

SCANFIL GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2013

January – March

- Turnover totalled to EUR 44.0 million (Q1 2012: 42.6) up 3.3%
- Operating profit EUR 2.0 million (Q1 2012: 1.4),
4.6% of turnover (Q1 2012: 3.4%)
- Profit for the review period was EUR 1.1 million (Q1 2012: 1.2)
- Earnings per share were EUR 0.02 (Q1 2012: 0.02)

Petteri Jokitalo, CEO of Scanfil plc:

"The market situation in the first quarter continued to be challenging as expected. Turnover increased by approximately 3% compared to the previous year. The growth was due to the positive development in the demand for professional electronics products and a broader customer base. Sales to telecommunication customers decreased from the previous year.

Operating profit for the period was EUR 2.0 million, for an increase of approximately 40% year on year. This was due to successful cost control and an increase in sales to professional electronics customers.

Scanfil's solid financial position allows us to develop the company according to the customers' needs."

BUSINESS TRENDS

Sales to professional electronics customers were up more than 10% from the previous year, representing 81% (76% in the corresponding period in 2012) of the turnover. Sales to telecommunication customers decreased from the previous year, representing 19% (24%) of the turnover.

The new enterprise resource planning system was first adopted by the Finnish organization at the end of March. The project will be continued in stages with a view to introducing the integrated new system throughout the Group in 2014.

In order to respond to the growing demand for professional electronics products in Europe, the company increased the mechanics production capacity of the Estonian plant and invested in new test equipment for electronics production. An investment was also made in state-of-the-art test equipment at the Suzhou plant. The equipment will shorten the prototype production stage, and products can be more speedily introduced to volume production.

FINANCIAL DEVELOPMENT

The Group's turnover for January - March was EUR 44.0 (42.6) million. Distribution of turnover based on the location of customers was as follows: Finland 47% (47%), rest of Europe 23% (19%), Asia 28% (33%), USA 2% (1%).

Operating profit for the Group during the review period was EUR 2.0 (1.4) million, representing 4.6% (3.4%) of turnover. The 2012 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, for a total of EUR +0.5 million. Operating profit in 2012 excluding non-recurring items was EUR 1.0 million, representing 2.3% of turnover. Earnings for the

review period amounted to EUR 1.1 (1.2) million. Earnings per share were EUR 0.02 (0.02) and return on investment was 6.3% (6.7%).

FINANCING AND CAPITAL EXPENDITURE

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 135.6 (133.1) million. Liabilities amounted to EUR 57.7 (63.8) million, EUR 28.5 (27.2) million of which were non-interest-bearing and EUR 29.2 (36.6) million interest-bearing. The equity ratio was 57.5% (52.0%) and gearing 3.0% (-1.1%). The equity per share was EUR 1.35 (1.20).

Liquid cash assets totalled EUR 26.8 (37.4) million and include EUR 10.1 million over a three-month deposits.

Cash flows from operating activities in the review period of January - March came to EUR -2.1 (3.2) million. The change in working capital during the period amounted to EUR -5.1 (0.1) million mainly due to the increase in trade receivables. Cash flow from investment activities was EUR -1.9 (-0.5).

Gross investments in fixed assets totalled EUR 2.4 (0.5) million, which is 5.4% (1.2%) of turnover. The investments mainly consist of the Estonian subsidiary's investments in machinery and equipment. Depreciations were EUR 1.1 (1.1) million.

DECISIONS BY THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATION

Scanfil plc's Annual General Meeting was held at company's main office in Sievi on 18 April 2013.

According to Board of Directors' proposal The Annual General Meeting decided to distribute a dividend total of EUR 0.04 per share. The record date for the payment of dividend is 23 April 2013 and the date of payment of the dividend is 30 April 2013.

The Meeting decided that the Board of Directors shall consist of five members.

Jorma J. Takanen, Jarkko Takanen and Tuomo Lähdesmäki were re-elected as members of the Board of Directors and Harri Takanen and Riitta Kotilainen were elected as new members of Board of Directors. The meeting decided that the remuneration of Chairman of the Board of Directors is EUR 2,000/month and remuneration of a member of the Board of Directors is EUR 1,500/month.

In its meeting, held after the General Meeting, the Board of Directors elected Harri 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 to authorize the Board of Directors to decide on granting option rights to specific key people of the company and its subsidiaries.

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

The minutes of the Annual General Meeting will be available on the company's website, www.scanfil.com, as of 2 May 2013.

SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 0.96 and the lowest EUR 0.82, the closing price for the period standing at EUR 0.87. A total of 482,033 shares were traded during the period, corresponding to 0.8% of the total number of shares. The market value of the shares on 31 March 2013 was EUR 50.2 million.

PERSONNEL

Scanfil Group's personnel averaged 1,685 (1,744) employees during the review period. At the end of the period, the Group employed 1,675 (1,746) people, of whom 266 (297) worked in the company's Finnish units and 1,409 (1,449) in the company's units outside Finland. In all, 84% (83%) of the Group's personnel were employed by subsidiaries outside Finland on 31 March 2013.

FUTURE PROSPECTS

Due to the continued uncertain situation in the global economy, the predictability of the contract manufacturing market is very poor.

Scanfil estimates that its turnover for 2013 compared to 2012 will increase and that the operating profit will be on par with 2012.

OPERATIONAL RISKS AND UNCERTAINTIES

Scanfil Group's most significant short-term risks and uncertainty factors are related to general economic development continuing to be weak in 2013. The slow growth in global economy and trade weaken the predictability of Scanfil's operating environment. The weakening of international demand on the contract manufacturing market and for investment commodities due to sluggish economic growth may hamper or negatively affect the demand for Scanfil's telecommunications and professional electronics products. The fall in demand may hamper the growth of Scanfil's business and negatively affect the company's turnover 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 and in the notes to the consolidated financial statements.

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 2012.

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

	1 - 3 2013	1 - 3 2012	1 - 12 2012
Turnover	44.0	42.6	180.9
Other operating income	0.1	1.2	1.3
Changes in inventories of finished goods and work in progress	0.6	0.0	-0.1
Manufacturing for own use	0.0		0.0
Expenses	-41.6	-41.4	-169.5
Depreciation	-1.1	-1.1	-4.5
Operating profit	2.0	1.4	8.1
Financial income and expenses	-0.5	0.1	-0.1
Share in the associated company's profit	-0.2	-0.1	-0.4
Profit before taxes	1.3	1.4	7.6
Income taxes	-0.2	-0.2	-1.9
Net profit for the period	1.1	1.2	5.7
Attributable to:			
Equity holders of the parent	1.1	1.2	5.7
Earnings per share for profit attributable to shareholders of the parent:			
basic earnings per share (EUR)	0.02	0.02	0.10

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	1 - 3 2013	1 - 3 2012	1 - 12 2012
Net profit for the period	1.1	1.2	5.7
Other comprehensive income:			
Translation differences	1.7	-1.5	-0.3
Derivative financial instrument	0.1	0.3	0.2
Other comprehensive income, net of tax	1.8	-1.3	-0.1
Total Comprehensive Income	2.9	-0.1	5.6
Attributable to:			
Equity holders of the parent	2.9	-0.1	5.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

Assets	31.3.2013	31.3.2012	31.12.2012
Non-current assets			
Property, plant and equipment	31.0	26.4	29.9
Goodwill	2.2	2.2	2.2
Other intangible assets	4.1	3.7	3.7
Shares in associated companies	0.5	1.0	0.6
Available-for-sale investments	0.0	0.0	0.0
Receivables	0.2	0.3	0.2
Deferred tax assets	0.6	0.5	0.6
Total non-current assets	38.7	34.1	37.4
Current assets			
Inventories	31.4	29.2	29.9
Loan receivables from associated companies	0.1		0.1
Trade and other receivables	38.2	31.8	32.0
Advance payments	0.2	0.1	0.4
Current tax	0.2	0.5	0.0
Available-for-sale investments, liquid assets	10.1		9.7
Available-for-sale investments, cash equivalents	5.9	26.3	5.5
Cash and cash equivalents	10.9	11.0	15.0
Total current assets	96.9	98.9	92.7
Total assets	135.6	133.1	130.0
Shareholder's equity and liabilities	31.3.2013	31.3.2012	31.12.2012
Equity			
Share capital	2,0	2,0	2,0
Translation differences	10,7	7,7	9,0
Other reserves	5,4	5,2	5,3
Reserve for invested unrestricted equity fund	10,7	10,7	10,7
Retained earnings	49,1	43,7	48,0
Total equity	77,9	69,3	75,0
Non-current liabilities			
Deferred tax liabilities	0,0	0,0	0,0
Provisions	0,4	0,6	0,4
Interest bearing liabilities	19,4	27,4	18,9
Other liabilities		0,1	
Total non-current liabilities	19,8	28,2	19,3
Current liabilities			
Trade and other liabilities	27,1	26,1	25,4
Current tax	1,0	0,4	0,8
Interest bearing liabilities	9,7	9,1	9,5
Total current liabilities	37,9	35,7	35,7
Total liabilities	57,7	63,8	55,0

Total shareholder's equity and liabilities	135.6	133.1	130.0
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CONSOLIDATED CASH FLOW STATEMENT

EUR million

	1.1-31.3.2013	1.1-31.3.2012	1.1-31.12.2012
Cash flow from operating activities			
Net profit	1.1	1.2	5.7
Adjustments for the net profit	2.0	1.9	7.4
Change in net working capital	-5.1	0.1	-0.4
Paid interests and other financial expenses	0.0	0.0	-0.8
Interest received	0.0	0.1	0.4
Taxes paid	-0.1	-0.1	-1.1
Net cash from operating activities	-2.1	3.2	11.2
Cash flow from investing activities			
Investments in tangible and intangible assets	-1.9	-0.5	-7.3
Sale of tangible and intangible assets	0.0	0.0	0.1
Purchase of investments			-9.7
Granted loans			-0.0
Net cash from investing activities	-1.9	-0.5	-16.9
Cash flow from financing activities			
Repayment of short-term loans			
Repayment of long-term loans			-8.9
Net cash from financing activities			-8.9
Net increase/decrease in cash and cash equivalents	-4.0	2.6	-14.6
Cash and cash equivalents at beginning of period	20.5	35.2	35.2
Cash transferred at the demerger		0.1	0.1
Changes in exchange rates	0.4	-0.6	-0.1
Cash and cash equivalents at end of period	16.8	37.4	20.5

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2013	2.0	8.9	5.3	10.7	48.0	75.0
Total comprehensive income		1.7	0.1		1.1	2.9
Equity						
31.3.2013	2.0	10.7	5.4	10.7	49.1	77.9

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2012	2.0	9.2	4.9	10.6	42.6	69.4
Items received in partial demerger				0.1		0.1
Transfer to funds			0.3		-0.3	0
Total comprehensive income		-0.3	0.2		5.7	5.6
Equity						
31.12.2012	2.0	8.9	5.3	10.7	48.0	75.0

KEY INDICATORS

	1 - 3 2013	1 - 3 2012	1 - 12 2012
Return on equity, %	5.9	6.7	7.9
Return on investment, %	6.3	6.7	8.1
Interest-bearing liabilities, EUR million	29.2	36.6	28.4
Gearing, %	3.0	-1.1	-2.4
Equity ratio, %	57.5	52.0	57.7
Gross investments in fixed assets, EUR million	2.4	0.5	7.2
% of net turnover	5.4	1.2	4.0
Personnel, average	1 685	1 744	1 669
Earnings per share, EUR	0.02	0.02	0.10
Shareholders' equity per share, EUR	1.35	1.20	1.27

Number of shares at the end of period, 000's			
- not counting own shares	57 730	57 730	57 730
- weighted average	57 730	57 730	57 730

The company has a EUR 29.2 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 2013	1 - 3 2012	1 - 12 2012
Turnover			
Europe	29.3	27.9	108.1
Asia	15.6	15.5	75.8
Turnover between segments	-0.9	-0.7	-3.0
Total	44.0	42.6	180.9
Operating profit			
Europe	1.6	1.9	5.2
Asia	0.5	-0.4	2.9
Total	2.0	1.4	8.1
Assets			
Europe	67.9	67.8	64.2
Asia	65.0	62.0	62.9
Goodwill	2.2	2.2	2.2
Shares in associated companies	0.5	1.0	0.6
Total	135.6	133.1	130.0

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

	1 - 3 2013	1 - 3 2012	1 - 2 2012
Book value at the beginning of the period	29.9	27.0	27.0
Additions	2.0	0.5	7.0
Deductions	0.0	0.0	-0.1
Depreciations	-1.1	-1.0	-4.3
Exchange rate differences	0.2	-0.1	0.3
Book value at the end of the period	31.0	26.4	29.9

CONTINGENT LIABILITIES

EUR million

	1 - 3 2013	1 - 3 2012	1 - 12 2012
Given business mortgages	40.0	40.0	40.0
Pledged guarantees	1.0	0.9	1.3
Rental liabilities	0.1	0.0	0.1

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. The capital of the loan on 31 March 2013 is EUR 29.2 million.

TRANSACTIONS WITH RELATED PARTIES

EUR million

	1 - 3 2013	1 - 3 2012	1 - 2 2012
Associated companies			
Sales income	0.0	0.0	0.2
Trade receivables	0.3	0.1	0.3
Interest income	0.0	0.0	0.0
Loan receivables	0.3	0.3	0.3
Interest receivables	0.0	0.0	0.0

Loan of EUR 300 thousand has been granted to an associate company Greenpoint Oy on 2010, of which EUR 210 thousand has been changed in to a capital loan on 1 January 2012 according to Companies Act chapter 12.

Additionally a short-term loan of EUR 33,5 thousand has been granted to an associated company.

Remaining goodwill of the associated company, which was EUR 632 thousand on 31 December 2012, has been decided to depreciate with accelerated schedule by the end of 2013.

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 3 thousand by 31 March 2013.

KEY INDICATORS QUATERLY

	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12
Turnover, MEUR	44.0	40.8	48.2	49.3	42.6
Operating profit, MEUR	2.0	0.7	2.8	3.2	1.4
Operating profit, %	4.6	1.8	5.7	6.4	3.4
Net income, MEUR	2.6	0.3	1.7	2.6	1.2

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Scanfil Group is engaged in contract manufacturing for international telecommunications technology and professional electronics manufacturers.

Scanfil has over 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

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