

ASPOCOMP GROUP INTERIM REPORT 1.1. - 30.9.2004

THIRD QUARTER BETTER THAN IN THE PREVIOUS YEAR

Aspocomp's third quarter net sales increased compared to the corresponding period in the previous year and were EUR 52.2 million (48.6). Earnings per share amounted to EUR 0.18 (0.14). Net sales during January-September 2004 rose to EUR 152.7 million (131.8), and earnings per share increased to EUR 0.61 (-0.48).

Highlights of the third quarter 2004 (all comparisons are year on year to 2003 third quarter results):

- Net sales increased to EUR 52.2 million (48.6). Aspocomp's Chinese subsidiary ACP Electronics and the Mechanics and Modules segment achieved strong growth. The net sales of the Finnish PCB plants and the Thai subsidiary P.C.B. Center remained at the 2003 levels.

- Operating profit increased to EUR 4.0 million (0.7). The higher operating profit was attributable to the improved profitability of the PCB segment, but the Mechanics and Modules segment also achieved clearly better results than during the same quarter in the previous year.

- Profit before tax increased to EUR 3.5 million (0.4), and earnings per share increased to EUR 0.18 (0.14).

- Cash flow from operations totaled EUR 8.6 million (4.6) and investments amounted to EUR 2.8 million (2.7).

Prospects:

- Aspocomp's fourth quarter net sales are forecasted to be on the level of the same period during the previous year. The business mix will change in October-December: Aspocomp's PCB segment is expected to show moderate growth, while Mechanics and Modules segment net sales are expected to be lower than in equivalent period previous year. Therefore the Group's operating profit is expected to be lower than last year during the fourth quarter.

- The net sales, operating profit and earnings per share for the entire year will be significantly better than in the previous one.

MAIJA-LIISA FRIMAN, PRESIDENT AND CEO OF ASPOCOMP:

"The healthy demand for Aspocomp's products continued in the third quarter. The most solid growth was experienced in the HDI boards manufacturing line of the Chinese ACP Electronics. The share of high-tech PCBs of the PCB segment's net sales increased to 61% in the third quarter.

During the current year, the sales of the Mechanics and Modules segment have grown at a very fast pace: during the last quarter, the growth was as much as 32%. However, the demand will slow down in the short run which will curb Aspocomp's growth during the rest of the year and early in the new year. The decline in demand is because the high volume product of the Oulu plant, which is aimed at the telecommunications market, is approaching the final phase of its life cycle. An equivalent product, based on new technology is under development.

In the short term, Aspocomp continues to improve the operational efficiency of Salo plant. This will be achieved by optimizing and upgrading the plant's manufacturing processes to respond to the rapid pace of technological changes required by new products.

In the medium term, Aspocomp intends to grow significantly faster than the PCB industry in average. In the PCB industry, we aim to strengthen our market share and to balance our position in PCBs supplied to the mobile devices, telecommunications and automotive industries. Our other core business comprises modules where we intend to use our new module technologies to cover more of the needs of the electronics manufacturing value chain. The new technologies based on our solid expertise allow customers to pack more performance into a smaller space in their end products.

Our strong balance sheet and cash flow allow significant growth and development projects in our core businesses that are aimed at further increasing the return on equity and enhancing shareholder value while maintaining a solid financial standing."

NET SALES AND PROFIT, JULY-SEPTEMBER 2004 (comparison figures are for Q3 2003)

Net sales totaled EUR 52.2 million for the third quarter compared with EUR 48.6 million during the corresponding period of the previous year. Profit before depreciation totaled EUR 10 million, 19.1% of net sales (EUR 7.3 million, 15%). The operating profit was EUR 4 million (0.7).

Net financial expenses amounted to EUR 0.4 million (0.3). Profit before taxes amounted to EUR 3.5 million (0.4), and profit after taxes and minority interests was EUR 1.8 million (1.4). Earnings per share totaled EUR 0.18 (0.14). Cash flow from operations totaled EUR 8.6 million (4.6).

NET SALES AND PROFIT, JANUARY-SEPTEMBER 2004 (comparison figures are for Q1-Q3 2003)

In January-September, Aspocomp Group's net sales increased to EUR 152.7 million (131.8). The growth in net sales was due to strongly increased delivery volumes in both business segments. The changing dollar-euro exchange rate had the same dampening effect on the growth of net sales as in the first half of the year, i.e. some 3%.

Aspocomp Group's net sales were divided by region as follows: Europe 67% (66%), Asia 18% (17%), and the Americas 15% (17%). The Finnish plants' share of net sales was 65% while the Asian plants accounted for 35%. Products used in mobile phones and telecom systems accounted for approximately 72% of Group net sales, and approximately 28% were amassed by automotive, industrial and consumer electronics.

The Group's five largest customers - Nokia, Ericsson, Sanmina-SCI, Philips and Siemens - accounted for 62% of net sales (60%) during the period under review.

The operating profit before depreciation was 18.8% of net sales (12.2%), amounting to EUR 28.7 million (16.1). The operating profit was EUR 10.4

million (-7.3). The operating loss of the previous year includes the non-recurring costs of EUR 4.8 million. The improved profitability was specifically attributable to the considerably increased delivery volumes and the organizational restructuring carried out in the Group during 2003. Profitability was also improved by better efficiency at ACP Electronics and the increased share of high-tech PCBs in Aspocomp's product portfolio.

The net financing expenses amounted to EUR 1.1 million (1.1), and profit before taxes was EUR 9.4 million (-8.4). The profit for the period after taxes and minority interests increased to EUR 6.1 million (-4.8), and earnings per share increased to EUR 0.61 (-0.48). The cash flow from operations totaled EUR 18.4 million (9.1).

## BUSINESS SEGMENTS

### Printed Circuit Boards

The third-quarter net sales of the PCB segment increased by 2% to EUR 40.7 million (39.9). The comparable increase in net sales was much faster because last year's figures include the Teuva plant, divested in 2003, which during the comparison period had net sales amounting to EUR 1.8 million. The net sales figures were in particular boosted by ACP Electronics.

During the third quarter, the PCB segment net sales were divided by region as follows: Europe 61% (55%), Asia 26% (23%) and the Americas 13% (22%). The Finnish plants' share of net sales was 54% while the Asian factories accounted for 46%.

The operating profit of the segment during the third quarter was EUR 1.9 million (-0.7).

In January-September 2004, the PCB segment net sales increased to EUR 117.6 million (104.0), thanks to the strong growth in volumes. The figures for the previous year include both the Teuva plant, divested in August 2003, and Padasjoki plant which role was changed as a laminate producer. Their total net sales was EUR 9.7 million. The comparable net sales of the plants in Finland (Salo and Oulu) increased by 16% while the plants in Asia (China and Thailand) increased their net sales by 33%. The increased share of high-tech products and bigger volumes resulted in improved profitability compared with the previous year. The January-September operating profit of the segment was EUR 4.4 million (-11.0). The operating loss of the previous year includes the non-recurring costs of EUR 4.8 million. The financial results of the segment include Aspocomp's full share of the expenses of the joint venture companies Asperation and Imbera Electronics.

### Mechanics and Modules

The net sales of the Mechanics and Modules business increased during the third quarter by 32% to EUR 11.5 million (8.7). The increase in net sales was mainly attributable to positive growth in volume. The demand was particularly strong in the telecommunications market. The number of products delivered to the other branches of industry remained at a fair level.

The exceptionally high capacity utilization rate in the segment during the third quarter resulted in better profitability than in the previous year. The operating profit of the segment was EUR 2.1 million (1.4).

In January-September, the net sales of the Mechanics and Modules business increased by 26% to EUR 35.1 million (27.8). The growth was primarily attributable to strong demand in the telecommunication networks market. The operating profit improved to EUR 6.0 million (3.7).

#### FINANCING, INVESTMENTS and EQUITY RATIO

The Group's liquidity during the period under review was good. The Group's liquid assets totaled EUR 30.2 million (19.2). Interest-bearing net debt totaled EUR 16.9 million (39.8), including EUR 23.6 million (27.1) financial leasing liabilities consolidated in the Group Balance Sheet. Gearing was 13.2% (32.7%), while gearing without the consolidated financial leasing liabilities was -5.2% (10.4%). Non-interest-bearing debts amounted to EUR 33.5 million (32.9).

Investments totaled EUR 8.9 million (8.9), or 5.8% of net sales (6.8%). EUR 3.7 million of the investments were made in Asia and EUR 5.2 million in Europe. Net financial expenses as a percentage of net sales totaled 0.7% (0.8%).

The Group's equity ratio at the end of September was 61.5% (56.9%).

#### SHARES AND SHARE CAPITAL

On 30 September 2004, the total number of Aspocomp shares was 10,041,026 and the share capital was EUR 10,041,026. Of the total, 100,000 shares are held by the company itself. The book counter value of these shares is EUR 100.000, and these shares represent 1% of the total votes of all shares. The number of shares adjusted for Aspocomp's own shareholding was 9,941,026. During the period, a total of 2,954,407 shares in Aspocomp Group Oyj were exchanged on the Helsinki Exchanges. The grand total of these transactions amounted to EUR 37.7 million. The lowest price paid for the shares was EUR 11.63, the highest was EUR 14.54, and the average was EUR 12.75. The closing price on 30 September 2004 was EUR 12.95, and the market capitalization of the company was EUR 128.7 million. Nominee-registered shares represented 10.3% of share capital while 1.1% was held directly by foreign shareholders.

On 2 April 2004, the Annual General Meeting of Aspocomp Group Oyj authorized the Board of Directors to decide on acquiring and/or conveying its own shares and on a shares issue and/or taking of convertible loans. The authorizations are valid for one year from the date of the Annual General Meeting. At the same time, the Annual General Meeting cancelled similar authorizations granted on 4 April 2003. The Board of Directors has not used the authorizations granted by the Annual General Meeting on 2 April 2004.

#### PERSONNEL

The average number of employees in the Aspocomp Group during the period 1 January - 30 September 2004 was 3,515 (3,123). At the end of September 2004 there were 3,546 employees (3,183).

	Average number 2004 1.1.-30.9.	Average number 2003 1.1.-30.9.	Number 2004 30.9.	Number 2003 30.9.
Europe	997	1,074	985	966
Thailand	1,392	1,108	1,423	1,176
China	1,126	941	1,138	1,041
Total	3,515	3,123	3,546	3,183

#### MANAGEMENT

On 2 February 2004, the Board of Directors of Aspocomp Group Oyj appointed Ms Maija-Liisa Friman M.Sc. (Chem. Eng.) as the President and CEO of the company. She took up her new position on 1 April 2004.

The Annual General Meeting of Aspocomp Group Oyj held on 2 April 2004 approved the Board's proposal for changing Articles 6 and 15 of the Articles of Association, relating to the term of office of Board Members, so that the Members are now elected for one year at a time.

On 2 April 2004, the Annual General Meeting of Aspocomp Group Oyj decided that the Board of Directors shall consist of six Members. Aimo Eloholma, Roberto Lencioni, Tuomo Lähdesmäki, Gustav Nyberg and Karl Van Horn were re-elected as Board Members, and Anssi Soila was elected as a new Member. The authorized public accounting firm PricewaterhouseCoopers Oy was appointed as the Auditor for the company.

In its organization meeting on 2 April 2004, the Board re-elected Tuomo Lähdesmäki as Chairman of the Board, while Karl Van Horn was elected as Vice-Chairman. As members of the Compensation and Nomination Committees, the Board elected Aimo Eloholma, Roberto Lencioni and Tuomo Lähdesmäki, who was also appointed as Chairman for both committees. Karl Van Horn, Gustav Nyberg and Anssi Soila were elected by the Board as members of the Audit Committee. The Board appointed Gustav Nyberg as Chairman of the Audit Committee.

On 2 April 2004, the Board decided that each Member of the Board or an entity under his influence shall spend 40% of his annual remuneration in buying shares in the company during the period 10 May - 18 June 2004, which took place within the limitations of insider trading rules. The Board also decided not to convey the acquired shares before the Annual General Meeting of 2005.

The company amended its Corporate Governance system in June so that it now complies with the recommendation given to the listed companies by the Helsinki Exchanges in December 2003.

#### ASPOCOMP S.A.S.

In May, the Evreux Labour Court rendered its decision on redundancy notices of the closing of the heavily unprofitable Aspocomp S.A.S. in Evreux, France in 2002. According to the decision, Aspocomp should pay to 388 persons issued with

notice a compensation equivalent to six months remuneration due to unfair dismissal. The estimated compensation totals to approximately EUR 6.6 million.

According to Aspocomp's legal advisors, the decision is not in line with established court practice. Aspocomp has appealed against the decision and, based on current assessments, the legal processes are expected to continue for some years before a final decision is made.

#### IFRS IMPLEMENTATION

The Aspocomp Group will introduce IFRS (International Financial Reporting Standards) at the beginning of 2005. Aspocomp has already been recording all financial leasing agreements as assets and liabilities since 1999. The fixed expenditure of finished product stores has been capitalized, and imputed tax liabilities and receivables have been recorded.

In line with the decision taken in March 2004, the disability pension portion of the Finnish TEL system (TEL=Employees' Pension Act) is to be treated as a benefit arrangement in accordance with IFRS, which means that the disability pension is to be entered as a long-term liability. The negotiating group consisting of central organizations in the labor market has, on 14 October, decided on a recommendation that the major employers' own risk regarding disability pensions in the TEL insurance would be replaced by an arrangement based on different premium payment categories. The change would eliminate the obligation to enter disability benefits as a liability in IFRS-based final accounts.

The introduction of IFRS is not expected to have any substantial influence on the Group's equity at the time of changeover.

#### PROSPECTS

The strong growth in the mobile phone markets continued during the third quarter. During the current year, research institutions and device manufacturers have estimated that the volume of mobile phone sales this year will grow much faster than was estimated previously. At present, most of them estimate the total volume of the market in 2004 to be approximately 600 million mobile phones or slightly more (the market in 2003 was over 470 million phones).

During the first part of the year, the telecommunication networks market grew faster than expected, albeit recent reports suggest that the growth rate is slowing down. The PCB demand in the automotive industry is expected to develop favorably.

Aspocomp's fourth quarter net sales are forecasted to be on the level of the same period during the previous year. The business mix will change in October-December: Aspocomp's PCB segment is expected to show moderate growth, while Mechanics and Modules segment net sales are expected to be lower than in equivalent period previous year. Therefore the Group's operating profit is expected to be lower than last year during the fourth quarter.

The net sales, operating profit and earnings per share for the entire year will be significantly better than in the previous one.

In 2004, gross investments are expected to amount to approximately 7% of the Group's net sales.

ASPOCOMP GROUP INCOME STATEMENT, JULY - SEPTEMBER

	7-9/04		7-9/03	
	MEUR	%	MEUR	%
NET SALES	52.2	100.0	48.6	100.0
Other operating income	0.3	0.6	0.1	0.1
Depreciation and write-downs	6.0	11.5	6.5	13.5
OPERATING PROFIT/ LOSS	4.0	7.6	0.7	1.5
Financial income and expenses	-0.4	-0.8	-0.3	-0.6
PROFIT/ LOSS BEFORE EXTRAORDINARY ITEMS AND TAXES	3.5	6.8	0.4	0.9
Extraordinary income	0.0	0.0	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0	0.0
PROFIT/ LOSS BEFORE TAXES	3.5	6.8	0.4	0.9
Taxes	-0.9	-1.7	0.4	0.9
Minority interests	-0.9	-1.7	0.6	1.3
PROFIT/ LOSS FOR THE PERIOD	1.8	3.4	1.4	2.9
EARNINGS PER SHARE	0.18		0.14	

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.

ASPOCOMP GROUP INCOME STATEMENT, JANUARY - SEPTEMBER

	1-9/04		1-9/03		1-12/03	
	MEUR	%	MEUR	%	MEUR	%
NET SALES	152.7	100.0	131.8	100.0	182.3	100.0
Other operating income	0.8	0.5	0.0	0.0	1.2	0.7
Depreciation and write-downs	18.2	11.9	23.4	17.8	29.7	16.3
OPERATING PROFIT/LOSS	10.4	6.8	-7.3	-5.5	-5.3	-2.9
Financial income						

and expenses	-1.1	-0.7	-1.1	-0.8	8(11) -1.3	-0.7
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAXES	9.4	6.1	-8.4	-6.4	-6.6	-3.6
Extraordinary income	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0	0.0	0.0	0.0
PROFIT/LOSS BEFORE TAXES	9.4	6.1	-8.4	-6.4	-6.6	-3.6
Taxes	-1.0	-0.7	1.6	1.2	3.5	1.9
Minority interests	-2.3	-1.5	2.0	1.5	2.2	1.2
PROFIT/LOSS FOR THE PERIOD	6.1	4.0	-4.8	-3.6	-0.9	-0.5
EARNINGS PER SHARE	0.61		-0.48		-0.09	

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

	9/04 MEUR	9/03 MEUR	Change %	12/03 MEUR
Fixed assets				
Intangible assets	3.3	4.8	-31.0	4.2
Tangible assets	97.1	111.3	-12.7	105.2
Investments	1.7	1.7	-1.3	1.7
Current Assets				
Stocks	25.0	21.3	17.4	20.8
Receivables	52.8	55.9	-5.5	52.7
Investments	16.0	0.0	-	20.8
Cash and bank deposits	14.2	19.2	-26.2	8.9
TOTAL ASSETS	210.2	214.3	-1.9	214.2
Shareholders' equity				
Share capital	10.0	10.0	-	10.0
Other shareholder's equity	95.1	89.9	5.8	92.1
Minority interests	24.4	22.4	9.0	20.5
Mandatory reserves	2.5	1.9	31.4	1.7
Long-term liabilities	24.6	31.7	-22.6	28.7
Short-term liabilities	53.5	58.3	-8.2	61.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	210.2	214.3	-1.9	214.2

## CASH FLOW STATEMENT

	7-9/04 MEUR	7-9/03 MEUR
Cash flow from operations	8.6	4.6
Cash flow from investments	-2.8	-0.4
Cash flow before financial items	5.8	4.2
Decrease in long-term financing	-0.8	-1.5
Decrease/Increase in short-term financing	-2.2	3.4
Minority interest in the subsidiary share issue	1.2	-
Total financing	-1.8	1.9
Increase in liquid assets	4.0	6.1
Liquid assets at the end of the period	30.2	19.2

## CASH FLOW STATEMENT

	1-9/04 MEUR	1-9/03 MEUR	1-12/03 MEUR
Cash flow from operations	18.4	9.1	25.4
Cash flow from investments	-8.9	-6.5	-11.3
Cash flow before financial items	9.5	2.7	14.1
Decrease in long-term financing	-4.1	-5.7	-7.0
Decrease/increase in short-term financing	-3.2	4.6	5.0
Dividends paid	-3.0	-2.5	-3.0
Minority interest in the subsidiary share issue	1.2	-	-
Total financing	-9.0	-3.6	-5.0
Increase/decrease in liquid assets	0.5	-0.9	9.0
Liquid assets at the end of the period	30.2	19.2	29.8

## BUSINESS SEGMENTS

	7-9/04 MEUR	7-9/03 MEUR	1-9/04 MEUR	1-9/03 MEUR	1-12/03 MEUR
Printed Circuit Boards Net sales	40.7	39.9	117.6	104.0	142.5
Printed Circuit Boards Operating profit	1.9	-0.7	4.4	-11.0	-11.1
Mechanics and Modules Net sales	11.5	8.7	35.1	27.8	39.8
Mechanics and Modules Operating profit	2.1	1.4	6.0	3.7	5.8

## KEY FINANCIAL INDICATORS

	9/04	9/03	12/03
Return on Investment (ROI), %	8.5	-7.6	-1.9
Return on Equity, %	8.9	-7.1	-2.4

Equity/share, EUR	10.50	9.98	10.20 <sup>10(11)</sup>
Equity ratio, %	61.5	56.9	57.1
Gearing, %	13.2	32.7	20.3
Gross investments, MEUR	8.9	8.9	13.8
Average number of personnel	3,515	3,123	3,330

CONTINGENT LIABILITIES

	9/04 MEUR	12/03 MEUR
Securities on Group liabilities	8.0	8.0
Operational leasing liabilities	0.2	0.2
Other liabilities	25.5	24.4
TOTAL	33.7	32.6

DERIVATIVE CONTRACTS

	9/04 MEUR	12/03 MEUR
Foreign Currency Forward Contracts		
Market Value	0.0	0.0
Nominal Value	0.0	4.6
Electricity Forward Contracts		
Market Value	0.0	0.0
Nominal Value	0.6	0.7

All figures are unaudited.

Vantaa 4.11.2004

ASPOCOMP GROUP OYJ

Board of Directors

For further information, please contact CEO Maija-Liisa Friman,  
Tel. +358 9 7597 0711.

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 November 2004 at 11:00 a.m. in the Paavo Nurmi conference hall of Hotel Kämp at Pohjoisesplanadi 29, Helsinki.

#### ASPOCOMP IN BRIEF

The Aspocomp Group serves the electronics industry by supplying high-tech electronic components and services such as PCBs (printed circuit boards), and PCB-related designs as well as mechanics and modules. Aspocomp's products are used in the electronics industry, mobile handsets, telecommunications infrastructure, automotive and other industrial applications. The Aspocomp Group's production facilities are located in Finland, China and Thailand. In 2003, Group net sales were EUR 180 million approximately, and the Group had some 3,300 employees. The parent company, Aspocomp Group Oyj, has been listed on the Helsinki Exchanges since 1999.

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:

The Helsinki Exchanges

Major Media

[www.aspocomp.com](http://www.aspocomp.com)