STOCK EXCHANGE RELEASE

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EB, ELEKTROBIT CORPORATION, INTERIM REPORT JANUARY-JUNE 2012

NET SALES AND OPERATING RESULT IN 1H 2012 GREW CLEARLY FROM PREVIOUS YEAR

SUMMARY 2Q 2012

- Net sales of the period grew to EUR 48.0 million (EUR 39.7 million, 2Q 2011), representing an increase of 21.1 % year-on-year. Net sales of Automotive Business Segment grew to EUR 27.0 million (EUR 22.7 million, 2Q 2011), representing an 18.9 % growth year-on-year. The Wireless Business Segment's net sales grew by 22.8 % to EUR 21.0 million (EUR 17.1 million, 2Q 2011).
- Operating loss was EUR -0.4 million (EUR -0.5 million, 2Q 2011), including EUR 0.9 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million, 2Q 2011). Operating profit without these non-recurring costs was EUR 0.6 million (operating loss of EUR -0.5 million, 2Q 2011).
- Operating profit of the Automotive Business Segment was EUR 0.2 million (operating loss of EUR -0.5 million, 2Q 2011). The Wireless Business Segment's operating loss was EUR -0.6 million (operating profit of EUR 0.1 million, 2Q 2011), including EUR 0.9 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million, 2Q 2011). Wireless Business Segment's operating profit without these non-recurring costs was EUR 0.4 million (EUR 0.1 million, 2Q 2011).
- EBITDA was EUR 1.5 million (EUR 2.2 million, 2Q 2011). Automotive Business Segment's EBITDA was EUR 1.3 million and Wireless Business Segment's EBITDA was EUR 0.2 million.
- Cash flow from operating activities was EUR 0.8 million (EUR 3.4 million, 2Q 2011). Net cash flow was EUR 1.3 million (EUR -0.3 million, 2Q 2011).
- Earnings per share were EUR -0.00 (EUR -0.01, 2Q 2011).
- On May 11, 2012 EB announced to have signed committed credit facility agreements with Nordea Bank Finland plc. According to the agreements, the EUR 10 million credit facility agreement, valid until June 30, 2012, was extended and, in addition, a new EUR 10 million revolving credit facility agreement was signed. These facilities, intended for general financing purposes, are valid until June 30, 2014.
- On June 21, 2012 EB lowered its operating result guidance for the first half of 2012 and gave more precise guidance for the whole year 2012 so that EB expected the operating result of the second quarter of 2012 to stay below the level of the first quarter 2012 (EUR 0.9 million, 1Q 2012), and that EB expected for the first half of 2012 that net sales will grow clearly from the previous year (EUR 76.1 million in 1H 2011), and the operating result will be close to zero level (operating loss of EUR -4.4 million, 1H 2011). EB announced that due to the lowered operating result outlook for the first half of 2012 also the outlook for the whole year 2012 was lowered, however, EB still expects for the year 2012, that the net sales and operating result will grow clearly from the previous year (net sales of EUR 162.2 million, and operating loss of EUR -4.0

million in 2011). The reason for the changed operating result outlook was, that the company booked a provision of EUR 0.8 million due to the estimated costs related to collecting the receivables from TerreStar Companies, and in addition, it became obvious, that the operating profit in both Automotive and Wireless Business Segments during the second quarter of 2012 will remain somewhat lower than planned mainly due to the higher than estimated project costs. Regarding the company's net sales, the outlook was not changed.

SUMMARY 1H 2012

- Net sales of the period grew to EUR 96.6 million (EUR 76.1 million, 1H 2011), representing an increase of 26.9 % year-on-year. Net sales of Automotive Business Segment grew to EUR 55.7 million (EUR 46.3 million, 1H 2011), representing a 20.2 % growth year-on-year. The Wireless Business Segment's net sales grew by 37.6 %, to EUR 41.1 million (EUR 29.8 million, 1H 2011).
- Operating profit was EUR 0.5 million (operating loss of EUR -4.4 million, 1H 2011), including EUR 1.2 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million, 1H 2011). Operating profit without these non-recurring costs was EUR 1.7 million (operating loss of EUR -4.4 million, 1H 2011).
- Operating profit of the Automotive Business Segment was EUR 1.2 million (EUR 0.1 million, 1H 2011). The Wireless Business Segment's operating loss was EUR -0.6 million (EUR -4.5 million, 1H 2011), including EUR 1.2 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million, 1H 2011). Wireless Business Segment's operating profit without these non-recurring costs was EUR 0.6 million (operating loss of EUR -4.5 million, 1H 2011).
- EBITDA was EUR 4.1 million (EUR 0.6 million, 1H 2011). Automotive Business Segment's EBITDA was EUR 3.2 million and Wireless Business Segment's EBITDA was EUR 0.9 million.
- Cash flow from operating activities was EUR -0.1 million (EUR 4.8 million, 1H 2011). Net cash flow was EUR -1.3 million (EUR -2.7 million, 1H 2011).
- Cash and other liquid assets totaled EUR 8.6 million (EUR 17.8 million, 1H 2011).
- Equity ratio was 58.1% (64.7%, 1H 2011).
- Earnings per share were EUR -0.00 (EUR -0.04, 1H 2011).

EB'S CEO JUKKA HARJU:

"EB's net sales and operating result during the first half grew clearly from previous year. Both Business Segments increased their net sales and improved their operating result compared to corresponding period of the last year. The operating result from the first half of 2012 was slightly positive and somewhat below our targets due to the costs related to collecting the receivables from TerreStar Companies, and due to the bigger than estimated project costs in both Business Segments.

Our joint venture with Audi, e.solutions GmbH, made great progress in developing its new infotainment software, and Audi announced to use it in the new A3 model high-end infotainment system. The product includes also EB's navigation software and speech dialogue technology. EB continued its R&D investments and broadened its product portfolio by announcing new version of EB GUIDE software that is used in automotive user interface development, as well as product updates in Wireless Business Segment to the Tough VoIP products targeted to defence sector, and to EB Propsim radio channel test product family.

In the beginning of August we entered into a conditional settlement agreement with TerreStar Corporation, which, if materialized as planned, would conclude our legal proceedings with TerreStar Corporation, which has been ongoing already for 1.5 years, would generate a positive cash flow approximately USD 13 million after estimated tax effects, and would result a non-recurring positive effect of approximately USD 1.6 million on our operating result. In addition, we expect to receive a substantially smaller payment from TerreStar Networks chapter 11 case, which remains pending and is not included in the settlement.

In order to strengthen its financial position, EB signed committed credit facility agreements according to which, the EUR 10 million credit facility agreement, valid until June 30, 2012, was extended and, in addition, a new EUR 10 million revolving credit facility agreement was signed. These facilities are valid until June 30, 2014. The outlook for net sales growth compared to previous year is good also in the second half of the year and improving the profitability continues to be our most important target."

OUTLOOK FOR 2012

Compared to the previous year, the demand for EB's products and services is estimated to grow year-on-year during 2012 in both Automotive and Wireless Business Segments. Carmakers continue to invest in software for new car models and the market for automotive software products and services is estimated to continue growing. In Wireless Business Segment the demand growth will be driven by especially the increasing use of the LTE technology that increases the performance of mobile networks, and the authorities' needs for new communication solutions that use commercial technologies of smart phones and mobile networks.

EB expects for the year 2012 that net sales and operating result will grow clearly from the previous year (net sales of EUR 162.2 million, and operating loss of EUR -4.0 million in 2011). For the second half of 2012 EB expects that the net sales will grow clearly (EUR 86.1 million in 2H 2011) and operating result to be clearly positive (EUR 0.4 million in 2H 2011). Due to the seasonal nature of the EB's business and due to the holiday period during the third quarter, the net sales and operating result in the third quarter are expected to be lower than in the fourth quarter of 2012.

The profit outlook for the year 2012 is based on the assumption that there will be no further bookings of impairments of EB's accounts receivable or non-recurring income from TerreStar

Networks Inc. and TerreStar Corporation. After the reporting period, on August 2, 2012 Elektrobit Inc., EB's subsidiary and TerreStar Corporation and certain of its preferred shareholders entered into a conditional agreement of settlement of the various disputes between the parties. According to the Settlement, if conditions to its effectiveness are fulfilled, the Settlement Payment in the TerreStar Corporation Chapter 11 cases alone (without any further distribution from the TerreStar Networks Chapter 11 cases) would result a non-recurring positive effect of approximately USD 1.6 million (EUR 1.3 million as per exchange rate of August 7, 2012) on EB's operating result and would generate a positive cash flow of approximately USD 13 million (EUR 10.4 million as per exchange rate of August 7, 2012) after estimated tax effects. More about the agreement is presented under "Events after Reporting Period" section. It is possible that, based on later information related to reorganizations of TerreStar Networks Inc. and TerreStar Corporation, this view may need to be reconsidered. Due to the uncertainties related to the outcome of reorganization processes of TerreStar Networks Inc. and TerreStar Corporation, also the credit risk may still grow during 2012. More specific market outlook is presented under the "Business Segments' development during April-June 2012 and market outlook" section, and uncertainties regarding reorganization of TerreStar Networks Inc. and TerreStar Corporation, the amount of the receivables and collecting the receivables as well as other uncertainties regarding the outlook under "Risks and Uncertainties" section.

Information on TerreStar Networks Inc.'s and TerreStar Corporation's reorganizations are presented in the October 20 and 25, November 20 and December 30, 2010, February 17, 2011, November 18, 2011, June 21, 2012 and August 3, 2012 stock exchange releases as well as in EB's interim reports and financial statement at www.elektrobit.com.

INVITATION TO A PRESS CONFERENCE

EB will hold a press conference on the Interim Report 2Q 2012 for media, analysts and institutional investors in Finland, Oulu, Tutkijantie 8, meeting room 1 on Wednesday, August 8, 2012, at 11.00 a.m. (CEST+1). The conference will also be held as a conference call and the presentation will be shown simultaneously in the Internet through WebEx. The conference will be held in English. For more information please go to www.elektrobit.com/investors.

EB, Elektrobit Corporation

EB creates advanced technology and turns it into enriching end-user experiences. EB is specialized in demanding embedded software and hardware solutions for wireless and automotive industries. The net sales for the year 2011 totaled MEUR 162.2. Elektrobit Corporation is listed on NASDAQ OMX Helsinki. www.elektrobit.com

EB, ELEKTROBIT CORPORATION, INTERIM REPORT JANUARY-JUNE 2012

FINANCIAL PERFORMANCE DURING JANUARY-JUNE 2012
(Corresponding figures are for January-June 2011 unless otherwise indicated)

EB's net sales during January-June 2012 grew strongly by 26.9 per cent year-on-year to EUR 96.6 million (EUR 76.1 million). Operating profit was EUR 0.5 million (operating loss of EUR -4.4 million), including EUR 1.2 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million). Operating profit without non-recurring costs was EUR 1.7 million (operating loss of EUR -4.4 million).

Net sales of the Automotive Business Segment grew in January-June 2012 to EUR 55.7 million (EUR 46.3 million), representing 20.2 per cent growth year-on-year. The operating profit was EUR 1.2 million (EUR 0.1 million).

The Wireless Business Segment's net sales in January-June 2012 grew strongly, 37.6 per cent year-on-year, to EUR 41.1 million (EUR 29.8 million). The net sales grew in the defence and public safety markets, in the mobile infrastructure markets and in the test tool market. The operating loss of the Wireless Business Segment in January-June 2012 was EUR -0.6 million (EUR -4.5 million) including EUR 1.2 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million, 1H 2011). Wireless Business Segment's operating profit without non-recurring costs was EUR 0.6 million (operating loss of EUR -4.5 million, 1H 2011).

CONSOLIDATED INCOME STATEMENT (MEUR)	1-6 2012	1-6 2011
	6 months	6 months
NET SALES	96.6	76.1
OPERATING PROFIT (LOSS)	0.5	-4.4
Financial income and expenses	0.0	-0.7
RESULT BEFORE TAX	0.5	-5.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	0.2	-5.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.2	-5.2
Result for the period attributable to:		
Equity holders of the parent	-0.1	-5.3
Non-controlling interests	0.3	0.1
Total comprehensive income for the period attributable to:		
Equity holder of the parent	-0.1	-5.3
Non-controlling interests	0.3	0.1
Earnings per share from continuing operations, EUR	-0.00	-0.04

- Cash flow from operating activities was EUR -0.1 million (EUR 4.8 million).
- Equity ratio was 58.1% (64.7%).
- Net gearing was 8.5% (-10.5%).

QUARTERLY FIGURES

Elektrobit Group’s net sales and operating result, MEUR:

	2Q 12	1Q 12	4Q 11	3Q 11	2Q 11
Net sales	48.0	48.6	49.0	37.0	39.7
Operating profit (loss)	-0.4	0.9	3.5	-3.1	-0.5
Operating profit (loss) without non-recurring costs	0.6	1.2	4.2	-2.9	-0.5
Result before taxes	0.1	0.5	3.8	-3.1	-0.8
Result for the period	-0.1	0.3	3.2	-3.1	-0.8

Non-recurring items are exceptional gains and costs that are not related to normal business operations and occur only seldom. These items include capital gains or losses, significant changes in asset values such as write-downs or reversals of write-downs, significant restructuring costs, or other items that the management considers to be non-recurring. When evaluating a non-recurring item, the euro translation value of the item is considered, and in case of a change in an asset value, it is measured against the total value of the asset.

Non-recurring items, presented in the table above, are costs related to collecting the receivables from TerreStar Companies. During 2011 and 2012 EB has not reported these costs as non-recurring, since the amount has not been that significant. However, in June 2012 it has become obvious that the legal proceedings with TerreStar Companies will continue and it was estimated that further costs related to the process will be approximately EUR 0.8 million, due to which EB booked a provision of EUR 0.8 million. Along with this provision, the cumulative costs resulting from collecting the receivables are of such significance, that the Company sees it necessary to present the operating result also without those costs.

Costs related to collecting the receivables from TerreStar Companies are reported as a part of the Wireless Business Segment’s operating result. In the table below, Wireless Business Segment’s operating result is also presented without the non-recurring costs related to collecting the receivables from TerreStar Companies.

Wireless Business Segment, net sales and operating result, MEUR

	2Q 12	1Q 12	4Q 11	3Q 11	2Q 11
Net sales	21.0	20.0	21.0	13.0	17.1
Operating profit (loss)	-0.6	-0.0	1.4	-1.7	0.1
Operating profit (loss) without non-recurring items	0.4	0.3	2.1	-1.4	0.1

The distribution of net sales by Business Segments, MEUR:

	2Q 12	1Q 12	4Q 11	3Q 11	2Q 11
Automotive	27.0	28.7	28.0	23.9	22.7
Wireless	21.0	20.0	21.0	13.0	17.1
Corporation total	48.0	48.6	49.0	37.0	39.7

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

	2Q 12	1Q 12	4Q 11	3Q 11	2Q 11
Asia	2.2	3.5	5.5	3.3	4.0
	4.6%	7.3%	11.2%	8.8%	10.2%
Americas	8.2	7.6	7.6	4.9	5.5
	17.1%	15.6%	15.5%	13.4%	14.0%
Europe	37.6	37.4	36.0	28.8	30.1
	78.4%	77.1%	73.3%	77.8%	75.9%

Net sales and operating profit development by Business Segments and other businesses, MEUR:

	2Q 12	1Q 12	4Q 11	3Q 11	2Q 11
Automotive					
Net sales to external customers	27.0	28.7	28.0	23.9	22.7
Net sales to other segments	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	0.2	0.9	2.1	-1.4	-0.5
Wireless					
Net sales to external customers	21.0	19.9	21.1	12.9	16.9
Net sales to other segments	0.0	0.2	0.1	0.1	0.2
Operating profit (loss)	-0.6	-0.0	1.4	-1.7	0.1
Other businesses					
Net sales to external customers	0.0	0.0	0.0	0.2	0.0
Operating profit (loss)	-0.0	-0.0	0.0	-0.1	-0.1
Total					
Net sales	48.0	48.6	49.0	37.0	39.7
Operating profit (loss)	-0.4	0.9	3.5	-3.1	-0.5

BUSINESS SEGMENTS' DEVELOPMENT DURING APRIL-JUNE 2012 AND MARKET OUTLOOK
(Corresponding figures are for April-June 2011 unless otherwise indicated)

EB's reporting is based on two segments which are the Automotive and Wireless Business Segments.

AUTOMOTIVE

In Automotive Business Segment EB offers software products and R&D services for carmakers, car electronics suppliers and for other suppliers to the automotive industry. The offering includes in-car infotainment solutions, such as navigation and human machine interfaces (HMI), as well as software for electronic control units (ECU) and driver assistance. By combining its software products and R&D services, EB is creating unique, customized solutions for the automotive industry. EB and Audi's subsidiary, Audi Electronics Venture GmbH (AEV), have the joint venture e.solutions GmbH that is currently developing infotainment software for VW Group's car models. EB owns 51% of e.solutions GmbH and AEV 49%. The joint venture has more than 100 employees, and its head office is in Ingolstadt, Germany. EB also delivers products and R&D services to the joint venture.

During the second quarter of 2012 the net sales of the Automotive Business Segment amounted to EUR 27.0 million (EUR 22.7 million), representing a growth of 18.9 % year-on-year. The operating profit was EUR 0.2 million (operating loss of EUR -0.5 million).

EB's automotive business continued to grow in the infotainment, driver assistance and ECU (Electronic Control Unit) software markets. Our joint venture with Audi, e.solutions GmbH, has progressed well and according to its targets in developing the new infotainment system and Audi announced that it will be used in the new A3 model's high-end infotainment system. The software from e.solutions also includes EB street director navigation software as well as EB GUIDE STF system speech dialogue technology. EB launched a new version of its user interface development tool, EB GUIDE 5.3, which includes inter alia new rich multi-touch display features and performance enhancements.

Automotive Market Outlook

The demand for EB's products and services is estimated to develop positively year-on-year during 2012 in Automotive Business Segment. Carmakers continue to invest in automotive software for new car models and the market for automotive software products and services is estimated to continue growing. In the labor market, particularly in Germany, the competition of talented engineers has tightened and is slightly slowing down the growth of personnel and thereby impacting the growth of the services business.

The move to greater electronic content in cars has been underway for several years and has been responsible for such major innovations as security systems, anti-lock brakes, engine control units, driver assistance, and infotainment. These features have become so enormously popular that they are now widely available, in both low-end and high-end vehicles, demonstrating that consumers are willing to pay for technology that enhances their driving experience. As a result from this and the reduced costs as production volumes ramp up, carmakers have been steadily integrating more electronic components into vehicles. A Roland Berger study estimates the share of electronics in cars will grow from 23 per cent in 2010 to 33 per cent until 2020.

The increasingly sophisticated and networked features and growing performance foster the complexity of automotive electronics. At the same time consumers expect the same richness of features and user experience they know from the internet and mobile devices also within the car. These development trends are driving the industry towards gradual separation of software and hardware in electronics solutions in order to manage the architectural software layer appropriately and to aim for efficiency in innovation and implementation. The use of standard software solutions is expected to increase in the automotive industry. This enables faster innovation, improves quality and development efficiency and reduces complexity related to deployment of software.

The fundamental industry migration and consequent growth of the automotive software market will continue. Cost pressures of the automotive industry are expected to accelerate the need for productized and efficient software solutions EB is offering. The estimated annual automotive software market growth rate until 2018 is expected to exceed the growth rate of passenger car production volume that is estimated to be 5.6% CAGR (LMC Automotive's Q4 2011 Forecast).

EB's net sales cumulating from the automotive industry is currently primarily driven by the development of software and software platforms for new cars and by sales of software licenses needed in product development. Hence the dependency of EB's net sales on car production volumes is currently limited; however, the direct dependency on production volumes is expected to increase as a result of the EB's transition towards software product business models over the forthcoming years.

WIRELESS

The Wireless Business Segment offers development services and customized solutions for wireless communications markets, radio channel emulator products for industries and authorities utilizing wireless technologies, and products and product platforms for defence and public safety markets.

Net sales of the Wireless Business Segment during the second quarter of 2012 grew 22.8 % year-on-year to EUR 21.0 million (EUR 17.1 million). The net sales grew in the defence and public safety markets, in the mobile infrastructure markets and in the test tool market. Operating loss was EUR -0.6 million (operating profit of EUR 0.1 million), including EUR 0.9 million non-recurring costs related to collecting the receivables from TerreStar Companies (EUR 0.0 million). Wireless

Business Segment's operating profit without these non-recurring costs was EUR 0.4 million (EUR 0.1 million).

EB continued its R&D investments in radio channel emulation products and products and product platforms targeted for the defence and public safety markets. EB announced updates to its Tough-VoIP product family with new versions of the Field and Desktop phone. EB also announced the EB Propsim F32, a new radio channel emulator product with the highest emulation capacity in the market.

In April EB concluded personnel negotiations and closed its Wireless Business Segment site in Espoo in order to rationalize its operations and improve the cost structure. The site closure concerned 25 employees, and all were offered a position at Company's other sites. 14 employees continued at other EB sites, six employees were dismissed and the rest were employed outside EB.

Wireless Market Outlook

Compared to the previous year, the demand for EB's products and services is estimated to grow year-on-year during 2012 in the Wireless Business Segment.

In the mobile infrastructure market the use of LTE standard, which improves the performance of mobile networks, is expected to continue to gain strength. EB's business driven by LTE is expected to increase. Mastering of multi-radio technologies and end-to-end system architectures covering both terminals and networks has gained importance in the complex wireless technology industry. Fast implementation of LTE technology and wide radio spectrum bandwidth needed have increased the demand for EB's service business, and the demand is expected to stay at the current level.

The demand in the smart phone services R&D market remains low. Changes in the business ecosystem of smart phone manufacturers have led to a shift in demand towards device platform development for chipset manufacturers. Companies outside traditional wireless markets have a growing interest towards connectivity solutions creating value for their own products, which is expected to create demand for R&D services.

The market for communications, jamming and intelligence solutions targeted for defence and public safety is estimated to remain stable. EB's competence and long experience in software radio based solutions is expected to bring new business opportunities. The trend of adopting new commercial technologies, such as LTE and smart phone related software applications, is expected to continue in special verticals such as public safety. The networks used by public authorities often utilize dedicated spectrum blocks outside the commercial frequency bands, which generates the need for special user terminal variants for these networks. In the mobile satellite communication industry the demand for terminals for new data and mobile communications services is expected to slowly increase during the next few years.

LTE technology is based on multi-antenna technologies which create demand for advanced radio channel emulation tools when introducing LTE technologies. The growth of demand in the test tool market is shifting from the performance testing of LTE base stations to LTE terminals, where increasingly the over-the-air (OTA) technology will be widely used. EB provides world leading radio channel emulation tools for the development of MIMO based LTE, LTE-Advanced and other advanced radio technologies.

RESEARCH AND DEVELOPMENT

EB continued its investments in R&D in the automotive software products and tools in Automotive Business Segment, and in radio channel emulation products and products and product platforms for the defence and public safety markets in Wireless Business Segment.

The total R&D investments during January-June 2012 were EUR 12.3 million (EUR 12.3 million, 1H 2011), equaling 12.7% of the net sales (16.1%, 1H 2011). The share of R&D investments in Automotive Business Segment was EUR 9.1 million (EUR 8.7 million, 1H 2011) and in Wireless Business Segment EUR 3.2 million (EUR 3.5 million, 1H 2011).

EUR 2.8 million of R&D investments of the reporting period were capitalized (EUR 3.2 million, 1H 2011). Depreciations of R&D investments were EUR 0.4 million during the reporting period (EUR 0.9 million, 1H 2011). The amount of capitalized R&D investments at the end of June 2012 was EUR 13.9 million. A significant part of these capitalizations is related to customer agreements of Automotive Business Segment, where future license fees, based on the actual car delivery volumes, are expected to accumulate in the coming years.

OUTLOOK FOR 2012

Compared to the previous year, the demand for EB's products and services is estimated to grow year-on-year during 2012 in both Automotive and Wireless Business Segments. Carmakers continue to invest in software for new car models and the market for automotive software products and services is estimated to continue growing. In Wireless Business Segment the demand growth will be driven by especially the increasing use of the LTE technology that increases the performance of mobile networks, and the authorities' needs for new communication solutions that use commercial technologies of smart phones and mobile networks.

EB expects for the year 2012 that net sales and operating result will grow clearly from the previous year (net sales of EUR 162.2 million, and operating loss of EUR -4.0 million in 2011). For the second half of 2012 EB expects that the net sales will grow clearly (EUR 86.1 million in 2H 2011) and operating result to be clearly positive (EUR 0.4 million in 2H 2011). Due to the seasonal nature of the EB's business and due to the holiday period during the third quarter, the net sales and operating result in the third quarter are expected to be lower than in the fourth quarter of 2012.

The profit outlook for the year 2012 is based on the assumption that there will be no further bookings of impairments of EB's accounts receivable or non-recurring income from TerreStar Networks Inc. and TerreStar Corporation. After the reporting period, on August 2, 2012 Elektrobit Inc., EB's subsidiary and TerreStar Corporation and certain of its preferred shareholders entered into a conditional agreement of settlement of the various disputes between the parties. According to the Settlement, if conditions to its effectiveness are fulfilled, the Settlement Payment in the TerreStar Corporation Chapter 11 cases alone (without any further distribution from the TerreStar Networks Chapter 11 cases) would result a non-recurring positive effect of approximately USD 1.6 million (EUR 1.3 million as per exchange rate of August 7, 2012) on EB's operating result and would generate a positive cash flow of approximately USD 13 million (EUR 10.4 million as per exchange rate of August 7, 2012) after estimated tax effects. More about the agreement is presented under "Events after Reporting Period" section. It is possible that, based on later information related to reorganizations of TerreStar Networks Inc. and TerreStar Corporation, this view may need to be reconsidered. Due to the uncertainties related to the outcome of reorganization processes of TerreStar Networks Inc. and TerreStar Corporation, also the credit risk may still grow during 2012. More specific market outlook is presented under the "Business Segments' development during April-June 2012 and market outlook" section, and uncertainties regarding reorganization of TerreStar Networks Inc. and TerreStar Corporation, the amount of the receivables and collecting the receivables as well as other uncertainties regarding the outlook under "Risks and Uncertainties" section.

Information on TerreStar Networks Inc.'s and TerreStar Corporation's reorganizations are presented in the October 20 and 25, November 20 and December 30, 2010, February 17, 2011, November 18, 2011, June 21, 2012 and August 3, 2012 stock exchange releases as well as in EB's interim reports and financial statement at www.elektrobit.com.

RISKS AND UNCERTAINTIES

EB has identified a number of business, market and finance related risk factors and uncertainties that can affect the level of sales and profits.

Market risks

On the ongoing financial period the global economic uncertainty may affect the demand for EB's services, solutions and products and provide pressure on e.g. pricing. On a short term it may affect, in particular, the utilization and chargeability levels and average hourly prices of R&D services.

As EB's customer base consists mainly of companies operating in the fields of automotive and telecommunications and defense and public safety authorities, the company is exposed to market changes in these industries. EB believes that expanding the customer base will reduce dependence on individual companies and that the company will thereby be mainly affected by the general business climate in automotive and telecommunication industries. The more specific market outlook is presented under the "Business Segments' development during the second quarter 2012 and market outlook" section.

Business related risks

EB's operative business risks are mainly related to following items: uncertainties and short visibility on customers' product program decisions, their make or buy decisions and on the other hand, their decisions to continue, downsize or terminate current product programs, execution and management of large customer projects, ramping up and down project resources, availability of personnel in labour markets (in particular in Germany), timing and on the other hand successful utilization of the most important technologies and components, competitive situation and potential delays in the markets, timely closing of customer and supplier contracts with reasonable commercial terms, delays in R&D projects, realization of expected return on capitalized R&D investments, obsolescence of inventories and technology risks in product development causing higher than planned R&D costs. Revenues expected to come from either existing or new products and customers include normal timing risks. EB has certain significant customer projects and deviation in their expected continuation could result also significant deviations in the Company's outlook. In addition there are typical industry warranty and liability risks involved in selling EB's services, solutions and products.

Product delivery business model includes such risks as high dependency on actual product volumes and development of the cost of materials. The above-mentioned risks may manifest themselves as lower amounts product delivery or higher cost of production, and ultimately, as lower profit.

Some of EB's businesses operate in the industries that are heavily patented and therefore include risks related to management of intellectual property rights, on the one hand related to accessibility on commercially acceptable terms of certain technologies in the EB's products and services, and on the other hand related to an ability to protect technologies, which EB develops or licenses from others, from claims that third parties' intellectual property rights are infringed. Also parties outside of the industries operate actively in order to protect and commercialize their patents and therefore in their part increase the risks related to the management of intellectual property rights. At worst, claims that third parties' intellectual property rights are infringed, could lead to substantial liabilities for damages. Also EB has been formally requested by one of its customer for indemnification that is unspecified both in terms of the grounds and the amount. While the analysis of the situation is pending, based on preliminary information available it does not seem likely that the claim would result to a significant liability on a short term. It is possible that based on later information, the above views may need to be reconsidered.

Financing risks

Global economic uncertainty may lead to payment delays and increase the risk for credit losses and on the other hand weaken the availability and terms of financing. To fund its operations, EB relies mainly on income from its operative business and may from time to time seek additional financing from selected financial institutions. EB has a committed overdraft credit facility agreement of EUR 10 million and committed revolving credit facility agreement of EUR 10 million, valid until June 30, 2014. The credit facility agreements include financial covenants related to group's equity ratio and earnings before interests and taxes (EBITDA), to be reviewed semiannually. There is no assurance that additional financing will not be needed in case of clearly weaker than expected development of the EB's businesses.

Some parts of EB's business are more sensitive to customer dependency than others. Respectively, this may translate as accumulation of risk with respect to outstanding receivables and ultimately with respect to credit losses. EB has claimed its receivables in the amount of approximately USD 25.8 million (EUR 20.8 million as per exchange rate of August 7, 2012), in the Chapter 11 cases of its customers, both TerreStar Networks Inc. and its parent company TerreStar Corporation. In addition to the booked receivables, EB has also claimed additional costs in the amount of approximately USD 2.1 million (EUR 1.7 million as per exchange rate of August 7, 2012) and resulting mainly from the ramp down of the business operations between the parties. Thus, EB has asserted claims against each of the TerreStar entities in amounts totaling USD 27.9 million (EUR 22.5 million as per exchange rate of August 7, 2012). Due to uncertainties related to the accounts receivable, EB booked an impairment of the accounts receivable in the amount of EUR 8.3 million during the second half of 2010.

On October 19, 2010, TerreStar Networks and certain other affiliates of TerreStar Corporation and on February 16, 2011, the parent company TerreStar Corporation filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code to strengthen their financial position. Generally in a Chapter 11 case, any distribution of cash or other assets by a debtor to satisfy pre-bankruptcy claims of its creditors must be made under a Chapter 11 plan of reorganization or liquidation. Such plans must be approved by the United States Bankruptcy Court and (with limited exceptions) an affirmative vote of all classes of creditors whose claims will not be paid fully and immediately after the plan is approved by the court and becomes effective by its terms. Recoveries by holders of claims against TerreStar Networks and TerreStar Corporation have been or are to be funded by separate pools or streams of assets.

Following the sale of substantially all assets of TerreStar Networks' assets to Gamma Acquisition L.L.C., an acquisition subsidiary formed by Dish Network Corporation for about USD 1.375 billion, Terre Star Networks confirmed a plan of liquidation, which became effective on March 29, 2012.

On that date, EB received a USD 650,890 distribution on the priority portion of its claim from TerreStar Networks. Based upon information contained in the debtors' disclosure statement accompanying the plan, the reorganized debtors' first post-confirmation status report, or otherwise available to EB, EB estimates that its pro rata total distribution under the plan may be in the range of 8-10% of the face amount of its claim. However, this estimate is subject to various assumptions, and therefore the amount and timing of EB's distribution on the remaining portion of its claim cannot be predicted with certainty at this time.

As part of the process of reconciling accounts in preparation for making distributions under a plan, Chapter 11 debtors often challenge the amount or validity of some creditor claims. To date neither TerreStar Networks nor the liquidating trustee of The TerreStar Networks, Inc. Liquidating Trust (the trust having been formed in connection with confirmation of the Chapter 11 plan of TerreStar Networks) has asserted an objection to the amount or validity of EB's claims in its bankruptcy proceeding, and EB is not aware that any such objection is contemplated. Further, as part of the Chapter 11 process, debtors often seek to recover payments previously made to creditors pursuant to various provisions of the Bankruptcy Code. The risk that the TerreStar debtors may attempt to recover payments from EB, or that such recovery actions, if attempted, may be successful, likewise cannot be ruled out at this time.

On July 22, 2011, TerreStar Corporation filed a plan of reorganization, which was thereafter amended on December 27, 2011, January 12, 2012 and June 28, 2012. The third amended plan proposes that unsecured claims (such as EB's), if allowed by the Bankruptcy Court, will be exchanged for new notes to be issued by a reorganized TerreStar Corporation in the face amount of the claim. The notes are to be issued as unsecured notes in a total aggregate principal amount not to exceed USD 35 million, with a three-year maturity (with an option for the reorganized debtors to extend the term of the notes for a fourth year), bearing interest at the rate of 10.5% per annum (increasing to 12.5% per annum in the fourth year if the term is so extended). Such interest is to be "paid in kind", meaning that it will accrue over the term of the notes and be payable only at maturity. Payment of the note obligations is to be funded by future revenues and profits of reorganized TerreStar Corporation. It is premature to speculate regarding distributions to creditors under this plan because the plan TerreStar Corporation filed may or may not obtain the necessary approvals, and the terms of the plan may change through negotiation with creditors. EB filed a preliminary objection to an earlier version of the plan, asserting that it failed to satisfy applicable provisions of the Bankruptcy Code and therefore could not be confirmed, and voted against the second amended plan.

On November 16, 2011, after EB filed its preliminary objection to the proposed Chapter 11 plan of TerreStar Corporation, two objections to EB's claim were filed, one by TerreStar Corporation and its affiliated debtors (not including TerreStar Networks) and a joint objection by a group of holders of TerreStar Corporation preferred stock that support the proposed plan. The preferred stockholders alleged, among other things, that EB's guaranty claim in the amount of approximately USD 24.8 million (at least) should be disallowed pursuant to various legal theories. TerreStar Corporation joined in the preferred stockholders' argument that TerreStar Corporation has no liability to EB under its guaranty. On December 12, 2011, EB filed a sworn opposition to both objections, stating that the objections are flawed as a matter of law and wholly without evidentiary support, and maintaining its right to payment in the full amount claimed.

Subsequent to the reporting period on August 2, 2012, Elektrobit Inc., a subsidiary of EB, and TerreStar Corporation and certain of its preferred shareholders, entered into a conditional agreement of settlement of the various disputes between them in TerreStar Corporation Chapter 11 reorganization cases. Simultaneously TerreStar Corporation filed a motion seeking approval from the United States Bankruptcy Court for the terms and conditions set forth for the settlement and authorization to TerreStar Corporation to enter into the settlement. Additionally, TerreStar Corporation filed a motion seeking an approval for new financing to enable TerreStar Corporation to satisfy its obligations under the proposed settlement. According to the settlement, if conditions to its effectiveness are fulfilled, TerreStar Corporation shall be obligated to pay to Elektrobit Inc., an immediate cash payment of USD 13.5 million (EUR 10.9 million as per exchange rate of August 7, 2012) in full and final satisfaction of its claim against TerreStar Corporation and in resolution of all disputes between EB and the other parties in the TerreStar Corporation reorganization cases. The settlement does not include the TerreStar Networks Chapter 11 cases, which remain pending, and does not include any distribution there from that may be available for EB. The settlement is described in more detail under “Events after the review period” section.

At this time there is no assurance that the motions for the above mentioned settlement and new financing will be approved by the Court and that the agreed funding is received by TerreStar Corporation. In the event that these contingencies are not fulfilled, nothing contained in the settlement motion shall be deemed to be a waiver of any claims or an admission of liability by any party thereto and, in such event, all rights and remedies of the parties shall be preserved. In case the settlement will not become effective EB intends to file a further objection to the proposed Chapter 11 plan of TerreStar Corporation and vigorously contest confirmation of the plan at a hearing to be held by the Bankruptcy Court on a date to be announced (perhaps to occur in October 2012). Further EB intends to vigorously defend the objections to its claims in a trial on the merits of EB's claim and the objections on a date to be announced. Speculation regarding the likely outcome of these contested matters is premature at this time.

Based on EB's current understanding, there is no reason to believe that there would be further impairment losses on EB's account receivable from TerreStar Networks and TerreStar Corporation. In case the abovementioned settlement with TerreStar Corporation will not become effective, EB aims to collect the amounts owed to it in full through the Chapter 11 cases of TerreStar Networks and TerreStar Corporation, and/or for example through selling of the earlier mentioned accounts receivable. It is possible that based on later information related to the TerreStar Networks´ and TerreStar Corporation's Chapter 11 cases, the above views may need to be reconsidered. Despite the TerreStar companies' efforts to reorganize, it is possible that the credit risk may still grow during 2012. Should the accounts receivable not be collected at all, either from TerreStar Networks or

TerreStar Corporation, an impairment loss and costs related to the collection process would additionally lower EB's operating result on a non-recurring basis by approximately EUR 10 million, at maximum (USD-nominated items as per exchange rate of August 7, 2012). However, this would not have any significant negative effect on the EB's cash flow.

More information on the risks and uncertainties affecting EB can be found on the Company's website at www.elektrobit.com.

STATEMENT OF FINANCIAL POSITION AND FINANCING

The figures presented in the statement of financial position of June 30, 2012, are compared with the statement of the financial position of December 31, 2011 (MEUR). The figures for the period under review contain provision of EUR 1.8 million.

	6/2012	**12/2011**
Non-current assets	47.0	44.1
Current assets	79.1	71.0
Total assets	126.2	115.1
Share capital	12.9	12.9
Other equity	52.6	52.6
Non-controlling interests	1.8	1.5
Total shareholders' equity	67.4	67.0
Non-current liabilities	7.6	6.9
Current liabilities	51.2	41.3
Total shareholders' equity and liabilities	126.2	115.1

Net cash flow from operations during the period under review:

+ net profit +/- adjustment of accrual basis items	*EUR +5.1 million*
+/- change in net working capital	*EUR -4.4 million*
- interest, taxes and dividends	*EUR -0.8 million*
= cash generated from operations	*EUR -0.1 million*
- net cash used in investment activities	*EUR -4.6 million*
- net cash used in financing	*EUR +3.4 million*
= net change in cash and cash equivalents	*EUR -1.3 million*

The reason to increase in the net working capital during the reporting period is EB has customer projects which have longer payment periods than earlier.

The amount of accounts and other receivables, booked in current receivables, was EUR 68.0 million (EUR 59.3 million on December 31, 2011). Accounts and other payables, booked in interest-free current liabilities, were EUR 41.8 million (EUR 36.3 million on December 31, 2011). The amount of non-depreciated consolidation goodwill at the end of the period under review was EUR 19.3 million (EUR 19.3 million on December 31, 2011).

The amount of gross investments in the period under review was EUR 6.8 million including R&D capitalizations of EUR 2.8 million. Net investments for the reporting period totaled EUR 6.5 million. The total amount of depreciation during the period under review was EUR 3.6 million, including EUR 0.5 million of depreciation owing to business acquisitions.

The amount of interest-bearing debt at the end of the reporting period was EUR 14.3 million. The distribution of net financing expenses on the income statement was as follows:

interest dividend and other financial income	EUR 0.0 million
interest expenses and other financial expenses	EUR -0.3 million
foreign exchange gains and losses	EUR 0.3 million

EB's equity ratio at the end of the period was 58.1% (62.8% at the end of 2011).

Cash and other liquid assets at the end of the reporting period were EUR 8.6 million. EB has from Nordea Bank plc a committed credit facility agreement and a revolving credit facility agreement of altogether EUR 20 million, valid until June 30, 2014. EUR 4.4 million of these facilities was used at the end of the reporting period.

EB follows a hedging 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 hedging strategy, the agreed customer commitments 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 9.0 million.

PERSONNEL

EB employed an average of 1659 people between January and June 2012. At the end of March, EB had 1711 employees (1607 at the end of 2011). 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.

EVENTS AFTER THE REVIEW PERIOD

On August 2, 2012 United States time, Elektrobit Inc., a subsidiary of EB and TerreStar Corporation and certain of its preferred shareholders, entered into a conditional agreement of settlement (the “Settlement”) of the various disputes between them in TerreStar Corporation Chapter 11 reorganization cases. At the same time TerreStar Corporation filed a motion seeking approval from the United States Bankruptcy Court for the terms and conditions set forth for the Settlement and authorization to TerreStar Corporation to enter into the Settlement. Additionally, TerreStar Corporation filed a motion seeking an approval for new financing to enable TerreStar Corporation to satisfy its obligations under the proposed Settlement. According to the Settlement, if conditions to its effectiveness are fulfilled, TerreStar Corporation shall be obligated to pay to Elektrobit Inc., an immediate cash payment of USD 13.5 million (EUR 10.9 million as per exchange rate of August 7, 2012) (the “Settlement Payment”) in full and final satisfaction of its claim against TerreStar Corporation and in resolution of all disputes between EB and the other parties in the TerreStar Corporation reorganization cases. The Settlement does not include the TerreStar Networks Chapter 11 cases, which remain pending, and does not include any distribution therefrom that may be available for EB.

The implications of the TerreStar Corporation and TerreStar Networks Chapter 11 cases on EB’s profit, financial position and outlook can be finally determined only when the outcome of both Chapter 11 cases is known, including all costs related to collecting the receivables, and e.g. confirmed tax treatment. If approved by the Bankruptcy Court and funded by TerreStar Corporation, the Settlement Payment in the TerreStar Corporation Chapter 11 cases alone, and without any further distribution from the TerreStar Networks Chapter 11 cases, would result a positive effect of approximately USD 1.6 million (EUR 1.3 million as per exchange rate of August 7, 2012) on EB’s operating result and a positive effect on EB’s cash flow of approximately USD 13 million (EUR 10.4 million as per exchange rate of August 7, 2012) after estimated tax effects. If the Settlement is approved by the Bankruptcy Court and TerreStar Corporation receives the requested new financing, the Settlement Payment would be paid within two business days after the Settlement becomes effective by its terms, i.e. during the third year quarter of 2012.

Uncertainties regarding reorganization of TerreStar Networks Inc. and TerreStar Corporation, the amount of the receivables and collecting the receivables as well as other uncertainties regarding the outlook under “Risks and Uncertainties” section.

Oulu, August 8, 2012

EB, Elektrobit Corporation
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EB, ELEKTROBIT CORPORATION,

CONDENSED FINANCIAL STATEMENTS AND NOTES JANUARY- JUNE 2012

(unaudited)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)	**1-6/2012**	**1-6/2011**	**1-12/2011**
	6 months	**6 months**	**12 months**
NET SALES	96.6	76.1	162.2
Other operating income	1.3	1.6	2.8
Change in work in progress and finished goods	-0.1	0.3	0.0
Work performed by the undertaking for its own purpose and capitalized	0.0	0.1	0.4
Raw materials	-7.3	-5.8	-11.7
Personnel expenses	-53.0	-47.6	-95.2
Depreciation	-3.6	-5.0	-8.7
Other operating expenses	-33.6	-24.1	-53.8
OPERATING PROFIT (LOSS)	0.5	-4.4	-4.0
Financial income and expenses	0.0	-0.7	-0.4
RESULT BEFORE TAXES	0.5	-5.1	-4.5
Income taxes	-0.3	-0.0	-0.6
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	0.2	-5.1	-5.1
Other comprehensive income:			
Exchange differences on translating foreign operations	0.0	-0.1	-0.2
Other comprehensive income for the period total	0.0	-0.1	-0.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.2	-5.2	-5.2
Result for the period attributable to			
Equity holders of the parent	-0.1	-5.3	-5.3
Non-controlling interests	0.3	0.1	0.2
Total comprehensive income attributable to			
Equity holders of the parent	-0.1	-5.3	-5.5
Non-controlling interests	0.3	0.1	0.2
Earnings per share EUR continuing operations			
Basic earnings per share	-0.00	-0.04	-0.04
Diluted earnings per share	-0.00	-0.04	-0.04

Average number of shares, 1000 pcs	129 413	129 413	129 413
Average number of shares, diluted, 1000 pcs	130 230	130 187	130 051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
ASSETS			
Non-current assets			
Property, plant and equipment	9.7	9.2	9.0
Goodwill	19.3	18.5	19.3
Intangible assets	17.8	13.4	15.7
Other financial assets	0.1	0.1	0.1
Deferred tax assets	0.1	0.1	0.1
Non-current assets total	47.0	41.3	44.1
Current assets			
Inventories	2.5	2.2	1.8
Trade and other receivables	68.0	47.0	59.3
Financial assets at fair value through profit or loss		0.0	
Cash and short term deposits	8.6	17.8	10.0
Current assets total	79.1	67.0	71.0
TOTAL ASSETS	126.2	108.3	115.1
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Invested non-restricted equity fund	38.7	38.7	38.7
Translation difference	0.4	0.5	0.4
Retained earnings	13.4	12.3	13.4
Non-controlling interests	1.8	1.4	1.5
Total equity	67.4	65.9	67.0
Non-current liabilities			
Deferred tax liabilities	0.9	1.2	1.0
Pension obligations	1.3	1.2	1.3
Provisions	0.5	0.8	0.5
Interest-bearing liabilities	4,9	5.9	4.0
Non-current liabilities total	7,6	9.1	6.9
Current liabilities			
Trade and other payables	40.3	27.6	34.9
Financial liabilities at fair value through profit or loss	0.1		0.3
Provisions	1.4	0.7	1.0
Interest-bearing loans and borrowings	9,4	5.0	5.0
Current liabilities total	51,2	33.3	41.3

Total liabilities	58.8	42.4	48.1
TOTAL EQUITY AND LIABILITIES	126.2	108.3	115.1

CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)	**1-6/2012**	**1-6/2011**	**1-12/2011**
	6 months	**6 months**	**12 months**
CASH FLOW FROM OPERATING ACTIVITIES			
Result for the period	0.2	-5.1	-5.1
Adjustment of accrual basis items	4.9	2.8	7.1
Change in net working capital	-4.4	4.4	0.6
Interest paid on operating activities	-0.6	-0.8	-0.4
Interest received from operating activities	0.0	0.1	0.3
Other financial income and expenses, net received	0.0	0.0	0.0
Income taxes paid	-0.3	3.4	2.6
NET CASH FROM OPERATING ACTIVITIES	**-0.1**	**4.8**	**5.3**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of business unit, net of cash acquired		-0.8	-0.8
Purchase of property, plant and equipment	-1.3	-1.0	-1.9
Purchase of intangible assets	-3.6	-3.5	-8.5
Purchase of other investments		-0.0	-0.0
Sale of property, plant and equipment	0.3	0.1	0.1
Sale of intangible assets	0.0		0.1
Proceeds from sale of investments		0.0	0.0
NET CASH FROM INVESTING ACTIVITIES	**-4.6**	**-5.1**	**-11.1**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowing	5.9	0.2	0.2
Repayment of borrowing	-1.2	-1.2	-2.2
Payment of finance liabilities	-1.4	-1.5	-2.8
NET CASH FROM FINANCING ACTIVITIES	**3.4**	**-2.4**	**-4.7**
NET CHANGE IN CASH AND CASH EQUIVALENTS	-1.3	-2.7	-10.6
Cash and cash equivalents at beginning of period	10.0	20.5	20.5
Cash and cash equivalents at end of period	8.6	17.8	10.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital

B = Invested non-restricted equity fund

C = Retained earnings

D = Non-controlling interests

E = Total equity

	A	B	C	D	E
Equity on January 1, 2011	12.9	38.7	18.9	1.3	71.8
Share-related compensation			0.2		0.2
Total comprehensive income for the period			-5.3	0.1	-5.2
Other items			-0.8		-0.8
Equity on June 30, 2011	12.9	38.7	12.9	1.4	65.9
Equity on January 1, 2012	12.9	38.7	13.9	1.5	67.0
Share-related compensation			0.2		0.2
Total comprehensive income for the period			-0.1	0.3	0.2
Other items			-0.1		-0.1
Equity on June 30, 2012	12.9	38.7	13.9	1.8	67.4

NOTES TO THE INTERIM FINANCIAL REPORTING

Accounting principles for the interim financial reporting:

The same accounting policies and methods of computation are followed in the interim financial reporting as compared with annual financial statements.

Explanatory comments about the seasonality or cyclicality of reporting period operations:

The Company operates in business areas which are subject to seasonal fluctuations.

Payment of dividend:

The General Meeting held on March 26, 2012 decided in accordance with the proposal of the Board of Directors that no dividend shall be distributed.

SEGMENT INFORMATION (MEUR)

OPERATING SEGMENTS	**1-6/2012 6 months**	**1-6/2011 6 months**	**1-12/2011 12 months**
Automotive			
Net sales to external customers	55.7	46.3	98.3
Net sales to other segments	0.0	0.0	0.0
Net sales total	55.7	46.3	98.3

Operating profit (loss)	1.2	0.1	0.8
Wireless			
Net sales to external customers	40.9	29.6	63.6
Net sales to other segments	0.2	0.2	0.4
Net sales total	41.1	29.8	63.9
Operating profit (loss)	-0.6	-4.5	-4.7
OTHER ITEMS			
Other items			
Net sales to external customers	0.0	0.1	0.4
Operating profit (loss)	-0.0	-0.0	-0.1
Eliminations			
Net sales to other segments	-0.2	-0.2	-0.4
Operating profit (loss)	0.0	0.0	0.0
Group total			
Net sales to external customers	96.6	76.1	162.2
Operating profit (loss)	0.5	-4.4	-4.0

Net sales of geographical areas (MEUR)	**1-6/2012**	**1-6/2011**	**1-12/2011**
	6 months	**6 months**	**12 months**
Net sales			
Europe	75.1	58.8	123.5
Americas	15.8	10.6	23.2
Asia	5.7	6.7	15.5
Net sales total	96.6	76.1	162.2

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

On August 2, 2012, Elektrobit Inc., a subsidiary of EB and TerreStar Corporation and certain of its preferred shareholders, entered into a conditional agreement of settlement of the various disputes between them in TerreStar Corporation Chapter 11 reorganization cases. According to the settlement, if conditions to its effectiveness are fulfilled, TerreStar Corporation shall be obligated to pay to Elektrobit Inc., an immediate cash payment of USD 13.5 million (EUR 10.9 million as per exchange rate of August 7, 2012) in full and final satisfaction of its claim against TerreStar Corporation and in resolution of all disputes between EB and the other parties in the TerreStar Corporation reorganization cases. The settlement does not include the TerreStar Networks Chapter 11 cases, which remain pending, and does not include any distribution therefrom that may be available for EB.

If approved by the Bankruptcy Court and funded by TerreStar Corporation, the Settlement Payment in the TerreStar Corporation Chapter 11 cases alone, and without any further distribution from the TerreStar Networks Chapter 11 cases, would result a positive effect of approximately USD 1.6 million (EUR 1.3 million as per exchange rate of August 7, 2012) on EB's operating result and a positive effect on EB's cash flow of approximately USD 13 million (EUR 10.4 million as per exchange rate of August 7, 2012) after estimated tax effects. If the Settlement is approved by the Bankruptcy Court and TerreStar Corporation receives the requested new financing, the Settlement Payment would be paid within two business days after the Settlement becomes effective by its terms, i.e. during the third year quarter of 2012.

Effects by the settlement to the operating result or to the cash flow have not been reflected to the interim report calculations.

Related party transactions:	**1-6/2012**	**1-6/2011**	**1-12/2011**
	6 months	**6 months**	**12 months**
Employee benefits for key management and stock option expenses total	0.7	0.9	1.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	**4-6/ 2012 3 months**	**1-3/ 2012 3 months**	**10-12/ 2011 3 months**	**7-9/ 2011 3 months**	**4-6/ 2011 3 months**
NET SALES	48.0	48.6	49.0	37.0	39.7
Other operating income	0.7	0.6	0.8	0.5	0.9
Change in work in progress and finished goods	0.1	-0.2	-0.3	0.1	0.1
Work performed by the undertaking for its own purpose and capitalized	0.0	0.0	0.4	0.0	0.0
Raw materials	-4.0	-3.2	-3.1	-2.9	-3.0
Personnel expenses	-25.8	-27.1	-25.2	-22.5	-23.3
Depreciation	-1.9	-1.7	-1.8	-1.9	-2.7

Other operating expenses	-17.4	-16.1	-16.3	-13.4	-12.2
OPERATING PROFIT (LOSS)	-0.4	0.9	3.5	-3.1	-0.5
Financial income and expenses	0.4	-0.4	0.3	0.0	-0.3
RESULT BEFORE TAXES	0.1	0.5	3.8	-3.1	-0.8
Income taxes	-0.2	-0.1	-0.6	0.0	-0.0
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-0.1	0.3	3.2	-3.1	-0.8
Other comprehensive income for the period total	-0.0	0.0	0.0	-0.1	-0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-0.2	0.3	3.2	-3.2	-0.9
Result for the period attributable to:					
Equity holders of the parent	-0.3	0.2	3.1	-3.1	-0.8
Non-controlling interests	0.2	0.2	0.1	0.0	0.0
Total comprehensive income for the period attributable to:					
Equity holders of the parent	-0.3	0.2	3.1	-3.2	-0.9
Non-controlling interests	0.2	0.2	0.1	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	**June 30, 2012**	**March 31, 2012**	**Dec. 31, 2011**	**Sept. 30, 2011**	**June 30, 2011**
ASSETS					
Non-current assets					
Property, plant and equipment	9.7	9.3	9.0	8.4	9.2
Goodwill	19.3	19.3	19.3	19.2	18.5
Intangible assets	17.8	17.2	15.7	14.3	13.4
Other financial assets	0.1	0.1	0.1	0.1	0.1
Receivables					
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
Non-current assets total	47.0	46.0	44.1	42.1	41.3
Current assets					
Inventories	2.5	2.0	1.8	2.1	2.2
Trade and other receivables	68.0	62.1	59.3	54.7	47.0
Financial assets at fair value through profit or loss		0.1			0.0
Cash and short term deposits	8.6	7.3	10.0	7.2	17.8
Current assets total	79.1	71.4	71.0	64.0	67.0
TOTAL ASSETS	126.2	117.4	115.1	106.1	108.3

EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	12.9	12.9	12.9	12.9	12.9
Invested non-restricted equity fund	38.7	38.7	38.7	38.7	38.7
Translation difference	0.4	0.5	0.4	0.4	0.5
Retained earnings	13.4	13.7	13.4	10.2	12.3
Non-controlling interests	1.8	1.7	1.5	1.4	1.4
Total equity	67.4	67.5	67.0	63.6	65.9
Non-current liabilities					
Deferred tax liabilities	0.9	0.9	1.0	1.1	1.2
Pension obligations	1.3	1.3	1.3	1.3	1.2
Provisions	0.5	0.7	0.5	0.6	0.8
Interest-bearing liabilities	4,9	3.7	4.0	4.3	5.9
Non-current liabilities total	7,6	6.7	6.9	7.3	9.1
Current liabilities					
Trade and other payables	40.3	35.5	34.9	29.1	27.6
Financial liabilities at fair value through profit or loss	0.1		0.3	0.5	
Provisions	1.4	0.7	1.0	0.7	0.7
Interest-bearing loans and borrowings (non-current)	9,4	7.1	5.0	4.9	5.0
Current liabilities total	51,2	43.2	41.3	35.2	33.3
Total liabilities	58.8	49.9	48.1	42.5	42.4
TOTAL EQUITY AND LIABILITIES	126.2	117.4	115.1	106.1	108.3

CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	**4-6/ 2012 3 months**	**1-3/ 2012 3 months**	**10-12/ 2011 3 months**	**7-9/ 2011 3 months**	**4-6/ 2011 3 months**
Net cash from operating activities	0.8	-0.9	7.1	-6.6	3.4
Net cash from investing activities	-2.1	-2.5	-3.7	-2.3	-2.8
Net cash from financing activities	2.6	0.7	-0.6	-1.7	-0.8
Net change in cash and cash equivalents	1.3	-2.7	2.7	-10.6	-0.3

FINANCIAL PERFORMANCE RELATED RATIOS	**1-6/2012 6 months**	**1-6/2011 6 months**	**1-12/2011 12 months**
STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Net sales	96.6	76.1	162.2
Operating profit (loss)	0.5	-4.4	-4.0

Operating profit (loss), % of net sales	0.5	-5.8	-2.5
Result before taxes	0.5	-5.1	-4.5
Result before taxes, % of net sales	0.6	-6.7	-2.8
Result for the period	0.2	-5.1	-5.1
PROFITABILITY AND OTHER KEY FIGURES			
Interest-bearing net liabilities, (MEUR)	5.7	-6.9	-0.9
Net gearing, -%	8.5	-10.5	-1.4
Equity ratio, %	58.1	64.7	62.8
Gross investments, (MEUR)	6.8	5.7	12.4
Average personnel during the period	1659	1539	1553
Personnel at the period end	1711	1525	1607

AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
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	130 230	130 187	130 051

STOCK-RELATED FINANCIAL RATIOS (EUR)	**1-6/2012 6 months**	**1-6/2011 6 months**	**1-12/2011 12 months**
Basic earnings per share	-0.00	-0.04	-0.04
Diluted earnings per share	-0.00	-0.04	-0.04
Equity *) per share	0.51	0.50	0.51

*) Equity attributable to equity holders of the parent

MARKET VALUES OF SHARES (EUR)	**1-6/2012 6 months**	**1-6/2011 6 months**	**1-12/2011 12 months**
Highest	0.79	0.76	0.76
Lowest	0.38	0.50	0.36
Average	0.63	0.66	0.55
At the end of period	0.62	0.50	0.38
Market value of the stock, (MEUR)	80.2	64.7	49.2
Trading value of shares, (MEUR)	5.1	2.4	5.0
Number of shares traded, (1,000 pcs)	8 222	3 585	9 169

Related to average number of shares %	6.4	2.8	7.1

SECURITIES AND CONTINGENT LIABILITIES (MEUR)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
AGAINST OWN LIABILITIES			
Floating charges	18.1	8.1	11.4
Guarantees	23.5	15.0	22.7
Rental liabilities			
Falling due in the next year	6.8	4.3	6.9
Falling due after one year	16.6	15.9	17.9
Other contractual liabilities			
Falling due in the next year	2.3	3.2	2.5
Falling due after one year		1.8	
Mortgages are pledged for liabilities totalled	9.7	5.4	4.3

NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
Foreign exchange forward contracts			
Market value	0.0	0.0	-0.3
Nominal value	4.0	14.5	5.5
Purchased currency options			
Market value	0.0		0.1
Nominal value	5.0		4.3
Sold currency options			
Market value	-0.2		-0.1
Nominal value	10.0		8.6