



VACON PLC
INTERIM REPORT
JANUARY – JUNE 2013

Vacon Plc Interim Report 1 January – 30 June 2013

April-June summary:

- Order intake totalled MEUR 114.0 (MEUR 108.9), an increase of 4.6% from the corresponding period in the previous year.
- Revenues totalled MEUR 103.4 (MEUR 99.5), growth of 4.0% from the corresponding period in the previous year.
- Operating profit was MEUR 10.4, or 10.0% of revenues (operating profit excluding one-time items was MEUR 9.1 and 9.1% of revenues in April-June 2012).
- Net cash flow from operating activities was MEUR 5.8 (MEUR 1.5).
- Earnings per share were EUR 0.51 (EUR 0.46).

January-June summary:

- Order intake totalled MEUR 214.2 (MEUR 205.8), an increase of 4.1% from the corresponding period in the previous year.
- Revenues totalled MEUR 194.8 (MEUR 183.7), growth of 6.0% from the corresponding period in the previous year.
- Operating profit was MEUR 16.1, or 8.3% of revenues (operating profit excluding one-time items was MEUR 14.0 and 7.6% of revenues in January-June 2012).
- Net cash flow from operating activities was MEUR 22.4 (MEUR 19.8).
- Earnings per share were EUR 0.76 (0.75).

April-June key indicators:

MEUR	4-6/2013	restated* 4-6/2012	Change, %
Order intake	114.0	108.9	4.6%
Revenues	103.4	99.5	4.0%
Operating profit	10.4	10.3	0.5%
% of revenues	10.0%	10.3%	
Operating profit excluding one-time items	10.4	9.1	14.4%
% of revenues	10.0%	9.1%	
Profit before taxes	10.2	10.3	-0.3%

January-June key indicators:

MEUR	1-6/2013	restated* 1-6/2012	Change, %	restated* 1-12/2012
Order intake	214.2	205.8	4.1%	401.9
Order book	69.5	58.7	18.3%	50.0
Revenues	194.8	183.7	6.0%	388.4
Operating profit	16.1	16.7	-3.5%	38.0
% of revenues	8.3%	9.1%		9.8%
Operating profit excluding one-time items	16.1	14.0	15.0%	36.5
% of revenues	8.3%	7.6%		9.4%
Profit before taxes	16.3	16.4	-1.1%	37.1
Net cash flow from operating activities	22.4	19.8	13.6%	52.3
Earnings per share, EUR	0.76	0.75		1.72
Interest-bearing net liabilities	-3.9	12.9		-10.3
Gearing, %	-3.8%	13.5%		-9.5%
Gross capital expenditure	10.2	6.6	55.1%	14.0

*Figures adjusted in accordance with IAS 19. More details of changes in IFRS standards are given in the final section of this interim report.

Business environment and business development

According to market surveys, the global AC drive market increased by some 4.5% in the first quarter of 2013 compared to the corresponding period in the previous year. All geographical regions showed growth. According to Vacon's assessment, the AC drive market did not grow significantly in the April-June period compared either to the first quarter of 2013 or to the corresponding period in the previous year.

Taking market developments into account, Vacon's business developed positively during the second quarter of 2013. The company's order intake increased considerably in the April-June period and was the highest so far in the history of the company. Revenues also rose compared both to the period for comparison in 2012 and to the first quarter of 2013. Vacon's revenues increased in all regions. Building automation was the industrial sector with strongest growth.

The company's operating profit percentage excluding one-time items also improved in the April-June period compared to the same period in 2012. Factors contributing to this improvement were the growth in revenues and the cost benefits obtained from transferring material sourcing to lower-cost countries. However, the proportionally higher demand for low power drives with a smaller profit margin slightly slowed down the improvement in the company's profitability.

Order intake and order book

Orders received in April-June totalled EUR 114.0 (108.9) million. Orders received in the second quarter in 2012 included a EUR 7 million project order. The volume of orders improved particularly in the Asia Pacific (APAC) region. Developments in orders received during the second quarter, compared to the corresponding period in the previous year, by market region were as follows: Asia and Pacific (APAC) growth of 19.9%, Europe, Middle East and Africa (EMEA) growth of 1.3% and North and South America, decline of 0.9%.

Orders received in the January-June period totalled EUR 214.2 (205.8) million. The order book rose 38.8% from the beginning of the year, standing at EUR 69.5 million at the end of the period (EUR 58.7 million).

Revenues

During the April-June period Vacon's revenues totalled EUR 103.4 (99.5) million, an increase of 4.0% on the corresponding period in the previous year.

Vacon Group revenues by region:

MEUR	4-6/ 2013	% of revenues	4-6/ 2012	% of revenues	1-6/ 2013	% of revenues	1-6/ 2012	% of revenues	1-12/ 2012	% of revenues
Europe, Middle East, Africa	62.2	60.1%	59.1	59.3%	119.7	61.5%	109.7	59.7%	225.5	58.1%
North and South America	17.3	16.7%	17.0	17.1%	32.7	16.8%	34.7	18.9%	76.6	19.7%
Asia and Pacific	23.9	23.1%	23.5	23.6%	42.3	21.7%	39.3	21.4%	86.2	22.2%
Total	103.4	100.0%	99.5	100.0%	194.8	100.0%	183.7	100.0%	388.4	100.0%

Business in the Europe, Middle East and Africa region developed encouragingly and sales in the region increased 5.3% in the April-June period compared to the corresponding period in the previous year. Growth in revenues came from several industrial sectors.

Revenues in the Asia Pacific region increased 1.9% in April-June. Revenues in this region rose particularly in building automation.

Revenues in North and South America increased 2.0% in April-June compared to the same period in 2012.

Vacon reports its regional sales based on the invoicing addresses, not the final location of the products.

Vacon Group revenues by distribution channel:

MEUR	4-6/ 2013	% of revenues	4-6/ 2012	% of revenues	1-6/ 2013	% of revenues	1-6/ 2012	% of revenues	1-12/ 2012	% of revenues
Direct sales	8.4	8.2%	7.6	7.6%	15.3	7.8%	14.1	7.7%	32.1	8.3%
Distributors	15.0	14.5%	13.7	13.8%	30.5	15.7%	27.8	15.1%	62.6	16.1%
OEM	36.3	35.1%	30.6	30.8%	67.8	34.8%	56.7	30.8%	124.5	32.1%
Brand label customers	15.6	15.0%	16.4	16.4%	29.1	14.9%	33.4	18.2%	69.9	18.0%
System integrators	28.2	27.2%	31.2	31.4%	52.1	26.7%	51.7	28.1%	99.3	25.6%
Total	103.4	100.0%	99.5	100.0%	194.8	100.0%	183.7	100.0%	388.4	100.0%

Vacon's sales to original equipment manufacturers (OEMs) increased in April-June, accounting for 35.1% of revenues. Direct sales and sales to distributors were unchanged from the period for comparison. Sales to system integrators and brand label customers, however, fell in the second quarter.

Operating profit and result

The operating profit excluding one-time items improved in April-June from the corresponding period in the previous year. The April-June operating profit was EUR 10.4 million, or 10.0% of revenues (operating profit excluding one-time items EUR 9.1 million and 9.1% in April-June 2012). One-time items totalling EUR 1.2 million boosted the operating profit in the period for comparison. The January-June operating profit was EUR 16.1 million, or 8.3% of revenues (operating profit excluding one-time items EUR 14.0 million and 7.6% in January-June 2012). One-time items totalling EUR 2.7 million boosted the January-June 2012 operating profit.

Factors contributing to the improvement in the company's profitability were the growth in revenues and the cost benefits obtained from transferring material sourcing to lower-cost countries. However, the proportionally higher demand for low power drives with a smaller profit margin slightly slowed down the improvement in the company's profitability.

Earnings per share were EUR 0.51 in April-June (EUR 0.46) and EUR 0.76 in January-June (EUR 0.75).

Balance sheet and cash flow

The balance sheet remained strong and the net cash flow from operating activities in the April-June period totalled EUR 5.8 (1.5) million. During the April-June period the working capital tied up increased as a result of the growth in revenues. The net cash flow from operating activities in the January-June period totalled EUR 22.4 (19.8) million.

The company has no net debt. Thanks to the strong net cash flow from operating activities the company's gearing was -3.8% (13.5%). Net debt at the end of June was EUR -3.9 million. The balance sheet total was EUR 218.7 (206.1) million. The equity ratio was 47.9% (47.2%). The Group's equity structure and liquidity remained strong. Interest-bearing debt at the end of June totalled EUR 27.9 (31.7) million, and cash and cash equivalents totalled EUR 31.7 (18.8) million.

Research and development

R&D expenditure in the January-June period totalled EUR 13.4 (12.0) million, and EUR 2.3 (2.4) million of this was capitalized as development costs. R&D costs accounted for 6.9% of the Group's revenues (6.5%).

In its R&D activities Vacon has invested in research into high power AC drives, and developing tailored solutions for individual customers.

Investments

Gross investments by the Group in the January-June period totalled EUR 10.2 (6.6) million. Expenditure focused particularly on product development and on developing production.

Organization and personnel

At the end of June the Group employed 1,561 (1,468) people, and 733 (696) of these were in Finland and 828 (773) in other countries. The number of personnel grew fastest in China.

The table below shows the average number of Vacon employees during the review period:

	1-6/2013	1-6/2012	1-12/2012
Office personnel	987	948	955
Factory personnel	536	505	513
TOTAL	1,523	1,452	1,468

Shares and shareholders

Vacon had a market capitalization at the end of June of EUR 776.7 (516.2) million. The closing share price on 30 June 2013 was EUR 50.95. The lowest share price during the January-June period was EUR 40.00 and the highest EUR 57.00.

A total of 1,228,691 shares, or 8.1% of the share stock, corresponding in monetary terms to EUR 61.3 million, were traded on the stock exchange in the January-June period. According to the shareholder register updated on 30 June 2013, Vacon had 4,709 registered shareholders. Shares that were nominee registered and in foreign ownership amounted to 50.8% (53.3%) of the total share stock.

Vacon's main shareholders on 30 June 2013:

	Number of shares	Holding, %
AC Invest Three B.V.	2,064,844	13.5%
Ilmarinen Mutual Pension Insurance Company	858,968	5.6%
Tapiola Mutual Pension Insurance Company	584,500	3.8%
Koskinen Jari	366,104	2.4%
Ehrnrooth Martti	325,070	2.1%
Vaasa Engineering Ltd	299,514	2.0%
Holma Mauri	220,000	1.4%
Special Fund Handelsbanken Nordic Selective	203,000	1.3%
Fondita Nordic Micro Cap	167,100	1.1%
OP-Finland Small Firms Fund	163,000	1.1%
Vacon Plc own shares	51,415	0.3%
Others	9,991,485	65.3%
Total	15,295,000	100.0%
Shares outstanding	15,243,585	

On 30 June 2013 members of Vacon's Board of Directors, the President and CEO, and the Deputy to the CEO held directly a total of 36,470 shares, or 0.2% of Vacon's share stock.

Own shares

On 30 June 2013 Vacon Plc held a total of 51,415 of its own shares, which it had acquired at an average price of EUR 38.08. This is 0.3% of the share capital and voting rights, so it has no significant impact on the distribution of ownership or voting rights in the company. At the end of 2012 the company held altogether 83,227 of its own shares, or 0.5% of the share capital and voting rights.

Dividend

The AGM decided in March 2013 to pay a dividend of EUR 1.10 a share, in total EUR 16,767,943.50, in accordance with the proposal of the Board of Directors. The dividend was paid on 9 April 2013.

Risks and uncertainties in the near future

There are still uncertainties relating to developments in the global economy, and these may weaken demand for AC drives globally or in certain regions.

The court proceedings relating to the customs procedures followed by Vacon's subsidiary in China continue in the higher court, since two of the parties appealed against the ruling given by the lower court in December 2011. It is possible that the sentence imposed on Vacon may also change in the higher court, so some uncertainty still remains in this matter. Vacon made provisions in 2010 and 2011 relating to this risk.

Vacon's 2012 annual report gives a detailed description of the risks and uncertainties relating to the company's business and of the principles for risk management.

Prospects for 2013

In Vacon's assessment there was slight growth in the AC drive market in January-June, and Vacon expects the market to pick up still further in the second half of the year. The company estimates that the global AC drive market will grow faster than average growth in industrial production, at an estimated rate of 5-10% in 2013.

Vacon's strong order intake supports growth in the company's revenues and improving profitability in the second half of the year. Other key factors contributing to an improvement in profitability, in addition to the growth in revenues, are the cost benefits from transferring material sourcing to lower cost countries and raising overall efficiency in operations. Improving the company's profitability does not require a change in the sales product breakdown, the productivity targets set can be achieved with the existing product breakdown.

Market guidelines for 2013

Vacon is retaining the market guidelines it published earlier and estimates that its revenues will increase 5-15% and that its operating profit percentage excluding one-time items will be 10-12% in 2013.

Revenues in 2012 totalled EUR 388.4 million and the operating profit percentage excluding one-time items was 9.4%.

Vacon's goal is to achieve revenues of EUR 500 million in 2014. Its profitability target for 2014 is an operating profit of 14%, and for return on equity the target is more than 30%.

Accounting principles

This interim report has been prepared in accordance with IFRS (International Financial Reporting Standards) standard IAS 34 on Interim Financial Reporting. Vacon has prepared this interim report applying the same accounting principles as those described in its 2012 consolidated financial statements as well as the IFRS standards that came into force on 1 January 2013. These are IAS 19 Employee Benefits, IFRS 7 Financial Instruments and IFRS 13 Fair Value Measurement.

IAS 19 Employee Benefits

The revision to IAS 19 eliminates the possibility of applying deferred recognition through the corridor approach that has been used by the company. According to the standard, all actuarial gains and losses are recognized through a remeasurement item in the statement of comprehensive income. Past service costs are recognized immediately in employee costs as part of pension costs. The change removes the concept of expected return on plan assets and the discount rate is also used for defining the return on assets. The pension liability of Group companies is defined by calculating the current value of estimated cash flows using the high-quality corporate bond rate as the discount rate. If there is no deep market in these bonds, market yields on government bonds are used. The bonds used in defining the rate are in the same currency as the benefits to be paid. The discount rate chosen reflects the estimated average payment date for the benefits. To define the fair value of the plan assets, in the first instance the market price on the closing date is used. If the market price is not available, the fair value is estimated by discounting expected future cash flows using the same discount rate as when measuring the pension liability. The revisions have only a small impact on the company's shareholders' equity and the amount of the pension liability. As the result of the revision, the pension liability as of 31 December 2012 increases by EUR 0.2 million and equity is reduced by EUR 0.2 million. The company applied the revised standard as from the beginning of 2013.

IFRS 7 Financial instruments: Information presented in the financial statements

The amendment to IFRS 7 revises the requirements for disclosures relating to financial instruments presented in the balance sheet at net value and to netting arrangements in general or similar agreements. The revision has no significant impact. The company applied the revised standard as from the beginning of 2013.

IFRS 13 Fair value measurement

The standard contains standard requirements concerning the measurement of fair value and disclosures that relate to all IFRS standards. The revision has no significant impact. The company applied the revised standard as from the beginning of 2013.

The interim report is unaudited.

Consolidated statement of income, IFRS, MEUR

	4-6/2013	restated* 4-6/2012	1-6/2013	restated* 1-6/2012	restated* 1-12/2012
Revenues	103.4	99.5	194.8	183.7	388.4
Other operating income	0.0	0.0	0.1	0.1	0.2
Change in inventories of finished goods and work in progress	1.4	-1.3	1.7	-0.7	-1.9
Materials and services	-53.8	-52.0	-100.7	-95.8	-201.5
Employee benefit related expenses	-21.1	-18.4	-42.1	-38.1	-76.7
Other operating expenses	-16.3	-14.1	-30.9	-26.0	-56.8
Depreciation	-1.6	-1.6	-3.2	-3.1	-6.4
Amortization	-1.8	-1.8	-3.6	-3.5	-7.3
Operating profit	10.4	10.3	16.1	16.7	38.0
Financial income and expenses	-0.1	0.0	0.1	-0.3	-0.9
Profit before taxes	10.2	10.3	16.3	16.4	37.1
Income taxes	-2.2	-3.0	-4.3	-4.6	-10.3
Profit for the period	8.0	7.3	12.0	11.8	26.9
Attributable to:					
Equity holders of the parent	7.8	7.1	11.5	11.5	26.2
Non-controlling interests	0.3	0.2	0.4	0.3	0.7
Earnings per share, euro	0.51	0.46	0.76	0.75	1.72
Diluted earnings per share, euro	0.51	0.46	0.76	0.75	1.72

Consolidated statement of comprehensive income, MEUR

	4-6/2013	restated 4-6/2012	1-6/2013	restated 1-6/2012	restated 1-12/2012
Profit for the period	8.0	7.3	12.0	11.8	26.9
Other comprehensive income					
Remeasurement	0.0	-0.1	0.1	-0.2	-0.5
Items not transferred to profit or loss	0.0	-0.1	0.1	-0.2	-0.5
Cash flow hedging	0.0	0.0	0.0	0.0	0.0
Translation differences	-0.1	0.5	0.4	0.3	0.1
Items that may subsequently be transferred to profit or loss	-0.1	0.5	0.4	0.3	0.1
Total comprehensive income	8.0	7.7	12.4	11.9	26.5
Attributable to:					
Equity holders of the parent	7.7	7.5	12.0	11.6	25.8
Non-controlling interests	0.3	0.2	0.4	0.3	0.7

*Figures adjusted in accordance with IAS 19. The restated figures later shown in the table section are based on the aforementioned renewed IAS 19 standard.

Consolidated statement of financial position, IFRS, MEUR

	30.6.2013	restated 30.6.2012	restated 31.12.2012
ASSETS			
Goodwill	9.2	9.4	9.2
Development costs	19.0	18.5	18.7
Other intangible assets	7.1	7.8	6.8
Property, plant and equipment	27.1	25.7	24.4
Available-for-sale financial assets	3.7	3.7	3.7
Deferred tax assets	7.8	6.0	7.2
Other financial assets	3.2	2.1	3.1
Total non-current assets	77.1	73.1	73.0
Inventories	26.9	28.3	25.7
Trade and other receivables	83.0	85.9	76.9
Cash and cash equivalents	31.7	18.8	31.1
Total current assets	141.7	133.0	133.7
Total assets	218.7	206.1	206.7
EQUITY AND LIABILITIES			
Share capital	3.1	3.1	3.1
Share premium reserve	5.0	5.0	5.0
Other reserves	0.1	0.1	0.1
Own shares	-5.0	-2.6	-5.0
Revaluation reserve	2.3	2.3	2.3
Retained earnings	95.5	86.3	100.8
Non-controlling interests	1.7	1.7	2.0
Total equity	102.7	95.8	108.3
Deferred tax liabilities	6.4	5.9	5.9
Employee benefits	2.2	1.9	2.1
Interest-bearing liabilities	16.4	20.2	17.9
Total non-current liabilities	25.0	28.0	25.9
Trade and other payables	67.3	59.7	54.7
Income tax liabilities	1.3	0.9	3.8
Provisions	11.0	10.2	11.1
Interest-bearing liabilities	11.5	11.5	2.9
Total current liabilities	91.1	82.3	72.5
Total equity and liabilities	218.7	206.1	206.7

Q2 2013 Consolidated statement of changes in equity, IFRS, MEUR

Attributable to equity holders of the parent

	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2013, restated	3.1	5.0	0.1	-5.0	2.3	100.8	106.3	2.0	108.3
Profit for the period						11.5	11.5	0.4	12.0
Other total comprehensive income:									
Remeasurement						0.1	0.1		0.1
Translation differences						0.4	0.4		0.4
Total comprehensive income for the period						12.0	12.0	0.4	12.4
Share bonuses						0.7	0.7		0.7
Dividends paid						-16.8	-16.8	-0.5	-17.3
Acquisition of non-controlling interests						-1.2	-1.2	-0.3	-1.4
Equity June 30, 2013	3.1	5.0	0.1	-5.0	2.3	95.5	101.0	1.7	102.7

Q2 2012 Consolidated statement of changes in equity, IFRS, MEUR

Attributable to equity holders of the parent

	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity Dec 31, 2011	3.1	5.0	0.1	-2.6	2.3	88.0	95.8	1.9	97.7
Remeasurement (IAS 19)						0.0	0.0		0.0
Equity Jan 1, 2012, restated	3.1	5.0	0.1	-2.6	2.3	88.0	95.8	1.9	97.7
Profit for the period						11.5	11.5	0.3	11.8
Other total comprehensive income:									
Remeasurement						-0.2	-0.2		-0.2
Translation differences						0.3	0.3		0.3
Total comprehensive income for the period						11.6	11.6	0.3	11.9
Share bonuses						0.7	0.7		0.7
Dividends paid						-13.7	-13.7	-0.6	-14.3
Acquisition of non-controlling interests						-0.2	-0.2	0.0	-0.2
Equity June 30, 2012	3.1	5.0	0.1	-2.6	2.3	86.3	94.1	1.7	95.8

Consolidated statement of cash flow, IFRS, MEUR

	4-6/2013	restated 4-6/2012	1-6/2013	restated 1-6/2012	restated 1-12/2012
Profit for the period	8.0	7.3	12.0	11.8	26.9
Depreciation	3.4	3.4	6.7	6.6	13.7
Financial income and expenses	0.1	0.0	-0.1	0.3	0.9
Taxes	2.2	3.0	4.3	4.6	10.3
Other adjustments	1.1	-1.4	1.2	-2.4	-1.4
Change in working capital	-4.9	-6.4	4.8	6.0	12.9
Net cash flow from financial items and tax	-4.1	-4.4	-6.4	-7.1	-10.9
Net cash flow from operating activities	5.8	1.5	22.4	19.8	52.3
Acquisition of subsidiary	0.0	-0.2	-1.5	-0.3	-0.5
Investments in tangible and intangible assets	-6.0	-3.3	-9.8	-6.4	-11.8
Other investments	0.0	0.0	-0.1	0.3	-0.5
Net cash flow from investing activities	-6.0	-3.5	-11.4	-6.5	-12.9
Proceeds from long-term borrowings	0.0	-0.2	0.0	0.4	0.5
Proceeds from short-term borrowings	8.3	6.0	8.3	13.0	13.0
Repayment of short-term loans	0.8	5.3	-1.4	-10.1	-21.0
Purchase of own shares	0.0	0.0	0.0	0.0	-2.3
Dividends paid	-17.0	-13.9	-17.3	-14.4	-14.6
Net cash flow from financing activities	-7.9	-2.8	-10.5	-11.0	-24.4
Change in cash and cash equivalents	-8.1	-4.8	0.6	2.3	15.0
Cash and cash equivalents at start of period	40.4	23.3	31.1	16.3	16.3
Translation differences for cash and cash equivalents	-0.6	0.4	0.1	0.2	-0.3
Cash and cash equivalents at end of period	31.7	18.8	31.7	18.8	31.1

Segment information

Vacon has focused on one product, AC drives, and this is also Vacon's only business segment.

The figures for the business segment are identical to the figures for the whole Group. Vacon's operations are organized in the following main functions: Market Operations, Product Operations and Support Functions. To ensure that the organization is customer-oriented, operations are controlled by sales channels: distributors, systems integrators, direct sales, OEM customers and brand label customers.

Key financial indicators

Per share data	30.6.2013	restated 30.6.2012	restated 31.12.2012
Earnings per share, EUR	0.76	0.75	1.72
Equity per share, EUR	6.63	6.16	6.99
Lowest trading price, EUR	40.00	31.11	31.11
Highest trading price, EUR	57.00	42.00	42.54
Share price at year end, EUR	50.95	33.80	40.20
Average trading price, EUR	49.52	37.02	38.36
Market capitalization, MEUR	776.7	516.2	611.5
Trading volume, no. of shares	1,228,691	924,598	3,150,916
Trading volume, %	8.1	6.1	20.7
Adjusted average number of shares during financial year	15,228,376	15,264,394	15,254,256
Number of shares at year end	15,243,585	15,271,773	15,211,773
Own shares	51,415	23,227	83,227

Key indicators showing the Group's financial performance

	30.6.2013	restated 30.6.2012	restated 31.12.2012
Revenues, MEUR	194.8	183.7	388.4
Change in revenues, %	6.0	-9.1	2.0
Operating profit, MEUR	16.1	16.7	38.0
Change in operating profit, %	-3.5	-18.5	53.6
Operating profit, % of revenues	8.3	9.1	9.8
Profit before taxes, MEUR	16.3	16.4	37.1
Profit before taxes, % of revenues	9.4	9.0	9.6
Interest-bearing net liabilities, MEUR	-3.9	12.9	-10.3
Gearing, %	-3.8	13.5	-9.5
Working capital, MEUR	30.3	43.4	33.0
Equity ratio, %	47.9	47.2	53.0
Gross capital expenditure, MEUR	10.2	6.6	14.0
Gross capital expenditure, % of revenues	5.2	3.6	3.6
R & D expenditure, MEUR	13.4	12.0	25.1
R & D expenditure, % of revenues	6.9	6.5	6.5
Number of personnel at end of period	1,561	1,468	1,513
Order book, MEUR	69.5	58.7	50.0

Commitments and contingencies, MEUR

	30.6.2013	30.6.2012	31.12.2012
Commitments and contingencies	14.0	11.8	16.1
Financing commitments	0.0	0.1	0.0

Impact of IAS 19 revision, MEUR

	reported 30.6.2012	adjust- ment	restated 30.6.2012	reported 31.12.2012	adjust- ment	restated 31.12.2012
Consolidated statement of income						
Employee benefit related expenses	-38.2	0.2	-38.1	-77.0	0.3	-76.7
Operating profit	16.6	0.2	16.7	37.7	0.3	38.0
Financial income and expenses	-0.3	0.0	-0.3	-0.9	0.0	-0.9
Profit before taxes	16.3	0.2	16.4	36.8	0.3	37.1
Income taxes	-4.6	0.0	-4.6	-10.2	-0.1	-10.3
Profit for the period	11.7	0.1	11.8	26.6	0.2	26.9
Impact on income statement		0.1			0.2	
Attributable to:						
Equity holders of the parent	11.4	0.1	11.5	25.9	0.2	26.2
Non-controlling interests	0.3		0.3	0.7		0.7
Consolidated statement of comprehensive income						
Profit for the period	11.7	0.1	11.8	26.6	0.2	26.9
Other comprehensive income						
Cash flow hedging	0.0		0.0	0.0		0.0
Translation differences	0.3		0.3	0.1		0.1
Remeasurement		-0.2	-0.2		-0.5	-0.5
Total comprehensive income	12.0	-0.1	11.9	26.7	-0.2	26.5
Impact on statement of comprehensive income		-0.1			-0.2	
Attributable to:						
Equity holders of the parent	11.6	-0.1	11.6	26.1	-0.2	25.8
Non-controlling interests	0.3		0.3	0.7		0.7
Consolidated statement of financial position						
ASSETS						
Assets from defined benefit pension schemes	0.0	0.0	0.0	0.1	-0.1	0.0
Impact on assets		0.0			-0.1	
EQUITY AND LIABILITIES						
Equity	95.9	-0.1	95.8	108.5	-0.2	108.3
Deferred tax liabilities	6.0	0.0	5.9	6.0	-0.1	5.9
Employee benefits	1.8	0.1	1.9	1.9	0.2	2.1
Impact on equity and liabilities		0.0			-0.1	

Impact of IAS 19 revision, MEUR

Profit for the period	30.6.2013	30.6.2012	31.12.2012
Profit for the period before IAS 19 revision	11.7	11.7	26.6
IAS 19 revision	0.2	0.1	0.2
Profit for the period after IAS 19 revision	12.0	11.8	26.9
Comprehensive income for the period before IAS revision	12.6	12.0	26.7
IAS 19 revision	-0.2	-0.1	-0.2
Comprehensive income for period after IAS 19 revision	12.4	11.9	26.5

Equity	30.6.2013	30.6.2012	31.12.2012	1.1.2012
Equity before IAS 19 revision	102.8	95.9	108.5	97.7
IAS 19 revision	-0.2	-0.1	-0.2	0.0
Equity after IAS 19 revision	102.7	95.8	108.3	97.7

Impact of 1 January 2012 opening balance on equity is around EUR -16,000.

Fair value hierarchy of financial assets and liabilities valued at fair value, MEUR

Fair values at end of reporting period

	30.6.2013	Level 1	Level 2	Level 3
Financial assets to be recognized at fair value through profit and loss				
Currency forward contracts and currency options	0.3		0.3	
Those used for cash flow hedging	0.0		0.0	
Available for sale financial assets				
Investments in shares	5.5			5.5
Loans and other receivables				
Convertible bond	1.0			1.0
Total	6.8	0.0	0.3	6.5
Liabilities valued at fair value				
Currency forward contracts and currency options	0.0		0.0	
Those used for cash flow hedging	0.0		0.0	
Total	0.0	0.0	0.0	0.0

The fair values at hierarchy **level 1** are based on the quoted prices of completely identical asset items or liabilities in an active market.

The fair values of **level 2** instruments are to a significant extent based on inputs other than quoted prices included in level 1; however, they are based on information that is observable for the asset item either directly or indirectly. The Group uses market value reports compiled by Nordea Bank, Danske Bank, and Svenska Enskilda Bank in determining the fair value of these instruments.

The fair values of **level 3** instruments are based on acquisition cost or inputs concerning the asset item which are not based on observable market information but to a significant extent on the management's estimates.

Group quarterly performance, MEUR

	4-6/ 2013	1-3/ 2013	restated 10-12/ 2012	restated 7-9/ 2012	restated 4-6/ 2012	restated 1-3/ 2012
Revenues	103.4	91.3	103.2	101.5	99.5	84.2
Operating profit	10.4	5.8	11.0	10.3	10.3	6.4
Profit before taxes	10.2	6.0	10.7	10.0	10.3	6.2

Calculation of financial ratios

Earnings per share =	$\frac{\text{Profit for the financial year attributable to equity holders of the parent company}}{\text{Adjusted average number of shares}}$
Equity per share =	$\frac{\text{Total equity – non-controlling interests}}{\text{Adjusted average number of shares at year end}}$
Dividend per share =	$\frac{\text{Dividend for financial year}}{\text{Adjusted number of shares at year end}}$
Equity ratio, % =	$\frac{\text{Total equity} \times 100}{\text{Balance sheet total – advances received}}$
Gearing, % =	$\frac{(\text{Interest-bearing liabilities – cash, bank balances and financial assets}) \times 100}{\text{Total equity}}$
Working capital =	Inventories + non-interest-bearing short-term receivables - Non-interest-bearing short-term liabilities
R & D costs =	Research and development costs recognized in income statement (incl. costs covered with subsidies) and capitalized development expenses
Market capitalization of share stock =	Number of shares outstanding at year end x closing share price
Share turnover, % =	$\frac{\text{Number of shares traded during the year} \times 100}{\text{Adjusted average number of shares}}$