



## STOCK EXCHANGE RELEASE

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**EB, ELEKTROBIT CORPORATION, INTERIM REPORT, JANUARY TO JUNE 2008**

### SUMMARY 2Q 2008

- Net sales amounted to EUR 41.0 million (EUR 33.5 million, 2Q 2007), representing a 22.4 per cent growth year-on-year.
- Operating loss from business operations amounted to EUR -9.9 million and write-offs amounting to EUR -3.4 million, resulting in a total operating loss of EUR -13.3 million (EUR -6.6 million, 2Q 2007).
- EB continued to invest substantially in R&D, amounting in 2Q to EUR 10.0 million (EUR 8.5 million in 2Q 2007) equaling to 24.4 per cent of net sales.
- Operating cash flow amounted to EUR -9.0 million. The net cash flow amounted to EUR -10.9 million (EUR 2.1 million 2Q 2007).
- Equity ratio remained at a high level of 69.9% (69.6 % 2Q 2007).

### EB'S CEO PERTTI KORHONEN:

"EB's sales continued to increase during the first half of the year due to the growth of the automotive software and mobile terminals businesses. We are unsatisfied with our profitability and the development of the sales of the radio network solutions and wireless communications tools businesses. Our main focus is to improve profitability during the second half of 2008."

### FINANCIAL PERFORMANCE DURING JANUARY - JUNE 2008

(Comparisons are given to the first half of 2007, unless otherwise indicated.)

EB's net sales during January – June 2008 increased 37.0 per cent to EUR 88.3 million, compared with EUR 64.5 million in the first half of 2007.

Operating loss, including the non-recurring items costs of EUR -6.3 million, for first half of 2008 amounted to EUR -21.4 million (EUR -13.8 million in the first half of 2007).

The non-recurring items of EUR 6.3 million include

- restructuring costs of EUR 2.9 million, as announced in March, due to the rearrangements in the Wireless Business Segment and a capital loss and a write-off from the sale of the shares of the Swiss subsidiary, Elektrobit AG,



- a write-off of EUR 2.8 million, as announced in June, due to review of EB's goodwill valuations of the RFID reader system business belonging to the Wireless Business Segment,
- a write-off of EUR 0.6 million of an activated R&D investment.

The net sales of the Automotive Business Segment during the first half of 2008 amounted to EUR 28.7 million (EUR 21.8 million in the first half of 2007) representing a growth of 31.5 per cent compared to the first half of 2007. The operating loss was EUR -5.7 million (EUR -0.8 million in the first half of 2007), reflecting the significantly increased investments in the R&D of EB's automotive software platform products as well as expanding the geographical footprint to acquire new customers and grow the business.

During the first half of 2008, the net sales of the Wireless Business Segment amounted to EUR 59.4 million (EUR 42.2 million in the first half of 2007), representing a growth of 40.5 per cent compared to the first half of 2007. The net sales included extraordinary low-margin through-licensing revenues of approximately EUR 3 million. The operating loss, including the aforementioned non-recurring restructuring costs of EUR -6.3 million, was EUR -15.6 million (EUR -13.5 million in first half of 2007) reflecting:

- significant and larger than originally anticipated investments in the R&D of Mobile WiMAX base station module products,
- loss in RFID reader systems especially in the first quarter of 2008,
- rapid deceleration of the market and therefore the sales of wireless communications emulation and design tools,
- delay of the accumulation of net sales of WiMAX base station module products,
- weaker demand and stronger than expected price competition in radio network solutions' R&D services.

The total R&D investments during the reporting period were EUR 21.6 million (EUR 15.7 million in the first half of 2007), equaling 24.5 per cent of the net sales (24.4% in 2007). EUR 1.0 million of them were capitalized. Overall, EB continued significant investments in R&D, in order to develop new businesses, with the share of investments in the Automotive Business Segment growing.

EB initiated personnel negotiations in March relating to the wireless communication tools and radio network solutions businesses in Finland. Personnel negotiations were concluded in May and as a result, 59 jobs were cut out.



<b>CONSOLIDATED INCOME STATEMENT (MEUR)</b>	<b>1H 2008</b>	<b>1H 2007</b>
	<b>6 months</b>	<b>6 months</b>
NET SALES	88.3	64.5
OPERATING PROFIT (LOSS)	-21.4	-13.8
Financial income and expenses	0.2	1.1
PROFIT BEFORE TAX	-21.2	-12.7
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	-21.2	-12.7
Profit after tax for the year from discontinued operations	0.1	12.8
PROFIT FOR THE YEAR	-21.0	0.0
Attributable to		
Equity holders of the parent	-21.0	0.0
Minority interest	0.0	0.0
Earnings per share EUR continuing operations	-0.16	-0.10
Earnings per share EUR discontinued operations	0.00	0.10
Earnings per share EUR continuing and discontinued operations	-0.16	0.00

- Cash flow from Business Operations amounted to EUR -16.5 million (EUR -11.7 million).
- Equity ratio was 69.9% (69.6%).
- Net gearing was -30.3% (-34.8%).

**QUARTERLY FIGURES**

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

	2Q08	1Q08	4Q07	3Q07	2Q07
Net sales	41.0	47.3	44.6	35.3	33.5
Operating profit (loss)	-13.3	-8.0	-2.4	-4.0	-6.6
Result before taxes	-13.6	-7.7	-3.3	-4.0	-6.3
Result for the period	-13.5	-7.7	-3.3	-4.0	-6.4

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

	2Q08	1Q08	4Q07	3Q07	2Q07
Automotive	13.2	15.5	16.2	14.5	11.2
Wireless	27.7	31.7	28.2	20.4	22.2
Corporation total	41.0	47.3	44.6	35.3	33.5



The distribution of the net sales by market area, MEUR and %:

	2Q08	1Q08	4Q07	3Q07	2Q07
Asia	2.1 5.2%	2.0 4.3%	2.0 4.5%	4.4 12.5%	0.6 1.7%
Americas	12.7 31.0%	18.5 39.2%	14.5 32.5%	7.4 20.9%	7.3 21.7%
Europe	26.2 63.8%	26.8 56.5%	28.1 63.0%	23.5 66.5%	25.7 76.6%

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

	2Q08	1Q08	4Q07	3Q07	2Q07
Automotive					
Net sales	13.2	15.5	16.2	14.5	11.2
Operating profit (loss)	-4.1	-1.6	1.0	0.5	-0.2
Wireless					
Net sales	27.7	31.7	28.2	20.4	22.2
Operating profit (loss)	-9.1	-6.5	-4.1	-5.2	-7.1
Other businesses					
Net sales	0.1	0.1	0.1	0.3	0.1
Operating profit (loss)	-0.2	0.1	0.7	0.7	0.7
Total					
Net sales	41.0	47.3	44.6	35.3	33.5
Operating profit (loss)	-13.3	-8.0	-2.4	-4.0	-6.6

#### BUSINESS SEGMENTS' MAIN EVENTS DURING 2Q 2008

EB's reporting as from January 1, 2008 is based on the Automotive and Wireless Business Segments.

#### AUTOMOTIVE

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

During the second quarter, the net sales of the Automotive Business Segment amounted to EUR 13.2 million (EUR 11.2 million in 2Q 2007), which represents a year-on-year growth of 17.9 per cent. The operating loss was EUR -4.1 million (EUR -0.2 million in 2Q 2007), reflecting weaker than



expected sales of PND software licenses, the increased investments in the R&D of EB's automotive software platform products as well as marketing and sales investments and expanding the geographical footprint.

During the second quarter EB was preparing and investing in building stronger footholds for the future of automotive business on the global market. EB continued to consolidate its position in the USA to enable the future growth and was preparing the acquisition of Net Consulting & Services S.A.R.L in France which was signed and closed in July. The acquisition strengthens EB's position in France and brings further assets to ECU (Electronic Control Unit) software product portfolio.

## WIRELESS

The Wireless Business Segment comprised the following businesses:

- Mobile terminal solutions
- Radio network solutions
- Wireless communications tools
- Wireless sensor solutions.

During the second quarter of 2008, the net sales of the Wireless Business Segment amounted to EUR 27.7 million (EUR 22.2 million in 2Q 2007), representing a growth of 24.8 per cent. The operating loss, including the aforementioned non-recurring restructuring costs of EUR -3.4 million, was EUR -9.1 million (EUR -7.1 million in 2Q 2007) reflecting the significant and larger than originally anticipated investments in the R&D of Mobile WiMAX base station module products, the rapid deceleration of the sales of wireless communications emulation and design tools and the delay of the accumulation of net sales of WiMAX base station modules products.

During the quarter, the mobile terminal R&D services have increasingly evolved to providing solutions for example in multi-radio applications, which has improved the profitability through higher value added. The development of handset technologies and reference designs for TerreStar Networks' upcoming satellite-terrestrial all-IP mobile network continued, while its share of the mobile terminal business' net sales started to decrease as planned.

The demand of R&D services in radio network solutions was weaker and the price competition stronger than expected during the quarter. Therefore, in May, personnel negotiations were concluded to adjust the fixed cost level.

The sales of wireless communications emulation and design tools declined especially in the USA and Asia apart from China in comparison to the corresponding period in 2007. The slow sales reflects the phase of test tool investments in wireless technologies where the initial investments for WiMAX have been made and the LTE test tool investments have not yet started in a large scale.



The outsourcing of the production of the emulator products was completed in the second quarter, consequently improving the future cost efficiency and flexibility of the supply chain.

The deliveries of industrial WLAN Access Points to a major automotive OEM vendor were started in May. The product development of RFID reader systems products progressed and the deliveries of first solutions to customers were started. The UHF (Ultra High Frequency) RFID reader system market's volume growth has been delayed as it consists mostly of pilots and trials, which keep the market and its growth lower than expected. To reflect these changes on the market, EB reviewed the goodwill valuations of the RFID reader system business, which has resulted in a write-off of approximately EUR 2.8 million, as announced in June.

## MARKET OUTLOOK

The share of electronics and software in cars has grown and it is expected that the trend for increased use of software continues to prevail in the market. The majority of the innovation and differentiation in the automotive industry is brought about by software and electronics and the use of standard software solutions is expected to increase. The automotive software market is expected to enjoy a 15 per cent Compound Annual Growth Rate (CAGR) during 2007–2012 in Europe (Frost & Sullivan). A general slow down in economy, increasing fuel prices and the consequent uncertainties have an effect in the short term on the demand of cars, which might have an impact on the timing of the automotive software projects. In the long term, the usage of software in cars will continue to grow.

The volume share of smartphones is expected to continue to grow during the next years due to the rapid increase in demand for new features and services (Canalys). New multi-radio combinations and software platforms are creating new business opportunities.

The value chain and hence the horizontal technology and product market for Mobile WiMAX are still in a forming phase, and as a result, the commercial market start has delayed. The main Mobile WiMAX operator services market in America has been announced to start during the second half of 2008.

After having plummeted during the first half of 2008, the wireless communications tools market is predicted to expand moderately, as the development of cellular technologies (HSDPA, HSUPA, 3GPP LTE, MIMO) and non-cellular technologies (Mobile WiMAX, WiBRO) are generating demand for development tools, such as channel emulators. Wireless applications for aerospace and defense industries are becoming an important opportunity for the air-interface emulator providers.

The UHF (Ultra High Frequency) RFID reader system market growth has been delayed. The market is expected to start moving gradually from pilot and trial projects to commercial



deployments. The global RFID reader market is estimated to grow with a CAGR of over 20 per cent for the period of 2006 to 2011 (VDC).

#### RESEARCH AND DEVELOPMENT DURING 2Q 2008

EB continued to invest in the following development areas:

- Automotive software platform based products
- Mobile WiMAX radio base station module products
- Radio channel emulation product portfolio
- RFID reader systems product portfolio
- Technical core competence areas.

The total R&D investments during the second quarter were EUR 10.0 million (EUR 8.5 million in 2Q 2007), equaling 24.4 per cent of the net sales (25.3% in 2007).

#### EVENTS AFTER THE REPORTING PERIOD

On July 4, EB and RL-Nordic Oy signed an agreement, under which EB sold the property in Oulunsalo to RL-Nordic Oy. The debt free purchase price for the sold property was EUR 7.9 million. The cash consideration was approximately EUR 2.1 million. The property sales transaction will not lead to significant capital gains.

On July 17, EB acquired Net Consulting & Services S.A.R.L in France. With the acquisition, EB strengthens its automotive software position in France and strengthens further its ECU (Electronic Control Unit) software product portfolio. The acquisition does not have a significant impact on EB's balance sheet or result.

#### ACTIONS TO IMPROVE PROFITABILITY

Improvement of profitability is the main focus of EB during the second half of 2008.

The own R&D investments of EB will be adjusted to a sustainable level. Thus, they will in second half of 2008 reduce compared to the first half of 2008.

The corporate research organization of EB will be dismantled and the R&D teams thus released will be moved to chargeable customer solution work.

Within the Wireless Business Segment, as a part of the structural and profitability improvement actions, EB has decided to merge the mobile terminal solutions and radio network solutions



businesses into a wireless solutions business. With this change, EB will improve the cost structure, flexibility and resource utilization, and strengthen the capability to penetrate new market domains and customers.

#### OUTLOOK FOR THE SECOND HALF OF 2008

Improvement of profitability is the main focus of EB during the second half of 2008.

EB expects the net sales during the second half of 2008 to be roughly at the level of the first half of 2008 (EUR 88.3 million).

EB expects the operating result from business operations in the second half of 2008 to be significantly better than the operating loss from business operations in the first half of 2008 (EUR -15,1 million without non-recurring items).

#### 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 the ongoing financial period:

In R&D services businesses the risks are mainly related to uncertainties of customers' product program decisions, their make or buy decisions and, on the other hand, their decisions to continue, downsize or terminate current product programs, ramping up of project resources, timing of the most important technology components and, competitive situation in the market, which all may affect the R&D service demand and price levels. Further, there are typical industry warranty and liability risks involved in selling R&D services. Additional risks emanate from ongoing restructuring of the telecommunications infrastructure industry.

In the technology product businesses the risks are related to potential market delays (in particular in the areas of Mobile WiMAX and RFID reader systems), to size, timing and short visibility of the customers' product purchases and 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 June 30, 2008, have been compared with the balance sheet of December 31, 2007 (EUR 1,000).

	<b>6/2008</b>	<b>12/2007</b>
Non-current assets	62,804	77,196
Current assets	144,357	158,918
Total assets	207,161	236,114
Share capital	12,941	12,941
Other equity	129,399	152,710
Minority interest	0	0
Total shareholders' equity	142,340	165,651
Non-current liabilities	26,785	28,937
Current liabilities	38,036	41,526
Total shareholders' equity and liabilities	207,161	236,114

Net cash flow from operations during the period under review:

<i>+ net profit +/- adjustment of accrual basis items</i>	<i>EUR -9.0 million</i>
<i>- increase in net working capital</i>	<i>EUR -6.3 million</i>
<i>+ interest, taxes and dividends</i>	<i>EUR -1.2 million</i>
<i>= cash generated from operations</i>	<i>EUR -16.5 million</i>
<i>- net cash used in investment activities</i>	<i>EUR +25.7 million</i>
<i>- net cash used in financing</i>	<i>EUR -6.3 million</i>
<i>= net change in cash and cash equivalents</i>	<i>EUR +2.9 million</i>

The amount of accounts and other receivables, booked in current receivables, was EUR 61.9 million (EUR 78.8 million on December 31, 2007). Accounts and other payables, booked in interest-free current liabilities, were at EUR 29.1 million (EUR 33.2 million on December 31, 2007).

The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 17.6 million (EUR 19.6 million on December 31, 2007).

The amount of investments, excluding the termination of a long-term investment portfolio, in the period under review was EUR 5.3 million, consisting of replacement investments, and items created by the sales of Elektrobit AG. Net investments for the reporting period totaled to EUR -5.5 million.



The total amount of depreciation during the period under review was EUR 9.7 million, including EUR 4.2 million of depreciation owing to business acquisitions.

The amount of interest-bearing debt at the end of the reporting period was EUR 31.7 million. The distribution of net financing expenses on the income statement was as follows:

interest, dividend and other financial income	EUR 1.6 million
interest expenses and other financial expenses	EUR -2.2 million
foreign exchange gains and losses	EUR 0.8 million

EB's equity ratio at the end of the period was 69.9 per cent (70.9 per cent at the end of 2007).

The figures from the period under review do not include any of the statutory reserves.

EB follows a currency strategy, the objective of which is to ensure the margins of business operations in changing market circumstances by minimizing 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 41.4 million.

## PERSONNEL

EB employed an average of 1775 people between January and June 2008. At the end of June, EB had 1774 employees (1725 at the end of 2007). A significant part of EB's personnel are product development engineers.

## 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.

Oulu, August 8, 2008

EB, Elektrobitt Corporation  
The Board of Directors

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#### INVITATION TO PRESS CONFERENCE ON EB'S 2Q RESULT

EB, Elektrobit Corporation, will hold a press conference for media, analysts and institutional investors concerning the Interim Report 2Q 2008 on

August 8, 2008 at 11.00 – 12.00 hours (CEST+1)

in Helsinki

Restaurant Savoy

Eteläesplanadi 14

Cabinet Banquet, 7th floor

The conference will be audio webcast and published live on the Internet on <http://wip.goodmood.tv:80/wip/directlink.do?newbrowser=1&pid=2344636>. 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 Interim Report on the same address.

#### CONSENSUS ESTIMATE

The EB consensus estimate made by the analysts who observe the company is updated approximately 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).

August 1, 2008

EB, Elektrobit Corporation

Corporate Communications


**ELEKTROBIT CORPORATION, INTERIM REPORT JANUARY – JUNE 2008**

(unaudited)

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

<b>CONSOLIDATED INCOME STATEMENT (MEUR)</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
NET SALES	88.3	64.5	144.3
Other operating income	2.1	2.8	14.4
Change in work in progress and finished goods	-0.7	2.5	1.5
Work performed by the undertaking for its own purpose and capitalized	0.1	0.2	0.5
Raw materials	-9.2	-4.4	-10.1
Personnel expenses	-52.0	-47.3	-96.5
Depreciation	-9.7	-4.8	-15.9
Other operating expenses	-40.3	-27.2	-58.5
<b>OPERATING PROFIT (LOSS)</b>	<b>-21.4</b>	<b>-13.8</b>	<b>-20.3</b>
Financial income and expenses	0.2	1.1	0.3
<b>RESULT BEFORE TAXES</b>	<b>-21.2</b>	<b>-12.7</b>	<b>-20.0</b>
Income taxes	0.0	-0.0	0.0
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>-21.2</b>	<b>-12.7</b>	<b>-20.0</b>
Result after taxes for the period from discontinued operations	0.1	12.8	13.1
<b>RESULT FOR THE PERIOD</b>	<b>-21.0</b>	<b>0.0</b>	<b>-6.9</b>
Attributable to			
Equity holders of the parent	-21.0	0.0	-6.9
Minority interest	0.0	-0.0	0.0
Earnings per share EUR continuing operations			
Basic earnings per share	-0.16	-0.10	-0.15
Diluted earnings per share	-0.16	-0.10	-0.15
Earnings per share EUR discontinued operations			
Basic earnings per share	0.0	0.10	0.10
Diluted earnings per share	0.0	0.10	0.10
Earnings per share EUR continuing and discontinued Operations			
Basic earnings per share	-0.16	0.0	-0.05



Diluted earnings per share	-0.16	0.0	-0.05
Average number of shares, 1000 pcs	129 413	129 413	129 413
<b>CONSOLIDATED BALANCE SHEET (MEUR)</b>	<b>June 30,</b>	<b>June 30,</b>	<b>Dec. 31,</b>
	<b>2008</b>	<b>2007</b>	<b>2007</b>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	24.3	35.0	25.1
Goodwill	17.6	21.1	19.6
Intangible assets	16.3	16.8	18.0
Financial assets at fair value through profit or loss	0.0	10.9	10.8
Other financial assets	0.3	0.4	0.3
Receivables	0.9	0.1	0.7
Deferred tax assets	3.4	3.5	2.8
Non-current assets total	62.8	87.7	77.2
Current assets			
Inventories	7.2	8.8	7.6
Trade and other receivables	61.9	53.7	78.8
Financial assets at fair value through profit or loss	0.5	81.0	50.9
Cash and short term deposits	74.8	17.8	21.6
Current assets total	144.4	161.3	158.9
<b>TOTAL ASSETS</b>	<b>207.2</b>	<b>249.1</b>	<b>236.1</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Share premium	64.6	64.6	64.6
Translation difference	-0.8	-0.1	-0.4
Retained earnings	65.6	94.9	88.5
Minority interest	0.0	0.0	0.0
Total equity	142.3	172.3	165.7
Non-current liabilities			
Deferred tax liabilities	3.5	5.6	4.4
Interest-bearing liabilities	22.8	28.0	23.9
Other liabilities	0.6	0.7	0.6
Non-current liabilities total	26.8	34.3	28.9
Current liabilities			
Trade and other payables	28.0	30.8	31.1
Pension obligations	1.1	0.9	0.9
Current tax liabilities	0.0	0.0	1.2
Interest-bearing loans and borrowings	8.9	10.7	8.3



Current liabilities total	38.0	42.4	41.5
Total liabilities	64.8	76.8	70.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>207.2</b>	<b>249.1</b>	<b>236.1</b>

<b>CONSOLIDATED CASH FLOW STATEMENT (MEUR)</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Result for the period	-21.0	0.0	-6.9
Adjustment of accrual basis items	12.0	-11.4	-6.4
Change in net working capital	-6.3	-2.2	-11.6
Interest paid on operating activities	-1.4	-1.2	-1.8
Interest received from operating activities	2.5	2.5	1.5
Other financial income and expenses, net received	0.0	0.0	0.0
Income taxes paid	-2.2	0.5	-1.9
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-16.5</b>	<b>-11.7</b>	<b>-27.1</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of business unit, net of cash acquired		-2.3	-4.7
Acquisition of minority interest		-10.2	-10.2
Disposal of business unit, net of cash acquired	18.3	15.0	16.9
Purchase of property, plant and equipment	-0.5	-2.0	-3.9
Purchase of intangible assets	-2.1	-1.8	-6.3
Purchase of other investments	-0.5	-2.7	-3.9
Sale of property, plant and equipment		0.3	0.5
Sale of intangible assets		0.7	1.1
Proceeds from sale of investments	10.4	2.5	3.7
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>25.7</b>	<b>-0.5</b>	<b>-6.8</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans granted			-0.5
Proceeds from borrowing	0.5	4.0	8.2
Repayment of borrowing	-1.1	-1.5	-7.6
Payment of finance liabilities	-3.0	-2.4	-5.1
Dividends paid	-2.6	-14.2	-14.2
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-6.3</b>	<b>-14.1</b>	<b>-19.3</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2.9</b>	<b>-26.3</b>	<b>-53.2</b>
Cash and cash equivalents at beginning of period	71.9	125.1	125.1
Cash and cash equivalents at end of period	74.8	98.7	71.9



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

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

	A	B	C	D	E	F
Equity on January 1, 2007	12.9	64.6	108.9		2.1	188.6
Result for the period				0.0		0.0
Dividend distribution			-14.2			-14.2
Share-related compensation			0.5			0.5
Translation difference			0.1		-2.1	-2.0
Others			-0.6			-0.6
Equity on June 30, 2007	12.9	64.6	94.8	0.0	0.0	172.3
Equity on January 1, 2008	12.9	64.6	88.1			165.7
Result for the period				-21.0		-21.0
Dividend distribution			-2.6			-2.6
Share-related compensation			0.5			0.5
Translation difference			-0.4			-0.4
Others			0.2			0.2
Equity on June 30, 2008	12.9	64.6	85.8	-21.0		142.3

## NOTES TO THE INTERIM REPORT

### Accounting principles for the Interim Report:

The same accounting policies and methods of computation are followed in the interim report 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 which are unusual because of their nature, size or incidence:**

The investment portfolio in the non-current assets worth of EUR 10.6 million was dissolved and the amount was transferred into assets during the reporting period. The cash flow from investments during the reporting period includes the sale price payment of EUR 13.1 million from the property sales transaction done in December.

The result of the reporting period comprises non-recurring restructuring costs of EUR 2.9 million, goodwill write-offs of EUR 2.8 million and a write-off of EUR 0.6 million of an activated R&D investment.

**Dividends paid:**

According to the decision of the company's Annual Shareholders' Meeting held on March 14, 2008, dividend of EUR 0.02 per share, a total of EUR 2,588,253.80 was paid on March 28, 2008

<b>SEGMENT INFORMATION (MEUR)</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
Automotive			
Net sales to external customers	28.7	21.8	52.6
Net sales to other segments	0.1	0.0	0.0
Net sales total	28.8	21.8	52.7
Operating profit (loss)	-5.7	-0.8	0.7
Wireless			
Net sales to external customers	59.4	42.2	90.9
Net sales to other segments	0.1	0.6	0.8
Net sales total	59.4	42.9	91.7
Operating profit (loss)	-15.6	-13.5	-22.8
Other businesses			
Net sales to external customers	0.2	0.4	0.8
Net sales to other segments	0.0	0.0	0.0
Net sales total	0.2	0.4	0.8
Operating profit (loss)	-0.1	0.4	1.8



Eliminations			
Net sales to external customers	0.0	0.0	0.0
Net sales to other segments	-0.2	-0.6	-0.8
Net sales total	-0.2	-0.6	-0.8
Operating profit (loss)	0.0	0.0	0.0
Group total			
Net sales to external customers	88.3	64.5	144.3
Operating profit (loss)	-21.4	-13.8	-20.3
<b>Net sales of geographical segments (MEUR)</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
Net sales			
Europe	52.9	50.0	101.6
Americas	31.2	11.4	33.3
Asia	4.2	3.1	9.5
Net sales total	88.3	64.5	144.3

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

On July 4, 2008 EB sold 100 per cent of the share capital of Kiinteistö Oy Automaatiotie 1.

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

During the reporting period, EB sold 100 per cent of the share capital of Elektrobot AG.

<b>Related party transactions:</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
Employee benefits for key management and stock option expenses total	1.3	1.3	2.5
Loans and guarantees to related party			
There have not been other transactions between the related parties			

<b>INCOME STATEMENT BY QUARTER (MEUR)</b>	<b>4-6/2008</b>	<b>1-3/2008</b>	<b>10-12/2007</b>	<b>7-9/2007</b>	<b>4-6/2007</b>
	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>
NET SALES	41.0	47.3	44.6	35.3	33.5



Other operating income	0.7	1.4	10.7	0.9	2.2
Change in work in progress and finished goods	-0.1	-0.6	-1.1	0.1	0.6
Work performed by the undertaking for its own purpose and capitalized	0.0	0.1	0.1	0.2	0.2
Raw materials	-3.6	-5.6	-3.1	-2.5	-2.4
Personnel expenses	-24.8	-27.2	-26.6	-22.6	-23.9
Depreciation	-6.5	-3.2	-7.6	-3.5	-2.5
Other operating expenses	-20.1	-20.2	-19.5	-11.8	-14.3
OPERATING PROFIT (LOSS)	-13.3	-8.0	-2.4	-4.0	-6.6
Financial income and expenses	-0.2	0.4	-0.9	0.0	0.3
RESULT BEFORE TAXES	-13.6	-7.7	-3.3	-4.0	-6.3
Income taxes	0.0	-0.0	0.0	0.0	-0.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-13.5	-7.7	-3.3	-4.0	-6.4
Result after taxes for the period from discontinued operations	0.1	0.0	0.4	-0.0	14.5
RESULT FOR THE PERIOD	-13.4	-7.7	-2.9	-4.0	8.1
Attributable to					
Equity holders of the parent	-13.4	-7.7	-2.9	-4.0	8.1
Minority interest	0.0	0.0	0.0	0.0	0.0

<b>BALANCE SHEET BY QUARTER (MEUR)</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>Dec. 31, 2007</b>	<b>Sept. 30, 2007</b>	<b>June 30, 2007</b>
<b>ASSETS</b>					
Non-current assets					
Property, plant and equipment	24.3	24.5	25.1	35.3	35.0
Goodwill	17.6	19.6	19.6	21.7	21.1
Intangible assets	16.3	18.2	18.0	17.5	16.8
Financial assets at fair value through profit or loss	0.0	0.0	10.8	10.9	10.9
Other financial assets	0.3	0.4	0.3	0.3	0.4
Receivables	0.9	0.7	0.7	0.2	0.1
Deferred tax assets	3.4	3.0	2.8	4.2	3.5
Non-current assets total	62.8	66.4	77.2	90.1	87.7
Current assets					
Inventories	7.2	7.4	7.6	8.7	8.8
Trade and other receivables	61.9	64.9	78.8	53.7	53.7
Financial assets at fair value	0.5	1.6	50.9	70.8	81.0



through profit or loss					
Cash and short term deposits	74.8	85.7	21.6	12.0	17.8
Current assets total	144.4	159.6	158.9	145.2	161.3
<b>TOTAL ASSETS</b>	<b>207.2</b>	<b>226.0</b>	<b>236.1</b>	<b>235.3</b>	<b>249.1</b>

#### EQUITY AND LIABILITIES

##### 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	-0.8	-0.8	-0.4	-0.3	-0.1
Retained earnings	65.6	78.6	88.5	91.1	94.9
Minority interest	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>142.3</b>	<b>155.3</b>	<b>165.7</b>	<b>168.4</b>	<b>172.3</b>

##### Non-current liabilities

Deferred tax liabilities	3.5	4.2	4.4	5.2	5.6
Interest-bearing liabilities	22.8	23.9	23.9	23.8	28.0
Other liabilities	0.6	0.6	0.6	0.7	0.7
<b>Non-current liabilities total</b>	<b>26.8</b>	<b>28.7</b>	<b>28.9</b>	<b>29.7</b>	<b>34.3</b>

##### Current liabilities

Trade and other payables	28.0	33.4	32.3	27.2	30.8
Pension obligations	1.1	1.1	0.9	1.1	0.9
Interest-bearing loans and borrowings (non-current)	8.9	7.5	8.3	8.9	10.7
<b>Current liabilities total</b>	<b>38.0</b>	<b>42.0</b>	<b>41.5</b>	<b>37.2</b>	<b>42.4</b>
<b>Total liabilities</b>	<b>64.8</b>	<b>70.7</b>	<b>70.5</b>	<b>66.9</b>	<b>76.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>207.2</b>	<b>226.0</b>	<b>236.1</b>	<b>235.3</b>	<b>249.1</b>

<b>CONSOLIDATED CASH FLOW STATEMENT BY QUARTER</b>	<b>4-6/2008</b>	<b>1-3/2008</b>	<b>10-12/2007</b>	<b>7-9/2007</b>	<b>4-6/2007</b>
	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>

Net cash from operating activities	-9.0	-7.4	-8.6	-6.7	-6.2
Net cash from investing activities	-0.0	25.7	-0.7	-5.6	11.2
Net cash from financing activities	-1.8	-4.5	-1.4	-3.8	-2.9
Net change in cash and cash equivalents	-10.9	13.8	-10.8	-16.1	2.1

<b>FINANCIAL PERFORMANCE RELATED RATIOS</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>

#### INCOME STATEMENT (MEUR)



Net sales	88.3	64.5	144.3
Operating profit (loss)	-21.4	-13.8	-20.3
Operating profit (loss), % of net sales	-24.2	-21.4	-14.1
Result before taxes	-21.2	-12.7	-20.0
Result before taxes, % of net sales	-24.0	-19.7	-13.9
Result for the period	-21.2	-12.7	-20.0

#### PROFITABILITY AND OTHER KEY FIGURES

Interest-bearing net liabilities, (MEUR)	-43.2	-60.0	-39.7
Net gearing, -%	-30.3	-34.8	-24.0
Equity ratio, %	69.9	69.6	70.9
Gross investments, (MEUR)	6.2	32.4	44.1
Average personnel during the period	1775	1633	1695
Personnel at the period end	1774	1729	1725

<b>AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)</b>	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Dec. 31, 2007</b>
At the end of period	129 413	129 413	129 413
Average for the period	129 413	129 413	129 413
Average for the period diluted with stock options	129 413	129 413	129 413

<b>STOCK-RELATED FINANCIAL RATIOS (EUR)</b>	<b>1-6/2008 6 months</b>	<b>1-6/2007 6 months</b>	<b>1-12/2007 12 months</b>
Basic earnings per share	-0.16	-0.10	-0.15
Diluted earnings per share	-0.16	-0.10	-0.15
Equity *) per share	1.10	1.33	1.28

\*) Equity attributable to equity holders of the parent

<b>MARKET VALUES OF SHARES (EUR)</b>	<b>1-6/2008</b>	<b>1-6/2007</b>	<b>1-12/2007</b>
Highest	1.79	2.48	2.48
Lowest	0.86	1.51	1.51
Average	1.49	1.98	1.93
At the end of period	0.94	1.88	1.64
Market value of the stock, (MEUR)	121.6	243.3	212.2
Trading value of shares, (MEUR)	6.0	42.1	53.4



Number of shares traded, (1,000 pcs)	4 044	21 277	27 656
Related to average number of shares %	3.1	16.4	21.4

<b>SECURITIES AND CONTINGENT LIABILITIES (MEUR)</b>	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Dec. 31, 2007</b>
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AGAINST OWN LIABILITIES

Floating charges	3.1	3.0	3.1
Mortgages	7.0	18.0	7.0
Pledges	9.8	7.9	9.8
Guarantees	2.1		2.1

Mortgages are pledged for liabilities totaled	16.6	12.6	17.3
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OTHER DIRECT AND CONTINGENT LIABILITIES

Rental liabilities

Falling due in the next year	4.1	3.0	4.0
Falling due after one year	5.9	4.5	4.9

<b>NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)</b>	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Dec. 31, 2007</b>
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Foreign exchange forward contracts

Market value	0.5	0.1	0.7
Nominal value	41.4	14.0	26.4