

Cencorp Corporation Interim Report for 1 January–30 June 2006

April–June 2006

- Net sales amounted to EUR 6.8 (10.5) million
- Operating profit (EBIT) totalled EUR 0.1 (1.4) million
- Profit before taxes was EUR -0.2 (1.4) million
- Equity ratio stood at 20.7% (31.12.2005 27.7%).

(The figures given for comparison are those for the corresponding period in the previous year unless otherwise stated.)

Group's key figures

(unaudited)

| EUR 1,000 | 4-6/2006 | 4-6/2005 | 1-6/2006 | 1-6/2005 | 1-12/2005 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Net sales | 6 817 | 10 456 | 12 760 | 19 092 | 35 308 |
| Operating profit/loss (EBIT) | 141 | 1 421 | -1 101 | 2 114 | 760 |
| % of net sales | 2 % | 14 % | -9 % | 11 % | 2 % |
| Profit/loss before taxes (EBT) | -191 | 1 362 | -1 630 | 1 931 | 289 |
| % of net sales | -3 % | 13 % | -13 % | 10 % | 1 % |
| Research and development costs | 67 | 481 | 254 | 1 152 | 2 201 |
| % of net sales | 1 % | 5 % | 2 % | 6 % | 6 % |
| Equity ratio, % | 21 % | 25 % | 21 % | 25 % | 28 % |
| Personnel on average | 192 | 207 | 199 | 207 | 214 |
| Personnel at the end of period | 187 | 226 | 187 | 226 | 205 |
| Profit/share (diluted), EUR | -0.01 | 0.04 | -0.05 | 0.06 | 0.06 |

Net sales and earnings performance

April–June 2006

Net sales in April–June 2006 totalled EUR 6.8 million, while operating profit amounted to EUR 0.1 million. Measures launched in the previous quarter to improve business efficiency started to reflect positively on the cost structure, with an estimated impact of EUR 1 million in the current financial year and EUR 2 million in the next calendar year.

The Group's net financial items were EUR -0.3 (-0.1) million. Profit before taxes totalled EUR -0.2 (1.4) million. Diluted earnings per share were EUR -0.01 (0.04). Operating profit for the previous year includes a total of EUR 1.0 million of other income from operations.

January–June 2006

Cencorp's net sales amounted to EUR 12.8 (19.1) million. Operating profit (EBIT) was EUR -1.1 (2.1) million. The Group's net financial items for the review period were EUR -0.5 (-0.2) million. Profit before taxes totalled EUR -1.6 (1.9) million. The net profit for the period was EUR -1.6 (1.9) million. Diluted earnings per share were EUR -0.05 (0.06).

Balance sheet and financing

The balance sheet figures at 30 June 2006 are compared to those at 31 December 2005.

At the end of the review period, the balance sheet total was EUR 23.6 (25.1) million. The company's cash flow after investments was EUR -0.5 million, while interest-bearing net debts at the end of the review period amounted to EUR 11.2 (11.7) million. Trade receivables increased to EUR 8.3 (8.1) million, and inventories decreased to EUR 4.9 (5.6) million.

Non-interest-bearing liabilities amounted to EUR 6.8 (5.9) million and interest-bearing liabilities to EUR 11.5 (12.1) million. The equity ratio was 20.7% (27.7%). Gross investments in April–June totalled EUR 0.1 (0.5) million, or 1% (4.8%) of the period's net sales, and mainly came from product development.

Events in the review period

New products

During the second quarter, four new products were introduced that will support the production processes of existing customers and generate new customer relationships in Cencorp Corporation's market areas. The new products are a volume router, laser marking device, ML4 multi level tester and screwing robot cell. The first deliveries of the new products will take place in the third quarter.

New CFO

MSc (Economics) Jarmo Kanervo was appointed Chief Financial Officer and management team member of Cencorp Corporation as of 8 June 2006. Kanervo reports to Cencorp Corporation's CEO Petri Väinölä.

Jarmo Kanervo came onboard Cencorp Group from the position of Executive Vice President of Steripolar Oy. Mr. Kanervo has long experience in industrial financial management. He worked as CFO and management team member of PMJ automec Corporation (present Cencorp Corporation) during the years 1997 – 2002.

Events after the review period

New market areas

The operations of Cencorp Corporation expanded to Russia and Turkey. The company has not previously had any sales and marketing activities in these market areas. The aim of the cooperation agreements is to gain new customers among Russian and Turkish original equipment manufacturers (OEMs) and contract manufacturers. Both of the new market areas will be important to Cencorp Corporation in the future, because electronics manufacturers located in Turkey and Russia are increasing automation in their factories.

In relation to the expansion into Russia, Cencorp Corporation and the Russian RTS Engineering Ltd signed a distribution agreement concerning sales and maintenance cooperation for Cencorp Corporation's products in Russia. RTS Engineering Ltd is an equipment manufacturer and service provider for the electronics industry. The company was founded in 1990. The market areas of RTS Engineering Ltd are in Russia and the region of the former Soviet Union. The most important areas are in the European region lying close to Russia, Ural and Siberia.

In relation to the expansion into Turkey, Cencorp Corporation and the Turkish ESMAN Makina Sanayi AS have concluded an agreement on sales and maintenance cooperation in Turkey. ESMAN Makina Sanayi AS was founded in 1951 and has 85 employees. Turkey has the highest volume of electronics manufacturing in Continental Europe. Growing segments include consumer electronics, telecommunications, automotive electronics, contract manufacturing and military electronics.

At the first stage, the sales and marketing resources in Russia and Turkey will focus on the sales of MLT testing equipment and Cencorp 1000 product family equipment designed for depaneling and odd-form assembly. The new products introduced during the second quarter also have significant market potential in the growing electronics manufacturing markets of Turkey and Russia.

Business environment and customers

Cencorp operates in the global market for production automation for the electronics and semiconductor industries, supplying production automation systems and testing equipment to the telecommunications, consumer electronics, industrial electronics, automotive electronics and semiconductor industries.

Research and development

The R&D expenses for April–June totalled 1.0% of net sales, or EUR 0.1 (0.5) million, of which no significant amounts were capitalised in the balance sheet.

Board, management and personnel

Cencorp's Board of Directors consists of Chairman Jorma Kielesseniva, Master of Laws with court training, Markku Jokela, BSc (Eng.), Sauli Kiuru, MSc (econ.), and Petri Väinölä, President and CEO. The company's management team consists of Petri Väinölä (President and CEO), Ville Parpola (Executive Vice President, Legal Affairs, HR and Corporate Communications), Jarmo Kanervo (Chief Financial Officer), Marko Liimatainen (Vice President, Sales, Marketing and After Sales), Juha Kantola (Vice President, Operations) and Kimmo Paananen (Vice President, Research and Development).

Cencorp employed an average of 192 (207) people from April to June. The payroll at the end of the period totalled 187 (226) employees: 146 (178), or 78% (79%), in Finland and 41 (48), or 22% (21%), abroad.

Share performance and changes in ownership

The price of the company's share ranged from EUR 0.68 (4–6/2005: EUR 0.70) to EUR 1.07 (4–6/2005: EUR 0.94) over the review period, the average share price being EUR 0.89 (4–6/2005: EUR 0.80). A total of 8,284,974 (4–6/2005: 3,517,693) shares, or 26.5% (4–6/2005: 11.3%) of the company's entire share capital, were traded during the period.

The company's market capitalisation at the end of the review period was EUR 22 million (4–6/2005: EUR 29 million).

At the end of the review period, the company had 6,724 registered shareholders (4–6/2005: 6,476). A total of 240,623 shares were nominee registered (4–6/2005: 323,091), i.e., 0.77% (4–6/2005: 1.0%). Cencorp had a total of 31,250,591 shares outstanding at the end of the review period (4–6/2005: 31,250,591), and one share series.

Outlook for the future

Guidance

Cencorp Corporation will revise its net sales and profit guidance for the whole financial year. Net sales for the whole financial year are expected to amount to about EUR 30 million. Operating profit (EBIT) is expected to be less than previously expected 8 percent. However, operating profit (EBIT) will be higher than year 2005 operating profit (EBIT) (2005: EBIT 2.2% of net sales).

The operating profit and net sales are affected by Singulase laser equipment sales which were lower than budgeted due to delays in fibre laser technology R&D. Because of this company will release laser business sales guidance simultaneously with the guidance for year 2007.

In telecommunications, sales in the automation and testing business are boosted by the still rapidly increasing annual sales volume of mobile phones. In automotive electronics, growth is favoured by the increase in annual vehicle sales and by electronics accounting for an increasingly large relative share of the production value of vehicles. The share of contract manufacturers in electronics production will continue to increase, and automation of the end of line production of contract manufacturers is expected to increase.

Centralisation of production and administration

The Board of Directors has decided to begin statutory employer-employee negotiations at the Cencorp Group, with the aim of improving operations and profitability through the centralisation of production and management.

In accordance with the plan, production operations and administration will be centralised in Virkkala. The manufacturing operations of testing equipment will be transferred from Salo to Virkkala, and the Salo plant will concentrate on the product development of testing equipment and manufacturing of customized test fixtures. The premises in Espoo will be closed and the operations of Singulase Oy will be transferred to Virkkala.

Production operations in the United States will be discontinued and the manufacturing of Cencorp 1000 SR and Cencorp Datum products will be transferred to Virkkala. The company is analysing the potential transfer of sales and maintenance operations from Colorado to McAllen, Texas. McAllen is located on the border between the United States and Mexico, near important customers in the market area. Target is to start McAllen sales and service office before end of year 2006 and simultaneously close down Longmont operations.

The Group's sales and maintenance operations will look into opportunities to cut fixed costs.

The centralisation of production and administration and related efficiency improvement measures are aimed at savings amounting to about EUR 1.5 million on an annual basis. These measures will begin to have a positive impact on results in the first half of 2007.

In relation to the centralisation of production and administration, a proposal for statutory employer-employee negotiations has been presented today at the Cencorp Group. The negotiations are related to transfers of operations, shifts to part-time work, layoffs and redundancies, to be carried out for production-related and economic reasons. The negotiations will begin on 25 August 2006 and concern the entire personnel. The required personnel reduction in Finland is at most 22.

Terminations will not be directed to production workers in Virkkala and personnel of Singulase Oy. The required personnel reduction in USA is at most 18.

New President sought for Cencorp Corporation

Petri Väinölä, President and member of the Board of Cencorp Corporation, will transfer to Electronic Manufacturing Services company (EMS) in Hong Kong as of 1 October 2006. Because of his new employment Mr. Väinölä is non-competent to continue as board member of Cencorp Corporation after 1 October 2006. Before his resignation, Väinölä will conduct the employer-employee negotiations aimed at the centralisation of production.

The Board of Directors has started its search for a new CEO. On 1 October 2006, Group CFO Jarmo Kanervo will be appointed acting CEO unless a new CEO has been hired by that date.

Interim report release

Cencorp Corporation will present its interim report 1–6/2006 to analysts, investors and the media on Thursday, 17 August 2006 at 2:00 p.m. at Restaurant Savoy, Eteläesplanadi 14, 00130 Helsinki. Virkkala, Finland, 17 August 2006

Cencorp Corporation

Board of Directors

Tables can be found on the following page.

CONSOLIDATED INCOME STATEMENT

(unaudited figures)

| EUR 1 000 | 4-6/2006 | 4-6/2005 | 1-6/2006 | 1-6/2005 | 1-12/2005 |
|--------------------------------|--------------|----------|----------|----------|-----------|
| Net sales | 6 817 | 10 456 | 12 760 | 19 092 | 35 308 |
| Other operating income | 49 | 970 | 127 | 1 040 | 1 215 |
| Expenses, total | -6 421 | -9 765 | -13 393 | -17 528 | -34 582 |
| Depreciations and write-downs | -304 | -240 | -595 | -490 | -1 181 |
| Operating result | 141 | 1 421 | -1 101 | 2 114 | 760 |
| Financial income and expenses | -332 | -59 | -529 | -183 | -471 |
| Result before taxes | -191 | 1 362 | -1 630 | 1 931 | 289 |
| Income taxes | 14 | -10 | -13 | -30 | 1 602 |
| Consolidated net result | -177 | 1 352 | -1 643 | 1 901 | 1 891 |

CONSOLIDATED BALANCE SHEET

(unaudited figures)

| EUR 1 000 | 30.6.2006 | 30.6.2005 | 31.12.2005 |
|---|---------------|-----------|------------|
| ASSETS | | | |
| Long-term assets | | | |
| Tangible assets | 2 124 | 2 821 | 2 251 |
| Investment property | 977 | | 992 |
| Goodwill | 1 902 | 1 902 | 1 902 |
| Other intangible assets | 1 404 | 1 433 | 1 569 |
| Incomplete product development projects | 1 231 | 1 682 | 1 334 |
| Deferred tax asset | 1 803 | | 1 895 |
| Available-for-sale investments | 20 | 85 | 21 |
| | 9 461 | 7 923 | 9 964 |
| Short-term assets | | | |
| Inventories | 4 863 | 6 775 | 5 661 |
| Accounts receivable | 8 250 | 6 447 | 8 051 |
| Other short-term assets | 690 | 1 430 | 1 119 |
| Cash and bank receivables | 292 | 1 127 | 319 |
| | 14 095 | 15 779 | 15 150 |
| Total assets | 23 556 | 23 702 | 25 114 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | 30.6.2006 | 30.6.2005 | 31.12.2005 |
|---|------------------|------------------|-------------------|
| Shareholders' equity | | | |
| Share capital | 3 125 | 3 125 | 3 125 |
| Other restricted equity | 4 158 | 4 159 | 4 158 |
| Fair value fund | 441 | | 441 |
| Non-restricted equity | -2 886 | -1 119 | -861 |
| Total shareholders' equity | 4 838 | 6 165 | 6 863 |
| Long-term liabilities | | | |
| Long-term loans | 5 484 | 7 842 | 6 038 |
| Deferred tax liability | 333 | 39 | 40 |
| Long-term reserves | 129 | 202 | 46 |
| Total long-term liabilities | 5 946 | 8 083 | 6 124 |
| Short-term liabilities | | | |
| Accounts payable and other liabilities | 6 282 | 4 695 | 5 774 |
| Short-term loans | 5 190 | 3 942 | 4 482 |
| Long-term loans shortening | 1 150 | 511 | 1 535 |
| Tax liabilities | 13 | 69 | 40 |
| Short-term reserves | 137 | 237 | 296 |
| Total short-term reserves | 12 772 | 9 454 | 12 127 |
| Total liabilities | 18 718 | 17 537 | 18 251 |
| Total liabilities and shareholders' equity | 23 556 | 23 702 | 25 114 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 30.6.2005

(unaudited figures)

| EUR 1 000 | Share capital | Other restricted equity | Translation difference | Retained earnings | Total |
|--|---------------|-------------------------|------------------------|-------------------|--------------|
| Shareholders' equity 31.12.2004 | 3 125 | 6 658 | -3 767 | -1 890 | 4 126 |
| Transfer of the reserve fund | | -2 500 | | 2 500 | |
| Translation difference | | | 138 | | 138 |
| Net result | | | | 1 901 | 1 901 |
| Shareholders' equity 30.06.2005 | 3 125 | 4 158 | -3 629 | 2 511 | 6 165 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 30.6.2006

(unaudited figures)

| EUR 1 000 | Share capital | Other restricted equity | Translation difference | Retained earnings | Total |
|--|---------------|-------------------------|------------------------|-------------------|--------------|
| Shareholders' equity 31.12.2005 | 3 125 | 4 158 | -3 621 | 3 201 | 6 863 |
| IAS 12 | | | | -249 | -249 |
| Translation difference | | | -133 | | -133 |
| Net result | | | | -1 643 | -1 643 |
| Shareholders' equity 30.06.2006 | 3 125 | 4 158 | -3 754 | 1 309 | 4 838 |

CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

| EUR 1 000 | 1-6/2006 | 1-6/2005 | 1-12/2005 |
|--|------------|----------|-----------|
| Cash flow from operations | -339 | 1 657 | 1 634 |
| Cash flow into and from investments | -186 | -906 | -1 168 |
| Financial cash flow | 439 | -1 937 | -2 301 |
| Increase(+)/ decrease(-) in financial assets | -86 | -1 186 | -1 835 |

GROUP KEY FIGURES

(unaudited figures)

| EUR 1 000 | 4-6/2006 | 4-6/2005 | 1-6/2006 | 1-6/2005 | 1-12/2005 |
|--|----------|----------|----------|----------|-----------|
| Net sales | 6 817 | 10 456 | 12 760 | 19 092 | 35 308 |
| Operating result | 141 | 1 421 | -1 101 | 2 114 | 760 |
| % of net sales | 2.1 % | 13.6 % | -8.6 % | 11.1 % | 2.2 % |
| Result before taxes | -191 | 1 362 | -1 630 | 1 931 | 289 |
| % of net sales | -2.8 % | 13.0 % | -12.8 % | 10.1 % | 0.8 % |
| Total assets | 23 556 | 23 702 | 23 556 | 23 702 | 25 114 |
| Equity ratio, % | 20.7 % | 25.4 % | 20.7 % | 25.4 % | 27.7 % |
| Gearing ratio, % | 232.6 % | 184.1 % | 232.6 % | 184.1 | 171.0 % |
| Gross investments | 69 | 507 | 186 | 1 280 | 1 767 |
| % of net sales | 1.0 % | 4.8 % | 1.5 % | 6.7 % | 5.0 % |
| R&D expenditure | 67 | 481 | 254 | 1 152 | 2 201 |
| % of net sales | 1.0 % | 4.6 % | 2.0 % | 6.0 % | 6.2 % |
| Personnel, average | 192 | 207 | 199 | 207 | 214 |
| Personnel, at end of period | 187 | 226 | 187 | 226 | 205 |
| Non-interest bearing liabilities | 6 790 | 4 652 | 6 790 | 4 652 | 5 855 |
| Interest bearing liabilities | 11 530 | 12 446 | 11 530 | 12 446 | 12 055 |
| Per-share key figures | | | | | |
| Equity per share, EUR | 0.15 | 0.21 | 0.15 | 0.21 | 0.22 |
| Earnings per share, EUR/share (diluted) | -0.01 | 0.04 | -0.05 | 0.06 | 0.06 |
| Earnings per share, EUR/share (undiluted) | -0.01 | 0.04 | -0.05 | 0.06 | 0.06 |
| Share price trend | | | | | |
| High, euros | 1.07 | 0.94 | 1.29 | 0.94 | 1.92 |
| Low, euros | 0.68 | 0.70 | 0.68 | 0.60 | 0.60 |
| Average, euros | 0.89 | 0.80 | 0.99 | 0.74 | 1.32 |
| Price at end of period, euros | 0.71 | 0.94 | 0.71 | 0.94 | 1.23 |
| Market capitalization at end of period, EUR millions | 22 | 29 | 22 | 29 | 38 |

CONTINGENT LIABILITIES

(unaudited figures)

| EUR 1 000 | 30.06.2006 | 30.06.2005 | 31.12.2005 |
|---|--------------|------------|------------|
| Pension loans | 0 | 91 | 0 |
| Corporate mortgages granted | 0 | 235 | 0 |
| Real-estate mortgages granted | 0 | 0 | 0 |
| Loans from financial institutions | 7 439 | 7 445 | 7 539 |
| Corporate mortgages granted | 12 452 | 12 452 | 12 452 |
| Real-estate mortgages granted | 168 | 168 | 168 |
| Other loans | 1 758 | 1 932 | 1 815 |
| Real-estate mortgages granted | 0 | 0 | 0 |
| Used bank guarantee facility | 0 | 334 | 330 |
| Real-estate mortgages granted | 0 | 0 | 0 |
| Given as collateral | | | |
| Corporate mortgages granted, total | 12 687 | 12 687 | 12 452 |
| Real-estate mortgages granted, total | 168 | 168 | 168 |
| Leasing commitments | | | |
| falling due during the next 12 months | 118 | 116 | 168 |
| falling due later | 110 | 74 | 186 |
| Rental liabilities | | | |
| falling due during the next 12 months | 140 | 58 | 150 |
| falling due later | 156 | 173 | 117 |
| Liabilities due to derivative contracts | | | |
| Forward exchange contracts | 0 | 0 | 0 |
| of which taken out to hedge the parent company's accounts receivables | 0 | 0 | 0 |
| of which taken out to hedge the parent company's other receivables | 0 | 0 | 0 |

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Cencorp supplies the electronics and semiconductor industries with automation solutions that enhance productivity.

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