

## SIEVI CAPITAL PLC'S INTERIM REPORT 1 JANUARY – 30 JUNE 2011

### January – June

- Turnover totalled to EUR 120.8 million (1-6 2010: 94.7), up 27.6%
- Operating profit EUR 7.8 (7.7) million, 6.5% (8.2%) of turnover
- Profit for the review period was EUR 4.9 (5.9) million
- Earnings per share were EUR 0.08 (0.10)

### April – June

- Turnover totalled EUR 62.0 million (Q2 2010: 53.9) up 15.2%
- Operating profit EUR 4.2 (6.2) million, 6.8% (11.6%) of turnover
- Profit was EUR 2.8 (3.9) million, 4.5% (7.3%) of turnover
- Earnings per share amounted EUR 0.05 (0.07)

Operating profit for 2010 includes a sales gain of EUR 2.5 million from a property recognised in the second quarter. Operating profit excluding the non-recurring item was 5.5% of turnover in January-June 2010 and 7.0% of turnover in April-June 2010.

The continued favorable demand among Scanfil EMS Oy's professional electronics customers particularly contributed to the increase in turnover.

*Harri Takanen, President of Sievi Capital plc:*

"The second quarter was challenging with regard to investment activity, with public debts extensively pressing several markets down to levels that were clearly lower than early in the year. However, Sievi Capital plc's defensive investment allocation did partly provide protection from the market decline, and its total impact remained relatively minor during the period under review. Nokia Corporation's problems and the company's extremely poor share price trend have, however, as an individual investment had a negative impact of approximately EUR 1.6 million in the IFRS-compliant result of investment activity compared to the beginning of the year.

With regard to contract manufacturing, Scanfil EMS Oy's sales to professional electronics customers increased further, resulting in growth of total sales. The operating result for the second quarter increased compared to the first quarter. As part of the reorganisation of European operations, Scanfil EMS Oy decided to concentrate Finnish operations to Sievi by the end of the year. The aim is to further improve the cost-efficiency and performance of contract manufacturing activity."

## DEVELOPMENT OF OPERATIONS

### *Sievi Capital plc*

A serious corrective movement of the capital market began at the turn of April-May. The risk-taking willingness of international investors weakened in particular, as the uncertainty caused by the indebtedness of European states that has already prevailed for a long time increased significantly, especially with regard to Greece and Portugal. The exceptionally good development of the securities market following the financial crisis in 2008-09 until the beginning of this year also led to a significant repatriation of profits with the different market parties assessing that a turn of the market trend is probable. Corrective movement of the market was also strengthened by the FED's decision to gradually withdraw its considerable stimulus programme during the summer and thereby decrease market liquidity. Furthermore, the weaker financial indicators across the world and in the United States in particular increased suspicions of the sustainability of economic growth in the second quarter. During the period under review, most stock investments and debt instruments with the highest risk provided the weakest yield in the nervous market.

The interim report of the associated company Kitron ASA was published on 21 July 2011. According to the report, Kitron ASA's operations have performed satisfactorily during the second quarter compared to both the previous quarter and the comparison period the year before. The turnover for the first two quarters increased by 2.8% compared to the previous year. The operating profit for the second quarter reached the highest level for more than a year, mainly as the result of the implemented streamlining measures. The operating profit margin for the second quarter was 3.2%. Turnover for this year is estimated to be on a par with the previous year, while profitability is expected to improve due to the restructuring carried out in Sweden. Kitron ASA commenced operations in the United States officially during the second quarter, and operations in China will commence during the third quarter. The operations in Germany have developed favourably, and the order backlog contains a promising volume of minor orders. All new operations are expected to reach profitability during 2012.

With regard to the associated companies, the operations of Panphonics Oy and iLOQ Ltd have developed positively during the first quarter, and both companies have exceeded their sales objectives during the period under review. The turnover of IonPhase Oy, on the other hand, has not developed as forecasted during the first two quarters due to occurred schedule delays. However, interest in the final products shown by customers and project activity has been at a favorable level.

In accordance with the resolution of the Annual General Meeting held on 13 April 2011, Scanfil plc's name was changed into Sievi Capital Oyj, in Finnish, and Sievi Capital plc, in English, on 16 May 2011. As of 17 May 2011, Sievi Capital plc's trading code is SCI1V.

### *Scanfil EMS Subgroup*

The positive development of demand in the contract manufacturing market continued during the period under review. The growth in turnover compared to the corresponding period the previous year amounted to 27.6%. In particular, demand among professional electronics customers remained at a high level, with the increase in sales amounting to almost 45% compared to the corresponding period the previous year. Professional electronics customers accounted for 58% of total sales in the first half of the year (51% during the corresponding period in 2010) and telecommunications customers for 42% (49%).

Scanfil EMS Oy aims to increase its customer portfolio in a controlled way in order to decrease the company's dependence on a single industry or individual customer. Professional electronics customers already come from several industries, and the company is actively increasing its customer base further, such as in the rapidly growing energy technology industry.

The company's measures to prepare for a lack of electronics components due to the natural disaster in Japan were successful. Component availability did not have much impact on production or deliveries during the period under review.

Scanfil EMS Oy underwent employer-employee negotiations during the period under review, and based on the results of the negotiations, the Board of Directors of Scanfil EMS Oy decided to close down the Vantaa plant, reorganise the operations of the Sievi plant and to adjust the group administration functions according to the new situation.

The reason for closing down the Vantaa plant is that a significant part of the demand for the products manufactured at the plant is centralised in lower cost countries. The majority of the plant's production will be moved to the group's plants in China, and part of the production will be transferred to the Sievi plant.

The Sievi plant's electronics production will transfer to the Suzhou plant in China and the Pärnu plant in Estonia. The Sievi plant will focus on sheet metal mechanics production and assembly of demanding products.

The operations of the Suzhou subsidiary in China on the new premises have commenced as planned. The new premises have proven to be very functional from the point of view of the plant's production, and the production capacity is in efficient use. The company has ensured uninterrupted production and secured electricity supply by obtaining a sufficient capacity of emergency power generators.

The product development and marketing efforts of Scanfil EMS Oy's subsidiary Greenpoint Oy concerning impulse sales concepts for fast moving consumer goods began to yield results towards the end of the period under review. Orders for the new products were received in June, and deliveries will commence during the third quarter.

## FINANCIAL DEVELOPMENT

### *Sievi Capital Group*

The Group's turnover for January - June was EUR 120.8 (94.7) million, up 27.6% year-on-year. Distribution of turnover based on the location of customers was as follows: Finland 39% (32%), rest of Europe 23% (25%), Asia 37% (41%), USA 1% (1%) and others 1% (1%). The Chinese subsidiaries' sales accounted for 43% (44%) of the Group's sales during the review period including deliveries to the Group's other plants.

Operating profit of the Group during the review period was EUR 7.8 (7.7) million, representing 6.5% (8.2%) of turnover. Operating profit for 2010 includes a sales gain of EUR 2.5 million from a property, and operating profit excluding the non-recurring item amounted to 5.5% of turnover. Earnings for the review period amounted to EUR 4.9 (5.9) million. Earnings per share were EUR 0.08 (0.10) and return on investment was 6.6% (10.6%). An increase in investment assets as the result of the EUR 40 million loan raised at the end of 2010 and a decrease in the fair value of equity investments due to the uncertain market situation have contributed to the decrease in return on capital employed.

The group's turnover for April-June was EUR 62.0 (53.9) million. Operating profit for the second quarter amounted to EUR 4.2 (6.2) million, or 6.8% (11.6%) of turnover. Operating profit excluding the non-recurring item was EUR 3.8 million in April-June 2010, or 7.0% of turnover. Profit for the quarter was EUR 2.8 (3.9) million.

### *Scanfil EMS Subgroup*

The turnover of contract manufacturing operations increased considerably compared to the corresponding period of the previous year, amounting to EUR 120.8 (94.7) million in January-June. Operating profit also increased considerably during the period under review, amounting to EUR 7.7 (4.7) million, representing 6.4% (5.0%) of turnover. The result amounted to EUR 5.6 (2.8) million, or 4.7% (2.9%) of turnover. Measures to develop the operating processes and the increase in turnover have contributed to the favorable development of the profitability of the Scanfil EMS subgroup.

Return on investment was 14.9% (10.9%), equity ratio was 43.3% (42.2%) and gearing 31.9% (1.7%). Return on investment has improved as the result of favourable profit development. The change in gearing is the result of the EUR 40 million credit raised towards the end of 2010.

Turnover amounted to EUR 62.0 (53.9) million in April-June. Operating profit for the second quarter was EUR 4.2 (3.5) million, or 6.7% (6.5%) of turnover. Profit for the quarter was EUR 3.0 (2.1) million.

### *Investment activities*

The investment activity of the Group's parent company, Sievi Capital plc, is divided into financial investments and capital investments. The gains and losses from investment activities are recognised under financial income and expenses in the income statement.

In January-June recognised dividend and interest income and capital gains from financial investments amounted to EUR 1.6 (1.7) million, realized sales losses amounted to EUR 0 (-0.6) million, and changes of financial assets at fair value through profit or loss amounted to EUR -2.2 (-0.5) million, resulting in a total recorded value of EUR -0.5 (0.7) million. The financial income includes dividend from Lännen Tehtaat Oyj, EUR 0.5 million.

In April-June, recognised income from investment activity amounted to EUR 1.3 (1.1) million, realized sales losses amounted to EUR 0 (-0.6) million, and value changes of financial assets at fair value through profit or loss amounted to EUR -1.8 (-1.1) million, resulting in a total recorded value of EUR -0.5 (-0.6) million.

Sievi Capital plc's defensive investment allocation was as follows at the end of June: financial investments 64% and capital investments 36%. The financial investments were divided between ETF and equity investments, 14%, and money market investments, 50%. The money market investments were divided as follows; risk-free fixed-income investments 14%, low-risk investments 19% and moderate-risk investments 67%.

No new capital investments were made during the period under review. The Group's share of the associated companies' losses and goodwill amortisation totalled EUR -0.9 million (including the results and goodwill amortisation of Kitron ASA, iLOQ Oy, Panphonics Oy, IonPhasE Oy and Greenpoint Oy until 30 June 2011).

Lännen Tehtaat Oyj, which does not fulfil the definition of an associated company, is measured at fair value, and the change in the value in the first quarter was EUR -1.3 million; it is recognised in the fair value reserve under equity, adjusted with tax liabilities, net EUR -1.0 million.

The result of investment activities before tax, including all financial and capital investments, totaled EUR -1.4 (0.6) million in January-June.

## **FINANCING AND CAPITAL EXPENDITURE**

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 241.0 (207.5) million. Liabilities amounted to EUR 86.1 (49.4) million, EUR 46.1 (49.4) million of which were non-interest-bearing and EUR 40.0 (0.0) million interest-bearing. The equity ratio was 64.3% (76.2)% and gearing -24.6% (-47.4)%.

Financial assets totalled EUR 78.2 (74.9) million, of which EUR 25.8 (39.1) million has been deposited in bank accounts and in time deposits with maturity of three months or less. An additional EUR 52.4 (35.7) million of financial assets was invested in financial instruments, mainly in bonds, credit linked notes, structured investment instruments and ETF and equity investments. In compliance with the IFRS, the investments have been measured at fair value. The net result for January - June includes EUR -2.2 (-0.5) million of change in the fair value of the investments, comprised mainly of the decrease in the price of the Nokia Corporation shares by EUR -1.6 million.

Cash flows from operating activities in review period of January - June was EUR 6.5 (2.9) million positive. The change in working capital during the period amounted to EUR 0.9 (-1.6) million. Cash flow from investment activities, EUR -30.8 (0.0) million, consists mainly of financial investments by the parent company. Cash flow from financing activities, EUR -6.9 (-18.9) million, includes payment of dividends and the repayment of a loan taken by the Estonian subsidiary of the previous year.

Gross investments in fixed assets totalled EUR 1.5 (1.4) million, which is 1.2% (1.5%) of turnover. Depreciations were EUR 2.4 (2.5) million.

In the consolidated statement of comprehensive income, the change in translation differences, EUR -2.9 million, is due to the translation of the equity of the Chinese subsidiaries into the euro. The currency of China, renminbi, is tied-up with the US dollar and has weakened more than 5% during the first half of the year with the weakening of the US dollar. Changes in exchange rates have not had a significant effect on the result of operational activity due to the business structure.

## **BOARD OF DIRECTORS' AUTHORISATION**

The Annual General Meeting decided on 13 April 2011 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 Board of Directors has no existing share issue authorisations or authorisations to issue convertible bonds with warrants.

## **OWN SHARES**

On 30 June 2011, the company owned a total of 2,983,831 of its own shares that represented 4.9% of the company's share capital and votes.

No changes have taken place in the numbers of own shares during the period under review.

## **SHARE TRADING AND SHARE PERFORMANCE**

The highest trading price during the review period was EUR 3.15 and the lowest EUR 2.39, the closing price for the period standing at EUR 2.48. A total of 1 048 237 shares were traded during the period, corresponding to 1.7% of the total number of shares. The market value of the shares on 30 June 2011 was EUR 150.6 million.

## **PERSONNEL**

Sievi Capital Group's personnel averaged 2,104 (1,924) employees during the review period. At the end of the period, the Group employed 2,102 (2,008) people, of whom 423 (427) worked in the company's Finnish units and 1,679 (1,536) in the company's units outside Finland. In all, 80% (76) % of the Group's personnel were employed by subsidiaries outside Finland on 30 June 2011.

## **FUTURE PROSPECTS**

Sievi Capital plc will continue to implement its confirmed investment strategy through active shareholding. The uncertain economic situation and the market slump offer new interesting opportunities for mergers and acquisitions. Sievi Capital plc is active in the market, looking for new capital investments in its current and new lines of business in order to ensure a good return on its investments and growth potential for its operations.

The demand outlook for the company's contract manufacturing operations (Scanfil EMS Oy) for 2011 is positive with regard to professional electronics customers. Predicting the development of demand by telecommunications customers is more uncertain. On the whole, the company still expects the sales of contract manufacturing operations to increase from the level of the previous year.

The company expects its turnover for 2011 to increase from the level of 2010, while the result will be satisfactory.

## OPERATIONAL RISKS AND UNCERTAINTIES

The most significant short-term risk associated with investment activities can be realized if the global economy's on-going recovery slows down or state debt problems are aggravated further. Citizens' discontent may increase further around the world and cause entirely new extensive unrest. Increasing prices of raw materials and foodstuffs will deteriorate the growth outlook of the global economy if prices remain at a level exceeding the average for too long. On the other hand, accelerating economic growth and return to a growth track following stimulus measures will result in an increase in inflation expectations, which might lead to uncontrollably accelerating inflation worldwide. Tightening financial policy following inflation, on the other hand, could result in a significant increase in interest rates in several countries. Furthermore, interest rates may increase in an uncontrolled way if the state debt crisis escalates into the banking sector and mutual trust between banks deteriorates. All of these alternatives would have immediate impact on the stock market and be visible as increasing market volatility.

The short-term risks of contract manufacturing are associated with the development of the global economy. Slowing economic growth or economic contraction may impair the development of the contract manufacturing market and impair the company's turnover and profit.

In other respects, the risks facing Sievi Capital's business have remained essentially the same. 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 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.

## Consolidated Income Statement

| EUR million   | 4 - 6<br>2011 | 4 - 6<br>2010 | 1 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|---|---------------|---------------|---------------|---------------|----------------|
| <b>Turnover</b>   | <b>62.0</b>   | <b>53.9</b>   | <b>120.8</b>  | <b>94.7</b>   | <b>219.3</b>   |
| Other operating income  | 0.0           | 2.8           | 0.1           | 3.0           | 3.3            |
| Changes in inventories of finished goods and work in progress             | 0.7           | 0.6           | 0.8           | 1.0           | 1.3            |
| Expenses  | -57.4         | -49.6         | -111.4        | -88.5         | -204.5         |
| Depreciation  | -1.1          | -1.3          | -2.4          | -2.5          | -5.0           |
| <b>Operating profit</b>   | <b>4.2</b>    | <b>6.2</b>    | <b>7.8</b>    | <b>7.7</b>    | <b>14.4</b>    |
| Financial income and expenses   | -0.6          | -1.0          | -0.6          | 0.3           | 3.0            |
| Share in the associated company's profit                                  | -0.3          | -0.1          | -0.9          | -0.1          | -2.0           |
| <b>Profit before taxes</b>  | <b>3.3</b>    | <b>5.2</b>    | <b>6.3</b>    | <b>8.0</b>    | <b>15.4</b>    |
| Income taxes  | -0.5          | -1.3          | -1.4          | -2.0          | -4.5           |
| <b>Net profit for the period</b>  | <b>2.8</b>    | <b>3.9</b>    | <b>4.9</b>    | <b>5.9</b>    | <b>10.9</b>    |
| Attributable to:  |               |               |               |               |                |
| Equity holders of the parent  | 2.8           | 3.9           | 4.9           | 5.9           | 10.9           |
| Earnings per share for profit attributable to shareholders of the parent: |               |               |               |               |                |
| basic earnings per share ( EUR)   | 0.05          | 0.07          | 0.08          | 0.10          | 0.19           |

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

## Consolidated Statement of Comprehensive Income

| EUR million                            | 4 - 6<br>2011 | 4 - 6<br>2010 | 1 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|--|---------------|---------------|---------------|---------------|----------------|
| <b>Net profit for the period</b>       | <b>2.8</b>    | <b>3.9</b>    | <b>4.9</b>    | <b>5.9</b>    | <b>10.9</b>    |
| Other comprehensive income:            |               |               |               |               |                |
| Available-for-sale investments         | -1.5          | -0.2          | -1.0          | 0.4           | 0.7            |
| Translation differences                | -0.1          | 5.1           | -2.9          | 8.1           | 5.5            |
| Other comprehensive income, net of tax | -1.6          | 5.0           | -3.9          | 8.5           | 6.3            |
| <b>Total Comprehensive Income</b>      | <b>1.2</b>    | <b>8.9</b>    | <b>1.0</b>    | <b>14.4</b>   | <b>17.2</b>    |
| Attributable to:                       |               |               |               |               |                |
| Equity holders of the parent           | 1.2           | 8.9           | 1.0           | 14.4          | 17.2           |

## Consolidated Statement of Financial Position

| EUR million   | 30.6.2011    | 30.6.2010    | 31.12.2010   |
|---|--------------|--------------|--------------|
| <b>Assets</b>   |              |              |              |
| <b>Non-current assets</b>                             |              |              |              |
| Property, plant and equipment                         | 32.8         | 31.3         | 34.5         |
| Goodwill  | 2.4          | 2.4          | 2.4          |
| Other intangible assets                               | 3.5          | 1.0          | 3.5          |
| Shares in associated companies                        | 24.8         | 1.9          | 25.7         |
| Available-for-sale investments                        | 8.2          | 11.2         | 9.5          |
| Financial assets at fair value through profit or loss | 23.1         | 17.8         | 16.6         |
| Receivables   | 0.8          |              | 0.2          |
| Deferred tax assets                                   | 0.8          | 0.1          | 0.3          |
| <b>Total non-current assets</b>                       | <b>96.4</b>  | <b>65.7</b>  | <b>92.8</b>  |
| <b>Current assets</b>                                 |              |              |              |
| Inventories   | 36.2         | 34.5         | 36.8         |
| Trade and other receivables                           | 53.0         | 50.1         | 53.6         |
| Advance payments                                      | 0.3          | 0.1          | 0.3          |
| Financial assets at fair value through profit or loss | 29.3         | 18.0         | 7.7          |
| Available-for-sale investments, cash equivalents      | 13.6         | 27.9         | 41.0         |
| Cash and cash equivalents                             | 12.2         | 11.2         | 16.9         |
| <b>Total current assets</b>                           | <b>144.6</b> | <b>141.8</b> | <b>156.3</b> |
| <b>Total assets</b>                                   | <b>241.0</b> | <b>207.5</b> | <b>249.1</b> |
| <b>Shareholder's equity and liabilities</b>           |              |              |              |
| <b>Equity</b>   |              |              |              |
| Share capital   | 15.2         | 15.2         | 15.2         |
| Share premium account                                 | 16.1         | 16.1         | 16.1         |
| Treasury shares                                       | -8.9         | -8.9         | -8.9         |
| Translation differences                               | 2.8          | 8.2          | 5.7          |
| Other reserves  | 5.8          | 5.9          | 6.2          |
| Retained earnings                                     | 123.9        | 121.5        | 126.5        |
| <b>Total equity</b>                                   | <b>154.9</b> | <b>158.0</b> | <b>160.8</b> |

|   |              |              |              |
|---|--------------|--------------|--------------|
| <b>Non-current liabilities</b>                    |              |              |              |
| Deferred tax liabilities                          | 0.6          | 0.8          | 1.1          |
| Provisions  | 4.1          | 4.9          | 4.4          |
| Interest bearing liabilities                      | 35.6         |              | 35.6         |
| Other liabilities                                 | 1.0          |              | 1.0          |
| <b>Total non-current liabilities</b>              | <b>41.2</b>  | <b>5.8</b>   | <b>42.0</b>  |
| <b>Current liabilities</b>                        |              |              |              |
| Trade and other liabilities                       | 39.7         | 41.7         | 39.2         |
| Current tax                                       | 0.8          | 1.9          | 2.6          |
| Interest bearing liabilities                      | 4.4          |              | 4.4          |
| <b>Total current liabilities</b>                  | <b>44.9</b>  | <b>43.7</b>  | <b>46.3</b>  |
| <b>Total liabilities</b>                          | <b>86.1</b>  | <b>49.4</b>  | <b>88.3</b>  |
| <b>Total shareholder's equity and liabilities</b> | <b>241.0</b> | <b>207.5</b> | <b>249.1</b> |

### Consolidated Cash Flow Statement

| EUR million   | 30.6.2011    | 30.6.2010    | 31.12.2010   |
|---|--------------|--------------|--------------|
| <b>Cash flow from operating activities</b>                |              |              |              |
| Net profit  | 4.9          | 5.9          | 10.9         |
| Adjustments for the net profit                            | 5.0          | 0.9          | 4.8          |
| Change in net working capital                             | 0.9          | -1.6         | -12.3        |
| Paid interests and other financial expenses               | -0.5         | -0.3         | -0.4         |
| Interest received   | 0.2          | 0.3          | 0.5          |
| Taxes paid  | -4.0         | -2.3         | -3.7         |
| <b>Net cash from operating activities</b>                 | <b>6.5</b>   | <b>2.9</b>   | <b>-0.3</b>  |
| <b>Cash flow from investing activities</b>                |              |              |              |
| Investments in tangible and intangible assets             | -1.3         | -1.4         | -9.0         |
| Sale of tangible and intangible assets                    | 0.0          | 7.5          | 7.6          |
| Purchase of investments                                   | -33.8        | -18.7        | -25.8        |
| Proceeds from sale of investments                         | 3.6          | 11.6         | 33.4         |
| Purchase of associated companies                          |              |              | -24.1        |
| Granted loans   | -0.6         |              | -0.2         |
| Interest received from investments                        | 0.3          | 0.5          | 1.0          |
| Dividends received from investments                       | 1.0          | 0.5          | 1.1          |
| <b>Net cash from investing activities</b>                 | <b>-30.8</b> | <b>0.0</b>   | <b>-15.9</b> |
| <b>Cash flow from financing activities</b>                |              |              |              |
| Proceeds from short-term loans                            |              |              | 5.0          |
| Repayment of short-term loans                             |              |              | -5.0         |
| Proceeds from long-term loans                             |              |              | 40.0         |
| Repayment of long-term loans                              |              | -12.0        | -12.0        |
| Dividends paid  | -6.9         | -6.9         | -6.9         |
| <b>Net cash from financing activities</b>                 | <b>-6.9</b>  | <b>-18.9</b> | <b>21.1</b>  |
| <b>Net increase/decrease in cash and cash equivalents</b> | <b>-31.2</b> | <b>-16.0</b> | <b>4.8</b>   |
| Cash and cash equivalents at beginning of period          | 57.9         | 51.2         | 51.2         |
| Changes in exchange rates                                 | -0.9         | 3.9          | 1.9          |
| Cash and cash equivalents at end of period                | 25.8         | 39.1         | 57.9         |



## Statement of changes in consolidated equity

EUR million

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

|                                   | Share capital | Share premium account | Treasury shares | Translation differences | Other reserves | Retained earnings | Equity total |
|-----------------------------------|---------------|-----------------------|-----------------|-------------------------|----------------|-------------------|--------------|
| <b>Equity</b>                     |               |                       |                 |                         |                |                   |              |
| 1.1.2011                          | 15.2          | 16.1                  | -8.9            | 5.7                     | 6.2            | 126.5             | 160.8        |
| <b>Total comprehensive income</b> |               |                       |                 | -2.9                    | -1.0           | 4.9               | 1.0          |
| Payment of dividends              |               |                       |                 |                         |                | -6.9              | -6.9         |
| Transfer to funds                 |               |                       |                 |                         | 0.5            | -0.5              | 0            |
| <b>Equity</b>                     |               |                       |                 |                         |                |                   |              |
| 30.6.2011                         | 15.2          | 16.1                  | -8.9            | 2.8                     | 5.8            | 123.9             | 154.9        |

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

|                                   | Share capital | Share premium account | Treasury shares | Translation differences | Other reserves | Retained earnings | Equity total |
|-----------------------------------|---------------|-----------------------|-----------------|-------------------------|----------------|-------------------|--------------|
| <b>Equity</b>                     |               |                       |                 |                         |                |                   |              |
| 1.1.2010                          | 15.2          | 16.1                  | -8.9            | 0.1                     | 4.7            | 123.3             | 150.5        |
| <b>Total comprehensive income</b> |               |                       |                 | 8.1                     | 0.4            | 5.9               | 14.4         |
| Payment of dividends              |               |                       |                 |                         |                | -6.9              | -6.9         |
| Transfer to funds                 |               |                       |                 |                         | 0.8            | -0.8              | 0            |
| Share based compensation          |               |                       | 0.0             |                         |                |                   | 0.0          |
| <b>Equity</b>                     |               |                       |                 |                         |                |                   |              |
| 30.6.2010                         | 15.2          | 16.1                  | -8.9            | 8.2                     | 5.9            | 121.5             | 158.0        |

### Key indicators

|  | 1 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|--|---------------|---------------|----------------|
| Return on equity, %                            | 6.2           | 7.7           | 7.0            |
| Return on investment, %                        | 6.6           | 10.6          | 8.7            |
| Interest-bearing liabilities, EUR million      | 40.0          |               | 40.0           |
| Gearing, %                                     | -24.6         | -47.4         | -26.2          |
| Equity ratio, %                                | 64.3          | 76.2          | 64.6           |
| Gross investments in fixed assets, EUR million | 1.5           | 1.4           | 10.1           |
| % of net turnover                              | 1.2           | 1.5           | 4.6            |

|  |        |        |        |
|--|--------|--------|--------|
| Personnel, average                           | 2 104  | 1 924  | 1 992  |
| Earnings per share, EUR                      | 0.08   | 0.10   | 0.19   |
| Shareholders' equity per share, EUR          | 2.68   | 2.74   | 2.78   |
| Number of shares at the end of period, 000's | 60 714 | 60 714 | 60 714 |
| - not counting own shares                    | 57 730 | 57 730 | 57 730 |
| - weighted average                           | 57 730 | 57 730 | 57 730 |

The company has a EUR 40 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 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|---------------------------|---------------|---------------|----------------|
| <b>Turnover</b>           |               |               |                |
| Europe                    | 71.5          | 54.5          | 122.8          |
| Asia                      | 53.2          | 44.3          | 107.9          |
| Turnover between segments | -3.9          | -4.0          | -11.4          |
| <b>Total</b>              | <b>120.8</b>  | <b>94.7</b>   | <b>219.3</b>   |
| <b>Operating profit</b>   |               |               |                |
| Europe                    | 3.4           | 3.7           | 3.9            |
| Asia                      | 4.5           | 4.0           | 10.5           |
| <b>Total</b>              | <b>7.8</b>    | <b>7.7</b>    | <b>14.4</b>    |
| <b>Assets</b>             |               |               |                |
| Europe                    | 73.3          | 69.1          | 76.8           |
| Asia                      | 72.9          | 75.8          | 69.6           |
| Goodwill                  | 2.4           | 2.4           | 2.4            |
| Financial assets          | 92.3          | 60.2          | 100.3          |
| <b>Total</b>              | <b>241.0</b>  | <b>207.5</b>  | <b>249.1</b>   |

The financial assets of investment activities comprise all of Sievi Capital plc financial assets, capital investments including Group's associated companies and all deposits by subsidiaries with a maturity exceeding three months, classified as investment assets. The result of investment activities before tax was EUR -1.4 million (EUR 0.6 million in 2010).

## Changes in tangible non-current assets

| EUR million                                | 1 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|--|---------------|---------------|----------------|
| Book value at the beginning of the period  | 34.5          | 31.1          | 31.1           |
| Additions                                  | 1.2           | 1.4           | 7.3            |
| Deductions                                 | -0.2          | -0.0          | -0.1           |
| Depreciations                              | -2.2          | -2.0          | -4.5           |
| Exchange rate differences                  | -0.5          | 0.8           | 0.7            |
| <b>Book value at the end of the period</b> | <b>32.8</b>   | <b>31.3</b>   | <b>34.5</b>    |

## Contingent liabilities

| EUR million                 | 1 - 6<br>2011 | 1 - 6<br>2010 | 1 - 12<br>2010 |
|-----------------------------|---------------|---------------|----------------|
| Given real estate mortgages | 3.4           | 3.4           | 3.4            |
| Given business mortgages    | 46.8          | 6.8           | 46.8           |
| Pledged guarantees          | 1.0           | 0.1           | 0.1            |
| Rental liabilities          | 0             | 0.2           | 0.1            |

In addition to the business mortgages of its subsidiary Scanfil EMS Oy, Sievi Capital plc has given an absolute guarantee for the payment of Scanfil EMS Oy's EUR 40 million loan and the resulting liabilities.

Sievi Capital plc has arranged a EUR 4.5 million bank guarantee to secure the payment of contributions related to restructuring of Scanfil NV. Balance sheet of Scanfil NV includes corresponding provision.

## Related party transactions

A loan of EUR 300.000 has been issued to Greenpoint Oy, of which EUR 200.000 has been withdrawn last year and the rest EUR 100.000 has been withdrawn on February 2011.

The loan will mature on 30 June 2012 and its interest rate is the six-month Euribor + 2,5 %.

Scanfil EMS Group's invoicing to Greenpoint Oy amounted to EUR 39,579 and interest income EUR 5,203.

An absolute guarantee in the amount of EUR 150,000 was given to the associated company IonPhasE Oy as security for its bank guarantee overdraft facility.

A subordinated loan of EUR 500,000 was granted to the associated company IonPhasE Oy in May 2011, with the due date being 31 December 2012 and the interest rate 5%. The holder of the convertible bond is authorised to subscribe for new shares in the company by exercising the unpaid principal of the subordinated loan as consideration for the subscription price. The interest income from January to June amounted to EUR 2,549.

The members of the Board of Directors and the president of Sievi Capital plc are members of the boards of directors of the associated companies as follows:

Jorma J. Takanen, iLOQ Oy's and IonPhasE Oy's member of the board

Asa-Matti Lyytinen, Kitron ASA's and Panphonics Oy's chairman of the board

Reijo Pöllä, Greenpoint Oy's member of the board

Harri Takanen, Kitron ASA's member of the board

In addition, Jorma J. Takanen is a member of the board of Lännen Tehtaat Oyj. The company owns 8.6 % of the shares of Lännen Tehtaat Oyj.

## Key indicators quarterly

EUR million

|                     | Q2/11 | Q1/11 | Q4/10 | Q3/10 | Q2/10 | Q1/10 | Q4/09 | Q3/09 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Turnover            | 62.0  | 58.8  | 62.2  | 62.5  | 53.9  | 40.8  | 48.1  | 49.6  |
| Operating profit    | 4.2   | 3.7   | 3.2   | 3.5   | 6.2   | 1.5   | 2.6   | 4.2   |
| Operating profit, % | 6.8   | 6.2   | 5.1   | 5.6   | 11.6  | 3.6   | 5.3   | 8.5   |
| Net income          | 2.8   | 2.1   | 1.6   | 3.2   | 3.9   | 2.0   | 2.7   | 3.8   |
| EPS, EUR            | 0.05  | 0.04  | 0.03  | 0.06  | 0.07  | 0.03  | 0.05  | 0.06  |

## SIEVI CAPITAL PLC

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Sievi Capital Group comprises the investment and parent company Sievi Capital plc, and a subgroup called Scanfil EMS Oy, which is engaged in contract manufacturing for international telecommunications technology and professional electronics manufacturers. The objective of the investment activities is to make the management of the company's funds more effective and productive by diversifying the risks and finding new growth potential.

Scanfil EMS Oy 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 companies of Sievi Capital Group:

**Kitron ASA** (KIT) (Sievi Capital plc's share of ownership 32,96%) is a listed Norwegian subcontractor, which operates in five different customer segments: the marine and oil industry, basic industry, defence equipment industry, hospital and healthcare equipment industry and data and telecommunications industry. In addition to Norway, Kitron ASA has plants and production in Sweden, Lithuania, Germany, China and, as of the beginning of 2011, also in the United States. Kitron ASA's turnover in 2009 was NOK 1,643.9 million (about EUR 210.5 million). [www.kitron.com](http://www.kitron.com)

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)

**iLOQ Ltd** (Sievi Capital plc's share of ownership 23%) develops, manufactures and markets innovative, high security, electronic and battery-free locking solutions that combine modern mechatronics with communications and software technology. The functionality of the iLOQ S10 product concept developed by iLOQ Ltd and the added customer value it generates has been shown to be good by achieving significant growth and customer accounts in the Finnish lock market. The company has built a Finnish distributor network that covers growth centers and major cities. [www.iloq.fi](http://www.iloq.fi)

**IonPhase Oy** (Sievi Capital plc's share of ownership 40%) develops and manufactures high performance dissipative polymers that help to control static electricity. IonPhase products are utilized in wide range of industries like chemical, automotive, telecommunication and consumer electronics. Based on own-patented technology, IonPhase manufactures polymers called IonPhase IPE. [www.ionphase.fi](http://www.ionphase.fi)

**Panphonics Oy** (Sievi Capital plc's share of ownership 40%) is the world's leading provider of directional audio solutions. Panphonics manufactures directional audio solutions for acoustically demanding applications based on it's own patented technology. Panphonics Sound Shower directional audio speakers can be found in banks, retail stores, digital signage projects, information kiosks, theatres, and offices throughout the world. Panphonics is also component manufacturer and licensor of plane wave technology for industrial audio manufacturers and audio solution providers. [www.panphonics.com](http://www.panphonics.com)

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