



Elektrobit Group Plc.

Interim Report 1-6 / 2003

August 6, 2003

Content

1. Elektrobit Group Plc. reporting period 4-6/2003
2. Figures 1-6/2003

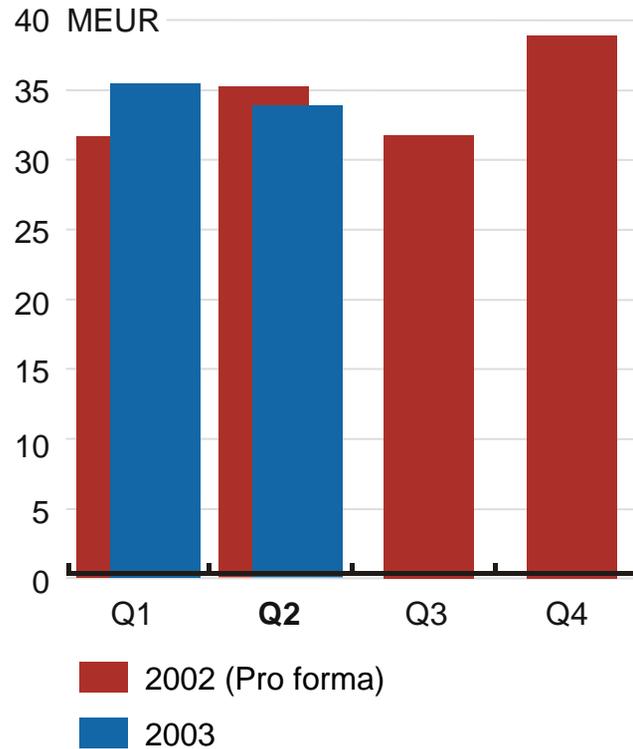
Appendix

Review of the Operating Period 4-6/2003

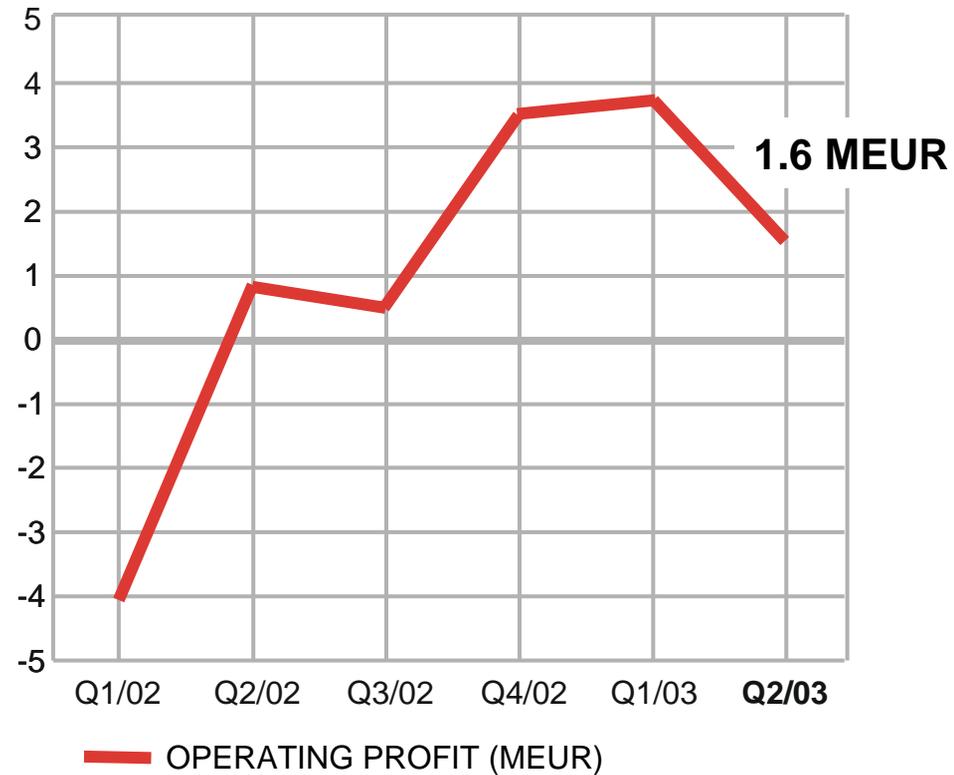
- **Operating profit was better than in corresponding period in 2002**
- **Efficiency measures to improve profitability were continued, non-recurring expenses totaling 1.3 million euro relate mainly to write-offs on inventories and fixed assets**
- **Costs burdening profit totaling 2.5 million euro**
- **Sales to Asia were burdened by the impact of the SARS epidemic**
- **The development of the ODE productization concept was continued with**
- **Cash flow from operations 10.8 million euro (1-6/2003)**
- **Operating environment will remain challenging through out the year, focus on improving profitability**

Quarterly Q1/02 – Q2/03

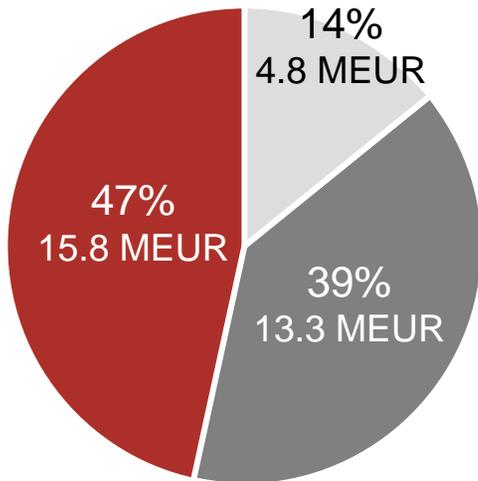
NET SALES



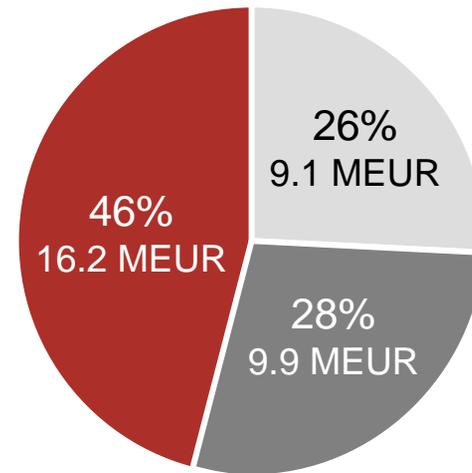
OPERATING PROFIT



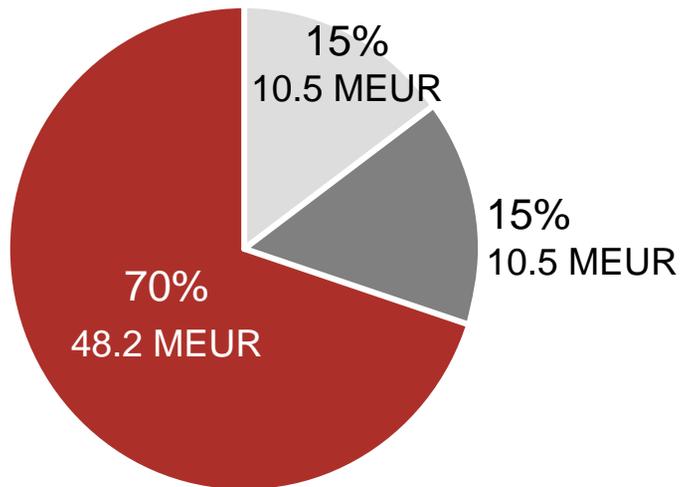
NET SALES
BY BUSINESS UNIT
4-6/2003



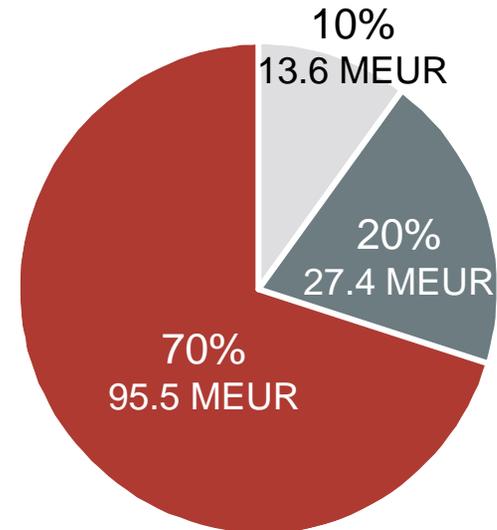
NET SALES
BY BUSINESS UNIT
4-6/2002



NET SALES
BY MARKET AREA
1-6/2003



NET SALES
BY MARKET AREA
1-12/2002



■ EUROPE
■ AMERICAS
■ ASIA

Contract R&D

- **Operation environment remained similar to Q2/2002**
- **Net sales 15.8 MEUR (16.2 MEUR) slightly less than expected**
- **Postponements of new projects in the Americas and the delay of a single significant project, impact on profit approximately 1 million euro**
- **Personnel in the Seattle unit decreased by 12 employees**
- **Symbian partnership agreement on Symbian OS(TM) smart phone design**
- **Series 60 Competence Center agreement with Nokia**

Test

- **Development continued favorable**
- **Net sales 13.3 MEUR (9.9 MEUR)**
- **The development of net sales as planned, with the exception of sales in Asia and materialized credit loss**
- **Deliveries of product-specific production testing solutions and the demand for testing and optimization equipment for mobile phone networks remained at a strong level**
- **Demand for testing and simulation equipment used in product development weaker**

Automation Solutions

- **Customers business areas continue to have excessive production capacity - volume of investments in automation low. Customers focus on enhancing existing production capacity. Price competition intensified**
- **Net sales 4.8 MEUR (9.1), somewhat short of expectations**
- **The responsibility for manufacturing material handling equipment was transferred from Oulunsalo to Kuopio. Non-recurring expenses recorded in Q2/2003.**
- **The Dallas unit was reorganized.**
- **Modification deliveries in the United States business increased, sales of standard equipment declined. Asian sales were minor**
- **Focus was still put on the telecommunications industry, but according to the strategy, efforts on increasing the share of automotive industry were continued – first pilot deliveries were shipped.**
- **Market conditions are estimated to improve slightly in the second half of the year, focus on improving profitability.**

Outlook for the Financial Year 2003



Contract R&D outsourcing trend continues, aiming on new customer relations.



In Test new business opportunities and products.



Automation Solutions environment similar as 2003, main objective is on improving profitability.

The operating environment is expected to remain challenging throughout the year.

- The market visibility is short, assessing the development of operations is still very difficult.

Main target for 2003 is to considerably improve profitability compared to the pro forma level of 2002 and modest growth in net sales.

Outlook for the Third Quarter 2003

- **Net sales is expected to be similar or slightly higher in the third quarter of 2003 compared to the second quarter of 2003.**
- **Operating profit is expected to be better than in the second quarter of 2003.**
- **The net sales and operating profit in the second half of 2003 are expected to be somewhat higher than the net sales and operating profit of the period under review.**



Figures January - June, 2003

Interim Report January - June, 2003

August 6, 2003

Net Sales and Profit

Quarterly Q1/02 – Q2/03

Quarterly figures MEUR	April - June Q2/2003	Jan. - March Q1/2003	Oct. - Dec. Q4/2002	July - Sep. Q3/2002	April - June Q2/2002	Jan. - March Q1/2002
Net sales	33.9	35.4	38.9	31.7	35.2	30.8
Operating profit	1.6	3.6	3.5	0.5	0.8	-4.1
Profit before taxes	1.2	3.1	3.5	-0.0	0.1	-4.4
Net profit	0.2	1.7	3.6	-0.3	0.1	-4.5

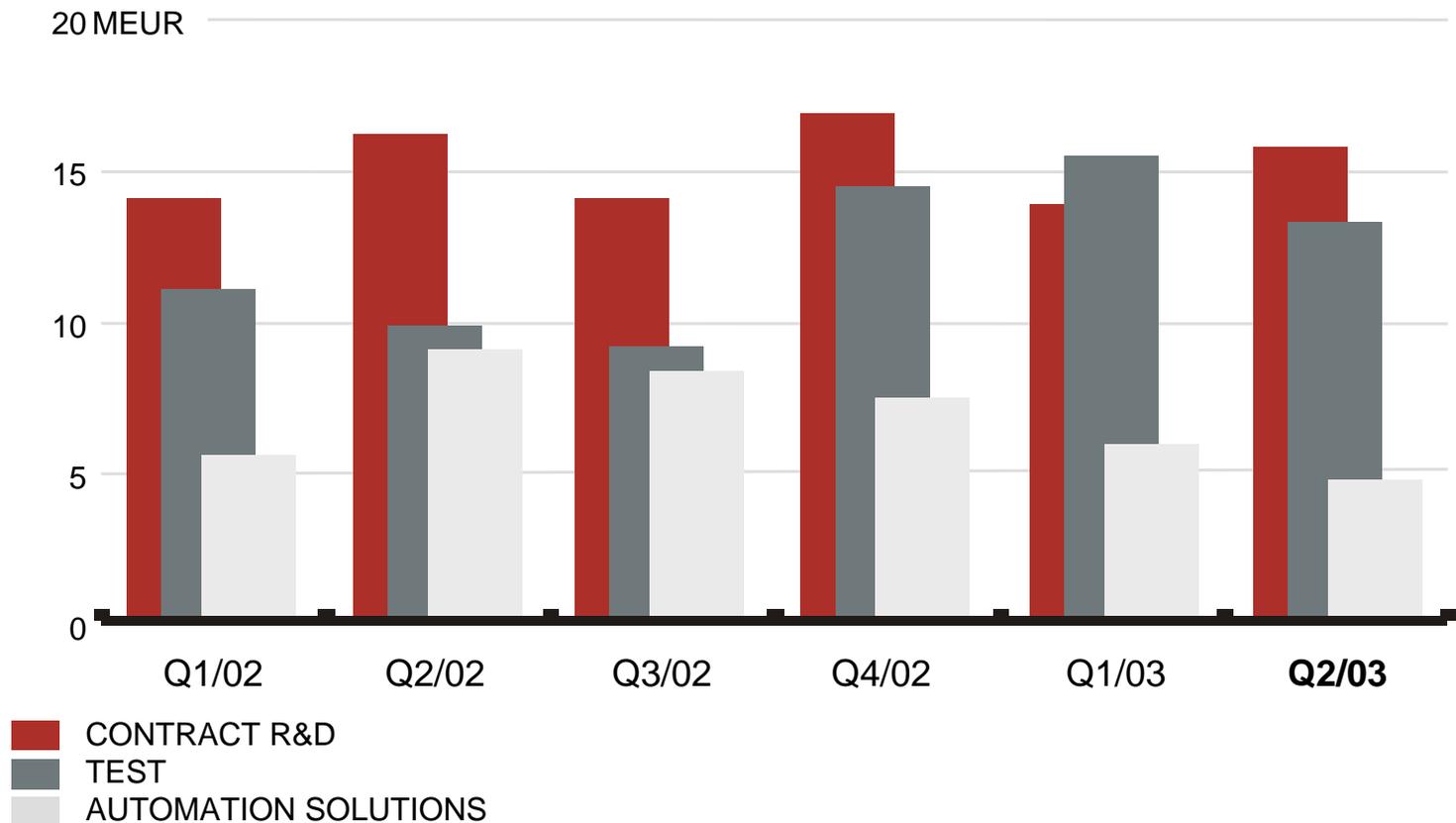
Net Sales by Business Unit

Quarterly Q1/02 – Q2/03

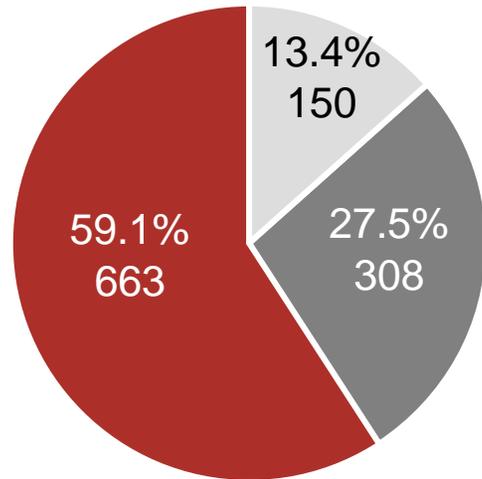
Quarterly figures MEUR	April - June Q2/2003	Jan. - March Q1/2003	Oct. - Dec. Q4/2002	July - Sep. Q3/2002	April - June Q2/2002	Jan. - March Q1/2002
Contract R&D	15.8	13.9	16.9	14.1	16.2	14.1
Test	13.3	15.5	14.5	9.2	9.9	11.1
Automation Solutions	4.8	6.0	7.5	8.4	9.1	5.6
Total	33.9	35.4	38.9	31.7	35.2	30.8

Quarterly Q1/02 – Q2/03

NET SALES BY BUSINESS UNIT

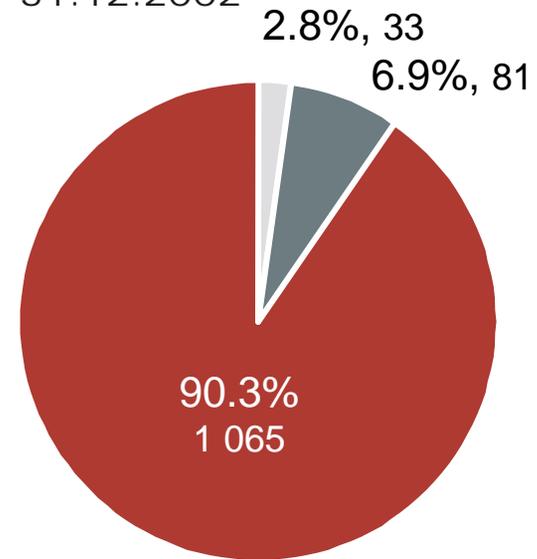


PERSONNEL BY
BUSINESS UNIT
30.6.2003



Total 1 121

PERSONNEL BY
MARKET AREA
31.12.2002



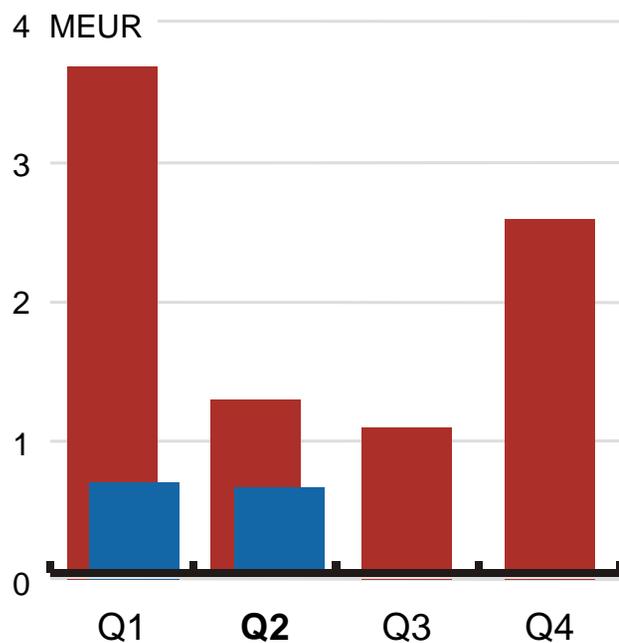
Total 1 179

Income Statement, Quarterly Q1/02 – Q2/03

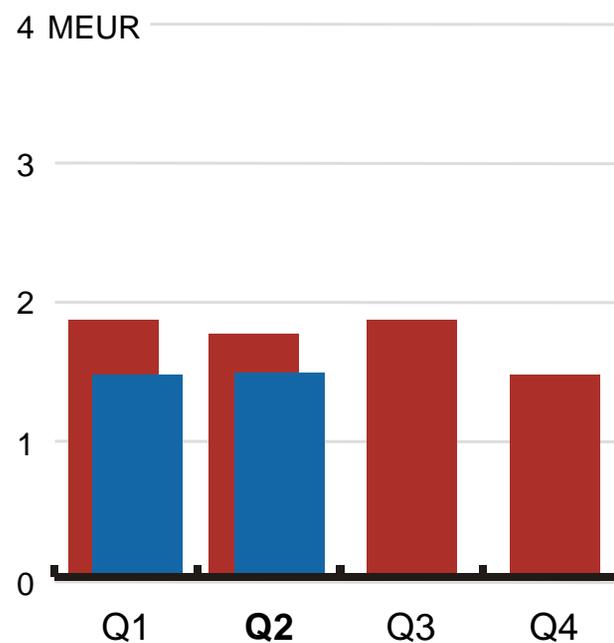
Quarterly figures (MEUR) *Pro forma	April - June Q2/2003	Jan. - March Q1/2003	Oct. - Dec. Q4/2002*	July - Sep. Q3/2002*	April - June Q2/2002*	Jan. - March Q1/2002*
Net sales	33.9	35.4	38.9	31.7	35.2	30.8
Change in work in progress and finished goods	-1.3	1.1	-0.5	0.8	-1.3	1.0
Other operating income	0.8	0.3	0.6	0.8	0.9	1.0
Expenses	-29.7	-31.1	-33.3	-30.4	-31.6	-33.3
Depreciation and reduction in value	-2.1	-2.1	-2.1	-2.5	-2.4	-3.7
Operating profit	1.6	3.6	3.5	0.5	0.8	-4.1
Financial income and expenses	-0.4	-0.5	-0.1	-0.5	-0.7	-0.3
Profit before extraordinary items	1.2	3.1	3.5	-0.0	0.1	-4.4
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Profit before taxes	1.2	3.1	3.5	-0.0	0.1	-4.4
Income tax	-1.0	-1.3	0.0	0.0	0.0	0.0
Minority interest	0.0	-0.1	0.1	-0.3	0.1	-0.1
Net profit	0.2	1.7	3.6	-0.3	0.1	-4.5

Quarterly Q1/02 – Q2/03

GROSS INVESTMENTS
(excluding properties)



DEPRECIATION
(excluding goodwill)



■ 2002 (Pro forma) ■ 2003

Depreciations vs. investments

DEPRECIATIONS MEUR	1. - 12. 2002
Development expend.	1.0
Intangible rights	0.7
Goodwill	0.5
Group goodwill	2.7
Long term expend.	1.5
Intangible total	6.3
Tangible total	4.3
Total	10.6

Depreciations

- Proforma 2002:
10.6 meur, out of which goodwill 3 meur and non-recurring 1.6 meur, depreciations on current assets approx. 5-6 meur a year

Development expenditure

- Book value approx. 1 meur, development expenditures are no longer capitalized, depreciations made by 2004

Intangible rights

- Book value approx. 1,3 meur, remains unchanged

Goodwill

- Book value approx. 7,5 meur, v. 2002 depreciations on goodwill 3 meur. If no additional acquisitions are to be made, depreciations made by 2008, following 2 years depreciations bigger, approx. 2,5-3 meur

Replacement investments

- Less than depreciations (max. amount equal to related depreciations). Estimate for year 2003 approx. 3-5 meur (3-5% of net sales).

Balance Sheet, Quarterly Q1/02 – Q2/03

Quarterly figures (MEUR) *Pro forma	June 30, 2003	March 31, 2003	Dec. 31, 2002*	Sep. 30, 2002*	June 30, 2002*	March 31, 2002*
Assets						
Non-current assets	49.3	51.0	52.8	43.6	45.3	47.1
Current assets	87.4	92.3	88.8	80.0	92.9	89.1
Total assets	136.7	143.3	141.6	123.7	138.2	136.2
Shareholders' equity and liabilities						
Share capital	12.6	12.6	12.6	12.5	12.5	12.0
Total equity	74.1	73.9	71.4	64.4	64.7	53.2
Minority interest	2.7	2.8	2.8	4.2	3.8	4.0
Long term liabilities	27.5	28.5	28.8	20.3	28.6	31.4
Short term liabilities	32.4	38.1	38.5	34.8	41.2	47.6
Shareholders' equity and liabilities total	136.7	143.3	141.6	123.7	138.2	136.2

Cash Flow

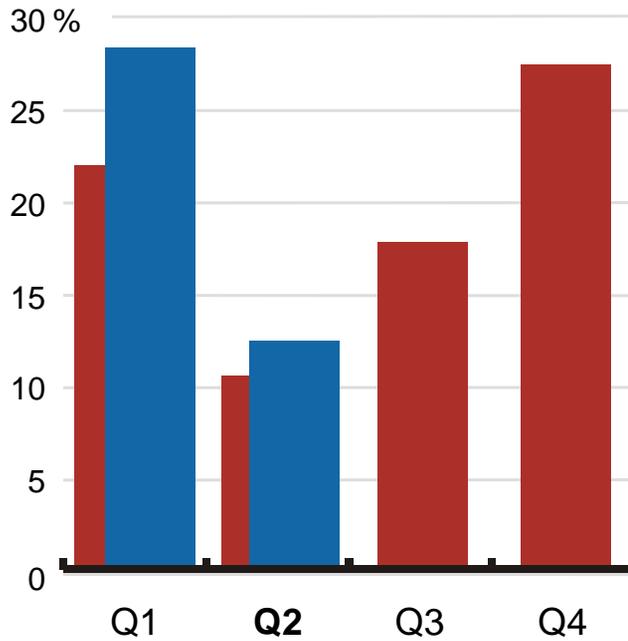
MEUR *Pro forma	Jan. - June 2003	Jan. - June 2002*	Jan. - June 2002	Jan. - Dec. 2002*	Jan. - Dec. 2002
Net cash from operating activities	10.8	-1.6	-17.1	-1.7	-17.2
Net cash used in investing activities	-1.0	-13.7	-30.2	-25.8	-42.1
Net cash used in financial activities	-2.3	15.3	57.8	15.9	58.4
Difference in change in cash and cash equivalents	0.8	0.6	4.6	-0.1	3.7
Change in liquid funds	8.3	0.6	15.1	-11.7	2.8

Key Figures

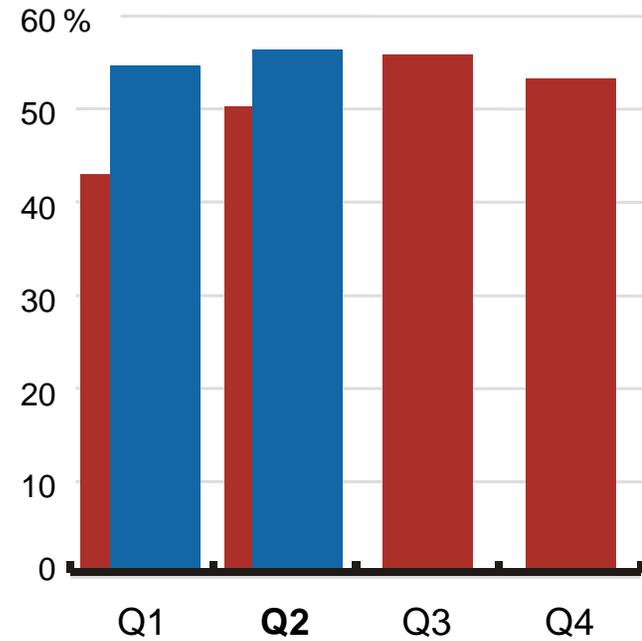
Pro forma	Jan. - June 2003	Jan. - June 2002	Change %	Jan. - Dec. 2002*	Jan. - Dec. 2002
Net sales, MEUR	69.3	66.0	5.0	136.5	105.0
Operating profit, MEUR	5.2	-3.3	255.2	0.7	-7.0
Operating profit, % of net sales	7.5	-5.1		0.5	-6.7
Profit before taxes, MEUR	4.3	-4.3	200.2	-0.9	-8.1
Net profit, MEUR	1.9	-4.4	144.0	-1.1	-4.5
Equity, MEUR	74.1	64.7	14.5	71.4	71.4
Balance sheet total, MEUR	136.7	138.2	-1.1	141.6	141.6
Personnel at the period end	1 121	1 288	-13.0	1 179	1 179
Return on investment -% (ROI)	12.3	-2.4		5.4	-3.7
Interest-bearing net liabilities, MEUR	9.8	7.4	32.8	20.3	20.3
Net gearing %	12.7	10.7		27.4	27.4
Equity ratio %	56.6	50.3		53.4	53.4
Earnings per share, EUR	0.00	-0.01		-0.00	-0.01

Quarterly Q1/02 – Q2/03

NET GEARING



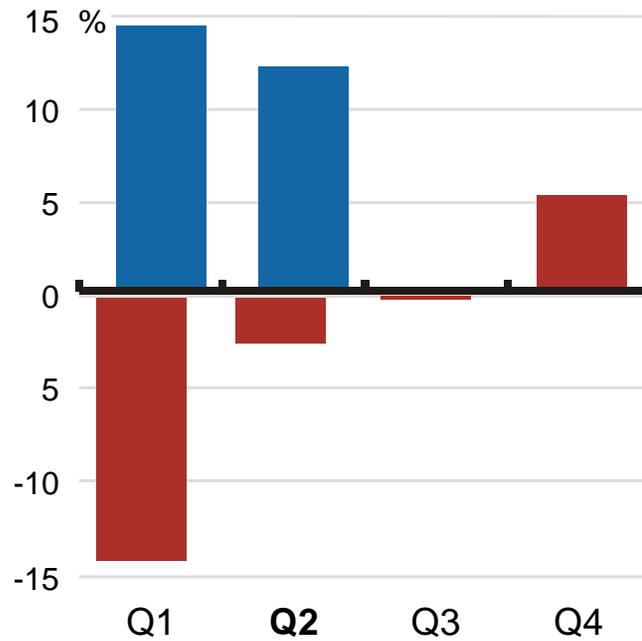
EQUITY RATIO



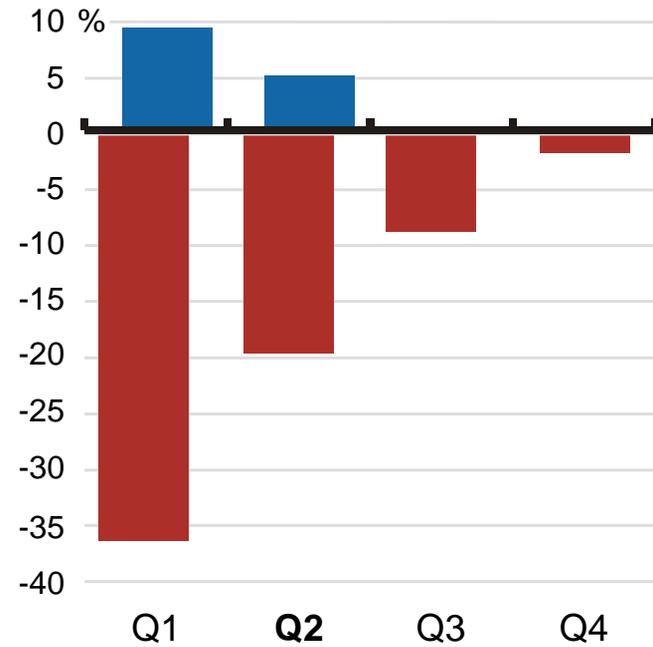
■ 2002 (Pro forma) ■ 2003

Quarterly Q1/02 – Q2/03

RETURN ON INVESTMENT



RETURN ON EQUITY



■ 2002 (Pro forma) ■ 2003

Appendix

Shareholders, June 30, 2003

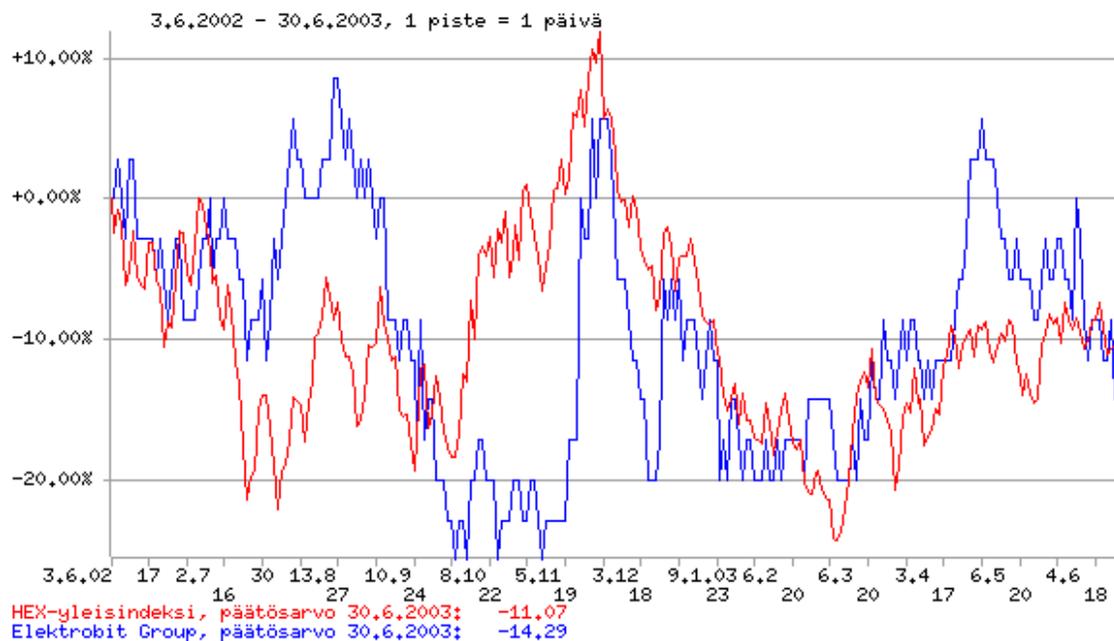
Shareholder	Number of Shares	% of Shares and Votes
1. Hulkko Juha, Chairman of the Board of the Directors	142 542 884	22.6
2. Hildén Kai	54 156 898	8.6
3. Veikkolainen Erkki	54 116 898	8.6
4. Halonen Eero	48 661 077	7.7
5. Sipilä Juha, CEO - and Fortel Invest Oy *	44 266 281	7.0
6. Harju Jukka	38 198 372	6.1
7. Head Invest Oy	22 497 400	3.6
8. Laine Seppo	12 076 321	1.9
9. Terentjeff Jorma	8 205 083	1.3
10. Kettula Mika, Member of the Board of the Directors	5 762 340	0.9
11. Tapiola, General Mutual Insurance Company	4 736 000	0.8
12. Ilmarinen, Mutual Pension Insurance Company	4 515 700	0.7
13. Placeringsfonden Aktia Secura	2 268 800	0.4
14. Mikkonen Pekka	2 092 347	0.3
15. Evatec Oy	2 000 000	0.3
16. Hakalahti Hannu	1 986 527	0.3
17. Salonen Seppo	1 986 447	0.3
18. Maliniemi Jukka	1 967 410	0.3
19. Poutanen Torsti	1 934 447	0.3
20. Tapiola, Mutual Pension Insurance Company	1 689 500	0.3
Other (incl. administrative registered shareholders)	174 864 856	27.7
Total	630 525 588	100.0

* A corporation controlled by Juha Sipilä

Breakdown of Shareholders by Shareholding June 30, 2003

Breakdown of Shareholders	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Private companies and housing associations	1 919	4.4	85 106 577	13.5
Financial institutions and insurance companies	83	0.2	21 523 230	3.4
Public companies and corporations	28	0.1	10 748 650	1.7
Non-profit organizations	139	0.3	4 148 515	0.7
Private investors	41 494	94.7	501 569 979	79.5
Foreign owned	164	0.4	2 632 156	0.4
Administrative registered	11	0.0	4 796 481	0.8
	43 838	100.0	630 525 588	100.0

Share Development



(C) Kauppalehti Online

Turnover January-June 2003

- Number of shares, 1000 pcs 27 131
- MEUR 8.5

Share Price (EUR)

- High 0.38
- Low 0.27

Market Capitalization June 30, 2003

- MEUR 189.2

Share Capital and Shares

- Share capital MEUR 12.6
- Number of shares 630 525 588

Pro forma Accounting Policy

- **The combination agreement was approved on May 31, 2002**
- **The official figures 1-12/2002 included periods as follows:**
 - JOT Automation business segment: January 1, 2002 – December 31, 2002
 - Elektrobit business segment: June 1, 2002 – December 31, 2002
- **The pro forma figures included periods as follows:**
 - January 1, 2001 – December 31, 2001 and
 - January 1, 2002 – December 31, 2002

(as the combination would have been effective as of January 1)
- **The advising costs rising from the combination (totaling MEUR 1.8) were taken into account as a deduction from the shareholders' equity.**

In the official figures they were included in the income statement.
- **In the deferred tax receivables, totaling to 6.5 million euros was taken into account only the taxes paid by the Elektrobit business segment during the financial year, i.e. 4.5 million euros.**

The remaining 2.0 million euros was entered directly as an item increasing shareholders' equity.

In the official income statement, the entire tax claim of 6.5 million euros was presented as an item improving earnings.

Contacts



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