

## ELCOTEQ NETWORK CORPORATION'S INTERIM REPORT JANUARY-MARCH 2005 (unaudited)

Elcoteq's net sales between January and March increased 38% compared to the same period last year totaling MEUR 810.3 (January-March 2004: MEUR 586.6). Operating income developed in line with the company's forecast and amounted to MEUR 9.5 (MEUR 8.1).

- Net sales increased 38% to MEUR 810.3 (MEUR 586.6)
- Operating income was MEUR 9.5 (MEUR 8.1)
- Income before taxes was MEUR 6.5 (MEUR 6.8)
- Earnings per share (EPS) were EUR 0.14 (EUR 0.10)
- Cash flow after investing activities totaled MEUR -41.6 (MEUR -90.1)
- Return on investment (trailing 12-month) was 16.8% (11.1%)
- Gearing was 0.5 (0.5)

This interim report has been prepared according to the International Financial Reporting Standards (IFRS), which Elcoteq has applied since the beginning of 2004. The comparison figures for income statement and earnings per share are the figures for continuing business operations in the corresponding period of 2004 unless otherwise stated. IFRS 2 (Share-Based Payments) and IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) were adopted at the beginning of 2005, which has caused changes to the 2004 comparison figures.

Elcoteq adopted IFRS 2 in the treatment of employee option rights on January 1, 2005. These options created costs totaling MEUR 1.2 in the 2004 comparison figures. The corresponding cost impact on the first-quarter figures in 2005 is MEUR 0.5 (MEUR 0.3).

The Industrial Electronics business divested in 2004 is treated as a discontinued operation under IFRS 5. This means that all the income statement items of this business are eliminated in the consolidated income statement and its result is shown as a separate item. In the 2004 comparison figures the consolidated operating income, for example, no longer includes the operating income of the Industrial Electronics business. The impacts of IFRS 5 on the Group's income statement are shown in Appendix 8.

#### Net sales and result

Elcoteq's net sales between January and March increased 38% compared to the same period last year and totaled MEUR 810.3 (MEUR 586.6). Most of the increase in net sales came from Europe and especially from Americas due to Elcoteq's acquisition of the Thomson manufacturing plant in Juarez, Mexico, at the end of 2004.

The Group's operating income in the first quarter developed as the company predicted and amounted to MEUR 9.5 (MEUR 8.1), or 1.2% of net sales. Operating income from continuing operations improved slightly on last year's level but relative profitability weakened mainly because of an unfavorable product mix and the cost impacts of several simultaneous expansion projects. Income before taxes totaled MEUR 6.5 (MEUR 6.8) and net income from continuing operations was MEUR 4.4 (MEUR 3.1). Earnings per share were EUR 0.14 (EUR 0.10). The comparative figures for 2004 including the discontinued (divested) operation were as follows: net income MEUR 5.3 and earnings per share EUR 0.18.

Gross capital expenditures on fixed assets between January and March totaled MEUR 21.6 (MEUR 19.9), or 2.7% of net sales. Most investments took place in Europe where the largest single item was the new manufacturing plant in St. Petersburg, Russia. Depreciation amounted to MEUR 17.0 (MEUR 13.7).

Cash flow after investing activities came to MEUR -41.6 (MEUR -90.1). The main reason for the negative cash flow was an increase in net working capital in the Terminal Products business area as the turnover of inventories and accounts receivable slowed down. In the Communications Network Equipment business area cash flow was slightly positive. Cash flow received by the Group from sold accounts receivable amounted to MEUR 190.0 at the end of March, which was MEUR 26.1 higher than at the end of 2004. The solvency ratio was 24.5% (29.5%) and gearing was 0.5 (0.5). Unused credit limits totaled MEUR 291.0. Commercial papers issued by the Group amounted to MEUR 103.0 (MEUR 40.0 at the end of 2004).

## Business areas

Elcoteq has two business areas: Terminal Products and Communications Network Equipment. In the first quarter of 2005 Terminal Products contributed 80% (79%) and Communications Network Equipment 20% (21%) of Elcoteq's net sales.

The companies within the Ericsson and Nokia groups accounted for altogether 63.1% (73.4%) of Elcoteq's first-quarter net sales. The figures do not include business activities with Sony Ericsson. Business activities with the new customers announced during 2004 (RIM, Siemens, Thomson and Vitelcom) have developed favorably.

First-quarter net sales of Terminal Products totaled MEUR 645.2 (MEUR 461.4) and the segment's operating income was MEUR 16.9 (MEUR 15.4). The increase in net sales compared to the first quarter of 2004 was almost 40%, an important reason for which was the transfer of production at Thomson's Juarez plant to Elcoteq at the end of 2004. Elcoteq manufactures set-top boxes at this plant.

Net sales of the Communications Network Equipment business area increased by approximately 32% on the comparison period, totaling MEUR 165.1 (MEUR 125.1). The segment's operating income, however, was weaker than last year, amounting to MEUR 2.6 (MEUR 4.7). Operating income was weakened by certain one-time items at the Überlingen plant in Germany.

During the first quarter Elcoteq and Tellabs reached agreement on the discontinuation of co-operation in the fall of 2005. Underlying this decision were changes in Tellabs' own business operations and strategy.

## Geographical areas

Elcoteq has three geographical areas: Europe, Asia-Pacific and Americas. Net sales grew in all geographical areas during the first quarter. In Europe net sales reached MEUR 466.0 (MEUR 366.6) and in Asia-Pacific MEUR 177.1 (MEUR 159.7). Net sales in the Americas almost tripled compared to the same period last year to MEUR 167.2 (MEUR 60.2), a major reason for which was the acquisition of the Thomson plant in Mexico at the end of 2004.

Elcoteq's new manufacturing plant in Bangalore, India, was completed in record time during the first quarter. This plant will serve both terminal products and communications network equipment customers. When operating at full capacity the plant will have approximately 1,000 employees.

## Personnel

At the end of March Elcoteq employed 18,753 (14,011) people, 874 (1,317) of whom worked in Finland and 17,879 (12,694) elsewhere. The geographical distribution of the personnel was as follows: Europe 9,825 (8,109), Asia-Pacific 5,262 (4,624) and Americas 3,666 (1,278). On average Elcoteq employed 19,047 (13,758) people between January and March, and the average number of people on Elcoteq's direct payroll was 14,560 (13,222).

## Shares and shareholders

At the end of March the company's share capital consisted of 30,705,862 shares, divided into 20,128,862 A shares and 10,577,000 K shares. All the K shares are held by the company's three principal shareholders.

Elcoteq had 13,424 registered shareholders on March 31, 2005. There were a total of 5,692,644 nominee-registered and foreign-registered shareholders, representing 18.5% of the total number of shares and 4.5% of the votes outstanding.

During the reporting period the direct and indirect holdings of Fidelity International Limited and its subsidiaries in Elcoteq Network Corporation decreased to below 5% (1/20) of the company's share capital. As of March 17, 2005 Fidelity owned 514,442 A shares, which corresponds to 1.68% of all the Elcoteq shares and 0.41% of the votes outstanding.

## Decisions of the Annual General Meeting

Elcoteq Network Corporation's Annual General Meeting took place in Helsinki, Finland, on March 23, 2005. The Meeting approved the Board's proposal to distribute a dividend of EUR 0.65 per share on the financial year 2004.

The Meeting elected seven members to the Board of Directors. The composition of the Board remained unchanged. The following persons were re-elected: President Martti Ahtisaari; Mr Heikki Horstia, Vice President, Treasurer, Wärtsilä Corporation; Dr Eero Kasanen, Rector of the Helsinki School of Economics; Mr Antti Piippo, principal owner and founder-shareholder of Elcoteq Network Corporation; Mr Henry Sjöman, founder-shareholder of Elcoteq Network Corporation; Mr Juha Toivola, MSc, and Mr Jorma Vanhanen, founder-shareholder of Elcoteq Network Corporation. The terms of office of the Board members extend until the end of the following Annual General Meeting. Ahtisaari, Horstia, Kasanen and Toivola are independent Board members, and they represent more than half the total number on the Board.

Convening after the Annual General Meeting, the Board of Directors elected Antti Piippo as its chairman and Juha Toivola as the deputy chairman. Antti Piippo was elected chairman of the Nomination Committee and Henry Sjöman, Jorma Vanhanen and Juha Toivola as this committee's other members.

Antti Piippo was elected chairman of the Working Committee and Henry Sjöman, Jorma Vanhanen and Juha Toivola as this committee's other members. Juha Toivola was elected chairman of the Compensation Committee and Martti Ahtisaari, Heikki Horstia and Eero Kasanen as this committee's other members. The Board elected Juha Toivola chairman of the Audit Committee and Martti Ahtisaari, Heikki Horstia and Eero Kasanen as this committee's other members.

The firm of authorized public accountants KPMG Oy Ab under the supervision of principal auditor Mr Mauri Palvi (APA) continues as the company's auditors.

The Meeting also approved the Board's proposal that the Board be authorized to float one or several convertible bond loans and/or to issue stock options and/or to raise the share capital in one or several installments through a rights issue. The company's share capital may be increased by at most EUR 2,456,468.80 under this authorization. This authorization is in force for one year from the decision of the Meeting, i.e. until March 23, 2006.

## Prospects

Elcoteq's principal goals in 2005 are

- Increase the number of ODM projects
- Broaden the company's customer base, especially in the Terminal Products business area
- Raise the profitability of the Communications Network Equipment business area

Elcoteq estimates that for the full year 2005 its net sales will increase and operating income from continuing operations will improve clearly compared to last year, and therefore the company's previous forecast for the full year remains unchanged.

Second-quarter net sales and operating income are expected to be higher than in the first quarter of the current year.

Espoo, Finland, April 27, 2005

Board of Directors

Further information:

Jouni Hartikainen, President and CEO, +358 10 413 11

Teo Ottola, CFO, +358 10 413 1240

Reeta Kaukiainen, Director, Communications and Investor Relations, +358 10 413 1742, GSM +358 50 522 0924

## Press conference

Elcoteq will hold a conference for media representatives and analysts in the Balsa-Freda Cabinet of the Scandic Hotel Simonkenttä (1st floor), Simonkatu 9, Helsinki, starting at 1.00 pm (EET) on Thursday, April 28, 2005.

## Web conference and conference call for analysts and investors

A web conference and conference call in English will be held on Thursday, April 28, 2005 starting at 3.00 pm EET (1.00 pm UK time). To participate by phone, please link in via [www.elcoteq.com](http://www.elcoteq.com) to <http://events.webeventservices.com/elcoteq/2005/04/28> and by calling +44 20 7162 0186, code Elcoteq.

A recording of the conference call can be heard until Tuesday, May 3, 2005 on +44 20 7031 4064, access code 641 190.

The results presentation (pdf file) will be available from approximately 11.00 am (EET) on April 28 on the company's website, [www.elcoteq.com](http://www.elcoteq.com).

The following EUR/USD exchange rate is used in this financial statements bulletin:

1 EUR = 1.2964 USD

Elcoteq will publish its second-quarter interim report on August 3, 2005 at 9.00 am (EET).

Enclosures:

- 1 Income statement
- 2 Balance sheet
- 3 Cash flow statement
- 4 Calculation of changes in shareholders' equity
- 5 Key figures
- 6 Business areas
- 7 Assets pledged and contingent liabilities
- 8 Impacts of IFRS 5 on the Group's income statement
- 9 Quarterly figures

## APPENDIX 1

<b>INCOME STATEMENT, MEUR</b>	<b>1-3/2005</b>	<b>1-3/2004</b>	<b>Change, %</b>	<b>1-12/2004</b>
<b>NET SALES</b>	<b>810.3</b>	<b>586.6</b>	<b>38.1</b>	<b>2,921.8</b>
Change in work in progress and finished goods	-5.2	20.6		10.6
Other operating income	1.7	1.0	77.7	5.9
Operating expenses	-780.3	-586.4	33.1	-2,820.6
Depreciation and writedowns	-17.0	-13.7	24.5	-60.4
<b>OPERATING INCOME</b>	<b>9.5</b>	<b>8.1</b>	<b>16.6</b>	<b>57.3</b>
% of net sales	1.2	1.4		2.0
Financial income and expenses	-2.8	-0.9	219.8	-11.3
Share of profits and losses of associates	-0.2	-0.4	-61.1	-1.0
<b>INCOME BEFORE TAXES</b>	<b>6.5</b>	<b>6.8</b>	<b>-4.3</b>	<b>44.9</b>
Income taxes	-2.7	-3.7	-25.1	-12.3
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>3.8</b>	<b>3.2</b>	<b>19.6</b>	<b>32.7</b>
Income from discontinued operations		2.2		7.9
<b>INCOME FOR THE PERIOD</b>	<b>3.8</b>	<b>5.4</b>	<b>-29.2</b>	<b>40.6</b>

**ATTRIBUTABLE TO**

Equity holders of the parent *)	4.4	5.3	-17.8	38.6
Minority interests	-0.6	0.1		1.9
	<b>3.8</b>	<b>5.4</b>		<b>40.6</b>

Reported taxes represent income tax for the period.

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

**APPENDIX 2**

<b>BALANCE SHEET, MEUR</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>	<b>Change, %</b>	<b>Dec. 31, 2004</b>
<b>ASSETS</b>				
Non-current assets				
Intangible assets	43.9	37.5	17.0	43.9
Tangible assets	206.7	152.3	35.7	205.8
Investments	14.4	14.8	-2.9	14.4
Long-term receivables	16.5	9.1	81.5	14.0
Non-current assets, total	281.4	213.7	31.7	278.1
Current assets				
Inventories	331.5	255.7	29.6	305.3
Current receivables	388.6	289.8	34.1	285.0
Cash and equivalents	70.2	18.4	280.4	39.2
Assets classified as held for sale		43.7		
Current assets, total	790.3	607.5	30.1	629.5
<b>ASSETS, TOTAL</b>	<b>1,071.7</b>	<b>821.3</b>	<b>30.5</b>	<b>907.6</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

Equity attributable to equity holders of the parent				
Share capital	12.3	12.2	0.9	12.3
Other shareholders' equity	243.3	222.8	9.2	258.0
Equity attributable to equity holders of the parent, total	255.6	235.0	8.8	270.3
Minority interests	6.7	5.9	12.7	6.6
Total equity	262.3	241.0	8.9	276.8
Long-term liabilities				
Long-term loans	72.3	31.0	133.1	72.2
Other long-term debt	4.9	14.4	-66.3	4.4
Long-term liabilities, total	77.1	45.4	69.8	76.6

Current liabilities				
Current loans	135.9	90.9	49.5	64.1
Other current liabilities	594.3	419.8	41.6	488.6
Provisions	2.1	1.7	23.7	1.5
Liabilities classified as held for sale		22.5		
Current liabilities, total	732.2	534.9	36.9	554.2
<b>SHAREHOLDERS' EQUITY</b>				
<b>AND LIABILITIES, TOTAL</b>	<b>1,071.7</b>	<b>821.3</b>	<b>30.5</b>	<b>907.6</b>

### APPENDIX 3

#### CONSOLIDATED CASH FLOW STATEMENT, MEUR

	1-3/2005	1-3/2004	Change, %	1-12/2004
Cash flow before change in working capital	29.7	22.4	32.6	102.5
Change in working capital *)	-53.7	-87.1	-38.3	-22.3
Financial items and taxes	-3.3	-1.2	175.0	-20.3
Cash flow from operating activities	-27.3	-65.9	-58.6	59.9
<u>Cash flow from investing activities</u>	<u>-14.3</u>	<u>-24.2</u>	<u>-40.9</u>	<u>-140.3</u>
<u>Cash flow before financing activities **)</u>	<u>-41.6</u>	<u>-90.1</u>	<u>-53.8</u>	<u>-80.4</u>
Proceeds from the issuance of shares	0.8	1.0	-20.0	2.0
Change of current debt	71.0	71.3	-0.4	39.6
Issuance of long-term debt	0.0	0.0		49.7
Repayment of long-term debt	-0.7	-1.2	-41.7	-7.7
<u>Dividends paid and other distributions of earnings</u>	<u>0.0</u>	<u>-26.4</u>	<u>-100.0</u>	<u>-27.3</u>
Cash flow from financing activities	71.0	44.7	58.8	56.3
Change in cash and cash equivalents	29.4	-45.5		-24.0
Cash and equivalents on January 1	39.2	63.7	-38.5	63.7
Effect of exchange rate changes on cash held	1.5	0.2		-0.4
Cash and equivalents at the end of period	70.2	18.4	281.5	39.2

\*) The change in working capital includes the change in sold accounts receivable. The impact of this change is to improve cash flow by MEUR 26.1 during the reporting period 1-3/2005 and to weaken cash flow by MEUR 43.6 during 1-3/2004.

\*\*\*) The cash flow before financing activities from discontinued operations (Industrial Electronics) is to improve cash flow by MEUR 5.2 during the reporting period 1-3/2004 and to improve cash flow by MEUR 26.5 during year 2004.

## APPENDIX 4

### CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY , MEUR

	Attributable to equity holders of the parent						Total	Minority interest	Total equity
	Share capital	Additional paid-in capital	Other reserves	Share issue	Translation differences	Retained earnings			
Balance at 1 January 2005	12.3	212.2	8.4	0.0	-2.7	40.1	270.3	6.6	276.8
Issue of share capital	0.0	0.7					0.7		0.7
Translation differences					-0.3		-0.3	0.3	0.0
Share based payments						0.5	0.5		0.5
Ownership change of group companies								0.4	0.4
Dividends						-20.0	-20.0		-20.0
Net income						4.4	4.4	-0.6	3.8
Balance at 31 March 2005	12.3	213.0	8.4	0.0	-3.0	25.0	255.6	6.7	262.3
Balance at 1 January 2004	12.1	209.0	8.3	1.4	-2.9	27.6	255.5	5.8	261.3
Issue of share capital	0.1	2.3		-1.4			1.0		1.0
Translation differences					0.2		0.2	0.0	0.2
Share based payments						0.3	0.3		0.3
Dividends						-27.3	-27.3		-27.3
Net income						5.3	5.3	0.1	5.4
Balance at 31 March 2004	12.2	211.3	8.3	0.0	-2.7	5.9	235.0	5.9	241.0

## APPENDIX 5

<u>KEY FIGURES</u>	<u>1-3/2005</u>	<u>1-3/2004</u>	<u>Change, %</u>	<u>1-12/2004</u>
Personnel on average during the period	14,560	13,222	10.1	13,065
Gross capital expenditures, MEUR	21.6	19.9	8.5	128.3
Return on equity (ROE), %*	1.4	2.1	-33.3	15.1

Return on investment (ROI/ROCE), %*)	2.5	3.3	-24.2	19.5
From 12 preceding months:				
Return on equity (ROE), %*)	15.5	10.2	52.4	15.1
Return on investment (ROI/ROCE), %*)	16.8	11.1	51.4	19.5
Earnings per share (EPS), EUR	0.14	0.18	-22.2	1.27
Continuing operations, EPS	0.14	0.10	40.0	1.01
Discontinued operations, EPS	-	0.07		0.26
Diluted earnings per share (EPS)	0.14	0.17	-17.6	1.21
Continuing operations, EPS	0.14	0.10	40.0	0.96
Discontinued operations, EPS	-	0.07		0.25
Current ratio	1.1	1.2	-6.6	1.1
Solvency ratio, %	24.5	29.5	-16.9	30.5
Gearing	0.5	0.5	10.4	0.4
Equity **) per share, EUR	8.32	7.72	7.8	8.82
Interest-bearing liabilities, MEUR	209.2	134.2	55.9	137.4
Interest-bearing net debt, MEUR	139.1	115.7	20.2	98.2
Non-interest-bearing liabilities, MEUR	600.1	446.2	34.5	493.4

\*) Includes discontinued operation.

\*\*) Attributable to equity holders of the parent.

## APPENDIX 6

<b>BUSINESS AREAS</b>	<b>1-3/2005</b>	<b>1-3/2004</b>	<b>1-12/2004</b>
Net sales			
Terminal Products	645.2	461.4	2,300.0
<u>Communications Network Equipment</u>	<u>165.1</u>	<u>125.1</u>	<u>621.8</u>
Continuing operations, total	810.3	586.6	2,921.8
<u>Industrial Electronics (discontinued operation)</u>	<u>0.0</u>	<u>31.9</u>	<u>31.9</u>
Total	810.3	618.5	2,953.7
Segment's operating income			
Terminal Products	16.9	15.4	77.7
Communications Network Equipment	2.6	4.7	16.2
<u>Group's non-allocated expenses / income</u>	<u>-10.0</u>	<u>-12.0</u>	<u>-36.8</u>
Continuing operations, total	9.5	8.1	57.3
<u>Industrial Electronics (discontinued operation)</u>	<u>0.0</u>	<u>3.0</u>	<u>13.0</u>
Total	9.5	11.1	70.2

Elcoteq's share of associated company results for the first quarter of 2005 totaled MEUR -0.2. This comprised MEUR +0.1 from Communications Network Equipment and MEUR -0.2 from non-allocated expenses/income. Associated company results in the first quarter of 2004 totaled MEUR -0.4, which comprised MEUR -0.1 from Communications Network Equipment and MEUR -0.3 from non-allocated expenses/income. Associated company results for the full year 2004 totaled MEUR -1.0, which comprised MEUR -0.3 from Communications Network Equipment and MEUR -0.7 from non-allocated expenses/income.

## APPENDIX 7

### ASSETS PLEDGED AND CONTINGENT LIABILITIES, MEUR

	March 31, 2005	March 31, 2004	Change, %	Dec. 31, 2004
ON BEHALF OF OTHERS				
Guarantees	0.0	0.2	-100.0	0.0
LEASING COMMITMENTS				
Operating lease. machinery and equipment (excl. VAT)	34.0	11.0	209.1	37.4
Rental commitments. real estates (excl. VAT)	24.1	19.5	23.6	24.2
	March 31, 2005	March 31, 2004	Change, %	Dec. 31, 2004
DERIVATIVE CONTRACTS				
Foreign currency derivative instruments				
Forward contracts, transaction risk				
- Nominal value	203.0	148.0	37.2	227.6
- Book value	0.0	2.6		-4.3
- Market value	0.0	2.7		-4.3
Forward contracts, translation risk				
- Nominal value	19.2	24.6	-22.0	21.0
- Book value	0.1	0.0		0.3
- Market value	0.1	0.0		0.3
Forward contracts, financial risk				
- Nominal value	84.0	44.3	89.6	72.1
- Book value	0.0	0.0		0.1
- Market value	0.0	0.0		0.1
Foreign currency option contracts				
- Nominal value, bought	-	-		9.0
- Nominal value, sold	-	-		12.0
- Book value, bought	-	-		0.0
- Book value, sold	-	-		-0.1
- Market value, bought	-	-		0.0
- Market value, sold	-	-		-0.1

The forwards have been valued using the market prices and the exchange reference rates of the European Central Bank on the balance sheet date. The fair value of options is the amount at which options could be exchanged if closed on the balance sheet date. The figures also include the closed positions.

## APPENDIX 8

Elcoteq adopted IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) from January 1, 2005. The impacts of this reporting standard on the presentation of the comparison year's income statement is show in the table below.

	<b>Continuing operations</b>	<b>Discontinued operation</b>	<b>Total</b>
<b>INCOME STATEMENT, MEUR</b>	<b>1-3/2004</b>	<b>1-3/2004</b>	<b>1-3/2004</b>
<b>NET SALES</b>	586.6	31.9	618.5
Change in work in progress and finished goods	20.6	0.7	21.3
Other operating income	1.0	0.3	1.2
Operating expenses	-586.4	-29.5	-615.8
Depreciation and writedowns	-13.7	-0.5	-14.2
<b>OPERATING INCOME</b>	<b>8.1</b>	<b>3.0</b>	<b>11.1</b>
% of net sales	1.4		1.8
Financial income and expenses	-0.9	0.0	-0.9
Share of profits and losses of associates	-0.4	0.0	-0.4
<b>INCOME BEFORE TAXES</b>	<b>6.8</b>	<b>3.0</b>	<b>9.8</b>
Income taxes	-3.7	-0.7	-4.4
<b>INCOME FOR THE PERIOD</b>	<b>3.2</b>	<b>2.2</b>	<b>5.4</b>
<b>ATTRIBUTABLE TO</b>			
Equity holders of the parent	3.1	2.2	5.3
Minority interests	0.1	0.0	0.1
	<b>3.2</b>	<b>2.2</b>	<b>5.4</b>

	<b>Continuing operations</b>	<b>Discontinued operation</b>	<b>Total</b>
<b>INCOME STATEMENT, MEUR</b>	<b>1-12/2004</b>	<b>1-12/2004</b>	<b>1-12/2004</b>
<b>NET SALES</b>	2,921.8	31.9	2,953.7
Change in work in progress and finished goods	10.6	0.7	11.3
Other operating income	5.9	11.0	16.9
Operating expenses	-2,820.6	-30.3	-2,850.9

Depreciation and writedowns	-60.4	-0.5	-60.8
<b>OPERATING INCOME</b>	<b>57.3</b>	<b>13.0</b>	<b>70.2</b>
% of net sales	2.0		2.4
Financial income and expenses	-11.3	0.0	-11.3
Share of profits and losses of associates	-1.0	0.0	-1.0
<b>INCOME BEFORE TAXES</b>	<b>44.9</b>	<b>13.0</b>	<b>57.8</b>
Income taxes	-12.3	-5.0	-17.3
<b>INCOME FOR THE PERIOD</b>	<b>32.7</b>	<b>7.9</b>	<b>40.6</b>
<b>ATTRIBUTABLE TO</b>			
Equity holders of the parent	30.7	7.9	38.6
Minority interests	1.9	0.0	1.9
	<b>32.7</b>	<b>7.9</b>	<b>40.6</b>

## APPENDIX 9

### QUARTERLY FIGURES

<b>INCOME STATEMENT, MEUR</b>	<b>Q1/2005</b>	<b>Q4/2004</b>	<b>Q3/2004</b>	<b>Q2/2004</b>	<b>Q1/2004</b>
<b>NET SALES</b>	<b>810.3</b>	<b>864.6</b>	<b>828.7</b>	<b>641.9</b>	<b>586.6</b>
Change in work in progress and finished goods	-5.2	-23.6	16.7	-3.2	20.6
Other operating income	1.7	2.0	1.0	1.9	1.0
Operating expenses	-780.3	-806.2	-810.9	-617.1	-586.3
Depreciation and writedowns	-17.0	-16.4	-15.9	-14.4	-13.7
<b>OPERATING INCOME</b>	<b>9.5</b>	<b>20.4</b>	<b>19.7</b>	<b>9.1</b>	<b>8.1</b>
% of net sales	1.2	2.4	2.4	1.4	1.4
Financial income and expenses	-2.8	-5.8	-2.5	-2.2	-0.9
Share of profits and losses of associates	-0.2	-0.1	-0.3	-0.3	-0.4
<b>INCOME BEFORE TAXES</b>	<b>6.5</b>	<b>14.6</b>	<b>16.9</b>	<b>6.5</b>	<b>6.8</b>
Income taxes	-2.7	-2.0	-5.1	-1.5	-3.7
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>3.8</b>	<b>12.6</b>	<b>11.8</b>	<b>5.1</b>	<b>3.2</b>
Income from discontinued operations	0.0	0.0	0.0	5.7	2.2
<b>INCOME FOR THE PERIOD</b>	<b>3.8</b>	<b>12.6</b>	<b>11.8</b>	<b>10.8</b>	<b>5.4</b>

### ATTRIBUTABLE TO

Equity holders of the parent	4.4	12.8	9.7	10.9	5.3
Minority interests	-0.6	-0.2	2.2	-0.1	0.1
	<b>3.8</b>	<b>12.6</b>	<b>11.8</b>	<b>10.8</b>	<b>5.4</b>

<b>BALANCE SHEET, MEUR</b>	<b>Q1/2005</b>	<b>Q4/2004</b>	<b>Q3/2004</b>	<b>Q2/2004</b>	<b>Q1/2004</b>
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### ASSETS

Non-current assets					
Intangible assets	43.9	43.9	39.5	38.1	37.5
Tangible assets	206.7	205.8	183.6	153.7	152.3
Investments	14.4	14.4	14.5	14.7	14.8
Long-term receivables	16.5	14.0	15.4	15.1	9.1
Non-current assets, total	281.4	278.1	253.0	221.7	213.7
Current assets					
Inventories	331.5	305.3	357.3	268.6	255.7
Current receivables	388.6	285.0	320.7	324.9	289.8
Cash and equivalents	70.2	39.2	37.4	40.7	18.4
Liabilities classified as held for sale					43.7
Current assets, total	790.3	629.5	715.4	634.1	607.5
<b>ASSETS, TOTAL</b>	<b>1,071.7</b>	<b>907.6</b>	<b>968.4</b>	<b>855.8</b>	<b>821.3</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent					
Share capital	12.3	12.3	12.2	12.2	12.2
Other shareholders' equity	243.3	258.0	244.1	234.3	222.8
Equity attributable to equity holders of the parent, total	255.6	270.3	256.3	246.5	235.0
Minority interests	6.7	6.6	7.9	5.9	5.9
Total equity	262.3	276.8	264.2	252.4	241.0
Long-term liabilities					
Long-term loans	72.3	72.2	34.1	35.3	31.0
Other long-term debt	4.9	4.4	14.8	13.3	14.4
Long-term liabilities, total	77.1	76.6	49.0	48.6	45.4
Current liabilities					
Current loans	135.9	64.1	57.6	43.0	90.9
Other current liabilities	594.3	488.6	595.4	509.3	419.8
Provisions	2.1	1.5	2.3	2.6	1.7
Liabilities classified as held for sale					22.5
Current liabilities, total	732.2	554.2	655.3	554.9	534.9
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>1,071.7</b>	<b>907.6</b>	<b>968.4</b>	<b>855.8</b>	<b>821.3</b>

Personnel on average during the period	14,560	13,481	12,865	12,638	13,222
Gross capital expenditure, MEUR	21.6	45.2	46.7	16.5	19.9
ROI/ROCE from 12 preceding months, %	16.8	19.5	21.1	17.1	11.1
Earnings per share (EPS), EUR	0.14	0.42	0.32	0.36	0.18
Solvency ratio, %	24.5	30.5	27.3	29.6	29.5

## CONSOLIDATED CASH

<b>FLOW STATEMENT, MEUR</b>	<b>Q1/2005</b>	<b>Q4/2004</b>	<b>Q3/2004</b>	<b>Q2/2004</b>	<b>Q1/2004</b>
Cash flow before change in working capital	29.7	22.0	33.5	24.6	22.4
Change in working capital	-53.7	24.5	-12.0	52.2	-87.1
Financial items and taxes	-3.3	-13.4	-2.9	-2.7	-1.2
Cash flow from operating activities	-27.3	33.1	18.6	74.1	-65.9
Cash flow from investing activities	-14.3	-77.1	-36.2	-2.8	-24.2
Cash flow before financing activities	-41.6	-44.0	-17.6	71.3	-90.1
Proceeds from the issuance of shares	0.8	0.8	0.2	0.0	1.0
Change of current debt	71.0	-2.0	18.2	-47.9	71.3
Issuance of long-term debt	0.0	49.7	0.0	0.0	0.0
Repayment of long-term debt	-0.7	-2.1	-4.1	-0.3	-1.2
Dividends paid and other distributions of earnings	0.0	0.0	0.0	-0.9	-26.4
Cash flow from financing activities	71.0	46.4	14.3	-49.1	44.7
Change in Cash and Cash equivalents	29.4	2.4	-3.2	22.3	-45.5
Cash and equivalents on January 1	39.2	37.3	40.7	18.4	63.7
Effect of exchange rate changes on cash held	1.5	-0.4	-0.2	0.0	0.2
Cash and equivalents at the end of period	70.2	39.2	37.3	40.7	18.4

## BUSINESS AREAS BY QUARTER

	<b>Q1/2005</b>	<b>Q4/2004</b>	<b>Q3/2004</b>	<b>Q2/2004</b>	<b>Q1/2004</b>
Net Sales					
Terminal Products	645.2	688.8	660.0	489.8	461.4
Communications Network Equipment	165.1	175.9	168.6	152.2	125.1
Continuing operation total	810.3	864.6	828.7	641.9	586.6
Industrial Electronics (discontinued operation)	0.0	0.0	0.0	0.0	31.9
Total	810.3	864.6	828.7	641.9	618.5

Segments operating income

Terminal Products	16.9	28.3	23.8	10.3	15.4
Communications Network Equipment	2.6	2.5	1.7	7.4	4.7
Group's non-allocated expenses / income	-10.0	-10.3	-5.8	-8.6	-12.0
Continuing operation total	9.5	20.4	19.7	9.1	8.1
Industrial Electronics (discontinued operation)	0.0	0.0	0.0	10.0	3.0
Total	9.5	20.4	19.7	19.0	11.1

#### NET SALES BY GEOGRAPHICAL AREA, MEUR

	Q1/ 2005	Q4/ 2004	Q3/ 2004	Q2/ 2004	Q1/ 2004
Europe	466.0	569.4	513.8	393.2	366.6
Asia-Pacific	177.1	210.2	207.0	137.2	159.7
Americas	167.2	85.0	107.9	111.5	60.2
Industrial Electronics (discontinued operation)	-	-	-	-	31.9