

SCANFIL PLC'S INTERIM REPORT 1 JANUARY – 31 MARCH 2010

- Turnover for the first quarter of 2010 totalled EUR 40.8 million (49.6 in the corresponding period 2009)
- Operating profit was EUR 1.5 (4.2) million, which is 3.6 (8.5) % of turnover.
- Profit for the review period was EUR 2.0 (1.3) million
- Earnings per share were EUR 0.03 (0.02)

President Harri Takanen:

“Scanfil plc continuously investigates industrial investment opportunities and invests its cash reserves in various financial instruments. Gains from the company's investment activity have continued to be very satisfactory.

The first quarter of 2010 was weak in terms of sales for Scanfil EMS Oy's contract manufacturing operations. The demand did, however, pick up towards the end of the period. Customers in the industrial electronics sector continue to increase their manufacturing in Asia, which provides Scanfil with an opportunity to increase its operations in China. Examples of this include Heidelberger Druckmaschinen AG and Kemppe Oy, for whom Scanfil has started manufacturing at its Suzhou and Hangzhou plants.

The strengthening of the demand during March supports Scanfil's view that the market will partially recover during 2010, and the company has manufacturing capacity to meet even fast growth of demand.”

BUSINESS TRENDS

Scanfil plc

No new strategic investments have been made during the review period, but several potential investment opportunities are currently being examined. The focus of investment activities is to find strategic investments that suit the group entity, especially just now as very few interesting long-term investment opportunities can be found in the share market. On the other hand, small, often non-listed companies still have potential for reasonably priced arrangements. The development of Lännen Tehtaat plc's business operations has been encouraging during the fourth quarter of 2009. However, the implementation of an active shareholder role was unsuccessful for the time being, and in spite of efforts, the desired seat on the Board of Directors was not acquired. As for the locking company iLOQ Ltd, business operations have developed as planned and the outlook is promising. In the review period, cash assets were, among other things, invested in bonds, credit linked notes and ETF and equity investments. In particular, the share of high-yield investments has been increased in the overall allocation and will be increased further in the near future. As a whole, the investment activity has reached the set targets and investments have developed favourably.

Scanfil EMS Subgroup

The demand decreased considerably during the first quarter of the year compared to the corresponding period the previous year, particularly in the market for telecommunications products. However, the demand picked up clearly at the end of March. The growth of demand was somewhat faster in the market for telecommunications products. The start-up of collaboration with new customers, including Heidelberger Druckmaschinen AG and Kemppe Oy, has proceeded according to plans. The company will continue its active efforts to acquire new clients with the aim of decreasing customer- and industry-specific risks. Industrial electronics customers accounted for

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49% of total sales in January-March (44% during the corresponding period in 2009) and telecommunications customers for 51% (56%).

Production method development measures and restructuring of production activities at the European plants continued according to plans. In order to renew the surface mounting machines and increase assembly capacity at the Estonian and Chinese Suzhou plants, the company agreed on the acquisition of ten used electronics component surface-mounting units and accessories during the review period. The purchase price of the equipment is only a fraction of the price of similar new machines.

Scanfil EMS Oy's subsidiary in Suzhou is investigating the possibility of purchasing a property for its premises. The aim is to move to proprietary premises before the end of the year. The plan is to make the purchase using cash assets.

The company carried out statutory employer-employee negotiations at its Vantaa plant in Finland during the review period. The cause of the negotiations was the temporary decrease in the demand for the Vantaa plant. The negotiations resulted in agreeing that in addition to work hours and annual leave schemes, 27 employees will be temporarily laid off for a maximum of 40 work days per person during April-May.

FINANCIAL DEVELOPMENT

Scanfil Group

The Group's turnover for January-March was EUR 40.8 (49.6) million, down 17.7% year-on-year. Distribution of turnover based on the location of customers was as follows: Finland 34% (49%), rest of Europe 27% (18%), Asia 37% (32%), USA 1% (0%) and the others 1% (1%).

The Chinese subsidiaries' sales accounted for 39% (37%) of the Group's sales during the review period including deliveries to the Group's other plants.

Operating profit of the Group during the review period was EUR 1.5 (4.2) million, representing 3.6% (8.5%) of turnover. Earnings for the review period amounted to EUR 2.0 (1.3) million. Earnings per share were EUR 0.03 (0.02) and return on investment was 7.1% (9.1%).

Scanfil EMS Subgroup

The turnover of contract manufacturing operations amounted to EUR 40.8 (49.6) million in January-March. Operating profit for the review period was EUR 1.2 (4.1) million, or 3.0% (8.2%) of turnover. The result amounted to EUR 0.7 (1.7) million, or 1.6% (3.3%) of turnover. The decrease in profitability is mainly due to the low level of sales in January-February 2010. Problems in the availability of materials have also had some effect.

Return on investment was 5.0% (13.8%), equity ratio was 43.9% (71.7%) and gearing 7.9% (-29.9%).

Investment activities

The gains and losses from investment activities carried out by the Group's parent company, Scanfil plc, are recognised under financial income and expenses in the income statement. In January-March, recognised interest income and capital gains amounted to EUR 0.6 (0.6) million and value changes of financial assets at fair value through profit or loss amounted to EUR 0.6 (-1.3) million, resulting in a total recorded value of EUR 1.3 (-0.7) million. Change in the value of strategic investments in January-March 2010, EUR 0.7 million, is recognised in the fair value reserve under equity.

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FINANCING AND CAPITAL EXPENDITURE

The Group enjoys a very strong financial position.

The consolidated balance sheet totalled EUR 190.8 (197.7) million. Liabilities amounted to EUR 34.8 (56.5) million, EUR 34.8 (44.5) million of which were non-interest-bearing and EUR 0.0 (12.0) million interest-bearing. The equity ration was 81.8% (71.4%) and gearing -47.9% (-46.4%).

Financial assets amounted to EUR 74.8 million (77.5 million). EUR 35.7 million (41.0 million) of financial assets were deposited in bank accounts and as time deposits with less than three months' maturity. An additional EUR 39.0 million (36.5 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 20.3 million (28.7 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. A total of EUR 0.6 million in increases in the value of investments was recognised for January-March 2010.

Cash flow from operations was positive in the accounting period, at EUR 2.3 million (9.9 million). The change in the working capital in the accounting period was EUR 1.5 million (6.1 million). Cash flow from investments was EUR -7.2 million (-14.2 million), which consist mainly of the parent company's investments in financial instruments. The cash flow from financing was EUR -12.0 million (-0.2 million). The Estonian subsidiary has repaid the loan in EEK equivalent to EUR 12.0 million. The purpose of the loan was to hedge against a possible decline in the value of the currency.

Gross investments in fixed assets totalled EUR 0.4 (0.4) million, which is 1.0% (0.8%) of turnover. Depreciations were EUR 1.3 (1.3) million.

DECISIONS BY THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATION

Scanfil plc's Annual General Meeting held on 8 April 2010 confirmed the Financial Statements for 2009 and discharged the Board of Directors and the President from liability.

According to Board of Directors' proposal The Annual General Meeting decided to distribute a dividend total of EUR 0.12 per share on the market or a total of EUR 6.9 million. The record date for the payment of dividend was 13 April 2010 and the date of payment of the dividend was 20 April 2010.

The Meeting resolved that the Board of Directors consists of five members. Jorma J. Takanen, Asa-Matti Lytinen, Reijo Pöllä, Jarkko Takanen and Tuomo Lähdesmäki were re-elected as members of the Board of Directors. In it's meeting, held after the General Meeting, the Board of Directors elected Jorma J. Takanen as the Chairman of the Board of Directors and Asa-Matti Lytinen as Vice Chairman of the Board of Directors.

The Meeting approved the Board of Directors' proposal to amend the Articles of Association.

The Meeting decided 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 and to decide on the issuance of shares.

The Board of Directors' proposals to the Annual General Meeting are available on the company website at www.scanfil.com.

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OWN SHARES

On 31 March 2010, the company owned a total of 2,983,831 of its own shares which represented 4.9% of the company's share capital and votes.

During the review period, the company disposed of 4,522 of its own shares in conjunction with the share-based profit-sharing scheme of the Group's Management Team.

SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 3.14 and the lowest EUR 2.77, the closing price for the period standing at EUR 3.01. A total of 1,197,827 shares were traded during the period, corresponding to 2.0% of the total number of shares. The market value of the shares on 31 March 2010 was EUR 182.7 million.

PERSONNEL

Scanfil Group's personnel averaged 2,038 (2,035) employees during the review period and the company employed 2,056 (2,032) employees at the end of the review period, of whom 1,570 (1,487) were employed in the company's foreign plants. The employees of the foreign subsidiaries constituted 76% (73%) of the Group's total personnel on 31 March 2010.

FUTURE PROSPECTS

Scanfil plc

The company is active in the market, looking for new strategic industrial investments in its current and new lines of business in order to ensure a good return on its investments. In the current economic situation, the available investment assets offer a good opportunity for acquisitions conforming to the investment strategy, aiming to obtain a stake in select companies that facilitates active influence on their operations.

The Group 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 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.

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.

OPERATIONAL RISKS AND UNCERTAINTIES

The most significant short-term risks associated with investment activities can materialise if the global economy recovers at a rate slower than expected and investment demand decreases further globally. On the other hand, if the recovery is faster than expected, the resulting increasing inflation expectations and tightening monetary policy might result in a rapid increase of interest rates and accelerating inflation. Both alternatives would have immediate impacts on the stock market and be visible as increasing market volatility. Scanfil plc's investment strategy has aimed to take both outlooks into account. The portfolio is also well hedged against increasing inflation. The average duration of the structured instruments in the investment portfolio is below three years, and more than 55% of the portfolio consists of investments with a low risk classification.

The poor demand predictability of contract manufacturing clients continues to constitute an operational risk in the short term that is hard to estimate. In spite of the increase in demand

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towards the end of the review period, no rapid recovery of the market is in sight, and it is possible that the demand for investment commodities will not experience any significant positive change in the course of 2010. Both the Scanfil EMS subgroup and its customers have had problems with the availability of some components. The low level of investments and problems with the availability of components might have an impact on the operations of the Scanfil EMS subgroup and some of its customers, thereby influencing Scanfil's sales and profitability.

In other respects, the risks facing Scanfil's business have remained essentially the same. Risks and risk management are described in greater detail on the company's website under Corporate Governance and in the notes to the consolidated financial statements.

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard, applying the following accounting policies with the financial statements for 2009.

The Group has adopted the revised standard IFRS 3 Business Combinations and the revised standard IAS 27 Consolidated and Separate Financial Statements as from the beginning of 2010. They have not had an impact on the interim report.

Individual figures and grand totals of tables have been rounded to the nearest million euros, so they will not always add up. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR million

	2010	2009	2009
	1 - 3	1 - 3	1 - 12
TURNOVER	40.8	49.6	197.3
Changes in inventories of finished goods and work in progress	0.4	-0.6	-4.1
Other operating income	0.3	0.2	1.2
Expenses	-38.8	-43.7	-173.4
Depreciation	-1.3	-1.3	-5.1
OPERATING PROFIT	1.5	4.2	16.0
Financial income and expenses	1.3	-1.9	5.1
PROFIT BEFORE TAXES	2.8	2.3	21.1
Income taxes	-0.8	-1.0	-6.7
NET PROFIT FOR THE PERIOD	2.0	1.3	14.3
Attributable to:			
Equity holders of the parent	2.0	1.3	14.3
Earnings / Share (EPS), EUR	0.03	0.02	0.25

The company does not have items that might dilute the earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

NET PROFIT FOR THE PERIOD	2.0	1.3	14.3
Other comprehensive income			
Translation differences	3.0	0.8	-1.9

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Available-for-sale investments	0.5		0.3
Other comprehensive income, net of tax	3.5	0.8	-1.6
TOTAL COMPREHENSIVE INCOME	5.5	2.1	12.8
Attributable to:			
Equity holders of the parent	5.5	2.1	12.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	31.3.2010	31.3.2009	31.12.2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	31.0	32.2	31.1
Goodwill	2.4	2.1	2.4
Other intangible assets	1.1	1.4	1.1
Available-for-sale investments	11.4	0.0	10.6
Financial assets at fair value through profit or loss	18.8	7.8	14.5
Receivables	0.0	0.2	0.0
Deferred tax assets	0.1	1.3	0.1
Total non-current assets	64.7	45.0	59.9
CURRENT ASSETS			
Inventories	27.6	28.7	24.7
Trade and other receivables	37.4	49.6	43.4
Advance payments	0.1	0.1	0.1
Financial assets at fair value through profit or loss	20.3	17.1	16.1
Available-for-sale investments, liquid assets	0.0	11.7	0.5
Available-for-sale investments, cash equivalents	17.0	29.9	20.4
Cash and cash equivalents	18.7	11.1	30.8
Total current assets	121.2	148.1	135.9
Non current assets held for sale	4.9	4.6	4.9
TOTAL ASSETS	190.8	197.7	200.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.2	15.2	15.2
Share premium account	16.1	16.1	16.1
Treasury shares	-8.9	-7.6	-8.9
Translation differences	3.1	2.8	0.1
Other reserves	5.2	4.0	4.7
Retained earnings	125.3	110.7	123.3
TOTAL EQUITY	156.0	141.2	150.5

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NON-CURRENT LIABILITIES	31.3.2010	31.3.2009	31.12.2009
Deferred tax liabilities	1.8	1.0	1.5
Provisions	5.3	5.7	5.4
Total non-current liabilities	7.1	6.8	6.9
CURRENT LIABILITIES			
Trade and other liabilities	26.9	36.4	30.1
Current tax	0.8	1.3	1.2
Interest bearing liabilities		12.0	12.0
Total current liabilities	27.7	49.7	43.3
TOTAL LIABILITIES	34.8	56.5	50.2
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	190.8	197.7	200.7

CALCULATION OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY EUR million

Equity attributable to equity holders of the parent company							
	Share capital	Share premium account	Treasury shares	Translation differences	Other reserves	Retained earnings	Equity total
Shareholders' equity							
1.1.2010	15.2	16.1	-8.9	0.1	4.7	123.3	150.5
Total comprehensive income				3.0	0.5	2.0	5.5
Distribution of treasury shares			0.0				0.0
Shareholders' equity							
31.3.2010	15.2	16.1	-8.9	3.1	5.2	125.3	156.0

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Equity attributable to equity holders of the parent company							
	Share capital	Share premium account	Treasury shares	Translation differences	Other reserves	Retained earnings	Equity total
Shareholders' equity							
1.1.2009	15.2	16.1	-7.4	2.0	3.6	116.9	146.2
Total comprehensive income				0.8		1.3	2.1
Payment of dividends						-7.0	-7.0
Transfer to funds					0.4	-0.4	0
Distribution of treasury shares			0.0				0.0
Acquisition of treasury shares			-0.1				-0.1
Shareholders' equity							
31.3.2009	15.2	16.1	-7.6	2.8	4.0	110.7	141.2

CONSOLIDATED CASH FLOW STATEMENT

EUR million

	2010 1 - 3	2009 1 - 3	2009 1 - 12
Cash flow from operating activities			
Net profit	2.0	1.3	14.3
Adjustments for the net profit	0.3	3.4	6.0
Change in net working capital	1.5	6.1	16.3
Paid interests and other financial expenses	-0.3	-0.2	-0.9
Interest received	0.1	0.3	0.7
Taxes paid	-1.4	-0.9	-5.5
Net cash from operating activities	2.3	9.9	30.9
Cash flow from investing activities			
Investments in tangible and intangible assets	-0.4	-0.4	-3.4
Sale of tangible and intangible assets	0.0	0.0	0.2
Purchase of investments	-12.5	-20.6	-88.3
Proceeds from sale of investments	5.4	6.0	74.1
Interest received from investments	0.3	0.7	1.9
Net cash from investing activities	-7.2	-14.2	-15.4

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	2010	2009	2009
	1 - 3	1 - 3	1 - 12
Cash flow from financing activities			
Purchase of treasury shares		-0.2	-1.5
Repayment of short-term loans	-12.0		
Dividends paid			-7.0
Net cash from financing activities	-12.0	-0.2	-8.5
Net decrease in cash and cash equivalents	-16.9	-4.5	7.1
Cash and cash equivalents at beginning of period	51.2	45.1	45.1
Changes in exchange rates	1.4	0.4	-0.9
Cash and cash equivalents at end of period	35.7	41.0	51.2

KEY FINANCIAL INDICATORS

	2010	2009	2009
	1 - 3	1 - 3	1 - 12
Return on equity, %	5.3	3.6	9.7
Return on investment, %	7.1	9.1	13.9
Interest bearing liabilities, EUR million		12.0	12.0
Gearing, %	-47.9	-46.4	-46.7
Equity, %	81.8	71.4	75.0
Gross investments in fixed assets, EUR million	0.4	0.4	3.1
% of turnover	1.0	0.8	1.6
Personnel, average	2 038	2 035	2 064
Earnings per share, EUR	0.03	0.02	0.25
Equity per share, EUR	2.70	2.42	2.61
Number of shares 000's			
at end of period	60 714	60 714	60 714
- not counting own shares	57 730	58 377	57 726
- weighted average	57 730	58 408	57 992

The company does not have any liabilities resulting from derivative instruments.

Owing to the nature of the sector, the order book of company covers only a short period of time and does not give an accurate picture of future development.

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SEGMENT INFORMATION

EUR million

	2010	2009	2009
	1 - 3	1 - 3	1 - 12
TURNOVER			
Europe	25.3	33.7	113.5
Asia	16.8	19.0	93.2
Turnover between segments	-1.2	-3.2	-9.4
Total	40.8	49.6	197.3
OPERATING PROFIT			
Europe	0.1	0.8	2.6
Asia	1.4	3.4	13.4
Total	1.5	4.2	16.0
ASSETS			
Europe	68.9	101.2	68.4
Asia	58.9	49.6	60.4
Goodwill	2.4	2.0	2.4
Financial assets	60.6	45.0	69.6
Total	190.8	197.7	200.7

The financial assets of investment activities comprise all of Scanfil plc's financial assets, strategic investments and all deposits by subsidiaries with a maturity exceeding three months, classified as investment assets. The result of investment activities before tax was EUR 1.3 million (EUR - 0.7 million in 2009).

CHANGES IN TANGIBLE NON CURRENT ASSETS

EUR million

	2010	2009	2009
	1 - 3	1 - 3	1 - 12
Book value at the beginning of the period	31.1	33.7	33.7
Additions	0.4	0.4	2.9
Deductions	-0.0	-0.0	-0.4
Depreciations	-1.1	-1.2	-4.7
Exchange rate differences	0.6	-0.6	-0.4
Book value at the end of the period	31.0	32.2	31.1

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CONTINGENT LIABILITIES

EUR million

	2010 1 - 3	2009 1 - 3	2009 1 - 12
Given real estate mortgages	3.4	3.4	3.4
Given business mortgages	18.8	18.8	18.8
Pledged guarantees	0.1	0.1	0.1
Rental liabilities	0.2	0.4	0.2

Scanfil plc has arranged a EUR 5.2 million bank guarantee to secure the payment of contributions related to restructuring of Scanfil NV. Balance sheet of Scanfil NV includes a corresponding provision.

KEY INDICATORS QUATERLY

	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08
Turnover, MEUR	40.8	48.1	49.6	49.9	49.6	54.2	56.0	58.7
Operating profit, MEUR	1.5	2.6	4.2	5.0	4.2	4.5	5.2	6.6
Operating profit, %	3.6	5.3	8.5	10.0	8.5	8.3	9.3	11.3
Net income, MEUR	2.0	2.7	3.8	6.6	1.3	2.3	3.5	6.2
EPS, EUR	0.03	0.05	0.06	0.11	0.02	0.04	0.06	0.11

SCANFIL PLC

Harri Takanen
President

Additional information:
President Harri Takanen
Tel +358 8 4882 111

Distribution NASDAQ OMX Helsinki
 Major Media
 www.scanfil.com

Scanfil plc is a global contract manufacturer and systems supplier for communication and industrial electronics with over 30 years experience in demanding contract manufacturing

Scanfil offers contract-manufacturing services as a systems supplier to the telecommunication industry, mainly to wireless communication sector, as well as to the industrial electronics industry.

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Main telecommunication products are among others integrated enclosure systems for mobile phone and ADSL networks and assembly and testing of modules related to enclosure systems. Examples of industrial electronics products include box-built tested devices, various electronic modules, backplanes and assembled circuit boards as well as cable assemblies. Production plants are situated in China, Hungary, Estonia and Finland.

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