

SCANFIL GROUP'S INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2012

January – September

- Turnover totalled to EUR 140.1 million
- Operating profit EUR 7.4 million, 5.3% of turnover
- Operating profit excluding non-recurring items EUR 6.9 million, representing 4.9% of turnover
- Profit for the review period was EUR 5.4 million
- Earnings per share were EUR 0.09

July – September

- Turnover totalled EUR 48.2 million
- Operating profit EUR 2.8 million, 5.7% of turnover
- Profit was EUR 1.7 million
- Earnings per share amounted EUR 0.03

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.

Harri Takanen, CEO of Scanfil plc:

“The situation in the contract manufacturing market is extremely uncertain, which is among other things due to the euro zone crisis. Because of the slowing down of the global economy, investments are reduced and postponed. Global economic growth is expected to be slow also in 2013.

While Scanfil's turnover has decreased as anticipated, overall demand and profitability were relatively stable throughout the review period. The company's strategic decision to focus resources on increasing the sale of professional electronics products has proven to be right, and the majority of the turnover now comes from this customer segment. The decision of the Finnish Slot Machine Association (RAY) to select Scanfil as its contract supplier following a public tendering process demonstrates the company's cost-effectiveness in a fiercely competitive market. The contract is significant especially for Scanfil's Finnish operations.”

DEVELOPMENT OF OPERATIONS

The demand for professional electronics products remained stable and on a good level throughout the review period. Scanfil's professional electronics customers operate in a number of industrial segments, which helps offset the sector-specific fluctuations in demand due to an uncertain market situation. The demand for telecommunications products has remained stable and continues to be at a very low level. Turnover for January–September totalled EUR 140.1 million, of which professional electronics customers accounted for 73% (72% in the second quarter) and telecommunications customers for 27% (28% in the second quarter).

The company's turnover for the third quarter totalled EUR 48.2 million (49.3 in the second quarter). The company's profitability in the third quarter, an operating profit of 5.7% of the turnover, was slightly above the level of the first half of the year, but somewhat lower than in the second quarter. During the year, the company has adjusted its operations in China and Finland, aiming to secure the profitability of the business in an uncertain market situation.

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On 17 August 2012, RAY decided to select Scanfil EMS, a subsidiary of Scanfil, as the contract supplier of slot machine assembly and proto series manufacturing with a contract valid until further notice. The contract was awarded as a public procurement project based on competitive tendering under the Act on Public Contracts. Scanfil EMS Oy and RAY signed the delivery contract on 11 October 2012. The slot machines will be manufactured by the Sievi factory of Scanfil EMS.

FINANCIAL DEVELOPMENT

The Group's turnover for January - September was EUR 140.1 million. Distribution of turnover based on the location of customers was as follows: Finland 43%, rest of Europe 18%, Asia 37%, USA 1% and the others 1%.

Operating profit for the Group during the review period was EUR 7.4 million, representing 5.3% of turnover. The operating profit includes EUR 0.5 million of non-recurring items recognised in the review period. Operating profit excluding non-recurring items was EUR 6.9 million, representing 4.9% of turnover. Earnings for the review period amounted to EUR 5.4 million. Earnings per share were EUR 0.09 and return on investment was 9.8%.

Turnover amounted to EUR 48.2 million in July-September and operating profit for the third quarter was EUR 2.8 million, or 5.7% of turnover. Profit for the quarter was EUR 1.7 million.

FINANCING AND CAPITAL EXPENDITURE

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 138.2 million. Liabilities amounted to EUR 62.9 million, EUR 29.3 million of which were non-interest-bearing and EUR 33.7 million interest-bearing. The equity ratio was 54.5% and gearing 1.5%. The equity per share was EUR 1.30.

Liquid cash assets totalled EUR 32.5 million.

Cash flow from operating activities in the review period of January – September came to EUR 7.0 million positive. A further EUR 3.8 million was tied to working capital, which was mainly due to an increase in sales receivables compared with the turn of the year. Cash flow from investment activities was EUR -5.4 million 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 repayment.

Gross investments in January – September in fixed assets totalled EUR 5.5 million, which is 3.9% of turnover. The purchase of the Sievi property makes up the majority of the investments, EUR 4.2 million. Depreciations were EUR 3.4 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:

	7 - 9 2011	1 - 9 2011	1 - 12 2011
Turnover, MEUR	51.2	172.0	210.8

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Operating profit, MEUR	2.3	10.0	9.1
Operating profit, %	4.5	5.8	4.3
Net income, MEUR	0.7	6.3	6.3
Return on equity, %		13.3	9.7
Return on investment, %		12.5	9.5
Interest-bearing liabilities, EUR million		40.0	36.5
Gearing, %		18.7	1.9
Equity ratio, %		48.6	53.6
Personnel, average		2 083	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.

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 0.84. A total of 8,662,908 shares were traded during the period, corresponding to 15.0% of the total number of shares. The market value of the shares on 30 September 2012 was EUR 48.5 million.

PERSONNEL

Scanfil Group's personnel averaged 1,679 employees during the review period. At the end of the period, the Group employed 1,635 people, of whom 282 worked in the company's Finnish units and 1,353 in the company's units outside Finland. In all, 83% of the Group's personnel were employed by subsidiaries outside Finland on 30 September 2012.

FUTURE PROSPECTS

The development of the European and rest of the world's economy has not taken an upturn, and 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 estimation 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 products is expected to be on a par with 2011.

Scanfil estimates that its 2012 turnover will remain somewhat below the level of 2011 and that the 2012 operating profit will show a marked decrease compared with 2011 (Scanfil EMS Oy's turnover for 2011 was EUR 210.8 million and operating profit EUR 9.1 million).

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OPERATIONAL RISKS AND UNCERTAINTIES

The continuation of the euro zone crisis impairs economic growth in other market areas as well, and the growth of the global economy and total production is expected to slow down compared with the previous year. Market uncertainty and the decelerating growth will impair the global demand for investment commodities and the demand in the contract manufacturing market. This may hamper the growth of the business of Scanfil's customers and negatively affect the company's net 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

	7 - 9 2012	1 - 9 2012
Turnover	48.2	140.1
Other operating income	0.0	1.3
Changes in inventories of finished goods and work in progress	-0.7	0.0
Manufacturing for own use		0.0
Expenses	-43.6	-130.7
Depreciation	-1.2	-3.4
Operating profit	2.8	7.4
Financial income and expenses	-0.3	0.0
Share in the associated company's profit	-0.1	-0.3
Profit before taxes	2.4	7.0
Income taxes	-0.7	-1.6
Net profit for the period	1.7	5.4
Attributable to:		
Equity holders of the parent	1.7	5.4
Earnings per share for profit attributable to shareholders of the parent:		
basic earnings per share (EUR)	0.03	0.09

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	7 - 9 2012	1 - 9 2012
Net profit for the period	1.7	5.4
Other comprehensive income:		
Translation differences	-0.8	0.3
Derivative financial instrument	0	0.1
Other comprehensive income, net of tax	-0.8	0.4
Total Comprehensive Income	1.0	5.9
Attributable to:		
Equity holders of the parent	1.0	5.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

Assets 30.9.2012

Non-current assets

Property, plant and equipment	29.8
Goodwill	2.2
Other intangible assets	3.7
Shares in associated companies	0.8
Available-for-sale investments	0.0
Receivables	0.2
Deferred tax assets	0.5
Total non-current assets	37.2

Current assets

Inventories	29.9
Trade and other receivables	38.3
Current tax	0.2
Available-for-sale investments, cash equivalents	8.3
Cash and cash equivalents	24.2
Total current assets	101.0

Total assets 138.2

Shareholder's equity and liabilities 30.9.2012

Equity

Share capital	2.0
Translation differences	9.5
Other reserves	5.3
Reserve for invested unrestricted equity fund	10.7
Retained earnings	47.7
Total equity	75.3

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Non-current liabilities	
Deferred tax liabilities	0.0
Provisions	0.5
Interest bearing liabilities	24.0
Other liabilities	0.1
Total non-current liabilities	24.6
Current liabilities	
Trade and other liabilities	27.6
Current tax	1.1
Interest bearing liabilities	9.6
Total current liabilities	38.3
Total liabilities	62.9
Total shareholder's equity and liabilities	138.2

CONSOLIDATED CASH FLOW STATEMENT

EUR million

1.1-30.9.2012

Cash flow from operating activities	
Net profit	5.4
Adjustments for the net profit	5.9
Change in net working capital	-3.8
Paid interests and other financial expenses	-0.5
Interest received	0.3
Taxes paid	-0.4
Net cash from operating activities	7.0
Cash flow from investing activities	
Investments in tangible and intangible assets	-5.5
Sale of tangible and intangible assets	0.0
Purchase of investments	-0.0
Net cash from investing activities	-5.4
Cash flow from financing activities	-4.4
Net cash from financing activities	-4.4
Net increase/decrease in cash and cash equivalents	-2.8
Cash and cash equivalents at beginning of period	35.2
Cash transferred at the demerger	0.1
Changes in exchange rates	0.1
Cash and cash equivalents at end of period	32.5

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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
Equity						
1.1.2012	2.0	9.2	4.9	10.6	42.6	69.3
Demerger				0.1		0.1
Transfer to funds			0.3		-0.3	0
Total comprehensive income		0.3	0.1		5.4	5.9
Equity						
30.9.2012	2.0	9.5	5.2	10.7	47.7	75.3

KEY INDICATORS

	1 - 9 2012
Return on equity, %	10.0
Return on investment, %	9.8
Interest-bearing liabilities, EUR million	33.7
Gearing, %	1.5
Equity ratio, %	54.5
Gross investments in fixed assets, EUR million	5.5
% of net turnover	3.9
Personnel, average	1 679
Earnings per share, EUR	0.10
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 33.7 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

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does not give an accurate picture of future development.

SEGMENT INFORMATION

EUR million

	1 - 9 2012
Turnover	
Europe	83.8
Asia	58.6
Turnover between segments	-2.4
Total	140.1
Operating profit	
Europe	4.6
Asia	2.7
Total	7.4
Assets	
Europe	68.4
Asia	66.8
Goodwill	2.2
Shares in associated companies	0.8
Total	138.2

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

	1 - 9 2012
Book value at the beginning of the period	27.0
Additions	5.4
Deductions	0.0
Depreciations	-3.2
Exchange rate differences	0.5
Book value at the end of the period	29.8

CONTINGENT LIABILITIES

EUR million

	1 - 9 2012
Given business mortgages	40.0
Pledged guarantees	1.3
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 - 9
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 4,221 by 30 September 2012.

KEY INDICATORS QUATERLY

	Q3/12	Q2/12	Q1/12
Turnover, MEUR	48.2	49.3	42.6
Operating profit, MEUR	2.8	3.2	1.4
Operating profit, %	5.7	6.4	3.4
Net income, MEUR	1.7	2.6	1.2

SCANFIL PLC

Harri Takanen
CEO

Additional information:
CEO Harri Takanen
Tel +358 8 4882 111

Distribution NASDAQ OMX, Helsinki
Major Media
www.scanfil.com

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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 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.