.2	-23.3	-20.3
Depreciation	-2.2	-2.2	-2.0	-2.2	-2.4
Other operating expenses	-18.4	-15.0	-11.1	-12.7	-10.8
OPERATING PROFIT (LOSS)	-11.5	0.1	1.7	0.5	-0.8
Financial income and expenses	0.9	-0.8	-1.0	-0.3	0.2
RESULT BEFORE TAXES	-10.6	-0.7	0.7	0.1	-0.6
Income taxes	1.6	-0.2	-1.1	-0.4	0.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-9.0	-0.9	-0.3	-0.3	-0.5
Result after taxes for the period					



from discontinued operations				1.0	0.3
RESULT FOR THE PERIOD	-9.0	-0.9	-0.3	0.7	-0.1
Other comprehensive income					
for the period total	-1.4	1.2	0.7	0.3	-0.4
TOTAL COMPREHENSIVE					
INCOME FOR THE PERIOD	-10.4	0.3	0.3	1.0	-0.5

Result for the period attributable to:

Equity holders of the parent	-9.0	-0.9	-0.6	0.6	-0.2
Minority interest	0.0	0.0	0.3	0.1	0.0

Total comprehensive income

for the period attributable to:

Equity holders of the parent	-10.5	0.3	0.0	0.9	-0.6
Minority interest	0.0	0.0	0.3	0.1	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)

	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sept. 30, 2009
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ASSETS

Non-current assets

Property, plant and equipment	10.6	10.8	10.4	11.4	12.2
Goodwill	18.5	18.5	18.5	18.5	18.5
Intangible assets	10.0	9.1	8.8	8.7	8.8
Other financial assets	0.1	0.1	0.3	0.3	0.3
Receivables	0.4	0.4	0.4	0.4	0.8
Deferred tax assets	0.1	0.1	0.1	0.1	0.0

Non-current assets total

39.7 39.1 38.5 39.4 40.7

Current assets

Inventories	2.9	2.5	2.4	2.4	2.6
Trade and other receivables	62.0	65.6	57.3	59.3	55.6
Financial assets at fair value					
through profit or loss	15.8	45.5	50.4	40.2	0.3
Cash and short term deposits	15.0	14.4	16.7	18.8	62.2

Current assets total

95.8 128.0 126.8 120.8 120.7

TOTAL ASSETS

135.5 167.1 165.3 160.2 161.4

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	64.6



Invested non-restricted equity fund	38.7	38.7	38.7		
Translation difference	0.3	1.7	0.5	-0.1	-0.4
Retained earnings	24.3	33.3	34.5	35.0	35.1
Minority interest	1.2	1.1	0.7	0.4	0.0
Total equity	77.4	87.8	87.4	112.8	112.2
Non-current liabilities					
Deferred tax liabilities	1.2	1.7	2.3	2.3	2.2
Provisions	0.6	0.6	0.8	0.9	1.3
Interest-bearing liabilities	8.9	10.5	10.4	11.8	12.5
Other liabilities				0.0	0.1
Non-current liabilities total	10.7	12.8	13.5	15.0	16.2
Current liabilities					
Trade and other payables	32.1	59.3	56.9	24.4	24.5
Financial liabilities at fair value through profit or loss		0.0	0.4	0.4	
Pension obligations	1.2	1.1	1.2	1.2	1.2
Provisions	9.1	1.1	1.2	1.5	1.9
Interest-bearing loans and Borrowings (non-current)	5.1	5.0	4.6	4.9	5.2
Current liabilities total	47.4	66.5	64.4	32.4	32.9
Total liabilities	58.1	79.3	77.9	47.3	49.1
TOTAL EQUITY AND LIABILITIES	135.5	167.1	165.3	160.2	161.4
CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	7-9/ 2010 3 months	4-6/ 2010 3 months	1-3/ 2010 3 months	10-12/ 2009 3 months	7-9/ 2009 3 months
Net cash from operating activities	0.2	-4.5	10.6	-0.5	4.6
Net cash from investing activities	-2.6	-1.4	-0.9	-0.7	-0.7
Net cash from financing activities	-27.8	-1.1	-1.7	-1.9	-2.1
Net change in cash and cash equivalents	-30.1	-7.1	8.0	-3.1	1.8



FINANCIAL PERFORMANCE RELATED RATIOS	1-9/2010	1-9/2009	1-12/2009
	9 months	9 months	12 months
STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Net sales	119.9	113.7	153.8
Operating profit (loss)	-9.7	-1.9	-1.4
Operating profit (loss), % of net sales	-8.0	-1.7	-0.9
Result before taxes	-10.6	-2.2	-2.0
Result before taxes, % of net sales	-8.8	-1.9	-1.3
Result for the period	-10.2	-3.1	-3.3
PROFITABILITY AND OTHER KEY FIGURES			
Interest-bearing net liabilities, (MEUR)	-15.9	-44.4	-42.4
Net gearing, -%	-20.5	-39.5	-37.6
Equity ratio, %	62.7	71.1	71.5
Gross investments, (MEUR)	7.0	2.4	4.0
Average personnel during the period	1559	1610	1589
Personnel at the period end	1584	1556	1528
AMOUNT OF SHARE ISSUE ADJUSTMENT			
(1,000 pcs)	Sept. 30,	Sept. 30,	Dec. 31,
	2010	2009	2009
At the end of period	129 413	129 413	129 413
Average for the period	129 413	129 413	129 413
Average for the period diluted with stock options	130 376	129 466	129 580
STOCK-RELATED FINANCIAL RATIOS (EUR)			
	1-9/2010	1-9/2009	1-12/2009
	9 months	9 months	12 months
Basic earnings per share	-0.08	-0.02	-0.03
Diluted earnings per share	-0.08	-0.02	-0.03
Equity *) per share	0.59	0.87	0.87
*) Equity attributable to equity holders of the parent			
MARKET VALUES OF SHARES (EUR)			
	1-9/2010	1-9/2009	1-12/2009
Highest	1.25	0.80	1.40
Lowest	0.83	0.33	0.33



Average	1.05	0.52	0.62
At the end of period	0.84	0.75	0.94
Market value of the stock, (MEUR)	108.7	97.1	121.6
Trading value of shares, (MEUR)	10.6	7.0	11.1
Number of shares traded, (1,000 pcs)	10 091	13 360	17 822
Related to average number of shares %	7.8	10.3	13.8
SECURITIES AND CONTINGENT LIABILITIES (MEUR)	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
AGAINST OWN LIABILITIES			
Floating charges	3.1	3.3	3.1
Pledges	2.4	0.9	1.0
Mortgages are pledged for liabilities totaled	6.5	8.8	8.6
AGAINST OTHER LIABILITIES			
Guarantees	4.5	2.8	3.8
Other liabilities	10.1		
OTHER DIRECT AND CONTINGENT LIABILITIES			
Rental liabilities			
Falling due in the next year	5.6	5.1	5.9
Falling due after one year	17.2	15.1	17.9
Other contractual liabilities			
Falling due in the next year	3.3	4.2	4.3
Falling due after one year	0.3	1.0	0.7



NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Foreign exchange forward contracts			
Market value	0.7	0.1	-0.3
Nominal value	12.0	2.0	11.0
Purchased currency options			
Market value	0.8	0.4	0.1
Nominal value	8.0	8.5	11.5
Sold currency options			
Market value	-0.5	-0.1	-0.1
Nominal value	16.0	17.0	23.0