

## SCANFIL GROUP'S INTERIM REPORT 1 JANUARY – 30 JUNE 2012

### January – June

- Turnover totalled to EUR 91.9 million
- Operating profit EUR 4.6 million, 5.0% of turnover
- Operating profit excluding non-recurring items EUR 4.1 million, representing 4.5% of turnover
- Profit for the review period was EUR 3.7 million
- Earnings per share were EUR 0.06

### April – June

- Turnover totalled EUR 49.3 million
- Operating profit EUR 3.2 million, 6.4% of turnover
- Profit was EUR 2.6 million
- Earnings per share amounted EUR 0.04

The new Scanfil plc was established in the demerger of Sievi Capital plc on 1 January 2012. In the demerger, Scanfil EMS Oy, engaged in contract manufacturing, transferred to Scanfil plc. Since year 2012 is the first operating year of the new company, Scanfil plc does not have comparison figures for previous financial periods. The company has published the figures for the Scanfil EMS Oy Group for 2011 as comparison data.

Scanfil plc raises its estimate of the development of its operating profit and now expects the operating profit to fall slightly short of the level for 2011. With regard to turnover, Scanfil still estimates that its full-year turnover will decrease clearly compared to 2011 (Scanfil EMS Oy's turnover for 2011 was EUR 210.8 million and operating profit EUR 9.1 million).

Scanfil previously estimated that its full-year turnover and operating profit would clearly decrease compared to 2011. The full-year operating profit was, however, expected to be clearly positive.

### **Harri Takanen, CEO of Scanfil plc:**

"As the result of the cost management measures carried out early in the year, we adjusted to the decrease in sales, and our operating profit level was considerably better during the second quarter than the first quarter. In spite of the decreased turnover, Scanfil's financial position is good. The commitment of our personnel to developing the company's operations has been a crucial factor in order to reach these results.

Our sales to professional electronics customers have continuously developed positively in spite of weak general economic growth. Confidence of both old and new customers in a solvent partner has played a key role in the positive development. In the telecommunications products market, the development of sales has gone in a different direction, and no major changes compared to the current level of sales can be seen in the near future."

## DEVELOPMENT OF OPERATIONS

The demand for both telecommunications and professional electronics products developed positively during the second quarter. The company's turnover for the second quarter was EUR 49.3 million, a growth of nearly 16% compared to the first quarter. The demand for professional electronics products continued to be good, increasing by approximately 10% compared to the first quarter. The growth in the demand for telecommunications products was good during the second quarter, +32% compared to the first quarter, but the demand continues to be low.

Turnover for the first two quarters totalled EUR 91.9 million, of which professional electronics customers accounted for 72% (76% in the first quarter) and telecommunications customers for 28% (24% in the first quarter).

The company's profitability developed favourably, and operating profit for the second quarter was 6.4% of turnover (2.3% excluding non-recurring items in the first quarter). The favourable development of the

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profitability is mainly the result of increasing turnover and the company's efficiency in monitoring and cutting its costs to a level corresponding with the uncertain market situation.

Scanfil plc's subsidiary Scanfil EMS Oy purchased in May production and office facilities with a total floor area of 26,000 square metres and a 19.3 hectare plot in Sievi from Sievi Capital plc. Scanfil EMS Oy was previously a tenant in the facilities. The purchase price was EUR 4.2 million, and Scanfil EMS Oy paid it using its liquid assets.

## FINANCIAL DEVELOPMENT

The Group's turnover for January - June was EUR 91.9 million. Distribution of turnover based on the location of customers was as follows: Finland 45%, rest of Europe 17%, Asia 37%, USA 1%.

Operating profit for the Group during the review period was EUR 4.6 million, representing 5.0% of turnover. The operating profit includes the following non-recurring items recognised in the first quarter: Scanfil EMS Oy's share of the damages paid by Ojala-Yhtymä Oy, EUR 1.2 million, Scanfil plc's listing expenses, EUR 0.4 million, and the provision for expenses due to the restructuring of the Hangzhou subsidiary, EUR 0.4 million, consisting mainly of expenses related to the termination of personnel. Operating profit excluding non-recurring items was EUR 4.1 million, representing 4.5% of turnover. Earnings for the review period amounted to EUR 3.7 million. Earnings per share were EUR 0.06 and return on investment was 9.5%.

Turnover amounted to EUR 49.3 million in April-June and operating profit for the second quarter was EUR 3.2 million, or 6.4% of turnover. Profit for the quarter was EUR 2.6 million.

## FINANCING AND CAPITAL EXPENDITURE

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 138.9 million. Liabilities amounted to EUR 64.6 million, EUR 32.2 million of which were non-interest-bearing and EUR 32.4 million interest-bearing. The equity ratio was 53.5% and gearing 0.2%. The equity per share was EUR 1.29.

Liquid cash assets totalled EUR 32.3 million.

Cash flow from operating activities in the review period of January - June came to EUR 5.9 million. The change in working capital during the period amounted to EUR -1.4 million. Cash flow from investment activities was EUR -5.0 and cash flow from financing activities was EUR -4.4 million. The cash flow from investment activities is mainly comprised of the purchase of the Sievi property and the cash flow from financing activities consists of bank loan repayments.

Gross investments in January – June in fixed assets totalled EUR 5.1 million, which is 5.6% of turnover. The purchase of the Sievi property makes up the majority of the investments, EUR 4.2 million. Depreciations were EUR 2.2 million.

## SCANFIL EMS OY'S COMPARISON FIGURES FOR 2011

The new company Scanfil plc was formed in the partial demerger of Sievi Capital plc executed on 1 January 2012, in which the contract manufacturing business (Scanfil EMS Oy group) was demerged into a new publicly listed company. Scanfil plc's business operations consist of contract manufacturing operations, and since Scanfil plc has no comparison figures for 2011, the company published Scanfil EMS Oy Group's figures for 2011 as comparison data on 2 May 2012. Scanfil EMS Oy Group's indicators for the year 2011 are presented below:

	<b>4 - 6 2011</b>	<b>1 - 6 2011</b>	<b>1 - 12 2011</b>
Turnover, MEUR	62.0	120.8	210.8
Operating profit, MEUR	4.2	7.7	9.1
Operating profit, %	6.7	6.4	4.3
Net income, MEUR	3.0	5.6	6.3

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Return on equity, %	18.5	9.7
Return on investment, %	15.5	9.5
Interest-bearing liabilities, EUR million	40.0	36.5
Gearing, %	31.9	1.9
Equity ratio, %	43.3	53.6
Personnel, average	2 102	2 024

## BOARD OF DIRECTORS' AUTHORISATION

The Extraordinary General Meeting authorised the Board of Directors on 19 April 2012 to decide on the acquisition of the Company's own shares with distributable assets and on the disposal of own shares in accordance with the Board of Directors' proposal.

The Board of Directors' proposals to the Extraordinary General Meeting are available on the company website at [www.scanfil.com](http://www.scanfil.com).

The Board of Directors has no existing share issue authorisations or authorisations to issue convertible bonds with warrants.

## SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 1.10 and the lowest EUR 0.60, the closing price for the period standing at EUR 0.68. A total of 8,435,594 shares were traded during the period, corresponding to 14.6% of the total number of shares. The market value of the shares on 30 June 2012 was EUR 39,3 million.

## NOTIFICATIONS OF CHANGES IN SHAREHOLDING

Scanfil plc was informed on 18 April 2012 in accordance with Chapter 2, section 9 of the Securities Market Act that the Scanfil plc shares transferred to heirs and beneficiaries as the result of the distribution of matrimonial assets and estate of Eero Alvari Kotilainen's estate on 9 April 2012, had been transferred to Varikot Oy (new company) through transactions implemented on 17 April 2012. Following the arrangement, Varikot Oy holds 7,273,109 Scanfil plc shares, or 12.60% of all shares, and it is the second-largest individual shareholder in Scanfil plc. Based on an agreement between the shareholders, the voting right in Varikot Oy is used together by Riitta-Liisa Kotilainen (50%) and Sirpa Kotilainen (50%).

In a notification received by Scanfil plc after the end of the review period on 18 July 2012 pursuant to Chapter 2, section 9 of the Securities Market Act, Varikot Oy announced that a change had taken place in Varikot Oy's voting rights, effective 18 July 2012. Based on an agreement between the shareholders, the voting right in Varikot Oy is used together by Sirpa Kotilainen (50%), Riitta-Liisa Kotilainen (25%) and Aleksi Kotilainen (25%).

## PERSONNEL

Scanfil Group's personnel averaged 1,701 employees during the review period. At the end of the period, the Group employed 1,625 people, of whom 285 worked in the company's Finnish units and 1,340 in the company's units outside Finland. In all, 82% of the Group's personnel were employed by subsidiaries outside Finland on 30 June 2012.

## FUTURE PROSPECTS

Due to the continued uncertain situation in the global and European economy, the predictability of the contract manufacturing market is very poor, and it is not possible to provide a reliable outlook for the year. Based on the current outlook, the demand for telecommunications products is expected to fall clearly short of the previous year. The demand for professional electronics customers is expected to be on a par with 2011.

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Scanfil plc raises its estimate of the development of its operating profit and now expects the operating profit to fall slightly short of the level of 2011. With regard to turnover, Scanfil still estimates that its full-year turnover will decrease clearly compared to 2011 (Scanfil EMS Oy's turnover for 2011 was EUR 210.8 million and operating profit EUR 9.1 million).

Scanfil previously estimated that its full-year turnover and operating profit would clearly decrease compared to 2011. Full-year operating profit was, however, expected to be clearly positive.

## OPERATIONAL RISKS AND UNCERTAINTIES

The uncertainty of the global economy and threatening new recession and the decrease in international demand for investment commodities, especially in the eurozone, may have a negative impact on the development of the business of Scanfil's customers and impair the demand in the contract manufacturing market. This may slow down the development of Scanfil's sales and profitability.

In other respects, the risks facing Scanfil's business have remained essentially the same. The company's risks and risk management are described in greater detail on the company's website under Corporate Governance.

## ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard, applying the following accounting policies with the financial statements for 2011.

Individual figures and grand totals of tables have been rounded to the nearest million euros, so they will not always add up. The figures are unaudited.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>4 - 6</b>	<b>1 - 6</b>
	<b>2012</b>	<b>2012</b>
<b>Turnover</b>	<b>49.3</b>	<b>91.9</b>
Other operating income	0.1	1.3
Changes in inventories of finished goods and work in progress	0.7	0.7
Manufacturing for own use	0.0	0.0
Expenses	-45.7	-87.1
Depreciation	-1.1	-2.2
<b>Operating profit</b>	<b>3.2</b>	<b>4.6</b>
Financial income and expenses	0.2	0.2
Share in the associated company's profit	-0.1	-0.2
<b>Profit before taxes</b>	<b>3.2</b>	<b>4.6</b>
Income taxes	-0.6	-0.9
<b>Net profit for the period</b>	<b>2.6</b>	<b>3.7</b>
Attributable to:		
Equity holders of the parent	2.6	3.7
Earnings per share for profit attributable to shareholders of the parent:		
basic earnings per share ( EUR)	0.04	0.06

The company does not have items that might dilute the earnings per share.

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	4 - 6 2012	1 - 6 2012
<b>Net profit for the period</b>	<b>2.6</b>	<b>3.7</b>
Other comprehensive income:		
Translation differences	2.6	1.1
Derivative financial instrument	-0.2	0.1
Other comprehensive income, net of tax	2.5	1.2
<b>Total Comprehensive Income</b>	<b>5.0</b>	<b>4.9</b>
Attributable to:		
Equity holders of the parent	5.0	4.9

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

**Assets** **30.6.2012**

### Non-current assets

Property, plant and equipment	30.8
Goodwill	2.2
Other intangible assets	3.8
Shares in associated companies	0.9
Available-for-sale investments	0.0
Receivables	0.2
Deferred tax assets	0.5
<b>Total non-current assets</b>	<b>38.4</b>

### Current assets

Inventories	30.6
Trade and other receivables	37.3
Advance payments	0.1
Current tax	0.1
Available-for-sale investments, cash equivalents	19.7
Cash and cash equivalents	12.6
<b>Total current assets</b>	<b>100.5</b>

**Total assets** **138.9**

**Shareholder's equity and liabilities** **30.6.2012**

### Equity

Share capital	2.0
Translation differences	10.3
Other reserves	5.2
Reserve for invested unrestricted equity fund	10.7
Retained earnings	46.0
<b>Total equity</b>	<b>74.3</b>

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<b>Non-current liabilities</b>	
Deferred tax liabilities	0.0
Provisions	0.7
Interest bearing liabilities	23.2
Other liabilities	0.1
<b>Total non-current liabilities</b>	<b>23.9</b>
<b>Current liabilities</b>	
Trade and other liabilities	30.5
Current tax	0.8
Interest bearing liabilities	9.3
<b>Total current liabilities</b>	<b>40.6</b>
<b>Total liabilities</b>	<b>64.6</b>
<b>Total shareholder's equity and liabilities</b>	<b>138.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR million

1.1-30.6.2012

<b>Cash flow from operating activities</b>	
Net profit	3.7
Adjustments for the net profit	3.8
Change in net working capital	-1.4
Paid interests and other financial expenses	-0.4
Interest received	0.2
Taxes paid	-0.0
<b>Net cash from operating activities</b>	<b>5.9</b>
<b>Cash flow from investing activities</b>	
Investments in tangible and intangible assets	-5.0
Sale of tangible and intangible assets	0.0
Purchase of investments	-0.0
<b>Net cash from investing activities</b>	<b>-5.0</b>
<b>Cash flow from financing activities</b>	<b>-4.4</b>
<b>Net cash from financing activities</b>	<b>-4.4</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-3.6</b>
Cash and cash equivalents at beginning of period	35.2
Cash transferred at the demerger	0.1
Changes in exchange rates	0.6
Cash and cash equivalents at end of period	32.3

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## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million

### Equity attributable to equity holders of the parent company

	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
<b>Equity</b>						
<b>1.1.2012</b>	<b>2.0</b>	<b>9.2</b>	<b>4.9</b>	<b>10.7</b>	<b>42.6</b>	<b>69.4</b>
<b>Transfer to funds</b>			<b>0.3</b>		<b>-0.3</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>1.1</b>	<b>0.1</b>		<b>3.7</b>	<b>4.9</b>
<b>Equity</b>						
<b>30.6.2012</b>	<b>2.0</b>	<b>10.3</b>	<b>5.2</b>	<b>10.7</b>	<b>46.0</b>	<b>74.3</b>

### KEY INDICATORS

	<b>1 - 6</b>
	<b>2012</b>
Return on equity, %	10.4
Return on investment, %	9.5
Interest-bearing liabilities, EUR million	32.4
Gearing, %	0.2
Equity ratio, %	53.5
Gross investments in fixed assets, EUR million	5.1
% of net turnover	5.6
Personnel, average	1 701
Earnings per share, EUR	0.06
Shareholders' equity per share, EUR	1.3
Number of shares at the end of period, 000's	
- not counting own shares	57 730
- weighted average	57 730

The company has a EUR 32.4 million loan in connection with which the company has entered into interest and currency swap agreements to convert the SEK-denominated principal and cash flows of instalments and interest payments into euros. The interest and currency swap agreement fully hedges the instalments and interest payments against fluctuations in exchange and interest rates.

Owing to the nature of the sector, the company's order book covers only a short period of time and does not give an accurate picture of future development.

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## SEGMENT INFORMATION

EUR million

	1 - 6 2012
<b>Turnover</b>	
Europe	57.1
Asia	36.4
Turnover between segments	-1.6
<b>Total</b>	<b>91.9</b>
<b>Operating profit</b>	
Europe	3.5
Asia	1.2
<b>Total</b>	<b>4.6</b>
<b>Assets</b>	
Europe	66.1
Asia	69.7
Goodwill	2.2
Shares in associated companies	0.9
<b>Total</b>	<b>138.9</b>

## CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

	1 - 6 2012
Book value at the beginning of the period	27.0
Additions	5.1
Deductions	0.0
Depreciations	-2.1
Exchange rate differences	0.7
<b>Book value at the end of the period</b>	<b>30.8</b>

## CONTINGENT LIABILITIES

EUR million

	30.6.2012
Given property mortgages	0.9
Given business mortgages	40.0
Pledged guarantees	1.0
Rental liabilities	0.0

Scanfil plc has granted Nordea Bank Finland Plc an absolute guarantee for the payment of Scanfil EMS Oy's loan of originally EUR 40 million and resulting obligations to pay.



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## TRANSACTIONS WITH RELATED PARTIES

EUR million

1 - 6

2012

### Associated companies

Sales income	0.1
Trade receivables	0.2
Interest income	0.0
Loan receivables	0.3
Interest receivables	0.0

Loan of EUR 300,000 has been granted to an associate company Greenpoint Oy, of which EUR 210,000 has been changed in to a capital loan on 1 January 2012 according to Companies Act chapter 12.

Scanfil EMS Oy has rented an office space from Kiinteistö Oy Pilot 1, which head owners are Jorma Takanen, Harri Takanen, Jarkko Takanen and Reijo Pöllä. Rental costs were EUR 1,055 by 30 June 2012.

## KEY INDICATORS QUATERLY

	Q2/12	Q1/12
Turnover, MEUR	49,3	42,6
Operating profit, MEUR	3,2	1,4
Operating profit, %	6,4	3,4
Net income, MEUR	2,6	1,2

SCANFIL PLC

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Scanfil Group is engaged in contract manufacturing for international telecommunications technology and professional electronics manufacturers. Scanfil has 35 years of experience in demanding contract manufacturing. Scanfil is a systems supplier that offers its products and services to international

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telecommunications systems manufacturers and professional electronics customers. Typical products are equipment systems for mobile and public switched telephone networks, automation systems, frequency converters, lift control systems, equipment and systems for electricity production and transmission, analysers, slot machines and different meteorological instruments. The company has production facilities in China, Estonia, Hungary and Finland.

The associated company of Scanfil Group:

Greenpoint Oy (Scanfil EMS Oy's share of ownership 40%) focuses on development and supply of solutions and equipment, which improve placements, visibility and sales of customer products in the Point-Of-Sale. The Greenpoint product portfolio includes a large variety of refrigerated merchandisers, displays and integrated check-out zone concepts. The company serves both brand owners and retail chains internationally. Along with the European markets Greenpoint Oy has entered North and Latin American markets through partnerships. [www.greenpoint.fi](http://www.greenpoint.fi)

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