



Elektrobit

ELEKTROBIT CORPORATION (EB) INTERIM REPORT JANUARY - JUNE 2014

Net sales

103.9 MEUR

Net sales growth

10.4%

Operating profit

5.0 MEUR

Operating profit, % of net sales

4.8%

IN JANUARY-JUNE 2014 NET SALES GREW AND OPERATING PROFIT IMPROVED FROM THE PREVIOUS YEAR

The 2013 figures presented in comparison in this interim report include the figures of Continuing Operations only.

SUMMARY APRIL – JUNE 2014

- Net sales of April - June 2014 grew to EUR 52.2 million (EUR 47.9 million, 2Q 2013), representing an increase of 9.0 % year-on-year.
- Operating profit was EUR 3.1 million (EUR 0.7 million, 2Q 2013).
- Net cash flow was EUR -11.6 million (EUR -1.5 million, 2Q 2013).
- Earnings per share were EUR 0.014 (EUR 0.001, 2Q 2013).
- The number of EB's shares increased during the reporting period by altogether 581 624 new shares subscribed by virtue of the stock option rights 2008A, 2008B and 2008C. At the end of the period, the number of shares in Elektrobit Corporation totaled 131,191,196.
- Parrot S.A. initiated legal proceeding against e.solutions GmbH, a jointly owned company of Elektrobit Corporation (EB) and AUDI, seeking to collect damages in the amount of approximately EUR 18.4 million for loss of profit and reputational damage. Based on the e.solutions' initial legal analysis the claim is without merit both in terms of the grounds and the amount of the claim.
- Elektrobit (EB) has decided to temporarily lay off 90 persons at the maximum, for 90 days at the maximum, part-time or full-time in Wireless Business Segment and targets to achieve EUR 0.8 million cost savings, which are expected to materialize mainly during the third quarter of the year.

SUMMARY JANUARY – JUNE 2014

- Net sales of January - June 2014 grew to EUR 103.9 million (EUR 94.1 million, 1H 2013), representing an increase of 10.4 % year-on-year.
- Operating profit was EUR 5.0 million (EUR 1.4 million, 1H 2013, including non-recurring costs of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment).
- Net cash flow was EUR -12.1 million (EUR 27.8 million, 1H 2013, including non-recurring net cash flow of about EUR 28 million resulting from the sale of the Test Tools product business).
- Earnings per share were EUR 0.027 (EUR 0.006, 1H 2013).

Group (MEUR)	2Q 14	2Q 13	1H 14	1H 13	2013
NET SALES	52.2	47.9	103.9	94.1	199.3
Change of net sales, %	9.0 %	15.5 %	10.4 %	11.8 %	14.6 %
OPERATING PROFIT / LOSS	3.1	0.7	5.0	1.4	8.1
Operating profit / loss, % of net sales	5.9 %	1.5 %	4.8 %	1.5 %	4.1 %
Operating profit /loss without non-recurring items	3.1	0.7	5.0	2.2	9.0

EBITDA	5.1	2.9	9.2	5.8	17.2
CASH AND OTHER LIQUID ASSETS	30.9	42.1	30.9	42.1	43.0
EQUITY RATIO (%)	61.7 %	64.0 %	61.7 %	64.0 %	65.1 %
EARNINGS PER SHARE (EUR)	0.014	0.001	0.027	0.006	0.051

Automotive Business Segment (MEUR)	2Q 14	2Q 13	1H 14	1H 13	2013
NET SALES	39.8	32.6	77.3	63.0	138.3
Change of net sales, %	22.4 %	30.6 %	22.6 %	22.9 %	25.0 %
OPERATING PROFIT / LOSS	4.2	0.1	7.1	1.2	8.5
Operating profit / loss, % of net sales	10.4 %	0.2 %	9.1 %	1.9 %	6.2 %
EBITDA	5.6	1.6	10.1	4.1	14.6

Wireless Business Segment (MEUR)	2Q 14	2Q 13	1H 14	1H 13	2013
NET SALES	12.4	15.4	26.6	31.2	61.2
Change of net sales, %	-19.4 %	-7.0 %	-14.7 %	-5.5 %	-3.7 %
OPERATING PROFIT / LOSS	-0.9	0.6	-2.0	0.1	-0.5
Operating profit / loss, % of net sales	-7.4 %	3.6 %	-7.6 %	0.5 %	-0.8 %
Operating profit /loss without non-recurring items	-0.9	0.6	-2.0	1.0	0.4
EBITDA	-0.3	1.2	-0.8	1.7	2.5

EB'S CEO JUKKA HARJU

“In January-June, EB’s net sales grew by 10.4 per cent year-on-year to EUR 103.9 million. Operating profit improved and was EUR 5.0 million. The reason for the improved net sales and operating profit was the good development of Automotive Business Segment.

In Automotive Business Segment, the demand for EB’s software products and R&D services remained good as car makers invested in the development of new car models. Net sales of Automotive Business Segment grew strongly by 22.6 % from the previous year and operating profit improved to 9.1 % of net sales. The improvement of the operating profit resulted from the good performance in services projects, the growth of software license sales especially for the in-car navigation software and lower R&D investments.

The net sales in Wireless Business Segment decreased by 14.7 % from the previous year due to the decreased demand for R&D services for mobile telecommunications network equipment. The operating result in the Wireless Business Segment was below our target and remained negative. In the second half of the year, we expect the Wireless Business Segment to develop positively and operating result to be profitable.

Our main target in 2014 is to grow net sales and operating profit from the previous year and EB is in a good position to achieve this target.”

OUTLOOK FOR 2014

EB expects for the year 2014 that net sales and operating result will grow from the previous year (net sales of EUR 199.3 million and operating profit of EUR 8.1 million, in 2013). Net sales growth rate in 2014 is expected to be slower than in the previous year (net sales growth 14.6 %, 2013). Operating profit in the second half of the year is expected to be higher than in the first half (operating profit of EUR 5.0 million, 1H 2014).

The demand for R&D services and software products of the Automotive Business Segment is expected to continue good in the second half of the year, and operating profit of Automotive Business Segment is expected to be at the same level or better than in the first half of the year (operating profit of EUR 7.1 million, 1H 2014). Operating result of the Wireless Business Segment in the second half of 2014 is expected to be positive (operating loss of EUR -2.0 million, 1H 2014). In the Wireless Business Segment in the second half of 2014, the demand for R&D services is expected to recover and product-based net sales is expected to grow compared to the first half of the year. EB aims at bringing its Wireless Business Segment's products to the global defense and other authority markets, and expects to start gradually generating net sales from these markets from the latter half of 2014 onwards. In the second half of the year the product-based net sales is expected to accumulate mainly from the domestic customers and mainly during the fourth quarter.

More specific market outlook is presented under sections "Market outlook for the Automotive Business Segment" and "Market outlook for the Wireless Business Segment".

The profit outlook for the year 2014 does not include possible non-recurring income or costs related to the reorganization cases of TerreStar Networks Inc. More information about the reorganization cases of TerreStar Networks and the amount of the receivables and collecting the receivables as well as other uncertainties regarding the outlook is presented in the "Events after the review period" and in the Report by the Board of Directors 2013, available at <http://annualreport.elektrobit.com>.

INVITATION TO A PRESS CONFERENCE

EB will hold a press conference on the January-June 2014 Interim Report for media, analysts and institutional investors in Restaurant Savoy, Eteläesplanadi 14, Helsinki, Finland, on Thursday, August 7, 2014, at 11.00 a.m. (CEST+1). The conference will also be held as a conference call and the presentation will be shown simultaneously in the Internet through GlobalMeet. The conference will be held in English. For more information please go to www.elektrobit.com/investors.

ELEKTROBIT CORPORATION (EB)

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 in 2013 totaled EUR 199.3 million and the operating profit was EUR 8.1 million, in 2013. Elektrobit Corporation is listed on NASDAQ OMX Helsinki. www.elektrobit.com.

ELEKTROBIT CORPORATION (EB) INTERIM REPORT JANUARY-JUNE 2014

2013 figures presented in comparison in this interim report include only figures of Continuing Operations.

FINANCIAL PERFORMANCE DURING JANUARY-JUNE 2014

EB's net sales during January-June 2014 grew by 10.4 per cent year-on-year to EUR 103.9 million (EUR 94.1 million, 1H 2013). Operating profit was EUR 5.0 million (EUR 1.4 million, 1H 2013, including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment).

Net sales of Automotive Business Segment in January-June 2014 grew to EUR 77.3 million (EUR 63.0 million, 1H 2013), representing 22.6 per cent growth year-on-year. Operating profit improved clearly from the previous year and was EUR 7.1 million (EUR 1.2 million, 1H 2013). The demand for EB's software products and R&D services in Automotive Business Segment remained good, including the jointly owned company e.solutions GmbH. The improvement of the operating profit resulted from the good performance in services projects, the growth of software license sales especially for the in-car navigation software and the lower R&D investments.

The Wireless Business Segment's net sales in January-June 2014 decreased by 14.7 per cent year-on-year, to EUR 26.6 million (EUR 31.2 million, 1H 2013). The share of the product-based net sales was EUR 5.9 million, which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from the delivery of a batch of special terminal products for the authority use to certain customer abroad. The operating loss of the Wireless Business Segment in January-June 2014 was EUR -2.0 million (operating profit of EUR 0.1 million, 1H 2013, including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in Wireless Business Segment). The decrease in the net sales year-on-year and lower than expected operating result were due to the decline in the demand for R&D services for mobile telecommunications network equipment, delays in acquiring and starting new R&D service projects and delays in some product deliveries.

CONSOLIDATED INCOME STATEMENT (MEUR)	1-6 2014	1-6 2013
	6 months	6 months
CONTINUING OPERATIONS		
Net sales	103.9	94.1
Operating profit / loss	5.0	1.4
Financial income and expenses	-0.2	-0.6
Result before tax	4.7	0.8
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	3.6	0.8
RESULT FOR THE PERIOD FROM DISCONTINUING OPERATIONS		23.6
RESULT FOR THE PERIOD	3.6	24.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3.8	24.6
Result for the period attributable to:		
Equity holders of the parent	3.6	24.4
Non-controlling interests		0.0

Total comprehensive income for the period attributable to:		
Equity holder of the parent	3.8	24.6
Non-controlling interests		0.0
Earnings per share from continuing operations, EUR	0.027	0.006

- Cash flow from operating activities was EUR -15.4 million (EUR 5.4 million, 1H 2013). The negative cash flow was caused by the increased working capital. This was mainly due to the timing of the payment milestones of big projects.
- Net cash flow was EUR -12.1 million (EUR 27.8 million, 1H 2013, including non-recurring net cash flow of about EUR 28 million resulting from the sale of the Test Tools product business).
- Equity ratio was 61.7 % (64.0 %, June 30, 2013).
- Net gearing was -20.6 % (-28.7 %, June 30, 2013).

QUARTERLY FIGURES

Elektrobit Group's net sales and operating result, MEUR:

	2Q 14	1Q 14	4Q 13	3Q 13	2Q 13
Net sales	52.2	51.7	59.5	45.7	47.9
Operating profit (loss)	3.1	1.9	5.7	1.0	0.7
Operating profit (loss) without non-recurring costs	3.1	1.9	5.7	1.0	0.7
Result before taxes	2.8	1.9	5.5	0.9	0.2
Result for the period	1.8	1.7	5.0	0.8	0.2

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

In 2013 Wireless Business Segment reported non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment in the first quarter of 2013. In the review period and in the periods presented for comparison in the table above, no non-recurring items occurred.

Net sales and operating profit development by Business Segments and other businesses, MEUR:

	2Q 14	1Q 14	4Q 13	3Q 13	2Q 13
Automotive					
Net sales to external customers	39.8	37.5	41.1	34.1	32.5
Net sales to other segments	0.0	0.0	0.0	0.0	0.1
Operating profit (loss)	4.2	2.9	5.4	1.9	0.1
Wireless					
Net sales to external customers	12.4	14.2	18.3	11.5	15.4

Net sales to other segments	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	-0.9	-1.1	0.3	-0.9	0.6
Other businesses					
Net sales to external customers	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	-0.2	0.1	0.0	0.0	0.1
Total					
Net sales	52.2	51.7	59.5	45.7	47.9
Operating profit (loss)	3.1	1.9	5.7	1.0	0.7

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

	2Q 14	1Q 14	4Q 13	3Q 13	2Q 13
Asia	1.8 3.5 %	2.5 4.9 %	2.3 3.9 %	1.9 4.3 %	1.7 3.6 %
Americas	6.6 12.7 %	7.2 13.8 %	8.0 13.4 %	6.0 13.2 %	6.4 13.4 %
Europe	43.8 83.8 %	42.0 81.3 %	49.2 82.7 %	37.7 82.5 %	39.7 83.0 %

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A total of 1,090,321 new shares were subscribed for between December 5, 2013 and June 9, 2014 by virtue of the stock option rights 2008A, 2008B and 2008C. The share subscription price, EUR 368,396.45 was recorded in the Company's invested non-restricted equity fund. The increases in the number of the Company's shares were entered into the Finnish Trade Register on February 10, 2014, April 14, 2014 and on June 26, 2014. The trading with the registered shares started on February 11, 2014, April 15, 2014 and on June 27, 2014 as an additional lot of Elektrobit Corporation's shares in NASDAQ OMX Helsinki Ltd. After the registration of the new shares, the number of shares in Elektrobit Corporation totaled 131,191,196.

In April, a supplier of e.solutions GmbH, Parrot S.A, has filed a lawsuit against e.solutions in the Tribunal de Commerce de Paris (Commercial Court Paris) seeking to collect damages in the amount of approximately EUR 18.4 million for loss of profit and reputational damage. Based on the e.solutions' initial legal analysis the claim is without merit both in terms of the grounds and the amount of the claim. Based on the current estimate, the legal proceedings will not cause any such financial obligation to e.solutions or to EB that would affect EB's profit outlook and financial position. It is possible that, based on later information, this view may need to be reconsidered. At the worst, Parrot's claim could result significant negative impact on e.solutions' and EB's profit, cash flow and financial position.

On April 30, 2014 EB started personnel negotiations to adjust its cost structure for the weakened order book for R&D services in the next few months. The negotiations were concluded on May 15, and the company decided to temporarily lay off at the maximum of 90 persons in the Wireless Business Segment. With these temporary dismissals EB targets cost savings of approximately EUR 0.8 million, which would materialize mainly during the third quarter of the year.

BUSINESS SEGMENTS' DEVELOPMENT DURING APRIL-JUNE 2014 AND MARKET OUTLOOK

EB's reporting is based on two segments which are the Automotive and Wireless Business Segments.

AUTOMOTIVE

In Automotive Business Segment EB offers software products and R&D services for carmakers, car electronics suppliers and other suppliers to the automotive industry. The offering includes in-car infotainment solutions, such as navigation and human machine interfaces (HMI), as well as software for electronic control units (ECU) and driver assistance (DA). By combining its software products and R&D services, EB is creating unique, customized solutions for the automotive industry. EB's software products are: EB street director navigation software, EB GUIDE HMI development and speech dialogue platform, EB tresos product line of software components used in ECUs and tools for their configuration, and EB Assist, an extensive product line with tooling and a software development kit for driver assistance solutions. These software products generate license fees, often combined with supply of R&D services for customized solutions.

EB and Audi's subsidiary, Audi Electronics Venture GmbH (AEV), have a jointly owned company e.solutions GmbH that is currently developing infotainment software and provides systems engineering and systems integration services for Volkswagen Group car models. EB also delivers products and R&D services to the joint venture. EB owns 51% of e.solutions GmbH and AEV 49%. e.solutions GmbH is consolidated in EB group's financial statements by applying proportionate consolidation method.

Development of the Automotive Business Segment in April – June 2014

EB's net sales in Automotive Business Segment continued its strong growth during the second quarter of 2014 and amounted to EUR 39.8 million (EUR 32.6 million, 2Q 2013), representing a growth of 22.4 % year-on-year. Operating profit improved clearly and was EUR 4.2 million (EUR 0.1 million, 2Q 2013). The demand for EB's software products and R&D services remained good in the Automotive Business Segment, including the jointly owned company e.solutions GmbH. The improvement of the operating profit resulted from the good performance in services projects, growth of software license sales especially for the in-car navigation software and lower R&D investments.

The R&D investments in the second quarter were EUR 2.5 million (EUR 3.7 million, 2Q 2013). The reason for the decrease in the R&D investments was the transfer of certain product platform development from an initial investment phase to a continuing development phase.

In June EB introduced new functions for its EB Assist Electronic Horizon Solution, offering more flexibility for carmakers and suppliers for implementing predictive driver assistance systems. The new version enables them to use digital map information across car lines and model configurations, without the need for having an active navigation system.

As recognition to EB's long-standing expertise in the development of driver assistance software solutions that provide maximum safety, quality and performance, EB received Best Telematics Safety and Security Award for driver assistance software solutions developed with Daimler for Daimler, during the Telematics Detroit 2014 conference and exhibition (June 4-5) in the Detroit suburb of Novi, Michigan.

Automotive Business Segment Market Outlook

The global car market is expected to grow by 3% in 2014 according to the forecast made by VDA (Verband der Automobilindustrie). Carmakers continued to invest in automotive software for new car models and the market for software products and services is estimated to continue growing during 2014. The demand for EB's products and services is estimated to develop positively year-on-year during 2014 in Automotive Business Segment.

The market for electronics and software for cars is estimated to continue growing in the long term. The study "Future Industry Structure of Automotive (FAST) Electronics 2025" from Berylls assumes a growth of automotive electronics from EUR 215 billion in 2012 to EUR 456 billion in 2025 (CAGR 6%).

Growth in the automotive software market, and growth for EB, is mainly expected to be driven by:

- The majority of in-vehicle innovations come from electronics and software. Carmakers can develop more vehicle features and create product differentiation as software innovation allows for great product innovation jumps in the areas of comfort, information and entertainment, powertrain and communication.

- The software and hardware in electronics solutions will be gradually separated from each other in order to speed up the innovation and to improve the quality and cost efficiency.
- Consumers expect in the car the same richness of features and user experience they know from the Internet and mobile devices, and therefore infotainment systems become increasingly common in all car price categories.
- Mobile connectivity will become one of the fastest-growing Internet-connected device platforms among other connected consumer electronics devices, such as media tablets and smartphones. Gartner estimates that by 2016, the majority of car buyers in automotive markets like in the U.S. and the Western Europe will view the availability of in-vehicle, web-enabled dynamic content as a key buying criterion when considering a standard brand car. This tipping point will be reached even sooner — during 2014 — for premium-brand cars.
- Connected Car solutions and cloud connections enable bringing of new applications and enhancements to car functions, for example real-time traffic information or map updates for navigation. The increasing demand to better integrate mobile devices with the car has been reflected in consumer electronics companies such as Apples “CarPlay” or Google’s announcement of Open Automotive Alliance.
- New Active Safety Systems and Driver Assistance applications are being brought to the market as automated driving is becoming one of the key trends and an area with significant investments.

WIRELESS

In the Wireless Business Segment EB offers products and product platforms for defense, public safety and other authorities markets as well as for industrial use. Further EB offers product development services and customized solutions for wireless communications markets and for companies needing wireless connectivity for their products. EB’s products in the Wireless Business Segment are the EB Tactical Wireless IP Network for tactical communications, EB Tough VoIP for tactical IP-based communication, EB Wideband COMINT Sensor for signals intelligence. The product platforms are the Android-based EB Specialized Device Platform and EB LTE Connectivity Module for specialized markets. For the latest wireless technologies and applications EB offers a broad range of R&D services such as consulting, integration, and development of software and hardware.

Development of the Wireless Business Segment in April – June 2014

Net sales of the Wireless Business Segment during the second quarter of 2014 decreased by 19.4 per cent year-on-year to EUR 12.4 million (EUR 15.4 million, 2Q 2013). The share of the product based net sales was EUR 2.3 million, which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from the delivery of a batch of special terminal products for the authority use to certain customer abroad.

Operating loss was EUR -0.9 million (operating profit EUR 0.6 million, 2Q 2013). The decrease in the net sales year-on-year and lower than expected operating result were due to the decline in the demand for the mobile telecommunications network equipment R&D services, delays in acquiring and starting new R&D service projects and delays in some product deliveries.

EB aims at bringing its products to the global defense and other authority markets, and expects to start gradually generating net sales from these markets from the latter half of 2014 onwards. During the second quarter EB continued its sales and marketing efforts and R&D investments into these markets.

R&D investments in the second quarter were EUR 1.8 million (EUR 1.0 million, 2Q 2013). R&D investments were increased for products for the authorities use.

On April 30, 2014 EB started personnel negotiations to adjust its cost structure for the weakened order book for R&D services in the next few months. The negotiations were concluded on May 15, and the company decided to temporarily lay off at the maximum of 90 persons in the Wireless Business Segment. With these temporary dismissals EB targets cost savings of approximately EUR 0.8 million, which would materialize mainly during the third quarter of the year.

In June EB told that it is developing an EB Tactical LTE Access Point solution (Long Term Evolution, 4G) alongside its tactical communications products and systems to enable the utilization of regular terminals designed for civilian use in military purposes. This solution serves to establish a wireless broadband access point to cover data transfer and a call service within a specific area of the battlefield. EB presented its expanding product portfolio at the Eurosatory 2014 exhibition in Paris.

Wireless Business Segment Market Outlook

In the Wireless Business Segment, EB's customers operate in various industries, each of them having own industry specific factors driving the demand. A common factor creating demand among the whole customer base is the introduction of new technologies. In 2014 the implementation of LTE (Long Term Evolution) technology is expected to continue to be important technological change driving the demand. Due to the long history in developing smart phones and mobile communication devices, EB is in a good position to offer solutions, where e.g. mastering of multi-radio technologies and end-to-end system architectures covering both terminals and networks is needed.

Following factors are expected to create demand for EB's products and services in 2014 and beyond:

- In the mobile infrastructure equipment market the use of LTE technology is expected to continue strong. This creates the need for services for LTE base station design. There is a wide range of frequencies allocated for LTE globally thus creating a need to develop multiple products to cover the market and creating demand for R&D services for design of product variants.
- The trend of adopting new commercial technologies, such as LTE, smart phones and applications, is expected to continue in special verticals such as public safety. The specific LTE frequency band allocations for authorities create demand for customized LTE devices, such as EB's specialized terminals, tablets and communication modules.
- The need for R&D services for connected devices for business or consumer use, such as smart watch and other Wearable devices is evolving and creating demand for customized solutions based on EB's product platforms.
- In the defense market's tactical communication the need for larger amounts of information data grows, generating demand for broadband networks, such as EB's customized IP (Internet Protocol) based tactical communications solutions.

The general cost savings of the mobile telecommunications network companies reflect as decrease in the demand for R&D services despite of the base station development needs generated by the LTE technology.

EB aims at bringing its products to the global defense and other authorities markets and expects to start gradually generating net sales from these markets from the latter half of 2014 onwards. The public defense budget cuts affect negatively on the demand for products and product development services in Europe and also elsewhere in the world, and simultaneously increases the competition between the suppliers.

The defense, national security and other authority markets are slowly developing markets by their nature. They are characterized by long sales cycles driven by purchasing programs of national governments, and the purchases of the selected products take place over several years.

RESEARCH AND DEVELOPMENT

EB continued its investments in R&D for automotive software products and tools in Automotive Business Segment, and in products and product platforms for the defense and public safety markets in Wireless Business Segment.

The total R&D investments during January-June 2014 were EUR 8.4 million (EUR 9.9 million, 1H 2013), equaling 8.1% of the net sales (10.5%, 1H 2013). The share of R&D investments in Automotive Business Segment was EUR 5.0 million (EUR 7.7 million, 1H 2013) and in Wireless Business Segment EUR 3.4 million (EUR 2.2 million, 1H 2013).

EUR 0.7 million of R&D investments was capitalized (EUR 0.0 million, 1H 2013). The amount of capitalized R&D investments at the end of June 2014 was EUR 11.8 million (EUR 12.7 million, 30.6.2013). A significant part of these capitalizations is related to customer agreements in Automotive Business Segment, where future license fees, based on the actual car delivery volumes, are expected to accumulate in the coming years. Depreciations of R&D investments were EUR 0.8 million during the reporting period (EUR 0.8 million, 1H 2013).

The total negative effect, caused from research and development investments, their capitalizations and their depreciation, on EB's income statement in January-June 2014 was EUR- 8.5 million (EUR -10.7 million, 1H 2013).

OUTLOOK FOR 2014

EB expects for the year 2014 that net sales and operating result will grow from the previous year (net sales of EUR 199.3 million and operating profit of EUR 8.1 million, in 2013). Net sales growth rate in 2014 is expected to be slower than in the previous year (net sales growth 14.6 %, 2013). Operating profit in the second half of the year is expected to be higher than in the first half (operating profit of EUR 5.0 million, 1H 2014).

The demand for R&D services and software products of the Automotive Business Segment is expected to continue good in the second half of the year, and operating profit of Automotive Business Segment is expected to be at the same level or better than in the first half of the year (operating profit of EUR 7.1 million, 1H 2014). Operating result of the Wireless Business Segment in the second half of 2014 is expected to be positive (operating loss of EUR -2.0 million, 1H 2014). In the Wireless Business Segment in the second half of 2014, the demand for R&D services is expected to recover and product-based net sales is expected to grow compared to the first half of the year. EB aims at bringing its Wireless Business Segment's products to the global defense and other authority markets, and expects to start gradually generating net sales from these markets from the latter half of 2014 onwards. In the second half of the year the product-based net sales is expected to accumulate mainly from the domestic customers and mainly during the fourth quarter.

More specific market outlook is presented under sections "Market outlook for the Automotive Business Segment" and "Market outlook for the Wireless Business Segment".

The profit outlook for the year 2014 does not include possible non-recurring income or costs related to the reorganization cases of TerreStar Networks Inc. More information about the reorganization cases of TerreStar Networks and the amount of the receivables and collecting the receivables as well as other uncertainties regarding the outlook is presented in the "Events after the review period" and in the Report by the Board of Directors 2013, available at <http://annualreport.elektrobit.com>.

RISKS AND UNCERTAINTIES

EB has identified a number of business, market and finance related risk factors and uncertainties that can affect the level of sales and profits.

In April, according to the information EB has received, a supplier of e.solutions GmbH, Parrot S.A, filed a lawsuit against e.solutions in the Tribunal de Commerce de Paris (Commercial Court Paris) seeking to collect damages in the amount of approximately EUR 18.4 million for loss of profit and reputational damage. Based on the e.solutions' initial legal analysis the claim is without merit both in terms of the grounds and the amount of the claim. Based on the current estimate, the legal proceedings will not cause any such financial obligation to e.solutions or to EB that would affect EB's profit outlook and financial position. It is possible that, based on later information, this view may need to be reconsidered. At the worst, Parrot's claim could result significant negative impact on e.solutions' and EB's profit, cash flow and financial position. More information about the Parrot's lawsuit is presented in the stock exchange release, published on April 4, 2014.

More short-term description of the risks and uncertainties are described in the report by the Board of Directors 2013. More information about risks and uncertainties are presented at the company's internet pages at www.elektrobit.com.

STATEMENT OF FINANCIAL POSITION AND FINANCING

The figures presented in the statement of financial position of June 30, 2014, are compared with the statement of the financial position of December 31, 2013 (MEUR).

30.6.2014

31.12.2013

Non-current assets	44.9	46.1
Current assets	103.5	98.2
Total assets	148.4	144.4
Share capital	12.9	12.9
Other equity	70.4	68.8
Total shareholders' equity	83.3	81.7
Non-current liabilities	5.8	6.1
Current liabilities	59.3	56.5
Total shareholders' equity and liabilities	148.4	144.4

The cash flows during the period under review:

+ net profit +/- adjustment of accrual basis items	EUR +9.9 million
+/- change in net working capital	EUR -25.0 million
- interest, taxes and dividends	EUR -0.3 million
= cash generated from operations	EUR -15.4 million
- net cash used in investment activities	EUR -2.7 million
- net cash used in financing	EUR +5.9 million
= net change in cash and cash equivalents	EUR -12.1 million

The increase of the net working capital during the review period resulted mainly from the increases in accounts receivables and other non-interest bearing debt, as well as from the decreased accounts payable, advance payments and other non-interest bearing debts during the review period. Strong changes in the net working capital were mainly caused by the timing of the payment milestones of big projects.

The amount of accounts receivables and other receivables, booked in current receivables, was EUR 71.6 million (EUR 54.3 million on December 31, 2013). Accounts payable and other payables, booked in interest-free current liabilities, were EUR 48.4 million (EUR 54.5 million on December 31, 2013). The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 19.4 million (EUR 19.3 million on December 31, 2013).

The amount of gross investments in the period under review was EUR 3.0 million. Net investments for the reporting period totaled EUR 3.0 million. The total amount of depreciation during the period under review was EUR 4.2 million, including EUR 0.2 million of depreciation owing to business acquisitions in Automotive Business Segment.

The amount of interest-bearing debt, including finance lease liabilities, at the end of the reporting period was EUR 13.8 million (EUR 5.3 million on December 31, 2013). The distribution of net financing expenses on the income statement was as follows:

Interest, dividend and other financial income	EUR 0.3 million
Interest expenses and other financial expenses	EUR -0.2 million
foreign exchange gains and losses	EUR -0.3 million

EB's equity ratio at the end of the period was 61.7% (65.1 % on December 31, 2013).

Cash and other liquid assets at the end of the reporting period were EUR 30.9 million (EUR 43.0 million on December 31, 2013). At the end of the review period, EB had from Nordea Bank Plc. a committed credit facility agreement and a revolving credit facility agreement of altogether EUR 20 million, valid until June 30, 2014. At the end of the review period, EUR 9.3 million of these facilities was in use. In July EB signed a EUR 10 million credit facility agreement with Nordea Bank Finland Plc. and a EUR 10 million credit facility agreement with Pohjola Bank Plc. These agreements, intended for general financing purposes, are valid until June 30, 2017.

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 11.0 million.

PERSONNEL

The parent company of the group and its subsidiaries employed an average of 1659 people between January and June 2014. In addition, e.solutions GmbH, the jointly owned company of EB and AUDI, employed 350 people. At the end of June, the parent company of the group and its subsidiaries had 1661 employees and e.solutions GmbH 372 employees (1648 in group's parent company and subsidiaries and e.solutions GmbH 321 at the end of 2013). A significant part of EB's personnel are R&D engineers.

CHANGES IN THE COMPANY'S MANAGEMENT

Kari Jokela (LL.M. / Mag.lur.), 45, was appointed Chief Legal Officer of Elektrobit Corporation as of September 1, 2014. He will report to Jukka Harju, CEO. Kari Jokela has been working for EB as Senior Legal Counsel since 2007 in both Automotive and Wireless Business Segments in Finland and in Germany, having the focus on business agreements. Before that, he has worked as Legal Counsel in Polar Electro Ltd and in Attorneys Office Gilbert, Segall and Young Ltd. On May 7, 2014 EB announced that the employment of Päivi Timonen, Chief Legal Officer, will end in the autumn 2014 as she will assume a new role outside of EB.

FLAGGING NOTIFICATIONS

EB received on May 12, 2014 a flagging announcement pursuant to chapter 9, section 10 of the Finnish Securities Markets Act according to which the holdings of the shares and voting rights of Juha Hulkko have decreased below the 20 per cent flagging threshold.

EVENTS AFTER THE REVIEW PERIOD

EB signed EUR 10.0 million credit facility agreement with Nordea Bank Finland Plc and EUR 10.0 million credit facility agreement with Pohjola Bank Plc on July 2, 2014. These agreements, intended for general financing purposes, are valid until June 30, 2017 and include conventional covenants that are, among others, related to equity ratio, transfer and pledge of the assets. These credit facility agreements replaced EUR 20.0 million credit facilities from Nordea Bank Suomi Plc, which were valid until 30.6.2014.

Subsidiary of Elektrobit Corporation, Elektrobit Inc. and the TerreStar Networks Inc. liquidating trustee entered into a conditional settlement agreement in the liquidation case. On July 10, 2014, the trustee filed a motion with the United States Bankruptcy Court seeking approval of the settlement. According to the settlement, if the conditions to its effectiveness are fulfilled (as described in more detail in the stock exchange release of July 11, 2014), the trust shall be obligated to pay to EB, an immediate cash payment of USD 1,075,000 (EUR 0.8 million as per exchange rate of August 6, 2014) in full and final satisfaction of its claims against TerreStar Networks and in resolution of all disputes between EB and the bankruptcy estate of TerreStar Networks and certain of its subsidiaries and affiliates.

If the settlement is approved by the Bankruptcy Court and becomes effective by its terms, the settlement payment would be paid within ten days after the settlement becomes effective, i.e. during the third year quarter of 2014. The settlement payment would result a non-recurring positive effect of approximately EUR 0.8 million as on Elektrobit Corporation's operating result and a positive effect on Elektrobit Corporation's cash flow of approximately EUR 0.8 million on the third quarter 2014. The profit outlook for the year 2014 does not include possible non-recurring income or costs related to the reorganization cases of TerreStar Networks Inc. This settlement follows a settlement agreement previously entered into between EB and TerreStar Corporation and certain of its preferred shareholders in TerreStar Corporation's Chapter 11 reorganization case in August 2012. Pursuant to that settlement, on August 28, 2012 Elektrobit Inc. received USD 13.5 million in full and final satisfaction of EB's claim against that entity and the parties exchanged mutual releases.

The full implications of the TerreStar Networks and TerreStar Corporation Chapter 11 cases on EB's profit, financial position and outlook can be finally determined only when EB has accounted for all costs related to collecting the receivables and the tax treatment of its receivables is confirmed. As more fully discussed in EB's interim reports and financial statement at www.elektrobit.com, EB has appealed a ruling by the U.S. Internal Revenue Service ("IRS") disallowing a deduction taken on Elektrobit Corporation's subsidiary's, Elektrobit Inc.'s 2010 U.S. federal income tax return for the impairment of the receivables from the TerreStar companies. The appeal is presently pending before the IRS Office of Appeals.

More information about the uncertainties concerning the conditional agreement of settlement with the liquidating trustee of The Liquidating Trust, reorganization cases, possible proportional share and the amount of the receivables and collecting the receivables are presented in more detail in the company's stock exchange release announced on July 11, 2014 and in the Report by the Board of Directors 2013 in the company's internet pages at www.annualreport.elektrobit.com.

Oulu August 7, 2014

Elektrobit Corporation
The Board of Members

Further Information:

Jukka Harju
CEO
Tel. +358 40 344 5466

Distribution:

NASDAQ OMX Helsinki
Major media

ELEKTROBIT CORPORATION (EB)

CONDENSED FINANCIAL STATEMENTS AND NOTES JANUARY – JUNE 2014

(unaudited)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Continuing operations	1-6/2014	1-6/2013	1-12/2013
	6 months	6 months	12 months
NET SALES	103.9	94.1	199.3
Other operating income	1.8	2.0	3.5
Change in work in progress and finished goods	0.0	-0.0	-0.0
Work performed by the undertaking for its own purpose and capitalized	0.1		0.0
Raw materials	-8.6	-4.2	-12.4
Personnel expenses	-61.8	-57.7	-113.2
Depreciation	-4.2	-4.4	-9.0
Other operating expenses	-26.0	-28.4	-60.0
OPERATING PROFIT (LOSS)	5.0	1.4	8.1
Financial income and expenses	-0.2	-0.6	-0.9
PROFIT BEFORE TAX	4.7	0.8	7.2
Income tax	-1.2	-0.0	-0.6
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	3.6	0.8	6.7
Discontinued operations			
Profit for the year from discontinued operations		23.6	24.3
PROFIT FOR THE PERIOD	3.6	24.4	30.9
Other comprehensive income:			
Items that will not be reclassified to statement of income			
Re-measurement gains (losses) on defined benefit plans			0.0
Items that may be reclassified subsequently to the statement of income			
Exchange differences on translating foreign operations	0.2	0.2	-0.0
Other comprehensive income for the period total	0.2	0.2	-0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3.8	24.6	30.9
Profit for the year attributable to			

Equity holders of the parent	3,6	24.4	30.9
Non-controlling interests			
Total comprehensive income for the period attributable to			
Equity holders of the parent	3.8	24.6	30.9
Non-controlling interests			
Earnings per share from continuing operations, EUR			
Basic earnings per share	0.027	0.006	0.051
Diluted earnings per share	0.027	0.006	0.051
Earnings per share from discontinued operations, EUR			
Basic earnings per share		0.182	0.188
Diluted earnings per share		0.181	0.187
Earnings per share from continuing and discontinued operations, EUR			
Basic earnings per share	0.027	0.189	0.239
Diluted earnings per share	0.027	0.187	0.238
Average number of shares, 1000 pcs			
Average number of shares, 1000 pcs	130 693	129 413	129 528
Average number of shares, diluted, 1000 pcs	131 462	130 338	130 092

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	June 30, 2014	June 30, 2013	Dec. 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment	9.1	9.3	9.7
Goodwill	19.4	19.3	19.3
Intangible assets	14.7	16.5	15.5
Other financial assets	0.1	0.1	0.1
Deferred tax assets	1.5	1.1	1.5
Non-current assets total	44.9	46.4	46.1
Current assets			
Inventories	1.0	0.5	0.8
Trade and other receivables	71.6	58.0	54.3
Financial assets at fair value through profit or loss	20.9	34.8	20.7

Cash and short term deposits	10.0	7.3	22.4
Current assets total	103.5	100.5	98.2
Assets classified as held for sale			
TOTAL ASSETS	148.4	146.9	144.4
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Invested non-restricted equity fund	24.9	38.7	24.5
Translation difference	0.8	0.8	0.6
Retained earnings	44.7	37.0	43.7
Non-controlling interests			
Total equity	83.3	89.5	81.7
Non-current liabilities			
Deferred tax liabilities	0.5	0.5	0.5
Pension obligations	2.1	2.0	2.1
Provisions	0.3	0.4	0.3
Interest-bearing liabilities	2.9	5.0	3.3
Non-current liabilities total	5.8	7.8	6.1
Current liabilities			
Trade and other payables	45.4	36.0	52.2
Financial liabilities at fair value through profit or loss	0.0		
Provisions	3.0	2.1	2.3
Interest-bearing loans and borrowings	10.9	11.4	2.0
Current liabilities total	59.3	49.6	56.5
Liabilities classified as held for sale			
Total liabilities	65.1	57.4	62.6
TOTAL EQUITY AND LIABILITIES	148.4	146.9	144.4

CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)	1-6/2014	1-6/2013	1-12/2013
	6 months	6 months	12 months
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year from continuing operations	3.6	0.8	6.7
Profit for the year from discontinued operations		23.6	24.3
Adjustment of accrual basis items	6.4	-18.3	-13.3
Change in net working capital	-25.0	0.2	18.7

Interest paid on operating activities	-0.2	-0.7	-1.3
Interest received from operating activities	0.3	0.1	0.3
Other financial income and expenses, net received	0.0	0.0	0.0
Income taxes paid	-0.4	-0.3	-0.7
NET CASH FROM OPERATING ACTIVITIES	-15.4	5.4	34.7
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of business unit, net of cash acquired		29.2	30.0
Purchase of property, plant and equipment	-1.4	-2.2	-4.0
Purchase of intangible assets	-1.3	-0.8	-2.0
Sale of property, plant and equipment	0.0	0.2	0.2
Sale of intangible assets	0.0	0.0	0.0
Proceeds from sale of investments	0.0		
NET CASH FROM INVESTING ACTIVITIES	-2.7	26.3	24.4
CASH FLOW FROM FINANCING ACTIVITIES			
Share-option plans exercised	0.4	0.0	0.1
Proceeds from borrowing	16.2	14.3	16.6
Repayment of borrowing	-7.1	-15.4	-28.4
Payment of finance liabilities	-0.9	-1.6	-3.1
Dividend paid and repayment of capital	-2.6	-1.3	-15.6
NET CASH FROM FINANCING ACTIVITIES	5.9	-3.9	-30.3
NET CHANGE IN CASH AND CASH EQUIVALENTS	-12.1	27.8	28.7
Cash and cash equivalents at beginning of period	43.0	14.3	14.3
Cash and cash equivalents at end of period	30.9	42.1	43.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital

B = Invested non-restricted equity fund

C = Translation difference

D = Retained earnings

F = Non-controlling interests

G = Total equity

Restated	A	B	C	D	E	F
Shareholders equity on December 31, 2012	12.9	38.7	0.6	14.3		66.6
Change in accounting policy (IAS 19)				-0.6		-0.6
Shareholders equity on January 1, 2013 restated	12.9	38.7	0.6	13.8		66.0
Comprehensive income for the period						
Profit for the period				24.4		24.4
Exchange differences on translating foreign operations			0.2			0.2
Total comprehensive income for the period			0.2	24.4		24.6
Transactions between the shareholders						
Dividend distribution				-1.3		-1.3
Share option plans exercised		0.0				0.0
Share-related compensation				0.1		0.1
Total transactions between the shareholders		0.0		-1.2		-1.2
Other changes				0.0		0.0
Shareholders equity on June 30, 2013	12.9	38.7	0.8	37.0		89.5

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2014	12.9	24.5	0.6	43.7		81.7
Comprehensive income for the period						
Profit for the period				3.6		3.6
Exchange differences on translating foreign operations			0.2			0.2
Total comprehensive income for the period			0.2	3.6		3.8
Transactions between the shareholders						
Dividend distribution				-2.6		-2.6
Share option plans exercised		0.4				0.4
Share-related compensation				0.1		0.1
Total transactions between the shareholders		0.4		-2.5		-2.1
Other changes				0.0		0.0
Shareholders equity on June 30, 2014	12.9	24.9	0.8	44.7		83.3

NOTES TO THE INTERIM FINANCIAL REPORTING

ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORTING:

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Elektrobit Corporation has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2013, except for the adoption of new standards and interpretations effective during 2014. The changes did not have material impact on the Interim Report.

SEGMENT-INFORMATION (MEUR)

OPERATING SEGMENTS	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
Automotive			
Net sales to external customers	77.3	63.0	138.2
Net sales to other segments	0.0	0.1	0.1
Net sales total	77.3	63.0	138.3
Operating profit (loss)	7.1	1.2	8.5
Wireless			
Net sales to external customers	26.6	31.2	61.1
Net sales to other segments	0.1	0.1	0.1
Net sales total	26.6	31.2	61.2
Operating profit (loss)	-2.0	0.1	-0.5
OTHER ITEMS			
Other items			
Net sales to external customers			
Operating profit (loss)	-0.0	0.1	0.1
Eliminations			
Net sales to other segments	-0.1	-0.1	-0.2
Operating profit (loss)	0.0	0.0	0.0
Group total			
Net sales to external customers	103.9	94.1	199.3
Operating profit (loss)	5.0	1.4	8.1

Net sales of geographical areas (MEUR)	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
Net sales			
Europe	85.8	77.9	164.8
Americas	13.8	12.6	26.6
Asia	4.3	3.7	7.9
Net sales total	103.9	94.1	199.3

Related party transactions	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
Employee benefits for key management and stock options expenses total	0.7	0.6	1.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	4-6/2014 3 months	1-3/2014 3 months	10-12/2013 3 months	7-9/2013 3 months	4-6/2013 3 months
Continuing operations					
NET SALES	52.2	51.7	59.5	45.7	47.9
Other operating income	1.1	0.6	0.7	0.9	1.0
Change in work in progress and finished goods	0.0	0.0	-0.1	0.1	-0.1
Work performed by the undertaking for its own purpose and capitalized	0.1		0.0		
Raw materials	-3.6	-5.1	-6.3	-2.0	-1.9
Personnel expenses	-30.5	-31.4	-28.8	-26.6	-28.9
Depreciation	-2.1	-2.2	-2.4	-2.3	-2.2
Other operating expenses	-14.2	-11.8	-17.0	-14.7	-15.2
OPERATING PROFIT (LOSS)	3.1	1.9	5.7	1.0	0.7
Financial income and expenses	-0.3	0.0	-0.2	-0.1	-0.5
PROFIT BEFORE TAX	2.8	1.9	5.5	0.9	0.2
Income tax	-1.0	-0.2	-0.4	-0.1	0.0
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	1.8	1.7	5.0	0.8	0.2
Discontinued operations					
Profit for the period from discontinued operations				0.7	0.0
PROFIT FOR THE PERIOD	1.8	1.7	5.0	1.5	0.2
Other comprehensive income	0.3	-0.1	-0.1	-0.1	0.2
TOTAL COMPREHENSIVE INCOME FOR THE	2.1	1.6	4.9	1.4	0.4

PERIOD					
Profit for the period attributable to:					
Equity holders of the parent	1.8	1.7	5.0	1.5	0.2
Non-controlling interests					
Total comprehensive income for the period attributable to:					
Equity holders of the parent	2.1	1.6	4.9	1.4	0.4
Non-controlling interests					

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	Jun. 30, 2013
ASSETS					
Non-current assets					
Property, plant and equipment	9.1	9.3	9.7	9.3	9.3
Goodwill	19.4	19.4	19.3	19.3	19.3
Intangible assets	14.7	14.8	15.5	16.2	16.5
Other financial assets	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	1.5	1.5	1.5	1.2	1.1
Non-current assets total	44.9	45.1	46.1	46.1	46.4
Current assets					
Inventories	1.0	0.9	0.8	0.8	0.5
Trade and other receivables	71.6	55.3	54.3	60.2	58.0
Financial assets at fair value through profit or loss	20.9	20.8	20.7	35.0	34.8
Cash and short term deposits	10.0	21.8	22.4	9.0	7.3
Current assets total	103.5	98.8	98.2	105.0	100.5
TOTAL ASSETS	148.4	144.0	144.4	151.1	146.9
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	12.9	12.9	12.9	12.9	12.9
Invested non-restricted equity fund	24.9	24.8	24.5	38.7	38.7
Translation difference	0.8	0.5	0.6	0.7	0.8
Retained earnings	44.7	45.4	43.7	38.6	37.0

Non-controlling interests					
Total equity	83.3	83.7	81.7	91.0	89.5
Non-current liabilities					
Deferred tax liabilities	0.5	0.5	0.5	0.5	0.5
Pension obligations	2.1	2.1	2.1	2.1	2.0
Provisions	0.3	0.5	0.3	0.3	0.4
Interest-bearing liabilities	2.9	3.0	3.3	7.2	5.0
Non-current liabilities total	5.8	6.1	6.1	10.1	7.8
Current liabilities					
Trade and other payables	45.4	43.5	52.2	38.5	36.0
Financial liabilities at fair value through profit or loss	0.0				
Provisions	3.0	2.3	2.3	2.0	2.1
Interest-bearing loans and borrowings	10.9	8.3	2.0	9.6	11.4
Current liabilities total	59.3	54.1	56.5	50.1	49.6
Liabilities classified as held for sale					
Total liabilities	65.1	60.3	62.6	60.2	57.4
TOTAL EQUITY AND LIABILITIES	148.4	144.0	144.4	151.1	146.9

CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	4-6/2014 3 months	1-3/2014 3 months	10-12/2013 3 months	7-9/2013 3 months	4-6/2013 3 months
Net cash from operating activities	-9.7	-5.7	26.0	3.3	4.1
Net cash from investing activities	-1.7	-1.0	-0.3	-1.6	-1.5
Net cash from financing activities	-0.3	6.2	-26.5	0.1	-4.1
Net change in cash and cash equivalents	-11.6	-0.5	-0.9	1.8	-1.5

FINANCIAL PERFORMANCE RELATED RATIOS	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Net sales	103.9	94.1	199.3
Operating profit (loss)	5.0	1.4	8.1
Operating profit (loss), % of net sales	4.8	1.5	4.1
Profit before taxes	4.7	0.8	7.2
Profit before taxes, % of net sales	4.6	0.9	3.6
Profit for the period	3.6	0.8	6.7
PROFITABILITY AND OTHER KEY FIGURES			

Interest-bearing net liabilities, (MEUR)	-17.1	-25.7	-37.7
Net gearing, -%	-20.6	-28.7	-46.1
Equity ratio, %	61.7	64.0	65.1
Gross investments, (MEUR)	3.0	3.9	7.9
Average personnel during the period, parent and subsidiaries	1659	1608	1627
Personnel at the period end, parent and subsidiaries	1661	1648	1648
Average personnel during the period, jointly owned company	350	283	300
Personnel at the period end, jointly owned company	372	303	321

AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)	Jun. 30, 2014	Jun. 30, 2013	Dec. 31, 2013
At the end of period	131 191	129 413	130 101
Average for the period	130 693	129 413	129 528
Average for the period diluted with stock options	131 462	130 338	130 092
STOCK-RELATED FINANCIAL RATIOS (EUR)	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
Earnings per share from continuing operations, EUR			
Basic earnings per share	0.027	0.006	0.051
Diluted earnings per share	0.027	0.006	0.051
Earnings per share from discontinued operations, EUR			
Basic earnings per share		0.182	0.188
Diluted earnings per share		0.181	0.187
Earnings per share from continuing and discontinued operations, EUR			
Basic earnings per share	0.027	0.189	0.239
Diluted earnings per share	0.027	0.187	0.238
Equity *) per share	0.64	0.69	0.63
*) Equity attributable to equity holders of the parent			

MARKET VALUES OF SHARES (EUR)	1-6/2013 6 months	1-6/2013 6 months	1-12/2012 12 months
Highest	3.23	1.06	2.90

Lowest	2.35	0.64	0.64
Average	2.71	0.85	1.55
At the end of period	2.69	1.03	2.66
Market value of the stock, (MEUR)	352.9	133.3	346.1
Trading value of shares, (MEUR)	112.1	7.6	72.0
Number of shares traded, (1,000 pcs)	41 335	8 965	46 483
Related to average number of shares %	31.6	6.9	35.9

SECURITIES AND CONTINGENT LIABILITIES (MEUR)	Jun. 30, 2014	Jun. 30, 2013	Dec. 31, 2013
AGAINST OWN LIABILITIES			
Floating charges	18.0	18.0	18.0
Guarantees	15.2	13.8	14.6
Rental liabilities			
Falling due in the next year	7.5	6.7	7.6
Falling due after one year	15.4	14.7	17.6
Other contractual liabilities			
Falling due in the next year	0.7	1.4	1.0
Falling due after one year	0.4	0.3	0.6
Mortgages are pledged for liabilities totaled	11.1	13.1	2.5
NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	Jun. 30, 2014	Jun. 30, 2014	Dec. 31, 2013
Foreign exchange forward contracts			
Market value	-0.0	0.0	0.1
Nominal value	6.0	5.0	6.0
Purchased currency options			
Market value	0.1	0.1	0.0
Nominal value	5.0	4.0	2.5
Sold currency options			
Market value	-0.0	-0.1	-0.0
Nominal value	8.0	8.0	5.0