Incap Corporation, 0608849-6

Incap Corporation

Extraordinary Financial Statements 1 Jan 2014 – 30 Jun 2014

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REPORT OF THE BOARD OF DIRECTORS – PERIOD JANUARY - JUNE 2014

Business environment

The business environment of Incap Group was challenging. The continuence of recession in European area caused uncertainty in the markets and kept the demand still in the low level. The competition was fierce in international markets.

There were no elementary changes in general cost level in countries where Incap has operations. The component market worldwide in first half of 2014 remained fairly steady.

Incap Group's revenue and earnings in January–June 2014

Revenue for the first half of the year amounted to EUR 11.3 million, down approximately 45% year-on-year. Revenue decreased as a result of lower production volumes at the European plants in Estonia and Finland in particular. In addition, an arrangement whereby some customers purchase the materials, adopted already in 2013 as part of the reorganisation of financing, also contributed to the decrease in revenue. Materials purchased by customers were no longer included in revenue on the review period. The global prolonged recession also slowed down the development of revenue, which, however, met the forecasts.

The operating result (EBIT) for January–June was approximately EUR -0.08 million (EUR - 1.8 million). The result improved on the comparison period due to measures that considerably improved cost efficiency, such as significant personnel cuts in the company's Estonian and Finnish functions, closing down of offices as well as trimming of other costs. The provision for the rearrangements has been annulled by EUR 0.5 million.

Variable personnel expenses decreased by approximately 35% year-on-year. Fixed costs were reduced by approximately 48% from the comparison period. The value of inventories decreased year-on-year by EUR 2.3 million and remained on a par with the end of 2013.

Net financial expenses amounted to EUR 0.5 million (EUR 1.0 million) and depreciation to EUR 0.2 million (EUR 0.9 million). The financial expenses include EUR 0,1 million impairment related to Cleantech Invest shares. EUR 0.4 million of depreciation in the comparison period arose from to the impairment loss for the Vuokatti property.

Net profit/loss for the period was EUR -0.6 million (EUR -3.1 million). Earnings per share amounted to EUR -0.01 (EUR -0.14).

Measures to stabilise the company's financial position

The company launched the Turnaround programme to stabilise its financial position at the end of 2013. When assessing the efficiency of the measures of the programme, the company's Board of Directors stated that the main targets of the programme were reached during the spring 2014: delivery reliability improved significantly, the efficiency of operations improved in manufacturing units as well as in support functions, the group organisation was streamlined to cover only the essential functions and production capacity was adjusted to the actual demand. The organisational structure was revised, and the manufacturing units now function as their own separate cost centres with overall responsibility for their operations and sales.

After the finalisation of the actual Turnaround programme the company has been focusing on stabilising its operations and financial position. From operative point of view the company has focused on further development of production key areas such as delivery accuracy and quality related issues. The company also constantly discuss with the financing parties to improve the financing situation. Incap Corporation renegotiated the financing arrangement related to loan repayments and related covenants with a Finnish bank. The negotiations were completed in April 2014. The renegotiated repayment schedule decreased the instalments by 50% compared to the previous plan during the second half of 2014. The covenants related to the loan repayments were alleviated and they only include EBITDA for the previous six months. The target level for 30 June 2014 was EBITDA of EUR 66,000, which was met. The target level for 31 December 2014 is EBITDA of EUR 613,000. According to the company's estimate the covenants will be met also on test date 31st December if the revenue develops according to the estimates.

Improving profitability and ensuring the financing as well as the sufficiency of working capital and ensuring the liquidity will continue to be the key targets for 2014. The personnel cuts made during the Turnaround programme and other cost cuts have been the most significant reason for the improved profitability of operations during the first six months of the year. The final effects of the programme are expected to be visible towards the end of 2014 when the obligations to pay wages due to long periods of notice cease to burden the company's cash flow.

The company is constantly discussing the options to ensure the financing and the sufficiency of working capital as well as ensuring the liquidity with the financing parties. Also the repatriation of profits from India to the parent company according to the plan is an essential factor in ensuring the sufficiency of working capital in Europe operations. The company has also started active measures led by the new CEO to acquire new customers to ensure the positive development of operative cash flow.

Capital expenditure

Capital expenditure for the period totalled EUR 0.01 million (EUR 0.1 million). Investments were replacements in connection with the development of production. Incap estimates that a remarkable increase of business is possible with the present production capacity, without any big new investments.

Quality assurance and environmental issues

All of Incap Group's plants 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 plant has ISO 13485:2003 quality certification for the manufacture of medical devices.

Balance sheet, financing and cash flow
The balance sheet total stood at EUR 13.8 million (EUR 22.8 million). The Group's equity at the close of the review period was positive, EUR 0.08 million (EUR -5.9 million). The parent company's equity totalled EUR 9.4 million, representing 46% of the share capital (EUR 6.7 million, 33%). The parent company's equity will be described in more detail in the section "The parent company's equity: Measures pursuant to the Limited Liability Companies Act 20:23 §". The Group's equity ratio was negative, 0.6 % (-25.8%).

Liabilities amounted to EUR 13.8 million (EUR 28.7 million), of which EUR 9.2 million (EUR 18.2 million) were interest-bearing liabilities.

Interest-bearing net liabilities decreased from the comparison period and were EUR 8.1 million (EUR 15.7 million), and the gearing ratio was 9.831% (-266%).

Approximately EUR 2.7 million of current financial liabilities concerns the Indian subsidiary. Factoring financing used by the parent company in Finland and Estonia is part of current liabilities. Other bank loans are included in current financial liabilities on the basis of the loan period or due to the breach of covenants.

Of the loans from credit institutions, EUR 6.0 million was granted by a Finnish bank as bank loans and lines of credit in use. Of the Finnish bank's credit line and factoring credit line, EUR 2.0 million was in use and EUR 7.5 million was unused on 30 June 2014. For operations in India and Estonia, the balances of bank loans and credit line totalled EUR 2.8 million, which includes Finnfund's EUR 1.9 million investments in Incap's operations in India.

The amount of the convertible loan of 2007 at the end of the period was EUR 0.2 million and it will mature on 30 June 2015.

On 30 June 2014, EUR 6.8 million of the loans were guaranteed, and the rest were unguaranteed. The securities for these loans are the EUR 12.1 million mortgages on company assets and a EUR 2.2 mortgage on the production facilities in India.

On 30 June 2014, the loans, credit line and factoring credit line granted by Incap's Finnish bank involved the following covenants: EBITDA for the previous six months. At the first review on 30 June 2014, the company met the conditions of the covenant EUR 66,000. The next review will take place on 31 December 2014 with the conditions of the covenant EUR 613,000. The company estimates that it will meet the conditions of the covenant also then if the revenue develops as estimated.

Incap has reached an agreement with the Finnish Tax Administration on the payment arrangement related to overdue value-added taxes, withholding taxes and social security contributions. On 30 June 2014, the total amount of tax liabilities within the scope of this arrangement is EUR 0.2 million, and according to the agreement, the last payment will take place in August 2014. According to the provisions of the agreement, if an instalment is late, the Finnish Tax Administration has the right to terminate the agreement with immediate effect.

The Group's quick ratio was 0.5 (0.5), and the current ratio was 0.9 (0.7).

Cash flow from operations was positive: EUR 0.02 million (EUR 2.3 million). On 30 June 2014, the Group's cash and cash equivalents totalled EUR 1.0 million (EUR 2.6 million). The change in cash and cash equivalents showed an increase of EUR 0.5 million (an increase of EUR 1.8 million).

Personnel
At the end of June 2014, Incap Group had a payroll of 451 employees (583). 72% (57%) of the personnel worked in India, 11% (27%) in Estonia and 16% (15%) in Finland.

At the end of the period, 100 of Incap's employees were women and 351 were men. Permanently employed staff totalled 284 and the number of fixed-term employment contracts at the end of the period was 167. The company had one part-time employment contract at the end of the period. The average age of the personnel was 33 years.

During the review period, the company was engaged in statutory employer-employee cooperation negotiations at the Vaasa plant to improve operational efficiency and profitability. As a result of the negotiations, the employment relationships of fewer than ten employees will be terminated during summer 2014. Furthermore, the company may use temporary lay-offs (effective for time being) to adjust the capacity according to demand.

Management and organisation
Until 22 June 2014, the duties of CEO of Incap were carried out by Fredrik Berghel, who was appointed on 20 September 2013. B.Sc. (Eng.), eMBA Ville Vuori (born 1973) was appointed as the new President and CEO as of 23 June 2014. Ville Vuori has previously been employed by Kumera Drives Oy and Skyhow Ltd. as Managing Director and ABB Group in several managerial positions. Fredrik Berghel will continue as a member of the Board of Directors.

As a part of its Turnaround program the independent role of the factories has been emphasized. During the period Mr Murthy Munipalli continued to act as the head of the Tumkur factory and the operations in India. Mrs Siret Kegel continued as the head of the Kuressaare factory. Mr Vesa Tammela continued as the head of the Vaasa factory. In the corporate level, Ms Kirsti Parvi continued to act as the CFO. Mrs Susanna Pyykkö was responsible for HR and Communications. Mr Priit Kadastik was responsible for IT until 23rd May 2014. During the period the Group's Management Team included Mr Fredrik Berghel from 1st January 2014 till 22nd of June 2014 and Mr Ville Vuori from 23rd June 2014 on, Ms Kirsti Parvi, Mrs Susanna Pyykkö, Mr Murthy Munipalli, Mr Vesa Tammela, Mrs Siret Kegel and Mr Priit Kadastik from 1st January 2014 till 23rd May 2014.

Annual General Meeting
The Annual General Meeting (AGM) of Incap Corporation was held in Helsinki on Thursday, 10 April 2014. A total of 21 shareholders participated in the meeting, representing a total of 60,99 % of all shares and votes.

The AGM adopted the financial statements for the financial period ended 31 December 2013. In accordance with the proposal of the Board of Directors, the AGM decided that no dividend be distributed for the financial period and that the loss for the financial periood (EUR 6,979,595.95) be recognised in equity. The Annual General Meeting discharged the members of the Board of Directors and the President and CEO from liability.

Board of Directors and Auditor
The Annual General Meeting held on 10 April 2014 re-elected Raimo Helasmäki, Susanna Miekk-oja, Lassi Noponen, Olle Hulteberg and Fredrik Berghel as members of the Board of Directors. From among its members, the Board elected Lassi Noponen to the Chairman of the Board. The secretary of the Board of Directors from 1st January 2014 till 17th March 2014 was Hannele Pöllä and from 18th March 2014 on Susanna Pyykkö.

The Board convened 10 times during the period and the average attendance rate was 100 %.

The firm of independent accountants Ernst & Young Oy was re-elected as the company's auditor, with Jari Karppinen, Authorised Public Accountant, as the principal auditor.

Report on Corporate Governance
Incap has released a report on the company’s corporate governance in compliance with the Securities Market Act as a separate document. This document can be found on company’s website http://www.incap.fi/investors/corporate_governance

Shares and shareholders
Incap Corporation has one series of shares, and the number of shares at the end of the period was 109,114,035, out of which 22,659,425 were traded, representing 20.8% (17.7%) of all shares. During the period, the share price varied between EUR 0.04 and 0.09 (EUR 0.10 and 0.25). The closing price for the period was EUR 0.06 (EUR 0.16).

At the end of the period, Incap had 1,679 shareholders (1,253). Nominee-registered or foreign owners held 30.62% (0.6%) of all shares. The company’s market capitalisation on 30 June 2014 was EUR 6.55 million (EUR 3.6 million). The company does not hold any of its own shares.

At the end of the period, the members of Incap Corporations’s Board of Directors and their interest parties owned a total of 29,374,621 shares or approximately 26,9 % of the company’s hares outstanding.

Announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act on a change in holdings
On 24 January 2014, Finnvera plc’s holding in Incap shares decreased to 5,434,045 shares, or 4.98% of the total number of 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. Risk management at Incap is mainly focused on risks that threaten the company’s business objectives and continuity of operations. In order to improve its business opportunities, Incap

is willing to take on managed risks within the scope of the Group’s risk management capabilities. Incap 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. Of these, the most significant risks at the moment are the development of revenue and sufficiency of funding.

To assess its liquidity, Incap has prepared a 12-month cash flow projection for the Group, based on its performance forecast for 2014 and the actual turnover of its sales receivables, accounts payable, and inventories. On the basis of this cash flow projection, Incap’s working capital will not cover the requirement for the next 12 months at the time of the publication of this interim report. According to the company’s estimate, approximately EUR 1.5–2 million of additional working capital is needed. The need for working capital concerns the company’s European functions. However, the working capital will be sufficient for the next 12 months if the following criteria are met:

- Repatriation of profits from India to the parent company succeeds as planned and/or
- the company succeeds in acquiring new customers andthe company’s cash flow from operations develops positively and/or
- the company succeeds in negotiating on the amount and schedule of instalments as well as other financing arrangements with financiers.

Incap’s management is confident that the cash flow from operations will develop so that the company will be able to fulfil its obligations.

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. The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of December 2013.Based on the calculations, the value of the shares of the Estonian subsidiary has been decreased in the financial statements in 2013 by approximately EUR 4.0 million.

In addition to previous the equity of Estonian daughter company has been strenghtened by EUR 1.0 million by converting the Parent Company long-term receivables to the share capital of the daughter company. On the Parent Company financial statement at 30th June 2014 the value of the converted long-term receivables (EUR 1.0 million) has been written off since according to the evaluation of the Board and the management the income from daughter company’s shares will be lower than the acquisition cost after conversion in the future.

Regardless the impact of the impairment the value of the shares of the daughter company contains an element of uncertainty based on the historical loss development of the company. The business development of the Indian subsidiary has been favourable and there are no indications of impairment of its shares.

The parent company's equity: measures pursuant to the Limited Liability Companies Act 20:23 §

Based on the reporting completed in April 2014, the parent company's (Incap Corporation) shareholders' equity has fallen below 50% of the share capital. Therefore, the company's Board of Directors has launched measures pursuant to the Limited Liability Companies Act: The company's Board of Directors launches the preparation of financial statements and the report of the Board of Directors without delay. If the balance sheet indicates that shareholders' equity is less than one half of the share capital, the Board of Directors will immediately convene a general meeting of shareholders to decide on measures to restore the company's financial position to a sound basis. The general meeting will be held within three months of the completion of the financial statements.

According to the Financial Statements finalized in August-September 2014 the relation between equity and share capital was not improved to the sufficient level. The consolidated equity was EUR 0.083 million. The Parent Company Equity on 30th June 2014 was EUR 9,370 million or 45,7 % of share capital. Therefore the Board of Directors convene an Extraordinary General Meeting of shareholders to decide on measures to restore the company's financial position to a sound basis**.** The Extraordinary General Meeting of Incap Corporation will be held on 29th October at 1pm at BANK at the address Unioninkatu 20, 00130 Helsinki.

Events after the end of the period

After the period ended on 30th June 2014 the equity of Estonian daughter company has been strenghtened by EUR 1.0 million by converting the Parent Company long-term receivables to the share capital of the daughter company.

The Incap Corporation's Finnish bank increased the limit by EUR 0.5 million euros. The increase is valid until 9th March 2015. The shares of Incap CMS Ltd owned by Incap Corporation are pledged againts the limit.

The payment arrangement with the Finnish Tax Administration made in 2012 has been finalized according to the contract. At the same time a new payment arrangement of EUR 0.3 million has been made. According to the new payment arrangement a monthly sum of EUR 0.027 million euros will be paid to the Finnish Tax Administration. The payment arrangement will end in September 2015.

Strategic development of the company

During the past few years, Incap has implemented its strategy by becoming more international and by streamlining its operations. Production has been centralised in low-cost regions, and the number of business locations has been reduced. In Europe, electronics production has been centralised in Kuressaare and mechanical production in Vaasa. In India, production capacity has been developed and operations have been returned to profitability. Materials management is partly coordinated from Hong Kong, near the sources of components in Asia.

At the same time, the company's financial situation has been weakened by earlier investments, structural changes that have burdened operations and the market situation. The company has negotiated on funding and carried out directed issues and other arrangements to rectify the situation, but they have succeeded in improving the situation only in the short term.

During 2014, the company has focused on stabilising its position and streamlining its organisation. With the reforms, the company's strategy is to focus on its core operations, i.e. manufacturing and customer deliveries. The manufacturing units now function as their own separate cost centres with overall responsibility for their operations and sales.

The possibility of a merger between Incap Group and Inission AB, proposed in late 2013, did not materialise according to the original plan. Even though Inission AB did not exercise its option on merging the functions of Incap and Inission by the end of 2013, it has announced that it is still interested in the merger. Given this situation, Incap's Board of Directors has begun to assess the strategic options to further develop the company's business operations. Incap's Board of Directors is using an investment bank as an advisor for assessing potential strategic alliances.

Outlook for 2014

Incap's estimates for future business development are based both on its customers' forecasts and on the company's own assessments. The business environment will continue to be challenging in Europe. High-quality service to existing customers and acquisition of new customers are very important for reaching the objectives for 2014. Due to the improvement of operational efficiency achieved with the Turnaround programme, the company's profitability is expected to improve in 2014, and the full effect of the programme is estimated to be visible in the second half of the year.

The company does not revise its forecast for 2014: The Group's revenue in 2014 is estimated be clearly lower than in 2013, when it was EUR 36.8 million. The company estimates that its full-year operating result (EBIT) will be positive in 2014. The operating result in 2013 was negative (EUR -5.9 million).

Extraordinary General Meeting 2014

The Extraordinary General Meeting of Incap Corporation will be held on 29th October at 1pm in BANK meeting house, address Unioninkatu 20 Helsinki. Notice to the Extraordinary General Meeting will be published on Wednesday 8th October 2014.

In Helsinki 8th October 2014

INCAP Corporation
Board of Directors

Consolidated Income Statement	**Note**	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Revenue	3	11,332,276.39	36,757,47.83
Other operating income	4	271,234.73	62,853.35
Changes in inventories of finished goods and work in progress	5	-23,518.97	-1,349,285.57
Work performed by the enterprise and capitalised		0.00	0.00
Raw materials and consumables used	5	6,682,501.92	22,827,788.22
Personnel expenses	8	3,109,130.23	9,957,369.40
Depreciation and amortisation	7	175,543.54	1,065,467.79
Other operating expenses	6	1,692,073.38	7,479,129.90
Operating profit/loss		**-79,256.92**	**-5,858,714.70**
Financing income and expenses	10	-493,219.30	-2,107,778.97
Profit/loss before tax		-572,476.22	-7,966,493.67
Income tax expense	11	0.00	-560,369.00
Profit/loss for the year		**-572,476.22**	**-8,526,862.66**
Attributable to			
Equity holders of the parent company		-572,476.22	-8,526,862.66
Non-controlling interests			
		-572,476.22	-8,526,862.66

Earnings per share from profit for the year attributable to equity holders of the parent

Basic earnings per share	12	-0.01	-0.14
Diluted earnings per share	12	-0.01	-0.14
Average number of shares:			
basic		109,114,035	60,117,106
diluted		109,114,035	60,117,106

Consolidated statement of comprehensive income	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Profit/loss for the year	**-572,476.22**	**-8,526,862.66**
Other comprehensive income:		
Translation differences from foreign units	121,383.07	-340,616.00
Other comprehensive income, net	121,383.07	-340,616.00
Total comprehensive income	**-451,093.15**	**-8,867,478.66**
Total comprehensive income attributable to:		
Equity holders of the parent company	-451,093.15	-8,867,478.66
Non-controlling interests		
	-451,093.15	**-8,867,478.66**

Consolidated Balance Sheet	Note	30 June 2014	31 Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,699,046.06	1,790,562.62
Goodwill	14	882,625.40	865,932.49
Other intangible assets	14	71,124.93	80,289.13
Other financial assets	15	199,410.90	311,027.54
Deferred tax assets	16	0.00	0.00
Other receivables 1)	18	829,557.07	698,561.46
Total Non-current Assets		**3,681,764.36**	**3,906,373.24**
Current assets			
Inventories	17	4,350,729.55	4,303,766.34
Trade and other receivables	18	4,755,705.19	6,225,012.74
Cash and cash equivalents	19	1,047,753.26	1,506,883.08
Total Current Assets		**10,154,188.00**	**11,875,662.16**
Non-current assets held-for-sale	1	0.00	0.00
Total Assets		**13,835,952.36**	**15,782,035.40**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	20		
Share capital		20,486,769.50	20,486,769.50
Share premium account		44,316.60	44,316.60
Exchange differences		-1,136,260.87	-1,257,643.95
Reserve for invested unrestricted equity		17,470,803.85	17,470,803.85
Retained earnings 2)		-36,783,024.96	-36,209,232.42
Total equity		**82,604.12**	**535,013.58**
Non-current liabilities			
Deferred tax liabilities	16	0.00	0.00
Interest-bearing loans and borrowings	24	2,058,053.27	2,053,613.77
Current liabilities			
Trade and other payables	25	4,584,503.22	5,396,864.50
Interest-bearing loans and borrowings	24	7,110,791.50	7,796,543.55
Liabilities relating to non-current assets held-fore-sale	1	0.00	0.00
Total liabilities		**13,753,347.99**	**15,247,021.82**
Total equity and liabilities		**13,835,952.11**	**15,782,035.40**

1) Loan receivable acknowledged completed
2) The transfer tax of Vuokatti property from year 2013 (EUR 151,881.01)

Consolidated Cash Flow Statement

1 000 euros	Note	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Cash flow from operating activities			
Operating profit/loss		-79	-5,858
Adjustments to operating profit	28	-203	3,581
Change in working capital		686	3,157
Interest paid		-387	-1,195
Interest received		3	14
Cash flow from operating activities		**20**	**-301**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets		-16	-280
Proceeds from sales of tangible and intangible assets		209	1,496
Other investments		0	0
Loans granted		0	0
Sold shares of subsidiaries		0	0
Repayments of loan assets		0	0
Cash flow from investing activities		**193**	**1 216**
Cash flow from financing activities			
Proceeds from share issue		0	4,282
Drawdown of loans		0	2,044
Repayments of borrowings		-715	-6,438
Repayments of obligations under finance leases		-12	-70
Cash flow from financing activities		**-727**	**-182**
Change in cash and cash equivalents		**-549**	**733**
Cash and cash equivalents at beginning of period		1,507	613
Effects of changes in exchange rates		55	177
Changes in fair value (cash and cash equivalents)		35	-16
Cash and cash equivalents at end of period		**1,048**	**1,507**

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 Jan 2014	**20,487**	**44**	**17,471**	**-1,258**	**-36,057**	**687**
Total comprehensive income					-572	-572
Currency translation differences				121	0	121
Transactions with owners						
Share issue			0			0
Share issue, deferred financing costs (IAS 32 and 39, IFRIC 19)			0			0
Transaction costs for equity			0			0
Other changes [1)]					-153	-153
Equity at 30 Jun 2014	**20,487**	**44**	**17,471**	**-1,136**	**-36,783**	**83**

	Share capital	**Share premium account**	**Reserve for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total equity**
Equity at 1 Jan 2013	**20,487**	**44**	**4,818**	**-917**	**-27,440**	**-3,008**
Total comprehensive income					-8 527	-8,527
Currency translation differences				-341	0	-341
Transactions with owners						
Share issue			9,703			9,703
Share issue, deferred financing costs (IAS 32 and 39, IFRIC 19)			3,235			3,235
Transaction costs for equity			-286			-286
Other changes					-90	-90
Equity at 31 Dec 2013	**20,487**	**44**	**17,471**	**-1,258**	**-36,057**	**686**

1) The effect of Vuokatti property transfer tax from year 2013

Notes to the Consolidated Financial Statements

Corporate information

Incap Corporation is a Finnish public listed company under Finnish law which is domiciled in Helsinki and whose registered address is Strömbergin Puistotie 6 A, 65320 Vaasa. The company is an internationally operating contract manufacturer whose comprehensive services cover the entire life-cycle of electromechanical products, from design and manufacture to repair and maintenance services.

The Group comprises the parent company, Incap Corporation, and the parent company's wholly-owned subsidiaries: Incap Electronics Estonia OÜ, Kuressaare, Estonia; Euro-ketju Oy, Helsinki, Finland; Incap Hong Kong Ltd., Hong Kong and Incap Contract Manufacturing Services Pvt. Ltd., Bangalore, India, which is owned by the parent company by 77.5%. Incap CMS Pvt. Ltd. is however combined by 100% in the consolidated financial statements, because the control of the subsidiary stays in the parent company.

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, 30 June 2014. 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.

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.

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.

The loan interest of the capital loan is recognised as an expense on a time apportionment basis. In the consolidated IFRS financial statements, the accumulated interest of the capital loan is recognised as an expense for the financial period.

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. Research and development expenditure is recorded as an expense in the income statement.

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 in the share premium fund.

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 are calculated on all temporary differences between the carrying amount of an asset or liability and its tax base. In the Incap Group the largest temporary differences arise from finance leases, depreciation of buildings and other property, plant and equipment as well as unused tax losses.

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.

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 participations 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 prior 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.

To assess its liquidity, Incap has prepared a 12-month cash flow projection for the Group, based on its performance forecast for 2014 and the actual turnover of its sales receivables, accounts payable, and inventories. On the basis of this cash flow projection, Incap's working capital will not cover the requirement for the next 12 months at the time of the publication of this interim report. According to the company's estimate, approximately EUR 1.5–2 million of additional working capital is needed. The need for working capital concerns the company's European functions. However, the working capital will be sufficient for the next 12 months if the following criteria are met:

- Repatriation of profits from India to the parent company succeeds as planned and/or
- the company succeeds in acquiring new customers andthe company's cash flow from operations develops positively and/or
- the company succeeds in negotiating on the amount and schedule of instalments as well as other financing arrangements with financiers.

Incap's management is confident that the cash flow from operations will develop so that the company will be able to fulfil its obligations.

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 2013 or 2014.

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. The new standards, interpretations and contents are as follows:

Standards that will take effect on 1 January 2013 or later:

- Amendment: IFRS 1 First-time Adoption of IFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendment: IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (revised)
- IFRS 11 Joint Arrangements and IAS 28 Associates and Joint Ventures (revised)
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Revised: IAS 19 Employee Benefits

Proposals for annual improvements to IFRSs

- IFRS 1 First-time Adoption of IFRSs
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 34 Interim Financial Reporting

Standards that will take effect in 2014 or later:

- IAS 32 Financial Instruments: Presentation - Classification of share issues, options and subscription rights (amendment). The amendment has no relevant impact on consolidated financial statements.
- IFRS 9 Financial Instruments: Classification and measurement. The amendment has no relevant impact on consolidated financial statements.
- IFRS 10, IFRS 12, IAS 27 and IAS 28 regarding consolidation of investments entities. The amendment has no relevant impact on consolidated financial statements.

- IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine. The amendment has no relevant impact on consolidated financial statements.
- IAS 39 Novation of Derivates and Continuation of Hedge Accounting. The amendment has no relevant impact on consolidated financial statements.
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets. The amendment has no relevant impact on consolidated financial statements.
- IFRS 1 Government loans. The amendment has no relevant impact on consolidated financial statements.
- IFRIC 21 Levies. New interpretation has no relevant impact on consolidated financial statements.

1. Non-current assets held for sale	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Assets of disposal group classified as held for sale		
Incap Corporation's Vuokatti plant property	0.00	0.00
Liabilities of disposals group classified as held for sale		
Other non-current liabilities to others, interest-bearing	0.00	0.00
Other current liabilities, interest-bearing	0.00	0.00
	0.00	0.00

The company sold its Vuokatti plant property in June 2013 to a price of EUR 1.7 million which equalled the book value of the property. Based on an impairment recorded for the plant, a loss of approx., EUR 0.4 million was recognised for the sale. Of the selling price, EUR 1.5 million was paid in cash and the rest (EUR 0.2 million) in five equal instalments annually so thast the last instalment takes place on 31 March 2018. Of this receivable, EUR 0.04 million is recorded

In June 2014 the byuer of the Vuokatti plant property has paid the remaining debt . and and there are no receivables in balance sheet anymore.

There were no sales of business operations in the Group in 2013 and 2014.

2. Acquired operations

No business acquisitions were made during H1/2014 2014 or financial year 2013. Of the increase of goodwill in 2014, the exchange difference amounts to EUR 16,692.91

3. Revenue

	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Revenue from the sale of goods	11,332,276.39	36,742,475.36
Revenue from the services	0.00	14,997.47
	11,332,276.39	**36,757,472.83**

Geographic division of customers external revenue	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Europe	8,175,081.21	29,672,221.00
North America	745,879.71	1,278,376.35
Asia	2,411,315.48	5,806,875.48
	11,332,276.39	**36,757,472.83**

Group has three customers, whose revenue exceeds 10% of the entire Group's revenue. Combined share of revenue of these customers is approximately 32%.

4. Other operating income

	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Net gains on the disposal of property, plant and equipment	208,571.78	46,108.92
Lease income	0.00	0.00
Other income	62,662.95	16,744.43
	271,234.73	**62,853.35**

5. Raw materials and services

Raw materials and consumables	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Purchases during the financial year	6,276,859.67	19,647,129.62
Change in inventories	232,042.66	3,842,279.37
	6,508,902.33	**23,489,408.99**
External services	197,118.55	687,664.80
	6,706,020.88	**24,177,073.79**

6. Other operating expenses

	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Lease expenses	515,210.61	2,026,265.47
Operating and maintenance expenses for property and machinery	373,163.18	1,078,407.80
Other expenses	803,699.59	4,374,456.63
	1,692,073.38	**7,479,129.90**

Auditors' fees	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Auditing fees	56,266.45	78,186.79
Certificates and statements		
Tax advice	0.00	2,070.00
Other services	0.00	161,464.00
	56,266.45	**241,720.79**

7. Depreciation and amortisation

	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Depreciation and amortisation by assets class		
Intangible assets		
Intangible rights	10,792.33	42,421.40
Other capitalised expenditure	666.00	1,332.00
	11,458.33	**43,753.40**
Tangible assets		
Buildings	24,169.28	51,540.32
Machinery and equipment	114,655.43	431,300.15
Other tangible assets	25,260.50	91,475.86
	164,085.21	**574,316.33**
Vuokati property depreciation	0.00	447,398.06
Total depreciation, amortisation and impairment losses	**175,543.54**	**1,065,467.79**

8. Employee benefits expense

	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Wages and salaries	2,580,282.78	7,836,717.42
Pension costs - defined contribution plans	346,097.30	1,191,485.96
Pension costs - defined-benefit plans	7,199.97	46,346.61
Expense of share-based payments	0.00	0.00
Other statutory employer expenses	175,550.17	882,819.41
	3,109,130.22	**9,957,369.40**
Average number of Group's personnel during the period	**452**	**556**

Information on management's employee benefits is presented in Note 31 Related-party transactions.
Information on share options granted is presented in Note 21 Share-based payment.

9. Research and development costs

No research and development costs has been recorded
as an annual expense in the income statement in 2014 (EUR 0.1 million in 2013).

10. Financial income and expenses

Financial income	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Dividend income from available-for-sale financial assets	1,870.00	1,432.50
Interest income from investments held until due date	0.00	0.00
Interest income from other deposits	1,824.78	3,414.10
Interest income from trade receivables	700.04	10,187.99
Interest income from loan receivables	0.00	0.00
Foreign exchange gains on liabilities	463,286.45	559,217.47
Other financing income	0,00	2 542 225,76
	467,681.27	**3,116,477.82**

Financial expenses	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Interest expenses from financial liabilities measured at amortised cost	-136,699.70	-446,804.42
Interest expenses from convertible promissory notes	-16,661.02	-40,261.08
Other interest expenses	-58,014.79	-245,776.37
Exchange rate losses	-445,301.90	-789,904.83
Other financial expenses	-304,223.14	-3,701,510.09
	-960,900.55	**-5,224,256.79**
Total financial income and expenses	**-493,219.28**	**-2,107,778.97**

As a consequence of the share issues arranged in 2013, a financing expense amounting to EUR 3.2. million
was recorded in other financing expenses in the consolidated income statement
in line with the IAS 32 and 39 standards and IFRIC 19

Out of the financing income of the half year period in 2014, EUR 0.1 million refers to the impairment of values of Cleantech Invest shares
.

Out of the financing income, EUR 2.5 million refers to the impairment of
values of loans, interests and payables to suppliers in the composition arrangement
in connection with the financing arrangement in summer 2013.

11. Income tax

Income tax in the income statement	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Current tax on profits for the year	0.00	0.00
Tax for previous accounting periods	0.00	0.00
Total current tax based on income	**0.00**	**0.00**
Change in deferred tax assets on previous years	0.00	-560,369.00
Change in deferred tax liabilities on previous years	0.00	0.00
Total deferred tax	**0.00**	**-560,369.00**
Income tax expense	0.00	-560,369.00

Reconciliation of tax expenses in the income statement and taxes
calculated on the basis of the 20 % (2014) and 24,5 % (2013)

tax rate applicable in the Group's home country	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Total income taxes		
Profit before taxes	-572,476.22	-7,966,493.67
Tax at the applicable rate in the home country	114,495.24	1,951,790.95
Divergent tax rates of foreign subsidiaries	-72,121.70	-912,019.49
Tax-free income	12,652.26	43,410.30

Expenses that are not deductible	-114,625.72	-131,392.37
Other temporary differences	0.00	150,590.45
Non-recorded deferred tax	59,599.92	-1,102,379.84
Tax charge	**0.00**	**0.00**

Deferred taxes in the balance sheet		
Deferred tax assets	0.00	0.00
Deferred tax liabilities	0.00	0.00
	0.00	**0.00**

Deferred tax assets and liabilities are presented in Note 16.

12. 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.

	2014	**2013**
Profit for the year attributable to equity holders of the parent	-572,476.22	-8,526,862.66
Weighted average number of shares during the period	109,114,035	60,117,106
Undiluted earnings per share, EUR/share,	-0.01	-0.14

When calculating diluted earnings per share, share options and convertible promissory notes are taken into account in the weighted average number of shares.
Share options have a dilutive effect when their subscription price is lower than the fair value of the share. The fair value of the share is based on the average price of the shares during the period.

The contracts of the convertible loan issued in 2012 were renewed in July 2013, when all holders of the convertible loan agreed with the composition arrangement and converted the remaining loan to the new shares of the company. Convertible promissory notes are presented in Note 24 Interest-bearing liabilities.

	2014	**2013**
Profit for the year attributable to equity holders of the parent, continuing operations	-572,476.22	-8,526,862.66
Weighted average number of shares during the period	109,114,035	60,117,106.00
Dilution effect of issued share options	0.00	0.00
Share-weighted diluted average price used in calculating adjusted earnings per share	109,114,035	60,117,106.00
Diluted earnings per share, EUR/share	-0.01	-0.14

13. Property, plant and equipment

	Land	**Buildings and advances**	**Machinery and equipment**	**Other tangible assets**	**Total**
Acquisition cost, 1 Jan 2014	**350,897.90**	**944,635.02**	**43,387,255.37**	**876,103.56**	**45,558,891.86**
Increase	0.00	2,383.22	0.00	7,985.11	10,368.33
Consolidation of operations	0.00	0.00	12,261.19	0.00	12,261.19
Disposals	0.00	0.00	-39,517.08	0.00	-39,517.08
Reclassifications between items	0.00	0.00	0,00	0.00	0.00
Sale of assets in Group companies	0.00	0.00	0,00	0.00	0.00
Exchange differences	14,336.39	38,594.32	69,841.58	13,579.41	136,351.70
Reclassification to non-current AFS assets	0.00	0.00	0.00	0.00	0.00

Acquisition cost, 30 Jun 2014	**365,234.29**	**985,612.56**	**43,429,841.06**	**897,668.08**	**45,678,356.00**
Accumulated depreciation and impairment losses, 1 Jan 2014	**0.00**	**-229,495.28**	**-42,724,303.87**	**-814,530.09**	**-43,768,329.24**
Depreciation	0.00	-24,169.28	-126,402.67	-13,513.26	-164,085.21
Increase	0.00	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00	0.00
Reclassifications between items	0.00	0.00	0.00	0.00	0.00
Cumulative depreciation on reclassifications and disposals	0.00	0.00	39,517.08	0.00	39,517.08
Exchange differences	0.00	-9,766.65	-65,362.75	-11,283.17	-86,412.57
Reclassification to non-current AFS assets cum. amortisation	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation and impairment losses, 30 Jun 2014	**0.00**	**-263,431.21**	**-42,876,552.21**	**-839,326.52**	**-43,979,309.94**
Carrying amount, 1 Jan 2014	350,897.90	715,139.74	662,951.51	61,573.47	1,790,562.62
Carrying amount, 30 Jun 2014	365,234.29	722,181.35	553,288.85	58,341.56	1,699,046.06
Acquisition cost, 1 Jan 2013	**414,512.11**	**1,141,650.39**	**43,841,013.74**	**898,626.55**	**46,295,802.79**
Increase	35,152.00	80,544.19	39,917.35	33,144.22	188,757.76
Consolidation of operations	0.00	0.00	0.00	0.00	0.00
Disposals	-91,196.12	-4,653,176.77	-195,465.11	-1,202.60	-4,941,040.60
Reclassifications between items	0.00	-81,953.96	11,902.60	0.00	-70,051.36
Sale of assets in Group companies	0.00	0.00	0.00	0.00	0,00
Exchange differences	-63,614.21	-175,206.41	-310,113.21	-54,464.61	-603,398.44
Reclassification to non-current AFS assets	56,044.12	4,632,777.58	0.00	0.00	4,688,821.70
Acquisition cost, 31 Dec 2013	**350,897.90**	**944,635.02**	**43,387,255.37**	**876,103.56**	**45,558,891.86**
Accumulated depreciation and impairment losses, 1 Jan 2013	0.00	**-215,540.14**	**-42,681,453.65**	**-820,394.12**	**-43,717,387.91**
Depreciation	0.00	-51,540.32	-481,207.70	-41,568.31	-574,316.33
Increase	0.00	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00	0.00
Reclassifications between items	0.00	0.00	0.00	0.00	0.00
Cumulative depreciation on reclassifications and disposals	0.00	3,340,573.30	195,465.11	1,202.60	3,537,241.01
Exchange differences	0.00	-63,379.81	242,892.37	46,229.74	225,742.30
Reclassification to non-current AFS assets cum. amortisation		-3,239,608.29	0.00	0.00	-3,239,608.29
Accumulated depreciation and impairment losses, 31 Dec 2013	**0.00**	**-229,495.28**	**-42,724,303.87**	**-814,530.09**	**-43,768,329.24**
Carrying amount, 1 Jan .2013	414,512.11	926,110.25	1,159,560.09	78,232.43	2,578,414.88
Carrying amount, 31 Dec 2013	350,897.90	715,139.74	662,951.51	61,573.47	1,790,562.62

Finance leases

Property, plant and equipment includes assets obtained on finance leases as follows:

	Machinery and equipment
30.6.2014	
Acquisition cost	16,027,006.73
Accumulated depreciation	-15,991,239.15
Carrying amount	**35,767.58**
31.12.2013	
Acquisition cost	16,027,006.73

Accumulated depreciation	-15, 979,491.91
Carrying amount	**47,514.82**

Increases on the acquisition cost of property, plant and equipment include assets leased on finances leases totalling EUR 0 in 2014 (EUR 0 in 2013).

14. Intangible assets

	Goodwill	**Other intangible assets**	**Total**
Acquisition cost, 1 Jan 2014	2,354,884.76	4,157,853.73	6,512,738.49
Increase	0.00	0.00	0.00
Decrease	0.00	0.00	0.00
Reclassifications between items	0.00	0.00	0.00
Exchange difference	16,692.91	0.37	16,693.28
Acquisition cost, 30 Jun 2014	**2,371,577.67**	**4,157,854.10**	**6,529,431.77**
Accumulated amortisation and impairment losses, 1 Jan 2014	-1,488,952.27	-4,077,564.60	-5,566,516.87
Amortisation	0.00	-11,458.33	-11,458.33
Accumulated depreciation	0.00	0.00	0.00
Exchange difference	0.00	2,293.76	2,293.76
Accumulated amortisation and impairment losses, 30 Jun 2014	**-1,488,952.27**	**-4,086,729.17**	**-5,575,681.44**
Carrying amount, 1 Jan 2014	865,932.49	80,289.13	946,221.62
Carrying amount, 30 Jun 2014	882,625.40	71,124.93	953,750.33
Acquisition cost, 1 Jan 2013	2,428,955.47	4,361,072.17	6,790,027.64
Increase	0.00	68,048.67	68,048.67
Decrease	0.00	-122,709.73	-122,709.73
Reclassifications between items	0.00	0.00	0.00
Exchange difference	-74,070.71	-148,557.38	-222,628.09
Acquisition cost, 31 Dec 2013	**2,354,884.76**	**4,157,853.73**	**6,512,738.49**
Accumulated amortisation and impairment losses, 1 Jan 2013	-1,488,952.27	-4,183,162.41	-5,672,114.68
Amortisation	0.00	-43,753.40	-43,753.40
Accumulated depreciation	0.00	0.00	0.00
Exchange difference	0.00	149,351.21	149,351.21
Accumulated amortisation and impairment losses, 31 Dec 2013	**-1,488,952.27**	**-4,077,564.60**	**-5,566,516.87**
Carrying amount, 1 Jan 2013	940,003.20	177,909.76	1,117,912.96
Carrying amount, 31 Dec 2013	865,932.49	80,289.13	946,221.62

Goodwill – Period 30 Jun 2014
According to the IAS 36 a cash-generating unit to for which goodwill has been allocated has to be tested impairment on an annual basis, or whenever there is an indication that the unit may be impaired.

During the H1/2014 the business development of the Indian subsidiary has been favourable and according to the board's and management's evaluation there are no indications of impairment. The impairment testing of goodwill will be conducted on 31 Dec 2014 according to IAS 36 standard.

Financial statement on 31 December 2013

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. In the cash flow estimate, the revenue in India in 2014 declines 20% from previous year. During the years 2015–2017 the revenue increases 3% annually. The operating profit before depreciation varies between 16 and 17% during the years 2014–2017.

In the calculations of the financial year 2013, a discount rate of 14.7% has been used in India (2012: 16.0%).

The goodwill of approx. EUR 0.9 million in the consolidated balance sheet refers to the Indian subsidiary. According to the sensitivity analysis of goodwill calculations, the revenue in India can decrease by max. 13.7% and the average cost of capital can increase by max. 21.9% without any need for the impairment of goodwill. The profitability of the Indian subsidiary has improved during the past few years and there is no need or risk of any impairment.

In impairment testing of goodwill, the residual value of future cash flows is 52% of the cash flows in calculations for value in use. Recoverable amounts from cash generating units have been defined in calculations based on the value in use, and they involve use of estimates.Testing of impairment is described also in the Notes to the Consolidated Financial Statements under Impairment of assets and Impairment testing.

15. Financial assets available-for-sale

	2014	**2013**
Publicly quoted shares	199,410.90	3,834.68
Unquoted shares	0.00	307,192.86
Capital investment fund	0.00	0.00
Total available-for-sale investments at the end of the year	**199,410.90**	**311,027.54**

The fair value of publicly quoted investments in shares does not differ materially from their carrying amount.
Cleantech Invest Ltd was listed on the Nasdaq OMX First North Finland market in June 2014..
Write-off of the value of shares was EUR 111,616.54 in connection with the listing.

16. Deferred tax assets and liabilities

	1 Jan 2014	Recorded in income statement	Exchange differences	30 June 2014
Deferred tax assets				
Tax losses carried forward	0.00	0.00	0.00	0.00
Deferred tax liabilities				
Accumulated depreciation difference	0.00	0.00	0.00	0.00

	1 Jan 2013	Recorded in income statement	Exchange differences	31 Dec 2013
Deferred tax assets				
Tax losses carried forward	560,369.00	-519,815.35	-40,553.65	0.00
Deferred tax liabilities				
Accumulated depreciation difference	0.00	0.00	0.00	0.00

A deferred tax asset of EUR 0.6 million in the consolidated balance sheet on 31 December 2012 has been recognised in the Indian company and it has been utilised during the year 2013.
There are no deferred tax assets recorded in the balance sheet of the financial statements for 2014 or 2013.

Loss from the taxation year 2003 (EUR 9.8 million) expired in 2013. On 31 December 2013, confirmed tax losses for which no deferred tax asset was recognised amounted to EUR 8.5 million Tax losses expire in years 2014–2023.

The expiration of confirmed tax losses is scrutinised on yearly level and that will be done for the next time on 31 December 2014.

17. Inventories

	2014	2013
Raw materials and supplies	2,780,212.51	2,903,596.12
Work in progress	545,326.82	326,665.69
Finished goods	724,750.26	959,913.28
Advance payments	300,439.96	113,591.25
	4,350,729.55	**4,303,766.34**

In 2013 EUR 0.7 million was recorded as an expense for the financial year, and the carrying amount of inventories was lowered by this amount to align it with the net realisable value.

In 2014 no additional recordings were made.

18. Trade and other receivables

Trade and other receivables - non-current	**2014**	**2013**
Trade receivables, Superpark Oy (Vuokati real estate)	0.00	160,000.00
Loan receivables, Indian subsidiary of the company (personal loan)	6,646.40	6,385.51
Tax and regulatory fee receivables, Indian subsidiary	822,910.67	692,175.95
	829,557.07	**858,561.46**

Trade and other receivables - current

	2014	2013
Trade receivables	4,143,875.36	5,659,467.75
Loan receivables	25,739.99	18,338.06
Prepaid expenses and accrued income	555,502.29	388,642.04
Other receivables	30,587.55	150,445.90
	4,755,705.19	**6,216,893.75**

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	**2014**	**2013**
Not past due	3,359,939.63	4,972,744,84
Past due		
Less than 30 days	629,792.38	522,349.87
30–60 days	42,521.06	26,836.33
61–90 days	20,850.65	23,056.20
More than 90 days	90,771.64	114,480.51
	4,143,875.36	**5,659,467.75**
Items recorded as credit losses	11,177.58	350,636.71

Distribution of current receivables by currency, EUR	**2014**	**2013**
USD	1,013,229.07	1,536,865.85
HKD	1,625.99	0.00
INR	1,376,052.96	1,418,373.41
EUR	2,364,797.17	3,261,654.49
	4,755,705.19	**6,216,893.75**

19. Cash and cash equivalents

	2014	2013
Cash and bank accounts	1,047,753.26	1,506,883.08
Short-term investments	0.00	0.00
	1,047,753.26	**1,506,883.08**

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

20. Notes to the statement of changes in equity

	Number of shares	Share capital	Share premium account	Total
30 June 2014	109,114,035	20,486,769.50	44,316.60	20,531,086.10
31 Dec 2013	109,114,035	20,486,769.50	44,316.60	20,531,086.10

The share’s accounting countervalue at the balance sheet date is EUR 0.19 20,731,666.65

The shares are fully paid in.

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

21. Share-based payment

The option scheme ended on 31 Jan 2014. No options were used for the subscription of shares.

At the balance sheet date, the Group does not have a valid share option plan.

22. 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 are determined as follows:	**2014**	**2013**
Present value of unfunded obligations	230,284.33	0.00
Present value of funded obligations	-92,795.94	220,297.65
Fair value of plan assets	0.00	-88,206.02
Underfunding/overfunding	137,488.39	132,091.62
Minimum funding requirements / asset ceiling effect		
Unrecognised acturial gains (+) and losses (–)	0.00	0.00
Unrecognised past service expenses	0.00	0.00
Net liability	**137,488.39**	**132,091.62**
Amounts in the balance sheet:		
Liability	137,488.40	132,091.62
Receivable	0.00	0.00
Net liability	137,488.40	132,091.62

Defined-benefit pension expenses recognised in the income statement	**2014**	**2013**
Pension costs based on current period's service	6,224.71	11,630.70
Benefit-related interest expense	7,828.08	13,805.46
Expected return on plan assets	-10,887.65	-7,737.17
Actuarial gains (+) and losses (–)	-2,194.71	1,004.79
Pension costs based on prior periods' service	0.00	0.00
Gains/losses on plan curtailment	-2,230.24	0.00
Total	**-1,259.81**	**18,703.77**

Actual return on plan assets was EUR 8,211 in 2013 (EUR 9,271 in 2012).

Changes in the present value of the defined benefit obligation	**2014**	**2013**
Defined benefit obligation at 1 January	229,298.19	180,423.98
Current service cost	6,325.48	11,814.22
Interest cost	7,954.80	15,217.72
Actuarial losses/(gains) on obligation	-11 063,90	22 756,09
Gains (+) and losses (–) based on curtailment	0.00	0.00
Business combination	0.00	0.00
Exchange difference	0.00	0.00
Benefits paid	-2,230.24	-9,914.37
Defined benefit obligation at 31 December	**230,284.33**	**220,297.65**

Changes in the fair value of plan assets	**2014**	**2013**
Fair value of plan assets at 1 January	91,809.79	79,682.52
Expected return on plan assets	3,726.76	6,001.68
Actuarial gains (+) and losses (–)	-510.38	1,491.59
Contributions by employer	0.00	10,944.61
Contributions by plan participants	0.00	0.00
Business combination	0.00	0.00
Exchange difference	0.00	0.00
Benefits paid	-2,230.24	-9,914.37
Fair value of plan assets at 31 December	**92,795.93**	**88,206.02**

Plan assets are comprised as follows:	**2014**	**2013**
Funds managed by insurer	92,795.94	88,206.02

The principal actuarial assumptions used on 31 December	**2014**	**2013**
Asia		
Discount rate	9,30 %	8,95 %
Expected return on plan assets	8,00 %	7,50 %
Future salary increases	8,00-10,00%	8,00-10,00%

Amounts for the current and previous periods	**2014**	**2013**
Change from previous year		**3,36 %**
Present value of defined benefit obligation	230,284.33	220,297.65
Fair value of plan assets	-92,795.94	88,206.02
Surplus (+) / deficit (–)	323,080.27	132,091.62
Experience adjustments on plan liabilities	8,328.52	7,570.35
Experience adjustments on plan assets	-1,500.85	1,491.59

The Group expects to contribute EUR 0.01 million to its defined benefit pension plans in year 2014.

23. Restructuring provision and other provisions

Expense reserve			
31 Dec 2013	1,006,345.00	**31 Dec 2012**	103,068.35
Increase in restructuring provision	0.00	Increase in restructuring provision	1,006,345.00
Used provisions	-529,722.00	Used provisions	-103,068.35
30 Jun 2014	**476,623.00**	**31 Dec 2013**	**1,006,345.00**

In the beginning of the year 2014 the remaining provisions of the closure of the factories in Vuokatti and Helsinki amounted to EUR 103,068.00

These provisions were used during the year 2013.
At the end of year 2013, new provisions were recorded as follows: EUR 414,717.00 for the termination of corporate personnel's employment contracts, EUR 472,177.00 for the rental costs of the Kuressaare factory and EUR 119,451 for the own risk for unemployment insurance funding.

In 2014 the provisions related to the salaries of terminated corporate personnel were used by EUR 258,387.00, the rental costs of the Kuressaare factory by EUR 236,088.00 and the own risk for unemployment insurance of funding by EUR 8,247.00.

24. Interest-bearing liabilities

Non-current financial liabilities measured at amortised cost

	2014	**2013**
Capital loan	0.00	0.00
Convertible bond	0.00	0.00
Pension loans	113,100.95	108,661.45
Other loans, held-for-sale	1,944,952.32	1,944,952.32
Finance lease liabilities	0.00	0.00
	2,058,053.27	**2,053,613.77**

Current financial liabilities measured at amortised cost

	2014	**2013**
Bank loans	6,855,122.89	7,289,725.20
Other loans	0.00	0.00
Convertible bond	239,402.77	478,805.27
Pension loans	0.00	0.00
Other loans, held-for-sale	0.00	0.00
Finance lease liabilities	16,265.84	28,013.08
	7,110,791.50	**7,796,543.55**

The fair values of liabilities are presented in Note 27.

The non-current bank loans amounting to EUR 3.0 million (EUR 3.3 million in 2013)have been 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 26 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 2013). The Group's bank loans have both
variable and fixed interest rates. At the balance sheet date, the Group's average
interest rate is 7,57 % (6,37 % in 2013).

Forthcoming payable interest and instalments of loans

	2014	**2013**
Less than 6 months	3,468,512.38	4,080,327.46
6–12 months	1,233,588.39	712,330.76
1–5 years	5,390,593.71	5,677,702.83
More than 5 years	0.00	0.00
	10,092,694.48	**10,470,361.05**

The forthcoming instalments and interests have been calculated
based on the present effective loan agreements. Because of the covenants, the non-current
bank loan has in the balance sheet been described under current loans.

Distribution of interest-bearing liabilities by currency, EUR

Non-current liabilities	**2014**	**2013**
USD	0.00	0.00
INR	113,100.95	108,661.45
EUR	1,944,952.32	1,944,952.32
	2,058,053.27	**2,053,613.77**

Current liabilities	**2014**	**2013**
USD	648,578.88	973,398.54
INR	180,090.48	28,156.15
EUR	6,282,122.14	6,794,988.86
	7,110,791.50	**7,796,543.55**

Convertible loan 2007
The remaining amount of the convertible loan issued in 2007, i.e. EUR 2.4 million was due to be paid on 31 December 2012.
The company negotiated in January 2013 on the redemption of the due amount As a result of the negotiatons, approx. EUR 1.0 million was redeemed in January and EUR 0.5 million in June. Furthermore, a part of the loan with respective interest, i.e. a total of EUR 0.4 million, was converted to Incap's shares by means of a private placement to one holder of the convertible loan. At the end of the financial period 2013 the remaining amount of the 2007 convertible loan was EUR 0.5 million and it shall be settled by 30 June 2014. On that date, the convertible loan was partly redeemed and the rest of the loan amounting EUR 0.2 million will be matured on 30 June 2015.

Convertible loan 2012
A part of the holders of the convertible loan 2007 converted their loan units to a new convertible loan in the year 2012. The issue rate of the convertible loan was 100% and an annual fixed interest of 7% was due to be paid on the loan after each 12-month period. The subscription price of the new loan was paid in the way that one loan unit in the 2007 convertible loan was converted into one loan unit in the 2012 convertible loan. The loan amount was EUR 2,916,000 and a total of 540 loan units with the nominal value of EUR 5,400 were granted out of the loan. The convertible loan was due to expire on 25 May 2017. The convertible loan included a right to subscribe a maximum total of 7,112,195 new shares of the company. The subscription price for each new share was EUR 0.41. The subscription period commenced when the option rights attached to the convertible loan had been entered into the trade register, and it was due to end on 30 April 2017.

The contracts of the convertible loan were renewed in connection with the financing arrangement, which was announced on 22 July 2013. All holders of the convertible loan agreed with the composition arrangement and converted the remaiming loan units to a total of 22,430,769 new shares.

The subscription price in the conversion was EUR 0.13 per share.

Capital loan
There are no capitalo loans recorded on the balance sheet in 2013 or 2014.

Due dates of finance lease liabilities	**2014**	**2013**
Finance lease liabilities - Minimum lease payments		
Less than 1 year	16,265.84	28,013.08
1–5 years	0.00	0.00
Later than 5 years	0.00	0.00
	16,265.84	**28,013.08**
Finance lease liabilities - Present value of minimum lease payments		
Less than 1 year	16,037.19	27,440.58
1–5 years	0.00	0.00
Later than 5 years	0.00	0.00
	16,037.19	**27,440.58**
Future finance charges	228.65	572.50
Total finance lease liabilities	**16,265.84**	**28,013.08**

25. Provisions, trade and other payables

Current	**2014**	**2013**
Trade payables	2,022,738.89	2,004,970.00
Prepayments received	0.00	76,584.66
Accrued liabilities	1,977,113.23	2,178,923.81
Short-term provisions	105,011.79	124,162.69
Other liabilities	479,639.31	1,012,223.34
	4,584,503.22	**5,396,864.50**

Material items in accrued liabilities and deferred income are related to salary expenses.

Distribution of non-interest-bearing liabilities by currency, EUR	**2014**	**2013**
USD	401,401.00	386,470.54
SEK	0.00	0.00
CHF	0.00	0.00
GBP	8,599.70	945.43
SGD	0.00	0.00
NOK	0.00	0.00
JPY	5,327.26	0.00
HKD	10,520.98	41,069.59
INR	1,250,241.23	1,473,411.69
EUR	2,803,401.25	3,494,967.25
	4,479,491.42	**5,396,864.50**

Incap has reached an agreement with the Finnish Tax Administration on the payment arrangement related to overdue value-added taxes, withholding taxes and social security contributions. The total amount of the tax liabilities within the scope of this arrangement is approximately EUR 0.2 million at the date of the financial statements. Each instalment amounts to EUR 57,700.00 and is paid monthly until 22 July 2014. The last instalment is due on 22 August 2014. Eventual sanction for delay (penalty interest and additional tax) is a reference rate for the preceding 6 months in accordance with the Tax Law 12 § plus 7 percentage unit. In 2014 the interest percentage is 7.5. According to the provisions of the agreement, if an instalment is late, the Finnish Tax Administration has the right to terminate the agreement with immediate effect.

The payment arrangement with the Finnish Tax Administration made in 2012 has been finalized according to the contract. At the same time a new payment arrangement of EUR 0.3 million has been made. According to the new payment arrangement a monthly sum of EUR 0.027 million euros will be paid to the Finnish Tax Administration. The payment arrangement will end in September 2015.

26. 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 principes 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 Finnish and Estonian companies, 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. The operations of the Indian company are also financed with a euro-denominated loan for which Incap Corporation has made a non-current investment in the Indian subsidiary at the same amount.

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.

In line with the Group's currency risk policy the euro-denominated investment made in the subsidiary in India was not hedged during the period. The currency exchange differences arising from the investment are presented under exchange differences in the Group's non-restricted equity. A change of +15%/-15% in the EUR/INR exchange rate results in a decrease of EUR 200,516.62 or an increase of EUR 148,207.94 compared with the exchange difference at 30 June 2014.

Interest rate risk

At the balance sheet date, interest-bearing liabilities in the consolidated balance sheet totalled EUR 9.1 million. Less than half of the interest-bearing liabilities have a fixed rate. The weighted average duration of the interest-bearing loan at the balance sheet date is 1.9 years. The calculation includes all loans, for which it is possible to define the payback period. The Group has not carried out special hedging measures against interest rate risks during the period.

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 +/- 29,531.00 at 30 June 2014.

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 11,178 of credit losses were recorded by the end of the period at 30 June 2014. During 2014 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 18.

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. In order to secure the financing, the company has during 2010–2012 organised three private placements, in which equity financing of EUR 4.9 million has been collected from investors and major shareholders. Furthermore, in an extensive financing arrangement, which was carried out in 2013, a directed share issue and a conversion of loans into the company's new shares was arranged. The subscription price paid in cash, i.e. approximately EUR 4.5 million, has been recorded in the reserve for invested unrestricted equity.

In April 2014 reached conclusion with the negotiation with its Finnish bank in relation to the loan instaments. The re-negotiated schedule decreased the loan instalments to a half of the previous plan during the second half of the year 2014.

The negotiations with the Finnish bank continued during and after the periood. The Incap Corporation's Finnish bank increased the limit by EUR 0.5 million euros. The increase is valid until 9th March 2015. The shares of Incap CMS Ltd owned by Incap Corporation are pledged againts the limit.

The company's current interest-bearing liabilities on 30 June 2014 amounted to EUR 7.8 million. EUR 7.3 million of this is bank loan and EUR 2.9 million out of it concerns the Indian subsidiary. The parent company uses in Finland and in Estonia factoring financing, which is part of current liabilities. The amount of unused credit line and liquid assets was EUR 8.5 million on 30 June 2014.

Debt financing of the company on 30 June 2014

Loans from credit institutions	**Balance on 30 June 2014 (EUR)**	**Review of covenants**	**Expiry date**
1. Factoring limit (< EUR 8.5 million)	1,11, 682	31 Dec 2014	For the present
2. Account with credit facility (< EUR 1 million)	903,650	31 Dec 2014	For the present
3. Bank loan in Finland	135,000	31 Dec 2014	29 Jan 2015
4. Bank loan in Finland	2,059,091	31 Dec 2014	29 Jan 2018
5. Bank loan in Finland	898,735	31 Dec 2014	6 Aug 2017
6. Bank loan in Finland	510,852	31 Dec 2014	16 Oct 2018
7. Bank loan in Finland	404,430	31 Dec 2014	29 Jan 2017
8. Account with credit facility in India	828,669		31 Jan 2015
10. Finnfund's investment in Indian operations	1,898,615		22 Jul 2015
10. Bank loan in Estonia	15		
Total	8,753,738		
Other loans			
Convertible loan 2007	239,403		30 Jun2015
Finance lease in Finland	6,057		1 Jan 2015
Finance lease in Finland	5,880		1 Jan 2015
Finance lease in Finland	4,329		1 Jan 2015
Other loans	46,338		1 Sep 2018
Other loans	113,101		
Total	415,107		
Total	**9,168,845**		

Instalments and interests of loans

(1 000 euros)	Instalments	Interests	30 Jun 2014
Less than 6 months	-3,209	-259	-3,469
6–12 months	-896	-338	-1,234
1–5 years	-5,064	-327	-5,391
More than 5 years			
	-9,169	**-924**	**-10,093**

Of the company’s loans, Finnfund’s investment in Indian operations is classified as non-current. Other bank loans are included in current financial liabilities on the basis of the loan period or due to the breach of covenants.

Loans, credit line and factoring credit line granted by a Finnish bank totalled EUR 6.0 million on 30 June 2014. These loans (Nos. 1–7 in the above table) involve the following covenants:

	net IBD/EBITDA
30 Jun 2014	EUR 66,000
31 Dec 2014	EUR 613,000

Net IBD equals interest-bearing liabilities without factoring lease according to IFRS principles less cash and cash equivalents. EBITDA is calculated for rolling 6 months.

At the first review on 30 June 2014, the company met the conditions of the covenant EUR 66,000. The next review will take place on 31 December 2014 with the conditions of the covenant EUR 613,000. The company estimates that it will meet the conditions of the covenant also then if the revenue develops as estimated.

Finnfund’s investment made in 2009 or any other foreign loans do not include any covenants. However, a standby letter-of-credit which serves as a security of a foreign bank’s loan is including covenants.

The remainder of the convertible loan issued by Incap in 2007, i.e. EUR 239,403 will mature on 30 June 2015.

Forthcoming instalments and interests are described in the Note 24.

To assess its liquidity, Incap has prepared a 12-month cash flow projection for the Group, based on its performance forecast for 2014 and the actual turnover of its sales receivables, accounts payable, and inventories. On the basis of this cash flow projection, Incap’s working capital will not cover the requirement for the next 12 months at the time of the publication of this interim report. According to the company’s estimate, approximately EUR 1.5–2 million of additional working capital is needed. The need for working capital concerns the company’s European functions. However, the working capital will be sufficient for the next 12 months if the following criteria are met:

- Repatriation of profits from India to the parent company succeeds as planned and/or
- the company succeeds in acquiring new customers andthe company’s cash flow from

operations develops positively and/or
- the company succeeds in negotiating on the amount and schedule of instalments as well as other financing arrangements with financiers.

Incap’s management is confident that the cash flow from operations will develop so that the company will be able to fulfil its obligations.

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 30 June 2014, the Group’s interest-bearing net liabilities totalled EUR 8.1 million (EUR 15.7 at 30 Jun 2013) and its gearing was 9,831% (-266% at 30 Jun 2013). 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 30 Jun 2014, the equity ratio was 0.6% (-25.8 % at 30 Jun 2013).

27. Fair values of financial assets and liabilities

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

Financial liabilities	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
Bank loans	6,855,122.89	6,855,122.89	7,289,725.20	7,289,725.20
Pension loans	113,100.95	113,100.95	108,661.45	108,661.45
Convertible bond	239,402.77	252,902.14	478,805.27	494,950.27
Capital loan	0.00	0.00	0.00	0.00
Other interest-bearing loans	1,944,952.32	2,062,493.05	1,944,952.32	2,155,048.78
Finance lease liabilities	16,265.84	16,265.84	28,013.08	28,013.08
Trade and other payables	4,584,503.22	4,584,503.22	5,396,864.46	5,396,864.46

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

Discount rates applied in determining fair value	2014	2013
Bank and other loans	2,57 - 10,00%	2,83 - 10,00%

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

28. Adjustments to cash flows from operations

	2014	**2013**
Non-cash transactions	12	2,633
Depreciation and impairment losses	162	1,065
Change in finance lease agreements due to IFRS adjustments	13	72
Lease payments in cash flow from financing activities	0	0
Employee benefits expense	0	-5
Transfer of capital gains on tangible assets to cash flow from investments	0	0
Gains (–) and losses (+) of disposals of fixed assets and other non-current assets	-209	-184
Other items directly accounted into equity	-181	
	-203	**3,581**

29. Operating leases

The Group has leased the production and office space it uses. Part of these agreements are in force until further notice and their termination periods vary from one to eighteen months. The length of other contracts is up to a maximum of five years 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

Lease payments under non-cancellable operating leases are payable as follows, excluding value added tax:

	2014	**2013**
Less than 1 year	883,795.05	1,022,933.43
1–5 years	374,607.93	648,023.27
	1,258,402.98	**1,670,956.70**

The income statement for 2014 includes EUR 0.5 million (EUR 1.9 million in 2013) of lease expenses paid according to the other rental agreements.

30. Collateral and contingent and related liabilities

Collateral given on behalf of own commitments	**2014**	**2013**
Mortgages on real estate	619,590.20	585,754.45
Business mortgages	12,112,536.74	12,112,536.74
Repurchase liability for trade receivables sold to finance companies (factoring)	1,114,681.80	1,457,470.59
Other Letters of Guarantee	50,000.00	50,000.00

31. Related-party transactions

Management's employee benefits	**2014**	**2013**
Salaries and other current employee benefits	178,958.60	680,373.40
Benefits in connection with termination of employment	0.00	0.00
Benefits after end of employment	0.00	0.00
Other long-term employee benefits	0.00	0.00
Share-based payment	0.00	0.00
	178,958.60	**680,373.40**

The operating President & CEO until 22 June 2014 Mr Fredrik Berghel was working based on a consulting agreement and therefore he didn't have a termination notice period. The President & CEO from 23 June 2014, Mr Ville Vuori has the termination notice period of three months during first 12 months of his contract. After that the termination notice period will be six months.

The pension benefits of other members of the Group Management Team are determined in accordance with the Employment Pensions Act (TyEL).

Wages and salaries	**2014**	**2013**
President and CEO	3,367.24	197,761.59
Board members		
Kalevi Laurila	0.00	2,800.00
Lassi Noponen	8,250.00	50,800.00
Susanna Miekk-Oja	6,375.00	26,600.00
Raimo Helasmäki	6,375.00	26,600.00
Matti Jaakola	0.00	41,400.00
Janne Laurila	0.00	26 800,00
Fredrik Berghel	6,375.00	–
Olle Hulteberg	6,375.00	–

The wages and salaries for the Board of Dirctors cover the board fees and meeting fees paid until 30 Jun 2014.

The members of the Board and the President and the CEO and their interest parties and controlled corporations owned a total of 29,344,858 shares, or 26.9%, of the company's shares outstanding.

The Board members Fredrik Berghel and Olle Hulteberg are holding their position based on a consulting agreement approved by the General Meeting, and they are not paid any other fee until 9 April 2014. After the period started after Annual General Meeting on 10 April 2014 Berghel and Hulteberg are paid according to the normal annual fee for the members of the Board of Directors.

Berghel and Hulteberg own together Inission AB, which is the biggest shareholder of Incap Corporation holding 26.1% of all shares of the company.

Incap has made an investment of EUR 0.3 million in the venture capital fund Cleantech Future Fund, which is investing in cleantech business and technologies.

The investment was converted into a total of 428,144 new B-shares of Cleantech Future Fund Ky, and the respective agreement was signed in June 2013. The subscription price was EUR 0.80 per share. A member of the Board, Lassi Noponen, is a partner and Chairman of the Board at Cleantech Invest Ltd., which is managing the fund.

32. Events occurring after the balance sheet date

After the period ended on 30th June 2014 the equity of Estonian daughter company has been strenghtened by EUR 1.0 million by converting the Parent Company long-term receivables to the share capital of the daughter company. On the Parent Company financial statement on 30th June 2014 the value of the converted long-term receivables (EUR 1.0 million) has been written off since according to the evaluation of the Board and the management the income from daughter company's shares will be lower than the acquisition cost after conversion in the future.

The Incap Corporation's Finnish bank increased the limit by EUR 0.5 million euros. The increase is valid until 9th March 2015. The shares of Incap CMS Ltd owned by Incap Corporation are pledged against the limit

The payment arrangement with the Finnish Tax Administration made in 2012 has been finalized according to the contract. At the same time a new payment arrangement of EUR 0.3 million has been made. According to the new payment arrangement a monthly sum of EUR 0.027 million euros will be paid to the Finnish Tax Administration. The payment arrangement will end in September 2015

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Parent Company Income Statement

	Note	1 Jan - 30 June 2014	1 Jan - 31 Dec 2013
Revenue	1	4,527,899.75	19,456,925.49
Changes in inventories of finished goods and work in progress	3	63,032.00	-302,632.00
Other operating income	2	42,889.44	185,704.66
Raw materials and services	3	2,382,207.04	13,580,399.54
Personnel expenses	4	1,909,188.99	5,744,786.82
Depreciaton, amortisation and impairment losses	5	27,120.00	216,503.00
Other operating expenses	6	1,165,795.51	3,352,881.47
Operating profit/loss		**-850,490.35**	**-3,554,572.68**
Financial income and expenses [1)]	7	-1,414,140.93	-3,425,023.27
Profit/loss before extraordinary items		**-2,264,631.28**	**-6,979,595.95**
Extraordinary items		0.00	0.00
Profit/loss before appropriations and taxes		**-2,264,631.28**	**-6,979,595.95**
Appropriations	8	0.00	0.00
Income taxes	9	0.00	0.00
Profit/loss for the financial year		**-2,264,631.28**	**-6,979,595.95**

1) Depreciation of the Estonian daughter company share capital EUR 1.0 million

Parent Company Balance Sheet

	Note	30 Jun 2014	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets	10	16,894.84	21,382.84
Tangible assets	10	272,559.50	295,191.50
Investments	11		
Holdings in Group companies [1)2)]		12,940,415.60	12,940,415.60
Other investments		199,410.90	311,027.54
Total non-current assets		**13,429,280.84**	**13,568,017.48**
Current assets			
Inventories	12	945,840.51	827,463.96
Deferred tax assets	13	0.00	0.00
Non-current receivables [1) 4)]	13	1,684,265.58	3,577,245.13
Current receivables	13	1,923,403.10	2,903,888.35
Cash in hand and at bank		6,795.90	3,907.18
Total current assets		**4,560,305.09**	**7,312,504.62**
Total assets		**17,989,585.93**	**20,880,522.10**
LIABILITIES			
Equity	14		
Share capital		20,486,769.50	20,486,769.50
Share premium account		44,316.59	44,316.59
Reserve for invested unrestricted equity		14,621,937.92	14,621,937.92
Retained earnings		-24,517,460.01	-17,385,983.05
Profit for the financial year [2) 3)]		-2,264,631.28	-7,131,476.96
Total equity		**8,370,932.72**	**10,635,564,00**
Appropriations		**0.00**	**0.00**
Liabilities			
Non-current liabilities	15	46,337.50	46,337.50
Current liabilities	16	9,572,315.71	10,198,620.60
Total liabilities		**9,618,653.21**	**10,244,958.10**
Total equity and liabilities		**17,989,585.93**	**20,880,522.10**

1) Long-term receivables converted to the share capital of Estonian daughter company
2)Depreciation of the Estonian daughter company share capital EUR 1.0 million
3) Transfer tax of Vuokatti property 2013 (EUR 151,881,01)
4) Loan receivable acknowledged completed

Parent Company's Cash Flow Statement

1 000 euros	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Cash flow from operating activities		
Operating profit/loss	-850	-3,555
Adjustments to operating profit/loss	-136	717
Change in working capital	1,705	2,681
Interest paid	-226	-940
Interest received	0	11
Cash flow from operating activities	**493**	**-1,086**
Cash flows from investing activities		
Investments in tangible and intangible assets	0	-56
Proceeds from sales of tangible and intangible assets	11	1,496
Cash flow from investing activities	**11**	**1,440**
Cash flows from financing activities		
Proceeds from share issue	0	4,282
Drawdown of loans	0	450
Loan repayments	-501	-5,129
Cash flow from financing activities	**-501**	**-397**
Change in cash and cash equivalents	**3**	**-43**
Cash and cash equivalents at the beginning of the financial year	4	47
Cash and cash equivalents at the end of the financial year	**7**	**4**
Change in working capital		
Change in current trade receivables	2,025	-2,441
Change in inventories	-118	1,011
Change in current liabilities	-125	4,311
	1,782	**2,881**

Notes to the parent company financial statement

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

Inventories
Inventories are measured at the lower of historical cost under FIFO or the repurchase value or selling price. The value of inventories includes variable expenses and their share in the fixed expenses of procurements and manufacturing.

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.

Research and development expenditure
Research and development expenditure in 2014 has been treated as annual expenses within other operating expenses. There were no research and development expenditures in the parent company in 2014.

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 which have been approved and can be utilised in the years 2014–2023. Parent company's deferred tax assets of EUR 3.3 million have been recorded as an expense in the financial statements for 2012, as there were no longer prerequisites based on IAS 12 standard to keep deferred tax assets in the balance sheet.
The deferred tax asset of EUR 0.6 million in the consolidated balance sheet on 31 December 2012 has been recognised in the Indian company and it has been utilised during the year 2013. There are no deferred tax assets recorded in the balance sheet of the financial statements for 2013 or 2014.

Deferred tax assets are described in more detail in Note 16, Deferred tax assets and liabilities, to the consolidated financial statements.

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 2013.

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.

Based on the calculations, the value of the shares of the Estonian subsidiary has been decreased in the financial statements by approximately EUR 4.0 million. Since the levels of revenue and operating profit before depreciation used in the calculations do not reflect the actual development during the preceding years, there is an element of uncertainty associated with them.

In addition to previous the equity of Estonian daughter company has been strenghtened by EUR 1.0 million by converting the Parent Company long-term receivables to the share capital of the daughter company. On the Parent Company financial statement on 30th June 2014 the value of the converted long-term receivables (EUR 1.0 million) has been written off since according to the evaluation of the Board and the management the income from daughter company's shares will be lower than the acquisition cost after conversion in the future.

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

Notes to the Parent Company's financial statements

1. Revenue

Revenue by market area	**1 Jan - 30 June 2014**	**1 Jan - 31 Dec 2013**
Finland	3,452,350.69	12,249,166.01
Europe	869,437.25	7,063,664.47
Other	206,111.81	144,095.01
	4,527,899.75	**19,456,925.49**

2. Other operating income

Capital gains on the sale of property, plant and equipment	11,416.78	183,627.76
Other income	31,472.66	2,076.90
	42 889,44	**185 704,66**

3. Raw materials and services

Raw materials and consumables		
Purchases during the financial year	898,195.57	3,620,156.43
Change in inventories	-118,706.00	1,131,515.13
	779,489.57	**4,751,671.56**
External services	1,539,685.47	9,131,359.98
	2,319,175.04	**13,883,031.54**

4. Personnel expenses and number of personnel

Average number of employees		
White-collar	18	31
Blue-collar	58	60
	76	**91**
Personnel expenses		
Wages and salaries	1,550,648.40	4,419,459.89
Pension expenses	301,789.77	1,118,624.47
Other social security expenses	56,750.82	206,702.46
	1,909,188.99	**5,744,786.82**
Salaries and bonus of the management		
President and the Board	36,917.24	372,761.59
	0.00	**372,761.59**

5. Depreciation and amortisation

Depreciation and amortization for the year 2014 totalled EUR 0.03 million (EUR 0.2 million in 2013). The specification of depreciation and amortisation for individual balance sheet items is included in the item 10. Property, plant and equipment. The depreciation and amortisation periods are presented in the accounting policies.

6. Other operating expense

Lease payments	304,743.16	600,185.56
Maintenance expenses for machinery and properties	249,769.97	757, 819.80
Other expenses	611,282.38	1,994,876.11
	1,165,795.51	**3,352,881.47**

Auditors fees		
KHT-Group Ernst & Young Oy Auditing fees	26,736.00	44,465.00
Certificates and statements	0.00	0.00
Tax advice	0.00	2,070.00
Other services	2,335.00	161,464.00
	29,071.00	**207,999.00**

7. Financial income and expenses

Dividend income		
From other companies	1,870.00	1,432.50
Other interest and financial income		
From Group companies	0.00	0.00
From other companies	3,299.67	1,942,842.54
Interest paid and other financial expenses		
To other companies	-1,419,310.60	-5,369,298.31
	-1,414,140.93	**-3,425,023.27**

In connection with the financing arrangement, which was negotiated in summer 2013, a composition arrangement was implemented . Due to the composition arrangement, approximately EUR 1.8 million of financing income was recorded for the impairment of values of the capital loan, bank loans, loan interests and accounts payable. The financing expenses in 2013 include the impairment of the values of the Estonian subsidiary's shares by EUR 4.0 million and the receivables from the subsidiary in Hong Kong by EUR 0.345 million.

The financing expenses in 2014 includes EUR 1.0 million correction related to the impairment of the values of the Estonian subsidiary's shares.

8. Appropriations

Difference between depreciation according to plan and depreciation for taxation purposes.	**0**	**0**

9. Income taxes

Change in deferred tax asset	0.00	0.00

The change in deferred tax asset has been described more in detail in the Consolidated Financial Statements' Note 16 Deferred tax asset.

10. Property, plant and equipment

Intangible assets

	Intangible rights	**Goodwill**	**Other long-term expenditure**	**Total**
Acquisition cost, 1 Jan 2014	1,598,674.52	16,337,170.96	1,723,808.46	19,659,653.94
Increase	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00
Acquisition cost, 30 Jun 2014	**1,598,674.52**	**16,337,170.96**	**1,723,808.46**	**19,659,653.94**
Accumulated amortisation and impairment losses, 1 Jan 2014	-1,580,910.03	-16,337,170.96	-1,720,190.11	-19,638,271.10
Cumulative depreciation of decreases and	0.00	0.00	0.00	0.00

reclassifications				
Amortisation during the year	-3,822.00	0.00	-666.00	-4,488.00
Accumulated amortisation, 30 Jun 2014	**-1,584,732.03**	**-16,337,170.96**	**-1,720,856.11**	**-19,642,759.10**
Carrying amount, 30 Jun 2014	13,942.49	0.00	2,952.35	16,894.84
Carrying amount, 31 Dec .2013	17,764.49	0.00	3,618.35	21,382.84

Tangible assets

	Land	**Buildings**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and work in progress**	**Total**
Acquisition cost, 1 Jan 2014	0.00	0.00	24,314,726.10	543,733.46	0.00	24,858,459.56
Increase	0.00	0.00	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00	0.00	0.00
Reclassifications between items	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition cost, 30 Jun 2014	**0.00**	**0.00**	**24,314,726.10**	**543,733.46**	**0.00**	**24,858,459.56**
Accumulated depreciation and impairment losses, 1 Jan 2014	0.00	0.00	-24,019,534.60	-543,733.46	0.00	-24,563,268.06
Cumulative depreciation on reclassifications and disposals	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation during the year	0.00	0.00	-22,632.00	0.00	0.00	-22,632.00
Accumulated depreciation, 30 Jun 2014	**0.00**	**0.00**	**-24 042 166,60**	**-543,733.46**	**0.00**	**-24,585,900.06**
Carrying amount, 30 Jun 2014	0.00	0.00	272,559.50	0.00	0.00	272,559.50
Carrying amount, 31 Dec 2013	0.00	0.00	295,191.50	0.00	0.00	295,191.50

11. Investments

	Holdings in Group companies	**Receivables from Group companies**	**Other shares**	**Total**
Acquisition cost, 1 Jan 2014	9,164,168.90	3,776,246.70	311,027.54	13,251,443.14
Increase	1,000,000.00	0.00	0.00	1,000,000.00
Impairment of shares	-1,000,000.00	0.00	-111,616.64	-1,111,616.64
Acquisition cost, 30 Jun 2014	**9,164,168.90**	**3,776,246.70**	**199,410.90**	**13,139,826.50**
Carrying amount, 30 Jun 2014	9,164,168.90	3,776,246.70	199,410.90	13,139,826.50
Carrying amount, 31 Dec 2013	9,164,168.90	3,776,246.70	311,027.54	13,251,443.14

Extraordinary Financial Statement at 30 June 2014

The Group's equity at the close of the financial period was EUR 0.083 million. The equity of the Group is weakened by the loss of the parent company and the Estonian subsidiary. After the period ended on 30th June 2014 the equity of Estonian daughter company has been strenghtened by EUR 1.0 million by converting the Parent Company long-term receivables to the share capital of the daughter company. On the Parent Company financial statement on 30th June 2014 the value of the converted long-term receivables (EUR 1.0 million) has been written off since according to the evaluation of the Board and the management the income from daughter company's shares will be lower than the acquisition cost after conversion in the future.

During the period the profit of the Indian company has developed according to the estimates. According to the estimates by Board of Directors and management there are no external or internal indications of impairment of unit's value. The impairment testing will be conducted at 31 December 2014 according to the IAS 36 standard.

Financial statement at 31 December 2013

The Group's equity at the close of the financial period was EUR 0.687 million (EUR -3.0 million in 2012) while the parent company's equity was EUR 10.8 million (EUR 8.1 million in 2012). The equity of the Group is weakened by the loss of the parent company and the Estonian subsidiary.

The value of shares in subsidiaries in the parent group 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 approx. EUR 8.8 million and the value of the Estonian subsidiary approx. EUR 4.1 million. The value of the shares in subsidiaries 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 based on the situation at the end of the financial period 2013.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 the next financial period and the four-year business plan prepared by the management and ratified by the Board of Directors. In cash flow estimates, the growth of revenue varies during the years 2014–2017 as follows: In India, the revenue is decreasing 20% in 2014 and increasing in 2015–2017 3% annually. In Estonia, the revenue is decreasing 74% in 2014 and increasing in 2015 by 76% and in 2016–2017 18% annually. In the calculations, the operating profit before depreciation varies in India between 16–17%. In Estonia the operating profit before depreciation varies between -17% to 11% in 2014–2015. 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 2013, the discount rate of 15.4% has been used in India and 9.8% in Estonia.

Should the revenue used in the testing decrease by 7% in India or by 6% in Estonia, or should the discount rate increase by a maximum of 0.03% in Estonia and a maximum of 6.2% in India, there would be no need for write-down of shares. The profitability of the Indian subsidiary has improved during the past few years and there is no need or risk of any impairment.

As to the Estonian subsidiary, the levels of revenue and operating profit before depreciation used in the impairment test calculations do not reflect the actual development during preceding years, and therefore there is an element of significant uncertainty associated with them. The percentage of operating margin out of the terminal value has been normalised in the test calculations. 56% of the business value of the Estonian subsidiary consists of a so called residual value. Based on the uncertainty the value of the shares in the parent company has been decreased by EUR 4.0 million.

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 and Incap Hong Kong Ltd and 77.5% of Incap Contract Manufacturing Services Pvt. Ltd. Share capital investment of Finnfund is 22.5% of the share capital of Incap Contract Manufacturing Services Pvt. Ltd. All companies are combined in the parent company consolidated financial statements

12. Inventories

	2014	**2013**
Raw materials and consumables	446,546.62	390,872.62
Work in progress	150,159.00	99,620.00
Finished goods	348,728.00	336,235.00
Advance payments for inventory	406.89	736.34
	945,840.51	**827,463.96**

13. Assets	**2014**	**2013**
Non-current		
Trade receivables	0.00	160,000.00
Amount owed by Group companies		
Trade receivables	1,684,265.58	3,577,245.13
	1,684,265.58	**3,737,245.13**

Trade receivables from other Group companies, which are not supposed to be realised during the next 12 months after the end of the financial period, have been transferred from current to non-current receivables. The subsidiary Incap Electronics Estonia OÜ has not been able to settle the trade payables to the parent company during the year 2013 and 2014 due to its weak profitability. The parent company has non-current trade receivables amounting to EUR 0.9 milion from its subsidiary Incap Electronics Estonia OÜ and current trade payables amounting to EUR 1.4 million to Incap Electronics Estonia OÜ. The corporate services which are today produced by the parent company will be transferred to the subsidiaries, whereby their liquidity improves and they are able to settle their trade payables. However, there is an element of uncertainty associated with the liquidity.

Deferred tax asset	0	0
Current		
Trade receivables	1,763,031.29	2,742,349.37
Amount owed by Group companies		
Trade receivables	0.00	0.00
Interest receivables	0.00	0.00
Other receivables	0.00	0.00
	0.00	**0.00**
Other receivables	93.00	93.00
Prepaid expenses and accrued income	160,278.81	153,326.99
Total receivables	**3,607,668.68**	**6,633,014.49**

Prepaid expenses and accrued income items

	2014	2013
Personnel expenses	0.00	11,497.97
Salaries for the Board of Directors	0.00	39,000.00
Expenses of the share issue in 2014	0.00	0.00
Rents	0.00	8,354.90
Other	160,278.81	94,474.12
Total	**160,278.81**	**153,326.99**

14. Equity

	2014	2013
Share capital, 1.1.	20,486,769.50	20,486,769.50
Share capital, 30.06.	20,486,769.50	20,486,769.50
Share premium account, 1.1.	44,316.59	44,316.59
Share premium account, 30.06.	44,316.59	44,316.59
Total restricted equity	**20,531,086.09**	**20,531,086.09**
Reserve for invested unrestricted equity, 1.1.	14,621,937.92	4,918,835.00
Share issue	0.00	9,703,102.92
Reserve for invested unrestricted equity, 30.06.	14,621,937.92	14,621,937.92
Retained earnings, 1.1.	-24 517 460,01	-17 385 983,05
Recording of previous years' depreciation differences	0.00	0.00
Retained earnings, 30.06.	-24,517,460.01	-17,385,983.05
Profit for the financial year	-2,264,631.28	-7,131,476.96
Total non-restricted equity	**-12,160,153.37**	**-9,895,522.09**
Total equity	**8,370,932.72**	**10,635,564.00**

Distributable funds calculation

Reserve for invested unrestricted equity	14,621,937.92	14,621,937.92
Retained earnings	-24,517,460.01	-17,385,983.05
Profit for the financial year	-2,264,631.28	-7,131,476.96
	-12,160,153.37	**-9,895,522.09**

Equity capital on 30.06.2014	8,370,932.72
Capital loan	0.00
Equity according to the Companies Act, Chapter 20, § 23	8,370,932.72
Half of the share capital	10,243,384.75
Deficit	-1,872,452.03

The equity of the Parent Company (Incap Oyj) is below 50 % of share capital at 30 Jun 2014 EUR 872,452,30 and due to the events after the period the deficit is EUR 1.872,452.03

15. Non-current liabilities

	2014	2013
Capital loan	0.00	0.00
Loans from credit institutions	0.00	0.00
Pension loans	0.00	0.00
Convertible loan	0.00	0.00
Other liabilities	46,337.50	46,337.50
	46,337.50	**46,337.50**

All liabilities are falling due after five years.
Non-current bank loans amounting to EUR 3.0 million
have been transfered to current financing liabilities due to the breach of covenants.

Capital loan

In 2014 there are no capital loans in the balance sheet.

16. Current liabilities

	2014	2013
Loans from credit institutions	6,026,438.84	6,288,087.70
Pension loans	0.00	0.00
Convertible bond	239,402.77	478,805.27
Trade payables	337,750.80	358,132.63
Amount owed to Group companies:		
Trade payables	1,370,845.90	867,566.90
Other liabilities	0.00	0.00
Advances received	0.00	0.00
Other liabilities	406,165.84	810,934.84
Accruals and deferred income	1,191,711.56	1,395,093.26
	9,572,315.71	**10,198,620.60**
Total interest-bearing liabilities	6,265,841.61	6,766,892.97
Accruals and deferred income items		
Wages and salaries, incl. social costs	689,351.76	689,346.66
Lease payment liabilities		
Interest	183,728.32	105,785.54
Expense reserve	243,835.21	534,168.00
Other	74,796.27	65,793.06
	1,191,711.56	**1,395,093.26**
Other current liabilities		
Reserves	0.00	0.00
Tax account	238,154.38	568,827.88
Others	168,011.46	242,106.96
	406,165.84	**810,934.84**

Incap has in 2012 reached an agreement with the Finnish Tax Administration on the payment arrangement related to overdue value-added taxes, withholding taxes and social security contributions. The total amount of the tax liabilities within the scope of this arrangement is approximately EUR 0.6 million at the date of the financial statements. Each instalment amounts to EUR 57,700.00 and is paid monthly until 22 July 2014. Last instalment of the tax liabilities will be paid on 22 August 2014. Eventual sanction for delay (penalty interest and additional tax) is a reference rate for the preceding 6 months in accordance with the Tax Law 12 § plus 7 percentage unit. In 2014 the interest percentage is 7.5. According to the provisions of the agreement, if an instalment is late, the Finnish Tax Administration has the right to terminate the agreement with immediate effect.

The payment arrangement with the Finnish Tax Administration made in 2012 has been finalized according to the contract. At the same time a new payment arrangement related to over-due value-added taxes and social security contributions of EUR 0.322 million has been made.
According to the new payment arrangement a monthly sum of EUR 0.027 million euros will be paid to the Finnish Tax Administration. The payment arrangement is valid for 12 months and it will end in September 2015.

17. Other notes to the accounts

Collateral	**2014**	**2013**
Loans for which real-estate has been mortgaged as collateral		
Loans from credit institutions:	0.00	0.00
Mortgages	0.00	0.00
Loans for which business mortgages have been given as collateral		
Loans from credit institutions	4,911,757.04	4,830,617.11
Mortgages	12,112,536.74	12,112,536.74
Collateral given on behalf of the Group companies		
Loans from credit institutions	5,740,426.40	5,832,171.80
Mortgages	14,429,344.33	12,698,291.19
Guarantees on behalf of Group companies		
Lease and loan guarantees	1,308,469.36	1,720,956.70

Contingent and other liabilities

Lease liabilities, net of VAT		
Liabilities falling due next year	51.975.83	49,190.73
Liabilities falling due after one year	0.00	0.00

Finance leases include the option to buy acquired fixed assets at fair value at the end of the lease period.

Repurchase liability for trade receivables sold to finance companies	1,114,681.80	1,457,470.59
Lease liabilities for the Group's premises	137,406.46	162,406.46

Five-year Key Figures		**IFRS 2014**	**IFRS 2013**	**IFRS 2012**	**IFRS 2011**	**IFRS 2010**	**IFRS 2009**
Revenue	EUR million	11,3	36,8	64,1	68,9	59,2	69,8
Growth / Change	%		-43	-7	16	-15	-26
Operating profit / loss	EUR million	-0.1	-5,9	-0,7	-1,6	-3,2	-5,0
Share of revenue	%	-1	-16	-1	-2	-5	-7
Profit / loss before taxes	EUR million	-0.6	-8,0	-1,4	-4,0	-4,9	-6,7
Share of revenue	%	-5	-22	-2	-6	-8	-10
Return on equity (ROE)	% 1) 3)	-185,4	734,7	580,8	-115,3	-81,0	-68,5
Return on investment (ROI)	% 4)	0,2	-30,2	-12,6	-5,1	-10,6	-15,9
Total assets	EUR million	13,8	15,9	29,3	39,3	42,6	39,7
Equity ratio	% 1)	0.6	4,3	-10,3	3,3	13,2	16,2
Gearing	% 1)	9831,3	1215,3	-659,4	1867,7	383,0	319,8
Net debt	EUR million	7,9	7,5	18,9	21,8	21,7	21,3
Quick ratio		0.5	0.6	0.5	0.4	0.6	0.5
Current ratio		0.9	0.9	0.8	0.7	1,0	1,1
Investments	EUR million	0	0.3	0.1	0.3	0.5	1,1
Share of revenue	%	0	0	0	0	1	2
R&D expenditure	EUR million	0	0.1	0.1	0.1	0.05	0.1
Share of revenue	%	0	0	0	0	0	0
Average number of employees		451	556	697	749	780	751
Dividends	EUR million 2)	0	0	0	0	0	0
Key figures per-share							
Earnings per share	EUR	-0,01	-0,14	-0,25	-0,21	-0,33	-0,55
Equity per share	EUR	0,00	0,01	-0,14	0,07	0,30	0,53
Dividend per share	EUR 2)	0	0	0	0	0	0
Dividend payout ratio	% 2)	0	0	0	0	0	0
Effective dividend yield	% 2)	0	0	0	0	0	0
P/E ratio		-11,4	-0.8	-0.8	-2,0	-1,7	-1,2
Trend in share price							
Minimum price during year	EUR	0.04	0.10	0.15	0.37	0.49	0.43
Maximum price during year	EUR	0.09	0.25	0.65	0.64	0.75	0.99
Average price during year	EUR	0.06	0.14	0.30	0.52	0.63	0.63
Closing price at end of year	EUR	0.06	0.11	0.19	0.42	0.57	0.67
Total market capitalisation at 31.12.	EUR million	6,55 (30 Jun 2014)	12,0	4,0	7,8	10,6	8,2
Trade volume	no. of shares	22,659,425	7,065,282	2,952,411	746,382	5,211,956	2,986,054
Trade volume	%	20,8	7	14	4	39	25
Share issue-adjusted number of shares							
Average number during year		109,114,035	60,117,106	20,067,042	18,680,880	14,682,250	12,180,880
Number at end of year		109,114,035	109,114,035	20,848,980	18,680,880	18,680,880	12,180,880

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.

4) In the calculations of the Return on Investment, 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

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Definitions of Key Figures

Return on equity, %	$\frac{\text{100 x profit/loss}}{\text{equity (average for financial year)}}$
Return on investment, %	$\frac{\text{100 x (profit/loss + financial expenses)}}{\text{equity + interest-bearing loans (average for financial year)}}$
Equity ratio, %	$\frac{\text{100 x equity}}{\text{total assets less advance payments received}}$
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

Key figures per-share

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 payout ratio, %	$\frac{\text{100 x dividend per share}}{\text{earnings per share}}$
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

In Helsinki, 8 October 2014

Lassi Noponen
Chairman of the Board

Fredrik Berghel

Raimo Helasmäki

Olle Hulteberg

Susanna Miekk-oja

SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares, and the number of shares at the end of the period 30th June 2014 was 109,114,035. Company's share capital registered in the trade registry was EUR 20,486,769.50 at 30th June 2014. 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.

During the period, the share price varied between EUR 0.04 and 0.09 (EUR 0.10 and 0.25). The closing price for the period was EUR 0.06 (EUR 0.16). At the end of the periood on 30th June 2014, Incap had 1,697 shareholders (1,253). Nominee-registered or foreign owners held 30.62% (0.6%) of all shares. The company's market capitalisation on 30 June 2014 was EUR 6.55 million (EUR 3.6 million).

Shareholder agreements

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

Stock option scheme 2009

The stock option scheme launched in 2009 consists of a total of 600,000 option rights entitling to a subscription of 600,000 of Incap Corporation's share. Stock options are divided into stock options 2009A, 2009B and 2009C. The subscription price of shares with all option warrants is one euro. The subscription period for all options ended on 31 January 2014. No options were used for the subscription of shares.

Hallituksen ja toimitusjohtajan osakkeenomistus

The members of the company's Board of Directors, the President and their interest parties owned a total of 29,129,449 shares, or 26.7% 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.incap.fi/Investors/Insiders.

Development of share capital

Date		Change, 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 30 June 2014

	Shareholders		Shares and votes	
	pcs	%	pcs	%
Private enterprises	72	4.3	31,256,064	28.6
Financial institutions	11	0.7	51,175,920	46.9
Public sector entities	2	0.1	4,634,579	4.2
Households	1587	94.5	21,016,593	19.3
Non-profit organisations	2	0.1	2,001	0
Foreign ownership	5	0.3	1,028,878	0.9
Total	**1679**	**100**	**109,114,035**	**100**
Nominee-registered shares	7		28,696,741	26.3

Breakdown of shareholdings by number of shares on 30 June 2014

Shares, pcs	Shareholders		Shares and votes	
	pcs	%	pcs	%
1-100	209	12.4	12,2113	0.0
101-500	358	21.3	114,017	0.1
501-1 000	269	16.0	240,223	0.2
1 001-5 000	426	25.4	1,146,069	1.1
5 001-10 000	150	8.9	1,234,552	1.1
10 001-50 000	184	11.0	4,605,175	4.2
50 001-100 000	32	1.9	2,370,769	2.2
100 001-500 000	31	1.8	6,492,271	5.9
500 001-	20	1.2	92,898,656	85.1
Total	**1679**	**100**	**109 114 035**	**100**

Largest shareholders on 30 June 2014

	Shares	Percentage of shares and votes
	pcs	%
Inission AB (nominee-registered)	28,529,763	26.1
Oy Etra Invest Ab	16,934,547	15.5
Ilmarinen Mutual Pesnion Insurance Company	8,307,692	7.6
Varma Mutual Pesnion Insurance Company	7,684,615	7.0
Onvest Oy	5,197,286	4.8
Finnvera Plc	4,618,579	4.2
Nordea Bank Finland Plc	3,761,400	3.4
Laurila Kalevi Henrik	2,735,429	2.5
JMC Finance Oy	2,402,286	2.2
Mandatum Life	1,800,000	1.7
10 largest in total	**41,825,929**	**75**