

ELCOTEQ SE'S INTERIM REPORT JANUARY–SEPTEMBER 2008 (UNAUDITED)

Elcoteq's third quarter net sales totaled 740.5 million euros (1,059.7 million euros in July–September 2007). Third quarter operating income was positive, and totaled 0.3 million euros (-0.1). As forecast, net sales were lower than in the second quarter of 2008, but operating income remained at the same level (0.6 million euros in April–June 2008). Cash flow after investing activities in the third quarter was -66.7 million euros (28.9), and was affected by the continued high levels of finished goods and component inventory. These inventories, which are under customer's liability, will decline during the fourth quarter.

July–September

- Net sales in the third quarter totaled 740.5 million euros (1,059.7 in July–September 2007)
- Operating income was 0.3 million euros (-0.1)
- Income before taxes was -6.8 million euros (-7.5)
- Earnings per share (EPS) totaled -0.35 euros (-0.19)
- Rolling 12-month return on capital employed (ROCE) was -5.6% (-12.0%)
- Cash flow after investing activities was -66.7 million euros (28.9)
- Gearing was 1.7 (0.7)

January–September

- Net sales in January–September totaled 2,554.1 million euros (2,980.5 in January–September 2007)
- Operating income was -8.6 million euros (-71.5 and excluding restructuring costs -36.5)
- Income before taxes was -27.7 million euros (-91.6)
- Earnings per share (EPS) totaled -1.13 euros (-2.30)
- Cash flow after investing activities was -146.3 million euros (-33.0)
- Interest-bearing net debt totaled 287.4 million euros (164.0)

This interim report has been prepared using IFRS recognition and measuring principles. Tables have been prepared in compliance with the IAS 34 requirements approved by the EU. The comparative figures given in the body text of this report are figures for the corresponding period in the previous year, unless stated otherwise.

July–September

As forecast, Group net sales in the third quarter were below the level of the second quarter, totaling 740.5 million euros (1,059.7 in the third quarter of 2007 and 904.8 million euros in the second quarter of 2008). The decline was mainly in the Personal Communications Business Area where a structural change in the customer portfolio is under way. As part of this process, old products are gradually being phased out and new products were ramped up to the production phase only at the end of the third quarter. Net sales by the Home Communications Business Area clearly rose as a result of the Philips FTV assembly acquisition while net sales by Communications Networks Business Area were down slightly compared to the second quarter.

Operating income remained positive at 0.3 million euros (-0.1 million euros July–September 2007 and 0.6 million euros in the second quarter of 2008). In view of the fact that net sales were clearly lower than in the second quarter, this is a positive result. The company was able to offset the effects of the temporary sales decline by the cost savings achieved through the Action Plans initiated in February 2007. Both Personal Communications and Communications Networks Business Areas once again reported positive operating income in the third quarter. Profitability in the Communications Networks Business Area clearly improved,

mainly as a result of the consolidation of operations. Operating income reported by the Home Communications Business Area was slightly negative.

The Group's net financial expenses totaled 7.0 million euros. Income before taxes was -6.8 million euros (-7.5) and net income was -11.5 million euros (-6.3). Earnings per share totaled -0.35 euros (-0.19).

Gross capital expenditure on fixed assets in the third quarter totaled 17.2 million euros (14.8) or 2.3% of net sales. Capital expenditure was mainly allocated to board assembly capacity and testing capacity for new products. Depreciation and writedowns totaled 20.5 million euros (20.4).

Cash flow after investing activities in the third quarter was -66.7 million euros (28.9) and was affected by the unusually high levels of finished goods and component inventories. A particular cause for this excess inventory was an overly optimistic forecast for the second and third quarters by a customer of the Personal Communications Business Area. It had been agreed that these inventories, financed by the company but the customer's liability, would be run down during the second quarter of 2008, but lower than expected customer demand resulted in the consumption of inventory being slower than anticipated. The current inventories will be consumed during the fourth quarter by imposing tight limits on new purchases from component suppliers. Group cash flow from sold accounts receivable totaled 115.4 million euros at the end of September (113.8 million euros at the end of June 2008).

At the end of September, Elcoteq had unused but immediately available credit limits totaling 127.5 million euros (237.5 million euros at the end of June 2008). This difference is a result of the financing needed for the extraordinarily high inventories. These credit limits included a 230 million euros syndicated, committed credit facility of which 90 million euros was unused. The solvency ratio was 15.9% (19.4%) and gearing was 1.7 (0.7).

January–September

Net sales in January–September were lower than in the same period last year at 2,554.1 million euros (2,980.5). Operating income clearly improved and totaled -8.6 million euros (-71.5 and excluding restructuring costs -36.5). Income before taxes was -27.7 million euros (-91.6). Earnings per share totaled -1.13 euros (-2.30).

Gross capital expenditures on fixed assets in the January–September period totaled 61.5 million euros (39.4), 2.40% of net sales. Depreciation totaled 55.8 million euros (60.3).

Personnel

At the end of September 2008, Elcoteq employed 21,404 people (24,986). The geographical distribution of the workforce was as follows: Europe 9,118 (11,217), Asia-Pacific 6,060 (8,378) and the Americas 6,226 (5,391). The average number of employees on the company's direct payroll in January–September was 17,598 (19,359).

Business Areas

Since the beginning of 2008, Elcoteq has had three Business Areas as its primary segments: Personal Communications, Home Communications and Communications Networks. Until the end of 2007, Personal Communications and Home Communications were combined in a single Business Area, Terminal Products.

In the third quarter of 2008, Personal Communications contributed 59% (70%), Home Communications 17% (10%) and Communications Networks 24% (20%) of Group net sales. Elcoteq's largest customers (in

alphabetical order) were Ericsson, Nokia Devices, Nokia Siemens Networks, Philips, Research in Motion (RIM), Sony Ericsson and Thomson. None of the current customers represent more than 40% of the total net sales. During Q3, the share of Nokia Devices fell to less than 15%. In view of the rapid and on-going changes in the Group's customer portfolio, Elcoteq has decided to take the unusual step of disclosing these customer-specific percentages.

Net sales by the Personal Communications Business Area in the third quarter were clearly lower than in the third quarter of 2007 at 437.6 million euros (740.1 in the third quarter of 2007 and 631.0 in the second quarter of 2008). Operating income in this segment was 1.9 million euros (7.0), 0.4% of net sales. The effects of the decline in sales compared to the second quarter were offset to a great extent by strong cost management activities and operational improvements initiated in the 2007 Action Plans.

Net sales by the Home Communications Business Area were clearly higher in the third quarter than in the corresponding period in 2007 at 126.6 million euros (102.8). The improvement in net sales was primarily a result of the acquisition of Philips FTV manufacturing in Mexico. Operating income in this segment was -0.9 million euros (-1.0). The main effect on profitability was extraordinarily high fluctuations in the Brazilian currency.

Net sales by the Communications Networks Business Area were lower than in the third quarter of 2007 at 176.3 million euros (216.8) due to the divestment of loss-making manufacturing operations in Germany in the beginning of 2008. This segment is however showing a very positive trend in profitability as operating income clearly improved to 7.6 million euros (2.4), 4.3% of net sales. Operating income was also a clear improvement over the preceding quarter (3.3 million euros in April–June) even with lower net sales. This was mainly due to improvements in the product portfolio.

Geographical Areas

Elcoteq has three geographical areas: Europe, Asia-Pacific and Americas. Elcoteq's third quarter net sales were derived from these areas as follows: Europe 49% (50%), Asia-Pacific 23% (30%) and Americas 28% (20%).

Net sales in Europe were 31% lower than in the same period in 2007 at 365.4 million euros (530.2). Net sales in Asia-Pacific net sales decreased by 45% to 173.0 million euros (313.7) and net sales in the Americas were 6% lower at 202.0 million euros (215.7).

Acquisition of Philips' Flat Panel TV manufacturing in Mexico

Elcoteq's long-term strategy has been to strike a better balance between its Business Areas. According to this strategy and in order to strengthen the Home Communications business, the company purchased Philips' FTV assembly operations in Juarez, Mexico, on September 4, 2008. The acquisition and related cooperation agreements further strengthen Elcoteq's position as a leading EMS company serving the strongly-growing FTV industry. The deal included a long-term cooperation agreement with Philips to provide manufacturing services to Philips for its Latin American FTV business and its Philips Business Services business in the Americas, and a long-term cooperation agreement with Funai Electric Co., Ltd, a new customer for Elcoteq, to provide manufacturing services to Funai's FTV business in North America.

The acquisition included certain fixed assets and inventories of Philips' Juarez manufacturing operation. The total consideration to be paid by Elcoteq in cash is approximately USD 32 million, part of which remains to be paid during the fourth quarter. Two thirds of the acquisition price was allocated to component inventories which will be turned into cash after the manufacturing process and one third was

allocated to other net assets of the acquired business at net book value. All of the approximately 740 employees at the Juarez plant joined Elcoteq.

Progress with the Action Plans and the IEMS Strategy

The action plans to improve Elcoteq's profitability and competitiveness continued in the third quarter of 2008 and are advancing as planned. As announced earlier, the company is expecting to achieve operational annualized fixed cost reductions of 90–100 million euros.

In October, personnel negotiations were started at the Salo unit in Finland to address the possible closure or restructuring of part of the operations of this unit, as well as the possible consequent temporary layoffs, the alteration of employment relationships to part-time contracts or the termination of employment contracts on production or financial grounds. Personnel in PDS (Product Development Services) are not affected. The company estimates that these possible actions will affect no more than some 40 people. The possible slimming down of the Salo unit is connected to changes in the product portfolio of Elcoteq's Personal Communications Business Area. Personnel adjustments are also being carried out in some other locations, mainly through reductions in the numbers of indirectly-employed staff.

Elcoteq's plan to divest the St. Petersburg plant has been revised. The company sees strong growth opportunities in Russia, especially in the Home Communications Business Area. New production in the St. Petersburg plant is expected to be ramped up during the first quarter of 2009.

Expanding Elcoteq's service offering to an Integrated EMS (IEMS) company has been a priority in 2008. The plan is to place special emphasis on broadening the company's service offering to increase its mechanics expertise and services, and to strengthen the product development services that combine both electronics and mechanics. Elcoteq has previously announced that, in addition to developing its own operations, this strategy could call for specific M&A arrangements or various forms of collaboration with other companies in the same sector. Due to the current uncertainty in the markets, the plan has been delayed and is more likely to be implemented in several phases.

Changes in Elcoteq's Management

Mr. Roger Taylor (born 1960) was appointed Senior Vice President, Group Operations, and a member of the Elcoteq Management Team (EMT) as of October 8, 2008. He is based in Zug, Switzerland. Roger Taylor replaced Mr. Petteri Laaksomo, who decided to pursue his career outside Elcoteq as of September 22, 2008.

Mr. Jukka Jäämaa, deputy CEO and COO, has continued his career outside Elcoteq as of September 5, 2008. The responsibilities of the COO (Chief Operating Officer) have been integrated into the existing Sourcing and Supply Chain Organization. Mr. Taylor is now responsible for operations, sourcing and supply chain management globally. Elcoteq expects these new arrangements to further improve the company's operational excellence.

Short-Term Risks and Uncertainty Factors

The most important short-term challenges for Elcoteq's business operations concern the company's ability to promptly adjust its cost structure to changing market conditions and effectively manage its working capital, and thus its cashflow, at a rate fast enough to cope with market conditions that are becoming increasingly tight. The ability to react rapidly to changing market conditions is of particular importance at times when the economic uncertainty is increasing and the predictability of markets is becoming ever more challenging.

Closely coupled with these operational capabilities, the company must ensure that it can offer service packages that correspond to customer demands and needs in order to attract new projects from existing and new customers.

Shares and Shareholders

On September 30, 2008 the company had 127,795,919 shares divided into 22,025,919 series A shares and 105,770,000 series K Founders' shares. All the K Founders' shares are held by the company's three principal owners.

Elcoteq had 9,277 shareholders on September 30, 2008. There were altogether 7,631,080 nominee-registered and foreign-registered shares, representing 34.65 % of the share capital and 5.97% of the votes outstanding.

Prospects

Key priorities during 2008 are to significantly improve the company's profitability and to prepare the ground for future growth by expanding the service offering in accordance with customers' needs. To release cash from the high inventories, the company will vigorously adjust its purchasing to the market situation and re-evaluated customer demand.

Full-year net sales are expected to be at lower level than in 2007, based on weaker-than-expected development in the Personal Communications Business Area and a temporary decline in sales during the third quarter. The current forecast is for operating income to improve substantially in 2008 compared to 2007. The company has previously forecast that the Group's operating income is expected to be at the level of 1% towards the end of the year. As a result of the weaker general market outlook, the company expects that operating income will improve from the quarter three level, but may not reach the level of 1%. Fourth quarter net sales are expected to be higher than in the third quarter of 2008.

Elcoteq's forecasts are based on the company's opinion of market growth and on the project-specific forecasts of its customers, based on which Elcoteq makes its forecasts of the realization of both agreed and planned new projects.

Luxembourg
October 22, 2008
Board of Directors

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Press Conference and Webcast

Elcoteq will hold a combined press conference, conference call and webcast in English at 2.30 pm (EET) on Thursday, October 23, in the Balsa-Freda room at Scandic Hotel Simonkenttä (address: Simonkatu 9, Helsinki, Finland).

To participate by phone, please call in 5–10 minutes before the start of the conference on +44 20 7162 0125 (Europe) or +1 334 323 6203 (the USA), code Elcoteq.

The press conference can also be followed as a live webcast or later as a recording via Elcoteq's website www.elcoteq.com.

Presentation material used at the press conference (pdf file) will be available on the company's website www.elcoteq.com from approximately 13.00 am (EET) on October 23, 2008.

Elcoteq publishes its Financial Statements Bulletin for 2008 at 9.00 am (EET) on Wednesday, February 11, 2009.

Enclosures:

- 1 Income statement
- 2 Balance sheet
- 3 Cash flow statement
- 4 Calculation of changes in shareholders' equity
- 5 Formulas for the calculation of key figures
- 6 Key figures
- 7 Business areas
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APPENDIX 1

INCOME STATEMENT, MEUR	Q3/ 2008	Q3/ 2007	1-9/ 2008	1-9/ 2007	1-12/ 2007
NET SALES	740.5	1,059.7	2,554.1	2,980.5	4,042.9
Change in work in progress and finished goods	-4.4	23.8	-11.7	24.2	18.5
Other operating income	4.4	2.1	9.0	4.1	8.2
Operating expenses	-719.7	-1,063.5	-2,504.2	-2,985.0	-4,035.9
Restructuring expenses	-	-1.8	-	-34.9	-50.2
Depreciation and writedowns	-20.5	-20.4	-55.8	-60.3	-79.8
OPERATING INCOME	0.3	-0.1	-8.6	-71.5	-96.3
% of net sales	0.0	0.0	-0.3	-2.4	-2.4
Financial income and expenses	-7.0	-7.3	-19.1	-19.8	-26.1
Share of profits and losses of associates	-0.1	0.0	-0.1	-0.4	-0.4
INCOME BEFORE TAXES	-6.8	-7.5	-27.7	-91.6	-122.8
Income taxes	-4.0	1.6	-7.1	19.2	16.3
NET INCOME FOR THE PERIOD	-10.7	-5.9	-34.8	-72.4	-106.5
ATTRIBUTABLE TO:					
Equity holders of the parent company *	-11.5	-6.3	-36.8	-73.8	-108.4
Minority interests	0.8	0.4	2.0	1.5	1.9
	-10.7	-5.9	-34.8	-72.4	-106.5

Income tax is the amount corresponding to the result for the period based on the estimated tax rate for the full year.

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

APPENDIX 2

BALANCE SHEET, MEUR	Sept. 30, 2008	Dec. 31, 2007	Change, %
ASSETS			
Non-current assets			
Intangible assets	28.4	32.7	-13.0
Tangible assets	190.0	200.1	-5.0
Investments	2.2	2.2	-2.6
Long-term receivables	49.2	33.8	45.4
Non-current assets, total	269.8	268.8	0.4
Current assets			
Inventories	358.2	355.8	0.7

Current receivables	326.4	335.6	-2.7
Cash and equivalents	59.5	92.7	-35.8
Current assets, total	744.0	784.0	-5.1
Assets classified as held for sale	28.7	39.5	-27.2
ASSETS, TOTAL	1,042.6	1,092.3	-4.5

SHAREHOLDERS' EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent company			
Share capital*	13.0	13.0	0.0
Other shareholders' equity	139.7	173.5	-19.5
Equity attributable to equity holders of the parent company, total	152.8	186.6	-18.1
Minority interests	13.4	11.3	18.6
Total equity	166.2	197.9	-16.0
Long-term liabilities			
Long-term loans	159.4	159.3	0.1
Other long-term debt	5.5	4.9	12.5
Long-term liabilities, total	164.9	164.2	0.4
Current liabilities			
Current loans	187.2	77.5	141.6
Other current liabilities	519.9	625.6	-16.9
Provisions	4.4	6.5	-32.7
Current liabilities, total	711.5	709.6	0.3
Liabilities classified as held for sale	-	20.5	-
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	1,042.6	1,092.3	-4.5

* Share capital includes both A-shares listed in Helsinki Stock Exchange and K-founders' shares.

APPENDIX 3

CONSOLIDATED CASH FLOW STATEMENT, MEUR	1-9/2008	1-9/2007	Change, %	1-12/2007
Cash flow before change in working capital	50.3	6.5	674.4	11.7
Change in working capital *	-106.9	9.6		43.2
Financial items and taxes	-20.7	-13.6	52.4	-19.7
Cash flow from operating activities	-77.3	2.5		35.3
Purchases of non-current assets	-57.4	-40.9	40.3	67.1
Acquisitions	-15.5	-		-
Disposals of non-current assets	3.9	5.4	-28.5	20.8

Cash flow before financing activities	-146.3	-33.0	343.4	-11.1
Proceeds from share issue	-	6.7		6.7
Redemption of parent company shares	-	-		-0.1
Change in current debt**	110.8	21.1	425.3	30.4
Repayment of long-term debt	-0.2	-0.4	-47.5	-0.6
Dividends paid	-1.0	-8.9	-88.4	-8.9
Cash flow from financing activities	109.6	18.5	492.5	27.6
Change in cash and equivalents	-36.7	-14.4	155.0	16.5
Cash and equivalents on January 1	92.7	82.3	12.6	82.3
Cash and equivalents classified as held for sale	-	-		-3.2
Effect of exchange rate changes on cash held	3.5	-2.1		-2.9
Cash and equivalents at the end of the period	59.5	65.8	-9.6	92.7

* The change in working capital includes the change in sold accounts receivable. The impact of this change is to weaken the cash flow by 111.1 million euros during the reporting period 1-9/2008 and to improve by 19.7 million euros during the reporting period 1-9/2007.

** The change in current debt during the reporting period 1-9/2008 includes the change in issuance of commercial papers with a nominal value of 24 million euros.

APPENDIX 4

CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY, MEUR

	Attributable to equity holders of the parent					Total	Minority interests	Total equity
	Share capital	Additional paid-in capital	Other reserves	Translation differences	Retained earnings			
Balance at Jan. 1, 2008	13.0	225.0	7.3	0.0	-58.8	186.6	11.3	197.9
Equity hedge of subsidiaries				-2.3		-2.3		-2.3
Cash flow hedge *			0.3			0.3		0.3
Share Subscription Plan					0.2	0.2		0.2
Translation differences				4.8		4.8	1.2	5.9
Dividends						0.0	-1.0	-1.0
Net income					-36.8	-36.8	2.0	-34.8
Balance at Sept. 30, 2008	13.0	225.0	7.7	2.4	-95.4	152.8	13.4	166.2
Balance at Jan. 1, 2007	12.6	218.7	8.4	-1.9	55.8	293.7	9.6	303.3
Issue of share capital	0.4	6.3				6.7	2.6	9.3

Equity hedge of subsidiaries			1.6		1.6		1.6
Cash flow hedge *	-2.0				-2.0		-2.0
Translation differences			-0.7		-0.7	-0.1	-0.8
Share-based payments				0.2	0.2		0.2
Dividends				-6.3	-6.3	-2.6	-8.9
Net income				-73.8	-73.8	1.5	-72.3
Balance at Sept. 30, 2007	13.0	225.0	6.3	-1.0	-24.2	219.2	11.0
							230.2

* The Group has applied hedge accounting to derivative instruments related to purchases from June 30, 2007.

APPENDIX 5

FORMULAS FOR THE CALCULATION OF KEY FIGURES

Return on equity (ROE) =	$\frac{\text{Net income} \times 100}{\text{Total equity, average of opening and closing balances}}$
Return on investments (ROI/ROCE) =	$\frac{(\text{Income before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Total assets} - \text{non-interest bearing liabilities, average of opening and closing balances}}$
Earnings per share (EPS), A-shares =	$\frac{\text{Net income attributable to equity holders of the parent, A-shares}}{\text{Adjusted average number of A-shares outstanding during the period}}$
Earnings per share, diluted, A-shares (EPS) =	$\frac{\text{Net income attributable to equity holders of the parent, A-shares}}{\text{Adjusted average number of A-shares outstanding during the period} + \text{effect of dilution on the number of A-shares}}$
Earnings per share (EPS), K-founders' shares =	$\frac{\text{Net income attributable to equity holders of the parent, K-founders' shares}}{\text{Adjusted average number of K-founders' shares outstanding during the period}}$
Current ratio =	$\frac{\text{Current assets} + \text{assets classified as held for sale}}{\text{Current liabilities} + \text{liabilities classified as held for sale}}$
Solvency =	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advance payments received}}$
Gearing =	$\frac{\text{Interest-bearing liabilities} - \text{cash and equivalents}}{\text{Total equity}}$
Shareholders' equity per share, A-shares =	$\frac{\text{Equity attributable to equity holders of the parent company,}}{\text{Adjusted average number of A-shares outstanding during the period}}$

A-shares

Adjusted number of A-shares outstanding at the end of the period

Shareholders' equity per share,
K-founders' shares=Equity attributable to equity holders of the parent company,
K-founders' sharesAdjusted number of K-founders' shares outstanding at the end of
the period**APPENDIX 6**

KEY FIGURES	1-9/2008	1-9/2007	Change, %	1-12/2007
Personnel on average during the period	17,598	19,359	-9.1	19,131
Gross capital expenditures, MEUR	61.5	39.4	56.1	67.2
Return on equity (ROE), %	-19.1	-27.1		-42.5
Return on investment (ROI/ROCE), %	-0.7	-14.2		-19.6
From 12 preceding months:				
Return on equity (ROE), %	-34.8	-27.0		-42.5
Return on investment (ROI/ROCE), %	-5.6	-12.0		-19.6
Earnings per share (EPS), A-shares, EUR	-1.13	-2.30		-3.37
Diluted earnings per share (EPS), A-shares, EUR	-1.13	-2.30		-3.37
Earnings per share (EPS), K-founders shares, EUR	-0.11	-0.23		-0.34
Current ratio	1.1	1.2		1.1
Solvency, %	15.9	19.4		18.1
Gearing	1.7	0.7		0.7
Shareholders' equity per share, A-shares, EUR	4.69	6.72		5.72
Shareholders' equity per share, K-founders' shares, EUR	0.47	0.67		0.57
Interest-bearing liabilities, MEUR	346.9	229.8	51.0	237.2
Interest-bearing net debt, MEUR	287.4	164.0	75.2	144.5
Non-interest-bearing liabilities, MEUR	529.5	730.1	-27.5	657.1

APPENDIX 7

BUSINESS AREAS, MEUR	1-9/2008	1-9/2007	1-12/2007
Net Sales			
Personal Communications	1,757.0	2,027.7	2,777.8
Home Communications	298.5	334.3	434.2
Communications Networks	498.5	618.4	831.0
Total	2,554.1	2,980.5	4,042.9

Segment's operating income			
Personal Communications	12.9	-28.2	-30.2
Home Communications	-0.5	-14.1	-10.9
Communications Networks	6.7	-0.1	-17.3
Group's non-allocated expenses/income	-27.6	-29.0	-38.0
Total	-8.6	-71.5	-96.3

Elcoteq's share of associated companies' results in the first three quarters of 2008 totaled -0.1 million euros and it was allocated to Communications Networks business area.

Associated companies' results for the full year 2007 totaled -0.4 million euros of which -0.1 million euros was allocated to Communications Networks Business Area and -0.3 million euros to Group's non-allocated expenses/income.

APPENDIX 8

IMPACT OF BUSINESS COMBINATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Elcoteq SE signed September 4 an agreement to purchase Philips' flat panel TV (FTV) assembly operations in Juarez, Mexico. The deal includes a long-term cooperation agreement with Philips to provide manufacturing services to Philips for its Latin American FTV business and its Philips Business Services business in the Americas. The deal includes a long term cooperation agreement with Funai Electric Co., Ltd to provide manufacturing services to Funai's FTV business in North America.

The acquisition includes certain fixed assets and inventories of Philips' Juarez manufacturing operation. The acquisition price will amount to approximately MUSD 32. The final acquisition price will be confirmed during the fourth quarter of 2008. At the end of the third quarter the balance sheet values used for acquired business are based preliminary asset values. Also the purchase allocation based on IFRS standards is treated as preliminary.

APPENDIX 9

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale relate to real estates on sale. The company did not have liabilities as held for sale at the end of the reporting period.

Assets classified as held for sale:

MEUR	Sept. 30, 2008
Non-current assets	28.7
Current assets	-
Total	28.7

APPENDIX 10

ASSETS PLEDGED AND CONTINGENT LIABILITIES, MEUR	Sept. 30, 2008	Sept. 30, 2007	Change, %	Dec. 31, 2007
ON BEHALF OF OTHERS				
Guarantees	1.0	0.0		0.0
LEASING COMMITMENTS				
Operating leases, production machinery and equipment (excl. VAT)	14.2	30.0	-52.5	26.2
Rental commitments, real-estate (excl. VAT)	15.1	26.0	-41.9	19.3
DERIVATIVE CONTRACTS				
Currency forward contracts, transaction risk no hedge accounting applied				
Nominal value	116.1	252.1	-53.9	223.3
Fair value	4.2	-4.0		-7.1
Currency derivate contracts, transaction risk hedge accounting applied				
Nominal value	97.1	242.5	-60.0	182.8
Fair value	-0.7	-2.0	-66.2	-1.0
Currency forward contracts, translation risk				
Nominal value	46.2	34.1	35.4	40.5
Fair value	-1.2	0.5		1.1
Currency forward contracts, financial risk				
Nominal value	228.5	124.9	83.0	126.5
Fair value	-0.8	0.0		0.3
Interest rate and foreign exchange swap contracts				
Nominal value	1.5	4.0	-62.5	4.0
Fair value	0.2	-0.1		0.0

The derivative contracts have been valued using the market prices and the exchange reference rates of the European Central Bank on the balance sheet date. The figures also include closed positions.

APPENDIX 11

QUARTERLY FIGURES

INCOME STATEMENT, MEUR	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
NET SALES	740.5	904.8	908.7	1,062.4	1,059.7	968.3	952.5
Change in work in progress and finished goods	-4.4	-10.1	2.9	-5.7	23.8	-0.9	1.3
Other operating income	4.4	3.1	1.6	4.0	2.1	1.0	1.0
Operating expenses	-719.7	-878.9	-905.6	-1,050.9	-1,063.5	-964.5	-957.0
Restructuring expenses	-	-	-	-15.3	-1.8	-3.1	-30.1

Depreciation and writedowns	-20.5	-18.2	-17.1	-19.4	-20.4	-19.9	-20.1
OPERATING INCOME	0.3	0.6	-9.5	-24.9	-0.1	-19.0	-52.4
% of net sales	0.0	0.1	-1.0	-2.3	0.0	-2.0	-5.5
Financial income and expenses	-7.0	-6.1	-6.0	-6.3	-7.3	-6.1	-6.4
Share of profits and losses of associates	-0.1	-	-	-0.1	0.0	-0.1	-0.3
INCOME BEFORE TAXES	-6.8	-5.5	-15.4	-31.2	-7.5	-25.1	-59.0
Income taxes	-4.0	-7.3	4.2	-2.9	1.6	5.3	12.4
NET INCOME FOR THE PERIOD	-10.7	-12.8	-11.3	-34.2	-5.9	-19.8	-46.6
ATTRIBUTABLE TO:							
Equity holders of the parent company	-11.5	-13.7	-11.6	-34.5	-6.3	-20.6	-46.9
Minority interests	0.8	0.9	0.3	0.4	0.4	0.7	0.3
	-10.7	-12.8	-11.3	-34.2	-5.9	-19.8	-46.6

BALANCE SHEET, MEUR	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
ASSETS							
Non-current assets							
Intangible assets	28.4	28.5	29.5	32.7	35.0	36.9	38.8
Tangible assets	190.0	184.0	182.0	200.1	210.5	220.4	227.3
Investments	2.2	2.1	2.1	2.2	2.4	2.5	2.6
Long-term receivables	49.2	48.5	47.3	33.8	37.6	34.8	28.6
Non-current assets, total	269.8	263.2	260.9	268.8	285.5	294.7	297.4
Current assets							
Inventories	358.2	322.5	321.7	355.8	395.7	365.0	346.4
Current receivables	326.4	320.0	271.7	335.6	435.3	420.3	390.1
Cash and equivalents	59.5	50.5	91.9	92.7	65.8	44.4	75.4
Current assets, total	744.0	692.9	685.3	784.0	896.8	829.8	811.9
Assets classified as held for sale	28.7	30.5	30.2	39.5	7.9	7.6	6.7
ASSETS, TOTAL	1,042.6	986.6	976.4	1,092.3	1,190.2	1,132.0	1,116.0

SHAREHOLDERS' EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent company

Share capital	13.0	13.0	13.0	13.0	13.0	13.0	12.6
Other shareholders' equity	139.7	152.4	162.8	173.5	206.1	213.5	228.5
Equity attributable to equity holders of the parent company, total	152.8	165.4	175.9	186.6	219.2	226.6	241.1
Minority interests	13.4	12.5	11.3	11.3	11.0	9.8	10.1
Total equity	166.2	177.9	187.2	197.9	230.2	236.4	251.2
Long-term liabilities							
Long-term loans	159.4	159.3	159.4	159.3	179.6	179.4	179.6
Other long-term debt	5.5	5.2	5.0	4.9	5.0	5.1	4.5
Long-term liabilities, total	164.9	164.5	164.4	164.2	184.6	184.5	184.1
Current liabilities							
Current loans	187.2	111.2	75.7	77.5	49.8	56.6	64.8
Other current liabilities	519.9	526.8	544.7	625.6	718.0	647.0	607.3
Provisions	4.4	4.8	3.7	6.5	7.5	7.5	8.5
Current liabilities, total	711.5	642.8	624.1	709.6	775.4	711.1	680.6
Liabilities classified as held for sale	-	1.4	0.7	20.5	-	-	-

SHAREHOLDERS' EQUITY

AND LIABILITIES, TOTAL	1,042.6	986.6	976.4	1,092.3	1,190.2	1,132.0	1,116.0
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Personnel on average during the period	17,304	17,543	17,894	19,131	19,433	19,714	19,065
Gross capital expenditures, MEUR	17.2	16.6	27.7	27.8	14.8	13.4	11.2
ROI/ROCE from 12 preceding months, %	-5.6	-6.2	-10.7	-19.6	-12.0	-9.4	-2.9
Earnings per share (EPS), A-shares, EUR	-0.35	-0.42	-0.35	-1.06	-0.19	-0.64	-1.49
Solvency, %	15.9	18.0	19.2	18.1	19.4	20.9	22.5

CONSOLIDATED CASH FLOW STATEMENT, MEUR

	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
Cash flow before change in working capital	32.8	16.2	1.3	5.2	13.1	-2.3	-4.3
Change in working capital	-65.2	-66.3	24.7	33.6	33.9	-5.9	-18.4
Financial items and taxes	-7.6	-5.6	-7.5	-6.1	-3.8	-1.2	-8.6
Cash flow from operating activities	-39.9	-55.8	18.4	32.7	43.2	-9.5	-31.2
Purchases of non-current assets	-12.8	-24.6	-20.0	-26.2	-18.0	-12.5	-10.4
Acquisitions	-15.5	-	-	-	-	-	-
Disposals of non-current assets	1.5	1.8	0.5	15.4	3.7	1.0	0.7
Cash flow before financing activities	-66.7	-78.5	-1.1	21.9	28.9	-21.0	-40.9

Proceeds from share issue	-	-	-	-	-	6.7	-
Redemption of parent company shares	-	-	-	-0.1	-	-	-
Change in current debt	72.2	36.3	2.4	9.3	-4.5	-8.8	34.4
Repayment of long-term debt	-	-0.2	-	-0.2	-	-0.2	-0.2
Dividends paid	-1.0	-	-	-	-1.5	-7.4	-
Cash flow from financing activities	71.1	36.1	2.4	9.1	-6.0	-9.7	34.3
Change in cash and equivalents	4.4	-42.4	1.3	30.9	23.0	-30.8	-6.6
Cash and equivalents at the beginning of the period	50.5	91.9	92.7	65.8	44.4	75.4	82.3
Cash and equivalents classified as held for sale	-	0.2	-0.2	-3.2	-	-	-
Effect of exchange rate changes on cash held	4.6	0.9	-1.9	-0.8	-1.6	-0.2	-0.3
Cash and equivalents at the end of period	59.5	50.5	91.9	92.7	65.8	44.4	75.4

BUSINESS AREAS, MEUR	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
Net sales							
Personal Communications	437.6	631.0	688.4	750.1	740.1	628.8	658.8
Home Communications	126.6	90.5	81.4	99.8	102.8	123.2	108.4
Communications Networks	176.3	183.3	139.0	212.5	216.8	216.4	185.3
Total	740.5	904.8	908.7	1,062.4	1,059.7	968.3	952.5
Segment's operating income							
Personal Communications	1.9	5.6	5.4	-1.9	7.0	-9.4	-25.8
Home Communications	-0.9	0.9	-0.5	3.2	-1.0	-2.0	-11.0
Communications Networks	7.6	3.3	-4.2	-17.2	2.4	2.2	-4.7
Group's non-allocated expenses/income	-8.4	-9.2	-10.1	-9.0	-8.5	-9.8	-10.8
Total	0.3	0.6	-9.5	-24.9	-0.1	-19.0	-52.4
Restructuring expenses recognized in segment's operating income							
Personal Communications	-	-	-	-1.3	-0.9	-2.9	-21.4
Home Communications	-	-	-	-1.3	-1.2	0.0	-6.9
Communications Networks	-	-	-	-12.6	0.3	-0.3	-1.4
Group's non-allocated expenses/income	-	-	-	0.0	0.0	0.1	-0.4
Total	-	-	-	-15.3	-1.8	-3.1	-30.1

GEOGRAPHICAL AREAS, MEUR	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
Net Sales							
Europe	365.4	414.3	465.4	557.5	530.2	481.0	507.6
Asia-Pacific	173.0	233.4	214.4	293.9	313.7	272.1	231.2
Americas	202.0	257.1	228.9	211.1	215.7	215.2	213.6
Total	740.5	904.8	908.7	1,062.4	1,059.7	968.3	952.5