

INTERIM REPORT

1.9.2008 - 28.2.2009



VAAHTO GROUP
1874

VAAHTO GROUP INTERIM REPORT

For September 1, 2008 – February 28, 2009

Vahto Group's turnover for the period under review was 32.3 million euros (compared with 41.8 million euros for the corresponding period in the previous fiscal year), with an operating loss of 2.8 million euros (comparative: operating profit of 0.2 million euros). Turnover saw a decrease of 23% from that of the reference period, undermining the result significantly. Vahto Group's order backlog decreased during the period; it was 54.4 million euros at the beginning of the period and 43.2 million euros at the period end.



Pulp & Paper Machinery

The Pulp & Paper Machinery division's turnover for the period under review was 18.7 million euros (23.3 million euros), with an operating loss of 3.5 million euros (operating loss of 1.8 million euros). The turnover decreased by 20% from that of the reference period, and the division's result was unprofitable. Together with decreased turnover, the result was affected by poor profitability of projects entered in the accounts during the period under review.

The investment level for forest industry is very low globally, and the marketing environment for the Pulp & Paper division is extremely challenging. In this tough competitive situation the most significant new orders for the division were the board machine rebuilding for Stora Enso in Inkeroinen, and the headbox project for Stora Enso's board machine in Imatra.

The Pulp & Paper Machinery division's order backlog decreased during the period under review. However, the large orders received at the end of the previous fiscal year ensured that the division's order backlog at the end of the review period was significantly larger than a year earlier. The results of these projects will be entered in the accounts mainly in the latter part of the current fiscal year.

In the period under review, the division took action to merge Vahto Roll Service Oy, part of the division, with Vahto Oy. The purpose of the merger is to simplify the Group's structure, diminish expenses, and further develop the operations of the Vahto Pulp & Paper Machinery division.

Process Machinery

The Process Machinery division's turnover for the period under review was 14.2 million euros (18.5 million euros), with an operating profit of 0.7 million euros (2.0 million euros). The turnover decreased by 24% from that of the reference period, making the result lower than in the reference period.

The Process Machinery division's market situation has deteriorated rapidly, and the order backlog has decreased for both tanks and agitators. The most significant deal made during the period under review was the order received by Japrotek Oy Ab for a nitric acid absorption column for Uhde in Indonesia. The division still has a significant number of customer projects in the offer phase, but decisions on the realization of the projects have been delayed due to the current economic climate.

Research and development

The Group's research and development activities concentrate for the most part on improving the competitiveness of the Pulp & Paper Machinery division's key components for paper and board machines, and that of roll servicing. The scope of the Group's R&D activities remained the same as in the previous fiscal period.

Investments

The Group's capital expenditure for the period came to 2.4 million euros (1.1 million euros). The most significant investment was the acquisition of an FPT broaching drill for Vahto Oy. Other investments consisted mainly of smaller machinery and equipment acquisitions and of investments in information systems.

Financing

The Group's cash flow for the period under review was -1.7 million euros (2.6 million euros), with an investment cash flow of -2.4 million euros (-1.1 million euros). The increase in debt, including interest, was 6.7 million euros.

The total of the consolidated balance sheet was 46.7 million euros (45.9 million euros). The Group's equity ratio decreased to 25.1% (35.4%).

Personnel

The number of Group personnel averaged 417 (427) over the period.

Share issue authorizations

The Board of Directors has no authority to issue new shares, convertible bonds, or bonds with warrants, nor the authorization to obtain or surrender shares.

International financial reporting standards

The interim report was drawn up in accordance with International Financial Reporting Standard (IFRS) IAS 34 ("Interim Financial Reporting").

Forecast of developments

The international financial climate has led to great insecurity in the market and the postponement of investment decisions. The market situation is thus highly challenging, and Vahto Group's order backlog decreased in the period under review. During the period under review the Group companies have taken action to adjust their operations to the current demand and market situation.

The results of these projects will be entered in the accounts mainly in the latter part of the current fiscal year. The result for the second half of the fiscal year is expected to improve from the first half, but the turnover for the entire fiscal year will remain unprofitable. Interim management statement

During the second half of the fiscal year lasting from September 1, 2008 to August 31, 2009, Vahto Group Plc Oyj will publish an interim management statement instead of an interim report of operations during a nine month period. The interim management statement will be published on June 26, 2009.

In Lahti on April 17, 2009

Board of Directors

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS 1000 EUR	Interim Report 1.9.2008- 28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Net sales	32 280	41 828	73 207
Change in finished goods and work in progress	-1 085	245	92
Production for own use	566	264	693
Other operating income	35	61	688
Share of profits of affiliated companies	25	14	14
Material and services	-17 369	-23 750	-39 404
Employee benefit expenses	-10 962	-11 519	-21 082
Depreciations	-1 467	-887	-2 220
Other operating expenses	-4 781	-6 051	-11 339
Operating profit or loss	-2 758	204	649
Financing income	54	78	70
Financing expenses	-540	-339	-796
Profit or loss before taxes	-3 244	-57	-77
Tax on income from operations	843	86	396
Profit or loss for the period	-2 401	29	320
Net profit or loss attributable:			
To equity holders of the parent	-2 372	-19	238
To minority interest	-28	47	82
Total	-2 401	29	320
Earnings per share calculated on profit attributable to equity holders of the parent:			
EPS undiluted, euros/share	-0,83	-0,01	0,08
EPS diluted, euros/share	-0,83	-0,01	0,08
Average number of shares (1000 shares)	2 872	2 872	2 872
CONSOLIDATED BALANCE SHEET, IFRS 1000 EUR	Interim Report 28.2.2009	Interim Report 29.2.2008	Annual Report 31.8.2008
Assets			
Intangible assets	2 441	651	3 127
Goodwill	1 702	1 702	1 702
Tangible assets	15 803	14 847	14 198
Shares in affiliated companies	62	38	39
Non-current trade and other receivables	13	13	13
Other long-term investments	44	44	44
Deferred tax asset	1 446	332	471
Non-current assets	21 510	17 627	19 594
Inventories	7 993	8 466	8 508
Trade receivables and other receivables	15 724	17 373	12 392
Tax receivable, income tax	1 017	100	624
Cash equivalents	0	950	0
Cash and bank	440	1 405	730
Current assets	25 174	28 294	22 253
Total assets	46 684	45 921	41 847
Equity and liabilities			
Share capital	2 872	2 872	2 872
Share premium account	6	6	6
Other reserves	1 787	2 173	2 006
Retained earnings	4 905	7 277	7 537
Equity attributable to equity holders of the parent company	9 570	12 328	12 421
Minority share	1 262	1 302	1 336
Shareholders' equity	10 832	13 630	13 757
Deferred tax liability	725	997	736
Long-term liabilities, interest-bearing	7 429	4 130	7 378
Non-current provisions	271	394	271
Non-current liabilities	8 425	5 521	8 385
Short-term liabilities, interest-bearing	11 164	7 757	7 087
Trade payables and other liabilities	16 197	19 012	12 618
Tax liability	67	1	1
Current liabilities	27 427	26 770	19 705
Liabilities	35 852	32 291	28 090
Total equity and liabilities	46 684	45 921	41 847

KEY FIGURES AND CONSOLIDATED FLOW OF FUNDS STATEMENT, IFRS

KEY FIGURES, IFRS	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Operating profit or loss 1000 EUR	-2 758	204	649
Operating profit or loss % of net sales	-8,5	0,5	0,9
Return on equity %	-19,5	0,2	2,2
Return on investment %	-9,4	1,1	2,6
Earnings per share EUR	-0,83	-0,01	0,08
Shareholders' equity per share EUR	3,33	4,25	4,32
Solidity %	25,1	35,4	37,3
Gearing	167,6	69,9	99,8
Order backlog 1000 EUR	43 194	33 464	54 384
Gross investments 1000 EUR	2 385	1 120	4 613
Total average number of personnel	417	427	426
CONSOLIDATED FLOW OF FUNDS STATEMENT, IFRS 1000 EUR	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Profit or loss before taxes	-3 244	-57	-77
Adjustments	1 655	891	1 817
Change in working capital	434	2 073	337
Financial income and expenses and taxes	-553	-318	-840
Flow of funds from operations	-1 707	2 590	1 236
Investments in tangible and intangible assets	-2 385	-1 120	-4 613
Income from sales of tangible and intangible assets	7	5	650
Flow of funds from investments	-2 378	-1 115	-3 963
Increase of the interest-bearing liabilities	6 135	2 061	10 566
Decrease of the interest-bearing liabilities	-2 007	-1 428	-7 355
Dividends	-333	-1 287	-1 287
Flow of funds from financial items	3 795	-654	1 923
Change of liquid funds	-290	-821	-804

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS 1000 EUR	Share capital and share premium account	Hedging reserves	Other reserves	Retained earnings	Minority interest	Total
Interim Report 1.9.2008 - 28.2.2009						
Shareholders' equity 1.9.2008	2 878	-93	2 100	7 537	1 336	13 758
Cash flow hedging: increase or decrease (hedging reserve)		-292				-292
Deferred taxes' share of period movements		76				76
Change in translation difference				25		25
Reclassifications between items			-3	3		
Net profits/losses recognized directly to shareholders' equity		-216	-3	28		-191
Profit/loss for the period				-2 372	-28	-2 401
Total profits and losses		-216	-3	-2 344	-28	-2 592
Dividend distribution				-287	-46	-333
Shareholders' equity 28.2.2009	2 878	-310	2 097	4 905	1 262	10 832

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS 1000 EUR	Share capital and share premium account	Hedging reserves	Other reserves	Retained earnings	Minority interest	Total
Interim Report 1.9.2007 - 29.2.2008						
Shareholders' equity 1.9.2007	2 878	22	2 106	8 438	1 393	14 835
Cash flow hedging: increase or decrease (hedging reserve)		49				49
Change in translation difference				5		5
Reclassifications between items			-3	3		
Net profits/losses recognized directly to shareholders' equity		49	-3	8		53
Profit/loss for the period				-19	47	29
Total profits and losses		49	-3	-11	47	82
Dividend distribution				-1 149	-138	-1 287
Shareholders' equity 29.2.2008	2 878	70	2 103	7 277	1 302	13 630

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS 1000 EUR	Share capital and share premium account	Hedging reserves	Other reserves	Retained earnings	Minority interest	Total
Annual Report 1.9.2007 - 31.8.2008						
Shareholders' equity 1.9.2007	2 878	22	2 106	8 437	1 393	14 835
Cash flow hedging: increase or decrease (hedging reserve)		-148				-148
Deferred taxes' share of period movements		33				33
Change in translation difference				5		5
Reclassifications between items			-6	6		
Net profits/losses recognized directly to shareholders' equity		-115	-6	11		-110
Profit/loss for the period				238	82	320
Total profits and losses			-6	249	82	210
Dividend distribution				-1 149	-138	-1 287
Shareholders' equity 31.8.2008	2 878	-93	2 100	7 537	1 336	13 757

SEGMENT INFORMATION, IFRS

The business of Vaahto Group is reported as two business segments:
Pulp & Paper Machinery and Process Machinery.

NET SALES BY BUSINESS SEGMENTS, IFRS 1000 EUR	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Pulp & Paper Machinery	18 748	23 336	39 549
Process Machinery	14 155	18 493	34 406
Operating profit or loss between segments	-623	-1	-748
Group total	32 280	41 828	73 207
OPERATING PROFIT OR LOSS BY BUSINESS SEGMENTS, IFRS 1000 EUR	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Pulp & Paper Machinery	-3 450	-1 778	-3 330
Process Machinery	684	1 976	3 982
Other	-1	-2	-2
Operating profit or loss between segments	9	7	0
Group total	-2 758	204	649
AVERAGE NUMBER OF PERSONNEL BY BUSINESS SEGMENT 1000 EUR	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Pulp & Paper Machinery	269	252	249
Process Machinery	148	175	177
Group total	417	427	426
NET SALES BY MARKET AREAS, IFRS 1000 EUR	Interim Report 1.9.2008-28.2.2009 6 months	Interim Report 1.9.2007-29.2.2008 6 months	Annual Report 1.9.2007-31.8.2008 12 months
Finland	12 012	14 234	28 859
Other Europe	16 170	19 964	30 182
North America	252	2 919	3 837
Asia	3 839	4 589	9 881
Africa	0	120	120
Other	7	1	328
Group total	32 280	41 828	73 207

Figures are in thousand euros unless stated otherwise. Figures are unaudited.

NOTES REQUIRED BY IAS 34

Accounting principles

The Interim report was drawn up according to the same accounting principles and calculation methods as the previous financial statement, for the fiscal period that ended on August 31, 2008.

Dividends paid

In the period under review, Vaahto Group Plc Oyj paid a dividend of 0.10 euros per share (for both A and K shares) - i.e. a total of 287,230.20 euros.



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