



Elektrobit Group Plc.
Interim Report January - June, 2005
August 3, 2005

Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements. Elektrobit Group Plc. disclaims all obligations to update such forward-looking statements except as required by mandatory law.

Second Quarter April - June, 2005

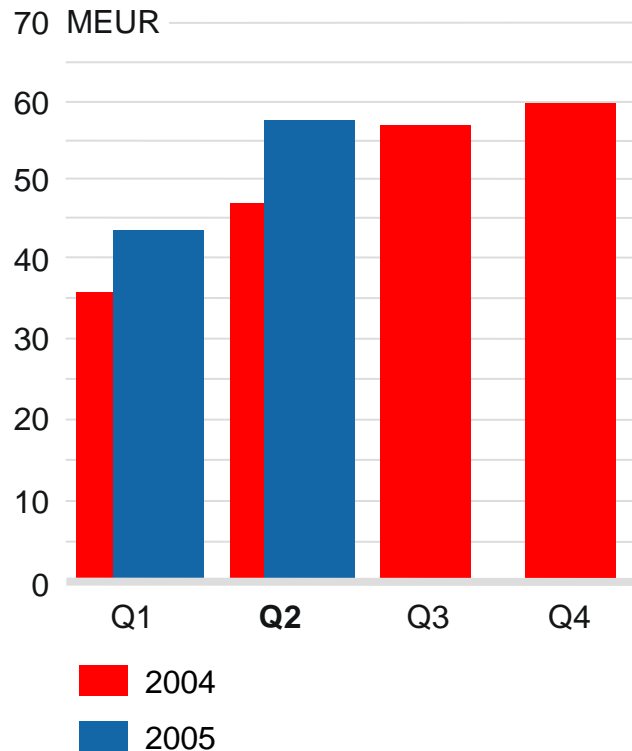
- **The company's objective for 2005 is to continue its efforts towards long-term development**
 - Resources will be added to sales, marketing and competence development, as well as research and development
 - The Group is aiming for moderate growth in net sales in 2005 and intends to maintain its good level of profitability and strong balance sheet
 - Net sales in the quarter fell slightly short of and profitability slightly outperformed the targets set for April to June 2005
- **Net sales and operating profit according to earlier estimated**
 - Net sales 58.1 MEUR (48.0 MEUR, increase of 20.9 %)
 - Operating profit 7.2 MEUR (6.4 MEUR, increase of 12.4 %)

Second Quarter April - June, 2005

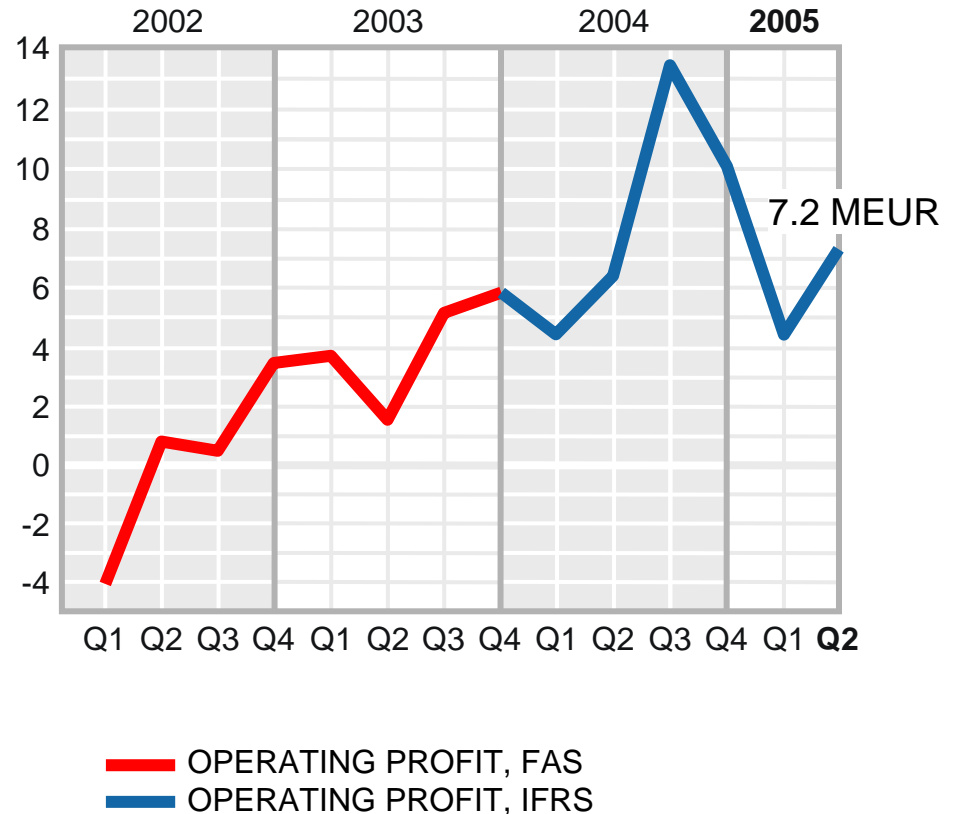
- **Products business showed good profitability**
 - Net sales for the Testing and Automotive business units increased
 - Net sales of Contract R&D decreased and net sales of Automation Solutions business unit remained on previous years' level
 - Contributing to the growth in the sales of the Testing business unit was the shift in product deliveries from the second half of the year to the first half of the year
- **Renewed incentive schemes**
 - Personnel fund, profit-related pay scheme
 - Stock options for management with long term commitment in focus
- **Group structure has been streamlined**
 - Ylinen Electronics Ltd merged into Elektrobit Microwave Oy
 - JOT Automation Inc. and Nemo Technologies Inc., were merged with Elektrobit Inc.
 - The aim is to further decrease Group companies, the combination between Elektrobit Automation Ltd. and Elektrobit Testing Ltd. has been commenced

Development of Net Sales and Profitability

NET SALES Q1/04 – Q2/05



OPERATING PROFIT Q1/02 – Q2/05



Review of the Operating Environment

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

Review of the Operating Environment

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

Operations by Business Segments

- **Services Business**

- Contract R&D business mainly includes product development services for the telecommunications industry
- Automotive business mainly includes software development services for the automotive industry
- Net sales of the service business segment during the quarter amounted to 21.7 million euro (24.2 million euro) and the operating profit stood at 0.7 million euro (3.3 million euro)

- **Products Business**

- Testing business mainly includes testing equipment required for the product development, production and network operation of telecommunications devices
- Automation Solutions business includes equipment for the automation of production lines for telecommunications and other electronic devices
- Net sales of the product business segment amounted to 36.3 million euro (23.8 million euro), and the operating profit stood at 6.9 million euro (3.7 million euro)

Operations by Business Units

- **Contract R&D**

- Business environment, particularly with regard to mobile terminals, has been very turbulent and under intense competition compared to the corresponding period in 2004
- Resulted in longer periods of contract negotiation and the necessity for proactive marketing efforts in the sales of product development projects
- The business unit's profitability has decreased compared to previous year's level
- Net sales during the period amounted to 15.9 million euro (19.5 million euro), which was below the target

- **Automotive**

- The Automotive business unit has operated as an independent business unit within Elektrobit Group since the beginning of 2005
- Focal points during the period under review included increased sales to existing and new customers, as well as expanding resources
- Net sales during the quarter amounted to 5.8 million euro (4.7 million euro), on the whole business operations developed according to plan

Operations by Business Units

- **Testing**

- Net sales of the Testing business stood at 31.0 million euro (18.4 million euro) which was better than planned, particularly attributable to the sales of network and system testing equipment
- According to previous statements sales have shifted from the autumn, sales during end year is expected to normalize

- **Automation Solutions**

- The business environment remained challenging, and the industry is still under intense competition and cost pressure
- Continuous development of the company's own operations and products started to be visible as improved competitiveness, but net sales of 5.4 million euro (5.4 million euro) fell short of the targets

Outlook for The Financial Year 2005 and Its Third Quarter

- The Group is aiming for moderate growth in net sales in 2005 and intends to maintain its good level of profitability and strong balance sheet
- During the first quarter of 2005, the Group decided to put more effort into the development of new products. The operating profit for 2005 is expected to be clearly below the level achieved in 2004
- The accumulation of net sales and operating profit will to some extent be transferred from the second half of the year to the second quarter
- Q3/2005 net sales is estimated to remain at substantially the same level as Q3/2004
- Q3/2005 operating profit is estimated to be clearly lower than in Q3/2004
- The decline in relative profitability compared with the previous year is due to the increased product development effort and the addition of resources to match the net sales level corresponding to the targeted growth

Figures

January - June, 2005

Net Sales and Operating Profit Quarterly

MEUR	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Dec. 2004
Net sales	58.1	44.6	60.2	57.8	48.0	202.6
Operating profit	7.2	4.5	10.1	13.5	6.4	34.4
Profit before taxes	7.4	4.6	10,2	13.3	6.0	33.9
Net profit	5.2	3.2	7.2	11.6	4.3	26.4

Net Sales by Business Units

Quarterly

MEUR	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - jun. Q2/2004	Jan. - Dec. 2004
Contract R&D	15.9	17.2	21.4	14.9	19.5	72.0
Automotive	5.8	4.4	6.9	4.1	4.7	16.8
SERVICE BUSINESS TOTAL	21.7	21.6	28.3	19.0	24.2	88.8
Testing	31.0	16.7	25.9	29.2	18.4	88.3
Automation Solutions	5.4	6.3	5.9	9.4	5.4	25.1
PRODUCT BUSINESS TOTAL	36.3	23.0	31.8	38.7	23.7	113.5
GROUP	58.1	44.6	60.2	57.8	48.0	202.6

Net Sales by Market Area Quarterly

MEUR	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Dec. 2004
Asia	7.2 (12%)	4.9 (11%)	9.1 (15%)	8.3 (14%)	4.1 (9%)	26.4 (13%)
Americas	12.9 (22%)	5.4 (12%)	7.4 (12%)	16.2 (28%)	9.1 (19%)	36.8 (18%)
Europe	38.0 (65%)	34.3 (77%)	43.6 (73%)	33.3 (58%)	34.8 (72%)	139.4 (69%)
Total	58.1 (100%)	44.6 (100%)	60.2 (100%)	57.8 (100%)	48.0 (100%)	202.6 (100%)

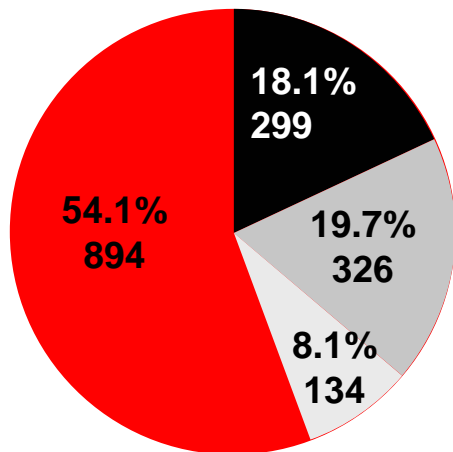
Net sales and Operating Profit by Business Segments, January - June, 2005 (January - June 2004)

MEUR	Service business	Product business	Common functions	Eliminations	Total
Net sales external	43.2 (41.5)	59.4 (43.0)	0.1 (0.2)	0.0 (0.0)	102.7 (84.7)
Operating profit	2.2 (6.1)	10.1 (5.1)	-0.7 (-1.0)	-0.0 (0.6)	11.7 (10.8)

Personnel

June 30, 2005

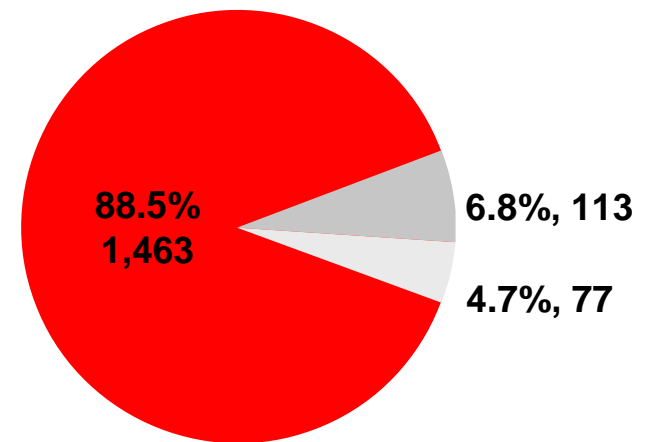
BY BUSINESS UNITS



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

Total 1,653

BY MARKET AREAS



- EUROPE
- AMERICAS
- ASIA

Income Statement Quarterly

MEUR	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Oct. - Dec. Q4/2004	Jul. - Sep. Q3/2004	Apr. - Jun. Q2/2004	Jan. - Dec. 2004
Net sales	58.1	44.6	60.2	57.8	48.0	202.6
Change in work in progress and finished goods	0.6	2.7	-2.7	2.3	0.6	0.7
Other operating income	0.3	0.5	1.0	0.8	0.8	3.1
Production for own use	0.2	0.0	0.0	0.0	0.0	0.3
Expenses	-49.0	-41.0	-42.5	-44.0	-39.9	-157.8
Depreciation and reduction in value	-2.9	-2.4	-5.9	-3.4	-3.1	-14.5
Operating profit	7.2	4.5	10.1	13.5	6.4	34.4
Financial income and expenses	0.2	0.1	0.1	-0.2	-0.4	-0.4
Share of results of associated companies	0.0	0.0	-0.0	-0.0	-0.0	-0.1
Profit before taxes	7.4	4.6	10.2	13.3	6.0	33.9
Income tax	-2.2	-1.4	-3.1	-1.7	-1.7	-7.5
Net profit	5.2	3.2	7.2	11.6	4.3	26.4

Balance Sheet Quarterly

MEUR	Jun. 30, 2005	Mar. 3, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004
Assets					
Non-current assets	74.9	75.1	74.7	75.2	77.1
Current assets	121.8	110.9	119.6	111.7	95.6
Total assets	196.8	186.0	194.3	186.9	172.7
Shareholders' equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12.9
Minority interest	2.3	2.3	2.3	2.5	2.5
Total equity	111.7	106.4	110.9	102.3	90.7
Long term liabilities	32.6	33.2	34.7	32.4	33.2
Short term liabilities	52.5	46.5	48.7	52.2	48.8
Shareholders' equity and liabilities total	196.8	186.0	194.3	186.9	172.7

Depreciations and Goodwill

	Apr.-Jun. 2005	Jan.-Mar. 2005
Depreciations		
- on business acquisitions, MEUR	0.5	0.5
- on capital assets, MEUR	2.4	1.9
Replacement investments, MEUR	1.9	2.6
Goodwill 9.2 MEUR		
- % of the equity	8.2	8.6
- % of the net profit of the last 12 months	33.8	34,9

Cash Flow

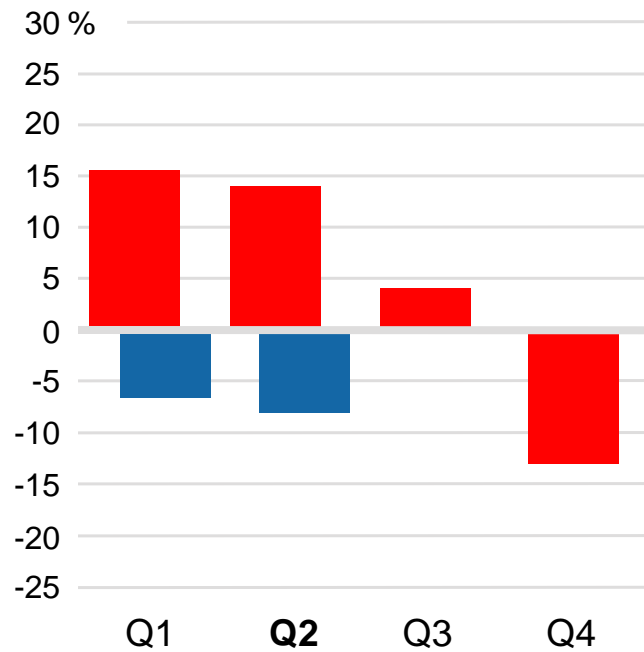
MEUR	Jan.-Jun. 2005	Jan.-Jun. 2004	Jan.-Dec. 2004
+ net profit + depreciations + taxes + financial income	17.0	16.4	49.0
+ minority interest	0.0	0.0	0.0
+/- change in net working capital	-5.8	5.9	8.4
+ share of results of associated companies	0.0	0.1	0.1
- interests, taxes, and dividends	-4.8	-3.3	-9.8
CASH FLOW FROM OPERATING ACTIVITIES	6.4	19.1	47.6
- cash flow from investing activities	-4.6	-21.4	-23.8
- cash flow from financial activities	-10.1	-4.5	-5.9
CHANGE IN CASH AND CASH EQUIVALENTS	-8.3	-6.7	17.9

Key Figures

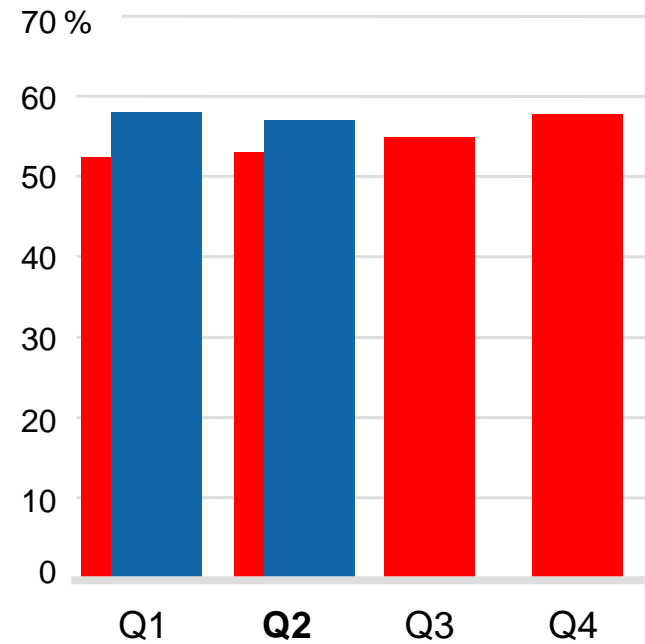
MEUR	Jan.-Jun. 2005	Jan.-Jun. 2004	Change %	Jan.-Dec. 2004
Net sales, MEUR	102.7	84.7	+21.3	202.6
Operating profit, MEUR	11.7	10.8	+8.3	34.4
Operating profit, % of net sales	11.4	12.7	-	17.0
Profit before taxes, MEUR	12.0	10.3	+16.5	33.9
Net profit, MEUR	8.4	7.7	+9.1	26.4
Equity, MEUR	111.7	90.7	+23.2	110.9
Balance sheet total, MEUR	196.8	172.7	+14.0	194.3
Personnel at the period end	1,653	1,429	+15.7	1,536
Return on investment -% (ROI)	18.8	19.5	-	28.8
Interest bearing net liabilities, MEUR	-9.0	13.0	-	-14.7
Net gearing, %	-8.0	14.3	-	-13.2
Equity ratio, %	57.9	53.4	-	58.1
Earnings per share, EUR	0.06	0.06	0.0	0.21

Net Gearing and Equity Ratio Q1/04 – Q2/05

NET GEARING



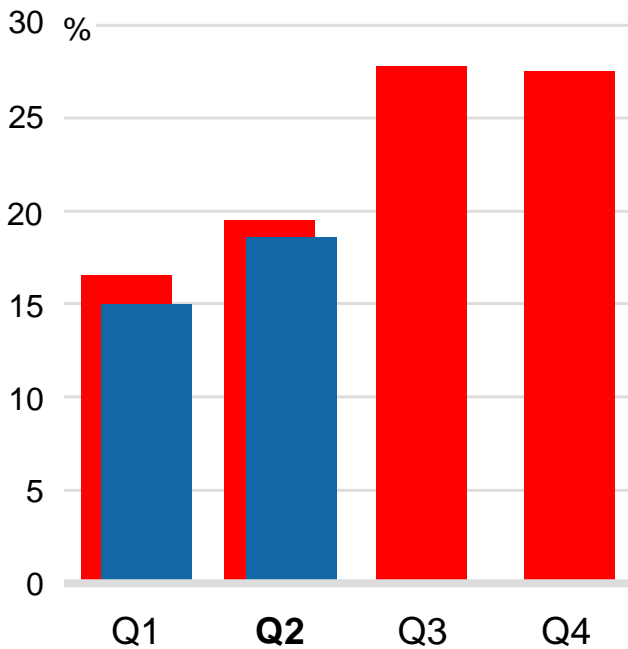
EQUITY RATIO



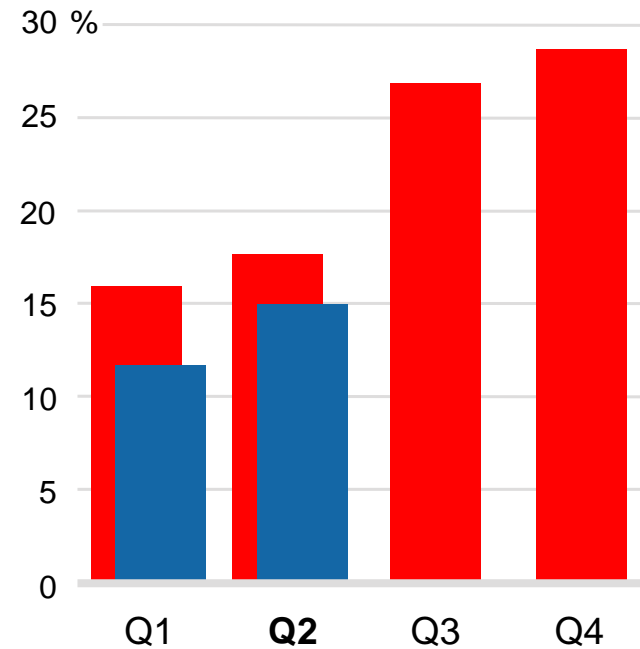
■ 2004 ■ 2005

Return on Investment and Equity Q1/04 – Q2/05

**RETURN ON INVESTMENT
(ROI)**



**RETURN ON EQUITY
(ROE)**



■ 2004 ■ 2005

Appendix

Shareholders

30.6.2005

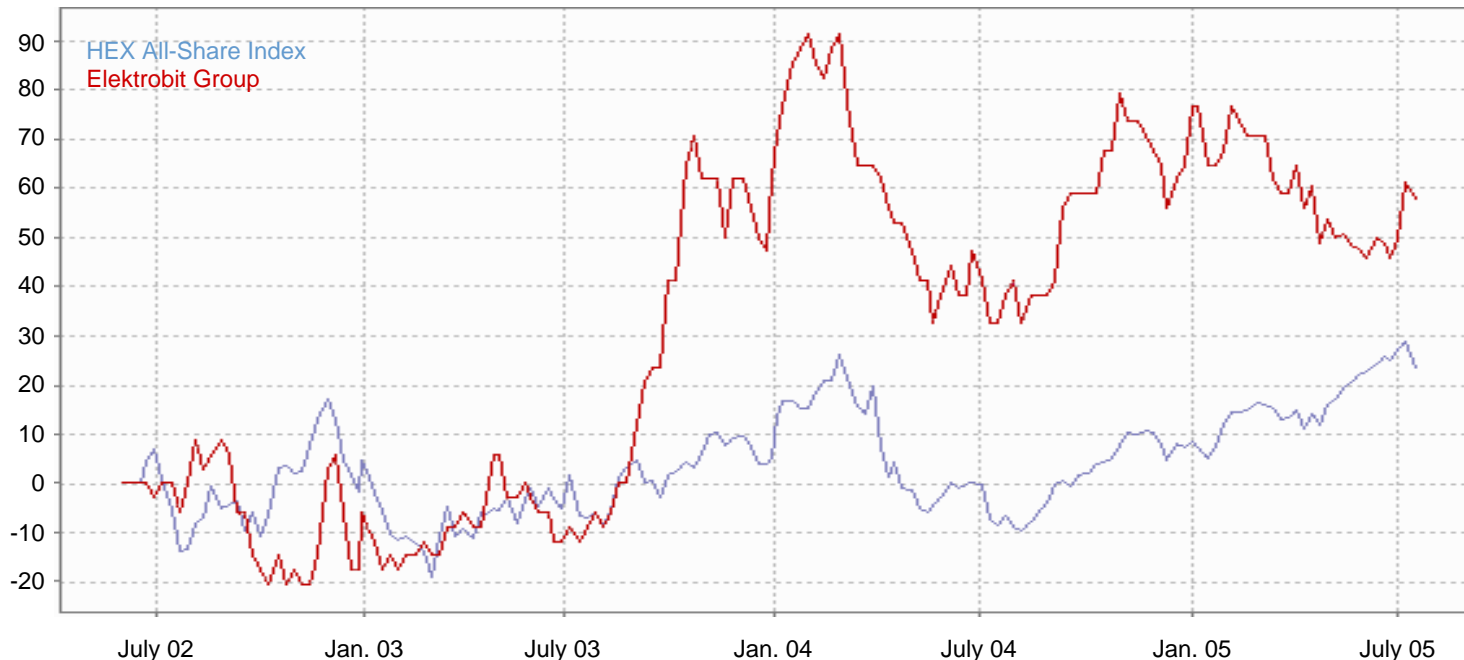
Shareholder	Number of shares	% of Shares and Votes
1. Hulkko Juha, CEO	27,904,097	21.6
2. Hildén Kai	10,831,316	8.4
3. Veikkolainen Erkki	9,388,719	7.3
4. Halonen Eero, Member of the Board of the Directors	9,282,159	7.2
5. Sipilä Juha, Chairman of the Board of the Directors - and Fortel Companies *	8,138,204	6.3
6. Harju Jukka	7,642,730	5.9
7. Laine Seppo	2,220,051	1.7
8. Mutual Pension Insurance Company Ilmarinen	2,030,140	1.6
9. Irish Life International	1,551,990	1.2
10. Mutual Insurance Company Pension Fennia	1,332,000	1.0
11. OP-Suomi Kasvu Investment Fund	1,223,740	0.9
12. Mutual Insurance Company Kaleva	700,000	0.5
13. FIM Fenno Investment Fund	686,220	0.5
14. Odin Finland	620,360	0.5
15. Göttlicher Rainer	561,464	0.4
16. Royal Skandia Life Assurance Ltd.	548,820	0.4
17. Haas Johann	519,424	0.4
18. FIM Forte Investment Fund	516,840	0.4
19. eQ Pikkujättiläiset/eQ Rahastoyhtiö Oy	500,000	0.4
20. Pohjola Finland Kasvu Investment Fund	447,760	0.3
Other (incl. administrative registered)	42,766,656	33.0
Total	129,412,690	100.0

Breakdown of Shareholders by Shareholding

30.6.2005

Breakdown of Shareholders	Number of Shareholders	% of Shareholders	% of Shares and Votes
Private companies and housing associations	1,652	4.1	9.9
Financial institutions and insurance companies	78	0.2	4.3
Public companies and corporations	25	0.1	2.9
Non-profit organizations	138	0.3	1.5
Private investors	38,148	94.9	76.9
Foreign owned	156	0.4	3.4
Administrative registered	10	0.0	0.9
Total	40,207	100.0	100.0

Share Development June 3, 2002 - July 18, 2005



Turnover, January - June, 2005

- Number of shares, 1000 pcs 18,170
- MEUR 50.7

Share price, January - June, 2005

- Highest 3.15
- Lowest 2.44

Market capitalization, June 30, 2005

- MEUR 320

Share capital and shares

- Share capital, MEUR 12.9
- Number of shares 129,412,690

Information for Investors

Financial Reports 2005

Elektrobit Group Plc. reports its financial development quarterly.

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

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

Investor Relations

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