

# STOCK EXCHANGE RELEASE

27 April 2006

## Cencorp Corporation Interim Report for 1 January–31 March 2006

### January–March 2006

- Net sales amounted to EUR 5,9 (8.6) million
- Operating profit (EBIT) totalled EUR -1,2 (0.7) million
- Operating profit (EBIT) includes EUR 0,5 (0.1) million of non-recurring expenses resulting from business restructuring
- Profit before taxes was EUR -1,4 (0.6) million
- Equity ratio stood at 22,8% (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	1-3/2006	1-3/2005	1-12/2005
Net sales	5 943	8 636	35 308
Operating profit/loss (EBIT)	-1 242	693	760
% of net sales	-21 %	8 %	2 %
Profit/loss before taxes (EBT)	-1 439	569	289
% of net sales	-24 %	7 %	1 %
Research and development costs	187	671	2 201
% of net sales	3 %	8 %	6 %
Equity ratio, %	22,8 %	20,2 %	27,7 %
Personnel on average	205	205	214
Personnel at the end of period	202	207	205
Profit/share (diluted), EUR	-0,04	0,02	0,06

## **Net sales and earnings performance**

Cencorp Group's net sales for the period totalled EUR 5,9 (8.6) million.

Operating profit (EBIT) amounted to EUR -1,2 (0.7) million, including EUR 0,5 (0.1) million of non-recurring expenses resulting from business restructuring. The Group's net financial items were EUR -0,2 (-0.1) million. Profit before taxes amounted to EUR -1,4 (0.6) million, and diluted earnings per share were EUR -0,04 (0,02).

## **Balance sheet and financing**

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

The balance sheet total at the end of the review period was EUR 23,5 (25,1) million. The company's cash flow after investments was EUR 1,4 million, while interest-bearing net debts at the end of the review period amounted to EUR 10,5 (11,7) million. Accounts receivable were EUR 7,5 (8,1) million, and inventories decreased to EUR 5,5 (5,7) million.

Non-interest-bearing liabilities amounted to EUR 7,4 (5,9) million and interest-bearing liabilities to EUR 10,7 (12,1). The equity ratio was 22,8 % (27,7 %). Equity ratio does not include 3 million euros subordinated loan. Gross investments in January–March totalled EUR 0,1 (0,8) million, or 2 % (9,0%) of the period's net sales, and mainly came from product development.

## **Events in the review period**

Detailed information about the events in the review period is available in Cencorp Corporation's stock exchange releases on the Cencorp website at [www.cencorp.com](http://www.cencorp.com).

## **The subscription period for Cencorp Corporation's 2004 A stock options began on 1 January 2006**

The subscription period for Cencorp Corporation's 2004 A stock options began on 1 January 2006 and will end on 31 January 2009.

Each stock option entitles the holder to subscribe for one Cencorp share with a book counter-value of EUR 0.10. As a result of 2004 A subscriptions, Cencorp's share capital can rise by up to EUR 111,334.7 and the number of shares by up to 1,113,347.

The subscription price of the shares with the 2004 A options is EUR 0.78 minus the amount of dividend distributed after the end of the subscription price determination period and before the share subscription, on the matching date of each distribution dividend.

## **Merger of Cencorp test solutions Oy and Cencorp Corporation**

The merger of Cencorp test solutions Oy into Cencorp Corporation was recorded in the Trade Register on 1 January 2006.

## **Liquidity providing for Cencorp Corporation's share by FIM Securities Ltd**

On 2 January 2006, Cencorp Corporation and FIM Securities Ltd signed a market-making agreement that meets the requirements of Liquidity Providing (LP) on the Helsinki Stock Exchange.

Under the terms of the agreement, FIM Securities Ltd will display buy and sell quotations for Cencorp Corporation's share (CNC1V) so that the maximum spread is 3 per cent calculated from the bid price. The quoted prices must cover at least 1,000 shares, which equals ten (10) round lots.

FIM Securities Ltd undertakes to quote bids and offers for Cencorp Corporation's share in the trading system of the Helsinki Stock Exchange on the main list on each trading day for at least 85 per cent of the continuous trading period as well as in the daily opening and closing procedures applicable to the company's share.

Market-making commenced on 3 January 2006 as defined in the agreement. After a fixed term of six months, the agreement will be valid until further notice. The notice period is one month.

## **Statutory employer-employee negotiations**

On 9 February 2006, Cencorp Corporation initiated statutory employer-employee negotiations over shifts to part-time work, layoffs and redundancies, to be carried out owing to productive and economic reasons. The negotiations began on 17 February 2006, and they concerned Cencorp Corporation's entire staff.

The negotiations resulted in a reduction of 23 persons at the Virkkala, Salo and Espoo offices. Production workers were not affected. The reductions will be implemented through redundancies and as well as by not renewing fixed-term employment contracts. Actions related to decreasing of fixed costs as well as improving of effectiveness in foreign subsidiaries were started simultaneously. Total amount of personnel will decrease from 205 to 165 before end of the financial year when restructuring operations in foreign subsidiaries have been completed.

As part of the negotiation result, Cencorp Corporation issued a layoff announcement. The layoffs will last up to 90 days and will be carried out in stages to secure the company's operations. They will concern all personnel groups in Finland.

The measures agreed on in the employer-employee negotiations and other measures decided on will deliver approximately EUR 2 million of savings in overhead costs annually in accordance with the goals set by the Board of Directors on 9 February

2006. Cencorp Corporation has also launched measures to reduce the costs of production by EUR 1 million per year.

## **Decisions by the Annual General Meeting**

The Annual General Meeting adopted the financial statements for 2005 and, in accordance with the Board of Director's proposal, decided not to pay a dividend for 1 January–31 December 2005. A decision was also made to enter the net result for the review period ended on 31 December 2005 in retained earnings. The parent company's Board members and CEOs employed over the period were discharged from liability for the financial year 1 January–31 December 2005.

The AGM passed a resolution to elect four members to the Group's Board of Directors, re-electing Jorma Kielessiva, Markku Jokela and Petri Väinölä and electing Sauli Kiuru, M.Sc. (Econ.) as a new member. Kiuru is the Managing Director of Barona, a recruitment organisation.

The Board's organisation meeting held after the General Meeting elected Jorma Kielessiva, LL.M. with court training, as Chairman and Markku Jokela, B.Sc. (Eng.) as Deputy Chairman. Ville Parpola, Cencorp Corporation's Vice President, Legal Affairs, was elected as Board Secretary. Jorma Kielessiva and Markku Jokela were elected as members of the Board's Compensation and Nomination Committee, the former as its Chairman.

Tuokko Auditing Ltd was appointed as the company's auditor, with Authorised Public Accountant Timo Tuokko as the main auditor.

The Board withdrew its proposal on removing section 15 from the Articles of Association.

## **Events after the review period**

Detailed information about the events after the review period is available in Cencorp Corporation's stock exchange releases on the Cencorp website at [www.cencorp.com](http://www.cencorp.com).

## **Philips Lightning and Cencorp conclude a cooperation agreement on lead-free laser soldering**

Philips Lightning BV and Cencorp Corporation have signed a cooperation agreement whereby the companies will work together to develop further Cencorp's lead-free laser soldering process. It is a new laser-based method for placing and soldering odd-form components onto a PCB. The method makes use of soldering applications that are based on fibre laser and designed especially for lead-free soldering.

The new method is more qualified than previously used processes, which are based on automated soldering, and will expand the assembly product range of Cencorp's odd-form components, says Cencorp CEO Petri Väinölä.

According to Jan van den Crommenacker, CTO of Philips Lightning Electronics, electronic controllers for miniature light bulbs will predominantly be manufactured as surface-mount products having only a few dissipative components to be soldered thereon. The lead-free laser solder is an excellent technological solution for the assembly of Philips Lightning Electronics products.

Philips Lightning, a division of the international Royal Philips Electronics Group, is number one in the global lighting market. This position is supported by continuous product development and seeking out of new market opportunities. Philips Lighting's strategic ambition is to set the pace in the lighting industry as the first-choice innovative partner for the supply of creative and cost-effective lighting solutions.

Philips Lightning currently employs some 47,000 staff in several countries, with production plants in the Netherlands, Belgium, Germany, France, Great Britain, Poland, the United States, Canada, Brazil, India, Indonesia, Thailand, China, South Korea, Spain and Mexico.

## **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 January–March accounted for 3,2 % of net sales, or EUR 0,2 (0.7) million, EUR 0,1 million of which was capitalised in the balance sheet.

## **Board, management and personnel**

In accordance with the AGM's decision, Chairman Jorma Kielenniva, LL.M. with court training, Deputy Chairman Markku Jokela, B.Sc. (Eng.), and President and CEO Petri Väinölä will continue on Cencorp's Board of Directors. Sauli Kiuru, M.Sc. (Econ.), was elected as a new member. The company's management team consists of Petri Väinölä (President and CEO), Ville Parpola (Executive Vice President, Legal Affairs, HR and Corporate Communications), Marko Liimatainen (Vice President, Sales, Marketing and After Sales), Juha Kantola (Vice President, Operations), Kimmo Paananen (Vice President, Research and Development) and Kaisa Immonen (Financial Manager).

In January–March, Cencorp employed an average of 205 persons. The payroll at the end of the period totalled 202 (207) employees: 158 (159), or 78% (77%), in Finland and 44 (48), or 22% (23%), abroad.

## **Share performance and changes in ownership**

The price of Cencorp's share ranged between EUR 0.93 (1-3/2005: EUR 0.60) and EUR 1.29 (1-3/2005: EUR 0.73) over the review period, the average share price being EUR 1.11 (1-3/2005: EUR 0.69). A total of 6,522,961 (1-3/2005: 3,508,033) shares, or 20.9% (1-3/2005: 11.2%) of the company's entire capital stock, were traded during the period.

The company's market capitalisation at the end of the review period was EUR 31 million (1-3/2005: EUR 22 million).

At the end of the review period, the company had 6,803 registered shareholders (1-3/2005: 6,872). A total of 284,123 (1-3/2005: 239,291) shares, or 0.9% (1-3/2005: 0.8%), were nominee registered. Cencorp had a total of 31,250,591 shares outstanding at the end of the review period (1-3/2005: 31,250,591), and one share series.

## **Outlook for the future**

In accordance with its strategy, Cencorp Corporation designs, develops and manufactures automation solutions that increase cost-effectiveness and productivity for the global electronics and semiconductor industries. Equipment designed for depaneling, odd-form assembly and testing of electronics products considerably enhance the production of customers. The company's most recent Singulase product group, based on fibre laser technology, is expected to be a strong opening statement in the semiconductor market.

Company publishes four new products during the second quarter. Supplies concerning these new products will start during the third quarter of the year. Company estimates that market will develop propitiously and new products increase net sales during the second half of the year.

Despite of weak result of the first quarter full-year net sales are predicted to rise by 6 to 12%, and operating profit (EBIT) is expected to exceed 8% of net sales. Net sales of the second quarter are expected to exceed 7 million euros and operating profit (EBIT) to exceed 8%.

The fibre laser business is expected to account for more than 20% of Cencorp's net sales in 2007.

The production automation industry, in which Cencorp operates, consists mainly of relatively small manufacturers the size of Cencorp. In 2006, Cencorp will actively follow the development of the industry worldwide and also explore growth opportunities based on corporate restructurings.

Virkkala, Finland, 27 April 2006

Cencorp Corporation

Board of Directors

Tables can be found on the following page.

## CONSOLIDATED INCOME STATEMENT

(unaudited figures)

EUR 1 000	1-3/2006	1-3/2005	1-12/2005
<b>Net sales</b>	5 943	8 636	35 308
Other operating income	78	70	1 215
Expenses, total	-6 972	-7 763	-34 582
Depreciations and write-downs	-291	-250	-1 181
<b>Operating result</b>	<b>-1 242</b>	693	760
Financial income and expenses	-197	-124	-471
<b>Result before taxes</b>	<b>-1 439</b>	569	289
Income taxes	-27	-20	1 602
<b>Consolidated net result</b>	<b>-1 466</b>	549	1 891

## CONSOLIDATED BALANCE SHEET

(unaudited figures)

EUR 1 000	1-3/2006	1-3/2005	1-12/2005
<b>ASSETS</b>			
<b>Long-term assets</b>			
Tangible assets	2 202	3 364	2 251
Investment property	987		992
Goodwill	1 902	1 902	1 902
Other intangible assets	1 606	1 517	1 569
Incomplete product development projects	1 189	1 330	1 334
Deferred tax asset	1 739		1 895
Available-for-sale investments	20	85	21
	<b>9 645</b>	<b>8 198</b>	<b>9 964</b>
<b>Short-term assets</b>			
Inventories	5 508	7 220	5 661
Accounts receivable	7 501	4 846	8 051
Other short-term assets	667	1 350	1 119
Cash and bank receivables	163	1 964	319
	<b>13 839</b>	<b>15 380</b>	<b>15 150</b>
<b>Total assets</b>	<b>23 484</b>	<b>23 578</b>	<b>25 114</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	3 125	3 125	3 125
Other restricted equity	4 158	4 158	4 159
Non-restricted equity	441		441
<b>Total shareholders' equity</b>	<b>-2 397</b>	<b>-2 528</b>	<b>-862</b>
	<b>5 327</b>	<b>4 755</b>	<b>6 863</b>
<b>Long-term liabilities</b>			
Long-term loans			
Deferred tax liability	5 463	8 766	6 038
Long-term reserves	42	36	40
<b>Total long-term liabilities</b>	<b>27</b>	<b>50</b>	<b>46</b>
	<b>5 532</b>	<b>8 852</b>	<b>6 124</b>
<b>Short-term liabilities</b>			
Accounts payable and other liabilities	7 200	3 951	5 774
Short-term loans	4 059	4 613	4 482
Long-term loans shortening	1 188	1 039	1 535
Tax liabilities	27	46	40
Short-term reserves	151	322	296
<b>Total short-term reserves</b>	<b>12 625</b>	<b>9 971</b>	<b>12 127</b>
<b>Total liabilities</b>	<b>18 157</b>	<b>18 823</b>	<b>18 251</b>
<b>Total liabilities and shareholders' equity</b>	<b>23 484</b>	<b>23 578</b>	<b>25 114</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 31.3.2005

(unaudited figures)

EUR 1 000	Share capital	Other restricted equity	Translation difference	Retained earnings	Total
<b>Shareholders' equity</b>					
<b>31.12.2004</b>	3125	6658	-3767	-1890	4126
Transfer of the reserve fund		-2500		2500	
Translation difference			80		80
Net result				549	549
<b>Shareholders' equity</b>					
<b>31.3.2005</b>	3125	4158	-3697	1159	4755

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 1.1. - 31.3.2006

(unaudited figures)

EUR 1 000	Share capital	Other restricted equity	Translation difference	Retained earnings	Total
<b>Shareholders' equity</b>					
<b>31.12.2005</b>	3125	4158	-3621	3201	6863
Translation difference			-70		-70
Net result				-1466	-1466
<b>Shareholders' equity</b>					
<b>31.3.2006</b>	3125	4158	-3691	1735	5327

## CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

EUR 1 000	1-3/2006	1-3/2005	1-12/2005
Cash flow from operations	1 417	419	1634
Cash flow into and from investments	-117	-773	-1168
Financial cash flow	-1 354	35	-2301
Increase(+)/ decrease(-) in financial assets	-54	-319	-1835

## GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	1-3/2006	1-3/2005	1-12/2005
Net sales	<b>5 943</b>	8 636	35 308
Operating result	<b>-1 242</b>	693	760
% of net sales	<b>-20,9 %</b>	8,0 %	2,2 %
Result before taxes	<b>-1 439</b>	569	289
% of net sales	<b>-24,2 %</b>	6,6 %	0,8 %
Total assets	<b>23 484</b>	23 578	25 114
Equity ratio, %	<b>22,8 %</b>	20,2 %	27,7 %
Gearing ratio, %	<b>197,8 %</b>	261,9 %	171,0 %
Gross investments	<b>117</b>	773	1 767
% of net sales	<b>2,0 %</b>	9,0 %	5,0 %
R&D expenditure	<b>187</b>	671	2 201
% of net sales	<b>3,1 %</b>	7,8 %	6,2 %
Personnel, average	<b>205</b>	205	214
Personnel, at end of period	<b>202</b>	207	205
Non-interest bearing liabilities	<b>7 447</b>	4 033	5 855
Interest bearing liabilities	<b>10 710</b>	14 418	12 055
Per-share key figures			
Equity per share*, EUR	<b>0,17</b>	0,16	0,22
Earnings per share, EUR/share (diluted)	<b>-0,04</b>	0,02	-0,04
Earnings per share, EUR/share (undiluted)	<b>-0,04</b>	0,02	-0,05
Share price trend			
High, euros	<b>1,29</b>	0,73	1,02
Low, euros	<b>0,93</b>	0,60	0,48
Average, euros	<b>1,11</b>	0,69	0,72
Price at end of period, euros	<b>1,00</b>	0,70	0,66
Market capitalization at end of period, EUR millions	<b>31</b>	22	21

## CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	31.3.2006	31.3.2005	31.12.2006
<b>Pension loans</b>	<b>0</b>	101	0
Corporate mortgages granted	0	235	0
Real-estate mortgages granted	0	0	0
<b>Loans from financial institutions</b>	<b>6 330</b>	8 340	7 539
Corporate mortgages granted	12 452	12 452	12 452
Real-estate mortgages granted	168	168	168
<b>Other loans</b>	<b>1 758</b>	2 977	1 815
Real-estate mortgages granted	0	0	0
<b>Used bank guarantee facility</b>	<b>152</b>	308	330
Real-estate mortgages granted	0	0	0
<b>Given as collateral</b>			
Corporate mortgages granted, total	12 452	12 687	12 452
Real-estate mortgages granted, total	168	168	168
<b>Leasing commitments</b>			
falling due during the next 12 months	126	128	168
falling due later	225	75	186
<b>Rental liabilities</b>			
falling due during the next 12 months	147	88	150
falling due later	99	24	117
<b>Liabilities due to derivative contracts</b>			
Forward exchange contracts	0	0	0
of which taken out to hedge the parent company's accounts receiv	0	0	0
of which taken out to hedge the parent company's other receivabl	0	0	0

### For more information, please contact:

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

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