ANNUAL REPORT 1998

ELCOTEQ

Annual General Meeting and Dividends

Contents

Annual General Meeting

The Annual General Meeting of Elcoteq Network Corporation shareholders will be held on Wednesday March 17, 1999, commencing at 2.00 p.m., in the Ballroom of the Hotel Inter-Continental in 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 12, 1999. Shareholders wishing to attend the AGM are requested to notify the company no later than 4.00 p.m. (Finnish time) on March 12, 1999, either in writing to Elcoteq Network Corporation, Ms Riitta Kemppainen, P.O.Box 8, FIN-00391 Helsinki, or by telephone to Ms Riitta Kemppainen, +358-10-413 1718. Letters of authorization should arrive at the above address before the period of notification expires.

Payment of dividend

The Board of Directors will propose to the shareholder's meeting that a dividend of FIM 0.20 per share be paid on the financial year 1998. The dividend decided by the AGM will be paid to shareholders who are registered in the shareholders 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 22, 1999 and that the dividend payment date is March 29, 1999.

Dividend policy

Elcoteq's dividend policy is based on the assumption that in the rapidly developing and expanding markets shareholders' investments are likely to give best returns if the Group invests its profits primarily in developing its business.

Key
Financial Figures

		FIM				Euro		
		1998 12 mo.	1997 12 mo.	1996 12mo.		1998 12 mo.	1997 12 mo.	1996 12 mo.
OPERATIONS								
Net Sales	FIM million	2,346.3	1,678.6	988.1	MEUR	394.6	282.3	166.2
Gross Capital expenditure	FIM million	261.7	132.0	92.8	MEUR	44.4	22.2	15.6
Personnel on average during the year		3,085	2,593	1,888		3,085	2,593	1,888
PROFITABILITY								
Operating profit	FIM million	61.8	80.9	48.7	MEUR	10.4	13.6	8.2
as percentage of net sales	%	2.6	4.8	4.9	%	2.6	4.8	4.9
Profit before taxation	FIM million	51.5	57.0	33.9	MEUR	8.7	9.6	5.7
as percentage of net sales	%	2.2	3.4	3.4	%	2.2	3.4	3.4
Net income	FIM million	42.5	43.7	21.0	MEUR	7.1	7.3	3.5
as percentage of net sales	%	1.8	2.6	2.1	%	1.8	2.6	2.1
Return on equity (ROE)	%	6.6	12.1	22.8	%	6.6	12.1	22.8
Return on investment (ROI)	%	8.1	14.1	16.6	%	8.1	14.1	16.6
FINANCIAL RATIOS								
Current ratio		1.7	2.6	1.7		1.7	2.6	1.7
Solvency 1)	%	43.8	52.7	17.0	%	43.8	52.7	17.0
Solvency 2)	%	51.0	62.0	36.5	%	51.0	62.0	36.5
Net gearing 1)		0.4	-0.4	1.8		0.4	–0.4	1.8
Net gearing 2)		0.2	-0.5	0.3		0.2	–0.5	0.3
Earnings per share (EPS) *)	FIM	1.88	2.64	1.32	EUR	0.32	0.44	0.22
Shareholders' equity per share	FIM	28.57	26.93	5.89	EUR	4.81	4.53	0.99
Dividend per share **)	FIM	0.20	0.20	0.61	EUR	0.03	0.03	0.10
Payout ratio	%	11.0	10.7	46.4	%	11.0	10.7	46.4
P/E ratio		30.1	26.1	–		30.1	26.1	–

In 1996-1998 Elcoteq's financial year coincided with calendar year. In 1995 the financial year was from March 1 to December 31 (10 months). All financial years before that are extended from March 1 to end of February (12 months).

In the formulas for calculating financial ratios the convertible capital notes are not included in shareholders' equity but are included in interest-bearing debt.

The convertible capital notes are treated as shareholders' equity in Solvency 2) and Net gearing 2).

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

**) The dividend for the financial year 1998 is the Board of Directors' proposal to the Annual General Meeting.

Elcoteq
in Brief

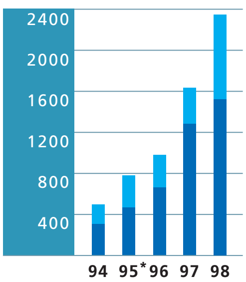
Elcoteq Network is a company which provides electronics manufacturing services. Elcoteq's mission is to maximize the Company's value by increasing its customers' competitiveness through high quality and cost effective electronics manufacturing services.

Manufacturing Services

The core of the manufacturing services offered by Elcoteq consists of production services: product assembly from prototype manufacturing to mass production, manufacturing and assembly of micro-electronics components, and electromechanical assembly. Manufacturing services undertaken on a box build basis have increased substantially in 1997 and 1998. In fiscal 1998 they represented some 47% of the Group's sales. Contracts with Ericsson Mobile Communications and Nokia Mobile Phones have played a major role in this development. Elcoteq was the first EMS company to manufac-ture digital mobile phones. Today Elcoteq manufactures several digital mobile phones on a box build basis.

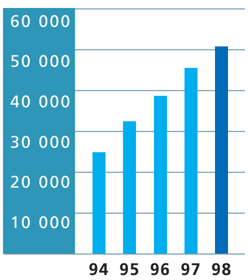
In 1998 Elcoteq pursued fast globalization of its operations. New plants were built in Hungary and Mexico and an agreement was reached to acquire a plant in China. Elcoteq now can provide manufacturing services in all of its customer's major markets. This, together with rapidly developed logistics services, has raised Elcoteq's competitive capabilities to a level which only few electronics manufacturing services companies can place at their customers' disposal.

Development of net sales, ***MFIM***



*10 months
■Export

Production space in the end of period, m^2

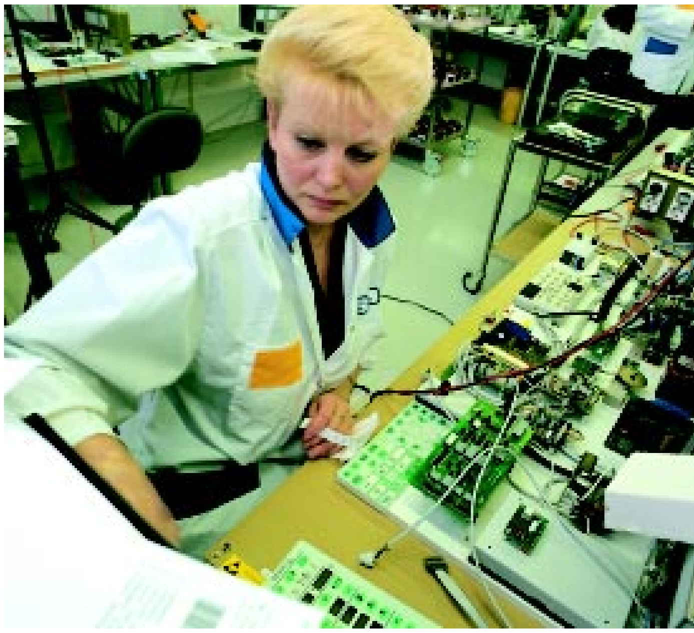


Engineering Services

Elcoteq provides a wide range of engineering services to achieve optimal design for manufacturability. Elcoteq can help customer to identify preferred assembly and interconnect approaches, and it can assist with testing and tooling concepts. Elcoteq can also take part in materials selection by identifying cost, leadtimes and other vendor issues. Elcoteq's engineering services work either as part of the customer's team, or it can take full project responsibility for all basic design elements.

Purchasing and Logistics Services

Purchasing and logistics services are an important part of Elcoteq's services. These services comprise material sourcing activities: component and material purchasing, plant logistics and product distribution.



Elcoteq's logistics services reach all the way to distributing finished products to customers' own distribution channels.

Aftermarketing Services

Regardless of the original manufacturer of a product, whether assembled at Elcoteq's plant or at the customer's plant, Elcoteq can take care of aftermarketing services. Elcoteq's aftermarketing services include product analysis, repair and upgrade, maintenance and logistics.

Our Products

Elcoteq Network produces electronics sub-assemblies and end-products for many different customer applications including:

- Mobile phones and their accessories
- Digital telephone switchboards
- Computer peripherals
- Industrial electronics applications
- Consumer electronics
- Automotive electronics
- Medical equipment.

Elcoteq´s Plants

Elcoteq gained a substantial increase in plant manufacturing space during 1998 and at the beginning of 1999. In February 1999 Elcoteq had altogether nine EMS plants and almost 70,000 square meters of production space. Expansions during 1998 and the current year now enable the company to offer cost-efficient manufacturing services on three continents.

In Finland the company has plants in Lohja, Helsinki, Hyvinkää and Vaasa. The Lohja plants manufacture advanced telecommunications electronics, while the others specialize in industrial electronics.

Elcoteq's largest plant is in Tallinn, Estonia, which concentrates mainly on box build assembly of mobile phones. At the end of 1998 this plant had approximately 2,500 employees and a total area of 17,200 square meters.

The company has operated in St. Petersburg, Russia, since the end of 1997. This plant is a pilot manufacturing operation.

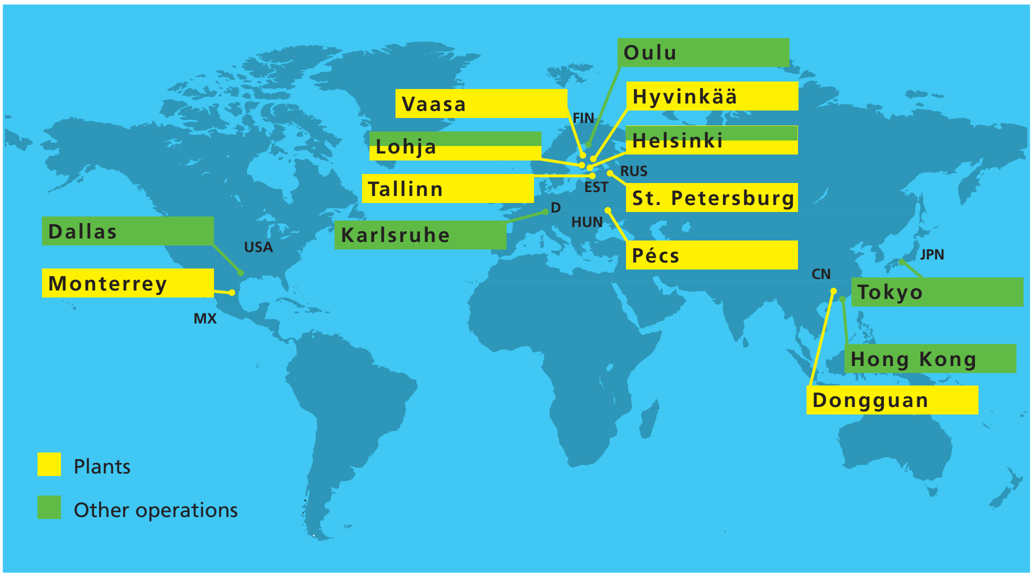
The plant in Pécs, Hungary, was completed in October 1998. It has production space of 11,000 square meters.

Furthermore, the 8,000 square meter Monterrey plant in Mexico came on stream at the end of January 1999.

The company also agreed in December 1998 to acquire a plant in Dongguan, China. This 8,000 square meter plant is specialized in subassemblies for telecommunications products and accessories for cellular phones.

Unit	Technologies	Quality certificates	Area m²
Lohja, Finland	SMT, THT, Microelectronics	ISO 9002, ISO 14001	11,800
Helsinki, Finland	SMT, THT	ISO 9002	5,400
Vaasa,Finland	SMT, THT	ISO 14001	2,300
Hyvinkää, Finland	SMT, THT		2,500
Tallinn, Estonia	SMT, THT, Aftermarketing services	ISO 9002	17,200
Pécs, Hungary	SMT		11,000
Monterrey, Mexico	SMT		8,000
St.Petersburg, Russia	SMT		1,200
Hongkong, China	Aftermarketing services		1,500
Dongguan, China	To be transferred to Elcoteq in Feb., 1999		8,000

ELCOTEQ´S UNITS



Dear
Shareholders,

At the beginning of the decade now drawing to a close Elcoteq was one among thousands of similar European EMS companies. The out–sourcing of electronics manufacturing and the consequent development of the EMS market into a major business area had already started in the USA at that time. This trend was also expected to spread to Europe before long, so Elcoteq formulated a strategic plan to prepare for the forthcoming growth and internatio–nalization in the EMS business. Since then the company has worked hard to widen both its range of services and its geographical reach.

The Public Offering and listing on the Helsinki Exchanges in the fall of 1997 were a deliberate step in Elcoteq's internationalization strategy. A stronger capital structure was needed for Elcoteq to offer its services globally, as we informed you at the time of the offering. In 1998 there was even a window of opportunity for the company to implement its internationalization program faster than originally planned. Now, at the start of 1999, we are an appreciably stronger corporation in a better strategic position. It means a great deal to us that we are the largest provider of electronics manufacturing services in Europe. More important than that, though, is being among the few EMS corporations that can offer global manufacturing services to its customers.

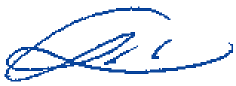
The main milestones of our internationa–lization program have now been achieved. Elcoteq has a solid base for further deve–lopment in America and Asia, as well as in Europe. At the same time, though, we have moved into an even more challenging operating environment. The challenge we face is to formulate an operating model that ensures continued learning while making our accumulated knowledge available throughout Elcoteq.

The underlying principle of Elcoteq's internationalization program is co-evolution with our existing customers. In this we have succeeded commendably well, for which my thanks to our customers. Our objective is to deepen the framework for co-evolution by expanding and improving our services. In other words, Elcoteq's future growth will not be based primarily on acquiring new customers but rather on intensifying our collaboration with existing customers. Nevertheless, we are always working towards welcoming new customers into our co-evolution processes.

The plants we built in Hungary and Mexico and those we acquired in China and Finland boosted Elcoteq's total production area during the year from just over 40,000 to some 70,000 square meters. This creates a springboard for continued growth in our business over the next couple of years. Our most important task now is to ensure that the new production capacity is used as fully and as rapidly as practical.

I would like to thank our customers, suppliers, shareholders, financiers and our other partners for their outstanding cooperation during 1998. I extend my thanks also to Elcoteq's personnel for your good work and for your commendable willingness to be flexible and learn new things in the midst of so many new challenges.

Helsinki, February 1999



Antti Piippo
Chairman of the Board

Elcoteq's rapid growth continued in 1998. The Group's sales grew by 40 % to FIM 2,346 million. The new plant in Hungary made only a minor contribution to this growth, and the plants in Mexico and China were not yet operational in 1998 and did not record any sales. We believe that Elcoteq will continue fast growth in 1999, when these plants become fully operational.

Elcoteq's first year as a publicly traded company was characterized by sizeable internationalization projects coupled with lower capacity utilization than planned during the first three quarters caused by rapid fluctuations in demand. Their combined effect resulted in weaker Group performance than targeted. However, capacity was better utilized during the last quarter and consequently Group performance showed a marked improvement.

Rapid fluctuations in demand will continue to be a feature of the EMS business. They are caused by numerous factors, many of which EMS companies have little or no means of influencing. Capacity requirements are affected, among other things, by fluctuations in product sales, the product mix being manufactured, the timing for ramp-up of new products, growth trends for different product groups, changes in market share, cyclical fluctuations aa well as economic developments in different geographical regions. Indeed customers use electronics manufacturing services partly to reduce the risks which volatility poses in their own business. Hence, an essential objective of EMS corporations is to organize their business operations to cope with fluctuations and manage the challenges these pose.

Elcoteq seeks to curb the effects of volatility by ensuring the adaptability of its organization. From the beginning of 1999, the company has been centered around customer-oriented product lines and the plants accountable for them. This means that daily contact with customers, capacity utilization planning, decision-making and monitoring is now largely the responsibility of the product lines and plants. Elcoteq's Corporate Office coordinates operations and ensures that the product lines and plants have the resources to run efficiently. First experiences of this organizational model are promising, and feedback from customers about our re-organization is positive.

We will also endeavor to curb volatility by increasing the number of our major production contracts. Elcoteq must continue to grow to a size where fluctuations in product demand for individual projects are less significant to the Group as a whole. The effects of random fluctuations in demand for individual products begin to cancel each other out when the overall size of the company is large enough. This means lower overall volatility, which allows a better average utilization rate and hence a better return on assets.

As well as increasing the number of large projects, managing fluctuations in demand requires manufacturing products for which demand is driven by non-interdependent factors. For this reason Elcoteq has two strategic business areas – telecommunications products and industrial electronics. The first itself comprises two sectors with different demand patterns – telecoms terminals and infrastructure equipment. Yet another means to combat volatility is for Elcoteq to acquire new customers from sectors where we can leverage our technology base.

We will continue to enhance our services and our quality. Our top priorities will be continuous improvement of our operating procedures, systems and personnel and an increase in our responsiveness and adaptability. Continuous learning is required from all us, both as an organization and as individuals.

In closing, I would like to thank our customers and other partners, our shareholders and financiers for the eventful and hectic year behind us. All our personnel deserve special thanks for so enthusiastically accepting the challenges that a more international and multicultural Elcoteq has created.

Helsinki, February 1999

Tuomo Lähdesmäki
President

Board's Report
January 1, 1998 – December 31, 1998

Market conditions

Global demand for electronics manufacturing services is forecast to rise at an annual rate of roughly 25 % during the next few years. The reason for this continued rapid growth is based both on increased outsourcing of manufacturing and on changes in the way demand itself is structured. Electronics manufacturing services (EMS) companies are required to provide an ever wider scope of services, complete end-products, and increasingly often also worldwide delivery. To do this, they must have a local presence sufficiently close to the main markets of their customers. They must also be able to offer competitive purchasing and logistics services as well as the ability to make manufacturing technology and product development services available to their customers.

The large international EMS companies have intensified their marketing efforts in Europe and taken their share of market growth. EMS companies fall more clearly than ever into two categories. The major players continue to grow rapidly; they specialize in partnering OEMs with global operations and are able to take on large contracts. The smaller companies with slower growth remain small and, with more limited resources, serve the needs of local customers.

Elcoteq's core business is the manufacture of electronics for telecommunications, a field which is expanding considerably faster than on average in the electronics industry. In 1998 Elcoteq consolidated its global EMS presence with the start-up of new plants in America and Asia. Demand for the Group's manufacturing services rose during the year. The increase in net sales was strongest in the last quarter of the year.

Net sales and performance

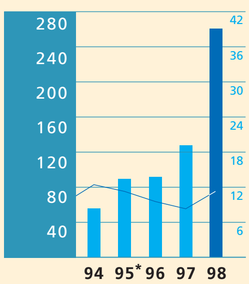
Consolidated net sales increased 39.8 % to FIM 2,346.3 (1,678.6) million, 64.7 % (77.8 %) of which came from invoicing outside Finland. The main factors underlying this growth were new manu–facturing services contracts, and in particular contracts with Ericsson and Nokia to manufac–ture GSM mobile phones. These projects were started at the Tallinn plant in summer 1998 and by the final quarter of the year had reached full-scale production. The industrial electronics manufacturing operations acquired from ABB Transmit and Kone during the year contributed approximately FIM 75 million to the Group's net sales. The aggregate annual net sales of these operations is about FIM 170 million.

Elcoteq's principal customers are companies belonging to the ABB, Ericsson, Kone, Nokia and Philips groups. Ericsson and Nokia companies contributed altogether 80 % (76 %) of Elcoteq's consolidated net sales. Manufacture of mobile phones, their components and accessories accounted for 73 % (66 %) of net sales.

The Group's operating profit decreased 23.6 % on the previous year to FIM 61.8 (80.9) million, representing 2.6 % (4.8 %) of consolidated net sales. Capacity utilization at Elcoteq plants was lower than planned during the first three quarters of the year owing to fluctuations in demand for customers' end-products. The costs arising from the start-up of the new plants in Hungary, Mexico and St.Petersburg as well as other costs resulting directly from internationalization projects, totaled about FIM 30 million. Most of these projects will start to generate revenues during 1999.

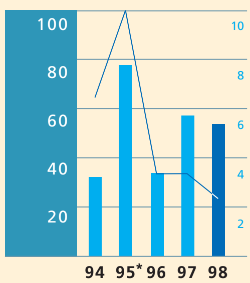
Despite a 19% increase in personnel numbers, personnel expenses increased only 13.2 % on the previous year to FIM 219.0 (193.4) million. This was because most of the increase in personnel took place in low-cost countries. Depreciation of fixed assets rose 63.9 % on the year before to FIM 57.0 (34.8) million, primarily due to the increase in investments related to the expansion of manufacturing capacity.

Capital expenditure,
MFIM, %



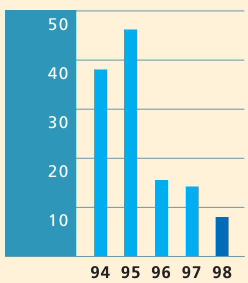
*10 months
– As percentage of net sales

Profit before taxes,
MFIM, %



*10 months
– As percentage of net sales

Return on investment (ROI), %



The Group's profit before extraordinary items and taxes was FIM 53.3 (57.0) million. Interest expenses decreased 26.4 % on the year before to FIM 14.7 (19.9) million. The bulk of interest expenses consisted of interest payable on the convertible capital notes issued at the end of 1996.

The Group's pretax profit came to FIM 51.5 (57.0) million. Extraordinary items included FIM 3.4 million in non-recurring costs arising from the sale of the Printeq-Piirilevyt Oy printed circuit board operation, and a FIM 1.3 million one-time gain resulting from a change in inventory valuation principles.

The Group's profit after tax and minority interests totaled FIM 42.5 (43.7) million. Direct taxes for the year amounted to FIM 14.9 (13.3) million. A tax refund arising from the 1997 Public Offering reduced the taxes by FIM 5.9 million; this refund was not included in the consolidated result until 1998.

The balance sheet total increased 27.8 % to FIM 1,522.8 (1,191.5) million. Capital expenditure raised fixed assets to FIM 430.5 (227.2) million at the year end. Inventories totaled FIM 396.0 (227.0) million and accounts payable were FIM 388.5 (231.3) million at the close of the period. Accounts receivables totaled FIM 571.4 (183.5) million. The level of accounts receivables was exceptionally high at the year end owing to very high invoicing during the final quarter. Return on investment was 8.1 % (14.1 %) and return on shareholders' equity was 6.6 % (12.1 %). Capital totaling FIM 500.4 million raised by the Public Offering in 1997 enabled the Company to implement the growth projects required by its strategy; most of these projects will begin to generate revenues in 1999.

Capital expenditure

The Group's gross capital expenditure totaled FIM 261.7 (132.0) million. In addition to this the Company purchased back leasing contracts for FIM 16.3 million.

FIM 142.4 million was invested in raising capacity and technology levels at the Lohja and Tallinn plants to match increased demand. Investments in the Hungarian plant totaled FIM 64.9 million, which included the building and the first machinery and equipment. The plant in Mexico operates in leased premises built for Elcoteq's use. Most of the investments in machinery and equipment at the Mexican plant will fall due in 1999. FIM 26.2 million was invested in information systems and related equipment; most of this figure applied to the Company's new enterprise resource planning system.

In March Elcoteq took over ABB Transmit's electronics manufacturing operation in Vaasa, and in October Kone's elevator electronics manufacturing operation in Hyvinkää. Both acquisitions involved the purchase of operations and assets and each also included a delivery contract with the customer.

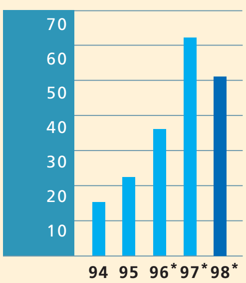
The investment projects now in progress lay the groundwork for doubling manufacturing capacity.

Internationalization and other development projects

Elcoteq's strategy is to grow and develop a manufacturing services network capable of serving customers globally, if necessary. The largest of Elcoteq's customers are top-rated international corporations requiring their partners to provide competitive electronics manufacturing services in all their main markets.

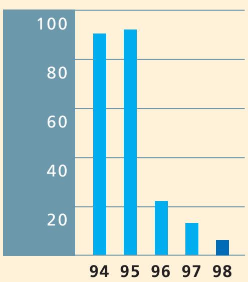
It was for these reasons that Elcoteq decided in February to set up a new plant in the town of Pécs, Hungary, which on its start-up in October provided added manufacturing capacity close to the markets of Central and Southern Europe. In March the Company began operations in Dallas,

Solvency ratio, %

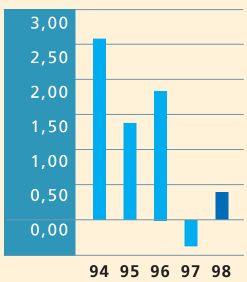


*Convertible capital notes are treated as equity

Return on equity (ROE), %



Net gearing



USA, and in May it decided to establish a new plant in Monterrey, Mexico. The Monterrey plant entered production after the close of the financial year in January 1999. Elcoteq's operations in Hong Kong got under way in December and the Company reached agreement with Nokia Mobile Phones and Dongguan Nanxin Industrial Development Corporation in China to take over manufacture of mobile phone accessories at a plant in Dongguan, China, in February 1999. This plant continues to manufacture subassemblies and accessories for Nokia mobile phones, but it will also seek to expand both its product range and customer base.

A purchasing office was set up in Japan in February 1998 to safeguard availability of Japanese components and favorable price levels.

In June 1998 Elcoteq signed a framework agreement with Nokia in which the companies state their willingness to develop their business relationship and define the general principles for doing so. This agreement was supplemented by a framework agreement concluded with Nokia Telecommunications.

In June 1998 the Company introduced a new enterprise resource planning system. This will be operational in all the Group's plants in 1999.

In February the Company set up a new technology unit responsible for providing manufacturing and product technology development services and also for steering technology transfer within the Company. Supplementing this unit's operations, Elcoteq also reached agreement in June on collaboration in technology development with Elektrobit Oy, a Finnish product development services company. In conjunction with this deal, Elcoteq took a 10 % holding in Elektrobit's subsidiary Extrabit Oy.

The turbulence in the Russian business environment slowed down the expansion of the pilot manufacturing plant in St. Petersburg. The plant operated at a loss. It had 86 employees at the end of December.

Financing

The Group's liquidity remained strong throughout the year. The Group's solvency ratio was 51.0 % (62.0 %) at the end of the year. Of this figure, 7.2 percentage points was attributable to the convertible capital notes, which in this calculation were treated as shareholders' equity. Of voluntary provisions and the accumulated depreciation difference, 28 % was recognized as the deferred tax liability and the remainder as shareholders' equity.

The most significant new financing item during the year was a FIM 300 million medium term note program. The first stage of this program was the launch of a FIM 52 million bond with a maturity of four years. In all other respects the Group's growth was financed mainly through strong liquidity at the start of the financial year. The Group's strong balance sheet and good solvency ratio create a solid foundation for financing further expansion in the coming years.

The Group's cash reserves on the balance sheet date were FIM 81.6 (517.3) million, in addition to which the Company had unused credit limits totaling FIM 272.4 (284.7) million.

At the end of 1998 variable interest loans accounted for 53.2 % of all interest-bearing debt, i.e. FIM 373.3 million, and 55.2 % if leasing contracts are included. The average interest payable on interest-bearing debt at the close of the year was 6.58 %, or 6.48 % if leasing contracts are included. The above figures include as interest-bearing debt the convertible capital notes of FIM 110 million at a fixed interest rate of 9.39 %.

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 positions. Its purchasing and sales positions are hedged using mainly forward foreign exchange contracts with a maturity of normally no more than four months. Loans raised in foreign currencies are generally translated into Finnish markka using swap contracts.

The year 2000

Early in 1998 Elcoteq initiated a project to identify the risks to the continuity of the company's operations associated with the change of millennium, to eliminate identified risks and to significantly reduce the probability of such risks arising. This project is expected to be completed by the end of June 1999. The company is confident that the steps already taken and still in progress will ensure the continued functionality of its operations when the year 2000 takes effect.

Group structure

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

During the year the Company formed Elcoteq S.A. de C.V. in Monterrey, Mexico. At the beginning of March the Company's printed circuit board manufacturing operation, Printeq-Piirilevyt Oy, including its machinery and equipment, was sold to the Danish company Chemitalic A/S to whom the plant's property was leased.

At the end of the year all the Group's subsidiaries were wholly owned by the parent company.

Board of Directors and President

The Annual General Meeting of Elcoteq Net–work Corporation was held in Helsinki on March 17, 1998. The meeting re-elected the following to the Board of Directors of the parent company: Mr. Antti Piippo, Mr. Heikki Horstia, Mr. Henry Sjöman, Mr. Juha Toivola and Mr. Jorma Vanhanen. The Board elected Antti Piippo as chairman and Juha Toivola as deputy chairman. Antti Piippo, Heikki Horstia and Juha Toivola constitute the Board's Review and Compensation Committee.

The 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, Authorized Public Accountant.

Personnel

The Group had 3,085 (2,593) employees on average during the year. There were 2,793 employees at the start of the year and 3,874 at the close.

Subsequent events

An agreement was announced between Elcoteq and Nokia in January according to which Elcoteq would start manufacturing cellular phone accessories and subassemblies for Nokia Mobile Phones' plant in Ft. Worth, Texas. Manufacturing of these products started at the Monterrey plant in Mexico at the end of January.

As agreed in December, Elcoteq will take over manufacturing of mobile phone accessories and subassemblies at the plant in Dongguan, China, previously owned by Nokia and the Chinese minority shareholder Dongguan Nanxin Industrial Development Corporation. A new company was set up in China in which Elcoteq holds 70 % and Dongguan Nanxin Industrial Development Corporation the remaining 30 %. At the same time it was decided to start up an Elcoteq Customer Center in Hong Kong which, among other things, would be responsible for supporting the Dongguan plant. Elcoteq Asia Ltd was set up in Hong Kong after the close of the financial year to manage the Group's operations in Asia.

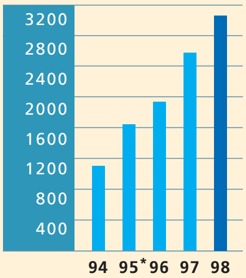
At the beginning of January the operations of Finnish subsidiaries Elcoteq Helsinki Oy and Elcoteq Lohja Oy were transferred to the parent company in order to simplify the Group's administrative functions.

Prospects for 1999

The electronics and EMS markets continue to grow. Competition is expected to remain intense. Elcoteq has sharpened its competitive edge by extending its plant network to America and Asia.

The company believes that its full year net sales will increase substantially. The bulk of net sales will accrue in the latter half of the year. The full-year profits will improve, compared to the previous year, but the start-up costs of the new plants will continue to burden performance in the early part of the year.

Personnel on average during the year



*10 months

Five Years
in Figures

OPERATIONS		1998 12 months Group	1997 12 months Group	1996 12 months Group	1995 10 months Group	1994 12 months Group
Net sales	FIM million	2,346.3	1,678.60	988.1	755.6	462.5
of which outside Finland	%	64,7	77.8	68.4	60.8	59.0
Gross capital expenditure	FIM million	261.7	132.0	92.8	84.4	56.9
of which leasing		-	4.6	25.0	40.9	29.1
Personnel on average during the year		3,085	2,593	1,888	1,651	1,081
PROFITABILITY						
Operating profit	FIM million	61.8	80.9	48.7	83.3	36.8
as percentage of net sales	%	2.6	4.8	4.9	11.0	8.0
Profit before taxation	FIM million	51.5	57.0	33.9	76.5	31.5
as percentage of net sales	%	2.2	3.4	3.4	10.1	6.8
Net income	FIM million	42.5	43.7	21.0	55.8	19.6
as percentage of net sales	%	1.8	2.6	2.1	7.4	4.2
Return on equity (ROE)	%	6.6	12.1	22.8	92.6	91.3
Return on investment (ROI)	%	8.1	14.1	16.6	47.0	38.5
FINANCIAL RATIOS						
Current ratio		1.7	2.6	1.7	1.3	1.2
Solvency 1	%	43.8	52.7	17.0	22.7	14.2
Solvency 2 %		51.0	62.0	36.5	22.7	14.2
Net gearing 1		0.4	-0.4	1.8	1.4	2.6
Net gearing 2		0.2	-0.5	0.3	1.4	2.6
PER SHARE DATA						
Earnings per share (EPS) *)	FIM	1.88	2.64	1.32	3.52	1.23
Shareholders' equity per share	FIM	28.57	26.93	5.89	5.39	1.94
Dividend per share **)	FIM	0.20	0.20	0.61	0.76	0.01
Pay-out ratio **)	%	11.0	10.7	46.4	21.5	0.7
Dividend yield **)	%	0.4	0.3			
P/E ratio		30.1	26.1			
Share price						
* lowest share price	FIM	31.00	64.00			
* highest share price	FIM	85.00	76.00			
* average share price	FIM	56.23	70.45			
* Dec. 30 share price	FIM	55.00	68.50			
Market capitalization						
* A share	FIM million	700.6	872.6			
* K share	FIM million	581.7	724.5			
* Total	FIM million	1,282.4	1,597.1			
Market capitalization for both share series have been calculated using closing share price at Dec. 30, 1998.						
Trading of shares						
* Number of shares traded	Shares	12,508,204	889,992			
* As percentage of all A shares	%	98,2	7.0			
Adjusted weighted average number of shares during the period	Shares	23,315,500	16,558,377	15,865,500	15,865,500	15,865,500
Adjusted number of shares at the end of the period	Shares	23,315,500	23,315,500	15,865,500	15,865,500	15,865,500

From 1996 to 1998 Elcoteq' s financial year coincided with the calendar year. In 1995 the financial year was from March 1 to December 31 (10 months). All financial years before that extended from March 1 to end of February (12 months).

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

**) The dividend for the financial year 1998 is the Board's proposal to the Annual General Meeting.

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) = $\dfrac{\text{(Profit before taxation – income taxes) x 100}}{\text{Shareholders' equity + minority interests, average of figures at beginning and end of year}}$

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

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

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

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

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

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

Earnings per share (EPS) = $\dfrac{\text{Profit before extraordinary items (tax adjusted)}}{\text{Adjusted average number of shares during the period}}$

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

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

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

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

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

Shares
and Shareholders

Elcoteq Network Corporation's A shares are quoted on the Helsinki Exchanges. Trading of Elcoteq shares on the Stock Exchange Automated Quotation System Internationl (SEAQ) of the London Stock Exchange ended in July 1998.

Elcoteq has two classes of shares, Series A and Series K. There are 12,738,500 A shares and 10,577,000 K shares, making a total of 23,315,500 Elcoteq shares. The shares in both series have a nominal value of FIM 2 per share. Hence the registered share capital of the company totals FIM 46,631,000.

Each Elcoteq A share carries one vote and each K share 10 votes at shareholders' meetings. Both share series entitle shareholders to 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 Antti Piippo, Henry Sjöman and Jorma Vanhanen. Their holdings have not changed since the Company's Public Offering.

Elcoteq Network Corporation's shares belong to the book-entry securities system maintained by the Finnish Central Securities Depository Ltd.

Elcoteq Network Corporation does not own its own shares.

SHARES

A Shares	12,738,500
K Shares	10,577,000
Total	23,315,500

VOTING RIGHTS

A Shares	12,738,500
K Shares	105,770,000
Total	118,508,500

Share ratios and other figures are shown on page 12.

Elcoteq's company code on the Helsinki Exchanges is Elq and the trading code for the A Shares is Elqav.

Taxation values of Elcoteq shares

The confirmed Finnish taxation value of Elcoteq's Series A share in 1998 was FIM 35 per share.

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 instruments related to 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 per share between January 1, 2001 and May 31, 2002. Full conversion of the notes into shares would create 1,366,459 new A shares, representing 5.5% of the total number of shares and 1.2% of the voting rights after conversion.

The terms and conditions of the convertible capital notes are explained in more detail under Note 10 of the notes to the financial statements on page 29.

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 75 subscribers to subscribe for altogether 1,125,000 new A shares for FIM 63 per share. If all the warrants are exercised, this would represent 4.6% of the total number of shares and 0.9% of the voting rights after subscription.

The terms and conditions of the bonds with warrants are explained in more detail under Note 12 of the notes to the financial statements on page 31.

Board of Directors' and President's holdings

The members of the company's Board of Directors and the President own altogether 3,689,320 A shares and 10,577,000 K shares, which corresponds to 61.2% of the total number of shares and 92.4% of the voting rights.

Furthermore, the members of the Board and the President subscribed for and hold altogether 315,000, i.e. 28%, 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 315,000 new A shares, which would represent 1.3% of the share capital and 0.3% of the voting rights after subscription. The members of the Board and the President would jointly hold 59.7% of the total number of shares and 92.4% of the voting rights if their warrants were exercised.

DISTRIBUTION OF SHARES

No. of shares	Owners	% of votes
1 – 100	1,334	0.09 %
101 – 1 000	4,492	1.59 %
1 001 – 10 000	673	1.48 %
10 001 – 100 000	37	0.89 %
100 001 –	8	95.94 %

TYPES OF OWNERS

Corporations	4.07%
Financial and insurance institutions	15.96%
Public entities	4.58%
Non-profit organizations	0.43%
Households	74.88%
Foreign	0.07%
Pending registration	0.01%

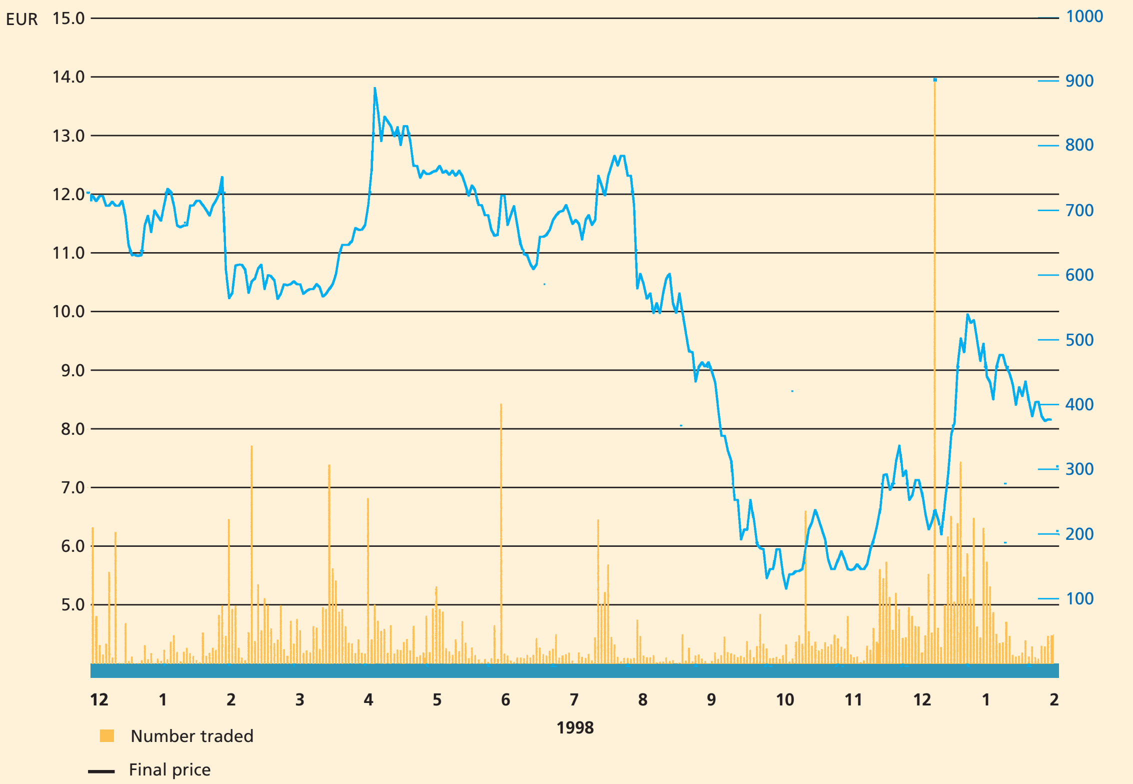
In the tables describing types of owners and distribution of shares each share register entry is considered to be independent. Holdings belonging to the same group or sphere of influence are not combined.

On Feb. 10, 1999 there were altogether 3,235,634 nominee-registered or foreign registered A Shares, i.e. 13.88 % of the shares and 2.73 % of the voting rights.

The free float is 9,050,000 shares, i.e. 38.82 % of the shares, of which 35.75 % were nomineeregistered or held by registered foreign shareholders.

The adjacent tables are based on the share register as of Feb. 10, 1999.

TRADING PRICE AND VOLUME OF ELCOTEQ´S A SHARES Nov. 26, 1997–Feb.11.1999



LARGEST SHAREHOLDERS

		A Shares	K Shares	% of shares	% of votes
1.	Piippo Antti	1,886,970	5,411,000	31.30	47.25
2.	Vanhanen Jorma	900,765	2,583,000	14.94	22.56
3.	Sjöman Henry	900,765	2,583,000	14.94	22.56
4.	The Local Government Pensions Institution	502,400		2.15	0.42
5.	Tapiola				
	Tapiola Mutual Pension Insurance Company	291,300		1.25	0.25
	Tapiola General Mutual Insurance Company	80,000		0.34	0.07
	Tapiola Mutual Life Assuarance Company	42, 000		0.18	0.04
	Tapiola Corporate Life Insurance Company	25,000		0.11	0.02
	Tapiola Group, total	438,300		1.88	0.38
6.	Arctos Capital Corporation	200,000		0.86	0.17
7.	Industrial Insurance Company	135,900		0.58	0.11
8.	Ilmarinen Pension Insurance Company	87,850		0.38	0.07
9.	Mutual Insurance Company Pension-Fennia	83,400		0.36	0.07
10.	Kaleva Mutual Insurance Company	45,300		0.19	0.04
	10 largest shareholders, total	5 ,181,650	10,577,000	67.58	93.63

Consolidated
Income Statement

Income statement, 1000 FIM	Note	Jan. 1 - Dec. 31, 1998	Jan. 1 - Dec. 31, 1997
NET SALES	1	**2,346,302**	**1,678,573**
Change in stock of work in progress and finished goods		21,271	5,243
Other income from operations		8,777	4,923
Production materials and services			
Materials and supplies			
Purchases during period		-2,057,937	-1,366,153
Change in inventories		152,839	85,354
Materials and supplies		-1,905,098	-1,280,798
External services		-10,618	-13,728
		-1,915,715	-1,294,526
Personnel expenses	2		
Wages, salaries and fees		-168,942	-149,682
Indirect personnel expenses			
Pension costs	5	-20,292	-18,692
Other indirect employer costs		-23,419	-21,154
Other personnel expenses		-6,352	-3,909
		-219,005	-193,437
Depreciation and writedowns	3		
Depreciation according to plan		-56,294	-34,318
Amortization of goodwill on consolidation		-730	-482
		-57,024	-34,799
Other operating expenses		-122,782	-85,048
OPERATING PROFIT		**61,823**	**80,929**
Financial income and expenses	4		
Financial income			
Other interest and financial income			
Exchange gains		6,402	6,912
Other financial income		11,767	3,238
		18,169	10,150
Financial expenses			
Interest expenses		-14,682	-19,945
Exchange losses		-9,726	-2,830
Other financial expenses		-2,330	-11,277
		-26,738	-34,052
Financial income and expenses		-8,569	-23,901
PROFIT BEFORE EXTRAORDINARY ITEMS		**53,254**	**57,028**
Extraordinary income and expenses	6		
Extraordinary income		1,584	-
Extraordinary expenses		-3,378	-
PROFIT BEFORE TAXES		**51,459**	**57,028**
Income taxes			
Income taxes for the financial year		-9,796	-8,903
Income taxes for prior years		5,867	-12
Change in deferred tax liability		-5,062	-4,382
		-8,991	-13,298
Minority interests		-	-53
NET INCOME FOR THE FINANCIAL YEAR		**42,468**	**43,677**

Consolidated
Cash Flow Statement

Cash flow statement, 1000 FIM	**Jan. 1 - Dec. 31, 1998**	**Jan. 1 - Dec. 31, 1997**
Cash flow from operations		
Net profit for the financial year	42,468	43,677
Adjustments		
Depreciation	57,024	34,799
Change in provisions	-130	-1,768
Interest expenses	14,682	19,955
Interest income	-11,525	-649
Taxes	8,991	13,298
Other items	2,322	9,970
Operating profit before change in working capital	**113,833**	**119,282**
Change in net working capital		
Increase in accounts receivable	-389,844	-44,235
Increase in inventories	-172,542	-90,598
Increase in interest-free short-term debt	162,412	105,625
	-399,974	-29,208
Cash flow from operations	**-286,142**	**90,074**
Interest, net	-3,469	-12,049
Taxes paid	-1,075	-14,702
Net cash flow from operations	**-290,686**	**63,323**
Cash flow from investing activity		
Investments in fixed assets	-267,028	-127,362
Proceeds from sale of fixed assets	17,661	1,680
	-249,367	-125,682
Cash flow from financing activity		
Public Offering	-	500,445
Change in other shareholders' equity	466	-
Increase in long-term debt	52,672	58,042
Payment of long-term debt	-89,851	-20,075
Increase/decrease in short-term debt	151,398	-54,519
Increase/decrease in long-term receivables	-4,917	60
Dividends paid	-4,663	-9,731
Minority interest	-540	-33
Other, net	-190	-13,116
	104,376	461,073
Decrease in liquid funds	**-435,677**	**398,714**
Liquid funds at Jan. 1	**517,302**	**118,588**
Liquid funds at Dec. 31	**81,624**	**517,302**

Consolidated
Balance Sheet

ASSETS, 1000 FIM	Note	Dec. 31, 1998	Dec. 31, 1997
Fixed assets	7		
Intangible assets			
Intangible rights		289	374
Other long-term expenditure		21,338	3,580
Advance payments		1,286	131
Goodwill on consolidation		1,401	2,131
		24,314	6,215
Tangible assets			
Land and water		4,332	2,715
Buildings		103,186	78,384
Machinery and equipment		292,837	135,878
Advance payments and construction in progress		1,736	2,436
		402,092	219,413
Investments	8		
Shares in associated companies		251	264
Receivables from associated companies		520	300
Other shares and holdings		3,345	1,007
		4,115	1,571
Fixed assets		**430,521**	**227,199**
Current assets			
Inventories			
Raw materials		346,800	198,372
Work in progress		25,816	22,647
Finished goods		23,087	5,971
Advance payments		284	-
		395,988	226,990
Long-term receivables			
Deferred tax assets	11	4,987	-
Other loans receivable		226	297
		5,214	297
Short-term receivables			
Accounts receivable		571,415	183,453
Other receivables		-	1,392
Prepaid expenses and accruals	9	38,016	34,903
		609,431	219,748
Cash and cash equivalents		81,624	517,302
Current assets		**1,092,257**	**964,337**
Assets		**1,522,779**	**1,191,536**

Consolidated
Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES, 1000 FIM	Note	Dec. 31, 1998	Dec. 31, 1997
SHAREHOLDERS' EQUITY	10		
Share capital		46,631	46,631
Share premium account		485,452	485,452
Other reserves		396	208
Translation difference		343	-115
Retained earnings		90,889	52,054
Net income for the financial year		42,468	43,677
Convertible capital notes		110,000	110,000
Shareholders' equity		**776,179**	**737,908**
Minority interests		**-**	**540**
Provisions			
Provisions for pensions		216	346
Provisions		**216**	**346**
Liabilities	12		
Long-term liabilities			
Bonds		15,000	15,000
Medium-term capital notes		52,000	-
Bonds with warrants		1,114	1,082
Loans from financial institutions		33,587	132,981
Pension loans		3,011	3,252
Other debt		674	300
Deferred tax liability	11	16,651	6,601
		122,037	159,216
Payments due after one year		-5,600	-81,319
		116,437	77,898
Short-term liabilities			
Loans from financial institutions		164,360	88,694
Pension loans		242	228
Advances received		1,162	-
Accounts payable		388,474	231,338
Other short-term liabilities		9,300	3,995
Accrued expenses	13	66,409	50,590
		629,947	374,845
Liabilities		**746,384**	**452,743**
Shareholders' equity and liabilities		**1,522,779**	**1,191,536**

Parent Company
Income Statement

Income Statement,1000 FIM Note	Jan. 1 - Dec. 31, 1998	Jan. 1 - Dec. 31, 1997
Net sales 1	**2 197 698**	**1 620 388**
Change in stock of work		
in progress and finished goods	8,157	4,313
Other income from operations	8,322	4,634
Production materials and services		
Materials and supplies		
Purchases during the		
financial year	-1,906,180	-1,325,152
Change in inventories	127,376	69,163
Materials and supplies	-1,778,803	-1,255,989
External services	-254,342	-233,556
	-2,033,146	-1,489,545
Personnel expenses 2		
Wages, salaries and fees	-30,102	-20,372
Indirect personnel expenses		
Pension costs 5	-5,272	-4,275
Other indirect employer costs	-2,930	-1,140
Other personnel expenses	-1,834	-1,033
	-40,138	-26,820
Depreciation and writedowns 3		
Depreciation according to plan	-9,307	-3,965
Other operating expenses	-61,377	-34,802
Operating profit	**70,210**	**74,203**
Financial income and expenses 4		
Financial income		
Interest income on long-term		
investments		
Group companies	1,240	345
Other interest and financial income		
Group companies	7,940	3,846
Exchange gains	6,043	6,043
Others	11,365	3,269
	26,587	13,504
Financial expenses		
Interest and financial expenses		
owed to Group companies	-3	-21
Interest expenses	-13,251	-15,285
Exchange losses	-8,381	-3,070
Other financial expenses	-2,303	-11,072
	-23,939	-29,448
Financial income and expenses	2,649	-15,945
Profit before extraordinary items	**72,858**	**58,259**
Extraordinary income and		
expenses 6		
Extraordinary income	460	-
Extraordinary expenses	-24,006	-36,500
Profit before appropriations and taxes	**49,312**	**21,759**
Appropriations		
Change in depreciation difference	-21,038	-571
Income taxes		
Income taxes for the financial year	-8,164	-6,187
Income taxes for prior years	5,832	-1
	-2,331	-6,188
Net income for the financial year	**25,942**	**14,999**

Parent Company
Cash Flow Statement

Cash Flow Statement, 1000 FIM Cash flow from operations	Jan. 1 - Dec. 31, 1998	Jan. 1 - Dec. 31, 1997
Net income for the financial year25,942	14,999	
Adjustments		
Depreciation	9,307	3,965
Change in provisions	21,038	571
Interest expenses	13,251	15,307
Interest income	-20,420	-7,460
Taxes	2,331	6,188
Extraordinary income and		
expenses	22,340	36,500
Loan management fees	1,147	729
Costs arising from initial		
public offering	-	9,234
Other items	978	-67
Operating profit before change in working capital	**75,915**	**79,966**
Change in net working capital		
Increase in accounts receivable	-515,730	-101,100
Increase in inventories	-139,537	-73,476
Increase in interest-free		
short-term debt	169,961	85,926
	-485,306	-88,650
Cash flow from operations	**-409,391**	**-8,684**
Interest, net 5,646	-4,404	
Taxes paid	-150	-14,000
Net cash flow from operations	**-403,895**	**-27,088**
Cash flow from investing activity		
Investments in fixed assets	-122,873	-13,273
Proceeds from sales of		
fixed assets	748	477
	-122,125	-12,796
Cash flow from financing activity		
Increase in share capital	-	14,900
Change in other shareholders'		
equity	-	485,452
Increase in long-term debt	52,000	53,722
Payments of long-term debt	-58,043	-6,035
Increase/decrease in		
short-term debt	144,317	-80,019
Increase in long-term receivables	-50,311	-11,640
Dividends paid	-4,663	-9,731
Loan management fees	-1,147	-4,592
Costs arising from initial		
public offering	-	-8,464
Other, net	1,614	67
	83,767	433,660
Decrease in liquid funds	**-442,253**	**393,776**
Liquid funds at Jan. 1	**511,411**	**117,635**
Liquid funds at Dec. 31	**69,158**	**511,411**

Balance Sheet

ASSETS, 1000 FIM	Note	Jan. 1 - Dec. 31, 1998	Jan. 1 - Dec. 31, 1997
Fixed assets	7		
Intangible assets			
Intangible rights		242	278
Other long-term expenditure		19,097	2,065
Advance payments		-	131
		19,339	2,474
Tangible assets			
Land and water		1,264	1,264
Buildings		14,294	13,985
Machinery and equipment		77,562	8,062
Advance payments		-	52
		93,120	23,363
Investments	8		
Shares and holdings in Group companies		46,877	19,644
Shares in associated companies		379	379
Receivables from associated companies		520	300
Other shares and holdings		2,782	445
		50,558	20,768
Fixed assets		**163,017**	**46,604**
Current assets			
Inventories			
Raw materials		304,349	176,972
Work in progress		17,908	18,361
Finished goods		13,938	4,870
		336,195	200,203
Long-term receivables			
Loans receivable from Group companies		62,743	12,361
Other loans receivable		226	297
		62,970	12,658
Current receivables			
Accounts receivable		545,933	171,868
Receivables from Group companies			
Accounts receivable		10,240	3,059
Loan receivables		120,163	85,380
Other receivables		123,427	-
Prepayments and accrued income		102	18,599
Other receivables		-	65
Prepaid expenses and accruals	9	19,278	23,493
		819,144	302,464
Cash and cash equivalents		69,158	511,411
Current assets		**1,287,467**	**1,026,736**
ASSETS		**1,450,484**	**1,073,340**

SHAREHOLDERS' EQUITY AND LIABILITIES, 1000 FIM	Note	Jan. 1 - Dec. 31, 1998	Jan. 1 - Dec. 31, 1997
Shareholders' equity	10		
Share capital		46,631	46,631
Share premium account		485,452	485,452
Retained earnings		67,158	56,822
Net income for the financial period		25,942	14,999
Convertible capital notes		110,000	110,000
Shareholders' equity		**735,183**	**713,904**
Accumulated appropriations			
Depreciation difference		26,454	5,416
Accumulated appropriations		**26,454**	**5,416**
Liabilities	12		
Long-term liabilities			
Bonds		15,000	15,000
Medium-term capital notes		52,000	-
Bonds with warrants		1,125	1,125
Loans from financial institutions		11,143	69,317
Pension loans		3,011	3,252
Other debt		672	300
		82,951	88,994
Payments due after one year		-5,000	-58,701
		77,951	30,293
Short-term liabilities			
Loans from financial institutions		156,678	66,076
Pension loans		242	228
Advances received		1,162	-
Accounts payable		337,921	207,452
Debt to Group companies			
Accounts payable		53,095	33,560
Other short-term liabilities		26,853	-
Accrued expenses	13	736	-
Other short-term liabilities		1,008	876
Accrued expenses	13	33,201	15,535
		610,896	323,727
Liabilities		**688,847**	**354,020**
SHAREHOLDERS' EQUITY AND LIABILITIES		**1,450,484**	**1,073,340**

Accounting Principles

General

The accompanying consolidated financial statements present the financial position and results of operations of Elcoteq Network Corporation (the "Company") and its subsidiaries (the Company, together with its subsidiaries, is referred to herein as "Elcoteq"). The consolidated financial statements of Elcoteq have been prepared in accordance with the requirements of the Finnish Accounting Act and other Finnish regulations ("Finnish GAAP"). These accounting principles differ in certain respects from International Accounting Standards issued by the International Accounting Standards Committee (IASC), see note 16 for reconciliation of consolidated net income and consolidated shareholders' equity between Finnish GAAP and IAS.

The financial statements of all the Finnish companies and the consolidated financial statements have been prepared in accordance with the requirements of the new Finnish Accounting Act, which came into force at the beginning of 1998. Consequently, the comparative figures for 1997 have been adjusted accordingly and the income statement and balance sheet, together with the notes to the financial statements, have been regrouped in the manner required by the new Act. For this reason the key figures for 1997 may have changed to a minor extent. The financial statements and key figures for 1996 and earlier years have not been adjusted.

Principles of consolidation

Subsidiaries in which the Company's holding exceeds 50 % are consolidated in the financial statements. The results of subsidiaries acquired or sold during the period are included in the consolidated financial statements from the date of purchase or up to the date of sale. Subsidiaries are consolidated using the purchase method. The excess of the purchase price over the estimated fair value of the net assets acquired is recorded as goodwill and is amortized on a straight line basis over a five year period. All intercompany transactions and balances have been eliminated in the consolidation process.

The equity method of accounting is used for investments in associated companies in which the investment provides the Company with the ability to exercise significant influence over the operating and financial policies of the associated company. Such influence is presumed to exist for investments in companies in which the Company's direct or indirect ownership is between 20 % and 50 %. Under the equity method, the Company's share of profits and losses of associated companies is included in the consolidated income statement. The Company's share of post-acquisition retained profits and losses of associated companies is reported as part of investments in associated companies in the consolidated balance sheets. Minority interests in the equity and results of operations of any member of Elcoteq are shown as a separate item in the consolidated financial statements.

The financial statements of foreign subsidiaries have been translated into Finnish markka at the average exchange rate quoted by the Bank of Finland on the balance sheet date. Exchange differences arising from the translation of financial statements of foreign subsidiaries have been entered under shareholders' equity in the consolidated balance sheet.

At the start of the financial period Elcoteq sold its printed circuit board operation to an outside buyer. The income and expenses of this divested operation is eliminated from the consolidated income statement and the result of operations until the date of sale is recorded under extraordinary expenses.

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 the consideration, associated costs and possible return of goods. Net sales comprises gross invoicing less cash discounts and exchange rate gains/losses related to sales.

Foreign currency

Foreign currency transactions are translated using the exchange rate prevailing at the date of the transaction. At the balance sheet date, foreign currency monetary assets and liabilities are translated at the average rate of exchange quoted by the Bank of Finland on the balance sheet date. Exchange rate gains and losses are recorded as purchase and sales adjustments with respect to ordinary business activities. Elcoteq hedges its major currency exposure. Its exposure related to ordinary business activities is hedged using mainly currency forward 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 ordinary business activities and financial items are also valued at the average rates of exchange on the balance sheet date. Exchange rate differences arising from financing activities are recorded under financial items.

Fixed assets

Fixed assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight line basis over the estimated useful lifetime of an asset. Land and water areas are not depreciated. The estimated useful lifetimes of fixed assets are as follows:

Intangible assets	3 – 10	years
Goodwill	5	years
Buildings	25	years
Machinery and equipment	3 – 10	years

Inventories

Inventories are recorded at the lower of cost or net realizable value calculated on an "average cost" basis. The cost of finished goods and work in progress includes direct materials, wages and salaries plus social costs, subcontracting and other direct costs. Unlike the previous financial year, the acquisition cost of inventories also includes a part of the fixed costs of the production departments in the 1998 financial statements. The comparative figures for the previous year have not been adjusted to take account of this change in valuation of inventories. The effect of this change on the balance sheet at the beginning of the year is shown under extraordinary income in the financial statements at December 31, 1998. Inventories are shown net of a provision for obsolete and slow-moving inventories. A provision is established and a corresponding charge is taken into income in the period in which the loss occurs based upon an assessment of technological obsolescence, turnover and related factors.

Provisions and deferred tax liabilities

In the financial statements of the Group companies, changes in voluntary provisions and the depreciation difference on fixed assets are divided into an amount calculated as tax for the year in the consolidated financial statements. Similarly the accumulated voluntary provisions and depreciation difference are separated in the consolidated balance sheet into deferred tax liability and shareholders' equity. The tax percentage used for calculating the tax liability has been the tax rate used in each country concerned.

Deferred tax assets

Deferred tax assets comprise the temporary differences arising from the book and tax basis of the assets and liabilities of the Group companies in different financial periods. The deferred tax assets for each subsidiary are calculated using local tax rate prevailing that subsidiary's country.

Research and development costs

Research and development costs are expensed as they are incurred.

Income taxes

Income taxes consists of direct taxes and the change in deferred tax liability on untaxed reserves and accelerated depreciation. Direct taxes are calculated on the results of Group companies and in accordance with the local tax rules in each country.

Pensions

In the Group companies, Elcoteq has arranged pension benefits in different ways depending of the pension legislation and practice in each country. In Finland, Elcoteq has arranged pension benefits through third-party pension insurance companies. In Estonia, Elcoteq makes a monthly pension contribution to the government based on the employees' salaries. The contribution in Estonia represents the final pension cost and there is no additional liability with respect to pensions. Pension insurance costs are included in personnel expenses in the consolidated income statement.

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 for all known pension liabilities for disability and unemployment.

Leases

Operating and finance leases are treated as rentals. Payments made under such leases are recorded within operating expenses in equal installments over the lease term.

Dividends

The dividend proposed by the Board of Directors to the Annual General Meeting is recorded in the financial statements in the year in which it is approved by the shareholders.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances with banks and liquid financial instruments.

Grants

In certain countries, public bodies provide financial support, primarily for certain research and development costs, which is used to offset gross research and development expenses. This financial support is recorded under other operating income.

Figures in FIM 1,000

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

Notes to the Financial Statements

1. INFORMATION BY MARKETS

Geographical areas		Group		Parent Company
	1998	1997	1998	1997
Net sales, FIM million				
Finland	827.7	370.6	681.1	332.6
Sweden	1,315.8	1,203.9	1,315.8	1,203.2
Other EU countries	84.9	37.7	84.4	37.4
USA	27.1	31.0	25.7	30.5
Rest of world	90.8	35.4	90.7	16.7
Total	2,346.3	1,678.6	2,197.7	1,620.4

Personnel

The Group had 3,085 (2,593) employees on average during the year, distributed geographically as follows:

	At Jan. 1	At Dec. 31	Change	Average
Finland	956	949	-7	917
Estonia	1,829	2,504	675	2,021
Hungary	-	292	292	93
Germany	3	3	0	3
Russia	5	86	81	37
USA	-	7	7	3
Mexico	-	25	25	6
Japan	-	5	5	4
Hong Kong	-	3	3	1
Total	2,793	3,874	1,081	3,085

2. WAGES, SALARIES AND OTHER PERSONNEL EXPENSES, 1000 FIM

Personnel expenses		Group		Parent Company
	1998	1997	1998	1997
Wages, salaries and fringe benefits				
Salaries and fringe benefits to Board members and presidents of Group companies	7,631	3,771	2,806	1,811
Other wages, salaries and fringe benefits	162,968	146,838	28,564	19,267
Total	170,599	150,609	31,370	21,078
Fringe benefits	-1,657	-927	-1,268	-706
	168,942	149,682	30,102	20,372

		Group		Parent Company
	1998	1997	1998	1997
Indirect personnel expenses				
Pension costs	20,292	18,692	5,272	4,275
Other indirect employer costs	29,771	25,063	4,764	2,173
Total	50,063	43,755	10,036	6,448
Personnel expenses in the income statement	219,005	193,437	40,138	26,820

3. DEPRECIATION, 1000 FIM

		Group		Parent Company
	1998	1997	1998	1997
Depreciation according to plan comprises the following:				
Intangible rights	72	72	62	55
Goodwill	730	482	-	-
Other long-term expenditure	3,639	2,238	2,874	1,374
Buildings	4,000	3,816	726	631
Machinery and equipment	48,583	28,191	5,645	1,905
Total	57,024	34,799	9,307	3,965

4. FINANCIAL INCOME AND EXPENSES,1000 FIM

Financial income and expenses	Group 1998	1997	Parent Company 1998	1997
Financial income				
Other financial income				
Exchange gains	6 402	6,912	6,043	6,043
Other financial income	11,767	3,238	20,544	7,461
	18,169	10,150	26,587	13,504
Financial expenses				
Interest expenses	14,682	19,945	13,254	15,306
Other financial expenses				
Exchange losses	9,726	2,830	8,381	3,070
Initial public offering costs	-	9,234	-	9,234
Other financial costs	2,330	2,043	2,303	1,838
	26,738	34,052	23,938	29,448
Financial income and expenses, net	-8,569	-23,901	2,649	-15,944

Intragroup financial income and expenses	Parent Company 1998	1997
Financial income		
Interest income from long-term investments	1,240	345
Interest income from short-term investments	7,940	3,846
	9,180	4,191
Financial expenses		
Interest expenses	-3	-21
Financial income and expenses, net	9,177	4,170

5. PROVISION FOR SEVERANCE COSTS

During the 1996 financial year the Group decided to discontinue production at its Kirkkonummi plant in Finland, which resulted in a FIM 4.1 million expense in 1996. A number of employee contracts were terminated in connection with the shutdown and Elcoteq recorded a provision of FIM 2.1 million to cover the estimated future pension liability of these employees.

Having subsequently reviewed this provision based on up-to-date information from the pension insurance company, Elcoteq scaled down this provision to approx. FIM 0.4 million in 1997 and to approx. FIM 0.2 million in 1998.

6. EXTRAORDINARY INCOME AND EXPENSES, 1000 FIM

	Group 1998	1997	Parent Company 1998	1997
Extraordinary income				
Effect of change in inventory accounting principles on initial inventory	1,296	-	460	-
Other extraordinary income	288	-	-	-
	1,584	-	460	-
Extraordinary expenses				
Costs arising from termination of printed circuit board manufacturing	3,378	-	1,206	-
Group contributions	-	-	22,800	36,500
	3,378	-	24,006	36,500

7. FIXED ASSETS, 1000 FIM

	Group 1998	1997	Parent Company 1998	1997
Intangible assets				
Intangible rights				
Acquisition cost, Jan. 1	740	660	600	521
Increases	50	79	26	79
Decreases	-67	-	-	-
Translation difference	-	1	-	-
Acquisition cost, Dec. 31	723	740	626	600
Accum. depreciation acc. to plan, Jan. 1	-366	-294	-322	-267
Depreciation acc. to plan	-68	-72	-62	-55

Notes to the Financial Statements

Book value, Dec. 31	289	374	242	278
Other long-term expenditure		**Group**		**Parent Company**
	1998	**1997**	**1998**	**1997**
Acquisition cost, Jan. 1	10,471	8,577	6,303	4,880
Increases	21,683	1,876	19,906	1,423
Decreases	-697	-	-	-
Translation difference	9	18	-	-
Acquisition cost, Dec. 31	31,466	10,471	26,209	6,303
Accum. depreciation acc. to plan, Jan. 1	-6,891	-4,643	-4,238	-2,864
Accum. depreciation acc. to plan in decreases	463	-	-	-
Translation difference	-6	-10	-	-
Depreciation acc. to plan	-3,694	-2,238	-2,874	-1,374
Book value, Dec. 31	21,338	3,580	19,097	2,065
Advance payments				
Advance payments, Jan. 1	131	680	131	680
Increases	1,286	131	-	131
Decreases	-131	-680	-131	-680
Book value, Dec. 31.	1 286	131	0	131
Consolidated goodwill				
Acquisition cost, Jan. 1	3,652	2,001	-	-
Increases	-	1,652	-	-
Acquisition cos	3,652	3,653	-	-
Accum. depreciation acc. to plan	-1,522	-1,040	-	-
Depreciation acc. to plan	-729	-482	-	-
Book value, Dec. 31	1,401	2,131	-	-
Tangible assets		**Group**		**Parent Company**
Land and water	**1998**	**1997**	**1998**	**1997**
Acquisition cost, Jan. 1	2,715	2,445	1,264	1,000
Increases	1,615	264	-	264
Translation difference	2	6	-	-
Book value, Dec. 31	4,332	2,715	1,264	1,264
Buildings				
Acquisition cost, Jan. 1	86,884	57,349	15,937	13,258
Increases	28,945	29,373	1,035	2,679
Decreases	-25	-30	-	
Translation difference	214	192	-	-
Acquisition cost, Dec. 31	116,018	86,884	16,972	15,937
Accum. depreciation acc. to plan, Jan. 1	-8,500	-4,668	-1,952	1,321
Accum. depreciation acc. to plan in decreases	20	-	-	-
Translation difference	-52	-16	-	-
Depreciation acc. to plan	-4,300	-3,816	-726	-631
Book value, Dec. 31	103,186	78,384	14,294	13,985
Machinery and equipment				
Acquisition cost, Jan. 1	197,197	80,609	11,245	6,988
Increases	206,582	118,023	75,893	4,864
Decreases	-4,285	-1,885	-1,502	-607
Translation difference	-524	450	-	-
Acquisition cost, Dec. 31	398,970	197,197	85,634	11,245
Accum. depreciation acc. to plan, Jan. 1	-61,319	-33,326	-3,183	-1,780
Accum. depreciation acc. to plan in decreases	3,666	820	754	502
Translation difference	575	-622	-	-
Depreciation acc. to plan	-49,055	-28,191	-5,645	-1,905
Book value, Dec. 31	292,837	135,878	77,562	8,062

Advance payments and construction in progress

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Advance payments and construction in progress, Jan. 1	2,436	28,575	52	-
Increases	2,094	2,379	-	52
Decreases	-2,803	-28,798	-52	-
Translation difference	9	280	-	-
Book value, Dec. 31	1,736	2,436	0	52

Investments

Shares and holdings in Group companies

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Shares, Jan. 1	-	-	19,644	14,785
Increases	-	-	27,233	4,859
Book value, Dec. 31.	-	-	46,877	19,644

Shares in associated companies

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Shares, Jan. 1	264	274	379	379
Share of losses of associated companies	-13	-10	-	-
Book value, Dec. 31.	251	264	379	379

Receivables from associated companies

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Receivables, Jan. 1	300	260	300	260
Increases	220	40	220	40
Book value, Dec. 31.	520	300	520	300

Other shares and holdings

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Shares, Jan. 1	1,007	1,007	445	445
Increases	2,338	-	2,337	-
Book value, Dec. 31.	3,345	1,007	2,782	445

Summary of fixed assets

	Group		Parent Company	
	1998	**1997**	**1998**	**1997**
Acquisition cost, Jan. 1	302,930	152,922	55,817	42,256
Increases	261,212	151,266	126,430	14,167
Decreases	-5,086	-1,925	-1,502	-607
Translation difference	-299	667	-	-
Acquisition cost, Dec. 31.	558,757	302,930	180,745	55,816
Accum. depreciation acc. to plan, Jan. 1	-78,598	-43,971	-9,695	-6,232
Accum. depreciation acc. to plan in decreases	4,149	820	754	502
Depreciation acc. to plan	-57,846	-34,799	-9,307	-3,965
Translation difference	517	-648	-	-
Book value, Dec. 31.	426,979	224,332	162,497	46,121
Advance payments and construction in progress	3,022	2,567	-	183
Loan receivables	520	300	520	300
Book value, Dec. 31	430,521	227,199	163,017	46,604

Notes to the
Financial Statements

8. SHARES AND HOLDINGS

Elcoteq Network Corporation's subsidiaries, associated companies and other major investments on December 31, 1998:

Subsidiaries of Elcoteq Network Corporation	Nominal value	Number of shares	Group holding, %	Group equity interest	Book value	Profit/loss in most recent fiscal year
Elcoteq Lohja Oy	1,000,000 FIM	1,000	100	5,988	1,000	2,242
Elcoteq Helsinki Oy	1,000,000 FIM	10,000	100	7,801	4,837	167
AS Elcoteq Tallinn	12,500,000 EEK	12,500	100	7,828	7,519	-3,871
Elcoteq, Inc.	856,000 USD		100	-950	4,380	-5,276
Elcoteq, (Deutschland) GmbH	100,000 DEM		100	-1,910	302	-88
Elcoteq JSC	16,647.40 RUR	154	100	-16	15	94
Elcoteq Magyarország Kft	800,000,000 HUF		100	11,549	18,960	-8,511
Kiinteistöosakeyhtiö Salon Joensuunkatu 13	1,200,000 FIM	6,000	100	5,827	6,038	1,437
Elcoteq Japan Co. Ltd	10,000,000 JPY		100	508	431	-60
Elcoteq S.A. de C.V.	5,412,770 MXP		100	1,935	2,742	-806
Elcoteq Network (Malaysia) Sdn	500,000 MYR		100	238	653	-400
					46,877	
Associated companies						
Nilistit Oy	320,320 FIM	400	33	-128	379	-39
Other shares and holdings owned by the Parent Company						
Kiinteistö Oy Lohjan Piiharju	100,000 FIM	10	10		100	
Cloudex Oy	800 FIM	500	9.5		100	
Extrabit Oy	200,000 FIM	400	10		2,337	
Other shares					245	
					2,782	
Other shares and holdings owned by the subsidiaries						
Oy Kiinteistö Kantvik Fastighet Ab					152	
As Oy Hofmaninpelto					287	
St Laurence Golf					102	
Other shares					22	
					563	
Other shares and holdings, total					3,345	

9. PREPAID EXPENSES AND ACCRUALS, 1000 FIM

	Group 1998	Group 1997	Parent Company 1998	Parent Company 1997
Prepaid expenses and accruals for the Group and Parent Company comprise the following main items:				
Contributions	2,281	-	1,920	-
Advance rental payments	1,094	2,633	-	-
Advance statutory personnel costs	1,699	-	1,699	-
Exchange rate periodizations of forward contracts	9,328	-	9,328	-
Loan expenses	2,716	3,863	2,716	3,863
Value added taxes	7,630	14,944	-	8,586
Withholding taxes	1,018	846	-	-
Income taxes	680	7,812	-	7,812
Other items	11,570	4,805	3,615	3,232
Total	38,016	34,903	19,278	23,493

10. SHAREHOLDERS' EQUITY, 1000 FIM

Share capital	Group 1998	Group 1997	Parent Company 1998	Parent Company 1997
Share capital, Jan. 1	46,631	5,289	46,631	5,289
Increase / bonus issue	-	26,442	-	26,442
Increase / subscription	-	14,900	-	14,900
Share capital, Dec. 31.	46,631	46,631	46,631	46,631

Share premium account	Group 1998	1997	Parent Company 1998	1997
Share premium account, Jan. 1	485,452	485,452	485,452	485,452
Share premium account, 31 Dec.	485,452	485,452	485,452	485,452
Other funds				
Reserve fund, Jan. 1	208	183	-	-
Change in reserve fund	188	25	-	-
Other funds, Dec. 31.	396	208	-	-
Translation difference				
Translation difference, Jan. 1	-115	91	-	-
Increase in translation difference	458	-206	-	-
Translation difference, Dec. 31.	343	-115	-	-
Retained earnings				
Retained earnings, Jan. 1	95,731	88,252	71,821	92,995
Transferred to AS Elcoteq Tallinn's reserve fund	-179	-25	-	-
Increase in share capital	-	-26,442	-	-26,442
Dividend payment	-4,663	-9,731	-4,663	-9,731
Retained earnings, Dec. 31.	90,889	52,054	67,158	56,822
Profit for the year	42,468	43,677	25,942	14,999
Convertible capital notes				
Convertible capital notes, Jan. 1	110,000	110,000	110,000	110,000
Convertible capital notes, Dec. 31.	110,000	110,000	110,000	110,000

Distributable funds in shareholders' equity	Group 1998	1997	Parent Company 1998	1997
Retained earnings	90,889	52,054	67,158	56,822
Profit for the year	42,468	43,677	25,942	14,999
Translation difference	343	115	-	-
Share of accumulated depreciation difference recorded in shareholders' equity	-42,075	-16,234	-	-
Distributable funds in shareholders' equity	91,625	79,383	93,100	71,821

The Parent Company's share capital is divided into the following share series:		Parent Company 1998	1997
Series A (1 vote/share)	12,738,500 shares	25,477	25,477
Series K (10 votes/share)	10,577,000 shares	21,154	21,154
Total	23,315,500 shares	46,631	46,631

Convertible capital notes

On December 19, 1996, Elcoteq Network Corporation issued FIM 110 million in convertible capital notes bearing interest of 9.392 % and maturing on May 31, 2002. The notes are unsecured. Payments of principal and interest can only be made if the charges are less than the distributable equity of the company at the end of the preceding financial year. The capital notes may be converted into company shares between Jan. 2, 2001 and May 31, 2002. After the company was publicly listed in 1997 the terms and conditions of their conversion at the end of 1997 were as follows:

* The conversion ratio is the nominal value of the notes divided by the offer price of the shares at the time of listing plus 15 %. Hence the notes may be converted to the company's listed A shares at a price of FIM 80.50 per share.

* If the ratio of interest-bearing net debt of the company divided by the shareholders' equity is greater than 4.0 and if this ratio has not improved by the date on which following financial statements are approved, each FIM 5 million nominal value of the notes is convertible into 40,065 A shares of nominal value FIM 2 per share, which nevertheless results in a proportion of not more than 25 % of all the company's shares following the conversion.

* If the company's share price on the Helsinki Exchanges has, on 20 trading days out of 30 consecutive trading days, exceeded the conversion price by 40 %, the company shall have the right to redeem the principal of the notes before maturity at 100 %. However, each investor has the right to convert the notes into shares at the conversion price specified in the terms and conditions.

According to the regulations specified in the new Companies Act, convertible capital notes must be shown separately under shareholders' equity. Such notes were previously shown under long-term liabilities.

Notes to the Financial Statements

11. DEFERRED TAX LIABILITIES AND ASSETS, 1000 FIM	Group 1998	Group 1997	Parent Company 1998	Parent Company 1997
Deferred tax assets				
From deductable temporary differences	4,987	-	-	-
Deferred tax liabilities				
From taxable temporary differences	16,651	6,601	-	-

12. LIABILITIES, 1000 FIM

Long-term liabilities	Group 1998	Group 1997	Parent Company 1998	Parent Company 1997
Interest-bearing *)				
Bonds	15,000	15,000	15,000	15,000
Medium-term capital notes	52,000	-	52,000	-
Loans from financial institutions	33,587	132,981	11,143	69,317
Pension loans	3,011	3,252	3,011	3,252
Other long-term liabilities	674	300	672	300
Total	104,272	151,533	81,826	87,869
Payments due after one year	-5,600	-81,319	-5,000	-58,701
Interest-bearing, total	98,672	70,214	76,826	29,168
Interest-free				
Bonds with warrants	1,114	1,082	1,125	1,125
Deferred tax liability	16,651	6,602	-	-
Interest-free, total	17,765	7,684	1,125	1,125
Long-term liabilities, total	**116,437**	**77,898**	**77,951**	**30,293**
Short-term liabilities				
Interest-bearing				
Loans from financial institutions	164,360	88,694	156,678	66,076
Pension loans	242	228	242	228
Interest-bearing, total	164,602	88,922	156,920	66,304
Interest-free				
Advances received	1,162	-	1,162	-
Accounts payable	388,474	231,338	337,921	207,452
Accrued expenses	66,409	50,590	33,201	15,535
Debt to Group companies	-	-	80,684	33,560
Other short-term liabilities	9,300	3,995	1,008	876
Interest-free, total	465,345	285,923	453,976	257,423
Short-term liabilities, total	**629,947**	**374,845**	**610,896**	**323,727**
Interest-bearing liabilities *)	263,274	159,136	233,746	95,472
Interest-free liabilities	483,110	293,607	455,101	258,548
Liabilities, total	746,384	452,743	688,847	354,020
*) Interest-bearing liabilities do not include the convertible capital notes shown under shareholders' equity	110,000	110,000	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 bear interest at a fixed rate of 7.43 % per annum and 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 is 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 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.

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 are non-interest bearing and mature in three years. The attached warrants entitle holders to subscribe for at most 1,125,000 A shares of nominal value FIM 2.00 each, which would represent 4.6 % of the company's shares and 0.9 % of the voting rights.

The share subscription period for the warrants begins on September 1, 2000 for 30 % of the shares, on September 1, 2001 for a further 30 %, and on September 1, 2002 for the remaining 40 %. The subscription period for all warrants terminates on January 31, 2004. The terms of the bond with warrants stipulate that any employees ceasing to be employed by the company before September 1, 2002 must return their remaining bond 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 the Finnish government. Principal on the loans granted before January 1, 1996 are payable in annual installments equal to 7 % of the outstanding balance. The principal amount of loans obtained after January 1, 1996 is payable in equal annual installments over terms of 1-10 years. The interest rate on pension loans is 5.5 %.

Loans from financial institutions
Loans from financial institutions primarily comprise FIM-denominated loans from various Finnish banks. The loans have maturity dates ranging from 1999 to 2002 and their interest rates are based primarily on a 3-month or 6-month HELIBOR, plus a premium ranging from 0.75 % to 1.45 %.

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 production facility 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 HELIBOR interest rate loan.

Revolving line of credit
In May 1997 the company obtained a USD 45 million multicurrency revolving Euro credit facility from a bank consortium. The credit limit was USD 45 million at the commencement of the loan but will subsequently decline towards the end of the term. The loan term 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. FIM 2.7 million of the total borrowing costs was capitalized in the annual accounts as of December 31, 1998.

Long-term liabilities maturing after		**Group**		**Parent Company**
five years or later:	**1998**	**1997**	**1998**	**1997**
Pension loans	-	7,517	-	2,263
Other liabilities	672	-	672	-
	672	7,517	672	2,263

13. ACCRUED EXPENSES, 1000 FIM		**Group**		**Parent Company**
	1998	**1997**	**1998**	**1997**
The Group's and Parent Company's accrued expenses comprise the following main items:				
Wages and salaries	4,935	4,109	-	-
Holiday pay	18,321	16,817	3,931	2,574
Other indirect employer costs	5,760	6,496	1,906	1,406
Interest	7,179	7,926	7,179	7,641
Initial public offering costs	-	3,548	-	3,548
Value added taxes	25,470	4,926	18,080	-
Income taxes	2,105	633	2,105	-
Group companies	-	-	736	-
Other items	2,639	6,135	0	366
Total	66,409	50,590	33,937	15,535

14. LEASING CONTRACTS, 1000 FIM

In previous years Elcoteq has leased machinery and equipment under finance leases. No new leasing contracts were made during 1998. Machinery and equipment financed under leases signed in previous financial years amounted to FIM 4.6 million.

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

	Group	**Parent Company**
	Dec. 31, 1998	**Dec. 31, 1998**
1999	10,656	9,603
2000	5,192	4,479
2001	727	727
Total	16,575	14,809

The rental expenses with respect to finance leases for machinery and equipment amounted to FIM 17.7 million on December 31, 1998 and FIM 21.7 million on December 31, 1997.

Elcoteq has leased a manufacturing facility 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, 1998 this price was approximately FIM 15.7 million.

Elcoteq Network Corporation has a 10 % shareholding in Kiinteistö Oy Piiharju, which owns the manufacturing facility. 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 financing to the real estate company. The rental expenses with respect to finance leases for the manufacturing facilities were FIM 3.6 million on December 31, 1998 and FIM 4.1 million on December 31, 1997.

15. ASSETS PLEDGED AND CONTINGENT LIABILITIES, 1000 FIM		**Group**		**Parent Company**
	1998	**1997**	**1998**	**1997**
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from credit institutions	35,891	48,239	4,500	6,500
Mortgages	67,326	66,596	12,000	12,000
Mortgages on moveable assets				
Loans from credit institutions	4,376	6,403	4,376	6,403
Mortgages for other loans	40,000	40,000	40,000	40,000
Other pledges given as collateral				
Mortgages on moveable assets	12,000	29,500	7,000	-
Pledged accounts receivable	-	7,603	-	7,603
Mortgages on real estate	500	19,500	500	500
ON BEHALF OF GROUP COMPANIES				
Pledges	-	-	-	3,449
Guarantees	-	-	92,137	70,142
Mortgages on moveable assets	-	-	-	7,000
ON BEHALF OF OTHERS				
Guarantees	7,145	8,507	7,145	8,507
LEASING COMMITMENTS	16,575	52,573	14,809	48,465
DERIVATIVE CONTRACTS				
Interest and currency swap contracts	31,391	41,739	31,391	41,739
Forward contracts	428,604	177,640	428,604	177,640

If the interest and currency swap contract outstanding at December, 31, 1998 had been sold at the market price, the positive effect would have been FIM 3.2 million.

16. DIFFERENCES BETWEEN FINNISH GAAP AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

The accompanying consolidated financial statements have been prepared in accordance with Finnish generally accepted accounting practices, which differ in certain significant respects from International Accounting Standards (IAS). The following is a summary of the adjustments to net income and shareholders' equity that would have been required if IAS had been applied instead of Finnish GAAP in the preparation of the consolidated financial statements:

		Group
	1998	**1997**
Reconciliation of net income		
Net income reported under Finnish GAAP	42,468	43,677
Adjustments to reconcile with IAS		
Valuation of inventories (A)	-1,682	-153
Finance leases (B)	4,975	2,677
Loan expenses (C)	-1,148	-3,864
Net income under IAS	46,909	42,337
Reconciliation of shareholders' equity		
Shareholders' equity under Finnish GAAP	776,179	737,908
Adjustments to reconcile with IAS		
Valuation of inventories (A)	-	1,682
Finance leases (B)	9,033	4,058
Loan expenses (C)	-2,716	-3,864
Shareholders' equity under IAS	782,496	739,784

Explanations of the differences in net income and shareholders' equity between Finnish GAAP and IAS.

(A) Inventories

Under Finnish GAAP the inclusion of indirect production costs in the inventory value is allowed if the amount of indirect production costs is material. Elcoteq has included indirect production costs in the inventory value since the beginning of 1998. The increase in income arising from this change in accounting principles is shown under extraordinary income. IAS requires that indirect costs of production are capitalized as part of the inventory value.

(B) Finance leases

Under Finnish GAAP lease payments are treated as rental expenses and leased property is not recorded in the balance sheet of the lessee.

IAS recognizes two different categories of leases: finance leases and operating leases. A lease is a finance lease if substantially all risks and rewards related to ownership of an asset are transferred to the lessee. An operating lease is a lease other than a finance lease. A finance lease should be recognized as an asset and liability in the balance sheet of a lessee at amounts equal to the fair value of leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. The assets should be depreciated over the shorter of the lease term or its useful life. However, if there is a reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

Elcoteq has leased machinery and equipment and manufacturing and warehouse space under various lease agreements which would be classified as finance leases under IAS.

(C) Loan expenses

Under Finnish GAAP the costs incurred from raising loans may be recorded either directly as expenses at the time they arose or they may be capitalized and allocated over the loan period. Elcoteq has capitalized the costs with respect to its revolving credit loans. In 1998 the company recorded FIM 1.1 million as expenses arising from loans.

Dividend Proposal by the Board

The Group's distributable funds totaled FIM 91,624,830 at the close of the financial year. The parent company posted a profit of FIM 25,941,958 for the financial year and retained earnings totaling FIM 67,158,204.

The Board of Directors proposes that the parent company pay a dividend for the period of FIM 4,663,100, i.e. FIM 0.20 per share. After this, undistributed retained earnings in the parent company will total FIM 88,437,062.

Antti Piippo
Chairman of the Board

Heikki Horstia

Juha Toivola
Vice-Chairman of the Board

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 31 December 1998. 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 42,468 thousand in the consolidated income statement and a profit of FIM 25,941,957.72 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.

We have acquainted ourselves with the interim reports made public by the company during the year. It is our understanding that the interim reports have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Helsinki, 17 February 1999
KPMG WIDERI OY AB

Birger Haglund
Authorized Public Accountant in Finland

Financial
Risk Management

Elcoteq's business operations are international and future growth is expected to increase the share of its international business even further. The financial risks attached to international operations are managed according to the company's risk management policy, which aims to hedge all significant financial risks. Funding operations and risk management are mainly concentrated in the parent company's treasury department under the responsibility of the chief financial officer.

Foreign exchange risk

Most of the company's cash flow, receivables and short-term liabilities are denominated in other currencies than the Finnish markka. 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 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.

The company had no significant translation risks for foreign subsidiaries at the date of closing. All significant risks attached to loans denominated in foreign currencies were hedged with derivative contracts. The company addresses its Economic Exposure by engaging in manufacturing services in those 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 entered in the income statement.

The interest derived from hedging instruments for interest-bearing items is, however, 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 of the derivative contracts at the date of closing are shown in the note 15 to the financial statements on page 32.

Other financial risks

Other financial risks to which the company's business is exposed include interest, liquidity and counterparty risks. Interest risk is not deemed to be a significant threat to the company's future performance owing to the relatively low amount of interest-bearing liabilities and financial assets. 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 is limited by operating with partners that have a first-class credit standing. The Group companies did not realize any significant counterparty risks during the review period, nor were any significant items regarded as uncertain contained in receivables on the closing date.

Adopting the euro in the corporation

The company was prepared to adopt the euro as an operational currency for sales, purchasing and financing activities on January 1, 1999. The first euro-denominated transactions were made during January 1999. Adoption of the euro is not forecast to have 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 increases. The Finnish markka will continue to be used in the company's reporting and accounting at least until the end of 1999. Financial indicators will be presented in euros in the company's interim reports as from the first quarter of 1999.

The company has identified the risks to the continuity of its business operations arising from the Year 2000 problem. The problems caused by the change of the millennium could cause serious disruptions to the operation of information technology systems, production equipment and other hardware. The company's business is also dependent on the ability of its partners, such as suppliers of goods and services, to continue operating into the new millennium without disruption.

Elcoteq launched a project in the first half of the review period aimed at identifying the risks related to the Year 2000 problem, eliminating these risks, and ensuring that no new risks arise. The project is scheduled for full completion by the end of June 1999. Elcoteq's Executive Management Team and Board of Directors are supervising the progress of the project.

The company's key IT systems have been examined as a part of the project. These systems include operations management, payroll, finance, and accounting. Manufacturing and testing equipment for production have also been checked, as have systems of its facilities. The operability of telecommunications networks is being verified. Detailed questionnaires are being sent to suppliers to determine their degree of Year 2000 compliancy. Key suppliers will be audited. Elcoteq's customers are conducting audits to ensure that the cooperation between them and Elcoteq continues into the new millennium smoothly.

Elcoteq's largest individual IT system, the Baan Enterprise Resource Planning system, is Year 2000 compliant. It was introduced in larger plants in June 1998 and is due to be introduced in all plants by the end of June 1999. Most of the other IT systems used in the company are Year 2000 compliant, and a specific plan has been compiled to rectify any problems encountered.

The company is confident that the measures already taken and currently underway will ensure its business operations continue into the year 2000 without disruption.

Outsourcing Fuels Growth in EMS Business

Electronics manufacturing services (EMS) continued to grow vigorously throughout 1998. According to the American market research company Technology Forecasters Inc., net sales in the EMS sector in 1998 amounted to some USD 90 billion. Moreover, the EMS markets are expected to continue growing at a rate of 25 % per year over the next few years.

The engine of growth in the EMS business - outsourcing of production - continued to be a firm trend in the electronics industry. The pioneers in outsourcing production are information technology and telecommunications companies. A growing number of European companies in the electronics industry are following their American competitors' example by increasing outsourcing of their production and consolidating their strategic partnerships with EMS corporations.

Despite the continuous growth in outsourcing, somewhat less than 20 % of the calculated ex-works value of the output of the electronics industry as a whole is generated in EMS companies. This proportion is rapidly rising, however, since in 1996 this degree of outsourcing was estimated to be only 13 % of the ex-works value of output. The rise in the rate of outsourcing combined with an estimated annual growth of around 7 % in the electronics industry as a whole supports the high growth forecasts of the EMS sector, creating exceptionally good growth prospects for companies operating in the sector.

More growth through corporate acquisitions

Alongside organic growth, EMS companies have in recent years sought further growth through acquisitions. While the number of new factories, or greenfield projects, initiated by manufacturing services companies has remained at some 20 per year, according to Technology Forecasters, the number of acquisitions has increased annually by more than 30 %.

The main objectives of acquisitions have been to expand into strategically important new geographical regions, to extend range of services to meet growing customer needs, and to strenghten strategic customer relationships by acquiring the customers' production facilities.

Outsourcing decisions are increasingly linked to the sale of production facilities to selected EMS partners. Manufacturing Market Insider, an American monitor of the EMS industry, listed a total of 21 sales of OEM manufacturers' production facilities to manufacturing services companies in 1998, representing a 60 % increase on the previous year. Almost one half – i.e. ten - of these divestments concerned European units, indicating that the European electronics industry and its main players are more ready and eager to increase the outsourcing of their operations, thereby deepening collaboration with EMS corporations.

The mergers and acquisitions in the EMS sector during 1998 are a clear indication of the thrust towards larger corporate size that is occurring in EMS business. This trend towards consolidation emphasizes the sector's increasing polarization; the gap between large global service providers and small local manufacturers is growing. Global electronics manufacturers are more frequently selecting a global manufacturing services partner.

Wider range of services in demand

In the highly competitive EMS market, company size and solid financial position are essential building blocks for profitable business and competitiveness and the basic requirements that customers set for their EMS partners.

Most OEM manufacturers in the electronics industry have decided after assessing their own core competencies to outsource an even larger proportion of the value chain covering the lifecycle of their end-products. The extension of outsourcing to include not only manufacture, but also R&D and design services at the start of the value chain, as well as maintenance and aftermarketing services subsequent to manufacture, requires EMS companies to possess an even wider ranging pool of expertise.

Clients also require their EMS partners to operate over a larger geographical area. The core of Elcoteq's clientele, and of other EMS companies, are major global corporations in the electronics industry. They expect their EMS partners to have the capacity to offer their services globally wherever the end customers of their products are located.

Strong strategic position through internationalization

Elcoteq has systematically increased its level of expertise and its ability to offer services which meet the growing demands of its customers.

During 1998 Elcoteq expanded into Asia and North America in line with its internationalization program.

Resolute and successful implementation of this internationalization program in 1998 significantly consolidated Elcoteq's strategic competitive position in the EMS market. Once the operations in Mexico and China are under way, Elcoteq will be able to offer electronics manufacturing services in all three main markets: Europe, Asia and America. Furthermore, Elcoteq will be able to provide manufacturing capacity within each of these three market areas at highly competitive cost levels: Hungary, Estonia, Russia and Finland in Europe, Mexico in America and China in Asia.

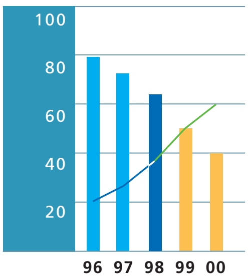
The component markets

The trend towards large production series and the rapid growth in the telecommunications industry means the pace of technological development is fast and consumption of components is high. At times this causes problems in the availability of components as the capacity of components manufacturers reaches its limit. The prices of components used in this type of production also tend to fall quickly. Products made in short series generally have long lifecycles and the range of components used is wide. Certain components for short series, however, may cease to be manufactured so the EMS company must make long-term reservations and commitments to safeguard future production.

The general availability of components continued to be satisfactory in 1998 but markets are expected to tighten in 1999. Demand for some semiconductor and RF components could exceed the capacity of component manufacturers during the second half of the year. Elcoteq has prepared for these contingencies by improving the forecasts it provides to its components suppliers and by intensifying its cooperation with them.

The Environment

Waste recycling, %



Non-recyclable or hazardous waste
Recyclable waste
Target for 1999 – 2000

Care for the environment is inscribed in the corporation's fundamental values. Elcoteq is committed to improving its environmental performance in line with the needs and expectations of its customers and other stakeholders. Legislation and official regulations are simply the groundwork on which we build. Apart from the environmental aspects of its manufacturing operations, Elcoteq focuses on managing the environmental impact of its products throughout their lifecycle.

Elcoteq's Executive Management Team specified the general principles for environmental management when it confirmed the corporation's environmental policy in the fall of 1997. Elcoteq ensures that its units operate in accordance with this principles by developing environmental management systems conforming to the international ISO 14001 standard alongside its existing quality systems. A support team for environmental matters was established in the fall of 1998 to coordinate the development of environmental management, the management and reporting of

environmental data, and personnel training in environmental issues throughout the Group.

Environmental management systems

SFS-Certification (the Finnish Standards Association's certification branch) awarded Elcoteq's first certificate for ISO 14001 environmental management system conformance to the Vaasa plant in June 1998. Det Norske Veritas (DNV) verified that the environmental management system of the Lohja plants met the requirements of the standard in December 1998, and promptly granted the plants a certificate at the beginning of 1999. An environmental management system is currently being established at Elcoteq's plants in Tallinn, Pécs and Helsinki. The target is to apply for environmental certification in Tallinn and Helsinki during 1999, and for the Pécs and Monterrey plants by the end of the year 2000.

Elcoteq's environmental management systems are tailored to its individual plants and cover the environmental aspects of production processes and plant buildings. These include efficient use of materials and energy, reduction in quantities of waste and safe treatment of chemicals. The Lohja plants, for instance, have set six medium-term environmental targets as a basis for setting annual objectives. Achievement of the objectives is monitored four times a year by the environmental support team, while the plant's Executive Management Team holds executive authority for the program.

The development of manufacturing methods has a substantial influence on the environmental aspects of manufacturing services and this must be factored in. For instance, the solder bumping no-wash soldering processes are recommended when selecting technologies for soldering processes, while spray fluxers are recommended for equipment because they use material more efficiently and produce fewer emissions. Elcoteq's development organization actively monitors developments in environment-friendly materials such as lead-free solders.

Environmental management programs for all services

In addition to plant-specific environmental management systems focusing on production processes and buildings, Elcoteq is developing environmental systems for delivery chain management, technology development and engineering services. For example, our materials management addresses the environmental impact caused in the production of raw materials we use and in the manufacture, packing and delivery of materials and components we use. We are conducting a survey of our suppliers' and partners' operations with written questionnaires and supplier assessments to ensure that our suppliers properly address environmental issues in their activities.

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, 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 increase the value of the company through profitable and successful business operations.

Human Resources
and Skill Transfer

The business environment is rapidly becoming more international and more multicultural. This has placed new demands on the professional skills of Elcoteq's personnel and the development of these skills.

Developing employee competencies and transferring them from plants and activities to where they are most needed is one of the biggest challenges Elcoteq faces. New market areas, new products, manufacturing technology, customer requirements, quality systems and environmental management systems - on top of the continuous growth and changes that the company is undergoing - all create needs that make training essential.

Our current level of expertise has been consolidated throughout the company by training that has been partly in-house and partly outsourced to our partners. Most training for new employees is given by Elcoteq's own personnel. Advanced and specialized training is outsourced to training bodies and institutions. In the Finnish units, apprenticeship training is an important means of enhancing skills, especially for production personnel. It also enables them to obtain vocational and specialist qualifications alongside their normal work.

The personnel have been trained to relate to new cultures in both Finland and in the countries in which Elcoteq is expanding. The personnel at the Hungarian plant have received training in the Lohja and Tallinn plants. Elcoteq collaborated with the local labor administration and training institutes in Hungary in preparing a training plan that suited Elcoteq's needs. In-house experts from Lohja and Tallinn will support this training in the initial stages.

Extensive recruitment of new employees has improved induction and orientation training in both the Tallinn and the Lohja plants. Elcoteq took on some 1,500 new employees during 1998, so in-house training was a challenging task for the plants.

More efforts were focused on maintaining working fitness during 1998. A doctor and nurse team opened a clinic for occupational health in the Tallinn plant, where the Finnish approach to health and safety at work and ergonomy was also actively applied. In the summer of 1998 Elcoteq started project, which aimed at developing the activities with which a company promotes working fitness flexibly so that they become a normal part of everyday work.

Building for future development

Organization reviews will be conducted in the units during 1999 to establish the needs of the organizations and to plan personnel training and job rotation.

A comprehensive remuneration scheme covering white collar employees and based on job evaluations and target-related bonuses will be introduced throughout the corporation.

Personnel figures

Personnel	1996	1997	1998	1997-1998
In Finland	861	956	949	- 7
In other countries	1,314	1,837	2,925	+ 1,088
Total	2,175	2,793	3,874	+ 1,081

Corporate Governance

The company applies the guidelines for the administration of public limited companies issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Board of Directors and President

The company's Board of Directors, which is elected by the Annual General Meeting for one year at a time, is responsible for the administration of the company and its appropriate organization. The Board of Directors comprises at least four and at most eight members. The term of office of Board members expires at the end of the Annual General Meeting following their election. The Board elects a chairman and a deputy chairman from among its members.

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 Board of Directors and the President are presented on pages 43-44.

Review and Compensation Committee of the Board of Directors

The Board of Directors has appointed a Review and Compensation Committee 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. 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 risk evaluation. The Committee approves the general remuneration policies applying to the company's top management and the remuneration of each senior executive. It also ensures that the remuneration scheme promotes the company's goals.

FROM LEFT HENRY SJÖMAN, HEIKKI HORSTIA, ANTTI PIIPPO, JORMA VANHANEN, AND JUHA TOIVOLA

Elcoteq´s
Board of Directors

Antti Piippo BSc (Eng.), b. 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 Company's principal shareholders, holding 1,886,790 Elcoteq A shares and 5,411,000 K shares, representing 31.3% of the Company's shares and 47.3% of the voting rights. Mr Piippo received a Bachelor of Science degree in Engineering from the Helsinki College of Technology in 1973.

Henry Sjöman BSc (Eng.), b. 1950, is Group Vice President of Sales Development. He 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 900,765 Elcoteq A shares and 2,583,000 K shares, representing 14.9% of the Company's shares and 22.6% of the voting rights. Mr Sjöman received a Bachelor of Science degree in Engineering from Köping Technical Institute in Sweden in 1974.

Jorma Vanhanen MSc (Eng.), b. 1959, is Group Vice President of Technology. He has been a member of the Company'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 1987. He is one of the principal shareholders, holding 900,765 Elcoteq A shares and 2,583,000 K shares, representing 14.9% of the company's shares and 22.6% of the voting rights. Mr Vanhanen received a Master of Science degree in Engineering from the Helsinki University of Technology in 1986.

Heikki Horstia BSc (Econ.), b. 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 the Wärtsilä NSD 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. He received a Bachelor of Science degree in Economics from the Helsinki School of Economics and Business Administration in 1972.

Juha Toivola MSc, b. 1947, has been a non-executive member of the Company's Board s 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 board 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. He qualified as a Master of Science from the University of Helsinki in 1971.

President and Executive Management Team

Tuomo Lähdesmäki MSc (Eng.), MBA, b. 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 1991 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 SMH SA. He holds 300,000 bonds with warrants, entitling him to subscribe for at most 300,000 new A shares. Mr Lähdesmäki is qualified as a Master of Science in Engineering from the Helsinki University of Technology and holds a Master of Business Administration degree from INSEAD.

Other members of the executive management team

Ari Hartikainen MSc (Eng.), b. 1959, is Group Vice President of Quality Management and Internal Development. He is responsible for quality and environmental management and development of human resources and management. Mr Hartikainen has worked for the electronics industry since 1987 and in Elcoteq since 1989, where he has held a number of quality and development positions. Mr Hartikainen joined the Executive Management Team in 1998.

Mikko Hietanen MSc (Econ.), b.1953, is Group Vice President and Chief Financial Officer. He has been a member of the Executive Management Team since he joined Elcoteq in 1993. Mr Hietanen has worked in the electronics industry since 1980. Before joining Elcoteq he was Controller and Director of Finance at the Electronics Division of Lohja Corporation (1980-1990) and Chief Financial Officer of Lohja Corporation (1990-1993).

Christer Härkönen MSc (Eng.), b. 1957, is Group Vice President of Purchasing and Materials. He has been a member of the Executive Management Team since he joined Elcoteq in 1996. 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, b. 1959, is Group Vice President and General Manager, Asia Pacific. Mr Häyrinen joined Elcoteq and its Executive Management Team in 1995, having worked in the Start Fund of Kera between 1993 and 1995. Mr Häyrinen 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, b. 1949, technician, is Group Vice President, Operations, Europe and General Manager of the Pécs Plant in Hungary. He has been a member of the Executive Management Team since the beginning of 1999. Mr Itkonen has worked in the electronics industry since 1967 in companies including Oy Lohja Ab and Finlux. In the last five years before joining Elcoteq, Reijo 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.), b. 1965, is Group Vice President, European Sales and Customer Service. Mr Jäämaa joined the Company and its Executive Management Team in 1998. Prior to this, he held a variety of positions since 1990 in Perlok, which manufactures components for the electronics industry, most recently as General Manager of this company's Nurmijärvi plant in Finland. Mr Jäämaa wrote his licentiate dissertation on the subject of automation investments. In Elcoteq he is responsible for developing sales and customer service in Europe in line with the Company's business plan.

Osmo Kammonen LLM, b. 1959, is Group Vice President of Corporate Communications and Investor Relations. Mr Kammonen has worked in industrial communications and investor relations since 1984, including 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). Mr Kammonen joined the Company and its Executive Management Team in 1996.

Ilkka Pouttu, b. 1955, Dipl. Bus. Studies, is Group Vice President and General Manager, Americas, with responsibility for establishing operations and sales in the Americas. Mr Pouttu 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 Cellular Subscriber Group of Motorola S.A., Switzerland (1989-1993) and Business Manager of Motorola European Cellular Subscriber Division, Germany (1993-1997). Mr Pouttu joined the company and its Executive Management Team in 1997.

Members of the Board **Henry Sjöman** and **Jorma Vanhanen** also belong to Elcoteq's Executive Management Team. Mr Sjöman is responsible for the company's sales development and Jorma Vanhanen is in charge of Elcoteq's Technology Services.

Elcoteq's Product Line Organization

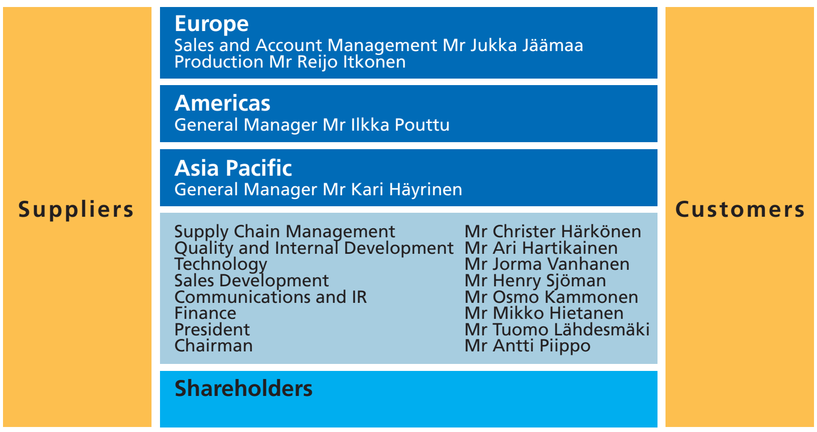
Elcoteq adopted a new organization based on product lines from January 1, 1999 in order to further enhance its customer service. The new model devolves authority on the manufacturing plants, which were turned into business units.

The main purpose of the new organization is to bring Elcoteq closer to customers and to speed up information flow between these two. A second aim is to raise profitability since costs and revenues can now be identified directly at the product line level, which is where the company's performance can best be controlled.

Within Elcoteq's plants accountability has now been delegated to product lines assigned to specific customers. The product lines are supported by plant-wide functions such as logistics, production technology and quality management. The product lines are managed by Product Line Managers, who in turn report to the General Managers of the plants. The new organization also applies to the Customer Support Officers. The Account Managers responsible for specific customers work either at the company's Corporate Office in Helsinki or at its regional Customer Centers.

The Corporate Office contains Elcoteq's top management and corporate functions such as finance; business development; development of the company's quality management, internal operations and sales; supply chain management; technology services; and corporate communications. Elcoteq's global operations are divided into geographical regions: Europe, Americas and Asia-Pacific.

Operational model



Elcoteq Bulletins
1998 in Brief

January 15, 1998
ABB Transmit's PCB assembly to Elcoteq

Elcoteq Network Corporation and ABB Transmit Oy have agreed that Elcoteq Helsinki Oy will acquire the PCB (Printed Circuit Board) component assembly production of ABB Transmit Oy's Relays and Network Control Division in Vaasa, Finland. This operation has an annual manufacturing value of approx. FIM 70 million. Its personnel, about 80 employees, will also be transferred to Elcoteq. The deal takes effect on April 1, 1998.

January 15, 1998
Elcoteq plant in Pécs, Hungary

Elcoteq Network's new electronics manufacturing services plant in Hungary will be built in the town of Pécs in the south of the country. The company has purchased land in the town's industrial park for the purpose. Elcoteq's aim is to build a modern 11,000 square metre electronics manufacturing services plant by the end of the year. When in full operation the plant will have about 1,000 employees.

January 19, 1998
Elcoteq to sell Printeq to Chemitalic

Elcoteq is to transfer its printed circuit board operation Printeq Piirilevyt Oy in Salo, Finland, to Chemitalic A/S in Denmark. The transfer of operation is expected to take place as a transfer of assets. Elcoteq and Chemitalic have signed a preliminary agreement whereby the Printeq printed circuit board operation will be transferred to Chemitalic with effect from March 1, 1998, after completion of due diligence.

January 19,1998
Elcoteq to set up Technology Services unit

Elcoteq Network plans to strengthen and expand its customer service with new Technology Services services. The unit will initially be headed by Jorma Vanhanen. The unit will be formed by reassigning responsibilities and tasks within Elcoteq. The new unit will strengthen Elcoteq's capacity to provide a full portfolio of manufacturing services.

February 17, 1998
Elcoteq's profits up 68%

Elcoteq's pre-tax profit grew by 68.2% to FIM 57.0 million. Sales were FIM 1,669.0 million, up 68.9% from the previous year's FIM 988.1 million. The operating profit was FIM 80.9 million (FIM 48.7 million), representing 4.8% (4.9%) of net sales. EPS doubled to FIM 2.64. The Board proposes that a dividend of FIM 0.20 per share be paid. Elcoteq forecasts that its net sales will continue to increase strongly throughout the year and that its result for the full year will be an improvement on 1997.

March 17, 1998
Elcoteq board remains unchanged, dividend FIM 0.20 per share

The Annual General Meeting of Elcoteq Network Corporation was unanimous in its decisions. The 1997 financial statements were approved and the members of the Board of Directors and the President were discharged from liability. The five existing members of the Board were re-elected until the next Annual General Meeting. The Meeting decided to distribute a dividend of FIM 0.20 per share.

April 7, 1998
Elcoteq receives Estonian quality and technology development award

Elcoteq has received an award for having successfully developed Estonian Production Quality and Technology during 1997. The company won this award in the Foreign Investor '97 competition arranged jointly by the Estonian Investment Agency, Eesti Pank (the Central Bank of Estonia), Tartu University and the Äripäev newspaper. The competition's patron, President Lennart Meri, was present at the award giving ceremony in Tallinn on April 7, 1998.

May 7, 1998
New plant in Mexico

Elcoteq Network Corporation is expanding the geographical coverage of its services. The company's Board of Directors has decided to set up a new plant in Monterrey, north Mexico.

The Monterrey plant will primarily serve Elcoteq's customers operating in the US market. It will complement services provided by Elcoteq's Customer Center in Dallas, Texas, established in 1997. The plant is expected to be operational around year end. Initially, the plant will have an area of about 8,000 square meters.

May 7, 1998

Interim report January – March 1998

Elcoteq's net sales between January and March totaled FIM 452.7 million (same period in 1997: FIM 299.0 million), an increase of 51.4 %. The operating profit was FIM 12.0 (14.7) million and the profit before extraordinary items was FIM 10.6 (11.3) million. Earnings per share were FIM 0.22. The net profit for the period was FIM 5.0 (6.8) million.

August 6, 1998

Interim report January - June 1998

Elcoteq Network's consolidated net sales between January and June totaled FIM 918.1 million, up 44.7 % on the same period last year (FIM 634.7 million). The growth in net sales was especially attributable to an increase in projects requiring large material volumes. The operating profit was FIM 19.1 million (January - June 1997: FIM 36.6 million) and the profit before extraordinary items was FIM 14.9 (28.0) million. Earnings per share were FIM 0.43 (1.27). Compared to the result for the same period last year, the result for the first half of the year was weakened in particular by lower than planned capacity utilization due to stronger and more rapid fluctuations in demand.

August 25, 1998

Elcoteq to acquire Kone's elevator electronics manufacturing operations in Hyvinkää, Finland

Elcoteq Network Corporation and Kone Corporation have signed a preliminary agreement on the transfer of Kone's Hyvinkää elevator electronics manufacturing operations to Elcoteq on October 1, 1998. The Hyvinkää unit supplies elevator electronics for the needs of Kone Corporation's operations worldwide. This unit has an annual manufacturing value of approximately FIM 100 million. The unit's personnel, roughly 50 employees, will also be transferred to Elcoteq retaining their existing employee status.

November 5, 1998

Interim report January – September 1998

Elcoteq's January – September net sales grew by 24 % and were FIM 1,392 million (FIM 1,120 million). Operating profit was FIM 22.6 million (FIM 59.1 million) and profit before extraordinary items FIM 17.2 (46.9) million. Earnings per share totaled FIM 0.49, having been FIM 2.02 at the same time last year.

December 2, 1998

Elcoteq to set up MFIM 300 bond program

Elcoteq plans to set up a FIM 300 million bond program. Subscription for the first bond will take place during December 4, 1998 and the bond will be issued on December 7, 1998. The bond, which will be offered in lots of FIM 1 million, will be unsecured and carry fixed interest. The loan period will expire on December 7, 2002, on which date the principal will be repaid in full. The bond will be managed by Merita Bank.

December 7, 1998

Elcoteq's bond was subscribed for FIM 52 million

The Bond issued by Elcoteq was subscribed for FIM 52 million. This bond has been issued under the company's FIM 300 million medium term note (MTN)–program. The fixed coupon rate for the bond is 4.60 %. Application will be made for its listing on the Helsinki Exchanges. The issue, arranged by Merita Bank Plc, was subscribed by domestic institutional investors.

December 18, 1998

Elcoteq to establish an EMS plant in China

Elcoteq has agreed to establish a full-service electronics manufacturing services operation in China through a joint venture. The new company will start manufacturing mobile phone accessories and subassemblies for Nokia. In its first year, the company is estimated to reach sales of FIM 300-400 million.

Elcoteq has established the joint venture with Nanxin Industrial Development Corporation. Elcoteq owns 70% and the Chinese partner the remaining 30% of the joint venture Dongguan Elcoteq Electronics Company, which is located in the city of Dongguan in South China.

Information for Investors

Elcoteq's investor relations 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.

Elcoteq's investor relations are the responsibility of Mr Osmo Kammonen (tel. +358-10-413 1406 or osmo.kammonen@elcoteq.com), Group Vice President of Corporate Communications and Investor Relations, and Ms Ulla Paajanen-Sainio (+358-10-413 1742 or ulla.paajanen-sainio@elcoteq.com), Investor Relations Officer.

Elcoteq's annual report, interim reports and the Company's Internet home pages, www.elcoteq.com, contain further information on Elcoteq.

Financial publications

This annual report and the Company's interim reports are published in Finnish and English. The interim reports in 1999 will be published as follows:

- January – March, on Thursday May 6, 1999
- January – June, on Thursday August 5, 1999
- January – September, on Thursday November 4, 1999.

To order these publications, please address your request to Elcoteq Network Corporation/Ms Riitta Kemppainen, P.O. Box 8, FIN-00391 Helsinki, or call her on +358-10-413 1718. These publications can also be ordered at our website.

The Company's main press releases are published in English on the Internet www.elcoteq. com.

Elcoteq is Monitored by the Following Investment Analysts

The stockbrokers and investment analysts listed below actively monitor Elcoteq's performance. Elcoteq takes no responsibility for any evaluations or recommendations published by them.

ABG Securities Ltd	Ben Wärn	+44-171-905 5630	ben.warn@abgsec.co.uk
Aktia Securities	Jaakko Paloheimo	+358-10-247 6410	jaakko.paloheimo@aktia.fi
Alfred Berg Finland Oy	Marion Ahlström	+358-9-228 32712	marion.ahlstrom@alfredberg.fi
Alfred Berg Uk Ltd	Ronny Ruohomaa	+44-171-256 4900	ronny.ruohomaa@alfredberg.co.uk
Aros Securities	Pontus Grönlund	+358-9-173 37397	pontus.gronlund@arossecurities.com
D. Carnegie Finland Branch	Visa Manninen	+358-9-6187 1232	visa.manninen@carnegie.fi
Cazenove & Co.	Charles Evans Lombe	+44-171-588 2828	cplevanslombe@cazenove.com
Crédit Agricole Indosuez Chevreux Nordic AB	Jan Kaijala	+46-8-723 5100	jank@cdv.se
Dresdner Kleinwort Benson	Per Lindberg	+44-171-623 8000	per.lindberg@dresdner-bank.com
	Mark Loveland	+44-171-623 8000	mark.loveland@dresdner-bank.com
Enskilda Securities Ab	Mika Koskinen	+358-9-616 28727	mika.koskinen@enskilda.se
Evli Securities plc	Martti Larjo	+358-9-4766 9233	martti.larjo@evli.fi
Handelsbanken Markets	Ilkka Salonen	+358-10-4442337	ilkka.salonen@handelsbanken.fi
Leonia Pankki plc	Pasi Käkelä	+358-20-425 5478	pasi.kakela@leonia.fi
H.Lundén Fondkomission	Johan Söderström	+46-8-611 2104	johan.soderstrom@hlunden.se
Mandatum Stock Brokers Ltd	Janne Uski	+358-9-166 72711	janne.uski@mandatum.fi
Merita Pankkiiriliike Ltd	Antti Pietarinen	+358-9-12341	antti.pietarinen@merita.mailnet.fi
Merryl Lynch	Neil Barton	+44-171-772 1000	neil_barton@ml.comv
	Anita Farrell	+44-171-772 1000	anita_farrell@ml.com
Warburg Dillon Read	Scott Heritage	+1-212-821 6828	scott.heritage@wdr.com

Contact Information

Elcoteq Network Corporation
Corporate Office
Konalankuja 5
P.O. Box 8
FIN-00391 Helsinki, Finland
Tel +358-10-41 311
Fax +358-10-413 1209
Internet: www.elcoteq.com

Elcoteq Network Corporation
Corporate Office
Länsi-Louhenkatu 31
P.O. Box 47
FIN-08101 Lohja, Finland
Tel +358 -10-41 311
Fax +358-10-413 1210
Internet: www.elcoteq.com

Elcoteq Network Corporation
Lohja Plants
Gunnarlankatu 5
P.O. Box 47
FIN-08101 Lohja, Finland
Tel +358-10-41 311
Fax +358-10-413 1310

Elcoteq Network Corporation
Helsinki Plant
Konalankuja 5
P.O. Box 35
FIN-00391 Helsinki, Finland
Tel +358-10-41 311
Fax +358-10-413 1600

Elcoteq Network Corporation
Vaasa Plant
Virtaviiva 9 E
P.O. Box 840
FIN-65101 Vaasa, Finland
Tel +358-10-413 4100
Fax +358-10-413 4111

Elcoteq Network Corporation
Hyvinkää Plant
Myllykatu 3
P.O. Box 603
FIN-05801 Hyvinkää, Finland
Tel +358-10-413 4350
Fax +358-10-413 4355

Elcoteq Network Corporation
Oulu Customer Service
Teknologiantie 1
FIN-90570 Oulu, Finland
Tel +358-10-413 4000
Fax +358-10-413 4084

Elcoteq Hungary Electronics Ltd.
Finn utca 1
7630 Pécs, Hungary
Tel +36 72 509 100
Fax +36 72 509 105

AS Elcoteq Tallinn
Peterburi tee 67 A
EE-11415 Tallinn, Estonia
Tel +372-6-108 100
Fax +372-6-108 200

Elcoteq Deutschland GmbH
Technologiepark Karlsruhe
Emmy-Noether-Strasse 10
D-76131 Karlsruhe, Germany
Tel +49-721-610 5420
Fax +49-721-610 5430

Elcoteq JSC
ul. Tsentralnaya 10
194292 St. Petersburg, Russia
Tel +7-812-559 3056
Fax +7-812-557 9459

Elcoteq, Inc.
6565 N. MacArthur Blvd.
Suite 250
Irving, TX 75039, USA
Tel +1-972-401 9995
Fax +1-972-401 9606

Elcoteq S.A. de C.V.
Ave. Stiva #400
Parque Industrial
Stiva Aeropuerto C.P.
66600 Apodaca
N.L. Mexico
Tel+52 8 386 4227
Fax +52 8 386 4223

Elcoteq Japan Co., Ltd
3F 2-20-29 Takanawa Minatoku
Tokyo, 108-0074 Japan
Tel +81-3-5475 6001
Fax +81-3-5475 6005

Elcoteq Asia Ltd
Unit 10/F
Yuen Long Trading Centre
33 Wang Yip Street West
Yuen Long, N.T.
Hong Kong
Tel +852 2442 0628
Fax +852 2442 0870

Dongguan Elcoteq Electronics Co. Ltd.
No. 84 Zhongli Road, High and
New Technology Development
Zone, Huangcun
Dongguan Municipality,
Guangdong Province, China
Tel +86 769 240 8802
Fax +86 769 240 8797

Trade Reg. No 521.860
VAT Reg. No, FI 08610516

ELCOTEQ

Elcoteq Network Corporation
Corporate Office
Konalankuja 5
P.O.Box 8
FIN-00391 Helsinki, Finland
Tel +358-10-41 311
Fax +358-10-413 1210
Internet: www.elcoteq.com