

## Elcoteq SE's Interim Report January–March 2011 (unaudited)

### Net sales 191.4 MEUR, operating result improved despite lower sales

- Net sales in January–March 2011 were EUR 191.4 million (220.5 in January–March 2010)
- Operating result EUR -11.1 million (-12.9) and excluding restructuring costs EUR -9.6 million (-10.6)
- Result before taxes EUR -20.9 million (63.0)
- Earnings per share (EPS) EUR -0.62 (1.21)
- Cash flow after investing activities EUR -12.2 million (-23.3)
- Rolling 12-month return on capital employed (ROCE) -1.3% (11.4%)
- Interest-bearing net debt EUR 25.0 million (103.7)
- Gearing 0.3 (1.0)
- Solvency 21.6% (19.4%)

Unless stated otherwise, the comparative figures given in this report are figures for the corresponding period in the previous year.

#### Elcoteq's President and CEO Jouni Hartikainen:

“The year started with mixed results. The completed acquisition of BroadTech Inc. demonstrated that our new Life Cycle Services strategy implementation has started strongly. Also the seasonality related volume fluctuation of the EMS business was predictable and in-line with our expectations, but the volume development in After Market Services business fell clearly short of our expectations. There were unpredictable shortages in our two biggest AMS customers' business volumes both in the Americas and partly in Europe – for different coincidental reasons.

This negative development indicates that our AMS customer base is not balanced enough, yet. Our recent acquisition of the US based BroadTech will on its part address the issue: combined with our existing set-up in Mexico it has enhanced our service offering significantly in North America and is accelerating business development with both existing and new customers in the region. Despite of the unsatisfactory volume development during first quarter we see that the underlying strong demand for after market services and need for the new service solutions have not changed.

Although we can be satisfied with the development of our cost base and cost competitiveness in general, we cannot be happy with the speed of the results generated by them. We were able to improve our operating results with lower sales, but not fast enough. It is clearly visible in our figures that the transition we have been going through has hit us relatively hardest in Asia, where business volumes were extremely low. We simply have not been able to replace the high volume business smoothly with the new type of business we are actively hunting for - despite new customer wins and related ramp-ups.”

#### Net Sales and Earnings

Elcoteq recorded net sales of EUR 191.4 million between January and March (220.5). Operating loss totaled EUR -11.1 million (-12.9), and excluding restructuring costs it was EUR -9.6 million (-10.6).

The Group's net financial expenses were EUR -9.9 million (net financial income EUR 75.9 million in January–March 2010). Result before taxes was EUR -20.9 million (63.0) and net income totaled EUR -19.7 million (40.0). Earnings per share (EPS) were EUR -0.62 (1.21).

## Capital Expenditure

The Group's gross capital expenditures on fixed assets between January and March were EUR 2.3 million (3.0), or 1.2% of net sales (1.4%). Depreciation amounted to EUR 5.5 million (10.2). Investments have been reduced to a minimum to increase existing asset capacity utilization ratios.

In March, the Group acquired 100% of shares of BroadTech Inc., a U.S. company based in Texas, providing After Market Services (AMS). BroadTech offers reverse logistics, repair, refurbishment, and related information management services to the wireless and consumer electronics industries. The acquisition of BroadTech further strengthens Elcoteq's AMS offering in the U.S., and will serve as a global platform in developing Elcoteq's reverse logistics and quick turn-around repair services.

## Balance Sheet, Financing, and Cash Flow

Cash flow after investing activities was EUR -12.2 million (-23.3). The Group had EUR 66.2 million of sold accounts receivable at the end of March 2011 (no sold accounts receivable at the end of March 2010). Negative cash flow mainly resulted from the operational loss and net financial expenses.

At the end of March 2011, Elcoteq had cash totaling EUR 51.0 million (EUR 90.9 million at the end of 2010 and EUR 69.8 million at the end of March 2010). The company has reduced the EUR 73.5 million syndicated committed credit facility to EUR 48.5 million in March 2011. The credit facility was fully utilized. The credit facility matures on June 30, 2011.

At the end of March, the Group's interest-bearing net debt amounted to EUR 25.0 million (103.7). The solvency ratio was 21.6% (19.4%) and gearing was 0.3 (1.0). Rolling 12-month return on capital employed (ROCE) was -1.3% (11.4%).

## Strategic Business Segments

Elcoteq has two Strategic Business Segments: Electronics Manufacturing Services (EMS) and After Market Services (AMS). In the first quarter of 2011, the EMS Business Segment contributed 91% (88%) and AMS Business Segment 9% (12%) of the Group's net sales.

Net sales of the EMS Business Segment were EUR 173.9 million (193.6). The sales decline indicates that the company was only partially able to compensate with new customers the ramped down business of one major high volume assembly business. The segment's operating loss was EUR -4.1 million (-6.6) and EUR -2.6 million excluding restructuring costs (-4.5).

Net sales of the AMS Business Segment were EUR 17.5 million (27.0). The result was mainly due to the lack of volumes in one of the company's main AMS centers in the Americas region. The segment's operating loss was EUR -2.0 million (2.4) and EUR -2.0 million excluding restructuring costs (2.4).

## Personnel

At the end of March 2011, the Group employed 7,488 (10,545) people. The geographical distribution of the workforce was as follows: Europe 3,545 (3,867), Asia-Pacific 1,530 (3,043), and the Americas 2,413 (3,635). The average number of employees on Elcoteq's direct payroll between January and March was 6,624 (10,024).

## Balance Sheet Strengthening

In March 2011, Magyar Export-Import Bank Zrt. made a positive decision to grant a five-year export financing revolving credit facility to the company's Hungarian subsidiary. The amount of the credit facility is EUR 100 million and its utilization is dependent on the export volumes of the company's subsidiary in Hungary. The finalization of the loan documentation is in the process and the funding should be available during the ongoing quarter as communicated.

The company is continuing negotiations with various credit institutions and investors for other long-term credit facilities as well as for new equity or equivalent investments.

## Shares and Shareholders

At the end of March 2011, the company had 32,939,185 shares and 9,801 shareholders. There were a total of 3,999,665 foreign and nominee registered A-shares.

## Decisions of the Annual General Meeting and Constitutive Board Meeting on April 28, 2011

Elcoteq SE's Annual General Meeting (AGM) took place on April 28, 2011, in Luxembourg. The AGM confirmed the consolidated and parent company's income statements and balance sheets for the financial year 2010, and discharged the members of the Board of Directors and the statutory auditor from liability for the financial year. The AGM approved the Board's proposal that no dividend will be distributed for the financial year January 1 - December 31, 2010.

The AGM decided to set the number of members of the Board to five (5) and re-elected the following persons to the Board of Directors: Mr. Pauli Aalto-Setälä, Mr. Hannu Krogerus, Mr. Paul Paukku, Mr. François Pauly, and Mr. Jorma Vanhanen.

Mr. Aalto-Setälä, Mr. Krogerus, Mr. Paukku, and Mr. Pauly are Board members independent of the company and its significant shareholders, and they represent more than half of the Board's members.

## Auditor

The AGM approved the proposal of the Audit Committee of the Board of Directors to appoint the firm of authorized public accountants KPMG Audit S.à.r.l, under the supervision of Mr. Philippe Meyer, as the company's auditors for the financial year ending on December 31, 2011. The auditors' fee will be paid as per the appropriate invoice.

## Decisions of Elcoteq SE's Constitutive Board Meeting

Elcoteq SE's Board of Directors held its constitutive meeting on Thursday, April 28, 2011. The Board of Directors elected Mr. Jorma Vanhanen as its Chairman and Mr. Hannu Krogerus as the Deputy Chairman.

The Board of Directors appointed the following committees and their members in accordance with article 40 of the company's Articles of Association:

**Audit Committee.** Mr Pauli Aalto-Setälä, Mr. Hannu Krogerus, Mr. Paul Paukku, and Mr. François Pauly were elected as members of this committee. Mr. Hannu Krogerus was elected as the Chairman.

**Compensation Committee.** Mr. Pauli Aalto-Setälä, Mr. Hannu Krogerus, Mr. Paul Paukku, and Mr. François Pauly were elected as members of this committee. Mr. Hannu Krogerus was elected as the Chairman.

**Nomination Committee.** Mr. Antti Piippo, Mr. Henry Sjöman, Mr. Juha Toivola, and Mr. Jorma Vanhanen were elected as members of this committee. Mr. Jorma Vanhanen was elected as the Chairman.

The Board of Directors appointed the Nomination Committee taking into consideration the recommendation made in the Annual General Meeting by the company's significant shareholders. The Nomination Committee consists of the significant shareholders and an independent advisor. The members from outside the Board are Mr. Antti Piippo, Mr. Henry Sjöman, and Mr. Juha Toivola. In addition the Chairman of the Board, Mr. Jorma Vanhanen, was elected from among the Board members.

## Restructuring Plan

Elcoteq continues the restructuring actions launched in the global organization and they will impact various service centers of the company. During the first quarter of 2011, restructuring actions were taken in order to further increase the cost efficiency of the company's service center in Beijing, China.

## Changes in Elcoteq's Management

Mr. Olli-Pekka Vanhanen was appointed as Senior Vice President, Business Control and Accounting, and as a member of the Management Team, effective from January 1, 2011. Mr. Markus Skrabb was appointed as Senior Vice President, Legal Affairs, and as a member of the Management Team, effective from February 1, 2011.

## Short-Term Risks and Uncertainty Factors

The company operates in a working-capital-intensive business environment where access to and availability of sufficient financing represents a risk factor. The Board of Directors has assessed the company's financing requirements against the business plan. The company's ability to implement its business plan is highly dependent on the availability of debt financing, better control of working capital, and cash pooling as well as the ability to stabilize the financing structure, including the strengthening of shareholders' equity under volatile market conditions.

The company bases component purchases and resource commitments on customers' forecasts. Sudden changes in customer demand may cause the company to have excess inventories which are under customers' liability but which the company may have to finance for a certain period of time. The company makes a significant part of its purchases and sales in currencies other than the euro and currency fluctuations may result in deviations from business plans. The ability to provide the right service offering to customers is a key element in keeping existing customers and winning new customers. Under changing market conditions the failure to identify and respond to customer requirements may prevent the company from achieving its strategic objectives and operative targets.

The company's key short-term operative challenges are to increase sales, proactively manage fixed costs according to sales fluctuations, and significantly improve profitability. Further, the company's ability to arrange adequate long-term financing is a short-term risk.

The natural disaster in Japan affects the company's component supplies and therefore causes volume and profitability risk over the short and medium term.

## Outlook

Second-quarter net sales are expected to reach the same level as the first quarter of 2011. Operating income for the second quarter is expected to remain negative while the second half of the year is expected to be profitable thanks to expected higher sales volumes. Due to the lower than expected start to the year and due to supply chain uncertainties caused by the situation in Japan, operating income for the whole year may not be positive. On the other hand additional business from new customers may have positive impact on the outlook for the second half of the year.

Elcoteq plans its material purchases and capacity based on the forecasts received from customers and market analysis. Such forecasts may fluctuate during the forecast period, causing uncertainty in the company's own forecasts.

May 3, 2011  
Board of Directors

Further information:

Jouni Hartikainen, President and CEO, tel. +358 10 413 11  
Olli-Pekka Vanhanen, Senior Vice President, Business Control and Accounting, tel. +358 10 413 11

### Press Conference and Conference Call

Elcoteq will hold a combined press conference and conference call in English at 2.00 pm (EET) on Wednesday, May 4, at Elcoteq's Espoo office (address: Sinimäentie 8B, 02631 Espoo).

To participate via a conference call, please dial in a few minutes before the beginning of the event: +44 (0) 207 897 2852 (international) or + 358 9 231 944 61 (FI). The conference code is 2929451641#.

The presentation material used at the press conference (PDF file) will be available on the company's website at [www.elcoteq.com](http://www.elcoteq.com) after the event.

Elcoteq will publish its Interim Report for January–June 2011 at 9.00 am (EET) on Wednesday, July 20, 2011.

### Enclosures:

- 1 Consolidated statement of comprehensive income
- 2 Balance Sheet
- 3 Consolidated Cash Flow statement
- 4 Consolidated statement of changes in equity
- 5 Definition of key indicators
- 6 Key indicators
- 7 Segment reporting
- 8 Restructuring expenses
- 9 Assets pledged and contingent liabilities
- 10 Quarterly figures

The Group adopted the following standards on January 1, 2011:

- Amendment to IAS 32 Financial instruments: Presentation – Classification of Rights Issues
- Revised IAS 24 Related Party Disclosures

The adoption of the revised standards and interpretations does not have any material effect on the interim report.

Expenses relating to restructuring plans have not been reported separately on one line but they are included in the various cost categories according to their nature. Comparative figures have been adjusted accordingly.

APPENDIX 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	Q1/2011	Q1/2010	Change-%	1-12/2010
<b>NET SALES</b>	<b>191.4</b>	<b>220.5</b>	<b>-13.2</b>	<b>1,069.9</b>
Change in work in progress and finished goods	1.0	4.8		-0.2
Other operating income	1.0	0.9	1.5	19.6
Operating expenses	-198.9	-229.0	-13.1	-1,074.0
Depreciation and impairment	-5.5	-10.2	-45.4	-33.5
<b>OPERATING LOSS</b>	<b>-11.1</b>	<b>-12.9</b>	<b>-14.5</b>	<b>-18.1</b>
% of net sales	-5.8	-5.9		-1.7
Financial income and expenses	-9.9	75.9		61.8
Share of profits and losses of associates	0.0	0.0		0.0
<b>PROFIT/LOSS BEFORE TAXES</b>	<b>-20.9</b>	<b>63.0</b>		<b>43.7</b>
Income taxes	1.3	-23.0		-27.9
<b>NET PROFIT/LOSS</b>	<b>-19.7</b>	<b>40.0</b>		<b>15.8</b>
<b>Other comprehensive income</b>				
Cash flow hedges	0.4	0.3		0.3
Net gain/loss on hedges of net investments in foreign operations	-	-0.6		-0.6
Foreign currency translation differences for foreign operations	1.3	0.0		0.6
<b>Other comprehensive income for the period, net of tax</b>	<b>1.7</b>	<b>-0.3</b>		<b>0.2</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>-18.0</b>	<b>39.6</b>		<b>16.1</b>
<b>PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>				
Owners of the parent company *	-20.4	39.9		14.8
Non-controlling interests - Hybrid capital investors	1.6	0.5		3.3
Non-controlling interests - others	-0.8	-0.4		-2.2
	<b>-19.7</b>	<b>40.0</b>		<b>15.8</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS ATTRIBUTABLE TO:</b>				
Owners of the parent company	-18.4	39.0		14.1
Non-controlling interests - Hybrid capital investors	1.6	0.5		3.3
Non-controlling interests - others	-1.1	0.2		-1.4
	<b>-18.0</b>	<b>39.6</b>		<b>16.1</b>
Earnings per share calculated on profit/loss attributable to owners of the parent company				
Basic earnings per share (EUR)	-0.62	1.21		0.45
Diluted earnings per share (EUR)	-	-		0.42

Income tax is the amount corresponding to the actual effective rate based on year-to-date actual tax calculation.

\* The Group's reported net income for the period.

## APPENDIX 2

**BALANCE SHEET, MEUR** **March 31, 2011 Dec. 31, 2010 Change, %****ASSETS**

Non-current assets			
Intangible assets	29.4	26.6	10.7
Tangible assets	55.9	60.8	-8.0
Investments	0.6	0.7	-14.6
Long-term receivables	17.6	15.6	12.8
Non-current assets, total	103.5	103.5	0.0
Current assets			
Inventories	88.4	91.8	-3.8
Current receivables	132.7	189.0	-29.8
Cash and equivalents	51.0	90.9	-43.9
Current assets, total	272.1	371.8	-26.8
<b>ASSETS, TOTAL</b>	<b>375.6</b>	<b>475.3</b>	<b>-21.0</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

Equity attributable to equity holders of the parent company			
Share capital	13.2	13.2	0.0
Other shareholders' equity	14.1	32.6	-56.7
Equity attributable to equity holders of the parent company, total	27.3	45.7	-40.4
Non-controlling interests - Hybrid capital investors	48.3	46.7	-
Non-controlling interests - others	5.3	6.4	-17.6
<b>Total equity</b>	<b>80.9</b>	<b>98.9</b>	<b>-18.2</b>
Long-term liabilities			
Long-term loans	20.0	20.0	0.2
Other long-term debt	2.6	1.8	43.7
Long-term liabilities, total	22.6	21.8	3.8
Current liabilities			
Current loans	55.7	83.3	-42.8
Other current liabilities	215.0	269.6	-17.3
Provisions	1.4	1.8	-19.7
Current liabilities, total	272.1	354.7	-23.3
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>375.6</b>	<b>475.3</b>	<b>-21.0</b>

**APPENDIX 3****CONSOLIDATED CASH FLOW STATEMENT,  
MEUR**

	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>Change, %</b>	<b>1-12/2010</b>
Cash flow before change in working capital	-11.9	12.3		31.7
Change in working capital	8.5	-25.3		23.9
Financial items and taxes	-5.0	-7.7	-34.8	-26.6
Cash flow from operating activities	-8.5	-20.8		29.0
Purchases of non-current assets	-4.2	-2.6	60.7	-13.6
Disposals of non-current assets	0.4	0.1	335.0	24.0
Cash flow before financing activities	-12.2	-23.3		39.3
Hybrid capital loans	-	27.8		28.7
Change in current debt	-27.6	-6.5		-51.0
Repayment of long-term debt	2.3	-20.6		-20.0
Cash flow from financing activities	-25.3	0.7		-42.4
Change in cash and equivalents	-37.5	-22.6		-3.0
Cash and equivalents on January 1	90.9	87.9	3.4	87.9
Effect of exchange rate changes on cash held	-2.4	4.5		6.1
Cash and equivalents at the end of the period	51.0	69.8	-26.9	91.0



APPENDIX 4

Consolidated statement of changes in equity

Attributable to equity holders of the parent											
MEUR	Share capital	Additional paid-in capital	Other reserves	Hedging reserve	Translation reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests-Hybrid capital investors	Non-controlling interests -others	Total equity
<b>BALANCE AT JAN. 1, 2011</b>	13.2	231.8	8.4	0.2	5.9	-	-213.7	45.7	46.7	6.4	98.9
Total comprehensive income				0.4	1.6		-20.4	-18.4	1.6	-1.1	-18.0
<b>Total comprehensive income</b>				<b>0.4</b>	<b>1.6</b>		<b>-20.4</b>	<b>-18.4</b>	<b>1.6</b>	<b>-1.1</b>	<b>-18.0</b>
Transactions with owners											
Hybrid capital loans granted									-		-
Transactions with owners									-		-
<b>BALANCE AT MARCH 31, 2011</b>	13.2	231.8	8.4	0.6	7.5	-	-234.1	27.3	48.3	5.3	80.9

Attributable to equity holders of the parent											
MEUR	Share capital	Additional paid-in capital	Other reserves	Hedging reserve	Translation reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests-Hybrid capital investors	Non-controlling interests -others	Total equity
<b>BALANCE AT JAN. 1, 2010</b>	13.2	225.0	8.4	-0.1	6.8	-0.1	-228.4	24.8	-	7.8	32.6
Total comprehensive income				0.3	-1.1		39.9	39.0	0.5	0.2	39.6
<b>Total comprehensive income</b>				<b>0.3</b>	<b>-1.1</b>		<b>39.9</b>	<b>39.0</b>	<b>0.5</b>	<b>0.2</b>	<b>39.6</b>
Transactions with owners											
Hybrid capital loans									28.7		28.7
Transactions with owners									-	28.7	28.7
<b>BALANCE AT MARCH 31, 2010</b>	13.2	225.0	8.4	0.2	5.7	-0.1	-188.6	63.8	29.1	8.0	100.9

## APPENDIX 5

### DEFINITION OF KEY INDICATORS

Return on equity (ROE) =	$\frac{\text{Profit/loss for the period} \times 100}{\text{Total equity, average of opening and closing balances}}$
Return on investments (ROI/ROCE) =	$\frac{(\text{Profit/loss before taxes} + \text{interest and other financial expenses} + \text{profit/loss from discontinued operations before taxes and financial expenses}) \times 100}{\text{Total assets - non-interest bearing liabilities, average of opening and closing balances}}$
Return on investment (ROI/ROCE) for trailing 12 months =	$\frac{(\text{Profit/loss before taxes} + \text{interest and other financial expenses} + \text{profit/loss from discontinued operations before taxes and financial expenses}) \times 100}{\text{Total assets - non-interest-bearing liabilities, average of opening and closing balances}}$
Current ratio =	$\frac{\text{Current assets} + \text{assets classified as held for sale}}{\text{Current liabilities} + \text{liabilities classified as held for sale}}$
Solvency =	$\frac{\text{Total equity (incl. hybrid securities)} \times 100}{\text{Total assets - advance payments received}}$
Gearing =	$\frac{\text{Interest-bearing liabilities - cash and equivalents in the balance sheet}}{\text{Total equity (incl. hybrid securities)}}$
Equity per share =	$\frac{\text{Equity attributable to owners of the parent company}}{\text{Adjusted average number of A shares outstanding at the end of the period} + (\text{Adjusted average number of K founders' shares outstanding at the end of the period}/10)}$
Earnings per share, A shares (EPS) =	$\frac{\text{Profit/loss for the period attributable to equity holders of the parent} - \text{accumulated interest of hybrid securities for the reporting period}}{\text{Adjusted average number of shares outstanding during the period}}$
Earnings per share, diluted, A shares (EPS) =	$\frac{\text{Profit/loss for the period attributable to equity holders of the parent} - \text{accumulated interest of hybrid securities for the reporting period}}{\text{Adjusted average number of shares outstanding during the period} + \text{effect of dilution on the number of shares}}$

**APPENDIX 6**

<b>KEY INDICATORS</b>	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>Change, %</b>	<b>1-12/2010</b>
Personnel on average during the period	6,624	10,024	-33.9	7,783
Gross capital expenditures, MEUR	2.3	3.0	-23.3	10.5
Return on equity (ROE), %	-21.9	59.9		24.1
Return on investment (ROI/ROCE), %	-5.1	24.5		30.4
From 12 preceding months:				
Return on equity (ROE), %	-48.2	-23.9		24.1
Return on investment (ROI/ROCE), %	-1.3	11.4		30.4
Earnings per share (EPS), A shares, EUR	-0.62	1.21		0.45
Diluted earnings per share (EPS), A shares, EUR	-	-		0.42
Current ratio	0.9	1.1		1.0
Solvency, %	21.6	19.4		20.8
Gearing	0.3	1.0		0.1
Shareholders' equity per share, A shares, EUR	0.83	2.81		1.39
Interest-bearing liabilities, MEUR	76.0	173.5	-56.2	103.5
Interest-bearing net debt, MEUR	25.0	103.7	-75.9	12.6
Non-interest-bearing liabilities, MEUR	218.7	245.8	-11.0	272.9

## APPENDIX 7

### SEGMENT REPORTING

Elcoteq applies IFRS 8 Operating Segments in its segment reporting.  
The presented segment information is based on the information provided to the Group's management.

Elcoteq has two Business Segments: EMS (Electronics Manufacturing Services) Business Segment and AMS (After Market Services) Business Segment .  
Performance for both Business units are assessed based on segments' profit or loss and how the customer relationships and service offerings are taken care of.  
Various Group level functions including New Sales and Group Operations support Business Segments.

AMS concentrates on providing its customers with reverse logistics, configuration, repair, refurbishment and other after market services.

EMS concentrates on serving its customers in Engineering, Manufacturing, and Fulfillment services globally.

<b>BUSINESS SEGMENTS, MEUR</b>	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>1-12/2010</b>
Net sales			
AMS	17.5	27.0	107.0
EMS	173.9	193.6	962.9
Net sales, total	191.4	220.5	1,069.9
Segment's operating income/loss			
AMS	-2.0	2.4	12.5
EMS	-4.1	-6.6	-5.5
Group's non-allocated expenses/income			
General & Administrative expenses	-5.1	-8.3	-22.1
Other expenses	0.2	-0.4	-3.0
Operating income/loss, total	-11.1	-12.9	-18.1
Group's financial income and expenses	-9.9	75.9	43.7
Share of profits and losses of associates	0.0	0.0	0.0
Income before taxes	-20.9	63.0	43.7

## APPENDIX 8

### RESTRUCTURING EXPENSES

At the beginning of 2009, Elcoteq launched a restructuring plan that applies to whole Group. During the first quarter of 2011, the restructuring actions have been continued in order to further increase cost-efficiency and operational excellence of the Company's plant in Beijing.

Expenses relating to restructuring plans have not been reported separately on one line but they are included in the various cost categories as per their nature. Comparative figures have been adjusted accordingly.

The restructuring expenses, 1,5 million euros comprise of the following items:

MEUR	2011
Personnel expenses	0.8
Other operating expenses	0.7
Reversal of impairment	-0.1
Restructuring expenses, total	1.5

**APPENDIX 9****ASSETS PLEDGED AND CONTINGENT LIABILITIES,  
MEUR**

	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>Dec. 31, 2010</b>
<b>BUSINESS MORTGAGES</b>			
EUR 100.000.000,00, from which the open liability	48.5	100.0	73.5
<b>REAL ESTATE MORTGAGES</b>	27.0	-	27.5
<b>PLEDGED CASH AND CASH EQUIVALENTS</b>	30.0	62.0	62.5
<b>PLEDGED LOAN RECEIVABLES</b>	-	0	-
<b>ON BEHALF OF OTHERS</b>			
Guarantees	1.0	1.0	1.0
<b>LEASE COMMITMENTS</b>			
Operating leases, production machinery (excl. VAT)	0.3	0.8	0.5
Operating leases, real estate (excl. VAT)	11.3	12.6	11.4
Operating leases, others (excl. VAT)	0.8	0.7	0.4
<b>DERIVATIVE CONTRACTS</b>			
Currency forward contracts, transaction risk, hedge accounting not applied			
- Nominal value, open deals	1.4	2.7	1.3
- Nominal value, closed deals	-	-	-
- Fair value	0.1	-1.0	0
Currency forward contracts, transaction risk, hedge accounting applied			
- Nominal value, open deals	19.0	3.0	11.1
- Nominal value, closed deals	-	-	-
- Fair value	0.5	0.2	0.2
Currency forward contracts, financial risk			
- Nominal value	-	20.0	-
- Fair value	-	-0.3	-

## APPENDIX 10

### QUARTERLY FIGURES

INCOME STATEMENT, MEUR	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
<b>NET SALES</b>	<b>191.4</b>	<b>266.3</b>	<b>250.7</b>	<b>332.3</b>	<b>220.5</b>
Change in work in progress and finished goods	1.0	-9.7	0.0	4.8	4.8
Other operating income	1.0	16.6	1.0	1.1	0.9
Operating expenses	-198.9	-261.1	-246.1	-337.7	-229.0
Depreciation, amortization and impairments	-5.5	-7.8	-8.1	-7.5	-10.2
<b>OPERATING PROFIT/LOSS</b>	<b>-11.1</b>	<b>4.2</b>	<b>-2.5</b>	<b>-6.9</b>	<b>-12.9</b>
% of net sales	-5.8	1.6	-1.0	-2.1	-5.9
Financial income and expenses	-9.9	-4.9	-14.3	5.2	75.9
Share of profit/loss of associated companies	0.0	0.0	0.0	0.0	0.0
<b>PROFIT/LOSS BEFORE TAXES</b>	<b>-20.9</b>	<b>-0.8</b>	<b>-16.8</b>	<b>-1.7</b>	<b>63.0</b>
Income taxes	1.3	1.4	-1.4	-4.8	-23.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-19.7</b>	<b>0.6</b>	<b>-18.2</b>	<b>-6.5</b>	<b>40.0</b>
<b>ATTRIBUTABLE TO:</b>					
Equity holders of the parent company	-20.4	0.2	-18.5	-6.8	39.9
Non-controlling interest - Hybrid capital investors	1.6	1.0	0.9	1.0	0.5
Non-controlling interest - others	-0.8	-0.6	-0.6	-0.7	-0.4
	<b>-19.7</b>	<b>0.6</b>	<b>-18.2</b>	<b>-6.5</b>	<b>40.0</b>

BALANCE SHEET, MEUR	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
<b>ASSETS</b>					
Non-current assets					
Intangible assets	29.4	26.6	25.9	26.1	26.0
Property, plant and equipment	55.9	60.8	67.1	76.2	79.1
Investments	0.6	0.7	0.7	0.7	0.7
Long-term receivables	17.6	15.5	17.4	19.9	22.3
Non-current assets, total	103.5	103.6	111.1	122.9	128.1
Current assets					
Inventories	88.4	91.8	138.1	125.3	102.9
Current receivables	132.7	189.0	195.9	290.0	202.2
Cash and cash equivalents	51.0	90.9	84.9	72.5	69.8
Current assets, total	272.1	371.8	418.9	487.8	374.9
Assets classified as held for sale	-	-	-	-	17.2
<b>ASSETS, TOTAL</b>	<b>375.6</b>	<b>475.3</b>	<b>530.0</b>	<b>610.6</b>	<b>520.3</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent company					
Share capital	13.2	13.2	13.2	13.2	13.2
Other shareholders' equity	14.1	32.6	35.1	42.9	51.1
Equity attributable to equity holders of the parent company, total	27.3	45.7	48.2	56.0	64.3
Non-controlling interest - Hybrid capital investors	48.3	46.7	43.4	50.2	28.7
Non-controlling interest - others	5.3	6.4	6.8	8.1	8.0

Total equity	80.9	98.9	98.5	114.3	100.9
Long-term liabilities					
Long-term loans	20.0	20.0	28.0	28.1	44.4
Other long-term debt	2.6	1.8	3.0	3.3	3.5
Long-term liabilities, total	22.6	21.8	31.1	31.4	47.8
Current liabilities					
Current loans	47.6	83.3	79.7	120.4	128.9
Other current liabilities	223.0	269.6	317.6	340.3	238.0
Provisions	1.4	1.8	3.1	4.2	4.6
Current liabilities, total	272.1	354.7	400.4	464.9	371.5
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>375.6</b>	<b>475.3</b>	<b>530.0</b>	<b>610.6</b>	<b>520.3</b>

Personnel on average during the period	6,624	7,000	7,508	8,541	10,024
Gross capital expenditures, MEUR	2.3	2.3	2.6	2.6	3.0
ROI/ROCE from 12 preceding months, %	-1.3	30.4	15.5	16.8	11.4
Earnings per share (EPS), A-shares, EUR	-0.62	0.01	-0.57	-0.18	1.21
Solvency, %	21.6	20.8	18.6	18.7	19.4

	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
<b>CONSOLIDATED CASH FLOW STATEMENT, MEUR</b>					
Cash flow before change in working capital	-11.9	8.3	-14.8	25.9	12.3
Change in working capital	8.5	10.0	67.7	-28.5	-25.3
Financial items and taxes	-5.0	-8.6	-4.8	-5.5	-7.7
Cash flow from operating activities	-8.5	9.7	48.2	-8.1	-20.8
Purchases of non-current assets	-4.2	-7.2	-0.5	-3.3	-2.6
Disposals of non-current assets	0.4	6.9	0.3	16.7	0.1
Cash flow before financing activities	-12.2	9.4	47.9	5.3	-23.3
Hybrid capital loans	-	0.2	0.6	0.1	27.8
Change in current debt	-27.6	-4.7	-31.2	-8.6	-6.5
Repayment of long-term debt	2.3	-1.0	0.0	1.6	-20.6
Cash flow from financing activities	-25.3	-5.5	-30.7	-6.8	0.7
Change in cash and equivalents	-37.5	3.8	17.2	-1.5	-22.6
Cash and equivalents at the beginning of the period	90.9	85.0	72.5	69.8	87.9
Effect of exchange rate changes on cash held	-2.4	2.2	-4.7	4.1	4.5
Cash and equivalents at the end of period	51.0	90.9	85.0	72.5	69.8



<b>BUSINESS SEGMENTS, MEUR</b>	<b>Q1/2011</b>	<b>Q4/2010</b>	<b>Q3/2010</b>	<b>Q2/2010</b>	<b>Q1/2010</b>
Net sales					
AMS Business Segment	17.5	25.5	25.8	28.8	27.0
EMS Business Segment	173.9	240.8	224.9	303.6	193.6
Net sales, total	191.4	266.3	250.7	332.3	220.5
Operating income					
AMS Business Segment	-4.1	2.9	3.8	3.3	2.4
EMS Business Segment	-2.0	5.5	-1.4	-3.1	-6.6
Group's non-allocated expenses/income					
General & Administrative expenses	-5.1	-4.0	-4.9	-5.0	-8.3
Other expenses	0.2	-0.3	0.0	-2.2	-0.5
Operating income, total	-11.1	4.2	-2.5	-6.9	-12.9
Financial income and expenses	-9.9	-4.9	-14.3	5.2	75.9
Share of profits and losses of associates	0.0	0.0	0.0	0.0	0.0
Income before taxes	-20.9	-0.8	-16.8	-1.7	63.0