

President's preview

The Sievi Capital Group was formed in 2011 by the investment and parent company Sievi Capital plc and the contract manufacturing subgroup Scanfil EMS Oy, whose international customer base is comprised of manufacturers of professional electronics and telecommunications systems.

Sievi Capital plc's group structure 2011:



President's preview

Sievi Capital plc's group structure from 1.1.2012:



Investment activities

- Year 2011 was marked by dual trends and it turned out to be a weak year in terms of investments. Good progress at the beginning of the year came to an end and market became increasingly unstable towards the end of the year as European debt crisis got worse. For example HEX25 –index decreased around 30 percent during the year.
 - There was optimism in the private equity markets at the beginning of the year, but as the year proceeded the number of transactions diminished. Sievi Capital plc did not accomplish any new growth capital investments during 2011.
 - Based on prices on 31 December 2011, value of all financial investments in the investment portfolio decreased by a almost 15 percent during the year compared to purchase prices.
 - Sievi Capital plc's IFRS based result in investment activities was EUR -6,2 million loss in 2011, but profits from investments, dividends and interest income totalled an amount of EUR 3,0 million. There was not a single loss carried out by the sold financial investments.
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Investment activities

Sievi Capital plc's investment portfolio is divided into two parts: financial investments and capital investments.

<u>Financial investments:</u>		<u>target allocation</u>	<u>allocation on 31 December 2011</u>
1.	Money market investments	20-35 %	51 %
	Risk-free interest investments	30 %	20 %
	Low-risk investments	30 %	20 %
	Moderate risk investments	40 %	60 %
2.	ETF and share investments	10-15 %	13 %
Capital investments:		50-70 %	37 %

- Main emphasis of financial investments was at high yield bonds and risks related to stocks were mainly driven by investments in Eurozone and European counterparts.
- At end of 2011 published Net Asset Value calculation was EUR 1,52 per share.

Investment activities

Unlisted associated companies

iLOQ Oy (22,96 %)

- iLOQ Oy's turnover developed positively
- iLOQ S10 locking solution gained market share
- DIN-compliant lock cylinder for Central European market in 1/2012
- Subsidiaries in the Netherlands and Germany were established in year-end 2011 and operations started Q1/2012

IonPhase Oy (39,15 %)

- new innovation in polymer technology
- Several technical approvals for new products
- food industry qualification approvals for plastic used in polyolefin films according to the EU directive
- two significant agency and distribution agreements were signed to make the European sales channels more effective
- In order to secure the growth of the company a share issue was prepared at the end of 2011 and finalized at the beginning of 2012, in which Finnish Industry Investment Ltd became a minor shareholder in IonPhase Ltd.



Investment activities

Panphonics Oy (40 %)

- Panphonics Oy was the audio supplier for the 7-ELEVEN retail chain's in-shop TV system in North America.
- the company invested in a new production line and moved into new premises
- the line investment enables a significant increase in capacity


Listed associated and target companies

Kitron ASA (32,96 %), associated company listed on the Oslo Exchange, has published its financial statements on 9 February 2012.

Lännen Tehtaat Oyj (8,6 %) , target company listed on NASDAQ OMX Helsinki, has published its financial statements on 16 February 2012.

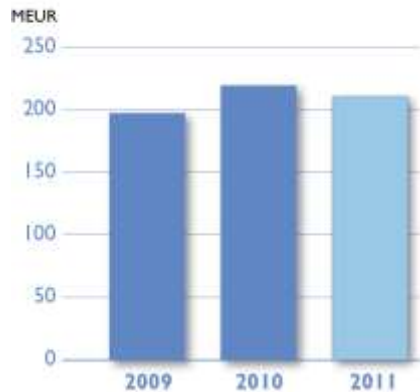


Contract manufacturing

- The favourable development of sales seen during the first two quarters of 2011 was over in the latter half of the year. The demand for telecommunications products in particular slowed down already in the third quarter and decreased significantly during the fourth quarter compared to the fourth quarter of 2010.
 - As for professional electronics products, the development was positive throughout the year and sales increased by approximately 24% compared with the previous year, thereby compensating much of the decrease in the sales of telecommunications products.
 - Professional electronics customers accounted for 62% of total sales in 2011 (48% in 2010) and telecommunications customers for 38% (52%).
 - The Suzhou subsidiary in China moved into its own modern premises with a floor area of more than 21,000 square metres during the first quarter. The plant was officially inaugurated on 6 April 2011.
 - Sales of Scanfil EMS Ltd's associated company Greenpoint Ltd developed positively, especially towards the end of the year.
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Scanfil EMS Group in 2011

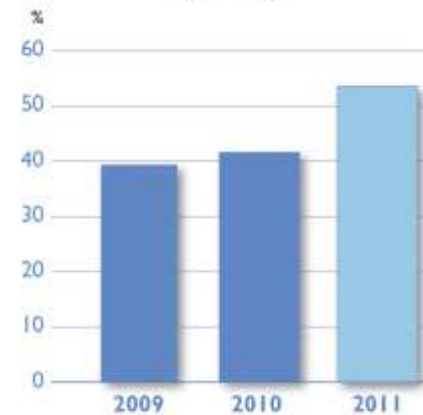
Turnover



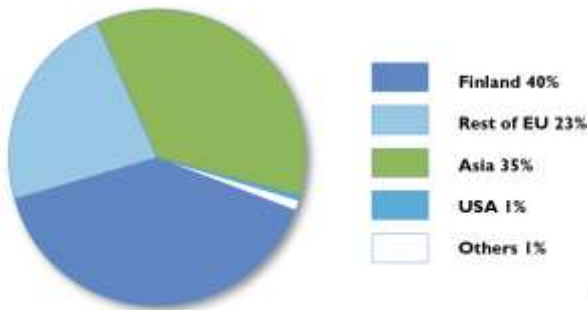
Operating profit and operating profit %



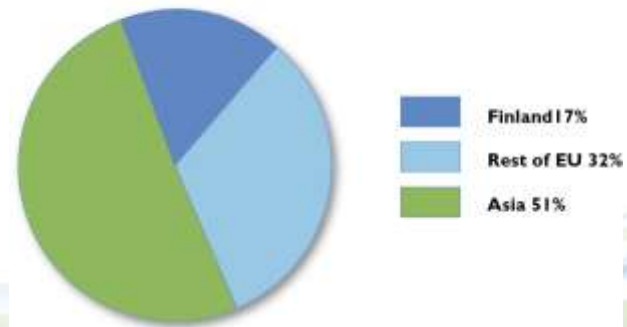
Solvency



Turnover geographically



Personnel by region 31.12.2011



Financial statements

Sievi Capital plc's Board of Directors signed on 11 August 2011 the company's demerger plan, which was ratified by the Extraordinary General Meeting on 22 November 2011. In accordance with the demerger plan, contract manufacturing business (Scanfil EMS Group) was demerged into a new publicly listed company while investment activity will remained in the demerged company, Sievi Capital plc. The name of the new contract manufacturing company is Scanfil plc. The execution of the demerger was entered in the Trade Register on 1 January 2012.

In the consolidated financial statements, the Scanfil EMS group is treated as a discontinued operation.



Financial statements

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) and IFRIC 17 (Distributions of Non-cash Assets to Owners), discontinued operations should be measured at the lower of the carrying amount or market value. In the demerger, Scanfil EMS Oy shares were distributed to Scanfil plc, which was established in order to execute the demerger. This company was listed at the beginning of January 2012, and the volume-weighted average share price for the first five days of trading was EUR 0.96 per share.

With this share price, the fair value of the Scanfil EMS group was EUR 13.7 million lower than the carrying amount of 31 December 2011.

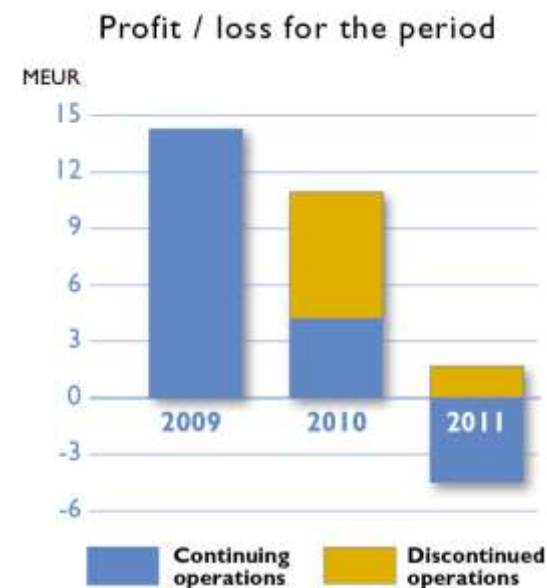
The difference between the carrying amount and market value has been expensed to the discontinued operations as an impairment loss, and translation differences of EUR 9.2 million related to the discontinued operation have been recognised as income.



Financial statements

Consolidated Statement of Income

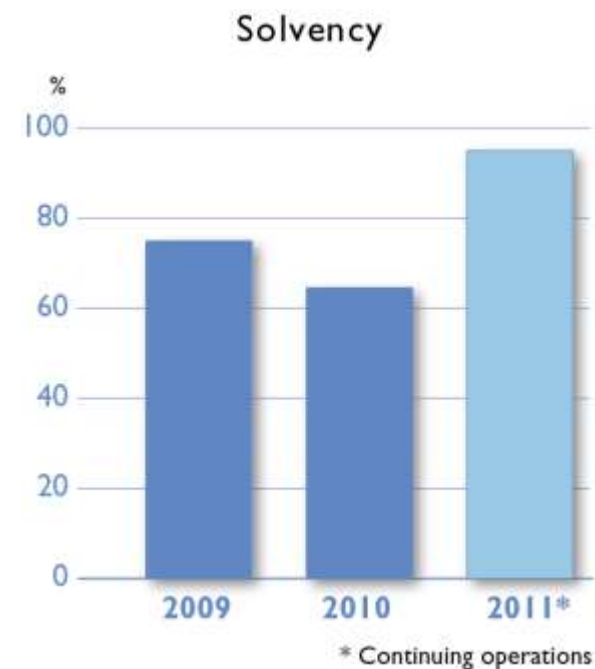
1000 EUR	1.1.-31.12.2011	1.1.-31.12.2010
Continuing operations		
Other operating income	1 762	4 580
Employee benefit expenses	-339	-288
Depreciation and amortization	-455	-503
Other operating expenses	-899	-361
Operating profit	71	3 428
Financial income	3 000	5 514
Financial expense	-7 556	-1 438
Share of profit or loss of associates	-1 655	-1 786
Profit before tax	-6 141	5 718
Income tax	1 368	-1 609
Net profit for the period, Continuing operation	-4 772	4 109
Discontinued operations		
Net profit for the period, Discontinued operation	1 679	6 761
Net profit for the period	-3 094	10 871



Financial statements

Consolidated statement of financial position, IFRS

Assets	31.12.2011	31.12.2010
Non-current assets	57 252	92 791
Current assets	32 993	156 280
Non current asset held for sale	2 527	
Diccontinued operations	115 688	
Total assets	<u>208 460</u>	<u>249 070</u>
Shareholder's equity and liabilities		
Total equity	88 243	160 776
Non-current liabilities	3 807	42 032
Current liabilities	56 338	46 263
Diccontinued operations	60 073	
Total shareholders equity and liabilities	<u>208 460</u>	<u>249 070</u>



Auditors' report

To the Annual General Meeting of Sievi Capital plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sievi Capital plc for the year ended on December 31, 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, statement of cash flows and notes to the financial statements.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 5, 2012

KPMG OY AB

Ari Ahti

Authorized Public Accountant

