FINANCIAL STATEMENTS 2009

SCANFIL

Contents

Annual General Meeting

The Annual General Meeting of Scanfil Oyj will be held on Thursday 8 April 2010 at 2.00 p.m. in company's main office, at the address Yritystie 6, Sievi, Finland. The shareholders' meeting will examine the matters referred to in the summons to the meeting published in accordance with the Articles of Association, which are also presented in a stock market announcement and on the company's web site www.scanfil.com.

Eligibility to attend the meeting shall be enjoyed by shareholders who were entered by 25 March 2010 at the latest as shareholders in the register of Scanfil Oyj's shareholders kept by Euroclear Finland Ltd. In order to be able to attend the Annual General Meeting, shareholders shall register with the company by 4 p.m. on 1 April 2010 at the latest, either in writing to the address Scanfil Oyj, Yritystie 6, 85410 Sievi, Finland, by telephone, on + 358 – 8 – 4882 111, to Mrs Anne-Maarit Kainulainen or by e-mail anne-maarit.kainulainen@scanfil.com.

When registering by post, the letter shall have arrived before the end of the registration period. Possible proxy documents should be delivered in originals before the last date for registration.

Dividend distribution policy

The company's objective is to pay dividend regularly each year. The level of dividends paid and the date of payment are affected, inter alia, by the Group's result, financial position, need for capital and other possible factors. The aim is to distribute approx. a third of the Group's annual result to shareholders in the form of dividend.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting that, according to the dividend policy, a dividend of EUR 0.08 per share be paid based on the annual result of the financial year ending on 31 December 2009, plus an additional dividend of EUR 0.04 per share on the market.

The record date for payment of dividend shall be 13 April 2010 and the date of payment of dividend 20 April 2010. Dividend shall be paid to shareholders who on the record date are entered in the register of the company's shareholders kept by the Euroclear Finland Ltd.

Financial information

In 2010, Scanfil Oyj will be publishing the following financial reviews:

Financial statement bulletin
15 February 2010
Annual report
week 11/2010
Interim Report for
January–March 26 April 2010
Interim Report for
January–June 3 August 2010
Interim Report for
January–September 22 October 2010

The financial reviews will be appearing in Finnish and English, and be published on the company's web site at www.scanfil.com. The publications can also be ordered from the address Scanfil Oyj, Yritystie 6, 85410 Sievi, Finland and by telephone on + 358 – 8 – 4882 111.

Register of shareholders

Shareholders are requested to give notice of changes of name and address to the bank, bankers or Euroclear Finland Oy (Finnish Central Securities Depository), which, as the account operator chosen by each shareholder, administers the shareholder's book-entry securities account.

General

Scanfil plc

The Extraordinary General Meeting of Scanfil EMS Oy decided on 30 September 2009 on a capital return of EUR 65 million to the parent company Scanfil plc. Until 31 December 2009 Scanfil EMS Oy has settled EUR 34.0 million of the capital return by cash assets. The promissory note loan issued by Scanfil plc is remaining EUR 31.0 million. After the capital return, the EMS Subgroup's equity ratio was 39% on 31 December 2009.

Strategic investments constitute the core of Scanfil plc's investment activities. They can be divided into two parts, one of which is aimed at supporting the EMS Subgroup's strategy of profitable growth with carefully selected acquisitions and eventual other restructuring operations. The goal of the other part is to search for new growth opportunities for the Group in other business areas. Scanfil is attempting to acquire shares of ownership that allow an active say in the operations of the selected companies. In the fourth quarter, Scanfil plc made its first strategic investments and acquired an 8.6% share of the food production company Lännen Tehtaat plc, and an 18.7% share of the electronic locking solutions manufacturer iLoq Ltd.

In the review period, cash assets were, among other things, invested in bonds, credit linked notes and ETF and equity investments.

Scanfil EMS Subgroup

The global investment recession reduced demand from most of Scanfil's clients. Due to the reduced demand, the company's turnover decreased from the previous year. However, the demand of some individual clients has grown, and with one client Scanfil has been able to substantially increase its market share, which partially balances the loss of sales. The total demand of Scanfil's telecommunications and industrial electronics customers has remained steady throughout the year, although individual fluctuations by client were drastic. Demand from industrial electronics customers was more pronounced early in the year, whereas towards the end of the year demand from telecommunications customers picked up slightly from the previous months.

In the period under review, the company concentrated especially on industrial electronics customers and on finding new clients in order to balance its sales, expand its customer base and reduce client-specific risk. Active efforts to acquire new clients were successful and new accounts are being initiated with several new customers, such as Heidelberger Druckmaschinen AG and Kemppi Oy. Additionally, we are constantly negotiating possibilities to expand our cooperation with previous clients. Collaboration in Finland with The Switch manufacturing power converters to wind power generators was established and a contract to expand the range of collaboration in China was signed. Industrial electronics customers accounted for 41% of total annual sales (38% in 2008), and the telecommunications customers' share was 59% (62%).

A new production pattern was introduced by the company's Chinese subsidiaries with excellent results such as improved production flexibility, shorter turnaround times, enhanced reliability of deliveries, better quality and lower production costs. The introduction of similar operating patterns was initiated during the period in the European plants as well. Thanks to successful development activities, Scanfil EMS Subgroup was able, in spite of the challenging market situation and decreasing demand, to keep its profitability at a satisfactory level throughout the year, with an operating profit of 7.9%.

Additionally, the structure of the company's production activities has been reorganised during the year in order to maintain the company's competitiveness even in the long term. The organisations of the electronics and mechanics plants in Sievi were merged in the third quarter, and electronics production will partly be relocated to Estonia. During the first quarter of 2010, the manual and automatic assembly of PCBs in Europe will be centralised in the Pärnu plant. The new surface mounting assembly line of the Pärnu plant was implemented in the fourth quarter of 2009. The sheet metal mechanics machinery of the plants in Sievi, Vantaa and Estonia was renewed by installing new state-of-the-art punching machines that are environmentally friendly and energy efficient.

Simultaneously, the sheet metal mechanics production capacity of the Estonian plant was enhanced. The non-recurring cost of the structural and procedural changes in the production activities is included in the financial result of the accounting period.

During the year, the company carried out two statutory employer–employee negotiations in Sievi concerning the merger of the electronics and mechanics plants and the restructuring of production. The negotiations resulted in the gradual termination of the employment contract of 51 employees by the end of the first quarter of 2010.

Scanfil Group's financial performance

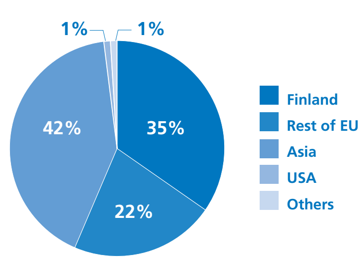
The Group's turnover in 2009 was EUR 197.3 million (218.9 million), showing a decrease of 9.8% over the previous year. Distribution of turnover based on the location of customers was as follows: Finland 35% (47%), the rest of Europe 22% (21%), Asia 42% (30%), the USA 1% (1%) and others 1% (2%).

The Chinese subsidiaries' sales accounted for 45% of the Group's sales during the review period (37% in 2008), including deliveries to the Group's other plants.

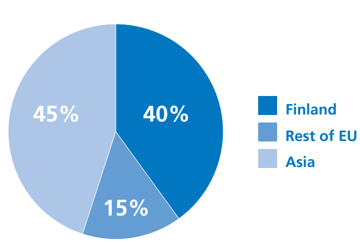
Thanks to the implemented measures to develop the company's production patterns and structures, profitability remained at a very satisfactory level, with an operating profit of EUR 16.0 million (21.1 million), representing 8.1% (9.7%) of turnover. Profit for the review period was EUR 14.3 million (15.6 million), which is 7.3% (7.1%) of turnover. Earnings per share were EUR 0.25 (0.27) and return on investment 13.9% (13.7%).

The financial income and expenses from January-December of 2009 include Scanfil plc's realized interest income and capital gains of EUR 3.3 million (1.8 million) and value changes of financial assets recognised at fair value of EUR 2.1 million (-2.9 million), resulting in a total recorded value of EUR 5.4 million (-1.2 million).

Turnover geographically 2009



Sales geographically 2009



Income tax includes taxes corresponding to the result for the period. In accordance with Chinese tax legislation in force from the beginning of the year 2009, EUR 0.95 million of tax at source was paid on the dividends distributed by Chinese subsidiaries.

Owing to the business structure, fluctuations in exchange rates had no substantial overall impact on the company's performance.

Financing and capital expenditure

The Group enjoys a strong financial position. Liabilities amounted to EUR 50.2 million (46.0 million), EUR 38.2 million (34.0 million) of which were non-interest-bearing and EUR 12.0 million (12.0 million) interest bearing. The equity ration was 75.0% (76.1%) and gearing was –46.7% (-38.4%).

Financial assets amounted to EUR 82.3 million (68.1 million). EUR 51.2 million (45.1 million) of financial assets were deposited in bank accounts and as time deposits with less than three months' maturity. An additional EUR 31.1 million (23.0 million) were in financial instruments, mainly in bonds, credit linked notes and structured financial instruments, as well as in ETF and equity investments; of these, EUR 16.6 million (15.3 million) is totally liquid or will mature in less than a year.

These are secondary market investments. In compliance with the IFRS, the investments have been recognised at fair value. In conjunction with the initial recognition, the Group has classified as assets recognised at fair value all investments from the accounting period in instruments that include a component generating interest at a fixed rate, and a component linked to, for example, a share index or credit liability. The latter component is a linked derivative that considerably changes the cash flow of the main instrument. Consequently, the instrument as a whole has been recognised at fair value through profit or loss.

Because of the market uncertainty in 2008, an impairment loss of EUR 2.9 million was recorded in the financial statement of 31 December 2008. In 2009, as the situation had become more balanced and investment values had recovered, in addition to realized income, appreciations of EUR 2.1 million were recorded.

Cash flow from operations was positive in the accounting period, at EUR 30.9 million (23.0 million). The change in the working capital in the accounting period was EUR 16.3 million (2.3 million). Cash flow from investments was EUR -15.4 million (-25.9 million), of which EUR -14.1 million (-25.6 million) consisted of the parent company's investments in financial instruments. The investments include the investments in Lännen Tehtaat plc and iLoq Ltd. The cash flow from financing was EUR -8.5 million (-3.1 million). A total of EUR 7.0 million (7.0 million) was paid in dividends from the previous accounting period.

Gross investments in fixed assets totalled EUR 3.1 million (3.9 million), which is 1.6% (1.8%) of turnover. Investments consist mainly of machinery and equipment purchases. Depreciations were EUR 5.1 million (6.8 million).

Board of Directors' authorisation

The Annual General Meeting decided on 26 March 2009, according to the Board of Directors' proposal, to authorize the Board of Directors to decide on the acquisition of the Company's own shares with distributable assets. The authorisation is in force until the closing of the following Annual General Meeting.

The Board of Directors has no existing share issue authorisations or authorisations to issue convertible bonds with warrants.

Own shares

On 31 December 2009, the company owned a total of 2,988,353 of its own shares, which represented 4.9% of the company's share capital and votes. Between January and December 2009 the company acquired 722,848 of its own shares; the average price per share was EUR 2.03.

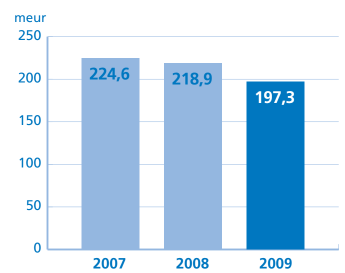
During the review period, the company disposed of 5,687 of its own shares in conjunction with the share-based profit-sharing scheme of the Group's Management Team.

Personnel

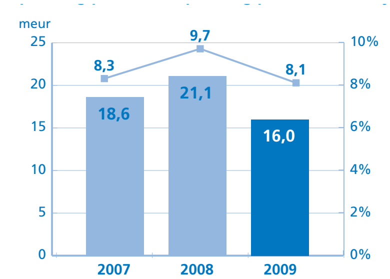
At the end of the review period the Group employed 2,061 (2,068) people, of whom 1,561 (1,516) worked abroad. At the end of the year 56 (51)% of the personnel was working in Chinese subsidiaries. In all, 76 (73%) of the Group's personnel were employed by subsidiaries outside Finland on 31 December 2009.

The Group employed an average 2,064 (2,132) people during the year.

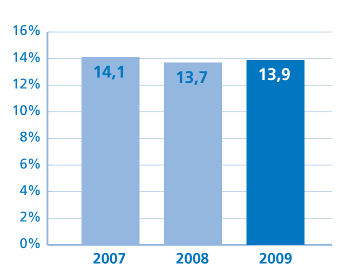
Turnover annually



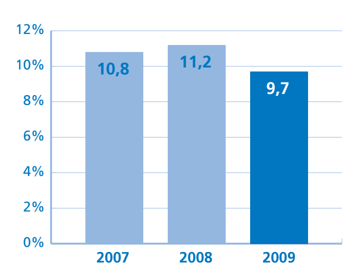
Operating profit and operating profit% annually



Return on investment



Return on equity



Personnel by country on 31 December 2009: Finland 500, Estonia 286, Hungary 128, China 1,147.

The average age of personnel is lowest in China about 30 years. In Hungary and Estonia, the average age is almost the same: about 35 years. The average age of the Finnish personnel is about 40 years. There is a bit more men working in the Group than women, men accounting for 56% ja women for 44% of the personnel.

Group structure

Scanfil Group comprises the Finland-based Scanfil plc (Finland), an investment company, and its fully-owned subgroup Scanfil EMS Oy (Finland), which engages in contract manufacturing. Scanfil N.V. (Hoboken), located in Belgium and wholly owned by Scanfil plc, has not had any production activities since 2006.

The Scanfil EMS Group consists of the parent company Scanfil EMS Oy (Finland), Scanfil (Suzhou) Co., Ltd. and Scanfil (Hangzhou) Co., Ltd. in China; Scanfil Kft. (Budapest), engaged in manufacturing; and the real-estate company Rozaliá Invest Kft. (Budapest) in Hungary and Scanfil Oü (Pärnu) in Estonia. The Scanfil EMS Group holds the entire share capital of all of its subsidiaries.

Share trading and share performance

The highest trading price during the review period was EUR 2.81 and the lowest EUR 1.82, the closing price for the period standing at EUR 2.75. A total of 7,382,392 shares were traded during the period, corresponding to 12.2% of the total number of shares. The market value of the shares on 31 December 2009 was EUR 167,0 million.

The Board of Directors and President

The annual general meeting held on 26 March 2009 Asa-Matti Lyytinen, Jorma J. Takanen, Reijo Pöllä, Jarkko Takanen and Tuomo Lähdesmäki were re-elected as members of the Board of Directors. At its organizing meeting held on 26 March 2009 the new board of directors elected Jorma J. Takanen as the Chairman of the Board of Directors and Asa-Matti Lyytinen as the Vice Chairman.

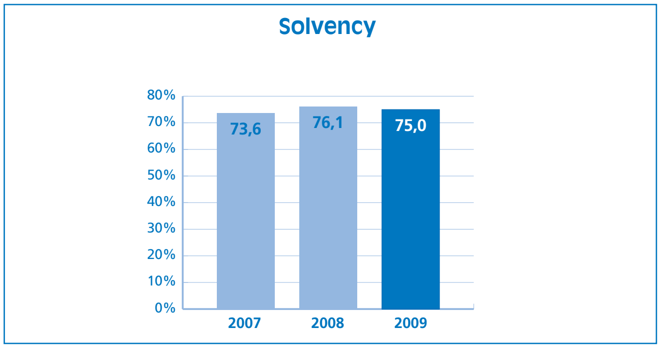
Harri Takanen acted as the company's President.

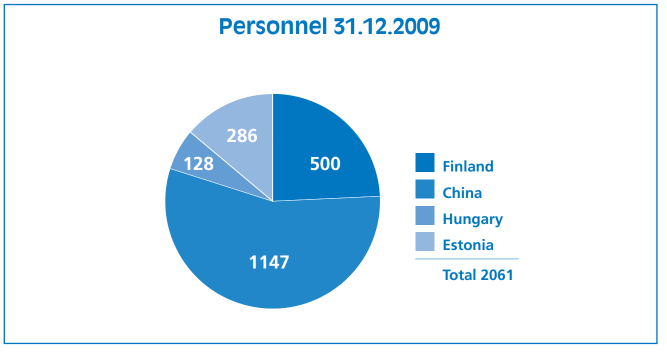
Risk management

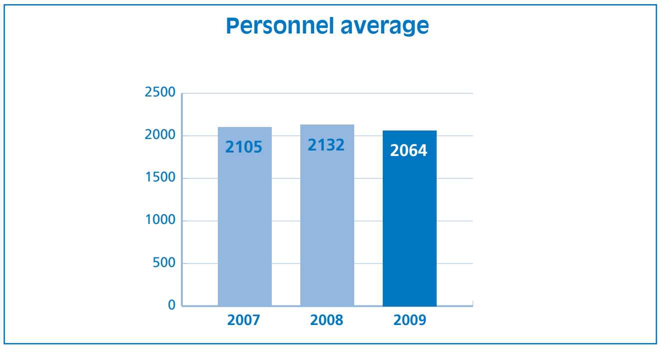
Risk management is based on a risk management policy approved by the Board, aiming to manage risks in a comprehensive and proactive manner. The assessment of risks is part of the annual strategy and business planning process. There is no separate risk management organisation; risk management is incorporated into the business processes and the management system. The operational management, President and the Management Team as well as the Managing Directors of the subsidiaries report on business risks in accordance with the management and reporting system.

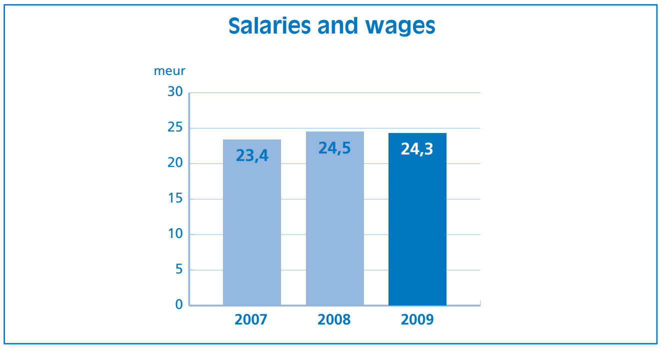
The continuation of the global investment recession and its impact on the development of the business of Scanfil's largest internationally operating customers is among the most significant operational risks of contract manufacturing. The continuing low demand for investment commodities in the business environment of the customer companies might have a negative impact on the development of the company's sales and profitability. The five largest customers account for three quarters of total sales, and a slow recovery of the global economy may also increase the customer-specific risk. The company's management aims to reduce the customer risk and balance sales by expanding the customer base of industrial electronics in particular to also new industries, such as production of renewable energy.

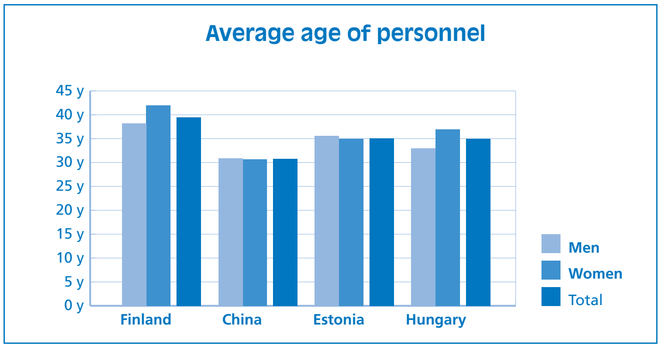
With regard to risks related to investments, the total allocation approved by the Board defines the limits of exposure. The Group's investment policy and the target allocation defined therein can be updated flexibly based on the market situation. The management of total risk is facilitated by select instruments, the majority of which are highly liquid and marketable. In addition, overall decentralisation of investments aims at preventing or making highly unlikely losses that are high compared to the amount of total investments. Decentralisation is also coordinated within individual classes of assets in terms of risk management. The investment function is prepared to react swiftly to changes in the market conditions, such as fluctuations of interest rates or changes in the sentiments of the equity market. The most significant risk affecting investment operations in the near future is the

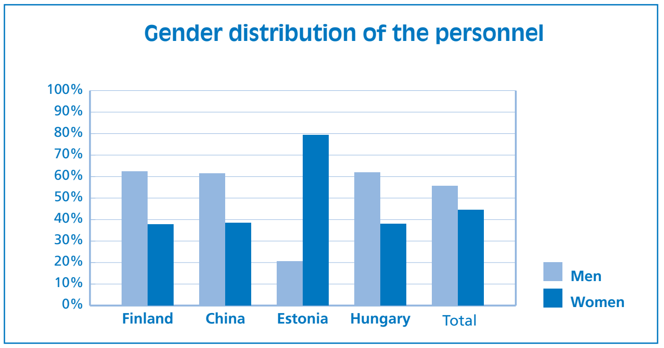












world economy experiencing a double recession, and the risks of losses contained in present instruments will be realized even temporarily in the result of the current or next accounting periods. The average duration of the structured instruments in the investment portfolio is below three years, and more than 60% of the portfolio consists of investments with a low risk classification.

For a description of financial risk management in the Scanfil Group, please refer to note 30 to the consolidated financial statements.

Risks and risk management are described in greater detail on the company's website under Corporate Governance and the Corporate Governance Statement at www.scanfil.com.

Research and development

Owing to the nature of the company's business, product development was mainly in cooperation with customers and Scanfil's in-house product development programme was not a significant part of the company's cost structure.

Quality and environment

Quality

Each Scanfil plc unit has a certified ISO 9001-compliant quality management system.

Scanfil Group defined global indicators for measuring quality and the efficiency of operations during 2009. Flow production projects and customer-specific quality improvement programmes achieved significant results in developing the quality of both customer and internal processes and the quality of products in 2009.

All Scanfil units globally will continue developing processes and the quality of products in accordance with the Six Sigma and flow production principles.

The environment

Each Scanfil plc unit has a certified ISO 14001-compliant environmental management system.

The aim of the company's environmental programme is to use raw materials and energy in an economical manner and to minimise emissions. In 2009, plant-specific flow production processes were implemented in the Scanfil EMS Group, shortening production turnaround times and enhancing the recovery of material. The projects decreased the environmental load at Group level.

Other events in the review period

The Helsinki Court of Appeal passed a judgment on 18 June 2009 concerning a securities market information offence regarding the delay of Scanfil plc's profit warning given on 17 January 2006 wherein it has sentenced the Chairman of the Board and the former President to pay 40 day fines.

Corporate fine of EUR 25,000 was imposed on the company.

The company has, for its part, applied for leave to appeal to the Supreme Court.

Board of Directors' proposals to the Annual General Meeting

Dividend for 2009

The parent company's distributable funds are EUR 79,836,329.

The Board of Directors proposes to the Annual General Meeting that, according to the dividend policy, a dividend of EUR 0.08 per share be paid based on the annual result of the financial year ending on 31 December 2009, plus an additional dividend of EUR 0.04 per share on the market. The dividend matching day is 13 April 2010. The dividend will be paid to those shareholders who, on the matching day, are entered in the Company's Register of Shareholders, kept by Euroclear Finland Ltd. The dividend payment day is 20 April 2010.

The Nomination Committee of the Board of Directors, supported by the company's major shareholders holding over 50% of the shares and votes, proposes that the general meeting will re-elect the following board members: Jorma J. Takanen, Asa-Matti Lyytinen, Reijo Pöllä, Jarkko Takanen and Tuomo Lähdesmäki. All members of the board have announced their consent to re-election.

The Nomination Committee has considered the possibility of proposing a suitable female candidate, in accordance with the Corporate Governance Code concerning the gender parity of the board. The Nomination Committee has so far found no suitable candidate who is also familiar with the company's main line of business.

Future Prospects

Scanfil plc

The drastic decline in demand and investments has brought about a structural change in the companies' working environment, increasing Scanfil plc's possibilities to expand its field of operations. The company's own available funds provide an excellent basis for seeking new strategic investment opportunities from both present and new business sectors and for continued expansion of the company's operations. According to its established investment strategy, Scanfil plc is attempting to acquire shares of ownership that allow an active say in the operation of the selected companies.

The company will also continue to invest its cash reserves in accordance with its investment policy.

Scanfil EMS Subgroup

Scanfil expects its turnover in 2010 to slightly increase from the level of 2009. The sales of the first quarter are predicted to remain clearly below the corresponding period in 2009. The operating profit for the full year is estimated to reach a satisfactory level. However, market predictability is still too poor for trustworthy forecasts on the market development of the contract manufacturing business, and thus uncertainty prevails.

The Company's good financial standing provides an opportunity to actively seek various means and arrangements that will place Scanfil's operations back on the growth track.

Corporate Governance Statement

The Corporate Governance Statement is provided separately from the company's annual report and is available on the company's Web site under Investors at www.scanfil.com.

Group

EUR 1,000	Note	1.1.-31.12.2009	1.1.-31.12.2008
TURNOVER	1	197 336	218 861
Changes in inventories of finished goods and work in progress		-4 059	-688
Other operating income	2	1 216	2 484
Use of materials and supplies	3	-127 641	-143 971
Employee benefit expenses	4	-30 065	-30 363
Depreciation and amortisation expense	5	-5 068	-6 798
Other operating expenses	6	-15 720	-18 397
OPERATING PROFIT		**15 998**	**21 129**
Financial income	7	6 840	2 833
Financial expenses	8	-1 771	-4 576
PROFIT BEFORE TAXES		**21 067**	**19 386**
Income taxes	9	-6 728	-3 749
NET PROFIT FOR THE PERIOD		**14 338**	**15 637**
Earnings per share for profit attributable to equity holders of the parent:	10	0.25	0.27
STATEMENT OF COMPREHENSIVE INCOME			
NET PROFIT FOR THE PERIOD		**14 338**	**15 637**
Other comprehensive income			
Available-for-sale investments		275	
Translation difference		-1 858	4 618
Other comprehensive income net of tax		-1 583	4 618
TOTAL COMPREHENSIVE INCOME		**12 756**	**20 255**

Group

EUR 1,000	Note	31.12.2009	31.12.2008
ASSETS			
Non-current assets			
Property, plant and equipment	11	31 112	33 673
Goodwill	12	2 370	2 399
Other intangible assets	13	1 142	1 399
Available-for-sale investments	14	10 639	37
Financial assets at fair value through profit and loss	19	14 546	7 697
Receivables	15		185
Deferred tax assets	16	105	1 024
		59 914	46 415
Current assets			
Inventories	17	24 656	30 203
Trade and other receivables	18	43 416	50 532
Advance payments		64	58
Financial assets at fair value through profit and loss	19	16 051	12 156
Available-for-sale investments, liquid assests	20	508	3 159
Available-for-sale investments, cash equivalents	21	20 406	33 996
Cash and cash equivalents	21	30 809	11 101
		135 910	141 204
Non-current assets held for sale	22	4 920	4 611
		140 830	145 816
TOTAL ASSETS		**200 744**	**192 230**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Share capital		15 179	15 179
Share premium account		16 089	16 089
Own shares		-8 878	-7 436
Translation differences		115	1 973
Other reserves		4 698	3 539
Retained earnings		123 330	116 881
		150 533	146 224
Total Equity	23	**150 533**	**146 224**
Non-current liabilities			
Deferred tax liabilities	16	1 478	1 036
Provisions	24	5 426	6 041
Financial liabilities	25		12 016
		6 904	19 093
Current liabilities			
Trade and other payables	26	30 055	25 947
Current tax liabilities	26	1 236	967
Financial liabilities	25	12 015	
		43 307	26 913
Total liabilities		**50 211**	**46 006**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**200 744**	**192 230**

Group

EUR 1,000	Note	2009	2008
Cash flow from operating activities			
Profit for the period		14 338	15 637
Adjustments	27	5 988	10 196
Changes in working capital	27	16 259	2 302
Interest paid and other financial expense		-943	-799
Interest received		738	1 203
Taxes paid		-5 462	-5 540
Net cash flow from operating activities		**30 918**	**22 998**
Cash flow from investing activities			
Investments in tangible and intangible assets		-3 382	-3 413
Sale of tangible and intangible assets		204	2 227
Investments in other investments		-88 265	-29 105
Proceeds from sale of investments		74 117	3 500
Repayment of loans receivable		10	
Interest received from investments		1 934	911
Dividend received from investments		21	1
Net cash flow from investing activities		**-15 361**	**-25 879**
Cash flow from financing activities			
Acquisition of treasury shares		-1 497	-540
Long-term loans raised			12 015
Repayment of short-term loans			-7 500
Dividends paid		-7 005	-7 047
Net cash flow from financing activities		**-8 502**	**-3 072**
Change in cash and cash equivalents		**7 055**	**-5 953**
Cash and cash equivalents at 1 Jan.		45 097	50 034
Changes in exchange rates		-937	1 016
Cash and cash equivalents at 31 Dec.	21	**51 215**	**45 097**

Group

EUR 1,000		Equity attributable to equity holders of the parent company						
	Note	Share capital	Share premium account	Translation differences	Other reserves	Treasury shares	Retained earnings	Equity total
Shareholder´s equity 1.1.2008		**15 179**	**16 089**	**-2 645**	**2 571**	**-6 884**	**109 258**	**133 567**
Payment of dividends	23						-7 047	**-7 047**
Acquisition of treasury shares	23					-573		**-573**
Distribution of treasury shares	23					21		**21**
Transfer to funds	23				968		-968	**0**
Total comprehensive income				4 618			15 637	**20 255**
Shareholder´s equity 31.12.2008		**15 179**	**16 089**	**1 973**	**3 539**	**-7 436**	**116 881**	**146 224**
Payment of dividends	23						-7 005	**-7 005**
Acquisition of treasury shares	23					-1 465		**-1 465**
Distribution of treasury shares	23					22		**22**
Transfer to funds	23				884		-884	**0**
Total comprehensive income				-1 858	275		14 338	**12 756**
Shareholder´s equity 31.12.2009		**15 179**	**16 089**	**115**	**4 698**	**-8 878**	**123 330**	**150 533**

ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

Scanfil plc is a Finland-based public limited company domiciled in Sievi. Scanfil plc and its subsidiaries constitute the Scanfil Group ("Scanfil" or "Group"). The shares of the parent company Scanfil plc have been quoted on NASDAQ OMX Helsinki Ltd since 2000.

Scanfil's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS effective on 31 December 2009 as well as the SIC and IFRIC interpretations. The "IFRS" refer to the standards and their interpretations in the Finnish Accounting Act and the provisions issued thereunder in accordance with the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards within the Community. The notes to the consolidated financial statements are also in compliance with Finnish accounting and corporate legislation. Scanfil adopted the IFRS on 1 January 2004, until which date statements were prepared under Finnish Accounting Standards (FAS). The company has applied the First-Time Adoption of IFRS, which permits certain exemptions from the retrospective application of individual standards at the transition stage. The most significant exemption is the use of book values of FAS financial statements as the book values of the consolidated goodwill in the opening balance sheet of the date of transition to IFRS.

Principles of consolidation

In addition to Scanfil plc, the consolidated financial statements include all those companies in which the parent company has, directly or indirectly, more than 50 per cent of the votes or which the company controls in another way.

Intra-group shareholdings have been eliminated using the acquisition cost method. The acquisition price is allocated to assets and liabilities based on their fair value at the time of acquisition. The remaining amount of the acquisition cost is handled as goodwill. Business acquisitions made prior to the date of transition have not been restated, as the company has applied the relief permitted under IFRS 1 to handle business acquisitions in accordance with Finnish Accounting Standards. As of 1 January 2004, the amortisation of goodwill arising from such acquisitions has been replaced with annual impairment tests determining the value of goodwill.

Intra-group transactions, receivables and liabilities as well as internal margins related to inventories and internal sales of fixed assets have been eliminated.

Net profit for the financial period is divided into a share belonging to the equity holders of the parent company and a share belonging to the minority. Minority interest is reported as a separate component of equity.

Transactions in foreign currencies

Transactions in foreign currencies are recorded using the exchange rates ruling on the transaction dates. In practice, a rate that is sufficiently close to the rate of the transaction date is often used. The resulting exchange rate differences have been included in the net profit or loss.

In the consolidated financial statements, the income statements of foreign Group companies are translated into euros using the average annual rates published by the European Central Bank, calculated on the basis of end-of-month rates. The companies' balance sheets are translated into euros using the rates in force on the date of the financial statements.

Translation differences owing to the different exchange rates used in the income statement and balance sheet as well as the differences attributable to the use of the acquisition cost method have been recorded in Group equity.

Revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Exchange rate gains and losses related to the sales as well as any cash discounts have been entered as adjustment items on sales. The delivery costs of sold goods are included in other operating expenses.

Grants

Grants related to tangible and intangible assets are deducted from an asset's acquisition cost, and the net acquisition cost is capitalised on the balance sheet. Other economic assistance is recognised as income within other operating income.

Business segments

The Group's reporting is based on the geographical operating segments, namely Asia and Europe. The reporting is based on internal reporting on turnover and operating profit to the Group management. In addition, the company has begun to regularly monitor investment assets and financial income in the last quarter of the year. The first significant strategic investment was made in December 2009.

Pensions

The statutory pension cover of the Group's Finnish employees is provided through insurance policies. Foreign subsidiaries have arranged the pension cover of their employees in accordance with local legislation.

The Group's pension schemes are defined-contribution schemes. Only the disability pension under the Finnish TYEL system was a defined-benefit scheme until the end of 2005.

Contributions related to defined-contribution pension schemes are recorded as expenses for the financial period in which they were paid.

Research and development costs

Research and development costs are recorded as expenses for the financial period in which they were incurred. Development costs as per IAS 38 (Intangible Assets) are capitalised and amortised over their useful lives. The Group has no capitalised research and development costs.

Leases

According to IAS 17, a lease is classified as a finance lease if it transfers substantially the risks and rewards incidental to ownership to the Group. Assets acquired through finance leases are recorded in the consolidated balance sheet under assets and liabilities. Their depreciation is performed in the same way as for owned assets. Finance lease payments will be recorded as financial expenses and reduction in liability. The Group has no finance leases.

Property, plant and equipment

The main items included in this category are buildings, machinery, equipment, fixtures and fittings. They are stated in the balance sheet at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets.

The assets' residual values and useful lives are reviewed annually and adjusted, if appropriate, to indicate changes in expected economic benefits.

An item of property, plant and equipment will no longer be depreciated when such an item is considered as being held for sale in accordance with IFRS 5 Non-current assets Held for Sale and Discontinued Operations.

The planned depreciation periods are as follows:

Buildings and structures	10–50*
Machinery and equipment	3–10
Other tangible assets	5–10

* The depreciation period for buildings is 10–25 years, except for the building in Hungary, for which it is 50 years.

Goodwill and other intangible assets

Goodwill

Goodwill corresponds to that amount of the acquisition cost that exceeds the fair value of net assets at the time of acquisition of a company acquired after 1 January 2004. No depreciations are made on goodwill; instead, goodwill will be tested annually for possible impairment. Goodwill is allocated to the cash generating units.

Other intangible assets

Intangible assets are recorded in the original acquisition cost on the balance sheet if the acquisition cost can be reliably determined and it is likely that the financial benefit from the asset is beneficial to the Group. Intangible assets are recorded as straight-line depreciations on the income statement within their estimated useful life.

Other intangible assets include software licenses, fundamental improvements of rented premises and the land use right of the subsidiary in China. The depreciation period for intangible assets is 5–10 years, except for the land use right in China, for which it is 50 years.

Impairment

The Group's operations have been divided into cash-generating units (CGU) which are smaller than segments. The need for impairment is assessed regularly on the CGU level. The impairment test is conducted for the lowest CGU that is largely independent of other units and whose cash flows can be separated from other cash flows.

To determine the need for impairment of assets, the capital employed by the unit is compared against the discounted future cash flows expected to be derived from the unit or against the net selling price, whichever is higher. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss related to property, plant and equipment and other intangible assets, excluding goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Investment property

Property that is not occupied, even partially, by the Group for its own activities, is classified as investment property. The Group had no investment properties during the period.

Non-current assets held for sale and discontinued operations

The assets and liabilities of major operations that have been sold or are classified as held for sale or to be discontinued are presented separately in the balance sheet. The net operating result for such operations and the net result arising from their sale or discontinuation are shown in the income statement separately from the profit or loss for continued operations. Non-current assets classified as held for sale or groups of assets to be disposed of are measured at the lower of carrying amount and fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis. The costs of inventories include purchase and conversion costs.

Financial assets

Based on IAS 39, the Group's financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and other receivables and available-for-sale investments. The classification is based on the intended use of the financial assets.

Financial assets recorded at fair value are either financial assets held for sale or investments held to maturity. This group includes bonds, index loans, certificates of deposit, commercial papers, structured instruments and ETF-funds (exchange traded fund). Several instruments include a component that generates a fixed interest rate and a component linked to, for example, a share index or credit liability, which is a linked derivative. Items are measured at fair value based on published market quotations. Changes in fair value with both realised and unrealised profits and losses are recorded under financing income and expenses for that accounting period when they arose.

Assets held for trading are included either in short-term or long-term financial assets; in the latter, if they mature in more than 12 months.

Loans and other receivables are non-derivative financial instruments that are not quoted on public markets; they have a fixed or definable payment day and the Group does not hold them for trading. This entry includes sales and other receivables. Accounts receivable are measured at cost less any impairment losses. The amount of uncertain receivables is evaluated on a case-by-case basis. Credit losses are recorded as expenses in the income statement.

This entry also includes time deposits; on the balance sheet, available-for-sale investments, liquid assets that mature in over three months.

Both quoted and non-quoted shares are classified as available-for-sale investments. Quoted shares are measured at fair value, which is the market price of the date of the financial statement. Changes in fair value are recorded in the revaluation reserve under equity until the investment is traded or otherwise transferred, at which point the changes in fair value are recorded in the income statement. Investments in non-quoted shares are stated at the lower of cost and probable realisable value because their fair values cannot be determined reliably.

On the date of the financial statement, the Group's financial assets are evaluated to see if there are indications that the value of one of the assets might be impaired.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short-term bank deposits. Deposits are classified in two categories: available-for-sale investments, liquid assets that mature in less than three months and available-for-sale investments, liquid assets that mature in over three months. The latter are classified in the category Loans and other receivables. Liquid assets are reported under acquisition costs on the balance sheet.

Financial liabilities

The Group's financial liabilities are stated at historical cost.

Provisions

A provision is recognised when a past event has created an obligation that will probably be realised and when the amount of the obligation can be estimated reliably. Provisions include, among others, restructuring costs. A restructuring provision is recorded when a detailed and appropriate plan has been drawn up and when there is a valid expectation that the restructuring will be carried out.

Taxation

The taxes of the consolidated income statement include taxes based on the results of the Group companies and calculated in accordance with local tax laws and tax rates. The taxes in the income statement also include the change in deferred tax assets and liabilities.

Deferred tax assets or liabilities are calculated on temporary differences between book value and tax bases, based on tax rates for the following year that have been enacted by the balance sheet date.

Deferred tax liabilities are recognised in full. Deferred tax assets are recognised only when it is probable that the assets can be utilised against the taxable profit of future financial periods. In the consolidated financial statements, the parent company's accumulated depreciation difference is divided between shareholders' equity and deferred tax liability.

Dividend
The dividend proposed to the Annual General Meeting by the Board of Directors has not been deducted from distributable equity prior to the AGM's approval.

Use of estimates
The preparation of financial statements in accordance with international accounting standards and generally accepted accounting principles requires management to make estimates and assumptions that affect the contents of the financial statements. The estimates and assumptions made are based on previous experience and assumptions, which in turn are based on the circumstances prevailing at the time the financial statements are prepared and future prospects.

When performing impairments tests, the Group's management has made assumptions and estimates in defining the value in use of cash-generating units. The sector in which the company operates is characterised by intense competition and thin profit margins.

The measurement of inventories and obsolescence risk assessment also involve estimates made by management. Inventories are mainly purchased based on forecasts provided by the company's customers, and sudden changes in demand may affect the saleability of inventories.

Even though the estimates are based on the most recent information available and management's best judgment, the actual outcome may differ from the estimates.

Amounts stated in thousands of euros
The financial statements are presented in thousands of euros, and the information is based on historical costs unless otherwise stated in the accounting principles.
Individual figures and totals shown in the financial statements have been rounded to the nearest thousand euros, which is why individual figures do not always add up to the totals.

Application of new and amended standards and interpretations in 2009–2010
The Group has applied the following amended standards as of the beginning of 2009:
• IAS 1 Presentation of Financial Statements.
The adoption of the amended standard primarily influenced the presentation of the statement of comprehensive income and the statement of changes in equity as well as the terminology used in the financial statements.
• IFRS 7 Financial Instruments: Disclosures.
The amendments of the standard have increased the amount of information disclosed in the consolidated financial statements with regard to financial instruments.
• IFRS 8 Operating Segments.
The standard amendment aims to follow the management's approach in reporting the segment-specific results. The adoption of the standard primarily influences the notes to the segment-specific information.
• Annual improvements to IFRSs. (Annual Improvements, May 2008) (primarily effective for financial periods beginning on or after 1 January 2009). The effects of the changes vary by standard, but the changes were not significant in terms of the consolidated financial statements.
In addition, the Group has applied the following amendment standards and interpretations with no impact on the Group's interim reports or financial statements as of the beginning of 2009:
• IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
• IAS 23 Borrowing Costs
• IAS 32 Financial Instruments: Presentation
• IFRIC 13 Customer Loyalty Programmes
• IFRIC 15 Agreements for the Construction of Real Estate
• IFRIC 16 Hedges of a Net Investment in a Foreign Operation
• IFRIC 17 Distributions of Non-cash Assets to Owners
The IASB has published, among others, the following new and amended standards and interpretations in 2008 and 2009 not yet applied by the Group. The Group may adopt them as of the effective date of each standard and interpretation, or if the effective date is not the first day of the financial period, as of the beginning of the first financial period after the effective date.
• IFRS 2 Share-based Payment Group cash-settled share-based payment transactions (effective for the financial period beginning on 1 January 2010). The revised standard has not yet been approved for application in the EU.
• IFRS 3 Business Combinations (effective for the financial periods beginning on or after 1 July 2009). Significant amendments have been made to the standard. The amendments expand the scope of application of IFRS 3 with an impact on the amount of goodwill recognised from purchases and gains from disposals. A conditional purchase price is measured at fair value and its subsequent change is recognised through profit and loss. Purchase-related expenditure, such as specialist fees, will be recognised as expenses in the future instead of being capitalised. The share of non-controlling shareholders may be valued at either fair value or as a proportional share of the net assets on a transaction-specific basis.
• IAS 27 Consolidated and Separate Financial Statements (effective for the financial periods beginning on or after 1 July 2009).
• IAS 39 Financial Instruments – Recognition and Measurement (effective for the financial periods beginning on or after 1 July 2009).

Group

Segment

The Group's reporting is based on the geographical business segments, namely Asia and Europe. The reporting is based on internal reporting to the Group management. In addition to the geographical segments, also investment assets and financial income are monitored

The Group's parent company Scanfil plc is an investment company. Scanfil plc's wholly-owned subgroup Scanfil EMS Oy is a contract manufacturer and system supplier for the telecommunications and electronics industries.

All of the Group's business operations are managed from Finland. The Group has manufacturing units in the EU in Finland, Hungary and Estonia. In Asia, the Group has two subsidiaries in China. The Asian production is primarily sold to the Asian market and other Group companies.

A segment's assets include all assets used in the segment's business operations, primarily consisting of cash and cash equivalents, receivables, inventories and property, plant and equipment, less provisions and deductions caused by impairment. The assets can be allocated to geographically reported regions; Asia and Europe. A segment's liabilities include all liabilities related to operations, consisting mainly of accounts payable, outstanding taxes and accrued liabilities.

Intersegment transactions: segment revenue, expenses and result include transactions between geographical segments.

Such transactions have mainly been defined on the basis of competitive prices charged from external customer for similar products. The transactions are eliminated in consolidation.

EUR 1,000

1. Segment information

Geographical segments	**2009**	**Europe**	**Asia**	**Investment activity**	**Group**
Segment turnover		113 499	93 195		**206 695**
Intersegment turnover		-1 747	-7 612		**-9 359**
Total turnover					**197 336**
Operating profit			2 554	13 444	**15 998**
Financial income		478	787	5 575	**6 840**
Financial expenses		-1 491	-186	-94	**-1 771**
Profit before taxes					**21 067**
Segment assets		68 369	60 445		**128 815**
Goodwill		2 370			**2 370**
Investment assets				69 559	**69 559**
Total assets					**200 744**
Segment liabilities and provisions		31 368	18 843		**50 211**
Total liabilities					**50 211**
Capital expenditure		2 707	362	31 456	**34 526**
Depreciation and amortisation		3 289	1 780		**5 068**

	2008	**Europe**	**Asia**	**Investment activity**	**Group**
Segment turnover		152 321	89 657		**241 978**
Intersegment turnover		-3 329	-19 787		**-23 116**
Total turnover					**218 861**
Operating profit		10 034	11 095		**21 129**
Financial income		533	511	1 789	**2 833**
Financial expenses		-1 227	-402	-2 947	**-4 576**
Profit before taxes					**19 386**
Segment assets		103 863	47 865		**151 728**
Goodwill		2 399			**2 399**
Investment assets				38 103	**38 103**
Total assets					**192 230**
Segment liabilities and provisions		33 917	12 089		**46 006**
Total liabilities					**46 006**
Capital expenditure		1 237	2 683	38 103	**42 024**
Depreciation and amortisation		3 986	2 811		**6 798**

EUR 1,000	2009	2008
Turnover by location of customers		
Finland	68 526	102 890
Rest of Europe	43 314	45 655
Asia	82 961	65 719
USA	1 248	1 105
Other	1 288	3 493
Total	**197 336**	**218 861**

Largest customers that account for more than 10% of the Group's income

Sales to the largest customer amounted to EUR 68 (101) million, 34% (46%), to the second largest EUR 36 (22) million, 18% (10%) and to the third largest EUR 27 (27) million, 14% (12%). The income from the largest customers are generated by both segments.

2. Other operating income

	2009	2008
Proceeds from sale of property, plant and equipment	175	1 841
Rental income	763	202
Grants	20	21
Other	257	420
Total	**1 216**	**2 484**

3. Use of materials and supplies

	2009	2008
Salaries, wages and fees		
Purchases during the period	127 690	141 238
Change in inventories	-49	2 732
Total	**127 641**	**143 971**

4. Employee benefit expenses

	2009	2008
Salaries, wages and fees	24 308	24 536
Pension costs – defined-contribution schemes	4 597	4 281
Other indirect employee expenses	1 159	1 546
Total	**30 065**	**30 363**

Pension costs and other indirect employee expenses are not necessarily comparable from country to country. The company does not have outstanding stock options.

Average number of Group employees during the period

	2009	2008
Clerical employees		
Europe	184	190
Asia	165	140
	349	**330**
Employees		
Europe	777	828
Asia	938	974
	1 715	**1 802**
Total	**2 064**	**2 132**

Management's employee benefits are reported in note 34, Related party transactions.

5. Depreciation, amortisation and impairment

	2009	2008
Depreciation and amortisation by asset class		
Intangible assets		
Intangible rights	162	155
Other long-term expenses	219	199
Total	**381**	**354**
Property, plant and equipment		
Buildings	1 010	1 057
Machinery and equipment	3 631	5 364
Other tangible assets	46	22
Total	**4 688**	**6 443**
Total depreciation and amortisation	**5 068**	**6 798**

EUR 1,000	2009	2008

6. Other operating expenses

Other operating expenses include the following significant expense items		
External services	3 402	4 812
Sales freight	2 495	3 372
Other variable expenses	3 684	3 864
Rent and maintenance expenses	1 512	1 636
Travel, marketing and vehicle expenses	832	697
Other employee expenses	962	948
Other operating expenses	2 833	3 068
Total	**15 720**	**18 397**

Auditor's remuneration		
Audit fees	70	76
Tax consulting	5	6
Other services	2	3
Total	**77**	**85**

7. Financial income

Interest income from investments held to maturity	622	1 120
Dividend income from available-for-sale investments	21	1
Exchange rate gains	812	540
Change in the fair value of financial assets at fair value through profit and loss	2 130	
Capital gains from marketable securities	3 142	876
Other financial income	114	296
Total	**6 840**	**2 833**

8. Financial expenses

Interest expenses from financial liabilities	960	672
Change in fair value of financial assets at fair value through profit or losss		2 944
Exchange rate losses	714	891
Other financial expenses	97	69
Total	**1 771**	**4 576**

9. Income taxes

Current tax	5 464	5 584
Deferred taxes	1 264	-1 834
Total	**6 728**	**3 749**

Reconciliation of tax expense in the income statement and taxes calculated at the tax rate applicable in Finland (26%):

Earnings before taxes	21 067	19 386
Taxes calculated at Finnish tax rate	5 477	5 040
Different tax rates of foreign subsidiaries	-583	-1 526
Non-deductible expenses	19	29
Tax at source on dividends paid in China	951	
Unrecognised deferred tax assets from tax losses	874	156
Other items	-10	50
Taxes in income statement	**6 728**	**3 749**

10. Earnings per share

Net profit for the period attributable to equity holders of the parent company	14 338	15 637
Number of shares at end of the period (1,000)	57 726	58 443
Weighted average number of shares during the period (1,000)	57 992	58 696
Earnings per share (EPS) EUR	**0.25**	**0.27**

EUR 1,000

11. Property, plant and equipment 2009

	Land	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and constructions in progress	Tangible assets total
Acquisition cost at 1 Jan.	1 562	25 535	49 835	773	509	78 213
Additions		0	2 861	26	271	3 159
Deductions	-309	-51	-1 900		-242	-2 502
Exchange rate differences	-6	-156	-537	-20	-16	-735
Acquisition cost at 31 Dec.	**1 247**	**25 328**	**50 259**	**780**	**521**	**78 135**
Accumulated depreciations at 1 Jan.		-7 115	-36 795	-630		-44 540
Depreciations		-1 010	-3 631	-46		-4 688
Deductions		9	1 877			1 885
Exchange rate differences		23	279	18		319
Accumulated depreciations at 31 Dec.		**-8 093**	**-38 271**	**-659**		**-47 023**
Carrying amount at 31 Dec.	**1 247**	**17 236**	**11 988**	**121**	**521**	**31 112**

The value of land includes connection fees EUR 167,396
Undepreciated acquisition cost of production machinery and equipments EUR 10,281,493

11. Property, plant and equipment 2008

	Land	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and constructions. in progress	Tangible assets total
Acquisition cost at 1 Jan.	1 519	25 394	57 405	754	34	85 106
Additions	309	248	2 278	22	962	3 819
Deductions	-231	-1	-11 436		-483	-12 151
Exchange rate differences	-35	-106	1 587	-2	-4	1 439
Acquisition cost at 31 Dec.	**1 562**	**25 535**	**49 835**	**773**	**509**	**78 213**
Accumulated depreciations at 1 Jan.		-6 076	-41 921	-608		-48 606
Depreciations		-1 057	-5 364	-22		-6 443
Deductions		1	11 358			11 359
Exchange rate differences		17	-868	1		-850
Accumulated depreciations at 31 Dec.		**-7 115**	**-36 795**	**-630**		**-44 540**
Carrying amount at 31 Dec.	**1 562**	**18 420**	**13 039**	**143**	**509**	**33 673**

The value of land includes connection fees EUR 167,396
Undepreciated acquisition cost of production machinery and equipments EUR 12,816,355

12. Goodwill

	2009	2008
Goodwill		
Cost at 1 Jan	2 399	2 510
Exchange rate differences	-30	-110
Cost at 31 Dec	**2 370**	**2 399**
Carrying amount at 31 Dec..	**2 370**	**2 399**
Allocation of goodwill and goodwill on consolidation to cash-generating units		
Scanfil Kft, Hungary	2 127	2 157
Other	243	243
Total	**2 370**	**2 399**

Annual impairment tests

Goodwill is allocated to the cash generating units. Goodwills have been tested by comparing their carrying amounts and their estimated recoverable amounts. Impairment is tested by comparing the recoverable amount to its balance sheet value. With respect to Hungary, the goodwill tested is EUR 2.1 million, fixed assets EUR 7.0 million and net working capital EUR 2.5 million. The time period used for cash flow projections is five years. Cash flows beyond that period are extrapolated using an estimated growth rate of 1%. The interest rate used is 7.26%. The tests showed that there was no need for impairment. The testing requires forecasts and assumptions regarding the growth of markets, prices, development of volumes and the general interest rate level. The testing is not particularly sensitive to changes in one factor. A simultaneous decrease of more than 10% in both turnover and profitability from the forecast may mean that goodwill has been impaired.

EUR 1,000

13. Other intangible assets **2009**

	Intangible rights	Other long-term expenses	Intangible assets total
Acquisition cost at 1 Jan	2 407	1 413	3 819
Additions	80	73	153
Exchange rate differences	-24	-34	-58
Acquisition cost at 31 Dec.	**2 463**	**1 451**	**3 914**
Accumulated depreciations at 1 Jan.	-1 605	-815	-2 420
Depreciations	-162	-219	-381
Exchange rate differences	8	21	29
Accumulated depreciations at 31 Dec.	**-1 759**	**-1 013**	**-2 772**
Carrying amount at 31 Dec.	**704**	**438**	**1 142**

13. Other intangible assets **2008**

	Intangible rights	Other long-term expenses	Intangible assets total
Acquisition cost at 1 Jan.	2 272	838	3 110
Additions	64	521	584
Exchange rate differences	71	54	125
Acquisition cost at 31 Dec.	**2 407**	**1 413**	**3 819**
Accumulated depreciations at 1 Jan.	-1 434	-569	-2 003
Depreciations	-155	-199	-354
Exchange rate differences	-16	-47	-63
Accumulated depreciations at 31 Dec.	**-1 605**	**-815**	**-2 420**
Carrying amount at 31 Dec.	**801**	**598**	**1 399**

14. Available-for-sale investments	**2009**	**2008**
Cost at 1 Jan.	37	35
Additions	10 245	2
Deductions	-15	
Cost at 31 Dec.	**10 267**	**37**
Accumulated impairment at 1 Jan.		0
Accumulated changes in fair value at 1 Jan.		
Change in fair value	372	
Carrying amount at 31 Dec.	**10 639**	**37**

Available-for-sale investments include the following shares

	holding	purchase price	book value
Lännen Tehtaat plc	8,60 %	8 145	8 517
iLoq Ltd	18,70 %	2 100	2 100
Other shares		22	22
		10 267	**10 639**

Change in the value of listed shares is recognised in the revaluation reserve under equity.
Unlisted shares are recorded at purchase price or a lower probable realisable value.

15. Receivables	**2009**	**2008**
Cost at 1 Jan	185	211
Payment 2009		-25
Refund of payment	15	
Impairment	-201	
Carrying amount at 31 Dec.	**0**	**185**

A subordinated loan of EUR 260.7 thousand was granted in 2001. An impairment of EUR 50 thousand was recognised for the loan in 2006. When the company in question entered debt restructuring in autumn 2009, an impairment was recognised for the entire loan.

EUR 1,000

16. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities during 2009

	31.12.2008	Recognised through profit and loss	Recognised under other comprehensive income	31.12.2009
Deferred tax assets:				
Remeasurement at fair value	765	-765		0
Related to inventories	151	-91		60
Other	108	-63		45
Total	**1 024**	**-919**		**105**
Deferred tax liabilities:				
Accumulated depreciation difference	-875	-37		-912
Reversal of amortisation of assets classifield as available-for-sale	-158	-71		-230
Remeasurement at fair value		-199		-199
Valuation of available-for-sale financial assets at fair value			-97	-97
Related to inventories		-37		-37
Other	-3	-1		-3
Total	**-1 036**	**-345**	**-97**	**-1 478**

17. Inventories

	2009	2008
Materials and supplies	18 794	20 220
Work in progress	3 166	7 119
Finished goods	2 696	2 864
Total	**24 656**	**30 203**

During the 2009 accounting period, EUR 0.3 million (EUR 0.4 million in 2008) was charged to expense to write down inventories to their net realisable value.

18. Trade and other receivables

	2009	2008
Trade receivables	41 629	48 860
Loan receivables		25
Accrued income	564	976
Other	1 223	670
Total	**43 416**	**50 532**

The essential items included in accrued income are related to interest and income tax. Other receivables are mainly value-added tax receivables.

19. Financial assets at fair value through profit or loss

	2009	2008
Held for trading		
Acquisition cost at 1 Jan.		
Long term	14 709	8 927
Short term	15 116	13 860
Total	**29 825**	**22 787**
Change in fair value	772	-2 933
	30 597	**19 854**
Carrying amount at 31 Dec.		
Long term	14 546	7 697
Short term	16 051	12 156
Total	**30 597**	**19 854**

Financial assets at fair value through profit and loss consist mainly of bonds, credit linked notes, structured investments products and ETF and share investments.

20. Available-for-sale investments, liquid assets

	2009	2008
Available-for-sale investments, liquid assets	508	3 159

Available-for-sale investments, liquid assets, are bank deposits that mature in over three moths. They are classified in the category Loans and other receivables.

EUR 1,000	2009	2008

21. Cash and cash equivalents

	2009	2008
Available-for-sale investments, cash equivalents	20 406	33 996
Cash and cash equivalents	30 809	11 101
Total	**51 215**	**45 097**

Available-for-sale investments, cash equivalents, are bank deposits that mature in a maximum of three moths.

22. Non-current assets held for sale

	2009	2008
Scanfil plc's Oulu plant property	4 611	4 611
Planning gain charge	309	
Total	**4 920**	**4 611**

Measures to sell Scanfil plc's property in Oulu continue. More than half of the premises have been leased.

23. Shareholders' equity

The following is a reconciliation of the number of shares

	Number of shares pcs 1,000	Share capital	Share premium account	Treasury shares	Total
1.1.2008	58 716	15 179	16 089	-6 884	24 383
Acquisition of treasury shares	-278			-573	-573
Distribution of treasury shares	5			21	21
31.12.2008	58 443	15 179	16 089	-7 436	23 832
Acquisition of treasury shares	-723			-1 465	-1 465
Distribution of treasury	6			22	22
31.12.2009	**57 726**	**15 179**	**16 089**	**-8 878**	**22 390**

Shares and share capital
Scanfil plc has a total of 60,714,270 shares. The company's registered share capital is EUR 15,178,567.50.
The company has one series of shares, and all shares belong to the same class. Each share entitles the holder to one vote and the equal right to receive dividends. Scanfil plc's shares are quoted on NASDAQ OMX Helsinki Oy. The shares have been publicly traded since 24 May 2000. The trading code of the shares is SCF1V. The shares are entered in the book-entry securities system administered by Euroclear Finland Ltd.

Translation differences
Translation differences include differences arising from the conversion of the financial statements of foreign companies.

Other reserves
Other reserves includes a reserve comprising of transfers from retained earnings in accordance with the Articles of Association of foreign companies and the fair value reserve comprising of accumulated changes in the value of available-for-sale investments.

	2009	2008
Transfer to reserves	4 423	3 539
Fair value reserve	275	
Total	**4 698**	**3 539**

Own shares and authorisations of the Board of Directors
On 31 December 2009, the company owned a total of 2,988,353 of its own shares representing 4.9% of the company's share capital and votes. The Annual General Meeting held on 26 March 2009 authorised the Board of Directors to decide on the repurchase of a maximum of 3,000,000 shares in the company and the transfer of a maximum of 5,300,000 shares. The authorisations expire at the close of the first Annual General Meeting following the one at which they were granted. During the financial period 2009, 722,848 shares were repurchased at a price of EUR 1,464,514.40 and the average price was EUR 2.03 per share. The shares have been purchased between 2 January and 13 July 2009 through NASDAQ OMX Helsinki Ltd.
The Board of Directors has no existing share issue authorisations or authorisations to issue convertible bonds or warrants.

Dividend
After the closing of the accounts, the Board of Directors has proposed a dividend of EUR 0.08/share and an additional dividend of EUR 0.04/share be paid, total EUR 0.12/share.

24. Provisions

	2009	2008
Provisions at 1 Jan	6 041	7 021
Additions to provisions		
Changes in pension liability	389	475
Unemployment pension deductibles	100	
Other	15	
Used provisions	-1 119	-1 083
Reversal of unused provisions		-372
Provisions at 31 Dec.	**5 426**	**6 041**

The provision mainly includes the pension liability associated with the restructuring expenses of Scanfil NV.

EUR 1,000	2009	2008

25. Financial liabilities

	2009	2008
Interest-bearing liabilities from financial institutions	12 015	12 016
Total	**12 015**	**12 016**

The Estonian subsidiary has a bank loan of EEK 188,000,000 taken in 2008 in order to hedge against the possible impairment of the Estonian kroon. The interest rate of the loan is tied to the 12-month Hansa Prime reference rate. On 31 December 2009, the interest rate was 8.1%. The loan will be repaid on the due date, 21 February 2010.

26. Short-term liabilities

	2009	2008
Trade payables	22 946	18 191
Accrued liabilities	7 111	6 977
Advance payments received	98	11
Other creditors	1 136	1 735
Interest-bearing liabilities from financial institutions	12 015	
Total	**43 307**	**26 913**

	2009	2008
The most significant items included in accrued liabilities:		
Employee expenses	5 321	5 213
Direct taxes	1 236	967
Interests	114	87
Other accrued liabilities	440	710
Total	**7 111**	**6 977**

27. Cash flow statement adjustments

	2009	2008
Non-cash transactions		
Depreciation according to plan	5 068	6 798
Financial income and expenses	-5 069	1 743
Taxes	6 728	3 749
Changes in provision	-615	-980
Other adjustments	-124	-1 114
Total	**5 988**	**10 196**
Changes in working capital		
Inc(-)/dec(+) in short-term non-interest bearing receivables	5 956	4 953
Inc(-)/dec(+) in inventories	5 164	4 107
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	5 139	-6 758
Total change in working capital	**16 259**	**2 302**

28. Financial assets and liabilities

	Note	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Non-current assets					
Available-for-sale investments	14	10 639	10 639	37	37
Financial assets at fair value through profit and loss	19	14 546	14 546	7 697	7 697
Receivables	15			185	185
Current assets					
Trade and other receivables	18	43 416	43 416	50 532	50 532
Financial assets at fair value through profit and loss	19	16 051	16 051	12 156	12 156
Available-for-sale investments, liquid assets	20	508	508	3 159	3 159
Available-for-sale investments, cash equivalents	21	20 406	20 406	33 996	33 996
Cash and cash equivalents	21	30 809	30 809	11 101	11 101
Total financial assets		**136 375**	**136 375**	**118 864**	**118 864**
Non-current financial liabilities					
Interest-bearing liabilities from financial institutions	25			12 016	12 016
Current financial liabilities					
Interest-bearing liabilities from financial institutions	25	12 015	12 015		
Trade and other payables	26	31 291	31 291	26 913	26 913
Total financial liabilities		**43 307**	**43 307**	**38 929**	**38 929**

EUR 1,000

29. Hierarchy of fair value

	Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss	8 561	22 036	0	30 597
Available-for-sale investments	8 517	0	2 100	10 617
Total	**17 078**	**22 036**	**2 100**	**41 214**

Level 3 reconciliation

	At fair value through profit and loss	Available-for -sale	Total
Opening balance 1 January	0	0	0
Additions		2 100	2 100
Closing balance 31 December		**2 100**	**2 100**

30. Financial risk management

The Group's treasury operations and financial risks are managed centrally in the parent company based on the principles approved by the Board. Subsidiaries are financed through intercompany loans or local bank loans. The goal is cost-efficient risk management and optimisation of cash flows.

Currency risk

The Group's currency risks consist of
- transaction risks related to trade receivables and payables
- translation risks related to foreign subsidiaries
- financial risks related to exchange rate changes

Currency risks are mainly caused by the changes in the USD/EUR exchange rates. Currency risks can be hedged with forward exchange contracts. The parent company is responsible for all hedging measures. The financial statements at 31 December 2009 do not contain open forward exchange contracts.

Transaction risk **2009**

	USD-risk	USD-risk	EUR-risk	EUR-risk	EUR-risk
Company's reporting currency	EUR	RMB	RMB	EEK	HUF
Trade receivables		1 670	966	3 369	1 529
Trade payables	-407	-910	-2 017	-802	-404
Balance sheet net risk	-407	760	-1 051	2 567	1 125

Transaction risk **2008**

	USD-risk	USD-risk	EUR-risk	EUR-risk	EUR-risk
Company's reporting currency	EUR	RMB	RMB	EEK	HUF
Trade receivables		1 700	396	9 364	3 457
Trade payables	-334	-1 599	-1 696	-1 278	-368
Balance sheet net risk	-334	101	-1 301	8 086	3 088

The balance sheet 31 December 2009 does not include a significant transaction risk. A simultaneous decrease of 10% in the value of the Estonian and Hungarian currencies would have a negative impact of some EUR 0.4 million on the operating profit.

Translation risk

Of the Group equity on 31 December 2009, more than 70% is denominated in euro, slightly over a fifth in Chinese yuan and the remaining 4% in Hungarian forint and Estonian kroon. A simultaneous decrease of 10% in the value of the foreign currencies would decrease the Group's equity by approximately EUR 5 million. The exposure is not constant; rather, it varies based on profit and distributed dividend. The Hungarian property company has a euro-denominated loan of EUR 6.0 million from the parent company, associated with a currency risk should the local currency (HUF) become weaker. The Estonian subsidiary has an EEK-denominated loan with a countervalue of EUR 12 million aimed to hedge against the possible weakening of the Estonian kroon. The loan will be repaid on the due date, 21 February 2010. The investments in the foreign subsidiaries have not been hedged.

Financial risk

The changes in exchange rates should not have a significant effect on the long-term competitiveness of the company. Pricing is adjusted continuously with most customers and the amount of long-term fixed pricing is not significant.

EUR 1,000

Interest rate risk

Interest-bearing liabilities and return on financial investments carry an interest rate risk. The Group has significant financial assets and the changes in interest rate will affect the Group's result. The amount of liabilities with interest is low and does not pose a significant interest rate risk. The interest rate risk of loans can be controlled with the proportion between variable rate and fixed-interest loans.

Credit risk

The credit risks of trade receivables are the responsibility of business units. The company has no significant risk of credit loss. The five biggest customers represent 3/4 of the sales.

Age distribution of trade receivables	2009	2008
Unmatured	39 831	41 989
Matured		
1 - 30 days	1 326	5 768
31 - 90 days	336	1 027
91 - 180 days	84	26
181 - 365 days	32	35
over 1 year	20	15
Total	**41 629**	**48 860**

The Group has recorded a credit loss of EUR 23,000 during the financial period (EUR 11,000 in 2008).

Liquidity risk

Considering the Group's balance sheet structure, the liquidity risk is small. The Group's liquid cash reserve was EUR 51.2 million on 31 December 2009 (EUR 45.1 million in 2008). The parent company's treasury operations are responsible for the Group's liquidity. Effective cash management contributes to the management of liquidity.

Risks related to investments

With regard to risks related to investments, the total allocation approved by the Board guides the investment of assets and defines the limits of exposure as well as guides the allocation between different classes of risks and assets. The management of the overall risk is facilitated by select instruments, the majority of which are highly liquid and marketable. The overall decentralisation of investments aims at a situation where losses that are high compared to the total amount are highly unlikely. Decentralisation is also coordinated within individual classes of assets in terms of risk management. Of the investment assets, more than 60% were categorised as low-risk investments on 31 December 2009. The investments are associated with market risk and, to some extent, counterparty risk.

31. Management of capital structure

With a strong capital structure, the company can ensure normal prerequisites for operations as well as growth opportunities. The company examines different options for more efficient capital management.

	2009	2008
Equity ratio, %	75.0	76.1
Gearing, %	-46.7	-38.4

32. Commitments and contingencies	2009	2008
Mortgages to secure own debt		
Mortgages on property	3 447	3 447
Business mortgages	18 832	18 832
Total	**22 279**	**22 279**
Liabilities secured with mortgages		
Interest-bearing liabilities from financial institutions	12 015	12 015
Total	**12 015**	**12 015**
Guarantees given		
On behalf of own company	84	84
Total	**84**	**84**

The parent company has given a EUR 6.0 million bank guarantee to secure the payment of contributions related to Scanfil NV's restructuring. Scanfil NV's balance sheet includes a corresponding provision. Scanfil EMS Oy has given a EUR 12.1 million counterobligation as collateral for Scanfil Oü's bank loan of an equal amount.

EUR 1,000	2009	2008

33. Other leases

Group as lessee
Minimum rents payable based on other non-cancellable leases:

	2009	2008
Within one year	187	267
In one to five years	29	223
Total	**216**	**491**

The Group owns nearly all of its production and office premises. Only Scanfil (Suzhou) Co., Ltd is operating in rented premises. Most of its leases are valid until 28 February 2011.

34. Related party transactions

Group companies	Domicile	Group's ownership	Share of votes	Parent company's ownership
Scanfil plc, parent company	Finland			
Scanfil EMS Oy	Finland	100 %	100 %	100 %
Scanfil Kft	Hungary	100 %	100 %	
Scanfil Oü	Estonia	100 %	100 %	
Scanfil (Suzhou) Co., Ltd.	China	100 %	100 %	
Scanfil (Hangzhou) Co., Ltd.	China	100 %	100 %	
Scanfil NV	Belgium	100 %	100 %	99,99 %
Rozália Invest Kft	Hungary	100 %	100 %	

Management's employee benefits
Salaries and other short-term employee benefits

	2009	2008
President of the parent company	177	166
Board of Directors	161	160
Presidents of subsidiaries	379	386
Total	**717**	**712**

Salaries paid to the President and Board members

		2009	2008
Jorma J. Takanen	Chairman of the Board, Group CEO	83	83
Harri Takanen	President	177	166
Asa-Matti Lyytinen	Board member	24	23
Tuomo Lähdesmäki	Board member	24	23
Reijo Pöllä	Board member	6	9
Jarkko Takanen	Board member	24	23
Total		**338**	**326**

The company has not had any related party transactions.

35. Employee incentive schemes

In 2006, Scanfil plc's Board of Directors decided to reward the Group's management and key employees through a profit-sharing scheme. The members of the Group's Management Team are covered by a share-based scheme, in which the targets to be met are set on an annual basis. The structure of the plan is also approved annually. Half of the bonuses are paid as the company's shares after PAYE, while the other half is transfered to the person's bonus bank. Transfered shares are set for conveyance injunction for a period of one year. Any new bonuses received in the subsequent years are added to the bonus bank and half of the total amount is paid as shares after PAYE. When the person's employment ends, the amount contained in the bonus bank is annulled. The number of shares granted is calculated using the share's closing rate on the day the financial statements are released. The shares are issued from treasury shares held by the company.

Based on the results of 2008, 5,687 shares totaling approximately EUR 12,000 were transferred in 2009. Based on the results of 2009, t is estimated that approximately 4,000 shares totaling EUR 12,000 will be transferred.

Other key employees of the Group are included in a cash-based scheme, in which bonuses are based on individual performance targets. In addition, a bonus based on the performance of the plant can be paid to plant workers. In 2009, profit-related bonuses amounted to approximately EUR 0.8 million.

Financial indicators Group, IFRS

Key financial indicators	2009	2008	2007	2006	2005
Turnover, EUR m	197.3	218.9	224.6	241.4	321.6
Turnover, growth from previous year, %	-9.8	-2.5	-7.0	-24.9	2.6
Operating profit, EUR m	16.0	21.1	18.6	11.4	27.3
Operating profit, % of turnover	8.1	9.7	8.3	4.7	8.5
Profit/loss for the period, EUR m	14.3	15.6	14.1	8.2	21.5
Profit/loss for the period, % of turnover, EUR m	7.3	7.1	6.3	3.4	6.7
Non-current assets, EUR m	59.9	46.4	40.8	47.4	60.8
Inventories, EUR m	24.7	30.2	33.6	41.4	40.8
Receivables, EUR m	43.5	50.6	52.3	43.1	58.2
Liquid cash assets, EUR m	67.8	60.4	50.0	31.8	37.8
Non-current assets held for sale, EUR m	4.9	4.6	4.6	10.0	
Share capital, EUR m	15.2	15.2	15.2	15.2	15.2
Other equity, EUR m	135.4	131.0	118.4	112.2	115.9
Provisions, EUR m	5.4	6.0	6.9	8.5	5.3
Long-term liabilities, EUR m	1.5	13.1	2.3	8.9	19.6
Short-term liabilities, EUR m	43.3	26.9	38.7	28.8	41.7
Balance sheet total, EUR m	200.7	192.2	181.5	173.6	197.7
Return on equity, %	9.7	11.2	10.8	6.4	17.0
Return on investment, %	13.9	13.7	14.1	9.0	18.6
Interest-bearing liabilities, EUR m	12.0	12.0	7.5	7.5	17.9
Gearing, %	-46.7	-38.4	-31.8	-19.1	-15.2
Equity ratio, %	75.0	76.1	73.6	73.6	66.5
Gross investments in fixed assets, EUR m	3.1	3.9	1.4	8.5	9.2
Gross investments in fixed assets, % of turnover	1.6	1.8	0.6	3.5	2.9
Average number of employees for the period	2 064	2 132	2 105	2 213	2 354
Key indicators per share					
Earnings per share, EUR	0.25	0.27	0.24	0.14	0.36
Shareholders' equity per share, EUR	2.61	2.50	2.27	2.17	2.19
Dividend per share, EUR	0.12	0.12	0.12	0.10	0.10
Dividend per earnings, %	48.6	45.0	49.8	72.4	28.1
Effective dividend yield, %	4.36	5.91	6.15	4.22	2.28
Price-to-earnings ratio (P/E)	11.14	7.62	8.1	17.2	12.3
Share trading					
No. of shares traded, thousands	7 382	6 066	8 947	20 401	14 184
Percentage of total shares, %	12.2	10.0	14.7	33.6	23.4
Share performance					
Lowest price for year, EUR	1.82	1.76	1.92	2.30	3.40
Highest price for year, EUR	2.81	2.45	2.49	4.67	4.89
Average price for year, EUR	2.18	2.07	2.19	3.47	4.19
Price at the end of year, EUR	2.75	2.03	1.95	2.37	4.38
Market value of share capital at 31 Dec.2009, EUR m	167.0	123.2	118.4	143.9	265.9
Share-issue adjusted number of shares					
At the end of the period, thousands	57 726	58 443	58 716	58 714	59 714
On average during the period, thousands	58 082	58 696	58 716	59 557	60 441

CALCULATION OF KEY INDICATORS

Return on equity, %	$\frac{\text{Net profit for the period x 100}}{\text{Shareholders' equity (average)}}$
Return on investment, %	$\frac{\text{(Profit before taxes + interest and other financial expenses) x 100}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}}$
Gearing (%)	$\frac{\text{(Interest-bearing liabilities - cash and other liquid financial assets) x 100}}{\text{Shareholders' equity}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity x 100}}{\text{Balance sheet total - advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Dividend per earnings (%)	$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$
Effective dividend yield (%)	$\frac{\text{Dividend per share x 100}}{\text{Share price at the end of year}}$
Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Market capitalisation	Number of shares x last trading price of the financial period

PARENT COMPANY

EUR 1,000	Note	1.1.-31.12.2009	1.1.-31.12.2008
TURNOVER	1		40 731
Changes in inventories of finished goods and work in progress			-485
Other operating income	2	2 285	1 851
Raw materials and services	3		-27 628
Employee benefit expenses	4	-324	-7 041
Depreciation and amortisation expense	5	-809	-1 443
Other operating expenses	6	-583	-2 044
OPERATING PROFIT		**570**	**3 940**
Financial income	8	6 330	9 152
Financial expenses	8	-2 318	-3 496
PROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES		**4 582**	**9 596**
Appropriations	5	235	606
Income taxes	9	-1 393	-819
NET PROFIT FOR THE PERIOD		**3 424**	**9 383**

PARENT COMPANY

EUR 1,000	Note	31.12.2009	31.12.2008
ASSETS			
FIXED ASSETS			
Intangible assets			
Intangible rights		2	2
	10	2	2
Tangible assets			
Land		1 341	1 341
Buildings and structures		10 325	11 110
Machinery and equipment		2	
Other tangible assets		44	67
	11	11 712	12 518
Investments			
Holdings in Group companies	12	13 971	79 471
Other shares and holdings	13	10 267	37
Other receivables	14	14 359	7 677
		38 597	87 185
TOTAL FIXED ASSETS		**50 310**	**99 705**
CURRENT ASSETS			
Long-term receivables			
Deferred tax assets	15	94	802
Receivables from Group companies	16	22 733	
Other loan receivables			235
		22 827	1 037
Short-term receivables			
Trade receivables		15	
Receivables from Group companies	16	8 269	607
Loans receivable			25
Other receivables	14	7 094	12 026
Accrued income		133	191
		15 512	12 848
Marketable securities	17	8 013	
Cash and cash equivalents	18	27 837	15 127
TOTAL CURRENT ASSETS		**74 189**	**29 013**
TOTAL ASSETS		**124 499**	**128 717**

EUR 1,000	Note	31.12.2009	31.12.2008
EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital		15 179	15 179
Share premium account		16 089	16 089
Retained earnings		76 412	75 486
Profit for the period		3 424	9 383
TOTAL SHAREHOLDER'S EQUITY	19	**111 104**	**116 137**
ACCRUED APPROPRIATIONS			
Depreciation difference	20	3 127	3 362
LIABILITIES			
Short-term			
Advances received		1	7
Trade payables		34	23
Liabilities to Group companies	21	9 648	8 341
Other creditors		75	54
Accrued liabilities	22	511	793
		10 268	9 218
TOTAL LIABILITIES		**10 268**	**9 218**
TOTAL EQUITY AND LIABILITIES		**124 499**	**128 717**

PARENT COMPANY

EUR 1,000	Note	2009	2008
Cash flow from operating activities			
Profit for the period		3 424	9 383
Adjustments	23	-1 994	-4 141
Change in working capital	23	2 850	4 817
Interest paid and other financial expenses		-283	-465
Interest received		475	1 424
Taxes paid		-711	-1 464
Net cash flow from operating activities		**3 761**	**9 554**
Cash flow from investing activities			
Investments in tangible and intangible assets		-242	-290
Proceeds from sale of tangible and intangible assets			191
Granted loans		-32 433	
Investments to other investments		-81 565	-26 289
Repayment of loans receivable		1 443	5 000
Proceeds from sale of other investments		64 196	3 500
Increase in the share capital of a subsidiary			-1 116
Repayment of capital of a subsidiary		65 000	
Interest received from investments		1 882	761
Dividend received from investments		21	7 116
Net cash flow from investing activities		**18 302**	**-11 127**
Cash flow from financing activities			
Acquisition of own shares		-1 497	-540
Short-term loans raised			900
Repayment of short-term loans		-850	-8 200
Dividends paid		-7 005	-7 047
Net cash flow from financing activities		**-9 352**	**-14 888**
Change in cash and cash equivalents		**12 710**	**-16 460**
Cash and cash equivalents at 1 Jan.		15 127	32 087
Business transfer, cash			-500
Cash and cash equivalents at 31 Dec.	18	**27 837**	**15 127**

PARENT COMPANY ACCOUNTING POLICIES
Scanfil plc is a Finland-based public limited company domiciled in Sievi. The financial statements of Scanfil plc have been prepared in accordance with the Finnish Accounting Act and other regulations in force in Finland (FAS). The consolidated financial statements have been prepared under the IFRS. The parent company's financial statements comply with IFRS principles wherever possible. With regard to Scanfil plc, the mainly Finnish accounting practice and IFRS-compliant accounting policies are congruent with each other, so the key accounting policies can be read from the accounting policies for consolidated financial statements. The most significant differences between the parent company's and the Group's accounting policies concern the following:

Parent company goodwill
The parent company's goodwill is amortised according to plan. The amortisation period is five years.
The goodwill was fully amortised in 2005.

Non-current assets
Non-current assets classified as held for sale are included in fixed assets, and their depreciation will continue normally. Depreciation periods for fixed assets are:

Buildings and structures	25 years
Machinery and equipment	3 - 8 years
Other tangible assets	5 - 10 years
Intangible assets	5 years

Securities and other investments
Investments are valued at the lower of cost and probable realisable value.

Comparability of figures; business transfer
In the business transfer on 1 May 2008, Scanfil plc was split into an investment company, Scanfil plc, and a subgroup called Scanfil EMS Oy, which engages in contract manufacturing. In the business transfer, all contract manufacturing assets, liabilities and provisions of Scanfil plc were transfered to Scanfil EMS Oy at book values. All immaterial rights, machinery and equipment, the shares of the subsidiaries in China, Hungary and Estonia, inventories as well as short-term receivables and liabilities excluding those related to the operation of Scanfil NV, were transfered to Scanfil EMS Oy. Facilities owned by Scanfil plc and assets that are not part of its primary operations, mainly financial assets, as well as the shares of the subsidiary Scanfil NV, remained with Scanfil plc. Scanfil NV has not engaged in any production activities since 2006.
The figures for 2008 include the contract manufacturing operations in Finland only for the first four moths.

EUR 1,000	2009	2008
1. Turnover by location of customers		
Finland		31 232
Rest of Europe		7 141
Asia		1 737
USA		520
Other		101
Total		**40 731**
2. Other operating income		
Proceeds from sale of property, plant and equipment	1	146
Rental income	2 264	1 171
Expenses invoiced from Group companies		513
Grants		7
Other	21	14
Total	**2 285**	**1 851**
3. Materials and services		
Materials and supplies		
Purchases during the period		25 450
Change in inventories		731
		26 182
External services		1 447
Total		**27 628**
4. Employee expenses		
Salaries, wages and fees	299	5 663
Indirect employee expenses		
Pension costs	16	935
Other indirect employee expenses	9	443
Total	**324**	**7 041**

The pension costs are based on defined-contribution schemes. The company does not have outstanding stock options..

EUR 1,000	2009	2008
Average number of employees during the period		
Clerical employees	3	38
Employees		141
Total	**3**	**179**

Management's employee benefits are reported in note 25.

5. Depreciation, amortisation and impairment

	2009	2008
Depreciation and amortisation by asset class		
Intangible assets		
Intangible rights	1	40
Other long-term expenses		18
Total	**1**	**59**
Tangible assets		
Buildings	786	826
Machinery and equipment	0	529
Other tangible assets	22	28
Total	**808**	**1 384**
Total depreciation and amortisation	**809**	**1 443**
Change in depreciation difference		
Buildings and structures	230	224
Machinery and equipment	0	379
Other tangible assets	5	3
Total	**235**	**606**

6. Other operating expenses

	2009	2008
Other operating expenses include the following significant expense items:		
Sales freight		188
Other variable expenses		469
Rent and maintenance expenses	207	458
Travel, marketing and vehicle expenses	39	149
Other employee expenses	1	86
Other operating expenses	335	693
Total	**583**	**2 044**

7. Auditor's remuneration, parent company and Scanfil EMS Oy

	2009	2008
Auditor's remunerations of the Chartered Accountants	29	28
Tax consulting	2	3
Other remuneration	1	2
Total	**32**	**33**

8. Financial income and expenses

	2009	2008
Dividend income from group companies		**7 115**
Income from other investments held as financial fixed assets		
Dividend income from other	21	1
Interest income from other	1 869	
Total	**1 890**	**1**
Other interest and financial income		
From group companies	221	262
Other	1 496	1 774
Total	**1 717**	**2 035**
Changes in fair value on investments		
From group companies	-500	
Other	2 723	-3 084
Total	**2 223**	**-3 084**

EUR 1,000	2009	2008
Interest expenses and other financial expenses		
To group companies	-129	-370
Other	-1 689	-42
Total	**-1 818**	**-412**
Total financial income and expenses	**4 012**	**5 656**
The item other interest and financial income includes exchange rate gains (net)	**41**	**1**

9. Income taxes

	2009	2008
Current tax	685	1 621
Change in deferred tax liabilities	708	-802
Total	**1 393**	**819**

10. Intangible assets **2009**

	Intangible rights	Intangible assets total
Acquisition cost at 1 Jan	16	16
Acquisition cost at 31 Dec.	**16**	**16**
Accumulated depreciations at 1 Jan.	-14	-14
Depreciations	-1	-1
Accumulated depreciations at 31 Dec.	**-15**	**-15**
Carrying amount at 31 Dec.	**2**	**2**

10. Intangible assets, EUR **2008**

	Intangible rights	Other long-term expenses	Intangible assets total
Acquisition cost at 1 Jan.	1 644	432	2 077
Additions	13		13
Deductions	-1 641	-432	-2 074
Acquisition cost at 31 Dec.	**16**	**0**	**16**
Accumulated depreciations at 1 Jan.	-1 259	-297	-1 556
Depreciations	-40	-18	-59
Deductions	1 285	316	1 601
Accumulated depreciations at 31 Dec.	**-14**	**0**	**-14**
Carrying amount at 31 Dec.	**2**	**0**	**2**

11. Tangible assets, EUR **2009**

	Land	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and constructions in progress	Tangible assets total
Acquisition cost at 1 Jan.	1 341	19 203	0	528		21 072
Additions			2			2
Acquisition cost at 31 Dec.	**1 341**	**19 203**	**2**	**528**		**21 074**
Accumulated depreciations at 1 Jan.		-8 092		-462		-8 554
Depreciations		-786	0	-22		-808
Accumulated depreciations at 31 Dec.		**-8 878**	**0**	**-484**		**-9 362**
Carrying amount at 31 Dec.	**1 341**	**10 325**	**2**	**44**		**11 712**

The value of land includes connection fees EUR 167,397

EUR 1,000

11. Tangible assets

2008

	Land	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and constructions in progress	Tangible assets total
Acquisition cost at 1 Jan.	1 041	19 203	31 828	528	4	52 604
Additions	308		210			518
Deductions	-8		-32 038		-4	-32 051
Acquisition cost at 31 Dec	**1 341**	**19 203**	**0**	**528**	**0**	**21 072**
Accumulated depreciations at 1 Jan.		-7 266	-27 926	-433		-35 625
Depreciations		-826	-529	-28		-1 384
Deductions			28 455			28 455
Accumulated depreciations at 31 Dec.		**-8 092**	**0**	**-462**		**-8 554**
Carrying amount at 31 Dec.	**1 341**	**11 110**	**0**	**67**	**0**	**12 518**

The value of land includes connection fees EUR 167.397

12. Investments

	2009	2008
Shares in Group companies		
Cost at 1 Jan.	79 471	39 801
Additions		78 733
Deductions	-65 000	-39 062
Impairment	-500	
Cost at 31 Dec.	**13 971**	**79 471**
Carrying amount at 31 Dec.	**13 971**	**79 471**

The Extraordinary General Meeting of Scanfil EMS Oy held on 30 September 2009 decided on the repayment of capital in the amount of EUR 65 million to the parent company Scanfil plc. An impairment of EUR 0.5 million has been recorded for the shares in the Belgian subsidiary Scanfil NV. The changes in 2008 are due to a business transfer.

Group companies	Domicile	Group share	Parent company share	Parent company book value
Scanfil NV	Belgium	100 %	99,99 %	1 350
Scanfil EMS Oy	Finland	100 %	100 %	12 621
				13 971

13. Other shares and holdings

	2009	2008
Cost at 1 Jan.	37	35
Additions	10 245	2
Deductions	-15	
Cost at 31 Dec.	**10 267**	**37**
Carrying amount at 31 Dec.	**10 267**	**37**

Other shares and participations include EUR 8,145 thousand of listed shares in Lännen Tehtaat plc and unlisted shares in iLoq Ltd. in the amount of EUR 2,100 thousand. In addition, there are EUR 22 thousand in telephone and golf shares.

14. Other receivables

	2009	2008
Long term		
Marketable securities		
Acquisition cost	14 709	8 981
Change in fair value	-350	-1 304
Carrying amount at 31 Dec.	**14 359**	**7 677**
Short term		
Advance payments	2	
Marketable securities		
Acquisition cost	7 103	13 806
Change in fair value	-11	-1 780
Carrying amount at 31 Dec.	**7 094**	**12 026**

The marketable securities mainly consist of bonds, credit linked notes and structured investments.

EUR 1,000	2009	2008

15. Deferred tax assets

Deferred tax assets		
Remeasurement at fair value	94	802
Total	**94**	**802**

16. Receivables from Group companies

Long term		
Loan receivables	**22 733**	
Short term		
Trade payables	3	
Loan receivables	8 267	
Other receivables		548
Accrued income		59
Total	**8 269**	**607**

17. Marketable securities

Marketable securities	8 013	
Total	**8 013**	

The marketable securities are ETFs and other funds.

18. Cash and cash equivalents

Cash and bank balances	27 837	15 127
Total	**27 837**	**15 127**

19. Shareholders' equity

Share capital		
Share capital at 1 Jan.	15 179	15 179
Share capital at 31 Dec.	**15 179**	**15 179**
Share premium account		
Share premium account at 1 Jan.	16 089	16 089
Share premium account at 31 Dec.	**16 089**	**16 089**
Retained earning		
Retained earnings at 1 Jan.	84 870	83 096
Dividend	-7 016	-7 057
Acquistion/distribution of company's own share	-1 442	-552
Retained earnings at 31 Dec.	**76 412**	**75 486**
Profit for the period	**3 424**	**9 383**
Unrestricted shareholders' equity at 31 Dec.	**79 836**	**84 870**
Shareholders' equity at 31 Dec.	**111 104**	**116 137**
Calculation of distributable funds at 31 Dec.		
Retained earnings	76 412	75 486
Profit for the period	3 424	9 383
Total	**79 836**	**84 870**

EUR 1,000	2009	2008

Shares and share capital
Scanfil plc has a total of 60,714,270 shares. The company's registered share capital is EUR 15,178,567.50.
The company has one series of shares, and all shares belong to the same class. Each share entitles the holder to one vote and the equal right to receive dividends.
Scanfil plc's shares are quoted on NASDAQ OMX Helsinki Oy. The shares have been publicly traded since 24 May 2000. The trading code of the shares is SCF1V. The shares are entered in the book-entry securities system administered by Euroclear Finland Ltd.

Own shares and authorisations of the Board of Directors
On 31 December 2009, the company owned a total of 2,988,353 of its own shares representing 4.9% of the company's share capital and votes.The Annual General Meeting held on 26 March 2009 authorised the Board of Directors to decide on the repurchase of a maximum of 3,000,000 shares in the company and the transfer of a maximum of 5,300,000 shares. The authorisations expire at the close of the first Annual General Meeting following the one at which they were granted.

In the financial period 2009, a total of 722,848 treasury share were acquired. The acquisition price of these shares was EUR 1,464,514.40 and the average price EUR 2.03/share. The shares were acquired between 2 January and 13 July 2009 through NASDAQ OMX Helsinki Oy.

The Board of Directors has no existing share issue authorisations or authorisations to issue convertible bonds or bonds with warrants.

Dividend
After the closing of the accounts, the Board of Directors has proposed a dividend of EUR 0.08/share and an additional dividend of EUR 0.04/share be paid, total EUR 0.12/share.

20. Depreciation difference by balance sheet item at the end of the period

	2009	2008
Accumulated depreciation difference, buildings	3 116	3 346
Accumulated depreciation difference, machinery and equipment	0	
Accumulated depreciation difference, other tangible assets	11	16
Total	**3 127**	**3 362**

21. Liabilities to Group companies

	2009	2008
Liabilities to Group companies		
Loans	6 450	7 300
Liquid assets of the Group account	3 196	900
Trade payables		5
Accrued liabilities and other short-term liabilities	2	136
Total	**9 648**	**8 341**

Interest-bearing liabilities

	2009	2008
Short-term		
Liabilities to Group companies	**9 646**	**8 200**
Long-term liabilities fall due as follows:		
Year 2009		8 200
Year 2010	9 646	
Total	**9 646**	**8 200**
Loans are in euros		
The weighted average interest rates of interest-bearing long-term liabilities were as follows:		
Liabilities to Group companies	1,87 %	4,75 %

22. Accrued liabilities

	2009	2008
The most significant items included in accrued liabilities		
Employee expenses	81	69
Direct taxes	425	451
Other accrued liabilities	5	274
Total	**511**	**793**

EUR 1,000		2009	2008
23. Cash flow statement adjustments			
Non-cash transactions			
Depreciation according to plan		809	1 443
Financial income and expenses		-4 012	-5 656
Taxes		1 393	819
Changes in provisions		-235	-606
Other adjustments		52	-141
Total		**-1 994**	**-4 141**
Changes in working capital			
Inc(-)/dec(+) in short-term non-interest-bearing receivables		561	-29
Inc(-)/dec(+) in inventories			1 217
Inc(+)/dec(-) in short-term non-interest-bearing liabilities		2 288	3 629
Total change in working capital		**2 850**	**4 817**
24. Commitments and contingencies			
General collateral mortgages given			
Mortgages on property		3 447	3 447
Business mortgages		6 832	6 832
Total		**10 279**	**10 279**
Guarantees given			
On behalf of parent company		84	84
On behalf of Group companies		6 037	6 895
Total		**6 121**	**6 979**

The parent company has given a EUR 6.0 million bank guarantee to secure the payment of contributions related to Scanfil NV's restructuring. Scanfil NV's balance sheet includes a corresponding provision.

25. Management's employee benefits			
Salaries and other short-term employee benefits			
President of the parent company		177	166
Board of Directors		161	160
Total		**338**	**326**

Harri Takanen works as a President in both Scanfil plc and Scanfil EMS Oy. Scanfil plc has paid the President's salary between 1 Jan. and 30 April 2008, and since 1 May Scanfil EMS Oy.

Salaries paid to the President and Board members			
Jorma J. Takanen	Chairman of the Board, Group CEO	83	83
Harri Takanen	President	177	166
Asa-Matti Lyytinen	Board member	24	23
Tuomo Lähdesmäki	Board member	24	23
Reijo Püllä	Board member	6	9
Jarkko Takanen	Board member	24	23
Total		**338**	**326**

The company has not had any related party transactions.

EUR 1,000

26. Information on shares and shareholders

On 31 December 2009, Scanfil plc had a total of 3,952 shareholders, 37.75 % of whom owned a maximum of 200 shares in the company. The ten major shareholders owned 76.65 % of the shares. Nominee-registered shares accounted for 1.89 %.

Breakdown of share ownership

Breakdown of share ownership by number of shares held at 31 Dec. 2009

Number of shares	Number of shareholders	Percentage of shares	Shares and votes pcs	Shares and votes %
1 - 200	1 492	37.75	250 287	0.41
201 - 1000	1 424	36.03	849 059	1.40
1001 - 2000	442	11.18	706 490	1.16
2001 - 10000	462	11.69	1 985 704	3.27
10001 - 100000	103	2.61	2 859 239	4.71
100001 - 99999999	29	0.73	54 063 491	89.05
Total	**3 952**	**100.00**	**60 714 270**	**100.00**

Breakdown of share ownership by owner category at 31 Dec. 2009

	Number of shareholders pcs	Share %	Number of shares pcs	Share %
Corporations	243	6.15	4 680 375	7.71
Financial and insurance institutions	14	0.35	2 059 810	3.39
Public entities	5	0.13	1 250 000	2.06
Non-profit-making organisations	11	0.28	2 119 268	3.49
Households	3 668	92.81	50 285 951	82.82
Non-Finnish owners	11	0.28	318 866	0.53
Total	**3 952**	**100.00**	**60 714 270**	**100.00**
of which nominee-registered	7		1 148 644	1.89

Information on shareholders

Major shareholders at 31 Dec. 2009

	pcs	% of shares and votes
1. Takanen Jorma	17 596 305	28.98
2. Kotilainen Eero	7 273 109	11.98
3. Takanen Harri	3 851 589	6.34
4. Takanen Jonna	3 251 950	5.36
5. Pöllä Reijo	3 128 030	5.15
6. Scanfil Oyj	2 988 353	4.92
7. Takanen Jarkko	2 477 169	4.08
8. Laakkonen Mikko	2 119 270	3.49
9. Takanen Martti	1 954 218	3.22
10. Riitta ja Jorma J. Takasen säätiö	1 900 000	3.13

Shares held by management

On 31 December 2009, the members of the Board of Directors and the President of Scanfil plc owned a total of 27,067,093 shares, which accounts for 44.6 % of the company's shares and votes.

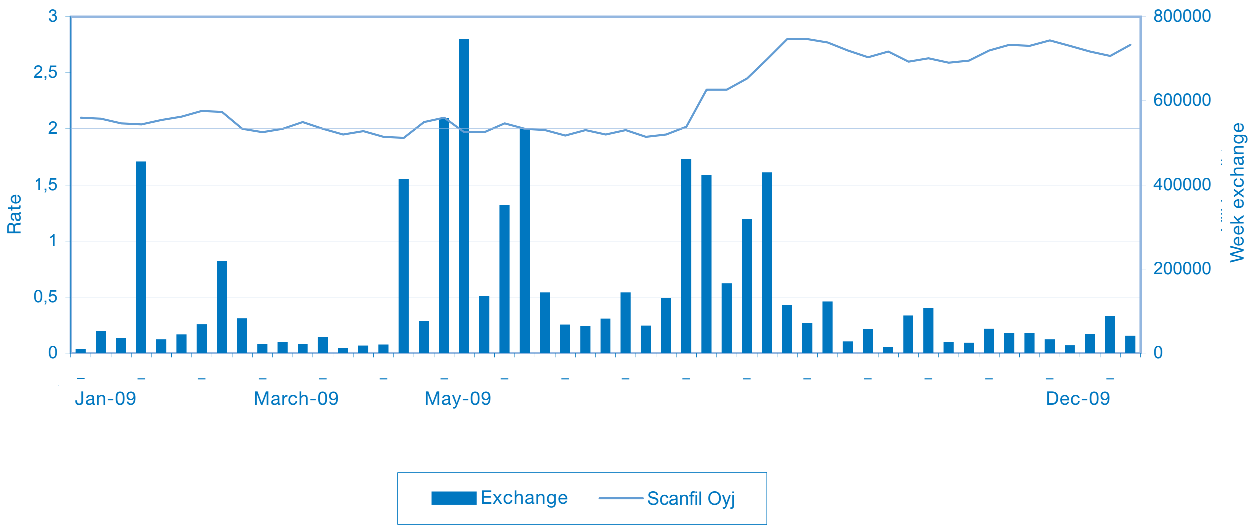
27. Dividend distribution policy

The company aims to pay dividend annually. The amount of dividends paid and the date of payment are affected by, among other things, the Group's performance, financial position, need for capital and other potential factors. The aim is to distribute approximately one-third of the Group's annual profit as dividend to shareholders.

28. Share price development, trading and market value

In 2009, the number of Scanfil plc shares traded in NASDAQ OMX Helsinki Oy was 7,382,392, which accounts for 12.2 % of all shares. The value of shares traded was EUR 16.1 million and the average price EUR 2.18. At the end of 2009, the market value of the shares was EUR 167.0 million. The highest trading price was EUR 2.81 and the lowest EUR 1.82. The closing price was EUR 2.75.

Rate development and exchange



BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable funds total EUR 79,836,329.00

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid for the financial period ended 31 December 2009.

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Sievi, 15 February 2010

Jorma J. Takanen
Chairman of the Board

Asa-Matti Lyytinen

Reijo Pöllä

Jarkko Takanen

Tuomo Lähdesmäki

Harri Takanen
President

AUDITORS' REPORT

To the Annual General Meeting of Scanfil plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Scanfil Plc for the year ended on December 31, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement 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.

The Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with 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.

Auditors' Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 have complied with the Limited Liability Companies Act.

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

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

Opinion on the Company's Financial Statements and the Report of the Board of Directors

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

The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 22, 2010

KPMG OY AB

(signed)
Ari Ahti
Authorized Public Accountant

SCANFIL

Yritystie 6
FI-85410 SIEVI
Tel. +358 8 488 2111
Fax +358 8 488 2250
www.scanfil.com