

ELCOTEQ NETWORK CORPORATION'S FINANCIAL STATEMENTS BULLETIN
JANUARY 1 - DECEMBER 31, 2001

Financial year 2001

- Net sales MEUR 1,862.5 (MEUR 2,213.5 in 2000)
- Operating loss MEUR -18.4 (MEUR 66.4)
- Loss before taxes MEUR -30.7 (MEUR 54.4)
- Return on capital employed -3.5 % (20.4 %)
- Earnings per share EUR -1.08 (EUR 1.38)
- Cash flow after investing activities MEUR 123 positive (MEUR -167)
- The Board proposes that no dividend be paid on 2001

Final quarter in 2001

- Net sales up 24.3 % from Q3/2001 to MEUR 531.6 (MEUR 689.8 in 2000)
- Operating profit MEUR 4.9 (MEUR 20.1)
- Profit before taxes MEUR 2.9 (MEUR 14.5)
- Earnings per share EUR 0.0 (EUR 0.35)
- Working capital management improved resulting in cash flow after investing activities of MEUR 58 (MEUR -16)
- Interest-bearing net debt MEUR 39.4 (MEUR 150.5)

The markets in 2001

The halting of growth in the mobile phone and communications network markets required the industry, which had anticipated continuing growth, to take streamlining measures. At the same time competition intensified considerably and only very few of the strongest corporations in the entire electronics sector were able to maintain a good level of profitability.

The difficult market conditions accelerated outsourcing of manufacturing operations with electronics companies in many cases selling their entire production function to their electronics manufacturing services (EMS) partners. Most of these new outsourcing projects went to the largest and most international EMS companies, which further polarized the EMS business between large international players and small local niche companies.

Despite the modest growth in the degree of outsourcing the electronics manufacturing services industry in fact shrank in volume approximately 2 % during 2001 as manufacturing volumes were hit by weaker than expected demand for end products.

Elcoteq's growth expectations not reached

Elcoteq's net sales in 2001 totaled MEUR 1,862.5 (MEUR 2,213.5 in 2000), i.e. 15.8 % down on the previous year. There were two principal reasons for the decrease. The first was Ericsson's decision in January 2001 to cease manufacturing mobile phones in Europe and to sell its manufacturing plants to a competitor of Elcoteq. This meant the termination of mobile phone production for Ericsson at Elcoteq's plant in Estonia during the first quarter and at its plant in Hungary during the second quarter. In 2000 manufacturing of Ericsson mobile phones at Elcoteq's plants in Europe accounted for almost 30 % of Elcoteq's net sales. In 2001 this figure dropped to below 5 %. The second reason behind the reduction in

Elcoteq's net sales was the termination of PC monitor manufacturing for Nokia, as planned, at the end of 2000. In 2000 this activity represented over 10 % of Elcoteq's net sales. Hence Elcoteq's net sales in 2001 were entirely missing operations that accounted for roughly one-third of its net sales in 2000.

As the year 2001 got under way Elcoteq's plans were still built around rapid growth in net sales of as much as 50 %. This was based on well-grounded expectations of growth in outsourcing and manufacturing volumes related to both mobile phone manufacturing and, in particular, to the manufacture of communications network equipment.

In the former case, mobile phones, the expected growth was based both on general forecasts of market growth and on agreements already concluded with customers. In October 2000, for example, Elcoteq had agreed with Ericsson that Elcoteq's plants in Estonia and Hungary should handle the bulk of Ericsson's mobile phone manufacturing. Ericsson's unexpected decision in January 2001, described above, undercut these expectations. All in all net sales of the Terminal Products business area, which manufactures mainly mobile phones, fell approximately 12 % in 2001 to MEUR 1,456.9 (MEUR 1,662.5). The considerable reduction in manufacturing volume in Europe was offset by marked growth in China.

Growth expectations were even higher in communications network systems than in mobile phones. Elcoteq had negotiated a stronger supplier position for itself with two leading communications network equipment manufacturers, Ericsson and Nokia. Manufacturers and analysts in this field, moreover, forecast that telecoms operators would begin heavy investments during 2001 to build third-generation mobile phone networks. Investments by operators were postponed indefinitely, however, and Elcoteq's sales in this business area did not grow anything like as expected even though the company saw its Communications Network Equipment's net sales increase almost 20 % to MEUR 170.9 (MEUR 142.9).

In industrial electronics, Elcoteq reached its net sales target for 2001; this business area's net sales rose almost 140 % from MEUR 98 in the previous year to MEUR 234.8. The main contributing factor was the acquisition of an industrial electronics manufacturing unit from ABB in Switzerland at the beginning of 2001. Operations also developed well with other industrial electronics customers. In October, for example, Elcoteq made a new partnership agreement with Finnish elevator manufacturer Kone bringing both companies into much closer collaboration as Elcoteq became Kone's preferred electronics supplier.

Elcoteq's largest customers in 2001 were companies belonging to the ABB, Ericsson, Kone, Nokia and Philips groups. Companies in the Ericsson and Nokia groups accounted for 85 % (92 %) of Elcoteq's net sales. In 2001 Elcoteq gained several new customers like Andrew Corporation in the USA. These agreements did not include the acquisition of customers' manufacturing plants and therefore co-operation began with small manufacturing volumes.

Fourth-quarter result

Demand strengthened considerably during the fourth quarter compared to the previous quarter. Christmas sales caused an appreciable increase in production volumes.

Net sales in the final quarter totaled MEUR 531.6 (MEUR 689.8). This exceeds the company's target of MEUR 500 and also represented a 24 % increase in net sales on the previous quarter's figure of MEUR 427.7. The result of operations in the quarter was, as forecast, positive, an operating profit of MEUR 4.9 compared to an operating loss of MEUR -16.1 in the third quarter. The pretax profit was MEUR 2.9 (MEUR 14.5). Earnings per share in the fourth quarter were 0.00 euros (0.35 euros in Q4/2000).

Management of working capital was excellent despite the sharp increase in net sales. A further reduction

in inventories was evident in the fourth quarter by approximately MEUR 20.8 and cash flow was MEUR 58 positive.

Net sales and performance in 2001

Elcoteq's net sales in 2001 totaled MEUR 1,862.5 (MEUR 2,213.5) and the company posted an operating loss of MEUR -18.4 (MEUR 66.4). The operating loss included non-recurring costs amounting to MEUR -18.8. Of this figure, a single write-off of MEUR 7 was entered in the second quarter on material liabilities arising from the sharp slowdown in business volume, and MEUR 11.8 was recorded in the third quarter as costs arising from the adjustment program. The operating loss also included MEUR 27 in other income from operations, most of which consisted of materials and compensation for unused reserved capacity.

Elcoteq recorded a pretax loss of MEUR -30.7 (MEUR 54.4) and a loss after taxes and minority interest totaling MEUR -32.0 (MEUR 37.2). Elcoteq's balance sheet remained strong and totaled MEUR 610.7 at the year end. The balance sheet was considerably lighter than the figure at the close of the previous year, MEUR 801.4, largely because of lower inventories. Inventories at the end of December amounted to MEUR 177.7 (MEUR 300.5 one year earlier and MEUR 198.6 at the end of September).

Capital expenditure

Gross capital expenditure totaled 2.4 % of net sales or MEUR 45.1 (MEUR 125.7) and depreciation amounted to MEUR 48.4 (MEUR 34.7). The largest focus of investment was China. Other investments included the acquisition of the electronics unit in Baden, Switzerland, and a repair center for communications network equipment from Nokia Networks in Finland.

At the beginning of November Elcoteq's Board of Directors decided to build a new manufacturing plant in the Xingwang Industrial Park in Beijing, China. The plant, now under design, will manufacture mobile phone electronics.

Financing

The Group's liquidity remained strong throughout the year. The solvency ratio was 39.6% (35.1%) at the end of the period. Interest-bearing net debt at the end of December totaled MEUR 39.4 (MEUR 150.5) and the company had MEUR 157.8 in unused credit lines. Interest-bearing debt carried average interest of 4.5 % at the end of the period.

The strongly positive cash flow (MEUR 123), mainly the result of released working capital, enabled the company to reduce its loan principal. In addition to the reduction in inventories, attributable to improved material turnover, the company also sold accounts receivable to certain financial institutions. Sold accounts receivable totaled MEUR 81.2 (MEUR 46.9) at the year end and are not included in the balance sheet.

Elcoteq signed an agreement with a syndicate of five banks for a MEUR 105 revolving credit facility in March 2001. This was used to refinance earlier revolving credit facilities and for general corporate purposes.

Adjustment program

In response to the reduction in demand Elcoteq initiated an adjustment program aimed at achieving

annual savings of MEUR 16. The savings will be fully evident during 2002. The program's measures affect all parts of the company.

A central element of the adjustment program was the release of working capital, mentioned above. Management of the company's working capital processes was made more efficient.

The program included the decision to move production from the plant in Poland to Hungary. It was decided to convert the plants in Überlingen, Germany, and Lohja, Finland, to providing engineering and new product introduction services. Production capacity was reduced substantially in Estonia, Hungary and Mexico.

The adjustment program resulted in non-recurring costs totaling MEUR 11.8 for the Group. These costs, recorded in the third quarter, related to capacity reductions and restructuring, personnel reductions and the withdrawal from Poland.

Three business areas

Elcoteq reorganized its operations around three business areas at the beginning of 2001 in order to serve all these areas' customers more effectively. The business areas are: Terminal Products, Communications Network Equipment and Industrial Electronics.

The Annual General Meeting

Elcoteq's Annual General Meeting was held on March 14, 2001. The Meeting authorized the Board for one year to float one or several convertible bond loans and/or to issue stock options and/or to decide on raising the share capital in one or more installments through a rights issue. At most 5,898,330 new Series A shares may be subscribed under this authorization. The Meeting also authorized the Board to purchase at most 1,474,582 of the company's own Series A shares in one or more installments. At the same time the Board was authorized to dispose of the same number of shares on specific terms. None of the authorizations has been exercised.

The Meeting approved the Board's proposal to issue new stock options to key employees in Elcoteq Network Group and to a wholly owned subsidiary of Elcoteq Network Corporation. The stock option scheme was implemented and based on these warrants the total number of Series A shares could increase by 2,685,000.

Board of Directors and President

Elcoteq Network Corporation's Annual General Meeting on March 14, 2001 re-elected the following persons to the Board of Directors: President Martti Ahtisaari; Mr Heikki Horstia, Vice President, Treasurer of Wärtsilä Corporation; Mr Antti Piippo, Chairman of the Board of Elcoteq Network Corporation; Mr Henry Sjöman, Group Vice President, Elcoteq Network Corporation; Mr Juha Toivola, MSc; and Mr Jorma Vanhanen, Group Vice President, Elcoteq Network Corporation. Mr Eero Kasanen, Rector of the Helsinki School of Economics and Business Administration, was elected to the Board as a new member. The Board elected as its chairman Mr Antti Piippo who at the end of August temporarily handed over his responsibilities in this capacity owing to events in his private life. Since then the Board has been chaired by its deputy chairman Mr Juha Toivola.

Mr Tuomo Lähdesmäki, the President since 1997, resigned on August 3, 2001 and his place was taken temporarily by Mr Hannu Bergholm MSc (Econ.). Mr Bergholm's term ended on November 30, 2001 with the appointment of Mr Lasse Kurkilahti BSc (Econ.) as President and CEO of the company.

Shares and shareholders

Elcoteq's Annual General Meeting on March 14, 2001 decided to amend the Articles of Association with respect to the company's share capital and nominal share value owing to the adoption of the euro. The nominal value of the company's Series A and K shares was changed to 0.4 euros per share. The company's share capital now totals 11,796,660.80 euros. The company had altogether 29,491,652 shares at the end of 2001: the number of Series A shares totaled 18,914,652 and the number of Series K shares 10,577,000.

According to the share register on December 28, 2001 the company had 12,947 registered shareholders. There were altogether 7,068,153 nominee-registered or foreign-registered shares, representing 24 % of the shares and 5.7 % of the total voting power at general meetings.

The auditors

The Annual General Meeting re-appointed the firm of authorized public accountants KPMG Wideri Oy Ab as the company's auditors under the supervision of principal auditor Mr Birger Haglund, APA.

Personnel

Elcoteq's personnel decreased by approximately 3,000 during 2001. The largest reductions took place in Estonia and Hungary, and the largest increase was in China. At the end of December 2001 the Group had altogether 8,350 (11,371) employees: 964 in Finland and 7,386 in other countries. The average number of employees during 2001 was 9,960 (9,630).

Prospects

Economic uncertainty is still prevalent in most business sectors. Visibility to market trends remains poor and for these reasons it is difficult for the company to estimate its prospects accurately.

Based on the current outlook Elcoteq's first-quarter net sales will remain clearly below the previous quarter's net sales and its result will be a loss. A primary goal is to increase sales and achieve a substantial improvement in profitability during the latter part of 2002.

Changes in the operating environment will require not only adjustment measures but also reformulation of Elcoteq's strategy. The aim is to exploit and further develop the company's existing manufacturing network and expertise so that Elcoteq's services provide a sustainable competitive advantage to selected customer groups.

Board's proposal

The Board proposes to the Annual General Meeting that no dividend be distributed on the financial year 2001.

Helsinki, February 4, 2002

Board of Directors

Further information:

Mr Lasse Kurkilahti, President and CEO, tel. +358 (0) 10 413 11

Mr Osmo Kammonen, Group Vice President, Communications and IR, +358 (0) 10 413 1406,
GSM +358 (0) 50 593 0770

Media conference

Elcoteq will hold a press conference for media representatives in the Pavilion Cabinet of the Scandic Hotel Simonkenttä (Simonkatu 9, 8th floor) in Helsinki starting at 1.00 pm Eastern European time on Tuesday, February 5, 2002.

Conference call for analysts and fund managers

A conference call will be held in English for analysts and fund managers in the Pavilion Cabinet of the Scandic Hotel Simonkenttä (Simonkatu 9, 8th floor) in Helsinki starting at 2.30 pm Eastern European time (12.30 pm UK time). To participate by phone, please call +44 20 8240 8245, code Elcoteq. A taped recording of the teleconference will be available for three days after the call on +44 20 8288 4459, code 647352.

CONVERSION RATES

The following conversion rates are used in this report:

1 EUR = 0.88130 USD

1 USD = 6.746545 FIM

ENCLOSURES

- 1 Income Statement
- 2 Balance Sheet
- 3 Cash Flow Statement
- 4 Personnel
- 5 Key Financial Figures
- 6 Contingent Liabilities
- 7 Quarterly Figures

APPENDIX 1

CONSOLIDATED INCOME STATEMENT, EUR 1,000	1-12/2001	1-12/2000
NET SALES	1,862,490	2,213,537
Change in stock of work in progress and finished goods	-10,305	17,439
Other income from operations	27,382	8,509
Production materials and services		
Materials and supplies		
Purchases during period	-1,450,462	-2,070,789
Change in inventories	-137,611	117,819
Materials and supplies, total	-1,588,073	-1,952,970
External services	-830	-4,712
	-1,588,903	-1,957,683
Personnel expenses		
Wages, salaries and fees	-109,868	-85,944
Indirect personnel expenses		
Pension costs	-11,877	-9,765
Other indirect employer costs	-17,710	-12,193
	-139,455	-107,902
Depreciation and writedowns		
Depreciation according to plan	-48,194	-34,629
Amortization of goodwill on consolidation	-180	-78
	-48,374	-34,707
Other operating expenses	-109,484	-72,748
Restructuring costs	-11,794	-
OPERATING PROFIT	-18,443	66,445
Financial income and expenses		
Financial income		
Exchange gains	2,754	1,579
Other financial income	1,920	2,358
	4,675	3,937
Financial expenses		
Interest expenses	-9,909	-11,202
Exchange losses	-2,547	-1,909
Other financial expenses	-4,494	-2,876
	-16,951	-15,987
Financial income and expenses, total	-12,276	-12,051
PROFIT BEFORE EXTRAORDINARY ITEMS	-30,718	54,394
Extraordinary items		
Extraordinary income	0	0
Extraordinary expenses	0	0
PROFIT BEFORE TAXES	-30,718	54,394

Income taxes		
Income taxes for the financial year	-1,794	-17,025
Income taxes for prior years	-342	-344
Other direct taxes	-626	-171
Change in deferrad tax liability	2,931	1,979
Income taxes total	169	-15,562
Minority interests	-1,434	-1,669
NET INCOME FOR THE FINANCIAL YEAR	-31,984	37 163

APPENDIX 2

CONSOLIDATED BALANCE SHEET, EUR 1,000 **Dec.31,2001** **Dec.31,2000**

ASSETS

Fixed assets

Intangible assets

Intangible assets	364	73
Other long-term expenditure	24,199	17,011
Advance payments	138	368
Goodwill on consolidation	467	321
	25,168	17,773

Tangible assets

Land and water	2,436	2,413
Buildings	30,429	32,013
Machinery and equipment	116,867	125,276
Advance payments and construction in progress	3,416	3,734
	153,148	163,435

Investments

Shares in associated companies	37	39
Receivables from associated companies	87	87
Other shares and holdings	491	845
	615	972

Fixed assets total

178,931 **182,180**

Current assets

Inventories

Raw materials	142,459	265,597
Work in progress	14,697	18,280
Finished goods	20,325	16,606
Advance payments	266	16
	177,748	300,498

Long-term receivables

Deferred tax assets	3,206	1,081
Other loan receivables	18	261
	3,223	1,342

Short-term receivables		
Accounts receivable	194,374	239,363
Prepaid expenses and accruals	19,957	46,171
	<u>214,331</u>	<u>285,534</u>
Cash and cash equivalents	36,432	31,810
Current assets, total	431,735	619,184
TOTAL ASSETS	610,666	801,364

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Share capital	11,797	9,919
Share premium account	202,550	202,523
Other reserves	8,326	94
Translation difference	4,966	2,701
Retained earnings	40,063	24,043
Net income for the financial year	-31,984	37,163
Shareholders' equity, total	235,719	276,443

Minority interests	6,284	4,568
---------------------------	--------------	--------------

Provisions

Restructuring provision	3,100	25
Provisions total	3,100	25

Liabilities

Long-term liabilities		
Bonds	-	2,523
Medium-term capital notes	21,941	21,941
Loans from financial institutions	24,376	20,579
Pension loans	3,536	4,215
Other debt	137	130
Deferred tax liability	1,177	1,971
	<u>51,168</u>	<u>51,360</u>
Payments due within one year	-12,565	-3,676
	<u>38,603</u>	<u>47,684</u>
Short-term liabilities		
Loans from financial institutions	23,325	42,632
Commercial paper programs	15,767	94,970
Pension loans	27	14
Advances received	2	-
Accounts payable	239,620	295,670
Other short-term liabilities	12,049	8,525
Accrued expenses	36,169	30,833
	<u>326,960</u>	<u>472,644</u>

Liabilities total	365,563	520,328
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	610,666	801,364

APPENDIX 3

CONSOLIDATED CASH FLOW STATEMENT EUR 1,000 1-12/2001 1-12/2000

Cash flow from operating activities

Profit before extraordinary items	-30,718	54,394
Adjustments:		
Depreciation according to plan	48,374	34,707
Unrealized exchange rate gains and losses	-2,106	-711
Other income and expenses with no payment	-	-3
Financial income and expenses	10,087	9,687
Other adjustments	-1,412	-222
Cash flow before change in working capital	24,224	97,852
Change in working capital:		
Change in interest-free short-term receivables	90,026	-68,954
Change in inventories	151,630	-135,944
Change in interest-free short-term debt	-61,563	73,271
Cash flow from operations before financial items and taxes	204,318	-33,776
Interest paid and payments on other financial expenses	-14,160	-14,078
Dividends received from business operations	50	28
Other financial income from business operations	1,503	2,358
Income taxes paid	-1,401	-13,053
Cash generated from operations	190,309	-58,521

Cash flow from investing activities

Investments in tangible and intangible assets	-43,856	-109,568
Proceeds from sale of tangible and intangible assets	3,126	7,462
Subsidiary shares acquired	-26,431	-7,904
Loans granted	-2	0
Repayments of loan receivables	245	1,805
Change in minority interest	-	-
Cash flow from investing activities	-66,918	-108,205

Cash flow from financing activities

Share issue	29	104,451
Other change in shareholders' equity	-	-29
Withdrawals of short-term debt	-1,831	57,689
Repayments of short-term debt	-107,399	-7,746
Withdrawals of long-term debt	3,659	25,786
Repayments of long-term debt	-3,202	-431

Dividends paid and other distribution of profits	-11,160	-3,077
Cash used in financing activities	-119,903	176,644
Cash and cash equivalents	3,488	9,918
Cash and cash equivalents at January 1	31,810	20,492
Adjustment for translation difference in cash flows	1,134	1,399
Cash and cash equivalents at December 31	36,432	31,810

APPENDIX 4

PERSONNEL

The Group had 9 960 (9 630) employees on average during the year, distributed geographically as follows:

	At Jan. 1	At Dec. 31	Change	Average
Finland	1,416	964	-452	1,228
Hong Kong	94	102	8	104
Japan	12	12	0	12
China	1,316	1,864	548	1,667
Mexico	1,253	648	-605	869
Poland	180	90	-90	200
Sweden	0	2	2	0
Hungary	3,219	1,943	-1,276	2,460
Germany	275	181	-94	243
Switzerland	5	329	324	316
Denmark	3	1	-2	3
USA	10	15	5	14
Russia	162	151	-11	159
Estonia	3,426	2,048	-1,378	2,685
Total	11,371	8,350	-3,021	9,960

APPENDIX 5

KEY FINANCIAL FIGURES

	2001	2000	1999	1998	1997
OPERATIONS					
Net sales MEUR	1,862.5	2,213.5	752.5	394.6	282.3
of which outside Finland, %	76.5	68.5	80.3	64.7	77.8
Gross capital expenditure MEUR (excludes machinery and equipment acquired using operating leases)	45.1	125.7	50.2	44.0	22.2

Personnel on average during the year	9,960	9,630	4,733	3,085	2,593
--------------------------------------	-------	-------	-------	-------	-------

PROFITABILITY

Operating profit, MEUR	-18.4	66.4	14.5	10.4	13.6
as % of net sales	-1.0	3.0	1.9	2.6	4.8
Profit before taxes, MEUR	-30.7	54.4	9.8	8.7	9.6
as % of net sales	-1.6	2.5	1.3	2.2	3.4
Net income, MEUR	-32.0	37.2	5.0	7.1	7.3
as % of net sales	-1.7	1.7	0.7	1.8	2.6
Return on equity (ROE) %	-11.7	19.3	5.4	6.6	12.1
Return on investment (ROCE/ROI) %	-3.5	20.4	8.2	8.1	14.1

FINANCIAL RATIOS

Current ratio	1.3	1.3	1.2	1.7	2.6
Solvency 1, %	39.6	35.1	27.5	43.8	52.7
Solvency 2, %	39.6	35.1	31.7	51.0	62.0
Gearing 1	0.2	0.5	0.7	0.4	-0.4
Gearing 2	0.2	0.5	0.5	0.2	-0.5
Interest-bearing liabilities, MEUR	75.8	182.3	89.3	44.3	26.8
Interest-bearing net debt	39.4	150.5	68.8	30.6	-60.2

FINANCIAL RATIOS PER SHARE

Earnings per share (EPS) *) EUR	-1.08	1.38	0.21	0.32	0.44
Earnings per share, diluted (EUR)	-0.99	1.33			
Shareholders' equity per share, EUR	7.99	9.37	5.04	4.81	4.53
Shareholders' equity per share, diluted (EUR)	7.11	9.07			
Dividend per share **), EUR	0.00	0.38	0.11	0.03	0.03
Dividend per share **) %	0.0	30.0	51.0	11.0	10.7
Dividend yield **), %	0.0	1.1	0.7	0.4	0.3
Price/earnings (P/E)	-9.1	24.4	72.0	30.1	26.1
Quotations					
* lowest share price, EUR	3.30	13.00	7.07	5.21	10.76
* highest share price, EUR	34.90	43.00	15.90	14.30	12.78
* average share price, EUR	11.92	30.26	9.42	9.46	11.85
* closing rate Dec. 30, EUR	10.00	33.50	15.20	9.25	11.52
Market capitalization					
* A share, MEUR	189.1	633.5	193.6	117.8	146.8
* K share, MEUR	105.8	354.3	160.8	97.8	121.9
* Total, MEUR	294.9	987.9	354.4	215.7	268.6

The closing rate of the A share at December 30, 2001 is used to calculate the market capitalization of both share series.

Share trading

* Number of shares traded	39,324,316	31,957,599	10,706,930	12,508,204	889,992
* Proportion of Series A shares, %	207.9	169.0	84.1	98.2	7.0

Average number of shares during the period (adjusted)

	29,491,373	26,944,809	23,315,500	23,315,500	16,558,377
--	------------	------------	------------	------------	------------

Number of shares at the

year end (adjusted)	29,491,652	29,488,902	23,315,500	23,315,500	23,315,500
---------------------	------------	------------	------------	------------	------------

*) Diluted EPS and diluted shareholders' equity per share are not shown for the years 1997-1999 since these figures were higher than the undiluted figures because of interest expenses arising from convertible capital notes

**) Dividend for the financial year 2001 is the Board of Directors' proposal to the Annual General Meeting.

Since 1998 the financial statements have been prepared in compliance with the Finnish Accounting Act which came into force on December 31, 1997. The figures and key ratios in the 1997 financial statements have been adjusted correspondingly.

APPENDIX 6

ASSETS PLEDGED AND CONTINGENT LIABILITIES, EUR 1,000

	2001	Group 2000	Parent company 2001	Parent company 2000
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from credit institutions	1,275	3,562	84	252
Mortgages	9,293	9,293	252	252
Mortgages on movable assets				
Loans from credit institutions	-	118	-	118
Mortgages for other loans	4,541	6,728	4,541	6,728
Other pledges given				
Mortgages on moveable assets	336	2,018	336	2,018
ON BEHALF GROUP COMPANIES				
Guarantees	-	-	164,062	149,328
ON BEHALF OF OTHERS				
Guarantees	486	725	486	725
LEASING COMMITMENTS				
Operating leasing, machinery (excl. VAT)	16,342	27,437	16,342	27,437
Finance leasing, machinery (excl. VAT)	-	146	-	146
Rent commitments, properties (excl. VAT)	27,010	21,047	6,003	3,618

DERIVATIVE CONTRACTS

Foreign exchange derivative financial instruments				
Foreign exchange forward contracts				
- Notional value	163,720	272,715	143,175	245,479
- Book value	-1,472	-3,424	-1,210	-3,412
- Market value	-1,349	-2,448	-1,084	-2,586
Currency options				
- Notional value	24,949	20,536	18,958	11,033
- Book value	-296	94	66	300
- Market value	-296	177	66	384
Interest rate derivatives				
- Notional value	145,387	-	145,387	-
- Book value	-71	-	-71	-
- Market value	-235	-	-235	-
Interest and currency swap contracts				
- Notional value	1,747	3,310	1,747	3,310
- Book value	557	962	-	-
- Market value	568	962	568	962

The fair value shows the realizable amount at which the instrument could be exchanged in a current transaction between willing parties if these instruments were closed off at the balance sheet date. The realizable amount also includes accrued interest.

OTHER COMMITMENTS

In calculating the value added tax for China Elcoteq has applied a method that has so far not received the written approval of the tax authorities. Should this approval not be forthcoming, the effect would be to reduce Elcoteq's result substantially. Elcoteq has estimated the risk to be small and has provisioned this estimated risk.

APPENDIX 7

QUARTERLY FIGURES

	Q4/ 2001	Q3/ 2001	Q2/ 2001	Q1/ 2001	Q4/ 2000	Q3/ 2000	Q2/ 2000	Q1/ 2000
INCOME STATEMENT, MEUR								
Net sales	531.6	427.7	433.3	469.9	689.8	591.4	494.1	438.2
Change in stock of work in progress and finished goods	-14.7	1.4	-3.0	6.0	-7.0	1.2	12.6	10.6
Other income from operations	4.4	3.9	7.7	11.4	1.2	4.8	1.0	1.5
Operating expenses	-503.8	-424.3	-437.3	-472.5	-651.7	-570.7	-485.4	-430.5
Restructuring costs	0.0	-11.8	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	-12.7	-12.9	-11.6	-11.2	-12.1	-8.3	-7.6	-6.7
Operating profit	4.9	-16.1	-10.8	3.6	20.1	18.4	14.7	13.2
% of net sales	0.9	-3.8	-2.5	0.7	2.9	3.1	3.0	3.0
Financial income and expenses	-2.0	-3.1	-2.9	-4.3	-5.7	-4.1	-1.6	-0.8
Profit before extraordinary items and taxes	2.9	-19.1	-13.8	-0.7	14.5	14.4	13.1	12.4

Income taxes	-2.3	2.6	1.2	-1.3	-3.0	-5.1	-3.8	-3.7
Minority interest	-0.4	-0.5	-0.5	0.0	-1.1	-0.3	-0.4	0.1
Net income	0.1	-17.0	-13.1	-2.0	10.4	9.1	8.9	8.8

BALANCE SHEET, MEUR

Fixed assets	178.9	179.7	189.8	189.2	182.2	157.5	124.0	106.6
Current assets								
Inventories	177.8	198.6	253.4	275.1	300.5	335.9	277.6	227.6
Other current assets	254.0	270.8	249.9	366.8	318.7	377.4	318.8	257.0
Assets	610.7	649.1	693.1	831.1	801.4	870.8	720.4	591.3

Share capital	11.8	11.8	11.8	9.9	9.9	9.9	9.7	8.3
Other shareholders' equity	223.9	222.2	242.0	255.2	266.5	257.0	227.5	135.3
Minority interest	6.3	5.6	5.5	4.8	4.6	3.6	3.6	3.2
Provisions	3.1	7.2	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities	38.6	50.9	50.8	52.0	47.7	42.5	28.7	25.8
Short-term liabilities	327.0	351.4	382.9	509.2	472.6	557.8	450.9	418.5
Shareholders' equity and liabilities	610.7	649.1	693.1	831.1	801.4	870.8	720.4	591.3

Personnel on average during the period	8,699	9,409	10,352	11,360	11,121	10,174	9,300	8,080
----------------------------------------	-------	-------	--------	--------	--------	--------	-------	-------

Gross capital expenditure, MEUR	10.3	7.9	8.4	18.5	38.0	41.9	25.2	20.6
---------------------------------	------	-----	-----	------	------	------	------	------

From 12 preceding months								
ROCE/ROI, %	-3.5	0.3	8.4	14.6	20.4	17.5	17.4	15.7
Earnings per share (EPS), EUR	0.00	-0.58	-0.44	-0.07	0.35	0.31	0.34	0.38
Solvency Ratio 2	39.6	36.9	37.4	32.5	35.1	31.1	33.6	25.1