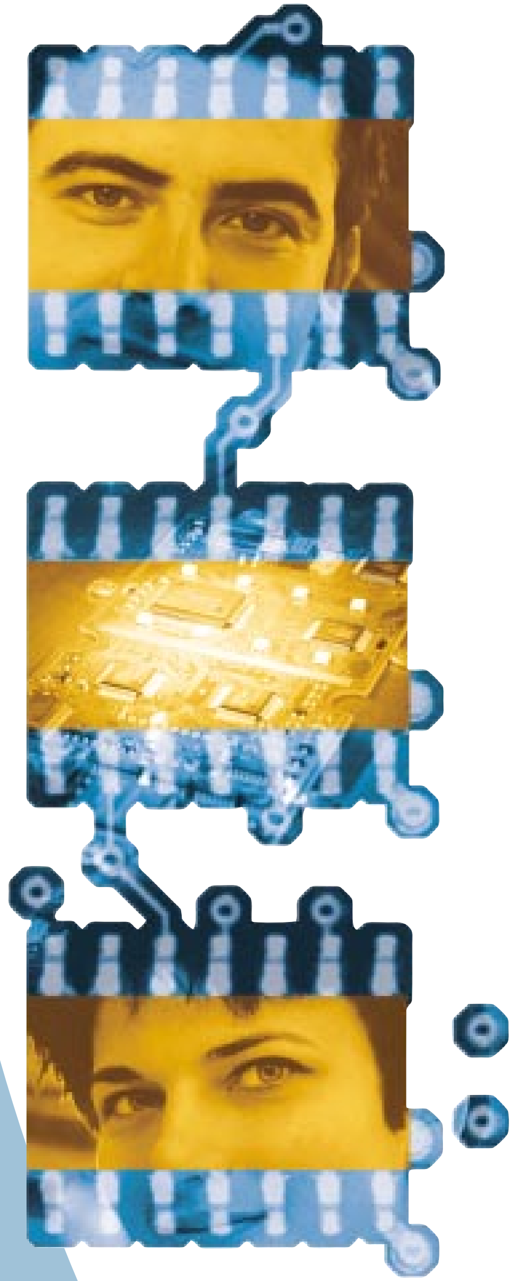
ELCOTEQ

ANNUAL REPORT 2000



Elcoteq's mission is to continuously improve
the performance of the value chains in which it participates,
through co-evolution with its customers and suppliers,
in order to increase its value to all its stakeholders.

Contents

Annual general meeting and dividends

Annual General Meeting

The Annual General Meeting of Elcoteq Network Corporation shareholders will be held on Wednesday March 14, 2001, commencing at 2.00 p.m., in the Ballroom of the Scandic Hotel Continental Helsinki (Mannerheimintie 46-48).

Shareholders may attend the AGM who have registered themselves in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd no later than March 2, 2001.

Shareholders wishing to attend the AGM are requested to notify the company no later than 4.00 p.m. (EET) on March 12, 2001, either in writing to Elcoteq Network Corporation, Ms Anna-Kaisa Holmqvist, P.O.Box 8, FIN-02631 Espoo, or by telephone to Ms Anna-Kaisa Holmqvist, +358-10-413 1557.

Letters of authorization should arrive at the above address before the period of notification expires.

Payment of dividend

The Board proposes to the Annual General Meeting that the parent company pays the shareholders a dividend of FIM 2.25, i.e. approx. EUR 0.38 per share. The dividend decided by the AGM will be paid to shareholders who are registered in the shareholder register maintained by the Finnish Central Securities Depository Ltd on the record date. The Board of Directors will propose that the dividend record date is March 19, 2001 and that the dividend payment date is March 26, 2001.

Dividend policy

Elcoteq's dividend policy is based on the assumption that in the rapidly developing and expanding markets shareholders are likely to gain a higher return on their investment if the Group invests its profits primarily in developing its business.

Elcoteq – a global electronics manufacturing services company

Elcoteq Network Corporation is a leading European electronics manufacturing services (EMS) company providing engineering and manufacturing services, supply chain management and after sales services to international high-tech companies. Elcoteq operates EMS plants in Finland, Estonia, Russia, Hungary, Poland, Germany, Switzerland, Mexico and China. The Group also has Customer Service Centers in Denmark, Switzerland, the USA, Japan and Hong Kong. Elcoteq operates in 12 countries on three continents with more than 11,000 employees.

Elcoteq manufactures electronics subassemblies and complete end products for its customers' applications such as:

- Mobile phones, their subassemblies and accessories
- Consumer electronics products
- Telematics products
- Digital home communications products
- Base stations and switching platforms
- Industrial electronics products and systems.

Business areas

Elcoteq's operations are divided into three business areas: Terminal Products, Communications Network Equipment, and Industrial Electronics. This structure emphasizes customer-orientation and internal flexibility in addition to enhancing the company's ability to continue growing rapidly.

Terminal Products manufactures consumer products such as mobile phones and their accessories, data and set-top boxes and telematic equipment. Its largest customers are Ericsson, Nokia, Motorola and Salcomp.

Communications Network Equipment's customers are system integrators and OEM companies, for whom Elcoteq manufactures products including base stations, modules for switching platforms, and other modules and systems for wireless communications networks. Customers include ADC, Allgon, Ericsson and Nokia.

Industrial Electronics manufactures electronic control and regulation equipment, heat cost allocators, and automotive and elevator electronics for large industrial corporations such as ABB, Danfoss, Kone, Philips APM, Vaisala and Viterra.

Activities on three continents

In 2000 Elcoteq completed its globalization program started in 1998. The Group's portfolio of services now covers its customers' main markets in Europe, Asia and America. The processes, working methods and systems employed in all Elcoteq's plants are internally consistent. This enables Elcoteq to manufacture the same product or product family at different plants for the global market by handling transfer of the products between these plants and Elcoteq's customers, or alternatively within its own plant network and also between different markets.

Elcoteq's services

The scope of Elcoteq's services covers engineering, manufacturing, after sales and supply chain management.

Engineering services help Elcoteq's customers to achieve optimal design for manufacturability by careful selection of the most suitable assembly and interconnection methods, testing procedures, tooling concepts and materials. Elcoteq either works as part of its customer's team or it takes full responsibility for the entire engineering or development project. Elcoteq also has access to an extensive network of external research and development organizations.

Manufacturing services represent the core of Elcoteq's service portfolio. They comprise end product assembly, prototyping for high-volume production, the manufacture and assembly of micro-electronics components, and electromechanical assembly.

Supply chain management at Elcoteq involves material management and logistics services. These services cover component and material purchasing, plant logistics, material distribution and shipment of end products directly to the customer's warehouse or distribution chain.

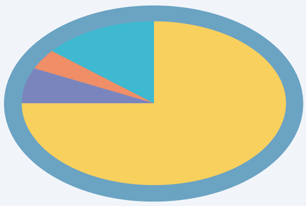
Elcoteq also offers a range of **after sales services** regardless of whether the customer's product is manufactured by Elcoteq or another company. These services are provided by the company's units in Hungary and Hong Kong. Elcoteq's after sales services comprise product analysis, product repairs and upgrades, and logistics.

Quarterly figures

	Q4/2000	Q3/2000	Q2/2000	Q1/2000	Q4/1999	Q3/1999	Q2/1999	Q1/1999
Income statement, MEUR								
Net sales	689.8	591.4	494.1	438.2	277.3	202.8	154.6	117.9
Change in stock of work in progress and finished goods	-7.0	1.2	12.6	10.6	4.1	1.5	0.8	-0.7
Other income from operations	1.2	4.8	1.0	1.5	0.5	-0.8	2.3	0.2
Operating expenses	-651.7	-570.7	-485.4	-430.5	-267.6	-193.6	-151.7	-115.1
Depreciation	-12.1	-8.3	-7.6	-6.7	-5.2	-4.5	-4.4	-3.8
Operating profit	20.1	18.4	14.7	13.2	9.1	5.3	1.6	-1.6
% of net sales	2.9	3.1	3.0	3.0	3.3	2.6	1.0	-1.3
Financial income and expenses	-5.7	-4.1	-1.6	-0.8	-1.9	-1.4	-0.8	-0.5
Profit before extraordinary items and taxes	14.5	14.4	13.1	12.4	7.3	3.9	0.8	-2.1
Income taxes	-3.0	-5.1	-3.8	-3.7	-2.5	-1.0	0.1	-0.1
Minority interest	-1.1	-0.3	-0.4	0.1	-0.2	-0.2	-0.9	0.0
Net Income	10.4	9.1	8.9	8.8	4.6	2.7	-0.1	-2.2
Balance sheet, MEUR								
Fixed assets	182.2	157.5	124.0	106.6	98.7	85.3	78.6	77.0
Current assets								
Inventories	300.5	335.9	277.6	227.6	142.4	99.6	79.9	66.6
Other current assets	318.7	377.4	318.8	257.0	197.0	157.4	123.3	90.6
Assets	801.4	870.8	720.4	591.3	438.1	342.3	281.8	234.1
Share capital	9.9	9.9	9.7	8.3	7.8	7.8	7.8	7.8
Convertible capital notes	-	-	-	-	18.5	18.5	18.5	18.5
Other shareholders' equity	266.5	257.0	227.5	135.3	109.6	104.2	101.7	101.6
Minority interests	4.6	3.6	3.6	3.2	3.1	2.8	2.7	1.7
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities	47.7	42.5	28.7	25.8	26.2	24.2	23.0	19.3
Short-term liabilities	472.6	557.8	450.9	418.5	272.8	184.6	128.0	85.2
Shareholders' equity and liabilities	801.4	870.8	720.4	591.3	438.1	342.3	281.8	234.1
Personnel on average during the period	11,121	10,174	9,300	8,080	5,648	4,933	4,371	3,909
Gross capital expenditure, MEUR	38.0	41.9	25.2	20.6	24.1	11.7	6.0	8.5
From 12 preceding months ROI, %	20.4	17.5	17.4	15.7	8.2	7.3	6.0	6.4
Earnings per share (EPS), EUR	0.4	0.3	0.3	0.4	0.2	0.1	0.0	-0.1
Solvency ratio 2	35.1	31.1	33.6	25.1	31.7	39.0	46.4	55.4

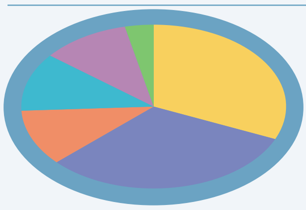
Net sales by business area, 2000

	%
Terminal products	75
Communications network equipment	7
Industrial electronics	4
Other	14



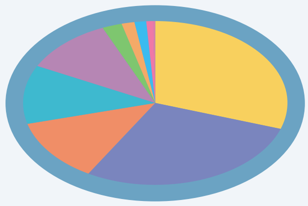
Net sales by region, 2000

	%
Finland	31.5
Sweden	31.6
Other EU countries	11.1
Americas	11.5
Asia	10.8
Other areas	3.5



Personnel at the end of 2000

Estonia	3,426
Hungary	3,219
Finland	1,416
China	1,316
Mexico	1,253
Germany	275
Poland	180
Russia	162
Hong Kong	94
Denmark, Japan, USA and Switzerland	30
Total	11,371



Dear shareholders and partners

Elcoteq's net sales and profits grew faster during 2000 than at any time in the company's history. Underlying the growth in net sales, almost triple the previous year's figure, was Elcoteq's global network of manufacturing plants built up during the previous two years and brought on stream during 2000. We also expanded our existing plant capacity and extended the range of services we offer our customers.

Demand for electronics manufacturing services continues to grow rapidly. However, high-quality production services by themselves are no guarantee of success. Global EMS companies have for some years recognized the importance of good materials and logistics management. Now it is the turn of engineering services to receive higher priority. Customers expect their EMS partners to participate in the design of their new products to ensure cost-efficient manufacturability; or, in more general terms, to help them create a concept that defines the conditions for bringing a successful product to market. Elcoteq has risen to this challenge by rapidly creating an organization of 100 experts to produce just such engineering services. All our major European plants now offer these services and we are in the process of setting up a similar organization in the USA as well.

In the spirit of co-evolution, Elcoteq and Ericsson have negotiated a new direction for their co-operation. Under our new agreement, Elcoteq will be a significant EMS partner for Ericsson in its largest business, communications network systems. Co-evolution between the two companies has existed for the past 15 years and I am confident it will continue to bring success to both of us. For Elcoteq, this means that we are more surely and widely involved than ever in producing electronics for the next generation of communications networks and beyond.

Interest in the services Elcoteq has to offer has clearly risen now that our global network of manufacturing plants is complete. This goes very well with our strategy to broaden our customer base. We created our plant network primarily with Nokia and Ericsson and, together with them, we grew to become one of the world's ten largest EMS manufacturers. In our present position we are a credible service provider for any company needing electronics manufacturing services. Indeed, in the past few months we have gained new customers in all business areas. We extend a heartfelt welcome to all these customers and we will do our utmost to ensure that co-evolution with them will serve our mutual interests.

Elcoteq differs from the other top-ten EMS companies in several significant respects. We have grown organically much faster than other companies, which have expanded through aggressive acquisitions. In our own way we have created a modern and cost-efficient network of plants with globally consistent manufacturing methods and procedures. As the only European company among the world's top ten, we have a distinct advantage over our American competitors, or American-managed Asian competitors, in being able to offer a true option. We have also received encouraging feedback on our plan to continue to develop our services as an independent company.

The year 2001 presents Elcoteq with yet a new set of challenges. Good co-operation with our customers, our material and service suppliers, our shareholders and capital financiers has nonetheless equipped us to meet these challenges with confidence, and for this I offer you my sincere gratitude. At the same time I also thank all our Elcoteq employees for their ability to continually raise their performance.

February 2001

Antti Piippo
Chairman of the Board

President's message

Elcoteq is known above all as an electronics manufacturing services specialist, most of whose production volume is derived from mobile phones and their accessories. In fact Elcoteq was the world's largest EMS company making mobile phones in 2000 and there are not even many OEMs of mobile phones producing more phones than Elcoteq.

Achieving such as strong position in this market segment is the result of systematic work. We have applied this same systematic approach to developing our capabilities as a manufacturer of communications network equipment and industrial electronics. We revamped our organization in late 2000 by creating three business areas, one for each of our customer segments, in order to ensure that we continue to offer the right services with sufficient resources and focus to these customers while developing our global service portfolio.

Our Terminal Products business area, which concentrates on mobile phones, will once again develop favorably this year even though, contrary to expectations, manufacture of Ericsson mobile phones will be gradually phased out during the first half of 2001. We expect to increase manufacturing of Nokia mobile phones and we are also working actively to find new customers. In the longer term we can expect to see plenty of other interesting "third-generation" terminal devices suitable for manufacture by Elcoteq.

Manufacturing of communications network electronics by Elcoteq we expect to more than double in 2001. The construction of third-generation mobile phone networks is currently the subject of wide discussion and will be influenced by many factors. Equipment suppliers and their partners are preparing for a surge in demand during the second half of 2001 and especially during 2002. In Elcoteq's case, the shift of emphasis in our co-operation with Ericsson from mobile phones to communications network systems will be largely instrumental in doubling our communications network equipment business. We have also gained new customers for this business area. We will be ramping up new manufacturing capacity specifically for these products in Estonia during the first half of 2001 and one year later also in Poland.

Elcoteq is a long-established manufacturer of industrial electronics. We expect our production volume in this segment to almost double during 2001 due to the acquisition of the ABB electronics unit near Baden in Switzerland. This unit has a good customer base and skilled personnel, two factors that will help to raise the service level of our industrial electronics business still further. This acquisition is also a strong signal of Elcoteq's desire and ability to develop its Industrial Electronics business.

In other words, Elcoteq's operations will change significantly during 2001 as manufacturing volumes of both communications network equipment and industrial electronics are expected to double. Growth in these segments will considerably reduce our more marginal operations, most of which consisted of the PC monitor production discontinued at the end of 2000. We believe that mobile phones will still account for by far the largest share of Elcoteq's operations during 2001.

Changes among Elcoteq's customers and markets require a great deal from the company and its employees. We are expected to provide ever faster, more flexible and technically more demanding services. We have anticipated this by restructuring our organization and enhancing our training and recruitment programs both for top management and other employees. We have secured the necessary financial resources by further implementation of our equity and debt financing program and other financing arrangements. We can also be immensely satisfied with our financial performance during 2000: a twenty percent return on capital employed is a solid achievement in any sector and demonstrates our efficiency.

I thank our customers, other partners, shareholders and other financiers and above all our Elcoteq employees for your excellent co-operation during 2000. I hope we can continue in this fashion also in the future.

February 2001

Tuomo Lähdesmäki
President

Formulas for the calculation of financial ratios

In the following formulas the convertible capital notes are included in interest-bearing liabilities and not in shareholders' equity.

Return on equity (ROE) =
$$\frac{\text{(Profit before extraordinary items – taxes) x 100}}{\text{Shareholders' equity + minority interests, average of figures at beginning and end of year}}$$

Return on investment (ROI/ROCE) =
$$\frac{\text{(Profit before extraordinary items + interest and other financial expenses) x 100}}{\text{Total assets – non interest-bearing liabilities, average of figures at beginning and end of year}}$$

Current ratio =
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Solvency 1 =
$$\frac{\text{(Shareholders' equity + minority interests) x 100}}{\text{Total assets – advance payments received}}$$

Solvency 2 =
$$\frac{\text{(Shareholders' equity + convertible capital notes + minority interests) x 100}}{\text{Total assets – advance payments received}}$$

Gearing 1 =
$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Shareholders' equity + minority interests}}$$

Gearing 2 =
$$\frac{\text{Interest-bearing liabilities – convertible capital notes – cash and cash equivalents}}{\text{Shareholders' equity + convertible capital notes + minority interests}}$$

Earnings per share (EPS) =
$$\frac{\text{Profit before extraordinary items – taxes – minority interests}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share =
$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per share =
$$\frac{\text{Dividends paid for the fiscal year}}{\text{Adjusted number of shares at the end of the period}}$$

Pay-out ratio =
$$\frac{\text{Dividends paid for the fiscal year x 100}}{\text{Profit before taxation – income taxes – minority interests}}$$

Dividend yield =
$$\frac{\text{Dividend per share x 100}}{\text{Average share price at the end of the period}}$$

P/E ratio =
$$\frac{\text{Average share price at the end of the period}}{\text{Earnings per share (EPS)}}$$

Return on investment (ROI/ROCE) from12 preceding months =
$$\frac{\text{(Profit before extraordinary items + interest and other financial expenses) x 100}}{\text{Total assets – non interest-bearing liabilities, average of figures at beginning and end of the period}}$$

Five years in figures, FIM

		2000 12 months	1999 12 months	1998 12 months	1997 12 months	1996 12 months
OPERATIONS						
Net sales	MFIM	13,161.1	4,474.1	2,346.3	1,678.6	988.1
of which outside Finland	%	68.5	80.3	64.7	77.8	68.4
Gross capital expenditure	MFIM	747.2	298.6	261.7	132.0	92.8
(doesn't include operating leases)						
Personnel on average during the year		9,630	4,733	3,085	2,593	1,888
PROFITABILITY						
Operating profit	MFIM	395.1	86.1	61.8	80.9	48.7
as percentage of net sales	%	3.0	1.9	2.6	4.8	4.9
Profit before taxes	MFIM	323.4	58.5	51.5	57.0	33.9
as percentage of net sales	%	2.5	1.3	2.2	3.4	3.4
Net income	MFIM	221.0	29.7	42.5	43.7	21.0
as percentage of net sales	%	1.7	0.7	1.8	2.6	2.1
Return on equity (ROE)	%	19.3	5.4	6.6	12.1	22.8
Return on investment (ROI/ROCE)	%	20.4	8.2	8.1	14.1	16.6
FINANCIAL RATIOS						
Current ratio		1.3	1.2	1.7	2.6	1.7
Solvency 1	%	35.1	27.5	43.8	52.7	17.0
Solvency 2	%	35.1	31.7	51.0	62.0	36.5
Gearing 1		0.5	0.7	0.4	-0.4	1.8
Gearing 2		0.5	0.5	0.2	-0.5	0.3
Interest-bearing liabilities	MFIM	1,083.9	530.9	263.3	159.1	181.2
PER SHARE DATA						
Earnings per share (EPS) *)	FIM	8.20	1.28	1.88	2.64	1.32
Diluted earnings per share (EPS)	FIM	7.91				
Shareholders' equity per share	FIM	55.74	29.96	28.57	26.93	5.89
Diluted shareholders' equity per share	FIM	53.94				
Dividend per share **)	FIM	2.25	0.65	0.20	0.20	0.61
Pay-out ratio **)	%	30.0	51.0	11.0	10.7	46.4
Dividend yield **)	%	1.1	0.7	0.4	0.3	
P/E ratio		24.4	72.0	30.1	26.1	
Share price						
* lowest share price	FIM	77.29	42.04	31.00	64.00	
* highest share price	FIM	255.67	94.54	85.00	76.00	
* average share price	FIM	179.89	55.98	56.23	70.45	
* share price at the end of the year	FIM	199.18	90.38	55.00	68.50	
Market capitalization						
* A shares	MFIM	3,766.9	1,151.2	700.6	872.6	
* K shares	MFIM	2,106.7	955.9	581.7	724.5	
* Total	MFIM	5,873.7	2,107.1	1,282.4	1,597.1	
Market capitalization for both share series have been calculated using closing share price at the end of the year.						
Trading of shares						
* Number of shares traded	Shares	31,957,599	10,706,930	12,508,204	889,992	
* As percentage of all A shares	%	169.0	84.1	98.2	7.0	
Adjusted weighted average number of shares during the period	Shares	26,944,809	23,315,500	23,315,500	16,558,377	15,865,500
Adjusted number of shares at the end of the period	Shares	29,488,902	23,315,500	23,315,500	23,315,500	15,865,500

*) The diluted profit for the period/share (EPS) has not been presented for 1996-1999 since it has been higher than the undiluted EPS because of interest expenses arising from convertible capital notes.

**) The dividend for the financial year 2000 is the Board's proposal to the Annual General Meeting.

Since 1998 the financial statements have been prepared in compliance with the Finnish Accounting Act, which came into force on December 31, 1997. The financial statements and key ratios for 1997 have been adjusted correspondingly, but the figures for 1996 have not been adjusted.

Five years in figures, EUR

		2000 12 months	1999 12 months	1998 12 months	1997 12 months	1996 12 months
OPERATIONS						
Net sales	MEUR	2,213.5	752.5	394.6	282.3	166.2
of which outside Finland	%	68.5	80.3	64.7	77.8	68.4
Gross capital expenditure	MEUR	125.7	50.2	44.0	22.2	15.6
(doesn't include operating leases)						
Personnel on average during the year		9,630	4,733	3,085	2,593	1,888
PROFITABILITY						
Operating profit	MEUR	66.4	14.5	10.4	13.6	8.2
as percentage of net sales	%	3.0	1.9	2.6	4.8	4.9
Profit before taxes	MEUR	54.4	9.8	8.7	9.6	5.7
as percentage of net sales	%	2.5	1.3	2.2	3.4	3.4
Net income	MEUR	37.2	5.0	7.1	7.3	3.5
as percentage of net sales	%	1.7	0.7	1.8	2.6	2.1
Return on equity (ROE)	%	19.3	5.4	6.6	12.1	22.8
Return on investment (ROI/ROCE)	%	20.4	8.2	8.1	14.1	16.6
FINANCIAL RATIOS						
Current ratio		1.3	1.2	1.7	2.6	1.7
Solvency 1	%	35.1	27.5	43.8	52.7	17.0
Solvency 2	%	35.1	31.7	51.0	62.0	36.5
Gearing 1		0.5	0.7	0.4	-0.4	1.8
Gearing 2		0.5	0.5	0.2	-0.5	0.3
Interest-bearing liabilities	MEUR	182.3	89.3	44.3	26.8	30.5
PER SHARE DATA						
Earnings per share (EPS) *)	EUR	1.38	0.21	0.32	0.44	0.22
Diluted earnings per share (EPS)	EUR	1.33				
Shareholders' equity per share	EUR	9.37	5.04	4.81	4.53	0.99
Diluted shareholders' equity per share	EUR	9.07				
Dividend per share **)	EUR	0.38	0.11	0.03	0.03	0.10
Pay-out ratio **)	%	30.0	51.0	11.0	10.7	46.4
Dividend yield **)	%	1.1	0.7	0.4	0.3	
P/E ratio		24.4	72.0	30.1	26.1	
Share price						
* lowest share price	EUR	13.00	7.07	5.21	10.76	
* highest share price	EUR	43.00	15.90	14.30	12.78	
* average share price	EUR	30.26	9.42	9.46	11.85	
* share price at the end of the year	EUR	33.50	15.20	9.25	11.52	
Market capitalization						
* A shares	MEUR	633.5	193.6	117.8	146.8	
* K shares	MEUR	354.3	160.8	97.8	121.9	
* Total	MEUR	987.9	354.4	215.7	268.6	
Market capitalization for both share series have been calculated using closing share price at the end of the year.						
Trading of shares						
* Number of shares traded	Shares	31,957,599	10,706,930	12,508,204	889,992	
* As percentage of all A shares	%	169.0	84.1	98.2	7.0	
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Adjusted number of shares at the end of the period	Shares	29,488,902	23,315,500	23,315,500	23,315,500	15,865,500

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Report of the Board of Directors
January 1 - December 31, 2000

Market conditions

Manufacturers of electronic end-products (OEMs) continued to outsource their production during 2000 and demand for electronics manufacturing services (EMS) showed further rapid growth. At the same time many European companies that had hitherto handled their own production, modified their manufacturing strategies to include outsourcing. Outsourcing has increased most rapidly in Elcoteq's main market, communications electronics. Growth in the mobile phone markets was fast once again and an increasing proportion of these products were made by EMS companies. In the future construction of new wireless communications networks will accelerate, which will mean rapid outsourcing of these products as well.

Demand for electronics manufacturing services will continue to grow at an average rate of 28 % a year until 2004 according to Technology Forecasters Inc.. Outsourcing is expected to be most pronounced among companies engineering and manufacturing communications electronics equipment, which indicates that EMS companies serving this segment of the market will grow considerably faster than market growth on average. This is precisely the customer segment best served by Elcoteq's expertise and production capacity.

Vigorous consolidation within the EMS sector through acquisitions and mergers was once again well in evidence during 2000. Heavy investments were also made in expanding EMS plant networks in different geographical regions.

Based on interim reports published by EMS companies during the year Elcoteq became one of the world's ten largest EMS companies in 2000. Its global network of manufacturing plants, built up between 1998 and 1999, has mutually consistent systems, processes and operating procedures and the network offers modern and competitive capacity on three continents. Most of Elcoteq's capacity is situated in Estonia, Hungary, Mexico and China, all countries that are highly cost-competitive.

The tight situation in the component markets early in the year began to ease gradually during the third quarter. The availability of many radio frequency components improved as these manufacturers brought new capacity investments into production. The availability of semi-conductors and passive components, however, remained tight to the end of the year. Component availability is expected to return to normal during 2001.

Net sales and performance

Consolidated net sales almost tripled during 2000 as planned, increasing 194 % to MEUR 2,213.5 (752.5). Most of the growth in net sales during 2000 was attributable to the increase in Elcoteq's production capacity, notably at the plants in Tallinn, Hungary, Mexico and China.

Elcoteq's principal customers were companies belonging to the ABB, Danfoss, Ericsson, Kone, Nokia and Philips groups. Ericsson and Nokia companies contributed altogether 92 % (87 %) of Elcoteq's net sales. Mobile phones and their accessories accounted for 75 % (75 %) of net sales; communications network equipment for 7 % (8 %), industrial electronics for 4 % (8 %), and other electronics manufacturing for 14 % (9%).

The Group's profits and its profitability, measured in terms of return on capital employed, both showed a distinct improvement. The consolidated operating profit rose on the previous year by 358 % to MEUR 66.4 (14.5) and represented 3.0 % (1.9 %) of the year's consolidated net sales. Return on capital employed (ROCE), a central measure of the company's profitability, was 20.4 % (8.2 %) at the year end and return on shareholders' equity was 19.3 % (5.4 %). Earnings per share increased to EUR 1.38 (0.21). The operating margin (operating profit as a percentage of net sales) was steady throughout the year and the improvement on the previous year was mainly attributable to higher capacity utilization.

The consolidated profit before extraordinary items and taxes was MEUR 54.4 (9.8). Net financial expenses totaled MEUR 12.1 (4.6). The main reasons underlying the increase in net financial expenses were the growth in working capital arising from the company's expanded business volume, the expenses associated with the share issue in May, and a general increase in interest rates.

The company posted a net profit after taxes and minority interest of MEUR 37.2 (5.0). Income tax during the year totaled MEUR 15.6 (3.6).

The heavy expansion in manufacturing capacity raised depreciation by 94 % on the previous year to MEUR 34.7 (17.9).

The balance sheet total rose 83 % to MEUR 801.4 (438.1). Capital expenditure raised fixed assets to MEUR 182.2 (98.7) at the year end. Accounts payable at the close of the period were MEUR 295.7 (190.3) and stocks were MEUR 300.5 (142.4), which included component stocks totaling MEUR 265.6 (128.0). Accounts receivable totaled MEUR 239.4 (162.9).

The Group had 11,371 employees at the end of the year. Personnel expenses increased 107 % on the previous year to MEUR 107.9 (52.1). Most of the increase took place in Hungary, China and Mexico.

Capital expenditure

Gross capital expenditure totaled MEUR 125.7 (50.2), in addition to which the company concluded new operating lease contracts amounting to MEUR 26.6 (5.4). The bulk of investments applied to the plants in Hungary and Beijing, China.

The global plant network

As a result of Elcoteq's globalization program in 1998-1999 the company's plant network now covers three continents – Asia, Europe and America – enabling the company to offer its services in all the main markets of its customers. At the end of 2000 Elcoteq had more than twice as much plant floor area in use or under construction than one year earlier. Manufacturing floor area at Elcoteq's disposal at the end of 2000 totaled approximately 150,000 (69,000) square meters.

The expansions at the Tallinn and Lohja plants – 7,100 square meters and 2,200 square meters respectively – were completed during the second half of 2000. In July Elcoteq decided to build a new 6,300-square-meter plant in Tallinn to manufacture communications network equipment. This plant is part of the company's plan to strengthen its position as an EMS company in the communications network electronics sector. The new plant will be brought into production during the first quarter of 2001. Elcoteq has already taken a decision to expand this plant to cover altogether 15,000 square meters.

In April Elcoteq acquired the operation in Vaasa, Finland, assembling electronic modules for medium-voltage protection relays from ABB Substation Automation Oy. Elcoteq is now responsible for all electronics manufacturing related to these ABB products.

The plant in St. Petersburg, Russia, manufactures mainly industrial electronics and mobile phone accessories. Elcoteq will continue to evaluate the feasibility of expansion in St. Petersburg.

On January 1, 2000 Elcoteq took over the operations of the German EMS company Stephan Elektronik as well as this company's plants in Überlingen, Germany, and Wroclaw, Poland, as well as a customer service center in Beringen, Switzerland. This transaction strengthened Elcoteq's position in Europe and especially in Germany, where companies are just beginning to outsource electronics manufacturing.

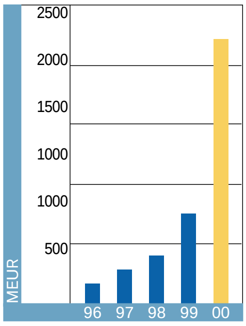
Elcoteq has decided to build a new plant in Wroclaw, Poland, with a floor area of about 11,000 square meters to increase its capacity to manufacture communications network equipment electronics and industrial electronics.

Elcoteq acquired a 35,000-square-meter PC display manufacturing plant in Pécs, Hungary, from Nokia Display Products at the beginning of January 2000. This deal is helping Elcoteq to respond to growing demand for electronics manufacturing services in Central Europe. Display manufacturing at the plant was discontinued, as planned, at the end of 2000 and the plant now concentrates on producing mobile phones and their accessories.

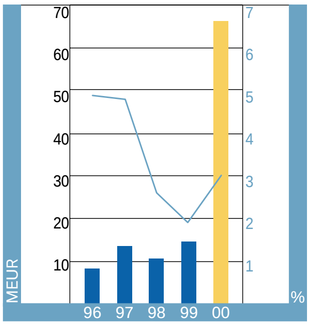
The Monterrey plant in Mexico, expanded in 2000, has over 18,000 square meters of floor area.

In July Elcoteq was the first international EMS company to start production in the capital of China. The company leased 12,000 square meters of plant space in Beijing, where it manufactures subassemblies for mobile phones and communications network equipment for customers including Ericsson and Nokia.

Net sales

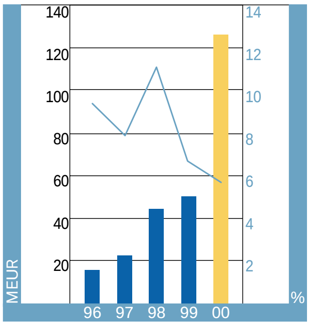


Operating profit



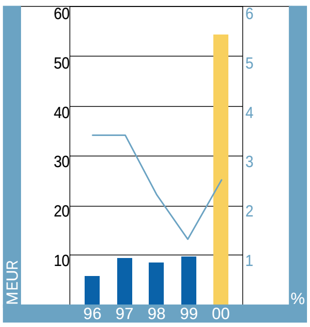
— As percentage of net sales

Capital expenditure



— As percentage of net sales

Profit before taxes



— As percentage of net sales

The plant in Dongguan was expanded by 4,000 square meters during 2000. These expansions more than doubled Elcoteq's manufacturing floor area for the Chinese mobile phone market, one of the largest and fastest growing in the world. Elcoteq now has altogether 24,000 square meters of plant floor area in China, half of which is in Beijing and half in Dongguan. The company also has a unit in Hong Kong focusing on customer service, material flow and repair.

New operating model

In November Elcoteq's Board of Directors decided to split the company's operations into three business areas: Terminal Products, Communications Network Equipment and Industrial Electronics. The principal goal of this change is to increase Elcoteq's closeness to its customers and operational flexibility. It also enables Elcoteq to develop its services in a more focused way to meet the varied requirements of its different customer segments.

Financing

The Group's liquidity remained strong throughout the period. The solvency ratio was 35.1 % (31.7 %) at the end of the period, having been boosted during the year by share issues and good profitability.

The Group's cash reserves on the balance sheet date were MEUR 31.8 (20.5), in addition to which the company had unused credit lines totaling MEUR 155.7 (114.6).

Interest-bearing debt totaled MEUR 182.3 at the year end, 78 % of which comprised variable interest loans. Interest-bearing debt carried average interest of 5.4 % at the year end.

In February 2000 Elcoteq decided to exercise its right to redeem the FIM 110 million convertible capital notes, issued in December 1996, ahead of schedule. All the note holders decided to convert the notes into Series A shares instead of taking repayment, which raised the number of Elcoteq A shares by 1,366,452.

The Group's operations are international and therefore sensitive to exchange rate risks. The Group's policy is to hedge its major open foreign exchange exposure. On the balance sheet date the balance sheet contained certain unhedged translation risks related to foreign subsidiaries. The foreign exchange exposure of these items is not expected to be significant, however. The purchasing and sales positions are hedged using mainly forward foreign exchange and option contracts with a maturity of at most four months. Loans raised in foreign currencies are generally hedged using swap contracts.

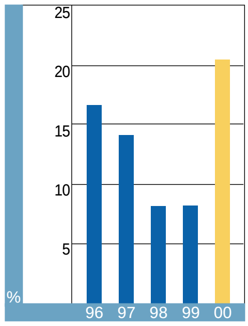
The Year 2000 project

The company carried through its Year 2000 project as planned and the company's operations were unaffected by the change of millennium.

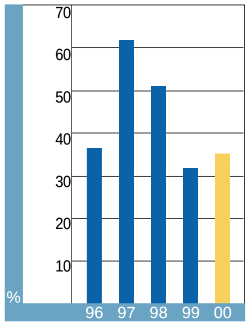
Group structure

The Group's parent company is Elcoteq Network Oyj (Elcoteq Network Corporation in English). During

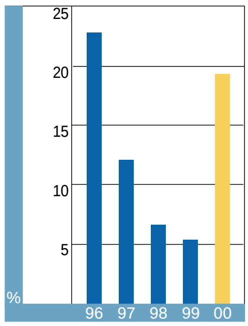
Return on investment
(ROI/ROCE)



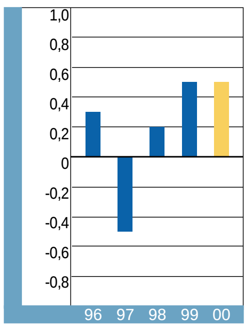
Solvency ratio



Return on equity
(ROE)



Gearing



the review year Elcoteq established Beijing Elcoteq Electronics Co. Ltd.. It acquired Stephan Elektronik Sp Z.o.o. in Poland and renamed this company Elcoteq Poland Sp Z.o.o.. In Hungary Elcoteq acquired a PC display manufacturing plant (Elcoteq EMS Hungary Electronics Ltd) from Nokia Display Products and this company was merged with Elcoteq Hungary Electronics Ltd at the end of 2000.

At the end of the year all the Group's subsidiaries were wholly owned by the parent company, Elcoteq Network Corporation, or its subsidiaries, except Dongguan Elcoteq Electronics Co. Ltd in which Elcoteq's local partner holds a 30 % minority stake.

Board of Directors and President

The Annual General Meeting of Elcoteq Network Corporation was held in Helsinki on March 22, 2000. The number of Board members was raised to six, having previously been five. The Meeting elected the following to the Board until the close of the following AGM: Mr Martti Ahtisaari, Mr Antti Piippo, Mr Heikki Horstia, Mr Henry Sjöman, Mr Juha Toivola and Mr Jorma Vanhanen. The Board elected Antti Piippo as the executive chairman and Juha Toivola as deputy chairman. Martti Ahtisaari, Antti Piippo, Heikki Horstia and Juha Toivola constitute the Board's Review and Compensation Committee. In the autumn of 2000 a Working Committee was established consisting of Antti Piippo, Henry Sjöman, Jorma Vanhanen and Tuomo Lähdesmäki.

The parent company's president for the whole year was Mr Tuomo Lähdesmäki MSc (Eng.), MBA.

Auditors

The company's auditors are the firm of authorized public accountants KPMG Wideri Oy Ab under the supervision of principal auditor Mr Birger Haglund, APA.

Personnel

Elcoteq's personnel increased during 2000 by 5,224 employees, making a total of 11,371 at the year end: 1,416 in Finland and 9,955 outside Finland. The number of employees almost doubled compared to the end of 1999 when the company had altogether 6,147 employees. The Group had 9,630 (4,733) employees on average during the year.

Subsequent events

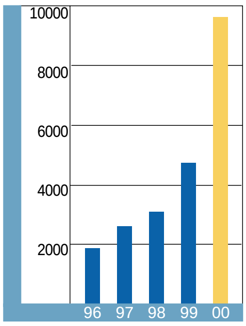
Following the announcement on January 26, 2001 by Ericsson, a major Elcoteq customer, concerning the restructuring of Ericsson's mobile phone operations, Elcoteq and Ericsson reached agreement on January 31, 2001 to continue and increase their close manufacturing co-operation whereby Elcoteq will take a substantially larger role in providing electronics manufacturing services for Ericsson's mobile systems products. This agreement will increase the proportion of the rapidly growing communications network system business in Elcoteq's operations. The shift in direction will reduce the volume of business activity between the two companies during the first half of 2001 but business volumes will begin to increase again clearly towards the end of the year. Elcoteq has also started to sell its newly released manufacturing capacity to other customers. At the same time the company is making preparations to adjust its capacity to the temporary reduction in demand.

Prospects for 2001

The electronics manufacturing services markets, and in particular outsourcing of mobile phone and communications network equipment manufacture, will continue to show further strong growth.

The structure of Elcoteq's business operations will change with the effect that the company expects manufacturing of electronics for communications network systems to increase during 2001 and especially during 2002. Net sales during the first half of 2001 are likely to remain on the same level as in the corresponding period last year, which will temporarily weaken profitability. The company's full-year net sales will increase, however, and the Group's result of operations in 2001 will be clearly positive.

Personnel on average during the year



Shares and shareholders

Elcoteq Network Corporation's A shares are quoted on the Helsinki Exchanges and they are incorporated in the book-entry securities system maintained by the Finnish Central Securities Depository Ltd. Elcoteq's company code on the Helsinki Exchanges is ELQ and the trading code for the A shares is ELQAV. Elcoteq shares are traded in lots of 50.

Elcoteq has two classes of shares, Series A and Series K. At the close of the review year there were 18,911,902 A shares and 10,577,000 K shares, making a total of altogether 29,488,902 Elcoteq shares. The shares in both series have a nominal value of FIM 2 per share. Hence, the company's registered share capital at the end of 2000 totalled FIM 58,977,804.

Each Elcoteq A share carries one vote and each K share ten votes at general shareholder's meetings. Both share series carry the same dividend rights.

The Articles of Association stipulate that the number of K shares may not be increased. All K shares are held by Mr Antti Piippo, Mr Henry Sjöman and Mr Jorma Vanhanen. They owned the whole company before its Initial Public Offering and their holdings of the K shares have not changed since.

Elcoteq Network does not own its own shares.

Board authorizations

Elcoteq's Board of Directors has no unexercised authorizations from the Annual General Meeting to raise the share capital through share issues or other share-related instruments.

Share issues during 2000

As authorized by the Annual General Meeting Elcoteq's Board of Directors decided on May 25, 2000 to raise the company's share capital by FIM 7,600,000 (MEUR 1.3) by issuing 3,800,000 new Series A shares to international and domestic institutional investors and to the general public in Finland based on binding commitments. The subscription price was EUR 21 per share. The lead managers of the global offering also exercised their right to increase the number of A shares offered by 330,000 shares. Hence altogether 4,130,000 A shares were offered for subscription.

Following the spring share issue the Board of Directors was still authorized to raise the share capital. Based on this authorization, Elcoteq and its three principal owners offered altogether 1,133,000 A shares for subscription to international and domestic institutional investors on September 7, 2000. Altogether 533,000 new A shares were issued for a subscription price of EUR 35 per share. The principal owners sold 600,000 of their existing A shares.

Convertible capital notes

In December 1996 the company issued convertible capital notes in the amount of FIM 110 million. These notes may be converted for A shares in the company for FIM 80.50 (EUR 13.54) per share between January 2, 2001 and May 31, 2002. In February 2000 the company decided to exercise its right to repay these convertible capital notes ahead of schedule. All the loan's subscribers exercised their right to convert the notes to Elcoteq A shares, raising the total number of A shares by 1,366,452 shares and the share capital by FIM 2,732,904.

Bonds with warrants

In the fall of 1997 the company offered bonds with warrants in the amount of FIM 1,125,000, which would allow the 85 current subscribers to subscribe for altogether 981,050 new A shares for FIM 61.95 per share, based on the unexercised subscription rights at the end of December 2000. If all the warrants were exercised, this would represent 3.7 % of the total number of shares and 0.9 % of the voting rights after subscription.

The subscription period for the A warrants of Elcoteq Network Corporation's 1997 bonds with warrants began on September 1, 2000. By the end of the year 143,950 new A shares had been registered based on these warrants, raising the company's share capital by FIM 287,900.

The terms and conditions of the bonds with warrants are explained in more detail under Note 13 in the notes to the financial statements on page 33.

Board of Directors' and President's holdings

The members of the company's Board of Directors and the President owned at the end of 2000 altogether 2,938,500 A shares and 10,577,000 K shares, which corresponds to 45.8 % of the total number of shares and 87.2 % of the voting rights.

Furthermore, the members of the Board and the President hold altogether 320,250 of the warrants attached to the bonds with warrants issued to company executives in the fall of 1997. Based on these warrants, they may subscribe for at most 320,250 new A shares, which would represent 1.1 % of the share capital and 0.3 % of the voting rights after subscription. After this, the members of the Board and the President would jointly hold 45.4 % of the total number of shares and 86.8 % of the voting rights if all other warrants were exercised.

Market capitalization

The market capitalization of Elcoteq's share capital at the end of 2000 was EUR 988 million (EUR 354 million at the end of 1999). The market capitalization is calculated by multiplying all the A and K shares by the final share quotation in 2000.

Share ratios and other figures are shown on page 10.

Taxation values of Elcoteq shares

The confirmed Finnish taxation value of Elcoteq's Series A share in 2000 was FIM 145.67 (EUR 24.50) per share.

Shareholders

Elcoteq Network Corporation had 7,957 registered shareholders at the end of 2000. There were altogether 8,308,576 nominee-registered or foreign-registered A shares, i.e. 28.17 % of the shares and 6.66 % of the voting rights.

The free float is 15,973,402 Series A shares, i.e. 54.2 % of the shares, of which 52.0 % were nominee-registered or held by registered foreign shareholders.

Share prices and trading

The price of Elcoteq's A share at the beginning of 2000 was EUR 16.45. The share price in the final deal of the year on December 29, 2000, was EUR 33.50, representing an increase in the share price of 103.6 % during the year. The highest price on the Helsinki Exchanges during the year was EUR 43.00 and the lowest was EUR 13.00. The average price was EUR 30.26.

Altogether 31,957,599 Elcoteq shares were traded during the year 2000 for a total price of EUR 966.9 million.

In the tables describing types of owners and distribution of shares, each share entry is considered to be independent. Holdings belonging to the same group or sphere of influence are not combined.
The tables below are based on the share register as of February 2, 2001.

DISTRIBUTION OF SHAREHOLDINGS, FEB. 2, 2001

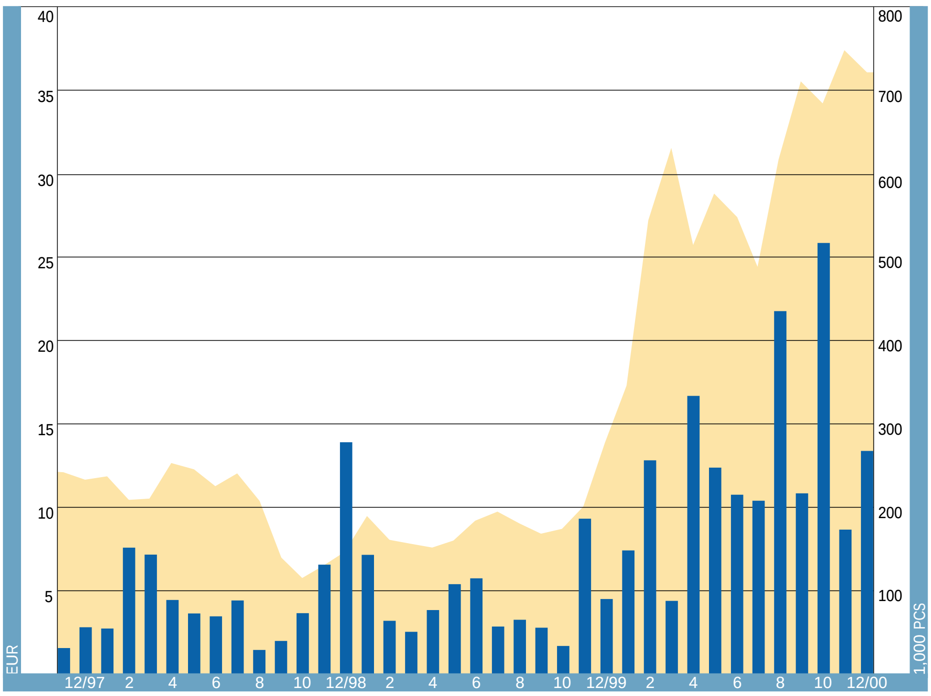
No. of shares	No. of shareholders	% of votes
1-100	4,715	0.26
101-1 000	5,959	1.81
1 001-10 000	790	1.76
10 001-100 000	90	2.19
100 001-	18	93.98
Total	**11,572**	

Figures include nominee-registered shareholders.

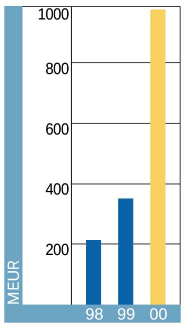
SHAREHOLDERS BY GROUP, FEB. 2, 2001

	No. of shares	% of votes
Corporations	1,406,635	1.13
Financial and insurance institutions	2,032,773	1.64
Public entities	1,413,809	1.13
Non-profit organizations	513,023	0.41
Households	17,275,696	90.20
Foreign (incl. nominee-registrations)	6,846,966	5.49

TRADING PRICE AND VOLUME OF ELCOTEQ'S SERIES A SHARES NOV. 1997 - DEC. 2000



Market capitalization



LARGEST SHAREHOLDERS, FEB. 2, 2001

	A Shares	K Shares	% of shares	% of votes
1. Piippo Antti	1,586,970	5,411,000	23.73	44.67
2. Sjöman Henry	750,765	2,583,000	11.30	21.32
3. Vanhanen Jorma	600,765	2,583,000	10.79	21.20
4. The Local Government Pensions Institution	632,459		2.14	0.51
5. FIM Forte Investment Fund	469,390		1.59	0.38
6. Varma-Sampo Mutual Pension Insurance Company	264,900		0.90	0.21
7. Skandia Life Assurance Ltd	191,800		0.65	0.15
8. Industrial Insurance Company	135,900		0.46	0.11
9. FIM Tekno Investment Fund	127,500		0.43	0.10
10. Finnish National Fund for Research and Development SITRA	122,500		0.42	0.10
10 largest shareholders, total	**4,882,949**		**52.41**	**88.75**

Consolidated income statement

INCOME STATEMENT FIM 1,000 / EUR 1,000	Note	FIM 1,000 Jan. 1-Dec. 31 2000	FIM 1,000 Jan. 1-Dec. 31 1999	EUR 1,000 Jan. 1-Dec. 31 2000	EUR 1,000 Jan. 1-Dec. 31 1999
NET SALES	1	**13,161,092**	**4,474,133**	**2,213,537**	**752,495**
Change in stock of work in progress and finished goods		103,685	33,290	17,439	5,599
Other income from operations	2	50,594	13,368	8,509	2,248
Production materials and services					
Materials and supplies					
Purchases during period		-12,312,354	-4,189,218	-2,070,789	-704,576
Change in inventories		700,520	407,785	117,819	68,585
Materials and supplies total		-11,611,834	-3,781,433	-1,952,970	-635,991
External services		-28,019	-13,024	-4,712	-2,190
		-11,639,853	-3,794,457	-1,957,683	-638,182
Personnel expenses	3				
Wages, salaries and fees		-511,000	-245,067	-85,944	-41,217
Indirect personnel expenses					
Pension costs		-58,059	-30,587	-9,765	-5,144
Other indirect personnel costs		-72,498	-33,839	-12,193	-5,691
		-641,557	-309,493	-107,902	-52,053
Depreciation and writedowns	4				
Depreciation according to plan		-205,894	-106,323	-34,629	-17,882
Amortization of goodwill on consolidation		-464	-268	-78	-45
		-206,358	-106,592	-34,707	-17,927
Other operating expenses		-432,538	-224,161	-72,748	-37,701
OPERATING PROFIT		**395,065**	**86,088**	**66,445**	**14,479**
Financial income and expenses					
Other interest and financial income					
Exchange gains		9,387	3,606	1,579	607
Other financial income		14,018	8,448	2,358	1,421
		23,406	12,055	3,937	2,027
Financial expenses					
Interest expenses		-66,605	-27,959	-11,202	-4,702
Exchange losses		-11,351	-4,070	-1,909	-684
Other financial expenses		-17,101	-7,606	-2,876	-1,279
		-95,057	-39,635	-15,987	-6,666
Financial income and expenses		-71,651	-27,580	-12,051	-4,639
PROFIT BEFORE EXTRAORDINARY ITEMS		**323,414**	**58,508**	**54,394**	**9,840**
Extraordinary items					
Extraordinary income		-	-	-	-
Extraordinary expenses		-	-	-	-
PROFIT BEFORE TAXES		**323,414**	**58,508**	**54,394**	**9,840**
Income taxes					
Income taxes for the financial year		-102,247	-14,819	-17,197	-2,492
Income taxes for prior years		-2,044	-945	-344	-159
Change in deferred tax liability		11,765	-5,397	1,979	-908
Income taxes total		-92,526	-21,162	-15,562	-3,559
Minority interests		-9,925	-7,615	-1,669	-1,281
NET INCOME FOR THE FINANCIAL YEAR		**220,963**	**29,732**	**37,163**	**5,000**

Consolidated cash flow statement

CASH FLOW STATEMENT FIM 1,000 / EUR 1,000	FIM 1,000 Jan. 1-Dec. 31 2000	FIM 1,000 Jan. 1-Dec. 31 1999	EUR 1,000 Jan. 1-Dec. 31 2000	EUR 1,000 Jan. 1-Dec. 31 1999
Cash flow from operating activities				
Profit before extraordinary items	323,414	58,508	54,394	9,840
Adjustments:				
Depreciation according to plan	206,358	106,592	34,707	17,927
Unrealized exchange profits and losses	-4,230	-6,424	-711	-1,080
Other income and expenses with no payment connected	-20	-47	-3	-8
Financial income and expenses	57,598	23,459	9,687	3,946
Other adjustments	-1,322	156	-222	26
Cash flow before change in working capital	581,798	182,243	97,851	30,651
Change in working capital				
Increase in interest-free short-term receivables	-409,985	-410,793	-68,954	-69,090
Increase in inventories	-808,287	-450,909	-135,944	-75,837
Increase in interest-free short-term debt	435,650	699,189	73,271	117,595
Cash flow from operating activities before financial items and taxes	-200,824	19,730	-33,776	3,318
Interest paid and payments of other financial expenses	-83,706	-27,397	-14,078	-4,608
Dividends received from business activities	169	185	28	31
Other financial income from business activities	14,018	7,844	2,358	1,319
Income taxes paid	-77,608	-14,981	-13,053	-2,520
Cash flow from operating activities	**-347,951**	**-14,618**	**-58,521**	**-2,459**
Cash flow from investing activities				
Acquisition of tangible and intangible assets	-651,461	-217,006	-109,568	-36,498
Proceeds from sale of tangible and intangible assets	44,367	3,784	7,462	636
Acquisition of subsidiary, net of cash acquired	-46,994	-9,296	-7,904	-1,563
Loans granted	-1	-12,057	-	-2,028
Refunding of loan receivables	10,733	-	1,805	-
Change in minority interest	-	10,631	-	1,788
Cash flow from investing activities	**-643,356**	**-223,944**	**-108,205**	**-37,665**
Cash flow from financing activities				
Proceeds from the issue of shares	621,039	-	104,451	-
Proceeds from other shareholders' equity	-170	6,876	-29	1,157
Withdrawals of short-term liabilities	343,005	237,678	57,689	39,975
Repayments of short-term liabilities	-46,056	-	-7,746	-
Withdrawals of long-term liabilities	153,316	41,262	25,786	6,940
Repayments of long-term liabilities	-2,561	-3,609	-431	-607
Dividends paid and other distribution of profit	-18,296	-4,663	-3,077	-784
Cash flow from financing activities	**1,050,277**	**277,544**	**176,644**	**46,680**
Change in cash and cash equivalents	**58,970**	**38,982**	**9,918**	**6,556**
Cash and cash equivalents on January 1	**121,842**	**81,624**	**20,492**	**13,728**
Effect of exchange rate fluctuations on cash held	**8,321**	**1,235**	**1,399**	**208**
Cash and cash equivalents on December 31	**189,133**	**121,842**	**31,810**	**20,492**

The 1999 figures have been adjusted to comply with the new format for cash flow statements published by the Finnish Accounting Board on November 9, 1999 and are therefore compatible with the 2000 figures.

Consolidated balance sheet

ASSETS, FIM 1,000 / EUR 1,000	Note	FIM 1,000 Dec. 31, 2000	FIM 1,000 Dec. 31, 1999	EUR 1,000 Dec. 31, 2000	EUR 1,000 Dec. 31, 1999
Fixed assets	6				
Intangible assets					
Intangible rights		432	396	73	67
Other long-term expenditure		101,142	31,130	17,011	5,236
Advance payments		2,186	1,778	368	299
Goodwill on consolidation		1,910	1,133	321	191
		105,671	34,438	17,773	5,792
Tangible assets					
Land and water		14,345	6,888	2,413	1,158
Buildings		190,341	117,194	32,013	19,711
Machinery and equipment		744,856	408,875	125,276	68,768
Advance payments and construction in progress		22,201	5,311	3,734	893
		971,743	538,267	163,435	90,530
Investments	7				
Shares in associated companies		233	243	39	41
Receivables from associated companies		520	520	87	87
Other shares and holdings		5,026	13,268	845	2,232
		5,779	14,032	972	2,360
Fixed assets total		**1,083,193**	**586,737**	**182,180**	**98,682**
Current assets					
Inventories					
Raw materials		1,579,170	761,120	265,597	128,011
Work in progress		108,686	50,757	18,280	8,537
Finished goods		98,735	34,850	16,606	5,861
Advance payments		93	146	16	25
		1,786,683	846,873	300,498	142,434
Long-term receivables					
Deferred tax assets	12	6,425	1,080	1,081	182
Other loan receivables		1,552	12,284	261	2,066
		7,977	13,364	1,342	2,248
Short-term receivables					
Accounts receivable	9	1,423,188	968,818	239,363	162,944
Prepaid expenses and accruals	8	274,520	67,203	46,171	11,303
		1,697,708	1,036,021	285,534	174,246
Cash and cash equivalents		189,133	121,842	31,810	20,492
Current assets total		**3,681,501**	**2,018,099**	**619,184**	**339,420**
ASSETS TOTAL		**4,764,694**	**2,604,836**	**801,364**	**438,102**

Consolidated balance sheet

SHAREHOLDERS' EQUITY AND LIABILITIES, FIM 1,000 / EUR 1,000	Note	FIM 1,000 Dec. 31, 2000	FIM 1,000 Dec. 31, 1999	EUR 1,000 Dec. 31, 2000	EUR 1,000 Dec. 31, 1999
Shareholders' equity	10				
Share capital		58,978	46,631	9,919	7,843
Share premium account		1,204,145	485,452	202,523	81,647
Other reserves		557	564	94	95
Translation difference		16,057	7,360	2,701	1,238
Retained earnings		142,954	128,694	24,043	21,645
Net income for the financial year		220,963	29,732	37,163	5,000
Convertible capital notes	11	-	110,000	-	18,501
Shareholders' equity total		**1,643,654**	**808,433**	**276,443**	**135,969**
Minority interests		**27,162**	**18,246**	**4,568**	**3,069**
Provisions					
Provision for pensions		148	169	25	28
Provisions total		**148**	**169**	**25**	**28**
Liabilities	13				
Long-term liabilities					
Bonds		15,000	15,000	2,523	2,523
Medium-term capital notes		130,457	71,002	21,941	11,942
Bonds with warrants		-	1,108	-	186
Loans from financial institutions		122,356	28,743	20,579	4,834
Pension loans		25,061	26,515	4,215	4,459
Other debt		775	672	130	113
Deferred tax liability	12	11,721	18,140	1,971	3,051
		305,371	161,180	51,360	27,108
Payments due within one year		-21,857	-5,380	-3,676	-905
		283,514	155,800	47,684	26,204
Short-term liabilities					
Loans from financial institutions		253,479	283,052	42,632	47,606
Commercial papers		564,665	118,918	94,970	20,001
Pension loans		83	89	14	15
Advances received		0	0	0	0
Accounts payable		1,757,975	1,131,720	295,670	190,342
Other short-term liabilities		50,690	16,695	8,525	2,808
Accrued expenses	14	183,324	71,714	30,833	12,061
		2,810,216	1,622,189	472,644	272,833
Liabilities total		**3,093,730**	**1,777,988**	**520,328**	**299,036**
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		**4,764,694**	**2,604,836**	**801,364**	**438,102**

Parent company income statement

Income Statement, FIM 1,000	Note	Jan. 1-Dec. 31 2000	Jan. 1-Dec. 31 1999
NET SALES	1	**8,889,786**	**3,542,971**
Change in stock of work			
in progress and finished goods		49,049	25,104
Other income from operations	2	109,626	53,344
Production materials and services			
Materials and supplies			
Purchases during			
the financial year		-8,508,331	-3,278,625
Change in inventories		680,373	307,436
Materials and supplies total		-7,827,958	-2,971,189
External services		-367,225	-219,178
		-8,195,182	-3,190,366
Personnel expenses	3		
Wages, salaries and fees		-204,252	-148,446
Indirect personnel expenses			
Pension costs		-29,748	-22,585
Other indirect personnel costs		-20,012	-14,308
		-254,013	-185,339
Depreciation and writedowns	4		
Depreciation according to plan		-84,586	-69,590
Writedowns		-50,000	-
		-134,586	-69,590
Other operating expenses		-185,864	-117,998
OPERATING PROFIT		**278,816**	**58,126**
Financial income and expenses	5		
Financial income			
Interest income on long-term investments			
Group companies		4,496	3,062
Other interest and financial income			
Group companies		31,771	7,950
Exchange gains		6,323	3,575
Others		15,653	3,043
		58,243	17,630
Financial expenses			
Interest and financial expenses to			
Group companies		-641	-623
Interest expenses		-60,668	-25,510
Exchange losses		-4,051	-3,949
Other financial expenses		-16,527	-4,353
		-81,888	-34,435
Financial income and expenses total		-23,644	-16,805
PROFIT BEFORE EXTRAORDINARY ITEMS		**255,172**	**41,321**
Extraordinary income and expenses			
Extraordinary income		-	-
Extraordinary expenses		-	-
PROFIT BEFORE APPROPRIATIONS AND TAXES		**255,172**	**41,321**
Appropriations			
Change in depreciation difference		22,503	-3,326
Income taxes			
Income taxes for the financial year		-93,911	-11,055
Income taxes for prior years		1	-48
Income taxes total		-93,910	-11,103
NET INCOME FOR THE FINANCIAL YEAR		**183,764**	**26,892**

Parent company cash flow statement

Cash flow statement, FIM 1,000	Jan. 1-Dec. 31 2000	Jan. 1-Dec. 31 1999
Cash flow from operating activities		
Profit before extraordinary items	255,172	41,321
Adjustments:		
Depreciation according to plan	84,586	69,590
Writedowns	50,000	
Unrealized exchange		
profits and losses	3,580	-6,613
Other income and expenses with		
no payment connected	-1	-
Financial income and expenses	48,589	17,556
Other adjustments	-736	-6
Cash flow before change in working capital	**441,190**	**121,848**
Change in working capital		
Increase in interest-free		
short-term receivables	-292,330	-214,104
Increase in inventories	-729,422	-332,541
Increase in interest-free		
short-term debt	343,662	441,092
Cash flow from operating activities before financial items and taxes	**-236,901**	**16,294**
Interest paid and payments of		
other financial expenses	-68,668	-24,665
Dividends received from		
business activities	7,004	185
Interests received from business activities	24,318	13,332
Income taxes paid	-68,797	-145
Cash flow from operating activities	**-343,043**	**-6,101**
Cash flow from investing activities		
Acquisition of tangible and		
intangible assets	-392,565	-184,589
Proceeds from sale of tangible		
and intangible assets	49,050	10,224
Acquisition of subsidiary,		
net of cash acquired	-46,994	-110,802
Loans granted	-239,847	-23,730
Refunding of loan receivables	3,480	-
Cash flow from investing activities	**-626,876**	**-308,897**
Cash flow from financing activities		
Proceeds from the issue of shares	621,039	-
Proceeds from other shareholders' equity	170	-
Withdrawals of short-term liabilities	532,898	215,641
Repayments of short-term liabilities	-218,921	-
Withdrawals of long-term liabilities	59,457	42,752
Repayments of long-term liabilities	-6,352	-4,505
Dividends paid and other		
distribution of profit	-15,155	-4,663
Cash flow from financing activities	**973,137**	**249,226**
Change in cash and cash equivalents	**3,218**	**-65,773**
Cash and cash equivalents on Jan. 1	**3,385**	**69,158**
Cash and cash equivalents on Dec. 31	**6,603**	**3,385**

The 1999 figures have been adjusted to comply with the new format for cash flow statements published by the Finnish Accounting Board on November 9, 1999 and are therefore compatible with the 2000 figures.

Parent company balance sheet

ASSETS, FIM 1,000	Note	Dec. 31 2000	Dec. 31 1999
Fixed assets	6		
Intangible assets			
Intangible rights		270	307
Other long-term expenditure		37,256	24,632
Advance payments		2,082	1,778
		39,608	26,717
Tangible assets			
Land and water areas		6,585	1,177
Buildings		15,222	12,825
Machinery and equipment		225,666	251,237
Advance payments and construction in progress		13,521	999
		260,994	266,239
Investments	7		
Shares and holdings in Group companies		375,559	157,725
Shares in associated companies		379	379
Receivables from associated companies		520	520
Other shares and holdings		4,175	3,465
		380,632	162,090
Fixed assets total		**681,234**	**455,045**
Current assets			
Inventories			
Raw materials		1,289,773	609,770
Work in progress		82,164	34,737
Finished goods		26,221	24,229
		1,398,158	668,736
Long-term receivables			
Loan receivables from Group companies		138,973	86,576
Other loan receivables		15,066	124
		154,039	86,700
Current receivables			
Accounts receivable	9	922,364	739,250
Receivables from Group companies			
Accounts receivable		63,982	72,786
Loan receivables		356,654	187,626
Other receivables		324	3,947
Accrued income		26	122
Prepaid expenses and accruals	8	175,884	40,805
		1,519,234	1,044,537
Cash and cash equivalents		6,603	3,385
Current assets total		**3,078,034**	**1,803,358**
ASSETS TOTAL		**3,759,268**	**2,258,403**

SHAREHOLDERS' EQUITY AND LIABILITIES, FIM 1,000	Note	Dec. 31 2000	Dec. 31 1999
Shareholders' equity	10		
Share capital		58,978	46,631
Share premium account		1,204,145	485,452
Share issue reserve		170	-
Retained earnings		100,174	88,437
Net income for the financial period		183,764	26,892
Convertible capital notes	11	-	110,000
Shareholders' equity total		**1,547,232**	**757,412**
Accumulated appropriations			
Depreciation difference		40,290	62,792
Accumulated appropriations total		**40,290**	**62,792**
Liabilities	13		
Long-term liabilities			
Bonds		15,000	15,000
Medium-term capital notes		130,457	71,002
Bonds with warrants		-	1,125
Loans from financial institutions		3,156	6,885
Pension loans		25,018	26,515
Other debt		672	672
		174,303	121,199
Payments due within one year		-21,777	-5,980
		152,527	115,219
Short-term liabilities			
Loans from financial institutions		122,771	254,534
Commercial papers		564,665	118,918
Pension loans		83	89
Accounts payable		1,020,540	760,911
Debt to Group companies			
Accounts payable		193,644	126,849
Other short-term liabilities		17,974	17,410
Accrued expenses		5	866
Other short-term liabilities		9,236	5,284
Accrued expenses	14	90,302	38,118
		2,019,219	1,322,979
Liabilities total		**2,171,746**	**1,438,198**
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		**3,759,268**	**2,258,403**

Accounting principles

General principles

The financial statements of Elcoteq Network Corporation and the consolidated financial statements are prepared in accordance with the requirements of the Finnish Accounting Act and other Finnish regulations ("Finnish GAAP").

When preparing the financial statements, Elcoteq has applied those principles set out in the Finnish regulations that most closely correspond with the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC). The reconciliation of the significant differences between Finnish GAAP and IAS presented in previous annual reports is not included in this annual report. Finance lease payments in the consolidated financial statements comply with IAS. All loan arrangement charges in 2000 complied with IAS principles.

The preparation of the financial statements in conformity with generally accepted accounting principles in Finland requires management to make certain estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on the latest available information, actual results could differ from them.

Principles of consolidation

The consolidated financial statements include the accounts of the parent company, Elcoteq Network Corporation, and each of those companies in which it owns directly or indirectly over 50 % of the voting rights. The results of subsidiaries acquired or established during the period are included in the consolidated financial statements from the date of acquisition or establishment. Subsidiaries are consolidated using the acquisition cost method of accounting. The difference between the acquisition cost of a subsidiary and its shareholders' equity at the time of acquisition is allocated to the subsidiary's fixed assets to the extent that the fair value of the subsidiary's assets at that time exceeded the book value. Items allocated to fixed assets are depreciated according to plan for the underlying asset. The rest of the difference is entered as goodwill on consolidation and amortized on a straight-line basis. All intercompany transactions, receivables and payables are eliminated as part of the consolidation process.

The Group's share of profits and losses in associated companies (20 – 50 % of the shares and voting rights) is included in the consolidated income statement in accordance with the equity method of accounting. The Group's share of post-acquisition retained profits and losses is reported as part of investments in associated companies in the consolidated balance sheet.

Minority interests in the results and equity of the subsidiaries are shown as separate items in the consolidated income statement and balance sheet.

Further details on the companies consolidated in the Group's financial statements are given under Note 7, Shares and Holdings.

Foreign Group companies

All items in the income statements of foreign subsidiaries are translated into Finnish markka at the average exchange rates for the accounting period calculated from the official average rates published monthly by the Bank of Finland. The balance sheets of foreign Group companies are translated into Finnish markka at the Bank of Finland's average rates of exchange ruling at the year-end. Differences resulting from the translation of income statement items at the average rate and the balance sheet items at the closing rate are taken to shareholders' equity in the Group accounts. Exchange differences arising from the application of the acquisition cost method are recorded under shareholders' equity likewise.

Revenue recognition

Revenue from the sale of goods and services is recognized when all significant risks associated with the relevant goods or services are transferred to the buyer and no significant uncertainties remain regarding their payment, associated costs or possible return of goods. Net sales comprises gross invoicing less cash discounts and exchange rate gains / losses related to sales.

Foreign currency

Realized transactions in foreign currencies in the income statement are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the accounting period the foreign currency receivables and liabilities are valued the average rates of exchange published by the Bank of Finland on the balance sheet date. Foreign exchange gains and losses related to normal business operations are treated as adjustments to corresponding items. Foreign exchange gains and losses associated with financing are entered under financial income and expenses.

Elcoteq hedges its major foreign currency exposure. Its exposure related to normal business operations is hedged using mainly forward foreign exchange and / or option contracts which generally mature in under four months. Loans raised in foreign currency are generally translated into Finnish markka using swap contracts. Hedging related to normal business operations and financial items is valued at the average rates of exchange on the balance sheet date. The exchange differences arising from derivative contracts related to balance sheet items at the balance sheet date are normally entered in the income statement. However, when derivative contracts are made to hedge translation risks associated with the shareholders' equity of subsidiaries (the equity hedging method), the foreign exchange differencies are taken to net translation differencies under equity in the balance sheet. Interest payable or receivable on interest rate related contracts are deferred in the income statement and balance sheet and recognized over the life of the underlying financial instrument. Foreign exchange gains and losses on derivative contracts made to hedge off-balance-sheet items are entered in the income statement at the same time as the hedged cash flow is recognized. The nominal values of the derivative contracts at the balance sheet date are shown in Note 16.

Fixed assets

Fixed assets are stated in the balance sheet at the original acquisition cost less accumulated depreciation according to plan. The planned depreciation is recorded on a straight-line basis over the expected economic lives of the assets. Land and water are not depreciated. Gains and losses on the disposal of fixed assets are included in operating profit / loss.

The expected economic lives of the fixed assets in the Group are as follows:

Intangible assets	10 years
Other long-term expenditure	3-5 years
Goodwill	5 years
Buildings	25 years
Materials in buildings	15 years
Machinery and equipment in buildings	10 years
Other machinery and equipment	3-5 years

Inventories

Inventories are stated at the lower of either the costs arising from acquisition and manufacturing or net realizable value calculated on an “average cost” basis which, owing to the rapid turnover of the products, is closely equivalent to the FIFO principle. The cost of finished goods and work in progress includes variable material costs, wages and salary costs, social costs, subcontracting costs and other variable costs, as well as a part of the fixed costs of the production departments. Inventories are shown net of deductions for obsolete and slow-moving inventories.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and money market investments.

Leasing

Since the beginning of 2000 fixed assets acquired using finance leases are capitalized to the fixed assets in question in the balance sheet and depreciated on a straight-line basis over the asset’s economic life. Debt related to these fixed assets is shown as long-term loans from financial institutions, correspondingly. Prior to 2000 all operating and finance lease payments were treated as rentals.

Research and development costs

Research and development costs are expensed in the financial period during which they are incurred.

Pension costs

The Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. In Finland, Elcoteq has arranged pension benefits through third-party pension insurance companies. Pension insurance costs are included in personnel expenses in the consolidated financial statements.

In addition to the statutory pension benefits, certain top managers in Elcoteq’s Group companies are entitled to retire at the age of 60 years instead of the normal 65 years. Also, certain employees are granted full pension benefits with fewer years of service than are normally required. These additional pension benefits are arranged through third-party pension insurance companies. Elcoteq has also made provisions to cover all known pension commitments for disability and unemployment.

Grants

In certain countries, public bodies provide financial support primarily to cover certain research and development costs. Financial support of this nature is entered under other income from operations.

Income taxes

Income taxes are based on the results of Group companies and are calculated in accordance with the local tax rules in each country. Income taxes comprise the taxes paid and imputed during the reporting period as well as tax adjustments for previous periods. Income taxes also include the net change in deferred tax liabilities and assets.

A deferred tax liability or asset has been determined for all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes in all Group companies and also for differences arising in consolidation. The tax rate used to separate deferred tax liabilities and assets is the official tax rate in each country confirmed on the balance sheet date for the following fiscal period.

Deferred tax assets are entered in the balance sheet at their estimated realizable amounts, whereas deferred tax liabilities are recorded in full.

Share issue expenses

The fees paid to the managers in connection with the share issues completed during 2000 are recorded by deducting the fees directly from the share premium account, less taxes, bypassing the income statement. However, the fees paid to managers are nevertheless deducted when calculating distributable funds. Out-of-pocket expenses arising from the share issues are entered under Other Financial Expenses in the income statement.

Dividends

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Figures in thousands of markka

All figures denominated in Finnish markka in the notes to the financial statements are given in thousands (FIM 1,000) unless otherwise stated.

Notes to the financial statements

1. INFORMATION BY MARKETS

Geographical areas	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Net sales, FIM million				
Finland	4,151.0	883.0	2,821.7	883.0
Sweden	4,221.5	2,157.1	4,221.5	2,157.1
Other EU countries	1,460.7	233.7	1,437.1	233.7
Americas	1,473.1	468.0	100.5	41.2
Asia	1,390.7	597.8	29.8	51.4
Other areas	464.1	134.5	279.1	176.6
Total	13,161.1	4,474.1	8,889.7	3,543.0

Personnel

The Group had 9,630 (4,733) employees on average during the year, distributed geographically as follows:

	At Jan. 1	At Dec. 31	Change	Average
Finland	1,066	1,416	350	1,294
Hong Kong	80	94	14	81
Japan	7	12	5	10
China	545	1,316	771	790
Mexico	491	1,253	762	1,016
Poland	-	180	180	145
Hungary	995	3,219	2,224	2,724
Germany	3	275	272	265
Switzerland	-	5	5	7
Denmark	3	3	-	3
USA	9	10	1	10
Russia	100	162	62	128
Estonia	2,848	3,426	578	3,157
Total	6,147	11,371	5,224	9,630

2. OTHER INCOME FROM OPERATIONS

Other income from operations, FIM 50.6 million, mainly comprises indemnities paid by insurance companies as a result of sudden interruptions to production caused by the lack of availability of certain components. The figure also includes rental income, research and development grants and profits on the sale of fixed assets.

3. WAGES, SALARIES AND OTHER PERSONNEL EXPENSES, FIM 1,000

Personnel expenses	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Wages, salaries and fringe benefits				
Salaries and fringe benefits to Board members and President of Group companies	5,769	6,762	3,891	3,233
Other wages, salaries and fringe benefits	507,859	241,194	202,282	146,942
Total	513,628	247,956	206,173	150,175
Fringe benefits	-2,628	-2,889	-1,921	-1,729
	511,000	245,067	204,252	148,446
Indirect personnel expenses				
Pension costs	58,059	30,587	29,749	22,585
Other indirect personnel costs	72,498	33,839	20,012	14,308
Total	130,557	64,426	49,761	36,893
Personnel expenses in the Income Statement	641,557	309,493	254,013	185,339

4. DEPRECIATION, FIM 1,000

Depreciation according to plan comprises the following:	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Intangible rights	183	79	66	75
Goodwill	464	268	-	-
Other long-term expenditure	17,282	7,546	10,742	6,289
Buildings	15,292	6,212	871	740
Machinery and equipment	173,137	92,487	72,907	62,486
Total	206,358	106,592	84,586	69,590
Writedowns	-	-	50,000	-
Depreciation and writedowns total	206,358	106,592	134,586	69,590

A FIM 50 million writedown was made on subsidiary shares of Elcoteq Network Corporation. This writedown had no effect on the tax for the year and is not considered to have any effect on deferred tax assets.

5. FINANCIAL INCOME AND EXPENSES, FIM 1,000

Intragroup financial income and expenses

	Parent Company 2000	Parent Company 1999
Financial income		
Interest income from long-term investments	4,496	3,062
Interest income from short-term investments	31,771	7,950
	36,267	11,012
Financial expenses		
Interest expenses	-641	-623
Financial income and expenses total, net	35,626	10,389

6. FIXED ASSETS, FIM 1,000

	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Intangible assets				
Intangible rights				
Acquisition cost, Jan. 1	909	723	766	626
Increases, Jan. 1-Dec. 31	308	187	28	140
Decreases, Jan. 1-Dec. 31	-146	-1	-	-
Translation difference	3	-	-	-
Acquisition cost, Dec. 31	1,074	909	794	766
Accum. depreciation acc. to plan, Jan. 1	-513	-434	-459	-384
Accum. depreciation acc. to plan in decreases	54	-	-	-
Depreciation according to plan, Jan. 1-Dec. 31	-183	-79	-66	-75
Book value, Dec. 31	432	396	269	307
Other long-term expenditure				
Acquisition cost, Jan. 1	47,334	31,466	38,033	26,209
Increases, Jan. 1-Dec. 31	91,246	18,811	23,366	14,317
Decreases, Jan. 1-Dec. 31	-6,388	-2,977	-	-2,493
Translation difference	844	34	-	-
Acquisition cost, Dec. 31	133,036	47,334	61,399	38,033
Accum. depreciation acc. to plan, Jan. 1	-16,205	-10,128	-13,401	-7,112
Accum. depreciation acc. to plan in decreases	1,911	1,849	-	390
Translation difference	-11	-1	-	-
Depreciation according to plan, Jan. 1-Dec. 31	-17,589	-7,924	-10,742	-6,679
Book value, Dec. 31	101,142	31,130	37,256	24,632

	Group 2000	1999	Parent Company 2000	1999
Advance payments				
Advance payments, Jan. 1	1,778	1,286	1,778	-
Increases, Jan. 1-Dec. 31	2,186	1,778	2,082	1,778
Decreases, Jan. 1-Dec. 31	-1,778	-1,286	-1778	-
Advance payments, Dec. 31	2,186	1,778	2,082	1,778
Consolidated goodwill				
Acquisition cost, Jan. 1	3,652	3,652	-	-
Increases, Jan. 1-Dec. 31	1,242	-	-	-
Acquisition cost, Dec. 31	4,894	3,652	-	-
Accum. depreciation acc. to plan, Jan. 1	-2,520	-2,251	-	-
Depreciation according to plan, Jan. 1-Dec. 31	-464	-268	-	-
Book value, Dec. 31	1,910	1,133	-	-
Tangible assets				
Land and water				
Acquisition cost, Jan. 1	6,888	4,332	1,177	1,264
Increases, Jan. 1-Dec. 31	7,589	2,650	5,408	-
Decreases, Jan. 1-Dec. 31	-132	-86	-	-87
Translation difference	-	-8	-	-
Book value, Dec. 31	14,345	6,888	6,585	1,177
Buildings				
Acquisition cost, Jan. 1	136,145	116,018	16,244	16,972
Increases, Jan. 1-Dec. 31	91,956	21,131	3,267	85
Decreases, Jan. 1-Dec. 31	-6,262	-1,004	-	-813
Translation difference	444	-	-	-
Acquisition cost, Dec. 31	222,283	136,145	19,511	16,244
Accum. depreciation acc. to plan, Jan. 1	-18,952	-12,832	-3,419	-2,678
Accum. depreciation acc. to plan in decreases	994	235	-	67
Translation difference	-36	-	-	-
Depreciation according to plan, Jan. 1-Dec. 31	-13,948	-6,354	-871	-808
Book value, Dec. 31	190,341	117,194	15,221	12,825
Machinery and equipment				
Acquisition cost, Jan. 1	603,530	398,970	321,798	85,636
Increases, Jan. 1-Dec. 31	599,275	212,841	96,381	242,993
Decreases, Jan. 1-Dec. 31	-53,031	-8,615	-49,044	-6,831
Translation difference	9,337	334	-	-
Acquisition cost, Dec. 31	1,159,111	603,530	369,135	321,798
Accum. depreciation acc. to plan, Jan. 1	-194,655	-106,133	-70,560	-8,074
Accum. depreciation acc. to plan in decreases	16,031	7,224	3,573	2,378
Translation difference	-1,113	-13	-	-
Depreciation according to plan, Jan. 1-Dec. 31	-234,517	-95,732	-76,481	-64,864
Book value, Dec. 31	744,857	408,876	225,667	251,238
Advance payments and construction in progress				
Advance payments and construction in progress, Jan. 1	5,311	1,736	999	-
Increases, Jan. 1-Dec. 31	266,893	84,339	13,521	77,597
Decreases, Jan. 1-Dec. 31	-250,024	-81,037	-999	-76,598
Translation difference	21	273	-	-
Advance payments, Dec. 31	22,201	5,311	13,521	999

Investments	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Shares and holdings in Group companies				
Shares, Jan. 1	-	-	157,725	46,877
Increases, Jan. 1-Dec. 31	-	-	267,833	110,848
Writedowns, Jan. 1-Dec. 31	-	-	-50 000	-
Book value, Dec. 31	-	-	375,558	157,725
Shares in associated companies				
Shares, Jan. 1	243	251	379	379
Share of losses of associated companies, Jan. 1-Dec. 31	-11	-8	-	-
Book value, Dec. 31	232	243	379	379
Receivables from associated companies				
Receivables, Jan. 1	520	520	520	520
Book value, Dec. 31	520	520	520	520
Other shares and holdings				
Shares, Jan. 1	13,268	3,345	3,465	2,782
Increases, Jan. 1-Dec. 31	1,111	10,025	715	683
Decreases, Jan. 1-Dec. 31	-9,353	-102	-5	-
Book value, Dec. 31	5,026	13,268	4,175	3,465
Accumulated depreciation difference				
Buildings			-3,786	
Machinery and equipment			-36,504	
Total			-40,290	
Summary of fixed assets				
Acquisition cost, Jan. 1	811,969	558,757	539,587	180,745
Increases, Jan. 1-Dec. 31	792,727	265,645	346,998	369,066
Decreases, Jan. 1-Dec. 31	-75,323	-12,793	-49,049	-10,224
Translation difference	10,628	360	-	-
Acquisition cost, Dec. 31	1,540,001	811,969	837,536	539,587
Accum. depreciation acc. to plan, Jan. 1	-232,845	-131,778	-87,839	-18,248
Accum. depreciation acc. to plan in decreases	18,990	9,308	3,573	2,835
Depreciation according to plan	-266,701	-110,357	-88,159	-72,426
Translation difference	-1,159	-14	-	-
Book value, Dec. 31	1,058,286	579,128	665,111	451,748
Advance payments and construction in progress	24,387	7,089	15,603	2,777
Loan receivables	520	520	520	520
Book value, Dec. 31	1,083,193	586,737	681,234	455,045

7. SHARES AND HOLDINGS

		Share capital	Group holding %	Parent Company holding %	Book value, FIM 1,000
Group companies					
	Elcoteq Lohja Oy, Lohja, Finland	1,000,000 FIM	100	100	1,000
	Elcoteq Helsinki Oy, Helsinki, Finland	1,000,000 FIM	100	100	4,837
	AS Elcoteq Tallinn, Tallinn, Estonia	20,500,000 EEK	100	100	10,559
	Beijing Elcoteq Electronics Co. Ltd., Beijing, China	124,173,000 CNY	100	100	96,235
	Dongguan Elcoteq Electronics Co. Ltd., Dongguan, China	49,590,600 CNY	70	70	22,027
*)	Elcoteq AG, Baden, Switzerland	100,000 CHF	100	100	396
	Elcoteq Asia Ltd, Hong Kong, China	8,600,000 HKD	100	100	5,908
	Elcoteq Inc., Dallas, USA	24,801,000 USD	100	100	104,585
	Elcoteq JSC, St. Petersburg, Russia	16,647.40 RUR	100	100	15
	Elcoteq Elektronik GmbH, Überlingen, Germany	9,050,000 DEM	100	-	28,921
	Elcoteq Deutschland GmbH, Karlsruhe, Germany	12,600,000 DEM	100	100	38,302
	Elcoteq Hungary Electronics Ltd., Pécs, Hungary	6,000,000 EUR	100	100	58,544
	Elcoteq Investment Sp. Z.o.o., Wroclaw, Poland	4,000 PLN	100	-	6

	Share capital	Group holding %	Parent Company holding %	Book value, FIM 1,000
Elcoteq Japan Co. Ltd, Tokyo, Japan	10,000,000 JPY	100	100	431
Elcoteq Network Malaysia SDN BHD, Johor Bahru, Malaysia	500,000 MYR	100	100	653
Elcoteq Poland Sp. Z.o.o., Wroclaw, Poland	2,077,440 PLN	100	100	5,387
Elcoteq S.A. de C.V., Monterrey, Mexico	554,800 USD	100	100	2,824
Immolease Kereskedelmi Kft., Pécs, Hungary	790,000,000 HUF	100	100	17,818
Kiinteistöosakeyhtiö Salon Joensuunkatu 13, Salo, Finland	1,200,000 FIM	100	100	6,038
*) Not included in Group consolidations, since the company was at the stage of establishment at December 31, 2000.				**404,480**
Associated companies				
Nilistit Oy, Helsinki, Finland	320,320 FIM	33	33	379
Other shares and holdings owned by the Parent Company				
Kiinteistö Oy Lohjan Piiharju	1,000,000 FIM	10	10	100
Cloudex Oy	800 FIM	9.5	9.5	100
Extrabit Oy	200,000 FIM	10	10	2,134
St Laurence Golf				104
Other shares				1,737
				4,175
Other shares and holdings owned by subsidiaries				851
Other shares and holdings, total				**5,026**

8. PREPAID EXPENSES AND ACCRUALS, FIM 1,000

Prepaid expenses and accruals for the Group and Parent Company comprise the following main items:

	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Contributions	500	1,829	500	1,789
Advance rental payments	2,398	193	-	-
Advance statutory personnel costs	1,306	51	-	-
Advance leasing payments	1,589	816	1,589	816
Exchange rate periodizations of forward contracts	-	5,052	-	5,052
Loan expenses	76	3,018	76	3,018
Value added taxes	217,592	35,773	147,140	22,314
Withholding taxes	3,630	1,580	3,630	1,580
Income taxes	1,526	7,163	-	145
Other items	45,903	11,728	22,949	6,091
Total	274,520	67,203	175,884	40,805

9. ACCOUNTS RECEIVABLE

Accounts receivable in 2000, FIM 1,423.2 million (1999: FIM 968.8 million), do not include the sale of accounts receivable, FIM 279.0 million (FIM 132.2 million), to a financing bank.

10. SHAREHOLDERS' EQUITY, FIM 1,000

	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Share capital				
Share capital, Jan. 1	46,631	46,631	46,631	46,631
Convertible capital notes converted into shares, March 31 (EUR 13.54)	2,733	-	2,733	-
Share issue, May 31 (EUR 21.00)	7,600	-	7,600	-
Share issue, June 8 (EUR 21.00)	660	-	660	-
Share issue, Sept. 7 (EUR 35.00)	1,066	-	1,066	-
Shares subscribed with "A" warrants	288	-	288	-
Share capital, Dec. 31	58,978	46,631	58,978	46,631

	Group		Parent Company	
	2000	1999	2000	1999
Share premium account				
Share premium account, Jan. 1	485,452	485,452	485,452	485,452
Issue premium	718,693	-	718,693	-
Share premium account, Dec. 31	1,204,145	485,452	1,204,145	485,452
Other funds				
Other funds, Jan. 1	564	396	-	-
Change in reserve fund / Hungary	-178	178	-	-
Decrease in reserve fund / St. Petersburg	-	-10	-	-
Increase in share issue fund	170	-	170	-
Other funds, Dec. 31	556	564	170	-
Translation difference				
Translation difference, Jan. 1	7,360	343	-	-
Increase in translation difference	8,697	7,017	-	-
Translation difference, Dec. 31	16,057	7,360	-	-
Retained earnings				
Retained earnings, Jan. 1	158,425	133,357	115,329	93,100
Dividend payment	-15,471	-4,663	-15,155	-4,663
Retained earnings, Dec. 31	142,954	128,694	100,174	88,437
Profit for the year	220,963	29,731	183,764	26,892
Convertible capital notes				
Convertible capital notes, Jan. 1	110,000	110,000	110,000	110,000
Decrease in convertible capital notes	-110,000	-	-110,000	-
Convertible capital notes, Dec. 31	-	110,000	-	110,000
Shareholders' equity total	**1,643,654**	**808,433**	**1,547,232**	**757,412**

DISTRIBUTABLE FUNDS IN SHAREHOLDERS' EQUITY, DEC. 31, FIM 1,000

	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Retained earnings	142,954	128,694	100,174	88,437
Profit for the year	220,963	29,732	183,764	26,892
Capitalized establishment costs	-	-3,434	-	-
Share issue costs booked into share premium account	-14,468	-	-14,468	-
Share of accumulated depreciation difference recorded in shareholders' equity	-28,606	-44,583	-	-
Distributable funds in shareholders' equity	320,843	110,409	269,470	115,329

THE PARENT COMPANY'S SHARE CAPITAL IS DIVIDED INTO THE FOLLOWING SHARE SERIES

		Parent Company 2000	Parent Company 1999
Series A (1 vote / share)	18,911,902 shares	37,824	25,477
Series K (10 votes / share)	10,577,000 shares	21,154	21,154
Total	29,488,902 shares	58,978	46,631

11. CONVERTIBLE CAPITAL NOTES

Elcoteq's Board of Directors decided in February 2000 to exercise their right to repay the FIM 110 million convertible capital notes ahead of schedule. The loan's subscribers decided to exercise their option to exchange the notes for Elcoteq A series shares. The conversion of the notes into A shares took place on March 31, 2000 and the new shares were available for trading on the Helsinki Exchanges from April 3, 2000. The conversion increased the total number of A shares by 1,366,452.

12. DEFERRED TAX LIABILITIES AND ASSETS, FIM 1,000	Group		Parent Company	
	2000	1999	2000	1999
Deferred tax assets				
From deductable temporary differences	4,547	1,080	-	-
From consolidations	1,878	-	-	-
	6,425	1,080	-	-
Deferred tax liabilities				
From appropriations	11,615	18,140	11,615	18,140
From consolidations	106	-	-	-
	11,721	18,140	11,615	18,140

13. LIABILITIES, FIM 1,000	Group		Parent Company	
	2000	1999	2000	1999
Long-term liabilities				
Interest-bearing *)				
Bonds	15,000	15,000	15,000	15,000
Medium-term capital notes	130,457	71,002	130,457	71,002
Loans from financial institutions	117,733	22,571	3,156	6,885
Pension loans	25,061	26,515	25,018	26,515
Other long-term liabilities	775	672	672	672
Total	289,026	135,760	174,303	120,074
Payments due within one year	-21,857	-5,380	-21,776	-5,980
Interest-bearing, total	267,169	130,380	152,527	114,094
Interest-free				
Bonds with warrants	-	1,108	-	1,125
Loans from financial institutions	4,623	6,172	-	-
Deferred tax liability	11,721	18,140	-	-
Interest-free, total	16,344	25,420	-	1,125
Long-term liabilities, total	283,513	155,800	152,527	115,219
Short-term liabilities				
Interest-bearing				
Loans from financial institutions	251,948	281,526	122,771	254,534
Commercial papers	564,665	118,918	564,665	118,918
Pension loans	83	89	83	89
Interest-bearing, total	816,696	400,533	687,519	373,541
Interest-free				
Accounts payable	1,757,975	1,131,720	1,020,540	760,911
Accrued expenses	183,324	71,714	90,302	38,118
Debt to Group companies	-	-	211,622	145,125
Loans from financial institutions	1,531	1,526	-	-
Other short-term liabilities	50,690	16,695	9,236	5,284
Interest-free, total	1,993,520	1,221,655	1,331,700	949,438
Short-term liabilities, total	2,810,216	1,622,188	2,019,219	1,322,979
Interest-bearing liabilities *)	1,083,865	530,913	840,046	487,635
Interest-free liabilities	2,009,864	1,247,075	1,331,700	950,563
Liabitilies, total	3,093,729	1,777,988	2,171,746	1,438,198
*) Interest-bearing liabilities do not include the convertible capital notes shown under shareholders' equity.	-	110,000	-	110,000

Bonds

In May 1996 certain Finnish companies including Elcoteq Network Corporation issued FIM 71 million face value unsecured bonds, of which Elcoteq Network Corporation's share was FIM 15 million. The bonds, bearing fixed annual interest of 7.43 %, mature on May 24, 2001. The loan is unsecured. The company is not liable under any circumstances for any defaults arising from the other issuers.

Bond holders are entitled to demand redemption of the notes if more than 49 % of the voting rights with respect to the company's shares are transferred from the owners existing at the issue date of the bonds, or when Elcoteq's solvency ratio as defined in the bond terms falls below 22 %.

The company is not entitled to repay the bond principal before the maturity date.

Medium-term capital notes

In December 1998 Elcoteq Network Corporation issued a FIM 52 million bond, the first under its FIM 300 million medium-term note (MTN) program. The period of the bond runs from December 7, 1998 to December 7, 2002. It carries a fixed coupon rate of 4.60 %. The bond is listed on the Helsinki Exchanges and recorded as 190 / 271 / 98 in the bond register maintained by the Financial Supervision Authority of Finland. The bond is unsecured.

In October 1999 Elcoteq Network Corporation issued a 50 million EEK private placement medium-term bond running from October 25, 1999 to October 25, 2002 and carrying a fixed coupon rate of 8.25 %. The bond is unsecured.

In September 2000 Elcoteq Network Corporation issued a EUR 10 million private placement medium-term bond running from September 29, 2000 to September 29, 2003. The bond interest is based on a 6-month EURIBOR plus a premium of 0.75 %.

Bonds with warrants

On October 1, 1997 the company's shareholders approved a privileged issue of bonds with warrants to key company executives and members of the Board of Directors. These bonds were non-interest-bearing and matured in three years. The attached warrants entitle holders to subscribe for at most 1,125,000 A shares , which would represent 3.7 % of the company's shares and 0.9 % of the votes after the issue. The loan principal was repaid to the bond holders in October 2000.

The share subscription period for the warrants began on September 1, 2000 for 30 % of the shares; the subscription period for the second 30 % of the shares begins on September 1, 2001 and for the remaining 40 % on September 1, 2002. The subscription period for all warrants ends on January 31, 2004. The terms of the bonds with warrants stipulate that any employees ceasing to be employed by the company before September 1, 2002 must return their remaining bonds with warrants to the company without consideration.

Pension loans

Elcoteq has obtained FIM-denominated financing from certain pension insurance companies. The repayment schedules and interest rates of such loans are regulated by Finnish law. Principal on the loans granted before January 1, 1996 is payable in annual installments equal to 7 % of the outstanding balance. The principal amount of the loans raised after January 1, 1996 is payable in equal annual installments over terms of 1-10 years. The interest rate on pension loans is 3.85 % – 5.75 %.

Loans from financial institutions

Loans from financial institutions primarily comprise loans from various European banks. The loans have maturity dates ranging from 2001 to 2005 and their interest rates are based primarily on a 3-month or 6-month EURIBOR, plus a premium varying from 0.25 % to 0.8 %.

Commercial paper programs

Elcoteq Network Corporation has an EUR 100 million domestic commercial paper program. At the balance sheet date EUR 96 million of this program was in use over rolling 1-4 month periods.

Other long-term liabilities

In late 1996 AS Elcoteq Tallinn entered into a USD 7.7 million credit agreement with International Finance Corporation (IFC) to finance the expansion of Elcoteq's manufacturing plant in Tallinn, Estonia. The principal on this loan is payable in ten equal semi-annual installments starting in 1998 and bears interest at a rate of LIBOR plus 2.65 %. The loan is secured by a mortgage on the Tallinn property and a USD 1.2 million guarantee from Elcoteq Network Corporation.

Elcoteq Network Corporation has entered into a swap agreement with a Finnish bank to manage foreign currency and interest exposure related to the IFC loan, which effectively converts the loan into a FIM-denominated EURIBOR interest rate loan.

In 2000 Beijing Elcoteq Electronics Co. Ltd. entered into a USD 6 million credit agreement with Finnfund to finance investments at the Beijing manufacturing plant. This loan has a maturity of maximum five years. USD 1.5 million of the principal had been withdrawn at the balance sheet date and this will mature in 2003. The loan carries interest of LIBOR plus 2 %.

Revolving lines of credit

In May 1997 the company obtained a USD 45 million multi-currency revolving euro credit facility from a bank syndicate. The credit limit was USD 45 million at the commencement of the loan but declined to USD 30 million in May 2000 according to the conditions of the facility. The loan period is five years with a variable interest rate based on LIBOR plus 0.85 % when the solvency ratio of the company is below 40 %, and LIBOR plus 0.60 % when the solvency ratio exceeds 40 %. Elcoteq Network Corporation has the option to terminate the credit facility at any time. The loan is unsecured but there are certain covenants related to the loan facility. No borrowing costs were capitalized in the annual accounts at December 31, 2000.

In April 1999 the company obtained a EUR 55 million multi-currency revolving euro credit facility from a bank syndicate. The credit limit was EUR 55 million at the commencement of the loan but will subsequently decline towards the end of the term. The loan period is five years with a variable interest rate based on EURIBOR plus 0.5 %. Elcoteq Network Corporation has the option to terminate the credit facility at any time. The loan is unsecured but there are certain covenants related to the loan facility. No borrowing costs were capitalized in the annual accounts at December 31, 2000.

Long-term liabilities maturing after five years or later, FIM 1,000	**Group**		**Parent Company**	
	2000	**1999**	**2000**	**1999**
Pension loans	22,500	23,750	22,500	23,750

14. ACCRUED EXPENSES, FIM 1,000

The Group's and Parent Company's accrued expenses comprise the following main items:

	Group		Parent Company	
	2000	1999	2000	1999
Wages and salaries	15,087	5,483	2,369	2,007
Holiday pay	30,039	20,782	23,865	17,915
Other indirect personnel costs	23,581	9,126	16,917	7,694
Interest	8,026	8,166	7,216	7,594
Value added taxes	35,329	1,199	-	-
Income taxes	18,489	4,319	19,255	54
Exchange rate periodizations of forward contracts	16,938	-	16,938	-
Transportation expenses	1,767	3,195	-	-
Group companies	-	-	5	866
Other items	34,068	19,444	3,742	2,854
Total	183,324	71,714	90,307	38,984

15. LEASING CONTRACTS, FIM 1,000

The Group has leased machinery and equipment under operating leases. New operating lease contracts totaling FIM 158 million were signed during 2000. No significant new finance lease contracts were made during 2000.

The future minimum lease payments under operating leases for machinery and equipment are as follows:

	Group Dec. 31, 2000	Parent Company Dec. 31, 2000
2001	50,141	50,141
2002	50,329	50,329
2003	41,317	41,317
2004	21,159	21,159
2005	188	188
Total	163,134	163,134

The rental expenses with respect to operating leases for machinery and equipment amounted to FIM 22.8 million during the fiscal year 2000 and FIM 1.3 million during the fiscal year 1999.

The future minimum lease payments under finance leases for machinery and equipment are as follows:

	Group Dec. 31, 2000	Parent Company Dec. 31, 2000
2001	785	785
2002	53	53
2003	29	29
Total	867	867

The rental expenses with respect to finance leases for machinery and equipment amounted to FIM 2.7 million for the year ending on December 31, 2000 and FIM 8.8 million for the year ending on December 31, 1999. In addition to rental expenses, old finance leases totaling FIM 2.1 million were redeemed during 2000.

Elcoteq has leased a manufacturing facility in Lohja from the real estate company Kiinteistö Oy Piiharju under a long-term rental agreement. Elcoteq has the option, at any time, to acquire the facility at a purchase price specified in the agreement. On December 31, 2000 this price was approximately FIM 13.7 million.

Elcoteq Network Corporation has a 10 % shareholding in Kiinteistö Oy Piiharju. The City of Lohja, which owns 90 % of the real estate company, has financed the purchase of the facility. According to the shareholders' agreement between Elcoteq Network Corporation and the City of Lohja, Elcoteq Network Corporation is obligated to provide any necessary additional financing to the real estate company. The rental expenses with respect to the lease of the manufacturing facility were FIM 3.3 million during 2000 and FIM 2.4 million during 1999.

Value of goods under the company's control using finance leases and entered under assets by balance sheet item:

Buildings	31,345
Machinery and equipment	116
Total	31,461

Finance lease liabilities under liabilities:

Long-term loans from financial institutions	14,419
Short-term loans from financial institutions	80
Total	14,499

Loan receivables from Kiinteistö Oy Piiharju totalling FIM 14,971,000 were eliminated against long-term debt.

If finance leasing contracts had been treated in 1999 in the same way as in 2000, the value of fixed assets would have been FIM 30.1 million higher and debt FIM 25.8 million higher. This treatment would have had no significant impact on the 1999 result.

16. ASSETS PLEDGED AND CONTINGENT LIABILITIES, FIM 1,000

	Group		Parent Company	
	2000	1999	2000	1999
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from credit institutions	21,181	30,343	1,500	3,000
Mortgages	55,254	65,754	1,500	12,000
Mortgages on moveable assets				
Loans from credit institutions	700	2,473	700	2,473
Mortgages for other loans	40,000	40,000	40,000	40,000
Other pledges given as collateral				
Mortgages on moveable assets	12,000	12,000	12,000	12,000
ON BEHALF OF GROUP COMPANIES				
Guarantees	-	-	887,862	416,423
ON BEHALF OF OTHERS				
Guarantees	4,313	6,208	4,313	6,208
LEASING COMMITMENTS	164,001	31,651	164,001	31,651
of which financing leases	867	5,459	867	5,459
of which operating leases	163,134	26,192	163,134	26,192
DERIVATIVE CONTRACTS				
Foreign currency derivative instruments				
Foreign currency forward contracts				
Nominal value	1,621,487	564,729	1,459,549	440,440
Book value	-20,361	2,939	-20,284	2,939
Market value	-14,558	3,076	-15,373	2,745
Foreign currency option contracts				
Nominal value	122,100	265,936	65,598	235,933
Book value	557	-721	1,785	-721
Market value	1,053	423	2,281	666
Interest rate derivative instruments				
Nominal value	-	297,287	-	297,287
Book value	-	-	-	-
Market value	-	98	-	98
Interest rate and foreign exchange swap contracts				
Nominal value	19,681	27,343	19,681	27,343
Book value	5,718	6,392	-	-
Market value	5,718	6,392	5,718	6,392

Dividend proposal of the Board

The Board of Directors bases its annual dividend proposal on the company's dividend policy, the Group's performance and its development needs.

The Group's distributable funds on the balance sheet date totaled FIM 320,843,484 (EUR 53,962,000). The parent company recorded a net profit of FIM 183,764,483 (EUR 30,906,967). Retained earnings from previous years totaled FIM 100,174,171 (EUR 16,848,086). The distributable funds are reduced by the share issue costs totaling FIM 14,468,259 (EUR 2,433,386) entered in the share premium account.

The Board will propose to the Annual General Meeting that the parent company pay a dividend of FIM 2.25, i.e. approx. EUR 0.38 per share (FIM 0.65, i.e. approx. EUR 0.11), making a total dividend of FIM 66,356,217, i.e. EUR 11,160,315. After this the parent company's distributable shareholders' equity will total FIM 203,114,178, i.e. EUR 34,161,352.

Antti Piippo
Chairman of the Board

Juha Toivola
Deputy Chairman of the Board

Martti Ahtisaari

Heikki Horstia

Henry Sjöman

Jorma Vanhanen

Tuomo Lähdesmäki
President

Auditors' report to the shareholders of Elcoteq Network Corporation

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Elcoteq Network Corporation for the year ended December 31, 2000. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements, showing a profit of FIM 220,963 thousand in the consolidated income statement and a profit of FIM 183,764,482.61 in the parent company income statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

Helsinki, February 13, 2001

KPMG WIDERI OY AB

Birger Haglund
Authorized Public Accountant in Finland

Financial risk management

Elcoteq's continuous growth has increased the significance of its international business even further. The financial risks associated with international operations are managed in accordance with the company's risk management policy, which aims to hedge against all significant financial exposures. Main responsibility for funding operations and financial risk management lies with the parent company's Treasury department.

Foreign exchange risk

Most of the company's cash flow, receivables and short-term liabilities are denominated in other currencies than the euro, Finnish markka and other denominations of the euro. Consequently, fluctuations in rates of exchange may have a significant impact on the company's financial results. These transaction risks are hedged by product pricing that takes account of foreign exchange risks and by derivative contracts used to hedge the net currency exposure. Most derivative contracts are forward exchange contracts and currency options with a maximum validity of four months.

The Open Book Calculation method applied by the company also covers exchange rates at the time of pricing in addition to component, raw material and manufacturing costs. It therefore provides a good foundation for hedging the net currency exposure for the duration of the pricing period based on the volumes forecast at the time of pricing. Since customer pricing is typically agreed for three-month intervals, no long-term items are included in the company's transaction position.

At the date of closing, the company had some translation exposures with respect to foreign subsidiaries. The currency risk of these items is estimated to be insignificant. All significant risks attached to loans denominated in foreign currencies were hedged using derivative contracts. The company addresses its Economic Exposure by concentrating most of its manufacturing services in countries with a cost level low enough to confer a substantial and lasting competitive edge.

The exchange rate differences arising from valuation of the derivative contracts on the balance sheet date are as a rule entered in the income statement. In the consolidated accounts, however, these items are entered in the balance sheet after netting the translation differences of shareholders' equity when derivative contracts are made to hedge the translation exposure associated with the shareholders' equity of foreign subsidiaries. The interest derived from hedging instruments for interest-bearing items is periodized in both the income statement and the balance sheet according to the duration of the item. Exchange rate differences of derivative contracts used to hedge off-balance-sheet items are charged to the income statement simultaneously with hedged cash flow. The nominal values, book values and market values of the derivative contracts at the date of closing are shown in Note 16 to the financial statements on page 35.

Other financial risks

Other financial risks to which the company's business is exposed include interest, liquidity and counterparty risks. The increase in interest-bearing net debt arising from growth in operating volume increased the company's interest risk exposure during year 2000. In particular, the general increase in euro interest rates raised the company's net financial costs during the second half of the year.

Liquidity risk is measured by liquidity risk reports based on cash flow estimates and managed by ensuring the adequacy of funding resources with a reasonable safety margin for the forecast liquidity position. Liquidity risk is often the consequence of another risk that disrupts business operations. These risks are managed in different areas of the company's operations.

Counterparty risk is incurred through both financial and commercial activities. The company's risk exposure is limited by operating with partners that have a first-class credit standing. No significant counterparty risks were recorded in the Group companies during the review period, nor did receivables contain any significant items regarded as uncertain on the closing date.

Adoption of the euro

The company has been prepared to adopt the euro as an operational currency for sales, purchasing and financing activities since January 1, 1999. The first euro-denominated transactions were made during January 1999. Adoption of the euro has not had any significant strategic impact on the Group. However, certain savings in costs and benefits from rationalization are forecast as use of the euro in business activities becomes more common. The euro will be adopted as the company's reporting and accounting currency by the end of 2001. However, this annual report shows the figures in the financial statements in euros and in Finnish markka. Key indicators have been presented in euros in the company's interim reports from the first quarter of 1999.

EMS sector growth prospects remained favorable

The electronics manufacturing services (EMS) sector continued to grow extremely rapidly during 2000. The American market research company Technology Forecasters Inc. estimates that the manufacturing services sector grew almost 30 % on the previous year and its volume now exceeds USD 100 million.

Growth in this sector is estimated to continue rising at an average annual rate of almost 30 % until 2004 driven principally by strong demand for communications electronics and continued outsourcing by OEM manufacturers of electronic end-products. OEM companies are concentrating increasingly on their own core businesses – research and development and marketing.

The companies best positioned to take advantage of the bright growth prospects in the EMS sector are the largest global corporations in the field. These are expected to grow faster than on average in the sector whereas the smallest companies are forecast to record almost zero growth. This trend, along with the consolidation and restructuring in the industry that began a few years ago, will reinforce polarization in the sector; the gulf separating the largest global EMS providers from small local manufacturers will widen further.

Sufficient size, wide service portfolio

One of the main strengths of the successful EMS company is sufficient size and the ability to offer customers a range of services appropriate for their needs and with sufficient geographical coverage. It is estimated that in the long term the winners in the extremely competitive EMS markets will be global companies whose customers operate in the fastest growing sectors and which are able to react with agility to changes in their operating environment, taking rapid advantage of the opportunities to develop their business operations.

Elcoteq, through its strategy of co-evolution and systematic globalization, has grown to become one of the eight largest EMS companies in the world and the only European company among them. Elcoteq has systematically broadened its expertise and enhanced its ability to offer services that fulfill the ever tougher demands of its customers over an increasingly wider geographical area. The company provides engineering, manufacturing, supply chain management and after sales services on all three continents; Europe, Asia and America. The core of Elcoteq's global EMS plant network today comprises new plants designed and built expressly to meet the needs of its customers, enabling Elcoteq to offer a global manufacturing concept with internally consistent technologies and operating processes. This ensures smooth and rapid transfer of products between different Elcoteq plants as well as the rapid production ramp-ups of globally manufactured products at several Elcoteq plants simultaneously.

Business area structure promotes customized service offering

Elcoteq's operations were divided into three business areas at the beginning of 2001: Terminal Products, Communications Network Equipment and Industrial Electronics. The core idea underlying this structure is to create an operational model that takes better account of the different needs of each business area's customers, that increases Elcoteq's agility to respond to these needs and the rapid changes taking place in its operating environment, and that enables the company to continuously develop its operations with greater customer focus.

Each business segment has its own particular characteristics, and its customers their own service needs. Exceptionally fast growth is forecast in the Communications Network Equipment segment, since the rapid adoption of 3G mobile phone networks will require a fast increase in manufacturing capacity and the outsourcing of many network components in order to avoid capacity problems. Forecasts suggest that the end-product markets in this segment will grow at an annual rate of 25 % over the next four years. The rate of using outsourced services is expected to increase further at the same time, which means that demand for EMS services is forecast to rise even faster than for the end-product markets, especially during the beginning of this period.

In the Terminal Products segment, the end-products markets and growth in outsourcing are forecast to grow at a more steady rate, and demand for electronics manufacturing services will increase by more than 30 % annually until 2004. Geographically, the highest growth figures are expected in the Asia-Pacific and Latin American markets. As mobile handsets have become large-volume consumer electronics products, strong seasonal fluctuations in demand are typical in this segment.

In Industrial Electronics, outsourcing of production is still very modest. Technology Forecasters estimates roughly 20 % annual growth for electronics manufacturing services in this segment until 2004 with the degree of outsourcing reaching only slightly more than 20 % at the end of the period. Hence, growth is expected to remain strong after the period as well, since the degree of outsourcing in industrial electronics is expected to rise from only 13 % in the year 2000 to more than 50 % by the year 2010. Demand for electronics manufacturing services is hardly affected by seasonal fluctuations in the industrial electronics segment.

Elcoteq's EMS plants

Elcoteq has manufacturing plants in Finland, Estonia, Russia, Hungary, Germany, Poland, Switzerland, Mexico and China. The five largest plants focus on volume production of communications electronics. Three of the plants produce both industrial and communications electronics, while the remaining plants specialize in industrial electronics. Most of the company's manufacturing capacity has been built during the past two years. The manufacturing processes deployed in Elcoteq's plants represent the most advanced component and interconnection technologies based on modern automated production methods. Three quarters of the company's capacity is situated in Estonia, Hungary, Mexico and China – countries that are highly competitive with respect to market proximity, good availability of skilled labor and favorable general cost levels.

During 2000 Elcoteq expanded the plant in Tallinn, Estonia, and decided to build a new plant close to the existing facility specializing in communications network equipment. The new plant was completed in February 2001. During autumn 2000 Elcoteq decided to expand the new plant's floor space to 15,000 square meters.

New capacity was also added in Finland. In February Elcoteq acquired ABB Substation Automation Oy's electronics module assembly operation in Vaasa. An extension to the Gunnarla plant in Lohja was brought on stream in August.

Elcoteq acquired a PC monitor manufacturing plant from Nokia Display Products in Pécs, Hungary, at the beginning of 2000, in order to raise its production capacity to meet increased customer demand. PC monitor manufacture ceased at the end of 2000 and this plant now concentrates on manufacturing of mobile phones. The plant in Mexico was expanded to over 18,000 square meters in anticipation of future growth.

In July Elcoteq was the first international EMS company to start production in Beijing, China. This plant manufactures mobile phones and subassemblies for communications network equipment. The production volume of Elcoteq's plant in Dongguan, southern China, increased during the year as well.

The business operations of the German company Stephan Elektronik were acquired by Elcoteq at the beginning of 2000. The deal included electronics manufacturing plants in Germany and Poland as well as a customer service center in Switzerland.

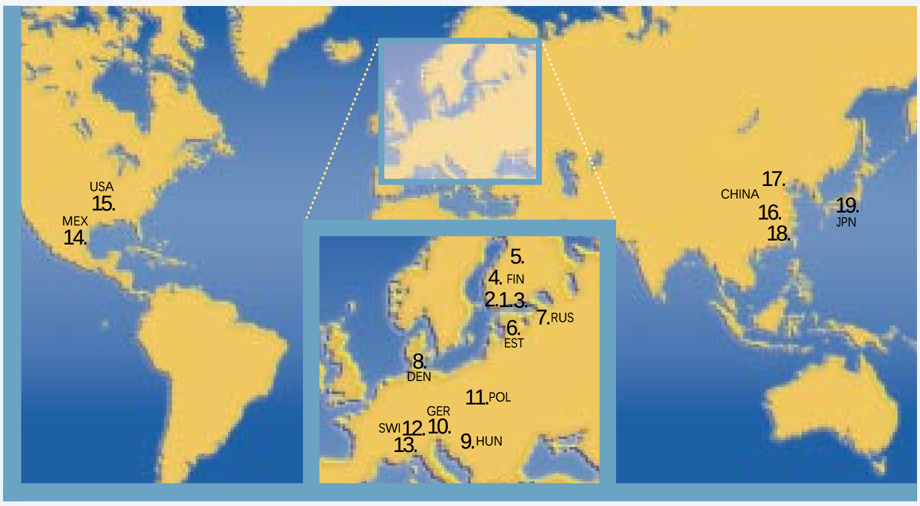
PLANT	SERVICES	QUALITY AND ENVIRONMENTAL CERTIFICATES	AREA, m²
Lohja, Finland	Box build, subassembly, microconnection, NPI prototyping, engineering services	ISO 9002, ISO 14001	14,000
Helsinki, Finland	Subassembly	ISO 9002	7,900
Vaasa, Finland	Box build, subassembly	ISO 9002, ISO 14001	3,100
Tallinn 1, Estonia	Box build, subassembly, engineering services	ISO 9002, ISO 14001	24,700
Tallinn 2, Estonia*	Subassemblies for communicatons network products	ISO 9002**, ISO 14001**	6,300
St. Petersburg, Russia	Subassembly	ISO 9002	2,500
Finn Plant, Pécs, Hungary	Box build, subassembly	ISO 9002, ISO 14001, QS 9000	11,000
Szilva Plant, Pécs, Hungary	Box build, subassembly, after sales services	ISO 9002, ISO 14001	35,000
Überlingen, Germany	Subassembly, engineering services	ISO 9002	5,000
Wroclaw 1, Poland	Box build, subassembly	ISO 9002	3,000
Wroclaw 2, Poland***	Box build, subassembly		11,000
Baden, Switzerland****	Box build, subassembly, engineering and after sales services	ISO 9001, ISO 14001	9,500
Monterrey, Mexico	Subassembly	ISO 9002, ISO 14001, QS 9000	18,300
Dongguan, China	Subassembly, accessories	ISO 9002, ISO 14001	12,000
Beijing, China	Subassembly		12,000
Hong Kong, China	After sales services	ISO 9002	1,500
Total			**176,800**

* First phase ** During 2001 ***Under construction **** Acquired in January 2001

ELCOTEQ'S UNITS

1. Espoo, Corporate Office
2. Lohja • •
3. Helsinki • •
4. Vaasa •
5. Oulu •
6. Tallinn •
7. St. Petersburg •
8. Randers •
9. Pécs •
10. Überlingen •
11. Wroclaw •
12. Beringen •
13. Baden •
14. Monterrey •
15. Dallas •
16. Dongguan •
17. Beijing •
18. Hong Kong •
19. Tokyo •

• Plants
• Other operations



Environment, quality and development

The aim of Elcoteq's environmental work is to offer customers electronics manufacturing services that also take environmental considerations into account throughout the entire value chain in which the company participates.

In Elcoteq's plants environmental issues are factored in at all stages of manufacturing. Key issues include packaging, waste treatment, energy consumption, and the safe and economical use of materials in the manufacturing process. Elcoteq continuously provides training for its personnel in environmental matters because the company believes that continuous improvement, a safe working environment and eco-efficiency in operations are best promoted when each employee is aware of the environmental impact of his or her work.

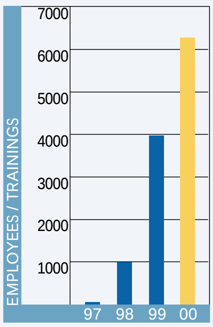
Environmental management systems

Elcoteq's policy is that all its plants independently manage the environmental impacts of their operations by means of a certified environmental management system. In 2000 the Monterrey and Dongguan plants gained ISO 14001 certificates and by the end of the year Elcoteq had altogether seven plants with this certification. Elcoteq's other plants continue to implement their environmental management systems. Information on the environmental and quality certificates of Elcoteq's plants are presented on page 40 of this annual report.

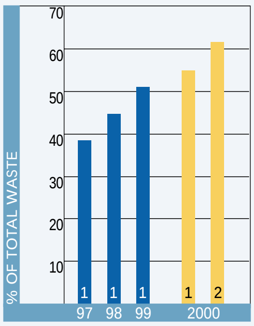
Environmental considerations in the supply chain

Managing the environmental impact of electronics products requires close collaboration between customers and suppliers, in other words active participation by the whole value chain, in order to ensure sustainable development. During 2000 Elcoteq integrated environmental issues into the quality assurance applied by the company to its suppliers. Key suppliers were informed about the new environ-

Environmental training

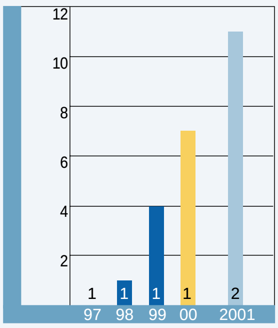


Reuse of waste



1. Lohja plants
2. All plants

ISO 14001 status



1. ISO 14001 certified plants
2. Target

More detailed information on the company's environmental policy and environmental performance is posted on Elcoteq's Internet website at www.elcoteq.com.

mental supplier requirements in the spring and they were then also asked to provide a self-assessment of their operations in the light of these requirements. Their responses indicated that roughly half of Elcoteq's suppliers already had a certified environmental system and that more than one-third were planning or had started to develop such a system.

In order to enhance environmental protection and product safety, electronics producers must have a detailed knowledge of the materials used in their products. Elcoteq has improved its ability to evaluate the properties of the materials it uses and to manage the flow of this information. This development work continues with customers and suppliers.

Environmental co-operation

Elcoteq is involved in several research and development projects aimed at promoting protection of the environment. In co-operation with other companies in the sector as well as Nordic research institutions and universities, Elcoteq has, for example, developed a basis for adopting a lead-free soldering process and developed ways of managing the lifecycle impacts of electronics products and services.

Elcoteq also carries out valuable work with local stakeholders. In Lohja, Finland, for example, Elcoteq has worked alongside with local environmental officials and other companies in an "environmental cluster" focusing on local environmental matters.

Environmental performance and its monitoring

During 2000 Elcoteq established the methods it would employ worldwide to gather information about the key environmental characteristics of its manufacturing operations. The environmental database, developed at the Group level, will be adopted by all units during 2001. This common database will support the environmental systems in use by the units and make it easier to set targets. It will also provide a platform for monitoring and reporting on the environmental performance of the entire Group.

Elcoteq's plants operated in accordance with the principles contained in the company's environmental policy during the review year. The units reported no damage or incidents that caused significant environmental or health impacts and, for example, no infringements of permit conditions have been discovered.

Quality management

Quality management in Elcoteq is aimed at developing the company's processes and systems and performance to world-class levels. A simultaneous priority is to achieve globally consistent operations ensuring that customers and partners receive high-quality services at all Elcoteq plants regardless of their operating environments.

Elcoteq applies globally two kinds of assessment based on benchmarking, one of which focuses on plant management and the other on manufacturing processes. The owners of the processes and functions use assessment results to draw up action plans for improving operations to reach the set targets. The best practices revealed by the assessments are spread to Elcoteq's other units by Competency Groups set up to cover different areas of expertise.

Elcoteq's global policies and operating principles are set out in the Elcoteq Manual. The systems employed by the manufacturing plants are required to comply with the Manual's instructions and to have at least ISO 9000 certification. At the end of 2000 Elcoteq had twelve ISO 9002 certified plants, two of which also had QS 9000 certification.

Six Sigma at Elcoteq

An essential aspect of Elcoteq's policy of continuous development is its Six Sigma training program started in 2000 with common sessions held together with customers. The aim of the Six Sigma method is to optimize processes and working methods in order to minimize the occurrence of errors or defects. Elcoteq arranges regular internal training to make Six Sigma an integral part of the activities of all Elcoteq plants and offices.

Each Six Sigma project consists of four stages: measurement, analysis, improvement and control. Six Sigma is a reliable, systematic and fact-based method of identifying and improving factors that are critical to the success of a process. Using this method Elcoteq will ensure that its business processes and services are efficient and first-class, and that they also fulfil the increasingly tough demands of its customers.

Fostering human talent

In human resource management Elcoteq's priorities are correct resource allocation within the organization, developing inspiring leadership and dialogue, and building the necessary management tools, processes and systems. Attracting competent new professionals, especially in Elcoteq's new countries of operation, also requires the company to enhance its image as an employer. For this reason Elcoteq has for example forged closer ties with universities and higher learning establishments.

Turning employees into multi-skilled professionals is essential to success in today's constantly shifting business environment. The means to achieving this are carefully planned job rotation, a wide variety of training programs, sharing experience, teamwork and mentoring. It is also just as important to identify and exploit the development potential of the company's personnel. In all these areas Elcoteq has initiated several projects in its business units and at Group level that will continue during 2001.

Most new Elcoteq people in Hungary

The total number of employees in the company rose from about 6,000 at the end of 1999 to almost 11,500 during 2000. Elcoteq's growth has required intensive recruitment along with effective local and global induction programs. The largest increase in personnel took place as a result of a plant acquisition in Pécs, Hungary, where Elcoteq had at the end of 2000 more than 3,200 employees compared with less than one thousand at the end of 1999. The plant in Mexico more than doubled its workforce while the total number of employees in China exceeded 1,000 in early autumn. The number of personnel in Finland rose more than 30 %, likewise, yet nowadays these account for only 13 % of Elcoteq's total workforce.

Challenged by growth

The rapid change in Elcoteq's operating environment has required its owners and top management to trust its employees to stretch their skills to the limit and to work effectively in new circumstances. For the company's personnel, this has meant having the desire to grow in pace with new challenges and to display a true spirit of enterprise; a willingness to take responsibility and to learn.

The transfer of knowhow to start-up units continued during the year with training sessions arranged by the Tallinn and Lohja plants, individual training programs in sister units, and the secondment of experienced Elcoteq people to the new units. A group of more than 20 production workers from Lohja and Tallinn, for example, spent several months at the Beijing plant in China during its start-up. To make knowhow transfer and the sharing of best practices as effective as possible, Elcoteq has systematically expanded its Competence Group activities, whereby experts in a particular discipline from different parts of the company meet at regular intervals to exchange information and develop operational processes.

Elcoteq training programs

Elcoteq's Global Excellence training program for key employees was continued during 2000 and has now been completed by more than 100 individuals. The aim of the program is to familiarize participants with Elcoteq's strategies and global ways of working, and to generate and collect ideas that support the company's strategic and operational processes. At the same time participants are given the opportunity to forge close contacts that transcend organizational and functional boundaries. The program takes place in multicultural groups under the leadership of top management and outside specialists. This program will also continue during 2001.

A new two-part management training package was designed during the year targeting development of leadership skills and embedding a motivating style of leadership throughout the organization. The program began with a pilot session at the Monterrey plant in Mexico in January 2001 and it will be implemented in all units during the current year.

Development programs for business units

Action plans for specific business units were implemented during 2000 based on a survey of personnel attitudes carried out in 1999. The main priorities for development were systematic planning of training, the work of managers and supervisors, and communications. The success of this action will be measured by a new personnel survey during 2001. This will also signal the start of a process aimed at reviewing the Group's common values and identity in the light of the new personnel survey. This process is also intended to develop collaboration and interaction and to create a common language for the company as its environment becomes increasingly multicultural.

Good Employer Award

In March 2000 Elcoteq received the Finnish Ministry of Labour's Good Employer Award in recognition of its outstanding efforts in developing the working community, implementing personnel participation schemes, creating new jobs, and promoting a pleasant and secure working environment. This award is a valuable acknowledgement of the company's efforts so far, as well as a reminder of the importance of continued personnel development in the future.

Elcoteq values

Customer satisfaction

We want to know our customers' needs and to respond to them with the best possible service: expertise, quality, prompt and reliable delivery, flexibility and cost efficiency. We keep our promises.

Our customer relationships are based on full commitment, mutual trust, openness and co-evolution.

Committed personnel

We respect our colleagues. Initiative, sharing ideas, learning, and giving and taking responsibility form the basis for the entrepreneurial spirit that is valued at Elcoteq.

Ethical conduct of business

We take care of the environment under our influence and we always consider and encourage positive development in our social environment. We want to conduct business with integrity.

Continuous improvement

Our aim is to be a world-class electronics manufacturer. We recognize the need for change and development and we respond rapidly. We are keen to discover new methods to improve our operation and to implement them rapidly with full commitment.

Result orientation

We are committed to our ambitious goals and to increasing the value of the company through profitable and successful business operations.

Corporate governance

Elcoteq applies the guidelines for the administration of public limited companies prepared jointly by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Board of Directors

The Board of Directors is responsible for the management of the company and appropriate organization of its operations. The Board comprises at least four and at most eight members and is elected by the Annual General Meeting for one year at a time. The Board elects a chairman and a deputy chairman from among its members.

In addition to the tasks required by Finnish legislation and Elcoteq's articles of association, the Board is also responsible for confirming the company's strategy, for approving its budget, and for deciding on major investments and donations to good causes. The Board usually meets 15-20 times a year and also when required.

Review and Compensation Committee

The Board of Directors has appointed a Review and Compensation Committee from among its members to supervise certain aspects of the company's operation, to report to the Board of Directors on its findings and to submit proposals. The Committee is chaired by the Chairman of the Board, Mr Antti Piippo, and its members are the company's non-executive directors Mr Martti Ahtisaari, Mr Heikki Horstia and Mr Juha Toivola.

The term of office of the Committee is the same as for the Board of Directors. The Committee's tasks include analyzing the annual and interim financial statements, establishing the sufficiency of the external and internal audits, and evaluating the company's risk exposure. The Committee approves the remuneration policies applied to the company's top management. It also ensures that the remuneration scheme promotes the company's goals.

Working Committee

The Board of Directors has also appointed a Working Committee from among its members to steer the company's development and implementation of its reorganization. The Working Committee reports to the Board of Directors. This Committee is chaired by Mr Antti Piippo and its other members are Mr Henry Sjöman and Mr Jorma Vanhanen as well as President Tuomo Lähdesmäki.

President

The Board of Directors appoints the President of the company. The main terms and conditions of the President's employment contract are set out in a written contract. The President is responsible for the operative management of the company as required by the provisions of the Finnish Companies Act and in accordance with the instructions and authority of the Board of Directors. Mr Tuomo Lähdesmäki has been President of Elcoteq since 1997.

Remuneration

The salaries, fees and benefits in kind paid to the members of the Board of Directors and the President in 2000 totalled FIM 3,890,544.15.

Insider matters

On March 1, 2000 the company adopted a set of Insider Rules corresponding to the guidelines recommended by the HEX Helsinki Exchanges and endorsed by the Board of Directors. Personnel are trained in the matters covered by these Insider Rules.

The company's statutory list of insiders comprises the members of the Board of Directors, the President and the auditor. Other permanent insiders are the members of the Elcoteq Management Team, individuals who regularly attend the Management Team's meetings, and the Company Secretary. The company also maintains insider registers for specific projects.

The Board of Directors of Elcoteq Network Corporation in 2000 (from the left): Heikki Horstia, Antti Piippo, Martti Ahtisaari, Henry Sjöman, Juha Toivola and Jorma Vanhanen.

Board of Directors

Antti Piippo BSc (Eng.), born 1947, has been the Chairman of the Board of Directors since the management buy-out in 1991. Mr Piippo has held several management positions in the electronics industry since 1971, including periods as Director of consumer electronics with Aspo Oy (1971-1984) and Lohja Corporation (1984-1991). Mr Piippo has held, and continues to hold, various non-executive roles in several other companies and industrial organizations. Mr Piippo is one of the principal shareholders, holding 1,586,970 Elcoteq A shares and 5,411,000 K shares, representing 23.7% of the Company's shares and 44.7% of the voting rights.

President **Martti Ahtisaari**, born 1937, President of the Republic of Finland 1994-2000. Before his election as President, Mr Ahtisaari forged a prestigious career as a diplomat, working for both Finland's Ministry for Foreign Affairs and for the United Nations. Between 1965-1972, he held various posts in the Bureau for Technical Co-operation of Finland's Ministry for Foreign Affairs and as Ambassador of Finland to the United Republic of Tanzania and was also accredited to Zambia, Somalia and Mozambique between 1973-1976. Between 1977-1994 he was Under-Secretary of State in the Ministry for Foreign Affairs, Under-Secretary General for Administration and Management in the UN, Special Representative of the UN Secretary General for Namibia, and Secretary of State in the Ministry for Foreign Affairs. Mr Ahtisaari holds positions in a number of international organizations, including co-chairmanship of the EastWest Institute, and Chairman of the International Crisis Group and War-Torn Societies Project International. Other post-presidential assignments have included appointments as an independent inspector of the IRA's arms dumps, and a member of the committee assessing the Austrian government's human rights record. He also holds honorary doctorates from a number of universities. Mr Ahtisaari owns 5,250 bonds with warrants entitling him to subscribe for at most 5,250 new A shares.

Heikki Horstia BSc (Econ.), born 1950, has been a non-executive member of the company's Board of Directors since 1991. Mr Horstia has had a career in the financial management of industrial enterprises since 1976, and has occupied management and board positions in the electronics industry since 1983. He is Vice President, Treasurer of Wärtsilä Corporation. Mr Horstia holds 1,000 Elcoteq A shares and 7,500 bonds with warrants, entitling him to subscribe for at most 7,500 new A shares.

Henry Sjöman BSc (Eng.), born 1950, has been a member of the Company's Board of Directors since the management buy-out in 1991. Mr Sjöman has worked in the electronics industry since 1974, and has held various management positions with the Company and its predecessors since 1984. He is one of the principal shareholders, holding 750,765 Elcoteq A shares and 2,583,000 K shares, representing 11.3% of the Company's shares and 21.3% of the voting rights.

Juha Toivola MSc, born 1947, has been a non-executive member of the company's Board of Directors since 1997. Mr Toivola is the Managing Director of Industrial Insurance Company Ltd, Deputy Managing Director of Sampo Group and a member of the boards of several other Finnish insurance and other companies. Mr Toivola holds 7,500 bonds with warrants, entitling him to subscribe for at most 7,500 new A shares.

Jorma Vanhanen MSc (Eng.), born 1959, is Chairman of the Plant Supervisory Groups of the plants in Estonia and Hungary. He has been a member of Elcoteq's Board of Directors since the management buy-out in 1991. Mr Vanhanen has held various management positions in the company and its predecessors since 1985. He is one of the principal shareholders, holding 600,765 Elcoteq A shares and 2,583,000 K shares, representing 10.8% of the company's shares and 21.2% of the voting rights.

President and Elcoteq Management Team

Tuomo Lähdesmäki MSc (Eng.), MBA, born 1957, joined the Company as President in 1997. Prior to this he was the President and Chief Executive Officer of Leiras Oy, an international pharmaceuticals company, since 1991, and a member of the Board of Leiras Oy's parent company Huhtamäki Group. Between 1983 and 1989 Mr Lähdesmäki held several positions within the Nokia Group, most recently as Vice President and Area Director of the Nordic Countries (1988-1989). Between 1990 and 1991 Mr Lähdesmäki was General Manager of Telecommunications for the Swiss company Swatch Group. He holds 300,000 bonds with warrants, entitling him to subscribe for at most 300,000 new A shares.

Other members of the Management Team

Jukka Forsström MSc (Econ. and Bus. Admin.), born 1958, has been Group Vice President and Corporate Treasurer since 1998. He joined the Management Team in 1999. Mr Forsström has worked in various companies within international business since 1981. Prior to joining Elcoteq he was Corporate Treasurer and Senior Vice President at Kaukomarkkinat Oy (1990-1998).

Jouni Hartikainen MSc (Eng.), born 1961, was appointed Group Vice President, Communications Network Equipment, at the beginning of 2001. He joined Elcoteq and its Management Team in February 2000, taking responsibility for Elcoteq's global sales and customer service. He previously held several positions in Tecnomen Oy, most recently as Director, Customer Operations. Mr Hartikainen has also worked several years in Canada and Malaysia.

Christer Härkönen MSc (Eng.), born 1957, was appointed Group Vice President, Terminal Products, at the beginning of 2001. He joined the company as Group Vice President of Global Supply Chain Management in 1996 when he was also appointed to the Management Team. Mr Härkönen has held various production, logistics and purchasing positions in the electronics industry since 1984, including positions as Production Control

Manager (1987-1988) and Production and Plant Manager of Nokia Data's Kilo and Lohja factories (1988-1991). He has also held the posts of Materials Management Director (1991-1993) and Operations Director (1993-1996) at ICL Personal Systems Oy.

Kari Häyrinen MSc (Eng.), MBA, born 1959, is Group Vice President , Business Development, with responsibility for the Asia Pacific region. He is also Chairman of the Plant Supervisory Groups in China. He joined Elcoteq and its Management Team in 1995, and has since held different positions including Group Vice President and General Manager, Asia Pacific. Mr Häyrinen joined Elcoteq having worked in the Start Fund of Kera between 1993 and 1995. He has worked in several positions in the electronics industry in Finland and the United States since 1984, including Development Engineer and Product Manager at Fiskars Tehoelektroniikka (1984-1987), and Product Manager at Fiskars Electronics Corporation, USA (1987-1989) and Fiskars Power Systems (1989-1993).

Reijo Itkonen Technician, born 1949, is Group Vice President, Group Operations, carrying responsibility for developing the Group's global plant network and planning its capacity. He is also Chairman of the Plant Supervisory Group of the Monterrey plant in Mexico. Mr Itkonen has been a member of the Management Team since 1999. He has worked in the electronics industry since 1967 in companies including Oy Lohja Ab and Nokia. In the last five years before joining Elcoteq, Mr Itkonen worked for Nokia and Semi-Tech as President of a television manufacturing plant in Turku. He joined Elcoteq in 1997.

Jukka Jäämaa LSc (Eng.), born 1965, was appointed Group Vice President, Industrial Electronics, at the beginning of 2001. He is also Chairman of the Plant Supervisory Groups of Elcoteq's industrial electronics plants. Mr Jäämaa joined Elcoteq as Group Vice President, European sales and account management and the Management Team in 1998. Prior to this, he held a variety of positions since 1990 in Perlos Oyj, most recently as General Manager of this company's Nurmijärvi plant in Finland.

Osmo Kammonen LLM, born 1959, is Group Vice President, Communications and Investor Relations. Mr Kammonen has worked in industrial communications and investor relations since 1984, as Financial Communications and Investor Relations Officer at Metsä-Serla Corporation (1987-1989), Corporate Communications Manager at Lohja Corporation (1989-1991) and Investor Relations Manager at Metra Corporation (1991-1996). He joined Elcoteq and the Management Team in 1996.

Vesa Keränen MSc (Eng.), born 1970, is Group Vice President, Corporate Development. He has worked in the company since 1997, most recently as Business Development Manager. He was appointed Group Vice President, Corporate Development, and member of the Management Team in January 2001. He has held positions in various international companies in Finland and Germany since 1994.

Markku Leinonen MSc (Eng.), born 1957, is Chairman of the Plant Supervisory Groups of the plants in Lohja, Russia and Poland. He is also responsible for development of the Group's manufacturing technologies globally. He joined the company in 1997 to start up mobile phones manufacture at Elcoteq's Tallinn plant and was later appointed Group Vice President, Northern Europe. Before joining Elcoteq Leinonen worked in various production positions for Nokia in China and for Fujitsu Personal Systems in Finland. He has worked in the electronics industry since 1984.

Teo Ottola MSc (Econ. and Bus. Admin.), born 1968, is Group Vice President, Corporate Controller. He is responsible for Elcoteq's internal and external accounting and reporting. He was appointed to the Management Team in March 2000. He has held various finance and accounting positions in the company since 1996. Before coming to Elcoteq, Mr Ottola worked in Rautaruukki Corporation's treasury department.

Ilkka Pouttu Dipl. Bus. Studies, born 1955, is Group Vice President, Business Development, with responsibility for the Americas. He joined Elcoteq and its Management Team in 1997 with responsibility for global sales and customer service. Before taking up his present position Mr Pouttu was Group Vice President and General Manager, Americas. He has worked in the electronics industry since 1986. He was Area Export Manager and Export Director of the NMT division of Nokia Mobile Phones (1986-1988), Director of Sales of Telecommunications at Autronic AG, Switzerland (1988-1989), General Manager of the Motorola European Cellular Subscriber Division's Swiss subsidiary (1989-1993) and Business Manager of the Division's OEM operations in Europe, the Middle East and Africa (1993-1997).

Tuula Rainto LLM, born 1968, Corporate Counsel, is responsible for Elcoteq's legal affairs. She is also the Group's Company Secretary. Ms Rainto was appointed to the Management Team in January 2001. She joined Elcoteq in 1999 from Rautaruukki Corporation. Her earlier positions include Researcher at the Ministry of Justice in Finland (1993-1994) and Corporate Counsel since 1994.

Kerttu Tuomas, MSc (Econ. and Bus. Admin.), born 1957, joined the company as Group Vice President, Human Resources and its Management Team in January 2000. She has worked in marketing of professional services, personnel management, and human resources and organizational development in Finnish and international companies since 1981. Before coming to Elcoteq she held responsibility for personnel administration in Finland and the Baltic countries for the international Mars Group between 1994 and 2000.

Member of the Board Mr **Jorma Vanhanen** also belongs to the Management Team. He is Chairman of the Plant Supervisory Groups for the plants in Estonia and Hungary.

General Managers of Elcoteq plants

William Yee Chen BSc, MBA, born 1958, was appointed General Manager of the Dongguan plant in January 2001. He has worked for Elcoteq since March 1999, initially as Manufacturing Manager of the Dongguan plant and later as the plant's Deputy General Manager. Before joining Elcoteq, Mr Chen worked for Nokia Mobile Phones between 1995 and 1999.

Jüri Josepson PhD, born 1951, is General Manager of Elcoteq's Wroclaw plant and Deputy General Manager of the Überlingen plant. He joined Elcoteq as Project Manager at the Tallinn plant in Estonia in 1996. Before moving to Germany in January 2000 he worked as Production Technology Manager at the Tallinn plant. Dr Josepson previously worked as a researcher at the Estonian Institute of Cybernetics, a research institute specializing in mathematics, mechanics, computer software applications and monitoring systems. He wrote his doctoral thesis on the subject Experimental Measuring of Stresses in Crystals.

Panu Kaila BSc (Eng.), born 1955, has been General Manager of the Tallinn plant since September 2000, when he joined Elcoteq after leading an international research project at the Helsinki University of Technology. Between 1995 and 1998 Mr Kaila worked for Nokia Mobile Phones in positions including Plant Manager and Vice President, Operations Development and Global Strategic Planning.

Hannu Keinänen MSc (Eng.), born 1969, has worked for the company since 1998 when he joined as General Manager of Elcoteq's Vaasa plant after its acquisition. Mr Keinänen is currently General Manager of the company's Finn plant in Pécs, Hungary, and responsible for Elcoteq's Hungarian operations as a whole. Before Elcoteq, he worked for ABB Transmit Oy in various positions including exports.

Jari Kinnari BSc (Eng.), born 1969, is General Manager of the Vaasa plant. He joined Elcoteq in 1998, prior to which he held various production management positions since 1992 in ABB Transmit Oy, which manufactures protection relays for medium-voltage networks.

Pekka Kivinen BSc (Nat.Sc.), born 1955, was appointed General Manager of the Lohja plants in November 2000, where he brought several years of experience in the electronics industry and international operations. Mr Kivinen's previous employers include Salora, Teleste, Nokia and, most recently, Rados Oy.

Andrei Korzhakov MSc (Eng.), born 1962, is General Manager of the St. Petersburg plant. Before joining Elcoteq in 1999 he worked as Director of AGA's gas plant in Moscow and before that he held various management positions in Nordic companies operating in Russia.

Jyrki Luukonlahti MSc (Eng.), born 1960, joined the company in 2000 as General Manager of the Helsinki plant having held the position of Logistics Manager at ICL Data Oy. Mr Luukonlahti has worked in the electronics industry since 1988, holding a number of management positions in Fujitsu Oy and its predecessors before joining ICL Data.

Pertti Rahko MSc (Eng.), born 1946, is General Manager of Elcoteq's Szilva plant in Pécs, Hungary. He joined Elcoteq in January 2000. Before that, Mr Rahko worked in production positions for Salora Oy since 1972 and in various production and management positions for Nokia Display Products (NDP) and its predecessors since 1986. He was President of NDP's plant in Hungary between 1998 and 2000.

Ari Räisänen MSc (Econ. and Bus. Admin.), born 1954, has been General Manager of the Monterrey plant since December 2000. He joined Elcoteq from Räisänen y Asociados S.C., a consulting company advising foreign electronics companies investing in Mexico and local Mexican companies in strategy formulation and business development projects. Mr Räisänen has long experience in financial management and business development with companies including Huhtamäki and Neste in the USA and Mexico.

Martin Tanner BSc (Eng.),BBA, born 1958, is General Manager of the Baden plant. He joined Elcoteq in January 2001 when Elcoteq acquired an industrial electronics plant in Baden, Switzerland, from ABB. Before this, Mr Tanner held a number of positions in ABB between 1988 and 2000, most recently as Vice President, Electronics Production.

Jukka Jäämaa Group Vice President, Industrial Electronics and a member of Elcoteq's Management Team is also General Manager of the Überlingen plant in Germany.

Kari Häyrinen Group Vice President, Business Development and a member of Elcoteq's Management Team is also General Manager of the Beijing plant in China.

New operating model from January 2001 onwards

Elcoteq has revised the way it operates in order to respond more appropriately to the varied needs of its markets and customers. The previous model, based on geographical regions, has now been superceded by a customer-oriented network model, in which the product line organization nonetheless remains the company's main service provider. Elcoteq's operations are now divided into three business areas – Terminal Products, Communications Network Equipment, and Industrial Electronics. This division enables the company to develop and strengthen the services specific to its business areas and their customers, and also to improve worldwide coordination of its various operations and business units and information flow.

The business areas are responsible for the global management, coordination and development of their individual operations in response to customer needs. Hence, each business area manages and develops relations with the customers in its sector. The business areas are also responsible for managing their own product projects, for ensuring operational efficiency and competitiveness, and for acquiring new customers.

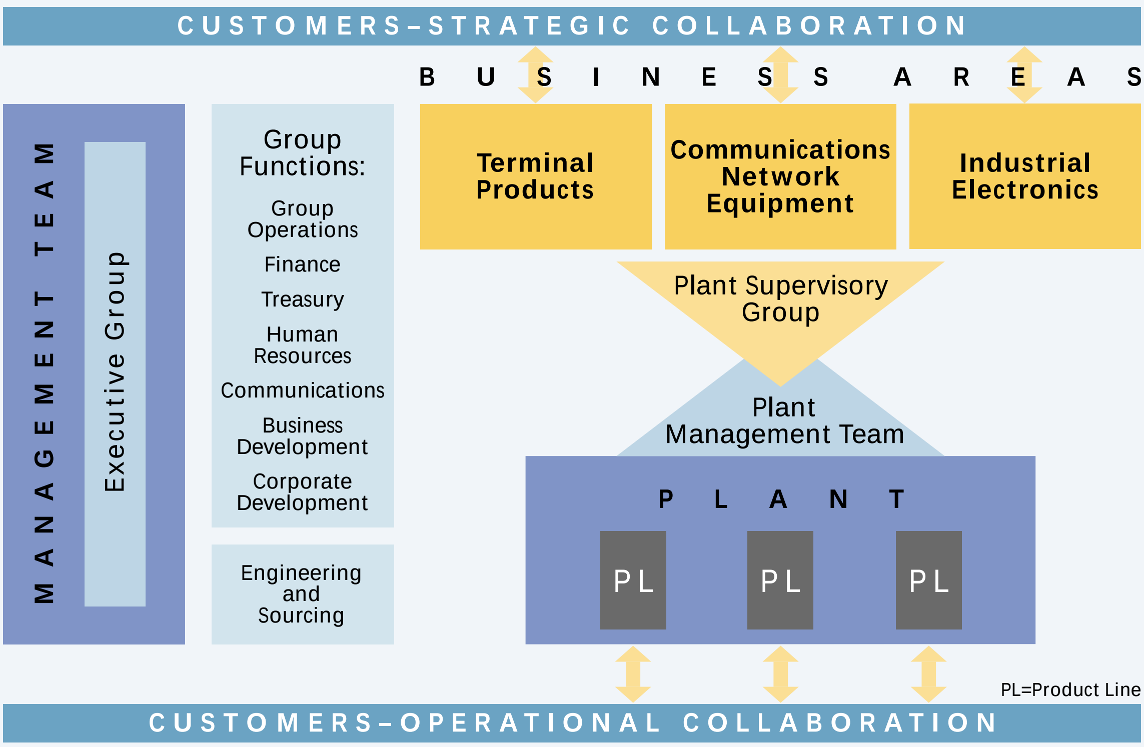
Greater flexibility

Besides bringing Elcoteq closer to its customers, another top priority of the new operating model is to increase flexibility. In particular this means faster decision-making closer to the manufacturing plants. A Plant Supervisory Group has therefore been set up at each plant comprising representatives of the business areas, sister plants and Group functions. The main purpose of the Plant Supervisory Groups is to steer strategic policy-making in the plants, to support plant management in their work, to ensure consistency in core processes, and to act as a channel of information between the plants and other parts of Elcoteq.

Consistent operations

Elcoteq's Group Operations unit is responsible for developing the company's operating procedures, resources and competencies and for ensuring that these are effectively distributed throughout the organization. In practice this means ensuring the global consistency of Elcoteq's core processes and fostering the Group's common core values. Group Operations ensures that the appropriate manufacturing capacity is built up, enhanced and supervised, that the company's logistical material flows are properly planned and integrated, and that the company's resources are efficiently allocated. Group Operations is also responsible for organizing and leading the work of the Plant Supervisory Groups.

NEW OPERATING MODEL




VAISALA
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Main events 2000

Jan. 10, Elcoteq acquires Nokia's monitor manufacturing unit in Pécs, Hungary

Elcoteq and Nokia agreed that Elcoteq will acquire Nokia's monitor manufacturing unit in Pécs, Hungary. The deal is effective retroactively as of January 1, 2000. The plant will substantially increase Elcoteq's ability to serve continental European markets and highlight Pécs' status as a key manufacturing location for Elcoteq.

Feb. 10, Elcoteq prepares to increase its equity-based financing

The Board of Directors of Elcoteq Network Corporation will request authorization from the Annual General Meeting on March 22, 2000 to increase its equity-based financing. The Board bases its proposal on the need for new capital necessary to finance the company's vigorous growth.

Feb. 10, Elcoteq's net sales increase over 90 %

Globalization program completed. Elcoteq strongly positioned in fastest growing segment of the EMS sector. Net sales MEUR 752.5, up 91 % on the year before. Operating profit MEUR 14.5, pretax profit MEUR 9.8, EPS EUR 0.21.

Feb. 11, Elcoteq expands Tallinn and Lohja plants

Elcoteq will build further capacity at its Tallinn and Lohja plants to remove bottlenecks limiting growth. The Tallinn expansion will involve approximately 6,700 square meters and the Gunnarla plant expansion in Lohja, some 2,200 square meters. These expansions, along with the required machinery and equipment, will mean a total investment of almost EUR 13 million (approx. FIM 75 million).

Feb. 14, Elcoteq acquires ABB's electronics module assembly operation in Vaasa, Finland

Elcoteq Network Corporation and ABB Substation Automation Oy have agreed that from the beginning of April Elcoteq will take over the assembly of electronic modules for medium-voltage protection relays manufactured by ABB in Vaasa. Elcoteq acquired ABB's Vaasa operation responsible for manufacturing electronics boards for protection relays in 1998. The new acquisition is a logical extension to this arrangement and means the transfer to Elcoteq of all electronics manufacturing related to these products. The acquisition will also mean the transfer of all 30 employees involved in module manufacture. It will increase the net sales of Elcoteq's Vaasa plant by FIM 25 million to approximately FIM 100 million.

March 22, President Ahtisaari joins Elcoteq's Board, Board authorized to increase equity-based financing, dividend totals FIM 0.65 per share

The Annual General Meeting of Elcoteq Network Corporation held on March 22, 2000 authorized the Board of Directors to decide on increasing the company's equity-based financing in order to provide the capital necessary to finance its continued rapid growth. The Meeting increased the number of Board members by one, re-elected all five existing Board members and elected President Martti Ahtisaari as the Board's new member. The Meeting decided to distribute a total dividend of FIM 0.65 per share.

March 31, Elcoteq's MFIM 110 convertible capital notes converted into shares

Elcoteq's Board of Directors decided in February 2000 to exercise the Company's right to redeem the FIM 110 million convertible capital notes ahead of schedule. The subscribers of the notes have decided to convert the notes into Series A shares for FIM 80.50 (EUR 13.54) per share, instead of taking repayment.

April 28, Interim report January – March

Growth in sales and operating profit in first quarter best in Elcoteq's history. First-quarter net sales totaled MEUR 438.2, up 272 % on the same period in 1999 and 58 % higher than in the final quarter of 1999. Operating profit was MEUR 13.2 (comparative period: MEUR -1.6), pre-tax profit MEUR 12.4 (MEUR -2.1), EPS EUR 0.38 (EUR -0.09).

May 12, Elcoteq Network Corporation plans global offering of shares

Elcoteq Network Corporation announced today the launch of a global offering of shares. Of the shares offered, 4.13 million are new A shares to be issued by the Company. In addition, there will be an overallotment option granted to the underwriters to procure subscribers for up to 533,000 additional new A shares. The Principal Shareholders (Mr Antti Piippo, Mr Henry Sjöman and Mr Jorma Vanhanen) may together sell up to 1.2 million existing A shares in the global offering but reserve the right not to do so.

May 26, Elcoteq share offering completed and priced at EUR 21

Based on the authorization given by the Annual General Meeting on March 22, 2000, the Board of Directors of Elcoteq Network Corporation decided on May 25, 2000 to increase the share capital of the Company by FIM 7,600,000 (MEUR 1.3) by way of a directed issue of 3,800,000 new A shares to Finnish and international institutional investors and Finnish retail investors based on subscription commitments received.

June 5, Overallotment option of 330,000 new A-shares exercised

UBS Warburg and Mandatum Bank, the joint lead managers of Elcoteq's recently concluded global offering of series A shares have decided to exercise their option to purchase an aggregate of 330,000 additional A shares to cover overallotments. The share capital of the Company will be increased by FIM 660,000.

June 29, Strategic and global partnership with Danfoss

Elcoteq has signed a Strategic and Global Partnership Agreement with Danfoss Household Compressors Division for product line Thermostats and Freezers. The agreement consists of ramping up the production of electronic thermostat control (ETC) during 2000. The production will take place in St. Petersburg.

July 6, Elcoteq continues intensive growth in China

Elcoteq Network will commence the manufacture of subassemblies for mobile phones and communications network equipment in Beijing, China. Elcoteq is the first global electronics manufacturing services company to start manufacturing operations in the Chinese capital.

July 31, Elcoteq to start up new plant in Tallinn making communications network products

Elcoteq will start up a new production plant in Tallinn, Estonia, during the first quarter of 2001. The plant will manufacture infrastructure products for wireless telecommunications, such as electronics for mobile phone base stations, for several customers.

Aug. 11, Interim report January – June

Growth continued strong. Half-year net sales more than tripled on the same period last year to MEUR 932.3. Half-year operating profit MEUR 27.9 (one year earlier: MEUR 0.0), pre-tax profit MEUR 25.5 (MEUR -1.3), EPS EUR 0.72 (-0.10).

Sept. 7, Elcoteq and its principal owners sell 1,133,000 series A shares

On September 7, 2000 Elcoteq and its three principal shareholders carried out a share offering and sale of altogether 1,133,000 Series A shares in Elcoteq Network Corporation to international and domestic institutional investors. A total of 533,000 new A shares were floated for EUR 35 per share. The principal owners sold 600,000 of their existing A shares.

Oct. 2, Shares subscribed with “A” warrants

On Oct. 2, 2000 a total of 73,700 shares in Elcoteq Network Corporation were subscribed with the warrants attached to the Bond Loan with Warrants issued in 1997. The subscription price was EUR 10.42, as stipulated in the Terms and Conditions of the Bond Loan with Warrants. The subscription period for the A warrants began on September 1, 2000.

Oct. 20, Elcoteq gains substantial volume of Ericsson mobile phones in Europe

Ericsson and the Finnish electronics manufacturing services provider Elcoteq Network Corporation have agreed on substantially increasing outsourcing of the manufacture of Ericsson mobile phones to Elcoteq in Europe. Since 1997 Elcoteq has manufactured fully box built Ericsson phones in Estonia and since the beginning of this year also in Hungary.

Oct. 23, Interim report January – September

Elcoteq’s net sales between January and September more than tripled on the same period last year to MEUR 1,531 (477). Third-quarter net sales increased 20.4 % on the previous quarter. The operating profit rose more than eight-fold on the same period last year to MEUR 46.3 (5.3), the profit before extraordinary items and taxes was MEUR 39.9 (2.6), and EPS was EUR 1.03 (0.02).

Nov. 2, Elcoteq expands in Estonia and builds new plant in Poland

Elcoteq has decided to expand the new communications network equipment plant currently under construction in Tallinn, Estonia, by a further 6,100 square meters. The first stage of the plant was announced, and its construction was commenced, this summer. On completion of this stage and the new extension now planned, the plant will have a total area of approximately 15,000 square meters.

Elcoteq has also decided to build a new plant in Wroclaw, Poland, with an area of about 11,000 square meters. The plant will concentrate on manufacturing both communications network electronics and industrial electronics.

Nov. 2, Shares subscribed with “A” warrants

On Nov. 1, 2000 a total of 27,900 new series A shares in Elcoteq Network Corporation were subscribed with the warrants attached to the Bond Loan with Warrants issued in 1997.

Dec. 4, Shares subscribed with “A” warrants

On Dec. 1, 2000 a total of 30,000 new series A shares in Elcoteq Network Corporation were subscribed with the warrants attached to the Bond Loan with Warrants issued in 1997.

Dec. 14, Shares subscribed with “A” warrants

On Dec. 13, 2000 a total of 12,350 new series A shares in Elcoteq Network Corporation were subscribed with the warrants attached to the Bond Loan with Warrants issued in 1997.

Information for investors

Elcoteq's investor relations function aims to provide information about the company's activities, financial position and goals in a timely, open and accurate manner, enabling the markets to form a true and fair view of Elcoteq as an investment prospect.

Investor relations are the responsibility of Mr Osmo Kammonen (tel. +358 10 413 1406 or osmo.kammonen@elcoteq.com), Group Vice President, Corporate Communications and Investor Relations, and Ms Reeta Kaukiainen (tel. +358 10 413 1742 or reeta.kaukiainen@elcoteq.com), Manager, Investor Relations.

Further information on Elcoteq as an investment prospect can be found on the company's Internet home pages at www. elcoteq.com.

Financial reporting

Elcoteq's annual and interim reports are published in Finnish and English. The interim reports in 2001 will be published as follows:

- January – March, on Friday May 4, 2001
- January – June, on Friday August 3, 2001
- January – September, on Friday November 2, 2001

To order these publications, please address your request to Elcoteq Network Corporation, Ms Riitta Kemppainen, P.O. Box 8, FIN-02631 Espoo, or call her on +358 10 413 1718 or send e-mail to info@elcoteq.com. These publications can also be ordered at our website.

The company's annual report, interim reports, press and stock exchange releases are published on the Internet at www.elcoteq.com.

Investor conferences

Elcoteq applies a four-week "silent period" prior to publishing its interim and full-year financial results. During this period the company's representatives do not meet investors or analysts, or comment on the company's financial position.

Elcoteq arranges conferences in Finland for analysts, investors and financial journalists on publication of its interim and full-year reports. These conferences provide participants with the opportunity to hear the company's views and to address questions to its top management.

The company regularly meets investors in Europe and the USA as well as taking part in various seminars arranged for investors. Finnish and foreign analysts and investors also visit the company's management at Elcoteq's own premises.

These meetings provide a forum for discussing Elcoteq's strategies, financial performance and prospects based on information published by the company. News on Elcoteq which could materially affect its share price are published by Elcoteq in the form of stock exchange bulletins, which are also distributed to the principal media.

Private investors are invited to meet the company's representatives at the Sijoitus-Invest exhibition in Helsinki in autumn 2001.

The following investment analysts monitor Elcoteq as an investment prospect:

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Elcoteq takes no responsibility for any evaluations or recommendations published by the analysts.

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