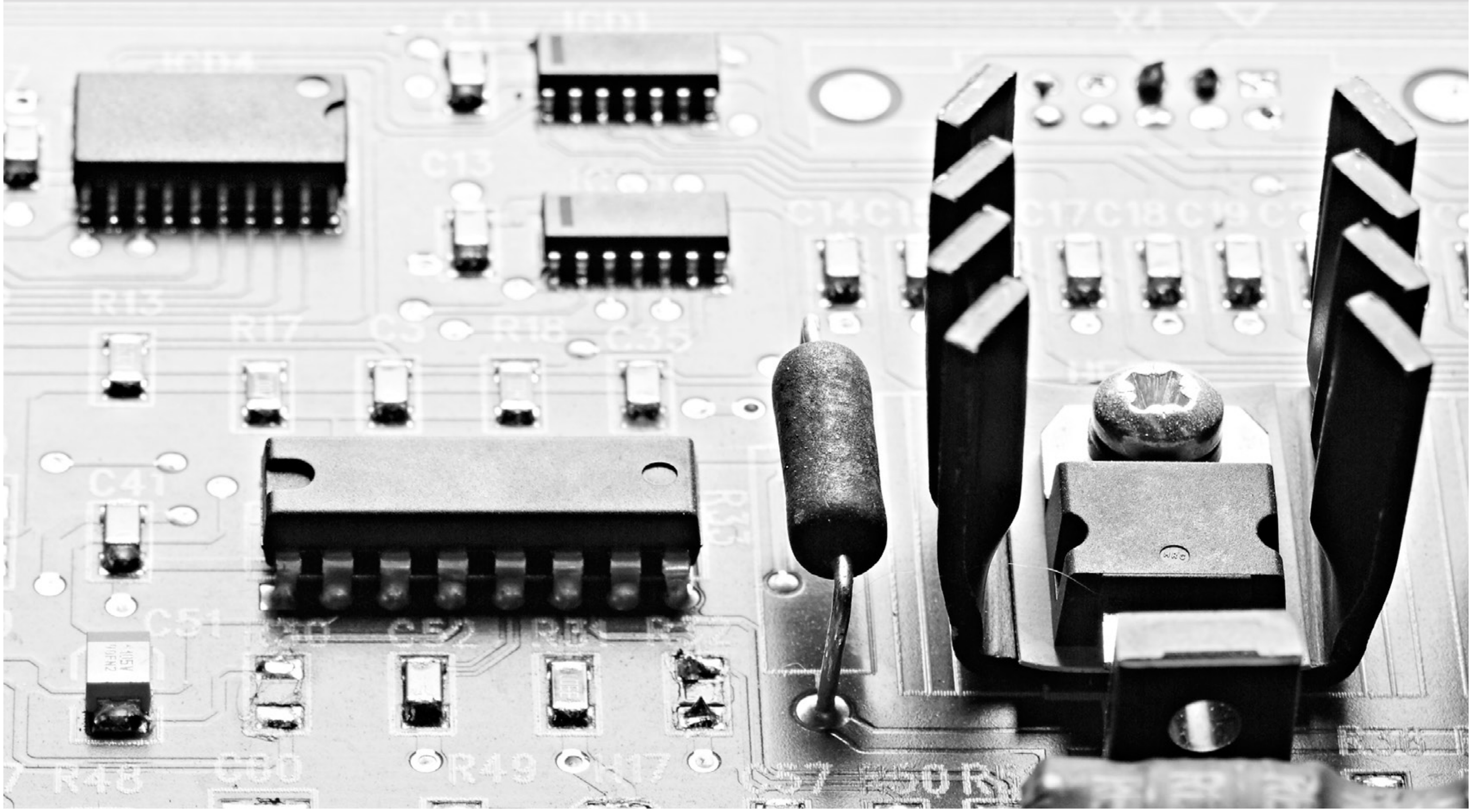
InCap

ANNUAL REPORT

2015



INCAP IN BRIEF

We are an Electronics Manufacturing Services (EMS) company with manufacturing operations in India and in Estonia and a sourcing unit in Hong Kong. Our professional and competent team is especially focusing on customer service. With our flexible, agile and efficient operations we are able to provide best solutions to meet our customers' needs.

In EMS marketplace, Incap has a long history and reputation of high quality. Over the years we have learned that alongside with the core EMS market demand of On Time Delivery, Quality and Cost efficiency, our customers expect their partners to be able to adjust into continuous change. That is how we develop and run our operations.

CONTENTS

YEAR 2015

Incap continued strong growth after the previous year's turnaround. Delivery volumes and revenue increased both in India and in Estonia. Successful cost management supported positive profitability trend. Improvement of financing position enables full concentration on business development.

The increase in revenue was a result of growing demand of present customers and the production for new customers. The strengthening of Indian Rupee in relation to Euro had a positive effect both to revenue and profitability.

The profitability showed a remarkable improvement and the full-year operating profit (EBIT) was more than tripled year-on-year. The share of operating profit out of revenue grew to 12%, which in the company's business, Electronics Manufacturing Services, is in general terms considered to be a good level. Net profit for the period was tenfold on last year.

The strict cost management was continued and the Group's overhead costs remained low. Personnel expenses increased moderately considering the growing manufacturing volumes. Other business costs increased due to the renewal of ERP system, the outsourcing of finance and administration, the development of reporting and the increase of rental costs. In line with the increasing production volumes the value of inventories increased as well.

As a result of the improved profitability and the successful rights issue the company's financing position improved further. Positive trend in profitability enables continued operational development and future growth.

KEY FIGURES (IFRS)		2015	2014
Revenue	EUR million	30.6	18.5
Operating profit (EBIT)	EUR million	3.7	1.1
share of revenue	%	12	6
Operating profit before taxes	EUR million	3.2	0.3
Profit for the period	EUR million	2.0	0.2
Earnings per share (EPS)	EUR	0.01	0.00
Return on investment (ROI)	%	26.0	11.2
Equity ratio	%	31.2	9.9
Investments	EUR million	0.9	0.2
Personnel at year end		468	423

PROSPEROUS YEAR SUPPORTING FUTURE GROWTH

Year 2015 has been a defining year for Incap. Our stakeholders awaited concrete evidence of the effectiveness of our action plan and operational strategy. So it happened, and we can be satisfied with the actions taken and with the achievements of our entire team in 2015.

STRONG PROGRESS

Our revenue grew by 65% and the operating profit in terms of EBIT even more, by 248%. The productivity of factories improved further and the corporate functions were adjusted to be as light as possible. All key performance indicators of operations either improved or remained at the same level than in 2014.

Operations in India continued strong growth, and the local factory's capacity utilisation rate is excellent. The revenue of the Estonian factory showed a favourable trend and the factory gained several new customers.

Improved profitability together with the rights issue in June improved remarkably the financial key figures of the Group. At year end our equity ratio was 31% compared to 10% the year before, and the net gearing was 98% compared to 524% at the end of previous year. Also the proportional share of Net Working Capital required for running the business developed well and decreased by 17%.

Our financing position enhanced during the year. Better terms of loans, successful rights issue and decrease of debt have given us more financial flexibility. Sufficiency of financing poses no remarkable risk and we can concentrate all our efforts on the actual business and its development.

FOCUS ON CUSTOMERS

We launched in the beginning of 2015 a new market promise with a fully new positioning as an EMS company with emphasis on customer service. Divesting our mechanics operations enabled us to focus all our resources to the manufacture of electronics and closely related product entities. By concentrating on the company's core competence and strengths we can offer our customers the best possible service.

Our corporate structure is clear and streamlined. Our decision-making is fast and dealing with us is easy. Our customers have given us positive feedback on our flexibility and continuous development of operations in line with the customers' needs. This is reflected in increasing number of orders from both our present and new customers.

IN JOINT EFFORT

Implementation of a new operational model combined with simultaneous strong growth demanded from our team a perfect performance. Today, I am extremely proud to say that we succeeded beyond all expectations. Our professional and highly committed team is to be thanked for this. All planned development projects were completed during the year 2015. Both factories now operate using the same ERP system, which makes the utilisation of synergies between the two factories easier in future.

TARGET-ORIENTED DEVELOPMENT CONTINUED

The recent positive trend in profitability enables the strong development of the company's strategy and operations aimed at ensuring the future growth.

In 2016 we are targeting at acquiring new customers and new products to production while at the same time securing that the operational efficiency and quality stay at high level. The sales operations are enhanced, organisations and competencies of the factories are developed further, production capacity and material sourcing of both factories is developed and the utilisation of the shared ERP is enhanced further.

CHALLENGES IN ESTIMATION

In our business of electronics manufacturing services the outlook to the market is typically rather short. The customers' fixed orders cover only a few months ahead. Our own estimates for future business development are based on the customers' estimates, which in the present market situation are quite conservative. Also fluctuations in exchange rates can affect our profitability and revenue. For these reasons we are not willing to give a strong view for the full-year revenue or profitability, especially not in the beginning of the year.

Our position now in the beginning of 2016 is a lot better than year before. In our estimates, however, we wanted to take into consideration also the price-sensitive market and the uncertain outlook in the global economy, which are challenging us when maintaining the operating profit (EBIT) in this year at the same level than in 2015. We will rise to this challenge by strict cost management and continuous development of operations.

The first quarter of the year in terms of revenue is traditionally the lowest. During the second quarter of the year the outlook becomes clearer and we can estimate the full-year development more in detail.

The biggest thank for the success in the year 2015 belongs to our personnel and customers. I also want to thank our material suppliers, partners and shareholders for their important support. The positive development in 2015 is a clear signal that we do the right things right.

Ville Vuori
President and CEO

REPORT OF THE BOARD OF DIRECTORS FOR 2015

Incap Group’s revenue in 2015 increased by 65% and the operating profit was more than tripled on previous year. Financing position improved thanks to revenue growth, good profitability and rights issue.

BUSINESS ENVIRONMENT IN 2015

The business environment of Incap Group continued challenging, because the competition in the global market for manufacturing services was fierce. Financial prospects in Europe and Asia were still unstable. General cost level remained stable in countries where Incap has operations. Prices of components and raw materials showed a moderate trend.

INCAP GROUP'S REVENUE AND EARNINGS IN 2015

Revenue for the financial period amounted to EUR 30.6 million, by approx. 65% more than in 2014 (1–12/2014: EUR 18.5 million). The increase in revenue was a result of growing demand of present customers and the production for new customers. Out of the growth, approximately EUR 3.1 million or 17 percentage points was caused by the strengthening of Indian Rupee in relation to Euro.

The profitability of Incap Group showed a remarkable improvement thanks to the growing production volumes, increased efficiency and strategic focusing. The full-year operating profit (EBIT) amounted to EUR 3.7 million (EUR 1.1 million), being 12.1% out of revenue which in the company's business, Electronics Manufacturing Services, is in general terms considered to be a good level. The operating profit in the comparison period 2014 included non-recurring items connected with the dissolution of provision for rents amounting to approx. EUR 0.5 million. Approximately EUR 0.5 million of the net result for the period was a result of the favourable exchange rate between Euro and Indian rupee.

The company continued with the strict cost management in 2015, based on which the overhead costs remained low enabling profitable operations and increased competitive edge.

Personnel expenses in the reporting period amounted to EUR 3.2 million (EUR 2.8 million). The growth was caused by the increased manufacturing volumes but was more moderate than the growth rate of revenue. Other business costs increased year-on-year mainly due to the renewal of ERP system, the oursourcing of finance and administration, the development of reporting and the increase of rental costs. In line with the increasing production volumes the value of inventories increased from EUR 3.4 million to EUR 5.2 at the end of the reporting period.

Net financial expenses amounted to EUR 0.5 million (EUR 0.7 million). Depreciation amounted to a total of EUR 0.3 million (EUR 0.3 million).

Net profit for the period was EUR 2.0 million (EUR 0.2 million). Earnings per share were EUR 0.01 (EUR 0.00).

INVESTMENTS

Investments in 2015 totalled EUR 0.9 million (EUR 0.2 million) for the development of production capacity in India and Estonia.

QUALITY ASSURANCE AND ENVIRONMENTAL ISSUES

Incap Group's both factories have environmental management and quality assurance systems certified by Det Norske Veritas. The systems are used as tools for continuous improvement. Incap's environmental management system complies with ISO 14001:2004, and its quality assurance system complies with ISO 9001:2008. In addition, the Kuressaare factory has ISO 13485:2003 quality certification for the manufacture of medical devices.

INISSION AB'S PUBLIC TENDER OFFER ON INCAP SHARES

After the increase of its holding in December 2014 Inission AB made a mandatory public tender offer for all other Incap shares and securities entitling to shares in line with the Securities Market Act, Chapter 11, Section 19. Based on the trades in the mandatory public tender offer and direct buy of shares Inission AB's holding increased to a total of 44,573,010 shares, i.e. to 40.85% of all shares and votes. Later on, after the subscriptions made in Incap Corporation's rights issue in May 2015, the holding of Inission AB increased to 90,490,452 shares.

RIGHTS ISSUE

The Board of Directors of Incap Corporation resolved on 25 may 2015, based on the authorization granted by the Extraordinary General Meeting on 7 May 2015 on the share issue against payment in which the company offered to its shareholders 109,114,035 new shares for subscription. The subscription period was from 1 to 22 June 2015, when 106,585,585 new shares were subscribed by the preferred subscription rights and 52,850,453 new shares by the secondary subscription rights, i.e. altogether approximately 146% of all the new shares offered. The Board of Directors accepted in accordance with the conditions of the rights issue a total of 106,585,585 new shares subscribed by the preferred subscription rights and 2,528,450 new shares by the secondary subscription rights i.e. altogether 100% of all the new shares offered.

Altogether 1,033 subscribers participated in the rights issue by the preferred subscription rights and altogether 471 subscribers by the secondary subscription rights. The three largest shareholders of the company – Inission AB, Oy Etra Invest Ab and Ilmarinen Mutual Pension Insurance Company – subscribed in accordance with their conditional subscription undertakings new shares at a minimum the quantity that corresponded to their pro rata proportions of the company's outstanding shares.

Incap collected a total of EUR 2,181,280.70 new equity through the rights issue i.e. the full amount targeted under the rights issue. The total subscription price of EUR 2,181,280.70 as well as the related costs of approximately EUR 0.2 million have been recorded in the invested unrestricted equity reserve of the company. The rights issue did not amend the registered share capital of the company.

As a result of the rights issue, the amount of the company's shares doubled to 218,228,070 shares. The new shares were admitted to trading on Nasdaq Helsinki on 1 July 2015.

BALANCE SHEET, FINANCING AND CASH FLOW

The balance sheet total on 31 December 2015 stood at EUR 18.1 million (EUR 14.4 million). The Group's equity at the close of the financial period was EUR 5.6 million (EUR 1.4 million). The parent company's equity totalled EUR 9.4 million, representing 46% of the share capital (EUR 8.0 million, 39%). The Group's equity ratio was 31.2 % (9.9%).

Liabilities decreased to EUR 12.5 million compared with previous year (EUR 13.0 million), of which EUR 7.6 million (EUR 9.3 million) were interest-bearing liabilities. Interest-bearing net liabilities decreased from the comparison period and were EUR 5.6 million (EUR 5.7 million), and the gearing ratio was 98% (524%).

The Group's non-current interest-bearing liabilities amounted to EUR 4.3 million (EUR 0.3 million) while the current interest-bearing liabilities were EUR 3.3 million (EUR 9.1 million). In the corresponding period the majority of liabilities were included in current liabilities because of the breach of covenants. Approximately EUR 2.7 million of liabilities concern the Indian subsidiary (EUR 3.4 million). Other current liabilities include EUR 4.1 million of bank loans and limits granted by the company's Finnish bank and EUR 0.7 million of factoring financing used in Estonia.

The company agreed in February 2015 with the Finnish bank upon new conditions and instalments of loans. The covenants of the loans are EBITDA and equity ratio, and their status is reviewed every six months until 30 June 2018. In the review on 31 December 2015 the target level of EBITDA was EUR 1.25 million and the equity ratio 7.5%. The company met these covenants and the actual EBITDA on the review date was EUR 4.0 million and the equity ratio 31.2%.

In autumn 2015 Incap paid back to Finnfund the capital investment of EUR 1.9 million, which Finnfund had made in Incap's subsidiary in India in 2009. At the same time, Finnfund's holding of 22.5% in Incap Contract Manufacturing Services Pvt. Ltd. became void. The payback was realised by lowering the share capital of the Indian subsidiary and financed by means of the accumulated profits of the Indian subsidiary and the local financing.

The company repaid the rest of the so-called OP Bank loan (previous convertible loan 2007), EUR 0.2 million, in June 2015. The company further paid the last instalment of the payment arrangement with the Finnish Tax Administration in September 2015.

As to the loans granted by the Indian bank the company has committed to follow ordinary covenants and the bank's general loan conditions.

The Group's cash position improved thanks to the improved profitability, rights issue and the renewal of financing agreements. The Group's quick ratio was 1.1 (0.6), and the current ratio was 1.8 (0.9).

Cash flow from operations was EUR 1.0 million (EUR -0.7 million). On 31 December 2015, the Group's cash and cash equivalents totalled EUR 2.1 million (EUR 1.9 million). The change in cash and cash equivalents showed an increase of EUR 0.2 million (increase of EUR 0.2 million).

PERSONNEL

At the end of 2015, Incap Group had a payroll of 468 employees (423). 86.6% (89%) of the personnel worked in India, 13.0% (9%) in Estonia and 0.4% (2%) in Finland. At the end of the year, 96 of Incap's employees were women (68) and 372 were men (355). Permanently employed staff totalled 192 (167) and the number of fixed-term employment contracts was 275 (204). The company had 1 part-time employment contract at the end of the period (52). The average age of the personnel was 29 years (36).

MANAGEMENT AND ORGANISATION

The duties of CEO of Incap were carried out by Ville Vuori (B.Sc. Eng., eMBA, born 1973). At the end of the report period the Group's Management Team included besides the CEO Ville Vuori also the local Managing Directors: Murthy Munipalli in India and Otto Pukk in Estonia.

The renewal of operational model of the Group was continued and the tasks in finance and administration were outsourced to partners. At the same time, key functions in the factories were strengthened and a new Managing Director was appointed to the operations in Estonia. The Group's factories in Estonia and in India operate as independent cost centres, which are responsible besides for the actual delivery-order process also for the quotations and pricing.

ANNUAL GENERAL MEETING 2015

The Annual General Meeting of Incap Corporation was held in Helsinki on 31 March 2015. A total of 15 shareholders participated in the meeting, representing approximately 69.4% of all shares and votes. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2014 and decided, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial period and that the loss for the financial period (EUR 2,677,306.56) be recognised in equity.

EXTRAORDINARY GENERAL MEETING

Incap Corporation's Extraordinary General Meeting was held on 7 May 2015. A total of 14 shareholders participated in the meeting, representing a total of 60.0% of all shares and votes. The Extraordinary General Meeting authorised the Board of Directors to decide on a rights issue in the way that the number of new shares to be given in the rights issue can be a maximum of 109,114,035 new shares of the company. The Board of Directors used the authorisation in June 2015, when the company carried out a successful rights issue.

AUTHORISATION OF THE BOARD OF DIRECTORS

The Annual General Meeting held on 31 March 2015 authorised the Board of Directors to decide to issue a maximum of 10,911,403 new shares either against payment or without payment. The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the company's business, financing of investments and operations or using the shares as a part of the company's remuneration and compensation system, to the terms and scope decided by the Board of Directors.

The Board has not exercised the authorisation, which is valid until 31 March 2016.

BOARD OF DIRECTORS AND AUDITOR

Lassi Noponen acted as the Chairman of the Board of Directors until 4 March 2015, when the Board elected Olle Hulteberg to the Chairman of the Board.

The Annual General Meeting held on 31 March 2015 re-elected Fredrik Berghel, Olle Hulteberg and Susanna Miekk-oja and elected Rainer Toiminen and Carl-Gustaf von Troil as new members to the Board of Directors. From among its members, the Board elected Olle Hulteberg to the Chairman of the Board.

The Board convened 26 times in 2015 and the average attendance rate of Board members was 83.8%.

The firm of independent accountants Ernst & Young Oy continued to act as the company's auditor, with Jari Karppinen, Authorised Public Accountant, as the principal auditor.

REPORT ON CORPORATE GOVERNANCE

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association, which is valid as from 1 January 2016. The company will release a report on the company's corporate governance in compliance with the Securities Market Act as a separate document in connection with the publication of the Report of the Board of Directors and the Annual Report in week 11/2016.

SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares, and the number of shares at the end of the period was 218,228,070 (31 December 2014: 109,114,035).

During the financial period, the share price varied between EUR 0.03 and 0.20 (EUR 0.04 and 0.11). The closing price for the period was EUR 0.16 (EUR 0.06). The trading volume during the financial period was 123,997,394 shares, or 56.8% of outstanding shares (40,584,525 shares, or 37.2% of outstanding shares). The market capitalisation on 31 December 2015 was EUR 34.3 million (EUR 6.5 million). At the end of financial period, the company had 2,806 shareholders (1,634). Nominee-registered or foreign owners held 41.85% (26.3%) of all shares. The company does not hold any of its own shares.

At the end of the financial period 2015, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 93,016,656 shares or approximately 42.6% of the company's shares outstanding.

ANNOUNCEMENTS IN ACCORDANCE WITH SECTION 10 OF CHAPTER 9 OF THE SECURITIES MARKET ACT ON A CHANGE IN HOLDINGS

Based on the trades in the mandatory public tender offer Inission AB's holding increased to 40.85% of all shares and votes or to 44,573,010 shares. The previous holding of Inission AB was 37.31% or 40,707,564 shares. At the date of the financial statement release Inission AB holds 90,490,452 shares.

The holding of Oy Etra Invest Ab decreased on 13 November 2015 so that the new holding is 32,400,000 shares and 14.85% of all shares and votes. The previous holding of Oy Etra Invest Ab was 33,000,000 shares and 15.12% of all shares and votes.

RISK MANAGEMENT

The Risk Management Policy approved by the Incap Board classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. The company's risk management is mainly focused on risks that threaten the company's business objectives and continuity of operations. In order to improve its business opportunities, the company is willing to take on managed risks within the scope of the Group's risk management capabilities. The company regularly reviews its insurance policies as part of its risk management system.

SHORT-TERM RISKS AND FACTORS OF UNCERTAINTY CONCERNING OPERATIONS

General risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing, successful acquisition of new customers, availability and price development of raw material and components, sufficiency of funding, liquidity and exchange rate fluctuations.

As a result of the improved profitability and the rights issue executed in June 2015 the company's financing position has improved and the sufficiency of financing and working capital are at the moment posing no remarkable risk.

Based on the cash flow estimate prepared in connection with the financial statement, the company estimates that the company's working capital will cover the requirement for the next 12 months.

The company agreed in February 2015 with the bank on new conditions and instalment of the loans. The loan covenants are EBITDA and equity ratio, which are reviewed every six months until 30 June 2018. The new instalment schedule was conditional to the arrangement of a share issue to strengthen the equity.

As a result of the rights issue arranged in June the parent company's equity was improved by EUR 1.9 million. The company met the covenants both in June and in December 2015. During 2015 the company has paid back the loans at a minimum to the quantity agreed in the instalment plan.

During 2015 the Group functions have been arranged to align with the new organisation structure and in the definition of the volumes of internal transactions the actual value added and the so-called "arm's length" principle are considered. After the cumulative losses in India were covered during the latter half of 2015, it is possible to repatriate profits also through dividends.

The parent company's equity at the end of the financial period 2015 totalled EUR 9.4 million, i.e. 46% of the share capital.

The value of the shares in subsidiaries in the parent group has a significant impact on the parent company's equity and therefore on, for example, equity ratio. In connection with the financial statements for 2014 the value of the shares in the Estonian subsidiary was decreased by EUR 1.0 million. Based on the value calculations in connection with the financial statements for 2015 there is no need for further decrease of the value of the shares in subsidiaries. However, there is a risk connected with the valuation of the shares of the Estonian subsidiary because of the previous unprofitable operations of the subsidiary. The business of the subsidiary in India has shown a favourable development and there is no risk connected with its valuation.

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among Incap's customer industries. In 2016, the business environment is estimated to continue challenging, but the general financial development is estimated to have no remarkable negative effect on the demand or the solvency of the company's customers. The customer relationship management is of utmost importance in a challenging market situation and the management is paying special attention to this.

The company's sales are spread over several customer sectors balancing out the impact of the economic fluctuation in different industrial sectors. In 2015, there were two customers in the Group with a revenue exceeding 10% of the total revenue of the Group. The combined revenue of these two customers was 65% of the Group's revenue.

The company's operating segment, electronics manufacturing services, is highly competitive and there are major pressures on cost level management. The company has succeeded in increasing the efficiency of its operations and in lowering the costs remarkably during 2013-2015. Furthermore, the company's production is located in countries with competitive levels of wage and general costs.

The most significant exchange rate risk of the company is related to the Indian subsidiary. A remarkable part of the Group's operations is located in India. The fluctuation in the exchange rates between Indian Rupee and Euro may have a remarkable effect on revenue and result.

A tax audit is currently taking place in the Indian subsidiary. The audit is not complete yet at the reporting date and its end result cannot be estimated yet.

EVENTS AFTER THE END OF THE PERIOD

There are no remarkable events after the end of the period.

STRATEGY AND TARGETS

The recent positive trend in profitability enables the strong development of the company aiming at ensuring the future growth. In 2016 the company is targeting at acquiring new customers and new products to production while at the same time securing that the operational efficiency and quality stay at high level. The sales operations are enhanced, organisations and competencies of the factories are developed further, a new operational model is implemented in global sourcing, production capacity of both factories is developed and the utilisation of the shared ERP is enhanced further.

The Board of Directors is focusing in growing the business further and is not actively assessing opportunities for strategic alliances.

OUTLOOK FOR 2016

Incap's estimates for future business development are based both on its customers' forecasts and on the company's own assessments.

Due to the recent strong turbulence in world economy and the continued general uncertainty it is very difficult to estimate the development of customer demand. Most of the company's customers are indicating that their own demand will show a moderate growth in 2016.

The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily and the positive development is expected to continue. The progress in Indian operations has been strong and the revenue is estimated to grow also in future, however with a more moderate pace than previously.

The Group's revenue in 2016 is estimated to be somewhat higher than in 2015 and the operating profit (EBIT) is estimated to be approximately at the same level than in 2015, provided that there are no major changes in exchange rates.

BOARD OF DIRECTORS' PROPOSAL ON MEASURES RELATED TO THE RESULT

The parent company's loss for the financial period totalled EUR 772,720.93. The Board of Directors will propose to the Annual General Meeting on 6 April 2016 that no dividend be paid and the result for the financial period be recognised in equity.

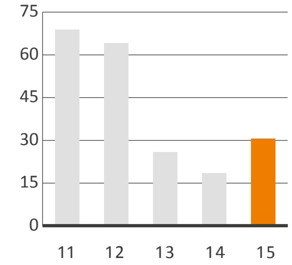
ANNUAL GENERAL MEETING 2016

The Annual General Meeting will be held on Wednesday, 6 April 2016 at 3 pm. at BANK/Wall street, Unioninkatu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 11 March 2016.

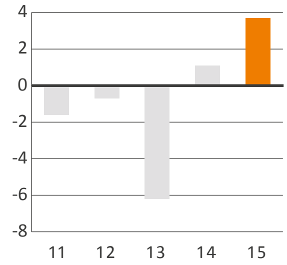
In Helsinki, 18 February 2016

INCAP CORPORATION
Board of Directors

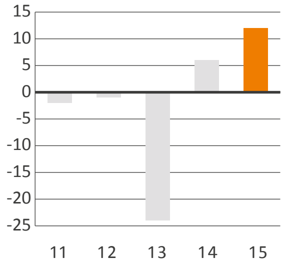
REVENUE, EUR MILLION



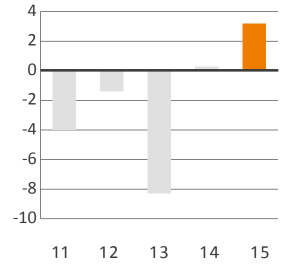
OPERATING PROFIT/LOSS (EBIT), EUR MILLION



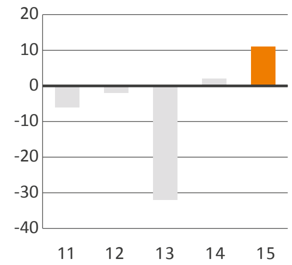
OPERATING PROFIT/LOSS (EBIT), % OF REVENUE



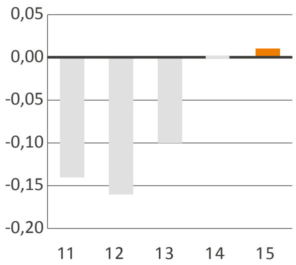
PROFIT/LOSS BEFORE TAX, EUR MILLION



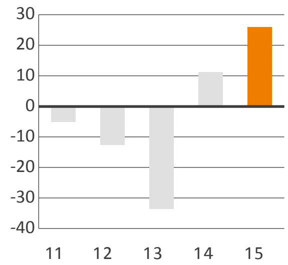
PROFIT/LOSS BEFORE TAX, % OF REVENUE



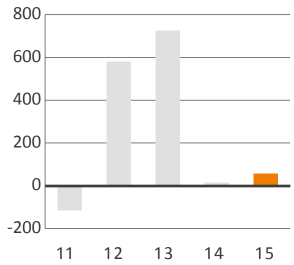
EARNINGS PER SHARE (EPS), EUR



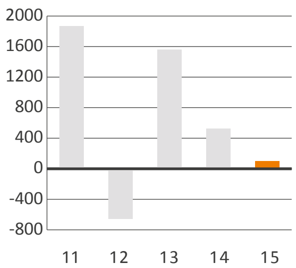
RETURN ON INVESTMENT (ROI), %



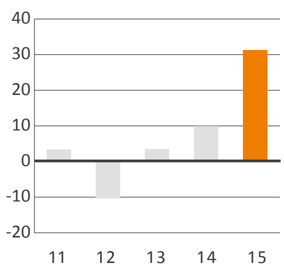
RETURN ON EQUITY (ROE), %



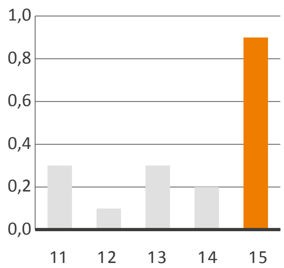
GEARING, %



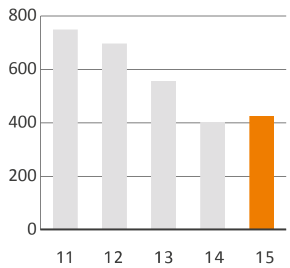
EQUITY RATIO, %



INVESTMENTS, EUR MILLION



AVERAGE NUMBER OF PERSONNEL



CONSOLIDATED INCOME STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
CONTINUING OPERATIONS			
Revenue	3	30,566	18,499
Other operating income	4	36	280
Changes in inventories of finished goods and work in progress	5	165	-159
Raw materials and consumables used	5	21,147	12,665
Personnel expenses	8	3,154	2,841
Depreciation and amortisation	7	337	314
Other operating expenses	6	2,437	1,738
Operating profit		**3,692**	**1,061**
Financing income and expenses	9	-470	-747
Profit before tax		**3,222**	**314**
Income tax expense	10	-1,210	-163
Profit for the year, continuing operations		**2,012**	**151**
Discontinued operations			
Profit for the year, discontinued operations	31	**0**	**396**
Profit for the year		**2,012**	**548**

1,000 euros	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Other comprehensive income:			
Items that may be reclassified subsqeuently to profit and loss			
Translation differences from foreign units		215	370
Other comprehensive income, net		215	370
Total comprehensive income, total		**2,227**	**917**
Profit for the year, attributable to:			
Equity holders of the parent company		2,012	548
Total comprehensive income attributable to:			
Equity holders of the parent company		2,227	917
Earning per share from profit for the year attributable to equity holders of the parent			
Basic earnings per share	12		
Earnings per share for continuing operations		0.01	0.00
Earnings per share for discontinued operations		N/A	0.00
Earnings per share for continuing and discontinued operations		0.00	0.00
Diluted earnings per share	12		
Earnings per share for continuing operations		0.01	0.00
Earnings per share for discontinued operations		N/A	0.00
Earnings per share for continuing and discontinued operations		0.00	0.00
Average number of shares: [1)]			
basic		191,771,653	163,671,053
diluted		191,771,653	163,671,053

[1)] The number of shares used for the reference period has been adjusted as the result of share issue in 2015. See Note 19.

CONSOLIDATED BALANCE SHEET

1,000 euros	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,230	1,519
Goodwill	13	938	910
Other intangible assets	13	61	56
Other financial assets	14	6	174
Other receivables	17	878	906
Total non-current assets		**4,113**	**3,565**
Current assets			
Inventories	16	5,172	3,371
Trade and other receivables	17	6,771	5,585
Cash and cash equivalents	18	2,068	1,873
Total current assets		**14,011**	**10,829**
Total assets		**18,124**	**14,394**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	19		
Share capital		20,487	20,487
Share premium account		44	44
Exchange differences		-673	-888
Reserve for invested unrestricted equity		19,464	17,471
Retained earnings		-33,675	-35,687
Total equity		**5,647**	**1,427**
Non-current liabilities			
Interest-bearing and non-interest-bearing liabilities	22	4,567	256
Current liabilities			
Trade and other payables	23	4,607	3,617
Interest-bearing loans and borrowings	22	3,303	9,093
Total liabilities		**12,476**	**12,967**
Total equity and liabilities		**18,124**	**14,394**

CONSOLIDATED CASH FLOW STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flow from operating activities			
Operating profit, continuing operations		3,692	1,061
Operating profit, discontinued operations		0	396
Operating profit, in total		3,692	1,457
Adjustments to operating profit	26	316	-528
Change in working capital		-1,419	-1,164
Interest paid		-918	-699
Interest received		85	11
Tax paid and tax refund		-763	182
Cash flow from operating activities		**992**	**-741**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets		-940	-201
Proceeds from sales of tangible and intangible assets		0	229
Repayments of loan assets		268	0
Cash flow from investing activities		**-672**	**28**
Cash flow from financing activities			
Proceeds from share issue		1,993	0
Drawdown of loans		2,996	2,381
Repayments of borrowings		-5,159	-1,434
Repayments of obligations under finance leases		0	-26
Cash flow from financing activities		**-169**	**920**
Change in cash and cash equilevants		151	207
Cash and cash equivalents at beginning of period		1,873	1,507
Effects of changes in exchange rates		43	158
Cash and cash equivalents at end of period		**2,068**	**1,872**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1,000 euros	Share capital	Share premium account	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total equity
Equity at 1 January 2015	20,487	44	17,471	-888	-35,687	1,427
Total comprehensive income					2,012	2,012
Currency translation differences				215		215
Transactions with shareholders						
Directed share issue			2,182			2,182
Transaction costs for equity			-189			-189
Equity at 31 December 2015	**20,487**	**44**	**19,464**	**-673**	**-33,675**	**5,647**

1,000 euros	Share capital	Share premium account	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total equity
Equity at 1 January 2014	20,487	44	17,471	-1,258	-36,057	687
Total comprehensive income					548	548
Currency translation differences				370		370
Transactions with shareholders						
Other changes [1)]					-177	-177
Equity at 31 December 2014	**20,487**	**44**	**17,471**	**-888**	**-35,687**	**1,427**

[1)] Redemption of leasing agreements in 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

These Incap Group financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at the balance sheet date, 31 December 2015. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation.

The financial statements in the official compiled version are presented in unabbreviated form to an accuracy of two decimals. In the Annual Report, the financial statement data is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS calls for the making of certain estimates by Group management as well as for management's judgement in applying accounting policies. The estimates having the greatest effect on the financial statement figures are presented in the note "Accounting policies requiring management's judgement and key sources of estimation uncertainty."

SUBSIDIARIES

The consolidated financial statements include the parent company, Incap Corporation, and its subsidiaries Incap Electronics Estonia OÜ, Incap Hong Kong Ltd., Incap Contract Manufacturing Services Pvt. Ltd. and Euro-ketju Oy.

During the financial period the Group acquired 22.5% of the shares of Incap Corporation's Indian subsidiary Incap Contract Manufacturing Services Pvt. Ltd. from Finnfund. In the financial year 2015, no profit or loss have been attributed to Finnfund and it has no control in the operations or cash flow of the company as stated in IFRS 12.

In the consolidated financial statements for 2014 the minority holding of the Indian subsidiary has not been separated, because based on the contract conditions of the investment, Finnfund's investment has at the date of the contract been interpreted in the IFRS financial statements as debt and the holding of the shares has been granted as a security to the loan. The company was presenting the Finnfund's loan in current liability items. The loan expired for payment on 22 July 2015.

Intra-Group share ownership has been eliminated by means of the purchase method. Acquired subsidiaries are included in the consolidated financial statements from the time when the Group has obtained control, and divested subsidiaries up to the time when control ceases. All intra-Group transactions, receivables, liabilities, unrealised gains and internal distribution of profits are eliminated when preparing the consolidated financial statements.

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCY

Separate companies

Transactions denominated in foreign currency are recorded in the functional currency using the exchange rate on the date of the transaction. Balance sheet items denominated in foreign currency are translated to the functional currency using the exchange rates at the balance sheet date.

Gains and losses resulting from transactions denominated in foreign currency and the translation of balance sheet items are recorded in the income statement. Exchange gains and losses resulting from operations are recorded under the corresponding items above operating profit. Exchange gains and losses resulting from loans denominated in foreign currency are recorded under financial income and expenses.

Group

Figures relating to the profit and financial position of Group units are measured in the main functional currency of each unit. The Incap Group's financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

The income and expense items in the income statements of foreign Group companies have been translated to euros using the average exchange rate during the year, and their balance sheets using the exchange rates at the balance sheet date. The translation of the profit for the financial year using different exchange rates in the income statement and the balance sheet results in an exchange difference, which is recorded in equity. The exchange differences arising from the elimination of the acquisition cost of foreign subsidiaries and equity items accumulated after the acquisition are recorded in equity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over their estimated useful life. The estimated useful lives of assets are the following:

- Buildings 18–24 years
- Machinery and equipment 3–10 years
- Motor vehicles 3–5 years.

The residual value of assets and their useful lives are reviewed at each balance sheet date and, if necessary, are adjusted to reflect changes that have occurred in the expectations for an asset's economic benefits.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment only when it is probable that future economic benefits from the asset will flow to the Group. Other repair and maintenance expenses are recognised as an expense as they arise.

Depreciation of an item of property, plant and equipment ceases when the asset is classified as for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Non-current assets held for sale are measured at the lower by carrying amount or by the fair value less the selling expenses. Depreciations on assets held for sale have been ceased at the date of classification.

Capital gains and losses on the retirements and disposals of property, plant and equipment are recorded either in other operating income or expenses.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

Transaction expenses directly attributable to the obtaining of convertible debt are included in the original cost of the debt and amortised over the debt period using the effective interest method.

GOVERNMENT GRANTS

Government grants are recorded on a net basis as a deduction from property, plant and equipment, whereby the grants are recognised as income in the form of smaller depreciation charges over the useful life of an asset.

INTANGIBLE ASSETS

Goodwill is the proportion of the acquisition cost which exceeds the Group's share of the fair value, at the date of acquisition, of the net asset value of a company acquired after 1 January 2004. Other costs directly attributable to an acquisition, such as experts' fees, are also included in the acquisition cost.

Goodwill and other intangible assets with an indefinite useful life, such as the value of customer relationships, are not amortised but are tested annually for any impairment. The testing involves the allocation of goodwill to units generating cash flow and the measurement at cost less impairment losses.

An intangible asset is recorded in the balance sheet only if the cost of the asset can be determined reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity. Intangible assets are recorded in the balance sheet at cost and amortised in the income statement over their known or estimated useful life.

The Incap Group's intangible assets are amortised over 3–5 years.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. Cost is determined using the fifo method. The cost of finished and semi-finished products comprises raw materials, direct labour expenses, other direct expenses as well as fixed and variable production overheads, based on the normal capacity of the production facilities.

The net realisable value is the estimated selling price of the asset less the estimated costs incurred in bringing the product to its present condition and selling expenses.

LEASES

The Group as lessee

Leases of property, plant and equipment where the lessee bears the risks and rewards of ownership are classified as finance leases.

An asset obtained on a finance lease is recorded in the lessee's balance sheet at the start of the lease period at the lower of the fair value of the leased property and the present value of the minimum lease payment. An asset obtained on a finance lease is depreciated over the shorter of the useful life of the asset and the lease term. Lease payments for items of property, plant and equipment are split between financial expenses and a reduction in lease liabilities for the period of the lease finance agreement. Finance lease liabilities are included in the Incap Group's interest-bearing liabilities.

When the lessor retains the risks and rewards of ownership, the agreement is treated as an operating lease. Lease payments paid on operating leases are recorded as an expense in the income statement.

IMPAIRMENT OF ASSETS

At each balance sheet date, the Incap Group assesses whether there is any indication that the value of an asset item may be impaired. If any such indication exists, the asset item is tested for impairment to assess its recoverable amount. Impairment testing is done at the lowest possible unit level which is independent of other units and whose cash flows can be distinguished from the other cash flows of the entity.

An impairment loss is recorded when the carrying amount of an asset item is greater than its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. Value in use refers to the estimated discounted cash flows obtainable from said asset item or cash-generating unit.

An impairment loss is recognised in profit or loss. If an impairment loss is allocated to a cash-generating unit, it is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and thereafter to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss is reversed if the recoverable amount of the asset has changed since the last impairment loss was recognised. An impairment loss is not, however, reversed to an extent greater than what the carrying amount of the asset would have been without the recording of the impairment loss.

The Incap Group's goodwill is tested annually. An impairment loss recorded on goodwill is not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension obligations

The Incap Group's pension plans are classified as defined-benefit and defined-contribution plans. Payments made for defined contribution plans are recognised as an expense in the income statement for the period which the debit concerns. The obligations of defined-benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recorded as an expense for the duration of employees' period of service on the basis of calculations carried out by authorised actuaries.

SHARE-BASED PAYMENT

The Incap Group has applied IFRS 2 Share-based Payment to all share option plans. Warrants are measured at fair value at the time they are granted and entered as an expense in the income statement in even instalments during the vesting period. The expense determined at the moment of granting the options is based on the Incap Group's estimate of the number of options that will vest at the end of the vesting period. The fair value is determined on the basis of the Black-Scholes pricing model for share options.

The Incap Group updates the estimate of the final number of share options at each balance sheet date. Changes in the estimates are recorded in the income statement. When granted share options are exercised, the cash payments received on the basis of share subscriptions (adjusted for any transaction expenses) are recognised in equity and invested non-restricted equity reserve.

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that a payment obligation will be realised and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the obligation.

INCOME TAXES

Income tax in the income statement comprises taxes on taxable income for the period and deferred taxes. Taxes on the profit for the financial year are calculated on taxable income on the basis of the tax rate in force in Finland. Taxes are adjusted for taxes for previous periods.

Deferred taxes have been calculated by applying the tax rates in force by the balance sheet date.

A tax asset is recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

REVENUE RECOGNITION

Goods sold and services rendered

Revenue from the sale of goods is booked when significant risks and benefits connected with the ownership of the goods have been transferred from the seller to the purchaser. In calculating revenue, sales income has been adjusted for indirect taxes and discounts. Revenue from services is recorded when the service has been rendered.

Non-current assets held for sale and discontinued operations

Non-current assets and assets related to the discontinued operations and liabilities are classified as held for sale if their carrying amount will be recovered principally through their disposal rather than through their continuing use. The prerequisites for the classification as held for sale are considered to be fulfilled when the sale is very probable and the assets can be sold immediately in their present condition at common and ordinary terms, when the management is committed to the sale and the sale is expected to take place within a year from the classification.

Before the classification of assets as held for sale, the assets or assets and liabilities of a disposal group are measured according to the appropriate IFRS standards. As from the date of classification the assets as held for sale are measured at their carrying amount or at the lower rate of the carrying amount of fair value net of costs to sell. Depreciations of these assets have been ceased at the date of classification.

The result of discontinued operations is presented as a separate item in the consolidated income statement. The assets for sale and the related items recorded directly in equity as well as the debt for the disposal group are presented in the balance sheet separately from other asset items.

The comparative information in the income statement is adjusted for operations classified as discontinued. Consequently, the result of discontinued operations is presented as a separate line item also for the comparatives.

The sale of the operations in the Vaasa factory on 31 December 2014 has been classified in the financial statements as discontinued operations. In the financial year 2015, the Group had no discontinued operations.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Incap Group's financial assets have been classified in accordance with the IAS 39 standard in the following groups: financial assets at fair value through profit or loss, held-to-maturity investments, loans and other receivables and available-for-sale financial assets. The classification is made on the basis of the purpose for which the financial assets were acquired at the time they were originally acquired. Other financial assets presented in the financial statements are classified as available-for-sale financial assets. Available-for-sale financial assets consist mainly of unquoted shares and other shares that are not entered in the balance sheet at fair value because their fair value cannot be determined reliably.

Cash and cash equivalents consist of cash on hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum of a three-month maturity from the time of acquisition.

Financial liabilities are originally entered in the accounts at fair value on the basis of the consideration received. The transaction expenses of convertible bonds are included in the original carrying amount of the bonds. The fair value of the debt component of convertible bonds has been determined using the market interest rate on similar debt at the time of issuance. The debt component is recorded at amortised cost until it is extinguished by converting the bonds to shares or by repayment of the bonds. Because the equity component of convertible bonds is not material, it has not been recorded separately in the invested non-restricted equity reserve.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When financial statements are prepared, future scenarios and assumptions have to be made, the outcomes of which may differ from the original scenarios and assumptions. Judgement is also used in applying the accounting policies. In the consolidation of business operations, the Group has used external consultants when assessing the fair values of property, plant and equipment and intangible assets. Concerning property, plant and equipment, Incap has made comparisons with the market prices of similar products and assessed any impairment resulting from the age and wear of the assets and other similar factors affecting them. The determination of the fair value of intangible assets is based on estimates of cash flows related to the assets. It is the view of the management that the estimates and assumptions used are sufficiently accurate as a basis for the determination of fair value. The Group furthermore examines any indications of impairment on property, plant and equipment and intangible assets at least at every balance sheet date.

Estimates made in connection with the preparation of the financial statements are based on management's best knowledge at the balance sheet date. The estimates take into account previous experiences and assumptions which concern the future, are considered the most probable at the balance sheet date and are related to the expected development of the Group's financial operating environment in terms of sales and cost levels. The management's judgement and estimates have been used when testing goodwill and deferred tax assets. Changes are monitored on a regular basis using internal and external information sources, and potential changes in estimates and assumptions are recorded during the financial year when they are revised, and during all financial years thereafter.

The Group continuously assesses and monitors the amount of financing required for business operations so that the Group would have sufficient liquid assets to finance its operations and repay loans that mature. The aim is to guarantee the availability and flexibility of financing through overdraft facilities and other forms of financing.

In order to evaluate liquidity, Incap has prepared a 12-month cash flow estimate that is based on the Group's budget for 2016. Based on the cash flow estimate Incap does have sufficient working capital for the company's needs for the forthcoming 12 months.

Because the forecasts that form the basis of the cash flow calculation have previously deviated from the forecasts, there is an element of uncertainty associated with them.

Impairment testing

Incap Group annually tests goodwill for impairment. The testing is based on a cash flow estimate prepared on the basis of the budget and four-year business plan ratified by the management. Discount rate after taxes, forecast operating profit before depreciation and change in working capital are used as the key factors. The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. On the basis of the calculations, there are no indications of impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The value of shares in subsidiaries in the parent company is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. The value of the shares in subsidiaries has a significant impact on the equity capital and therefore on, for example, equity ratio. The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of the financial period.

The recoverable amounts used in the impairment test calculations are determined on the basis of value in use. The cash flow forecasts are based on the budget for the next financial period and four-year business plan prepared by the management and ratified by the Board of Directors.

The impairment of other assets is estimated annually as described above under Impairment. The recoverable amounts of cash-generating units have been determined by way of calculations based on the value in use. These calculations require the use of estimates.

Since the levels of revenue and operating profit before depreciation used in the impairment test calculations do not reflect the actual development during the preceding years, there is an element of remarkable uncertainty associated with them.

Deferred tax asset

Deferred tax assets have been recognised to the extent that is considered to be possible to utilise against future taxable income. The deferred tax asset is based on the Board of Directors' estimate of the company's future development during the next five years and the resulting imputed taxable profit.

There are no deferred tax assets recorded in the balance sheet of the financial statements for 2014 and 2015.

Segment information

The Incap Group does not have business or geographical segments which should be reported according to IFRS 8. The risks and profitability related to the Group's different business and geographical areas do not differ significantly from each other. The company's management regularly assesses future changes and, consequently, the possible formation of segments.

APPLICATION OF NEW OR AMENDED IFRS STANDARDS

The Group has taken into consideration the new standards and interpretations published during the period by the IASB and will introduce them in future accounting periods as they enter into force. The Group estimates that the new standards and interpretations will not have a material effect on the Group's financial statements in coming years.

As from 1 January 2015 the Group has applied the following new or updated standards and interpretations published by IASB:

- Specifications to effective standards, which have been published in 2013 and became valid during 2015 (Annual Improvements). The changes have had no impact on consolidated financial statements.
- Amendment IAS 19 concerning Employee Benefits. The changes have had no impact on consolidated financial statements.

Standards that will take effect in 2016 or later:

- IFRS 9 Financial Instruments: Classification and measurement. The amendment has no relevant impact on consolidated financial statements. [1)]
- IFRS 14 Regulatory deferral accounts. The amendment has no effect on consolidated financial statements. [1)]
- IFRS 15 Revenue from contracts with customers. The amendment has no relevant impact on consolidated financial statements.
- Amendments to standards IFRS 10, IFRS 12 and IAS 28 concerning investment entities. The amendment has no impact on consolidated statements. [1)]
- Amendments to standards IAS27 Separate Financial Statements. The amendment has no impact on consolidated financial statements. [1)]
- IFRS 16 Rental contracts. Amendments to Standard IAS17 concerning rental contracts. The amendments are estimated to increase the volumes of rental contracts to be recorded in the consolidated balance sheet but the impact most likely is not relevant for the entire scope of consolidated financial statements. Evaluation of the impact of this standard will be executed more in detail during the following financial period. [1)]
- Amendments to standard IAS1 Presentation of Financial Statements concerning Notes. The amendment has had no impact on consolidated financial statements.
- Specifications to previously effective standards, which are published in 2014 (Annual Improvements). The amendments have had no effect on consolidated financial statements.
- Amendments to standards IAS16 and IAS38 concerning depreciation of tangible and intangible assets. The amendment has had no impact on consolidated financial statements.
- Amendment to standards IFRS11 Joint arrangements concerning acquisition of holdings in joint operations. The amendment has had no impact on consolidated financial statements.
- Amendments to standards IAS16 and IAS41 concerning agriculture. The amendment has had no impact on consolidated financial statements.

[1)] These standards have not yet been approved to be followed in the EU.

1. NON-CURRENT ASSETS HELD FOR SALE

The company sold the operations of its mechanics factory in Vaasa on 31 December 2014, and the operations in the Vaasa factory have been interpreted to be discontinued operations. There were no sales of business operations in the Group in 2014 and 2015.

2. ACQUIRED OPERATIONS

No business acquisitions were made during financial years 2014 and 2015. Of the increase of goodwill in 2015, the exchange difference amounts to EUR 28 thousand.

3. REVENUE

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Revenue from the sale of goods	30,530	18,496
Revenue from the services	37	4
	30,566	**18,499**

Geographic division of external customers' revenue	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Europe	22,742	12,062
North America	2,055	1,681
South America	59	0
Asia	5,679	4,756
Africa	30	0
	30,566	**18,499**

The Group has two customers, whose revenue exceeds 10% of the Group's revenue. The combined share of these customers out of the Group's revenue is approximately 65%.

4. OTHER OPERATING INCOME

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Net gains on the disposal of property, plant and equipment	7	217
Other income	29	63
	36	**280**

5. RAW MATERIALS AND SERVICES

Raw materials and consumables	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Purchases during the financial year	22,066	12,420
Change in inventories	-1,311	359
	20,755	**12,778**
External services	228	47
	20,982	**12,825**

6. OTHER OPERATING EXPENSES

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Lease expenses	397	27
Operating and maintenance expenses for property and machinery	318	229
Other expenses	1,723	1,482
	2,437	**1,738**

Auditors' fees	1 Jan–31 Dec 2015	1 Jan-31 Dec 2014
Auditing fees	76	91
Certificates and statements	3	0
Tax advice	6	0
Other services	5	8
	90	**99**

7. DEPRECIATION AND AMORTISATION

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Depreciation and amortisation by assets class		
Intangible assets		
Other capitalised expenditure	21	0
Other long-term expenditures	2	0
	23	**0**
Tangible assets		
Buildings	57	52
Machinery and equipment	226	232
Other tangible assets	31	30
Total depreciation, amortisation and impairment losses	**337**	**314**

8. EMPLOYEE BENEFITS EXPENSE

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Wages and salaries	2,633	2,393
Pension costs - defined contribution plans	153	167
Pension costs - defined-benefit plans	28	72
Other statutory employer expenses	341	208
	3,154	**2,841**
Average number of Group's personnel during the period	**425**	**404**

Information on management's employee benefits is presented in Note 29 Related-party transactions.

9. FINANCIAL INCOME AND EXPENSES

Financial income	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Dividend income from available-for-sale financial assets	4	2
Interest income from other deposits	22	10
Interest income from trade receivables	1	1
Foreign exchange gains on liabilities	511	272
Other financing income	102	0
	640	**285**

Financial expenses	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Interest expenses from financial liabilities measured at amortised cost	349	286
Interest expenses (previous convertible loan)	11	28
Other interest expenses	9	68
Exchange rate losses	457	145
Other financial expenses	283	505
	1,109	**1,032**
Total financial income and expenses	**-470**	**-747**

Other financing income in 2015 include capital gain from the sale of the shares of Cleantech Invest Plc., amounting to EUR 74 thousand. Financing expenses in 2014 include an impairment of the shares of Clentech Invest Plc., amounting to EUR 137 thousand.

10. INCOME TAX

Income tax in the income statement	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Current tax on profits for the year	-1,210	-163
Income tax expense	**-1,210**	**-163**

Reconsillation of tax expenses in the income statement and taxes calculated on the basis of the 20% tax rate applicable in the Group's home country	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Profit before taxes	3,222	710
Tax at the applicable rate in the home country	-644	-142
Divergent tax rates of foreign subsidiaries	-520	-187
Tax-free income	27	132
Expenses that are not deductible	-2	-321
Non-recorded deferred tax	-71	518
Tax charge	**-1,210**	**0**

Deferred tax in the balance sheet

The Group does not have relevant deferred tax liabilities. The Group does not recognise deferred tax assets. See Note 15 for further information.

11. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period.

	2015	2014
Profit for the year attributable to equity holders of the parent	2,012	548
Weighted average number of shares during the period [1)]	191,771,653	163,671,053
Undiluted earnings per share, EUR/share	0.01	0.00
Profit for the year attributable to equity holders of the parent, continuing operations	2,012	151
Weighted average number of shares during the period [1)]	191,771,653	163,671,053
Weighted average number of shares used in calculating adjusted diluted earnings per share [1)]	191,771,653	163,671,053
Diluted earnings per share, EUR/share	0.01	0.00
Profit for the year attributable to equity holders of the parent, discontinued operations	N/A	396
Diluted earnings per share, EUR/share	N/A	0,00

[1)] The number of shares in the comparison year has been changed based on the share issue in 2015.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and advances	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2015	**389**	**1,042**	**43,196**	**872**	**45,499**
Increase	0	48	813	85	946
Decrease [1)]	0	0	-40,962	-565	-41,526
Reclassifications between items	0	9	45	20	74
Exchange differences	24	71	105	20	220
Acquisition cost, 31 Dec 2015	**413**	**1,169**	**3,198**	**433**	**5,213**
Accumulated depreciation and impairment losses, 1 Jan 2015	**0**	**-209**	**-42,948**	**-823**	**-43,980**
Depreciation	0	-56	-217	-31	-304
Reclassifications between items	0	-98	0	0	-98
Cumulative depreciation on reclassifications and disposals [1)]	0	0	40,962	565	41,526
Exchange differences	0	-19	-91	-17	-127
Accumulated depreciation and impairment losses, 31 Dec 2015	**0**	**-382**	**-2,294**	**-307**	**-2,983**
Carrying amount, 1 Jan 2015	389	833	248	49	1,519
Carrying amount, 31 Dec 2015	413	788	903	126	2,230

	Land	Buildings and advances	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2014	**351**	**945**	**43,387**	**876**	**45,559**
Increase	0	0	95	-40	55
Decrease	0	0	-446	0	-446
Reclassifications between items	0	0	-26	0	-26
Exchange differences	38	97	186	36	357
Acquisition cost, 31 Dec 2014	**389**	**1,042**	**43,196**	**872**	**45,499**
Accumulated depreciation and impairment losses, 1 Jan 2014	**0**	**-229**	**-42,724**	**-815**	**-43,768**
Depreciation	0	-52	-287	-20	-360
Increase	0	98	0	0	98
Cumulative depreciation on reclassifications and disposals	0	0	215	0	215
Exchange differences	0	-25	-152	11	-165
Accumulated depreciation and impairment losses, 31 Dec 2014	**0**	**-209**	**-42,948**	**-823**	**-43,980**
Carrying amount, 1 Jan 2014	351	715	663	62	1,791
Carrying amount, 31 Dec 2014	389	833	248	49	1,519

[1)] Decrease consist of fixed assets that have been disabled in the financial year or in previous years.

Finance leases
The Group does not have valid financial leases

13. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
Acquisition cost, 1 Jan 2015	**2,399**	**4,158**	**6,557**
Decrease [1)]	-1,489	-3,168	-4,657
Reclassifications between items	0	24	24
Exchange difference	28	61	89
Acquisition cost, 31 Dec 2015	**938**	**1,075**	**2,013**
Accumulated amortisation and impairment losses, 1 Jan 2015	**-1,489**	**-4,102**	**-5,591**
Amortisation	0	-23	-23
Cumulative depreciation on sales of assets in Group companies [1)]	1,489	3,168	4,657
Exchange difference	0	-58	-58
Accumulated amortisation and impairment losses, 31 Dec 2015	**0**	**-1,014**	**-1,014**
Carrying amount, 1 Jan 2015	910	56	966
Carrying amount, 31 Dec 2015	938	61	999
Acquisition cost, 1 Jan 2014	**2,355**	**4,158**	**6,513**
Exchange difference	44	0	44
Acquisition cost, 31 Dec 2014	**2,399**	**4,158**	**6,557**
Accumulated amortisation and impairment losses, 1 Jan 2014	**-1,489**	**-4,078**	**-5,567**
Exchange difference	0	-24	-24
Accumulated amortisation and impairment losses, 31 Dec 2014	**-1,489**	**-4,102**	**-5,591**
Carrying amount, 1 Jan 2014	866	80	946
Carrying amount, 31 Dec 2014	910	56	966

[1)] Decrease consist of fixed assets that have been disabled in the financial year or in previous years.

Recoverable amounts from cash generating units have been defined in calculations based on the value in use, and they involve use of estimates.

Testing for impairment is based on a cash flow estimate prepared on the basis of the budget and four-year business plan ratified by the management. According to the company's estimate there are no external or internal indications of the impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The goodwill of approx. EUR 0.9 million in the consolidated balance sheet refers to the Indian subsidiary. In the cash flow estimate, the revenue in India is estimated to grow 10–20% annually and the operating profit before depreciation is approx. 11%. Growth estimate of residual value is 2%. In the calculations of the financial year 2015 in India, a discount rate of 16.5% has been used (14.7 % in 2014).

Should the revenue used in the testing decrease by 9% or should the discount rate increase by less than 4.0 percentage point, there would be no need for write-down of shares. Revenue and profitability of India have improved favorably during the past few years and there is estimated to be no need or risk of any impairment.

In impairment testing of goodwill, the residual value of future cash flows is 60% of the cash flows in the calculations for value in use.

Testing of impairment is described also in the Notes to the Consolidated Financial Statements under Impairment of assets and Impairment testing.

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2015	2014
Publicly quoted shares	6	174
Total available-for-sale investments at the end of the year	**6**	**174**

The fair value of publicly quoted investments in shares does not differ materially from their carrying amount. The value of investment was written down by EUR 137 thousand in 2014 and the shares were sold in 2015.

15. DEFERRED TAX ASSETS AND LIABILITIES

There are no deferred tax assets recorded in the balance sheet of the financial statements for 2014 or during the year 2015.

Parent company's loss from the taxation year 2005 (EUR 1.8 million) expired in 2015. On 31 December 2015, confirmed tax losses for which no deferred tax asset was recognised amounted to EUR 28.3 million. Tax losses will expire in years 2016–2025.

16. INVENTORIES

	2015	2014
Raw materials and supplies	3,720	2,514
Work in progress	348	261
Finished goods	550	435
Advance payments	555	161
	5,172	**3,371**

17. TRADE AND OTHER RECEIVABLES

Trade and other receivables – non-current	**2015**	**2014**
Tax and other receivables from authorities in Indian subsidiary	829	897
Other non-current receivables	49	8
	878	**906**

Trade and other receivables - current	**2015**	**2014**
Trade receivables	5,886	5,174
Loan receivables	21	18
Prepaid expenses and accrued income	737	357
Other receivables	126	37
	6,771	**5,585**

The fair values of receivables do not differ from their carrying amount. Receivables are not exposed to any significant credit risks.

Aging structure of trade receivables and items recorded as credit losses	**2015**	**2014**
Not past due	5,273	4,312
Past due		
Less than 30 days	429	550
30–60 days	55	137
61–90 days	71	30
More than 90 days	58	146
	5,886	**5,174**
Items recorded as credit losses	16	10

Distribution of current receivables by currency, EUR	**2015**	**2014**
USD	3,411	1,747
INR	2,387	1,630
EUR	974	2,207
	6,771	**5,585**

18. CASH AND CASH EQUIVALENTS

	2015	2014
Cash and bank accounts	2,065	1,873
Short-term investments	3	0
	2,068	**1,873**

The cash and cash equivalents according to the cash flow statement comprise same items.

19. NOTES TO THE STATEMENT OF CHANGES IN EQUITY

	Number of shares	Equity	Share premium account
31 Dec 2015	218,228,070	20,487	44
31 Dec 2014	109,114,035	20,487	44

The share's accounting countervalue at the balance sheet date is approximately EUR 0.09. The shares are fully paid in.

After the balance sheet date, the Board of Directors has proposed that no dividend be paid out.

20. PENSION OBLIGATIONS

The Group has both defined-contribution and defined-benefit pension plans. Defined-benefit pension plans are only employed in the subsidiary in India. In defined-benefit pension plans, the amount of the pension benefit at the time of retirement is determined on the basis of certain factors, such as salary and years of employment.

Defined-benefit pension liability in the balance sheet is determined as follows:	**2015**	**2014**
Present value of funded obligations	366	327
Fair value of plan assets	-128	-104
Underfunding/overfunding	238	223
Amounts in the balance sheet:		
Liability	238	223

Defined-benefit pension expenses recognised in the income statement	**2015**	**2014**
Pension costs based on current period's service	21	14
Benefit-related interest expense	30	22
Expected return on plan assets	-9	-8
Actuarial gains (+) and losses (-)	-14	44
Total	**28**	**72**

Actual return on plan assets was EUR 9 thousand in 2015 (EUR 6 thousand in 2014).

Changes in the present value of the defined benefit obligation	**2015**	**2014**
Defined benefit obligation at 1 January	347	244
Current service cost	20	15
Interest cost	29	23
Actuarial gains (+) and losses (-)	-13	45
Benefits paid	-17	-1
Defined benefit obligation at 31 December	**366**	**327**

Changes in the fair value of plan assets	**2015**	**2014**
Fair value of plan assets at 1 January	111	98
Expected return on plan assets	9	8
Actuarial gains (+) and losses (-)	0	-1
Contributions by employer	26	0
Benefits paid	-17	-1
Fair value of plan assets at 31 December	**128**	**104**

Plan assets are comprised as follows:	**2015**	**2014**
Funds managed by insurer	128	104

The principal actuarial assumptions used on 31 December	**2015**	**2014**
Asia		
Discount rate	8.15%	8.15%
Expected return on plan assets	8.00%	8.00%
Future salary increases	8.00–10.00%	8.00–10.00%

Amounts for the current and previous two periods	**2015**	**2014**	**2013**
Change from previous year	12.03%	48.36%	3.36%
Present value of defined benefit obligation	366	327	220
Fair value of plan assets	128	104	88
Surplus (+) / deficit (-)	238	223	132
Experience adjustments on plan liabilities	-13	25	8
Experience adjustments on plan assets	0	-1	1

The Group expects to contribute EUR 0.01 million to its defined benefit pension plans in 2016.

21. RESTRUCTURING PROVISION AND OTHER PROVISIONS

Expense reserve	
1 January 2015	81
Used provisions	-23
31 December 2015	**59**
1 January 2014	1,006
Used provisions	-925
31 December 2014	**81**

Reserves of 31 December 2014 and 31 December 2015 consist of the own risk for unemployment insurance funding.

22. INTEREST-BEARING AND NON-INTEREST-BEARING LIABILITIES

Non-current financial liabilities measuret at amortised cost

	2015	2014
Bank loans	3,949	0
Pension loans	321	210
Other loans	46	46
	4,317	**256**

Current financial liabilities measured at amortised cost

	2015	2014
Bank loans	2,550	6,955
Other loans	753	1,899
OP-loan (previous convertible loan 2007)	0	239
	3,303	**9,093**

The fair values of liabilities are presented in Note 25 Fair values of financial assets and liabilities.

During comparison year, the non-current bank loans amounting to EUR 3.0 million were transferred to current financial liabilities due to the breach of covenants. Further information is given in the report of the Board of Directors in chapter Short-term risks and factors of uncertainty concerning operations as well as in Note 24 Management of financial risks, liquidity risk.

Of non-current financial liabilities, EUR 0 million are due to be paid off in more than five years (EUR 0 million in 2014). The Group's bank loans have variable interest rates. At the balance sheet date, the Group's average interest rate is 4.25% (7.57% in 2014).

Forthcoming payable interest and instalments of loans

	2015	2014
Less than 6 months [1]	4,197	3,740
6–12 months	383	3,130
1–5 years	3,402	3,111
More than 5 years	0	0
	7,981	**9,981**

[1] Includes limit from Axis-bank (EUR 1,857 thousand), which is an open-ended short-term limit.

The forthcoming instalments and interests have been calculated based on the present effective loan agreements.

Distribution of interest-bearing liabilities by currency, EUR

Non-current liabilities	2015	2014
USD	335	0
INR	321	210
EUR	3,661	46
	4,317	**256**

Current liabilities	2015	2014
USD	1,973	935
INR	76	340
EUR	1,253	7,818
	3,303	**9,093**

23. PROVISIONS, TRADE AND OTHER PAYABLES

Non-current	2015	2014
Trade payables	250	0

Current	2015	2014
Trade payables	2,797	1,726
Accrued liabilities	682	968
Short-term provisions	868	491
Other liabilities	261	432
	4,607	**3,617**
Total	**4,857**	**3,617**

Material items in accrued liabilities are related to interest, rent and salary expenses.

Distribution of non-interest-bearing liabilities by currency, EUR	2015	2014
USD	1,914	117
JPY	6	0
HKD	1	1
INR	1,999	1,967
EUR	937	1,531
	4,857	**3,617**

Incap and Finnish Tax Administration had agreed on 15 October 2014 on a new payment arrangement concerning to value-added taxes and social security contributions. The last instalment was paid in September 2015.

24. MANAGEMENT OF FINANCIAL RISKS

The nature of the Incap Group's business exposes the company to currency, interest rate, credit and liquidity risks. The objective of the Group's financial risk management policy is to minimise the adverse effects of changes in financial markets on its result and cash flow.

The company's financial department identifies and assesses the risks, obtains the necessary instruments for hedging the risks and reports to the President and CEO and the Board of Directors on these risks and any changes in them. Hedging transactions are carried out in accordance with the principles approved by the Group's Board of Directors. Currency forward contracts, currency loans and interest rate swaps are used in risk management, whenever necessary. The financial structure of subsidiaries is planned, assessed and controlled with a view to the management of financial risks.

CURRENCY RISKS

Because the Incap Group operates in the euro zone and Asia, the company's business involves currency risk. In accordance with its risk management policy, the company aims to hedge itself from currency risks with currency options and currency forward contracts. In the Estonian company, a part of material purchases is made in USD. The respective transaction position is taken into consideration when calculating the company-specific position and is hedged in accordance with the currency risk policy. The company does not apply hedge accounting in accordance with IAS 39.

The short-term working capital financing liabilities of the Indian subsidiary are mainly USD-denominated, and the company additionally has an overdraft facility denominated in the Indian rupee.

Incap uses the subsidiary's home currency (Indian rupee, INR) in invoicing between the parent company and the subsidiary. Therefore, exposure to transaction risk concerns almost completely the Group's parent company and the foreign subsidiary is not exposed to substantial transaction risk. The risk exposure of the parent company's balance sheet is hedged with forward exchange agreements and options when necessary.

In line with the Group's currency risk policy the euro-denominated investment made in the subsidiary in India was not hedged during the financial year. The currency exchange differences arising from the investment are presented under exchange differences in the Group's non-restricted equity. Strengthening of INR exchange rate in relation to EUR by 15% increases the Group's equity by EUR 82 thousand while weakening of INR exchange rate in relation to EUR by 15% decreases the Group's equity by EUR 116 compared with the exchange difference at 31 December 2015.

INTEREST RATE RISK

At the balance sheet date, interest-bearing liabilities in the consolidated balance sheet totalled EUR 7.6 million. Only a minor part of the interest-bearing liabilities have a fixed rate. The weighted average duration of the interest-bearing non-current loan at the balance sheet date is 2.5 years. The Group has not carried out special hedging measures against interest rate risks during the financial year.

The Group analyses its interest rate exposure by preparing calculations of the defined interest rate change on the company's result, when needed. Calculations are made only for the loans that have the largest impact on the overall interest rate exposure. A change of +1%/-1% in the market interest rates of variable rate loans would change the Group's annual interest rate expenses by EUR +/- 72 thousand at 31 December 2015.

CREDIT RISK

The principles and responsibilities of credit control are defined in the Group's documented operating methods. The Group has significant receivables from several large Finnish and global customers. These customers are well-established, long-standing and creditworthy. When a new customer relationship is established, the company assesses the annual volume generated by the new business, its share in revenue and the customer's creditworthiness.

A total of EUR 16 thousand of credit losses were recorded during the financial year. During 2015 the Group has not renegotiated payment terms for receivables that would otherwise have been due or that would have decreased in value. No credit insurance has been used to hedge trade receivables.

The aging structure of trade receivables is presented in Note 17.

LIQUIDITY RISK

The Group continuously evaluates and monitors the amount of financing required by business operations, so that it has sufficient liquid funds to finance operations and repay due loans. The company strives to ensure the availability and flexibility of financing by using credit facilities and other forms of financing.

Incap's main sources of financing are cash flow from operations, loans raised from financial institutions and share issues. Cash flow from operations has not been sufficient to loan repayments and investments during the past few years.

The company has arranged share issues during 2012–2014. In the rights issue in 2015, new shares in worth of EUR 2.2 million were subscribed.

The company's interest-bearing liabilities on 31 December 2015 amounted to EUR 7.6 million (9.3 million on 31 December 2014). Of this amount, EUR 6.5 million is bank loan and EUR 2.7 million out of it concerns the Indian subsidiary. During the financial year there was a separate credit line opened for the Estonian subsidiary in an Estonian bank, out of which EUR 0.7 was in use at the end of the financial period.

STATUS OF THE COMPANY'S FINANCING ON 31 DECEMBER 2015

Loans from credit institutions	Balance on 31 Dec 2015	Balance on 31 Dec 2014	Expiry date
1. Factoring limit (< EUR 1.2 million)	753	608	for the present
2. Account with credit facility (< EUR 1.5 million)	1,077	1,410	for the present
3. Bank loan in Finland	0	68	29 Jan 2015
4. Bank loan in Finland	1,567	1,912	29 Oct 2018
5. Bank loan in Finland	824	824	6 Aug 2017
6. Bank loan in Finland	463	495	16 Oct 2018
7. Bank loan in Finland	184	364	29 Jan 2017
8. Account with credit facility in India	2,384	1,275	several
9. Finnfund's investment in Indian operations	0	1,899	22 Jul 2015
Total	**7,252**	**8,854**	
Other loans			
OP-loan (previous convertible loan 2007)	0	239	30 Jun 2015
Other loans	46	46	1 Sep 2018
Pension loan (India)	321	210	–
Total	**367**	**496**	
Total	**7,620**	**9,349**	

The company agreed in the beginning of the year 2015 that the covenants related to the loans, credit line and factoring credit line include only EBITDA and equity ratio, which are reviewed every six month until 30 June 2018. EBITDA is calculated for the rolling 12 months except in the first review for the preceding 6 months. One condition for the new instalment schedule is that the company will have a share issue strengthening the equity. The bank has the right to terminate the contracts within a notice period of 45 days should the covenants not be met. The company met the covenant levels in both review dates on 30 june 2015 and on 31 December 2015.

	30 Jun 2015	31 Dec 2015	30 Jun 2016
EBITDA, EUR million	0.5	1.3	1.5
Equity ratio, %	7.5	7.5	10.0

Finnfund's investment made in 2009 was paid back in full during the financial period as was the so-called OP-loan (previous convertible loan).

Forthcoming instalments and interests are described in the Note 22.

Based on the cash flow estimate prepared in connection with the financial statements, the company estimates that the company's working capital will cover the requirement for the next 12 months.

CAPITAL MANAGEMENT

The aim of the Group's capital management activities is to support business operations with an optimal capital structure by ensuring normal resources for operations and increasing shareholder value with the goal of generating the best possible return. An optimal capital structure also guarantees smaller capital expenses.

The trend in the Group's capital structure is constantly tracked with gearing. On 31 December 2015, the Group's interest-bearing net liabilities totalled EUR 5.6 million (EUR 7.5 at 31 Dec 2014) and its gearing was 98.3% (523.9% at 31 Dec 2014). Gearing is calculated by dividing interest-bearing net liabilities by equity. Net liabilities equal interest-bearing liabilities less interest-bearing receivables and cash and cash equivalents. On 31 December 2015, the equity ratio was 31.2% (9.9% at 31 Dec 2014).

25. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets do not differ from their carrying amount.

Financial liabilities	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Bank loans	6,499	6,499	6,955	6,955
Pension loans	321	321	210	210
OP-loan (previous convertible loan 2007)	0	0	239	239
Other interest-bearing loans	799	799	1,945	1,945
Trade and other payables	4,857	4,857	3,617	3,338

The fair value of current liabilities do not differ materially from their carrying amount.

Discount rates applied in determining fair value	2015	2014
Bank and other loans	2.75–11.25%	2.22–10.00%

On the date of the financial statements, the company has no financial assets and liabilities at fair value through profit and loss.

26. ADJUSTMENTS TO CASH FLOWS FROM OPERATIONS

	2015	2014
Non-cash transactions	-13	120
Use of provision for rents in Estonia	0	-472
Use of provision for salaries	0	-129
Depreciation and impairment losses	311	338
Change in finance lease agreements due to IFRS adjustments	0	22
Gains (–) and losses (+) of disposals of fixed assets and other non-current assets	-5	-230
Other items recognised directly to equity	0	-177
	292	**-528**

27. OPERATING LEASES

The Group has leased the production and office space in Estonia. Lease agreements ending on a fixed date include an option of continuing the agreement after the original expiry date. The index, renewal and other terms of the agreements differ from each other.

Non-cancellable operating leases also include equipment leases, which are not classified as finance leases under IFRS.

The Group as lessee

Minimum lease payments under non-cancellable operating leases, excluding value added tax

	2015	2014
Less than 1 year	304	372
1–5 years	851	1,327
	1,155	**1,698**

The income statement for 2015 includes EUR 0.3 million of lease expenses paid for operating leases (EUR 0.4 million in 2014).

28. CONTINGENT LIABILITY, ASSETS AND RESPONSIBILITIES

	2015	2014
Bank loans with collaterals given	**7,252**	**6,347**
Collateral given on behalf of own commitments		
Mortgages	2,535	2,345
Business mortgages	12,113	12,113

Furthermore, the credit line of Nordea amounting EUR 1.5 million has been guaranteed by the shares of Indian subsidiary.

	2015	2014
Repurchase liability for trade receivables sold to finance companies	753	823

29. RELATED-PARTY TRANSACTIONS

Management's employee benefits	2015	2014
Salaries and other current employee benefits	370	454
	370	**454**

Fredrik Berghel, the acting CEO as from 20 September 2013 until 23 June 2014 was working in his position based on a consulting agreement and he had no period of notice. As from 23 June 2014, Ville Vuori was appointed as President and CEO. The pension benefits of the President and CEO and other members of the Group Management Team are determined in accordance with the Employment Pensions Act (TyEL).

Wages and salaries	2015	2014
President and CEO	182	75
Board members		
Lassi Noponen	15	19
Susanna Miekk-oja	34	0
Raimo Helasmäki	12	13
Fredrik Berghel	8	13
Rainer Toiminen	7	0
Carl-Gustav von Troil	7	0
Olle Hulteberg	11	13

The wages and salaries for the Bord of Directors cover the period until 31 December 2015. Some of the salaries had accumulated in 2014. No meeting fees were paid in 2014 and 2015.

At the end of the financial year, the members of the Board and the President and CEO and their interest parties and controlled corporations held a total of 93,016,656 shares, i.e. approximately 42.6% of all shares and votes.

The Board members Fredrik Berghel and Olle Hulteberg were holding their position based on a consulting agreement approved by the Extraordinary General Meeting until 10 April 2014, after which they have been receiving the Board member fee. Olle Hulteberg and Fredrik Berghel own both 36.7% of Inission AB, which is the biggest shareholder of Incap Corporation holding 41.5% of all shares and votes.

30. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Group has no events to report after the balance sheet date.

31. DISCONTINUED OPERATIONS

Incap sold the operations of its mechanics factory in Vaasa to the local management on 31 December 2014, when the business operations were transferred to the buyer. The transaction covered the business operations of the Vaasa factory including fixed assets and inventories, contracts, customers and personnel.

The operations of the Vaasa mechanics factory have been interpreted as discontinued operations, and its result is presented in the income statement separately as one figure ”Profit/loss of the discontinued operations.”

1,000 euros	**1 Jan–31 Dec 2014**
Revenue	5,686
Other operating income	34
Changes in inventories of finished goods and work in progress	-62
Raw materials and consumables used	1,837
Personnel expenses	2,767
Depreciation and amortisation	45
Other operating expenses	1,056
Operating profit/loss	**-45**
Profit/loss before tax	**-45**
Profit/loss for the year	**-45**
Attributable to	
Equity holders of the parent company	-45
	-45
Inventories	-682
Fixed assets	-257
Personnel debt	400
Expenses	-26
Loss 2014	-45
Total equity and liabilities	**-610**
Receivable on the transaction in the balance sheet	1,006
Profit/loss of discontinued operations	**396**

PARENT COMPANY INCOME STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Revenue [1]	1	1,104	7,113
Changes in inventories of finished goods and work in progress	3	0	-62
Other operating income	2	2	497
Raw materials and services	3	4	3,166
Personnel expenses	4	609	3,307
Depreciaton, amortisation and impairment losses	5	6	53
Other operating expenses	6	770	1,989
Operating profit/loss		**-282**	**-968**
Financial income and expenses	7	-490	-1,710
Profit/loss before extraordinary items		**-773**	**-2,677**
Profit/loss for the financial year		**-773**	**-2,677**

[1] The parent company's group services for subsidiaries are presented in the parent company's revenue as from 2015 onwards. The comparison figures for 2014 have been adjusted accordingly.

PARENT COMPANY BALANCE SHEET

1,000 euros	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	8	0	6
Investments	9		
Holdings in Group companies		12,300	12,940
Other investments		6	174
Total non-current assets		**12,306**	**13,120**
Current assets			
Non-current receivables	10	0	899
Current receivables	10	1,138	2,127
Cash in hand and at bank		408	6
Total current assets		**1,546**	**3,032**
Total assets		**13,852**	**16,152**
LIABILITIES			
Equity	11		
Share capital		20,487	20,487
Share premium account		44	44
Reserve for invested unrestricted equity		16,804	14,622
Retained earnings		-27,195	-24,517
Profit for the financial year		-773	-2,677
Total equity		**9,368**	**7,958**
Liabilities			
Non-current liabilities	12	3,661	46
Current liabilities	13	823	8,147
Total liabilities		**4,484**	**8,194**
Total equity and liabilities		**13,852**	**16,152**

PARENT COMPANY'S CASH FLOW STATEMENT

1,000 euros	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flow from operating activities		
Operating profit/loss	-282	-968
Adjustments to operating profit/loss	174	-122
Change in working capital	679	2,303
Interest paid	-643	-389
Shares received	4	0
Interest received	58	1
Cash flow from operating activities	**-9**	**825**
Cash flows from investing activities		
Proceeds from sales of tangible and intangible assets	0	24
Return of subsidiary's equity capital	422	0
Transfer income from shares	268	0
Cash flow from investing activities	**690**	**24**
Cash flows from financing activities		
Proceeds from share issue	1,993	0
Loans granted	-445	0
Repayment of current loans	-1,805	-847
Cash flow from financing activities	**-256**	**-847**
Exchange rate change in cash and cash equilevants	-23	0
Change in cash and cash equivalents	**402**	**2**
Cash and cash equivalents at the beginning of the financial year	6	4
Cash and cash equivalents at the end of the financial year	**408**	**6**
Change in working capital		
Change in current trade receivables	1,419	2,864
Decrease in inventories	0	827
Change in current liabilities	-740	-1,388
	679	**2,303**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICIES

PRINCIPLES OF MEASUREMENT AND PERIODISATION

Non-current assets

Non-current tangible and intangible assets are recorded in the balance sheet at historical cost less depreciation according to plan and amortisation. Investment grants received have been entered as a credit to the corresponding asset item. Depreciation according to plan has been calculated according to the straight-line method on the basis of the useful life of the property, plant and equipment.

INTANGIBLE ASSETS

- Goodwill 5–6 years
- Goodwill on consolidation 5 years
- Other intangible rights 3–5 years

TANGIBLE ASSETS

- Buildings and structures 18–24 years
- Machinery and equipment 3–10 years
- Vehicle fleet 3–5 years

Financial assets and management of financial risks

Trade receivables and payables are not exposed to significant interest rate or foreign currency risks. The company has however carried out hedging measures against exchange rate fluctuations during the financial year according to the company's protection policy.

Foreign currency transactions

Items denominated in foreign currency have been translated at the average rate stated by the European Central Bank at the balance sheet date. Exchange differences between sales and purchases have been allocated as a credit or debit to said items.

Leases

In the parent company's financial statements, lease payments for property, plant and equipment obtained on a finance lease are included as lease expenses in other operating expenses.

Periodisation of pension expenses

Employees' pension security including supplementary benefits has been insured with pension insurance companies. Pension expenses are recognised as an expense during their year of accrual.

Income taxes

Incap Corporation has, for taxation purposes, unused losses amounting to EUR 28.3 million, which have been approved and can be utilised in the years 2016–2025.

Impairment testing of shares in subsidiaries

The value of shares in subsidiaries in the parent group is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. The value of the shares has a significant impact on the parent company's equity and therefore on, for example, equity ratio.

The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of December 2015.

The recoverable amounts used in the impairment test calculations are determined on the basis of value in use.

The cash flow forecasts are based on the budget for the next financial period and four-year business plan prepared by the management and ratified by the Board of Directors.

The shares of the Estonian subsidiary were written down by approximately EUR 1.0 million in 2014. There is considered to be no need for further downgrading in 2015. Since the levels of revenue and operating profit before depreciation used in the calculations of the Estonian subsidiary do not reflect the actual development during the preceding years, there is an element of uncertainty associated with them.

The business development of the Indian subsidiary has been favourable and there are no indications of impairment of its shares.

1. REVENUE

Revenue by market area	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Finland	2	5,630
Europe	25	1,090
Other	1,077	393
	1,104	**7,113**

The parent company's group services for subsidiaries are presented in the revenue of the parent company as from 2015 onwards. The comparison figures for 2014 have been adjusted accordingly.

2. OTHER OPERATING INCOME

	2015	2014
Capital gains on the sale of property, plant and equipment	0	24
Other income	2	473
	2	**497**

3. RAW MATERIALS AND SERVICES

	2015	2014
Raw materials and consumables		
Purchases during the financial year	0	1,410
Change in inventories	0	145
	0	**1,556**
External services	4	1,671
	4	**3,227**

4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2015	2014
Average number of employees		
White-collar	5	21
Blue-collar	0	55
	5	**76**
Personnel expenses		
Wages and salaries	435	2,727
Pension expenses	54	474
Other social security expenses	120	106
	609	**3,307**
Salaries and bonus of the management		
President and the Board	266	133
	266	**133**

5. DEPRECIATION AND AMORTISATION

	2015	2014
Depreciation according to plan	6	53

The specification of depreciation and amortisation for individual balance sheet items is included in Note 10 Property, plant and equipment. The depreciation and amortisation periods are presented in the accounting policies.

6. OTHER OPERATING EXPENSES

	2015	2014
Lease payments	70	537
Maintenance expenses for machinery and properties	104	489
Other expenses	595	963
	770	**1,989**
Auditors fees		
KHT-Group Ernst & Young Oy Auditing fees	37	54
Certificates and statements	2	0
Tax advice	6	0
Other services	3	8
	47	**62**

7. FINANCIAL INCOME AND EXPENSES

	2015	2014
Dividend income		
From other companies	4	2
Other interest and financial income		
From Group companies	4	0
From other companies [1]	165	7
Interest paid and other financial expenses		
To Group companies	17	0
To other companies	647	1,719
	-490	**-1,710**

[1] Other income includes capital gain of EUR 74 thousand from the sale of Cleantech Invest Plc's shares.

8. INTANGIBLE AND TANGIBLE ASSETS

Intangible assets

	Intangible rights	Goodwill	Other long-term expenditure	Total
Acquisition cost, 1 Jan 2015	1,591	16,337	1,724	19,652
Decrease [1)]	-1,588	-16,337	-1,722	-19,647
Acquisition cost, 31 Dec 2015	**4**	**0**	**2**	**6**
Accumulated amortisation and impairment losses, 1 Jan 2015	-1,588	-16,337	-1,722	-19,647
Cumulative depreciation of decreases [1)]	1,588	16,337	1,722	19,647
Amortisation during the year	-4	0	-2	-6
Accumulated amortisation, 31 Dec 2015	**-4**	**0**	**-2**	**-6**
Carrying amount, 31 Dec 2015	0	0	0	0
Carrying amount, 31 Dec 2014	4	0	2	6

[1)] Decreases cover the depreciations of capital assets during the financial period 2015 or previous periods

Tangible assets

	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2015	**23,869**	**544**	**24,413**
Decrease [1)]	-23,869	-544	-24,413
Acquisition cost, 31 Dec 2015	**0**	**0**	**0**
Accumulated depreciation and impairment losses, 1 Jan 2015	**-23,869**	**-544**	**-24,413**
Cumulative depreciation of decreases [1)]	23,869	544	24,413
Depreciation during the financial period	0	0	0
Accumulated depreciation, 31 Dec 2015	**0**	**0**	**0**
Carrying amount, 31 Dec 2015	0	0	0
Carrying amount, 31 Dec 2014	0	0	0

[1)] Decreases cover the depreciations of capital assets during the financial period 2015 or previous periods

9. INVESTMENTS

	Holdings	Receivables from Group companies	Other shares	Total
Acquisition cost, 1 Jan 2015	**9,164**	**3,776**	**174**	**13,114**
Decrease	-640	0	-167	-807
Reclassifications between items	3,776	-3,776	0	0
Impairment in shares	0	0	-1	-1
Acquisition cost, 31 Dec 2015	**12,300**	**0**	**6**	**12,306**
Carrying amount, 31 Dec 2015	12,300	0	6	12,306
Carrying amount, 31 Dec 2014	9,164	3,776	174	13,114

FINANCIAL STATEMENTS 31 DECEMBER 2015

The Group's equity at the close of the financial perios was EUR 5.6 million (EUR 1.4 million in 2014) and the parent company's equity was EUR 9.4 million (EUR 8.0 million in 2014). The equity of the Group is weakened by the loss of the parent company.

The value of shares in subsidiaries in the parent company is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. In the financial statements of the parent company, the value of the Indian subsidiary's shares in the balance sheet is approximately EUR 8.2 million and the value of the Estonian subsidiary approximately EUR 4.1 million. The value of the shares in subsidiaries has a significant impact on the parent company's equity and accordingly on equity ratio, among others. The impairment testing of shares in subsidiaries has been carried out based on the situation at the close of the financial period 2015. The recoverable amounts used in the impairment test calculations are determined on the basis of use value.

The cash flow forecasts are based on the budget for next financial period and the four-year business plan prepared by the management and ratified by the Board. In cash flow estimates, the revenue in India is estimated to grow by 10–20% annually and the operating profit before depreciation is 10–11%. In cash flow estimates, the revenue in Estonia is estimated to grow by 20–40% annually and the operating profit before depreciation is 2–6%. The residual value is estimated to grow by 2%.

The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. In the calculations for the financial period 2015, the discount rate of 16.5% has been used in India and 9.8% in Estonia.

Shoud the revenue used in the testing decrease by approximately 19% in India or 29% in Estonia, or should the discount rate increase by less than 4.0 percentage points in India and 4.3 percentage points in Estonia, there would be no need for write-down of shares.

The profitability in the Indian subsidiary is at a good level and there is no need or risk of related write-down. As to the Estonian subsidiary, the levels of revenue and operating profit before depreciation used in the impairment test calculation do not reflect the actual development during preceding years, and therefore there is an element of uncertainty associated with them.

88% of the business value of the Estonian subsidiary consists of a so-called residual value. In the financial statements for 2014 the value of the shares in the Estonian subsidiary was decreased by EUR 1.0 million. It is considered to have no need for further write-down of the shares of the Estonian subsidiary in 2015. The revenue of the Estonian subsidiary increased in 2015 by approximately 72% and the operating profit before depreciation was approximately 8% negative.

GROUP COMPANIES

Incap Electronics Estonia OÜ, Kuressaare, Estonia
Incap Contract Manufacturing Services Pvt. Ltd., Bangalore, India
Euro-ketju Oy, Helsinki, Finland
Incap Hong Kong Limited, Hong Kong

Incap Corporation owns 100% of Incap Electronics Estonia OÜ, Incap Hong Kong Ltd and Incap Contract Manufacturing Services Pvt. Ltd. Share capital investment of Finnfund, which was 22.5% of the share capital of Incap Contract Manufacturing Services PVt. Ltd, has been terminated during the financial year. All companies are combined in the parent company consolidated financial statements.

10. RECEIVABLES

	2015	2014
Non-current		
Amount owed by Group companies		
Trade receivables	0	899
	0	899
Current		
Trade receivables	4	1,850
Amount owed by Group companies		
Trade receivables	657	162
Interest receivables	3	0
Other receivables	446	0
	1,106	**162**
Other receivables	18	0
Prepaid expenses and accrued income	9	116
Total receivables	**1,138**	**3,026**
Material items in accrued income		
Other	9	116
Total	**9**	**116**

11. EQUITY

	2015	2014
Subscribed capital, 1 Jan	20,487	20,487
Subscribed capital, 31 Dec	20,487	20,487
Share premium account, 1 Jan	44	44
Share premium account, 31 Dec	44	44
Total restricted equity	**20,531**	**20 531**
Reserve for invested unrestricted equity 1 Jan	14,622	14,622
Share issue	2,182	0
Reserve for invested unrestricted equity 31 Dec	16,804	14,622
Retained earnings, 1 Jan	-27,195	-24,517
Retained earnings, 31 Dec	-27,195	-24,517
Profit for the financial year	-773	-2,677
Total non-restricted equity	**-11,163**	**-12,573**
Total equity	**9,368**	**7,958**
Distributable funds		
Reserve for invested unrestricted equity	16,804	14,622
Retained earnings	-27,195	-24,517
Profit/loss for the financial year	-773	-2,677
	-11,163	**-12,573**

The Group does not have distributable funds.

Equity on 31 December 2015	9,368	
Equity according to the Companies Act, Chapter 20, § 23	9,368	
Half of the share capital	10,243	
	-876	

On 31 December 2015 the parent company's equity is EUR 9,368 thousand, i.e. less than half of the share capital. On 31 March 2015, the annual general meeting decided on reduction of share capital. Because the decision of annual general meeting was not recorded to the trade register during the time limit of one month, the decision of annual general meeting is no longer valid. Therefore, the decision concerning reduction of share capital will be made in the next annual general meeting in 2016.

12. NON-CURRENT LIABILITIES

	2015	2014
Loans from credit institutions	3,615	0
Other liabilities	46	46
	3,661	**46**

All liabilities are falling due within five years. All interest-bearing liabilities were presented in the previous fiscal year in short-term debt due to breach of covenants.

13. CURRENT LIABILITIES

	2015	2014
Loans from credit institutions	500	5,680
OP-loan (previous convertible loan)	0	239
Trade payables	91	238
Amount owed to Group companies:		
Trade payables	0	1,066
Other liabilities	11	369
Accruals and deferred income	221	555
	823	**8,147**
Total interest-bearing liabilities	500	5,919
Material items in accruals and deferred income		
Wages and salaries, incl. social costs	137	130
Interest	23	290
Expense reserve	59	81
Other	2	54
	221	**555**
Other current liabilities		
Tax account	0	284
Others	11	85
	11	**369**

The company agreed on 15 October 2014 on a new payment arrangement concerning expired value-added taxes and social security contributions The last payment was made in September 2015.

14. OTHER NOTES TO THE ACCOUNTS

Collateral	2015	2014
Loans for which real-estate has been mortgaged as collateral		
Loans from credit institutions	4,115	5,072
Mortgages	12,113	12,113
Furthermore, the credit line of Nordea amounting to EUR 1.5 million has been guaranteed by the shares of the Indian subsidiary.		
Loans for which business mortgages have been given as collateral		
Guarantees of financing loan	2,384	890
Rental guarantee	1,230	1,550
Guarantee on surrender liability of trade receivables	753	0
Contingent and other liabilities		
Lease liabilities, net of VAT		
Liabilities falling due next year	36	72
Liabilities falling due after one year	24	55
Surrender liability of trade receivables sold to finance company.	0	608

BOARD OF DIRECTORS' PROPOSAL ON MEASURES RELATED TO THE RESULT

The parent company's loss for the financial period totalled EUR 772,720.93. The Board will propose to the Annual General Meeting on 6 April 2016 that no dividend be paid and the loss for the financial period be recognised in equity.

Helsinki, 10 March 2016

Olle Hulteberg
Chairman of the Board

Fredrik Berghel

Susanna Miekk-oja

Rainer Toiminen

Carl-Gustaf von Troil

AUDITOR'S REPORT

(Translation)

TO THE ANNUAL GENERAL MEETING OF INCAP OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Incap Oyj 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 and 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.

Helsinki, 10th of March 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Jari Karppinen
Authorized Public Accountant

FIVE-YEAR KEY FIGURES

		2015	2014	2013	2012	2011
		CONTINUING OPERATIONS			5)	
		IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	EUR million	30.6	18.5	25.8	64.1	68.9
Growth/change	%	65	-28	-60	-7	16
Operating profit/loss	EUR million	3.7	1.1	-6.2	-0.7	-1.6
Share of revenue	%	12	6	-24	-1	-2
Profit/loss before tax	EUR million	3.2	0.3	-8.3	-1.4	-4.0
Share of revenue	%	11	2	-32	-2	-6
Return on equity (ROE)	% 1) 3)	56.9	15.4	725.7	580.8	-115.3
Return on investment (ROI)	% 4)	26.0	11.2	-33.6	-12.6	-5.1
Total assets	EUR million	18.1	14.4	15.8	29.3	39.3
Equity ratio	% 1)	31.2	9.9	3.4	-10.3	3.3
Gearing	% 1)	98.3	524	1 559	-659	1 868
Net debt	EUR million	5.6	7.5	7.7	18.9	21.8
Quick ratio		1.1	0.6	0.6	0.5	0.4
Current ratio		1.8	0.9	0.9	0.8	0.7
Investments	EUR million	0.9	0.2	0.3	0.1	0.3
Share of revenue	%	3	1	1	0	0
R&D expenditure	EUR million	0.0	0.0	0.1	0.1	0.1
Share of revenue	%	0	0	0	0	0
Average number of employees		425	404	556	697	749
Dividends	EUR million 2)	0.0	0.0	0.0	0.0	0.0

1) Key figures have been calculated in accordance with the standard 5.1 of Financial Supervision Authority.
2) The Board of Directors proposes to the Annual General Meeting that no dividend be paid out.
3) In the calculation of return on equity, the numerator and the denominator are negative in the years 2011–2013
4) In the calculations of the Return on Investment in 2013, the financing expenses of the Group include a total of EUR 3.2 million of financing expenses in connection with the conversion of loans in accordance with the IFRIC19 and IAS 39/32 standards.
5) Figures for 2013–2015 refer to the continuing operations. Figures for 2010–2012 refer to the continuing and discontinued operations of the Group and are therefore not comparable.

		2015	2014	2013	2012	2011
					5)	
		IFRS	IFRS	IFRS	IFRS	IFRS
Per-share data						
Earnings per share	EUR	0.01	0.00	-0.10	-0.16	-0.14
Equity per share	EUR	0.03	0.01	0.00	-0.10	0.05
Dividend per share	EUR 2)	0.00	0.00	0.00	0.00	0.00
Dividend out of profit	% 2)	0	0	0	0	0
Effective dividend yield	% 2)	0	0	0	0	0
P/E ratio		15.3	43.3	-0.7	-0.8	-2.0
Trend in share price						
Minimum price during year	EUR	0.03	0.04	0.10	0.15	0.37
Maximum price during year	EUR	0.20	0.11	0.25	0.65	0.64
Mean price during year	EUR	0.12	0.06	0.14	0.30	0.52
Closing price at end of year	EUR	0.16	0.06	0.11	0.19	0.42
Total market capitalisation at 31 Dec	EUR million	34.3	6.5	12.0	4.0	7.8
Trade volume	no. of shares	123,997,394	40,584,525	7,065,282	2,952,411	746,382
Trade volume	%	57	37	7	14	4
Share issue-adjusted number of shares						
Mean number during year		-	109,114,035	60,117,106	20,067,042	18,680,880
Number at end of year		-	109,114,035	109,114,035	20,848,980	18,680,880
Share issue-adjusted number of shares, adjusted according to the 2015 share issue						
Mean number during year		191,771,653	163,671,053	90,175,659	30,100,563	28,021,320
Number at end of year		191,771,653	163,671,053	163,671,053	31,273,470	28,021,320

2) The Board of Directors proposes to the Annual General Meeting that no dividend be paid out.

5) Figures for 2013–2015 refer to the continuing operations. Figures for 2010–2012 refer to the continuing and discontinued operations of the Group and are therefore not comparable.

DEFINITIONS OF KEY FIGURES

Return on equity, %	=	$\frac{\text{100 x profit/loss}}{\text{equity (mean for financial year)}}$
Return on investment, %	=	$\frac{\text{100 x (profit/loss + financial expenses)}}{\text{equity + interest-bearing loans (mean for financial year)}}$
Equity ratio, %	=	$\frac{\text{100 x equity}}{\text{total assets less advance payments received}}$
Net gearing, %	=	$\frac{\text{100 x (interest-bearing liabilities less cash and cash equivalents)}}{\text{equity}}$
Net debt	=	liabilities less financial assets
Quick ratio	=	$\frac{\text{financial assets}}{\text{short-term liabilities – current advance payments received}}$
Current ratio	=	$\frac{\text{financial assets + inventories}}{\text{current liabilities}}$
Investments	=	purchases of property, plant and equipment net of VAT and including investment subsidies
Average number of employees	=	average number of employees at end of month

Per-share data

Earnings per share	=	$\frac{\text{net profit}}{\text{share issue-adjusted mean number of shares during financial year}}$
Equity per share	=	$\frac{\text{equity}}{\text{share issue-adjusted number of shares at end of financial year}}$
Dividend per share	=	$\frac{\text{dividend during financial year}}{\text{share issue-adjusted number of dividend-earning shares at end of financial year}}$
Dividend out of profit, %	=	$\frac{\text{100 x dividend per share}}{\text{earnings per share}}$
Effective dividend yield, %	=	$\frac{\text{100 x dividend per share}}{\text{last price at balance sheet date}}$
Price per earnings (P/E) ratio	=	$\frac{\text{last price at balance sheet date}}{\text{earnings per share}}$
Total market capitalisation	=	last price at balance sheet date x number of shares in issue

BOARD OF DIRECTORS

Chairman of the Board
OLLE HULTEBERG
M.Sc. (Eng.), born 1962
A non-executive director, who is independent of the company

Olle Hulteberg was appointed to Incap's Board of Directors in August 2013 and to the Chairman of the Board on 4 March 2015. He is the Managing Director of Inission AB. In his career as entrepreneur he has several successful start-ups as track record, and he has also held various positions within Ericsson and Tieto. Olle Hulteberg holds 36.7% of Inission AB, which holds 90,490,452 Incap's shares.

Incap shares (direct ownership and holding of interest parties): 90,490,452

SUSANNA MIEKK-OJA
M.Sc., born 1950
A non-executive director, who is independent of the company and its major shareholders.

Susanna Miekk-oja has been a member of the Board of Directors of Incap Corporation since 2007. She serves as Director at Danske Bank Plc Wealth Management. She has previously been running capital markets operations and starting asset management activities. She has also acted as Managing Director of a fund management company. Susanna Miekk-oja is a board member at the Research Foundation of the University of Helsinki and a member of the committee for property and stock investment of the University of Helsinki.

Incap shares: 466,042

CARL-GUSTAF VON TROIL
B.Sc. (Eng.), born 1954
A non-executive director, who is independent of the company and its major shareholders.

Carl-Gustaf von Troil is a member of the Board at United Bankers and acts as a partner and asset manager at UB Wealth management. He has acted as Managing Director and Board member in several companies in banking, investment and property businesses. He is a member of the Board in several companies in the United Bankers Group.

Incap shares (direct ownership and holding of interest parties): 2,030,162

FREDRIK BERGHEL
M.Sc. (Eng.), born 1967
A non-executive director, who is independent of the company

Fredrik Berghel has been a member of the Board of Directors of Incap Corporation since August 2013. He was the acting President and CEO of Incap as from 20 September 2013 until 22 June 2014. He also is the CEO of Inission AB. He has previously acted among others as Production Director at Constructor group, Production Manager at Hydro Aluminum and as Managing Director at Robust Ståldörrar AB. Fredrik Berghel holds 36.7% of the shares of Inission AB, which holds 90,490,452 Incap's shares.

Incap shares (direct ownership and holding of interest parties): 90,490,452

RAINER TOIMINEN
M.Sc. (Eng.), born 1946
A non-executive director, who is independent of the company and its major shareholders.

Rainer Toiminen has acted as Managing Director in several subsidiaries of Oy Tampella Ab and Kvaerner As. He has also been the Chairman of the Board at Kvaerner (Hangzhou) Power Equipment Co. Ltd, China and Kvaerner Heavy Engineering Co. Sheffield, UK. Rainer Toiminen was retired from Metso Oy in 2008.

Incap shares: 30,000

None of the Directors is holding stock options.

MANAGEMENT TEAM

VILLE VUORI
President and CEO
B.Sc. (Eng.), eMBA, born 1973

With the company as the President and CEO since 23 June 2014. He has previously worked as Managing Director in Kumera Drives Oy and in Skyhow Ltd. and held several managerial positions in ABB Group.

Incap shares: –
Stock options: –

MURTHY MUNIPALLI
Director, Operations India & Sales Asia
M.Sc. (Eng.), MBA, born 1964

With the company as from 2008. He acted first as Sales Director and then as Managing Director of the Indian subsidiary with responsibility for all the operations in India. He has worked previously at Spike Technologies Ltd (present Qualcomm) and Tata Elxsi Ltd.

Incap shares: –
Stock options: –

OTTO PUKK
Director, Operations Estonia
M.Sc.B.E., born 1978

With the company since 17 November 2015. Previous positions among others with Eesti Energia Technology Industries and ETAL Group.

Incap shares: –
Stock options: –

SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares and a total of 218,228,070 shares on 31 December 2015. Company's share capital registered in the trade registry was EUR 20,486,769.50 on 31 December 2015. The company does not own any of its own shares.

Incap Corporation's shares are listed on the NASDAQ OMX Helsinki since 5 May 1997. In the Nordic OMX List, Incap belongs to the Small Cap segment and the industry sector of Incap is Industrials/Industrial Goods & Services. The company code is ICP and the book-entry type code is ICP1V.

The price of Incap Corporation's share varied in the range of EUR 0.03 to EUR 0.20 during the financial year. The last quotation in trading at the end of the year was EUR 0.16. The total trading of the share during the financial year was 56.8% of all shares. The company's market capitalisation on 31 December 2015 was EUR 34.3 million. At the close of the financial year, the company had 2,806 shareholders, and 41.85% of the shares were nominee-registered.

SHAREHOLDER AGREEMENTS

The Board of Directors is not aware of any shareholder agreements concerning the ownership and voting rights of the company's shares.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The members of the company's Board of Directors, the President and their interest parties owned a total of 93,016,656 shares, or 42.6% of the company's shares and votes. Details on the holdings of the Board of Directors, the President and the Group management team are available on the company's website at www.incapcorp.com/insider/.

Development of share capital		Changes, 1,000 euros	Registered on	Share capital, 1,000 euros
31.1.1991	Merger	5,760	26.2.1992	7,862
28.4.1992	Increase	424	25.11.1992	8,286
30.9.1992	Decrease	4,972	2.12.1992	3,314
15.1.1993	Increase	32	11.8.1993	3,347
16.3.1994	Increase	563	21.12.1994	3,910
10.3.1997	Increase	978	21.3.1997	4,889
5.5.1997	Increase	975	5.5.1997	5,864
4.5.1998	Increase	40	4.5.1998	5,904
21.3.2002	Increase	14,583	24.4.2002	20,487

Breakdown of shareholdings by sector on 31 December 2015		Shareholders		Shares and votes
	pcs	%	pcs	%
Private enterprises	80	2.9	44,418,276	20.4
Financial institutions	6	0.2	91,174,129	41.8
Public sector entities	2	0.1	16,668,884	7.6
Households	2,710	96.6	65,760,708	30.1
Non-profit organisations	2	0.1	2,002	0.0
Foreign ownership	6	0.2	204,071	0.1
Total	**2,806**	**100.0**	**218,228,070**	**100.0**
Nominee-registered shares	8		91,297,497	41.8

Breakdown of shareholdings by number of shares on 31 December 2015		Shareholders		Shares and votes
Shares, psc	pcs	%	pcs	%
1–100	183	6.5	10,372	0.0
101–500	339	12.1	106,260	0.0
501–1,000	302	10.8	253,352	0.1
1,001–5,000	799	28.5	2,285,943	1.0
5,001–10,000	404	14.4	3,120,799	1.4
10,001–50,000	557	19.9	12,860,341	5.9
50,001–100,000	105	3.7	7,722,197	3.5
100,001–500,000	92	3.3	21,542,388	9.9
500,001–	25	0.9	170,326,418	78.1
Total	**2,806**	**100.0**	**218,228,070**	**100.0**

Largest shareholders on 31 December 2015	Shares, pcs	Percentage of shares and votes, %
Inission AB (nominee-registered)	90,490,452	41.5
Oy Etra Invest Ab	29,000,000	13.3
Ilmarinen Mutual Pension Insurance Company	16,615,384	7.6
Laurila Kalevi Henrik	4,470,858	2.1
JMC Finance Oy	3,838,072	1.8
Onvest Oy	3,302,346	1.5
Sjöblom Katri Pauliina	3,122,230	1.4
Kontino Invest Oy	2,761,018	1.3
Kantola Mikko	2,266,298	1.0
Aaltonen Pekka Juhani	2,053,691	0.9
10 largest in total	**157,920,349**	**72.4**
Other shareholders	60,307,721	27.6
Total	**218,228 070**	**100.0**

InCap

INCAP OYJ
Mannerheimintie 113, 5th floor
FI-00280 Helsinki, Finland
Tel. +372 45 217 23

Domicile: Helsinki
Website: www.incapcorp.com
E-mail: info@incapcorp.com
Business ID: FI 0608849-6

INCAP ELECTRONICS ESTONIA OÜ
Tehnika 9
EE-93815 Kuressaare, Estonia
Tel. +372 45 217 23
Fax +372 45 209 55

INCAP CONTRACT MANUFACTURING SERVICES PVT. LTD.
Pandithanahalli, Hirehalli Post
Tumkur 572 168
Karnataka, India
Tel. +91 816 224 3270–75 / 816 398 1100
Fax +91 816 224 3278

INCAP HONG KONG LIMITED
Room 102, Tak Fung Building
79–81 Connaught Road Central
Hong Kong
Tel. +852 2520 0690
Fax +852 2520 0870