SCANFIL

ANNUAL REPORT 2012

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Annual General Meeting

The Annual General Meeting of Scanfil plc will be held on Thursday 18 April 2013 at 1.00 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 8 April 2013 at the latest as shareholders in the register of Scanfil plc'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. 15 April 2013 at the latest, either in writing to the address Scanfil plc, Yritystie 6, 85410 Sievi, Finland, by telephone, on + 358 – 8 – 4882 111 or by e-mail agm@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.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 be paid from the unrestricted shareholders' equity per share, for a total of EUR 2,309,217.56

The record date for payment of dividend shall be 23 April 2013 and the date of payment of dividend 30 April 2013. 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 2013, Scanfil plc will be publishing the following financial reviews:

Financial statement bulletin
25 February 2013
Annual report week 12/2013
Interim Report for January–March
25 April 2013
Interim Report for January–June
1 August 2013
Interim Report for January–September
29 October 2013

The financial reviews will be appearing in Finnish and English, and be published on the company's website at www.scanfil.com. The publications can also be ordered from the address Scanfil plc, 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.

The new contract manufacturing company Scanfil plc was listed on the stock exchange at the beginning of 2012. The company was formed in the partial demerger of Sievi Capital plc, in which the contract manufacturing business was demerged into a new publicly listed company.

Scanfil plc is an international contract manufacturer of professional electronics and telecommunications systems

Sievi Capital plc's demerger took effect on 1 January 2012. After the demerger, the contract manufacturing business (Scanfil EMS Oy Group) was transferred to a new publicly listed company, Scanfil plc.

Scanfil plc is a listed (NASDAQ OMX Helsinki) international contract manufacturer and system supplier for the telecommunications and electronics industry. The company has more than 36 years of experience in demanding contract manufacturing activity. Its customers include internationally operating professional electronics and telecommunications systems manufacturers.

Scanfil Group is comprised of the parent company Scanfil plc and a subgroup called Scanfil EMS Oy, which is engaged in contract manufacturing. Scanfil EMS Oy's subsidiaries are the Chinese subsidiaries Scanfil (Suzhou) Co., Ltd. and Scanfil (Hangzhou) Co., Ltd., the Hungarian subsidiaries Scanfil Kft. (Budapest) and Rozália Invest Kft. (Budapest) as well as the Estonia-based Scanfil Oü (Pärnu). The Group's share of ownership in all of its subsidiaries is 100%. Scanfil EMS Group also includes the associated company Greenpoint Oy (holding 40%).

Scanfil plc in 2012

The demerger of Sievi Capital plc took effect on 1 January 2012. The new company Scanfil plc formed in the demerger started its operations.

On 2 January 2012, trading in Scanfil plc shares commenced on the stock exchange list of NASDAQ OMX Helsinki.

On 21 February 2012, Scanfil plc's subsidiary Scanfil EMS Oy started statutory employer-employee negotiations at the Sievi plant.

On 5 April 2012, Scanfil EMS Oy's statutory employer-employee negotiations were completed. Based on the negotiations, Scanfil EMS Oy's Board of Directors decided that a total of 64 workers and salaried employees will be made redundant by the end of May.

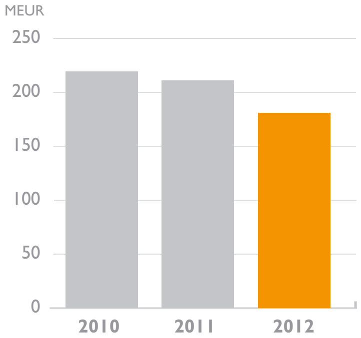
On 19 April 2012, Scanfil plc's Extraordinary General Meeting elected the company's Board of Directors. Jorma J. Takanen, Tuomo Lähdesmäki and Jarkko Takanen were re-elected as Board members and Päivi Marttila was elected as a new member.

On 11 May 2012, Scanfil plc announced that its subsidiary Scanfil EMS Oy had purchased production and office facilities with a total floor area of 26,000 square metres and a 19.3 hectare plot in Sievi from Sievi Capital plc. Scanfil EMS Oy had previously been the tenant of the facilities under a lease.

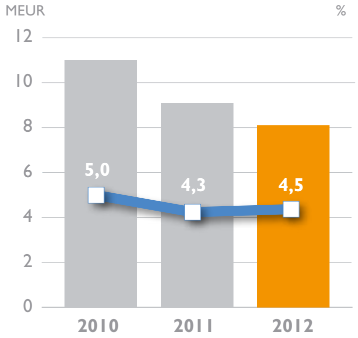
On 11 October 2012, Scanfil EMS Oy and Finland's Slot Machine Association (RAY) signed a delivery contract on slot machine assembly and proto series manufacturing. The slot machines will be manufactured by the Sievi factory of Scanfil EMS.

The Group

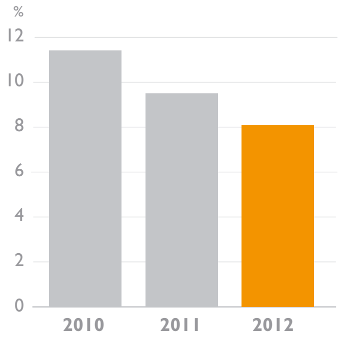
Turnover



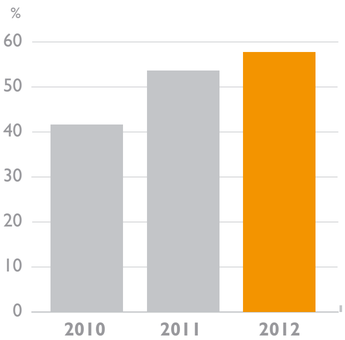
Operating profit & operating profit %



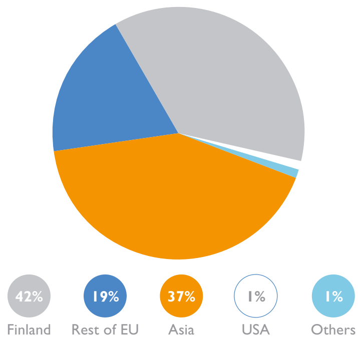
Return on investment



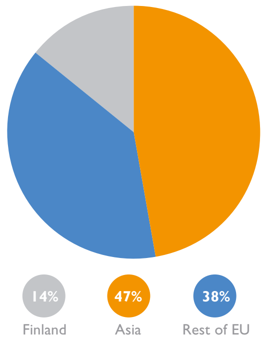
Solvency



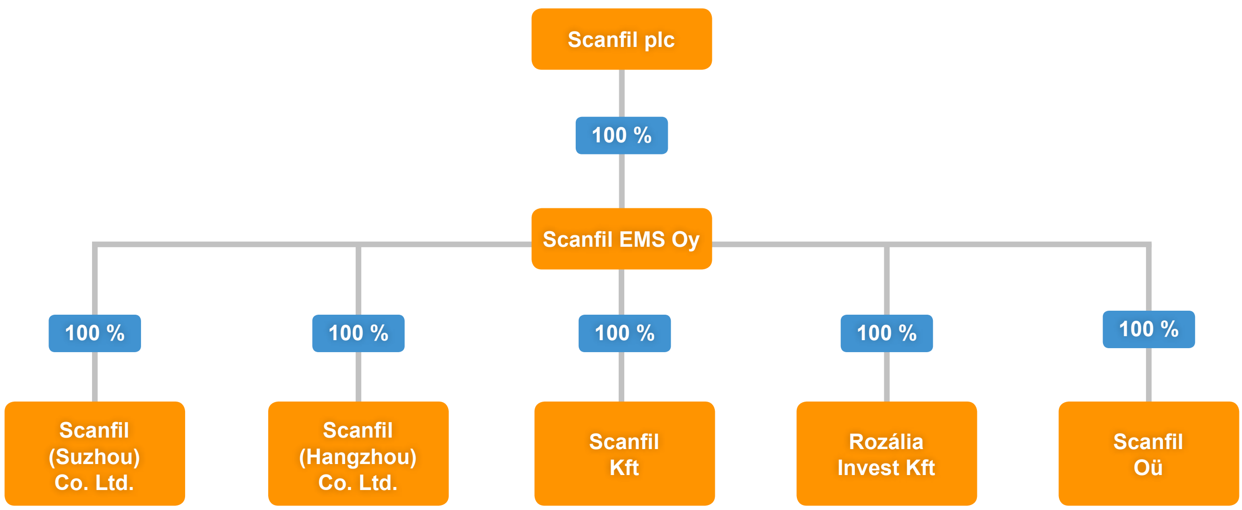
Turnover geographically



Personnel by region



The group structure of Scanfil plc 2012



Scanfil's competence and competitiveness kept us afloat even amidst challenges

Scanfil started the year 2012 with a reformed structure. It continued the contract manufacturing business transferred from Sievi Capital Group, with more than 36 years of experience as the foundation. With the restructuring, the company has even better resources for prospering in the global contract manufacturing market.

The year 2012 was challenging for the new group. Slowed growth in the global economy and its effects impacted the operations of the company's customers, making the contract manufacturing market more difficult.

In spite of decreased turnover, Scanfil managed to slightly improve its relative profitability. The company's professional electronics customers represent a variety of industries, which balances industry-specific fluctuations in demand. Scanfil's strategy of shifting resources towards increasing sales of professional electronics has in fact turned out to be a smart move. Already, three-quarters of the company's turnover is currently generated by professional electronics.

At the moment, the company is particularly addressing emerging industries. Investments were made at the Pärnu plant to open opportunities for increasing the production of professional electronics, especially for customers in the energy technology and renewable energy sectors.

The demand for professional electronics products continued to be stable throughout the year. Scanfil managed to secure new customer accounts and expand its cooperation with existing customers. The demand for telecommunications products, on the other hand, remained soft. Underlying this is the industry trend that has continued for years and changes in the operating environment.

Due to the low demand for telecommunications products, it has been necessary to adjust production capacity and personnel at the Chinese and Finnish plants to match the new situation. This means the company aims to ensure the profitability of operations under uncertain market conditions.

Diverse competence is emphasised

In the autumn, Scanfil EMS Oy and Finland's Slot Machine Association (RAY) signed a delivery contract for slot machine assembly. The agreement was good news for the Sievi plant, which will manufacture the products, in particular. Scanfil fared well in the public tendering process as the result of the quality and cost efficiency of its operations. The choice also proved Scanfil's competitiveness as a manufacturer of demanding and complicated products.

Scanfil can best stand out from the competition by focusing on demanding products the manufacture of which requires diverse competence. This also further emphasises the significance of skilled personnel.

Due to its competent employees, Scanfil has been able to develop its quality and performance further and fare well in a tight competitive situation. Therefore, I would like to thank our personnel, who have also taken the company's operations forward in spite of the challenges. I would also like to extend a warm thanks to our customers, shareholders and business partners for their confidence and great cooperation in 2012.

Harri Takanen
CEO
Scanfil plc

Seeds of new growth are in emerging industries and demanding manufacturing operations

The year 2012 was marked by the crisis in the Euro zone and the slowing down of economic growth. As for contract manufacturing, these factors meant an increasingly challenging market situation. In the tightening competitive situation those who can best utilise their own strengths will be the winners. For Scanfil, this means specialising in the manufacture of increasingly demanding products.

The difficult economic situation in Europe and slowed growth of the world economy kept the market unstable in 2012. In contract manufacturing, the tight competitive situation continued throughout the year, both in Finland and all over the world.

In spite of the difficult economic situation, the demand for professional electronics continued to be stable and good all year round. The demand for telecommunications products, on the other hand, was initially weak during the first quarter, then picked up slightly but continued to be low during the latter half of the year.

In professional electronics, market fluctuations are softened by Scanfil's diverse customer base. It includes several significant manufacturers with a strong market position in sectors such as automation and measurement technology, mechanical engineering and lift technology.

Scanfil has also expanded its customer accounts into emerging industries, which in particular include renewable energy and energy efficiency. Diverse competence and management of demanding product packages are the company's strength.

Involved in market development

With regard to the global megatrends, energy efficiency and urbanisation are significant for Scanfil. The company's key customers are strongly involved in these trends, which creates good growth opportunities. Another one of Scanfil's advantages is its customers' solid position in the Asian market.

Scanfil's customers are international companies to which it offers services globally. The company's strategy is to establish production units based on market development and customer needs. In 2012, Scanfil had production plants in Finland, Hungary, Estonia and China.

In contract manufacturing, production is located where it is the most profitable and most sensible from the point of view of the customer's operations. In practice, this means focusing on lower-cost countries and close to the markets. The focus of markets has been in Asia in several industries. Currently, the significance of Eastern Europe in particular has been increasing as well. Companies for which Europe is a significant market area have transferred their manufacturing operations there. Scanfil has also strengthened its capacity in Estonia and Hungary.

In contract manufacturing, production is located where it is the most profitable and most sensible from the point of view of the customer's operations.

Added value for customers through state-of-the-art manufacturing competence

Scanfil plc continues as a global telecommunications and professional electronics contract manufacturer. The company aims to deepen its cooperation with key customers and provide them with the maximum added value through its solid manufacturing competence.

Scanfil plc's mission is to help its customers find success by providing a reliable and effective way of making the product, from design phase to the end customer.

Scanfil's strategy is to focus on demanding products that provide customers with the maximum added value. The competitive edge offered by the company is shown particularly when management of extensive product packages and diverse competence are necessary.

As a contract manufacturer, Scanfil's role covers cooperation throughout the life cycle of the product. The company offers its customers a comprehensive service concept that ranges from manufacturing components and the procurement of materials all the way to finished and tested final products, delivered to the end customer if necessary.

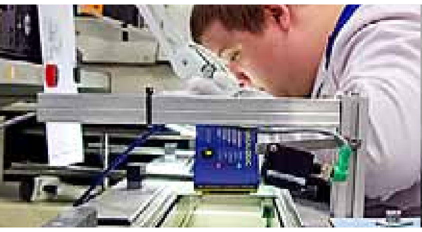
Good performance – meaning delivery reliability, quality and efficiency – is Scanfil's strength. It supports customers' competitiveness by incorporating its own long-term competence into the design and manufacture of the product.

Large key customers with which Scanfil aims to deepen and expand cooperation play a key role in Scanfil's business. The company also aims to secure continuously new customer accounts and expand its deliveries to existing customers. Growth is particularly sought in professional electronics and new sectors.

Competent personnel are the key

Scanfil plc's objective is to expand its operations to cater for customers in all key markets worldwide. The strategy is to establish global production units according to customers' needs and market development. At the same time, the company aims to increase the unit size of its plants.

The development of shared practices throughout the Group is continued in branches located around the world. Attention is also paid to good internal communications, and it will be developed further. As Scanfil's operations are focused on the manufacture of increasingly demanding products, the competence and training of personnel are also increasingly important.



Long-term cooperation with key customers

Scanfil's customers are leading international manufacturers of professional electronics and telecommunications technology. The company supports their competitiveness by providing comprehensive contract manufacturing services. Scanfil's strength is in demanding products whose manufacture requires diverse competence.

Solid production competence, diverse technology and cost-efficiency are the foundation of Scanfil's operations. Its long-term customer relationships are based on the high quality of its services and the flexibility and efficiency of production. Key customers with whom Scanfil aims to cooperate closely throughout the life cycle of the product are essential.

Scanfil aims to deepen the cooperation with its customers, especially in the early phase of the product life cycle and presentation phase of new products. The early phases of the project also provide the best opportunities for influencing the manufacturing costs of the product.

Harnessing Scanfil's manufacturing competence already in the product design phase makes it possible to make the entire manufacturing process more efficient, which also allows the customer to launch its product faster. All of this creates the added value offered by Scanfil to its customers.

In the last few years, professional electronics have accounted for an increasing share of Scanfil's business and customers. The company's customers represent a variety of sectors, which balances fluctuations in demand in individual sectors.

The share of professional electronics increased further in 2012 as well, accounting for three-quarters of Scanfil's business operations. The company's key customer accounts include: ABB, Kone, Metso, RAY, The Switch, Vacon and Vaisala. The largest telecommunications customers are Alcatel-Lucent, Ericsson and Nokia Siemens Networks.

Investments in European plants

Scanfil's production was located in five plants in 2012: one in Finland, one in Estonia, one in Hungary and two in China.

Almost half of Scanfil's employees work in the Suzhou and Hangzhou plants in China. The company's strategy is to increase its Chinese operations further. Cooperation between the two Chinese plants has been developed, and their operating methods have been harmonised.

At the same time, Europe is also gaining more importance. Scanfil's customers have increased their operations in Europe, and the company has prepared for this by way of investments made in the Pärnu and Hungarian plants.

The Pärnu plant has increased its mechanics production capacity by investing in state-of-the-art technology. The transfer of electronics production from Sievi to Pärnu began already in 2011, and it was completed last year. In the future, the Sievi plant will focus on manufacturing sheet metal mechanics and the assembly of demanding products.

Mechanics production was also strengthened at the Hungarian plant where a new finishing line was completed. It facilitates an increasingly efficient manufacturing process and more competitive production.

Added value to the customer from comprehensive service

The aim of Scanfil's production system is advanced vertical integration. This means that as much of the added value work in the product manufacturing chain as possible is centralised in one manufacturing location. Scanfil offers its customers comprehensive service, covering the procurement of raw materials and materials, testing, manufacture of electronics and mechanics and the required logistics. This means the company can assume more extensive responsibility beyond the manufacture of the products in the customer's value chain.

When different production phases take place in the same place, unprofitable storage and multiple mark-ups in the supply chain are avoided. Versatile technology and an efficient, centralised production chain offer the customer a competitive edge.

Example's of the final products of Scanfil's customers

Professional electronics:

- automation systems
- frequency converters
- lift control systems
- equipment and systems for electri production and transmission
- analysers
- slot machines
- various meteorological instruments

Telecommunications:

- mobile phone network base stations
- equipment systems for public switched telephone networks

Greenpoint Oy (Scanfil EMS Oy's holding 40%) is specialised in developing fixtures, refrigerators and services to drive impulse sales of fast moving consumer goods for international companies and retail chains.

Greenpoint Oy designs, develops and markets impulse sales in-store furniture and has it manufactured and sells it to retail chains and brand manufacturers. The company also designs special refrigerators for international equipment manufacturers and large beverage and ice cream companies, either directly or via foreign distributors. Greenpoint Oy has the special refrigerators manufactured according to the target markets and production volumes in cooperation with domestic manufacturers or by partners' subsidiaries close to the customer markets.

In 2012, Greenpoint Oy focused mainly on developing special refrigerators, taking global environmental and certification-related requirements into account. Towards the end of the year, the company secured a relatively large order from an international cigarette manufacturer, with which it also concluded a framework agreement extending until the end of 2013.

www.greenpoint.fi

Scanfil EMS Oy's plants 2012

Scanfil plc's strengths

- *Comprehensive manufacturing services*
- *Cost efficiency*
- *Speed, flexibility*
- *Supply chain management*
- *Customer orientation*
- *Solvency*
- *Strong and diverse production competence*

Sievi, Finland
- Electronics and mechanics
- Personnel: 201
- Floor area: 26.000 m^2

Pärnu, Estonia
- Electronics and mechanics
- Personnel: 436
- Floor area: 16,000 m^2

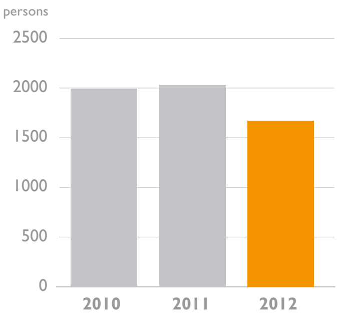
Budapest, Hungary
- Mechanics
- Personnel: 196
- Floor area: 16,000 m^2

Suzhou, China
- Electronics
- Personnel: 423
- Floor area: 21,000 m^2

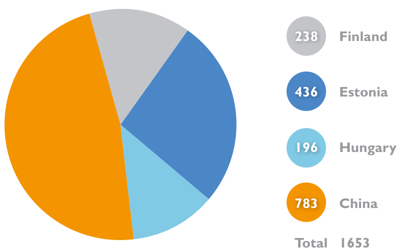
Hangzhou, China
- Mechanics
- Personnel: 360
- Floor area: 36,500 m^2

Multi-skilled professionals in four countries

Personnel on average 2010-2012



Personnel on 31 December 2012



As a contract manufacturer, Scanfil provides its customers with comprehensive services that require diverse competence. One of its key competitive factors has been its skilled and motivated personnel in production units across the world.

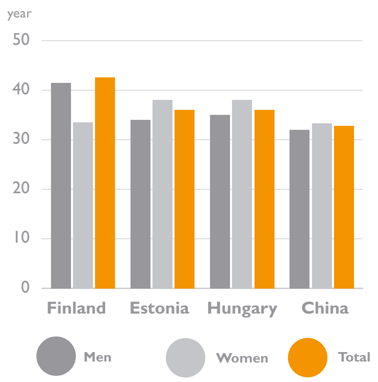
In contract manufacturing, a company's market position is determined by the cost, efficiency and flexibility with which it can solve the customer's needs and provide the customer with added value. This sets high requirements for the competence of the personnel and its development.

Having professional personnel is one of Scanfil's most important competitive factors. The company's employees are experienced electronics, electrical and metal industry professionals who are able to meet the most demanding needs of customers. The competence of its personnel is an intangible asset and irreplaceable as such for a company providing comprehensive service.

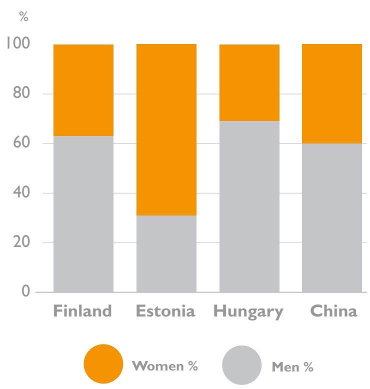
Scanfil has developed employees' opportunities for training and personal development further. Several training events have been arranged for the personnel, and the Suzhou plant, for example, offers tools for independent learning on the plant intranet.

The company promotes the career development of employees by encouraging them to apply for open positions in the company, for example. The Sievi plant developed and commissioned

Average age of employees by countries



Employees by gender



tools for continuously monitoring employees' competence and training needs.

A common operating culture is being strengthened

Scanfil's production plants operate as independent subsidiaries in Finland, Estonia, Hungary and China. Their mutual contacts and shared operating methods covering the entire Group are continuously strengthened. Scanfil continued the harmonisation of the management and operating methods of its plants in 2012.

Furthermore, the Group's joint HR management is being developed further. Good HR and internal communications play a key role in terms of well-being at work and team spirit.

Scanfil's subsidiaries located around the world comply with the local legislation, collective labour agreements and the company's uniform operating methods. Occupational safety and well-being at work are ensured in each country according to the local regulations. The company takes cultural aspects and local business practices into account wherever possible. Under no circumstances does it compromise its ethical principles. Scanfil is committed to compliance with international human rights conventions and offering a safe working environment with zero tolerance for discrimination.

86% of personnel work outside Finland

At the end of 2012, the Group had 1,653 (1,745) employees, of whom 1,415 (1,449) worked in units outside Finland. The proportion of employees working outside Finland was 86% (83%) at the end of the year. The proportion of employees working in China was 47%.

The Group had 1,669 (2,027) employees on average in 2012. The number of employees by country was: Finland 238, Estonia 436, Hungary 196 and China 783.

The youngest employees can be found in China, where the average age of employees is 33. In Hungary and in Estonia the average age of the personnel is 36 years. The average age of the Finnish personnel is 43 years.

Men account for 54% of all employees, women for 46%.

Quality management begins in the design phase

Development of quality is long-term systematic work that begins already in the product design phase. Scanfil responds to tightening requirements for quality and environmental efficiency through continuous development.

Customers' needs and the changing operating environment set high requirements for the quality of production and products and its development. Scanfil responds to tightening quality requirements with numerous customer-specific projects. Plant-specific projects, on the other hand, have been used for developing the internal operations of the plants.

Scanfil has continued the harmonisation of operating methods across different production units. The company has developed uniform tools for the management system and reporting, among other areas. The transparency of operations is increased by developing the flow of information between the plants. The units' best practices are showcased and applied also more extensively in the company's operations.

Project management tools have been developed, especially for the presentation phase of new products. As a manufacturer, Scanfil aims to be involved in the design of the product in the earliest phase possible. This makes it possible to improve the manufacturing properties of the product, avoid any production-phase problems and ensure optimum quality.

Scanfil follows long-term development plans in quality management, with indicators based on quality, turnaround times and cost efficiency, among other things. The Six Sigma tool is still applied to quality management. This means continuous and systematic work and analysis in order to develop quality. The aims include reducing variations in the production process and minimising errors.

All of the Scanfil Group units follow an ISO 9001-certified quality system and the ISO 14001 environmental standard.

Efficient production processes protect the environment

Scanfil continuously aims to make its production processes and utilisation of raw materials more efficient. The aim is to find the most energy-efficient solutions, be they related to the lighting or energy solutions of the production facilities or major machine and infrastructure acquisitions. Production also has to be able to adapt to the manufacture of products and components of increasingly smaller sizes.

Scanfil regularly updates its environmental system, surveying potential improvement targets at the same time. The company takes its customers' environmental requirements into account and shoulders its responsibility, acknowledging the environmental effects of all of its operations. Particular attention is paid to monitoring energy consumption, minimising emissions, utilising raw materials and recycling waste.

The risks related to environmental aspects are assessed whenever operations change and whenever new requirements are imposed by the authorities or customers. The company's management regularly oversees the implementation of the environmental programme, development of the indicators and achievement of the goals set, both locally and at the group level.

18.12.2012	Scanfil plc's financial information and annual general meeting in 2013
31.10.2012	Scanfil Group's interim report 1 January – 30 September 2012
11.10.2012	Scanfil EMS oy and RAY signed a delivery contract for a slot machine assembly
17.08.2012	RAY selects Scanfil EMS oy as a contract supplier for a slot machine assembly
07.08.2012	Scanfil Group's interim report 1 January – 30 June 2012
18.07.2012	Announcement pursuant to chapter 2, section 10 of the securities markets act
11.05.2012	Scanfil EMS Oy purchased Sievi property from Sievi Capital plc
02.05.2012	Scanfil Group's interim report 1 January – 31 March 2012
02.05.2012	Scanfil EMS Oy group's figures for 2011 as comparison data for Scanfil plc
19.04.2012	Scanfil plc's extraordinary general meeting on 19 April 2012
18.04.2012	Announcement pursuant to chapter 2, section 10 of the securities markets act
12.04.2012	Notice of change in share of ownership pursuant to chapter 2 section 10 of the securities market act
05.04.2012	Closure of statutory negotiations at Scanfil plc's subsidiary Scanfil EMS Oy
22.03.2012	Sievi Capital Oyj's published financial statements includes Scanfil EMS group's financial statemets information
21.03.2012	Summons to the extraordinary general meeting
01.03.2012	Court of arbitration ordered Ojala-Yhtymä Oy and its shareholders to pay eur 2 million in damages to Scanfil EMS oy and Sievi Capital plc
01.03.2012	Scanfil plc's changes the outlook for first quarter
28.02.2012	Determination of the cost of acquisition of Scanfil plc and Sievi Capital plc shares in Finnish taxation
21.02.2012	Scanfil plc's subsidiary, Scanfil EMS Oy, starts employer-employee negotiations at Sievi plant
21.02.2012	Scanfil plc's outlook for 2012
02.01.2012	Scanfil plc listed on NASDAQ OMX Helsinki

Scanfil plc

Board of Directors

Jorma J. Takanen
Chairman of the Board of Directors
BSc (Chemistry)
born 1946
- Member of the company's Board of Directors since 2012
- Founder of Sievi Capital Oyj and CEO during 1976-2005 and since 1 January 2012, Group CEO of Sievi Capital Group 2006-2011.
- Chairman of the Board of Directors: Foundation of Riitta and Jorma J. Takanen
- Member of the Board of Directors: iLoq Ltd, IonPhasE Oy, Lännen Tehtaat Oyj
- Member of the Supervisory Board: Varma Mutual Pension Insurance Company
- Holds 17,380,305 Scanfil plc shares (31 December 2012).

Päivi Marttila,
MSc ((Econ)
born 1961
- Member of the company's Board of Directors since 2012
- Managing Director of Edina Oy, founder of QPR Software Oyj and held management positions of the company in Finland and USA during years 1991-2001, Managing Director of Plamec Oy, a subsidiary of Microcell Group, during years 2002-2005, in Flextronics Group in management positions of sales and marketing during years 2005-2011
- Member of Board of Directors: Panphonics Oy

Tuomo Lähdesmäki
MSc (Eng.), MBA (INSEAD).
born 1957
- Member of the company's Board of Directors since 2012, Founding Partner and Senior Partner of Boardman Oy since 2002, President and CEO of Elcoteq Network Corporation 1997-2001, Managing Director of Leiras Oy 1991-1997.
- Chairman of the Board of Directors: Aspocomp Group Oyj, Terästorni Oy, Turun yliopistosäätiö, West Welding Oy, Viafin Oy, Reneva Oy, Liedon Vanhalinna –foundation, Tuomo Lähdesmäki Oy, Ovenia Oy, Nesco Invest Oy
- Member of the Board of Directors: Meconet Oy, Metsä Tissue Oyj, Yliopiston Apteekki, Vaaka Partners Oyj.
- Chairman of delegation: Kaute Foundation
- Holds 10,000 Scanfil plc shares (31 December 2012).

Jarkko Takanen
BSc (Industrial Management) and a Commercial College Diploma in Management Accountancy
born 1967
- Member of the company's Board of Directors since 2012, Managing Director of Jussi Capital Oy, worked in Sievi Capital Group among others as Customer Service Manager, Works Manager, Quality Manager, IT Manager and Director of Sourcing and Logistics at Scanfil plc 1995–2004, Managing Director of the Belgian subsidiary Scanfil N.V. 1 April 2003-30 June 2004.
- Member of the Board of Directors: Sievi Capital Oyj
- Holds 2,477,169 Scanfil plc shares (31 December 2012).

Scanfil EMS Oy

Management Team

Harri Takanen
CEO
Scanfil plc and Scanfil EMS Oy
MSc (Eng.)
born 1968

- CEO of Scanfil plc since 1 January 2012 and CEO of Scanfil EMS Ltd since 15 May 2007. At the Scanfil EMS Ltd's employ between 1994-2007 in positions such as Director of China Operations, Managing Director of Scanfil (Hangzhou) Co., Ltd, Vice President of Technology, Director of Customer Relations, Customer Service Manager and Plant Manager of Sievi Mechanics. President of Sievi Capital Oyj 15 May 2007-31 December 2011.
- Holds 4,002,664 Scanfil plc shares (31 December 2012).

Petteri Jokitalo
Director, Sales and Marketing
MSc (Eng.)
born 1963

- Joinned the company at 10 January 2012, Managing Director of Meka Pro Oy during 2007-2011, in Scanfil Oyj in management tasks of sales and business development during 2003-2007 and in international tasks in Nokia Networks during 1998-2003.

Markku Kosunen
Director, Operations
technology undergraduate
born 1967

- Joined the company on 1 October 2010, Production and Development Director at Mecanova Oy 2005-2010, managerial positions at the mechanics plants of Flextronics and Ojala-yhtymä in Finland 1993–2005

Marjo Nurkkala
Director, Finance
MSc (Econ.)
born 1959

- The company's CFO since 2000, financial manager 1997-2000, financial manager of Oy M-Filter Ab 1993-1997, office manager of Osuuskauppa Jokiseutu 1986-1992.
- Holds 3,593 Scanfil plc shares (31 December 2012).

Reijo Pöllä
Director, Investment Project
BSc (Information Technology)
born 1951

- Joined the company in 1977, Director, Investment Projects since 1 May 2006. Before that, he has held the position of Vice President, Internal Operations in 2001-2006 and Plant Manager of the Sievi electronics plant and the Äänekoski plant.
- Holds 3,128,745 Scanfil plc shares (31 December 2012).

Tomi Takanen
Director, Materials and Logistics
B.Sc. (Production Economics)
born 1972

- Joined the Company in 1997, has held the current position since 1 March 2009, Managing Director of the Hangzhou subsidiary 2007-2009, Key Customer Account Manager 2004-2007, Production Manager and Plant Manager at the Sievi electronics plant 2000-2004, project tasks at the Sievi mechanics 1997-2000.
- Holds 113 Scanfil plc shares (31 December 2012).

Aki Viljamaa,
Director, Quality and Process Development
BSc (Machine Automation)
born 1967

- Joined the Company in 2004, assumed his current position on 1 January 2009, Quality Manager of China operations and Logistics manager of Scanfil (Hangzhou) Co., Ltd. 2004-2009, Quality Manager of Flextronics' mechanics plants in Finland 2002-2004, Quality Manager of Flextronics Enclosures (Hangzhou, China) 2001-2002.

The Board of Directors of Sievi Capital plc approved a demerger plan on 11 August 2011, according to which the company will demerge partially so that the assets and liabilities of Sievi Capital plc's contract manufacturing business (Scanfil EMS Oy) will be transferred to a new publicly listed company, Scanfil plc. The assets and liabilities related to investment activity remained with Sievi Capital plc. Sievi Capital plc's Extraordinary General Meeting decided on 22 November 2011 on the demerger of the company in accordance with the demerger plan signed by the company's Board of Directors on 11 August 2011. The demerger was executed on 1 January 2012 and trading in Scanfil plc shares commenced on the stock exchange list of NASDAQ OMX Helsinki on 2 January 2012.

Scanfil Group is engaged in contract manufacturing for international telecommunications technology and professional electronics manufacturers. Scanfil has over 35 years of experience in demanding contract manufacturing. Scanfil is a systems supplier that offers its products and services to international telecommunications systems manufacturers and professional electronics customers. Typical products are equipment systems for mobile and public switched telephone networks, automation systems, frequency converters, lift control systems, equipment and systems for electricity production and transmission, analysers, slot machines and different meteorological instruments. The company has production facilities in China, Estonia, Hungary and Finland

Group structure

Scanfil Group is comprised of the parent company Scanfil plc and a subgroup called Scanfil EMS Oy, which is engaged in contract manufacturing. Scanfil EMS Oy's subsidiaries are the Chinese subsidiaries Scanfil (Suzhou) Co., Ltd. and Scanfil (Hangzhou) Co., Ltd., the Hungarian subsidiaries Scanfil Kft. (Budapest) and Rozália Invest Kft. (Budapest) as well as the Estonia-based Scanfil Oü (Pärnu). The Group's share of ownership in all of its subsidiaries is 100%. Scanfil EMS Group also includes the associated company Greenpoint Oy (holding 40%).

Year 2012

The difficult economic situation in Europe and slowed growth of the world economy kept the market unstable in 2012. In the contract manufacturing market, the tight competitive situation continued throughout the year, both in Finland and all over the world.

In spite of the difficult economic situation, the demand for professional electronics continued to be stable and good all year round. The demand for telecommunications products, on the other hand, was initially weak during the first quarter, then picked up slightly but continued to be low during the latter half of the year. Turnover for 2012 totalled EUR 180.9 million, of which professional electronics customers accounted for 74% (62% in 2011) and telecommunications customers for 26% (38%).

In professional electronics, market fluctuations are softened by Scanfil's diverse customer base. It includes several significant manufacturers with a strong market position in sectors such as automation and measurement technology, mechanical engineering and lift technology. Scanfil has also expanded its customer accounts into emerging industries, which in particular include renewable energy and energy efficiency.

In Finland, subsidiary Scanfil EMS Oy had statutory employer-employee negotiations at the Sievi plant. Based on the results of the negotiations, a total of 64 workers and salaried employees were made redundant. In addition, the Hangzhou subsidiary in China streamlined its operations during the period in order to take account of reduced demand. On the other hand, the operations of the Hungarian and in particular the Estonian plant have been strengthened in response to the picking up of demand at Eastern European plants.

Scanfil EMS Oy purchased production and office facilities with a total floor area of 26,000 square metres and a 19.3 hectare plot in Sievi from Sievi Capital plc in May. Scanfil EMS Oy was previously a tenant in the facilities. The purchase price was EUR 4.2 million, and Scanfil EMS Oy paid it using its liquid assets.

The year saw the launch of a development project, through which the company will replace its existing enterprise resource planning system with a new system. The aim is to develop a global, integrated system that covers all of the Group's business processes and strengthens Scanfil's competitiveness on the global contract manufacturing market. Process management will become more efficient when the necessary information is more precisely and quickly available for decision-making. The system will be in use throughout the Group in spring 2014. The total budget of the project is EUR 1.5 million.

Finland's Slot Machine Association (RAY) selected Scanfil EMS Oy as the contract supplier of slot machine assembly and proto series manufacturing with a contract valid until further notice.

Scanfil EMS Oy's associated company Greenpoint Oy focused in 2012 particularly on developing special refrigerators based on global environmental and certification requirements. The company received a fairly large order from an international cigarette industry company, with which it signed a framework agreement extending until the end of 2013.

Financial development

The resulting Scanfil Group will continue its accounting on the basis of the same accounting figures that it had when it was part of the consolidated financial IFRS statement of Sievi Capital plc. The figures of the Scanfil EMS group for 2011 will be used as comparison figures in the Scanfil group's consolidated financial statements of 2012.

The Group's turnover for January - December was EUR 180.9 (210.8) million. Distribution of turnover based on the location of customers was as follows: Finland 42% (40%), rest of Europe 19% (23%), Asia 37% (36%), USA 1% (1%) and the others 1% (1%).

Operating profit for the Group during the review period was EUR 8.1 (9.1) million, representing 4.5% (4.3%)of turnover. The operating profit includes the following non-recurring items recognised in the first quarter: Scanfil EMS Oy's share of the damages paid by Ojala Yhtymä Oy, EUR 1.2 million, Scanfil plc's listing expenses, EUR -0.4 million, and the provision for personnel termination expenses due to the restructuring of the Hangzhou subsidiary, EUR -0.4 million, a total of EUR +0.5 million. Operating profit excluding non-recurring items was EUR 7.6 million, representing 4.2% of turnover.

Earnings for the review period amounted to EUR 5.7 (6.3) million. Earnings per share were EUR 0.10 (0.11) and return on investment was 8.1% (9.5%).

Financing and capital expenditure

The Group enjoys a strong financial position.

The consolidated balance sheet totalled EUR 130.0 (129.4) million. Liabilities amounted to EUR 55.0 (60.1) million, EUR 26.6 (23.6) million of which were non-interest-bearing and EUR 28.4 (36.5) million interest-bearing. The equity ratio was 57.7% (53.6%) and gearing -2.4% (1.9%). The equity per share was EUR 1.30.

Liquid cash assets totalled EUR 20.5 (35.2) million.

Cash flow from operating activities in the accounting period came to EUR 11.2 (27.3) million positive. A further EUR 0.4 million was tied to working capital whereas in the previous year the amount of working capital that became available was EUR 17.7 million, due to the lower level of activity towards the end of 2011 compared with the previous year. Cash flow from investment activities was EUR -16.9 (3.6) million and cash flow from financing activities was EUR -8.9 (-7.2) million. Cash flow from investment activities is mainly comprised of the purchase of the Sievi property and the machine and equipment investments of subsidiaries and also deposits of over three months, which are classified as investments. The cash flow from financing activities consists of bank loan repayments.

Changes in exchange rates have not had a significant effect on the result of operational activity due to the business structure.

Gross investments in January – December in fixed assets totalled EUR 7.2 (3.8) million, which is 4.0% (1.8%) of turnover. The purchase of the Sievi property makes up the majority of the investments, EUR 4.2 million. Construction in progress for the new enterprise resource planning system amounted to EUR 0.6 million. Depreciations were EUR 4.5 (4.2) million.

Board of Directors' authorisation

Scanfil plc's Extraordinary General Meeting authorised the Board of Directors on 19 April 2012 to decide on the acquisition of a maximum of 5,000,000 company shares and on the transfer of a maximum of 5,000,000 company shares. The authorisation to repurchase treasury shares is valid for 18 months after its granting and the conveyance authorisation for three years after its granting. The authorisations granted by the General Meeting have not been exercised.

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

Own shares

The company does not own its own shares.

Personnel

At the end of the financial year, the Group employed 1,653 (1,745) people, of whom 1,415 (1,449) in the company's units outside Finland. The proportion of employees working in China was 47% (51%) at the end of the year. In all, 86% (83%) of the Group's personnel were employed by subsidiaries outside Finland on 31 December 2012. Scanfil Group's personnel averaged 1,669 (2,027) employees during the review period.

Personnel by country on 31 December 2012:

Finland 238, Estonia 436, Hungary 196, China 783.

The average age of personnel is lowest in China about 33 years. In Hungary and in Estonia the average age is about 36 years. The average age of the Finnish personnel is about 43 years. There is a bit more men working in the Group than women, men accounting for 54% and women for 46% of the personnel.

Share trading and share performance

The highest trading price during the review period was EUR 1.10 and the lowest was EUR 0.60, the closing price for the period standing at EUR 0.82. A total of 8,982,044 shares were traded during the period, corresponding to 15.6% of the total number of shares. The market value of the shares on 31 December 2012 was EUR 47.3 million.

The Board of Directors and CEO

Scanfil plc was incorporated and founded in Sievi Capital plc's partial demerger on 1 January 2012. In accordance with the demerger plan ratified by Sievi Capital plc's extraordinary general meeting on 22 November 2011, Jorma J. Takanen (Chairman of the Board), Asa-Matti Lyytinen, Tuomo Lähdesmäki, Reijo Pöllä and Jarkko Takanen were elected members of Scanfil plc's Board of Directors. These persons served as members of Scanfil plc's Board of Directors during 1 January – 19 April 2012.

Scanfil plc's Extraordinary General Meeting held on 19 April 2012 elected the following Board members:
Jorma J. Takanen, Päivi Marttila, Jarkko Takanen and Tuomo Lähdesmäki. At its organizing meeting held on 19 April 2012 the new Board of Directors elected Jorma J. Takanen as the Chairman of the Board of Directors.

M.Sc.(Eng) Harri Takanen has acted as the company's CEO during 1 Jaunary – 31 December 2012.

Risk management

The Board of Directors of Scanfil plc is responsible for ensuring the appropriate organisation of the Group's risk management and internal control and audit.

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. Risk management aims to observe and analyse factors that might have a negative impact on the achievement of the company's goals and to take measures to mitigate or completely eliminate the risks. The operative units report on business risks in accordance with the management and reporting system.

The Scanfil Group's most significant short-term risks and uncertainty factors are related to the fact that the global economy will again begin to decline or that the period of slow growth will continue for a long time. The poor growth expectations for the economy deteriorate the predictability of Scanfil's operating environment both in the short and long term. The decrease in international demand on the contract manufacturing market and for investment commodities due to poor economic growth may hamper or negatively affect the demand for Scanfil's telecommunications and professional electronics products. The fall in demand may hamper the growth of Scanfil's business and negatively affect the company's turnover and profitability.

For a description of financial risk management in the Scanfil Group, please refer to note 27 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 program was not a significant part of the company's cost structure.

Quality and environment

Customers' needs and the changing operating environment set high requirements for the quality of production and products and its development. All of the Scanfil Group units follow an ISO 9001-certified quality system and the ISO 14001 environmental standard.

As a manufacturer, Scanfil aims to be involved in the design of the product in the earliest phase possible. This makes it possible to improve the manufacturing properties of the product, avoid any production-phase problems and ensure optimum quality.

Scanfil follows long-term development plans in quality management, with indicators based on quality, turnaround times and cost efficiency, among other things. The Six Sigma tool is still applied to quality management.

Scanfil continuously aims to make its production processes and utilisation of raw materials more efficient. The aim is to find the most energy-efficient solutions, be they related to the lighting or energy solutions of the production facilities or major machine and infrastructure acquisitions.

Scanfil regularly updates its environmental system, surveying potential improvement targets at the same time. The company takes its customers' environmental requirements into account and shoulders its responsibility, acknowledging the environmental effects of all of its operations. Particular attention is paid to monitoring energy consumption, minimising emissions, utilising raw materials and recycling waste.

Other events of the review period

With the judgment issued on February 29, 2012, the court of arbitration ordered Ojala-Yhtymä Oy and its shareholders ("Ojala") to pay a total of EUR 2 million and interest to Scanfil plc's subsidiary Scanfil EMS Oy and Sievi Capital plc and to pay the companies' legal expenses in the matter in full. Furthermore, Ojala was obligated to pay the court of arbitration's expenses and fees in full. The compensation less legal expenses was divided equally between Scanfil EMS Oy and Sievi Capital plc.

Notifications of changes in shareholding

Scanfil plc was informed on 18 April 2012 in accordance with Chapter 2, section 9 of the Securities Market Act that the Scanfil plc shares transferred to heirs and beneficiaries as the result of the distribution of matrimonial assets and estate of Eero Alvari Kotilainen's estate on 9 April 2012, had been transferred to Varikot Oy (new company) through transactions implemented on 17 April 2012. Following the arrangement, Varikot Oy holds 7,273,109 Scanfil plc shares, or 12.60% of all shares, and it is the second-largest individual shareholder in Scanfil plc. Based on an agreement between the shareholders, the voting right in Varikot Oy is used together by Riitta-Liisa Kotilainen (50%) and Sirpa Kotilainen (50%).

In a notification received by Scanfil plc on 18 July 2012 pursuant to Chapter 2, section 9 of the Securities Market Act, Varikot Oy announced that a change had taken place in Varikot Oy's voting rights, effective 18 July 2012. Based on an agreement between the shareholders, the voting right in Varikot Oy is used together by Sirpa Kotilainen (50%), Riitta-Liisa Kotilainen (25%) and Aleksi Kotilainen (25%).

Board of director's proposals to the Annual General Meeting

Sievi Capital plc's Annual General Meeting will be held on 18 April 2013 at the company's head office in Sievi, Finland, at 1.00 pm.

Dividend for 2012

The company aims to pay dividends amounting to approximately 1/3 of its annual result on a regular basis.

The parent company's distributable funds are EUR 13,259,857.00.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 be paid from the unrestricted shareholders' equity per share, for a total of EUR 2,309,217.56. The dividend matching day is 23 April 2013. 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 30 April 2013.

The Nomination Committee of the Board of Directors of Scanfil plc proposes to the general meeting that the number of members of the Board of Directors shall be five (5).

The Nomination Committee of the Board of Directors, and the company's major shareholders representing over 50% of the shares and votes, propose that the General Meeting re-elect Jorma J. Takanen, Tuomo Lähdesmäki and Jarkko Takanen as Board Members, and elect company's present CEO Harri Takanen and Riitta Kotilainen as a new board members.

Detailed introduction of first time Board Member nominee Riitta Kotilainen is available on the company's Internet site at www.scanfil.com.

Päivi Marttila who was elected as a Member of Board of Directors in Extra Ordinary General Meeting on 19 April 2012 is, according to her announcement, not available for re-election.

Future prospects

Due to the continued uncertain situation in the global economy, the predictability of the contract manufacturing market is very poor, and it is not possible to provide a reliable outlook for the year.

Scanfil estimates that its turnover for 2013 compared to 2012 will increase and that the operating profit for 2013 will be on par with 2012.

Corporate Governance Statement

The Corporate Governance Statement is provided as a separate report and published in conjunction with the financial statements.

CONSOLIDATED INCOME STATEMENT, IFRS

1000 EUR	*Note*	*1.1.-31.12.2012*	*1.1.-31.12.2011*
Turnover	1	180 915	210 787
Other operating income	2	1 341	421
Changes in inventories of			
finished goods and work in progress		-106	-1 067
Manufacturing for own use		30	14
Use of materials and supplies	3	-126 193	-146 469
Employee benefit expenses	4	-26 063	-29 516
Depreciation and amortization	5	-4 532	-4 155
Other operating expenses	6	-17 280	-20 909
Operating profit		**8 113**	**9 106**
Financial income	7	1 042	613
Financial expense	8	-1 144	-2 072
Share of profit or loss of associates		-405	595
Profit before tax		**7 606**	**8 242**
Income tax	9	-1 901	-1 966
Net profit for the period		**5 706**	**6 276**
Attributable to:			
Shareholders of the parent company	10	0,10	0,11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net profit for the period	**5 706**	**6 276**
Other comprehensive income, net of tax		
Translation differences	-275	4 071
Derivative Financial Instrument	190	-651
Other comprehensive income, net of tax	-85	3 420
Total comprehensive income	**5 620**	**9 696**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

1000 EUR	*Note*	*31.12.2012*	*31.12.2011*
ASSETS			
Non-current assets			
Property, plant and equipment	11	29 931	27 037
Goodwill	12	2 249	2 249
Other intangible assets	13	3 690	3 808
Investments in group companies			0,10
Investments in associated companies	14	632	1 093
Available-for-sale investments	15	16	
Receivables	16	210	300
Deferred tax assets	17	645	514
		37 373	35 000
Current assets			
Inventories	18	29 925	31 189
Loan receivables from associated companies	16	124	
Trade and other receivables	19	31 975	27 569
Advance payments		417	128
Current tax		28	283
Available-for-sale investments, liquid assets	20	9 732	
Available-for-sale investments, cash equivalents	20	5 501	20 809
Cash and cash equivalents	20	14 971	14 381
		92 672	94 360
Total assets		**130 045**	**129 360**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Share capital		2 000	2 000
Translation differences		8 944	9 220
Other reserves		5 342	4 883
Reserve for invested unrestricted equity fund		10 721	10 621
Retained earnings		47 999	42 563
		75 007	69 287
Total equity	21	**75 007**	**69 287**
Non-current liabilities			
Deferred tax liabilities	16	23	60
Provisions	22	391	349
Interest bearing liabilities	23	18 934	27 355
Other liabilities			56
		19 347	27 821
Current liabilities			
Trade and other liabilities	24	25 417	23 120
Current tax		807	14
Interest bearing liabilities	23	9 467	9 118
		35 691	32 253
Total liabilities		**55 039**	**60 073**
Total shareholder's equity and liabilities		**130 045**	**129 360**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

1000 EUR	*Note*	*1.1.-31.12.2012*	*1.1.-31.12.2011*
Cash flow from operating activities			
Net profit		5 706	6 276
Adjustments for the net profit	25	7 359	6 857
Change in net working capital	25	-396	17 700
Paid interests and other financial expenses		-835	-915
Interest received		394	219
Taxes paid		-1 052	-2 865
Net cash from operating activities		**11 176**	**27 272**
Cash flow from investing activities			
Investments in tangible and intangible assets		-7 251	-3 547
Sale of tangible and intangible assets		67	81
Purchase of investments		-9 684	
Granted loans		-34	-100
Net cash from investing activities		**-16 901**	**-3 566**
Cash flow from financing activities			
Repayment of short-term loans			-2 800
Repayment of long-term loans		-8 889	-4 444
Net cash from financing activities		**-8 889**	**-7 244**
Net increase/decrease in cash and cash equivalents		**-14 614**	**16 462**
Cash and cash equivalents at beginning of period		35 190	17 115
Demerger		100	
Changes in exchange rates		-204	1 614
Cash and cash equivalents at end of period	20	**20 472**	**35 190**

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

1000 EUR	*Note*	*Share capital*	*Share premium account*	*Other reserves*	*Translation differnce*	*Retained earnings*	*Equity total*
Equity 1 Jan. 2012		**2 000**	**10 621**	**4 883**	**9 220**	**42 563**	**69 287**
Items received in partial demerger			**100**				**100**
Comprehensive income							
Net profit for the period						5 706	5 706
Other comprehensive income, net of tax							
Translation differences					-275		-275
Derivative Financial Instrument				190			190
Total comprehensive income				**190**	**-275**	**5 706**	**5 620**
Fund transfer	21			269		-269	0
Equity 31 Dec. 2012		**2 000**	**10 721**	**5 342**	**8 944**	**47 999**	**75 007**
Equity 1 Jan. 2011		**2 000**	**10 621**	**5 026**	**5 149**	**36 795**	**59 591**
Comprehensive income							
Net profit for the period						6 276	6 276
Other comprehensive income, net of tax							
Translation differences					4 071		4 071
Derivative Financial Instrument				-651			-651
Total comprehensive income				**-651**	**4 071**	**6 276**	**9 696**
Fund transfer	21			508		-508	0
Equity 31 Dec. 2011		**2 000**	**10 621**	**4 883**	**9 220**	**42 563**	**69 287**

Scanfil plc is a Finland-based public limited company domiciled in Sievi. The parent company Scanfil plc and the subgroup Scanfil EMS Oy make up the Scanfil Group (hereinafter 'Scanfil' or 'the Group'). The shares of the parent company Scanfil plc have been quoted on the Main List of NASDAQ OMX Helsinki Ltd since 2 January 2012.

Scanfil Group is engaged in contract manufacturing for international telecommunications technology and professional electronics manufacturers. Scanfil has over 35 years of experience in demanding contract manufacturing. Scanfil is a systems supplier that offers its products and services to international telecommunications systems manufacturers and professional electronics customers. Typical products are equipment systems for mobile and public switched telephone networks, automation systems, frequency converters, lift control systems, equipment and systems for electricity production and transmission, analysers, slot machines and different meteorological instruments. The company has production facilities in China, Estonia, Hungary and Finland.

Establishment of Scanfil plc

The Board of Directors of Sievi Capital plc approved a demerger plan on 11 August 2011, according to which the company will demerge partially so that the assets and liabilities of Sievi Capital plc's contract manufacturing business will be transferred to a new publicly listed company, Scanfil plc, which will be established in connection with the demerger, and that the assets and liabilities related to investment activity will remain with Sievi Capital plc.

Sievi Capital plc's Extraordinary General Meeting decided in its meeting of 22 November 2011 on the demerger of the company in accordance with the demerger plan signed by the company's Board of Directors on 11 August 2011.

The purpose of the demerger was to demerge contract manufacturing and other industrial operations into a new publicly listed company while investment activity will remain in the demerged company, Sievi Capital plc. According to the Board of Directors, the demerger will clarify the corporate structures, enhance operative transparency and promote the value appreciation for shareholders in the long term.

Scanfil plc, the parent company of the Scanfil Group established as the result of the demerger, was established to execute the demerger. Scanfil plc is mainly a technical instrument for executing the demerger. The resulting Scanfil Group will continue its accounting on the basis of the same accounting figures that it had when it was part of the consolidated financial IFRS statement of Sievi Capital plc. Consequently, when the Scanfil Group is established, the balance sheet items transferred in the demerger will not be revalued; thus, no new goodwill will be created, and the Group's total equity will not be changed in the demerger. Therefore, the figures of the Scanfil EMS group will be used as comparison figures in the Scanfil Group's consolidated financial statements for 2012.

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 2012 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.

Principles of consolidation

Subsidiaries

Subsidiaries are companies controlled by the Group. Control emerges when the Group holds more than one half of the votes or otherwise has control. The existence of potential voting rights is also taken into account when estimating the criteria for control when the instruments entitling to potential voting rights can be realized at the time of the assessment. Control refers to the right to decide on the principles of the company's finances and operations in order to gain benefits from its operations.

Intra-group shareholdings have been eliminated using the acquisition cost method. Consideration transferred and the identifiable assets and assumed liabilities of the acquired company are measured at fair value at the time of the acquisition. Acquisition-related expenses, apart from expenses related to the issue of debt or equity securities, have been recorded as expenses. Consideration transferred does not include business operations handled separately from the acquisition. Their impact has been taken into account in connection with the acquisition through profit or loss. Any conditional additional purchase price is measured at fair value at the time of the acquisition and classified as either debt or equity. Additional purchase classified as debt is measured at fair value at the balance sheet date of each reporting period, and the resulting profit or loss is recognised through profit or loss on under other comprehensive income. Additional purchase price classified as equity is not re-valued.

Acquired subsidiaries are consolidated from the moment the Group has gained control, and divested subsidiaries until control ceases to exist. All intra-group transactions, receivables, liabilities and unrealised gains and internal profit distribution are eliminated upon preparing the consolidated financial statements. Unrealised losses are not eliminated in case the loss is due to impairment loss. Shareholders' equity attributable to non-controlling interest is presented as a separate item under shareholders' equity in the balance sheet. Currently there are no non-controlling shareholders in the Group. Should the Group lose control in a subsidiary, the remaining holding is measured at fair value on the date of losing control, and the resulting difference is recognised through profit or loss. Acquisitions made prior to 1 January 2010 are handled in accordance with the regulations effective at the time.

Associated companies

Associated companies are companies over which the Group exercises considerable influence. As a rule, considerable influence emerges when the Group holds more than 20% of votes in the company or the Group otherwise has considerable influence, but not control. Associated companies are consolidated in the consolidated financial statements using the equity method. If the Group's share of the losses of an associated company exceeds the carrying amount of the investment, the investment is recorded on the balance sheet at zero value and losses exceeding the carrying amount are not consolidated unless the Group has committed to fulfilling the associated companies' obligations. An investment in an associated company includes the goodwill resulting from its acquisition. The proportion of the associated companies' results for the period based on the Group's holding is presented as a separate item under operating profit. Correspondingly, the Group's proportion of changes recognised under the associated company's other comprehensive income is recognised under the Group's other comprehensive income. The Group's associated companies did not have such items for the financial periods 2010–2012.

Items in foreign currencies

The figures concerning the result and financial position of Group units are measured in the currency that is the currency of each unit's main operating environment (operating currency). The consolidated financial statements are presented in euro, which is the operating and reporting currency of the Group's parent company.

Foreign currency-denominated transactions are recorded in the operating currency using the foreign exchange rates on the transaction date. 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. Foreign exchange gains and losses are handled as adjustments on sales and purchases. Rate differences in financing are presented as net amounts under financial income and expenses.

In the consolidated financial statements, the income statements of foreign Group companies are translated into euro 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 euro 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, and the change in translation difference is presented in the statement of comprehensive income for the partial financial period.

Principles of revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership, right of possession and actual control of the products have been transferred to the buyer. 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.

Interest income is recognised on an accrual basis and dividend income when the right to a dividend has emerged.

Public grants

Public 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 business segment of the Group is contract manufacturing activity, divided into the geographical regions Asia and Europe.

Employee benefits

The Group has different kinds of pension arrangements according to local practices. 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 pension cover of the Group's employees is provided through external pension insurance companies. Pension expenses are recognised as expenses for the year during which they are accrued.

The Group does not have defined-benefit schemes in use.

Leases

A lease is classified as a finance lease if it substantially transfers 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.

Leases where the risks and rewards incidental to ownership remain with the lessor are processed as other leases, and the leases are recognised in the income statement as expenses over the lease period.

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 arising in the consolidation of business operations acquired after 1 January 2010 is measured at the amount by which the consideration transferred, non-controlling interest in the target of acquisition and previous holding combined exceed the Group's proportion of the fair value of the acquired net assets. Acquisitions that have taken place between 1 January 2004 and 31 December 2009 have been recognised in accordance with the previous IFRS standards (IFRS 3 (2004)). Goodwill arising from the consolidation of business operations prior to 2004 corresponds to the carrying amount pursuant to the previous standards on financial statements, used as the deemed cost pursuant to IFRS. No depreciation is recorded for goodwill (and other intangible assets with unlimited financial useful lives) but they are tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units, or in the case of associated companies, goodwill is included in the cost of the associated company in question. Goodwill is measured at original cost less impairment.

Research and development costs

Research and development costs are recognised as expenses through profit or loss.

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.

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 subsidiaries 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 of tangible and intangible assets

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 recorded when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If the impairment loss is related to a cash-generating unit, it is first allocated to reduce the goodwill allocated to the cash-generating unit and thereafter to reduce the other asset items of the unit pro rata. 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

Investment properties are properties held by the Group to generate rental income or value appreciation. There were no investment properties in the Group during the financial period 2012.

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 cost of finished goods and work in progress includes raw materials, direct labour costs and other direct costs and proportion of fixed costs. The net realisable value is the estimated selling price in ordinary business less sale-related costs.

Financial assets and liabilities

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 made in connection with the initial acquisition according to the purpose of use of the financial assets.

Financial assets recorded at fair value are either financial assets held for sale or investments held to maturity. The Group has no financial assets recognised at fair value through profit or loss in the 2012 financial statements.

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 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.

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.

Income taxes and deferred taxes

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. Temporary differences arise from intercompany profits on inventories, valuation of investments at fair value, depreciation differences and provisions, among others.

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.

Operating profit

IAS 1 *Presentation of Financial Statements* does not specify the concept of operating profit. The Group has defined it as follows: operating profit is the net sum of turnover plus other operating income less acquisition costs adjusted for the change in inventories of finished goods and work in progress as well as costs arising from production for own use, less employee benefit expenses, depreciation and any impairment losses and other operating expenses. All of the items in the income statement apart from those specified above are presented under operating profit. Exchange rate differences are included in the operating profit if they arise from operations-related items; otherwise, they are recognised in financial items.

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.

The key estimates concern the following fields:

- testing for impairment of goodwill and other intangible rights
- net realisable value of inventories
- amount of provisions associated with business operations

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 euro

The financial statements are presented in thousands of euro, 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 euro, which is why individual figures do not always add up to the totals.

Application of new and amended standards and interpretations

The IASB has published new or revised standards and interpretations whose application will be mandatory in 2013 or later. The Group has decided not to apply these standards earlier.

The Group does not expect that the new standards, interpretations or amendments to the standards will have any material impact on the Group's future financial statements.

SEGMENT

The Group has one operating segment, contractact manufacturing. Contractact manufacturing is divided on the geographical business segments Asia and Europe. The reporting is based on internal reporting to the Group management.

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.

1. SEGMENT INFORMATION

Geographical segments 1000 EUR	*2012*	*Euroope*	*Asia*	*Group*
Segment turnover		108 138	75 764	**183 903**
Intersegment turnover		-2 003	-985	**-2 988**
Total turnover				**180 915**
Operating profit		5 225	2 888	**8 113**
Financial income		588	454	**1 042**
Financial expense		-1 048	-96	**-1 144**
Share of profit or loss of associates				**-405**
Profit before taxes				**7 606**
Segment assets		64 227	62 938	**127 165**
Goodwill		2 249		**2 249**
Investment assets		632		**632**
Total assets				**130 045**
Segment liabilities and provisions		43 013	12 025	**55 039**
Total liabilities				**55 039**
Capital expenditure		6 807	387	**7 194**
Depreciation		2 444	2 089	**4 532**

Geographical segments 1000 EUR	*2011*	*Euroope*	*Asia*	*Group*
Segment turnover		125 722	91 562	**217 283**
Intersegment turnover		-1 908	-4 588	**-6 496**
Total turnover				**210 787**
Operating profit		3 390	5 716	**9 106**
Financial income		290	324	**613**
Financial expense		-1 796	-276	**-2 072**
Share of profit or loss of associates		595		**595**
Profit before taxes				**8 242**
Segment assets		62 440	63 578	**126 018**
Goodwill		2 249		**2 249**
Investment assets		1 093		**1 093**
Total assets				**129 360**
Segment liabilities and provisions		49 164	10 909	**60 073**
Total liabilities				**60 073**
Capital expenditure		1 447	2 292	**3 739**
Depreciation		2 273	1 882	**4 155**

Turnover by location of customers	*2012*	*2011*
Finland	76 886	83 879
Rest of Europe	34 674	48 258
Asia	66 093	75 275
USA	1 885	1 257
Other	1 375	2 119
Total	**180 915**	**210 787**

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

Sales to the largest customer amounted to EUR 49 (50) million, 27 % (24 %), to the second largest EUR 25 (41) million, 14% (19 %) and to the third largest EUR 22 (28) million, 12 % (13 %).

2. OTHER OPERATING INCOME, 1000 EUR

	2012	*2011*
Compensation	1 201	
Proceeds from sale of property, plant and equipment	71	38
Rental income	2	38
Invoicing from Sievi Capital plc		138
Other	67	208
Total	**1 341**	**421**

3. USE OF MATERIALS AND SUPPLIES, 1000 EUR

	2012	*2011*
Materials, supplies and goods		
Purchases during the period	125 353	141 010
Change in inventories	840	5 459
Total	**126 193**	**146 469**

4. PERSONNEL EXPENSES, 1000 EUR

	2012	*2011*
Salaries, wages and fees	20 934	23 779
Pension costs – defined-contribution schemes	3 376	4 503
Other indirect employee expenses	1 753	1 234
Total	**26 063**	**29 516**

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

Management's employee benefits are reported in note 31.

Average number of Group employees during the period		
Clerical employees		
Europe	181	196
Asia	180	183
	361	**379**
Employees		
Europe	693	786
Asia	615	859
	1 308	**1 645**
Total	**1 669**	**2 024**

5. DEPRECIATION AND AMORTIZATION, 1000 EUR

	2012	*2011*
Depreciation by asset class		
Intangible assets		
Intangible rights	143	195
Other long-term expenses	102	151
Total	**244**	**346**
Property, plant and equipment		
Buildings	1 035	753
Machinery and equipment	3 226	3 028
Other tangible assets	27	28
Total	**4 288**	**3 810**
Total depreciation and amortization	**4 532**	**4 155**

6. OTHER OPERATING EXPENSES, 1000 EUR

	2012	*2011*
Other operating expenses include the following significant expense items:		
External services	2 740	4 349
Sales freight	3 010	3 178
Other variable expenses	4 663	4 915
Rent and maintenance expenses	1 379	2 946
Travel, marketing and vehicle expenses	990	1 019
Other employee expenses	1 111	1 054
Other operating expenses	3 386	3 448
Total	**17 280**	**20 909**

Lease and maintenance costs have decreased while depreciation and funding costs have increased because the company has acquired a piece of property where it previously was the tenant.

Auditor's remuneration		
Audit fees	64	50
Certificates and statements		0
Tax consulting		1
Total	**64**	**51**

7. FINANCING INCOME, 1000 EUR

	2012	*2011*
Interest income from investments held to maturity	380	181
Interest income from Sievi Capital plc		12
Exchange rate gains	559	337
Exchange rate-hedging effect of the currency swap		7
Other financial income	104	75
Total	**1 042**	**613**

8. FINANCING EXPENSES, 1000 EUR

	2012	*2011*
Interest expenses from financial liabilities	845	867
Interest expenses to Sievi Capital plc		13
Exchange rate losses	291	1 186
Exchange rate-hedging effect of the currency swap	7	
Other financial expenses	1	5
Total	**1 144**	**2 072**

9. INCOME TAXES, 1000 EUR

	2012	*2011*
Current tax	2 118	2 115
Deferred taxes	-217	-148
Total	**1 901**	**1 966**

Reconciliation of tax expense in the income statement and taxes calculated at the tax rate applicable in Finland (24.5%):

	2012	*2011*
Earnings before taxes	7 606	8 242
Taxes calculated at Finnish tax rate	1 864	2 143
Different tax rates of foreign subsidiaries	-392	-846
Tax at source on dividends paid in China	210	664
Unrecognised deferred tax assets from tax losses		293
Losses of associated companies	99	-155
Other items	120	-133
Taxes in income statement	**1 901**	**1 966**

10. EARNINGS PER SHARE, 1000 EUR

	2012	*2011*
Net profit for the period attributable to equity holders of the parent company	5 706	6 276
Number of shares at end of the period (1,000 pcs)	57 730	57 730
Weighted average number of shares during the period (1,000 pcs)	57 730	57 730
Earnings per share (EPS) EUR, basic	**0,10**	**0,11**

The number of shares is based on number of shares held by Scanfil plc on 2011.

11. PROPERTY, PLANT AND EQUIPMENT, 1000 EUR

	Land	*Buildings and constructions*	*Machinery and equipments*	*Other tangible assets*	*Advance payments and constructions in progress*	*Tangible assets total*
Acquisition cost at 1 Jan. 2012	447	18 877	54 795	448	372	74 940
Additions	356	4 043	1 906	21	1 580	7 905
Deductions			-8 078	-1	-929	-9 008
Exchange rate differences	30	340	-136	-1	0	232
Acquisition cost at 31 Dec. 2012	**834**	**23 260**	**48 487**	**467**	**1 023**	**74 070**
Accumulated depreciations at 1 Jan. 2012		-3 968	-43 526	-410		-47 903
Depreciations		-1 035	-3 226	-27		-4 288
Deductions			8 016			8 016
Exchange rate differences		-63	98	2		36
Accumulated depreciations at 31 Dec. 2012		**-5 066**	**-38 638**	**-435**		**-44 139**
Carrying amount at 1 Jan. 2012	447	14 910	11 269	38	372	27 037
Carrying amount at 31 Dec. 2012	**834**	**18 194**	**9 849**	**31**	**1 023**	**29 931**

Undepreciated acquisition cost of production machinery and equipments is EUR 9,606 thousand.
Advance payments and acquisitions in progress include new acquisitions in progress of EUR 643 thousand related to the new ERP system.

11. PROPERTY, PLANT AND EQUIPMENT, 1000 EUR

	Land	*Buildings and constructions*	*Machinery and equipments*	*Other tangible assets*	*Advance payments and constructions in progress*	*Tangible assets total*
Acquisition cost at 1 Jan. 2011	500	17 994	51 737	437	937	71 605
Additions		1 010	2 985	17	1 761	5 773
Deductions			-1 114	-14	-2 402	-3 530
Exchange rate differences	-53	-126	1 186	8	76	1 092
Acquisition cost at 31 Dec. 2011	**447**	**18 877**	**54 795**	**448**	**372**	**74 940**
Accumulated depreciations at 1 Jan. 2011		-3 257	-40 731	-387		-44 376
Depreciations		-753	-3 028	-28		-3 810
Deductions			1 073	14		1 087
Exchange rate differences		43	-839	-8		-805
Accumulated depreciations at 31 Dec. 2011		**-3 968**	**-43 526**	**-410**		**-47 903**
Carrying amount at 1 Jan. 2011	500	14 736	11 006	49	937	27 229
Carrying amount at 31 Dec. 2011	**447**	**14 910**	**11 269**	**38**	**372**	**27 037**

Undepreciated acquisition cost of production machinery and equipments is EUR 11,177 thousand.

12. GOODWILL, 1000 EUR

	2012	*2011*
Cost at 1 Jan.	2 249	2 249
Cost at 31 Dec.	**2 249**	**2 249**
Carrying amount at 31 Dec.	**2 249**	**2 249**
Allocation of goodwill and goodwill on consolidation to cash-generating units		
Scanfil Kft, Hungary	2 138	2 138
ScanfilOü, Estonia	111	111
Total	**2 249**	**2 249**

Impairment testing

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 Groups tested balance sheet value is EUR 15.0 million, which includes goodwill EUR 2.1 million, fixed assets EUR 6.7 million and net working capital EUR 6.1 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 9.7%. The tests showed that there was no need for impairment.

The testing requires forecasts and assumptions regarding demand, the competitive situation, development of costs and interest rates. A sensitivity analysis was performed in connection with the impairment tests. According to it, an annual decrease of more than 20% in cash flow may mean that goodwill has been impaired. Similarily, a decrease of more than 15% in profitability (editba) compared to the forecasts may mean that goodwill has been impaired.

13. OTHER INTANGIBLE ASSETS, 1000 EUR

	Intangible rights	*Other long-term expenses*	*Intangible assets total*
Acquisition cost at 1 Jan. 2012	5 302	2 329	7 631
Additions	103	50	153
Deductions	-33	-45	-78
Exchange rate differences	-26	-14	-40
Acquisition cost at 31 Dec. 2012	**5 345**	**2 320**	**7 665**
Accumulated depreciations at 1 Jan. 2012	-2 143	-1 680	-3 823
Depreciations	-143	-102	-244
Deductions	33	45	78
Exchange rate differences	4	10	14
Accumulated depreciations at 31 Dec. 2012	**-2 249**	**-1 727**	**-3 976**
Carrying amount at 1 Jan. 2012	3 159	649	3 808
Carrying amount at 31 Dec. 2012	**3 096**	**594**	**3 690**

13. OTHER INTANGIBLE ASSETS, 1000 EUR

	Intangible rights	*Other long-term expenses*	*Intangible assets total*
Acquisition cost at 1 Jan. 2011	5 005	1 887	6 892
Additions	37	329	366
Exchange rate differences	259	113	372
Acquisition cost at 31 Dec. 2011	**5 302**	**2 329**	**7 631**
Accumulated depreciations at 1 Jan. 2011	-1 918	-1 434	-3 352
Depreciations	-195	-151	-346
Exchange rate differences	-31	-94	-125
Accumulated depreciations at 31 Dec. 2011	**-2 143**	**-1 680**	**-3 823**
Carrying amount at 1 Jan. 2011	3 087	453	3 540
Carrying amount at 31 Dec. 2011	**3 159**	**649**	**3 808**

14. INVESTMENTS IN ASSOCIATED COMPANIES, 1000 EUR

	2012	2011
Total at beginning of period	1 093	1 437
Share of associated companies result after tax	-461	-344
Total at end of period	**632**	**1 093**

The partnership company's book value on 31 December 2012 includes a business value of EUR 860 thousand allocated to customer relations. It will be eliminated in five years. The remaining elimination time is two-and-a-half years

The cost of acquisition of the holding in Greenpoint Oy included the original, estimated conditional additional purchase price to be paid. The result of the partnership company has not developed as expected and the original, additional sales price estimated at about EUR 1.0 million has almost been fully adjusted with the result impact in 2011.
The rest of the additional sales price was cancelled in 2012

Group's associated companies 2012	Domicile	Group ownership (%)
Greenpoint Oy	Pori	40,00
2011		
Greenpoint Oy	Pori	40,00

15. AVAILABLE-FOR-SALE INVESTMENTS, 1000 EUR

	2012	2011
Cost at 1 Jan.	0	
Additions	16	
Cost at 31 Dec.	**16**	
Carrying amount at 31 Dec.	**16**	

Available for sale investments are golf shares.

16. LOAN RECEIVABLES FROM ASSOCIATED COMPANIES, 1000 EUR

	2012	2011
Receivables from associated companies		
Long-term		
Acquisition 1 Jan.	300	200
Additions		100
Changes in loan terms	-90	
Book value 31 Dec.	**210**	**300**
Short-term		
Acquisition 1 Jan.	0	
Changes in loan terms	90	
Additions	34	
Book value 31 Dec.	**124**	

In 2010, Scanfil EMS Oy granted the Greenpoint Oy partnership company a loan of EUR 300 thousand. The due date of the loan was 30 June 2012. In 2012, it was agreed that the loan terms were changed such that EUR 210 thousand of the loan capital is converted to a subordinated loan according to Chapter 12 of the Companies Act, and the loan period of the remaining part,
i.e. EUR 90 thousand, is extended by 12 months. The new due date is 30 June 2013. The interest is the six-month Euribor + 2.5%.
In addition, the partnership company has been granted a short-term loan of EUR 34 thousand, the due date of which is 28 February 2013 and its interest rate is 6.0%.

17. DEFERRED TAX ASSETS AND RECEIVABLES, 1000 EUR

	31.12.2011	*Recognised through profit and loss*	*Recognised under other comprehensive income*	*31.12.2012*
Deferred tax assets:				
Related to inventories	221	-3		219
Related to derivative financial instrument	211		-62	150
Taxation loss		187		187
Other	81	9		90
Yhteensä	**514**	**193**	**-62**	**645**
Deferred tax liabilities:				
Accumulated depreciation difference	-60	38		-23
Total	**-60**	**38**		**-23**

17. DEFERRED TAX ASSETS AND RECEIVABLES, 1000 EUR

	31.12.2010	*Recognised through profit and loss*	*Recognised under other comprehensive income*	*31.12.2011*
Deferred tax assets:				
Related to inventories	227	-5		221
Related to derivative financial instrument			211	211
Other	73	8		81
Total	**300**	**3**	**211**	**514**
Deferred tax liabilities:				
Accumulated depreciation difference	-148	88		-60
Related to inventories	-48	48		0
Other	-7	7		0
Total	**-203**	**143**		**-60**

18. INVENTORIES, 1000 EUR

	2012	*2011*
Materials and supplies	23 569	24 781
Work in progress	2 410	2 978
Finished goods	3 946	3 430
Total	**29 925**	**31 189**

During the 2012 financial period, a change of EUR +232 (+348) thousand in the value of inventories was recognised as materials that had previously been written down have been sold.
This means that the amount of written-down inventories sold is higher than that of new write-downs.

19. TRADE AND OTHER RECEIVABLES, 1000 EUR

	2012	*2011*
Trade receivables	29 188	26 402
Accrued income	1 429	270
Other	1 358	897
Total	**31 975**	**27 569**

Adjusting entries for assets include an accrual item (EUR 1,125 thousand) of a derivative receivable related to a foreign currency credit.
Other essential items included in adjusting entries for assets are related to interest.
Other receivables are mainly value-added tax receivables.

20. CASH AND CASH EQUIVALENTS, 1000 EUR

	2012	*2011*
Available-for-sale investments, liquid assets	9 732	
Available-for-sale investments, cash equivalents	5 501	20 809
Cash and cash equivalents	14 971	14 381
Total	**30 204**	**35 190**

Deposits are classified in two categories: Available-for-sale investments, cash equivalents, mature in a maximum of three months and Available-for-sale investments, liquid assets, mature in over three months.

21. EQUITY, 1000 EUR

Shares and share capital
Scanfil plc has a total of 57,730,439 shares. The company's registered share capital is EUR 2,000,000.00. 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 2 January 2012. The trading code of the shares is SCL1V. 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 exchange rate-hedging of the currency swap.

	2012	*2011*
Transfer to reserves	5 803	5 534
Fair value reserve	-461	-651
Total	**5 342**	**4 883**

Reserve for invested unrestricted equity fund
The fund of invested, available equity includes other equity investments and the stock issue price when it is not entered in the stock capital according to an express decision.

Board of Directors' authorisation
Scanfil plc's Extarordinary General Meeting authorised the Board of Directors on 19 April 2012 to decide on the acquisition of a maximum of 5,000,000 company shares and on the transfer of a maximum of 5,000,000 company shares. The authorisation to repurchase treasury shares is valid for 18 months after its granting and the conveyance authorisation for three years after its granting. The authorisations granted by the General Meeting have not been exercised.

The Board of Directors has no existing share issue authorisations or authorisations to issue

Dividend
After the closing of the accounts, the Board of Directors has proposed a dividend of EUR 0.04/share total of EUR 2,309,217.56.

22. PROVISIONS, 1000 EUR

	2012	*2011*
Provisions at 1 Jan.	349	225
Unemployment pension deductibles	94	134
Reclamation provisions	120	54
Used provisions	-172	-63
Provisions at 31 Dec.	**391**	**349**

23. FINANCIAL LIABILITIES, 1000 EUR

	2012	2011
Trade and other payables		
Trade payables	18 934	27 355
Accrued liabilities	9 467	9 118
Total	**28 401**	**36 473**

Maturity of financing loans	Interest	Installment	Total
Year 2013	620	9 467	10 087
Year 2014	389	9 467	9 856
Year 2015	158	9 467	9 625
Total	**1 167**	**28 401**	**29 568**

On December 2010 Scanfil EMS Oy raised a EUR 40 million SEK-denominated loan.
Scanfil EMS Oy has entered into interest and currency swap agreements with the bank to convert the SEK-denominated principal and cash flows of installments and interest payments into euros. The interest and currency swap agreement fully hedges the installments and interest payments against fluctuations in exchange and interest rates. The loan period is five years. From 1 April 2012, the interest has been 2.56%. The interest cannot be higher than that, but it can decrease slightly, provided that the interest covenant terms are met. The loan also includes termination covenants, which have not been broken.

24. NON-CURRENT LIABILITIES, 1000 EUR

	2012	2011
Trade and other payables		
Trade payables	19 848	17 967
Accrued liabilities	4 643	4 256
Advance payments received	25	2
Other creditors	902	895
Yhteensä	**25 417**	**23 120**
The most significant items included in accrued liabilities:		
Employee expenses	3 934	3 804
Interests	40	50
Other adjustments	669	402
Total	**4 643**	**4 256**

25. CASH FLOW STATEMENT ADJUSTMENTS, 1000 EUR

	2012	2011
Non-cash transactions		
Depreciation according to plan	4 532	4 155
Financial income and expenses	507	864
Taxes	1 901	1 966
Changes in provisions	42	125
Other adjustments	378	-254
Total	**7 359**	**6 857**
Changes in working capital		
Inc(-)/dec(+) in short-term non-interest bearing receivables	-3 663	27 406
Inc(-)/dec(+) in inventories	1 154	6 498
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	2 113	-16 204
Total change in working capital	**-396**	**17 700**

26. FINANCIAL ASSETS AND LIABILITIES, FAIR VALUE 1000 EUR

	Note	*Carrying amount 2012*	*Fair value 2012*	*Carrying amount 2011*	*Fair value 2011*
Current assets					
Trade and other receivables	19	31 975	31 975	27 569	27 569
Available-for-sale investments, liquid assets	20	9 732	9 732		
Available-for-sale investments, cash equivalents	20	5 501	5 501	20 809	20 809
Cash and cash equivalents	20	14 971	14 971	14 381	14 381
Total financial assets		**62 178**	**62 178**	**62 759**	**62 759**
Non-current financial liabilities					
Interest-bearing liabilities from financial institutions	23	18 934	18 934	27 355	27 355
Current financial liabilities					
Interest-bearing liabilities from financial institutions	23	9 467	9 467	9 118	9 118
Trade and other payables	24	25 339	25 339	23 120	23 120
Total financial liabilities		**53 740**	**53 740**	**59 594**	**59 594**

27.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 of subgroub is responsible for all hedging measures. The financial statements of 31 December 2012 contain a currency swap agreement related to the hedging of credit in foreign currency. There are no other open derivative agreements.

Transaction risk				**2012**
Risk at the company with reporting currency:	USD-risk EUR	USD-risk RMB	EUR-risk RMB	HUF-risk EUR
Trade receivables	17	2 588	2 327	31
Trade payables	-1 281	-1 066	-1 321	-85
Balance sheet net risk	-1 264	1 522	1 006	-54

The balance sheet 31 December 2012 does not include a significant transaction risk.

Transaction risk				**2011**
Risk at the company with reporting currency:	USD-riski EUR	USD-riski RMB	EUR-riski RMB	HUF-riski EUR
Trade receivables	35	2 291	981	71
Trade payables	-1 475	-630	-670	-43
Balance sheet net risk	-1 440	1 661	310	27

Translation risk

A simultaneous decrease of 10% in the value of Chinese yuan would decrease the Group's equity by approximately EUR 5 million. The Chinese Yuan is strongly linked to the US dollar. 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 5.4 million from the parent company, associated with a currency risk should the local currency (HUF) become weaker. Bookkeeping currency of Hungarian contract manufacturing susidiary has been EUR from the begining of 2010. Estonia joined to euro area at the begining of 2011.

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. Some fixed prices are agreed, but not longer than for a one year period.

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 interest rate risk of loans can be controlled with the proportion between variable rate and fixed-interest loans. The Group has one EUR 28.4 million interest-bearing loan whose interest rate has been fixed through an interest swap agreement for a loan period of five years.

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 2/3 of the sales.

Age distribution of trade receivables	*2012*	*2011*
Unmatured	25 231	24 259
Matured		
1 - 30 days	2 486	1 413
31 - 90 days	979	375
91 - 180 days	210	214
181 - 365 days	239	103
over 1 year	42	36
Total	**29 188**	**26 402**

The Group has recorded a credit loss of EUR 48 thousand during the financial period (EUR 38 thousand in 2011).

Liquidity risk

Considering the Group's balance sheet structure, the liquidity risk is small. The Group's liquid cash reserve was EUR 30.2 million on 31 December 2012 (EUR 35.2 million in 2011). The subgroup's parent company Scanfil EMS Oy's treasury operations are responsible for the Group's liquidity. The Group's bank loans include conventional loan covenant terms. During the 2012 financial period, the Group has met the covenant terms related to the loans.

28. MANAGEMENT OF CAPITAL STRUCTURE

The capital structure development of the Group is monitored through the net debt-equity ratio. Equity determined by the consolidated balance is managed as capital. No external capital requirements are applied to the Group. The purpose of managing consolidated capital is to ensure normal operating preconditions for the business. The capital structure can be influenced through dividend distribution, for example.

	2012	*2011*
Gearing, %	-2,4	1,9

29. COMMITMENTS AND CONTINGENCIES, 1000 EUR

	2012	*2011*
Mortgages to secure own debt		
Business mortgages	40 000	40 000
Total	**40 000**	**40 000**
Liabilities secured with mortgages		
Interest-bearing liabilities from financial institutions	28 401	39 473
Guarantees given		
On behalf of own company	10	10
On behalf of Group company	1 250	1 100
Total	**1 260**	**1 110**

30. LEASING LIABILITIES AND OTHER LEASE LIABILITIES, 1000 EUR

	2012	*2011*
Group as lessee		
Minimum rents payable based on other non-cancellable leases:		
Within one year	39	20
In one to five years	23	
Total	**62**	**20**

31. RELATED PARTY TRANSACTIONS

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

Related party transactions

	Sales	Account receivables	Interest income	Loan receivable	Interest receivable
31.12.2012					
Greenpoint Oy	162	255	4	334	2
31.12.2011					
Greenpoint Oy	551	319	11	300	6

In 2010, Scanfil EMS Oy granted the Greenpoint Oy partnership company a loan of EUR 300 thousand. The due date of the loan was 30 June 2012. In 2012, it was agreed that the loan terms are changed such that EUR 210 thousand of the loan capital is converted to a capital loan according to Chapter 12 of the Companies Act and the loan period of the remaining part, i.e. EUR 90 thousand, is extended by 12 months. The new due date is 30 June 2013. The interest is the six-month Euribor + 2.5%.
In addition, the partnership company has been granted a short-term loan of EUR 34 thousand, the due date of which is 31 January 2013 and its interest rate is 6.0%.

Scanfil plc's subsidiary Scanfil EMS Oy has rented an office space from Kiinteistö Oy Pilot 1, which head owners are Jorma Takanen, Harri Takanen, Jarkko Takanen and Reijo Põllä. Rental costs were EUR 7 thousand by 31 December 2012.

After a partial division, Scanfil Oyj and Sievi Capital Oyj have the same main owners.

Business activities and open balances with Sievi Capital Oyj in 2012:	**Sales**	**Receivables**
Scanfil Oyj subsidiary Scanfil EMS Oy provides administration services for Sievi Capital Oyj		
Administrative service fees in 2012	32	8
Scanfil Oyj subsidiary Scanfil EMS Oy has purchased a piece of property from Sievi Capital Oyj. Scanfil Oyj was the tenant in the property.	**Purchases**	
Purchase price	4 208	
Paid rent in January–February 2012	164	

Management's employee benefits	**2012**	**2011**
Salaries and other short-term employee benefits, 1000 EUR		
President of the parent company	146	181
Board of Directors of parent company	62	96
Presidents of subsidiaries	434	375
Total	**642**	**652**

Harri Takanen is the President of the parent company and the subsidiary Scanfil EMS Oy. In 2012, the parent company was Scanfil Oyj and in 2011, Sievi Capital Oyj. In 2012, the President's salary was paid by Scanfil Oyj and by Scanfil EMS Oy in 2011.

Salaries paid to the President and Board members, 1000 EUR		**2012**	**2011**
Jorma J. Takanen	Chairman of the Board	15	18
Harri Takanen	CEO	146	181
Tuomo Lähdesmäki	Board Member	16	24
Jarkko Takanen	Board Member	16	24
Asa-Matti Lyytinen	Board Member up to 19 April 2012	5	24
Reijo Pöllä	Board Member up to 19 April 2012	1	6
Päivi Marttila	Board Member since 19 April 2012	11	
		208	**277**

Key financial indicators	*2012*	*2011*	*2010*	*2009*
Turnover, EUR m	180,9	210,8	219,3	197,3
Turnover, growth from previous year, %	-14,2	-3,9	11,1	
Operating profit, EUR m	8,1	9,1	11,0	15,6
Operating profit, % of turnover	4,5	4,3	5,0	7,9
Profit/loss for the period, EUR m	5,7	6,3	6,8	9,9
Profit/loss for the period, % of turnover	3,2	3,0	3,1	5,0
Return on equity, %	7,9	9,7	12,6	13,0
Return on investment, %	8,1	9,5	11,4	15,8
Interest-bearing liabilities, EUR m	28,4	36,5	42,8	43,0
Gearing, %	-2,4	1,9	43,1	40,4
Equity ratio, %	57,7	53,6	41,6	39,3
Gross investments in fixed assets, EUR m	7,2	3,8	10,1	3,1
Gross investments in fixed assets, % of turnover	4,0	1,8	4,6	1,6
Average number of employees for the period	1 669	2 024	1 989	1 921
Key indicators per share				
Earnings per share, EUR	0,10	0,11 *	0,12 *	0,17 *
Shareholders' equity per share, EUR	1,30	1,20 *	1,03 *	0,83 *
Dividend per share, EUR	0,04			
Dividend per earnings, %	40,5			
Effective dividend yield, %	4,88			
Price-to-earnings ratio (P/E)	8,3			
Share trading				
No. of shares traded, thousands	8 982			
Percentage of total shares, %	15,6			
Share performance				
Lowest price for year, EUR	0,60			
Highest price for year, EUR	1,10			
Average price for year, EUR	0,76			
Price at the end of year, EUR	0,82			
Market value of share capital at 31 Dec.2009, EUR m	47,3			
Share-issue adjusted number of shares				
At the end of the period, thousands	57 730	57 730	57 730	57 730
On average during the period, thousands	57 730	57 730	57 730	57 730

* The number of shares is based on the number of shares held by Scanfil plc

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

1000 EUR	*Note*	*1.1.-31.12.2012*
Other operating income		1
Personnel expenses	1	-254
Other operating expenses	2	-558
Operating profit		**-811**
Financial income	3	3 302
Financial expenses	3	-1
Profit before extra ordinary items		**2 489**
Extraordinary items	4	50
Profit before appropriations and taxes		**2 539**
Net profit for the period		**2 539**

1000 EUR	Note	1.1.2012 *	31.12.2012
ASSETS			
Non-current assets			
Investments			
Holdings in Group companies	6	12 621	12 621
		12 621	12 621
Total non-current assets		**12 621**	**12 621**
Current assets			
Short-term receivables			
Receivables from Group companies	7		1 550
Other receivables			7
			1 557
Cash and cash equivalents	8	100	4 633
Total current assets		**100**	**6 190**
Total assets		**12 721**	**18 811**

BALANCE SHEET, FAS		1.1.2012	31.12.2012
Equity			
Share capital		2 000	2 000
Reserve for invested unrestrected equity fund		10 721	10 721
Profit for the period			2 539
Total Equity	9	**12 721**	**15 260**
Liabilities short-term			
Trade payables			21
Liabilities to Group companies	10		3 447
Other creditors			9
Accrued liabilities	11		74
			3 551
Total liabilities			**3 551**
Total equity and liabilities		**12 721**	**18 811**

* Received items from partial demerger

1000 EUR	*Note*	*1.1.-31.12.2012*
Cash flow from operating activities		
Profit for the period		2 539
Adjustments	12	-3 350
Change in working capital	12	97
Interest paid and other financial expenses		-1
Interest received		2
Net cash flow from operating activities		**-715**
Cash flow from investing activities		
Dividend received from investments		1 750
Net cash flow from investing activities		**1 750**
Cash flow from financing activities		
Received group contributions		50
Short-term loans raised		3 447
Net cash flow from financing activities		**3 497**
Change in cash and cash equivalents		**4 533**
Cash and cash equivalents at 1 Jan.		100
Cash and cash equivalents at 31 Dec.	8	**4 633**

Companys accounting policies

Scanfil plc is a Finland-based public limited company domiciled in Sievi. Scanfil plc was established in the demerger of Sievi Capital plc on 1 January 2012. Scanfils plc's shares are quoted on NASDAQ OMX Helsinki Oy.

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 theoretical tax claim (EUR 186 thousand) for the loss for the financial period has not been calculated according to the prudence principle.

1. PERSONNEL EXPENSES, 1000 EUR

	2012
Salaries, wages and fees	220
Pension costs	31
Other indirect employee expenses	3
Total	**254**

The pension costs are based on defined-contribution schemes. The company does not have outstanding stock options.
Management's employee benefits and related party transactions are presented in note 13,

Average number of employees during the period	
Clerical employees	1
Workers	0
Total	**1**

2. OTHER OPERATING EXPENSES, 1000 EUR

	2012
Other operating expenses include the following significant expense items:	
Stock exchange admission expenses	367
Other operating expenses	191
Yhteensä	**558**
Auditor's remuneration, EUR	
Auditor's remunerations of the Chartered Accountants	10
Total	**10**

3. FINANCING INCOME AND EXPENSES, 1000 EUR

	2012
Tuotot osuuksista saman konsernin yrityksissä	**3 300**
Other interest and financial income	
Other	2
Total	**2**
Interest expenses and other financial expenses	
To group companies	-1
Total	**-1**
Total financial income and expenses	**3 300**
The item other interest and financial income includes exchange rate gains and losses (net)	**0**

4. EXTRAORDIANRY ITEMS, 1000 EUR

	2012
Group contributions from Scanfil EMS Oy	50
Total	**50**

5. HOLDINGS IN GROUP COMPANIES, 1000 EUR

	2012
Total at beginning of period	12 621
Total at end of period	**12 621**
Carrying amount at 31 Dec.	**12 621**

Group companies	*Domicile*	*Group share %*	*Parent company share %*	*Parent company book value*
Scanfil EMS Oy	Finland	100	100	12 621
				12 621

6. RECEIVABLES FROM GROUP COMPANIES, 1000 EUR

	2012
Short-term receivables	
Dividend receivable from Scanfil EMS Oy	1 550
Total	**1 550**

7. CASH AND CASH EQUIVALENT, 1000 EUR

	2012
Cash and bank balances	4 633
Total	**4 633**

8. EQUITY, 1000 EUR

	2012
Share capital	
Share capital at 1 Jan.	2 000
Share capital at 31 Dec.	**2 000**
Total restricted shareholder's equity	**2 000**
Reserve for invested unrestricted equity fund	
Reserve for invested unrestricted equity fund 1.1.	10 721
Reserve for invested unrestricted equity fund 31.12.	**10 721**
Profit for the period	**2 539**
Total unrestricted equity	**13 260**
Total equity	**15 260**
Calculation of distributable funds at 31 Dec.	
Retained earnings	10 721
Profit for the period	2 539
Total	**13 260**

9. LIABILITIES TO GROUP COMPANIES, 1000 EUR

	2012
Short-term liabilities to Group companies	
Liquid assets of the Group account	3 447
Total	**3 447**

10. ACCRUED LIABILITIES, 1000 EUR

	2012
The most significant items included in accrued liabilities	
Employee expenses	64
Other accrued liabilities	10
Total	**74**

11. CASH FLOW STATEMENT ADJUSTMENTS, 1000 EUR

	2012
Adjustments	
Financial income and expenses	-3 300
Other adjustments	-50
Total	**-3 350**
Changes in working capital	
Inc(-)/dec(+) in short-term non-interest-bearing receivables	-7
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	104
Total change in working capital	**97**

12. CONTINGENT LIABILITIES, EUR

Scanfil plc has granted Nordea Bank Finland Plc an absolute guarantee for the payment of Scanfil EMS Oy's loan of originally EUR 40 million and resulting obligations to pay. The loan capital in Scanfil EMS Oy's Balance sheet (FAS) on 31.12.2012 is EUR 26.7 million.

13. MANAGEMENT'S EMPLOYEE BENEFITS

		2012
Salaries and other short-term employee benefits, 1000 EUR		
CEO		146
Board of Directors		62
Total		**208**
Toimitusjohtajalle ja hallituksen jäsenille maksetut palkat, 1000 EUR		
Jorma J. Takanen	Chairman of the Board	15
Harri Takanen	CEO	146
Asa-Matti Lyytinen	Board Member up to 19 April 2012	5
Tuomo Lähdesmäki	Board Member	16
Jarkko Takanen	Board Member	16
Reijo Pöllä	Board Member up to 19 April 2012	1
Päivi Marttila	Board Member since 19 April 2012	11
Total		**208**

Shares and share capital

Scanfil plc has a total of 57,730,439 shares. The company's registered share capital is EUR 2,000,000. The company has one series of shares, and each share entitles the holder to one vote and an equal right to receive dividends.

Scanfil plc's shares are quoted on NASDAQ OMX Helsinki Ltd. The shares have been publicly traded since 1 January 2012. The trading code of the shares is SCL1V. The shares are included in the book-entry securities system maintained by Euroclear Finland Ltd.

Board's authorisations in force

At the end of the financial period, the Board of Directors of Scanfil plc did not have any share issue authorisations or authorisations to issue convertible bonds or bonds with warrants.

The Extraordinary General Meeting of Scanfil plc on 19 April 2012 authorised the Board of Directors to decide on the repurchase of a maximum of 5,000,000 own shares and transfer of a maximum of 5,000,000 treasury shares. The authorisation to repurchase treasury shares is valid for 18 months after its granting and the transfer authorisation for three years after its granting.

Own shares

The company does not own its own shares.

Dividend distribution policy

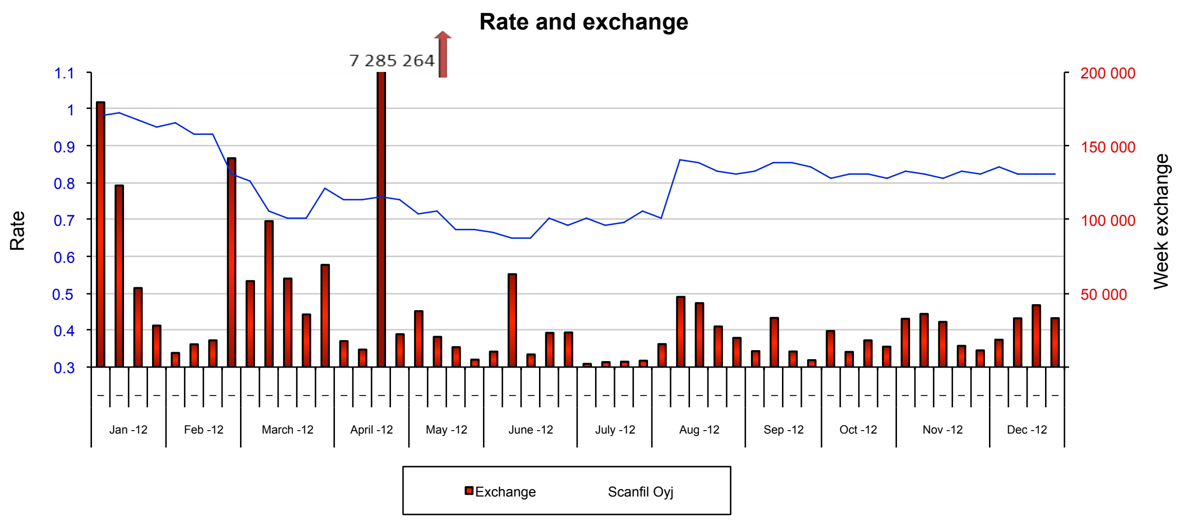
The company aims to pay a dividend annually. The level of dividends paid and the date of payment are affected, inter alia, by the Group's result, financial position, need for capital and other possible factors. The aim is to distribute approximately one-third of the Group's annual profit as dividend to shareholders.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 be paid from the unrestricted shareholders' equity per share, for a total of EUR 2,309,217.56.

Share price development, trading and market value

In 2012, the number of Scanfil plc shares traded on NASDAQ OMX Helsinki Ltd was 8,982,004, which accounts for 15,6% of all shares. The value of shares traded was EUR 6.9 million and the average price EUR 0.76. Market capitalisation was EUR 47.3 million at the end of 2012. The highest trading price was EUR 1.10 and the lowest EUR 0.60. The closing price was EUR 0.82.



Information on shareholders

On 31 December 2012, Scanfil plc had a total of 4,383 shareholders, 75.0% of whom owned a maximum of 1,000 shares in the company. The ten major shareholders owned 77.6% of the shares. Nominee-registered shares accounted for 1.5% of the shares.

Shares held by management

Members of the Board of Directors of Scanfil plc and the CEO held a total of 23,870,138 shares on 31 December 2012, which accounts for 41.3% of the company's shares and votes.

BREAKDOWN OF SHARE OWNERSHIP

Breakdown of share ownership by number of shares held at 31 Dec. 2012

Number of shares	*Number of shares pcs*	*Percentage of shares %*	*Total number of shares and votes pcs*	*Percentage of shares and votes %*
1 - 200	1 632	37,24	256 528	0,44
201 - 1000	1 653	37,71	977 324	1,69
1001 - 2000	467	10,66	751 963	1,30
2001 - 10000	485	11,07	2 116 596	3,67
10001 - 100000	120	2,74	3 469 596	6,01
100001 - 99999999	26	0,59	50 158 432	86,88
Total	**4 383**	**100,00**	**57 730 439**	**100,00**

Breakdown of share ownership by owner category at 31 Dec. 2012

	Number of shareholders	*share %*	*Number of shareholders*	*share %*
Corporations	246	5,61	9 131 970	15,82
Financial and insurance institutions	9	0,21	1 023 755	1,77
Public entities	6	0,14	1 250 045	2,17
Non-profit-making organisations	18	0,41	2 298 884	3,98
Households	4 095	93,43	44 017 651	76,25
Non-Finnish owners	9	0,21	8 134	0,01
Total	**4 383**	**100,00**	**57 730 439**	**100,00**
of which nominee-registered	7		863 515	1,50

Information on shareholders

	pcs	*Share % of shares and votes*
1. Takanen Jorma	17 380 305	30,11
2. Varikot Oy	7 273 109	12,60
3. Takanen Harri	4 002 664	6,93
4. Tolonen Jonna	3 251 950	5,63
5. Püllä Reijo	3 128 745	5,42
6. Takanen Jarkko	2 477 169	4,29
7. Laakkonen Mikko	2 398 711	4,16
8. Takanen Martti	1 954 218	3,39
9. Foundation of Riitta ja Jorma J. Takanen	1 900 000	3,29
10. Takanen Riitta	1 003 341	1,74

Board of Directors' Proposal for the Distribution of Profit

EThe parent company's distributable funds total EUR 13,259,857.00.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share be paid for the financial period ended 31 December 2012, for a total of EUR 2,309,217.56

Signatures to the Annual Report and Financial Statements

Sievi 25 February 2013

Jorma J. Takanen
Chairman of the Board

Jarkko Takanen

Tuomo Lähdesmäki

Päivi Marttila

Harri Takanen
CEO

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, 2012. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditors' Responsibility

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

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

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

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, March 6, 2013

KPMG OY AB

Ari Ahti
Authorized Public Accountant

Scanfil plc is a publicly listed company, managed in accordance with the company's Articles of Association, the Finnish Companies Act, and other legislation relating to the company. In addition, the company follows the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010, excluding recommendations: 14 (Number of independent directors), 26 (Independence of the members of the audit committee) and 29 (Members of the nomination committee and appointment of members).

This statement has been reviewed by Scanfil plc's Board of Directors. Scanfil plc's auditing firm has verified that the summary description of the internal control and risk management associated with the financial reporting process is consistent with the financial statements.

This Corporate Governance Statement is available on the company Website www.scanfil.com under Investors, and it complies with recommendation 51 of the Finnish Corporate Governance Code. The Finnish Corporate Governance Code is available to the public at www.cgfinland.fi.

BOARD OF DIRECTORS

Under the Companies Act, the Board of Directors is responsible for the management of the company and proper organisation of operations. The members of the Board of Directors are elected by the Annual General Meeting. According to the Articles of Association, Scanfil plc's Board of Directors shall include a minimum of three and a maximum of seven regular members. The Board of Directors elects a Chairman from among its members. The Board of Directors is responsible for deciding on the business strategy, significant matters related to investments, organisation and finance, as well as supervising the company's management and operations. The Board of Directors shall also ensure that supervision of the company's accounts and asset management is properly organised.

Board composition

Scanfil plc was incorporated and founded in Sievi Capital plc's partial demerger on 1 January 2012. In accordance with the demerger plan ratified by Sievi Capital plc's extraordinary general meeting on 22 November 2011, Jorma J. Takanen (Chairman of the Board), Asa-Matti Lyytinen, Tuomo Lähdesmäki, Reijo Pöllä and Jarkko Takanen were elected members of Scanfil plc's Board of Directors. These persons served as members of Scanfil plc's Board of Directors during 1 January – 19 April 2012.

Scanfil plc's Extraordinary General Meeting held on 19 April 2012 elected the following Board members:

Jorma J. Takanen
Chairman of the Board of Directors Born 1946, B.Sc. (Chemistry). Member of the Board of Directors of Scanfil plc since 1 January 2012. CEO of Sievi Capital plc. Not independent of the company and significant shareholders.

Päivi Marttila
Member of the Board of Directors since 19 April 2012. Born 1961, M.Sc. (Econ.). CEO of Edina Oy. Independent of the company and significant shareholders.

Tuomo Lähdesmäki
Member of the Board of Directors since 1 January 2012. Born 1957, M.Sc. (Eng), MBA (INSEAD). Senior Partner of Boardman Oy. Independent of the company and major shareholders.

Jarkko Takanen
Member of the Board of Directors since 1 January 2012. Born 1967, B.Sc. (Production Economics), holds a Commercial College Diploma in Management Accountancy. Managing Director, Jussi Capital Oy. Independent of the company.

The term of office of the Board members expires at the close of the first Annual General Meeting following the one at which they were elected.

Independence of Board members

According to an evaluation of independence carried out by the Board, two Board members (Päivi Marttila and Tuomo Lähdesmäki) are independent of the company and significant shareholders and one Board member (Jarkko Takanen) is independent of the company. The non-independent member of the Board (Jorma J. Takanen) is the biggest shareholder of the company. Due to the shareholding-related entrepreneurship and financial risk, it is justifiable that he supervise the interests of the shareholders also as member of the Board of Directors and the Audit Committee. In addition, Jorma J. Takanen has extensive experience in the operation of the contract manufacturing industry, which can be utilised by the entire company and shareholders through Board membership.

Activity of the Board

The Board of Directors had a total of 14 meetings in 2012, some of which were telephone meetings. The average attendance rate at Board meetings was 98%.

The matters regularly dealt with by the Board of Directors are specified in the Board's written charter. The charter is reviewed, ratified and, if necessary, updated on a yearly basis. In accordance with the charter, matters to be dealt with by the Board meetings include the company's business strategy, investing the Group's cash assets and allocation in the Group, internal audit and control systems, evaluation of risks, reward schemes, the Group's insurance policies and the auditor's audit report. The Board annually performs a self-evaluation of its work.

Board committees

The Board of Directors has established two committees: a Nomination Committee and an Audit Committee.

The task of the Nomination Committee is to prepare matters related to the appointment and remuneration of the members of the Board of Directors and, when necessary, find suitable new members for it. The Committee consists of two members: Jorma J. Takanen, who acts as the Chairman, and Tuomo Lähdesmäki. In the Nomination Committee, Jorma J. Takanen is the largest single shareholder in the company while Tuomo Lähdesmäki is independent of the company. The composition of the Committee is considered to secure the interests of the shareholders in committee work. The Committee convened a total of 1 times during 2012. The attendance rate of the Committee members was 100%.

The tasks of the Audit Committee are performed by the entire Board of Directors with Jorma J. Takanen as the chairman. The task of the Audit Committee is to supervise the financial reporting process and the reporting of the financial statements and interim reports as well as to monitor the functioning of the company's internal control and risk management. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor.

CEO

The Board of Directors decides on the appointment and dismissal of the CEO and the terms and conditions of his employment. The CEO is covered by the performance and profit bonus systems decided on separately by the Board of Directors at any given time. Harri Takanen, M.Sc. (Eng), born 1968, was the company's CEO 1 January–31 December 2012.

The CEO's duties are determined in accordance with the Companies Act. The CEO is in charge of the company's operative management in accordance with guidelines and orders given by the Board of Directors. The CEO shall ensure that the company's accounting practices comply with legislation and that asset management is organised in a reliable manner. The CEO is the Chairman of the company's Management Team.

The CEO has a separate service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, an amount equivalent to the monetary salary of 12 months will be paid to the CEO as a severance package in accordance with the terms and conditions of his service contract. The CEO's retirement age is the statutory retirement age. The CEO has a voluntary pension insurance policy with a projected pension of some EUR 1,000 per month.

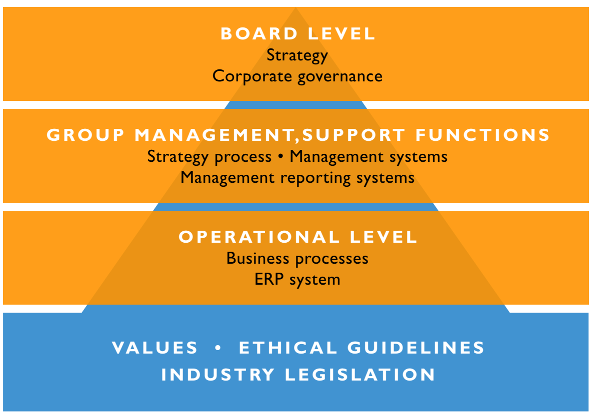
OUTLINES OF THE INTERNAL CONTROL AND AUDIT RELATED TO THE FINANCIAL REPORTING PROCESS AND RISK MANAGEMENT

Risk management

The Board of Directors of Scanfil plc is responsible for ensuring the appropriate organisation of the Group's risk management and internal control and audit.

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. Risk management aims to observe and analyse factors that might have a negative impact on the achievement

Description of internal control at Scanfil plc



of the company's goals and to take measures to mitigate or completely eliminate the risks. The operative units report on business risks in accordance with the management and reporting system.

Internal control

Scanfil's internal control is a continuous process to ensure profitable and uninterrupted operation. Control aims to minimise risks by ensuring the reliability of reporting and compliance with laws and regulations.

Internal control is based on the Group's shared values, ethical guidelines and industry legislation from which the operating principles and guidelines followed are derived. The guidelines cover procedures for core operations. Group and unit management hold the responsibility for the company's internal control system. Internal control forms an active part of the company's management and administration. The Group's operational management holds the responsibility for developing the harmonised business processes included in the control system. The Group's financial administration supports and coordinates the financial management of the Group.

The controls contained in Scanfil's operating processes form the basis of the company's financial control. They enable the company to swiftly identify and react to any deviations from the norm. The management's monthly reporting is a fundamental part of financial control. It includes rolling forecasting, the result of business operations carried out, and an analysis of the differences between the forecast and actual result. The indicators monitored in monthly reporting have been set so as to support the achievement of shared Group-level and unit-specific targets and to identify issues that require control measures. An auditing firm supports the performance of financial control.

The interpretation and application of accounting standards is carried out centrally by the Group's financial administration. These standards form the basis for the Group's shared recognition principles and reporting and accounting standards. In order to ensure reliable financial reporting, core functions are conducted using a globally harmonised ERP system and shared reporting tools. The use of standardised tools enables continuous control and successful change management.

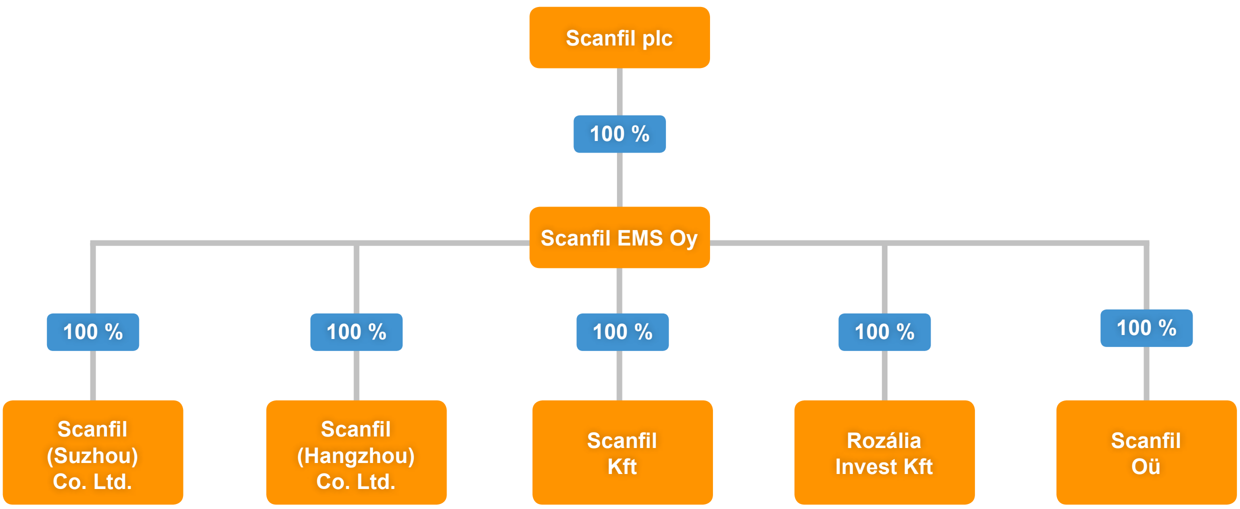
Internal audit

Considering the Group's structure and extent, the company does not have a separate internal audit organisation. The company's controller function is responsible for the duties of internal audit, reporting regularly to the CEO and the Board of Directors.

Development activities

The year saw the launch of a development project, through which the company will replace its existing enterprise resource planning system with a new system. The aim is to develop a global, integrated system that covers all of the Group's business processes and strengthens Scanfil's competitiveness on the global contract manufacturing market. Process management will become more efficient when the necessary information is more precisely and quickly available for decision-making. The system will be in use throughout the Group in spring 2014.

The group structure of Scanfil plc 2012



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