


POWERING YOUR SUCCESS



**Presentation of 2nd Quarter 2006
(Nov. 1, 2005 – April, 2006)**

June 8, 2006

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President and CEO**

**EFORE**



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Highlights from the 2nd quarter



Highlights from the 2nd Quarter

- ▶ Net sales increased mainly due to increase in deliveries of power supply solutions for mobile phone networks and fixed telecommunication systems
- ▶ New product development projects were launched, in particular with customers in the telecommunications sector.
- ▶ Production transfers to low cost countries were continued according to the plans
- ▶ New key persons started in sales and product development
- ▶ With the growth in sales and streamlining of operational activities, there was a clear improvement in the business profitability .

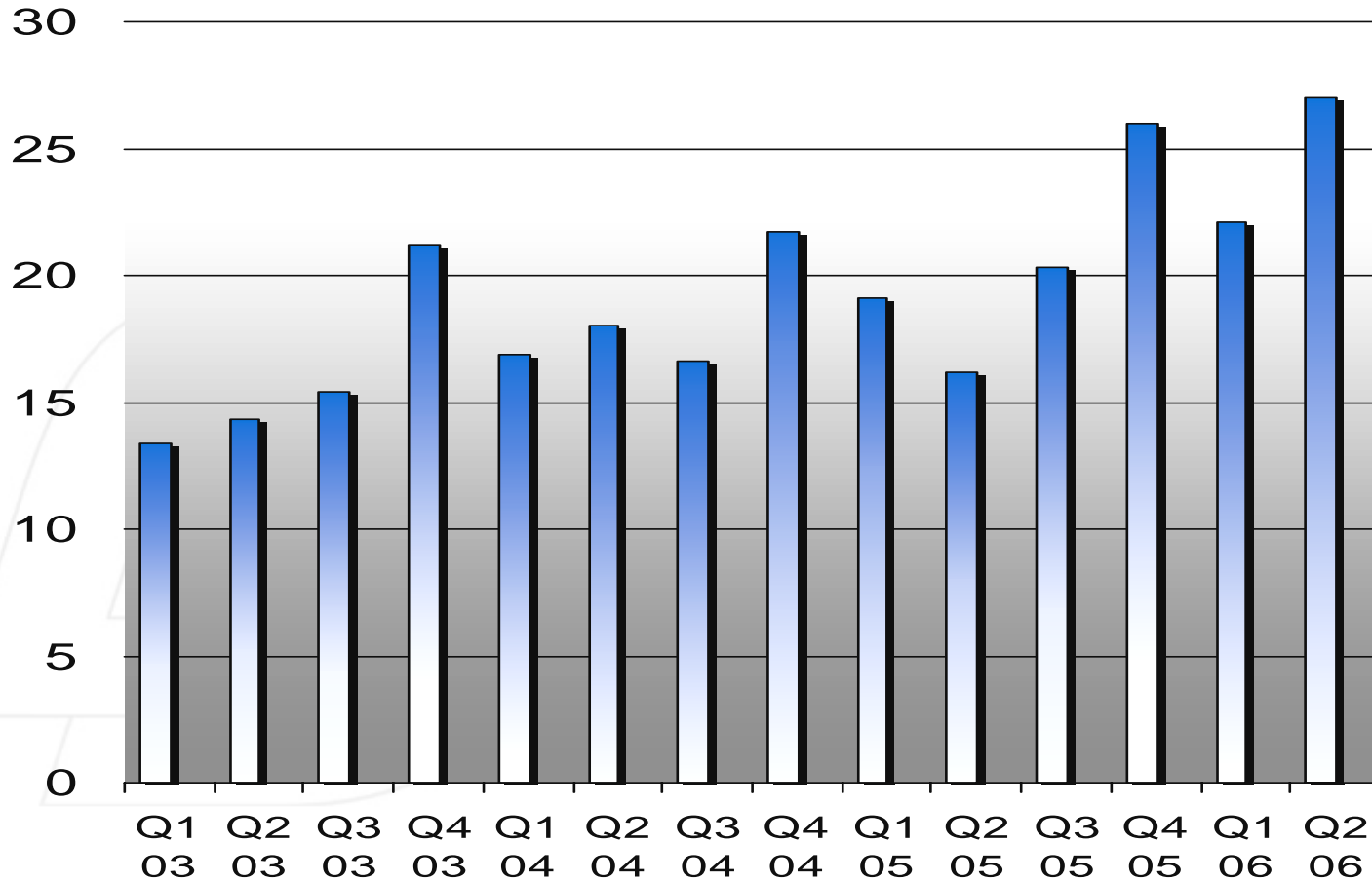


Highlights from the 2nd Quarter

- ▶ Net sales totaled EUR 27.0 million (16.2 million)
 - The growth in net sales was 66,7 % and it reached a new record level
 - Strongest growth was recorded in deliveries to the telecommunications sector, i.e. base stations for mobile phone networks and fixed telecommunications systems (e.g broadband Triple Play solutions).
 - The growth in net sales was strongest in the EMEA region (Europe, the Middle East and Africa).



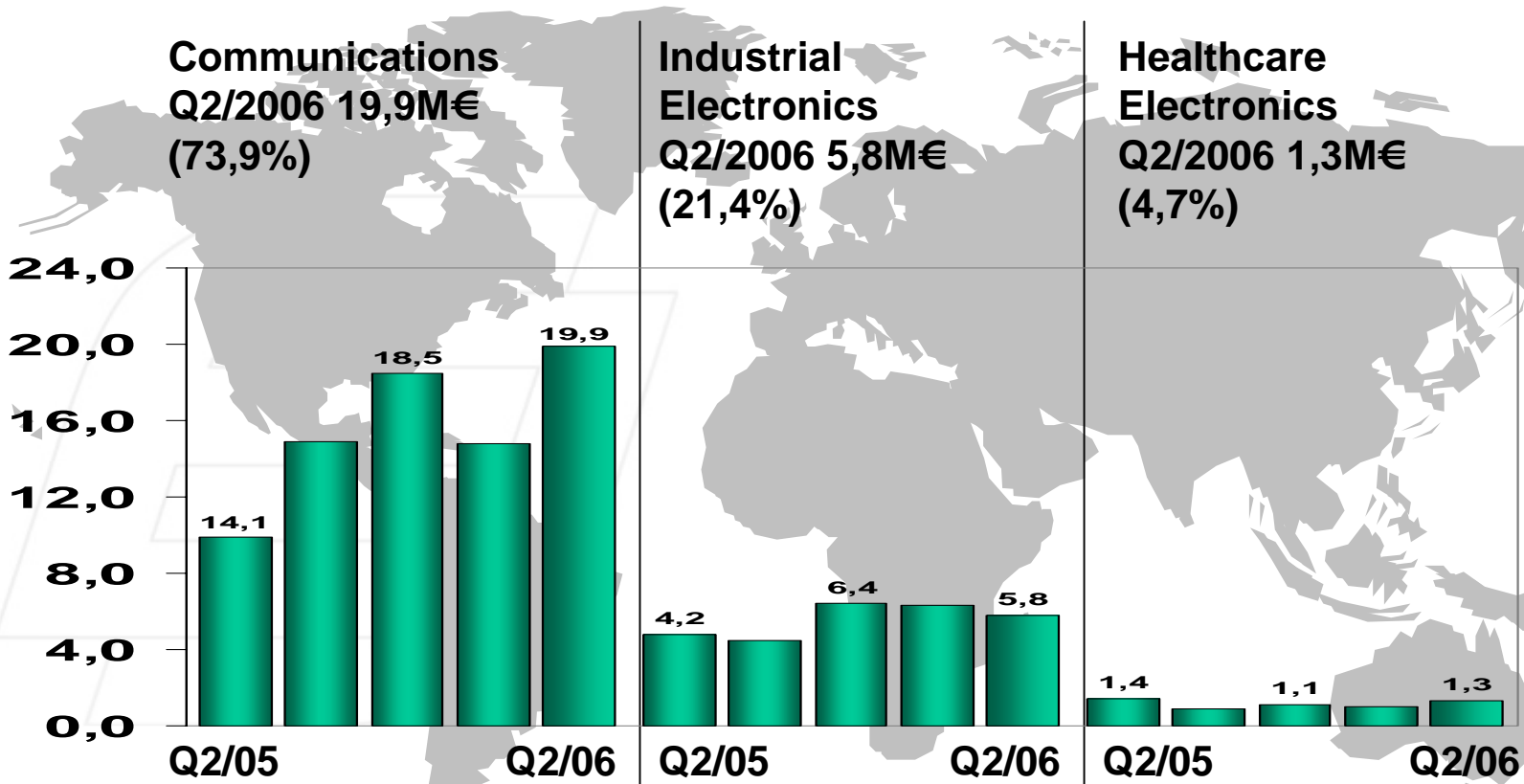
Net Sales by Quarter, Meur



Net Sales by Market Segments

Q2/2005-Q2/2006

(MEUR)



Highlights from the 2nd Quarter

- ▶ Operating profit was EUR 1.3 million (EUR –3.6 million)
 - With the growth in sales, there was a clear improvement in the business profitability.
 - Operating profit was lower than normally expected due to the ongoing production-restructuring
 - Operating profit was affected write-downs of non-marketable materials that resulted from product modifications in line with the RoHS Directive (effective from July 1, 2006)



Highlights from the 2nd Quarter

- ▶ Profit before taxes was EUR 1.7 million (EUR –3.7 million)
 - Profit was improved by the good performance of the associated company Power Innovation GmbH, which had a positive effect of EUR 0.1 million
 - The financial expenses were adversely affected by an increase a write-back of EUR 0.3 million of a write-down on the shares and loan receivables of the associated company Power Innovation GmbH.
- ▶ Net profit was EUR –0.5 million (EUR -4.3 million)
 - The net profit was adversely affected by an adjustment of EUR 1.3 million previously recorded as a non-recurring expense to tax receivables entered in the books of Efore (USA) Inc.
 - The net profit was adversely affected by an adjustment of EUR 0.6 million to an avoir-fiscal receivable previously recorded as a non recurring expense

Changes in management and organization

- ▶ Changes in management and organization
 - Sales, technology development, product development, and manufacturing operations (incl. supply management and sourcing) were converted into global functions managed at Group level.
- ▶ Management appointments related to the changes in organization model
 - Scott Vartija
 - Executive Vice President, GA Americas
 - Markku Kukkonen
 - Executive Vice President, Product Development
- ▶ Other key persons
 - Ferdinand Gerhardes
 - Vice President, BU 3 that is responsible for customers in the Central Europe
 - Lars Riback
 - Vice President, Business Unit Systems that is responsible for DC Power Systems

Interim report (Q2) Feb. 1 – April 30, 2006



Key Figures (3 months)

	Q2 2006	Q2 2005
Net Sales, Meur	27,0	16,2
Operating Profit (-Loss), Meur	1,3	-3,6
Net Profit (-Loss), Meur	-0,5	-4,3
Cash Flow from Operations, Meur	-1,3	-2,1
Return on Equity, %	-5,7	-32,0
Return on Investment, %	18,3	-26,0
Solvency Ratio, %	64,1	65,8
Gearing, %	-29,7	-39,3
Average number of personnel	800	644



Efore Group (3 months)

CONSOLIDATED PROFIT AND LOSS STATEMENT, MEUR	Feb./06-Apr./06 3 months	Feb./05-Apr./05 3 months	change %
NET SALES	27,0	16,2	66,7
Changes in inventories of finished goods and work in progress	-0,5	-0,5	-12,2
Other operating income	0,1	0,1	116,0
Other operating expenses	-24,5	-18,5	32,5
Depreciations	-0,9	-0,7	21,6
Impairments	0,0	-0,1	-100,0
OPERATING PROFIT (-LOSS)	1,3	-3,6	136,2
% net sales	4,8	-22,2	
Financing income and expenses	0,3	-0,1	302,6
Share of loss of associated companies	0,1	0,0	1 175,8
PROFIT (-LOSS) BEFORE TAX	1,7	-3,7	144,9
% net sales	6,2	-23,0	
Tax on income from operations	-2,2	-0,5	306,1
PROFIT (-LOSS) FOR THE PERIOD	-0,5	-4,3	87,7

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CONSOLIDATED BALANCE SHEET, MEUR	Apr. 30, 2006	Apr. 30, 2005	change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4,6	4,0	15,7
Tangible assets	9,1	7,5	22,5
Investments in associates	0,2	0,0	
Long-term receivables and investments	0,4	1,9	-77,7
NON-CURRENT ASSETS	14,4	13,4	7,4
CURRENT ASSETS			
Inventories	13,2	12,1	9,0
Trade receivables and other receivables	17,0	12,4	37,4
Cash equivalents	8,6	12,0	-28,1
Cash in hand and at banks	4,1	4,4	-7,8
CURRENT ASSETS	42,9	40,9	4,9
ASSETS	57,2	54,2	5,6
EQUITY AND LIABILITEIS			
SHAREHOLDERS' EQUITY			
Share capital	34,5	34,5	0,0
Share premium account and other reserves	5,0	4,3	17,8
Retained earnings	-2,8	-3,1	-8,8
SHAREHOLDERS' EQUITY	36,7	35,7	2,9
LIABILITIES			
Long-term liabilities	0,5	1,1	-58,0
Current liabilities	20,1	17,5	14,9
LIABILITIES	20,6	18,6	10,7
TOTAL EQUITY AND LIABILITIES	57,2	54,2	5,6

Efore Group (3 months)

CASH FLOW STATEMENT, MEUR	Feb./06-Apr./06	Feb./05-Apr./05	change %
Cash flow from business operations before financing items and taxes	-1,2	-2,0	
Financing items and taxes	-0,1	-0,2	
Cash flow from business operations (A)	-1,3	-2,1	-36,9
Investments	-1,2	-1,4	
Cash flow from investments (B)	-1,2	-1,4	-13,4
Directed share issue and subscription of shares with warrants	0,0	0,0	
Change in liabilities	0,0	0,0	
Dividends paid	0,0	0,0	
Cash flow from financing (C)	0,0	0,0	n.a
Change in cash flow (A+B+C), increase (+), decrease (-)	-2,6	-3,5	27,0

Efore Group (3 months)

GROUP CONTINGENT LIABILITIES

Apr. 30, 2006 Apr. 30, 2005 Change -%

Contingent liabilities, EUR million

On own behalf

- Corporate mortgages	0,0	2,9	-100,0
- Pledges given	0,0	0,1	-78,5
- Other contingent liabilities	0,2	0,2	0,0
- Rent and leasing commitments	6,7	5,8	16,0

Derivative contracts

-Forward currency contracts

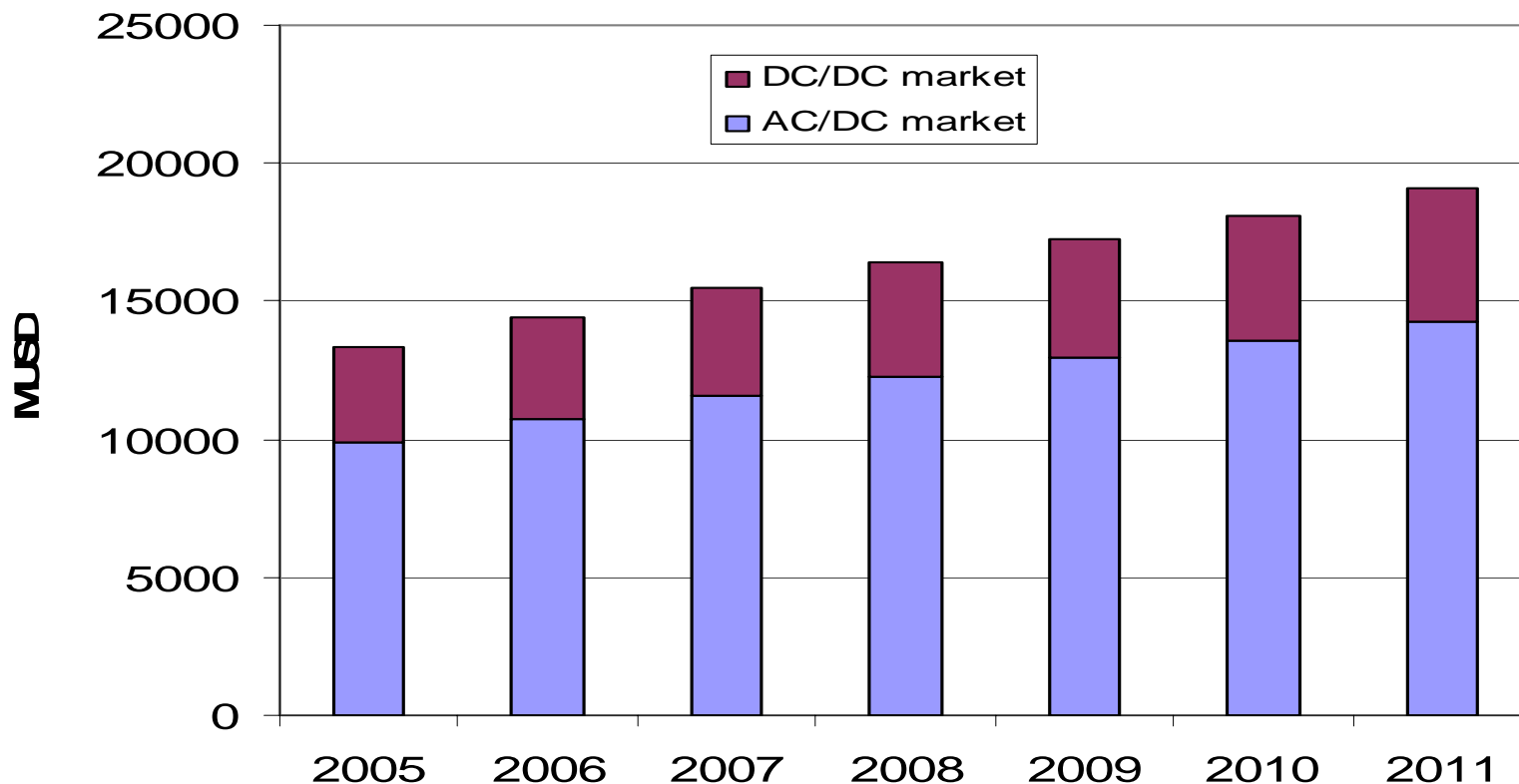
Market value	0,5	1,6	-70,5
Value of underlying Instruments	0,5	1,6	-70,1



Market outlook and competition

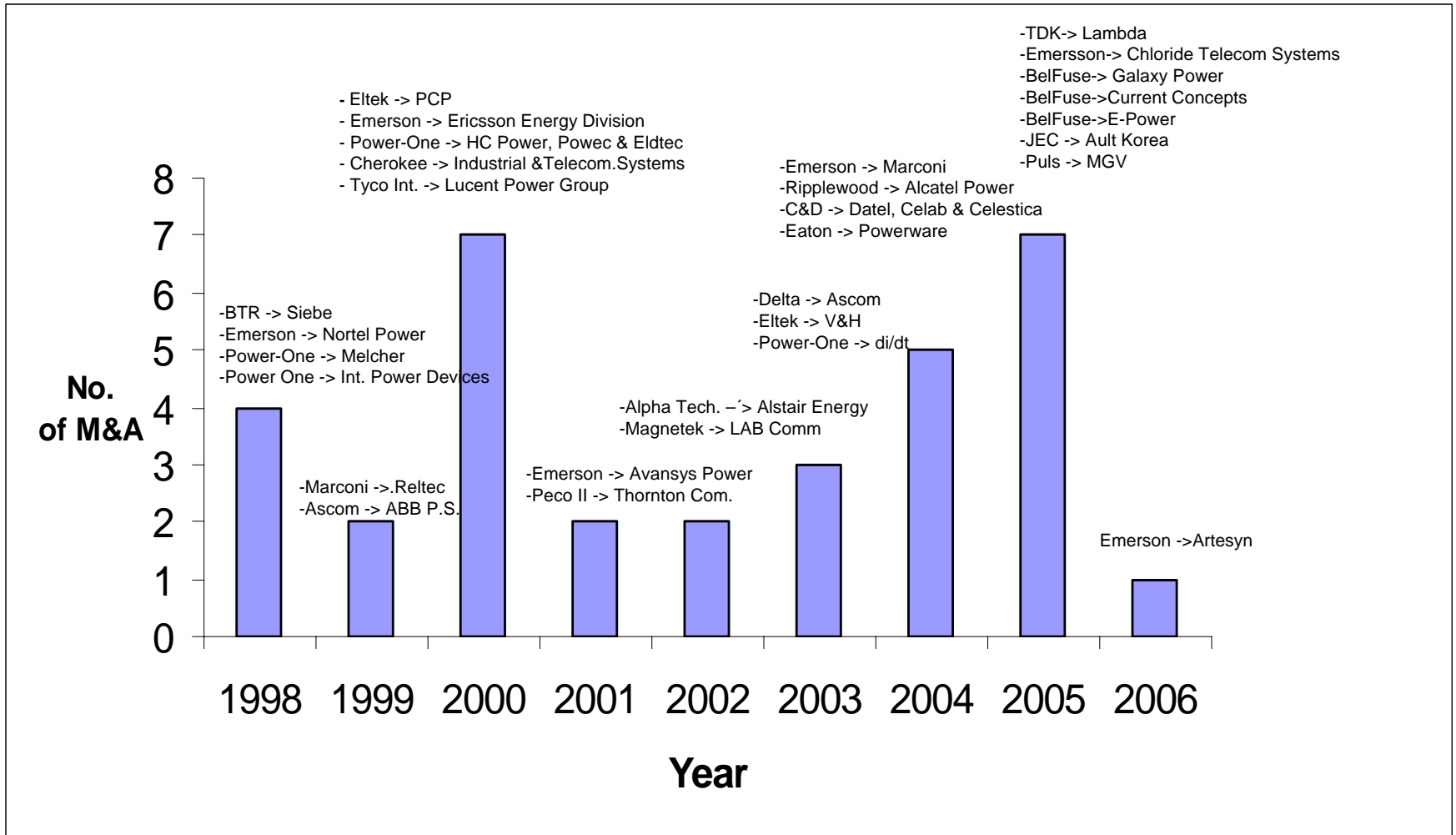


Development of power supply market 2005 - 2011



Lähde: IMS Research

Consolidation of power supply business continues



Global market shares rankings for power supplies sold to cellular infrastructure market

1.	Emerson (sis. Artesyn)
2.	Tyco Electronics
3.	Delta Electronics
4.	Ericsson Power Modules
5.	Efore (~4.1 % market share)
6.	TDK (sis. Lambda)
7.	Cherokee
8.	Eltek
9.	MagneTek
10.	Shindengen

*) For power systems suppliers, only the power supply content is included

Source: IMS Research, April 13, 2006. Based on 2005 information.

Outlook for the fiscal year 2006



Outlook for the fiscal year 2006

- ▶ The telecommunications networks market, which is the most important market for Efore's net sales growth, is expected to continue growing at a moderate rate, measured by its value in euros, during 2006.
- ▶ Growth is also expected in wireless networks and fixed communications systems.
- ▶ As a result of the reasonably favourable market outlook for the telecommunications sector and Efore's new customers and products, the net sales for the current fiscal year (12 months) are expected to be clearly up on the previous fiscal year's figures.
- ▶ With the sales growth and transfers of production that are under way the operating profit and earnings per share for the fiscal period are expected to be up on the previous fiscal year's figures

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**Thank you
for your interest**

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