



SCANFIL

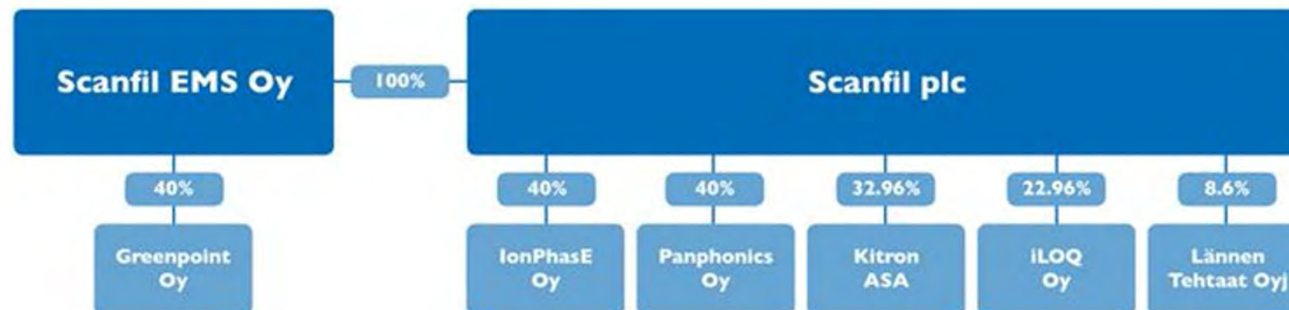
ANNUAL GENERAL MEETING 13 APRIL 2011 PRESIDENT'S REVIEW

President Harri Takanen

SCANFIL GROUP

- Scanfil Group comprises the parent and investment company Scanfil plc and a subgroup called Scanfil EMS Oy, which is engaged in contract manufacturing.
- Scanfil plc is a listed investment company whose task is to manage Group's assets in a way that is efficient and distributes risk.
- Scanfil EMS is an international contract manufacturer and system supplier for the telecommunications and electronics industries.
- Group's turnover in 2010 was EUR 219,3 million and operating profit was EUR 14,4 million.

The group structure of Scanfil plc





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INVESTMENT ACTIVITIES

Investment activities

- Scanfil plc is a listed company investment company whose task is to manage accumulated assets in a way that is efficient and distributes risk. The aim of the investment company is to create shareholder value through active shareholding.
- Assets are invested either in the fixed-income market or in the longer term in capital investments and other targets within the limits of the total allocation.
- The primary objective of investment activity is to make capital investments mainly in industrial companies in which a significant holding is acquired. In order to ensure opportunities for having a say, also working in the board of directors is desired.
- The investment company may also invest in other objects, such as shares, ETF instruments, structured products, corporate bonds and other fixed-income investments. The investment activity is carried out with a long perspective.

Investment activities

- With regard to investment activity, 2010 was a good year as a whole, and the target yield for the financial investments was reached. Capital investments were made in accordance with the strategy.
- Scanfil plc's investment portfolio is divided into two parts: financial investments and capital investments.

		TARGET ALLOCATION	ALLOCATION AT THE END OF PERIOD
FINANCIAL INVESTMENTS	MONEY MARKET INVESTMENTS	20-35%	62 %
	EFT- AND EQUITY INVESTMENTS	10-15%	4 %
CAPITAL INVESTMENTS		50-70%	34 %

Investment activities

Listed associated companies



Kitron ASA (KIT) (Scanfil plc's share of ownership **32,96%**) is a Norwegian listed contract manufacturer that operates in five different customer segments: the marine and oil industry, basic industry, defense equipment industry, hospital and healthcare equipment industry and data and telecommunications industry. In addition to Norway, Kitron has plants and production in Sweden, Lithuania, Germany, China and, as of the beginning of 2011, also in the United States. Kitron ASA's turnover for 2010 was NOK 1 644.0 million (approximately EUR 204.8 million).



Lännen Tehtaat plc (Scanfil plc's share of ownership **8,6%**) is a food production company whose shares are quoted on NASDAQ OMX Helsinki Ltd. The group's business segments are Frozen Food, Seafood and Grains and Oilseeds. Lännen Tehtaat operates in the northern Baltic Sea region. The turnover of Lännen Tehtaat Oy in 2010 was EUR 308,7 million.

Investment activities

Unlisted associated companies

All of Scanfil Group's unlisted associated companies are small internationally operating start-ups with an interesting and promising global potential. The companies have technological competence, strong patent portfolios and promising commercial applications.



iLOQ Oy (Scanfil plc's share of ownership **22,96%**) develops, manufactures and markets innovative high security electronic and battery-free locking solutions that combine modern mechatronics with communications and software technology. The patented iLOQ S10 product concept developed by iLOQ Oy has achieved significant growth and customer accounts in the Finnish lock market.



IonPhasE Oy (Scanfil plc's share of ownership **40%**) develops and manufactures high quality dissipative polymers that help to control static electricity in plastic products. The production of the company's IonPhasE IPE polymers is based on proprietary patented technology.



Panphonics Oy (Scanfil plc's share of ownership **40%**) is a leading manufacturer of products based on directional audio technology. The company's SoundShower speaker solutions are used, for example, in banks, store-specific advertisement systems, information kiosks and offices. Store-specific digital signage marketing is a rapidly growing segment of advertising.



Greenpoint Oy (Scanfil EMS Oy's share of ownership **40%**) develops solutions that drive impulse sales of fast-moving consumer goods for retail chains. Greenpoint's product range includes refrigerators, displays and fixtures. www.greenpoint.fi



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CONTRACT MANUFACTURING

Contract manufacturing

- The strengthening of demand that started at the end of the first quarter continued throughout the year, and full-year turnover increased by 11.1% compared to 2009. Increased sales to professional electronics customers accounted for the majority of the growth in full-year sales.
- In 2010, the company continued its activity in securing new customers, especially in professional electronics. Cooperation was agreed upon with, for example, AIXTRON SE.
- At the beginning of December, Scanfil EMS Oy's subsidiary in Suzhou, China, Scanfil (Suzhou) Co., Ltd. acquired new premises of approximately 21,000 square metres. The acquired facilities are better suited for the plant operations than the current facilities, enabling the operations to grow.
- In August, Scanfil EMS Oy acquired a 40% holding in Greenpoint Oy and signed a supply contract with the company. Greenpoint Oy serves international brand and retail chain customers in Europe and, via contractual partners, in North and Latin America.

THE MERGER OF SCANFIL EMS OY AND OJALA-YHTYMÄ OY WILL NOT REALISE**1 Nov 2010****SCANFIL PLC'S SUBSIDIARY SCANFIL EMS OY AND OJALA-YHTYMÄ OY TO MERGE**

“Scanfil plc's subsidiary Scanfil EMS Oy and Ojala-Yhtymä Oy have signed a merger agreement whereby Ojala-Yhtymä Oy will merge into Scanfil EMS Oy. The general meetings of shareholders of both companies have approved the merger plan on 1 November 2010.”

21 Jan 2011**THE CLOSING OF MERGER OF SCANFIL EMS OY AND OJALA-YHTYMÄ OY IS UNCERTAIN**

“Scanfil EMS Oy has received information from the Board of Ojala-Yhtymä Oy that the Board is unsatisfied to the signed merger agreement. For this reason the planned closing of the merger of Scanfil plc's subsidiary Scanfil EMS Oy and Ojala-Yhtymä Oy is uncertain.”

25 Mar 2011**THE MERGER OF SCANFIL EMS OY AND OJALA-YHTYMÄ OY WILL NOT REALISE**

“Scanfil has received information that the General Meeting of Ojala-Yhtymä Oy has decided not to execute the merger. As a consequence of the decision of Ojala-Yhtymä Oy the merger will not realise according to the merger plan.

Scanfil plc considers the merger agreement signed on 1 November 2010 as definitive and will investigate possible further actions in the situation.”

GLOBAL FOOTPRINT



Sievi, Finland
Electronics and mechanics
Personnel 310
Floor area 26 000 m2



Vantaa, Finland
Mechanics
Personnel 140
Floor area 9 000 m2



Estonia
Electronics and mechanics
Personnel 380
Floor area 16 000 m2



Hungary
Mechanics
Personnel 180
Floor area 16 000 m2



Suzhou, China
Electronics
Personnel 620
Floor area 21 000 m2



Hangzhou, China
Mechanics
Personnel 630
Floor area 36 500 m2

VERTICAL INTEGRATION POWER

Supply network



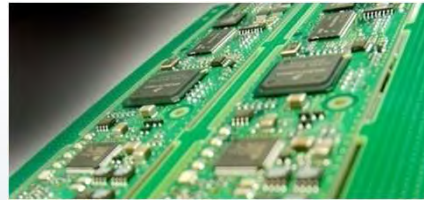
Engineering



Cable Assembly



Integration



SMT



Enclosure



Testing



Complete Product

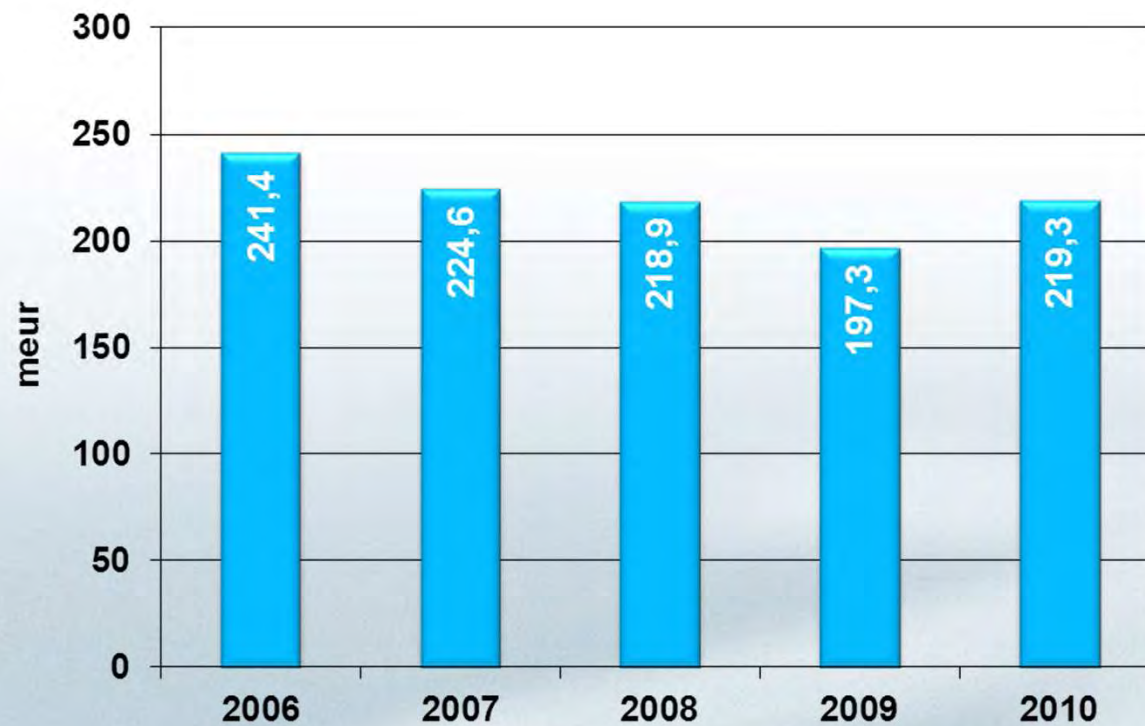




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FINANCIAL STATEMENTS

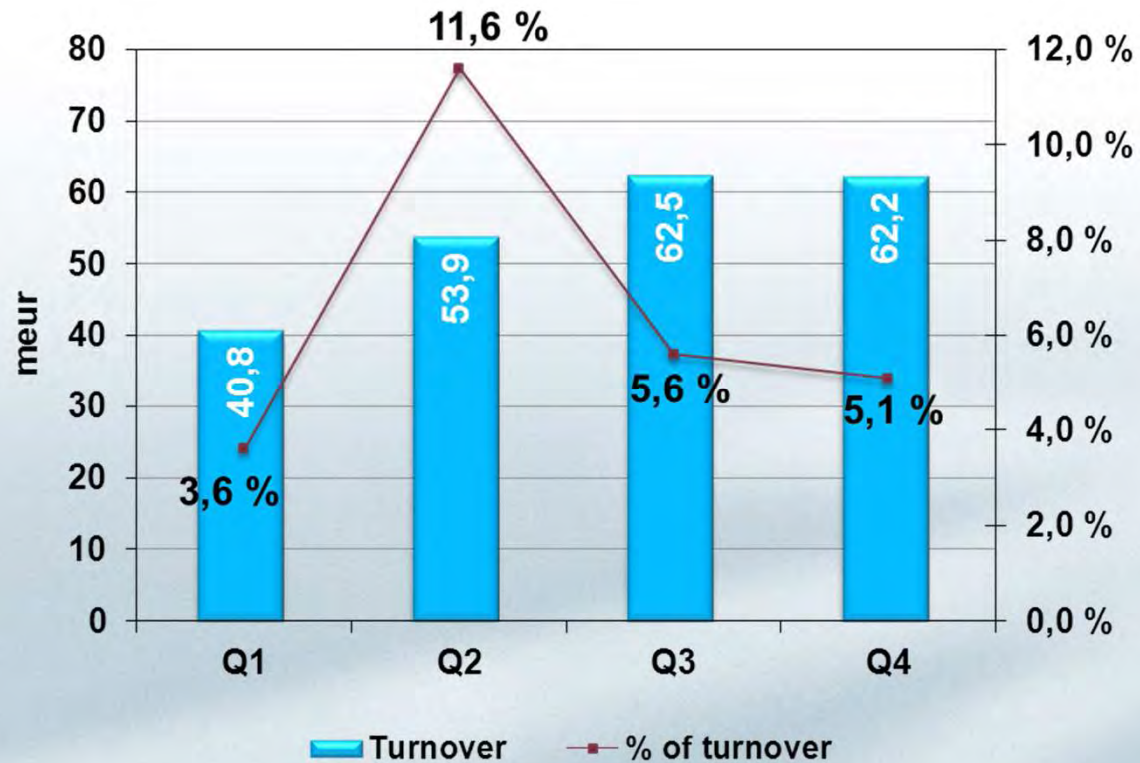
Turnover annually



Operating profit annually

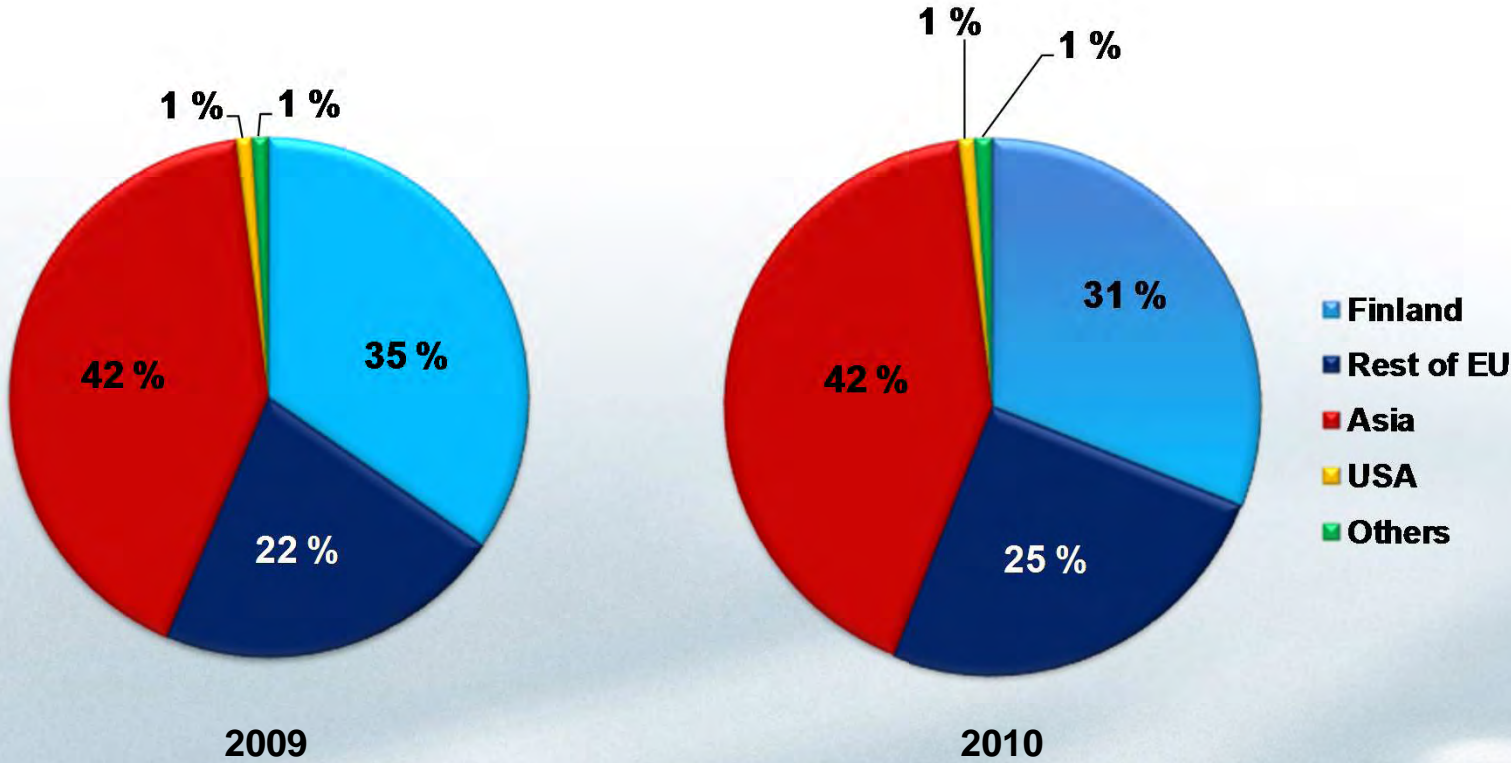


Turnover and operating profit % quarterly 2010

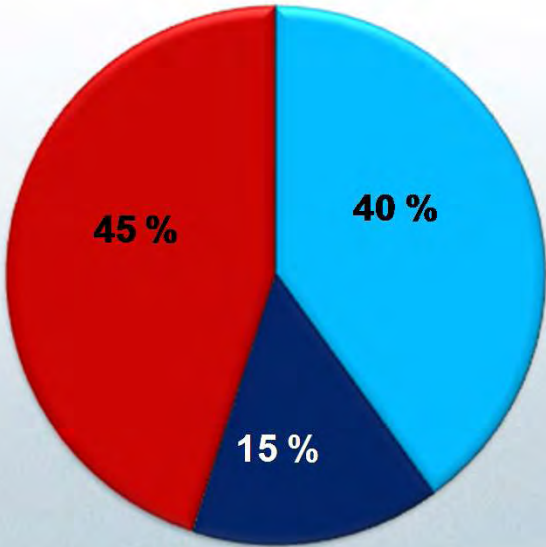


A sales gain of EUR 2.5 million from the Oulu property is recognised in the second quarter.

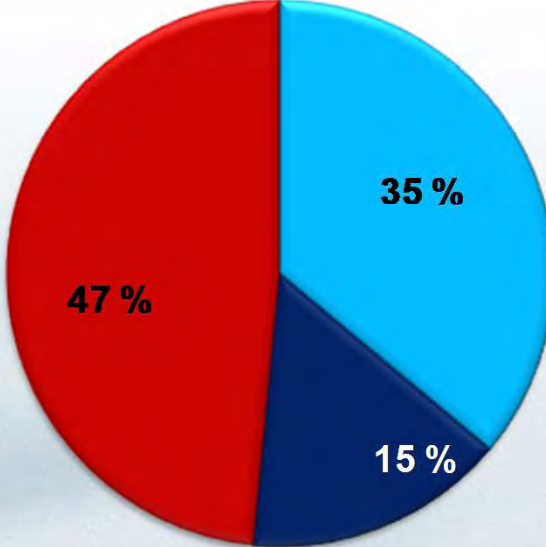
Turnover geographically



Sales geographically



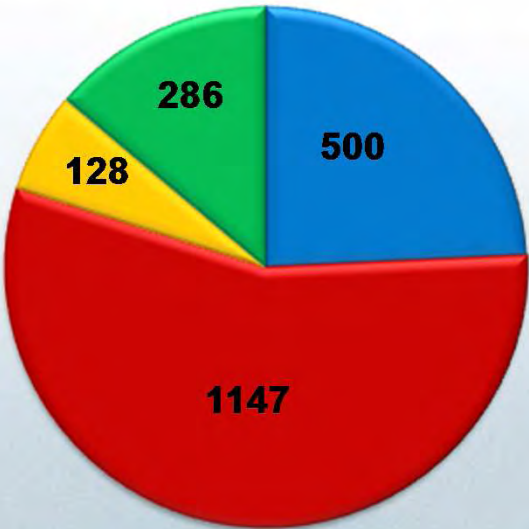
2009



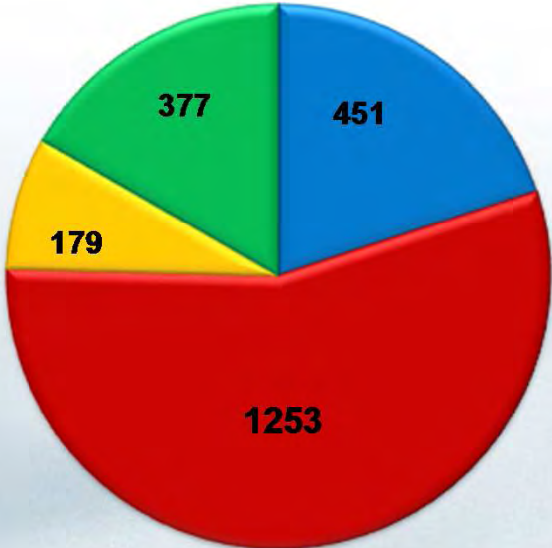
2010

- Finland
- Rest of EU
- Asia

Personnel



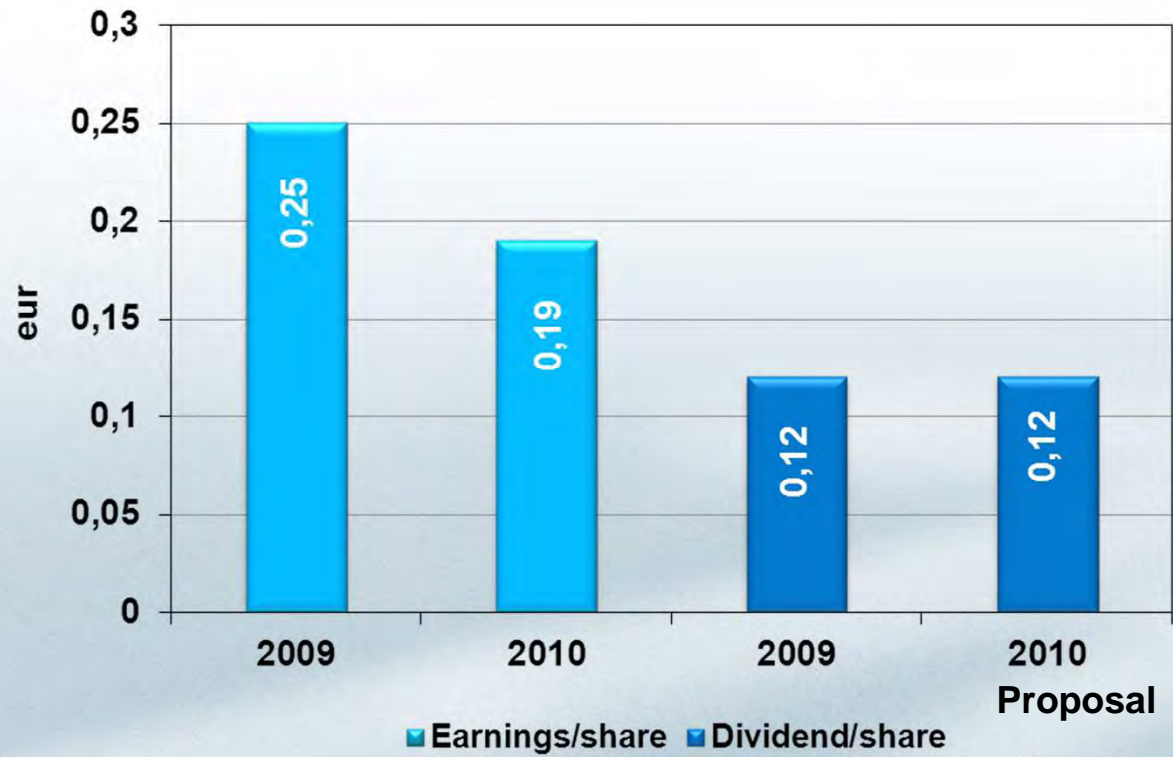
31.12.2009
Total 2061



31.12.2010
Total 2260

- Finland
- China
- Hungary
- Estonia

Earnings/share and dividend/share

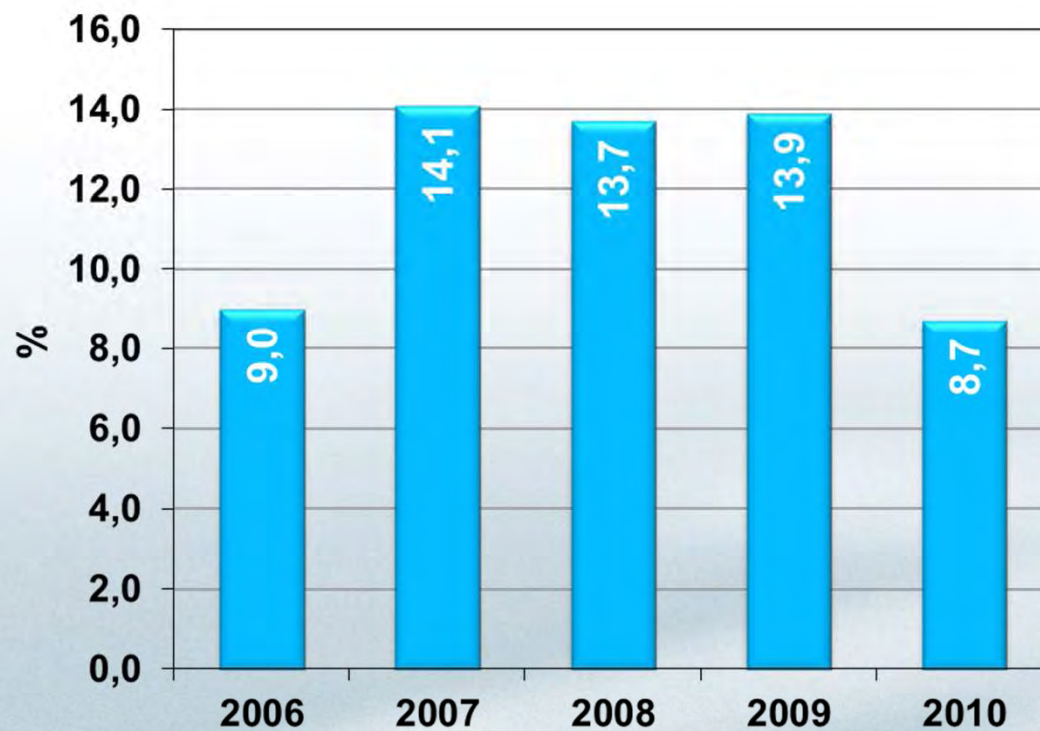


Solvency



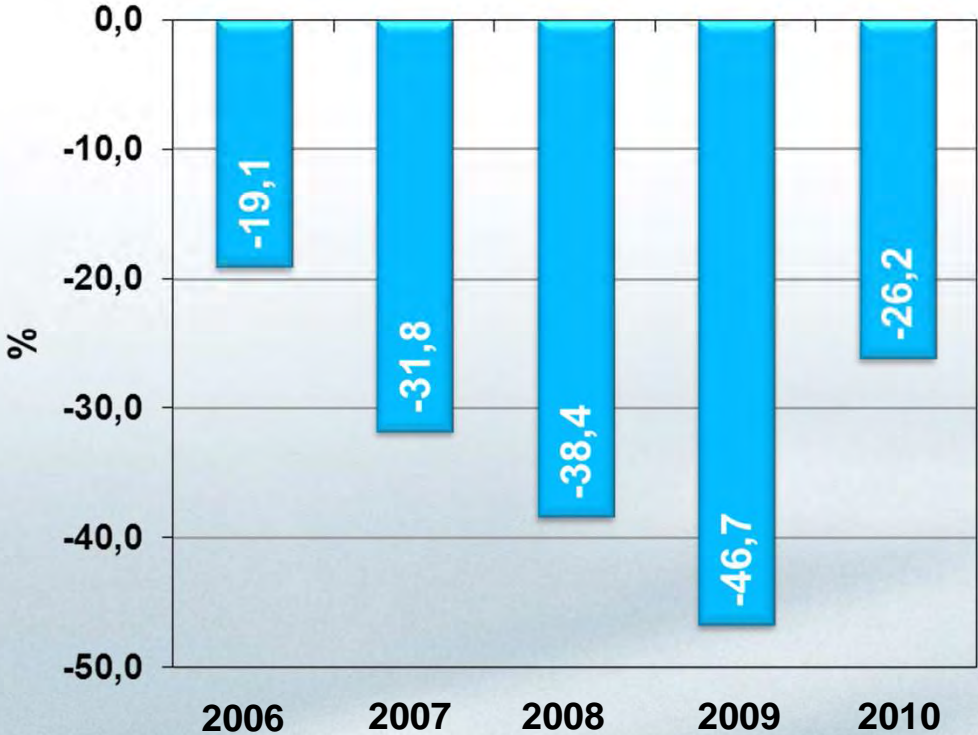
Solvency excluding EUR 40 million loan drawn on 8 Dec 2010: 76,9 %.

Return on investment

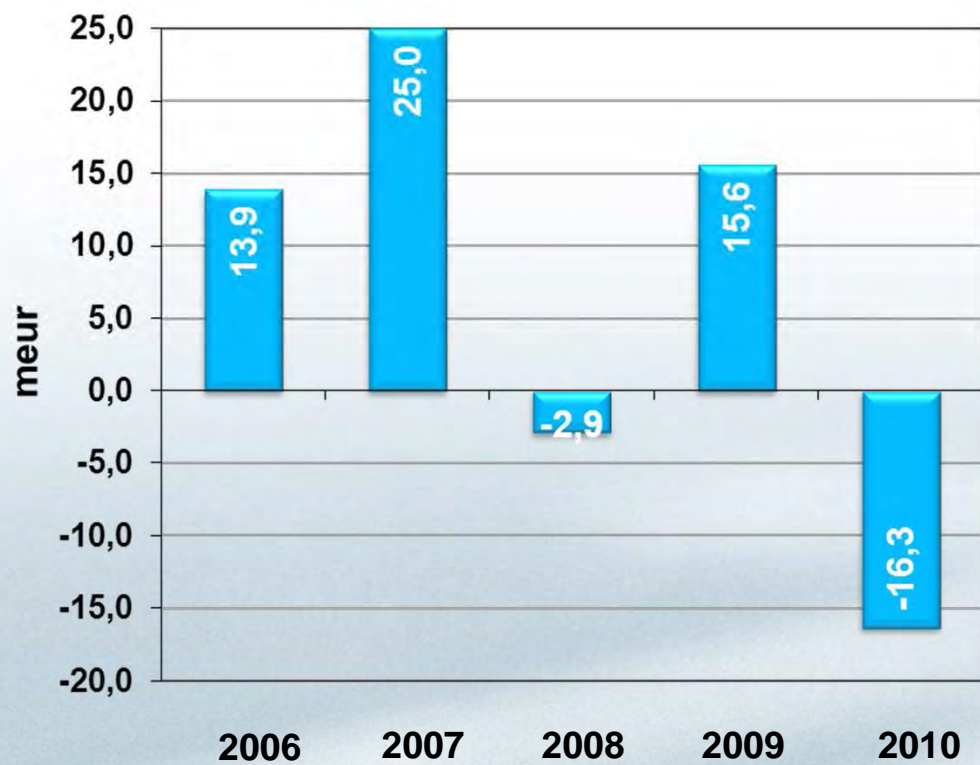


ROI excluding EUR 40 million loan drawn on 8 Dec 2010: 9,7%.

Gearing



Cash flow after investments

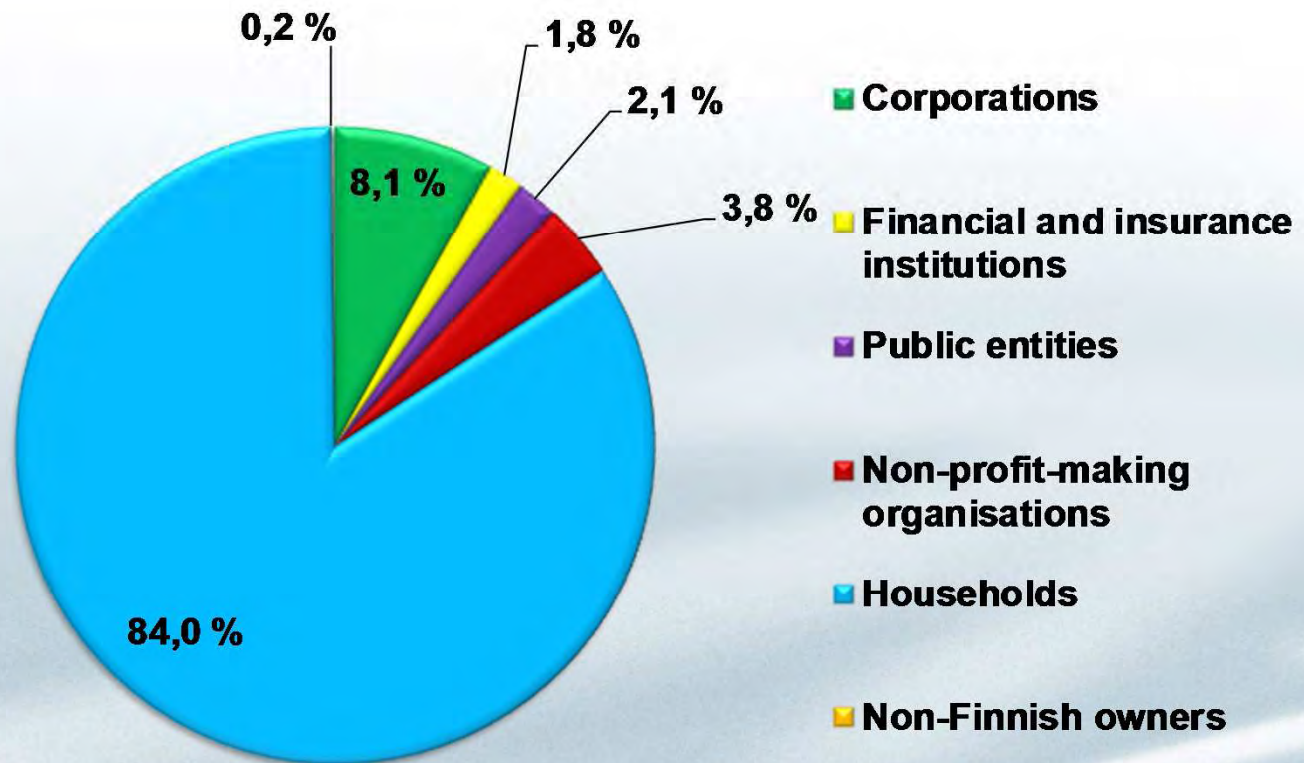


Share ownership 31.12.2010

Major share holders	%
Takanen Jorma	29.0
Kotilainen Eero	12.0
Takanen Harri	6.6
Takanen Jonna	5.4
Pöllä Reijo	5.2
Scanfil Oyj	4.9
Takanen Jarkko	4.1
Laakkonen Mikko	3.9
Takanen Martti	3.2
Riitta ja Jorma J. Takanen foundation	3.1
Takanen Riitta	1.7
Ilmarinen Mutual Pension Insurance Company	1.0
Mutual Pension Insurance Company Varma	1.0
Total	81.1

Share ownership 31.12.2010

Breakdown of share ownership by owner category





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FUTURE PROSPECTS

Future prospects

- Scanfil plc aims actively to develop capital investments already done and is looking for selected targets in its current and new lines of business. The available investment assets offer a good opportunity for acquisitions conforming to the investment strategy, aiming to obtain a stake in select companies that facilitates active influence on their operations.
- The contract manufacturing market has recovered during 2010. The demand outlook for the company's contract manufacturing operations (Scanfil EMS Oy) for 2011 seems positive with regard to professional electronics customers. Predicting the development of demand by telecommunications customers is more uncertain. With regard to contract manufacturing, the company estimates a cautiously positive trend in sales.
- Scanfil plc expects that the Group's turnover for 2011 will increase slightly compared to 2010, while its operating profit will remain at a satisfactory level.