INTERIM REPORT
JANUARY – JUNE 2012

Vacon Plc Interim Report 1 January – 30 June 2012

In this stock exchange release Vacon is publishing information included in the interim report that has a significant impact on the value of securities. The full interim report is in the appendix to this release and can be downloaded from the company's website in Finnish at www.vacon.fi and in English at www.vacon.com.

April-June summary:

- Order intake totalled MEUR 108.9 (MEUR 103.8), an increase of 4.9 % from the corresponding period in the previous year.
- Revenues totalled MEUR 99.5 (MEUR 107.2), a decline of 7.1 %.
- Operating profit was MEUR 10.2, or 10.3 % of revenues, a decline of 11.0 % (MEUR 11.5 and 10.7 %).
- Net cash flow from operating activities was MEUR 1.5 (MEUR 7.2).
- Earnings per share were EUR 0.46 (EUR 0.58), a decline of 20.1 %.

January-June summary:

- Order intake totalled MEUR 205.8 (MEUR 204.6), an increase of 0.6 % from the corresponding period in the previous year.
- Revenues totalled MEUR 183.7 (MEUR 202.2), a decline of 9.1 %.
- Operating profit was MEUR 16.6, or 9.0 % of revenues, a decline of 18.5 % (MEUR 20.4 and 10.1 %).
- Net cash flow from operating activities was MEUR 19.8 (MEUR 0.8).
- Earnings per share were EUR 0.74 (0.93), down 19.7 %.

Key indicators

MEUR	4-6/2012	4-6/2011	Change, %
Order intake	108.9	103.8	4.9 %
Revenues	99.5	107.2	-7.1 %
Operating profit	10.2	11.5	-11.0 %
% of revenues	10.3 %	10.7 %	
Operating profit excluding one-time items	9.0	12.0	-25.1 %
% of revenues	9.0 %	11.2 %	
Profit before taxes	10.2	12.0	

MEUR	1-6/2012	1-6/2011	Change, %	1-12/2011
Order intake	205.8	204.6	0.6 %	365.3
Order book	58.7	54.5	7.6 %	36.6
Revenues	183.7	202.2	-9.1 %	380.9
Operating profit	16.6	20.4	-18.5 %	24.7
% of revenues	9.0 %	10.1 %		6.5 %
Operating profit excluding one-time items	13.9	20.9		34.8
% of revenues	7.6 %	10.3 %		9.1 %
Profit before taxes	16.3	20.5		27.0
Net cash flow from operating activities	19.8	0.8		26.8
Earnings per share, EUR	0.74	0.93		1.10
Interest-bearing net liabilities	12.9	31.5		12.4
Gearing, %	13.5 %	26.8 %		12.7 %
Gross capital expenditure	6.6	10.1	-35.1 %	18.7

General review

According to Vacon's assessment, the AC drive market grew also during the second quarter of the year. Demand for AC drives to control electric motors increased steadily in all geographical areas and industrial sectors.

Orders received by Vacon increased in the April-June period compared to the second quarter of 2011 and to the first quarter of 2012. Orders received in April-June totalled EUR 108.9 (103.8) million. Orders received in the second quarter include a EUR 7 million project order from a marine industry customer that will be delivered during the second half of 2012 and during 2013. Orders in the first half of the year totalled EUR 205.8 (204.6) million.

Orders for AC drives to control electric motors increased sharply in all geographical areas and industrial sectors. Demand was strong especially for products for the marine industries and for elevators and escalators. Vacon also received orders in the second quarter for products for the wind power market in China, although the volume of orders was considerably lower than in the comparable period in the previous year.

Vacon had revenues in April-June of EUR 99.5 (107.2) million. Revenues declined 7.1 % from the corresponding period in the previous year, but increased 18.2 % from the first quarter of the year. January-June revenues were EUR 183.7 (202.2) million, down 9.1 % from the corresponding period in the previous year. Low sales for the company's products for renewable energy generation and the low order intake in the final quarter of 2011 were factors in the decline in revenues in the second quarter and the first half of the year.

The operating profit in April-June was EUR 10.2 million, or 10.3 % of revenues (EUR 11.5 million and 10.7 %). The operating profit was boosted as the company reversed some of the provision it made in December 2011 in relation to a receivable from a solar energy customer. The company reversed EUR 1.2 million of the provision as it succeeded in obtaining part of the receivable during the second quarter of 2012. The company is continuing to take steps to safeguard and obtain the remainder of the receivable, but is still retaining part of the provision in case of a credit loss. The operating profit excluding one-time items in the April-June period was EUR 9.0 million, or 9.0 % of revenues (EUR 12.0 million and 11.2 %).

The operating profit in January-June totalled EUR 16.6 million, or 9.0 % of revenues (EUR 20.4 million and 10.1 %). Vacon has managed to obtain altogether EUR 2.7 million during the first half of the year in connection with a receivable from a solar energy customer. The operating profit excluding one-time items in the January-June period was EUR 13.9 million, or 7.6 % of revenues (EUR 20.9 million and 10.3 %).

Vacon has launched several new products during the first half of 2012. In March the company introduced upgraded versions of its VACON® NXP AC drives. In June Vacon launched three new products at its sales conference: the VACON® 100, VACON® 100 X and VACON® 20 X. The VACON 100 is one of the most significant new products in the history of the company. It is a multipurpose drive that can be adapted for hundreds of different applications, has extremely low life cycle costs, and offers outstanding usability.

Prospects for 2012

Vacon considers that there are still uncertainties relating to general growth prospects in the economy, and these may affect demand for AC drives in Europe and possibly globally as well. However, Vacon expects demand for products to control electric motors to remain at a good level in the second half of 2012. Vacon estimates that the order intake of products for wind power generation will improve slightly in the second half of 2012 but the share of renewable energy of Vacon's revenues will stay clearly below its level of 2011 (13 % of revenues in 2011).

Market guidelines for 2012

Vacon is retaining the market guidelines for 2012 that it published earlier. Vacon estimates that its revenues will increase and the operating profit percentage excluding one-time items will improve from 2011. In 2011 revenues were EUR 380.9 million and the operating profit percentage excluding one-time items was 9.1 %.

Vacon's target is to achieve revenues of EUR 500 million in 2014. The profitability targets for 2014 are an operating profit of 14 % and a return on equity of more than 30 %.

Financial reports in 2012

Vacon is publishing its third interim report in 2012 as follows:

- January-September: 24 October 2012

Formal statement

This release contains certain forward-looking statements that reflect the current views of the company's management. Due to the nature of these statements, they contain risks and uncertainties and are subject to changes in the general economic situation and in the company's business sector.

Vacon in brief

Vacon is driven by a passion to develop, manufacture and sell the best AC drives and inverters in the world — and to provide efficient life-cycle services for its customers. Our AC drives offer optimum process control and energy efficiency for electric motors. Vacon inverters are a key component in producing energy from renewable sources. Vacon has R&D and production units in Europe, Asia and North America, and sales companies in 27 countries. Vacon also has sales and service representatives in almost 90 countries. In 2011, Vacon had revenues of EUR 380.9 million and globally employed 1,500 people. The shares of Vacon Plc (VAC1V) are quoted on the main list of the Helsinki stock exchange (NASDAQ OMX Helsinki).

Driven by Drives, www.vacon.com

Vantaa, 1 August 2012

VACON PLC
Board of Directors

For more information please contact:

Mr Vesa Laisi, President and CEO, phone: +358 (0)40 8371 510
Ms Eriikka Söderström, CFO and Vice President, Finance & Control, phone: +358 (0)40 8371 445

Conference for media and analysts

Vacon will hold a briefing for analysts and the media at 11.30 am on 1 August 2012 at Pörssitalo (Stock Exchange building), Fabianinkatu 14 A, 2nd floor, access through the reception for NASDAQ OMX Helsinki. The briefing will be in Finnish.

Dial-in conference for investors and investment analysts

An international dial-in conference for investors and investment analysts will be held at 3.00 pm on 1 August 2012.

President and CEO Vesa Laisi and Eriikka Söderström, CFO and Vice President, Finance and Control, will participate in the conference. Lines can be booked ten minutes before the conference by calling the service number +358 (0)9 6937 9590 (Finland) or +44 (0)20 7784 1036 (UK). The conference ID code is 9435939. To hear a recording of the conference, available for seven working days, call +358 (0)9 2310 1650 (Finland) or +44 (0)20 7111 1244 (UK), ID code 9435939.

- Conference link: http://www.media-server.com/m/p/deh7ryrj

The presentation material will be available before the media briefing on Vacon's website at: www.vacon.com > Investors

DISTRIBUTION:

NASDAQ OMX Helsinki
Financial Supervisory Authority
Main Media

Vacon Plc, Interim Report 1 January – 30 June 2012

Business environment and business development

According to Vacon's assessment, the AC drive market grew also during the second quarter of the year. Demand for AC drives to control electric motors increased steadily in all geographical areas and industrial sectors.

During the second quarter of 2012 Vacon's business developed in line with expectations. The volume of orders rose strongly and revenues increased from the previous quarter while falling short of their level in the second quarter of 2011. Profitability also improved compared to the first quarter of 2012, but was down on the corresponding period in the previous year.

Orders for and sales of AC drives to control electric motors increased in all geographical areas and in all key industrial sectors. In contrast, orders and sales of products for the generation of renewable energy remained at a low level compared to 2011.

During the first half of 2012 Vacon has launched several new products that have had a positive reception in the sales network.

Order intake and order book

Orders received by Vacon increased in the April-June period compared to the second quarter of 2011 and to the first quarter of 2012. Orders received in April-June totalled EUR 108.9 (103.8) million. Orders received in the second quarter include a EUR 7 million project order from a marine industry customer that will be delivered during the second half of 2012 and during 2013. Orders in the first half of the year totalled EUR 205.8 (204.6) million.

Orders for AC drives to control electric motors increased sharply in all geographical areas and industrial sectors. Demand was particularly strong for products for the marine industries and for elevators and escalators. Vacon also received orders in the second quarter for products for the wind power market in China, although the volume of orders was considerably lower than in the comparable period in the previous year.

Developments in orders received by Vacon during the second quarter of the year, compared to the corresponding period in the previous year, by market region were as follows: Asia and Pacific (APAC) growth of 26.6 %, Europe, Middle East and Africa (EMEA) decline of 6.1 %, and North and South America growth of 32.6 %. The decline in the EMEA region was due to the poor volume of orders for renewable energy products. The order book rose by EUR 22.1 million from the beginning of the year and EUR 9.4 million from the end of March, standing at EUR 58.7 (54.5) million at the end of June.

Revenues

During the April-June period Vacon's revenues totalled EUR 99.5 (107.2) million. This was a decline of 7.1 % from the corresponding period in the previous year but an increase of 18.2 % from the first quarter in 2012. January-June revenues totalled EUR 183.7 (202.2) million, down 9.1 % on the corresponding period in the previous year. Low sales for the company's products for renewable energy generation and the low order intake in the final quarter of 2011 were factors in the decline in revenues in the second quarter and in the first half of the year.

Operating profit and result

The operating profit in the April-June period was EUR 10.2 million, or 10.3 % of revenues (EUR 11.5 million and 10.7 %). The operating profit was boosted as the company reversed some of the provision it made in December 2011 in relation to a receivable from a solar energy customer. The company reversed EUR 1.2 million of the provision as it succeeded in obtaining part of the receivable during the second quarter of 2012. The company is continuing to take steps to safeguard and obtain the remainder of the receivable, but is still retaining part of the provision in case of a credit loss. The operating profit excluding one-time items in the April-June period was EUR 9.0 million, or 9.0 % of revenues (EUR 12.0 million and 11.2 %).

The operating profit in January-June totalled EUR 16.6 million, or 9.0 % of revenues (EUR 20.4 million and 10.1 %). Vacon has managed to obtain altogether EUR 2.7 million during the first half of the year in connection with a receivable from a solar energy customer. The operating profit excluding one-time items in the January-June period was EUR 13.9 million, or 7.6 % of revenues (EUR 20.9 million and 10.3 %).

Earnings per share in the second quarter were EUR 0.46 (0.58), down 20.1 %. Earnings per share for the January-June period were EUR 0.74, a decline of EUR 0.18 or 19.7 % on the previous year.

Balance sheet and cash flow

The balance sheet remained strong and the net cash flow from operating activities in the second quarter was EUR 1.5 million, down EUR 5.7 million on the corresponding period in the previous year.

In January-June the net cash flow from operating activities was EUR 19.8 million (EUR 0.8 million). The net cash flow from operating activities in the first half of the year was boosted by the decrease in the volume of trade receivables during the first quarter of 2012.

The balance sheet total stood at EUR 206.1 (253.8) million. The key elements in the reduction in the balance sheet total compared to the previous year were the change in the valuation of The Switch Engineering Oy shares in the company's balance sheet and the decrease in the volume of trade receivables. The equity ratio was 47.2 % (47.1 %). The Group's equity structure and liquidity remained strong. Interest-bearing net debt at the end of June totalled EUR 12.9 (31.5) million. Gearing was 13.5 % (26.8 %).

Market position

Vacon Group revenues by market area were as follows:

MEUR	4-6/ 2012	%	4-6/ 2011	%	1-6/ 2012	%	1-6/ 2011	%	1–12/ 2011	%
Europe, Middle East, Africa	61.9	62.2 %	75.3	70.2 %	113.7	61.9 %	141.3	69.9 %	252.6	66.3 %
North and South America	17.0	17.1 %	14.6	13.6 %	34.7	18.9 %	32.3	16.0 %	67.6	17.8 %
Asia and Pacific	20.6	20.7 %	17.3	16.2 %	35.3	19.2 %	28.5	14.1 %	60.7	15.9 %
Total	99.5	100.0 %	107.2	100.0 %	183.7	100.0 %	202.2	100.0 %	380.9	100.0 %

Developments in Vacon's revenues during the January-June period, compared to the corresponding period in the previous year, by market region were as follows: in Europe, Middle East and Africa (EMEA) revenues declined 19.6 %, in North and South America they increased 7.4 % and in Asia and Pacific they increased 23.8 %.

The cause of the decline in sales in the EMEA region was the poor demand for products for renewable energy generation. Demand for products for controlling electric motors, however, was strong in EMEA. Vacon reports its regional sales based on the invoicing addresses, not the final location of the products.

Vacon Group revenues by distribution channel:

MEUR	4-6/ 2012	%	4-6/ 2011	%	1-6/ 2012	%	1-6/ 2011	%	1-12/ 2011	%
Direct sales	7.6	7.6 %	8.6	8.0 %	14.1	7.7 %	16.9	8.4 %	36.9	9.7 %
Distributors	13.7	13.8 %	15.4	14.4 %	27.8	15.1 %	29.4	14.5 %	57.8	15.2 %
OEM	30.6	30.8 %	23.7	22.1 %	56.7	30.8 %	47.2	23.4 %	98.0	25.7 %
Brand label customers	16.4	16.4 %	18.1	16.9 %	33.4	18.2 %	36.9	18.3 %	72.1	18.9 %
System integrators	31.2	31.4 %	41.4	38.6 %	51.7	28.1 %	71.7	35.5 %	116.0	30.5 %
Total	99.5	100.0 %	107.2	100.0 %	183.7	100.0 %	202.2	100.0 %	380.9	100.0 %

Developments in Vacon's sales by distribution channel in the January-June period compared to the corresponding period in the previous year were as follows: direct sales, decline of 16.4 %, OEM increase of 19.9 %, distributors, decline of 5.4 %, brand label customers down 9.5 % and system integrators down 27.9 %.

System integrators are the most important channel for selling products for renewable energy generation, which explains the decline in sales for this channel.

Research and development

R&D expenditure in the January-June period totalled EUR 12.0 (12.4) million, and EUR 2.4 (3.6) million of this was capitalized as development costs. R&D costs accounted for 6.5 % of Group revenues (6.1 %).

Vacon has launched several new products during the first half of 2012. In March the company introduced upgraded versions of its VACON® NXP AC drives. In June Vacon launched three new products at its sales conference: the VACON® 100, VACON® 100 X and VACON® 20 X. The VACON 100 is one of the most significant new products in the history of the company. It is a multipurpose drive that can be adapted for hundreds of different applications, has extremely low life cycle costs, and offers outstanding usability.

Investments

Gross investments by the Group in the January-June period totalled EUR 6.6 (10.1) million. Expenditure focused particularly on projects for developing new products and on raising production capacity especially in China. The company has set limits for its investments in the first half of 2012 to save costs.

Organization and personnel

At the end of June the Group employed 1,468 (1,577) people, and 696 (854) of these were in Finland and 773 (723) in other countries.

Vacon announced in second quarter its new fine-tuned values. The renewed values are a result of a one-year-long internal process in all Vacon companies, and they take into consideration the changing business environment. Vacon's renewed values are: Stronger together, Trust and Respect, Taking ownership and Passion for excellence.

The table below shows the average number of Vacon employees during the review period:

	1–6/2012	1–6/2011	1-12/2011
Office personnel	948	909	938
Factory personnel	505	531	532
TOTAL	1,452	1,440	1,470

Shares and shareholders

Vacon had a market capitalization at the end of June of EUR 516.2 (661.5) million. The closing share price on 30 June 2012 was EUR 33.80. The lowest share price during the January-June period was EUR 31.11 and the highest EUR 42.00.

A total of 924,598 shares (6.1 % of the share stock) were traded on the stock exchange in the January-June period, in monetary terms EUR 34.2 million. According to the shareholder register updated on 30 June 2012, Vacon had 4,673 registered shareholders. Shares that were nominee registered and in foreign ownership amounted to 53.3 % (34.8 %) of the share stock.

Vacon's main shareholders on 30 June 2012:

	Number of shares	Holding, %
AC Invest Three B.V.	3,064,844	20.0 %
Ilmarinen Mutual Pension Insurance Company	808,968	5.3 %
Tapiola Mutual Pension Insurance Company	584,500	3.8 %
Koskinen Jari	366,104	2.4 %
Vaasa Engineering Oy	359,514	2.4 %
Ehrnrooth Martti	325,070	2.1 %
Holma Mauri	277,988	1.8 %
OP-Suomi Pienyhtiöt investment fund	164,067	1.1 %
Tapiola Group companies	164,180	1.1 %
Fondica Nordic Micro Cap	145,000	0.9 %
Vacon Plc own shares	23,227	0.2 %
Others	9,011,538	58.9 %
Total	15,295,000	100.0 %
Shares outstanding	15,271,773	

On 30 June 2012 members of Vacon's Board of Directors, the President and CEO, and the Deputy to the CEO held directly a total of 31,558 shares or 0.2 % of Vacon's share stock.

Own shares

On 30 June 2012 Vacon Plc held a total of 23,227 of its own shares, which it had acquired at an average price of EUR 24.33. This is 0.2 % of the share capital and voting rights, so it has no significant impact on the distribution of ownership or voting rights in the company.

Dividend

The AGM decided in March 2012 to pay a dividend of EUR 0.90 a share, in total EUR 13,733,992.80, in accordance with the proposal of the Board of Directors. The dividend was paid on 11 April 2012.

Risks and uncertainties in the near future

One of Vacon's solar energy customers is still arranging financing to pay a substantial overdue debt. Vacon reversed EUR 2.7 million of the provision it had made for the trade receivable after it managed to obtain EUR 1.4 million of the receivable during the first quarter of 2012 and EUR 1.2 million in the second quarter. The company is continuing to take steps to safeguard and obtain the outstanding amount of the receivable, but is still retaining part of the provision in case of a credit loss.

The court proceedings relating to the customs procedures followed by Vacon's subsidiary in China continue in the higher court, since two of the parties appealed against the ruling given by the lower court in December 2011. It is possible that the sentence imposed on Vacon may also change in the higher court, so some uncertainty still remains in this matter. Vacon made a provision in December 2011 against the current court proceedings.

The parent company has tax proceedings in progress relating to a tax inspection of its transfer pricing in 2006 – 2008.

Common risks and uncertainties affecting the company's business

Typical and common risks to which Vacon's business operations are exposed relate to uncertainty in demand and intensifying competition on price, to losing customers, credit losses, goodwill, the availability of raw materials and components, and to fluctuations in the values of foreign currencies.

The availability and quality of raw materials and components and changes in their prices can affect the profitability and scale of the company's business. Purchase agreements for raw materials and components are mainly annual agreements, which contain price and exchange rate clauses for changes in the global market prices of raw and other materials.

The order book for Vacon's AC drives used to control electric motors has always been short term in nature, so there are no major risks connected with the timing of deliveries or their cancellation.

Products supplied for renewable power generation accounted for 13 % of Vacon's revenues in 2011. In the first half of 2012 these products accounted for a much smaller share of Vacon's revenues. This business typically has longer delivery and payment schedules, which increases the risks relating to customer credit rating and of orders being cancelled. Sales of equipment for renewable energy generation is for Vacon based on projects, so it causes greater seasonal fluctuations in business volumes than what the company is used to. Power generation using renewable energy sources depends largely on state funding, so this market segment also contains a political risk.

Vacon has thousands of customers worldwide. The ten largest customers currently account for some 40 % of Vacon's revenues. Vacon is continuously assessing the creditworthiness of its customers and their ability to pay their debts.

Vacon is able to adjust its production capacity to market demand. The company estimates that its cash funds and available credit facilities are sufficient to ensure its liquidity.

Vacon's balance sheet includes goodwill of EUR 9.4 million, most of which is related to the company acquisition at the beginning of 2008. The company tests goodwill for impairment annually.

Some of the most significant financial risks affecting the result are foreign exchange risks. Exchange rate fluctuations may have an impact on business, although the international expansion of business operations reduces the relative importance of individual currencies. The biggest exchange rate risks against the euro relate to the US dollar and the Chinese renminbi. The Group applies hedge accounting, in accordance with IAS 39, to hedge the operations currency position in its cash flow.

Prospects for 2012

Vacon considers that there are still uncertainties relating to general growth prospects in the economy, and these may affect demand for AC drives in Europe and possibly globally as well. However, Vacon expects demand for products to control electric motors to remain at a good level in the second half of 2012. Vacon estimates that the order intake of products for wind power generation will improve slightly in the second half of 2012 but the share of renewable energy of Vacon's revenues will stay clearly below its level of 2011 (13 % of revenues in 2011).

Market guidelines for 2012

Vacon is retaining the market guidelines for 2012 that it published earlier. Vacon estimates that its revenues will increase and the operating profit percentage excluding one-time items will improve from 2011. In 2011 revenues were EUR 380.9 million and the operating profit percentage excluding one-time items was 9.1 %.

Vacon's target is to achieve revenues of EUR 500 million in 2014. The profitability target for 2014 is an operating profit of 14 % and the target for return on equity is more than 30 %.

Accounting principles

This interim report has been prepared in accordance with IFRS (International Financial Reporting Standards) standard IAS 34 on Interim Financial Reporting. Vacon has prepared this interim report applying the same accounting principles as those decribed in detail in its 2011 consolidated financial statements. The interim report is unaudited.

Consolidated statement of income, IFRS, MEUR

	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Revenues	99.5	107.2	183.7	202.2	380.9
Other operating income	0.0	0.1	0.1	0.2	0.3
Change in inventories of finished goods and work in progress	-1.3	-1.6	-0.7	2.3	-2.2
Materials and services	-52.0	-55.9	-95.8	-110.1	-202.8
Employee benefit related expenses	-18.5	-17.8	-38.2	-35.7	-68.8
Other operating expenses	-14.1	-17.5	-26.0	-32.7	-70.4
Depreciation	-1.6	-1.3	-3.1	-2.5	-5.4
Amortization	-1.8	-1.7	-3.5	-3.3	-6.8
Operating profit	10.2	11.5	16.6	20.4	24.7
Financial income and expenses	0.0	0.5	-0.3	0.2	2.2
Profit before taxes	10.2	12.0	16.3	20.5	27.0
Income taxes	-3.0	-3.0	-4.6	-5.9	-9.3
Profit for the period	7.2	9.0	11.7	14.6	17.7
Attributable to:					
Equity holders of the parent	7.0	8.8	11.4	14.1	16.8
Non-controlling interests	0.2	0.2	0.3	0.4	0.8
Earnings per share, euro	0.46	0.58	0.74	0.93	1.10
Diluted earnings per share, euro	0.46	0.58	0.74	0.93	1.10

Consolidated statement of comprehensive income, MEUR

	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Profit for the period	7.2	9.0	11.7	14.6	17.7
Other comprehensive income					
Cash flow hedging	0.0	0.0	0.0	0.2	-0.1
Available for sale financial assets	0.0	0.1	0.0	27.1*)	2.5*)
Translation differences	0.5	0.0	0.3	-0.6	1.0
Total comprehensive income	7.7	9.0	12.0	41.3	21.1
Attributable to:					
Equity holders of the parent	7.6	8.8	11.6	40.9	20.3
Non-controlling interests	0.2	0.2	0.3	0.4	0.8

*) Assessment at fair value relating to holding in The Switch.

Consolidated statement of financial position, IFRS, MEUR

	30.6.2012	30.6.2011	31.12.2011
ASSETS			
Goodwill	9.4	8.8	9.2
Development costs	18.5	15.2	17.4
Other intangible assets	7.8	10.2	9.3
Property, plant and equipment	25.7	22.7	25.1
Available-for-sale financial assets	3.7	0.0	3.7
Deferred tax assets	6.0	5.4	5.7
Other financial assets	2.1	1.7	2.3
Total non-current assets	73.1	63.9	72.7
Inventories	28.3	33.3	28.2
Trade and other receivables	85.9	105.3	80.9
Available-for-sale financial assets	0.0	30.0*)	0.0
Cash and cash equivalents	18.8	21.3	16.3
Total current assets	133.0	189.9	125.4
Total assets	206.1	253.8	198.1
EQUITY AND LIABILITIES			
Share capital	3.1	3.1	3.1
Share premium reserve	5.0	5.0	5.0
Other reserves	0.1	0.1	0.1
Own shares	-2.6	-2.6	-2.6
Revaluation reserve	2.3	27.2*)	2.3
Retained earnings	86.4	83.3	88.0
Non-controlling interests	1.7	1.6	1.9
Total equity	95.9	117.6	97.7
Deferred tax liabilities	6.0	7.0	6.0
Employee benefits	1.8	1.8	1.7
Interest-bearing liabilities	20.2	8.6	20.2
Other liabilities	0.0	0.2	0.0
Total non-current liabilities	28.0	17.6	27.9
Trade and other payables	59.7	60.3	53.1
Income tax liabilities	0.9	5.6	1.7
Provisions	10.2	8.5	9.3
Interest-bearing liabilities	11.5	44.2	8.5
Total current liabilities	82.3	118.7	72.5
Total equity and liabilities	206.1	253.8	198.1

*) Assessment at fair value relating to holding in The Switch 27 MEUR.

Q2 2012 Consolidated statement of changes in equity, IFRS (MEUR)

	Attributable to equity holders of the parent								
	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2012	**3.1**	**5.0**	**0.1**	**-2.6**	**2.3**	**88.0**	**95.8**	**1.9**	**97.7**
Profit for the period						11.4	11.4	0.3	11.7
Other total comprehensive income:									
Translation differences						0.3	0.3		0.3
Total comprehensive income for the period						11.6	11.6	0.3	12.0
Share bonuses						0.7	0.7		0.7
Dividends paid						-13.7	-13.7	-0.6	-14.3
Acquisition of non-controlling interests						-0.2	-0.2	0.0	-0.2
Equity June 30, 2012	**3.1**	**5.0**	**0.1**	**-2.6**	**2.3**	**86.4**	**94.2**	**1.7**	**95.9**

Q2 2011 Consolidated statement of changes in equity, IFRS (MEUR)

	Attributable to equity holders of the parent								
	Share capital	Share premium reserve	Other reserves	Own shares	Re-valuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2011	**3.1**	**5.0**	**0.1**	**-2.6**	**-0.1**	**84.4**	**89.7**	**1.6**	**91.3**
Profit for the period						14.1	14.1	0.4	14.6
Other total comprehensive income:									
Cash flow hedging					0.2		0.2		0.2
Available-for-sale financial assets					27.1		27.1		27.1
Translation differences						-0.6	-0.6		-0.6
Total comprehensive income for the period					27.3	13.6	40.9	0.4	41.3
Share bonuses						0.6	0.6		0.6
Dividends paid						-15.2	-15.2	-0.4	-15.6
Equity June 30, 2011	**3.1**	**5.0**	**0.1**	**-2.6**	**27.2**	**83.3**	**116.0**	**1.6**	**117.6**

Consolidated statement of cash flow, IFRS, MEUR

	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Profit for the period	7.2	9.0	11.7	14.6	17.7
Depreciation	3.4	3.0	6.6	5.8	12.2
Financial income and expenses	0.0	-1.2	0.3	-0.9	-2.2
Taxes	3.0	3.0	4.6	5.9	9.3
Other adjustments	-1.4	0.3	-2.4	0.8	12.3
Change in working capital	-6.4	-2.1	6.1	-19.0	-6.5
Net cash flow from financial items and tax	-4.4	-4.7	-7.1	-6.4	-15.9
Net cash flow from operating activities	**1.5**	**7.2**	**19.8**	**0.8**	**26.8**
Acquisition of subsidiary	-0.2	0.0	-0.3	0.0	0.0
Investments in tangible and intangible assets	-3.3	-5.0	-6.4	-10.1	-18.7
Other investments	0.0	2.2	0.3	2.3	0.3
Repayment of loans receivables	0.0	0.0	0.0	0.0	2.0
Proceeds from disposal of other investments	0.0	0.0	0.0	0.0	2.6
Dividends received	0.0	0.7	0.0	0.7	0.7
Net cash flow from investing activities	**-3.5**	**-2.1**	**-6.5**	**-7.1**	**-13.1**
Proceeds from long-term borrowings	-0.2	0.1	0.4	0.2	20.2
Repayment of long-term loans	0.0	-1.1	0.0	-1.1	-10.7
Proceeds from short-term borrowings	6.0	12.2	13.0	27.7	27.7
Repayment of short-term loans	5.3	-1.6	-10.1	-1.6	-37.8
Dividends paid	-13.9	-15.5	-14.4	-15.6	-15.7
Net cash flow from financing activities	**-2.8**	**-5.8**	**-11.0**	**9.6**	**-16.2**
Change in cash and cash equivalents	**-4.8**	**-0.8**	**2.3**	**3.3**	**-2.5**
Cash and cash equivalents at start of period	23.3	22.1	16.3	18.4	18.4
Translation differences for cash and cash equivalents	0.4	0.0	0.2	-0.4	0.4
Cash and cash equivalents at end of period	18.8	21.3	18.8	21.3	16.3

Segment information

Vacon has focused on one product, AC drives, and this is also Vacon's only business segment.

The figures for the business segment are identical to the figures for the whole Group. Vacon's operations are organized in the following main functions: Market Operations, Product Operations and Support Functions. To ensure that the organization is customer-oriented, operations are controlled by sales channels: distributors, systems integrators, direct sales, OEM customers and brand label customers.

Key financial indicators

Per share data	30.6.2012	30.6.2011	31.12.2011
Earnings per share, EUR	0.74	0.93	1.10
Equity per share, EUR	6.17	7.60	6.28
Lowest trading price, EUR	31.11	37.65	27.21
Highest trading price, EUR	42.00	48.73	48.73
Share price at end of period, EUR	33.80	43.35	30.90
Average trading price, EUR	37.02	42.62	38.50
Market capitalization, MEUR	516.2	661.5	471.5
Trading volume, no. of shares	924,598	1,358,955	2,975,467
Trading volume, %	6.1	8.9	19.5
Adjusted average number of shares during the period	15,264,394	15,232,557	15,246,387
Number of shares at end of period	15,271,773	15,259,992	15,259,992
Own shares	23,227	35,008	35,008

Key indicators showing the Group's financial performance

	30.6.2012	30.6.2011	31.12.2011
Revenues, MEUR	183.7	202.2	380.9
Change in revenues, %	-9.1	38.9	12.7
Operating profit, MEUR	16.6	20.4	24.7
Change in operating profit, %	-18.5	81.5	-13.4
Operating profit, % of revenues	9.0	10.1	6.5
Profit before taxes, MEUR	16.3	20.5	27.0
Profit before taxes, % of revenues	8.9	10.1	7.1
Interest-bearing net liabilities, MEUR	12.9	31.5	12.4
Gearing, %	13.5	26.8	12.7
Working capital, MEUR	43.4	64.1	45.1
Equity ratio, %	47.2	47.1	50.0
Gross capital expenditure, MEUR	6.6	10.1	18.7
Gross capital expenditure, % of revenues	3.6	5.0	4.9
R & D expenditure, MEUR	12.0	12.4	25.1
R & D expenditure, % of revenues	6.5	6.1	6.6
Number of personnel at end of period	1,468	1,577	1,468
Order book, MEUR	58.7	54.5	36.6

Commitments and contingencies, MEUR

	30.6.2012	30.6.2011	31.12.2011
Commitments and contingencies	11.8	6.8	17.2
Financing commitments	0.1	0.1	0.1

Group quarterly performance, MEUR

	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Revenues	99.5	84.2	87.6	91.1	107.2	95.0
Operating profit	10.2	6.4	-3.9	8.2	11.5	8.9
Profit before tax	10.2	6.1	-1.4	7.8	12.0	8.5

Calculation of financial ratios

Earnings per share =	Profit for the financial year attributable to equity holders of the parent company / Adjusted average number of shares
Equity per share =	Total equity – non-controlling interests / Adjusted average number of shares at year end
Dividend per share =	Dividend for financial year / Adjusted number of shares at year end
Equity ratio, % =	Total equity x 100 / Balance sheet total – advances received
Gearing, % =	(Interest-bearing liabilities – cash, bank balances and financial assets) x 100 / Total equity
Working capital =	Inventories + non-interest-bearing short-term receivables - Non-interest-bearing short-term liabilities
R & D expenditure =	Research and development costs recognized in income statement (incl. costs covered with subsidies) and capitalized development expenses
Market capitalization of share stock =	Number of shares outstanding at year end x closing share price
Share turnover % =	Number of shares traded during the year x 100 / Adjusted average number of shares