

**SCANFIL**



Annual Report  
**2015**

A man with grey hair, wearing a white lab coat over a blue patterned shirt, is looking through a black microscope. The background is blurred, showing what appears to be a laboratory setting with other people in white coats.

# • **SCANFIL** Annual Report 2015 •

## INDEX

### GENERAL

4	For shareholders
4	Scanfil in brief
6	Key figures 2015
7	CEO's review
8	Customers
10	Business operations
12	Plants
14	Board of Directors and Management Team
16	Stock exchange releases 2015





## FINANCIAL STATEMENTS

18	Report of Board of Directors 2015	53	Parent company income statement, FAS
21	Consolidated income statement, IFRS	54	Parent company balance sheet, FAS
22	Consolidated statement of financial position, IFRS	55	Parent company cash flow statement, FAS
23	Consolidated cash flow statement, IFRS	56	Notes to the parent company financial statements, FAS
24	Consolidated statement of changes in equity, IFRS	61	Shares and shareholders
25	Accounting principles for consolidated financial statements	63	Board of Directors' proposal for the distribution of profit
30	Notes to the consolidated financial statements, IFRS	64	Auditors' report
51	Key financial indicators	65	Corporate governance statement 2015
52	Key ratios		

# • Information to shareholders •

## Shareholder's meetings

Scanfil plc's Annual General Meeting (AGM) will be held on Tuesday 12 April 2016 at 12:00 p.m. in the Company's main office at Yritystie 6, Sievi. The AGM will discuss the matters listed in the notice of the meeting, in accordance with the company's Articles of Association. In addition, the meeting agenda will be published in a stock exchange release concerning the AGM and on the company's website at [www.scanfil.com](http://www.scanfil.com).

Those shareholders who are registered in Scanfil plc's Register of Shareholders, maintained by Euroclear Finland Ltd, on 30 March 2016 at the latest are entitled to attend the Annual General Meeting. To attend the Meeting, a shareholder must register in advance by 4.00 pm (EET) on 6 April 2016, either by mail to Scanfil Oyj, Yritystie 6, FI-85410 Sievi, Finland, by telephone through +358 8 4882 111, or by email to [agm@scanfil.com](mailto:agm@scanfil.com).

When registering by post, the letter must reach the company before the end of the registration period. Any powers of attorney are to be delivered as original copies before the end of the registration period.

## Distribution of profits

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.08 be paid from the unrestricted shareholders' equity per each outstanding share, for a total of EUR 4,618,453.12 for the financial year ending on 31 December 2015.

The dividend matching day is 14 April 2016 and the dividend payment date 21 April 2016. The dividend will be paid to shareholders who are registered in the Register of Shareholders maintained by Euroclear Finland Ltd on the matching date.

A total of 5 715 000 new shares were subscribed in Scanfil Plc's accelerated book-building process. The new shares will entitle their holders to dividends after being entered into the Trade Register on 15 March 2016. Dividend according to the Board of Directors proposal in total is EUR 5,075,635.12 million.

## Financial information

In 2016, Scanfil plc will publish the following financial reviews:

Financial statements 25 Feb. 2016

Annual report week 11/2016

Interim report for January–March 29/04/2016

Interim report for January–June 09/08/2016

Interim report for January–September 21/10/2016

The financial reviews will be released in Finnish and English. They will be published on the company's website at [www.scanfil.com](http://www.scanfil.com). The publications may also be ordered from Scanfil plc, Yritystie 6, FI-85410 Sievi, Finland or by calling +358 8 4882 111.

## Register of Shareholders

Each shareholder is requested to notify the bank, brokerage firm or Euroclear Finland Ltd, which manages the shareholder's book-entry account, as the account operator selected by the shareholder of any changes in its name or address.

## Scanfil in brief

Scanfil plc is an international listed (NASDAQ OMX Helsinki, SCLIV) contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract manufacturing. In 2015, Scanfil experienced strong growth due to acquisition of the Swedish contract manufacturer PartnerTech Ab. Scanfil's turnover in 2015 was EUR 377.3 million. At the end of the year, it employed approximately 3,500 people, Scanfil's network of factories consists of 16 production units in Europe, China and USA.

The key elements of Scanfil's operations include a vertically integrated production system and the provision of services and supply chain management to customers over the entire life cycle of the product. These provide a solid foundation for Scanfil's competitive advantages: speed, flexibility and reliability. The company's customers include international operators in the automation, energy, data transmission and health technology sectors, maritime, as well as defence technology industries, and companies operating in fields related to urbanisation.

Typical products manufactured by the company include video surveillance systems and equipment, communications network device, audio communications products, health technology devices and systems, electricity and automation system modules, renewable energy production converters and inverters, frequency converters, lift control systems, analysers, various slot and vending machines, defence industry devices and meteorological instruments.





## MISSION

**Scanfil enables customers to succeed by providing effective and innovative solutions that bring products to life and to market.**

*We provide global manufacturing and supply chain solutions along with a comprehensive range of related services from design to aftermarket services.*

## VISION

**We are our customers' preferred choice.**

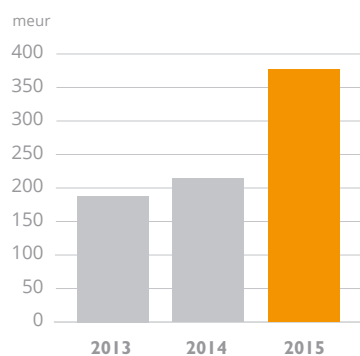
## VALUES

- Customer focused
- Achieving together
- Proactive
- Engaged to perform

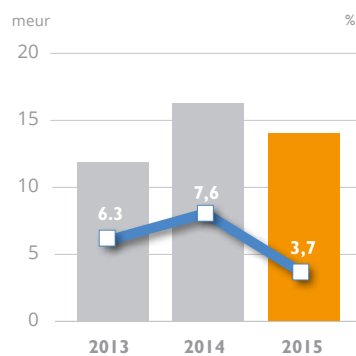
# Key figures

## Group

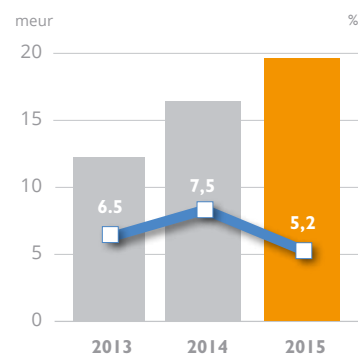
Turnover



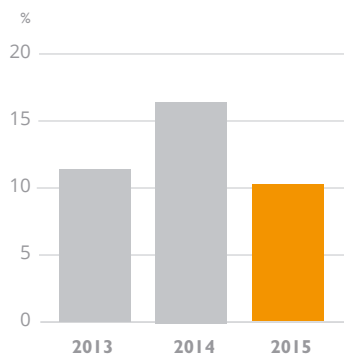
Operating profit & operating profit %



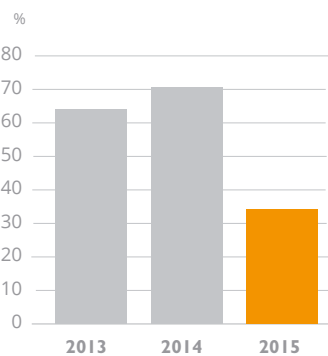
Operating profit & operating profit % without non-recurring items



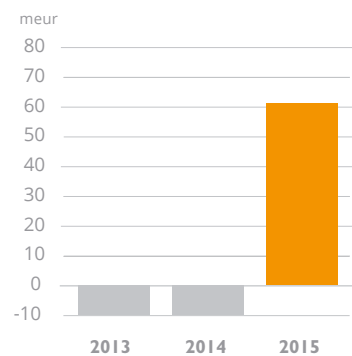
Return on investment



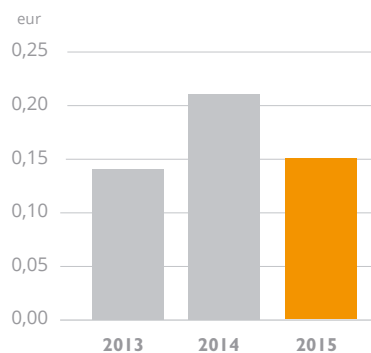
Solvency



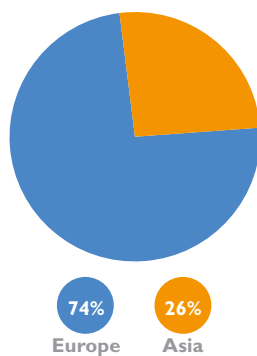
Net debt



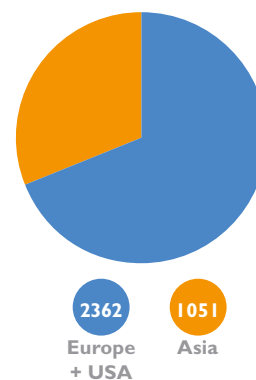
Earnings per share



Turnover by regional segment



Personnel by region







## CEO'S REVIEW

# Scanfil is capable of serving its customers better than before

2015 was a year of great changes for Scanfil. In July, we took a great development stride by acquiring the Swedish contract manufacturer PartnerTech. The acquisition practically doubled our size with regard to turnover; the number of employees, customer accounts as well as number of plants.

Our plant network and our service range expands. The expanded customer base gives us much potential to grow our business in the future. Since there is very little overlap between our customers, customer-specific risks will decrease considerably. In short, we complement each other excellently.

2015 was also a year of strong growth for Scanfil, and especially due to the acquisition of PartnerTech. In 2015, our turnover grew to about EUR 377 million (EUR 214.5 million in 2014). Profit before extraordinary items was EUR 19.6 million (16.2) and after extraordinary items EUR 14.0 (16.2) million. PartnerTech is included in the figures from 1 July 2015.

Approximately 74% of our turnover came from Europe and USA and approximately 26% from China. Our customer base is now extensive than ever and our sales are well-balanced between various customer segments and accounts. In terms of turnover, the largest

segments in 2015 were Urban Applications (36%), Energy & automation (19%), Networks (21%) and Medtech, Life Science & Environmental Measurements (12%).

### Consolidation of business operations

Immediately after the acquisition of PartnerTech, we commenced a determined integration process. We defined a shared vision and means (a strategy). We merged our organisations and the new, shared Management Team started its work at the beginning of November. The Scanfil name was taken into use universally. Operating processes were combined with the aim of using the same operating models globally.

We got a good start and achieved good speed. For this, I wish to thank our employees, who tackled the integration process with enthusiasm, without procrastination and by working together for a shared goal. Another good point of departure for the merger was that we already shared most of the same basic values and strategies.

We are looking for synergy benefits, for example, from administration, sourcing and by pruning overlaps in plants. The reorganisation of plants with weak profit continues. The decision to close the plant in Norway has been made, statutory

negotiations have been started at the English plant and PartnerTech Aerodyn AB (Sweden) has been sold. In China, actions were started to reduce overlapping and streamline the operations. We are aiming at reported operating profit level of 6% in 2017.

### Good starting point for 2016

We have an excellent starting point for 2016. The expanded customer base gives us a lot of potential to grow the business. The needs of our customers will also continue to be our priority this year. The development of customer satisfaction is the best sales work. Our goal is to make Scanfil the most attractive partner for customers and the most interesting workplace for employees. We also aim to find new customers, especially in Central Europe.

I wish to thank Scanfil employees for their hard work and good results. I would also like to thank our customers, suppliers and other partners, as well as the owners, for their confidence and good cooperation in 2015 on behalf of all Scanfil employees.

Petteri Jokitalo

## CUSTOMERS

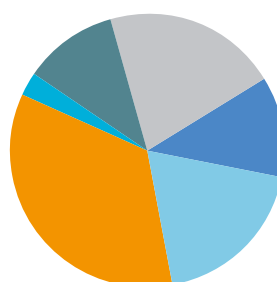
# Wide and diverse customer base

Scanfil's manufacturing services are suitable for product companies in various industries. Regardless of their field, companies want to place more focus on their customers and R&D, while outsourcing their production and supply chain management to a contract manufacturing partner.

The acquisition of the Swedish contract manufacturer PartnerTech completed in July significantly expanded and diversified Scanfil's customer base. The customers represent a wide scale of various product segments that are typically based on global megatrends, such as urbanisation, ageing populations, control of food, water and air quality, energy efficiency, production of renewable energy, automation, digitalisation, data transfer including wirelessness, and the industrial Internet.

The distribution of customer segments and sales by segment are as follows:

- Energy and Automation
- Networks
- Medtech, Life Science, Environmental Measurements
- Urban Applications
- Defence, Oil & Gas, Maritime
- Other Industries



21%	Networks
12%	Meditech, Life Science, Environmental Measurement
19%	Energy and Automation
35%	Urban Applications
3%	Defence, Oil & Gas and Maritime
11%	Other Industries



## CUSTOMERS



### Energy and Automation

- Energy efficiency, the production of renewable energy, urbanisation – particularly in emerging markets – and the general increase in industrial automation to improve productivity.
- Electricity production and distribution systems, process control systems, energy efficiency systems, such as frequency converters, inverters, switches and automation systems.
- Examples of customers: Vacon (Danfoss), ABB, The Switch (Yaskawa), Metso



### Networks

- Digitisation and the increasing significance of telecommunications in society, as well as wireless solutions and the Internet of Things.
- Broadband, communications and mobile network equipment and systems, such as base stations, exchanges and amplifiers.
- Examples of customers: Nokia, Ericsson, Airbus, Teleste, Axis



### Medtech, Life Science and Environmental Measurements

- Population ageing, healthcare needs in emerging markets, the monitoring of food, water and air quality, as well as the need to predict weather phenomena.
- Equipment associated with medical technology, research and climate and environmental monitoring, such as dental chairs, analysers, mass spectrometers and cloud height indicators.
- Examples of customers: Thermo Fisher Scientific, Planmeca, Vaisala, Getinge



### Urban Applications

- Urbanisation, particularly in developing countries, an increase in the size of the middle class, particularly in Asia, and the increasing ageing population.
- Products and solutions related to urbanisation, such as elevators, escalators, and slot and vending machines.
- Examples of customers: Kone, RAY, Photo-Me (KIS), Tomra



### Defence, Oil & Gas and Maritime

- Cost-efficient solutions for the oil and gas industry, which have shown an increase in demand as a result of low oil prices. The unstable geopolitical situation forces different parties to invest in information security and defence solutions.
- Typical products include components and systems governed by strict quality and traceability requirements. These products are used in harsh environments, such as underwater monitoring systems, seismic activities and various defence applications.
- Examples of customers: INVISIO Communications, Saab, BAE Systems

## BUSINESS OPERATIONS

# Competitive, high-quality service packages

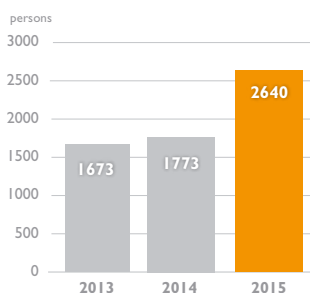
We provide our customers with an extensive array of services, ranging from product design to product manufacturing, delivery chain management, logistical solutions and various after sales services, such as maintenance and spare part services. The core of our customer offering is a vertically integrated service package and provision. Our strength is in the management of the package as a whole. To customers, this is visible as reliability, speed, flexibility and, of course, a competitive price level.

Scanfil has a wide service range. The majority of product refinement takes place inside Scanfil. For example, we are capable of manufacturing sheet metal mechanic components, electronics, wiring harnesses, final product assembly and testing. We are at our best when this is combined with our extensive supplier network, product and testing expertise, delivery chain management and our global sourcing operations. Of course, customer needs always determine what the service package offered will be like.

### Continuous improvement

Our customers expect Scanfil to follow world-class standardised operating models, processes and performance wherever in the world we operate and in everything we do. They also expect continuous positive development. In order to meet these expectations, we develop our quality, delivery capability and efficiency by following Lean Six Sigma principles and methods. The aim of process development and quality projects is to streamline production, decrease waste and increase value production. We continuously invest in training, and the Group currently

Personnel on average 2013-2015



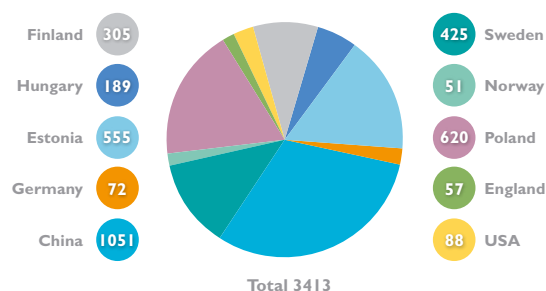
boasts over 100 trained Lean Six Sigma experts in our plants worldwide.

Each Scanfil plant has a certified ISO 9001-compliant quality management system. In addition, selected plants have more detailed certified quality management systems aimed at specific industrial fields. For example, our plants that serve medical customer accounts have a certified ISO 13485-compliant quality management system.

### Employees decide success

At the end of 2015, Scanfil had approximately 3,500 employees. The importance of the input of employees is key to our operations. The level of factors significantly affecting work input, such as work satisfaction, motivation, competence and leadership is charted annually through a work community survey, which always includes the determination of develop-

Personnel per country 31.12.2015



ment measures required. We challenge and develop all our activities, including leadership, continuously and at all levels.

As a part of the PartnerTech integration process, we started the harmonisation and development of global human resources processes to correspond to the new situation. We got off to a good start and, for example, the recruitment processes, as well as competence mapping and development processes, were harmonised. The harmonisation of human resources processes continues and we still need, for example, a shared way to measure employee satisfaction in 2016.

At the end of 2015, Scanfil Group employed 3,413 people (1,782 in 2014), of whom 3,108 (1,545) worked in units located outside Finland. The average number of employees at Scanfil Group was 2,640 (1,773 in 2015).



## BUSINESS OPERATIONS



Scanfil's vertically integrated production system



The background of the page features a close-up, slightly blurred image of electronic components, including white plastic connectors and green printed circuit boards (PCBs) with various electronic components. A diagonal white line divides the image. In the bottom right corner, there is a stylized world map with teal-colored landmasses. A specific location in the United States is highlighted with a blue rectangle and an orange dot, labeled 'Atlanta, USA'.

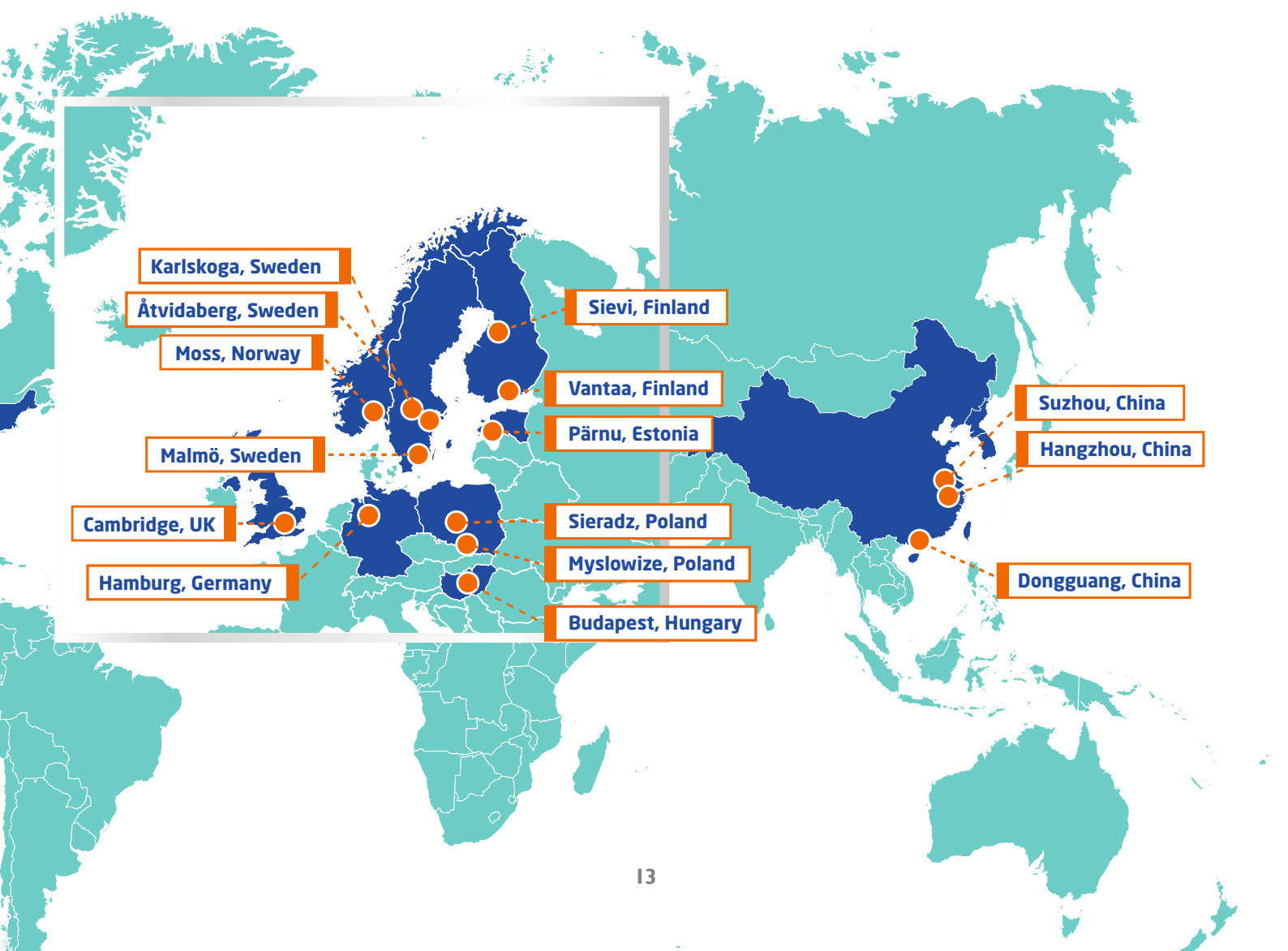
## PLANTS

- Increased scale and global foot print

Scanfil is a global operator. It has plants in ten countries, which guarantees our service capability to customers. We are close to our customers' product development, for example, in Finland, Sweden and Germany. Close to our customers' market we are among others in China, Poland, Estonia and USA. All in all, Scanfil's plant network included 16 production units, which employed approximately 3,500 people at the end of 2015.



## PLANTS



## BOARD OF DIRECTORS

### Scanfil plc

#### Board of Directors

##### Harri Takanen

Chairman of the Board of Directors

M.Sc. (Eng)

born 1968

- Member of the Board of Directors since 2013
- CEO of Sievi Capital plc 1 April 2013 – 31 March 2015
- CEO of Sievi Capital plc 2007–2011 and CEO of Scanfil plc and Scanfil EMS Oy 1 January 2012–31 March 2013.
- Member of the Board of Directors: Jussi Capital Oy, Finelcomp Oy, iLoq Oy
- Holds 9 776 664 Scanfil plc shares (31 December 2015)

##### Christer Härkönen

MSc (Eng.)

born 1957

- Member of Board since 2014. A full time Member of the Board and facilitator of Fibox Oy Ab. Director of Sandvik Mining and Construction in Sweden and Holland 2010-2013, RFID business Director of UPM Oyj 2005 – 2010, Executive positions in Elcoteq Oyj 1996 – 2005
- Chairman of Board of Directors: Voyantic Ltd
- Member of Board of Directors: Fibox Oy Ab, Beddit Oy

##### Jarkko Takanen

B.Sc. (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 in different managerial duties 1995–2004, Managing Director of the Belgian subsidiary Scanfil N.V. 2003 – 2004.
- Member of the Board of Directors: Efore Oyj, Sievi Capital Oyj, Jussi Capital Oy
- Deputy Member of the Board of Directors: Jussi Real Estate Oy, Pilot Business Park Oy
- Holds 8,251,169 Scanfil plc shares (31 December 2015).

##### Bengt Engström

Mechanical Engineer

Born 1953

- Member of the Board since 2015, CEO Fujitsu Nordic Ab (Sweden) 2008 – 2013, Managing Director Fujitsu Sweden AB (Sweden) 2007 - 2008, and a number of executive positions at several companies, both in Sweden and globally, for example at Whirlpool, Bofors AB, Duni AB.
- Chairman of Board of Directors: Scandinavian Executive AB, Food Village AB, Real Holding
- Member of Board of Directors: Bure Equity AB, Advania, Picay AB, ScandiNova AB, Crem/CoffeeQueen AB, Prevas AB, Chamber Group, PartnerTech AB



## MANAGEMENT TEAM IN 2015

### Scanfil plc

#### Management Team in 2015



##### **Petteri Jokitalo, CEO**

M.Sc. (Eng.)

born 1963

- Joined the company at 10 January 2012, CEO since 1 April 2013
- Managing Director of Meka Pro Oy during 2007 – 2011
- In Scanfil plc in management tasks of sales and business development during 2003 – 2007
- In international tasks in Nokia Networks during 1998 – 2003
- Holds 12,000 Scanfil plc shares (31 December 2015).



##### **Timo Sonninen, Vice President, Sales**

B.Sc. (Machine Automation)

born 1966

- Joined the Company on 1 September 2013
- Efore Oy as Vice President, Operations, in Suzhou, China 2006 – 2013.
- At Incap Oy among others as Director of Operations, Business Director of Electronics Production and Plant Director of Vuokatti Plant.
- Holds 23,000 Scanfil plc shares (31 December 2015).



##### **Markku Kosunen, CTO**

technology undergraduate

born 1967

- Joined the company on 1 October 2010
- Has held the current position since 1 November 2015
- Director, Operations 2010 - 2015
- Production and Development Director at Mecanova Oy 2005–2010
- Managerial positions at the mechanics plants of Flextronics and Ojala-yhtymä in Finland 1993–2005



##### **Mats Lundin, Vice President, Supply Chain**

M.Sc. (Eng.)

Born 1959

- Joined the company on 1 July 2015
- Partnertech AB as Vice President Supply Chain 2007-2015
- Earlier various managerial positions in purchasing and supply chain at Ericsson and Volvo in both Sweden and the United States.



##### **Marjo Nurkkala, CFO**

M.Sc. (Econ.)

born 1959

- Joined the company on 8 December 1997
- Has held the current position since 2000
- Financial manager 1997-2000.
- Financial manager of Oy M-Filter Ab 1993–1997
- Office manager of Osuuskauppa Jokiseutu 1986–1992.
- Holds 3,953 Scanfil plc shares (31 December 2015).



##### **Keijo Anttila, Vice President, Operations**

M.Sc. (Eng.)

Born 1966

- Joined the company 16 June 2008
- Has held the current position since 1 November 2015
- Director, Business Area Asia, 2012 - 2015
- Director, Sales and Marketing 2008 - 2012
- CEO of Mecanova Oy 2008 – 2001
- Design and Marketing Director of Elektronet Oy 2001 – 1999
- Holds 576 Scanfil plc shares (31.12.2015)



##### **Tomi Takanen Vice President, Operations**

B.Sc. (Production Economics)

born 1972

- Joined the company on 12 May 1997
- Has held the current position since 1 November 2015
- Director, Materials and Logistics 2009 - 2015
- 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 2014).



##### **Olle Björk, Vice President, Operations**

M.Sc. (Eng.)

Born 1963

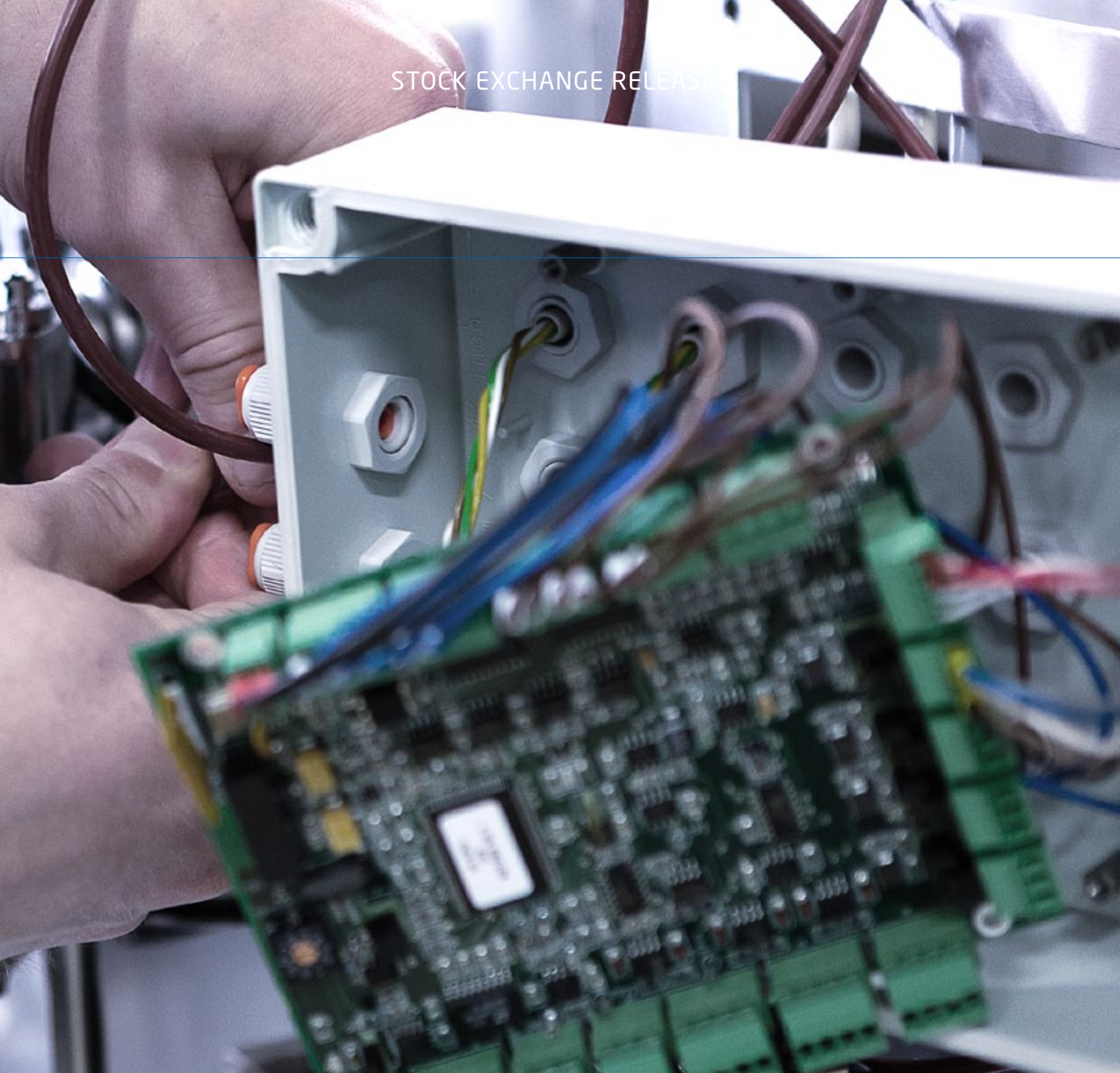
- Worked in the company 1.7. 2015 – 12.2.2016
- President of Systems Integration Technology Division at PartnerTech
- Before that he worked as site manager for Swedwood in Russia. He has also held various positions in the automotive and manufacturing



# Stock exchange releases

22 January 2015	Preliminary Information On Scanfil Group's Turnover And Operating Profit In 2014
24 February 2015	Scanfil Group's Financial Statements For 1 January – 31 December 2014
11 March 2015	Notice To The Annual General Meeting
13 March 2015	Scanfil Plc's Annual Report, Financial Statements And Corporate Governance Statement Have Been Published
8 April 2015	Scanfil Plc's Annual General Meeting, 8 April 2015
29 April 2015	Scanfil Group's Interim Report 1 January – 31 March 2015
25 May 2015	Scanfil Oyj Announces A Recommended Cash Offer Of SEK 35 Per Share To The Shareholders In Partnertech Ab
26 May 2015	Scanfil Oyj's Offer For Partnertech Ab: Offer Document Made Public
17 June 2015	Scanfil Receives Necessary Approvals From Competition Authorities For Acquisition Of Partnertech Ab
25 June 2015	Scanfil Oyj Declares The Offer For Partnertech Ab Unconditional – The Offer Will Be Completed





13 July 2015	Summons To The Extraordinary General Meeting
13 July 2015	Scanfil Oyj Holds 98.6 Percent Of The Shares In Partnertech Ab And Does Not Further Extend The Acceptance Period
10 August 2015	Scanfil Group's Interim Report   January – 30 June 2015
20 August 2015	Scanfil Plc's Extraordinary General Meeting On 20 August 2015
24 September 2015	Scanfil Plc Changes The Outlook For The Year 2015
28 October 2015	Scanfil Group's Interim Report   January – 30 September 2015
28 October 2015	Decision Of Scanfil Plc's Board Of Directors On Stock Option Plan
17 November 2015	Partnertech As To Start Statutory Negotiations To Restructure Operations In Moss, Norway
8 December 2015	Scanfil Plc's Financial Information And Annual General Meeting In 2016

# Report of board of directors 2015

Scanfil plc is an international listed (NASDAQ Helsinki, SCLIV) contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract manufacturing. In 2015, Scanfil experienced strong growth due to acquisition of the Swedish contract manufacturer PartnerTech AB. Scanfil's network of factories consists of 16 production units in Europe, China and USA.

The key elements of Scanfil's operations include a vertically integrated production system and the provision of services and supply chain management to customers over the entire life cycle of the product. These provide a solid foundation for Scanfil's competitive advantages: speed, flexibility and reliability. The company's customers include international operators in the automation, energy, data transmission and health technology sectors, maritime, as well as defence technology industries, and companies operating in fields related to urbanisation.

## Acquired business operations

On 25 May 2015, Scanfil Plc announced a recommended cash offer to the shareholders in PartnerTech AB to tender all shares in PartnerTech to Scanfil for SEK 35 per share. A total of 12,487,738 shares had been tendered by the end of the acceptance period, corresponding to 98.6 percent of the shares and the voting rights in PartnerTech. At the end of the acceptance period, the company commenced the compulsory acquisition process to acquire the remaining shares. On 19 January 2016, Scanfil obtained "advanced title" to the minority shares in PartnerTech. As a result, Scanfil became, prior to the expiration of the compulsory acquisition process, owner of all shares in PartnerTech against providing collateral in favour of the minority shareholders as security for the purchase price under the compulsory acquisition process.

Transaction will provide Scanfil with the possibility to expand its operations and service offering to the benefit of customers, investors and employees. The combined company will be clearly the leading EMS-company in the Nordic market with very comprehensive service portfolio and factory network with strong global presence.

## Group structure

Scanfil Group comprises the parent company, Scanfil plc, and two wholly-owned sub-groups, Scanfil EMS Oy (Finland) and Scanfil Sweden AB (Sweden). The Scanfil EMS sub-group comprises the parent company, Scanfil EMS Oy, and six wholly-owned subsidiaries operating in four different countries. The Scanfil Sweden AB sub-group comprises the parent company, Scanfil Sweden AB, and ten wholly-owned subsidiaries operating in seven different countries.

## Year 2015

Scanfil's turnover for 2015 amounted to approximately EUR 377.3 million. The turnover increased by approximately 76% compared to 2014, which was primarily due to the acquisition of PartnerTech on 1 July 2015. The development of turnover was particularly strong during the second half of the year. PartnerTech's customer accounts significantly increased Scanfil's customer base in all customer groups. In addition, operations expanded into a new sector, Defence, Oil & Gas and Maritime.

The largest customer's share of the turnover was approximately 15% and that of the ten largest customers approximately 55%.

Turnover increased in the "Medtech, Life Science, Environmental Measurement" and the "Other Industries" customer groups in particular. The "Other Industries" customer sector includes industrial customers in the fields of material handling and lighting of retail premises, among others. Sales in the "Defence, Oil & Gas and Maritime" customer group picked up during the fourth quarter of the year. In the "Energy & Automation" and "Urban Application" customer group, demand was roughly on a par with the previous year. In the "Networks" customer sector, demand was lower than expected.

## Financial development

The Group's turnover for January - December was EUR 377.3 (214.5) million. The breakdown of turnover by regional segment was as follows: Europe and USA 74% (60%), Asia 26% (40%).

PartnerTech AB has been consolidated into Scanfil Group as of 1 July 2015.

The Group's operating profit for January-December was EUR 14.0 (16.2) million, representing 3.7% (7.6%) of turnover. The operating profit includes a total of EUR 5.6 million of non-recurring expenses. The non-recurring items are comprised of EUR 2.3 million of entries related to the acquisition of PartnerTech AB, EUR 1.2 million related to the fair value measurement of the subsidiary PartnerTech Aerodyn AB classified as held for sale, and a write-down of EUR 2.1 million in Hungary. The development of the Hungarian business has fallen short of expectations, and the company's future outlook has been lowered. As a result, a write-down has been recognised based on impairment testing.

Operating profit excluding non-recurring items was EUR 19.6 million, representing 5.2% of turnover. Non-recurring expenses for the previous year amounted to EUR 0.2 million. The result for the period under review was EUR 8.4 (12.3) million. Earnings per share were EUR 0.15 (0.21), and the return on investment was 10.5% (16.5%). Earnings per share excluding non-recurring items were EUR 0.24.

## Financing and capital expenditure

The Group's financial position has changed as a result of the acquisition of PartnerTech AB, but it remains satisfactory. The consolidated balance sheet totalled EUR 298.3 (134.0) million.



Liabilities amounted to EUR 197.2 (39.4) million, EUR 113.8 (30.1) million of which were non-interest-bearing and EUR 83.4 (9.3) million interest-bearing. The equity ratio was 34.2% (70.6%) and gearing 60.3% (-10.5%). The equity per share was EUR 1.76 (1.64).

Scanfil has signed a financing agreement with Nordea Bank Finland Plc related to the acquisition of PartnerTech AB. Scanfil has withdrawn a long-term loan of EUR 50 million to pay the shares and raised the available credit limit by EUR 35 million to refinance the Scanfil Sweden AB sub-group and for working capital needs.

Liquid cash assets totalled EUR 22.3 (19.2) million.

Net cash flow from operating activities for the review period January–December was EUR 12.8 (11.0) million. The change in net working capital during the period amounted to EUR -7.7 (-5.2) million. More capital has been tied up in working capital due to higher turnover. Cash flow from investments was EUR -51.0 million (-8.0) consisting mainly of PartnerTech AB acquisition. Cash flow from financing was EUR 40.7 (-13.0) million, including loan for acquiring PartnerTech AB, loan instalments and the use of a bank credit facility and payment of dividends.

Gross investments in January–December totaled EUR 54.3 (8.2) million, which is 14.4% (3.8%) of the turnover. PartnerTech AB's acquisition's share of the investments was EUR 47.6 million. For the rest the investments were mainly acquisitions of machines and equipment. The investments for the previous year include the acquisition cost of SchalteX Systems GmbH shares, amounting to EUR 5.8 million. Depreciation totalled EUR 10.8 (4.6) million.

## Board of Directors' authorisation

The Annual General Meeting authorized on 8 April 2015 the Board of Directors to decide on the acquisition of the Company's own shares, share issues and other special rights entitling their holders to shares in accordance with the Board of Directors' proposal.

The Board of Directors' proposals to the General Meeting and resolutions of the Meeting are available on the company website at [www.scanfil.com](http://www.scanfil.com).

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

## Option schemes

Based on the authorisation by the General Meeting, the Board of Directors of Scanfil plc decided on 28 October 2015 to grant the CEO of Scanfil plc and seven key persons of the Group option rights in all for 250,000 shares.

## Own shares

The company does not own its own shares.

## Personnel

At the end of the period, the Group employed 3 413 (1,782) people, of whom 3 108 (1 545) worked in the company's units outside Finland. The geographical breakdown of personnel

at the end of the financial period was as follows: Europe and USA 69% (57%) and Asia 31% (43%). The average number of Group employees during the financial period was 2,640 (1,773) people.

Personnel by country on 31 December 2015:

Finland 305, Estonia 555, Hungary 189, China 1051, Germany 72, Sweden 425, Norway 51, Poland 620, England 57 and USA 88

## Share trading and share performance

The highest trading price during the review period was EUR 4.06 and the lowest EUR 2.36, the closing price for the period standing at EUR 3.81. A total of 5,201,866 shares were traded during the period, corresponding to 9.0% of the total number of shares. The market value of the shares on 31 December 2015 was EUR 220.0 million.

## The Board of Directors and CEO

Scanfil plc's Annual General Meeting held on 8 April 2015 elected the following Board members:

Jorma J. Takanen, Riitta Kotilainen, Jarkko Takanen, Christer Härkönen ja Harri Takanen. At its organizing meeting held on 8 April 2015 the new Board of Directors elected Harri Takanen as the Chairman of the Board of Directors.

On 25 May 2015, Scanfil announced a recommended cash offer to the shareholders in PartnerTech AB which was executed as communicated by Scanfil plc on 25 June 2015. In connection with the arrangement, Scanfil Plc decided to change the composition of its Board of Directors in order to ensure that there is sufficient expertise in the operations of PartnerTech AB.

Scanfil plc's Extraordinary General Meeting of 20 August 2015 re-elected Harri Takanen, Jarkko Takanen and Christer Härkönen as members of the Board of Directors and elected Bengt Engström as a new member.

M.Sc. (Eng) Petteri Jokitalo (1963) has acted as the company's CEO during 1 January – 31 December 2015.

## 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 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.

A weakening of the global economy and a decrease in the international demand for capital goods could have a negative effect on the development of the business operations of Scanfil's customers and could subsequently reduce demand in the contract manufacturing market. In addition, Scanfil is exposed

to risks resulting from exchange rate fluctuations in its business operations.

Scanfil's business operations have expanded in terms of the plant network, customer base and geographical regions with the acquisition of PartnerTech. However, the essential functions are the same as before. No new significant risks have been identified in conjunction with the acquisition of PartnerTech, and no essential changes have taken place in the risks related to Scanfil's business during the year.

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

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

Each Scanfil facility has a certified ISO 9001-compliant quality management system. Additionally, selected plants have more detailed certified quality management systems aimed at meeting the needs to specific industries. For example, plants that serve medical customer accounts have a certified ISO 13485-compliant quality management system.

All of Scanfil's plants have a certified ISO 14001-compliant. Our plants operate globally following the requirements and values of a common environmental certificate. We fulfil local requirements set in the legislation of each operating country.

The goal of Scanfil's environmental policy is to reduce environmental impact and use of non-renewable resources. Through the environmental program management the reduction of energy use, use of water in production and utilisation of metals among others are followed.

### Board of director's proposals to the Annual General Meeting

Scanfil plc's Annual General Meeting will be held on 12 April 2016 at the company's head office in Sievi, Finland.

#### Dividend for 2015

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 5,075,524.11. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.08 be paid from the unrestricted shareholders' equity per share, for a total of EUR 4,618,435.12. The dividend matching day is 14 April 2016. 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 21 April 2016.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view

of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

### Future prospects

Scanfil estimates that its turnover for 2016 will be EUR 500–550 million and the operating profit before non-recurring items will amount to EUR 22–28 million.

Non-recurring expenses related to restructuring of PartnerTech AS:n (Moss, Norway) ja PartnerTech UK:n (Cambridge) in 2016 is expected to be a maximum of EUR 7.5 million. Estimated non-recurring expense includes restructuring costs and write-downs. Non-recurring loss of EUR -1.2 million caused by the sale of PartnerTech Aerodyn AB has been recorded for the year 2015.

### Events after the review period

The co-operation negotiation process of Scanfil Sweden AB's (former PartnerTech AB) Norwegian subsidiary PartnerTech AS was closed on 11 January 2016. Based on the final result of the negotiations, PartnerTech AS's Board of Directors has decided to start closing down production of the plant. The negative impact on earnings resulting from the factory closing is estimated at approximately EUR 5 million – EUR 7.5 million. The respective negative cash impact is estimated at approximately EUR 3 million – EUR 5.5 million. The plan is to conclude most of the actions by 30 June 2016 and an impact on earnings is mainly focused to first quarter of 2016.

Scanfil Sweden AB's (former PartnerTech AB) English subsidiary, Scanfil Limited, informed on 19 February 2016 the company's personnel about the intention to restructure the company's operations. Scanfil Limited has also announced that it will initiate a communication and negotiation process with the representatives of the personnel groups, in accordance with English legislation. The option of discontinuing production at the factory will also be discussed in the negotiations. The restructuring negotiations concern all personnel in Scanfil Limited.

The Board of Directors of Scanfil Sweden AB (former PartnerTech AB) decided to sell the entire share capital of its subsidiary PartnerTech Aerodyn AB, located in Karlskoga, Sweden, for a cash selling price of EUR 350,000. The contract of sale was signed on 19 February 2016. Closing of the transaction is subject to certain usual pre-conditions which are expected to be met during April 2016. The transaction will result in a non-recurring loss of approximately EUR 1.2 million for the Scanfil Group, which has been posted in the result of the Group's 2015 financial period.

### 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

### CONSOLIDATED INCOME STATEMENT, IFRS

EUR	Note	1.1.-31.12.2015	1.1.-31.12.2014
<b>Turnover</b>	1	377 299	214 507
Other operating income	2	638	298
Changes in inventories of finished goods and work in progress		4 736	-194
Use of materials and supplies	3	-252 159	-144 062
Employee benefit expenses	4	-63 313	-32 081
Depreciation and amortization	5	-10 805	-4 636
Other operating expenses	6	-42 410	-17 627
<b>Operating profit</b>		<b>13 987</b>	<b>16 205</b>
Financial income	7	5 263	549
Financial expense	8	-5 428	-849
<b>Profit before tax</b>		<b>13 821</b>	<b>15 905</b>
Income tax	9	-5 449	-3 607
<b>Net profit for the period</b>		<b>8 372</b>	<b>12 298</b>
Attributable to:			
Shareholders of the parent company undiluted and diluted earnings per share	10	0,15	0,21
<b>Consolidated Statement of Comprehensive Income</b>			
<b>Net profit for the period</b>		<b>8 372</b>	<b>12 298</b>
<b>Other comprehensive income, net of tax</b>			
Items that may later be recognized in profit or loss			
Translation differences		2 756	4 628
Derivative Financial Instrument		-400	117
Other comprehensive income, net of tax		2 356	4 745
<b>Total comprehensive income</b>		<b>10 727</b>	<b>17 043</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

1 000 EUR	Note	31.12.2015	31.12.2014
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	45 143	27 130
Goodwill	12	10 859	5 851
Other intangible assets	13	18 457	5 049
Available-for-sale investments	15	35	17
Deferred tax assets	16	2 403	312
		<u>76 896</u>	<u>38 358</u>
<b>Current assets</b>			
Inventories	17	90 784	35 534
Trade and other receivables	18	104 986	40 858
Advance payments		2 234	49
Cash and cash equivalents	19	22 255	19 211
		<u>220 259</u>	<u>95 651</u>
Assets classified as held for sale	20	1 455	
<b>Total assets</b>		<b>298 611</b>	<b>134 010</b>
<b>Shareholder's equity and liabilities</b>			
<b>Equity</b>			
Share capital		2 000	2 000
Translation differences		15 606	12 850
Other reserves		5 862	6 031
Reserve for invested unrestricted equity fund		10 721	10 721
Retained earnings		67 224	62 988
		<u>101 414</u>	<u>94 591</u>
<b>Total equity</b>	21	<b>101 414</b>	<b>94 591</b>
<b>Non-current liabilities</b>			
Provisions	23	1 492	464
Interest bearing liabilities	24	45 517	501
Deferred tax liabilities	16	3 440	9
		<u>50 449</u>	<u>975</u>
<b>Current liabilities</b>			
Trade and other liabilities	24	105 044	28 763
Current tax		3 000	894
Provisions	23	153	
Interest bearing liabilities	24	37 880	8 787
		<u>146 077</u>	<u>38 444</u>
Liabilities of Assets classified for sale	20	670	
<b>Total liabilities</b>		<b>197 197</b>	<b>39 419</b>
<b>Total shareholder's equity and liabilities</b>		<b>298 611</b>	<b>134 010</b>



## CONSOLIDATED CASH FLOW STATEMENT, IFRS

### CONSOLIDATED CASH FLOW STATEMENT, IFRS

1 000 EUR	Note	31.12.2015	31.12.2014
<b>Cash flow from operating activities</b>			
Net profit		8 372	12 298
Adjustments for the net profit	25	17 247	7 456
Change in net working capital	25	-7 683	-5 225
Paid interests and other financial expenses		-1 477	-405
Interest received		158	161
Taxes paid		-3 846	-3 332
<b>Net cash from operating activities</b>		<b>12 770</b>	<b>10 953</b>
<b>Cash flow from investing activities</b>			
The acquisition of a subsidiary less cash and cash equivalents at the time of acquisition	33	-45 288	-5 756
Investments in tangible and intangible assets		-6 297	-2 335
Sale of tangible and intangible assets		483	71
Proceeds from other investments		90	
<b>Net cash from investing activities</b>		<b>-51 011</b>	<b>-8 021</b>
<b>Cash flow from financing activities</b>			
Repayment of long-term loans		-8 889	-10 530
Proceeds from long-term loans		50 173	407
Proceeds from short-term loans		34 360	
Repayment of short-term loans		-30 881	
Paid dividends		-4 041	-2 887
<b>Net cash from financing activities</b>		<b>40 722</b>	<b>-13 010</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>2 481</b>	<b>-10 078</b>
Cash and cash equivalents at beginning of period		19 211	28 150
Changes in exchange rates		564	1 138
<b>Cash and cash equivalents at end of period</b>	19	<b>22 255</b>	<b>19 211</b>

## STATEMENT OF CHANGES IN EQUITY, IFRS

### EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

<i>1000 EUR</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Other reserves</i>	<i>Translation differences</i>	<i>Retained earnings</i>	<i>Equity total</i>
<b>Equity 1.1.2015</b>	<b>2 000</b>	<b>10 721</b>	<b>6 031</b>	<b>12 850</b>	<b>62 988</b>	<b>94 590</b>
<b>Comprehensive income</b>						
Net profit for the period					8 372	8 372
Other comprehensive income, net of tax						
Translation differences				2 756		2 756
Derivative Financial Instrument			-400			-400
<b>Total comprehensive income</b>			<b>-400</b>	<b>2 756</b>	<b>8 372</b>	<b>10 727</b>
Fund transfer			232		-232	0
Option scheme					107	107
Paid dividends					-4 011	-4 011
<b>Equity 31.12.2015</b>	<b>2 000</b>	<b>10 721</b>	<b>5 862</b>	<b>15 606</b>	<b>67 224</b>	<b>101 414</b>

<i>1000 EUR</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Other reserves</i>	<i>Translation differences</i>	<i>Retained earnings</i>	<i>Equity total</i>
<b>Equity 1.1.2014</b>	<b>2 000</b>	<b>10 721</b>	<b>5 721</b>	<b>8 222</b>	<b>53 812</b>	<b>80 477</b>
<b>Comprehensive income</b>						
Net profit for the period					12 298	12 298
Other comprehensive income, net of tax						
Translation differences				4 628		4 628
Derivative Financial Instrument			117			117
<b>Total comprehensive income</b>			<b>117</b>	<b>4 628</b>	<b>12 298</b>	<b>17 043</b>
Fund transfer			194		-194	0
Option scheme					-42	-42
Paid dividends					-2 887	-2 887
<b>Equity 31.12.2014</b>	<b>2 000</b>	<b>10 721</b>	<b>6 031</b>	<b>12 850</b>	<b>62 988</b>	<b>94 590</b>



## Basic information of the Group

Scanfil plc is a Finland-based public limited company domiciled in Sievi. The parent company Scanfil plc and subgroups Scanfil EMS Oy and PartnerTech Ab 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 the NASDAQ Helsinki since 2 January 2012.

Scanfil is an international contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract manufacturing. Typical Scanfil products include mobile and communications network devices, automation system modules, frequency converters, lift control systems, analysers, various slot and vending machines, and devices related to medical technology and meteorology.

Scanfil's network of factories consists of 16 production units in Europe, Asia and North America. The total number of employees is 3,500.

Scanfil's group structure changed on 2 July 2015, when the company acquired 98.6% of the shares in the Swedish contract manufacturing group PartnerTech AB. The remaining shares will be acquired through the compulsory acquisition process.

## General

Scanfil's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards effective on 31 December 2015 as well as the SIC and IFRIC interpretations. "IFRS" refers 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.

The financial statements are presented in thousands of euros, and the information is based on historical costs unless otherwise stated in the accounting principles.

Individual figures and totals shown in the financial statements have been rounded to the nearest thousand euros, which is why individual figures do not always add up to the totals.

## 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 Group has controlling interest in an entity when it has the right and ability to control significant operations in the entity and when it is exposed to or has the right to variable returns from the entity through its power over the entity. 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.

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 busi-

ness 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 price 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. 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 when the loss is due to impairment. 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 of 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. The Group consists no associated companies.

### Transactions 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 (the operating currency). The consolidated financial statements are presented in euros, 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 euros using the average annual rates published by the European Central Bank, calculated on the basis of end-of-month rates. The companies' balance sheets are translated into euros using the rates in force on the date of the financial statements.

Translation differences owing to the different exchange rates used in the income statement and balance sheet as well as translation differences attributable to the use of the acquisition cost method and equity balances accrued after the acquisition have been recorded in Group equity, and the change in translation difference is presented in the statement of comprehensive income.

# ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

## Revenue recognition

Revenue arising from the sale of products is recognised when the significant risks and rewards of ownership, right of possession and actual control of the products sold have been transferred to the buyer. As a rule, this takes place when the products are delivered in accordance with the terms and conditions of agreement. Revenue from services is recognised for the accounting period in which the services are delivered to the customer. The revenue and expenses of long-term projects are recognised as revenue and expenses based on the degree of completion when the outcome of the project can be reliably estimated. The degree of completion is determined as a proportion of the expenses incurred in work carried out by the time of the assessment of the estimated total expenses of the project. 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 goods sold 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.

## Government grants

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

## Business segments

The Group's reporting is based on the business segments Asia and Europe & USA.

## Employee benefits

### Post-employment benefits

Pension arrangements related to post-employment benefits are classified as defined benefit or defined contribution plans. The Group does not have significant defined benefit pension plans. Most of Scanfil's obligations towards its employees are comprised of various defined contribution pension plans. Pension contributions for defined contribution pension plans are recognised as expenses for the year during which they are accrued.

There is a multi-employer supplementary defined benefit pension plan for employees in industry and commerce secured by Alecta in Sweden. Because Alecta is unable to furnish Scanfil with information that would enable the plan to be reported as a defined benefit plan in accordance with IAS 19 Employee Benefits, it is reported as a defined contribution plan. In addition, there are some defined benefit plans of lower value that are also presented as a provision on the balance sheet.

### Share-based payments

The Group has an option scheme in use. Option rights are valued at their fair value at the time they were granted and recognised as an expense in the income statement under employee benefits in equal portions during the vesting period. The expense defined at the time the options were granted is based on the Group's estimate of the amount of options assumed

to be vested at the end of the vesting period. The fair value of options has been defined based on the Black-Scholes pricing model. Assumptions concerning the final amount of options are updated on each reporting date. Changes in the estimates are recognised in profit or loss. When option rights are exercised, proceeds from share subscriptions, adjusted with potential transaction costs, are entered under equity.

## 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 are recorded as financial expenses and reduction in liability.

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 historical cost less depreciation and any impairment losses. Depreciation is calculated from historical cost 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 depreciation periods are:

Buildings and structures	10–25
Machines and equipment	3–10
Other tangible assets	5–10

## Goodwill and other intangible assets

### Goodwill

Goodwill arising in the consolidation of business operations 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. 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 acquisition cost of the associated company in question. Goodwill is measured at historical cost less impairment.

### Long-term customer relationships

In connection with the allocation of the purchase price related to the acquisition of PartnerTech, the Group has allocated part of the purchase price to long-term customer relationships. Following the initial recognition, customer relationships are meas-



# ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

ured at cost less accrued depreciation and impairment. The useful life of customer relationships is ten years, during which capitalised expenses are recorded as expenses using straight-line depreciation.

## 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 development costs.

## Other intangible assets

Intangible assets are recorded at historical cost on the balance sheet if the 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 using straight-line depreciation on the income statement within their estimated useful life.

Other intangible assets include software's and the land use right of the subsidiaries in China. The depreciation period for intangible assets is 3–10 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 at 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 for goodwill is not reversed.

## Non-current assets held for sale and discontinued operations

The assets and liabilities of major operations that are classified as held for sale or to be discontinued are presented separately on the balance sheet. The net operating result for discontinued 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 expenses and proportion of fixed costs. The net realisable value is the estimated selling price less sale-related costs.

## Financial assets and liabilities

The Group's financial assets are classified according to IAS 39 into the following classes: financial assets at fair value through profit or loss, investments held to maturity, loans and other receivables, and available-for-sale financial assets. The classification is made in connection with the initial acquisition according to the purpose of use of the financial assets.

**Financial assets at fair value through profit or loss** include financial assets acquired to be held for trading or classified as items recognised at fair value during initial recognition. The Group records derivatives not eligible for hedge accounting at fair value through profit or loss.

**Investments held to maturity** are financial assets not included in derivative assets for which the payments are fixed or can be determined, which mature at a certain date and which the Group has a firm intention and ability to hold until the maturity date. They are valued at amortised cost using the effective interest method. The Group did not have any investments held to maturity during the financial period 2015.

**Loans and other receivables** are assets not included in derivative assets for which the payments are fixed or can be determined and which are not quoted in an active market. 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. Impairment losses are recorded as expenses in the income statement. Loans and other receivables also include time deposits with maturity exceeding three months. Time deposits are valued at amortised cost using the effective interest method.

**Available-for-sale financial assets** are assets not included in derivative assets specifically classified in this group, or not classified in any other group. Available-for-sale financial assets consist of shares. Quoted shares are measured at fair value, which is the market price of the date of the financial statement. Changes in fair value are recognised under other comprehensive income and presented in the fair value reserve included in "Other reserves" under equity with tax consequence considered until the investment is traded or otherwise transferred, at which point the changes in fair value are recorded in the income statement. If the impairment of a share is determined, the change included in the fair value reserve will be transferred to be recognised through profit or loss. Investments in non-quoted shares are stated at the lower of historical cost and probable realisable value because their fair values cannot be determined reliably.

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

# ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents include cash at bank and in hand as well as short-term bank deposits, which can easily be exchanged for an amount known in advance and for which there is little risk of changes in value. Items classified as cash and cash equivalents have a maximum maturity of three months from the time of acquisition. Cash and cash equivalents are classified in the group "Loans and other receivables", and they are presented at amortised cost on the balance sheet.

*The Group's financial liabilities* are recognised at amortised cost.

## Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised in accounting with the fair value on the date when the Group becomes a party to the related contract and later further valued at fair value. For derivative financial instruments for which hedge accounting is not applied, changes in value are immediately recognised in profit or loss. For derivative financial instruments for which hedge accounting is applied and which are considered effective hedging instruments, the impact on the result of changes in value is presented according to the hedge accounting model employed.

The Group applies cash flow hedge accounting for the interest rate swap used to hedge the variable-rate loan. When initiating hedge accounting, the Group documents the relationship between the hedged item and the hedging instruments, together with the Group's risk management objectives and hedging strategy. When initiating hedging and at least every time when preparing financial statements and interim financial statements, the Group documents and evaluates the effectiveness of the hedging relationships by examining the ability of the hedging instrument to negate changes in the fair value or cash flows of the hedged item. Any change in the fair value of the effective portion of derivative financial instruments fulfilling the conditions of a cash flow hedge is recognised under other comprehensive income and presented in equity hedging reserve with tax consequence considered (included in "Other reserves"). Profits and losses accumulated from the hedging instrument to equity are recognised in profit or loss when the hedged item affects profit or loss.

In addition, the Group has interest rate derivatives for purposes other than hedging. Changes in the fair values of these contracts are recognised through profit or loss.

## 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.

## 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 taxation and financial statements and differences due to Group eliminations based on tax rates for

the following year confirmed by the reporting date. Temporary differences arise from intercompany profits on inventories, 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 requires the company's 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. Even though the estimates are based on the most recent information available and the management's best judgment, the actual outcome may differ from the estimates. The following lists the most significant items that require the management's assessment.

The Group annually performs testing for impairment of goodwill and other intangible rights. The recoverable amounts for cash-generating units have been determined with calculations based on value in use. These calculations require the use of estimates from the management. More information on impairment testing of goodwill is available in Note 12, "Goodwill".

Potential obsolescence included in the value of inventories is regularly examined and, if necessary, the value of inventories is depreciated to match their net realisable value. These examinations require estimates on the future demand for products.

Estimates are also required when assessing the amount of provisions associated with business operations. Note 22, "Provisions", presents the provisions made within the Group.

## New and amended standards applied during the financial year

Scanfil Group has observed the following new and amended standards from the beginning of 2015:

- Amendments to IAS 19 Employee Benefits - Defined Ben-



# ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

efit Plans: Employee Contributions (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on Scanfil plc's consolidated financial statements.

- IFRIC 21 Levies (effective for financial years beginning on or after 1 January 2014; in the EU to be applied at the latest, as from the commencement date of its first financial year starting on or after 17 June 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation had no significant impact on Scanfil plc's consolidated financial statements.

## **Adoption of new and amended standards and interpretations applicable in future financial years**

Scanfil plc has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

\* not yet endorsed for use by the European Union as of 31 December 2015.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments will have no impact on Scanfil plc's consolidated financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception\* (the amendments can be applied immediately; mandatory for financial years beginning on or after 1 January 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments will not have an impact on Scanfil plc's consolidated financial statements.

- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are not assessed to have an impact on Scanfil plc's consolidated financial statements.

- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (effective for financial years beginning on or after 1 January 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ven-

tures and associates in their separate financial statements. The amendments will not have an impact on Scanfil plc's consolidated financial statements.

- New IFRS 15 Revenue from Contracts with Customers\* (effective for financial years beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is currently assessing the impact of IFRS 15.

- New IFRS 9 Financial Instruments\* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. The Group is assessing the impact of IFRS 9.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### I. SEGMENT INFORMATION

The Group reports geographically operating segments: Asia and Europe&USA. The segment information is based on internal reporting by the management, prepared according to the principles of IFRS standards.

All of the Group's business operations are managed from Finland. The Group has manufacturing units in USA and in the EU area in Finland, Sweden, Great Britain, Norway, Poland, Germany, 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.

An operating 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 and intangible assets.

An operating segment's liabilities include all liabilities related to operations, consisting mainly of financing loans, accounts payable, outstanding taxes and accrued liabilities.

Scanfil Plc has acquired the share capital of Swedish contract manufacturing group PartnerTech AB through a public offer. The acquisition date was 2 July 2015. PartnerTech AB has been consolidated to Scanfil Group since 1st July 2015. For this reason, the previous year's figures are not comparable

<i>Operating segments, 1000 EUR</i>	<i>2015</i>	<i>Europe &amp; USA</i>	<i>Asia</i>	<i>Group</i>
Segment turnover		282 208	113 179	<b>395 387</b>
Intersegment turnover		-4 483	-13 605	<b>-18 088</b>
<b>Total turnover</b>		<b>277 725</b>	<b>99 574</b>	<b>377 299</b>
<b>Operating profit</b>		<b>4 430</b>	<b>9 556</b>	<b>13 987</b>
<b>Financial income</b>		<b>4 887</b>	<b>376</b>	<b>5 263</b>
<b>Financial expense</b>		<b>-5 408</b>	<b>-20</b>	<b>-5 428</b>
<b>Profit before taxes</b>				<b>13 821</b>
Segment assets		188 076	86 350	<b>274 426</b>
Goodwill		10 859		<b>10 859</b>
Long-term customer relationships		13 326		<b>13 326</b>
<b>Total assets</b>				<b>298 611</b>
Segment liabilities and provisions		168 629	28 567	<b>197 196</b>
<b>Total liabilities</b>				<b>197 196</b>
Capital expenditure		51 935	2 356	<b>54 291</b>
Depreciation		7 904	2 896	<b>10 800</b>
<i>Operating segments, 1000 EUR</i>	<i>2014</i>	<i>Europe</i>	<i>Asia</i>	<i>Group</i>
Segment turnover		131 936	86 780	<b>218 716</b>
Intersegment turnover		-2 923	-1 286	<b>-4 209</b>
<b>Total turnover</b>		<b>129 013</b>	<b>85 494</b>	<b>214 507</b>
<b>Operating profit</b>		<b>7 885</b>	<b>8 320</b>	<b>16 205</b>
<b>Financial income</b>		<b>412</b>	<b>137</b>	<b>549</b>
<b>Financial expense</b>		<b>-719</b>	<b>-130</b>	<b>-849</b>
<b>Profit before taxesa</b>				<b>15 905</b>
Segment assets		64 913	63 245	<b>128 158</b>
Goodwill		5 851		<b>5 851</b>
<b>Total assets</b>				<b>134 010</b>
Total assets		24 440	14 978	<b>39 419</b>
<b>Total liabilities</b>				<b>39 419</b>
Capital expenditure		7 274	962	<b>8 235</b>
Depreciation		2 432	2 205	<b>4 636</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

<i>Turnover by location of customers, 1 000 EUR</i>	<i>2015</i>	<i>2014</i>
Finland	73 286	76 422
Sweden	83 063	
Poland	4 809	
Rest of Europe	119 194	58 939
Asia	82 720	72 327
USA	12 852	5 419
Other	1 375	1 400
<b>Total</b>	<b>377 299</b>	<b>214 507</b>

The turnover includes EUR 10.5 million of service sales. Service sales include productisation, component, warehousing and logistics services as well as after-sales services, which include product repair, update and spare part services.

Service sales in Scanfil Group have increased since the acquisition of PartnerTech Group. Prior to the acquisition, service sales were negligible, and they were not reported separately.

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

Sales to the largest customer amounted to EUR 58 (52) million, 15 % (24 %), to the second largest EUR 35 (23) million, 9% (11 %) and to the third largest EUR 28 (22) million, 7 % (10 %).

<i>Segment's assets by location, 1 000 EUR</i>	<i>2015</i>	<i>2014</i>
Domicile		
Finland	24 809	
Sweden	62 985	
Poland	65 080	
China	81 756	
Other	63 982	
<b>Total</b>	<b>298 611</b>	

### 2. OTHER OPERATING INCOME, 1 000 EUR

	<i>2015</i>	<i>2014</i>
Proceeds from sale of property, plant and equipment	163	22
Rental income	64	2
Invoiced management fee charges from Sievi Capital Plc	29	46
Valuation of forward exchange contracts		43
Other	382	184
<b>Total</b>	<b>638</b>	<b>298</b>

### 3. USE OF MATERIALS AND SUPPLIES, 1 000 EUR

	<i>2015</i>	<i>2014</i>
Materials, supplies and goods		
Purchases during the period	256 579	146 042
Change in inventories	-4 420	-1 980
<b>Total</b>	<b>252 159</b>	<b>144 062</b>

### 4. PERSONNEL EXPENSES, 1 000 EUR

	<i>2015</i>	<i>2014</i>
Salaries, wages and fees	51 187	26 472
Pension costs – defined-contribution schemes	5 279	3 414
Other indirect employee expenses	6 846	2 195
<b>Total</b>	<b>63 313</b>	<b>32 081</b>

Information on outstanding stock options is presented in Note 21, "Share-based Payment". Management's employee benefits are reported in Note 34, Related party transactions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### Average number of Group employees during the period

Clerical employees		
Europe & USA	443	204
Asia	222	177
	<b>665</b>	<b>381</b>
Employees		
Europe & USA	1 251	807
Asia	725	585
	<b>1 976</b>	<b>1 392</b>
<b>Total</b>	<b>2 641</b>	<b>1 773</b>

### 5. DEPRECIATION AND AMORTIZATION, 1 000 EUR

	2015	2014
<b>Depreciation by asset class</b>		
<b>Intangible assets</b>		
Intangible rights	663	321
Other long-term expenses	201	113
Long-term customer relationships	690	
<b>Total</b>	<b>1 555</b>	<b>434</b>
<b>Property, plant and equipment</b>		
Buildings	1 857	1 402
Machinery and equipment	4 817	2 735
Other tangible assets	120	65
<b>Total</b>	<b>6 794</b>	<b>4 202</b>
<b>Total depreciation</b>	<b>8 349</b>	<b>4 636</b>
<b>Amortization by assets</b>		
<b>Tangible assets</b>		
Machinery and equipment	318	
<b>Total</b>	<b>318</b>	
<b>Intangible assets</b>		
Goodwill	2 138	
<b>Total</b>	<b>2 138</b>	
<b>Total amortization</b>	<b>2 456</b>	<b>4 636</b>

Based on impairment testing, the Group has written down EUR 2.1 million goodwill concerning their business in Hungary. Hungarian business has not developed as expected and the company's future prospects have been lowered.

### 6. OTHER OPERATING EXPENSES, 1 000 EUR

	2015	2014
<b>Other operating expenses include the following significant expense items:</b>		
External services	9 794	2 771
Sales freight	4 004	2 321
Other variable expenses	7 629	4 844
Rent and maintenance expenses	7 520	1 618
Travel, marketing and vehicle expenses	2 597	1 254
Other employee expenses	2 329	1 278
Other operating expenses	8 537	3 540
<b>Total</b>	<b>42 410</b>	<b>17 627</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Nonrecurring expenses related to the acquisition of PartnerTech AB have been written down EUR 1.270 thousand during the period.

### Auditor's remuneration

Audit fees	329	134
Tax consulting	19	8
Other services	268	207
<b>Total</b>	<b>616</b>	<b>348</b>

### 7. FINANCING INCOME, 1000 EUR

	2015	2014
Interest income from investments held to maturity	29	64
Exchange rate gains	5 005	403
Capital gain of the associated company	90	
Other financial income	140	82
<b>Total</b>	<b>5 263</b>	<b>549</b>

Exchange rate gains and losses have arisen from the translation of transactions and monetary items in foreign currency into euros.

### 8. FINANCING EXPENSES, 1000 EUR

	2015	2014
Interest expenses from financial liabilities	772	383
Exchange rate losses	3 876	430
Other financial expenses	780	36
<b>Total</b>	<b>5 428</b>	<b>849</b>

The operating profit includes exchange rate losses of EUR 1.0 million (0.6) net in total.

### 9. INCOME TAXES, 1000 EUR

	2015	2014
Current tax	4 855	3 504
Tax expense of previous years	98	132
Deferred taxes	496	-29
<b>Total</b>	<b>5 449</b>	<b>3 607</b>

Reconciliation of tax expense in the income statement and taxes calculated at the domestic tax rate of 20 % (year 2014 20%):

Earnings before taxes	13 821	15 905
Taxes calculated at domestic tax rate	2 764	3 181
Different tax rates of foreign subsidiaries	336	-68
Tax at source on dividends paid in China	352	258
Depreciation difference	-73	
Impairment of goodwill	428	
Unrecorded deferred tax assets from tax losses	789	
Cancellation of deferred tax assets related to previous losses	382	
Other	373	104
Taxes from previous years	98	132
<b>Taxes in income statement</b>	<b>5 449</b>	<b>3 607</b>

### 10. EARNINGS PER SHARE, 1000 EUR

	2015	2014
Net profit for the period attributable to equity holders of the parent company	8 372	12 298
Earnings per share, undiluted, EUR	0,15	0,21
Earnings per share, diluted, EUR	0,14	0,21
Number of shares, undiluted (1,000 pcs)	57 730	57 730
Number of shares, diluted (1,000 pcs)	58 243	58 180

When calculating the diluted earnings per share, the parent company's average number of shares during the period has been adjusted with the dilutive effect of additional shares from the assumed exercise of options. The exercise of options is not considered when calculating earnings per share if the option exercise price of the share exceeds the average market value of the shares during the period.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 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. 2015	802	26 317	51 250	655	5	79 030
Additions		180	4 543	194	1 685	6 602
Business combinations	162	4 301	13 509	145	163	18 281
Transfer to long-term assets classified as held for sale			-257	-65		-321
Deductions			-859	-15	-311	-1 185
Exchange rate differences	-1	826	1 226	-158	173	2 067
<b>Acquisition cost at 31 Dec. 2015</b>	<b>963</b>	<b>31 624</b>	<b>69 413</b>	<b>757</b>	<b>1 716</b>	<b>104 473</b>
Accumulated depreciations at 1 Jan. 2015		-9 136	-42 216	-548		-51 900
Depreciations		-1 857	-4 817	-120		-6 794
Deductions			826	15		841
Impairments			-318	0		-318
Exchange rate differences		-254	-941	36		-1 158
<b>Accumulated depreciations at 31 Dec. 2015</b>		<b>-11 247</b>	<b>-47 466</b>	<b>-617</b>		<b>-59 330</b>
Carrying amount at 1 Jan. 2015	802	17 180	9 034	107	5	27 130
<b>Carrying amount at 31 Dec. 2015</b>	<b>963</b>	<b>20 377</b>	<b>21 947</b>	<b>140</b>	<b>1 716</b>	<b>45 143</b>

Undepreciated acquisition cost of production machinery and equipment is EUR 20,826 thousand.

	Land	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and constructions in progress	Tangible assets total
Acquisition cost at 1 Jan. 2014	827	25 062	48 875	541	1	75 305
Additions		483	1 221	59	1 163	2 926
Business combinations			221	45		265
Deductions			-920	-1	-1 158	-2 079
Exchange rate differences	-25	772	1 853	12		2 612
<b>Acquisition cost at 31 Dec. 2014</b>	<b>802</b>	<b>26 317</b>	<b>51 250</b>	<b>655</b>	<b>5</b>	<b>79 030</b>
Accumulated depreciations at 1 Jan. 2014		-7 433	-38 956	-458		-46 847
Depreciations		-1 402	-2 735	-65		-4 202
Deductions			880			880
Exchange rate differences		-301	-1 404	-25		-1 730
<b>Accumulated depreciations at 31 Dec. 2014</b>		<b>-9 136</b>	<b>-42 216</b>	<b>-548</b>		<b>-51 900</b>
Carrying amount at 1 Jan. 2014	827	17 629	9 919	82	1	28 458
<b>Carrying amount at 31 Dec. 2014</b>	<b>802</b>	<b>17 180</b>	<b>9 034</b>	<b>107</b>	<b>5</b>	<b>27 130</b>

Undepreciated acquisition cost of production machinery and equipment is EUR 8,681 thousand.

## 12. GOODWILL, 1000 EUR

	2015	2014
Cost at 1 Jan.	5 851	2 249
Additions	7 145	3 602
Goodwill writedown, Hungary	-2 138	
<b>Carrying amount at 31 Dec.</b>	<b>10 859</b>	<b>5 851</b>
Allocation of goodwill and goodwill on consolidation to cash-generating units		
Scanfil Kft, Hungary		2 138
Scanfil Oü, Estonia	111	111
Scanfil GmbH, Germany	3 602	3 602
PartnerTech Vellinge AB	1 429	
PartnerTech Åtvidaberg AB	1 929	
Partnertech SP.Z.O.O	3 787	
<b>Total</b>	<b>10 859</b>	<b>5 851</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## IMPAIRMENT TESTING

A test concerning the impairment of goodwill and other assets was carried out at Scanfil Group on 31 December 2015. On each reporting date, the Group evaluates whether there are indications that the value of any of the assets might be impaired. If such indications exist, the recoverable amount for the asset in question is estimated. In addition, the recoverable amount for goodwill is estimated annually regardless of whether there are indications of impairment. Goodwill is tested every year, and indications of potential impairment of other assets are regularly evaluated within the Group.

### Goodwill impairment testing

The recoverable amounts for cash-generating units have been determined based on value in use. Goodwill has been tested by measuring the Group's recoverable amount. Recoverable amount is based on the value in use of a cash-generating unit, which is the present value of the future cash flows expected to be derived from the cash-generating unit.

The determination of value in use is based on the conditions and expectations in force at the time of testing. Future cash flows have been determined for a five-year forecast period, and for the period following that, a growth rate of 1% has been assumed for cash flows for the sake of prudence.

The amount of goodwill at the Group level is EUR 10.8 million. Recorded goodwill from acquisition of PartnerTech AB was EUR 7.1 million, which is allocated as follows: Poland EUR 3.8 million, Åtvidaberg EUR 1.9 million and Vellinge EUR 1.4 million. Of the goodwill, EUR 3.6 million is allocated to the business operations acquired in Germany in 2014.

Preparing impairment testing calculations requires estimates of future cash flows. The assumptions used for the impairment tests are based on the management's view of development in the coming years on the reporting date. Forecasts and assumptions are regularly reviewed and may be changed.

The weighted average cost of capital (WACC) for the cash-generating unit has been used as the discount rate for cash flows. In impairment testing carried out on 31 December 2015, the discount rates before taxes were as follows:

	2015	2014
Germany	13,10 %	6,50 %
Poland	12,70 %	
Sweden	13,00 %	

Based on the impairment testing carried out on 31 December 2015, the Germany unit's value in use exceeds its book value by EUR 12.4 million (EUR 20.5 million in 2014), or 138% (260%). The Poland unit's value in use exceeds its book value by EUR 74.2 million, or 253%. The Åtvidaberg unit's value in use exceeds its book value by EUR 24.9 million, or 298%. The Vellinge unit's value in use exceeds its book value by EUR 10.3 million, or 108%. No need for impairment of goodwill was detected based on the impermanent testing.

### Sensitivity analysis for impairment testing

Sensitivity analysis for impairment testing shows for the key variables of the impairment test the amount by which the value used for a key assumption needs to change to make the recoverable amount of the cash-generating unit equal to its book value.

A change of +16.4% in the discount rate for Germany (+12.7% in 2014) and a change of +23.8% for Poland, +32.0% for Åtvidaberg and +12.1% for Vellinge would cause the recoverable amount of the unit to be equal to its book value.

A change of -59% in EBITDA (%) for Germany (-4.7% in 2014) and a change of -63% for Poland, -78% for Åtvidaberg and -50% for Vellinge for all quarters included in the forecast period and in the terminal period would cause the recoverable amount of the unit to be equal to its book value.

A change of -100% in terminal growth for Germany (-32% in 2014) and a change of -40.0% for Vellinge would cause the recoverable amount of the unit to be equal to its book value.

What comes to Poland and Åtvidaberg, the recoverable amount of money from first five years of the forecast period would already be sufficient to cover the carrying value of the test.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### 13. OTHER INTANGIBLE ASSETS, 1000 EUR

	<i>Intangible rights</i>	<i>Other long-term expenses</i>	<i>Customer relationships</i>	<i>Advance payments</i>	<i>Intangible assets total</i>
Acquisition cost at 1 Jan. 2015	6 395	1 393		150	7 937
Additions	142	302			444
Business combinations	53	273	14 027	91	14 445
Transfer to long-term assets classified as held for sale		-3			-3
Deductions		-28		-89	-118
Exchange rate differences	274	-24		5	255
<b>Acquisition cost at 31 Dec. 2015</b>	<b>6 864</b>	<b>1 913</b>	<b>14 027</b>	<b>157</b>	<b>22 960</b>
Accumulated depreciations at 1 Jan. 2015	-2 158	-730			-2 888
Depreciations	-663	-201	-690		-1 555
Deductions		1			1
Exchange rate differences	-40	-10	-11		-61
<b>Accumulated depreciations at 31 Dec. 2015</b>	<b>-2 861</b>	<b>-941</b>	<b>-701</b>		<b>-4 503</b>
Carrying amount at 1 Jan. 2015	4 237	663		150	5 049
<b>Carrying amount at 31 Dec. 2015</b>	<b>4 003</b>	<b>972</b>	<b>13 326</b>	<b>157</b>	<b>18 457</b>

	<i>Intangible rights</i>	<i>Other long-term expenses</i>	<i>Customer relationships</i>	<i>Advance payments</i>	<i>Intangible assets total</i>
Acquisition cost at 1 Jan. 2014		5 620	915	553	7 088
Additions		605	458	49	1 112
Business combinations		433			433
Deductions		-634		-453	-1 087
Exchange rate differences		371	20		391
<b>Acquisition cost at 31 Dec. 2014</b>		<b>6 395</b>	<b>1 393</b>	<b>150</b>	<b>7 937</b>
Accumulated depreciations at 1 Jan. 2014		-2 403	-601		-3 004
Depreciations		-321	-113		-434
Deductions		634			634
Exchange rate differences		-68	-16		-84
<b>Accumulated depreciations at 31 Dec. 2014</b>		<b>-2 158</b>	<b>-730</b>		<b>-2 888</b>
Carrying amount at 1 Jan. 2014		3 217	314	553	4 084
<b>Carrying amount at 31 Dec. 2014</b>		<b>4 237</b>	<b>663</b>	<b>150</b>	<b>5 049</b>

### 14. FINANCE LEASES, EUR

Property, plant and equipment and Intangible assets include assets acquired through finance leases as follows:

	<i>Machinery and equipments</i>	<i>Intangible rights</i>	<i>total</i>
Acquisition cost at 1 Jan. 2015		316	316
Business combinations 1 July	4 982		4 982
Depreciations	-595	-237	-832
<b>Carrying amount at 31 Dec. 2015</b>	<b>4 386</b>	<b>79</b>	<b>4 465</b>

Intangible assets include assets acquired through finance leases as follows:

	<i>Intangible rights</i>	<i>total</i>
Business combinations 1 April 2014	405	405
Depreciations	-89	-89
<b>Carrying amount at 31 Dec. 2014</b>	<b>316</b>	<b>316</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 15. AVAILABLE-FOR-SALE INVESTMENTS, EUR

	2015	2014
Cost at 1 Jan.	17	17
Additions	17	
<b>Cost at 31 Dec.</b>	<b>35</b>	<b>17</b>
<b>Carrying amount at 31 Dec.</b>	<b>35</b>	<b>17</b>

Available for sale investments are golf shares and shares of a recruitment agency.

## 16. DEFERRED TAX ASSETS AND RECEIVABLES, 1000 EUR

Changes of deferred taxes during year 2015

	1.1.2015	Recognised through profit and loss	Recognised under other comprehensive income	Translation differences	Purchased operations	31.12.2015
<b>Deferred tax assets:</b>						
Confirmed losses		-1 056			1 720	664
Related to inventories	225	-87			22	160
Pension provisions		-235			255	20
Provisions		30		1	663	694
Other	87	116	100	1	561	865
<b>Total</b>	<b>312</b>	<b>-1 232</b>	<b>100</b>	<b>2</b>	<b>3 221</b>	<b>2 403</b>
<b>Deferred tax liabilities:</b>						
Long-term customer relationships		155		0	-3 090	-2 936
Accumulated depreciation		-277				-277
Leasing		30			-191	-161
Other	-9	76		0	-133	-66
<b>Total</b>	<b>-9</b>	<b>-17</b>		<b>0</b>	<b>-3 414</b>	<b>-3 440</b>

The Group has EUR 10.2 million confirmed losses for which no deferred tax assets have been recorded, because the Group is unlikely to record taxable profit, before the expiration of the loss of income against which losses could be taken into account. These losses expire in years 2017-2023.

Changes of deferred taxes during year 2014

	1.1.2014	Recognised through profit and loss	Recognised under other comprehensive income	31.12.2014
<b>Deferred tax assets:</b>				
Related to inventories	108	117		225
Related to derivative financial instrument	61		-43	18
Other	125	-56		69
<b>Total</b>	<b>294</b>	<b>61</b>	<b>-43</b>	<b>312</b>
<b>Deferred tax liabilities:</b>				
Other		-9		-9
<b>Total</b>		<b>-9</b>		<b>-9</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 17. INVENTORIES, 1000 EUR

	2015	2014
Materials and supplies	64 849	26 233
Work in progress	9 921	3 658
Finished goods	16 014	5 643
<b>Total</b>	<b>90 784</b>	<b>35 534</b>

## 18. TRADE AND OTHER RECEIVABLES, 1000 EUR

	2015	2014
Trade receivables	98 957	38 703
Accrued income	1 202	530
Other	4 827	1 624
<b>Total</b>	<b>104 986</b>	<b>40 858</b>

Other receivables are mainly value-added tax receivables.

## 19. CASH AND CASH EQUIVALENTS, 1000 EUR

	2015	2014
Deposits	3 895	3 317
Cash and cash equivalents	18 361	15 893
<b>Total</b>	<b>22 255</b>	<b>19 211</b>

Deposits are fixed term deposits with maturities in a maximum of three months.

## 20. LONG TERM ASSETS CLASSIFIED AS HELD FOR SALE, 1000 EUR

PartnerTech AB Aerodyn is classified as held for sale. During the classification balance sheet items have been valued in accordance with the IFRS 5 standard and the following impairment losses have been recorded:

Machinery and equipment	289
Inventories	687
Trade receivables	193
	<b>1 170</b>

The assets and liabilities of PartnerTech Aerodyn AB are as follows:

### Assets

Intangible assets	3
Tangible assets	321
Inventories	362
Trade and other receivables	768
Cash and cash equivalents	0
<b>Total</b>	<b>1 455</b>

### Liabilities

Non-current interest bearing liabilities	89 711
Trade and other liabilities	580 786
<b>Total</b>	<b>670 498</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 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. The share has no nominal value. Scanfil plc's shares are quoted on NASDAQ OMX Helsinki Oy.

The trading code of the shares is SCLIV. 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 cash flow.

	2015	2014
Reserves according to the Articles of Association	6 334	6 103
Fair value reserve	-472	-71
<b>Total</b>	<b>5 862</b>	<b>6 031</b>

### 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.

### Dividend

In year 2015 distributed a dividend of EUR 0.07/share, total of EUR 4,041,130.73. After the reporting date, the Board of Directors has proposed a dividend of EUR 0.08 per share to be distributed, totalling EUR 4,618,435.12.

## 22. SHARE BASED PAYMENTS

### Option scheme for 2013

The Annual General Meeting accepted on 18 April 2013 Scanfil plc's option scheme for 2013 (A) – (C). A maximum of 750,000 option rights can be granted, and they entitle the holders to subscribe for a maximum total of 750,000 of the company's new shares or shares in its possession.

Based on the authorisation granted by the Annual General Meeting, the Board of Directors decided to grant 700,000 option rights in total to the CEO and the board members. The option rights will be marked 2013A, 2013B and 2013C. Each option right enables its holder to subscribe for one share held by Scanfil Oy. The subscription period for the 2013A option rights will be from 1 May 2016 to 30 April 2018, the subscription period for the 2013B option rights will be from 1 May 2017 to 30 April 2019, and the subscription period for the 2013C option rights will be from 1 May 2018 to 30 April 2020. The subscription period will not be implemented if the production and financial goals and conditions specifically determined by the Board for using the option rights are not met. The share subscription price for the 2013A option rights is EUR 0.87, which is the volume-weighted average price of the share at NASDAQ OMX Helsinki Oy between 1 March and 31 March 2013, the share subscription price for the 2013B option rights is EUR 1.41, which is the volume-weighted average price of the share between 1 March and 31 March 2014, and the share subscription price for the 2013C option rights is EUR 2.91, which is the volume-weighted average price of the share between 1 March and 31 March 2015. The expense recognition of the option scheme was EUR 107 thousand (2014 EUR 42 thousand).

Option arrangement	2013C	2013B	2013A
Grant date	28.10.2015	25.9.2014	18.9.2013
Amount of granted instruments (pcs)	250 000	225 000	225 000
Subscription price (EUR)	2,91	1,41	0,87
Fair value (EUR)	1,57	1,17	0,66
Share price at time of granting (EUR)	3,08	2,31	1,34
Term of validity (years)	4,5	4,5	4,5



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 23. PROVISIONS, 1000 EUR

	<i>Reclamation and guarantee</i>	<i>Pension provision</i>	<i>Other Provisions</i>	<i>Total</i>
<b>1.1.2015</b>	312		153	465
Exchange rate differences	1	-113	-3	-116
Provisions, business combinations	243	1 462	167	1 872
Addition, provisions	151		35	186
Used provisions	-275		-127	-402
Cancellation of unused provisions		-339	-21	-360
<b>31.12.2015</b>	<b>431</b>	<b>1 010</b>	<b>203</b>	<b>1 644</b>
			2015	2014
Non-current provisions			1 492	464
Current provisions			153	
<b>Total</b>			<b>1 644</b>	<b>464</b>

The complaint and warranty provision includes the estimated cost of repairing defective products that is related to customer complaints. Benefit pension plans defined in Sweden and Norway are recognized in the reservation.

## 24. FINANCIAL LIABILITIES, 1000 EUR

	2015	2014
<b>Long term liabilities recognised at amortised cost</b>		
Financial Institutions	44 950	407
Finance Lease	567	94
<b>Total</b>	<b>45 517</b>	<b>501</b>
<b>Short term liabilities recognised at amortised cost</b>		
Financial Institutions	5 830	8 649
Drawdowns of revolving credit loans	31 108	
Finance Lease	942	138
<b>Total</b>	<b>37 880</b>	<b>8 787</b>

Scanfil has entered into a financing agreement with Nordea Bank Finland Plc relating to the acquisition of PartnerTech AB's shares. Scanfil has raised a long-term loan of EUR 50 million to pay for the shares and raised the available credit facility with EUR 35 million to refinance PartnerTech AB and to meet the needs in working capital. The loan agreement is related to usual dismissal covenants, which are reviewed for the first time on the basis of the financial statement for the year 2015. There is no danger that these covenants will be breached. The credit is paid off semi-annually, the first instalment of EUR 5.3 million is paid on 25th November 2016 and the last 25th November 2019; the remainder of EUR 13.3 million due on the date of expiry of the contract, 25th May 2020. Scanfil EMS Oy raised financial loan of EUR 40.0 million in 2010, that was paid by the end of year 2015.

The company has an interest rate swap related to the hedging of credit. The purpose of the hedge is to protect against the impact of changes in cash flows related to floating rate loan. The hedge is used to swap the variable rate EUR denominated loan interest payments into a fixed payments. Scanfil pays a fixed rate of 0.41% on a quarterly basis in addition to the loan margin. The objective of the hedge follows the Group's risk management principles. Effectiveness of the hedge can be reliably measured, and the hedge is expected to remain fully effective throughout the term of the hedging relationship. Effectiveness is evaluated every quarter year.

The nominal amount of the interest rate and currency swap was EUR 50.0 million on 31 December 2015 and it will mature on 25 May 2020. The fair value of the derivative was EUR - 589,595. The interest rate flows of the derivative will be realised at the same time as the interest rate flows of the loan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Items recorded in the fair value reserve and in profit or loss for the derivative were as follows (in thousands of euros):

	2015	2014
Fair value reserve	-400	117
Transferred to profit or loss	25	4

### Finance lease maturities

	2015	2014
<b>Gross financial debt</b>		
- Minimum rents by time of maturity		
Within one year	977	142
In one to five years	594	96
<b>Total</b>	<b>1 571</b>	<b>238</b>
Future financing expenses accrued	-61	-6
<b>Current value of financing lease debt</b>	<b>1 510</b>	<b>232</b>
 <b>The current value of financing lease debt</b>		
Within one year	942	138
In one to five years	567	94
<b>Total</b>	<b>1 510</b>	<b>232</b>

### 25. NON-CURRENT LIABILITIES, 1000 EUR

	2015	2014
<b>Trade and other payables</b>		
Trade payables	82 175	20 973
Accrued liabilities	15 153	6 603
Advance payments received	2 140	
Other creditors	5 576	1 186
<b>Total</b>	<b>105 044</b>	<b>28 763</b>
 The most significant items included in accrued liabilities:		
Employee expenses	11 487	5 346
Interests	87	13
Other accrued liabilities	3 579	1 244
<b>Total</b>	<b>15 153</b>	<b>6 603</b>

Other liabilities include the EUR 667 thousand acquisition cost of redeemed shares from PartnerTech AB.

### 26. CASH FLOW STATEMENT ADJUSTMENTS, 1000 EUR

	2015	2014
<b>Non-cash transactions</b>		
Depreciation and amortization	10 805	4 636
Financial income and expenses	166	300
Taxes	5 449	3 607
Changes in provisions	-692	-362
Other adjustments	1 520	-725
<b>Total</b>	<b>17 247</b>	<b>7 456</b>
 <b>Changes in working capital</b>		
Inc(-)/dec(+) in short-term non-interest bearing receivables	-6 372	-4 754
Inc(-)/dec(+) in inventories	-11 402	-1 644
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	10 090	1 173
<b>Total change in working capital</b>	<b>-7 683</b>	<b>-5 225</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### 27. FINANCIAL ASSETS AND LIABILITIES, CARRYING AMOUNT AND FAIR VALUE, 1000 EUR

2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	At fair value through profit or loss	Available for sales investment	Financial liabilities recognised at amortised cost	Book values of balance sheet items	Fair values of balance sheet items
<b>Non-current assets</b>							
Available for sale investments				35		35	35
Non-current assets total				35		35	35
<b>Current assets</b>							
Trade and other receivables		102 243				102 243	102 243
Cash and cash equivalents		22 255				22 255	22 255
Current assets total		124 499				124 499	124 499
<b>Total financial assets</b>		<b>124 499</b>		<b>35</b>		<b>124 533</b>	<b>124 533</b>
<b>Non-current financial liabilities</b>							
Interest-bearing liabilities from financial institutions					44 950	44 950	44 950
Finance Lease					567	567	567
<b>Non-current financial liabilities total</b>					<b>45 517</b>	<b>45 517</b>	<b>45 517</b>
<b>Current financial liabilities</b>							
Interest-bearing liabilities from financial institutions					5 830	5 830	5 830
Drawdowns of revolving credit loans					31 108	31 108	31 108
Finance Lease					942	942	942
Derivative, protective	615					615	615
Derivative, non-protective			112			112	112
Trade and other payables					86 468	86 468	86 468
Current financial liabilities total	615		112		124 349	125 076	125 076
<b>Total financial liabilities</b>	<b>615</b>		<b>112</b>		<b>169 866</b>	<b>170 593</b>	<b>170 593</b>

Financial assets and liabilities have not been netted in the balance sheet.

2014	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	At fair value through profit or loss	Available for sales investment	Financial liabilities recognised at amortised cost	Book values of balance sheet items	Fair values of balance sheet items
<b>Non-current assets</b>							
Available for sale investments				17		17	17
Non-current assets total				17		17	17
<b>Current assets</b>							
Trade and other receivables		39 445				39 445	39 445
Cash and cash equivalents		19 211				19 211	19 211
Forward exchange contracts			43			43	43
Current assets total		58 656				58 699	58 699
<b>Total financial assets</b>		<b>58 656</b>	<b>43</b>	<b>17</b>		<b>58 716</b>	<b>58 716</b>
<b>Non-current financial liabilities</b>							
Interest-bearing liabilities from financial institutions					407	407	407
Finance Lease					94	94	94
<b>Non-current financial liabilities total</b>					<b>501</b>	<b>501</b>	<b>501</b>
<b>Current financial liabilities</b>							
Interest-bearing liabilities from financial institutions					8 649	8 649	8 649
Finance Lease					138	138	138
Derivative	329					329	329
Trade and other payables					22 602	22 602	22 602
Current financial liabilities total	329				31 389	31 718	31 718
<b>Total financial liabilities</b>	<b>329</b>				<b>31 891</b>	<b>32 219</b>	<b>32 219</b>

Financial assets and liabilities have not been netted in the balance sheet.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 28. FAIR VALUE HIERARCHY, 1000 EUR

2015	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Available-for-sale investments			
Equity investments			35
<b>Liabilities measured at fair value</b>			
Derivative		727	
<b>Liabilities recognised at amortised cost</b>			
Financing loan		81 888	
Finance Lease		1 510	
2014	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Available-for-sale investments			
Equity investments			17
Trading derivatives			
Forward exchange		43	
<b>Liabilities measured at fair value</b>			
Derivative		329	
<b>Liabilities recognised at amortised cost</b>			
Financing loan		9 057	
Finance Lease		232	

The fair values of **level 2** instruments are to a significant extent based on data that can be observed either directly (i.e. as price) or indirectly (derived from the prices) for the asset or liability in question. In determining the fair value of these instruments, the Group utilises generally accepted measurement models whose input data, however, is significantly based on verifiable market data.

The fair values of **level 3** instruments are based on input data concerning the asset or liability that is not based on observable market data but to a significant extent on estimates of the management and their use in generally accepted measurement models. Level 3 items are unlisted shares.

## 29. DERIVATIVE INSTRUMENTS

Derivative instruments used by the Group are discussed in Note 24: Interest-bearing Liabilities. The Group has also interest rate derivatives for purposes other than hedging. Changes in the fair values of these contracts have been recognised through profit or loss.

## 30. FINANCIAL RISK MANAGEMENT

Scanfil Group is exposed to various financial risks in its business activities. The Group's treasury operations and financial risks are managed centrally in the parent company based on the principles approved by the Board. The financial function of Scanfil is part of the Group's financial management and it offers and handles financial transactions centrally for all Group companies. 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 risk management objective is to reduce the uncertainty caused by fluctuations in currency exchange rates in respect of the Group's earnings, cash flows and balance sheet. Currency risks can be hedged with forward exchange contracts or interest rate and currency swaps.

The parent company of the Group is responsible for all hedging actions. The financial statements of 31 December 2015 do not include open derivative contracts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Below, the net positions associated with cash and cash equivalents, accounts receivable and accounts payable are shown in euros for the main currencies of the Group.

### Transaction risk, 1000 EUR

2015

Foreign currency	USD	USD	SEK	EUR	USD	EUR
Reporting currency	EUR	RMB	EUR	SEK	HKD	PLN
Cash and cash equivalents	66	389	0	0	958	325
Trade receivables	43	4 649	0	7 315	3 249	11 224
Trade payables	-1 361	-1 930	-22	-2 687	-6 539	-9 154
Global Cash Pool	3 486		-30 490	1 589		
Balance sheet net risk	2 233	3 107	-30 512	6 217	-2 332	2 395

### Transaction risk, 1000 EUR

2014

Foreign currency	USD	USD	EUR	HUF
Reporting currency:	EUR	RMB	RMB	EUR
Cash and cash equivalents	3 372	402	1 171	12
Trade receivables	28	5 121	3 241	25
Trade payables	-804	-1 319	-925	-43
Hedges	-390			
Balance sheet net risk	2 206	4 204	3 487	-6

Below, the impact of a change of 10% in the exchange rate of a foreign currency relative to EUR is shown from the point of view of net foreign exchange position for the Group's result and equity. Tax consequence has not been considered.

Foreign currency	change in	USD	USD	SEK	EUR	USD	EUR
Reporting currency:	currency, %	EUR	RMB	EUR	SEK	HKD	PLN
Year 2015	+/- 10	+/- 223	+/- 311	+/- 3051	+/- 622	+/- 233	+/-232
	change in		USD	USD	EUR	HUF	
	currency, %		EUR	RMB	RMB	EUR	
Year 2014	+/- 10		+/- 220	+/- 420	+/- 349	+/- 1	

### Translation risk

The aim of the translation risk is not to protect shareholders' equity.

Translation risk position of the Group by currencies, net investment

1000 EUR	2015	Sensitivity analysis +/- 10%
CNY	49 890	+/- 4 990
HKD	3 515	+/- 280
HUF	141	+/- 14
NOK	1 164	+/- 116
PLN	18 884	+/- 1 888
SEK	72 555	+/- 7 256
USD	1 673	+/- 167
<b>Total</b>	<b>147 108</b>	

### Financial risk

The changes in exchange rates should not have a significant effect on the long term competitiveness of the company. The aim is to reduce risk with primary operational means such as purchase and sales agreements on commercial terms and conditions. With most customers pricing is adjusted either monthly or quarterly cycles.

### Interest rate risk

The yield of the financial investments and interest-bearing liabilities carry an interest rate risk. The Group has cash assets, and changes in interest rates may have an effect on the Group's result, but their impact is not significant on the whole. Changes in interest rates affect primarily to fair values of interest-bearing liabilities in balance and liabilities related to interest payments. Interest rate risk is managed using interest rate swap agreements. The Group has one EUR 50 million interest-bearing loan whose interest rate has been fixed through an interest swap agreement for a loan period of five years. On the basis of the agreement Scanfil gets interest based on 3-month Euribor floating rate and pays fixed interest rate for five years. Scanfil applies the fair value of interest rate swap agreements to hedge accounting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

The Group also has the following open interest rate derivatives that do not qualify for hedge accounting.

### INTEREST RATE DERIVATIVES, 1000 EUR

	Negative	Net	Nominal value
Interest rate swaps, protective	615	615	50 000
Interest rate swaps, non-protective	112	112	24 230
Total			

### Credit risk

The credit risk of the Group is related to accounts receivables from customers. The aging of accounts receivables is monitored regularly every month at the Group level. The credit risks of accounts receivable are the responsibility of operative business units. The monitoring of accounts receivable is a continuous activity according to the Group guidelines. The creditworthiness of new customers is checked and customers are granted only the usual terms of payment. According to the view of the Group's management, the company does not have any significant concentration of credit risk. The sales of the largest customers is under 15 % of the Group's turnover. The risk regarding financing is controlled by accepting only banks with high credit ratings as counterparties.

### Age distribution of trade receivables, 1000 EUR

	2015	2014
Unmatured	85 876	33 038
Matured		
1 - 30 days	9 386	3 233
31 - 90 days	2 534	2 019
91 - 180 days	1 107	305
181 - 365 days	22	85
more than 1 year	26	23
Total	98 951	38 703

During the financial year, the Group has recorded a total of EUR 235 thousand (EUR 4 thousand in 2014) of credit losses for accounts receivable. A subsidiary PartnerTech AB is classified as held for sale and during the net realization of the value of the assets, EUR 195 thousand doubtful accounts receivables have been written down.

### Liquidity risk

The aim of cash and liquidity management is to centralize the management of cash equivalents of the Group and thus ensure that funds are used efficiently. The Group is using Multicurrency Global Cash Pool, which ensures the efficient use of the Group's cash and cash equivalents. The Group's liquid assets on 31 December 2015 were EUR 22.3 million (EUR 19.2 million in 2014). In addition, the Group has a credit limit for EUR 11.9 million.

Considering the Group's balance sheet structure, the liquidity risk is small. The Group's bank loans include regular loan covenant terms. During the financial year 2015, the Group fulfilled the covenant terms associated with the loans and they are not at risk of rupture.

### Maturity analysis based on debt agreements, 1000 EUR

	balance sheet value	cash flow	0-6 months	2016 6 months -1 year	20017 1-2 years	2018-2020 2-5 years	2021- more than 5 years
<b>31.12.2015</b>							
Loans from financial institutions	50 200	52 181	426	5 602	11 094	35 064	
Finance lease	1 510	1 571	492	485	156	438	
Overdraft facility	31 108	31 108	31 108				
Redeemable shares	667	667	667				
Derivative, protective	615	631	124	103	171	233	
Derivative, non-protective	112	112	19	93			
Trade payables and other liabilities	105 044	105 044	105 044				
<b>Total</b>	<b>189 255</b>	<b>191 256</b>	<b>137 855</b>	<b>6 269</b>	<b>11 407</b>	<b>35 724</b>	
<b>31.12.2014</b>							
Loans from financial institutions	8 649	9 038	4 544	4 494			
Finance lease	232	238	83	60	93	3	
Overdraft facility	407	407					407
Derivatives, protective	336	328		328			
Trade payables and other liabilities	28 763	28 763	28 763				
<b>Total</b>	<b>38 388</b>	<b>38 775</b>	<b>33 390</b>	<b>4 882</b>	<b>93</b>	<b>3</b>	<b>407</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 31. MANAGEMENT OF CAPITAL STRUCTURE, 1000 EUR

The objective of the Group's capital management is to ensure normal prerequisites for business operations. Development of the Group's capital structure is monitored through net gearing. The capital structure is regularly reviewed. The shareholders' equity on the consolidated balance sheet is managed as capital. No external capital requirements are applied to the Group. Acquisition of PartnerTech AB has changed significantly the capital structure of the Group.

	2015	2014
Interest-bearing liabilities	83 398	9 288
Cash assets	-22 255	-19 211
Net liabilities	61 142	-9 922
Equity total	101 414	94 591
Gearing, %	60,3	-10,5

## 32. COMMITMENTS AND CONTINGENCIES, 1000 EUR

	2015	2014
<b>Mortgages to secure own debt</b>		
Business mortgages	110 000	26 000
Other mortgages	21 850	
<b>Total</b>	<b>131 850</b>	<b>26 000</b>
<b>Liabilities secured with mortgages</b>		
Interest-bearing liabilities from financial institutions	83 398	9 057
<b>Guarantees given</b>		
On behalf of own company	2 211	20
On behalf of Group company	808	600
<b>Total</b>	<b>3 019</b>	<b>620</b>

Scanfil Plc has provided an absolute guarantee to Nordea Bank Finland Plc regarding Scanfil Kft EUR 1.0 million credit limit and to Siemens Finance GmbH concerning Scanfil GmbH EUR 0.2 million leasing liabilities.

Scanfil EMS Oy has issued a guarantee on meeting the obligations of a subsidiary's delivery contract. This guarantee is limited to EUR 7.5 million and a period of seven years from the end of the last product contract.

The shares of subsidiaries of PartnerTech AB have been pledged as security for the loan from Skandinaviska Enskilda Banken AB and for other liabilities. PartnerTech AB has issued a guarantee to some subsidiary's business partners on meeting the possibly arising obligations.

## 33. LEASING LIABILITIES AND OTHER LEASE LIABILITIES, 1000 EUR

	2015	2014
<b>Group as lessee</b>		
Minimum rents payable based on other non-cancellable leases:		
Within one year	5 763	381
In one to five years	9 957	1 305
More than five years	2 724	896
<b>Total</b>	<b>18 444</b>	<b>2 582</b>

Rental expenses consist mainly of production facility rents. Real estate leases are stated net of VAT. The Group operates in leased facilities in Sweden, Norway, USA, Great Britain and Finland in Vantaa, Poland in Myslowice as well as Dongguang in China and Hong Kong.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 34. ACQUIRED BUSINESSES, 1000 EUR

### Acquisitions of the financial year 2015

Scanfil Plc has acquired Swedish contract manufacturer Group, PartnerTech AB through public offer on 2 July 2015. The purchase price was EUR 47.6 million, of which EUR 0.7 million was liability in financial statement of 31 December 2015. The acquisition is financed by EUR 50 million loan from Nordea Bank Finland Plc. The cost of EUR 1.2 million related to the acquisition mainly consists of due diligence expenses and statutory fees.

The assets and liabilities arising from the acquisition are as follows:

	Note	Recorded values
Tangible assets	11	18 522
Long-term customer relationships		13 900
Other intangible assets	13	394
Deferred tax assets		2 918
Inventories		43 416
Trade and other receivables		58 353
Current tax		1 341
Cash and cash equivalents		1 692
<b>Assets total</b>		<b>140 535</b>
Provisions		1 737
Deferred tax liabilities		3 576
Non-current interest bearings liabilities		1 229
Trade and other liabilities		60 921
Current tax		1 117
Current interest bearings liabilities		31 366
<b>Liabilities total</b>		<b>99 946</b>
Net assets		40 588
Goodwill arising on acquisition:		
<b>Acquisition cost</b>		<b>47 646</b>
<b>Goodwill</b>	12	<b>-7 058</b>
Purchase price paid in cash		46 979
Cash and cash equivalents of the acquired company		1 692
<b>Cash flow</b>		<b>45 288</b>

EUR 13.9 million of the purchase price was allocated to long-term customer relationships. EUR 7.1 million from the acquisition was recorded as unallocated goodwill, which consists of volume and synergy benefits.

PartnerTech AB was consolidated as a subsidiary as of 1 July 2015. Scanfil's turnover for January–December 2015 would have been EUR 517.0 million and profit EUR 6.5 million had the subsidiary been consolidated at the beginning of the financial period. PartnerTech AB Group's turnover for July–December 2015 was EUR 161.2 million and its profit amounted to EUR 0.8 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### Acquisitions of the financial year 2014

Scanfil EMS Oy, a subsidiary of Scanfil Plc, purchased the entire share capital of the German contract manufacturer Schaltex Systems GmbH on 31 March 2014. The purchase will strengthen Scanfil's position in the German market and widen the Group's customer base. Osakkeiden kauppahinta oli 5,8 milj. euroa. Lisäksi ostettiin 0,8 milj. euron tytäryhtiölaina.

The purchase price of the shares was EUR 5.8 million. In addition, a loan of EUR 0.8 million granted to a subsidiary was purchased. Scanfil EMS Oy financed the deal from its liquid assets. The cost of EUR 0.2 million related to the acquisition mainly consists of due diligence expenses and statutory fees.

The assets and liabilities arising from the acquisition are as follows:

	Note	Recorded values
Intangible assets	13	433
Tangible assets	11	265
Inventories		3 948
Receivables		937
Cash and cash equivalents		52
Other receivables		28
<b>Assets total</b>		<b>5 664</b>
Interest bearing liabilities		1 991
Non-interest bearing liabilities		1 468
<b>Liabilities total</b>		<b>3 458</b>
<b>Net assets</b>		<b>2 206</b>
Goodwill arising on acquisition:		
Acquisition cost		<b>5 808</b>
Goodwill	12	<b>-3 602</b>
Purchase price paid in cash		<b>5 808</b>
Cash and cash equivalents of the acquired company		52
<b>Cash flow</b>		<b>5 756</b>

The goodwill consists of market area expansion.

Schaltex Systems GmbH was consolidated as a subsidiary as of 1 April 2014. The subsidiary's turnover for April–December 2014 was EUR 14.4 million and its profit amounted to EUR 1.0 million. The Group's turnover for 2014 would have been EUR 219.7 million and profit EUR 12.7 million had the subsidiary been consolidated at the beginning of the financial period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## 35. RELATED PARTY TRANSACTIONS, 1000 EUR

The Group's related parties include, in addition to Group companies and the associated company, members of the parent company's Board of Directors and members of the Management Team, together with their close family members and companies where these persons exercise control or significant influence.

Group companies	Domicile	Group's ownership	Share of votes	Parent company's ownership
Scanfil Oyj, parent company;				
Scanfil EMS Oy	Finland	100 %	100 %	100 %
Scanfil GmbH	Germany	100 %	100 %	100 %
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 %
Partnertech AB	Sweden	100 %	100 %	100 %
Partnertech Ljungby AB	Sweden	100 %	100 %	100 %
Partnertech 1000 AB	Sweden	100 %	100 %	100 %
Partnertech Karlskoga AB	Sweden	100 %	100 %	100 %
Partnertech Aerodyn AB	Sweden	100 %	100 %	100 %
Partnertech Vellinge AB	Sweden	100 %	100 %	100 %
Partnertech Åtvidaberg AB	Sweden	100 %	100 %	100 %
Partnertech OY	Finland	100 %	100 %	100 %
Partnertech AS	Norway	100 %	100 %	100 %
Partnertech SP.Z.O.O	Poland	100 %	100 %	100 %
Partnertech Ltd	Iso-Great-Britain	100 %	100 %	100 %
Partnertech Atlanta Inc	USA	100 %	100 %	100 %
Partnertech China (Hong Kong) Ltd	China	100 %	100 %	100 %
Partnertech China (Dongguang) Ltd	China	100 %	100 %	100 %

Scanfil plc's subsidiary Scanfil EMS Oy has rented an office space from Kiinteistö Oy Pilot 1, which head owners are Harri Takanen and Jarkko Takanen. Rental costs in 2015 were EUR 19 thousand (2014 EUR 19 thousand).

### Business transactions and open balances with Sievi Capital plc

After a partial division at the beginning of year 2012, Scanfil Oyj and Sievi Capital Oyj have the same main owners. Scanfil plc and the subsidiary Scanfil EMS Oy have offered administrative services to Sievi Capital plc.

	Purchases	Sales	Receivables
<b>31.12.2015</b>			
Administrative service fees		31	8
Purchases of other tangible assetst	17		
<b>31.12.2014</b>			
Administrative service fees		46	20

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### EMPLOYEE BENEFITS FOR MEMBERS OF THE MANAGEMENT, 1000 EUR

	2015	2014
Salaries and other short-term employee benefits	1 003	923
Post-employment benefits	2	2
Option scheme	107	42
<b>Total</b>	<b>1 111</b>	<b>967</b>

The management includes the parent company's Board of Directors, CEO and Management Team members.

#### Salaries paid to the President

Petteri Jokitalo	273	255
------------------	-----	-----

#### Statutory pension expenditure, TYEL

Petteri Jokitalo	50	47
------------------	----	----

Harri Takanen has a voluntary pension insurance policy with a projected pension of some EUR 1 thousand per month. The pension period is 1 September 2026 – 31 August 2033.

#### Salaries paid to the Board members

Jorma J. Takanen	up to 20 August 2015	14	18
Jarkko Takanen		20	18
Harri Takanen		26	24
Bengt Engström	since 20 August 2015	6	0
Riitta-Liisa Kotilainen	up to 20 August 2015	14	18
Tuomo Lähdesmäki	up to 24 February 2014	0	3
Christer Härkönen	since 8 April 2014	20	12
<b>Total salaries of the Board Members</b>		<b>98</b>	<b>92</b>

The salary information is payment-based.



## KEY RATIOS

Key financial indicators	2015	2014	2013	2012	2011	2010
Turnover, EUR m	377,3	214,5	188,5	180,9	210,8	219,3
Turnover, growth from previous year, %	75,9	13,8	4,2	-14,2	-3,9	11,1
Operating profit, EUR m	14	16,2	11,8	8,1	9,1	11,0
Operating profit, % of turnover	3,7	7,6	6,3	4,5	4,3	5,0
Profit/loss for the period, EUR m	8,4	12,3	8,2	5,7	6,3	6,8
Profit/loss for the period, % of turnover	2,2	5,7	4,4	3,2	3,0	3,1
Return on equity, %	8,5	14,0	10,6	7,9	9,7	12,6
Return on investment, %	10,5	16,5	11,4	8,1	9,5	11,4
Interest-bearing liabilities, EUR m	83,4	9,3	18,3	28,4	36,5	42,8
Gearing, %	60,3	-10,5	-12,2	-2,4	1,9	43,1
Equity ratio, %	34,2	70,6	64,1	57,7	53,6	41,6
Gross investments in fixed assets, EUR m	54,3	8,2	4,0	7,2	3,8	10,1
Gross investments in fixed assets, % of turnover	14,4	3,8	2,1	4,0	1,8	4,6
Average number of employees for the period	2 690	1 773	1 673	1 669	2 024	1 989
Key indicators per share						
Earnings per share, EUR	0,15	0,21	0,14	0,10	0,11 (*)	0,12 (*)
Shareholders' equity per share, EUR	1,76	1,64	1,39	1,30	1,20 (*)	1,03 (*)
Dividend per share, EUR	0,08	0,07	0,05	0,04		
Dividend per earnings, %	55,2	32,9	35,1	40,5		
Effective dividend yield, %	2,10	2,85	3,70	4,88		
Price-to-earnings ratio (P/E)	26,3	11,5	9,5	8,3		
Share trading						
No. of shares traded, thousands	5 202	5 131	2 864	8 982		
Percentage of total shares, %	9,01	8,88	4,96	15,6		
Share performance						
Lowest price for year, EUR	2,36	1,30	0,82	0,60		
Highest price for year, EUR	4,06	2,74	1,47	1,10		
Average price for year, EUR	2,92	1,95	1,11	0,76		
Price at the end of year, EUR	3,81	2,46	1,35	0,82		
Market value of share capital at 31 Dec.2009, EUR m	220,0	142,0	77,9	47,3		
Share-issue adjusted number of shares						
At the end of the period, thousands	57 730	57 730	57 730	57 730	57 730	57 730
On average during the period, thousands	57 730	57 730	57 730	57 730	57 730	57 730

(\*) The number of shares is based on the number of shares held by Scanfil Plc

## KEY RATIOS

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

## INCOME STATEMENT, FAS

<i>1 000 EUR</i>	<i>Note</i>	<i>1.1.-31.12.2015</i>	<i>1.1.-31.12.2014</i>
Other operating income		912	807
Personnel expenses	1	-1 121	-1 008
Other operating expenses	2	-467	-207
Depreciations	3	-8	
<b>Operating profit</b>		<b>-685</b>	<b>-409</b>
Financial income	4	5 039	3 822
Financial expenses	4	-889	-21
<b>Profit before extra ordinary items</b>		<b>3 465</b>	<b>3 392</b>
Extra-ordinary items	5	1 500	400
<b>Profit before appropriations and taxes</b>		<b>4 965</b>	<b>3 792</b>
<b>Net profit for the period</b>		<b>4 965</b>	<b>3 792</b>

## BALANCE SHEET, FAS

1000 EUR	Note	31.12.2015	31.12.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>	7		
Immaterial rights		25	
Other non-current assets		14	
		<u>39</u>	
<b>Tangible assets</b>	8		
Art objects		17	
		<u>17</u>	
<b>Investments</b>			
Holdings in Group companies	9	61 444	12 621
		<u>61 444</u>	<u>12 621</u>
<b>Total non-current assets</b>		<b>61 500</b>	<b>12 621</b>
<b>Current assets</b>			
<b>Short-term receivables</b>			
Account receivables		7	15
Receivables from Group companies	10	44 972	4 285
Accrued income		40	
		<u>45 018</u>	<u>4 300</u>
Cash and cash equivalents	11	0	1 789
Total current assets		45 018	6 089
<b>Total assets</b>		<b>106 518</b>	<b>18 710</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2 000	2 000
Reserve for invested unrestricted equity fund		10 721	10 721
Retained earnings		111	360
Profit for the period		4 965	3 792
<b>Total Equity</b>	12	<b>17 797</b>	<b>16 873</b>
<b>Appropriations</b>			
<b>Non-current liabilities</b>			
Financing loan	13	44 750	
		<u>44 750</u>	
<b>Current liabilities</b>			
Financing loan	13	36 358	
Trade liabilities		31 149	13
Liabilities to Group companies	14	6 320	1 393
Other creditors		720	54
Accrued liabilities	15	542	379
		<u>43 971</u>	<u>1 837</u>
<b>Total liabilities</b>		<b>88 721</b>	<b>1 837</b>
<b>Total equity and liabilities</b>		<b>106 518</b>	<b>18 710</b>



## CASH FLOW STATEMENT, FAS

1 000 EUR	Note	1.1.-31.12.2015	1.1.-31.12.2014
<b>Cash flow from operating activities</b>			
Profit for the period		4 965	3 792
Adjustments	16	-5 672	-4 201
Change in working capital	16	47	54
Interest paid		-771	-21
Interest received		35	22
Taxes paid			-18
<b>Net cash flow from operating activities</b>		<b>-1 397</b>	<b>-371</b>
<b>Cash flow from investing activities</b>			
Cash flow from investing activities			
Investments in tangible and intangible assets		-64	
Investments in subsidiary shares		-48 156	
Loans granted		-2 000	
Dividend received from investments			2 200
<b>Net cash flow from investing activities</b>		<b>-50 220</b>	<b>2 200</b>
<b>Cash flow from financing activities</b>			
Received group contributions			1 200
Short-term loans raised		37 423	1 392
Repayment of short-term loans		-1 392	-1 840
Proceeds from short-term loans		-32 163	
Increase in long-term loans		50 000	
Dividends paid		-4 041	-2 887
<b>Net cash flow from financing activities</b>		<b>49 828</b>	<b>-2 135</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>-1 789</b>	<b>-306</b>
Cash and cash equivalents at beginning of period		1 789	2 095
<b>Cash and cash equivalents at end of period</b>	11	<b>0</b>	<b>1 789</b>

## NOTES TO THE FINANCIAL STATEMENTS, FAS

### Company's 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. Scanfil 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.

### 1. PERSONNEL EXPENSES, 1000 EUR

	2015	2014
Salaries, wages and fees	934	831
Pension costs	163	149
Other indirect employee expenses	25	28
<b>Total</b>	<b>1 122</b>	<b>1 008</b>

<b>Fringe benefits (taxable value)</b>	<b>8</b>	<b>9</b>
--	----------	----------

The pension costs are based on defined-contribution schemes.  
Management's employee benefits presented in note 14.

#### Average number of employees during the period

Clerical employees	9	9
<b>Total</b>	<b>9</b>	<b>9</b>

### 2. OTHER OPERATING EXPENSES, 1000 EUR

	2015	2014
Other operating expenses include the following significant expense items:		
Other operating expenses	467	207
<b>Total</b>	<b>467</b>	<b>207</b>

#### Auditor's remuneration

Auditor's remunerations of the Chartered Accountants	33	17
Other services	154	1
<b>Total</b>	<b>187</b>	<b>19</b>

The increase in other operating expenses is mainly due to costs related to the acquisition of Group PartnerTech AB.

### 3. DEPRECIATION AND AMORTIZATION, 1000 EUR

	2015	2014
Depreciation by asset class		
Intangible assets		
Intangible rights	6	
Other long-term expenses	2	
<b>Total</b>	<b>8</b>	
<b>Total depreciation</b>	<b>8</b>	

## NOTES TO THE FINANCIAL STATEMENTS, FAS

### 4. FINANCING INCOME AND EXPENSES, 1000 EUR

	2015	2014
Dividends		
To group companies	5 000	3 800
<b>Other interest and financial income</b>		
To group companies	36	21
Other	4	1
<b>Total</b>	<b>39</b>	<b>22</b>
<b>Interest expenses and other financial expenses</b>		
To group companies	0	
Other	-889	-21
<b>Total</b>	<b>-889</b>	<b>-21</b>
<b>Total financial income and expenses</b>	<b>4 150</b>	<b>3 801</b>
Items other interest and financial income and interest expenses and other financial expenses includes exchange rate gains and losses (net)	-32	

### 5. EXTRAORDINARY ITEMS, 1000 EUR

	2015	2014
Group contributions from Scanfil EMS Oy	1 500	400
<b>Total</b>	<b>1 500</b>	<b>400</b>

### 6. INCOME TAXES, 1000 EUR

	2 015	2 014
Income taxes from extra ordinary items	300	80
Income taxes from actual operations	-300	-80
<b>Total</b>	<b>0</b>	<b>0</b>

### 7. INTANGIBLE ASSETS, 1000 EUR

	Intangible rights	Other long-term expenses	Intangible assets total
Acquisition cost at 1 Jan. 2015			
Additions	31	16	47
<b>Acquisition cost at 31 Dec. 2015</b>	<b>31</b>	<b>16</b>	<b>47</b>
Accumulated depreciations at 1 Jan. 2015			
Depreciations	-6	-2	-8
<b>Accumulated depreciations at 31 Dec. 2015</b>	<b>-6</b>	<b>-2</b>	<b>-8</b>
Carrying amount at 1 Jan. 2015			
<b>Carrying amount at 31 Dec. 2015</b>	<b>25</b>	<b>14</b>	<b>39</b>

## NOTES TO THE FINANCIAL STATEMENTS, FAS

### 8. TANGIBLE ASSETS, 1000 EUR

	Other tangible assets	Tangible assets total
Acquisition cost at 1 Jan. 2015		
Additions	17	17
<b>Acquisition cost at 31 Dec. 2015</b>	<b>17</b>	<b>17</b>
Carrying amount at 1 Jan. 2015		
<b>Carrying amount at 31 Dec. 2015</b>	<b>17</b>	<b>17</b>

### 9. HOLDINGS IN GROUP COMPANIES, 1000 EUR

	2015	2014
Total at beginning of period	12 621	12 621
Partnertech AB	48 823	
<b>Total at end of period</b>	<b>61 444</b>	<b>12 621</b>
<b>Carrying amount at 31 Dec.</b>	<b>61 444</b>	<b>12 621</b>

Scanfil Plc has acquired 98.6% of the share capital of Swedish contract manufacturing group PartnerTech AB through a public offer. The acquisition date was 2nd July 2015. The remaining shares will be purchased at Scanfil Plc's ownership through a mandatory redemption procedure. The acquisition price of shares include the cost of EUR 1.2 million related to the acquisition and the estimation price of unclaimed shares.

Group companies	Domicile	Group share %	Parent company share %	Parent company book value
Scanfil EMS Oy	Finland	100	100	12 621
Partnertech AB	Sweden	100	100	48 823
				<b>61 444</b>

### 10. RECEIVABLES FROM GROUP COMPANIES, 1000 EUR

	2015	2014
<b>Short-term receivables</b>		
Prepayments and accrued income	10 710	4 200
Loans	34 163	
Other receivables	100	85
<b>Total</b>	<b>44 972</b>	<b>4 285</b>

### 11. CASH AND CASH EQUIVALENT, 1000 EUR

	2015	2014
Cash and bank balances	0	1 789
<b>Total</b>	<b>0</b>	<b>1 789</b>



## NOTES TO THE FINANCIAL STATEMENTS, FAS

### 12. EQUITY, 1000 EUR

	2015	2014
<b>Share capital</b>		
Share capital at 1 Jan.	2 000	2 000
<b>Share capital at 31 Dec.</b>	<b>2 000</b>	<b>2 000</b>
<b>Total restricted shareholder's equity</b>	<b>2 000</b>	<b>2 000</b>
<b>Reserve for invested unrestricted equity fund</b>		
Reserve for invested unrestricted equity fund at 1 Jan.	10 721	10 721
<b>Reserve for invested unrestricted equity fund at 31 Dec.</b>	<b>10 721</b>	<b>10 721</b>
<b>Retained earnings</b>		
Retained earning at 1 Jan.	4 152	3 246
Paid dividends	-4 041	-2 887
<b>Retained earnings at 31 Dec.</b>	<b>111</b>	<b>360</b>
<b>Profit for the period</b>	<b>4 965</b>	<b>3 792</b>
<b>Total unrestricted equity</b>	<b>15 797</b>	<b>14 873</b>
<b>Total equity</b>	<b>17 797</b>	<b>16 873</b>
<b>Calculation of distributable funds at 31 Dec.</b>		
Reserve for invested unrestricted equity fund	10 721	10 721
Retained earnings	111	360
Profit for the period	4 965	3 792
<b>Total</b>	<b>15 797</b>	<b>14 873</b>

### 13. LOANS FROM FINANCIAL INSTITUTIONS, 1000 EUR

	2015	2014
<b>Non-current</b>		
Financial Institutions	44 750	
<b>Current</b>		
Financial Institutions	5 250	
Credit facility	31 108	
<b>Total</b>	<b>81 108</b>	
Interest-bearing liabilities will mature as follows:		
Year 2016	5 250	
Year 2017	10 500	
Year 2018	10 500	
Year 2019	10 500	
Year 2020	13 250	
	<b>50 000</b>	

Scanfil has entered into a financing agreement with Nordea Bank Finland Plc relating to the acquisition of PartnerTech AB's shares and raised a long-term loan of EUR 50 million to pay for the shares. In addition Group is using Multicurrency Global Cash Pool with EUR 42 million credit limit and Scanfil Kft has a EUR 1.0 million credit limit.

### 14. LIABILITIES TO GROUP COMPANIES, 1000 EUR

	2015	2014
<b>Short-term liabilities to Group companies</b>		
Trade payables	5	1
Loans	6 315	
Liquid assets of the Group account		1 392
<b>Total</b>	<b>6 320</b>	<b>1 393</b>

## NOTES TO THE FINANCIAL STATEMENTS, FAS

### 15. ACCRUED LIABILITIES, 1000 EUR

	2015	2014
The most significant items included in accrued liabilities		
Employee expenses	421	368
Other accrued liabilities	121	11
<b>Total</b>	<b>542</b>	<b>379</b>

### 16. CASH FLOW STATEMENT ADJUSTMENTS, 1000 EUR

	2015	2014
Adjustments		
Financial income and expenses	-4 150	-3 801
Other adjustments	-1 522	-400
<b>Total</b>	<b>-5 672</b>	<b>-4 201</b>
Changes in working capital		
Inc(-)/dec(+) in short-term non-interest-bearing receivables	-51	-24
Inc(+)/dec(-) in short-term non-interest-bearing liabilities	98	79
<b>Total change in working capital</b>	<b>47</b>	<b>54</b>

### 17. COMMITMENTS AND CONTINGENCIES, 1000 EUR

	2015	2014
Mortgages to secure own debt		
Business mortgages	100 000	
Liabilities secured with mortgages		
Interest-bearing liabilities from financial institutions	81 108	
Guarantees given		
On behalf of own company	893	

Scanfil has entered into a financing agreement with Nordea Bank Finland Plc relating to the acquisition of PartnerTech AB's shares. Scanfil has raised a long-term loan of EUR 50 million to pay for the shares and raised the available credit facility with EUR 35 million to refinance PartnerTech AB and to meet the needs in working capital.

In addition Scanfil Plc has provided an absolute guarantee to Nordea Bank Finland Plc regarding Scanfil Kft EUR 1.0 million credit limit and to Siemens Finance GmbH concerning Scanfil GmbH EUR 0.2 million leasing liabilities.

### 18. MANAGEMENT'S EMPLOYMENT-RELATED BENEFITS, 1000 EUR

	2015	2014
Salaries and other short-term employee benefits		
Salaries and bonuses of the President		
Petteri Jokitalo	273	255
Salaries and bonuses of the Board members		
Jorma J. Takanen up to 20 August 2015	14	18
Jarkko Takanen	20	18
Harri Takanen	26	24
Bengt Engström since 20 August 2015	6	
Riitta-Liisa Kotilainen up to 20 August 2015	14	18
Tuomo Lähdesmäki up to 24 February 2014	0	3
Christer Härkönen since 8 April 2014	20	12
<b>Total salaries of the Board Members</b>	<b>98</b>	<b>92</b>

## SHARES AND SHAREHOLDERS

### 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 Helsinki Ltd. The shares have been publicly traded since 1 January 2012. The trading code of the shares is SCLIV. 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.

Scanfil plc's Annual General Meeting on 8 April 2015 authorized the Board of Directors to decide on the acquisition of maximum of 5,000,000 Company's own shares. The authorization will remain in force for 18 months after it is issued.

The Meeting decided to authorize the Board of Directors to decide on share issues and the issue of other special rights entitling their holders to shares. The number of shares to be issued based on the authorisation can be no more than 12,000,000 shares. The Board shall decide on the terms and conditions of share issues and the issue of special rights entitling their holders to shares. The authorisation concerns both the issue of new shares and the transfer of treasury shares. Shares and special rights entitling their holders to shares can be issued in deviation from the shareholders' pre-emptive rights

(directed issue). The authorisation shall be valid until 30 June 2016.

### Own shares

The company does not own its own shares.

### Dividend distribution policy

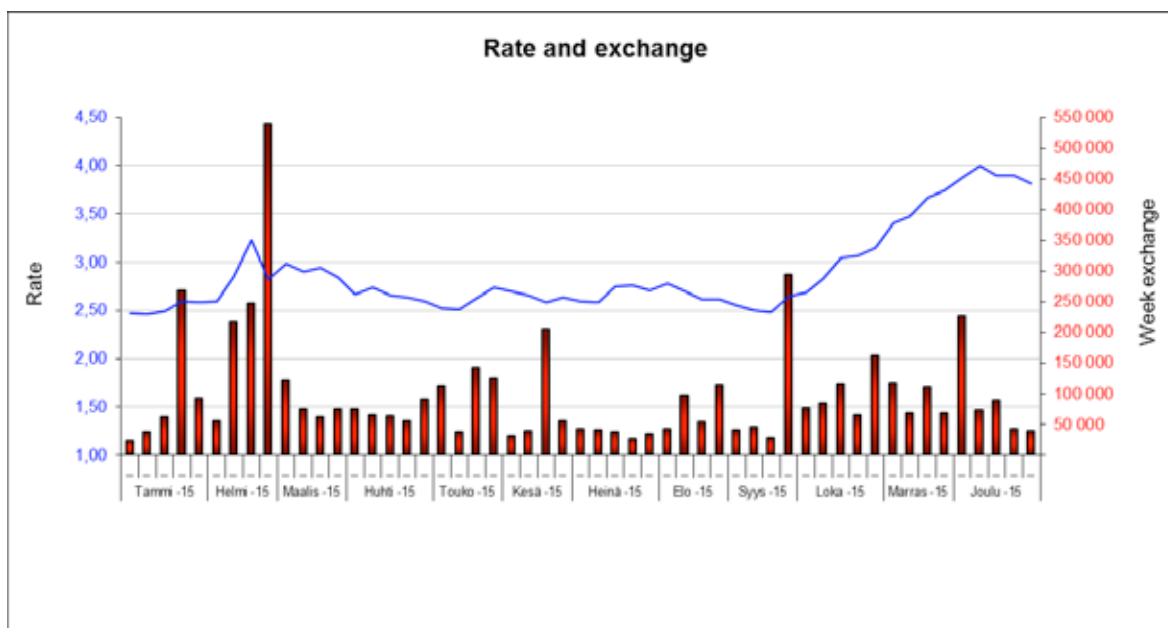
The company aims to pay a dividend annually. The level of dividends paid and the date of payment are affected, inter alia, by the Group's result, financial position, need for capital and other possible factors. The aim is to distribute approximately one-third of the Group's annual profit as dividend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

### Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.08 be paid from the unrestricted shareholders' equity per share, for a total of EUR 4,618,435,12.

### Share price development, trading and market value

In 2015, the number of Scanfil plc shares traded on NASDAQ Helsinki Ltd was 5,201,866, which accounts for 9.0% of all shares. The value of shares traded was EUR 15.1 million and the average price EUR 2.92. Market capitalisation was EUR 220,0 million at the end of 2015. The highest trading price was EUR 4.06 and the lowest EUR 2.36. The closing price was EUR 3.81.



## SHARES AND SHAREHOLDERS

### Information on shareholders

On 31 December 2015, Scanfil plc had a total of 4,782 shareholders, 76.3% of whom owned a maximum of 1,000 shares in the company. The ten major shareholders owned 77.9% of the shares. Nominee-registered shares accounted for 1.7% of the shares.

### Shares held by management

Members of the Board of Directors of Scanfil plc and the CEO held a total of 18,078,475 shares on 31 December 2015, which accounts for 31.3% of the company's shares and votes.

### Breakdown of share ownership

#### Breakdown of share ownership by number of shares held at 31 Dec. 2015

<i>Number of shares</i>	<i>Number of shares pcs</i>	<i>Percentage of shares %</i>	<i>Total number of shares and votes pcs</i>	<i>Percentage of shares and votes %</i>
1 - 200	1 808	37,81	260 235	0,45
201 - 1000	1 841	38,50	1 069 462	1,85
1001 - 2000	513	10,73	811 534	1,41
2001 - 10000	473	9,9	2 053 011	3,56
10001 - 100000	119	2,49	3 567 159	6,18
100001 - 99999999	28	0,58	49 969 038	86,56
<b>Total</b>	<b>4,782</b>	<b>100.00</b>	<b>57,730,439</b>	<b>100.00</b>

#### Breakdown of share ownership by owner category at 31 Dec. 2015

	<i>Number of shareholders</i>	<i>share %</i>	<i>Number of shares</i>	<i>share %</i>
Corporations	206	4,31	8 873 591	15,37
Financial and insurance institutions	14	0,29	1 436 634	2,49
Public entities	4	0,08	1 247 742	2,16
Non-profit-making organisations	22	0,46	2 287 371	3,96
Households	4 522	94,56	43 837 580	75,94
Non-Finnish owners	14	0,29	47 521	0,08
<b>Total</b>	<b>4 782</b>	<b>100,00</b>	<b>57 730 439</b>	<b>100,00</b>
of which nominee-registered	9		964 196	1,67

### Information on shareholders

#### Major shareholders at 31 Dec. 2015

	<i>pcs</i>	<i>Share % of shares and votes</i>
1. Takanen Harri	9 776 664	16,93
2. Takanen Jarkko	8 251 169	14,29
3. Varikot Oy	7 273 109	12,60
4. Takanen Jorma Jussi	5 879 305	10,18
5. Tolonen Jonna	3 251 950	5,63
6. Pöllä Reijo	3 128 745	5,42
7. Laakkonen Mikko	2 531 187	4,38
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

## Board of Directors' Proposal for the Distribution of Profit

The parent company's distributable funds total EUR 5,075,524.11 euro.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.08 per share be paid for the financial period ended 31 December 2015, for a total of EUR 4,618,435.12.

## Board of Directors' Proposal for the Distribution of Profit

Sievi, 25 February 2016

Harri Takanen  
Chairman of the Board

Jarkko Takanen

Christer Härkönen

Bengt Engström

Petteri Jokitalo  
CEO



# AUDITOR'S REPORT

## To the Annual General Meeting of Scanfil plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Scanfil plc for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, 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.

### Auditor's 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 auditor's 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.

Oulu, March 11, 2016

KPMG Oy Ab

**Antti Kääriäinen**

Authorised Public Accountant

## CORPORATE GOVERNANCE STATEMENT 2015

Scanfil Oyj on julkisesti noteerattu osakeyhtiö, jonka hallinnoinnista Scanfil plc on 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 followed in 2015 the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010, but issues exceptions to the following recommendations as a result of an evaluation of the independence of the members of the Board: Recommendation 14 (Number of independent members), Recommendation 26 (Independence of the members of the audit committee) and Recommendation 29 (Members of the nomination committee and their appointment). With regard to the Board of Directors elected by the Extraordinary General Meeting on 20 August 2015, a deviation from Recommendation 9 (Number, composition and competence of the directors) is also reported.

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](http://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.cgf Finland.fi](http://www.cgf Finland.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's General Meeting held on 8 April 2015 elected the following Board members:

Harri Takanen

Chairman of the Board of Directors. Born 1968, M.Sc. (Engineering). Member of the Board of Directors of Scanfil plc since 18 April 2013. Professional Board Member. Not independent of the company and significant shareholders.

## Jorma J. Takanen

Member of the Board of Directors since 1 January 2012. Born 1946, B.Sc. (Chemistry). Professional Board Member. Not independent of the company and significant shareholders.

## Riitta Kotilainen

Member of the Board of Directors since 18 April 2013. Riitta Kotilainen (born 1958), President and CEO of E.Kotilainen Oy and Varikot Oy. Not 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.

## Christer Härkönen

Hallituksen jäsen 8.4.2014 lähtien. Syntynyt 1957, DI. Fibox Oy  
Member of the Board since 8 April 2014 b. 1957, M.Sc. (Tech.)  
Member of the Board and Facilitator for the Future at Fibox  
Oy Ab. Independent of the company and major shareholders.

Scanfil plc's Extraordinary General Meeting of 20 August 2015 re-elected Harri Takanen, Jarkko Takanen and Christer Härkönen as members of the Board of Directors and elected Bengt Engström as a new member.

## Bengt Engström

Member of the Board since 20/08/2015 Born 1953, M.Sc. (Eng.) Has held several management-level positions in Sweden and internationally, including Whirlpool, Bofors AB, Duni AB and Fujitsu. Independent of the company and major shareholders.

With regard to the Board of Directors proposed to be elected by the Extraordinary General Meeting on 20 August 2015, Scanfil plc's Nomination Committee pursued a suitable female member to be elected as a member of the company's Board of Directors. The Nomination Committee was unable to propose a candidate with good knowledge of the contract manufacturing industry. It is the aim of the Nomination Committee to propose representatives of both sexes for the following term of the Board.

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

In the evaluation of independence carried out by the Board, two Board members (Christer Härkönen and Bengt Engström) are independent of the company and major shareholders and one Board Member (Jarkko Takanen) independent of the company. Of the Board Members who is not independent of the company and major shareholders Harri Takanen is the largest and Jarkko Takanen who is not independent of the company is the second largest shareholder of the company. For the sake of entrepreneurship and financial risk related to the ownership it is justifiable that the not independent members of the Board supervise the benefit of the owners as a members of the board and committees. In addition, Jarkko Takanen and Harri Takanen have very broad experience of the contract manufacturing business, which can be used by the entire company and for the shareholders through working on the Board and committees. During 1 October– 31 December 2015, Christer Härkönen has been the acting CEO of the group company PartnerTech AB, in connection with the integration process of Scanfil and PartnerTech. Due to the temporary nature of the post, the Board of Directors has assessed that the matter has not influenced Christer Härkönen's independence of the company.

## Activity of the Board

The Board of Directors had a total of 20 meetings in 2015, some of which were telephone meetings. The average attendance rate at Board meetings was 100%.

The duties and responsibilities of the Board of Directors of

## CORPORATE GOVERNANCE STATEMENT 2015

Scanfil plc are defined based on the Limited Liability Companies Act, other applicable legislation, the Articles of Association, good governance recommendations and the Board's charter. The Board carries out an annual review of its operations and regular reviews of the work of the CEO and the Management Team. The main duties of the Board of Directors of Scanfil plc include the following:

- Confirming the company's business strategy and monitoring its implementation
- Confirming key business targets and monitoring Scanfil Group's performance annually
- Deciding on strategically significant investments in the Group
- Discussing and approving financial statements and interim reports
- Appointing and dismissing the CEO and determining his terms of employment and remuneration
- Deciding on incentive systems for managers and employees
- Monitoring the company's key operational risks and their management
- Confirming the company's values and operating principles

### Board committees

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

The purpose of the Nomination Committee is to make preparations for 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: Harri Takanen, who acts as the Chairman, and Jarkko Takanen. The committee convened two times in 2015. The attendance rate of its members was 100%.

The audit committee is responsible for monitoring the financial reporting process and the reporting of financial statements and interim reports and for monitoring the functionality of internal control and risk management in the company. It also evaluates the appropriateness of auditing and prepares the proposal for the appointment of an auditor. The Committee has two members. In 2015, the members of the Committee were Jarkko Takanen and Jorma Takanen until 20 August and Jarkko Takanen and Harri Takanen as of 21 August. Jarkko Takanen has acted as the chair of the Committee. The committee convened five times in 2015. The attendance rate of its members was 100%.

### 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. Petteri Jokitalo (b. 1963), M.Sc. (Tech.), served as the company's CEO between 1 January 2015 and 31 December 2015.

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

### Description of internal control at Scanfil plc



## CORPORATE GOVERNANCE STATEMENT 2015

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.

### 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 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.

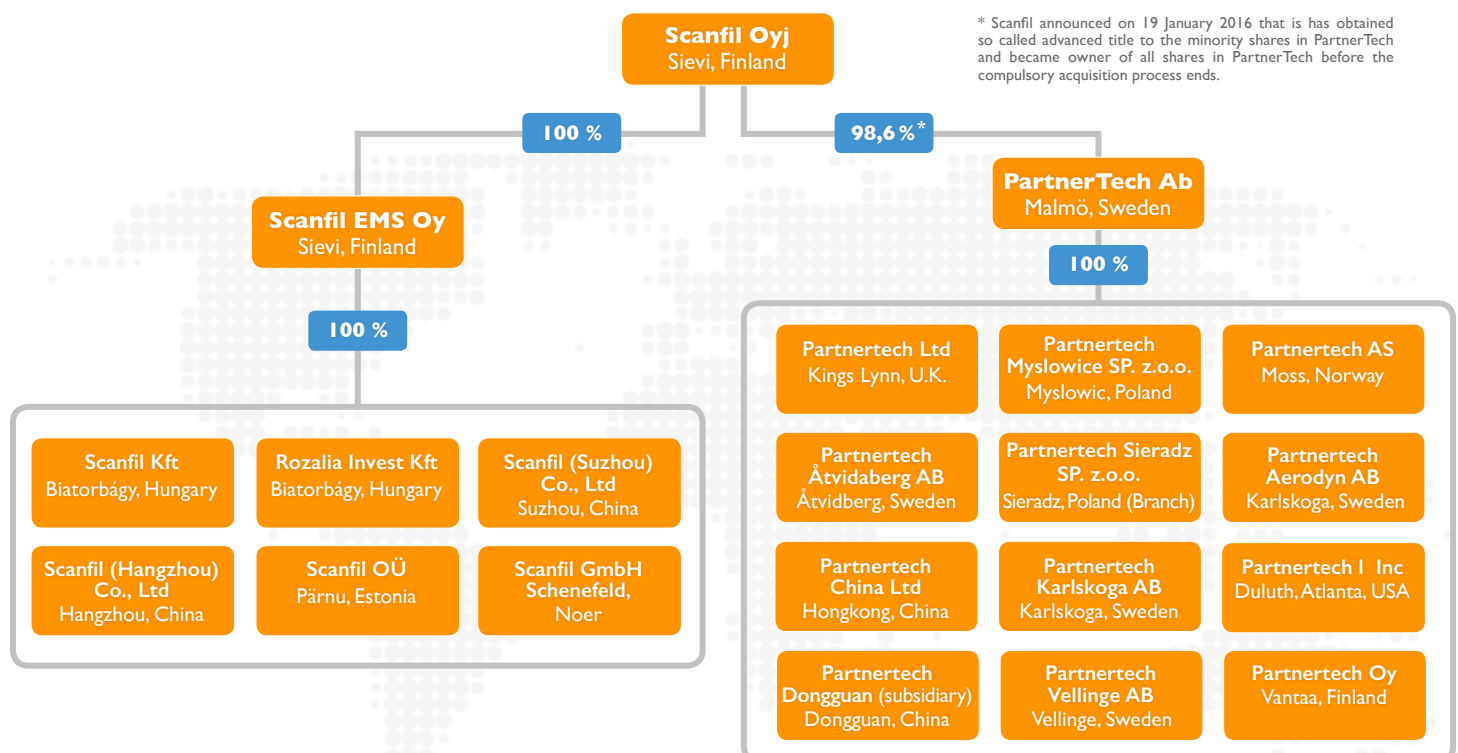
The controls contained in Scanfil's operating processes form the basis of the company's financial control. They enable the company to swiftly identify and react to any deviations from the norm. The management's monthly reporting is a fundamental part of financial control. It includes rolling forecasting, 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

The Group 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.

Scanfil Group Chart 2015



# SCANFIL

Yritystie 6  
FI-85410 SIEVI, FINLAND

Tel. +358 8 48 82 111

Fax +358 8 48 82 250

**[www.scanfil.com](http://www.scanfil.com)**