



## **STOCK EXCHANGE RELEASE**

Free for publication on February 6, 2008 at 8.00 am. (EET)

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### **EB, ELEKTROBIT CORPORATION, FINANCIAL STATEMENT BULLETIN 2007**

#### SUMMARY

##### Strong Growth in Focus Businesses

EB's Continuing Operations' net sales for the fourth quarter amounted to EUR 44.6 million (EUR 33.3 million in the fourth quarter of 2006), representing a 33.6 per cent growth year-on-year. The operating loss for the fourth quarter, including non-recurring net income of approximately EUR 1.5 million, as announced in December 28, 2007, amounted to EUR -2.4 million (EUR -5.3 million in the fourth quarter of 2006).

During the reporting period from January to December 2007, the company's net sales amounted to EUR 144.3 million (EUR 120.5 million in 2006), indicating a growth of 19.8 per cent. The operating loss, including the aforementioned non-recurring net income of approximately EUR 1.5 million, was EUR -20.3 million (EUR -6.0 million in 2006).

The net sales of the Automotive Business Segment from January to December 2007 continued to grow strongly. The net sales amounted to EUR 52.6 million (EUR 38.9 million in 2006), representing a growth of 35.3 per cent. The operating profit was EUR 0.7 million (EUR 2.1 million in 2006) reflecting the increased investments in the R&D of EB's automotive software platform products, in accordance with the strategy.

During the reporting period from January to December 2007, the net sales of the Wireless Business Segment amounted to EUR 90.9 million (EUR 81.4 million in 2006), representing a growth of 11.7 per cent, and the operating loss was EUR -22.8 million (EUR -8.3 million in 2006) reflecting the significant investments in the R&D of mobile WiMAX base station module products and RFID reader systems and the profitability challenges of R&D services in the first half of 2007.

##### Strategy Implementation

During 2007, EB continued to follow the strategic path as defined in the spring 2006. EB has focused its business operations and concentrates on growth businesses in the Automotive and Wireless Business Segments.

EB balanced its customer portfolio during 2007 by entering new markets and acquiring new customers. In the end of the reporting period, none of the customer shares exceeded 11 per cent of the net sales and, in addition, the compound share of the ten biggest customers was 56 per cent.



EB continued significant investments in research and product development in order to develop new businesses in line with the strategy.

In June, EB reduced the number of business segments into two, namely "Automotive" and "Wireless". The Production Solutions business was sold, the former System Test Business Unit was refocused on advanced wireless engineering tools, renamed as the Wireless Communications Tools Business Unit and transferred under the Wireless Business Segment.

Further in June, The Wireless Sensor Solutions Business Unit focusing on RFID reader systems and related industrial wireless network solutions was established under the Wireless Business Segment.

To fortify its automotive offering, EB acquired DECOMSYS Beteiligungs GmbH, a specialist in FlexRay, the new high performance network communications protocol standard for automotive electronics. Additionally the new Wireless Sensor Solutions Business Unit was strengthened by the purchase of 7iD Technologies GmbH. EB continues to search acquisition opportunities to strengthen the business growth.

EB continued the actions to render the company cost structure to correspond to the new focused business setup. The aim was to increase the productivity and improve the fixed cost efficiency of such operational activities as facilities, sourcing, logistics, information management and administration.

In December, EB sold the properties located at Tutkijantie in Oulu to Foriva Oy with the cash and debt free purchase price of approximately EUR 16.4 million. EB also re-assessed the value of the remaining property in Oulunsalo and, as a result, executed a non-recurring write-off of approximately EUR 4 million. At the same time, the group's operations related goodwill valuations were re-assessed and a write-off of approximately EUR 1 million concerning certain non-core operations has been made thereof. The property sales transaction and conducted write-offs lead to non-recurring net income of approximately EUR 1.5 million for the fourth quarter of 2007.

EB also outsourced the Radio Network Solutions Business Unit's R&D and testing activities in Tampere and Espoo to Embio Oy.

According to the IFRS5 standard, EB reports its financial results divided between Discontinued and Continuing Operations. In this Financial Statement Bulletin, financial figures concerning the income statement of 2006 and 2007 are reported based on Continuing Operations, without the Network Test (sold in November 2006) and Production Solutions business figures. Discontinued business figures are reported separately after Continuing Operations' net profit as long as they have been part of the business portfolio. In addition to the sales price of the Network Test business, an additional amount, capped at EUR 12 million, is payable in cash to EB upon the achievement of



certain financial performance targets for the Network Test Business between January 1, and December 31, 2007. According to the information given by the buyer of the Network Test business, there is only a small or no additional amount payable for the time period between January 1 and December 31, 2007. The final determination on the possible additional amount will take place during March 2008. Regarding the sales price of the Production Solutions business, there is an additional purchase price component that will depend on the financial performance of 2007 and 2008. According to the initial information given by the buyer no additional payment for 2007 is foreseeable.

<b>CONSOLIDATED INCOME STATEMENT (MEUR)</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
	<b>12 months</b>	<b>12 months</b>
<b>Continuing Operations</b>		
NET SALES	144.3	120.5
OPERATING PROFIT (LOSS)	-20.3	-6.0
Financial income and expenses	0.3	0.0
PROFIT BEFORE TAX	-20.0	-6.1
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	-20.0	-6.1
Profit after tax for the year from discontinued operations	13.1	80.3
PROFIT FOR THE YEAR	-6.9	74.2
Attributable to		
Equity holders of the parent	-6.9	73.9
Minority interest	0.0	0.3
Earnings per share EUR continuing operations	-0.15	-0.05
Earnings per share EUR discontinued operations	0.10	0.62
Earnings per share EUR continuing and discontinued operations	-0.05	0.57
Net gearing, %	-24.0	-49.2
Equity ratio, %	70.9	72.2

Comparisons between the Continuing Operations figures for the fourth quarter of 2007 and the corresponding period in 2006:

- Net sales amounted to EUR 44.6 million (EUR 33.3 million; an increase of EUR 11.2 million or 33.6%). The net sales of the Automotive Business Segment were EUR 16.2 million (EUR 11.3 million; an increase of EUR 4.9 million or 43.3%). The net sales of the Wireless Business Segment were EUR 28.2 million (EUR 22.0 million; an increase of EUR 6.3 million or 28.6%).



- Operating loss totalled to EUR -2.4 million (EUR -5.3 million) and was distributed as follows: the Automotive Business Segment EUR 1.0 million (EUR 0.9 million), the Wireless Business Segment EUR -4.1 million (EUR -6.2 million) and the other businesses EUR 0.7 million (EUR 0.0 million).

- Net cash flow from operations amounted to EUR -8,6 million (EUR -1.2 million).

Comparisons between the Continuing Operations figures from January to December 2007 and the figures for the corresponding period in 2006:

- Net sales amounted to EUR 144.3 million (EUR 120.5 million, an increase of EUR 23.8 million or 19.8%). The net sales of the Automotive Business Segment were EUR 52.6 million (EUR 38.9 million, an increase of EUR 13.7 million or 35.3%) and the net sales of Wireless Business Segment were EUR 90.9 million (EUR 81.4 million, an increase of EUR 9.5 million or 11.7%).

- Operating loss was EUR -20.3 million (EUR -6.0 million, a decrease of EUR 14.2 million) and it was distributed as follows: the Automotive Business Segment EUR 0.7 million (EUR 2.1 million), the Wireless Business Segment EUR -22.8 million (EUR -8.3 million, a decrease of EUR 14.5 million) and other businesses a profit of EUR 1.8 million (EUR 0.1 million).

- Cash flow from operations amounted to EUR -27,1 million (EUR -1,4 million).

- Equity ratio was 70.9% (72.2%).

#### QUARTERLY FIGURES, CONTINUING OPERATIONS

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

	10-12/07	7-9/07	4-6/07	1-3/07	10-12/06
Net sales	44.6	35.3	33.5	31.0	33.3
Operating profit (loss)	-2.4	-4.0	-6.6	-7.2	-5.3
Result before taxes	-3.3	-4.0	-6.3	-6.4	-4.9
Result for the period	-3.3	-4.0	-6.4	-6.3	-4.6

The distribution of the Continuing Operations net sales by Business Segment, MEUR:

	10-12/07	7-9/07	4-6/07	1-3/07	10-12/06
Automotive	16.2	14.5	11.2	10.6	11.3
Wireless	28.2	20.4	22.2	20.1	22.0
Corporation Total	44.6	35.3	33.5	31.0	33.3



The distribution of the Continuing Operations net sales by market area, MEUR (%):

	10-12/07	7-9/07	4-6/07	1-3/07	10-12/06
Asia	2.0 (4.5%)	4.4 (12.5%)	0.6 (1.7%)	2.5 (8.0%)	1.9 (5.7%)
Americas	14.5 (32.5%)	7.4 (20.9%)	7.3 (21.7%)	4.1 (13.4%)	4.2 (12.5%)
Europe	28.1 (63.0%)	23.5 (66.5%)	25.7 (76.6%)	24.3 (78.6%)	27.3 (81.8%)

Net sales (external) and operating profit development by Business Segments and Other businesses of the Continuing Operations were as follows, MEUR:

	10-12/07	7-9/07	4-6/07	1-3/07	10-12/06
Automotive					
Net sales	16.2	14.5	11.2	10.6	11.3
Operating profit (loss)	1.0	0.5	-0.2	-0.6	0.9
Wireless					
Net sales	28.2	20.4	22.2	20.1	22.0
Operating profit (loss)	-4.1	-5.2	-7.1	-6.4	-6.2
Other businesses					
Net sales	0.1	0.3	0.1	0.3	0.1
Operating profit (loss)	0.7	0.7	0.7	-0.2	0.0
Total					
Net sales	44.6	35.3	33.5	31.0	33.3
Operating profit (loss)	-2.4	-4.0	-6.6	-7.2	-5.3



QUARTERLY FIGURES, DISCONTINUED OPERATIONS

Discontinued Operations (Production Solutions in 2006 and 2007 and Network Test in 2006) figures were as follows, MEUR:

	10-12/07	7-9/07	4-6/07	1-3/07	10-12/06
<b>Operative business</b>	No operations	No operations			
Net sales	0.0		6.7	8.6	15.9
Operating profit (loss)	-0.0		-1.6	-1.6	0.9
Result before taxes	-0.0		-1.7	-1.7	0.7
Income tax			-0.1	-0.1	-0.3
Result for the period	-0.0		-1.8	-1.8	0.4
<b>Disposal gain</b>					
Profit of the Discontinued Operations	0.3		16.7		73.7
Income tax	0.1		-0.4		-0.5
Profit after taxes of the Discontinued Operations	0.4		16.4		73.2
<b>Result for the period</b>	0.4		14.5	-1.8	73.7

BUSINESS SEGMENTS AND BUSINESS UNITS

EB's reporting as from April 1, 2007 is based on the Automotive and Wireless Business Segments and business units divided under them as follows:

<b>Automotive Business Segment</b>	<b>Wireless Business Segment</b>
Automotive Software Business Unit	Mobile Terminal Solutions Business Unit
	Radio Network Solutions Business Unit
	Wireless Communications Tools Business Unit
	Wireless Sensor Solutions Business Unit



## AUTOMOTIVE BUSINESS SEGMENT FROM JANUARY TO DECEMBER 2007

The Automotive Business Segment consists of in-car software products, navigation software for after market devices (personal navigation devices) and R&D services for the automotive industry with leading car manufacturers, car electronics (Tier 1) and automotive chipset suppliers as customers.

During the reporting period the Automotive Business Segment continued to grow confirming the potential of this market. The net sales during the period under review amounted to EUR 52.6 million (EUR 38.9 million in 2006), which represents a strong year-on-year growth of 35.3 per cent, and the operating profit was EUR 0.7 million (EUR 2.1 million) reflecting the increased investments in the R&D of EB's automotive software platform products, in accordance with the strategy.

### Automotive Software Business Unit from January to December 2007

The sales of the Automotive Software Business Unit's products and associated solutions have grown strongly and EB aims to continue to increase the share of automotive software products and services in the company's net sales.

The Automotive Software Business Unit's products include:

- EB street director, which is a navigation software for in-car navigation, Personal Navigation Devices (PND), Personal Digital Assistants (PDA) and smartphones,
- EB GUIDE product family of HMI (Human Machine Interface) design tools,
- EB tresos<sup>®</sup> ECU AUTOSAR (Automotive Open System Architecture) software components used for the development of electronic control units (ECU) for cars, and
- high performance network communications protocol standards and solutions for automotive electronics including FlexRay<sup>™</sup>, CAN (Controller Area Network) and LIN (Local Interconnect Network) solutions.

The R&D services business of the Automotive Software Business Unit covers in-car infotainment and body control applications.

In February, EB presented its tresos<sup>®</sup> ECU AUTOSAR (Automotive Open System Architecture) Suite 2007 for the AUTOSAR specification 2.0. It has been delivered to several major evaluation projects within the car industry. EB is for example the leading AUTOSAR technical partner for JasPar in Japan.

In April, the next generation of Blue&Me<sup>™</sup> navigation software, developed in collaboration between EB, Fiat and Microsoft, was announced. The system integrates a hands-free navigation solution with predictive graphic interface and voice control.



In May a version of the EB street director™ portable navigation solution, which responds to spoken voice commands, was introduced to the market.

With the acquisition of DECOMSYS Beteiligungs GmbH in June, EB became the leading solution provider for FlexRay™, the new high performance network communications protocol standard for automotive electronics. The first car in the market with FlexRay™ car networking technology is BMW's new X5 Sports Activity Vehicle (SAV). It has been implemented by using EB's FlexRay™ knowledge and solution.

In August, the availability of the new version of EB tresos® introducing a complete ready-for-production AUTOSAR kernel capable of operating on a number of different chipset environments for the automotive industry, was announced.

EB announced in October a licensing agreement with Agilent Technologies, where by EB licences its FlexRay networking technology analysis software for Agilent Technologies. Agilent Technologies incorporates this EB technology in its testing and measurement tools offering.

In December the JasPar consortium (Japanese standard software definition consortium consisting of leading Japanese OEM's and automotive suppliers) invited EB to participate as the technology supplier in its development and definition work for FlexRay networking technologies. With this decision EB has been chosen as the evaluation software vendor for all JasPar working streams.

The fourth quarter sales were particularly strong due to success in standard software licensing agreements and strong sales of after market navigation devices and hence software for the Christmas season.

#### WIRELESS BUSINESS SEGMENT FROM JANUARY TO DECEMBER 2007

The Wireless Business Segment comprises the following business units:

- the Mobile Terminal Solutions Business Unit, which is responsible for mobile terminal R&D services and design business,
- the Radio Network Solutions Business Unit, which is responsible for radio network infrastructure-related R&D services and standard-based products sold to telecommunications infrastructure suppliers,
- the Wireless Communications Tools Business Unit, which is responsible for advanced wireless engineering tools, and
- the Wireless Sensor Solutions Business Unit, which is responsible for RFID reader systems and related industrial wireless network solutions.

The net sales of the Wireless Business Segment from January to December 2007 amounted to EUR 90.9 million (EUR 81.4 million in 2006) representing a year-on-year growth of 11.7 per cent





and the operating loss was EUR -22.8 million (EUR -8.3 million). Compared to the year 2006, the decline in profitability was due to significant increase in the investments in product development of mobile WiMAX module products and RFID reader system portfolio, weaker than expected demand, price competition and lower than planned resource utilisation rate of Mobile Terminal Solutions R&D services during the first half of 2007 and weaker than expected demand and intensive price competition in Radio Network Solutions R&D services during 2007. The growth of the Wireless Communications Tools Business Unit was good and the Mobile Terminal Solutions Business Unit was able to balance the customer portfolio and achieved a high resource utilisation rate during the second half of 2007.

#### Mobile Terminals Solutions Business Unit from January to December 2007

The Mobile Terminal Solutions Business Unit delivers R&D services and platforms for 3G and smartphone devices, professional mobile radios, mobile internet multimedia devices (MIMD), security, defence and industrial applications.

The business environment for the mobile terminals business continued to be under intense competition but the demand was rather strong during the fourth quarter. The business unit continued its close co-operation with technology vendors and OEM customers. During 2007, efforts were made to improve its profitability through widening the customer portfolio, redirecting the project portfolio, improving internal efficiency and growing new application areas such as professional mobile radios. As a result, the business unit reached a more balanced customer portfolio and the resource utilisation rate reached a high level during the fourth quarter.

In June, EB demonstrated the EB Mobile Internet Multimedia reference Device (MIMD) for the first time at the Computex Taipei International Information Technology Show. EB offers the EB MIMD reference design and related product design services under license to OEM's, ODM's and other customers.

In September, EB and TerreStar Networks Inc. entered into an agreement concerning the development of handset technologies and reference designs for TerreStar's upcoming satellite-terrestrial all-IP mobile network. The agreement between the parties comprises the development of two dual-mode reference smartphones where EB acts as the main integrator and delivers turn-key product creation services to TerreStar. The partnership with TerreStar is important for EB as it brings the opportunity to apply and enhance the company's strong wireless communications and 3G smartphone capabilities to a new demanding application area where terrestrial HSPA and GMR-3G satellite technologies are combined to one seamless implementation. This is in line with EB's strategy of entering new markets and broadening the company's customer base.

In December, EB sold its Microwave Measurement business to SenFit Oy.



#### Radio Network Solutions Business Unit from January to December 2007

The Radio Network Solutions Business Unit provides radio network infrastructure-related R&D services and develops standard-based radio base station module products sold to telecommunications infrastructure suppliers. An important investment area for EB under this business unit is the development of mobile WiMAX (IEEE 802.16e) base station modules. Currently, the business unit offers WiMAX baseband and RF technology, as well as OBSAI and CPRI base station interface technologies to its customers.

The R&D services business comprises design services (software, digital and analogue HW, mechanics, ASIC, FPGA, RF and PCB design) for communications network products and applications.

The business environment for R&D services was somewhat volatile and under intense price competition during the reporting period. The revenue from R&D services has grown slightly in comparison with the corresponding period in 2006 despite the fact that a significant part of the R&D resources has been allocated to the development of EB's own mobile WiMAX base station module products, which started to generate revenue at the end of 2007 as planned.

During the reporting period, EB continued to invest significantly in product development associated with mobile WiMAX base stations technology.

In December, EB and Embio Ltd. signed an agreement, according to which EB's Radio Network Solutions Business Unit related R&D activities in Espoo and hardware design and testing activities in Tampere were transferred to Embio as of 31.12.2007. In the context, 70 employees of EB were transferred to Embio with corresponding terms of employment. This outsourcing arrangement is a part of EB's previously published project to increase the productivity and improve the fixed cost efficiency. With the transaction the business unit will concentrate its operations on larger sites.

#### Wireless Communications Tools Business Unit from January to December 2007

In June, EB decided to include the Wireless Communications Tools Business Unit in the Wireless Business Segment. The decision was based on the confirmation of the business unit's undisputed global product leadership and critical role in generating leading-edge radio propagation know-how for the integrated use of the whole company.

The products of the business unit include radio channel emulators and measurement instruments (the Propsim™ and Propsound™ products) and other high-end communications engineering tools sold to chipset manufacturers, mobile terminal and infrastructure equipment suppliers, wireless network operators and military communications companies.



The total sales of the Wireless Communications Tools Business Unit grew well from 2006. During 2007, the three sales regions (EMEA, APAC and the Americas) generated approximately equal sales revenues. The sales progressed well in the new application domains of radio channel emulation technology, aerospace and automotive applications.

During 2007, R&D investments expanding the application domain and the product portfolio of the Prosim™ radio channel emulator product family continued. In February, a scalable single-box handset testing solution was released and delivered. In March, a turnkey solution for 2 x 2 MIMO fading testing for multiple systems, like WCDMA, HSPA, mobile WiMAX, 3G LTE and 4G, was introduced, and the sales of the solution started. In June, the first deliveries of the new tester products for the R&D of open-interface-based base stations (OBSAI™) were made. In September, new releases of the OBSAI tester (EB Base Station Interface Tester) supporting the mobile WiMAX and LTE base stations were published and delivered. The EB Wireless Environment Solution enabling operators, telecommunications infrastructure suppliers and device manufacturers to bring the real-world field data of the radio environment to the laboratory, was introduced to the market at the end of the third quarter.

#### Wireless Sensor Solutions Business Unit from January to December 2007

The Wireless Sensor Solutions Business Unit provides RFID reader systems and related industrial wireless network solutions. A line of RFID reader systems introduced in November 2006 together with EB's industrial WLAN products represents the initial product portfolio of the business unit. The EB RFID solutions are targeted especially at serving the supply chain and manufacturing of logistics service providers, automotive, telecommunications, electronics, and other high technology industries.

The acquisition of 7iD, in June, strengthened EB's offering in the Wireless Sensor Solutions Business Unit. The work to combine 7iD's offering with the EB RFID portfolio has been concluded. As a result, customers can utilize the EB Identification Network that offers scalable performance for various demanding RFID applications. EB's Identification Network Architecture is based on Facility Sounding™ technology and distributed intelligence in both RFID readers and RFID controllers. It provides customers with the abilities to reduce the traffic in the backbone network and to tune the RFID networks against internal or external interference.

EB continued to invest significantly in the product development of RFID reader system related products during 2007.

#### RESEARCH AND DEVELOPMENT FROM JANUARY TO DECEMBER 2007

The R&D investments continued in the following development areas:

- the development of software platform based products in the Automotive Software Business Unit,



- the development of mobile WiMAX radio base station module products in the Radio Network Solutions Business Unit,
- expanding the application domain and the product portfolio in the Wireless Communications Tools Business Unit,
- the development of RFID reader systems portfolio in the Wireless Sensor Solutions Business Unit, and
- the technical core competence areas as defined in the strategy.

The total R&D expenses during 2007 were EUR 38.3 million (EUR 23.7 million in 2006) equalling 26.6 per cent of the net sales (19.6% in 2006) and EUR 3.9 million of them were capitalised.

## BUSINESS ENVIRONMENT

It is expected that the share of electronics and software in cars will continue to grow. The automotive embedded software market is expected to enjoy a 15 per cent Compound Annual Growth Rate (CAGR) during 2005–2009 in North America and Europe (Frost & Sullivan).

The volume share of smartphones is growing at a rate of more than 40 per cent year-on-year due to the rapid increase in demand for new features and services (Canalys). The related R&D services market is facing a price pressure that tightens the margins. However, attractive niches continue to exist (OVUM).

In the wireless network equipment market, operators are expected to continue to invest in network capacity and in new cellular network technologies (WCDMA, HSPA). The mobile WiMAX operator services market is expected to start in 2008. The value chain and hence the horizontal technology and product market for Mobile WiMAX is still in a forming phase.

The wireless communications tools market is predicted to expand moderately, as the development of new cellular technologies, enhancements to existing technologies (HSDPA, HSUPA, 3GPP LTE, MIMO) and new non-cellular technologies (mobile WiMAX, WiBRO) are generating demand for test system replacements and for new test systems.

The global RFID reader system market is estimated to grow with a CAGR of over 20 per cent for the period 2006 to 2011 (VDC). However, the RFID reader system market is still having its major focus on trials and pilot projects.

## OUTLOOK FOR THE FIRST HALF OF 2008

EB expects the revenue during the first half of 2008 to grow compared to the second half of 2007 (EUR 79.9 million).



The company's R&D investments during the first half of 2008 will remain roughly at the level of the second half of 2007, with the share of the investments in the Automotive Business Segment growing. The company will continue to invest in:

- Software platform based products in the Automotive Software Business Unit.
- Development of mobile WiMAX radio base station module products in the Radio Network Solutions Business Unit.
- Expanding the application domain and the product portfolio in the Wireless Communications Tools Business Unit.
- Widening the product portfolio of the Wireless Sensor Solutions Business Unit.
- The technical core competence areas defined in the strategy.
- Developing the marketing and sales capabilities.
- Further developing efficient and unified structures and platforms to enable global business operations in accordance with the strategy.

EB will continue actions to increase the productivity and improve the fixed cost efficiency of such operational activities as facilities, sourcing, logistics, information management and administration.

EB expects the operating loss in the first half of 2008 to be less than during the second half of 2007, (EUR -7.9 million without the non-recurring net income of EUR 1.5 million as announced in December 28, 2007), with the start of the year being weaker than the latter part of the half.

## RISKS AND UNCERTAINTIES

EB follows a risk management policy with the objective of covering risks related to business operations, properties, agreements, competences, currencies, financing and strategy. The company has identified risks and uncertainties related to such issues as strategy, business operations, personnel, product development, product liability, property and financing.

Among others, the following risks are related to the company's business operations:

In R&D services businesses the risks are mainly related to uncertainties of customers' product program decisions, their make or buy decisions, ramping up of project resources, timing of the most important technology components, competitive situation in the market, and to typical industry warranty and liability risks involved in selling R&D services. In the short term, additional risks emanate from ongoing restructuring of the telecommunications infrastructure industry.

In the technology product businesses the risks are related to potential market delays, short visibility to customer orders, timely closing of customer contracts, 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. 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 website at [www.elektrobit.com/aboutelektrobit](http://www.elektrobit.com/aboutelektrobit).

## BALANCE SHEET AND FINANCING

The figures presented in the balance sheet of December 31, 2007, have been compared with the balance sheet of December 31, 2006 (EUR 1,000).

	12/2007	12/2006
Non-current assets	77.196	66.315
Inventories	7.560	13.878
Accounts and other receivables	79.465	57.518
Financing securities, cash and bank deposits	71.893	125.091
Current assets total	158.918	196.487
Total assets	236.114	262.803
Share capital	12.941	12.941
Other equity	152.710	173.513
Minority interest	0.0	2.107
Total shareholders' equity	165.651	188.562
Non-current liabilities	28.937	23.728
Current liabilities	41.526	50.513
Total shareholders' equity and liabilities	236.114	262.803

Net cash flow from operations during the period under review:

<i>+ net profit +/- adjustment of accrual basis items</i>	<i>EUR -13.2 million</i>
<i>- increase in net working capital</i>	<i>EUR -11.6 million</i>
<i>+ interest, taxes and dividends</i>	<i>EUR -2.2 million</i>
<i>= cash generated from operations</i>	<i>EUR -27.1 million</i>
<i>- net cash used in investment activities</i>	<i>EUR -6.8 million</i>
<i>- net cash used in financing</i>	<i>EUR -19.3 million</i>
<i>= net change in cash and cash equivalents</i>	<i>EUR -53.2 million</i>

The amount of accounts and other receivables, booked in current receivables, was EUR 79.5 million (EUR 57.5 million on December 31, 2006). The amount comprises a cash consideration of EUR 13.3 million from the property sales transaction done in December. Accounts and other



payables, booked in interest-free current liabilities, were at EUR 33.2 million (EUR 35.3 million on December 31, 2006).

The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 19.6 million (EUR 8.2 million on December 31, 2006) and depreciation on business acquisitions during the reporting period amounted to a total of EUR 4.0 million (compared to EUR 1.9 million during the corresponding period in 2006).

The amount of net investments in the period under review was EUR 27.9 million, consisting of replacement investments and items created by business acquisitions and the sales of the Production Solutions business and the property Kiinteistö Oy Tutkijantie 8. The total amount of depreciation during the period under review was EUR 15.9 million, including EUR 4.0 million of depreciation owing to business acquisitions.

EB's other long-term investments include an investment portfolio with a book value of approximately EUR 10.8 million, which mainly consists of long-term bonds. The portfolio is valued at market value on December 31, 2007.

The amount of interest-bearing debt at the end of the reporting period was EUR 32.2 million. The distribution of net financing expenses on the income statement was as follows:

interest, dividend and other financial income	EUR 1.9 million
interest expenses	EUR -1.8 million
foreign exchange gains and losses	EUR 0.2 million

EB's equity ratio at the end of the period was 70.9 per cent (compared with 72.2 per cent at the end of 2006).

The figures from the period under review do not include any of the statutory reserves stipulated in Chapter 5, section 14 of the Accounting Act.

EB follows a currency strategy, the objective of which is to ensure the margins of business operations in changing market circumstances by minimising the influence of exchange rates. In accordance with the principles of the currency strategy, the upcoming 12-month 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 26.4 million.



## PERSONNEL

EB employed an average of 1695 people between January and December 2007. At the end of December, EB had 1725 employees (1621, Continuing Operations, at the end of 2006). A significant part of EB's personnel are product development engineers.

## PUBLIC REPRIMAND BY THE FINANCIAL SUPERVISION AUTHORITY

The Financial Supervision Authority issued on 21 September, 2007 a public reprimand to Elektrobit Corporation according to which the company failed to disclose without undue delay its decision to withdraw from the original design with partnered manufacturing business model in 3G smartphones.

EB has a different view on the matter of the reprimand and believes to have acted diligently in the matter. The company has made a severe internal investigation of the matter and given the answers requested to the Financial Supervision. The company abides by the decision.

According to the Financial Supervision Authority, the decision to withdraw from the said business model was information that had a material effect on the value of the company's security. The Financial Supervision Authority considers that the obligation to disclose the information was triggered on 30 November 2006 at the latest, when the CEO of the company informed the company's Board of Directors of the withdrawal decision. The company did not disclose the information until in its financial bulletin on 7 February 2007.

According to the Financial Supervision Authority, the earlier coherent disclosure in the company's stock exchange and press releases of the manufacturing of smartphones by using the original design with partnered manufacturing business model and of the contracts related to the project seem to indicate that also the company has considered the issue as material. The materiality is also supported by market reactions. The decision to withdraw from the business model should have been disclosed by means of a separate stock exchange release on 30 November 2006 at the latest. Elektrobit has thus violated the regulations and its conduct has, in the Financial Supervision's view, been at the least negligent. However, when judged as a whole, the matter does not give rise to more severe measures than a public reprimand.

## OPTION RIGHTS

I. The Annual General Meeting of March 17, 2005 decided to authorise the Board of Directors to issue option rights. By virtue of the authorisation the Board of Directors granted 4,500,000 option rights to the company's management and EB's fully owned subsidiary serving as a reserve company in the stock option scheme. Subscriptions made by virtue of the 2005 option rights may





increase the share capital of Elektrobit Corporation by a maximum of EUR 450,000 and the number of shares by a maximum of 4,500,000.

II. The Annual General Meeting held on March 15, 2006 decided that option rights with a commitment to shareholding be granted to Elektrobit Corporation's new directors. The number of option rights granted totals 1,750,000, of which 750,000 were granted to the Chairman of the Board and 1,000,000 were granted to the CEO. Subscriptions made by virtue of the said option rights might increase the share capital of Elektrobit Corporation by a maximum of EUR 175,000 and the number of shares by a maximum of 1,750,000 new shares.

#### THE AUTHORISATIONS OF THE BOARD OF DIRECTORS AT THE END OF THE REPORTING PERIOD

The Annual Shareholders' Meeting held on March 14, 2007 resolved to authorize the Board of Directors to repurchase shares of the company as follows: The amount of the repurchased own shares shall not be more than 12,500,000 shares, which represents approximately 9.66 per cent of all the shares of the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price determined in public trading on the date of repurchase or otherwise on the market. The Board of Directors shall resolve on how the repurchase of shares is carried out. The repurchase can be carried out by using, among others, derivatives. Shares may be repurchased also otherwise than in proportion to the shares owned by the shareholders of the company (directed repurchase of shares). The authorization is effective until 30 June 2008.

The Annual Shareholders' Meeting held on March 14, 2007 authorized the Board of Directors to resolve on the issuance of shares and stock options and other special rights entitling to shares subject to chapter 10, section 1 of the Companies Act as follows: The aggregate number of shares issued on the basis of the authorization may not exceed 25,000,000 shares, which represents approximately 19.3 per cent of all the shares of the company. The Board of Directors is authorized to resolve on all the terms and conditions concerning the issue of shares and stock options and other special rights entitling to shares. The authorization concerns both the issuance of new shares and transfer of the company's own shares. Issuance of shares and other special rights entitling to shares can be carried out as a directed issue.

#### 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.



#### BOARD OF DIRECTORS AND AUDITOR

The Annual Shareholders' Meeting held on March 14, 2007 fixed the number of the Board members to six (6). Mr. J.T. Bergqvist, Mr. Jukka Harju, Mr. Juha Hulkko, Mr. Matti Lainema, Mr. Juha Sipilä and Mr. Tapio Tammi were elected as Board members. The term of office of the Board members will end at the next Annual Shareholders' Meeting. At its assembly meeting held on March 14, 2007 the Board of Directors elected J.T. Bergqvist as the Chairman of the Board.

The Annual Shareholders' Meeting elected Ernst & Young Oy, an auditing entity authorized by the Central Chamber of Commerce, as the auditor of the company.

#### DIVIDEND FROM 2006

The Annual Shareholders' Meeting of March 14, 2007 approved the Board of Directors' proposal to pay dividend of EUR 0.11 per share, a total of EUR 14,235,395.90, for the financial period from January 1 to December 31, 2006. The payment date of the dividend was March 26, 2007.

#### AMENDMENT OF THE ARTICLES OF ASSOCIATION AND THE COMPANY NAME CHANGE

The Annual Shareholders' Meeting held on March 14, 2007 approved the Board of Directors' proposal to amend the Articles of Association mainly due to the new Companies Act, which entered into force on September 1, 2006. Simultaneously the company name was changed into Elektrobitt Oyj, in English Elektrobitt Corporation. By virtue of the registration of the changes, the amendments of the Articles of Association and the company's new name became effective on March 23, 2007.

#### BOARD OF DIRECTORS' PROPOSAL TO DISTRIBUTE PROFITS

According to the parent company's balance sheet, the distributable funds are EUR 29,798,815.35 million, of which EUR 6,852,190.96 is the profit for the financial period. Elektrobitt Corporation's Board of Directors will propose to the Annual General Shareholders Meeting a dividend of EUR 0.02 per share for 2007, a total of EUR 2,588,253.80.

Oulunsalo, February 6, 2008

EB, Elektrobitt Corporation  
The Board of Directors



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Principal financial media



## INVITATION TO PRESS CONFERENCE ON EB'S FINANCIAL STATEMENT BULLETIN 2007

EB, Elektrobit Corporation, will hold a press conference for media, analysts and institutional investors concerning the Financial Statement Bulletin 2007 on February 6, 2008 as follows:

In Helsinki at 10.00 – 11.00 am. (EET)  
Hotel Radisson SAS Royal  
Runeberginkatu 2  
Cabinet Iceland

The conference will be audio webcast and published live on the Internet on <http://webcast.goodmood.tv:80/wip/directlink.do?newbrowser=1&pid=2065199>. There will be a possibility to present questions in place as well as by calling to the following conference call numbers:

Participants - Finland and other Europe: +358 (0)9 2313 9201  
Participants - UK: +44 (0)20 7162 0025  
Participants - US: +1 334 323 6201

An on-demand version of the audio webcast will be available after the conference on EB's website [www.elektrobit.com/investors](http://www.elektrobit.com/investors). The presentation material will be available after the publication of the Financial Statement Bulletin on the same address.

## CONSENSUS ESTIMATE

The EB consensus estimate made by the analysts who observe the company is updated a week before the release of the financial report. The latest estimate is available on the company website [www.elektrobit.com/investors](http://www.elektrobit.com/investors).

January 30, 2008  
EB, Elektrobit Corporation  
Corporate Communications


**EB, ELEKTROBIT CORPORATION, FINANCIAL STATEMENT BULLETIN 2007**

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statement of 2007 has been audited and the auditing report has been dated on February 5, 2008.

<b>CONSOLIDATED INCOME STATEMENT (MEUR)</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
	<b>12 months</b>	<b>12 months</b>
<b>Continuing operations</b>		
NET SALES	144.3	120.5
Other operating income	14.4	1.8
Change in work in progress and finished goods	1.5	0.6
Work performed by the undertaking for its own purpose and capitalized	0.5	0.3
Raw materials	-10.1	-7.1
Personnel expenses	-96.5	-78.4
Depreciation	-15.9	-8.2
Other operating expenses	-58.5	-35.5
OPERATING PROFIT (LOSS)	-20.3	-6.0
Financial income and expenses	0.3	-0.0
RESULT BEFORE TAXES	-20.0	-6.1
Income taxes	0.0	-0.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-20.0	-6.1
Result after taxes for the period from discontinued operations	13.1	80.3
RESULT FOR THE PERIOD	-6.9	74.2
Attributable to		
Equity holders of the parent	-6.9	73.9
Minority interest	0.0	0.3
Earnings per share EUR continuing operations		
Basic earnings per share	-0.15	-0.05
Diluted earnings per share	-0.15	-0.05
Earnings per share EUR discontinued operations		
Basic earnings per share	0.10	0.62
Diluted earnings per share	0.10	0.62
Earnings per share EUR continuing and discontinued operations		



Basic earnings per share	-0.05	0.57
Diluted earnings per share	-0.05	0.57
Average number of shares, 1000 pcs	129 413	129 413

**CONSOLIDATED BALANCE SHEET (MEUR)**
**Dec. 31, 2007**      **Dec. 31, 2006**
**ASSETS**
**Non-current assets**

Property, plant and equipment	25.1	32.5
Goodwill	19.6	8.2
Intangible assets	18.0	10.6
Financial assets at fair value through profit or loss	10.8	10.7
Other financial assets	0.3	0.1
Receivables	0.7	1.6
Deferred tax assets	2.8	2.7
Non-current assets total	77.2	66.3

**Current assets**

Inventories	7.6	13.9
Trade and other receivables	79.5	57.5
Cash and short term deposits	71.9	125.1
Current assets total	158.9	196.5
<b>TOTAL ASSETS</b>	<b>236.1</b>	<b>262.8</b>

**EQUITY AND LIABILITIES**
**Equity attributable to equity holders of the parent**

Share capital	12.9	12.9
Share premium	64.6	64.6
Translation difference	-0.4	-0.2
Retained earnings	88.5	109.2
Minority interest	0.0	2.1
Total equity	165.7	188.6

**Non-current liabilities**

Deferred tax liabilities	4.4	6.2
Interest-bearing liabilities	23.9	17.2
Other liabilities	0.6	0.3
Non-current liabilities total	28.9	23.7

**Current liabilities**

Trade and other payables	31.1	32.8
Pension obligations	0.9	0.8
Current tax liabilities	1.2	1.7



Interest-bearing loans and borrowings	8.3	15.2
Current liabilities total	41.5	50.5
Total liabilities	70.5	74.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236.1</b>	<b>262.8</b>

**CONSOLIDATED CASH FLOW STATEMENT (MEUR)**

	<b>1-12/2007</b>	<b>1-12/2006</b>
	<b>12 months</b>	<b>12 months</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Result for the period	-6.9	73.9
Adjustment of accrual basis items	-6.4	-63.7
Change in net working capital	-11.6	-7.4
Interest paid on operating activities	-1.8	-1.9
Interest received from operating activities	1.5	1.8
Other financial income and expenses, net received	0.0	0.0
Income taxes paid	-1.9	-4.1
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-27.1</b>	<b>-1.4</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of business unit, net of cash acquired	-4.7	-0.3
Acquisition of minority interest	-10.2	
Disposal of business unit, net of cash acquired	16.9	81.1
Purchase of property, plant and equipment	-3.9	-2.8
Purchase of intangible assets	-6.3	-1.8
Purchase of other investments	-3.9	-6.1
Sale of property, plant and equipment	0.5	2.9
Sale of intangible assets	1.1	0.0
Proceeds from sale of investments	3.7	5.6
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-6.8</b>	<b>78.5</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans granted	-0.5	
Proceeds from borrowing	8.2	4.2
Repayment of borrowing	-7.6	-4.4
Payment of finance liabilities	-5.1	-3.4
Dividends paid	-14.2	-9.1
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-19.3</b>	<b>-12.6</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-53.2</b>	<b>64.5</b>
Cash and cash equivalents at beginning of period	125.1	60.6
Cash and cash equivalents at end of period	71.9	125.1



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital  
B = Share premium  
C = Retained earnings  
D = Net profit for the period  
E = Minority interest  
F = Total equity

	A	B	C	D	E	F
Equity on January 1, 2006	12.9	64.6	42.7		1.8	122.0
Result for the period				73.9		73.9
Dividend distribution			-9.1			-9.1
Share-related compensation			0.9			0.9
Translation difference			-0.5		0.3	-0.2
Others			1.1			1.1
Equity on Dec. 31, 2006	12.9	64.6	35.1	73.9	2.1	188.6
Equity on January 1, 2007	12.9	64.6	108.9		2.1	188.6
Result for the period				-6.9		-6.9
Dividend distribution			-14.2			-14.2
Share-related compensation			1.2			1.2
Translation difference			-0.2		-2.1	-2.3
Others			-0.7			-0.7
Equity on Dec. 31, 2007	12.9	64.6	95.0	-6.9	0.0	165.7

### NOTES TO THE FINANCIAL STATEMENT BULLETIN

#### Accounting principles for the Financial Statement Bulletin:

The same accounting policies and methods of computation are followed in the financial statement bulletin 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 that are unusual because of their nature, size or incidence:**

During the first quarter, the purchase of minority shares of Elektrobot Automotive GmbH created a goodwill of EUR 8.1 million. During the second quarter, the purchasing of DECOMSYS Beteiligungs GmbH and 7iD Technologies GmbH created a goodwill of EUR 4.7 million and a share of EUR 6.5 million of other intangible rights subject to depreciation. During the second quarter, the Production Solutions business was sold. The result of the Production Solutions business and the return from the sale of the Production Solutions business are presented in the income statement under Discontinued Operations. In December, the properties located at Oulu were sold, decreasing the balance sheet value of non-current assets by EUR 8.4 million. EB also re-assessed the value of the remaining property in Oulunsalo and, as a result, executed a non-recurring write-off of approximately EUR 4.0 million. At the same time, the group's operations related goodwill valuations were re-assessed and a write-off of approximately EUR 1.0 million concerning certain non-core operations has been made thereof.

**Dividends paid:**

According to the decision of the company's Annual Shareholders' Meeting held on March 14, 2007, dividend of EUR 0.11 per share, a total of EUR 14,235,395.90 was paid on March 26, 2007

<b>SEGMENT INFORMATION (MEUR)</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
<b>Continuing operations</b>	<b>12 months</b>	<b>12 months</b>
Automotive		
Net sales to external customers	52.6	38.9
Net sales to other segments	0.0	0.0
Net sales total	52.7	38.9
Operating profit (loss)	0.7	2.1
Wireless		
Net sales to external customers	90.9	81.4
Net sales to other segments	0.8	2.2
Net sales total	91.7	83.6
Operating profit (loss)	-22.8	-8.3
Other businesses		
Net sales to external customers	0.8	0.2
Net sales to other segments	0.0	9.4



Net sales total	0.8	9.6
Operating profit (loss)	1.8	0.1
Eliminations		
Net sales to external customers	0.0	0.0
Net sales to other segments	-0.8	-11.7
Net sales total	-0.8	-11.7
Operating profit (loss)	0.0	0.0
Group total		
Net sales to external customers	144.3	120.5
Operating profit (loss)	-20.3	-6.0
<b>Net sales of geographical segments (MEUR)</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
	<b>12 months</b>	<b>12 months</b>
Net sales		
Europe	101.6	96.5
Americas	33.3	15.2
Asia	9.5	8.7
Net sales total	144.3	120.5

**Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period:**

There were no material events subsequent to the end of the interim period.

**The effect of changes in the composition of the group structure during the interim period:**

During the first quarter, Elektrobit Corporation acquired the minority shares of Elektrobit Automotive GmbH. During the second quarter, in June, Elektrobit Corporation purchased 100 per cent of the shares in DECOMSYS Beteiligungs GmbH. Additionally, Elektrobit Corporation purchased 7iD Technologies GmbH in June. Elektrobit Corporation sold its Production Solutions business as of June 1, 2007. The transaction comprised the subsidiaries belonging to the Production Solutions business. In December, EB sold 100 per cent of the shares in Kiinteistö Oy Tutkijantie 8.



<b>Related party transactions:</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
Employee benefits for key management and stock option expenses total	2.5	2.0
Loans and guarantees to related party		
There have not been other transactions between the related parties		

<b>INCOME STATEMENT BY QUARTER (MEUR)</b>	<b>10-12/2007</b> 3 months	<b>7-9/2007</b> 3 months	<b>4-6/2007</b> 3 months	<b>1-3/2007</b> 3 months	<b>10-12/2006</b> 3 months
NET SALES	44.6	35.3	33.5	31.0	33.3
Other operating income	10.7	0.9	2.2	0.6	1.3
Change in work in progress and finished goods	-1.1	0.1	0.6	1.9	0.1
Work performed by the undertaking for its own purpose and capitalized	0.1	0.2	0.2	0.0	0.1
Raw materials	-3.1	-2.5	-2.4	-2.0	-2.1
Personnel expenses	-26.6	-22.6	-23.9	-23.4	-23.6
Depreciation	-7.6	-3.5	-2.5	-2.3	-2.1
Other operating expenses	-19.5	-11.8	-14.3	-12.9	-12.2
OPERATING PROFIT (LOSS)	-2.4	-4.0	-6.6	-7.2	-5.3
Financial income and expenses	-0.9	0.0	0.3	0.8	0.3
RESULT BEFORE TAXES	-3.3	-4.0	-6.3	-6.4	-4.9
Income taxes	0.0	0.0	-0.1	0.1	0.3
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-3.3	-4.0	-6.4	-6.3	-4.6
Result after taxes for the period from discontinued operations	0.4	-0.0	14.5	-1.8	73.7
RESULT FOR THE PERIOD	-2.9	-4.0	8.1	-8.1	69.0
Attributable to					
Equity holders of the parent	-2.9	-4.0	8.1	-8.1	68.9
Minority interest	0.0	0.0	0.0	-0.0	0.2

<b>BALANCE SHEET BY QUARTER (MEUR)</b>	<b>Dec. 31, 2007</b>	<b>Sept. 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>	<b>Dec. 31, 2006</b>
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ASSETS



Non-current assets					
Property, plant and equipment	25.1	35.3	35.0	34.6	32.5
Goodwill	19.6	21.7	21.1	16.2	8.2
Intangible assets	18.0	17.5	16.8	10.6	10.6
Financial assets at fair value					
through profit or loss	10.8	10.9	10.9	10.8	10.7
Other financial assets	0.3	0.3	0.4	0.1	0.1
Receivables	0.7	0.2	0.1	0.2	1.6
Deferred tax assets	2.8	4.2	3.5	3.5	2.7
Non-current assets total	77.2	90.1	87.7	76.0	66.3
Current assets					
Inventories	7.6	8.7	8.8	16.3	13.9
Trade and other receivables	79.5	53.8	53.8	52.7	57.5
Cash and short term deposits	71.9	82.7	98.7	96.6	125.1
Current assets total	158.9	145.2	161.3	165.6	196.5
<b>TOTAL ASSETS</b>	<b>236.1</b>	<b>235.3</b>	<b>249.1</b>	<b>241.6</b>	<b>262.8</b>
<b>EQUITY AND LIABILITIES</b>					
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	64.6	64.6	64.6
Translation difference	-0.4	-0.3	-0.1	-0.2	-0.2
Retained earnings	88.5	91.1	94.9	87.0	109.2
Minority interest	0.0	0.0	0.0	0.0	2.1
Total equity	165.7	168.4	172.3	164.3	188.6
Non-current liabilities					
Deferred tax liabilities	4.4	5.2	5.6	6.3	6.2
Interest-bearing liabilities	23.9	23.8	28.0	22.3	17.2
Other liabilities	0.6	0.7	0.7	0.3	0.3
Non-current liabilities total	28.9	29.7	34.3	28.9	23.7
Current liabilities					
Trade and other payables	32.3	27.2	30.8	34.1	34.5
Pension obligations	0.9	1.1	0.9	0.8	0.8
Interest-bearing loans and borrowings (non-current)	8.3	8.9	10.7	13.6	15.2
Current liabilities total	41.5	37.2	42.4	48.5	50.5
Total liabilities	70.5	66.9	76.8	77.3	74.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236.1</b>	<b>235.3</b>	<b>249.1</b>	<b>241.6</b>	<b>262.8</b>
<b>CONSOLIDATED CASH FLOW STATEMENT BY QUARTER</b>	<b>10-12/ 2007</b>	<b>7-9/ 2007</b>	<b>4-6/ 2007</b>	<b>1-3/ 2007</b>	<b>10-12/ 2006</b>



	3 months	3 months	3 months	3 months	3 months
Net cash from operating activities	-8.6	-6.7	-6.2	-5.5	-1.2
Net cash from investing activities	-0.7	-5.6	11.2	-11.7	80.5
Net cash from financing activities	-1.4	-3.8	-2.9	-11.3	0.2
Net change in cash and cash equivalents	-10.8	-16.1	2.1	-28.5	79.5

#### FINANCIAL PERFORMANCE RELATED RATIOS

	1-12/2007	1-12/2006
	12 months	12 months
INCOME STATEMENT (MEUR)		
Net sales	144.3	120.5
Operating profit (loss)	-20.3	-6.0
Operating profit (loss), % of net sales	-14.1	-5.0
Result before taxes	-20.0	-6.1
Result before taxes, % of net sales	-13.9	-5.0
Result for the period	-20.0	-6.1
PROFITABILITY AND OTHER KEY FIGURES		
Interest-bearing net liabilities, (MEUR)	-39.7	-92.7
Net gearing, %	-24.0	-49.2
Equity ratio, %	70.9	72.2
Gross investments, (MEUR)	44.1	16.4
Average personnel during the period	1695	1424
Personnel at the period end	1725	1621

#### AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)

	Dec. 31, 2007	Dec. 31, 2006
At the end of period	129 413	129 413
Average for the period	129 413	129 413
Average for the period diluted with stock options	129 413	129 413

#### STOCK-RELATED FINANCIAL RATIOS (EUR)

	1-12/2007	1-12/2006
	12 months	12 months
Basic earnings per share	-0.15	-0.05
Diluted earnings per share	-0.15	-0.05
Equity *) per share	1.28	1.44



Dividend per share **)	0.02	0.11
Dividend per earnings, %	-12.9	-220,4
P/E ratio	-10,6	-41,3
Effective dividend yield, %	1.22	5,3

\*) Equity attributable to equity holders of the parent

\*\*) According to Board of Director's proposal, year 2007

<b>MARKET VALUES OF SHARES (EUR)</b>	<b>1-12/2007</b>	<b>1-12/2006</b>
Highest	2.48	2.56
Lowest	1.51	1.82
Average	1.93	2.18
At the end of period	1.64	2.06
Market value of the stock, (MEUR)	212.2	266.6
Trading value of shares, (MEUR)	53.4	72.4
Number of shares traded, (1,000 pcs)	27 656	33 206
Related to average number of shares %	21.4	25.7

<b>SECURITIES AND CONTINGENT LIABILITIES (MEUR) *)</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2006</b>
<b>AGAINST OWN LIABILITIES</b>		
Floating charges	3.1	3.0
Mortgages	7.0	18.0
Pledges	9.8	7.1
Guarantees	2.1	
Mortgages are pledged for liabilities totalled	17.3	13.4
<b>OTHER DIRECT AND CONTINGENT LIABILITIES</b>		
Rental liabilities		
Falling due in the next year	4.0	3.1
Falling due after one year	4.9	3.7

\*) The comparison data does not include contingent liabilities relating to discontinued operations



<b>NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2006</b>
Foreign exchange forward contracts		
Market value	0.7	-0.0
Nominal value	26.4	9.5
Purchased currency options		
Market value		0.0
Nominal value		2.5
Sold currency options		
Market value		-0.0
Nominal value		5.0