



EB, Elektrobot Corporation

Interim Report 1Q 2008

May 7, 2008

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 Corporation disclaims all obligations to update such forward-looking statements except as required by mandatory law.

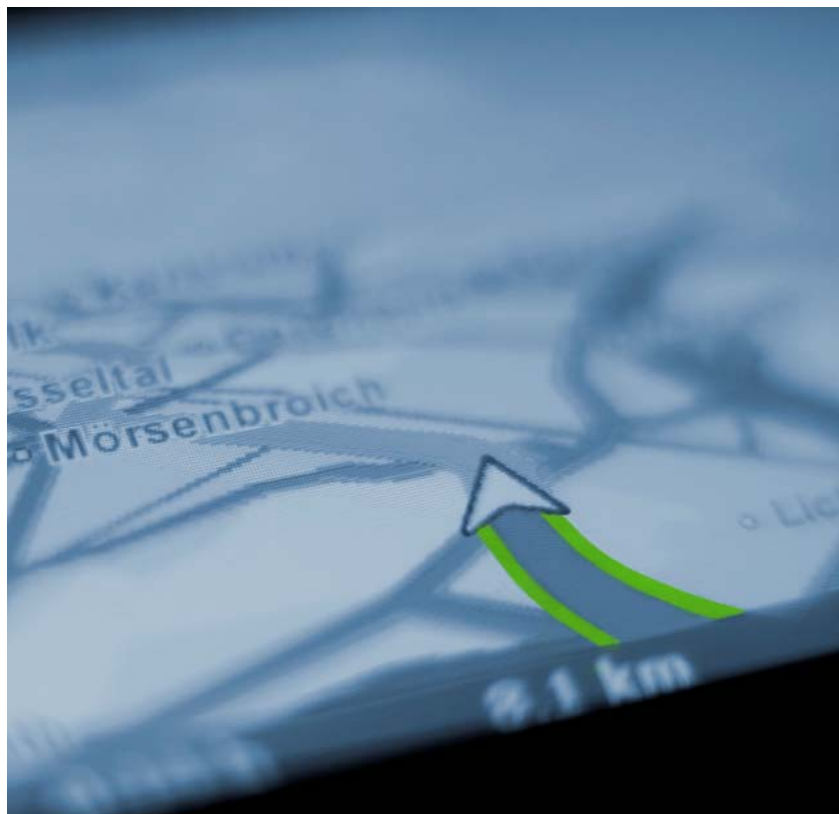




Pertti Korhonen, CEO

J.T. Bergqvist, Chairman of the Board

Agenda



- Interim Report 1Q 2008
 - Pertti Korhonen
- Outlook for the first half of 2008
 - Pertti Korhonen
- Q&A
 - Pertti Korhonen and J.T. Bergqvist



EB in 1Q 2008

Strong sales growth continued

- Net sales amounted to EUR 47.3 million (EUR 31.0 million in Q1/2007), representing a 52.9 per cent growth year-on-year.

Operating loss grew slightly due to restructuring costs

- Operating loss from business operations amounted to EUR -5.1 million and the non-recurring restructuring costs amounted to EUR 2.9 million as communicated on March 27, 2008, resulting in a total operating loss of EUR -8.0 million (EUR -7.2 million, Q1/2007).

Substantial R&D investments were made according to strategy with the share of the investments in the Automotive Business Segment growing

- R&D investments were 11.6 million (24.6 per cent of net sales) of which EUR 1.0 million were capitalised.

The equity ratio was 69.5%



Actions to improve the company cost structure continued

- Rearrangements in the Wireless Business Segment (cost provision of approximately EUR 2.2 million)
 - adjusting the fixed cost level and resources of the radio network solutions business
 - outsourcing manufacturing in wireless communications tools business
- The sale of the shares of EB's Swiss subsidiary, Elektrobit AG (a capital loss and a write-off totalling in aggregate approximately to EUR 0.7 million).
- These result to a total of EUR -2.9 million non-recurring restructuring cost in the Wireless Business Segment.



Net Sales and Operating Profit

- Quarterly

MEUR	1Q2008	4Q2007	3Q2007	2Q2007	1Q2007	Jan.- Dec. 2007
Net sales	47.3	44.6	35.3	33.5	31.0	144.3
Operating profit (loss)	1) -8.0	-2.4	-4.0	-6.6	-7.2	-20.3
Result before taxes	-7.7	-3.3	-4.0	-6.3	-6.4	-20.0
Result for the period from continuing operations	-7.7	-3.3	-4.0	-6.4	-6.3	-20.0
Result after taxes for the period from discontinued operations	0.0	0.4	-0.0	14.5	-1.8	13.1
Result for the period	-7.7	-2.9	-4.0	8.1	-8.1	-6.9

1) Including non-recurring restructuring costs of EUR -2.9 million



Net Sales by Market Area

- Quarterly

MEUR	1Q2008	4Q2007	3Q2007	2Q2007	1Q2007	Jan.- Dec. 2007
Asia	2.0 (4%)	2.0 (5%)	4.4 (13%)	0.6 (2%)	2.5 (8%)	9.5 (7%)
Americas	18.5 (39%)	14.5 (32%)	7.4 (21%)	7.3 (22%)	4.1 (13%)	33.3 (23%)
Europe	26.8 (57%)	28.1 (63%)	23.5 (67%)	25.7 (77%)	24.3 (79%)	101.6 (70%)
Total	47.3 (100%)	44.6 (100%)	35.3 (100%)	33.5 (100%)	31.0 (100%)	144.3 (100%)



Balance Sheet

– Quarterly

MEUR	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	June 30, 2007	Mar. 31, 2007
Assets					
Non-current assets	66.4	77.2	90.1	87.7	76.0
Current assets	159.6	158.9	145.2	161.3	165.6
Total assets	226.0	236.1	235.3	249.1	241.6
Equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total equity	155.3	165.7	168.4	172.3	164.3
Non-current liabilities	28.7	28.9	29.7	34.3	28.9
Current liabilities	42.0	41.5	37.2	42.4	48.5
Total equity and liabilities	226.0	236.1	235.3	249.1	241.6



Cash Flow

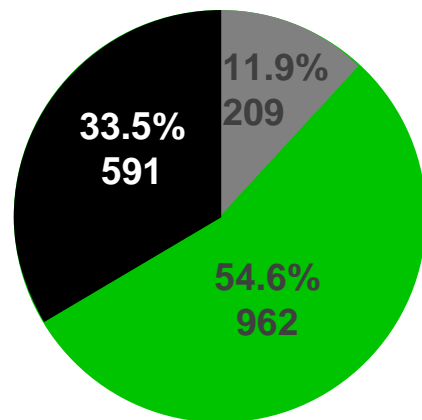
MEUR	1Q 2008	1Q 2007	Jan. - Dec. 2007
+ net profit +/- adjustment of accrual basis items	-2.2	-6.3	-13.2
+/- change in net working capital	-4.4	0.1	-11.6
- interests, taxes, and dividends	-0.8	0.8	-2.2
NET CASH FROM OPERATING ACTIVITIES	-7.4	-5.5	-27.1
- net cash from investing activities	25.7	-11.7	-6.8
- net cash from financing activities	-4.5	-11.3	-19.3
NET CHANGE IN CASH AND CASH EQUIVALENTS	13.8	-28.5	-53.2



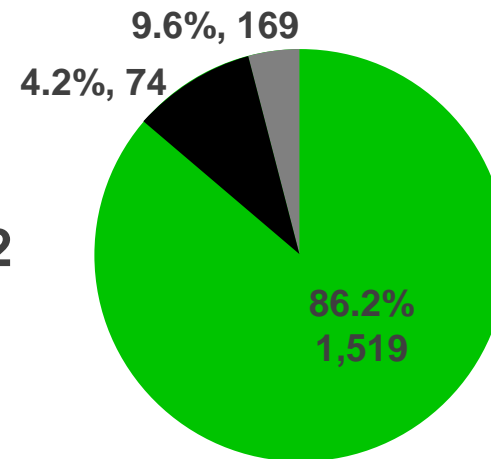
Personnel

– End of March 31, 2008

BY BUSINESS SEGMENTS



BY MARKET AREAS



Total of 1,762

AUTOMOTIVE	■	AMERICAS
WIRELESS	■	EUROPE
COMMON FUNCTIONS	■	ASIA





Business Segments in 1Q 2008

Automotive Business Segment in 1Q 2008 1(2)

- During the reporting period, the Automotive Business Segment continued to grow strongly.
 - the net sales of the Automotive Business Segment amounted to EUR 15.5 million (EUR 10.6 million in 2007), which represents a strong year-on-year growth of 45.8 per cent.
 - the operating loss was EUR -1.6 million (EUR -0.6 million), reflecting the increased investments in the R&D of EB's automotive software platform products, in accordance with the strategy, as well as marketing and sales investments to expand the business globally.
- EB aims to continue to increase the share of automotive software products and services in the company's net sales.



Automotive Business Segment in 1Q 2008 2(2)



- EB's navigation software won its first commitments from Automotive OEMs to install it as an application SW in their head units as an original line-fit, in-dash software.
- In the American market, EB's automotive software has made positive inroads to start working in important elements of OEM's infotainment solutions.
- The R&D investments were focused on the development of continued success and competitiveness of the navigation solution, HMI (infotainment user interface) tooling and framework environment, as well as for a rich configuration, runtime and validation environment for the in-car Electronic Control Unit (ECU) software.
- The trend for increased use of software continues to prevail in the market.



Wireless Business Segment in 1Q 2008 1 (5)

- The net sales of the Wireless Business Segment, including the aforementioned extraordinary low-margin through-licensing revenues of approximately EUR 3 million, amounted to EUR 31.7 million (EUR 20.1 million), representing a year-on-year growth of 58.0 per cent. The operating loss, including the aforementioned non-recurring restructuring costs of EUR -2.9 million, was EUR -6.5 million (EUR -6.4 million).
- Compared to the corresponding period in 2007:
 - The profitability without the non-recurring cost was improved mainly due to a good level of resource utilisation of the mobile terminal solutions business.
 - The profitability reflected the significant investments in the R&D of mobile WiMAX base station module products and RFID reader systems and the weaker than expected demand and strong price competition of the radio network solutions R&D services.
 - Additionally, the large scale deployment of RFID is not taking off as fast as expected.



Wireless Business Segment in 1Q 2008 2(5)



Mobile terminals business

- The development of handset technologies and reference designs for TerreStar Networks' satellite-terrestrial all-IP mobile network has continued as planned.
- EB signed a contract with the Finnish Armed Forces Technical Research Center to develop a Software Defined Radio (SDR) prototype for tactical communication. The prototype will be used in national and European software radio development activities.
- In February, NextWave Wireless demonstrated successfully VoIP calling over mobile WiMAX in a handset form-factor at the 2008 GSMA Mobile World Congress. In this development, EB worked as the main platform integrator.
- New multi-radio combinations and software platforms are creating new business opportunities.



Wireless Business Segment in 1Q 2008 3(5)



Radio networks business

- Weaker than expected demand and strong price competition of the radio network solutions R&D services.
- In March, EB started personnel negotiations to align the fixed cost level and resources of the radio network solutions business.
 - The negotiations concern approximately 40 employees mainly in Oulu and Kajaani.
- EB continued to invest in the product development associated with mobile WIMAX base stations technology.
- The value chain and hence the horizontal technology and product market for mobile WiMAX is still in a forming phase.
- In early April, the main mobile WiMAX operator services market in America was announced to start “later in the year” 2008.



Wireless Business Segment in 1Q 2008 4(5)



Channel emulators business

- R&D investments were targeted at renewing and extending the current product portfolio in order to maintain technology and product leadership.
- New wireless communications tools product releases included EB Propsim FE version for 3GPP LTE testing and new add-on features to the EB Propsim product portfolio.
- Spearheading emulator deliveries were made in the aerospace and satellite communications industries in Americas.
- In March, EB decided to examine the possibility of renouncing the main part of the production activities of wireless communications tools.
 - The negotiations concern approximately 50 employees in Oulunsalo.
- The wireless communications tools market is predicted to expand moderately.



Wireless Business Segment in 1Q 2008 5(5)

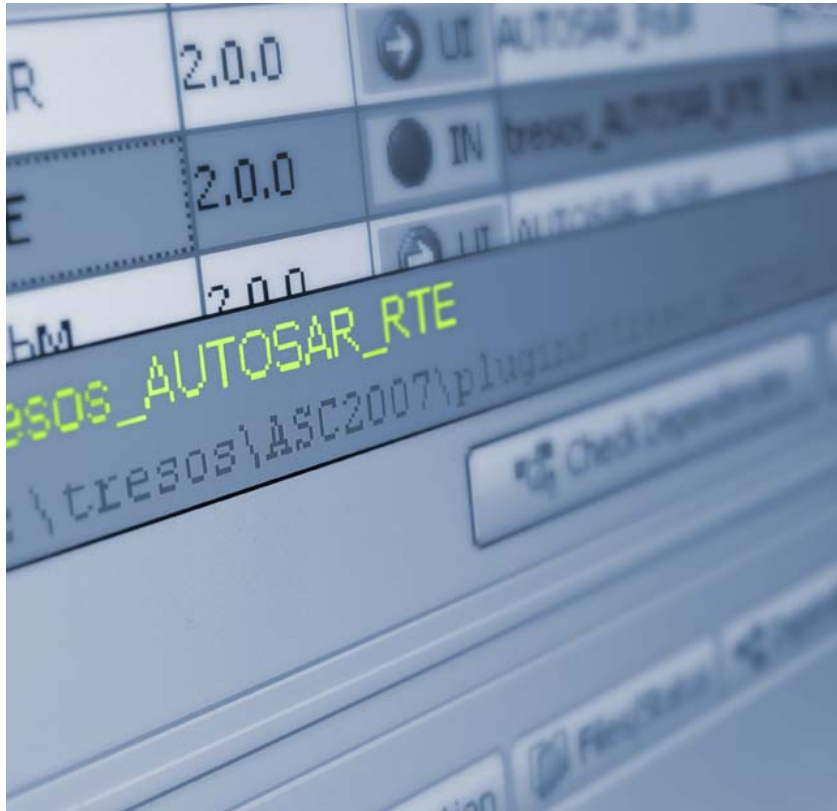


RFID reader systems business

- EB progressed in the product development programs of RFID reader systems
- In March, the sale of Elektrobit AG in Switzerland and consolidation of EB RFID development to Graz, Austria was announced. The sale was concluded on March 31.
- The arrangements will not change EB's strategy to deliver RFID reader system solutions.
- The UHF (Ultra High Frequency) RFID reader system market volume growth has been delayed from the earlier expected.



Research and Development in 1Q 2008



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

- Development of automotive software platform based products
- Development of mobile WiMAX radio base station module products
- Development of the radio channel emulation product portfolio
- Development of RFID reader systems product portfolio
- Technical core competence areas as defined in the strategy



Outlook for the First Half of 2008 1(2)

- EB expects the net sales during the first half of 2008 to grow clearly compared to the second half of 2007 (EUR 79.9 million) with the net sales of the latter part of the half being roughly at the level of the beginning of the year.
- 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 further.



Outlook for the First Half of 2008 2(2)

- The company will continue to invest in:
 - Automotive software platform based products
 - Developing of mobile WiMAX radio base station module products
 - Developing the radio channel emulation product portfolio.
 - Developing the RFID reader systems product portfolio
 - The technical core competence areas defined in the strategy
 - Expanding the geographical market presence of the company
 - Further developing efficient and unified structures and platforms to enable global business operations in accordance with the strategy.
- EB expects the operating loss from business operations without non-recurring items to be roughly at the same level as the operating loss from business operations without non-recurring items in the second half of 2007 (MEUR -7.9). The non-recurring items improved the operating loss in the second half of 2007 by MEUR +1.5 and will affect negatively the operating loss in the first half of 2008 by MEUR -2.9.



Financial Reporting in 2008

The reporting dates in 2008:

- January-June on Friday, August 8, 2008, at 8.00 am
- January-September on Tuesday, October 21, 2008, at 8.00 am

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