

SCANFIL GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2012

January – March

- Turnover totalled to EUR 42.6 million
- Operating profit EUR 1.4 million, 3.4% of turnover
- Operating profit excluding non-recurring items EUR 1.0 million, representing 2.3% of turnover
- Profit for the review period was EUR 1.2 million
- Earnings per share were EUR 0.02

The result for January-March includes the following non-recurring items: 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.

Harri Takanen, CEO of Scanfil plc:

"The new Scanfil plc was established in the demerger of Sievi Capital plc on 1 January 2012. In the demerger, Scanfil EMS Oy, a company with 35 years of experience in contract manufacturing, transferred to Scanfil plc. Since this is the first interim report 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.

Sales were low during the first quarter due to the weak demand for telecommunications products. The demand for professional electronics products, on the other hand, was strong. In spite of the challenging market conditions, the company has been able to keep its profitability positive. The high motivation and commitment of the personnel have been of paramount importance in being able to adjust to the changing market situation. Flexibility is essential in the contract manufacturing business.

The existing capacity of the company's contract manufacturing business makes it possible to increase production and turnover without making major investments. The company's result can be improved this way. We believe that growth can be achieved by boosting our sales efforts with regard to both our existing customer base and new customer acquisitions."

DEVELOPMENT OF OPERATIONS

The demand in the contract manufacturing market was twofold during the first quarter, with the demand for telecommunications products being very poor and the demand for professional electronics products being very positive. The favourable demand for professional electronics products was not, however, sufficient to compensate for the decrease in the demand for telecommunications products. The company has adjusted its operations and been able to react swiftly to the weakening demand in the contract manufacturing market. In spite of the low turnover, the company's operating profit excluding non-recurring items has remained positive as a result of successful and correctly timed adjustment measures. Professional electronics customers accounted for 76% of total sales for the first quarter, telecommunications customers for 24%.

Scanfil will develop and boost its business operations by adopting a new enterprise resource planning system. The system will be deployed through a development project that will be carried out in all units over approximately two years. The new software will be used for developing an integrated system that covers all of the Group's business processes, which will contribute to strengthening Scanfil's competitiveness in the international contract manufacturing market. In Finland, Scanfil EMS Oy had statutory employer-employee negotiations at the Sievi plant. Based on the results of the negotiations, a total of 64 workers and salaried employees will be made

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redundant. The Hangzhou subsidiary in China has also streamlined its operations during the period. Scanfil EMS Oy Group had 1,746 employees on 31 March 2012.

THE COURT OF ARBITRATIONS JUDGEMENT CONCERNING THE MERGER OF SCANFIL EMS OY AND OJALA-YHTYMÄ OY

With the judgment issued on February 29, 2012, the court of arbitration ordered Ojala-Yhtymä Oy and its shareholders ("Ojala") to pay a total of EUR 2 million and interest to Scanfil plc's subsidiary Scanfil EMS Oy and Sievi Capital plc and to pay the companies' legal expenses in the matter in full. Furthermore, Ojala was obligated to pay the court of arbitration's expenses and fees in full. The compensation less legal expenses was divided equally between Scanfil EMS Oy and Sievi Capital plc. In its award, the court of arbitration confirmed all of Scanfil EMS Oy's and Sievi Capital plc's claims and the opinion that Ojala was not entitled not to execute the agreed merger. The judgement of the court of arbitration is final. The court of arbitration dismissed Ojala's counterclaim against Scanfil EMS Oy and Sievi Capital Oy in its entirety. Scanfil plc published a stock exchange release concerning the matter on 1 March 2012.

FINANCIAL DEVELOPMENT

The Group's turnover for January - March was EUR 42.6 million. Distribution of turnover based on the location of customers was as follows: Finland 47%, rest of Europe 19%, Asia 33%, USA 1%. The Chinese subsidiaries' sales accounted for 36 % of the Group's sales during the review period including deliveries to the Group's other plants.

Operating profit for the Group during the review period was EUR 1.4 million, representing 3.4% of turnover. The Group's operating profit includes the following non-recurring items: 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 1.0 million, representing 2.3% of turnover. Earnings for the review period amounted to EUR 1.2 million. Earnings per share were EUR 0.02 and return on investment was 6.7%.

FINANCING AND CAPITAL EXPENDITURE

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 133.1 million. Liabilities amounted to EUR 63.8 million, EUR 27.2 million of which were non-interest-bearing and EUR 36.6 million interest-bearing. The equity ratio was 52.0% and gearing -1.1%. The equity per share was EUR 1.2.

Liquid cash assets totalled EUR 37.4 million.

Cash flows from operating activities in the review period of January - March came to EUR 3.2 million. The change in working capital during the period amounted to EUR 0.1 million. Cash flow from investment activities was EUR -0.5 and cash flow from financing activities was EUR 0.0 million.

Gross investments in fixed assets totalled EUR 0.5 million, which is 1.2% of turnover. Depreciations were EUR 1.1 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

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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 first quarter and whole year of 2011 are presented below:

	1 - 3 2011	1 - 12 2011
Turnover, MEUR	58.8	210.8
Operating profit, MEUR	3.6	9.1
Operating profit, %	6.1	4.3
Net income, MEUR	2.6	6.3
Return on equity, %	17.6	9.7
Return on investment, %	13.9	9.5
Interest-bearing liabilities, EUR million	40.0	36.5
Gearing, %	36.2	1.9
Equity ratio, %	43.2	53.6
Personnel, average	2 293	2 024

DECISIONS BY THE EXTRAORDINARY GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORIZATION

Scanfil plc's Extraordinary General Meeting was held at company's main office in Sievi on 19 April 2012.

The Meeting decided that the Board of Directors shall consist of four members. Jorma J. Takanen, Tuomo Lähdesmäki and Jarkko Takanen were re-elected as Members of the Board of Directors and Päivi Marttila as a new Board Member. The meeting decided that the remuneration of Members of the Board of Directors is EUR 1,300/month.

In its meeting, held after the General Meeting, the Board of Directors elected Jorma J. Takanen as the Chairman of the Board of Directors.

The Meeting decided according to the Board of Directors' proposal to authorize the Board of Directors to decide on the acquisition of the Company's own shares with distributable assets.

The Meeting decided according to the Board of Directors' proposal to authorize the Board of Directors to decide on the disposal of the Company's own shares.

The Board of Directors' proposals to the Extraordinary General Meeting are available on the company website at www.scanfil.com.

The minutes of the Extraordinary General Meeting will be available on the company's website, www.scanfil.com, as of 3 May 2012.

SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 1.10 and the lowest EUR 0.65, the closing price for the period standing at EUR 0.78. A total of 892,412 shares were traded during the period, corresponding to 1.5% of the total number of shares. The market value of the shares on 31 March 2012 was EUR 45.0 million.

PERSONNEL

Scanfil Group's personnel averaged 1,744 employees during the review period. At the end of the period, the Group employed 1,746 people, of whom 297 worked in the company's Finnish units and 1,449 in the company's units outside Finland. In all, 83% of the Group's personnel were employed by subsidiaries outside Finland on 31 March 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.

Full-year turnover and operating profit will decrease compared to 2011 (Scanfil EMS Oy's turnover for 2011 was EUR 210.8 million and operating profit EUR 9.1 million). Full-year operating profit is, however, expected to be clearly positive.

OPERATIONAL RISKS AND UNCERTAINTIES

The slowing down of the world economy and decreased international demand for investment commodities especially in Europe may have a negative effect on demand in the contract manufacturing market and 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 2010.

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.

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CONSOLIDATED INCOME STATEMENT

EUR million

	1 - 3 2012
Turnover	42.6
Other operating income	1.2
Changes in inventories of finished goods and work in progress	0.0
Expenses	-41.4
Depreciation	-1.1
Operating profit	1.4
Financial income and expenses	0.1
Share in the associated company's profit	-0.1
Profit before taxes	1.4
Income taxes	-0.2
Net profit for the period	1.2
Attributable to:	
Equity holders of the parent	1.2
Earnings per share for profit attributable to shareholders of the parent:	
basic earnings per share (EUR)	0.02

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	1 - 3 2012
Net profit for the period	1.2
Other comprehensive income:	
Translation differences	-1.5
Derivative financial instrument	0.3
Other comprehensive income, net of tax	-1.3
Total Comprehensive Income	-0.1
Attributable to:	
Equity holders of the parent	-0.1

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

Assets	31.3.2012
Non-current assets	
Property, plant and equipment	26.4
Goodwill	2.2
Other intangible assets	3.7
Shares in associated companies	1.0
Available-for-sale investments	0.0
Receivables	0.3
Deferred tax assets	0.5
Total non-current assets	34.1
Current assets	
Inventories	29.2
Trade and other receivables	31.8
Advance payments	0.1
Current tax	0.5
Available-for-sale investments, cash equivalents	26.3
Cash and cash equivalents	11.0
Total current assets	98.9
Total assets	133.1
Shareholder's equity and liabilities	31.3.2012
Equity	
Share capital	2.0
Translation differences	7.7
Other reserves	5.2
Reserve for invested unrestricted equity fund	10.7
Retained earnings	43.7
Total equity	69.3
Non-current liabilities	
Deferred tax liabilities	0.0
Provisions	0.6
Interest bearing liabilities	27.4
Other liabilities	0.1
Total non-current liabilities	28.2
Current liabilities	
Trade and other liabilities	26.1
Current tax	0.4
Interest bearing liabilities	9.1
Total current liabilities	35.7
Total liabilities	63.8
Total shareholder's equity and liabilities	133.1

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CONSOLIDATED CASH FLOW STATEMENT

EUR million

1.1-31.3.2012

Cash flow from operating activities

Net profit	1.2
Adjustments for the net profit	1.9
Change in net working capital	0.1
Paid interests and other financial expenses	-0.0
Interest received	0.1
Taxes paid	-0.1
Net cash from operating activities	3.2

Cash flow from investing activities

Investments in tangible and intangible assets	-0.5
Sale of tangible and intangible assets	0.0
Net cash from investing activities	-0.5

Cash flow from financing activities

Net cash from financing activities

Net increase/decrease in cash and cash equivalents **2.6**

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	37.4

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
Equity						
1.1.2012	2.0	9.2	4.9	10.7	42.6	69.4
Total comprehensive income		-1.5	0.3		1.2	-0.1
Equity						
31.3.2012	2.0	7.7	5.2	10.7	43.7	69.3

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KEY INDICATORS

	1 - 3 2012
Return on equity, %	6.7
Return on investment, %	6.7
Interest-bearing liabilities, EUR million	36.6
Gearing, %	-1.1
Equity ratio, %	52.0
Gross investments in fixed assets, EUR million	0.5
% of net turnover	1.2
Personnel, average	1 744
Earnings per share, EUR	0.02
Shareholders' equity per share, EUR	1.2
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 36.6 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.

SEGMENT INFORMATION

EUR million

	1 - 3 2012
Turnover	
Europe	27.9
Asia	15.5
Turnover between segments	-0.7
Total	42.6
Operating profit	
Europe	1.9
Asia	-0.4
Total	1.4
Assets	
Europe	67.8
Asia	62.0
Goodwill	2.2
Shares in associated companies	1.0
Total	133.1

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

	1 - 3 2012
Book value at the beginning of the period	27.0
Additions	0.5
Deductions	0.0
Depreciations	-1.0
Exchange rate differences	-0.1
Book value at the end of the period	26.4

CONTINGENT LIABILITIES

EUR million

	1 - 3 2012
Given business mortgages	40.0
Pledged guarantees	0.9
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. Nordea Bank Finland Plc has correspondingly discharged Sievi Capital plc guarantee liability in January 2012

TRANSACTIONS WITH RELATED PARTIES

EUR million

	1 - 3 2012
Associated companies	
Sales income	0.0
Trade receivables	0.1
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.

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KEY INDICATORS QUATERLY

	Q1/12
Turnover, MEUR	42.6
Operating profit, MEUR	1.4
Operating profit, %	3.4
Net income, MEUR	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 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

Not for release over US newswire services. Forward looking statements: certain statements in this stock exchange release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Scanfil Oyj to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this stock exchange release, such statements use such words as "may," "will," "expect," "anticipate," "project," "believe," "plan" and other similar terminology. New risk factors may arise from time to

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time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of Scanfil Oyj to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking information contained in this stock exchange release is current only as of the date of this stock exchange release. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised, except as provided by the law or obligatory regulations, whether as a result of new information, changing circumstances, future events or otherwise.