ASPOCOMP GROUP INTERIM REPORT JANUARY 1-MARCH 31, 2005
ASPOCOMP'S EARNINGS PER SHARE: EUR -0.11

Aspocomp's first-quarter 2005 net sales came in, as expected, lower than in the same period of last year and were EUR 43.4 million (47.6). The delivery volumes of both the Printed Circuit Boards and Modules segments were lower than the year-ago figures. Earnings per share were likewise in the red, as expected, at EUR -0.11 (0.09).

The figures of the Interim report are prepared in accordance with the principles of recognition and measurement laid down in the IFRS.

FIRST-QUARTER 2005 HIGHLIGHTS (reference figures are for Q1/2004):

- Net sales decreased 9% to EUR 43.4 million (47.6). The drop in net sales was due largely to the weak performance of the Salo printed circuit board facility, the drop in the average price of printed circuit boards and the decrease in the delivery volumes of the Modules segment. Demand for high-tech HDI (High Density Interconnection) PCBs enjoyed continuing strong demand in Asia, and net sales generated by the HDI manufacturing unit at the Aspocomp plant in China increased by more than 20 percent on the previous year. Net sales of the PCB facility in Oulu were also up, by about 8 percent.

- The operating result was a loss of EUR -1.8 million (2.9). The main reason for the drop in earnings was the weakened result of the Salo plant.

- The result before taxes was a loss of EUR -2.1 million (2.5). Earnings per share were EUR -0.11 (0.09).

- Cash flow from operations was EUR 2.1 million (4.6) and investments amounted to EUR 1.9 million (2.4). Per-share cash flow after investments was EUR 0.01 (0.11).

- The PCB segment had total net sales of EUR 34.1 million (36.4). The segment's operating result was a loss of EUR -1.5 million (2.4).

- Net sales of the Modules segment were EUR 6.6 million (8.0). The segment reported an operating profit of EUR 1.3 million (1.8).

- The Mechanics segment had net sales of EUR 3.5 million (3.3), and posted an operating result of EUR 0.0 million (a loss of 0.1 million).

OUTLOOK:

Net sales in the second quarter of 2005 are estimated to be at the level of the past quarter. Earnings per share are forecast to be negative.

The Aspocomp Group's net sales are estimated to grow in the second half of the year compared with the first half, but consolidated net sales this year is expected to come in somewhat below the previous year's figure. The Group's earnings are likewise estimated to fall short of the year-ago result and the minority interest share of profits to increase.

The net sales and profitability of the main business segment, Printed Circuit Boards, are estimated to improve in the latter part of the year. At the annual level, the Printed Circuit Boards segment’s net sales are estimated to grow slightly compared with last year, but profitability is likely to be somewhat weaker. The Modules segment will see a substantial drop in net sales and profitability compared to the previous year.

MAIJA-LIISA FRIMAN, PRESIDENT AND CEO OF ASPOCOMP:

Aspocomp’s net sales decreased and its earnings in the first quarter were in the red. The end-product markets of Aspocomp’s customers – in handheld devices, telecom networks and the automotive industry — showed a favorable trend, but the winding down of stocks in Asia cut into the volume of demand, and the price level was down slightly on the previous year. The PCB plant in Salo reported a markedly weaker result than last year and the delivery volumes of the Modules segment also dropped markedly from the year-ago level. Deliveries by the Modules segment are estimated to decrease further as the Oulu plant’s high-volume product reaches the end of its life cycle.

The Salo plant pushed ahead with the effort to increase flexibility, which will be a important factor in the years ahead. The manufacturing process has been upgraded and optimized in line with the fast tempo of changes springing from the demands set by new products. The plant’s earnings trend has been weak while the transition process has been in progress. It is estimated that the plant’s delivery volumes will increase toward the end of the year.

To improve Aspocomp’s level of earnings, we’ve launched measures to enhance the management of materials costs and to insure that advantages of scale are utilized across the Group. Furthermore, a special focus has been on improving yields in our production processes. During the first part of the year we’ve also beefed up our sales resources.

Our key strategic projects at the moment are the capital expenditures at our plant in China. With a relatively small outlay, we’ll significantly increase the manufacturing capacity of our highly successful HDI production unit before the end of this year. Our biggest project, however, is the building of a new production unit at the Suzhou plant in China. The new production unit will strengthen our competitiveness, particularly in the telecom network market and in the automotive industry. The project is part of the growth strategy that Aspocomp published last autumn, embodying the combined elements of high technology products, flexible production, a dependable delivery capability and competitive costs.

NET SALES AND EARNINGS, JANUARY-MARCH 2005 (the comparative figures are for Q1 2004)

During the first quarter, net sales of the Aspocomp Group totaled EUR 43.4 million (47.6). The Group’s net sales were divided by market area as follows: Europe 71% (67%), Asia 22% (17%) and the Americas 7% (16%). The Finnish plants’ share of net sales was 62% (66%), while the Asian plants accounted for 38% (34%). Products used in mobile phones and telecom systems accounted for approximately 72% of consolidated net sales, and approximately 28% came from automotive, industrial and consumer electronics.

The Group’s five largest customers – Nokia, Sanmina-SCI, Ericsson, Philips and Elcoteq – accounted for 55% of net sales (61%) during the report period.

The Group posted a profit before depreciation of EUR 3.5 million (8.8 million), or 8.2% of net sales (18.4%).

The operating result was a loss of EUR -1.8 million (2.9).

Net financial income and expenses amounted to EUR 0.3 million (0.4). The result before taxes was a loss of EUR -2.1 million (2.5), and the result after taxes and minority interests was a loss of EUR -2.2 million (1.9). Earnings per share were EUR -0.11 (0.09). Cash flow from operations was EUR 2.1 million (4.6). Per-share cash flow after investments was EUR 0.01 (0.11).

BUSINESS SEGMENTS

Printed Circuit Boards

First-quarter net sales of the PCB segment were down 7% to EUR 34.1 million (36.4). The fall was attributable to the Salo plant’s lower net sales than a year ago. At the plant in China, net sales of the HDI production unit grew by more than 20 percent, but net sales of the unit that manufactures lower-technology PCBs declined. All in all, the plant in China racked up growth of 4 percent. The plant in Thailand saw its net sales decline by about 5 percent.

The regional breakdown of the PCB segment’s first-quarter net sales was: Europe 67% (59%), Asia 24% (21%) and the Americas 9% (20%). The Finnish plants’ share of net sales was 52% while the Asian factories accounted for 48%.

The comparable net sales of the plants in Finland (Salo and Oulu) decreased by 13% while the plants in Asia (China and Thailand) remained at the previous year’s level.

The segment reported a first-quarter operating loss of EUR -1.5 million (2.4).

Lower delivery volumes in the first part of the year and costs that remained at the previous year’s level led to weaker profitability than a year ago.

During the report period, Aspocomp's subsidiary ACP Electronics in Suzhou, China, decided to build a new production unit and to expand the production unit that manufactures HDI printed circuit boards. The new production unit will be the Suzhou plant’s third, and it is estimated to achieve full capacity utilization by the end of the year.

Modules

First-quarter net sales by the Modules business were down 18% to EUR 6.6 million (8.0). The decline in net sales was due to the fact that the high volume product of the Oulu plant, which is targeted at the telecom network market, reached the final phase of its life cycle. The volume of products delivered to other industrial sectors remained at a good level.

The Modules business is engaged in a long-term effort to identify new business opportunities and bring new products to market. In the short term, these measures will not suffice to offset gradually discontinuing the manufacture of the Oulu plant’s high-volume product.

The segment reported operating profit of EUR 1.3 million (1.8).

Mechanics

Net sales of the Mechanics segment rose to EUR 3.5 million (3.3). The operating result of the segment was EUR 0.0 million (a loss of 0.1 million). In accordance with the growth strategy that Aspocomp outlined in the autumn of 2004, the Mechanics operations are not one of the company’s core businesses.

FINANCING, INVESTMENTS and EQUITY RATIO

The Group’s liquidity during the period under review was good. At the end of the report period, the Group’s liquid assets amounted to EUR 31.6 million (28.5). Interest-bearing net debt totaled EUR 10.6 million (23.3). Gearing was 8.4% (18.6%). Non-interest-bearing liabilities amounted to EUR 31.6 million (35.6).

Investments totaled EUR 1.9 million (2.4), or 4.3% of net sales (5.0%). Capital expenditures totaled EUR 0.4 million in Asia and EUR 1.5 million in Europe. Net financial expenses were 0.7 percent of net sales (0.8%).

The Group’s equity ratio at the end of March was 63.1% (58.9%).

SHARES AND SHARE CAPITAL

The total number of Aspocomp’s shares at March 31, 2005, was 20,082,052 and the share capital stood at EUR 20,082,052. Of the total shares outstanding, the company held 200,000 treasury shares with a book counter value of EUR 200,000, representing 1.0 percent of the aggregate votes conferred by all the shares. The number of shares adjusted for the treasury shares was 19,882,052. A total of 3,788,299 Aspocomp Group Oyj shares were traded on the Helsinki Stock Exchange during the report period. The aggregate value of the shares exchanged was EUR 17,783,972.04. The shares traded at a low of EUR 4.15, a high of EUR 5.30 and the average share price was EUR 4.69. The closing price at March 31, 2005, was EUR 4.75 and the company had a market capitalization of EUR 94.4 million. Nominee-registered shares accounted for 7.04% of the share capital and 0.41% was directly held by foreigners.

Erkki Etola and Etra Invest Oy, a company controlled by him, announced, following a share purchase on February 22, 2005, that their joint shareholding of Aspocomp Group Oyj’s share capital and voting rights had exceeded 5%.

On March 29, 2005, Aspocomp Group Oyj and Kaupthing Bank Oyj entered into a market making agreement for the Aspocomp Group Oyj share in accordance with the Helsinki Stock Exchange’s Liquidity Providing (LP) arrangements. Market making according to the agreement began on April 1, 2005, and under its terms, Kaupthing Bank Oyj will provide both bid and sell quotations for the Aspocomp Group Oyj share such that the difference between the quote prices is a maximum of 1.50% of the best bid at any given time. Quote prices will be provided for at least 500 shares, corresponding to ten round lots. After a 6-month fixed period, the agreement will be in effect for the time being, with one month's notice.

The Annual General Meeting of Aspocomp Group Oyj on April 7, 2005, passed a resolution authorizing the Board of Directors to decide on buying back and/or transferring the company's own shares as well as on a rights issue and/or an issue of convertible bonds. The authorizations will be in effect for one year from the resolution of the Annual General Meeting. At the same time, the Annual General Meeting cancelled the corresponding authorizations made on April 2, 2004.

PERSONNEL

The Aspocomp Group had an average payroll of 3,425 employees from January 1 to March 31, 2005 (3,277). At the end of March 2005, the number of employees was 3,414 (3,304).

	Average number 2005 Jan 1-Mar 31	Average number 2004 Jan 1-Mar 31	Number 2005 Mar 31	Number 2004 Mar 31
Europe	983	963	980	966
Thailand	1,317	1,206	1,308	1,206
China	1,125	1,108	1,126	1,132
Total	3,425	3,277	3,414	3,304

MANAGEMENT

Maire Laitinen, LL.M., was appointed general counsel of the Aspocomp Group on March 4, 2005, and a member of the Group's Management Team, effective May 1, 2005.

The Annual General Meeting of Aspocomp Group Oyj on April 7, 2005, resolved that the number of members of the Board of Directors be set at five. Re-elected to seats on the Board were Aimo Eloholma, Roberto Lencioni, Tuomo Lähdesmäki, Gustav Nyberg and Anssi Soila. The firm of independent public accountants PricewaterhouseCoopers Oy was elected as the Group's auditor.

At its organization meeting on April 7, 2005, the Board of Directors elected Tuomo Lähdesmäki as its chairman and Gustav Nyberg as vice chairman. The Board elected as members of the Compensation and Nomination Committees Aimo Eloholma, Roberto Lencioni and Tuomo Lähdesmäki, who was elected chairman of both the committees. The Board appointed only two members to the Audit Committee, Gustav Nyberg and Anssi Soila, of whom Gustav Nyberg was elected chairman of the committee.

The directors decided on April 7, 2005, that each director will spend 40% of his or her annual bonuses on purchasing the company's shares between May 6 and June 17, 2005, taking into account the restrictions set by insider regulations. The shares purchased shall not be transferred before the Annual General Meeting in 2006.

ASPOCOMP S.A.S.

The Appellate Court of Rouen has issued a ruling on the dismissals in 2002 connected with closure of the heavily loss-making Aspocomp S.A.S. plant in Evreux. The appellate court upheld the judgment of the Evreux Labour Court, which Aspocomp had appealed. On the basis of the ruling by the appellate court, Aspocomp Group Oyj must pay the 388 dismissed employees compensation for unfair dismissal corresponding to six to eighteen months' wages and salaries. The total amount of the compensation would thus be about 11 million euros. The cost has not been entered. Aspocomp contests the legal grounds of the court ruling and has decided to appeal to the French Supreme Court.

ADOPTION OF IFRS RULES

The Aspocomp Group adopted IFRS reporting at the beginning of 2005. The statement of reconciliations was published on April 26, 2005.

EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

Aspocomp Group Oyj and Perlos Corporation agreed, on April, 2005, on demerging their joint research and development company Asperation Oy. Asperation was founded in the spring of 2002 with the objective of carrying out R&D activities connected with the integration of components used in products manufactured by the mobile phone and electronics industry. Asperation has worked on coming up with innovative solutions which the owner companies can utilize in their own operations. The original objectives have now been achieved, and in the years ahead the most effective path will be for each of the owner companies to realize the potential of the innovations independently. Several dozens of innovations have been developed.

Asperation's long-term investments, agreements and employees will be divided evenly between Aspocomp and Perlos such that each company receives the innovations and personnel that are of greatest importance to it. It is estimated that the technical implementation of the demerger will take about 4-6 months.

At its units in Finland, Aspocomp's four-year program for building a work fitness management system with the aim of improving the employees' ability to cope with job stress and preventing the detrimental effects of work-related exhaustion. The company also set in motion an online dialogue between the personnel and management with the objective of making use of the employees' views on how to implement the chosen growth strategy. The employees have taken part actively in the initiative by commenting on strategy and putting forth concrete proposals for actions to be taken.

OUTLOOK FOR THE FUTURE

Market researchers and equipment manufacturers are currently forecasting volume growth of about 10–15% for the handheld devices market this year. The telecom network market is also estimated to grow, but at a clearly slower rate than the mobile phone market. The demand for PCBs in the automotive industry is forecast to develop favourably and to grow by just under 5%.

The Aspocomp Group's net sales are estimated to grow in the second half of the year compared with the first half, but the consolidated net sales this year is expected to come in somewhat below the previous years figure. The Group's earnings are likewise estimated to fall short of the year-ago result and the minority interest share of profits to increase.

The net sales and profitability of the main business segment, Printed Circuit Boards, are estimated to improve in the latter part of the year. At the annual level, the Printed Circuit Boards segment's net sales are estimated to grow slightly compared to last year, but profitability is likely to be somewhat weaker. The modules segment will see a substantial drop in net sales and profitability compared to the previous year.

Net sales in the second quarter of 2005 are estimated to be at the level of the previous quarter. Earnings per share are forecast to be negative.

INCOME STATEMENT, JANUARY-MARCH

	1-3/05 MEUR	%	1-3/04 MEUR	%	1-12/04 MEUR	%
NET SALES	43.4	100.0	47.6	100.0	197.4	100.0
Other operating income	0.1	0.3	0.2	0.3	1.3	0.6
Depreciation and amortization	-5.3	-12.2	-5.9	-12.4	-23.1	-11.7
OPERATING PROFIT/LOSS	-1.8	-4.1	2.9	6.0	10.4	5.3
Financial income and expenses	-0.3	-0.7	-0.4	-0.8	-0.7	-0.3
PROFIT/LOSS BEFORE TAXES	-2.1	-4.8	2.5	5.2	9.8	4.9
Taxes	0.4	1.0	-0.1	-0.1	-0.5	-0.3
PROFIT BEFORE MINORITY INTEREST	-1.6	-3.7	2.4	5.0	9.2	4.7
Minority interest	-0.6	-1.3	-0.5	-1.1	-2.3	-1.1
NET PROFIT/LOSS FOR THE PERIOD	-2.2	-5.1	1.9	4.0	6.9	3.5
EARNINGS PER SHARE	-0.11		0.09		0.35	

Accrued taxes for this interim period have been calculated in accordance with the corporate tax rate in force during the period under review and they include taxes brought forward from earlier periods.

BALANCE SHEET

	3/05 MEUR	3/04 MEUR	Change %	12/04 MEUR
ASSETS				

Intangible assets	4.0	4.0	0.0	4.1
Tangible assets	88.3	101.4	-12.9	89.7
Long-term investments	0.5	0.3	53.0	1.0
Long-term receivables	2.5	2.3	8.4	2.0
Inventories	21.9	24.0	-8.4	22.6
Trade and other receivables	51.0	52.5	-2.9	46.5
Marketable securities	20.0	21.4	-6.8	25.0
Cash and cash equivalents	11.7	7.1	65.4	8.2
TOTAL ASSETS	199.9	213.1	-6.2	199.2
SHAREHOLDERS’ EQUITY AND LIABILITIES				
Share capital	20.1	10.0	100.0	20.1
Share premium fund and other funds	73.9	83.9	-12.0	73.9
Retained earnings	8.2	9.6	-14.5	9.4
Equity attributable to shareholders	102.2	103.6	-1.3	103.4
Minority interest	23.9	21.7	10.1	22.3
Total equity	126.1	125.3	0.2	125.6
Long-term liabilities	21.4	28.0	-23.5	20.8
Long-term provisions	2.1	2.3	-5.3	2.1
Current liabilities	50.3	57.5	-12.6	50.7
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	199.9	213.1	-6.2	199.2

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

MEUR	Share capital	Share premium fund	Revaluation and other funds	Retained earnings	Minority interest	Share-holders’ equity, total
Shareholders’ Equity Jan. 1 2005	20.1	73.9		9.4	22.3	125.6
Conversions				1.0	1.1	2.1
Profit/loss for the period				-2.2	0.6	-1.6
Shareholders’equity March 31,2004	20.1	73.9		8.2	23.9	126.1

CASH FLOW STATEMENT

	1-3/05 MEUR	1-3/04 MEUR	1-12/04 MEUR
Cash flow from operations	2.1	4.6	29.8
Cash flow form investments	-1.9	-2.4	-15.7
Cash flow before financial items	0.2	2.2	14.1
Change in long-term financing	0.8	-0.9	-7.5
Change in short-term financing	-2.2	-2.4	-1.8

Dividends paid	-	-	-3.0
Minority interest in the subsidiary share issue			1.1
Total financing	-1.4	-3.3	-11.2
Change in liquid assets	-1.2	-1.1	2.9
Liquid assets at the end of the period	31.7	28.5	33.2

BUSINESS SEGMENTS

	1-3/05 MEUR	1-3/04 MEUR	1-12/04 MEUR
Net sales			
Printed Circuit Boards	34.1	36.4	152.8
Modules	6.6	8.0	32.5
Mechanics	3.5	3.3	12.6
Internal eliminations	-0.7	-0.1	-0.4
Total	43.4	47.6	197.4
Operating profit			
Printed Circuit Boards	-1.5	2.4	8.6
Modules	1.3	1.8	8.0
Mechanics	0.0	-0.1	0.1
Group administration	-1.6	-1.3	-6.3
Total	-1.8	2.9	10.4

KEY FINANCIAL INDICATORS

	3/05	3/04	12/04
Return on Investment (ROI), %	-4.1	3.6	6.9
Return on Equity, %	-5.3	5.2	7.5
Equity/share, EUR	5.14	5.21	5.20
Equity ratio, %	63.1	58.8	63.1
Gearing, %	8.4	18.8	8.3
Gross investments, MEUR	1.9	2.4	15.7
Average number of personnel	3.425	3.277	3.508

CONTINGENT LIABILITIES

	3/05 MEUR	12/04 MEUR
Securities on Group liabilities	29.2	27.3
Operational leasing liabilities	0.1	0.1
Other liabilities	2.3	2.3

TOTAL	31.6	29.7

All figures are unaudited.

Vantaa 4.5.2005

Aspocomp Group OYJ

Board of directors

For further information, please contact CEO Maija-Liisa Friman,
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Aspocomp Group OYJ

Maija-Liisa Friman
President and CEO

PRESS CONFERENCE

A press conference intended for investors, analysts and media representatives will be held on 4 May 2005 at 11:00 a.m. in the Paavo Nurmi conference hall of the Hotel Kämp at Pohjoisesplanadi 29, Helsinki.

Aspocomp: Innovative interconnection solutions for the electronics industry

The Aspocomp Group offers and develops innovative interconnection solutions for the electronics industry in close cooperation with its customers. We hold a strong and recognised position as a supplier of mobile data terminal equipment components and we aim to further strengthen our position as a supplier to the automotive industry and data communications networks. We offer our global customers a fast road to mass production through flexible and cost-effective adaptation of new technologies, to which our balanced production structure in Europe and Asia is well adapted.

We strive to offer solutions to our customers that enable increased flexibility in their own product development. Our belief is that this advantage will bear increasing significance for our customers as end product lifecycles continue to shorten.

The Aspocomp Group's production facilities are located close to its customers in Finland, China and Thailand. In 2004 Group turnover stood at around 200 million euros with a staff of some 3,500.

Some statements in this stock exchange release are forecasts and actual results may differ materially from those stated. Statements in this stock exchange release relating to matters that are not historical facts are forecasts. All forecasts involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Aspocomp Group to be materially different from any future results, performances or achievements expressed or implied by such forecasts. Such factors include general economic and business conditions, fluctuations in currency exchange rates, increases and changes in PCB industry capacity and competition, and the ability of the company to implement its investment programme and to continue to expand its business outside the European market.

Distribution:

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