ELCOTEQ SE'S FINANCIAL STATEMENTS BULLETIN JANUARY - DECEMBER, 2008 (UNAUDITED)

Elcoteq SE's net sales in 2008 declined about 15% on the previous year and amounted to 3,443.2 million euros (4,042.9 million euros in 2007). Profitability increased even with lower sales, although being negative. Year 2008 was exceptionally challenging due to the major changes in the customer structure. Full-year operating income was -20.4 million euros (-96.3) and excluding restructuring expenses it was -6.9 million euros (-46.1). Cash flow developed positively towards the end of the year and was 46.6 million euros positive in the fourth quarter of 2008. Full-year cash flow after investing activities was -99.7 million euros (-11.1).

Financial year 2008

- Net sales were 3,443.2 million euros (4,042.9)
- Operating income was -20.4 million euros (-96.3). Operating income includes restructuring expenses amounting to 13.5 million euros (50.2), excluding which operating income was -6.9 million euros (-46.1)
- Income before taxes was -52.9 million euros (-122.8)
- Earnings per share (EPS) were -2.02 euros (-3.37)
- Rolling 12-month return on capital employed was -3.1% (-19.6%)
- Cash flow after investing activities was -99.7 million euros (-11.1)
- Interest-bearing net debt amounted to 238.5 million euros (144.5), and gearing was 1.8 (0.7)
- The Board of Directors proposes that no dividend will be paid for 2008

October - December 2008

- Net sales were 889.1 million euros (1,062.4 in the fourth quarter of 2007 and 740.5 million euros in the third quarter of 2008)
- Operating income was -11.8 million euros (-24.9). Operating income includes restructuring costs amounting to 13.5 million euros (15.3), excluding which operating income was 1.7 million euros (-9.6)
- Income before taxes was -25.2 million euros (-31.2)
- Earnings per share were -0.89 euros (-1.06)
- Cash flow after investing activities was 46.6 million euros (21.9)

Elcoteq SE's consolidated financial statements for 2008 have been prepared using IFRS recognition and measurement principles. The comparative figures given in the body text of this report are the figures for the corresponding period of the previous year, unless stated otherwise.

Market Review

The estimated total assembly value of the global electronics market grew by roughly 5% at the annual level and exceeded the landmark figure of 1,000 billion US dollars in 2008. The electronics manufacturing services (EMS) market alone was valued at 186 billion US dollars in 2008, based on the average estimates of industry market research data providers Electronic Trend Publications (ETP), iSupply, and Technology Forecasters (TFI). This represents annual EMS market growth of about 11%. Apart from the growing general electronics market, EMS growth was driven by greater usage of outsourcing in electronics manufacturing – a trend that is expected to continue in the future as well.

Elcoteq holds a strong position in the EMS market. The company is ranked as Europe's biggest and among the ten largest EMS companies in the world. Elcoteq's role is strong in mobile phone manufacturing, where the company is the world's third largest EMS provider.

Financial Year 2008

Elcoteq's 2008 net sales declined on the previous year and amounted to 3,443.2 million euros (4,042.9). Operating income was -20.4 million euros (-96.3), representing -0.6% (-2.4%) of net sales. Income before taxes was -52.9 million euros (-122.8) and net income was -65.9 million euros (-108.4). Earnings per share (EPS) amounted to -2.02 euros (-3.37). Earnings include 13.5 million euros (50.2) in restructuring expenses.

The decline was mainly in the Personal Communications Business Area where a structural change in the customer portfolio is under way. Net sales by the Home Communications Business Area clearly rose as a result of the flat TV (FTV) assembly acquisition while net sales by Communications Networks Business Area were down slightly due to the divestment of loss-making German operations in January 2008.

Operating income for 2008 was negative but clearly better than in 2007. In view of the fact that net sales were 600 million euros lower than in the previous year, this is a positive development. The company has been able to offset to a great extent the effects of the sales decline with the cost savings achieved through the Action Plans initiated in February 2007. However, the change in customer structure has been more intense than originally anticipated. Therefore the company has not been able to utilize its manufacturing resources in the most optimal manner. Both the Personal Communications and Communications Networks Business Areas reported positive operating income. Operating income reported by the Home Communications Business Area was negative mainly due to low sales at the beginning of the year and foreign exchange losses incurred in Brazil.

The Group's net financial expenses amounted to 32.4 million euros (26.1). The increase was mainly due to the higher usage of credit lines to finance the extraordinarily high inventory levels.

Fourth-quarter Net Sales and Earnings

Fourth-quarter net sales in 2008 grew compared to the third quarter, as expected, and amounted to 889.1 million euros (1,062.4 million euros in the fourth quarter of 2007 and 740.5 in the third quarter of 2008).

Operating income in the fourth quarter was -11.8 million euros (-24.9 in the fourth quarter of 2007 and 0.3 in the third quarter of 2008) and income before taxes was -25.2 million euros (-31.2). Operating income exclusive of restructuring expenses in the fourth quarter was positive at 1.7 million euros.

Financing and Cash Flow

At the end of December 2008, Elcoteq had cash and unused but immediately available credit lines totaling 165.9 million euros (186.9 million euros in the third quarter of 2008 and 389.2 million euros at the end of 2007). Higher usage of credit lines resulted from lower sold account receivables and financing of excess inventories. These credit limits included a 230 million euros syndicated, committed credit facility of which 70 million euros was unused. Negotiations are under way to extend the syndicated committed credit facility beyond year 2009. Furthermore, the company will not use its option to prepay the 60 million euros subordinated notes in December 2009, but it will maintain the prepayment option until December 2011 according to the loan terms.

At the end of December, the Group's interest-bearing net debt amounted to 238.5 million euros (144.5) and gearing was 1.8 (0.7). The solvency ratio was 14.2% (18.1%). Cash flow from sold accounts receivable amounted to 101.1 million euros (226.5 million euros at the end of 2007 and 115.4 at the end of the third quarter of 2008). Return on capital employed (ROCE) was -3.1% (-19.6%).

Cash flow after investing activities in 2008 was -99.7 million euros (-11.1), while it was 46.6 million euros positive in the fourth quarter. The company managed to clearly reduce inventory levels during the last quarter. Full-year cash flow was impacted by the unusually high levels of finished goods and component inventories especially in the second and third quarters. A particular cause for this excess inventory was that a Personal Communications customer had provided overly optimistic forecasts for the second and third quarters. 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. Even though the cash flow is not yet at the target level, the inventory levels are heading back to normal.

Capital Expenditures

The Group's gross capital expenditures on fixed assets in 2008 amounted to 71.4 million euros (67.2), or 2.1% of net sales. Depreciation was 78.9 million euros (79.8), representing 2.3% of net sales. Investments were primarily earmarked for production machinery. In the fourth quarter, investments amounted to 9.9 million euros (27.8). No new operating lease contracts were made in 2008 (in 2007 equipment purchase value amounted to approximately 3.4 million euros).

Personnel

At the end of December, the Group employed 18,830 (24,222) people: 217 (260) in Finland and 18,613 (23,962) elsewhere. The geographical distribution of the workforce was as follows: Europe 8,607 (10,936), Asia-Pacific 5,027 (7,598) and the Americas 5,196 (5,688). The average number of Elcoteq employees on the company's direct payroll in 2008 was 17,401 (19,131).

On January 15, 2009, the company announced a restructuring plan that includes several measures, including personnel reductions. The company estimates, that the personnel reductions are likely to be in the scale of 5,000 persons, including both indirect and direct employees, calculated from the 2008 third quarter personnel level of 21,000. Some measures were already carried out in December. These reductions will be completed by the end of the first quarter of 2009.

Wages, salaries and other personnel expenses in 2008 amounted to 193.0 million euros (206.2).

Corporate Responsibility

Elcoteq's corporate responsibility includes economic, social and environmental aspects. The company's environmental management system corresponds with the requirements of the ISO 14001:2004 standard. All Elcoteq units operate within a multisite certificate for quality and environmental management. The key environmental development projects having a bearing on the company's business operations in 2008 concerned meeting the requirements of the European Union's REACH Regulation, developing corporate responsibility compliance in the supply chain and starting a carbon footprint project. In 2008, Elcoteq started systematic group-level internal audits of environmental, social accountability as well as occupational health and safety standards. Further details on Elcoteq's corporate responsibility activities will be presented in the Corporate Responsibility Report, which will be published as a part of the Annual Report 2008 during the week commencing on March 2, 2009.

Research and Development

Elcoteq's research and development costs in 2008 totaled approximately 1.8 million euros (4.6), or 0.1% of net sales. The company's R&D activities cover, among other things, equipment and process development for production and production testing needs as well as development related to the platforms, software, electronics, mechanics and testing of mobile phones.

Trends of the Business Areas

As of the beginning of 2008, Elcoteq's reporting covers three Business Areas: Personal Communications, Home Communications and Communications Networks. In 2008, Personal Communications contributed 65% (69%), Home Communications 15% (10%) and Communications Networks 20% (21%)of the Group's net sales.

Elcoteq has continued to balance its customer portfolio in line with its key strategic focus. In 2008, Elcoteq's largest customers (in alphabetical order) were EADS, Ericsson, Funai, Huawei, Nokia Devices, Nokia Siemens Networks, Philips, Research in Motion (RIM), Sony Ericsson and Thomson. No single customer accounted for over 40% of consolidated net sales.

Personal Communications

Net sales of the Personal Communications Business Area in 2008 were somewhat lower than expected at 2,222.2 million euros (2,777.8). Operating income in this segment was 19.6 million euros (-30.2), 1% of net sales and excluding restructuring expenses, it was 25.5 million euros. Fourth-quarter net sales in 2008 amounted to 465.2 million euros (750.1) and the segment's operating income to 6.7 million euros (-1.9).

Despite the challenging market conditions in the EMS market during 2008, Elcoteq was able to hold on to its share as the third largest EMS provider in the global Personal Communications business. Elcoteq's position was particularly strong in handset manufacturing. Services were stepped up in box build and after market services.

The main achievement of 2008 was the broadening of the customer portfolio. Compared to 2007, the deliveries to Research in Motion (RIM) increased substantially whereas deliveries to Nokia continued to decline. In order to secure future growth and profitability, the Personal Communications Business Area seeks to increase its efforts to win business from selected new customers.

Home Communications

Net sales of the Home Communications Business Area in 2008 amounted to 517.3 million euros (434.2). The segment's operating income was -4.6 million euros (-10.9); excluding restructuring expenses, it was -2.5 million euros. Fourth-quarter net sales in 2008 amounted to 218.8 million euros (99.8) and the segment's operating income was -4.1 million euros (3.2).

In September, the company acquired Philips' FTV assembly operations in Juarez, Mexico. FTV production is an industry segment that is expected to show strong growth but also tight competition in the future. Elcoteq considers FTVs to be a strategic product segment. Previously the company only provided service solutions for printed circuit board assemblies (PCBA) and various subassemblies, but with the Juarez acquisition the service offering of Home Communications expanded to the complete final assembly of FTVs.

The Juarez deal included long-term cooperation agreements with Philips and a major new customer, Funai Electric Co., Ltd. New customer accounts were also acquired in other parts of the plant network as existing customers expanded their production operations into new product segments.

Communications Networks

Net sales of the Communications Networks Business Area in 2008 declined by about 15% on the previous year and amounted to 703.7 million euros (831.0). The decline was mainly due to the divestment of Offenburg plant. The segment's operating income was 1.6 million euros (-17.3); excluding restructuring expenses, it was 7.0 million euros. Fourth-quarter net sales in 2008 amounted to 205.2 million euros (212.5) and the segment's operating income was -5.1 million euros (-17.2).

During 2008, the efficiency of the Communications Networks Business Area improved continuously. Some structural changes, such as the phase out of Offenburg and St. Petersburg customers, were also made. The Business Area expanded its activities in India, where the customer portfolio was broadened by new customer wins and its reputation grew because of the competitive service offering.

The Communications Networks Business Area has decided to extend its market focus into infrastructure products, targeting business opportunities where customers can benefit from the existing set-up, service offering and competences in radio frequency technology as the world gets more and more wireless. Wireless meters and products to control buildings are just some examples of potential business that Communications Networks has started to explore.

Geographical Areas

Elcoteq has three geographical areas: Europe, Asia-Pacific and the Americas. Elcoteq's net sales in 2008 were derived from these areas as follows: Europe 48% (52%), Asia-Pacific 22% (27%) and the Americas 30% (21%).

Decisions of the Annual General Meeting

Elcoteq SE´s domicile was transferred to Luxembourg as of January 1, 2008. According to the new Articles of association, the Annual General Meeting took place in Luxembourg on March 25, 2008. The meeting could also be attended via remote access from Helsinki, Finland. The Meeting confirmed the consolidated and parent company's income statements and balance sheets for the financial year 2007 and discharged the members of the Board of Directors and the statutory auditor from liability for the financial year. The Final Accounts relating to the transfer of domicile were also approved.

The Meeting approved the Board´s proposal to amend the first sentence of Article 30 of the Articles of Association whereby the number of directors in the Board of Directors shall not be less than four (4) and not more than ten (10). The Meeting also approved the Board´s proposal to amend the second paragraph of Article 54 of the Articles of Association whereby should the Annual General Meeting day, March 23, be a legal or bank holiday in Luxembourg or Finland, the meeting shall be held on the second following business day.

The Meeting elected eight members to the Board of Directors. All previous members were re-elected and the Meeting elected one new member, Mr. François Pauly, General Manager of Sal. Oppenheim Jr. & Cie S.C.A, to Elcoteq´s Board of Directors. The following persons continued as members: President Martti Ahtisaari; Mr. Heikki Horstia, Vice President, Treasurer, Wärtsilä Corporation; Mr. Eero Kasanen, Rector of the Helsinki School of Economics; Mr. Antti Piippo, principal owner and founder-shareholder of Elcoteq SE; Mr. Henry Sjöman, founder-shareholder of Elcoteq SE; Mr. Juha Toivola, Master of Arts; and Mr. Jorma Vanhanen, founder-shareholder of Elcoteq SE. The terms of office of the Board members extend until the end of the following Annual General Meeting. Ahtisaari, Horstia, Kasanen, Pauly and Toivola are independent Board members, and they represent more than half of the Board´s members.

Convening after the Annual General Meeting in Luxembourg, the Board of Directors elected Mr. Antti Piippo as its Chairman and Mr. Juha Toivola as the Deputy Chairman. Mr. Piippo was elected Chairman of the Nomination Committee and the Working Committee and Mr. Henry Sjöman, Mr. Juha Toivola and Mr. Jorma Vanhanen as members of these committees. Mr. Toivola was elected Chairman of the Compensation Committee and the Audit Committee and President Martti Ahtisaari, Mr. Heikki Horstia, Mr. Eero Kasanen and Mr. Pauly as members of these committees.

On the proposal of the Board´s Audit Committee, the firm of authorized public accountants KPMG Audit S.à.r.l. under the supervision of Mr. Philippe Meyer was appointed as the Company´s auditor for the financial year ending on December 31, 2008. The auditors are paid a fee appropriate to the scope of their work.

Shares and Shareholders

On December 31, 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 9,301 shareholders on December 31, 2008. There were altogether 6,957,018 nominee-registered and foreign-registered shares, representing 5.4% of the total number of shares and 5.4% of the votes outstanding.

Incentive Scheme

The company has a share subscription plan which allows the company to issue a maximum of 1,500,000 new Series A shares in November 2009. The actual number of shares to be issued is based on the improvement of the profit before taxes of the full financial year 2008. According to the plan and on the basis of the 2008 results, the company will be issuing approximately 480,000 new Series A shares in November 2009.

Events After the End of the Review Period

On January 15, 2009, Elcoteq announced that it will launch an intense and profound restructuring plan to prepare the company for the exceptionally uncertain market situation and general economic development in 2009 and to secure the company´s profitability in 2009 and beyond. The plan consist of several measures: streamlining of operations and workforce reductions as well as other cost savings measures, such as selling idle machinery and equipment, terminating facility and old machinery lease agreements as well as cutting external services. As part of the plan, Elcoteq will close its plants in Arad (Romania), Richardson (USA) and St. Petersburg (Russia) as well as consolidate the plant in Shenzhen (China) to the plant in Beijing (China).

The Plan targets annual savings in the range of 80 - 100 million euros. The savings will start having a positive effect gradually from the second quarter of 2009 onwards and will significantly improve Elcoteq's full-year profitability. The total one-time costs related to the restructuring plan are approximately 24 million euros. The estimated total cash effect is 10 million euros.

On January 15, 2009, Elcoteq also announced that it has started a process to strengthen its balance sheet through a structured equity linked instrument during the first half of 2009, broadening the company's ownership base.

On January 30, Elcoteq concluded a property transaction whereby a real estate in Lohja, Finland, was sold. The property was Elcoteq's first manufacturing location and it was leased out when a new plant was opened in Lohja in 1995. The transaction price was 1.7 million euros. The transaction has no impact on company's financial results.

Changes in Elcoteq´s Management

Two new members were appointed to Elcoteq Management Team (EMT) as of April 14: Mr. Petteri Laaksomo, Senior Vice President, Group Operations and Sourcing, and Mr. Markus Kivimäki, Senior Vice President, Corporate Legal Affairs.

On July 1, Mr. Jouni Hartikainen, President and CEO of Elcoteq SE, took over management of the Group's Personal Communications Business Area when Mr. Anssi Korhonen, previous President of the Personal Communications Business Area and member of the Elcoteq Management Team, took up a new position outside the company.

The responsibilities of the COO (Chief Operating Officer) were integrated into the Sourcing and Supply Chain Organization on September 5, when Mr. Jukka Jäämaa, deputy CEO and COO, member of the Elcoteq Management Team, took up a new position outside Elcoteq. Mr. Petteri Laaksomo, member of the Elcoteq Management Team and Senior Vice President of Group Operations and Sourcing, decided to pursue his career outside Elcoteq as of September 22. The responsibilities of Mr. Jäämaa and Mr. Laaksomo were taken over by Mr. Roger Taylor, who started as a new Senior Vice President (SVP), Group Operations and member of the Elcoteq Management Team (EMT) as of October 8.

The IEMS Strategy

Expanding Elcoteq's service offering to an Integrated EMS (IEMS) provider was 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 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.

Short-term Risks and Uncertainties

The most important short-term challenges with respect to Elcoteq's business operations concern the company's ability to improve its cost structure - and thus its profitability – at a rate quick enough to cope with market conditions that are becoming increasingly tight, coupled with its ability to offer service packages that correspond to customer demands and needs. The ability to react rapidly to changing market situation is especially important in times of increased economic uncertainty in order not to tie up cash unnecessarily in working capital and investments.

Strengthening the Balance Sheet

Elcoteq has executed consistent actions to balance its customer portfolio and improve its profitability. This new business set-up gives a good basis for strong growth opportunities in the electronics outsourcing market. In order to respond to these growth opportunities, Elcoteq has started a process to strengthen its balance sheet. The planned capital raise is expected to be implemented through a structured equity linked instrument during the first half of 2009 and it will broaden the company's ownership base. The company is currently proceeding with the project in the stated timetable and is having discussions with several counterparts ranging from strategic partners to private investors.

Prospects

Generic growth in the EMS market is expected to be around 8-10% on average during the next five years, based on the figures of industry research data providers. However, due to rising uncertainty about the development of the global economy in the near future, EMS business growth estimates regarding 2009 vary greatly between the different industrial and financial forecasts available. The average growth estimate for 2009 is about 5%.

In Personal Communications Business Area the global handset shipments are expected to decline about 5% to around 1,182 million units in 2009. Growth in the smartphone market is likely to remain strong compared to the total handset industry, with year-on-year unit growth of 13% in 2009. In Home Communications Business Area the growth is expected to continue to be strong and in FTVs, Elcoteq estimates the growth potential to be over 10% and in STBs about 5%. The Communications Networks business is expected to remain flat, with some growth in Asia-Pacific. In the Communications Networks market, broadband demand - both wireless and wireline - is still growing.

Under the current market conditions it is extremely difficult to make exact forecasts. The first quarter net sales are expected to be clearly lower than the fourth quarter of 2008. The operating income, before one-time costs arising from the announced restructuring plan, is expected to be negative because the restructuring actions will not yet have a significant impact on the cost structure in the first quarter. The actions will start having positive impact from the second quarter onwards.

The company’s priority areas for 2009 are the strengthening of the equity base, further balancing of customer base, clear improvement in bottom-line profitability through the ongoing restructuring actions and strong cash generation through improved profitability, limited capital expenditure and further working capital reduction.

Board’s Dividend Proposal

The Board of Directors proposes to the Annual General Meeting to be held on March 23, 2009, that no dividend will be paid for the financial year 2008.

Annual General Meeting 2009

Elcoteq's Annual General Meeting will be held in Luxembourg on March 23, 2009. A separate Shareholder Information Meeting will be held before the Annual General Meeting in Helsinki, on March 18, 2009.

The Board’s Nomination Committee proposes to the Annual General Meeting that the Board’s current members be re-elected. All have given their consent to re-election.

Luxembourg, February 10, 2009
Board of Directors

Further information:
Jouni Hartikainen, President and CEO, +358 10 413 11
Mikko Puolakka, CFO, tel. +358 10 413 1287
Minna Aila, Director, Investor Relations and Corporate Responsibility, tel. +358 10 413 1908

Press Conference and Webcast

Elcoteq will hold a combined press conference, conference call and webcast in English at 2.30 pm (EET) on Wednesday, February 11, in the Bulsa-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 on February 11, 2009.

Elcoteq publishes its Interim Report for January-March 2009 at 9.00 am (EET) on Wednesday, April 29, 2009.

Enclosures:
1 Consolidated Income statement
2 Consolidated Balance sheet
3 Consolidated Cash flow statement
4 Calculation of changes in shareholders' equity
5 Segment reporting
6 Personnel
7 Formulas for the calculation of key figures
8 Key figures for five years
9 Restructuring expenses
10 Assets and liabilities classified as held for sale
11 Assets pledged and contingent liabilities
12 Impact of business combinations of the consolidated financial statements
13 Quarterly figures

APPENDIX 1

CONSOLIDATED INCOME STATEMENT (IFRS), EUR 1,000	**Jan. 1 - Dec. 31, 2008**	**Jan. 1 - Dec. 31, 2007**
NET SALES	**3,443,199**	**4,042,932**
Change in work in progress and finished goods	-35,516	18,499
Other operating income	11,182	8,176
Production materials and services	-2,989,012	-3,635,868
Personnel expenses	-192,982	-206,230
Depreciation	-78,921	-78,699
Impairment		-1,093
Depreciation and impairment, total	-78,921	-79,792
Restructuring expenses	-13,496	-50,231
Other operating expenses	-164,851	-193,830
OPERATING LOSS	**-20,399**	**-96,344**
Financial income, total	6,381	3,601
Financial expenses, total	-38,784	-29,658

Share of the losses of associated companies	-105	-432
LOSS BEFORE TAXES	**-52,908**	**-122,833**
Income taxes	-11,109	16,322
NET LOSS	**-64,017**	**-106,511**
ATTRIBUTABLE TO:		
Equity holders of the parent company*	-65,872	-108,381
Minority interest	1,856	1,870
	-64,017	**-106,511**

Earnings per share calculated on profit attributable to equity holders of the parent company:

Earnings per share (EPS), A shares EUR	-2.02	-3.37
Earnings per share (EPS), K shares EUR	-	-3.37
Earnings per share (EPS), K founders´ shares EUR	-0.20	-

* Net profit reported by the company

APPENDIX 2

CONSOLIDATED BALANCE SHEET (IFRS), EUR 1,000	Dec. 31, 2008	Dec. 31, 2007
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	3,731	5,407
Product development costs	73	206
ADP Software	2,235	4,136
Advance payments and construction in progress	96	1,178
Goodwill	21,510	21,745
	27,645	32,672
Tangible assets		
Land and water areas	742	2,252
Buildings	40,397	59,715
Machinery and equipment	125,609	135,862
Advance payments and construction in progress	1,017	2,225
	167,765	200,054
Investments		
Shares and equity interests in associated companies	1,637	1,656
Receivables from associated companies	87	87
Available-for-sale financial assets	513	502
	2,238	2,246
Long-term receivables		
Deferred tax assets	32,943	33,530
Other loans receivable	13,408	271
	46,352	33,800
Non-current assets, total	**243,999**	**268,773**

Current assets		
Inventories		
Raw materials	205,524	274,045
Work in progress	10,593	22,329
Finished goods	40,038	59,377
Advance payments	1	5
	256,157	355,756
Current receivables		
Accounts receivable	306,107	297,594
Other receivables	17,270	22,585
Prepaid expenses and accruals	12,048	15,313
Tax assets based on taxable income in year	851	86
	336,276	335,578
Cash and equivalents	95,099	92,691
Current assets, total	**687,532**	**784,025**
Assets classified as held for sale	23,898	39,453
ASSETS, TOTAL	**955,429**	**1,092,251**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital*	13,041	13,041
Additional paid-in capital	225,011	225,011
Other reserves	5,231	7,323
Translation differences	3,227	-7
Retained earnings	-58,154	49,597
Net income for the year	-65,872	-108,381
Equity attributable to equity holders of the parent company, total	**122,484**	**186,584**
Minority interests	12,728	11,307
Total equity	**135,212**	**197,891**
Liabilities		
Long-term liabilities		
Subordinated notes	139,517	139,297
Medium-term notes	19,980	39,973
Loans from pension plans	210	631
Other debt	376	406
Deferred tax liability	5,253	4,479
	165,336	184,785
Payments due within one year	-386	-20,581
Long-term liabilities, total	164,951	164,204
Current liabilities		
Medium-term notes	-	19,991
Loans from financial institutions	173,647	33,139
Commercial paper program	-	23,951

Loans from pension plans	210	420
Advances received	780	1,053
Accounts payable	422,892	565,231
Other current liabilities	11,556	15,583
Accrued expenses	37,278	43,106
Tax liabilities based on taxable income in year	1,415	633
Provisions	7,488	6,521
Current liabilities, total	655,266	709,630
Liabilities classified as held for sale	-	20,526
Liabilities, total	**820,217**	**894,360**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	**955,429**	**1,092,251**

* Share capital includes both A-shares listed in Nasdaq OMX Helsinki Exchange and K founders´ shares.

APPENDIX 3

CONSOLIDATED CASH FLOW STATEMENT (IFRS), EUR 1,000	Jan. 1 - Dec. 31, 2008	Jan. 1 - Dec. 31, 2007
CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss	-64,017	-106,511
Adjustments:		
Depreciation and amortization	78,921	79,792
Unrealized foreign exchange gains and losses	10	-12,405
Other non-payment-related income and expenses	631	141
Financial income and expenses	39,859	28,352
Taxes	11,109	-16, 322
Other adjustments	5,343	38,646
Cash flow before change in working capital	71,857	11,693
Change in working capital: *		
Change in non-interest bearing current receivables	20,798	37,782
Change in inventories	128,867	-26,870
Change in non-interest bearing current liabilities	-209,864	32,287
Cash flow from operating activities before financial items and taxes	11,658	54,891
Interest and other financial expenses	-28,825	-24,385
Operations-related interest income	1,240	1,699
Income taxes paid	-6,127	3,026
Cash flow from operating activities	-22,054	35,232
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of tangible and intangible assets	-61,849	-67,114
Proceeds from disposal of tangible and intangible assets	7,846	18,503
Acquisitions of subsidiaries, net of cash acquired	-23,941	-
Disposals	-	2,306
Repayment of loans receivable	279	5
Cash flow from investing activities	**-77,665**	**-46,300**
CASH FLOW FROM FINANCING ACTIVITIES		

Proceeds from share issues	-	6,733
Redemption of parent company shares	-	-51
Change in current debt	119,696	30,358
Repayment of long-term debt	-20,420	-582
Dividends paid	-2,025	-8,902
Cash flow from financing activities	**97,251**	**27,558**
CHANGE IN CASH AND EQUIVALENTS	**-2,469**	**16,490**
Cash and equivalents on January 1	92,691	**82,298**
Cash and equivalents classified as held for sale	-	-3,154
Effect of exchange rate changes on cash held	4,877	-2,942
Cash and equivalents on December 31	**95,099**	**92,691**

*) The change in working capital includes the change in sold accounts receivable. The impact of this change has weakened cash flow by 125.5 million euros during the financial year 2008 and improved cash flow by 38.8 million euros during the financial year 2007.

APPENDIX 4

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY, (IFRS) EUR 1,000

	Attributable to equity holders of the parent								Minority interests	Total equity
	Share capital	Additional paid-in capital	Other reserves	Hedging reserve	Translation differences	Reserve for own shares	Retained earnings	Total		
Balance at Jan. 1, 2008	**13,041**	**225,011**	**8,369**	**-1,047**	**-7**	**-68**	**-58,717**	**186,584**	**11,307**	**197,891**
Equity hedge of subsidiaries					-6,338			-6,338		-6,338
Cash flow hedge *				-2,092				-2,092		-2,092
Translation differences					9,572			9,572	1,591	11,163
Net income recognised direct in equity				-2,092	3,234			1,142	1,591	2,733
Net income							-65,872	-65,872	1,856	-64,017

Share-based payments							631	631		631
Dividends									-2,025	-2,025
Balance at Dec. 31, 2008	**13,041**	**225,011**	**8,369**	**-3,139**	**3,227**	**-68**	**-123,958**	**122,484**	**12,728**	**135,212**
Balance at Jan. 1, 2007	**12,616**	**218,704**	**8,369**	**0**	**-1,864**	**0**	**55,831**	**293,656**	**9,647**	**303,303**
Equity hedge of subsidia-ries					2,256			2,256		2,256
Cash flow hedge*)				-1,047				-1,047		-1,047
Transla-tion differen-ces					-399			-399	-528	-927
Net income recogni-sed direct in equity				-1,047	1,857			810	-528	282
Net income							-108,381	-108,381	1,870	-106,511
Issue of share capital	425	6,308						6,733	2,822	9,555
Share-based payments							141	141		141
Redemp-tion of parent company shares						-68		-68		-68
Dividends							-6,308	-6,308	-2,504	-8,812
Balance at Dec. 31, 2007	**13,041**	**225,011**	**8,369**	**-1,047**	**-7**	**-68**	**-58,717**	**186,584**	**11,307**	**197,891**

*) The Group has applied hedge accounting to derivative instruments related to purchases from June 30, 2007 and related personnel expenses from October 15, 2008.

APPENDIX 5

SEGMENT REPORTING

Since the beginning of 2008, Elcoteq has had three business areas as its primary segments: Personal Communications, and Communications Networks. Elcoteq reports these as its primary segments applying the principles defined in IAS 14. Until the end of 2007, Personal Communications and Home Communications were combined in a single business area, Terminal Products.

As its secondary segments Elcoteq reports its three geographical areas: Europe, Asia-Pacific and Americas.

Segment reporting is based on the company's internal reporting system.

Accounting Principles

There are no intersegment sales between the primary segments.

The net sales of the secondary segments are based on where the segment's assets are located. Net sales according to customer location are shown under "Breakdown of net sales by market".

The items shown for the segments are those that are either directly attributable to the segments or that can be reasonably allocated to them.

The segment's assets comprise intangible and tangible rights, investments in associated companies, inventories, accounts receivable and allocatable prepaid expenses and accruals.

The segment's liabilities are its accounts payable and allocatable accrued expenses.

Non-Allocated Items

Non-allocated expenses in the income statement consist of the expenses of the Group office.

Non-allocated assets consist mainly of cash and bank receivables as well as prepaid expenses and accruals not allocated to the segments.

Non-allocated liabilities are mainly interest-bearing liabilities, deferred tax liabilities and accrued expenses not allocated to the segments.

Investments in associated companies that cannot be allocated to the segments are entered under non-allocated assets.

Business Areas

Personal Communications business area designs and manufactures devices based on the most advanced wireless communications technology such as mobile phones and their parts as well as wireless modules and wireless phones.

Home Communications business area has focused on serving customers in home communications solutions. The business area's products include cable and satellite set top boxes, flat panel TVs and other home connectivity.

Communications Networks business area serves customers operating in the areas of mobile phone networks, wireless and broadband networks. The business area's products include base station equipment such as plug-in units and broadband network products.

BUSINESS AREAS IN 2008, MEUR	Personal communi-cations	Home communi-cations	Communi-cations Networks	Non-Allocated	Total
Net sales	2 222.2	517.3	703.7	-	3,443.2
Depreciation	44.4	14.2	17.8	2.4	78.9
Operating income	19.6	-4.6	1.6	-37.0	-20.4
Restructuring expenses**	-6.0	-2.1	-5.4	-	-13.5
Share of associated companies' results	-	-	-0.1	0.0	-0.1
Assets***	358.1	195.3	248.3	153.7	955.4
Investments in associated companies	-	-	1.6	0.0	1.6
Liabilities	215.4	109.1	133.0	362.7	820.2
Capital expenditures	31.8	31.6	6.7	1.3	71.4
Sold accounts receivable*	12.8	24.2	64.1	-	101.1

* not included in the segment's assets
** A total of 9.2 million euros in restructuring expenses with no cash flow effect have been recognized, of which 3.4 million euros are included in restructuring expenses of the Personal Communications business area, 0.9 million euros are included in the restructuring expenses of the Home Communications business area and 5.0 million euros are included in the restructuring expenses of the Communications Networks business area.

*** The assets of the segments include a total of 23.9 million euros in available-for-sale assets, of which 2.2 million are allocated to the Personal Communications business area and 21.7 million euros to the Communications Networks business area.

BUSINESS AREAS IN 2007, MEUR	Personal communi-cations	Home communi-cations	Communi-cations Networks	Non-Allocated	Total
Net sales	2,777.8	434.2	831.0	-	4,042.9
Depreciation	47.5	8.3	19.9	4.2	79.8
Operating income	-30.2	-10.9	-17.3	-38.0	-96.3
Restructuring expenses**	-26.5	-9.4	-14.0	-0.3	50.2
Share of associated companies' results	-	-	-0.1	-0.3	-0.4

Assets***	516.7	93.5	335.0	147.0	1,092.3
Investments in associated companies	-	-	1.6	0.0	1.7
Liabilities	417.0	50.1	162.2	265.1	894.4
Capital expenditures	30.6	10.7	21.9	4.1	67.2
Sold accounts receivable*	112.6	49.1	64.8	-	226.5

* Not included in the segment´s assets
** A total of 31.5 million euros in restructuring expenses with no cash flow effect on non-current assets have been recognized, of which 16.6 million euros are included in restructuring expenses of the Personal Communications business area, 2.0 million euros are included in the restructuring expenses of the Home Communications business area and 13.0 million euros are included in the restructuring expenses of the Communications Networks business area.
*** The assets of the segments include a total of 39.5 million euros in available-for-sale assets, of which 3.2 million are allocated to the Personal Communications business area, 34.5 million to the Communications Networks business area and 1.7 million tonon-allocated assets.

GEOGRAPHICAL AREAS IN 2008, MEUR	Europe	Asia-Pacific	Americas	Non-Allocated	Total
Net sales	1,665.0	755.1	1,023.2	-	3,443.2
Assets	323.0	199.2	284.4	148.8	955.4
Capital expenditures	36.6	7.1	26.4	1.3	71.4
Sold accounts receivable*	79.4	21.6	-	-	101.1

GEOGRAPHICAL AREAS IN 2007, MEUR	Europe	Asia-Pacific	Americas	Non-Allocated	Total
Net sales	2,076.3	1,110.9	855.7	-	4,042.9
Assets	489.3	291.8	172.5	138.7	1,092.3
Capital expenditures	24.7	20.7	17.7	4.1	67.2
Sold accounts receivable*	178.9	47.7	-	-	226.5

* Not included in the segment's assets

BREAKDOWN OF NET SALES BY MARKET, MEUR	2008	2007
Europe	1,516.5	2,030.2
Americas	1,326.1	999.2
Asia-Pacific	600.6	1,013.5
	3,443.2	4,042.9

APPENDIX 6

PERSONNEL

The Group had on average 17,401 (19,131) employees during the year, distributed geographically as follows.

	At Dec. 31	At Jan. 1	Change	Average
Finland	220	252	-32	239
Brazil	790	361	429	856
Hong Kong	50	57	-7	51
India	885	1,144	-259	1,003
Japan	3	3	0	3
China	4,086	6,392	-2,306	5,356
Luxembourg	4	4	0	4
Mexico	3,633	2,999	634	3,623
Romania	301	327	-26	319
Sweden	7	8	-1	7
Germany	4	410	-406	36
Switzerland	10	7	3	9
Hungary	2,991	2,937	54	3,075
USA	133	163	-30	151
Russia	384	576	-192	475
Estonia	1,992	2,352	-360	2,193
Total	15,493	17,992	-2,499	17,401

On December 31, 2008 the Group employed 18,830 people, of whom 15,493 were on Elcoteq's payroll.

APPENDIX 7

FORMULAS FOR THE CALCULATION OF KEY FIGURES

Return on equity (ROE) = $\dfrac{\text{Net income x 100}}{\text{Total equity, average of opening and closing balances}}$

Return on investments (ROI/ROCE) = $\dfrac{\text{(Income before taxes + interest and other financial expenses + income from discontinued operations before taxes and financial expenses) x 100}}{\text{Total assets - non-interest bearing liabilities, average of opening and closing balances}}$

Return on investment (ROI/ROCE) for trailing 12 months = $\dfrac{\text{(Income before taxes + interest and other financial expenses + income from discontinued operations before taxes and financial expenses) x 100}}{\text{Total assets - non-interest-bearing liabilities, average of opening and closing balances}}$

Current ratio = $\dfrac{\text{Current assets + assets classified as held for sale}}{\text{Current liabilities + liabilities classified as held for sale}}$

Solvency =	$\frac{\text{Total equity x 100}}{\text{Total assets - advance payments received}}$
Gearing =	$\frac{\text{Interest-bearing liabilities - cash and equivalents}}{\text{Total equity}}$
Equity per share (2004-2007) =	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted average number of shares outstanding end of the period}}$
Equity per share (2008) =	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted average number of A shares outstanding end of the period + (Adjusted average number of K founders´ shares outstanding end of the period/10)}}$
Earnings per share, A shares (EPS) =	$\frac{\text{Net income attributable to equity holders of the parent, A shares}}{\text{Adjusted average number of A shares outstanding during the period}}$
Earnings per share, diluted, A shares (EPS) =	$\frac{\text{Net income attributable to equity holders of the parent, A shares}}{\text{Adjusted average number of A shares outstanding during the period + effect of dilution on the number of shares}}$
Earnings per share, K shares (EPS) (2004-2007)=	$\frac{\text{Net income attributable to equity holders of the parent, K shares}}{\text{Adjusted average number of K shares outstanding during the period}}$
Earnings per share, K founders´ share (EPS) (2008)=	$\frac{\text{Net income attributable to equity holders of the parent, K founders´ shares}}{\text{Adjusted average number on K founders´ shares outstanding during the period}}$
Dividend per share =	$\frac{\text{Dividends paid for the fiscal year}}{\text{Adjusted average number of shares outstanding end of the period}}$
Payout ratio=	$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$
Dividend yield=	$\frac{\text{Dividend per share x 100}}{\text{Average share price at the end of the period}}$
P/E ratio=	$\frac{\text{Average share price at the end of the period}}{\text{Earnings per share (EPS)}}$
Operating income before depreciation and amortization (EBITDA) =	Net income + Depreciation, amortization and impairment

APPENDIX 8

KEY FIGURES FOR FIVE YEARS

	2008	2007	2006	2005	2004*
OPERATIONS					
Net sales, MEUR	3,443.2	4,042.9	4,284.3	4,169.0	2,921.8
of which outside Finland, %	95.2	93.9	89.7	81.4	86.2
Gross capital expenditures (does not include operating leases), MEUR	71.4	67.2	116.9	123.6	128.3
Employees, average	17,401	19,131	16,651	15,242	13,065
PROFITABILITY					
Operating income before depreciation and amortization (EBITDA) , MEUR	58.5	-16.6	126.6	155.0	117.6
Operating income, MEUR	-20.4	-96.3	43.9	76.5	57.3
% of net sales	-0.6	-2.4	1.0	1.8	2.0
Income before taxes, MEUR	-52.9	-122.8	19.2	59.3	44.9
% of net sales	1.5	-3.0	0.4	1.4	1.5
Net income, MEUR ***	-65.9	-108.4	12.1	41.3	30.7
% of net sales	-1.9	-2.7	0.3	1.0	1.1
Return on equity (ROE), %	-38.4	-42.5	4.8	14.1	15.1
Return on investment (ROCE/ROI), %	-3.1	-19.6	9.1	17.6	19.5
FINANCIAL RATIOS					
Current ratio	1.1	1.1	1.2	1.2	1.1
Solvency, %	14.2	18.1	26.1	26.0	30.5
Gearing	1.8	0.7	0.4	0.3	0.4
Interest-bearing liabilities, MEUR	333.6	237.2	210.3	191.7	137.4
Interest-bearing net debt, MEUR	238.5	144.5	128.0	90.3	98.2
PER SHARE DATA					
Earnings per share A shares (EPS) , EUR	-2.02	-3.37	0.38	1.34	1.01
Earnings per share K shares (EPS), EUR	-	-3.37	0.38	1.34	1.01
Earnings per share K founders´ shares (EPS), EUR ****	-0.20	-	-	-	-
Diluted earnings per share, A shares (EPS), EUR	-	-3.37	0.37	1.28	0.96
Shareholders' equity per share, EUR ***	3.76	5.72	9.31	9.55	8.82
Share price at the end of the year, EUR	1.21	4.06	9.78	20.15	17.89
Dividend per share, EUR **	0.00	0.00	0.20	0.66	0.65
Payout ratio, % **	0.0	0.0	52.3	49.7	49.6
Dividend yield, % **	0.0	0.0	2.0	3.3	3.6
P/E ratio	-0.6	-1.2	25.7	15.0	14.1
Adjusted weighted average number of shares in issue during the period					
A shares	22,017,819	21,601,081	20,761,611	20,187,705	19,843,473
K founders´ shares ****	105,770,000	10,577,000	10,577,000	10,577,000	10,577,000

Adjusted number of shares in issue at the end of the period					
A shares	22,017,819	22,017,819	20,962,327	20,526,577	20,063,877
K founders´ shares	105,770,000	10,577,000	10,577,000	10,577,000	10,577,000

* The key figures for the income statement and earnings per share are calculated on continuing operations. Other key figures include the impact of the discontinued operation.
** The dividend in 2008 is the proposal of the Board of Directors to the Annual General Meeting.
*** Amount attributable to equity holders of the parent company. The net income for 2004 does not include the income of the discontinued operation.
**** In the transfer of domicile the company K shares were converted into K founders' shares and their number increased ten-fold while at the same time reducing their par value to one-tenth of the par value of the A shares.

APPENDIX 9

RESTRUCTURING EXPENSES

During the first quarter of 2009, Elcoteq has launched a restructuring plan that applies to whole Group. The plan targets to prepare the company for the exceptionally uncertain market situation and general economic development. This plan is the next step in the company's drive to increase profitability, cost-efficiency and operational excellence. The plan contains several elements. The first measure is to close the plants in Arad (Romania), Richardson (USA) and St. Petersburg (Russia) as well as to consolidate the plant in Shenzhen (China) to the plant in Beijing. The second measure consists of the processes of reducing personnel at several plants globally. In addition the company will reduce other operative costs.

The restructuring cost recognised in 2008 are relating to the restructuring plan above and consist of fixed assets impairments as well as the personnel reductions executed or commenced in 2008.

The restructuring costs in 2007 are related to the action plans commenced in 2006, that applied especially to the operations in Europe and Americas. As a part of these action plans, the plants in Lohja, Finland, and in Juarez, Mexico, were closed during 2007. Furthermore, according to the action plan announced in October 2007, Elcoteq agreed on selling the subsidiary in Offenburg, Germany, and on the restructuring of the plant in St. Petersburg.

The Group´s restructuring expenses, 13,496 thousand euros, comprise the following items:

EUR 1,000	2008	2 007
Personnel expenses	2,722	6,486
Impairments	6,074	24,607
Production materials and services	3,170	-
Other operative expenses	1,530	19,138
Restructuring expenses, total	13,496	50,231

Impairment of non-current assets

EUR 1,000	2008	2 007
Intangible rights	-	757
Goodwill	248	3,852
Buildings	1,837	1,570
Machinery and equipment	3,871	7,359
ADP software	118	121
Other financial assets	-	10,949

Impairments, total	6,074	24,607

Impairments of goodwill in 2008 are related to the closing of the Richardson plant. Impairments of buildings as well as machinery and equipment are primarily due to plant closures.

In year 2007 Impairments of goodwill are related to impairment losses on design operations and German operations. For more information on goodwill impairment, see the section entitled Depreciation and Amortization in the notes.

Impairments of buildings as well as machinery and equipment are primarily due to plant closures and the sale of machinery.

Impairments of other financial assets are connected with the write-off of holdings in Cellon.

APPENDIX 10

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities classified as held for sale in 2008 relate to real estates on sale and includes impairment of 2.5 million euros (10.6).

Assets and liabilities classified as held for sale in 2007 related to real estates on sale and to sale of Elcoteq
Communications Technology GmbH to Bavaria Industriekapital AG on January 2008.

Assets classified as held for sale:

EUR 1,000	2008	2007
Non-current assets	23,898	4,910
Current assets	-	34,543
Total	23,898	39,453

Liabilities classified as held for sale:

EUR 1,000	2008	2007
Long-term liabilities	-	-
Current liabilities	-	20,526
Total	-	20 526

APPENDIX 11

ASSETS PLEDGED AND CONTINGENT LIABILITIES, EUR 1,000	2008	2007
PLEDGED SALES RECEIVABLES	26,901	-
PLEDGED LOANS RECEIVABLES	764	-

ON BEHALF OF OTHERS		
Guarantees	1,008	8
LEASING COMMITMENTS		
Operating leases, production machinery (excl. VAT)	9,014	26,239
Rental commitments, real-estate (excl. VAT)	15,386	19,334
DERIVATIVE CONTRACTS		
Currency forward contracts, transaction risk, hedge accounting not applied		
Nominal value	118,315	223,305
Fair value	-224	-7,069
Currency forward contracts, transaction risk, hedge accounting applied		
Nominal value	69,389	182,754
Fair value	-3,539	-1,047
Currency option contracts, translation risk, hedge accounting applied, bought options		
Nominal value	17,000	-
Fair value	341	-
Currency forward contracts, translation risk		
Nominal value	20,243	40,541
Fair value	-819	1,102
Currency forward contracts, financial risk		
Nominal value	172,329	126,534
Fair value	-3,116	250
Interest rate and foreign exchange swap contracts		
Nominal value	1,500	4,000
Fair value	225	18

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 include also the closed positions.

OTHER COMMITMENTS

In calculating value-added tax for China in 2008, 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. During previous years Elcoteq has been granted the approval afterwards and therefore the company has estimated the risk to be small and has made no provision.

APPENDIX 12

IMPACT OF BUSINESS COMBINATIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Elcoteq SE signed in September 4, 2008 an agreement to purchase Philips' flat panel TV (FTV) assembly operations in Juarez, Mexico. The deal includes a long-term cooperation agreement w Philips to provide manufacturing services to Philips for its Latin American FTV business and it Philips Business Services business in the Americas. The deal includes also a long term cooperat agreement with Funai Electric Co., Ltd to provide manufacturing services to Funai's FTV busin in North America.

The acquisition includes certain fixed assets and inventories of Philips' Juarez manufacturing operation.
The assets and liabilities were acquired at fair value and will be used in the manufacturing of products to be supplied to Philips.
The impact of acquisition to the company's profitability in 2008, assuming that the agreement had been signed at the beginning of 2008, cannot be reliably determined.
The final acquisition price will be confirmed during 2009 and in year 2008 the balance sheet values used for the acquired business are based on preliminary asset values. Also the purchase allocation based on IFRS standards is prepared on a provisional basis.

The assets and liabilities acquired in business combinations are valued at their fair values.

ASSETS AND LIABILITIES ACQUIRED IN BUSINESS COMBINATIONS IN 2008 AND 2007:

EUR 1,000	2008 Fair value	2008 Book value	2007 Fair value	2007 Book value
Non-current assets				
Intanglible assets	457	-	-	-
Tangible assets	5,395	5,395	-	-
Current assets				
Inventories	15,181	15,181	-	-
Current receivables	7,021	7,021	-	-
Cash and equivalents	406	406	-	-
Assets, total	28,461	28,004	-	-
Liabilities				
Current liabilities	5,033	5,033	-	-
Acquisition costs	23,428	22,971	-	-
Acquisition price paid in cash	24,348	-	-	-
Cash and equivalents of acquired subsidiary	-406	-	-	-
Impact on cash flow	23,942	-	-	-

The acquisition in 2008 was made in US dollars. The acquisition cost was translated into euros using the exchange rate of the acquisition date. The acquisition price paid in cash was translated into euros using the payment date´s rate of the acquisition.

APPENDIX 13

QUARTERLY FIGURES (UNAUDITED)

INCOME STATEMENT, MEUR	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008	Q4/ 2007	Q3/ 2007	Q2/ 2007	Q1/ 2007
NET SALES	**889.1**	**740.5**	**904.8**	**908.7**	**1,062.4**	**1,059.7**	**968.3**	**952.5**
Change in work in progress and finished goods	-23.9	-4.4	-10.1	2.9	-5.7	23.8	-0.9	1.3
Other operating income	2.2	4.4	3.1	1.6	4.0	2.1	1.0	1.0
Operating expenses	-842.6	-719.7	-878.9	-905.6	-1,050.9	-1,063.5	-964.5	-957.0
Restructuring expenses	-13.5	-	-	-	-15.3	-1.8	-3.1	-30.1
Depreciation and impairments	-23.2	-20.5	-18.2	-17.1	-19.4	-20.4	-19.9	-20.1
OPERATING INCOME	**-11.8**	**0.3**	**0.6**	**-9.5**	**-24.9**	**-0.1**	**-19.0**	**-52.4**
% of net sales	-1.3	0.0	0.1	-1.0	-2.3	0.0	-2.0	-5.5
Financial income and expenses	-13.3	-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	**-25.2**	**-6.8**	**-5.5**	**-15.4**	**-31.2**	**-7.5**	**-25.1**	**-59.0**
Income taxes	-4.0	-4.0	-7.3	4.2	-2.9	1.6	5.3	12.4
NET INCOME FOR THE PERIOD	**-29.2**	**-10.7**	**-12.8**	**-11.3**	**-34.2**	**-5.9**	**-19.8**	**-46.6**
ATTRIBUTABLE TO:								
Equity holders of the parent company	-29.1	-11.5	-13.7	-11.6	-34.5	-6.3	-20.6	-46.9
Minority interests	-0.1	0.8	0.9	0.3	0.4	0.4	0.7	0.3
	-29.2	**-10.7**	**-12.8**	**-11.3**	**-34.2**	**-5.9**	**-19.8**	**-46.6**

BALANCE SHEET, MEUR	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008	Q4/ 2007	Q3/ 2007	Q2/ 2007	Q1/ 2007
ASSETS								
Non-current Assets								
Intangible assets	27.6	28.4	28.5	29,5	32.7	35.0	36.9	38.8
Tangible assets	167.8	190.0	184.0	182.0	200.1	210.5	220.4	227.3
Investments	2.2	2.2	2.1	2.1	2.2	2.4	2.5	2.6
Long-term receivables	46.4	49.2	48.5	47.3	33.8	37.6	34.8	28.6
Non-current assets, total	244.0	269.8	263.2	260.9	268.8	285.5	294.7	297.4
Current assets								
Inventories	256.2	358.2	322.5	321.7	355.8	395.7	365.0	346.4
Current receivables	336.3	326.4	320.0	271.7	335.6	435.3	420.3	390.1
Cash and equivalents	95.1	59.5	50.5	91.9	92.7	65.8	44.4	75.4
Current assets, total	687.5	744.0	692.9	685.3	784.0	896.8	829.8	811.9
Assets classified as held for sale	23.9	28.7	30.5	30.2	39.5	7.9	7.6	6.7
ASSETS, TOTAL	**955.4**	**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	13.0	12.6
Other shareholders' equity	109.4	139.7	152.4	162.8	173.5	206.1	213.5	228.5
Equity attributable to equity holders of the parent company, total	122.5	152.8	165.4	175.9	186.6	219.2	226.6	241.1
Minority interests	12.7	13.4	12.5	11.3	11.3	11.0	9.8	10.1
Total equity	135.2	166.2	177.9	187.2	197.9	230.2	236.4	251.2
Long-term liabilities								
Long-term loans	159.3	159.4	159.3	159.4	159.3	179.6	179.4	179.6
Other long-term debt	5.6	5.5	5.2	5.0	4.9	5.0	5.1	4.5
Long-term liabilities, total	165.0	164.9	164.5	164.4	164.2	184.6	184.5	184.1
Current liabilities								
Current loans	173.9	187.2	111.2	75.7	77.5	49.8	56.6	64.8
Other current liabilities	473.9	519.9	526.8	544.7	625.6	718.0	647.0	607.3
Provisions	7.5	4.4	4.8	3.7	6.5	7.5	7.5	8.5
Current liabilities, total	655.3	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	**955.4**	**1,042.6**	**986.6**	**976.4**	**1,092.3**	**1,190.2**	**1,132.0**	**1,116.0**
Personnel on average during the period	17,050	17,304	17,543	17,894	19,131	19,433	19,714	19,065
Gross capital expenditure, MEUR	9.9	17.2	16.6	27.7	27.8	14.8	13.4	11.2
ROI/ROCE from 12 preceding months, %	-3.1	-5.6	-6.2	-10.7	-19.6	-12.0	-9.4	-2.9
Earnings per share (EPS), EUR	-0.89	-0.35	-0.42	-0.35	-1.06	-0.19	-0.64	-1.49
Solvency, %	14.2	15.9	18.0	19.2	18.1	19.4	20.9	22.5

CONSOLIDATED CASH FLOW STATEMENT, MEUR	**Q4/ 2008**	**Q3/ 2008**	**Q2/ 2008**	**Q1/ 2008**	**Q4/ 2007**	**Q3/ 2007**	**Q2/ 2007**	**Q1/ 2007**
Cash flow before change in working capital	21.5	32.8	16.2	1.3	5.2	13.1	-2.3	-4.3
Change in working capital	46.6	-65.2	-66.3	24.7	33.6	33.9	-5.9	-18.4
Financial items and taxes	-13.0	-7.6	-5.6	-7.5	-6.1	-3.8	-1.2	-8.6
Cash flow from operating activities	55.2	-39.9	-55.8	18.4	32.7	43.2	-9.5	-31.2
Purchases of non-current assets	-4.4	-12.8	-24.6	-20.0	-26.2	-18.0	-12.5	-10.4
Acquisitions	-8.4	-15.5	-	-	-	-	-	-

Disposals of non-current assets	4.1	1.5	1.8	0.5	15.4	3.7	1.0	0.7
Cash flow before financing activities	46.6	-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	8.9	72.2	36.3	2.4	9.3	-4.5	-8.8	34.4
Repayment of long-term debt	-20.2	-	-0.2	-	-0.2	-	-0.2	-0.2
Dividends paid	-1.0	-1.0	-	-	-	-1.5	-7.4	-
Cash flow from financing activities	-12.3	71.1	36.1	2.4	9.1	-6.0	-9.7	34.3
Change in cash and equivalents	34.2	4.4	-42.4	1.3	30.9	23.0	-30.8	-6.6
Cash and equivalents at the beginning of the period	59.5	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	1.4	4.6	0.9	-1.9	-0.8	-1.6	-0.2	-0.3
Cash and equivalents at the end of the period	95.1	59.5	50.5	91.9	92.7	65.8	44.4	75.4

BUSINESS AREAS, MEUR	**Q4/ 2008**	**Q3/ 2008**	**Q2/ 2008**	**Q1/ 2008**	**Q4/ 2007**	**Q3/ 2007**	**Q2/ 2007**	**Q1/ 2007**
Net sales								
Personal Communications	465.2	437.6	631.0	688.4	750.1	740.1	628.8	658.8
Home Communications	218.8	126.6	90.5	81.4	99.8	102.8	123.2	108.4
Communications Networks	205.2	176.3	183.3	139.0	212.5	216.8	216.4	185.3
Total	889.1	740.5	904.8	908.7	1,062.4	1.059.7	968.3	952.5
Segment´s operating income								
Personal Communications	6.7	1.9	5.6	5.4	-1.9	7.0	-9.4	-25.8
Home Communications	-4.1	-0.9	0.9	-0.5	3.2	-1.0	-2.0	-11.0
Communications Networks	-5.1	7.6	3.3	-4.2	-17.2	2.4	2.2	-4.7
Group´s non-allocated expenses/income	-9.3	-8.4	-9.2	-10.1	-9.0	-8.5	-9.8	-10.8
Total	-11.8	0.3	0.6	-9.5	-24.9	-0.1	-19.0	-52.4
Restructuring expenses recognized in segment´s operating income								
Personal Communications	-6.0	-	-	-	-1.3	-0.9	-2.9	-21.4
Home Communications	-2.1	-	-	-	-1.3	-1.2	0.0	-6.9
Communications Networks	-5.4	-	-	-	-12.6	0.3	-0.3	-1.4
Group´s non-allocated expenses/income	-	-	-	-	0.0	0.0	0.1	-0.4
Total	-13.5	-	-	-	-15.3	-1.8	-3.1	-30.1

GEOGRAPHICAL AREAS, MEUR	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008	Q4/ 2007	Q3/ 2007	Q2/ 2007	Q1/ 2007
Net Sales								
Europe	419.8	365.4	414.3	465.4	557.5	530.2	481.0	507.6
Asia-Pacific	134.3	173.0	233.4	214.4	293.9	313.7	272.1	231.2
Americas	335.1	202.0	257.1	228.9	211.1	215.7	215.2	213.6
Total	889.1	740.5	904.8	908.7	1,062.4	1,059.7	968.3	952.5