



Cencorp Oyj

ANNUAL REPORT 2011

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Summary

Cencorp in brief

- Cencorp Corporation is a leading provider of laser and industrial automation solutions and special components.
- The product portfolio includes equipment designed for depaneling, odd-form assembly, test handling and laser applications and complete deliveries consisting of these.
- In addition, Cencorp manufactures special components primarily for the mobile phone industry. These include EMI shielding solutions, flexible circuits and decorations. Cencorp is also one of the leading manufacturers of RFID antennas.
- Cencorp operates in industries applying electronics and energy technology. Its customers are automotive electronics manufacturers and companies operating in telecommunications, industrial automation and EMS.
- Cencorp is a global player with sales representatives and distributors in all major markets.
- The functionality of Cencorp equipment is guaranteed through a geographically extensive customer service and maintenance organization.
- Cencorp's head office is located in Mikkeli, Finland, and other units are based in Salo, Finland, and the USA, China, France and Estonia.
- The in-house production plants are located China and the contract manufacturing in Finland.
- Cencorp Corporation's shares are listed on the NASDAQ OMX Helsinki Ltd.
- The company has been part of the Finnish Savcor Group since 2009.

Year 2011 in brief

- Cencorp's net sales more than doubled to EUR 26.5 million (EUR 12.8 million in 2010).
- The Laser and Automation Applications segment accounted for 57 percent and the Special Components segment for 43 percent of net sales.
- The increase in net sales resulted from the integration of the special components manufacturing business into the Cencorp Group in December 2010. During the first half of the year, net sales were also increased by an upswing in the world economy and the company's sales efforts which led to higher sales of laser and automation equipment. During the last quarter of the year, special components contributed to the increased sales.
- The operating result was EUR -7.0 million (EUR -3.1 million) and the result before taxes EUR -7.5 million (EUR -3.5 million).
- The Laser and Automation Applications segment's profitability was weakened by the ramping up of the subcontracting network according to the strategy in the early part of the year and the poor development of net sales during the latter half of the year. In the Special Components segment, profitability was burdened by a decline in the demand from the largest customer early in the year.
- The earnings per share were EUR -0.02 (EUR -0.02).
- The equity ratio at year-end was 51.2 percent (52.2%).

All of Cencorp's stock exchange and other releases can be found at the company's website www.cencorp.com.

CEO's Review 2010

A YEAR OF CHALLENGING ECONOMIC DEVELOPMENT

2011 started on a positive note as the world economy picked up after the global economic crisis. However, the outlook began to turn grim during the spring and uncertainty increased rapidly. This had an impact on our segments' business development, which was highly twofold during the year. Nevertheless, the challenging year also includes highlights, such as the significant breakthrough we made in renewable energy applications.



Strong upturn in net sales

During the first half of the year, demand for laser and automation products increased especially in Europe and in North America. The good market situation and our own sales efforts increased our net sales substantially. At the same time, demand for our special components was slowed down by the dependence on customer projects that developed unfavorably, by the piling up of stocks at the turn of the year and by changes in the competitive arena for mobile phones.

During the latter half of the year, the economic environment weakened substantially. Investments were deferred in many industries important to us, such as the electronics and telecommunications industries and the energy industry. This reduced demand for laser and automation equipment. On the other hand, demand for special components markedly increased towards the end of the year. The increase is partly due to the seasonal character of the business, but also to our internal efforts to expand our customer base and reduce our dependence on one customer in particular.

All in all, our net sales more than doubled during the year. Even though most of the growth was attributable to the integration of the special components business into Cencorp Group in December 2010, we also succeeded in increasing our net sales organically.

Profitability burdened by a weakening economic environment

Despite the increase in net sales, our profitability weakened clearly. In the Laser and Automation Applications segment, the operating profit was burdened by steep fluctuations in demand, which we are seeking to even out in accordance with our strategy by expanding our subcontractor network and thus our production capacity. Following a substantial decline in demand in early summer, we were forced to ramp down our subcontractor network. As a result of this and a decline in net sales, profitability, which had shown some improvement, took yet another downward turn during the latter half of the year. On a brighter note, however, the year also includes months in which the segment's profitability was positive in terms of operating profit.

The Special Components segment's operating result was weakened by poor net sales development, which was attributable to a decline in demand from the largest customer. In the final quarter, the operating profit improved slightly but remained negative.

Progress on a strategic path

The integration of the special components business into Cencorp Group progressed according to plans during the year. Following this corporate transaction, we have reached a phase in the implementation of our strategy where we have two business focus areas: series production of special components requiring specialized know-how and automation and laser applications. Our geographical focus areas are the main markets with the biggest growth in Asia, especially the electronics and energy industry markets.

Our objective is to be the market leader in selected automation applications and among the leaders in other

selected business areas. In the special components business, our objective is to select the product groups that show the most growth and the highest profitability and become a global top player in them.

We view the energy industry sector, and more specifically renewable energy applications, as a highly attractive new market. What makes this market even more interesting for us is that we are able to provide this sector of industry with solutions based on both our laser and automation applications and special components product range. This market is still in the development phase, but it is expected to grow during the next few years.

We invested strongly in the market for renewable energy applications in 2011. Our efforts paid off: at the beginning of 2012, we concluded a significant multi-year framework agreement on the supply of flexible circuits to a customer operating in the renewable energy sector. According to the agreement, we will supply components for renewable energy applications worth up to more than EUR 50 million during the next three years.

Improving profitability the main goal in 2012

We will continue to increase our net sales in 2012, but our first and foremost goal is to improve profitability. We have already boosted our operations and cut fixed costs by, among other measures, concentrating production, adjusting it to fluctuating demand and focusing on the most profitable product groups with the highest growth. We will continue these measures and develop our service concept to make it more proactive, and we will improve our maintenance and spare part service offering. We will also increase our focus on product development in the area of renewable energy technologies in particular.

The moderately optimistic market situation prevailing early this year supports our efforts to increase net sales and improve profitability. North American markets in particular have shown signs of increased activity. Rising labor costs, especially in China, are also contributing to the growing need for production process automation and thus demand for automation products. Another positive aspect is that we were able to reduce the dependence of our special components production on the development of the telecommunications market during last year. We believe this development will continue in 2012. In addition, flexible circuits important to Cencorp, such as RFID antennas, have a solid growth outlook.

Even though it is uncertain whether the economic environment will remain positive throughout the year, we expect our net sales to increase from 2011 and our full-year EBITDA to be positive, provided that the operating environment and the current economic outlook remain essentially unchanged.

Thank you

I would like to thank Cencorp employees for their flexibility in the volatile environment that we faced during the year. I also wish to thank our customers, shareholders, suppliers and other partners for their good cooperation.

Mats Eriksson
President and CEO

Cencorp's Strategy

MISSION

Our mission is to provide a technological competitive edge to help improve our global customers' production efficiency and quality.

VISION

We are known as a highly profitable, reliable and innovative supplier of automation and laser applications, with the fastest growing market share in the electronics and energy industries, manufacturing applications and special components.

STRATEGIC GOALS

Our goal is growth through acquisitions and mergers based on strategic choices, new products and services, new customers and licensing products and technologies that complement the company's own offering.

Our goal is to achieve, by 2015, a significant market position as a manufacturer of automation and laser applications and special components for the electronics and energy industries.

Strategic steps in 2011

During 2011, we focussed on the market for renewable energy applications in particular. In the laser and automation business, we continued to improve our customer service. In the special components business, we strengthened our position in flexible circuits by increasing our customer base in this market.

STRATEGIC STRENGTHS

Worldwide operations and local support

Customers can rely on Cencorp's support in all situations: the laser and automation application operations and sales have a worldwide reach, and the maintenance, support and spare parts services are available close to customers. Special components are made in China, close to the production facilities of our biggest customers.

Pioneering and innovativeness

- Cencorp's laser and automation applications and related software form a seamless unit, giving Cencorp a technological head start compared to other operators.
- Cencorp strongly invests in product development and solving customers' problems.
- In 2011, approximately 6.2 percent of net sales were invested in product development.
- Understanding the customers' business and flexibility in cooperating with them play a key role.
- Cencorp's flexible product platforms allow for customized solutions according to customer needs, which shortens delivery times.
- Cencorp also focusses on efficient project management, actively keeping the customer up-to-date in all project stages.

Long experience

- Cencorp has worked with laser and automation solutions for more than 30 years and for nearly 15 years with special component production.
- The company has gained a wealth of specialized technological know-how and our experts are knowledgeable about our customers' production processes.

Cencorp's Products

Cencorp's product portfolio includes laser and automation applications and related testing and maintenance services as well as special components.

Cencorp's laser and automation applications are based on product platforms tailored to customers' needs, making use of modularity to shorten delivery times. The applications allow customers to increase their production volume, improve quality and achieve significant cost savings. Only top-quality components are used in manufacturing Cencorp products. Extensive testing of the products prior to delivery ensures high quality.

Cencorp's special components are primarily used in the electronics and energy industries. They are manufactured according to customers' needs flexibly, rapidly and to high quality standards.

Automation Applications

- Assembly line automation projects include the functional design of the production process on the basis of a brief and a functional description drawn up jointly with the customer.
- Products from Cencorp's own portfolio, such as conveyors, routing and assembly robots, and laser systems, are used in the automation applications.
- The wide product range covers various robotic products included in automation applications as well as routers for both in-line and off-line routing.



Laser applications

- Cencorp laser marking work stations enable durable and accurate markings directly on the final product.
- Laser markings can contain letters, symbols, bar codes, graphics or images.
- Laser markings can be made either for technical or decorative reasons, and product traceability is another increasing application.



Testing applications

- Test handlers consist of in-line and multi-level test handlers, visual testers, laser markers and product-specific adapters.
- Cencorp equipment enables a high-quality testing process, eliminating operator errors.
- The tested item can be a circuit board, a module or an end product. More than a million mobile phones are tested every day using Cencorp testing applications.



Special Components

- Electromagnetic protection, i.e. interference shielding for mobile phones, cameras, laptop computers and other electronic devices.
- Flexible circuits, i.e. antennas, flexible connectors and wires for mobile phones.
- Decorations, i.e. chemical or laser-based etchings of metal parts, metal coatings, optical coatings, high-resolution graphical metal coatings, various decorative prints and image transfer decorations.
- RFID (Radio Frequency Identification) i.e. a remote identification method for writing and reading information.



Customer service, maintenance and support functions

- Extensive technical support network to maintain customers' production capacity.
- Services of both in-house and trained external partners.
- Predictive and corrective maintenance and installation services.
- Installation of new equipment and adaptation to the customer's production process on-site as well as user and maintenance training.
- Worldwide spare parts service from in-house spare parts depots located in Europe and North America, a spare parts service network being created in Asia.



Report of the Board of Directors

GENERAL

The Face (Telecom) corporate transaction was completed on 30 November 2010, and Cencorp's reporting structure was altered as of 1 December 2010. The Face (Telecom) business result and balance sheet have been consolidated in Cencorp's consolidated figures starting on 1 December 2010. Cencorp's reporting for 2010 is based on two business segments.

The figures in brackets are comparison figures for the corresponding period in 2010, unless stated otherwise. When comparing the figures of the entire Group and those of the Special Components segment with the figures for 2010, it must be noted that the figures for 2010 only include the Face (Telecom) business's figures for December 2010. The Laser and Automation Applications segment's figures for 2011 and 2010 are comparable.

OPERATING ENVIRONMENT IN 2011

Cencorp operates in industries applying electronics and energy technology. Its main geographical market areas are Europe, North America, South America and Asia. Cencorp's key customers for laser and automation applications operate globally and require local service. The global electronics industry, including the manufacture of mobile phones, is mostly concentrated in Asia, the domestic market area for the special components manufactured by Cencorp.

The year was twofold in the market for laser and automation applications. During the first half of the year, a favorable economic situation boosted demand for investment commodities, such as the laser and automation applications manufactured by Cencorp. During the latter half of the year, uncertainty in the global economy increased and demand for laser and automation equipment declined strongly, in particular in Europe and in the US. Demand for maintenance services and spare parts also decreased substantially.

Demand for special components was low during the first quarter of the year as a result of the seasonal character of the business. During the second quarter, demand returned to normal, even though the changes in the competition and in the operators' market shares in the mobile phone market altered the demand situation and made forecasting more difficult. During the latter half of the year, however, demand grew especially in the mobile phone sector.

The market for renewable energy applications continued to grow, even though their share of the total energy applications market still remains minor. Cencorp has strengthened its position in this market.

Competition

In laser and automation applications, Cencorp has a few significant global competitors that focus either on laser or automation applications. Cencorp's unique expertise in laser and automation combinations thus gives the company a major competitive edge. In addition to global players, there are local competitors, especially in China. Low-cost manufacturing in China has managed to increase its market share in simple applications during the past few years.

The special components market typically faces competition from one or at most two major competitors and several minor competitors, depending on the product category. The strongest competitors are local and foreign manufacturers operating in Asia. In special components, the competitive arena includes direct competitors manufacturing the same or a similar product, customers' in-house manufacturing that replaces subcontracting, and technology competition where products included in Cencorp's product range can be replaced by another technology.

Market outlook

Demand for laser and automation applications is expected to increase as the economic upswing puts investment activity back on track. The outlook is good especially in North America. Rising labor costs, especially in China, are also contributing to the increasing need for production process automation and thus demand for automation products. Labor costs have risen tens of percent in China's industrial areas during the last few years, and this development is expected to continue over the coming years.

The production of special components became substantially less dependent on the telecommunications market in 2011, and it is believed that this development will continue in 2012. Flexible circuits important to Cencorp, such as RFID antennas, for example, have a solid growth outlook.

Cencorp views the energy industry, and renewable energy applications in particular, as a new interesting market. This market is still in the development phase, but it is expected to grow during the next few years. Cencorp is able to provide this industry sector with solutions based on both its laser and automation applications and special components product range.

NET SALES AND RESULT

The Group's net sales were EUR 26.5 million (EUR 12.8 million). The increase in net sales was mainly due to the integration of the Face business, i.e. the current Special Components segment, into the Cencorp Group. Demand for laser and other automation equipment also increased during the first half of the year, which resulted in higher net sales through to the third quarter. In addition, Cencorp substantially boosted its sales efforts and strengthened its sales organization.

EBITDA was EUR -3.1 million (EUR -2.0 million). The Group's operating result was EUR -7.0 million (EUR -3.1 million). The Group's depreciation has significantly increased since the integration of the Face (Telecom) business in China, i.e. the current Special Components segment, into Cencorp in December 2010. The operating result was also weakened by the poor profitability of the Special Components segment. The operating result of the Laser and Automation Applications segment remained negative, even though year-on-year profitability improved slightly. The Group's result before taxes amounted to EUR -7.5 million (EUR -3.5 million). The result for the reporting period was EUR -7.5 million (EUR -3.5 million).

Earnings per share were EUR -0.02 (-0.02) and diluted earnings per share EUR -0.02 (-0.02).

SIGNIFICANT ORDERS RECEIVED DURING THE REPORTING PERIOD

In January 2011, Cencorp announced that it had signed an agreement on the delivery of a production line to a European company operating in the electronics industry. In March, Cencorp announced that it had signed an agreement on the delivery of another production line to the same company. The value of both orders was around EUR 0.6 million. In February 2012, a third agreement was signed with the same customer on the delivery of a similar line.

In February 2011, Cencorp announced that it had signed an agreement on the delivery of odd-form assembly machinery to a European company operating in the electronics industry. The value of the order was over EUR 1.7 million.

Report of the Board of Directors

FINANCING

Cash flow from business operations before investments was EUR -1.9 million (EUR -1.8 million). Trade receivables at the end of the year were EUR 6.4 million (EUR 7.8 million). Net financial items amounted to EUR 0.5 (EUR 0.4 million).

At the end of the year, the equity ratio was 51.2 percent (52.2 percent) and equity per share was EUR 0.05 (EUR 0.07). At the end of the reporting period, the Group's liquid assets totaled EUR 0.3 million (EUR 1.6 million), and unused export credit limits, bank guarantee limits and factoring loans amounted to EUR 1.1 million (EUR 1.1 million).

Financing agreement negotiations with Sampo Bank Plc came to a positive conclusion in March 2012. The financing agreement will be in force until 30 June 2012.

In June 2011, Cencorp agreed with AC Finance BV, a subsidiary of Ahlström Capital Oy, on a short-term loan of EUR 1 million. The loan period was extended at the turn of the year from 31 December 2011 to 31 January 2012. At the end of January 2012, Cencorp and AC Finance BV agreed to extend the loan maturity date until 30 June 2012.

In June 2011, Savcor Group Oy and Cencorp agreed on extending the maturity date of a loan of some EUR 1.2 million, granted to Cencorp by Savcor Group Oy in 2009 and converted into a convertible bond on 25 May 2010, from the end of June 2011 to the end of 2011. Cencorp has agreed with Savcor Group Oy on extending the loan maturity date until 30 June 2012.

In December 2011, Cencorp was notified by the Australian company Savcor Group Ltd that the due date for the unpaid share of around EUR 560,000 of the purchase price for the Face (Telecom) corporate transaction will be extended to the end of March 2012.

Cencorp's Chinese subsidiary Savcor Face (Beijing) Technologies Co., Ltd has finished a sale-leaseback transaction with a real-estate investor regarding the plant building in Beijing. The sales price is RMB 38.5 million i.e. around EUR 4.7 million. The company has repaid the Bank of China loan in its entirety, which at balance date was RMB 33 million, i.e. around EUR 4.0 million.

According to estimates available, the company's financing position will continue to be tight. According to Cencorp's management's understanding, Cencorp's working capital is not sufficient for the next twelve (12) months. Cencorp has loans that fall due during the next twelve (12) months. Therefore the company has, in addition to the above-mentioned measures, started negotiations with its main financiers and owners on measures to strengthen the financing position until the company's cash flow is expected to return to positive. Cencorp believes that these measures will secure the sufficiency of working capital for the next twelve (12) months.

Cencorp's Extraordinary General Meeting held on 30 January 2012 decided to authorize the Board of Directors to issue 100,000,000 new shares. This authorization gives the Board of Directors the possibility to act quickly if required, for example, to finance investments and to increase working capital through equity arrangements.

PRODUCT DEVELOPMENT

The Group's product development costs during the financial year amounted to EUR 1.6 million (EUR 0.8 million) or 6.2 (5.9) percent of net sales.

Cencorp introduced in 2011 a completely new 1300 BR PCB depaneling cell that uses linear servo motor technology to separate printed circuit board panels. It is capable of faster in-line production than its predecessor, thus increasing customers' capacity. Cencorp has also showcased a linear servo motor based version of the 1300 SR off-line depaneling machine introduced in 2010, which is more competitive than its predecessor and meets customers' requirements for faster, more silent and maintenance-free equipment. The company has developed further the Cencorp iSolutions production control system, which can also be used to collect data on the operation of the systems.

INVESTMENTS

Gross investments during the reporting period amounted to EUR 1.2 million (EUR 1.8 million). The largest investments were EUR 0.4 million in machinery and equipment and EUR 0.6 million in development costs.

SEGMENT INFORMATION

Laser and Automation Applications

Net sales of the Laser and Automation Applications segment in the final quarter of 2011 were EUR 2.7 million (EUR 3.8 million). The decline in net sales resulted from the uncertainty in the global economy, which led to investments being deferred and weakened demand for laser and automation equipment.

The Laser and Automation Applications segment's full year net sales increased 36 percent to EUR 15.1 million (EUR 11.1 million). The increase was due to strong sales during the first half of the year, whereas demand declined substantially during the last quarter of the year. The segment accounted for 57 percent of the Group's net sales.

The operating result of the Laser and Automation Applications segment in the last quarter was EUR -1.3 million (EUR -0.1 million). The operating result for the full year was EUR -2.5 million (EUR -2.3 million). The operating result was weakened by the ramping up of the subcontracting network according to the strategy in the early part of the year and the poor development of net sales during the latter half of the year. However, the year includes months in which profitability was positive when measured in terms of operating profit.

Special components

The Face (Telecom) business's, i.e. the current Special Components segment's result and balance sheet were consolidated in Cencorp's consolidated figures as of 1 December 2010. The comparison figures thus only include figures for December 2010.

Net sales of the Special Components segment in the final quarter of 2011 were EUR 3.8 million and for the full year EUR 11.4 million (EUR 1.7 million in December 2010). Net sales increased in every quarter and developed particularly favorably in October–December. The increase is partly due to the seasonal character of the business, but also to internal sales efforts. The segment accounted for 43 percent of the Group's net sales.

The segment's operating result in the last quarter was EUR -0.8 million and for the full year EUR -4.5 million (EUR -0.02 million in December 2010). The operating result was weakened by poor net sales development in the early part of the year, which was attributable to a decline in demand from the largest customer. In the final quarter, the operating result improved slightly but remained negative.

The Special Components segment has previously been highly dependent on the needs of a certain customer operating in telecommunications. In 2011, the company managed to expand its customer base, in addition to the telecommunications sector, particularly in the renewable energy technology sector.

Report of the Board of Directors

PERSONNEL

During the period under review, the Group employed an average of 336 (98) people, 60 of whom worked in Finland, 264 in China and 12 in other countries. During the reporting period, salaries and fees totaled EUR 6.5 million (EUR 4.1 million).

Cencorp Corporation's President and CEO during the period under review was Mats Eriksson. The other members of the Management Team on 31 December 2011 were Anssi Jansson, Vice President, Sales and Marketing (until 29 February 2012); Jari Ketoluoto, Vice President, Laser Business Development; Petri Kivelä, Vice President, Customer Service; Päivi Lehtovaara, Chief Financial Officer (until 31 January 2012); Sami Lindfors, Vice President, Face (Telecom) Business and Henrikki Pantsar, Vice President, Product Development. Simo Hietaniemi, Vice President, Project Business, left Cencorp on 31 July 2011. Iikka Savisalo was appointed the Group's new Chief Financial Officer starting on 1 February 2012.

During the statutory negotiations started in September, it was agreed to temporarily lay off Cencorp's personnel in Finland in a staggered manner, for economic and production-related reasons, for seven days per calendar month on average, starting on 3 October 2011. The decision was made to discontinue the lay-offs in January 2012, as the markets in North America, in particular, are picking up. Cencorp expects the Group's order book to develop favorably over the next few months. The company is also seeking to increase its investments in product development, especially in the area of renewable energy technologies.

SHARES AND SHAREHOLDERS

Cencorp's share capital amounts to EUR 3,425,059.10. The number of shares is 342,161,270. The Company has one series of shares, which confer equal rights in the company. Cencorp did not own any of its own shares at the end of the financial year.

The company had a total of 4,425 shareholders at the end of the year, and 45.1 percent of the shares were under foreign ownership. The ten largest shareholders held 90.1 percent of the company's shares and voting rights on 31 December 2011.

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 270,068,410 shares in the Company on 31 December 2011, representing about 79 percent of the Company's shares and voting rights. The company's President and CEO Mats Eriksson did not hold any shares in the company at the end of the year.

Ten largest shareholders, 31 Dec 2011		Shares/voting rights	%
1.	Savcor Group Limited	133,333,333	39.0
2.	Savcor Group Oy	119,235,078	34.8
3.	AC Invest BV	17,499,999	5.1
4.	Etera Mutual Pension Insurance Company	16,394,735	4.8
5.	Tilitoimisto Capital Oy	11,000,000	3.2
6.	Paasila Matti	2,777,777	0.8
7.	Jokela Markku Olavi	2,287,519	0.7
8.	Timmerbacka Hannu	2,222,222	0.6
9.	Tuohi & Paalu Oy	2,050,000	0.6
10.	Parpola Ville	1,478,759	0.4
	Other shareholders	33,881,848	10.0
Total		342,161,270	100.0

Distribution of shareholding on 31

Dec 2011	Number of owners	%	Shares/voting rights	%
1–500	1,683	38.0	370,214	0.1
501–1,000	635	14.4	515,058	0.2
1,001–10,000	1,558	35.2	5,701,943	1.7
10,001–999,999,999,999	548	12.4	335,304,055	98.0
In a joint account	1	0,0	270,000	0.1
Waiting list total	0	0,0	0	0.0
Total	4,425	100.0	342,161,270	100.0

Owners by owner group, 31 Dec 2011

	Number of owners	%	Shares/voting rights	%
Businesses	182	4.1	137,617,001	40.2
Financial institutions and insurance companies	6	0.1	675,030	0.2
Households	4,196	94.8	33,347,434	9.7
Foreign owners	35	0.8	153,848,055	45.0
Non-profit organizations	4	0.1	9,015	0.0
Public corporations	1	0.0	16,394,735	4.8
In a joint account	1	0,0	270,000	0.1
Total	4,425	100.0	342,161,270	100.0

The price of Cencorp's share varied between EUR 0.07 and EUR 0.20 during the year. The average price was EUR 0.12, and the closing price at the end of the year EUR 0.09. A total of 16.7 million Cencorp shares were traded at a value of EUR 2.0 million. The company's market capitalization at the end of the year stood at EUR 30.8 million.

No share options were granted to the company's management during the financial year 1 January 2011–31 December 2011. On 31 December 2011, the company had 8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010.

The subscription period for the 2006B options, which number 250,000, ended on 30 April 2011. The 2007A options number 1,801,400 and their subscription period ended on 30 September 2011. No 2006C series options have been allocated and Cencorp Group continues to hold them.

Report of the Board of Directors

SHARE ISSUE

On 18 February 2011, Cencorp Corporation's Board of Directors decided, based on the authorization of the Extraordinary General Meeting of 12 October 2010, to organize a share issue where the Company offered a maximum of 33,094,145 new shares in Cencorp to be subscribed to by the shareholders based on the shareholders' preemptive rights.

A total of 27,766,886 shares, ie. 84 percent of the total number of shares offered, were subscribed to in the rights issue carried out in February–March based on primary and secondary subscriptions. Through the rights issue, Cencorp raised a total of EUR 3,332,026 in new equity. This amount also includes the decrease in the Company's liabilities by a total of EUR 2,333,945 as Savcor Group Oy offset the subscription price of the shares it subscribed to in the rights issue against its capital and interest receivables from the Company related to interest-bearing loans. The subscription price, EUR 3,332,026, was recognized in full in the Company's distributable non-restricted equity fund.

DECISIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting held on 28 April 2011 confirmed the financial statements for the financial year 2010. According to the proposal of the Board of Directors, it was decided that no dividend be paid for the financial year 1 January–31 December 2010. It was also decided that the loss for the financial year ended on 31 December 2010 be entered in retained earnings. The persons who were working on the Company's Board during the financial year and the President and CEOs who acted during the financial year were discharged from liability for the financial year 1 January–31 December 2010.

Hannu Savisalo, Matti Paasila, Ismo Rautiainen and Iikka Savisalo were elected to Cencorp Corporation's Board of Directors. At the constitutive meeting of the Board of Directors, held after the Annual General Meeting, Hannu Savisalo was elected Chairman of the Board of Directors and Matti Paasila Vice Chairman.

The Annual General Meeting decided that an annual remuneration of EUR 40,000 be paid to both the Chairman and the Vice Chairman of the Board of Directors and an annual remuneration of EUR 30,000 be paid to the Board members.

Ernst & Young Oy was elected as the company's auditor, with Mikko Ryttilahti, Authorized Public Accountant, acting as the principal auditor.

The General Meeting decided to amend Article 8 of the Company's Articles of Association to read as follows: "The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. When the Board of Directors so decides, the invitation to the meeting can also be published in a national newspaper determined by the Board of Directors.

SHARE ISSUE AUTHORIZATIONS IN FORCE

A total of 1,069,000 shares remain under the authorization given by Cencorp's Annual General Meeting on April 28, 2009 to issue 10,000,000 new shares in Cencorp.

Cencorp's Extraordinary General Meeting held on 30 January 2012 decided to authorize the Board of Directors to issue 100,000,000 new shares.

THE CHARGES THAT HAVE COME TO CENCORP'S KNOWLEDGE

According to the information received by Cencorp in July 2011, the District Prosecutor has decided to prosecute some of the Company's former employees, former President and CEO and former Board Members for an information offence and/or abuse of insider information. According to the charge concerning the information offence, the time of commission is the period between August 2005 and August 2006. All of the suspected persons have denied the criminal allegations and charges made against them. The accused persons are no longer employed by Cencorp nor are they members of its administrative bodies. Cencorp is not involved in this matter as an interested party.

RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Cencorp's Board of Directors is responsible for the control of the Company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The Company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Due to the small size of the company and the limited scope of its business operations, Cencorp does not have an internal auditing organization or an audit committee.

The company's financing and the sufficiency of working capital involve risks that are handled in more detail in Note 28 to this Annual Report – Financial risk management. As stated in section Financing, the company has repaid the loan to in March 2012.

As it is difficult to make forecasts in an industry that is dependent on economic cycles, the biggest risks relating to business operations arise from fluctuations in the demand for products and from adjusting operations to meet demand.

In terms of profitability, the most essential risks are related to the achievement of a sufficient invoicing volume in both business segments and the success achieved with the programs underway at Cencorp to improve profitability, such as improvements in productivity and business flexibility through outsourcing production.

In terms of operations, the biggest risks are related to outsourcing in-house equipment production to contract manufacturers, in particular to whether the production chain efficiency targets are achieved as planned.

Other risks connected to Cencorp have been presented in more detail in the Annual Report for 2010 and in the base prospectus and its notes published on 25 October 2010.

Report of the Board of Directors

GOVERNANCE PRINCIPLES

Cencorp's Board of Directors handled and approved the company's Corporate Governance Statement on 17 February 2012. The statement describes the main features of the internal control and risk management related to the company's financial reporting process, and the operations and composition of the Board of Directors, including information on the President and CEO. The Annual Report for the financial year 2011 will be published in the week of 26 March 2012 at www.cencorp.com and will include the Financial Statements, the Report of the Board of Directors and the Auditors' Report. The company's Corporate Governance Statement will be published as a separate report in the same connection. It is also available on the company's website.

MAJOR EVENTS AFTER THE FINANCIAL YEAR

In January 2012, Cencorp signed a significant framework agreement on the supply of flexible circuits for renewable energy applications. The value of the agreement may amount to over EUR 50 million over three years. The parties to the framework agreement have agreed on the terms and conditions of the deal and production volume estimates that will not be binding on the buyer for 2012–2014.

Cencorp Corporation's Extraordinary General Meeting held on 30 January 2012 authorized the Board of Directors to decide on a share issue, share options and other share-entitling rights referred to in Chapter 10, Section 1 of the Companies Act, in one or more instalments as follows. The total number of shares issued under the authorization may not exceed 100,000,000 shares. The Board of Directors is authorized to decide on all terms and conditions of share issues and other share-entitling rights. The Board of Directors is only authorized to grant directed issues and share-entitling rights. The authorization shall remain valid until further notice, but for no longer than five years from the decision by the General Meeting.

In June 2011, Cencorp agreed with AC Finance BV, a subsidiary of Ahlström Capital Oy, on a short-term loan of EUR 1 million. The loan period was extended at the turn of the year from the end of December 2011 to 31 January 2012, and in January 2012 the loan maturity date was extended until 30 June 2012.

Cencorp's Chinese subsidiary Savcor Face (Beijing) Technologies Co., Ltd has finished a sale-leaseback transaction with real estate investor regarding the plant building in Beijing.

Matti Paasila, Vice Chairman of Cencorp's Board of Directors, announced on 2 February 2012 that he will resign from the Board of Directors for personal reasons. Ismo Rautiainen, MSc (Econ), eMBA (born 1952) was elected as the new Vice Chairman. Rautiainen has been a member of Cencorp's Board of Directors since October 2010. Cencorp's Board of Directors will continue with three members until the Annual General Meeting, which will be held on 19 April 2012.

In the beginning of February, Cencorp signed an agreement on the delivery of a production line to a European company operating in the electronics industry. Two similar production lines were delivered to the same company during 2011. The value of the new deal is approximately EUR 0.7 million.

THE BOARD OF DIRECTORS' PROPOSAL CONCERNING THE DISTRIBUTION OF PROFIT

The Board of Directors proposes to the Annual General Meeting that the loss for the period that ended on 31 December 2011 be entered in retained earnings and that no dividend be paid.

OUTLOOK FOR 2012

The economic cycles in the global markets have a significant impact on demand for laser and automation equipment. Even though the year has started off with a moderately positive market outlook, it is uncertain whether the situation will remain positive throughout the year. The demand for special components will greatly depend on when mass production for the deliveries according to the framework agreement relating to renewable energy disclosed by Cencorp on 23 January 2012 will start. The value of the agreement may amount to over EUR 50 million over three years. The parties to the framework agreement have agreed on the terms and conditions of the deal and production volume estimates that will not be binding on the buyer for 2012–2014. The shift that is taking place in the mobile phone sector in general may also positively affect the demand for the special components manufactured by Cencorp.

Despite the above-mentioned uncertainties, Cencorp expects the company's net sales to increase from 2011 and the full-year EBITDA to be positive, provided that the operating environment and the current economic outlook will remain essentially unchanged.

Key Figures

EUR 1,000	2011	2010	2009	2008	2007
	12 months	12 months	12 months	12 months	12 months
Net sales	26 465	12 811	6 107	15 611	20 323
Operating profit	-7 014	-3 128	-4 786	-2 185	-1 060
% of net sales	-26,5 %	-24,4 %	-78,4 %	-14,0 %	-5,2 %
Result before taxes	-7 510	-3 496	-5 092	-4 571	-3 889
% of net sales	-28,4 %	-27,3 %	-83,4 %	-29,3 %	-19,1 %
Return on equity, %	-426,6	-164,8	-221,4	-212,3	-238,2
Return on capital employed, %	-35,9	-15,4	-58,9	-19,6	-7,2
Equity ratio, %	51,2	52,2	26,7	16,4	13,7
Net gearing, %	46,3	41,6	182,1	356,3	452,1
Non-interest-bearing liabilities	8 196	9 136	2 470	3 047	3 737
Interest-bearing liabilities	8 475	10 440	5 026	6 941	11 030
Gross investments	1 191	1 806	1 115	178	261
% of net sales	4,5 %	14,1 %	18,3 %	1,1 %	1,3 %
Research and development costs	1 642	761	680	504	896
% of net sales	6,2 %	5,9 %	11,1 %	3,2 %	4,4 %
Order book, EUR million	2,8	6,0	0,9	0,5	2,8
Personnel on average	343	98	97	119	134
Personnel at the end of the period	328	371	86	101	133
Share key indicators					
Earnings per share (basic)	-0,02	-0,02	-0,04	-0,10	-0,11
Earnings per share (diluted)	-0,02	-0,02	-0,04	-0,10	-0,12
Equity / share, EUR	0,05	0,07	0,02	0,03	0,07
Dividend / share, EUR	0,00	0,00	0,00	0,00	0,00
Dividend / profit, %	0,00	0,00	0,00	0,00	0,00
Effective dividend yield, %	0,00	0,00	0,00	0,00	0,00
P/E ratio (basic)	-4,0	-6,4	-3,4	-1,1	-2,6
P/E ratio (diluted)	-4,0	-6,4	-3,4	-1,0	-2,2
Share price at the end of the period	0,09	0,15	0,15	0,10	0,24
Market capitalization of shares at the end of the period, MEUR	30,8	47,2	20,2	5,5	11,0
Share trading adjusted for share issue	16 666 223	20 658 733	70 996 293	14 488 490	15 224 169
Portion of weighted average of shares, %	5,0 %	13,8 %	62,0 %	30,5 %	41,6 %
Weighted average number of shares adjusted for share issue over the financial year	335 466 788	149 676 577	114 458 747	47 440 270	36 584 446
Number of shares adjusted for share issue at the end of the financial year	342 161 270	314 394 384	134 561 052	54 873 722	46 964 875
Average number of shares diluted by share option and adjusted for share issue over the financial year	345 827 328	157 110 645	121 991 846	51 720 802	42 237 619

Calculation of Key Figures

Return on equity (ROE), %:	$\frac{\text{Profit/loss before extraordinary items - taxes} \times 100}{\text{Total equity}}$
Return on investment (ROI), %:	$\frac{\text{Profit/loss} + \text{financial expenses} \times 100}{\text{Shareholders' equity} + \text{interest-bearing financial liabilities (average)}}$
Equity ratio, %:	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
Net gearing, %:	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents} \text{ and marketable securities} \times 100}{\text{Shareholders' equity} + \text{minority interest}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue at the end of the financial year}}$
Equity/share:	$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Undiluted number of shares on the balance sheet date}}$
Dividend/share:	$\frac{\text{Dividend distribution for the financial period}}{\text{Undiluted number of shares on the balance sheet date}}$
Dividend/profit, %:	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield, %:	$\frac{\text{Dividend} / \text{share} \times 100}{\text{Price on the balance sheet date}}$
P/E ratio:	$\frac{\text{Price on the balance sheet date}}{\text{Earnings per share}}$

Statement of Consolidated Comprehensive Income

1.1. - 31.12.2011

EUR 1,000	Note	1 Jan–31 Dec 2011		1 Jan– 31 Dec 2010	
Net sales	1	26 465	100,0 %	12 811	100,0 %
Cost of sales		-25 977	-98,2 %	-10 349	-80,8 %
Gross profit		488	1,8 %	2 461	19,2 %
Other operating income	3	243		278	
Sales and marketing costs		-2 335		-2 031	
Administrative expenses		-3 607		-3 000	
Product development expenses		-1 642		-761	
Other operating expenses	4	-160		-76	
Operating profit		-7 014	-26,5 %	-3 128	-24,4 %
Financial income	7	1 701		605	
Financial expenses	8	-2 197		-973	
Profit before taxes		-7 510	-28,4 %	-3 496	-27,3 %
Income taxes	9	-6		12	
Profit/loss for the financial year		-7 516	-28,4 %	-3 484	-27,2 %
Profit/loss attributable to: shareholders of the parent company		-7 516		-3 484	
Earnings/share (basic), EUR	10	-0,02		-0,02	
Earnings/share (diluted), EUR	10	-0,02		-0,02	
Other comprehensive income					
Translation difference		794		-320	
Other comprehensive income		0		0	
Total comprehensive income for the financial year		-6 721	-25,4 %	-3 805	-29,7 %
Total comprehensive income attributable to: shareholders of the parent company		-6 721		-3 805	

Consolidated Balance Sheet

31.12.2011

EUR 1,000	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
Property, plant and equipment	11	16 305	17 332
Consolidated goodwill	12	2 967	2 967
Other intangible assets	12	3 337	3 537
Available-for-sale investments	13	10	10
Deferred tax assets	14	10	0
Total non-current assets		22 629	23 845
Current assets			
Inventories	15	4 184	4 940
Trade and other non-interest-bearing receivables	16	7 402	10 406
Cash and cash equivalents	17	317	1 647
Total current assets		11 903	16 994
Total assets		34 532	40 839
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	18	3 425	3 425
Other reserves	18	43 344	40 012
Translation difference	18	584	-210
Retained earnings	18	-29 735	-22 082
Total equity		17 618	21 145
Non-current liabilities			
Non-current loans	21	0	4 534
Deferred tax liabilities	14	34	70
Total non-current liabilities		34	4 604
Current liabilities			
Current interest-bearing liabilities	21	8 475	5 905
Trade and other payables	22	8 196	9 136
Current provisions	20	209	49
Total current liabilities		16 880	15 090
Total liabilities		16 914	19 694
Equity and liabilities total		34 532	40 839

Consolidated Cash Flow Statement

1.1. - 31.12.2011

EUR 1,000	Jan–Dec 2011	Jan–Dec 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Income statement profit/loss	-7 516	-3 484
Non-monetary items adjusted on income statement		
Depreciation and impairment	3 949	1 085
Gains/losses on disposals of non-current assets	88	24
Unrealized exchange rate gains (-) and losses (+)	-507	104
Other non-cash transactions	62	22
Financial income and expenses	1 003	264
Taxes	6	-12
Total cash flow before change in working capital	-2 915	-1 998
Change in working capital		
Increase (-) / decrease (+) in inventories	520	387
Increase (-) / decrease (+) in trade and other receivables	1 957	-95
Increase (+) / decrease (-) in trade and other payables	-524	121
Change in working capital	1 953	413
Adjustment of financial items and taxes to cash-based accounting		
Interest paid	-429	-314
Interest received	14	47
Taxes paid	-120	0
Other financial items	-397	15
Financial items and taxes	-932	-252
NET CASH FLOW FROM BUSINESS OPERATIONS	-1 894	-1 837
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-1 424	-1 201
Proceeds on disposal of tangible and intangible assets	70	10
Repayment of loan receivables	1 468	1 042
Acquisition of subsidiaries and other business units	0	-2 504
NET CASH FLOW FROM INVESTMENTS	114	-2 653
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on share issue	862	5 268
Increase in current loans	10 083	14 052
Repayment of current loans	-10 244	-13 289
Dividends paid	-4	0
NET CASH FLOW FROM FINANCING ACTIVITIES	697	6 030
INCREASE (+) OR DECREASE (-) IN CASH FLOW	-1 083	1 540
Cash and cash equivalents at the beginning of the financial year	1 647	107
Translation adjustment to cash and cash equivalents	-247	0
Consolidation adjustments without cash-flow impact	0	0
Cash and cash equivalents at the end of the financial year	317	1 647
	-1 083	1 540

Statement of Changes in Equity

1.1.-31.12.2011

Statement of Changes in Equity, 1 Jan–31 Dec 2011

EUR 1,000	Share capital	Other reserves	Translation difference	Distributable non- restricted equity fund	Retained earnings	Total
31.12.2010	3 425	4 908	-210	35 104	-22 082	21 145
Directed issue				3 332		3 332
Share issue						0
Decrease from share issue					-137	-137
Direct entries in retained earnings						0
Translation difference, comprehensive income			794			794
Profit/loss for the financial year					-7 516	-7 516
31.12.2011	3 425	4 908	584	38 436	-29 735	17 618

Statement of Changes in Equity, 1 Jan–31 Dec 2010

EUR 1,000	Share capital	Other reserves	Translation difference	Distributable non- restricted equity fund	Retained earnings	Total
31.12.2009	3 425	4 908	110	13 524	-19 266	2 701
Directed issue				21 580		21 580
Share issue						0
Decrease from share issue					-591	-591
Arrangement under common control					1 280	1 280
Direct entries in retained earnings					-20	-20
Translation difference, comprehensive income			-320			-320
Profit/loss for the financial year					-3 484	-3 484
31.12.2010	3 425	4 908	-210	35 104	-22 082	21 145

When consolidating businesses under common control, the difference between acquisition cost and acquired net assets resulted in an item in the amount of EUR 1.28 million, which is recognized in retained earnings.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

General information

Cencorp Group provides automation solutions that enhance productivity to the electronics and semiconductor industry and special components mainly to the electronics and energy industries.

The Group's parent company is Cencorp Corporation, a Finnish public limited company domiciled in Mikkeli. The company's registered address is Insinöörinkatu 8, FI-50100 Mikkeli. Cencorp Group is part of Savcor Group Oy (business ID: 0483411-7).

A copy of the consolidated financial statements is available online at www.cencorp.com or at the Group's headquarters at Insinöörinkatu 8, FI-50100 Mikkeli.

Cencorp Corporation's Board of Directors approved the financial statements on 29 March 2012. According to the Limited Liability Companies Act, shareholders are entitled to approve or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide on amendments to the financial statements.

Accounting Principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), following the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, effective on 31 December 2011. International accounting standards refer to standards and interpretations approved for application in the European Union as provided for in the Finnish Accounting Act and regulations based on the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements are also in accordance with the Finnish accounting and business legislation supplementing the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention, with the exception of available-for-sale investments, which have been measured at fair value. The figures in the financial statements are given in thousands of euros.

The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2012. The company has initiated discussions with its major financiers and shareholders on measures to strengthen the financing position until the company's cash flow is expected to return to positive. Cencorp believes that these measures will secure the sufficiency of working capital for the next twelve (12) months. However, should the company fail to arrange financing, it is possible that the company will not be able to realize its assets and repay its liabilities within usual business operations to a sufficient extent or quickly enough. This would jeopardize the company's operations in their current form.

As of 1 January 2011, the Group has adopted the following revised standards and interpretations:

Revision of IAS 24 Related Party Disclosures

The purpose of the revised version is to clarify and simplify the definition of a related party, in particular in terms of significant influence or common control of the parties. The management expects the revised version of the standard not to have any impact on the consolidated financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of share issues, options and subscription rights

The amendment concerns, in particular, the treatment of share issues denominated in foreign currencies. Rights relating to foreign currency denominated share issues can, under certain conditions, be classified as equity and not as derivative instruments, as previously. The management expects the amendment not to have any impact on the consolidated financial statements.

Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation was altered so as to eliminate a non-purposeful accounting treatment in situations where prepaid contributions are made to cover the minimum funding requirement. Following the amendment, the payments made to cover the minimum funding requirement can be recognized as assets. The management expects the interpretation not to have any impact on the consolidated financial statements.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The interpretation addresses the extinguishing of financial liabilities with equity instruments. As a general rule, the extinguishing is treated as amortization of liabilities. The difference between the carrying amount of the financial liability and the fair value of the equity instrument is recognized in profit or loss. The management expects the amendment not to have any impact on the consolidated financial statements.

Annual amendments to IFRS standards in 2010

The minor, non-urgent amendments to IFRS standards are published as an annual collection of amendments using the Annual Improvements process. The amendments 2010 concern six standards and one interpretation. The impacts of the amendments vary according to the standard, but the amendments have not had any significant impacts on the consolidated financial statements.

Critical accounting estimates and judgements

The Group management uses discretion in the selection and application of accounting principles. Management estimates are used especially in goodwill impairment testing, the capitalization of product development costs, the valuation of inventories and the recognition of deferred tax assets. When testing for the impairment of assets, estimates are made on the recoverable amount of assets. The key uncertainty factors in goodwill impairment testing are related to sales and sales margins. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in the future against which the tax assets can be utilized. The company has not recognized deferred tax assets based on confirmed deductible losses in the amount of EUR 30.8 million and a loss for the financial year in the amount of 7.5 million in the financial statements for 2011. The key factor of uncertainty in the valuation of inventories is a possible change in the product range that would make the components and modules in stock redundant.

When testing for the impairment of assets, estimates are made on the recoverable amount of assets. Further information on the estimates used in goodwill impairment testing, as well as the bases for the estimates, is available under "Depreciation and Impairment" and "Intangible Assets / Goodwill" in the notes to the consolidated financial statements.

Accounting principles for the consolidated financial statements

The consolidated financial statements include the parent company Cencorp Corporation and all of its subsidiaries. Subsidiaries are enterprises over which the Group has control. Control over an enterprise arises when the Group holds over half of the votes or has control in other ways.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Intra-group shareholding has been eliminated using the acquisition method. Acquired subsidiaries are consolidated in the financial statements from the date on which the Group has acquired control over the company, and disposed subsidiaries are deconsolidated from the date on which control ceases. All of the Group's internal operations, receivables, liabilities, unrealized gains and internal profit distribution are eliminated when preparing the consolidated financial statements. Unrealized losses are not eliminated if the losses result from impairment.

Presentation of income statement

In 2010, the income statement was presented using the function of expense method instead of the nature of expense method.

Foreign currency translation

The figures representing the performance and financial standing of the Group's units are measured in the functional currency of each unit's main operating environment. The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions have been recognized in euros using the exchange rate prevailing on the transaction date. In practice, the rate used is often one that approximately equals the rate on the transaction date. Monetary items denominated in foreign currency have been translated into euros at the closing rate. Non-monetary items in foreign currency, measured at fair value, have been translated into euros at the rates prevailing on the measurement date. Other non-monetary items have been measured at the rate prevailing on the transaction date. Gains and losses from foreign currency transactions and from the translation of monetary items have been recognized in the income statement. Exchange rate gains and losses from business activities are included in the corresponding items above operating profit.

The revenues and expenses in the income statements of foreign group undertakings have been translated into euros using the weighted average rate for the financial year, while the balance sheets have been translated using the closing rates. Using different rates to translate the period's result in the income statement and balance sheet results in a translation difference that needs to be recognized in the statement of comprehensive income. Translation differences resulting from the elimination of the acquisition cost of foreign subsidiaries are recognized in the income statement when the net investment is divested wholly or partly.

Unrealized exchange gains and losses are recognized through profit or loss. If the exchange gains and losses are recognized in the same item in the balance sheet, they are measured at net realizable value and then recognized through profit or loss.

Translation differences generated before 1 January 2004, the date at which the Group adopted IFRSs, have been recognized under retained earnings in conjunction with the transition to IFRSs, in accordance with the exemptions permitted under IFRS 1, and will not be later recognized in the income statement in conjunction with the disposal of subsidiaries. As of the transition date, translation differences arising in the preparation of consolidated financial statements have been presented as a separate item under equity. Cencorp Group adopted this practice retroactively in 2008, and the necessary adjustments were made to the comparative figures given for the previous year.

Property, plant and equipment

Property, plant and equipment have been recognized at original cost less depreciation and impairment.

If an asset consists of several components, with useful lives of different lengths, each component is treated as a separate asset. In this case, the expenses related to the renewal of a component are capitalized and any remaining carrying amount is derecognized in conjunction with the renewal. Otherwise, expenses incurred at a later time are included in the carrying amount of an asset only if it is probable that any future economic benefit associated with the asset will flow to the Group and if the acquisition cost of the asset can be reliably determined. Other repair and maintenance expenses are recognized in the income statement after their realization.

Straight-line depreciations are made on assets over their estimated useful life. Land is not depreciated. The estimated useful lives are the following:

Buildings	25 years
Modernization of leased facilities	10 years
Machinery and equipment	3–7 years

The residual value and useful life of assets are assessed for every financial statement and, if needed, adjusted to reflect any changes in the expected economic benefit.

The depreciation of property, plant and equipment is terminated when the asset is classified as Held for Sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses on disposals and transfers of property, plant and equipment are included in other operating income or expenses.

Public Subsidies

Public subsidies, such as government assistance for the acquisition of property, plant and equipment, are recognized as deductions from the carrying amount of property, plant and equipment or intangible assets when it is reasonably certain that the Group will receive the subsidies and that it complies with the conditions attached to them. Subsidies are recognized in the form of smaller depreciation over the useful life of the asset. Subsidies received as compensation for expenses already incurred are recognized in the income statement when the expenses related to the subsidized object are recognized as an expense. These types of subsidies are presented under other operating income. During previous financial years, the Group has received product development subsidies that involve both of the recognition methods explained above.

Investment property

Investment property includes real estate that the Group holds to earn rental income or appreciation in property value. Investment property is measured at fair value. The fair value is determined regularly based on an estimate prepared by an impartial real estate assessor and corresponds to the market value of active markets. Changes in the fair value of investment property are included in other operating income or expenses in the income statement. The Group had no investment property in 2011.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Intangible assets

Goodwill

Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and other intangible assets with indefinite useful life are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at original cost less impairment (Note 12).

Research and development costs

Research expenditure is recognized as an expense in the income statement. Development expenditure arising from the design of new or more advanced products is capitalized in the balance sheet under intangible assets as of the date the product is technically realizable and commercially viable and can be expected to generate future economic benefit. Capitalized development costs include the material, work and testing expenses that result directly from completing an asset for the intended purpose. Development expenditure that has been recognized as an expense in previous periods cannot be capitalized later.

Depreciation of an intangible asset begins once the asset is ready for use. Capitalized development expenditure is reviewed annually for any indication of impairment. An intangible asset that is not ready for use is tested annually for impairment. After initial recognition, capitalized development expenditure is measured at cost less accumulated depreciation and impairment. The useful life of capitalized development expenditure is 3 years, during which time capitalized costs are amortized on a straight-line basis.

Other intangible assets

An intangible asset is recognized in the balance sheet at original cost if the cost can be reliably determined and it is likely that the expected economic benefit from the asset will flow to the company.

Intangible assets with a limited useful life are capitalized in the balance sheet at acquisition cost and amortized on a straight-line basis through profit or loss over their useful life.

Other intangible assets have the following depreciation periods:

Patents	10 years
Software licences	5 years

Inventories

Inventories are measured at the lower of acquisition cost or net realizable value. The acquisition cost of material inventories is determined using the weighted average cost method and that of work in progress using the FIFO (first in, first out) method. The cost of finished products and work in progress includes raw materials, direct labor costs and other direct costs, and a systematically allocated share in the variable manufacturing overhead costs. The net realizable value is the estimated selling price in normal business operations, less the estimated costs of completion and estimated costs resulting from sales.

Leases

Group as lessee

In accordance with IAS 17, leases are classified as finance leases or operating leases. Leases on tangible assets, which transfer substantially the risks and rewards of ownership to the Group, are classified as finance leases in accordance with IAS 17 Leases. Assets acquired on finance leases are recognized in the balance sheet at the beginning of the lease period at the fair value of the leased asset or, if lower, at the present value of minimum lease payments. An asset acquired on a finance lease is depreciated over the shorter of the asset's useful life or lease period. Lease payments are divided into a finance charge and a reduction of the outstanding liability over the lease period so that a constant periodic rate of interest is achieved on the outstanding liability. Lease obligations are included in interest-bearing liabilities.

Leases where the lessor retains the risks and rewards of ownership are classified as operating leases. Other leases are recognized as rental expenses under other operating expenses.

Payments made under operating leases are expensed in the income statement on a straight-line basis over the lease period. Received incentives are deducted from the paid leases in accordance with the duration of the benefit.

Group as lessor

Assets leased by the Group for which the risks and rewards of ownership have essentially been transferred to the lessee are treated as finance leases and recognized as receivables in the balance sheet. The receivable is recognized at current value. Financial income under a finance lease is recognized as revenue over the lease period such that the remaining net investment generates the same return level during each financial year over the lease period.

Assets leased under other than finance leases are included in property, plant and equipment in the balance sheet. They are depreciated over their useful life. Rental income is recognized through profit or loss in equal instalments over the lease period.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Impairment of tangible and intangible assets

Tangible and intangible assets

On every closing date the Group tests assets for possible impairment. If any indication of impairment is found, the recoverable amount of the asset in question is assessed. The recoverable amount is also estimated annually for goodwill and product development projects, irrespective of whether indications of impairment are found. The need for impairment is assessed at the level of cash-generating units, that is, at the lowest unit level that is mainly independent of other units and has separately identifiable cash flows.

The recoverable amount of an asset is the higher of its fair value less expenses from disposal or its value in use. Value in use equals the net future cash flows expected to be recovered from the asset or cash-generating unit, discounted to present value.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit's other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

Employee benefits

Pension obligations

Pension plans are categorized into defined benefit and defined contribution schemes. In defined contribution schemes the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to take care of all of the pension benefits. All other schemes that do not meet these conditions are defined benefit schemes. Contributions made into defined contribution payment schemes are recognized in the income statement in the financial period they are due. The Group has no pension arrangements considered to be defined benefit plans.

Share-based payments

The Group has several option schemes, which mainly involve equity instruments. Equity-settled schemes are measured at fair value at grant date and are expensed on a straight-line basis in the income statement over the vesting period. The impact of non-market vesting conditions (such as profitability and performance growth targets) are not included in the fair value of options. Instead, they are taken into account in the number of options that are expected to vest at the end of the vesting period. The Group revises the expected number of options at each balance sheet date. Any adjustments to estimates are recognized in the income statement. The fair value of option schemes is determined using the Black-Scholes and Monte Carlo pricing models. Non-market vesting conditions, such as profitability and performance growth targets, are not taken into consideration in the measurement of fair value. Instead, they are taken into account when determining the eventual number of options.

Other Employee Benefits

After a long period of employment, employees receive a reward or paid holiday. The benefit accrued by the balance sheet date is presented in the balance sheet as a liability measured at current value. The calculation takes into account future pay levels and the likelihood of employee retention.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that the payment obligation must be settled and the amount of the obligation can be reliably estimated. If there is a possibility to get compensation from a third party for part of the obligation, the compensation is recognized as a separate asset, but not until it is practically certain that the compensation will be received. Provisions are measured at the present value of expenditures required to settle the obligations. The discount rate used to calculate the present value is selected to reflect current market assessments of the time value of money and the risks specific to the obligation.

A warranty provision is recognized when the delivery of a product including a warranty clause has been approved. The amount of the warranty provision is based on experience about the realization of warranty expenses.

A restructuring provision is recognized when the Group has drawn up a detailed restructuring plan, initiated implementation of the plan or made the plan known. A restructuring plan includes at least the following information: the business targeted by restructuring; the main sites affected by the plan; the location, duties and estimated number of employees who will be compensated for termination of employment; the resulting expenses and the time of implementation of the plan. No provision is recognized for expenses related to the Group's ongoing operations.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract.

A provision is recognized for obligations related to decommissioning and restoration if the Group has an obligation that is based on environmental legislation and the Group's environmental responsibility principles and that concerns the decommissioning of a production plant, repair of environmental damage or the transfer of equipment from one place to another.

Income taxes and deferred taxes

The taxes in the income statement include current tax and deferred tax. Tax expenses are recognized through profit or loss, with the exception of items recognized directly in equity, in which case the tax impact is recognized correspondingly as part of equity. Current tax is calculated from taxable income using the tax rate enacted in each country.

Deferred taxes are calculated for all temporary differences between the carrying amount and taxable amount. Deferred tax liabilities are not recognized for an initially recognized asset or liability in a transaction other than a business combination if the recognition of the asset or liability does not affect accounting or the taxable income at the time of transaction. The largest temporary differences arise from measurement at fair value in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available in the future against which the temporary difference can be utilized. The company has not recognized deferred tax assets based on its deductible losses of more than EUR 38 million.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Revenue recognition principles

Sold goods and produced services

Revenue from the sales of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At this time, the Group no longer has control or regulatory power over the product. This usually coincides with the date on which the goods have been delivered to the customer according to the agreed delivery clause. Revenue from services is recognized at the time the service is carried out.

Net sales consist of the revenue from the sales of products, services, raw materials and equipment, adjusted by indirect taxes, discounts and exchange rate differences from sales in foreign currencies.

Long-term contract revenue has been recognized as revenue on the basis of the percentage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Interest and dividend

Interest income is recognized using the effective interest method and dividend yield at the time of vesting.

Financial assets and liabilities

Financial assets

The Group's financial assets are categorized into the following groups according to IAS 39 Financial Instruments, Recognition and Measurement: financial assets recognized at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The categorization is carried out based on the purpose for which the financial assets were acquired and is done in conjunction with the original acquisition.

Loans and other receivables are non-derivative assets that have fixed or measurable payments, are not quoted on active markets and not held for trading by the Group. They are measured on the basis of amortized cost. They are presented under trade and other receivables in the balance sheet depending on their nature: in non-current assets if they mature in more than 12 months and in current assets otherwise.

Financial assets available for sale are assets that are not included in derivatives and have been expressly allocated to this group or have not been classified into any other group. They are included in non-current assets except if they are to be held for less than 12 months from the closing date, in which case they are recorded under current assets. Available-for-sale financial assets consist of shares and interest-bearing investments. They are measured at fair value or, when the fair value cannot be reliably determined, at cost. Changes in the fair value of available-for-sale financial assets are recorded in equity in the fair value reserve taking into consideration the tax impact. Changes in fair value are transferred from equity to the income statement when the investment is sold or if it is subjected to impairment and an impairment loss must be recognized on the investment.

Cash and cash equivalents consist of cash, bank deposits that can be withdrawn if demanded and other current, highly liquid investments. Items in cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Credit accounts related to Group accounts are included in current interest-bearing liabilities and reported as set off, as the Group has a contractual, legally recognized right to settle or otherwise eliminate all or a portion of an amount due to a creditor.

Transaction expenses are included in the original carrying amount of financial assets in the case of an item that is not measured at fair value through profit or loss. All of the purchases and sales of financial assets are recognized on the transaction date.

Financial assets are derecognized if the Group loses the contractual right to cash flows or if it transfers substantial risks and income outside the Group.

Financial liabilities

Financial liabilities are initially recognized at fair value. Transaction expenses are included in the original carrying amount of financial liabilities. All financial liabilities are later measured at amortized cost using the effective interest method. Financial liabilities are included in current and non-current liabilities and they can be either interest-bearing or non-interest-bearing.

The fair value of the liability component of a convertible subordinated loan is determined using the prevailing market interest rate for a similar debt at the time of issue. The liability component is recognized at amortized cost. In calculating the convertible bond, the equity share has been recognized under equity.

The fair value measurement principles applied to all financial assets and liabilities are presented in Note 24.

Impairment of financial assets

On each balance sheet date the Group assesses whether objective indication exists of impairment of an individual financial asset or a group of financial assets. A significant and long-lasting impairment of share investments, resulting in the fair value falling under the cost of acquisition, is an indication of impairment of available-for-sale shares.

The Group recognizes an impairment loss for trade receivables if objective indication exists that the receivable cannot be collected in full. Considerable financial difficulties of a debtor, likelihood of bankruptcy, default of payments or a payment delay of more than 90 days are indications of possible impairment of trade receivables. The amount of the impairment loss recognized in the income statement is determined as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted using the effective interest rate. If the amount of the impairment loss decreases in a later period, and the decrease can be objectively related to an event subsequent to impairment recognition, the recognized loss is reversed through profit or loss.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they occur.

Dividend distribution

The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from distributable equity until the Annual General Meeting makes its decision.

Shareholders' equity

During the financial year, a rights issue was organized through which a total of EUR 3.3 million in new capital was acquired, which was recognized in the distributable non-restricted equity fund.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

New IFRSs and interpretations

The following is a list of the standards and interpretations issued by the IASB which must be applied as of 2012. The Group adopts these as they come into effect.

Amendment to IFRS 1 First-time Application of IFRSs

The amendment defines a new exemption concerning the default acquisition cost, applicable to entities publishing their first IFRS financial statement in a situation where their operating currency is or has been subject to hyperinflation. Such entities are allowed to measure assets and liabilities at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. The amendment does not have any impact on the consolidated financial statements.

Amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The amendment improves the transparency of the notes related to the transfers and derecognition of financial assets. The amendments will improve the understanding of the effects of transfers of financial assets and their derecognition and the identification of any risks that may remain with the entity that transferred the assets. The management expects the amendment not to have any impact on the consolidated financial statements.

Amendment to IAS 12 Income Taxes: Recovery of Underlying Assets. Recognition of deferred tax liabilities and assets associated with investment properties and property, plant and equipment measured with the revaluation model
The measurement of deferred tax assets or liabilities arising on investment properties measured at fair value and on property, plant and equipment measured using the revaluation model is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale. The management expects the amendment not to have any impact on the consolidated financial statements.

Presentation of figures

Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

1. Segment information

The Group has two reporting segments: Laser and Automation Applications, and Special Components. The Laser and Automation Applications segment comprises Cencorp's former business and the Special Components segment the business acquired through the Face transaction in 2010. The segment information presented by the Group is based on the management's internal reporting and the organisational structure.

The Group does not have common operations which could not have been allocated to the segments. The pricing between the segments is based on fair market prices.

The Group's revenues from one customer of the Laser and Automation Applications segment and from one customer of the Special Components segment exceed 10 per cent of the Group's net sales.

Business segments in 2011	Laser and Automation Applications	Special Components	Eliminations	Total
Net sales	15 099	11 439	-73	26 465
EBITDA	-1 263	-1 753	-49	-3 065
Operating profit	-2 497	-4 468	-49	-7 014
Profit/loss for the financial year	-2 949	-4 658	92	-7 516
Assets	30 611	25 962	-22 040	34 532
Liabilities	8 965	15 174	-7 225	16 914
Investments	729	463	0	1 191
Depreciation	977	2 538	0	3 515
Impairment	257	177	0	434

The elimination of assets, EUR 22,040,000, includes Cencorp Corporation's investment in the Face companies, EUR 13,814,000, Cencorp Corporation's loan receivable from Savcor Pacific Ltd, EUR 4,770,000 and the Laser and Automation Applications segment's trade receivables from the Special Components segment, EUR 2,466,000. The elimination of liabilities, EUR 7,225,000, includes Savcor Pacific Ltd's liability to Cencorp Corporation, EUR 4,770,000 and the Special Components segment's trade payables to the Laser and Automation Applications segment, EUR 2,466,000.

Business segments in 2010	Laser and Automation Applications	Special Components	Eliminations	Total
Net sales	11 089	1 733	-12	12 811
EBITDA	-1 445	209	-807	-2 043
Operating profit	-2 305	-16	-807	-3 128
Profit/loss for the financial year	-2 888	-367	-229	-3 484
Assets	31 678	28 712	-19 551	40 839
Liabilities	10 379	14 161	-4 845	19 694
Investments*	1 674	259	-127	1 806
Depreciation	799	226	0	1 024
Impairment	61	0	0	61

* The comparison year's investments have been converted from net investments into gross investments. The essential items of the elimination column are described in the business segment information 2011.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Geographical information

Finland, the rest of Europe, the Americas, Asia and other countries are reported under geographical information. Geographical information in terms of net sales is determined based on the customer's location and in terms of assets on the location of the assets.

	Finland	Other European countries	Americas	Asia	Other countries	Group
2011						
External net sales	950	9 016	3 502	12 937	60	26 465
Non-current assets	5 450	0	28	17 152	0	22 629
2010						
External net sales	1 103	5 690	2 893	3 114	11	12 811
Non-current assets	5 865	0	15	17 965	0	23 845

Distribution of net sales

	2011	2010
Revenues from services	550	84
Revenues from the sale of goods	19 422	12 316
Long-term contract revenues	6 493	411
Total	26 465	12 811

2. Long-term contract revenues recognized on the basis of the percentage of completion

	2011	2010
Cumulative net sales	6 903	411
Recognized as revenue for the financial period	6 493	411
Amount not recognized as revenue	953	1 214
Advance payments received	363	235
Receivables from percentage-of-completion contracts	328	52

3. Other operating income	2011	2010
Proceeds from sale of property, plant and equipment	39	4
Raw material sales	61	70
Insurance indemnities	2	0
Subsidies received	26	9
Other adjustments	6	70
Other income items	109	126
Total	243	278

4. Other operating expenses	2011	2010
Loss on disposal of fixed assets, non-current assets	127	28
Other expense items	33	48
Total	160	76

Auditors' fees

Authorized Public Accountants Ernst & Young Oy

Auditors' fees	158	130
Reports and statements	0	50
Taxation advice	0	0
Other services	55	322
Total	213	503

Other accounting firms

Auditors' fees	16	0
Taxation advice	11	0
Total	28	0

Rental expenses

Rental expenses	849	345
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Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

5. Employee benefits	2011	2010
Salaries	6 497	4 140
Retirement expenses – defined contribution plans	848	561
Other indirect employee expenses	613	194
Total	7 957	4 895

Information on the emoluments of the management is given in Note 27. Related party transactions.

The Group's employees by function were	2011	2010
During the financial period on average		
Procurement and production	267	63
Product development	22	7
Sales and marketing	22	12
Administration	32	16
Total	343	98

At the end of the year		
Procurement and production	253	295
Product development	23	23
Sales and marketing	22	20
Administration	30	33
Total	328	371

6. Depreciation and impairment	2011	2010
Depreciation by asset group		
Intangible assets		
Development cost	407	440
Patents	61	23
Intangible rights	410	129
Other expenses with long-term effects	36	14
Total	915	606

Property, plant and equipment		
Buildings	184	15
Machinery and equipment	2 232	387
Other tangible assets	185	15
Total	2 601	418

Impairment by asset group		
Inventories	434	0
Patents	0	9
Intangible rights	0	4
Other expenses with long-term effects	0	5
Machinery and equipment	0	44
Total	434	61

7. Financial income	2011	2010
Interest gains	15	37
Exchange rate gains	1 686	568
Other financial income	0	0
Total	1 701	605

The items above operating profit include a total of EUR 252,000 in exchange rate gains (2010: EUR 113,000 in exchange rate losses).

8. Financial expenses	2011	2010
Interest expenses	631	316
Exchange rate losses	1 361	595
Other financial expenses	205	61
Total	2 197	973

9. Income taxes	2011	2010
Tax based on the taxable income for the financial year	2	0
Taxes carried forward	48	27
Deferred tax	-45	-39
Total	6	-12

Statement on the differences between the tax expense in the income statement and the tax rate of the Group's home country,	2011	2010
Profit before taxes	-7 510	-3 496
Taxes at the parent entity's statutory income tax rate of 26% (2010: 26%)	-1 953	-909
Different tax rates of subsidiaries	117	42
Tax-free revenue / non-deductible expenses	224	-1
Change in deferred taxes	-45	-39
Loss to be confirmed in taxation not recognized as deferred tax assets	1 611	868
Other	2	
Taxes carried forward	48	27
Taxes in the income statement	6	-12

10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent by the weighted average of the number of outstanding shares during the period.

	2011	2010
Profit attributable to shareholders of the parent (EUR 1,000)	-7 516	-3 484
Weighted average number of shares during the period (1,000)	335 467	149 677
Basic earnings per share (EUR/share)	-0,02	-0,02

The dilutive potential of ordinary shares has not been taken into account as required by IAS 33, paragraph 41, because it would reduce the loss per share.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

11. Property, plant and equipment

2011	Buildings	Machinery and equipment	Other tangible assets	payments and construction in progress	Total
Acquisition cost, 1 Jan 2011	3 968	23 193	1 048	2 587	30 796
Exchange rate difference	323	1 910	85	210	2 528
Additions	34	445	34	29	543
Disposals	0	-367	0	0	-367
Transfers between items	0	2 826	0	-2 826	0
Acquisition cost, 31 Dec 2011	4 324	28 008	1 167	0	33 500
Accumulated depreciation and impairment, 1 Jan 2011	-1 456	-11 424	-585	0	-13 464
Exchange rate difference	-137	-1 147	-66	0	-1 351
Accumulated depreciation of disposals and transfers	0	221	0	0	221
Depreciation for the period	-184	-2 232	-185	0	-2 601
Accumulated depreciation and impairment, 31 Jan 2011	-1 777	-14 582	-836	0	-17 194
Carrying amount, 1 Jan 2011	2 512	11 770	463	2 587	17 332
Carrying amount, 31 Dec 20	2 547	13 426	332	0	16 305

2010	Buildings	Machinery and equipment	Land	payments and construction in progress	Total
Acquisition cost, 1 Jan 2010	2 450	6 691	0	0	9 141
Exchange rate difference	0	17	0	0	17
Acquisition of subsidiaries	3 968	20 821	1 042	3 444	29 275
Additions	0	177	6	323	506
Disposals	-2 450	-5 592	0	0	-8 042
Transfers between items	0	1 080	0	-1 180	-100
Acquisition cost, 31 Dec 2010	3 968	23 193	1 048	2 587	30 796
Accumulated depreciation and impairment, 1 Jan 2010	-2 396	-6 011	0	0	-8 407
Exchange rate difference	0	-16	0	0	-16
Accumulated depr. on acquisiti	-1 441	-10 524	-569	0	-12 533
Accumulated depreciation of disposals and transfers	2 396	5 558	0	0	7 954
Depreciation for the period	-15	-387	-15	0	-418
Impairment	0	-44	0	0	-44
Accumulated depreciation and impairment, 31 Jan 2010	-1 456	-11 424	-585	0	-13 464
Carrying amount, 1 Jan 2010	54	680	0	0	734
Carrying amount, 31 Dec 20	2 512	11 770	463	2 587	17 332

Finance lease agreements

Property, plant and equipment did not include any property obtained on finance lease agreements in 2010 or 2011.

12. Intangible assets

2011	Consolidated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2011	4 426	2 488	236	3 597	10 747
Exchange rate difference	0	3	0	179	182
Acquisition of subsidiaries	0	0	0	0	0
Additions	0	556	2	91	648
Disposals	0	-1 271	-77	-26	-1 374
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2011	4 426	1 776	161	3 840	10 203
Accumulated depreciation and impairment, 1 Jan 2011	-1 460	-1 371	-79	-1 335	-4 244
Exchange rate difference	0	-1	0	-102	-103
Accumulated depr. on acquisiti	0	0	0	0	0
Accumulated depreciation of disposals and transfers	0	1 271	67	24	1 362
Depreciation for the period	0	-407	-61	-446	-915
Impairment					0
Accumulated depreciation and impairment, 31 Dec 2011	-1 460	-508	-74	-1 858	-3 900
Carrying amount, 1 Jan 2011	2 966	1 117	157	2 262	6 503
Carrying amount, 31 Dec 20	2 966	1 268	88	1 982	6 303

2010	Consolidated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2010	4 426	0	0	8 929	13 355
Exchange rate difference	0	0	0	0	0
Acquisition of subsidiaries	0	40	0	2 719	2 759
Additions	0	828	98	375	1 301
Disposals	0	-4 790	-108	-1 805	-6 703
Transfers between items	0	6 410	246	-6 620	35
Acquisition cost, 31 Dec 2010	4 426	2 488	236	3 597	10 747
Accumulated depreciation and impairment, 1 Jan 2010	-1 460	0	0	-7 941	-9 401
Exchange rate difference	0	0	0	0	0
Accumulated depr. on acquisiti	0	-6	0	-1 037	-1 042
Accumulated depreciation of disposals and transfers	0	-925	-47	7 794	6 822
Depreciation for the period	0	-440	-23	-143	-606
Impairment	0	0	-9	-8	-17
Accumulated depreciation and impairment, 31 Dec 2010	-1 460	-1 371	-79	-1 335	-4 244
Carrying amount, 1 Jan 2010	2 966	0	0	988	3 954
Carrying amount, 31 Dec 20	2 966	1 117	157	2 262	6 503

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Intangible assets and goodwill

The company has capitalized costs related to product development projects in the amount of EUR 0.6 million, and capitalized product development costs are depreciated over 3 years. The depreciation of product development costs currently capitalized in the balance sheet is expected to end during the financial year 2015.

Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and other intangible assets with indefinite useful life are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at cost less impairment losses.

In impairment testing, the Group's Automation business has been considered as the cash-generating unit. At the beginning and at the end of the financial year, consolidated goodwill totalled EUR 3.0 million. The Face (Telecom) business acquired on 30 November 2010 was recognized through the consolidation method, whereby the assets and liabilities acquired are consolidated at carrying amounts and the difference between the acquisition cost and net assets. The goodwill impairment testing is based on the Group's Automation business, including the operations of Cencorp Americas, i.e. on operations excluding the Savcor Face (Telecom) business acquired in November 2010.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit's other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

In impairment testing, the recoverable amount has been determined on the basis of the value in use, compared to the consolidated balance sheet of 31 December 2011. The estimated recoverable cash flows are based on projections approved by the management, which cover a period of three years. The discount interest rate is 11% before taxes (11.2% in 2010). The management estimates that no possible change of a key variable in use could, according to moderate estimates, lead to a situation in which a segment's recoverable amount would fall under its carrying amount. Estimates regarding net sales are based on the actual net sales of EUR 15.1 million, which increased around 36% from the previous year (80% in 2010). The planning period is 3 years, and the net sales projected for 2012 are based on the budget. Thereafter, net sales are expected to grow 15% annually. The sales margin projected for the planning period corresponds to the budgeted sales margin of 2012. Fixed costs have been estimated in accordance with the cost level of 2011. The parent company's unrecognized deferred tax assets of approximately EUR 38 million based on deductible losses have not been taken into account in the planning period or thereafter. The amount of working capital tied up in operations is estimated at 15% of net sales growth. Investments have been adjusted in accordance with the net sales projected for the planning period.

Sensitivity analyses have also been used in goodwill impairment testing. The terminal value calculated after the planning period plays a key role in the testing. If net sales decrease by 10% in 2012, the net sales growth projections for 2013 and 2014 (15%) are not adjusted, and the growth projection is reset after the planning period, then goodwill impairment testing will continue to indicate a positive result, and no write-down in goodwill would have to be made.

13. Available-for-sale financial assets

Level 1 Level 2 Level 3

Financial assets available for sale, 31 Dec 2011

10

No events affecting financial assets available for sale took place in 2011.

14. Deferred tax assets and liabilities

	31.12.2010	Recognized in the income statement	Recognized in equity	Exchange rate differences	Acquired/ sold businesses	31.12.2011
Deferred tax assets						
Internal margin of inventories	0	9	0	1	0	10
Acquired subsidiaries	0	0	0	0	0	0
Total	0	9	0	1	0	10
Deferred tax liabilities						
Acquired subsidiaries	70	-36	0	0	0	34
Other items	0	0	0	0	0	0
Total	70	-36	0	0	0	34

	31.12.2009	Recognized in the income statement	Recognized in equity	Exchange rate differences	Acquired/ sold businesses	31.12.2010
Deferred tax assets						
Acquired subsidiaries	0	0	0	0	0	0
Total	0	0	0	0	0	0
Deferred tax liabilities						
Acquired subsidiaries	104	-34	0	0	0	70
Other items	6	-6	0	0	0	0
Total	110	-40	0	0	0	70

15. Inventories

	2011	2010
Materials and supplies	2 815	3 144
Work in progress	504	663
Finished products	865	1 133
Total	4 184	4 940

An impairment of EUR 434,000 in inventories was recognized as an expense in 2011 to reduce the carrying amount of inventories to correspond to their net realizable value (2010: EUR 150,000).

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

16. Trade and other non-interest-bearing receivables	2011	2010
Trade receivables	6 353	7 760
Receivables from percentage-of-completion contracts	328	52
Prepayments and accrued income	179	663
Other receivables	542	1 930
Total	7 402	10 406

Age distribution of trade receivables and recognized impairment losses	2011	2010
Undue	2 230	4 459
Due 0–30 days	1 780	2 066
Due 30–60 days	1 605	781
Due 61–90 days	446	119
Due over 90 days	340	375
Impairment (due over 90 days)	-47	-40
Total	6 353	7 760

17. Cash and cash equivalents	2011	2010
Cash on hand and deposits	317	1 647
Total	317	1 647

Cash and cash equivalents in the cash flow statement consist of cash on hand and bank deposits.

18. Notes to shareholders' equity

	Number of shares (1,000)	Share capital	Premium fund	Reserve fund	Distributable non-restricted equity fund
31.12.2009	134 561	3 425	4 695	213	13 524
Directed issue	133 333	0	0	0	16 000
Share issue	46 500	0	0	0	5 580
31.12.2010	314 394	3 425	4 695	213	35 104
Share issue	27 767	0	0	0	3 332
31.12.2011	342 161	3 425	4 695	213	38 436

All shares issued have been paid in full. The shares have no nominal value.

Premium fund

The items indicated in the old Companies Act (1978/734), Chapter 12, Section 3, are recognized in the share premium account.

Reserve fund

The provisions concerning the reserve fund were laid down in Chapter 12, Section 3 of the old Companies Act. The reserve fund is treated as restricted capital.

Distributable non-restricted equity fund

The distributable non-restricted equity fund contains other quasi-equity investment instruments and the subscription price of shares when this is not separately recorded in share capital.

19. Share-based payments

During the financial year, the Group had in place 2006B and 2007A share option schemes and an option scheme related to bond I/2010.

The 2006B options were granted to the company's former key employees in 2008 and they were held by the company's former management and Savcor Group Oy. Option-based incentives were conditional, and their recognition was based on key factors presented in the table below, such as the terms of the arrangement and vesting terms. The company's share price on which the 2006B share options were based was EUR 0.39.

The 2006A options expired on 30 April 2010. The subscription period of the 2006B options was 1 April 2009–30 April 2011. Employees who leave the company before the options vest lose their options. By the end of the financial year, no 2006C options had been distributed to the company's key employees. The 2007A options are related to the financial arrangement with Sampo Bank Plc, and their subscription price is EUR 0.40. The subscription of the options started at the moment of subscription and ended on 30 September 2011.

The subscription period of the options related to bond I/2010 started at the moment of subscription and will end on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010.

Outstanding options	Option scheme	2011	Number of options (1,000)	2010	Number of options (1,000)
		Weighted average exercise price EUR/share		Weighted average exercise price EUR/share	
At the beginning of the financial year	2006A	expired	expired	0,56	300
	2007A	0,40	1 801	0,40	1 801
	2006B	0,39	250	0,39	250
	Bond I/2010	0.16*	8 931		
New share options granted	Bond I/2010			0.16*	8 931
Share options expired	2006A			0,56	300
Share options expired	2006B	0,39	250		
Share options expired	2007A	0,40	1 801		
At the end of the financial year	2007A			0,40	1 801
	2006B			0,39	250
	Bond I/2010	0.16*	8 931	0.16*	8 931
Exercisable share options at the end of the financial year	2007A			0,40	1 801
	2006B			0,39	250
	Bond I/2010	0.16*	8 931	0.16*	8 931

*The subscription price for the share options related to bond I/2010 is EUR 0.16 per share, unless the subscription takes place later than one (1) year after the decision on granting the share options was made. After that, the subscription price per share will be the average price of a share in Cencorp weighted by the volume traded in NASDAQ OMX Helsinki during the five (5) day period preceding Savcor's announcement concerning the conversion of share options.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

No options were exercised during 2011 or 2010.

Exercise price fluctuation and weighted average vesting period for share options outstanding at year-end.

	Exercise price	Vesting period (years)	Number of shares
2011	*	3	8 931
2010	0.16–0.4	5	10 982

*The exercise price for the option rights related to bond I/2010 is the average price of a share in Cencorp weighted by the volume traded on the NASDAQ OMX Helsinki during the five (5) day period preceding Savcor's announcement concerning the conversion of share options.

Measurement of fair value

The Group applies the Black-Scholes model for share options schemes, which does not set special conditions on vesting. The expected volatility has been determined by calculating the historical volatility of the parent company's share price, taking into account the vesting period remaining for the options. The fair value of shares included in options granting shares has been based on the listed share price. The exercising of options granted prior to 2011 is unlikely, so the measured fair value of the shares is zero. The accounting treatment of the options granted as part of the bond is presented in the section Accounting principles under item Financial liabilities and in Note 23.

Share option scheme

A total of 350 options in the 2006B share option scheme were granted to key management on 13 May 2008.

In 2011, no share option schemes were introduced and no options were granted.

	2011	2010
Expected volatility	0 %	30 %
Expected option life (years)	0	2
Risk-free interest	0 %	3 %
Expected dividend	0	0
Expected departures	0	0
Fair value per granted instrument determined at grant date	0	0

20. Provisions	2011	2010
Provisions at the beginning of the financial year	49	39
Exchange rate impacts	0	0
Additions to provisions	260	390
Provisions exercised	-100	-380
Reversals of provisions	0	0
Provisions at the end of the financial year	209	49
Non-current provisions	0	0
Current provisions	209	49
Total	209	49

Revenue from the sales of goods is recognized when the significant risks and rewards of purchasing have been transferred to the buyer. A provision is made for estimated warranty expenses. On average, the company gives a one-year warranty for its products. Defects detected in products during the warranty period are repaired at the company's cost, or the customer is given a corresponding product. On 31 Dec 2011, warranty provisions totalled EUR 209,000 (31 Dec 2010: EUR 48,000). The warranty provision is based on previous years' experiences of defective products or products that have required additional installations. The warranty provision is recognized in conjunction with final project approval at the beginning of the warranty period and cancelled at the end of the period.

21. Financial liabilities	Balance sheet values	
Non-current financial liabilities at amortized cost	2011	2010
Loans from financial institutions	0	4 534
Finance lease liabilities	0	0
Other liabilities	0	0
Total	0	4 534
Current financial liabilities at amortized cost		
Loans from financial institutions	7 039	2 245
Instalments of non-current loans	0	0
Finance lease liabilities	0	0
Other liabilities	1 436	3 661
Total	8 475	5 905

The current financial liabilities include a EUR 1.2 million convertible subordinated loan. The fair value of the loan's liability component is determined using the prevailing market interest rate for a similar debt at the time of issue. The liability component is recognized at amortized cost and the equity share is recognized under equity.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Maturity analysis of non-current interest-bearing liabilities

31.12.2011	2012	2013	2014	2015	2016 and later
Loans from financial institutions	0	0	0	0	0
Other liabilities	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0

31.12.2010	2011	2012	2013	2014	2015 and later
Loans from financial institutions	0	0	4 534	0	0
Finance lease liabilities	0	0	0	0	0
Other liabilities	0	0	0	0	0
Total non-current liabilities	0	0	4 534	0	0

22. Trade payables and other short-term non-interest-bearing liabilities	2011	2010
Trade payables	5 664	6 686
Accruals and deferred income	1 521	1 340
Advances received for long-term contracts	363	285
Other liabilities	649	825
Total	8 196	9 136

Material items included in accruals and deferred income consist of personnel expenses and other accrued expenses.

23. Fair values of financial assets and liabilities

	Carrying amount	Fair value	Carrying amount	Fair value
	31.12.2011	31.12.2011	31.12.2010	31.12.2010
Financial assets				
Available-for-sale investments	10	10	10	10
Trade and other receivables	7 074	7 074	10 354	10 354
Cash and cash equivalents	317	317	1 647	1 647

The fair value of trade and other receivables is expected to correspond to the carrying amount due to their short maturity.

	Carrying amount	Fair value	Carrying amount	Fair value
	31.12.2011	31.12.2011	31.12.2010	31.12.2010
Financial liabilities				
Loans from financial institutions, long term	0	0	4 534	4 534
Other liabilities, non-current	0	0	0	0
Loans from financial institutions, current	7 039	7 039	2 245	2 245
Other liabilities, current	1 436	1 436	3 661	595
Trade payables and other non-interest-bearing liabilities	7 735	7 735	8 525	8 525
Average interest rates of interest-bearing liabilities			2011	2010
Loans from financial institutions			6,446	5,364

24. Non-cash transactions	2011	2010
Depreciation	3 515	1 024
Impairment	434	61
Exchange rate differences	-507	104
Employee benefits	62	0
Total	3 504	1 189
25. Leases	2011	2010
Group as lessee		
Minimum lease payments payable on the basis of other non-terminable leases:		
Within one year	786	783
Within 2–5 years	2 162	2 463
Over five years	2 157	2 608
Group as lessor		
Minimum lease payments receivable on the basis of other non-terminable leases:		
Within one year	0	0
Within 2–5 years	0	0
Over five years	0	0
26. Other contingent liabilities	2011	2010
Assets pledged for the company		
Loans from financial institutions	5 206	5 424
Promissory notes secured by pledge	12 691	12 691
Mortgages on real estate	5 413	5 006
Deposits	0	567
Factoring loan and export credit limit	833	1 355
Trade receivables	833	1 720

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

27. Related party transactions

The relations and shares between the parent company and subsidiaries are as follows:

Company	Domicile	Group's holding
Parent Company Cencorp Corporation	Mikkeli, Finland	100.0%
PMJ testline Oy	Lohja, Finland	100,0 %
Cencorp AB	Sollentuna, Sweden	100.0%
Cencorp AS	Tallinn, Estonia	100.0%
Cencorp (UK) Ltd.	Hartford, UK	100.0%
Cencorp USA, Inc.	Dallas, TX, USA	100.0%
Cencorp Americas, LLC	McAllen, TX, USA	100.0%
Cencorp Kft	Budapest, Hungary	100.0%
Savcor Pacific Ltd	Hong Kong	100.0%
Savcor Face (Guangzhou) Technologies Co., Ltd.	Guangzhou, China	100.0%
Savcor Face (Beijing) Technologies Co., Ltd.	Beijing, China	100.0%

Cencorp Corporation is part of Savcor Group Oy. The Group has purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices.

The Group entered into the following transactions with related parties:

	2011	2010
Sales of goods and services		
Savcor companies	120	46
Purchases of goods and services		
Savcor companies	532	326
Fees paid on the basis of consultation agreements		
Virtanen Consulting GmbH	0	30
Interest expenses and other financial expenses		
Savcor companies	270	232
Other non-current liabilities to related parties	0	2 049
Convertible subordinated loan from related parties	1 230	1 429
Interest payable to related parties	95	248
Trade payables and other non-interest-bearing liabilities to related parties	972	1 900
Other receivables from related parties	0	1 509
Trade receivables from related parties	69	58

Employment benefits of the management	2011	2010
Wages and other short-term employment benefits	789	646
Share-based payments	0	0
Benefits paid in conjunction with dismissal	0	49
Post-employment benefits	0	85
Other long-term employment benefits	0	0

The management has no defined benefit pension plans.

Wages and remuneration	2011	2010
Salaries of the CEO and his deputies	202	148
Board members and deputies		
Paasila Matti	10	42
Rautiainen Ismo	15	0
Savisalo Hannu	10	30
Savisalo Iikka	8	0
Virtanen Matti	0	15
Total	43	87

The CEO has a six-month term of notice. If the employment is terminated by Cencorp Corporation, the CEO shall receive, in addition to the severance pay, a lump sum corresponding to twelve (12) months' gross salary. The CEO's pension is determined in accordance with the Employees Pensions Act.

No share options were granted to the company's management during the financial year 1 January 2011–31 December 2011. On 31 December 2011, the company had valid share options in one series, which are exercisable as follows:

250,000 2006B options with a subscription period which ended on 30 April 2011. The company's former management and Savcor Group Oy hold the options.

1,801,400 2007A options with a subscription period which ended on 30 September 2011. Sampo Bank Plc holds the 2007A options.

8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010.

No 2006C series options have been allocated and Cencorp Group continues to hold them. The subscription period for 2006A series options ended on 30 April 2010.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

28. Financial risk management

Financial Risks

Cencorp's normal business activities expose the company to financial risks: interest rate risks, credit risks, currency risks and funding risks. Risk management aims to minimize the adverse effects that changes in the financial market may have on the Group's financial performance and balance sheet. The Group's general risk management policy is approved by the Board of Directors, and its implementation is the joint responsibility of the Group's centralized finance department and the business groups. The finance department identifies, assesses and acquires the instruments needed to hedge the company against risks in close cooperation with the operational units. Hedging transactions are carried out in compliance with the risk management policy approved by Group management. The Group has not hedged itself against currency or interest rate risks.

Liquidity risks

The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2012. The company has initiated discussions with its major financiers and shareholders on measures to strengthen the financing position until the company's cash flow is expected to return to positive. Cencorp believes that these measures will secure the sufficiency of working capital for the next twelve (12) months. However, should the company fail to arrange financing, it is possible that the company will not be able to realize its assets and repay its liabilities within usual business operations to a sufficient extent or quickly enough. This would jeopardize the company's operations in their current form.

The Group continuously assesses and monitors the financing needed for business in cooperation with the management of different business functions to ensure that it has enough liquid assets at its disposal to finance operations and repay loans falling due. The Group's financing policy determines the optimum size of the liquidity reserve. The maturity and amortization of loans are planned so as to optimize liquidity. The availability and flexibility of financing are ensured through sufficient credit limits.

Cencorp Corporation has secured from Sampo Bank Plc credit limits in the amount of EUR 3.5 million, of which EUR 1.1 million were unused bank guarantee and export credit limits. These credit limits include a covenant concerning the equity ratio. If the Group's equity ratio falls below 25%, Sampo Bank Plc is entitled to renegotiate the loan terms. This covenant is reviewed on a quarterly basis. On 31 December 2011, the Group's equity ratio was 51.2%. If the company fails to improve its financial performance, its equity ratio may fall below the level specified in the covenant of the loan terms, leading to a renegotiation of the credit limits. Another covenant states that if the ownership of Savcor Group Oy in Cencorp falls below 50%, Sampo Bank Plc is likewise entitled to renegotiate the loan terms. This covenant is in effect.

In order to maintain its liquidity, the company needs to have a sufficient business volume. Sampo Bank's credit limits are effective until 30 June 2012.

Cencorp's Chinese subsidiary had loans with the Bank of China, of which RMB 13 million, i.e. around EUR 1.6 million matured at the reporting date. The company has finished a sale-leaseback transaction with a real-estate investor regarding the plant building in Beijing. The sales price is RMB 38.5 million, i.e. some EUR 4.7 million. The company has repaid the Bank of China loan in its entirety, which at the balance date was RMB 33 million, i.e. some EUR 4.0 million.

In 2010, Cencorp's debt in the amount of EUR 1.2 million to Savcor Group Oy was converted into a subordinated loan according to the Finnish Companies Act, to strengthen Cencorp's capital structure. The subordinated loan includes the right to convert it into Cencorp's shares based on the option rights offered to Savcor Group Oy. A fixed annual 10 percent interest is paid on the subordinated loan capital. The loan period started on 25 May 2010. In accordance with the subordinated loan conditions, Savcor Group Oy has the right to subscribe to 8,931,000 new shares in Cencorp by converting the subordinated loan into the company's shares.

Cencorp's debt in the amount of EUR 1.2 million to the parent company Savcor Group Oy is a short-term loan which will fall due in 2012. According to the loan terms, if Cencorp's financial position materially deteriorates, the company is subjected to recovery measures or the company organizes a share issue or otherwise changes its equity or enters into significant corporate transactions, the debtor may accelerate the loan so as to be immediately due.

Cencorp Corporation has unpaid interests in the amount of EUR 0.2 million relating to a bond issued in 2006 and to a bond converted in 2010. The interest can only be repaid annually to the extent that the amount of Cencorp Corporation's unrestricted equity and all subordinated loans exceeds the amount of loss confirmed for the most recently ended financial year or included in the balance sheet of more recent financial statements. 8.75% interest is calculated on the unpaid interest and 10% on the bond converted in 2010. The company's non-restricted equity totalled EUR 12.9 million.

Currency risks

The Group's international operations expose it to transaction risks caused by foreign exchange positions and to risks arising from the translation of foreign-currency investments into the parent company's functional currency. The most significant currencies for the Group are USD and CNY. Currency risks arise from purchases and sales carried out in currencies other than the Group's functional currency, from trade receivables and payables denominated in foreign currencies, as well as from net investments in foreign subsidiaries.

Cencorp has foreign net investments in its subsidiaries and is thus exposed to risks arising from the translation of its investments denominated in foreign currencies in its foreign subsidiaries into Cencorp Group's parent company's functional currency, the euro. The company has not hedged its foreign exchange position or net debts in foreign subsidiaries.

Interest rate risks

The Group's revenue and operational cash flows are mostly independent of interest rate fluctuations. During 2010, the Group was exposed to fair value interest rate risk (fixed-rate liabilities) and cash flow interest rate risk (floating-rate liabilities), mainly due to interest on liabilities. In compliance with the principles for risk management, at least 10% of the credit portfolio must be fixed-rate and the loan portfolio shall have an average duration of 3–6 years. Fixed-rate loans account for 76.4% of the company's interest-bearing liabilities.

Savcor Group Oy has granted the Group loans totalling EUR 1.2 million. These fixed-rate loans have market terms of interest.

Credit risks

Thanks to its broad and geographically widely distributed customer base, the Group has no significant external credit risk pools and it only grants loans to companies with a good credit rating.

Notes to the Consolidated Financial Statements

1.1. - 31.12.2011

Capital management

Capital management aims at ensuring the continuity of the company's operations and the increase of shareholder value. Capital structure management is based on decisions concerning share issues, the use of equity-settled instruments and distribution of dividends. Capital structure indicators include equity ratio and net gearing. The company's goal in 2011 was to improve its equity ratio and net gearing. As a result of the issue organized during the financial year, the equity ratio improved and net gearing declined. The company's goal is to maintain its equity ratio above 25% in order for it not to fall below the level required by the covenant related to the credit limits.

Exposure to financial risks	2011	2010
Impact of fluctuation in short-term interest rate +/-2%	+/-98	+/-107

The Group has credit limits in the amount of EUR 3.5 million, consisting of the following:

Checking account limit	EUR 1.25 million
Export credit limit	EUR 1 million
Bank guarantee limit	EUR 1.25 million

Exposure to currency risks

In 2011, the Group's currency risks consisted of USD, AUD and CNY denominated financial assets and liabilities. The following sensitivity analysis is based on existing financial assets and liabilities denominated in foreign currencies on 31 December 2011.

Financial assets denominated in foreign currencies	2011	2010
AUD	48	1 541
USD	1 033	1 928
CNY	4 077	4 991

Financial liabilities denominated in foreign currencies

AUD	1	1 493
USD	260	690
CNY	7 091	6 536

Net	-2 193	-258
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Impact on result	2011	2010
EUR/AUD +/-10%	+/-4	+/-0
EUR/USD +/-10%	+/-57	+/-96
EUR/CNY +/-10%	+/-226	+/-112

Materials management risks

The most significant risks related to material prices are those related to the price of copper and steel and the general price risk related to components. The objective is to pass the price increases on to the sales prices and to improve price competitiveness through product development.

29. Events after the end of the reporting period

In January 2012, Cencorp signed a significant framework agreement on the supply of flexible circuits for renewable energy applications. The value of the agreement may amount to over EUR 50 million over three years. The parties to the framework agreement have agreed on the terms and conditions of the deal and production volume estimates that will not be binding on the buyer for 2012–2014.

Cencorp Corporation's Extraordinary General Meeting held on 30 January 2012 authorized the Board of Directors to decide on a share issue, share options and other share-entitling rights referred to in Chapter 10, Section 1 of the Companies Act, in one or more instalments as follows. The total number of shares issued under the authorization may not exceed 100,000,000 shares. The Board of Directors is authorized to decide on all terms and conditions of share issues and other share-entitling rights. The Board of Directors is only authorized to grant directed issues and share-entitling rights. The authorization shall remain valid until further notice, but for no longer than five years from the decision by the General Meeting.

In June 2011, Cencorp agreed with AC Finance BV, a subsidiary of Ahlström Capital Oy, on a short-term loan of EUR 1 million. The loan period was extended at the turn of the year from the end of December 2011 to 31 January 2012, and in January 2012 the loan maturity date was extended until 30 June 2012.

Cencorp's Chinese subsidiary Savcor Face (Beijing) Technologies Co., Ltd has finished a sale-leaseback transaction with real estate investor regarding the plant building in Beijing.

Matti Paasila, Vice Chairman of Cencorp's Board of Directors, announced on 2 February 2012 that he will resign from the Board of Directors for personal reasons. Ismo Rautiainen, MSc (Econ), eMBA (born 1952) was elected as the new Vice Chairman. Rautiainen has been a member of Cencorp's Board of Directors since October 2010. Cencorp's Board of Directors will continue with three members until the Annual General Meeting, which will be held on 19 April 2012.

In the beginning of February, Cencorp signed an agreement on the delivery of a production line to a European company operating in the electronics industry. Two similar production lines were delivered to the same company during 2011. The value of the new deal is approximately EUR 0.7 million.

Parent Company's Income Statement (FAS)

1.1. - 31.12.2011

EUR	Note	1 Jan–31 Dec 2011		1 Jan–31 Dec 2010	
Net sales	1-3	14 056 518,86	100,0 %	10 042 671,18	100,0 %
Cost of sales		-13 261 752,83	-94,3 %	-8 860 363,24	-88,2 %
Gross profit		794 766,03	5,7 %	1 182 307,94	11,8 %
Sales and marketing costs		-1 343 261,34		-1 710 544,94	
Administrative costs		-2 002 517,23		-2 101 902,19	
Other operating income	4	86 016,01		115 835,79	
Other operating expenses	10	-141 154,18		-188 262,51	
Operating profit		-2 606 150,71	-18,5 %	-2 702 565,91	-26,9 %
Financial income	12	373 786,54		429 815,04	
Financial expenses	12	-846 184,46		-939 532,94	
Profit/loss before extraordinary items		-3 078 548,63	-21,9 %	-3 212 283,81	-32,0 %
Extraordinary income	13	0,00		78 300,00	
Profit/loss before appropriations and taxes		-3 078 548,63		-3 133 983,81	
Appropriations		0,00		18 715,89	
Income taxes	14	-50 510,23		-69 046,96	
Profit/loss for the financial year		-3 129 058,86	-22,3 %	-3 184 314,88	-31,7 %

Parent Company's Balance Sheet (FAS)

31.12.2011

EUR	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
Intangible assets	15	3 046 197,57	3 480 798,65
Tangible assets	16	257 275,66	540 534,38
Investments	17	14 085 364,24	14 102 286,15
		17 388 837,47	18 123 619,18
Current assets			
Inventories	18	1 124 660,27	1 694 651,40
Long-term receivables	19	6 316 201,70	6 267 269,12
Short-term receivables	20	4 616 789,70	4 935 386,82
Cash and cash equivalents		84 781,38	52 265,18
		12 142 433,05	12 949 572,52
TOTAL ASSETS		29 531 270,52	31 073 191,70
LIABILITIES			
Shareholders' equity			
Share capital	21	3 425 059,10	3 425 059,10
Premium fund	21	4 695 570,81	4 695 570,81
Reserve fund	21	211 384,16	211 384,16
Distributable non-restricted equity fund	21	38 436 019,95	35 103 993,63
Profit/loss carried forward	21	-22 429 582,61	-19 245 267,73
Profit/loss for the financial year	21	-3 129 058,86	-3 184 314,88
		21 209 392,55	21 006 425,09
Accumulated appropriations			
Depreciation difference		0,00	0,00
Obligatory provisions			
Other obligatory provisions	22	204 127,77	42 458,73
Liabilities			
Current liabilities	23	8 117 750,20	10 024 307,88
		8 117 750,20	10 024 307,88
TOTAL LIABILITIES		29 531 270,52	31 073 191,70

Parent Company's Cash Flow Statement

31.12.2011

EUR 1,000		Jan–Dec 2011	Jan–Dec 2010
Cash flow from operating activities			
Income statement profit/loss before extraordinary items		-3 079	-3 212
Non-monetary items adjusted on income statement			
Depreciation and impairment	+	1 531	1 059
Unrealized exchange rate gains (-) and losses (+)	+/-	-120	-348
Other non-cash transactions	+/-	88	-2
Financial income and expenses	+	593	857
Total cash flow before change in working capital		-987	-1 646
Change in working capital			
Increase (-) / decrease (+) in inventories		313	489
Change in reserves		162	3
Increase (-) / decrease (+) in short-term trade and other receivables		-1 162	-1 086
Increase (+) / decrease (-) in short term trade and other payables		-25	552
Change in working capital		-712	-42
Cash flow from business operations before financial items and taxes		-1 699	-1 688
Adjustment of financial items and taxes to cash-based accounting			
Interest paid and payments for other financial expenses	-	-562	-879
Interest received	+	4	38
Taxes paid	-	-120	0
Financial items and taxes		-678	-841
NET CASH FLOW FROM BUSINESS OPERATIONS		-2 377	-2 529
Cash flow from investments			
Investments in tangible and intangible assets	-	-712	-1 659
Proceeds on disposal of tangible and intangible assets	+	67	0
Granted loans	-	-18	-4
Repayment of loan receivables	+	1 468	2 079
Acquisition of subsidiaries and other business units	-	-52	-4 260
Disposal of subsidiaries and other business units	+	34	0
NET CASH FLOW FROM INVESTMENTS		787	-3 844
Cash flow from financing			
Proceeds on share issue	+	998	5 580
Increase in non-current loans	+	0	0
Repayment of non-current loans	-	0	0
Increase in current loans	+	10 183	14 052
Repayment of current loans	-	-9 558	-13 289
Group subsidies received	+	0	78
Dividends paid	-	0	0
NET CASH FLOW FROM FINANCING ACTIVITIES		1 623	6 421
INCREASE (+) OR DECREASE (-) IN CASH FLOW		33	48
Cash and cash equivalents at the beginning of the financial year		52	4
Cash and cash equivalents at the end of the financial year		85	52
		33	48

Notes to the parent company's financial statements

1.1. - 31.12.2011

Accounting, measurement and accrual principles

Cencorp Corporation's financial statements have been prepared in accordance with the Finnish Accounting Act in force and with other regulations and provisions concerning the preparation of financial statements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as have the parent company's financial statements, where possible. The accounting principles used in the parent company's financial statements differ from those used in the consolidated financial statements as follows:

Use of estimates in the financial statements

When preparing financial statements according to good accounting practice, the company management has to make estimates and assumptions that affect the amounts of the reported assets and liabilities on the balance sheet date and the amounts of income and expenses reported for the financial year. The estimates and assumptions have been made following the precautionary principle. The final figures may differ from these estimates.

Measurement of non-current assets

Tangible and intangible assets have been recorded on the balance sheet at original cost of acquisition less planned depreciation. Planned depreciation has been calculated from the original cost of acquisition with amortization on a straight-line basis according to the estimated useful life. Depreciations of new property, plant and equipment have been calculated as of the month of commissioning. The depreciations have been made by function.

The planned depreciation periods are:

Intangible rights	5–10 years
Development costs	3 years
Goodwill	5 years
Other expenses with long-term effects	5–10 years
Machinery and equipment	3–7 years

Gains and losses from the disposal of fixed assets are presented in the income statement.

Maintenance and repairs

Maintenance and repair costs are recognized as expenses for the financial year. Significant basic improvement costs are included in the carrying amount of the tangible fixed assets and depreciated over the remaining useful life of the asset.

Other long-term expenses and goodwill

In 2010, the merger of Savcor Alfa Oy on 31 December 2010 gave rise to merger assets. It is presented in goodwill and in machinery and equipment.

Research and product development costs

Research and product development have primarily been recognized as annual costs in the year in which they have been incurred. Development costs that accrue revenues for three or more years have been capitalized and are depreciated over 3 years.

Other intangible assets

Acquisition costs for patents, trademarks and licences are capitalized and depreciated on a straight-line basis over the useful life, as a general rule over 10 years. Acquisition costs for software licences are included in intangible rights and depreciated over 5 years.

Notes to the parent company's financial statements

1.1. - 31.12.2011

Investments in non-current assets

A non-recurring impairment write-down was made on the shares in the subsidiary Cencorp UK Ltd, which are included in the company's investments in non-current assets, because the company has no return expectations and the company will be discontinued during 2012.

Measurement of inventories

Inventories are presented in compliance with the principle of weighted average price at the lower of acquisition cost or replacement price or likely sales price.

Items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies have been translated into euros using the average rate quoted by the Bank of Finland on the balance sheet date.

Revenue recognition principles

When calculating net sales, indirect taxes, discounts and exchange rate differences related to sales are deducted from the sales revenue. Income from the sale of goods and services are recognized as revenue when they have been carried out.

Long-term contract revenue has been recognized as revenue on the basis of the stage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation that is likely to require the outflow of economic benefits or cause a financial loss and the amount of the obligation can be estimated in a reliable manner. The amount of the provision to be recognized corresponds to the best estimate of the company's management concerning the expenses required to settle the obligation on the balance sheet date. Provisions may relate to restructuring of operations, onerous contracts, legal cases or tax risks.

A warranty provision is recognized when the delivery of a product including a warranty clause has been approved. The amount of the warranty provision is based on experience concerning the realization of warranty expenses.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract.

Comparability of data for the previous financial year

Commissions on sales were presented in the sales and marketing costs in 2010. In 2011, the commissions are included in the cost of sales.

Revenues and expenses arising from previous financial years

Following a tax inspection carried out during the financial year 1 January–31 December 2010, a total of EUR 69,046.96 in taxes arising from previous years was charged to the company. The taxes have been recognized as expenses under income taxes for 2010 and in accrued expenses. The taxes fell due in January and February 2011.

Following the tax inspection, EUR 42,812.47 in taxes and increases arising from previous years were recognized as expenses under income taxes in 2011.

Changes in group structure

As part of the ownership and financial restructuring carried out with Savcor Group Oy in the spring of 2009, Cencorp Corporation acquired the entire share capital of Savcor Alfa Oy, making Savcor Alfa Oy a subsidiary of Cencorp as of 1 April 2009. Savcor Alfa Oy manufactures standard and customized workstations and laser production cells for laser marking, cutting, welding, drilling and micromachining applications.

Following the Face (Telecom) transaction on 30 November 2010, Savcor Pacific Limited based in Hong Kong became Cencorp's wholly owned subsidiary. Savcor Pacific Limited wholly owns the Chinese operative subsidiaries Savcor Face (Guangzhou) Technologies Co., Ltd and Savcor Face (Beijing) Technologies Co., Ltd. The Face (Telecom) business is a global supplier of functional and decorative solutions mainly for the telecommunications and other electronics industries.

The plan to merge the subsidiary Savcor Alfa Oy with Cencorp Corporation was signed on 29 March 2010. The implementation of the merger and the liquidation of Savcor Alfa Oy were registered on 31 December 2010. The assets and liabilities of the company to be merged were transferred to the parent company. The merger resulted in a loss of EUR 1,259,914.16 to the parent company, of which EUR 1,197,414.16 was recognized in goodwill and EUR 62,500.00 in machinery and equipment.

The plan to merge the subsidiary Singulase Oy into Cencorp Corporation was signed on 29 March 2010. The implementation of the merger and the liquidation of Singulase Oy were registered on 31 July 2010. The assets and liabilities of the company to be merged were transferred to the parent company. The merger profit of EUR 22,579.54 resulting from the merger was recognized by the parent company in other operating income.

The subsidiary TMD-Test Mechanic Design Oy was liquidated on 9 September 2010.

Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

Notes to the income statement

1. Distribution of net sales by market area

	2011	2010
Europe	9 853	6 624
Americas	2 606	2 056
Asia and Australia	1 597	1 363
Total	14 057	10 043

2. Distribution of net sales by business segment

Automotive electronics	1 023	366
Contract manufacturing	864	1 700
Industrial electronics	8 650	6 029
Telecommunications	2 101	905
Other	1 417	1 042
Total	14 057	10 043

Notes to the parent company's financial statements

1.1. - 31.12.2011

3. Long-term contract revenues recognized on the basis of the percentage of completion

	2011	2010
Proportion of net sales recognized under the percentage-of-completion method of the financial year's total net sales	46,2 %	4,1 %
Cumulative net sales	6 903	411
Recognized as revenue for the financial period	6 493	411
Amount not recognized as revenue based on the stage of completion	953	1 214
Amount not recognized as revenue according to delivery	203	320

4. Other operating income

Subsidies received from the EU	14	11
Merger profit Singulase Oy	0	23
Insurance accrual	2	17
Capital gains on disposal of fixed assets	46	42
Other income	24	23
Total	86	116

5. Materials and services

Materials and supplies		
Purchases during the financial year	6 655	4 023
Change in inventories	217	857
	6 872	4 880
Third-party services	527	515
Total	7 399	5 395

6. Number of personnel

During the financial period on average

Procurement and production	40	37
Product development	8	4
Marketing	10	7
Administration	9	10
Total	67	58

At the end of the year

Procurement and production	38	37
Product development	10	8
Marketing	10	7
Administration	9	9
Total	67	61

7. Personnel expenses	2011	2010
Wages and remuneration	3 470	3 178
Retirement expenses	591	504
Other indirect employee expenses	196	130
Invoiced indirect expenses	-8	-9
Wages capitalized in the balance sheet	-133	-257
Indirect expenses capitalized in the balance sheet	-67	-117
Share of subsidies in wages and indirect expenses	0	0
Total	4 049	3 429
8. Management's salaries and remuneration		
President and CEO and his deputy	202	148
Board members	43	87
Total	245	235
9. Depreciation and impairment		
Depreciation on cost of sales	258	51
Depreciation on development costs	611	544
Depreciation on sales and marketing	27	12
Depreciation on administration	379	451
Total	1 274	1 059
10. Operating expenses		
Other operating expenses	9	16
Business leasing	0	141
Bad debt	5	20
Impairment of non-current assets	127	11
Total	141	188

Notes to the parent company's financial statements

1.1. - 31.12.2011

11. Auditors' fees	2011	2010
Ernst & Young Oy		
Auditors' fees	106	130
Reports and statements	0	50
Taxation advice	1	0
Other services	55	322
Total	161	503
12. Financial income and expenses		
Income from participations in group undertakings	5	0
Other interest and financial income		
Group undertakings	243	79
Others	125	351
Total	368	429
Total financial income	374	430
Impairment of investments in non-current assets	35	0
Impairment of marketable securities in current assets	22	0
Interest expenses and other financial expenses		
Group undertakings	251	227
Others	539	713
Total	790	940
Total financial expenses	846	940
Total financial income and expenses	-472	-510
13. Extraordinary items		
Extraordinary income/Group contribution	0	78
Total	0	78
14. Income taxes	51	69

Following a tax inspection carried out during the financial year 1 January–31 December 2010, a total of EUR 69,046.96 in taxes arising from previous years was charged to the company. The taxes have been recognized as expenses for 2010 and in accrued expenses.

Following the tax inspection, EUR 42,812.47 in taxes and increases arising from previous years were recognized as expenses under income taxes in 2011.

Notes to the balance sheet

15. Intangible assets

EUR 1,000	Development costs	Intangible rights	Goodwill	Other long- term expenses	Total
Acquisition cost, 1 Jan 2011	2 298	1 393	1 337	85	5 112
Additions	556	76	0	0	632
Disposals	-1 470	-103	0	0	-1 573
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2011	1 384	1 365	1 337	85	4 171
Accumulated depreciation and impairment, 1 Jan 2011	-1 182	-262	-140	-48	-1 632
Accumulated depreciation of disposals and transfers	1 470	78	0	0	1 548
Depreciation for the period	-449	-309	-287	-8	-1 054
Impairment	0	12	0	0	12
Accumulated depreciation, 31 Dec	-161	-481	-427	-57	-1 125
Carrying amount, 1 Jan 2011	1 116	1 131	1 197	36	3 481
Carrying amount, 31 Dec 2011	1 223	885	910	28	3 046

16. Tangible assets

EUR 1,000	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2011	0	0	1 027	0	1 027
Additions	0	0	80	0	80
Disposals	0	0	-362	0	-362
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2011	0	0	746	0	746
Accumulated depreciation and impairment, 1 Jan 2011	0	0	-487	0	-487
Accumulated depreciation of disposals and transfers	0	0	103	0	103
Depreciation for the period	0	0	-220	0	-220
Impairment	0	0	115	0	115
Accumulated depreciation, 31 Dec	0	0	-489	0	-489
Carrying amount, 1 Jan 2011	0	0	540	0	541
Carrying amount, 31 Dec 2011	0	0	257	0	257

Notes to the parent company's financial statements

1.1. - 31.12.2011

17. Investments

Shares and equity interest in Group companies		Parent company's holding	Group's holding
	Domicile		
PMJ testline Oy	Lohja, Finland	100.0%	
Cencorp AB	Sollentuna, Sweden	100.0%	
Cencorp AS	Tallinn, Estonia	100.0%	
Cencorp UK Ltd.	Hartford, UK	100.0%	
Cencorp Americas, LLC	McAllen, TX, USA	100.0%	
Cencorp Kft.	Budapest, Hungary	100.0%	
Savcor Pacific Ltd	Hong Kong	100,0 %	
Savcor Face (Guangzhou) Technologies Co., Ltd.	Guangzhou, China		100,0 %
Savcor Face (Beijing) Technologies Co., Ltd.	Beijing, China		100,0 %
Other shares and participations		2011	2010
Kiinteistö Oy Musko II one-week share		3	3
Helsinki Halli Oy B shares, 2 shares		7	7
Total		10	10

The cost of the shares has been considered to correspond to their fair values.

18. Inventories

Materials and supplies	857	902
Work in progress	31	428
Finished products/goods	237	365
Other inventories	0	0
Advance payments	0	0
Total	1 125	1 695

19. Long-term receivables	2011	2010
From group undertakings		
Loan receivables	6 316	6 267
Total	6 316	6 267
20. Short-term receivables		
From group undertakings		
Trade receivables	2 735	488
Loan receivables	0	1 512
Other receivables	6	0
Total	2 741	2 000
Receivables from others		
Trade receivables	1 645	2 025
Other receivables	148	325
Accrued income	83	585
Total	1 876	2 936
Total short-term receivables	4 617	4 935
Material items of accrued income		
Advances on purchases	63	24
Accrued income from disposals	20	508
Receivables from percentage-of-completion contracts	0	52
Total	83	585

Notes to the parent company's financial statements

1.1. - 31.12.2011

21. Shareholders' equity	2011	2010
Share capital on 1 Jan	3 425	3 425
Share capital on 31 Dec	3 425	3 425
Premium fund on 1 Jan	4 696	4 696
Premium fund on 31 Dec	4 696	4 696
Reserve fund on 1 Jan	211	211
Reserve fund on 31 Dec	211	211
Total restricted equity	8 332	8 332
Distributable non-restricted equity fund on 1 Jan	35 104	13 524
Directed issue	3 332	21 580
Distributable non-restricted equity fund on 31 Dec	38 436	35 104
Retained earnings on 1 Jan	-22 429	-19 245
Profit/loss for the financial year	-3 129	-3 184
Retained earnings on 31 Dec	-25 558	-22 429
Total non-restricted equity	12 878	12 675
Total equity	21 210	21 007
Calculation of distributable non-restricted equity on 31 Dec 2011		
Retained earnings on 31 Dec	-25 558	-22 429
Distributable non-restricted equity fund	38 436	35 104
Total	12 878	12 675

22. Obligatory provisions	2011	2010
Provisions for charges	0	1
Warranty provisions	204	42
Total	204	42
23. Current liabilities		
Liabilities to Group undertakings		
Subordinated loans	1 230	1 429
Loans from Group undertakings	0	1 656
Trade payables	844	85
Other liabilities	0	389
Accrued expenses	188	174
Total	2 262	3 733
Liabilities to others		
Loans from financial institutions	3 002	2 245
Advances received	98	326
Trade payables	1 373	2 142
Other liabilities	277	344
Accrued expenses	1 105	1 234
Total	5 856	6 292
Total current liabilities	8 118	10 024
Material items of accrued expenses		
Subsidies received from the EU for product development projects	118	119
Accrued guarantee commission	92	0
Accrued interest	233	232
Accrued personnel expenses	677	679
Provisions for commissions	27	63
Tax consequences from tax inspection	0	69
Liabilities from percentage of completion	35	235
Other accrued expenses	111	11
Total	1 292	1 408

Notes to the parent company's financial statements

1.1. - 31.12.2011

24. Notes concerning collateral and contingent liabilities	2011	2010
Liabilities secured by mortgages		
Loans from financial institutions	1 169	890
Business mortgages	12 691	12 691
Mortgages on land and buildings		
Factoring and export credit limit used	833	1 355
Trade receivables as collateral	833	1 720
Business mortgages	12 691	12 691
Lease liabilities		
Maturing the following year	60	28
Maturing later	83	5
The car lease contracts are primarily three-year lease contracts without ownership transfer clause.		
Rent liabilities		
Maturing the following year	154	197
Maturing later	251	970
Other contingent liabilities		
Guarantee of advance payments	324	0
Other commitments	2	1
Assets pledged for Group undertakings	130	0

25. Related party transactions

Cencorp acquired the Face (Telecom) business from the Australian company Savcor Group Limited on 30 November 2010. Savcor Group Ltd is part of Savcor Group Oy.

26. Notes concerning an accountable entity belonging to the Group

Cencorp Corporation is the parent company of Cencorp Group. Cencorp Group is part of Savcor Group Oy (business ID: 0483411-7).

The consolidated financial statements can be obtained from the following address: Insinöörinkatu 8, FI-50100 Mikkeli

List of Bookkeeping Books and Voucher Types

Balance sheet book		in bound format
Balance sheet specifications		in bound format
Journal and ledger		Computer files
Income statement		Computer print-outs
Balance sheet		Computer print-outs
Accounts payable and receivable specifications		Computer print-outs
Accounts payable payments	Voucher type 000 000	Computer print-outs
Payment of invoices	Voucher type 100 000	Computer files
Account transfers	Voucher type 200 000	Computer print-outs
Bank vouchers	Voucher type 400 000	Computer print-outs
Percentage-of-completion vouchers	Voucher type 320 000	Computer print-outs
Accrual vouchers	Voucher type 330 000	Computer print-outs
Payroll accounting	Voucher type 500 000	Computer print-outs
Fixed assets depreciation vouchers	Voucher type 600 000	Computer print-outs
Inventory transactions	Voucher type 700 000	Computer files
Hour records	Voucher type 750 000	Computer files
Memo vouchers	Voucher type 800 000	Computer print-outs
Financial statement vouchers	Voucher type 900 000	Computer print-outs
Invoices		in paper format
Purchase invoices		in paper format

Signatures of the Financial Statements and the Report of the Board of Directors

Helsinki, 29 March 2012

Hannu Savisalo
Chairman of the Board of Directors

Ismo Rautiainen
Vice Chairman of the Board of Directors

Iikka Savisalo
Member of the Board of Directors

Mats Eriksson
President and CEO

Auditors' note

A report has been issued today on the audit that has been conducted.

Helsinki, 4 April 2012

Ernst & Young Oy
Authorized Public Accountants

Mikko Rytilahti
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Cencorp Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Cencorp Oyj for the year ended 31 December, 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, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Report

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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the basis of preparation of the financial statements and to the note 28. Financial risk management. The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2012. The company has initiated discussions with its major financiers and shareholders on measures to strengthen the financing position until the company's cash flow is expected to return to positive. Cencorp believes that these measures will secure the sufficiency of working capital for the next twelve (12) months. However, should the company fail to arrange financing, it is possible that the company will not be able to realize its assets and repay its liabilities within usual business operations to a sufficient extent or quickly enough. This would jeopardize the company's operations in their current form.

Helsinki, 4 April, 2012

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Ryttilahti
Authorized Public Accountant

Corporate Governance Statement

Cencorp Corporation and its subsidiaries are governed in accordance with the law, the company's Articles of Association, and the Finnish Corporate Governance Code effective as of 2010. The company also complies with the applicable standards issued by the Financial Supervisory Authority, and the rules and regulations of NASDAQ OMX Helsinki Ltd.

Cencorp's Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code approved by the Securities Market Association and Chapter 2, Section 6, Subsection 3 of the Securities Markets Act. An unofficial English translation of the Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi. Cencorp's Corporate Governance Statement is presented as a report separate from the Report of the Board of Directors. The Board of Directors handled the Corporate Governance Statement in its meeting in February 2012.

Cencorp abides by the Finnish Corporate Governance Code with the following exceptions:

- Recommendation 9 – According to the recommendation, both genders should be represented on the board. The composition of Cencorp's Board of Directors does not comply with this recommendation. In 2011, the Annual General Meeting did not elect any women as Board members. The company's goal is to comply with this recommendation of the Corporate Governance Code in the long term.
- Recommendation 14 – The composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code, according to which the majority of the directors shall be independent of the company and, in addition, at least two of the directors representing this majority shall be independent of significant shareholders of the company. In 2011, two of Cencorp's four directors were independent of the company and significant shareholders. The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group. Therefore, the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition. After Matti Paasila resigned from Cencorp's Board of Directors in February 2012, one of the three members of the Board of Directors is independent of the company and major shareholders. Cencorp's Board of Directors will continue with three members until the Annual General Meeting of 2012, which will be held on 19 April 2012.
- Recommendation 24 – The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

GROUP STRUCTURE

Cencorp Group consists of the parent company Cencorp Corporation and its subsidiaries Cencorp AB, Cencorp Americas LLC, Cencorp AS, Cencorp Kft, Cencorp (UK) Ltd, Cencorp USA Inc, PMJ testline Oy, Savcor Pacific Limited, Savcor Face (Guangzhou) Technologies Co., Ltd and Savcor Face (Beijing) Technologies Co., Ltd.

Cencorp's head office is located in Mikkeli. The company is part of the Finnish Savcor Group. Responsibility for Cencorp Group's corporate governance and operations is divided between the Board of Directors, which is appointed by the General Meeting, and the President and CEO.

GENERAL MEETING

The Annual General Meeting shall be held each year on a day decided by the Board of Directors, by the end of June. An Extraordinary General Meeting shall be held when deemed necessary by the Board of Directors or when legally required. The General Meeting shall be held at the Company's domicile, Mikkeli, or when the Board of Directors so decides, in Helsinki.

Corporate Governance Statement

The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. The Board of Directors may also decide to publish the invitation to the meeting in a national newspaper.

At the Annual General Meeting, the following shall be presented:

- Financial Statements
- Auditor's Report

At the Annual General Meeting, the following shall be decided upon:

- the approval and adoption of the Financial Statements
- the measures to be taken on the basis of the profit shown in the approved balance sheet,
- the discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members on the Board of Directors
- the remuneration payable to the members of the Board of Directors and the principles for indemnifying travel expenses

At the Annual General Meeting, the following shall be elected:

- the members of the Board of Directors and, when necessary, deputy members
- the auditor and, when necessary, deputy auditor

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's governance and the appropriate organisation of the company's operations. The Board comprises at least three and up to six members. The Board members are elected by the General Meeting for one year at a time. The Board elects a chairman from among its members. The Board of the parent company of Cencorp Group determines the composition of the Boards of its subsidiaries.

Main tasks of the Board of Directors

Under the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board is responsible for controlling and supervising the company's management; appointing and dismissing the President and CEO; approving the company's strategic goals, budget, total investments and their allocation, and bonus schemes; deciding on long-term contracts and the principles of risk management; ensuring the operation of the management system; approving the company's vision, values and organization model; approving and publishing interim reports, stock exchange releases, annual report and financial statements; determining the company's dividend policy; and summoning the General Meeting. It is the Board's duty to promote the best interest of the company and all its shareholders.

The Board of Directors convened 20 times in 2011. The attendance rate of the Board members was 97.5 percent.

Board Committees

In 2008, the Company's Board of Directors decided to discontinue the nomination and remuneration committee, as the addressing of these issues does not require preparation of matters by a group smaller than the entire Board of Directors.

The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

Composition of the Board of Directors

The Annual General Meeting held in 2011 elected four members to the Board of Directors. In February 2012, Vice Chairman of the Board Matti Paasila resigned from the Board. Ismo Rautiainen was elected as the new Vice Chairman.



Hannu Savisalo

- Chairman of the Board since 2009
- b. 1946, M.Sc. (Eng.), Industrial Counsellor (a Finnish honorary title)
- Chairman of the Board of Savcor Group Oy and Managing Director and Chairman of the Board of Savcor Group Ltd
- 119,235,078 shares in Cencorp Corporation on 31 December 2011 through Savcor Group Oy and 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd.



Ismo Rautiainen

- Vice Chairman of the Board since 2012, member of the Board in 2010–2012
- b. 1952, M.Sc. (Econ.), eMBA
- Managing Director of Cleantech Invest Oy
- Ismo Rautiainen has previously, among other positions, headed the telecommunications components business of Perlos Corporation and held management positions at Outokumpu Copper Products Oy
- member of the Board of Cleantech Invest Oy
- no shares in Cencorp Corporation



Mikko Savisalo

- member of the Board since 2009
- b. 1972, BBA (Accounting)
- Chief Financial Officer of Savcor Group Oy and Chief Financial Officer of Cencorp Corporation
- 119,235,078 shares in Cencorp Corporation on 31 December 2011 through Savcor Group Oy and 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd.

According to Recommendation 9 of the Finnish Corporate Governance Code, both genders should be represented on the board. The composition of Cencorp's Board of Directors does not comply with this recommendation. In 2011, the Annual General Meeting did not elect any women as Board members. The company's goal is to comply with this recommendation of the Corporate Governance Code in the long term.

Corporate Governance Statement

Evaluation of the independence of Board members

The Board of Directors evaluates its members' independence of the company and major shareholders.

Based on the evaluation of independence carried out in 2011, the composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code.

- Board members independent of the company and major shareholders were Matti Paasila and Ismo Rautiainen.
- Iikka Savisalo and Hannu Savisalo exercise control in Savcor Group Oy and act in the governing bodies of Savcor Group Oy and its subsidiaries. Cencorp is part of the Savcor Group.

The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group, and the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition.

After Matti Paasila resigned from Cencorp's Board of Directors in February 2012, one of the three members of the Board of Directors is independent of the company and major shareholders. Cencorp's Board of Directors will continue with three members until the Annual General Meeting of 2012, which will be held on 19 April 2012.

PRESIDENT AND CEO

Under the Limited Liability Companies Act, the President and CEO shall attend to the company's day-to-day management in compliance with the instructions and orders given by the Board of Directors. The President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The President and CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The President and CEO is responsible for the day-to-day operations, budget compliance, the performance of Cencorp Group, and the performance of those reporting directly to the President and CEO.

MANAGEMENT TEAM

The Group's Management Team assists the President and CEO in the operative management of the Company, prepares matters to be dealt with by the Board of Directors and the President and CEO and plans and oversees the operations of the business units. The Group's Management Team convenes when needed, however, at least twice a month. The Management Team is chaired by the President and CEO.

Composition of the Management Team

Mats Eriksson

- President and CEO since 2010
- b. 1962, Systems Architect
- Mats Eriksson was previously Managing Director of the Korean company HI-DIS Inc from 2007. Prior to that, he was Managing Director of Salcomp Plc and before that, Sales and Marketing Manager of Salcomp Plc. In addition, he has held various management positions, for instance at Teleste Corporation, TeamWARE Group Oy, ICL Data Oy and Partek Oy.
- no shares or share options in Cencorp Corporation

Anssi Jansson

- Executive Vice President, Corporate Service Business, member of the Management Team since 2009
- b. 1971, M.Sc. (Tech.)
- Anssi Jansson will continue in his position as Vice President, Sales & Marketing until a new employee takes over the position, after which he will head the new Corporate Service Business. He also acts as the. He has previously worked as Project Manager at VTT Technical Research Centre of Finland, where his responsibilities included sales of laser materials processing projects and as the Managing Director of Savcor Alfa Oy, which was acquired by Cencorp Corporation in 2009.

Jari Ketoluoto

- Vice President, Laser Business Development, member of the management team since 2009
- b. 1962, diploma in marketing and business administration
- Jari Ketoluoto has recently acted as Director at Savcor Alfa Oy, and prior to that held several management positions in the electronics industry.
- no shares or share options in Cencorp Corporation

Petri Kivelä

- Vice President, Customer Service, member of the Management Team since 2010
- b. 1968, Machine Automation Technician
- Petri Kivelä was previously Production Manager at Satel Oy and prior to that, held various production supervisor positions at Nokia Corporation and UPM.
- no shares or share options in Cencorp Corporation

Iikka Savisalo

- Chief Financial Officer, member of the Management Team since 2012
- b. 1972, BBA (Accounting)
- Iikka Savisalo also acts as Savcor Group Oy's Chief Financial Officer.
- 119,235,078 shares in Cencorp Corporation on 31 December 2011 through Savcor Group Oy and 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd.

Sami Lindfors

- Vice President, Face (Telecom) Business, member of the Management Team since 2010
- b. 1975, MBA
- Sami Lindfors joined the Savcor Group in 1996. In 2001, he transferred to Guangzhou, China, as President of Chinese operations and, since 2004, has served as President of Savcor Face China.
- no shares or share options in Cencorp Corporation

Henrikki Pantsar

- Vice President, Product Development, member of the Management Team since 2010
- b. 1974, Doctor of Technology
- Henrikki Pantsar has long-term experience in the development of industrial laser processes and engineering related to production and research equipment and applications of laser technology to meet the needs of the new energy industry. He has recently worked at Fraunhofer USA Inc's Center for Laser Technology.
- no shares or share options in Cencorp Corporation

In 2011, the Management Team also included Simo Hietaniemi and Päivi Lehtovaara.

Corporate Governance Statement

REMUNERATION

The General Meeting decides on the remuneration of the Board members and auditors. The Board of Directors decides on and approves the President and CEO's terms of employment with a written contract. The Board of Directors decides on the principles of remuneration for senior management. The Board of Directors annually approves, if appropriate, an incentive system for the Company's employees.

The Board of Directors has decided not to set up separate committees since the scope of the Company's business and the size of the Board of Directors do not require matters to be prepared by a group smaller than the Board of Directors. Therefore, the task of preparing the remuneration of the Board of Directors has not been assigned to the nomination committee and the task of preparing the remuneration of other executives has not been assigned to the remuneration committee.

Remuneration of the Board of Directors

The Annual General Meeting held in spring 2011 decided that an annual remuneration of EUR 40,000 be paid to both the Chairman and the Vice Chairman of the Board of Directors and an annual remuneration of EUR 30,000 be paid to the Board members. In addition, travel expenses are indemnified in accordance with Cencorp Corporation's travel policy. The Board members do not have fringe benefits or other benefits outside their remuneration.

Remuneration of the President and CEO and other Management Team members

The Company's President and CEO is Mats Eriksson. The period of notice on the President and CEO agreement is six months, both for the Company and for Mats Eriksson. Should the Company terminate Mats Eriksson's President and CEO agreement and Savcor Group Oy has, prior to the termination, given up its direct and indirect control over the Company, the Company shall pay Mats Eriksson, in addition to the notice period pay, severance pay corresponding to Mats Eriksson's monthly salary multiplied by 12. Should Mats Eriksson terminate the President and CEO agreement for a reason not attributable to the Company, the Company shall not be liable to pay Mats Eriksson any other compensation than the notice period pay. If the Company cancels the President and CEO agreement, the Company shall not be liable to pay Mats Eriksson the above-mentioned severance pay or any other compensation.

Should Mats Eriksson become permanently disabled, he shall be entitled to the above-mentioned severance pay in accordance with the terms and conditions of the life insurance policy taken out by the Company for the President and CEO. Should Mats Eriksson die while the President and CEO agreement is in force, Mats Eriksson's beneficiaries shall be entitled to the above-mentioned severance pay in accordance with the terms and conditions of the life insurance policy taken out by the Company for the President and CEO. The President and CEO's pension is determined in accordance with the Employees Pensions Act.

The Board of Directors decides on the principles of remuneration of the members of the Management Team. The remuneration system consists of a monthly salary and an annual bonus.

The salaries, fees and fringe benefits paid to President and CEO Mats Eriksson in 2011 totaled EUR 202,370. There are no option-based incentive schemes in place for the President and CEO. In 2011, a total of EUR 789,282 was paid to the other Management Team members as salaries, fees and fringe benefits. No remuneration was paid to the members of the Management Team under the bonus scheme in 2011.

The shares and options held by the Management Team can be found on Cencorp's website. (Corporate Governance > Insiders)

Bonus schemes for employees

Cencorp has in place a salary-based bonus scheme for management and other employees based in Finland. The Board of Directors decides on the application of the bonus scheme annually.

Depending on the job, the maximum amount payable under the bonus scheme 2011 can vary between 8 and 12 percent of the person's regular annual salary. The amount payable to the President and CEO and other executives under the bonus scheme can be up to 15 percent of their regular annual salary.

The payment of the amount under the bonus scheme is linked to the realization of the company's business targets and those set for the person's field of responsibility. In addition, indicators related to processes, personal goals and projects are used.

Cencorp's production plants in China have introduced various remuneration schemes relating to production targets.

Option scheme

The company has share options as follows:

- 8,931,000 options connected to bond I/2010, the subscription period for which ends on May 25, 2015. Savcor Group Oy holds the options connected to bond I/2010.
- No 2006C series options have been allocated and Cencorp Group continues to hold them.

The subscription period for the 2006B options, which number 250,000, ended on 30 April 2011. The 2007A options number 1,801,400 and their subscription period ended on 30 September 2011.

More information on the options can be found on pages 44-45 of the Annual Report 2011.

INSIDERS AND INSIDER ADMINISTRATION

Cencorp has in place insider rules complying with the guidelines for insiders approved by NASDAQ OMX Helsinki Ltd. According to the insider rules, insiders, persons under their guardianship and corporations under their control are not permitted to trade in the Company's shares and options during a period of 14 days prior to the publication of its financial results (closed window period).

The Company's statutory insiders include the members of the Board of Directors, the President and CEO, the auditors and the accounting firm's auditor with principal responsibility. In addition, the Company's permanent insiders include, as specified insiders, the members of the Management team and specified persons from the Group's financial and other administration. Persons involved in corporate transactions or other projects that affect the value of the Company's shares are included in the Company's project-specific insiders and are subject to a temporary prohibition of trading.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Control Environment

Cencorp's business idea

Cencorp Corporation is a leading provider of industrial automation solutions. The equipment included in the product portfolio designed for depaneling, odd-form assembly, testing and laser materials processing substantially improves the efficiency of customers' production. The product range also includes EMI shielding solutions, flexible circuits, decorations and RFID antennas. Cencorp's customers are automotive electronics manufacturers and manufacturers operating in telecommunications, industrial automation and EMS, and companies operating in the renewable energy sector.

Environmental Policy

The company complies with the environmental legislation in force. The company aims to take environmental issues into consideration in management systems and decision-making.

Corporate Governance Statement

Planning and monitoring processes

The Group's operations are planned and reviewed annually using a strategic planning process and a budgeting process. The implementation of plans and the development of the business environment are monitored in connection with monthly reports, quarterly reports and financial statements.

At Cencorp Group, risk analysis and risk management are part of the annual strategic planning process and day-to-day operations. The purpose of internal control and risk management is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles.

Internal control activities

Authority and responsibility are assigned to persons responsible for budget compliance and to line organization supervisors, in accordance with their roles and duties. Compliance with laws and regulations is ensured using internal guidelines. The objectives of internal control include operational targets, financial reporting and compliance with laws and regulations.

Board of Directors

- Defining the operating principles of internal control
- Monitoring the performance of internal control
- Approving the company's risk management principles
- Reviewing auditors' reports
- Determining the company's bonus scheme

President and CEO

- Monitoring the existence and performance of internal control in practice
- Ensuring that operations are in compliance with the company's values
- Adjusting operating principles and policies
- Ensuring the appropriate and efficient use of resources
- Determining control mechanisms (approval processes, balancing and reporting)
- Determining risk management principles and methods

Chief Financial Officer

- Management accounting: monitoring and analysis of performance
- Financial accounting and reporting
- Maintenance and development of planning processes
- Ensuring liquidity

Auditor

- Statutory audit
- Expanded audit at the Board's separate request
- Reporting to the Board

Internal control and risk management

Cencorp's Board of Directors is responsible for the control of the Company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

Due to the small size of the company and the limited scope of its business operations, Cencorp does not have an internal auditing organization or an audit committee. The Board aims to evaluate and continuously develop the company's risk management, internal control and management processes, also by using the interim audits and internal control reports prepared by external auditors in connection with interim reports.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The Company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Reporting system

Cencorp prepares its consolidated financial statements and interim reports in compliance with the International Financial Reporting Standards (IFRS) adopted in the EU. The report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Accounting Act and the guidelines and published opinions of the Accounting Board.

In accordance with the reporting system, the CEO reports to the Board of Directors monthly on the operations, performance and deviations from the budget and adjusted forecasts (monthly report) of the Group and its business units; quarterly on the operating result based on the interim report/financial statements; and immediately on any significant changes in the business environment. The President and CEO reports to the Board of Directors regularly on the implementation of the company's strategy and long-term plans.

The CFO is responsible for Group reporting. Accounting for the Finnish Group companies and consolidated financial statements is carried out in the financial department of Cencorp's parent company, Savcor Group Oy. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

The accuracy of reporting is ensured by using financial reporting guidelines, maintaining the professional skills of employees, ensuring the reliability of information systems, using normal internal control mechanisms and an expanded audit. Any deviations from the budget or plans detected in reports are investigated.

The CFO and external auditors are responsible for verifying the accuracy of the financial reporting.

Communications

The Board of Directors and the President and CEO are together responsible for the Group's communications. The President and CEO is responsible for communications within the company.

Monitoring

The performance of internal control is evaluated regularly in connection with management and control measures, and separately upon the completion of audit reports. Monitoring measures carried out continuously include comparing the actual and targeted figures in financial reports, various balancing measures, and the monitoring of the regularity of operational reports.

The Board's annual plan includes planning and monitoring meetings. Information systems are, for the most part, established, and their reliability is regularly assessed by an external expert.

Auditing

The auditor is elected for one term at a time by the Annual General Meeting. The term ends at the end of the following Annual General Meeting. The company's auditor is Authorized Public Accountants Ernst & Young Oy, with Mikko Ryttilahti, Authorized Public Accountant, acting as the principal auditor. Information concerning the fees paid to the auditors can be found on page 36 of the Annual Report.

Corporate Directory

CENCORP OYJ

Reg.nr. 0749606-1
Domicile: Mikkeli, Suomi
Webpage: www.cencorp.com

CONTACTS

Insinöörinkatu 8
FI-50100 Mikkeli
Tel: +358 20 7747 788
Fax: +358 20 7747 770

BOARD

Hannu Savisalo (Chairman)
Ismo Rautiainen (Independent member)
Iikka Savisalo (Member)

CEO

Mats Eriksson

LISTED

NASDAQ OMX Helsinki Oy
Trading ID: CNC1V

AUDITOR

Ernst & Young
Elielinaukio 5 B
FI00100 Helsinki
Tel: +358 207 280 190
Fax: +358 207 280 199

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting of Cencorp Oyj will be held on 19 April, 2012.

