

POWERING YOUR SUCCESS



**Presentation of 3rd Quarter 2006
(Nov. 1, 2005 – July 31, 2006)**

Sept. 9, 2006

**Reijo Mähäniemi
President and CEO**



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Highlights from the 3rd quarter



Highlights from the 3rd Quarter

- ▶ Net sales increased mainly due to increase in deliveries to the telecommunication sector and geographically in Asia.
- ▶ During the period under review a record number of new product development ventures has been under way
- ▶ Product development inputs were focussed on the traditional power supplies and various DC power systems for telecommunications premises and controlling industrial processes.

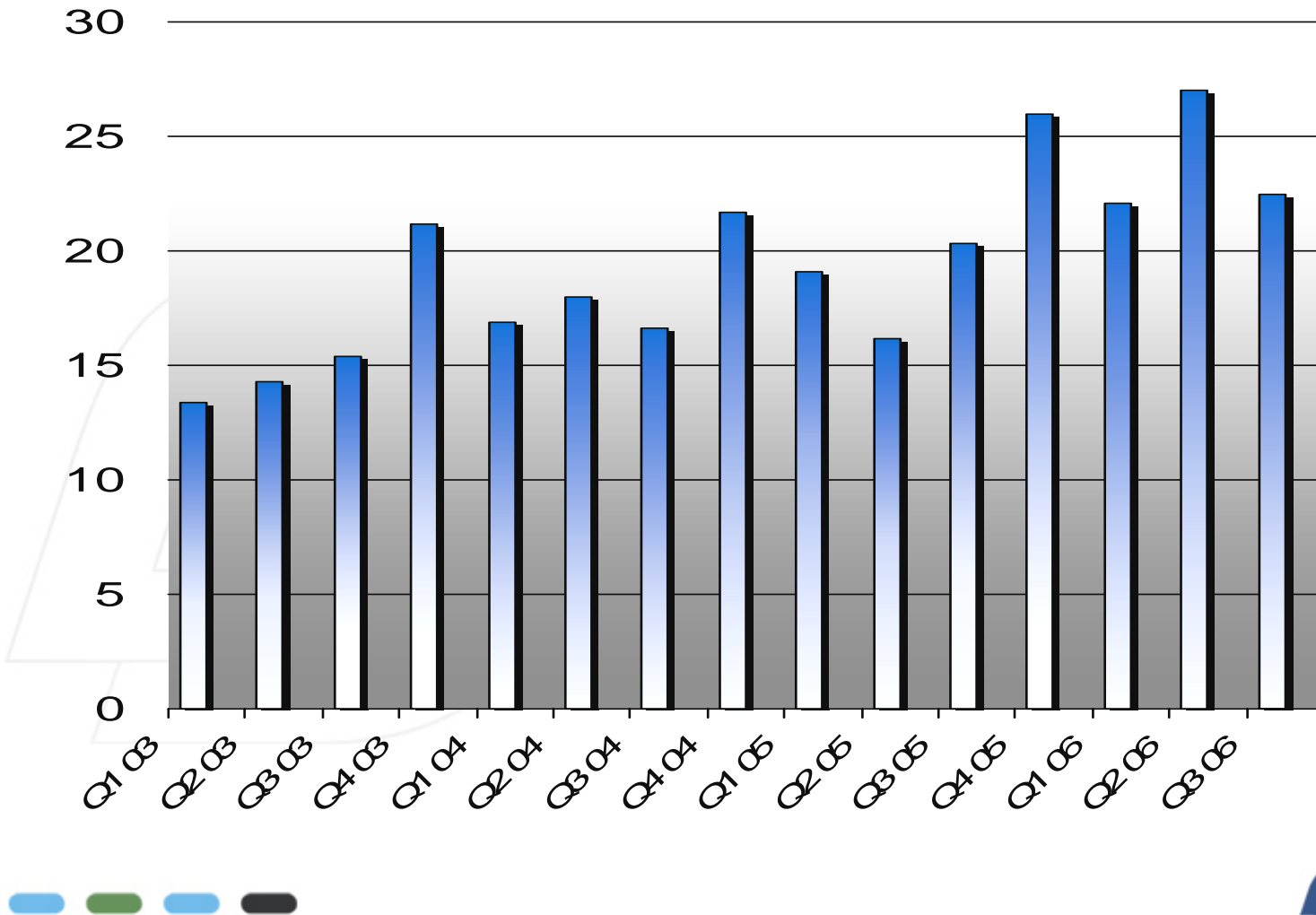


Highlights from the 3rd Quarter

- ▶ Net sales totaled EUR 22.5 million (20,3 million)
 - The growth in net sales was 10,6 %
 - Strongest growth was recorded in deliveries to the telecommunications sector related to 2F, 2,5G and 3G base stations for mobile phone networks
 - Also deliveries for new broadband telecommunications equipment in developed countries increased (Triple Play, Quardruple Play and WiMax)
 - The growth in net sales was strongest in the APAC-area.



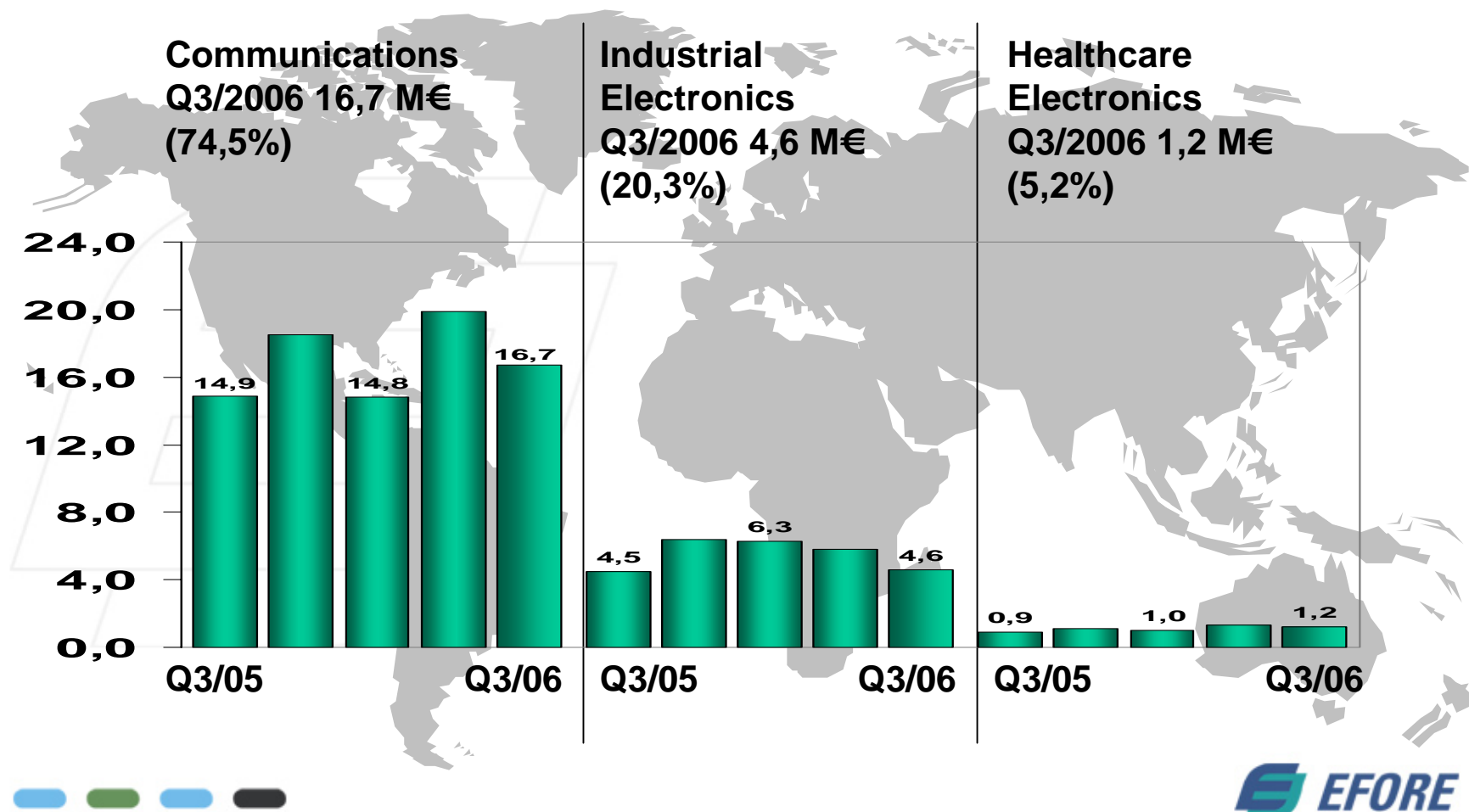
Net Sales by Quarter, Meur



Net Sales by Market Segments

Q3/2005-Q3/2006

(MEUR)



Highlights from the 3rd Quarter

- ▶ Operating profit was EUR –3.4 million (EUR 0.4 million)
 - The operating profit was significantly weakened by the non-recurring expenses relating to the company's significant restructuring including write-downs of production equipment and the expenses involved in giving notice of redundancy arising from the decision to discontinue production at the Saarijärvi plant and to close down one of the two plants in the USA.
 - Resignation – and redundancy compensations for the executives were also recorded against the profit for the third quarter. Non-recurring expenses totaled EUR 3.1 million.
 - The operating profit was also weakened by the operating loss at the Saarijärvi plant and by a more unfavorable trend than expected in the prices of certain important materials.



Interim report (Q3) May. 1 – July 31, 2006



Key Figures (3 months)

	Q3 2006	Q3 2005
Net Sales, Meur	22,5	20,3
Operating Profit (-Loss), Meur	-3,4	0,4
Net Profit (-Loss), Meur	-4,3	0,7
Cash Flow from Operations, Meur	3,8	3,0
Return on Equity, %	-50,2	8,1
Return on Investment, %	-43,9	10,8
Solvency Ratio, %	62,1	65,9
Gearing, %	-40,6	-42,5
Average number of personnel	807	709



Efore Group (3 months)

CONSOLIDATED PROFIT AND LOSS STATEMENT, MEUR	May./06-Jul./06 3 months	May./05-Jul./05 3 months	change %
NET SALES	22,5	20,3	10,6
Changes in inventories of finished goods and work in progress	0,5	0,1	-371,4
Other operating income	0,2	0,0	491,9
Other operating expenses	-25,6	-19,3	32,7
Depreciations	-0,9	-0,7	16,5
Impairments	0,0	0,0	-100,0
OPERATING PROFIT (-LOSS)	-3,4	0,4	-1 058,9
% net sales	-15,0	1,7	
Financing income and expenses	-0,5	0,6	-182,3
Share of loss of associated companies	-0,1	0,0	
PROFIT (-LOSS) BEFORE TAX	-4,0	1,0	-507,9
% net sales	-18,0	4,9	
Tax on income from operations	-0,3	-0,3	12,0
PROFIT (-LOSS) FOR THE PERIOD	-4,3	0,7	-689,1

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CONSOLIDATED BALANCE SHEET, MEUR	Jul. 31, 2006	Jul. 31, 2005	change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4,9	4,2	16,7
Tangible assets	8,9	8,0	11,4
Investments in associates	0,1	0,0	
Long-term receivables and investments	0,4	2,1	-81,1
NON-CURRENT ASSETS	14,2	14,3	-0,2
CURRENT ASSETS			
Inventories	12,4	13,2	-6,1
Trade receivables and other receivables	11,5	11,3	1,2
Cash equivalents	7,3	10,7	-31,7
Cash in hand and at banks	6,8	7,1	-3,2
CURRENT ASSETS	38,0	42,3	-10,1
ASSETS	52,2	56,6	-7,6
EQUITY AND LIABILITEIS			
SHAREHOLDERS' EQUITY			
Share capital	34,5	34,5	0,0
Share premium account and other reserves	0,9	4,4	-78,6
Transferred from share premium account	4,0	0,0	
Retained earnings	-6,9	-1,5	356,9
SHAREHOLDERS' EQUITY	32,4	37,3	-13,1
LIABILITIES			
Long-term liabilities	0,4	0,8	-47,1
Current liabilities	19,4	18,4	5,2
LIABILITIES	19,8	19,3	2,9
TOTAL EQUITY AND LIABILITIES	52,2	56,6	-7,6

Efore Group (3 months)

CASH FLOW STATEMENT, MEUR

	May./06-Jul./06	May./05-Jul./05	change %
Cash flow from business operations before financing items and taxes	4,4	3,4	
Financing items and taxes	-0,6	-0,4	
Cash flow from business operations (A)	3,8	3,0	27,0
Investments	-1,6	-1,3	
Cash flow from investments (B)	-1,6	-1,3	19,0
Directed share issue and subscription of shares with warrants	0,0	0,0	
Change in liabilities	-0,7	-0,4	
Dividends paid	0,0	0,0	
Cash flow from financing (C)	-0,7	-0,4	85,2
Change in cash flow (A+B+C), increase (+), decrease (-)	1,5	1,3	19,0

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GROUP CONTINGENT LIABILITIES

Jul. 31, 2006 Jul. 31, 2005 Change -%

Contingent liabilities, EUR million

On own behalf

- Corporate mortgages	0,0	0,0	
- Pledges given	0,0	0,1	-77,5
- Other contingent liabilities	0,2	0,2	0,0
- Rent and leasing commitments	6,1	6,7	-8,5

Derivative contracts

-Forward currency contracts

Market value	0,9	2,2	-57,9
Value of underlying Instruments	0,9	2,2	-56,2



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GROUP KEY FIGURES, EUR million

	May./06- Jul./06 3 months	May./05- Jul./05 3 months	Nov./04- Oct./05 12 months
Earnings per share,eur	-0,11	0,02	-0,04
Earnings per share, diluted, eur	-0,11	0,02	-0,04
Shareholders' equity per share, eur	0,80	0,92	0,94
Solvency ratio,%	62,1	65,9	63,7
Return on equity-%(ROE)	-50,2	8,1	-14,4
Return on investment-%(ROI)	-43,9	10,8	-1,1
Gearing, %	-40,6	-42,5	-52,2
Net interest-bearing debt, EUR million	-13,1	-15,8	-19,9
Gross investments, Me	1,6	1,2	5,6
as percentage of net sales	7,2	6,0	6,8
Average personnel	807	709	668

Major shareholders



Major shareholders (per 31.7.2006)

Shareholder	<i>no. of shares</i>	<i>% share</i>
Nordea Bank Finland Plc (nominee reg.)	3 983 500	9,82
Evli Bank Plc	2 612 200	6,45
OP-Suomi Kasvu Mutual Fund	1 811 200	4,47
Tammivuori Esko	1 779 592	4,39
Mutual Insurance Company Pension Fennia	1 541 700	3,80
Tammivuori Matti	1 380 000	3,40
Tammivuori Leena	1 369 800	3,38
Varma Mutual Pension Insurance Company	1 214 100	2,99
Syrjälä & Co Oy	1 095 680	2,70
Fim Fenno Mutual Fund	1 077 800	2,66
Oy Q & A Consulting Ab	1 038 400	2,56
Mandatum Securities Ltd	980 800	2,42
Nordea Bank Finland Plc	672 200	1,66
Veikko Laine	596 600	1,47
Fabritius Hannes	473 316	1,17
Aktia Capital Mutual Fund	430 812	1,06
Fim Forte Mutual Fund	420 000	1,04
Ilmarinen Mutual Pension Insurance Company	400 000	0,99
Syrjälä Timo	400 000	0,99
Rausanne Oy	371 400	0,92

Outlook



Outlook 2006 - 2007

- ▶ The telecommunications infrastructure market is expected to continue growing at a moderate rate, measured by its value in euros, during 2006.
- ▶ Net sales for the current fiscal year (12 months) are expected to be clearly up on the previous fiscal year's figures.
- ▶ Along with the restructuring the operating profit and earnings per share are expected to be lower than in the previous fiscal year due to the costs recorded as a non-recurring expense and the more unfavorable than expected trend in the price of important components and materials during the third quarter.
- ▶ The consolidated operating profit is expected to show a noticeable improvement during the final quarter.



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**Thank you
for your interest**

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