

The logo for INCAP, featuring the letters 'INCAP' in white, uppercase, sans-serif font, centered within a dark blue rectangular box. A thin vertical blue line is positioned to the left of the box.

INCAP

# Incap Group Financial Statement Release for 2016

(unaudited)



Incap Corporation  
Financial Statement Release 21 February 2017 at 8.30 a.m. (EET)

## **INCAP GROUP FINANCIAL STATEMENT RELEASE FOR 2016 (UNAUDITED)**

**Incap Group's revenue in 2016 increased by 26% and the operating profit grew by 19% year-on-year. The construction work of the factory expansion in India was completed on schedule.**

### **Key figures in January-December 2016**

- The Group's revenue amounted to EUR 38.6 million, up 26% year-on-year (2015: EUR 30.6 million).
- The Group's operating profit (EBIT) amounted to EUR 4.4 million, increasing by 19% year-on-year (EUR 3.7 million).
- Net profit for the financial period amounted to EUR 2.7 million, i.e. 36% higher than in 2015 (EUR 2.0 million).
- Following the share capital reduction carried out in 2016, there are limitations to distribution of dividends. The Board of Directors will propose to the Annual General Meeting that no dividend be paid.
- The company estimates that the Group's revenue in 2017 will be higher than in 2016 and that the operating profit (EBIT) will be somewhat higher than in 2016.

### **Key figures in July-December 2016**

- The revenue during the second half of the year amounted to EUR 20.8 million, showing an increase of 20% compared with the corresponding period last year (7-12/2015: EUR 17.3 million) and up 16% compared with the first half of the year (1-6/2016: EUR 17.9 million).
- Operating profit (EBIT) for the second half of the year was EUR 2.2 million, i.e. approximately at the same level than in the corresponding period last year (7-12/2015: EUR 2.2 million) and on the first half of the year (1-6/2016: EUR 2.2 million).

### **The accounting principles for the financial statements**

This financial statement release has been prepared in accordance with international financial reporting standards (IFRS) - IAS 34 Interim Financial Reporting standard. When preparing the release, the same principles have been used as in the 2015 financial statement. Unless otherwise stated, the comparison figures refer to the same period in the previous year. The information in this financial statement report is unaudited.

### **Ville Vuori, President and CEO of Incap Group:**

"Business of Incap continued its strong development in 2016 after the change of strategy and the growth leap seen in the previous year. Our operations model has now been stabilised offering a solid basis for further expansion of operations.

During the financial period 2016 the company's target was to gain new customers and new products to production, while at the same time securing the continued high level of



operational efficiency and quality. Here we have succeeded. Our factories in Estonia and in India have developed their manufacturing capacity and enhanced their sales operation. The construction work of the factory expansion in India was completed on schedule and now we are ready to take new products into production. The increased interest of our customers augurs well for the continued good development.

Thanks to the new operations model we are able to react fast to the fluctuations in customers' demand, which enhances our position in continuously changing market situations.

Our revenue grew by 26% year-on-year and also the profitability in terms of EBIT improved by 19%. Our equity ratio continued to improve and was close to 40% at year end. Extremely price-sensitive marketplace and the general moderate profitability levels in electronics manufacturing business are posing a challenge for keeping up the EBIT level. We continued with the strict cost management and did not lose our grip in tailwind either.

India is according to publicly available information currently the fastest growing economy in the world with over 7% annual growth. The government of India has set initiatives such as "Make in India" -program to facilitate the rise of India as a manufacturing location for example in electronics. We have a great opportunity and established position in this emerging marketplace. Further, we trust that with our lean and efficient operations model we can win projects also in highly competed European electronics market.

This been said, we aim at continued organic growth with a good rate while at the same time keeping the profitability among the highest in the peer group. Company's business model and strengthened financial position enable considerations on expansion also by M&As."

### **Business environment in 2016**

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

### **Incap Group's revenue and earnings in July–December 2016**

Revenue for the second half of the year amounted to EUR 20.8 million, showing an increase of 20% year-on-year (7-12/2015: EUR 17.3 million) and being 16% higher than in the first half of the year (1-6/2016: EUR 17.9 million). The revenue increased from previous year both in Estonia and in India. Positive development in the factory in Estonia was strengthened towards the end of the year both by revenue and by profitability.

The operating profit (EBIT) for the second half of the year amounted to EUR 2.2 million, i.e. at the same level than in the corresponding period in 2015 (7-12/2015: EUR 2.2 million) and during the first half of the year (1-6/2016: EUR 2.2 million). The net result for the second half of the year was EUR 1.5 million, compared with EUR 1.2 million on the corresponding period last year and EUR 1.3 million in the first half of the year 2016.

### **Incap Group's revenue and earnings in 2016**



Revenue for the financial period amounted to EUR 38.6 million, by approx. 26% more than in 2015 (1-12/2015: EUR 30.6 million). The increase in revenue was a result of growing demand of present customers and the production for new customers. The weakening of Indian Rupee in relation to Euro decreased the revenue by EUR 1.2 million year-on-year.

The profitability of Incap Group remained at good level. The full-year operating profit (EBIT) amounted to EUR 4.4 million (EUR 3.7 million), being 11% out of revenue which in the company's business, Electronics Manufacturing Services, is in general terms considered to be on high level. The net result for the year 2016 was weakened by EUR 0.2 million due to the weakening of Indian Rupee in relation to Euro.

Thanks to the lean operational model of the company, the overhead costs remained low ensuring profitable operations and continued competitive edge.

Personnel expenses in the reporting period amounted to EUR 3.5 million (EUR 3.2 million). The growth was caused by increased manufacturing volumes and was clearly more moderate than the growth rate of revenue. Other business costs increased slightly year-on-year. As a result of the increasing business volume the value of inventories increased from EUR 5.2 million to EUR 6.3 at the end of the reporting period.

Net financial expenses amounted to EUR 0.6 million (EUR 0.5 million). Depreciation amounted to a total of EUR 0.4 million (EUR 0.3 million).

Net profit for the period was EUR 2.7 million (EUR 2.0 million). Earnings per share were EUR 0.63 (EUR 0.52).

<b>COMPARISON BY REPORT PERIOD (1,000 euros)</b>	<b>1-12/2016</b>	<b>1-12/2015</b>
Revenue	38,626	30,566
Operating profit/loss (EBIT)	4,386	3,692
Profit/loss for the period	2,742	2,012
Earnings per share, EUR *)	0.63	0.52

\*) The number of shares was reduced during the report period based on the resolution of the Annual General Meeting so that each 50 pieces of previous share of the company now corresponds to one share. In practice, the number of shares in the report period has been divided by 50. The corresponding periods have been adjusted in the same way.



<b>COMPARISON BY 6-MONTH PERIOD (1,000 euros)</b>	<b>1-6/2016</b>	<b>7-12/2016</b>	<b>1-6/2015</b>	<b>7-12/2015</b>
Revenue	17,872	20,754	13,254	17,312
Operating profit/loss (EBIT)	2,202	2,184	1,478	2,213
Profit/loss for the period	1,265	1,476	845	1,167
Earnings per share, EUR	0.29	0.34	0.39	0.32

**Investments**

Investments in 2016 totalled EUR 1.0 million (EUR 0.9 million) and they were mainly connected with the construction of the factory expansion in India.

**Quality assurance and environmental issues**

Incap Group’s both factories have environmental management and quality assurance systems certified by Bureau Veritas. The systems are used as tools for continuous improvement. Incap is implementing the year 2015 versions of the quality standards. Incap’s environmental management system in India complies with ISO 14001:2004, and its quality assurance system complies with ISO 9001:2008. These will be updated to the 2015 versions during the year 2017. The environmental management system in the Estonian factory complies with ISO 14001:2015, and its quality assurance system complies with ISO 9001:2015. In addition, the Kuressaare factory has ISO 13485:2003 quality certification for the manufacture of medical devices, which will be updated to the 2015 version in spring 2017.

**Balance sheet, financing and cash flow**

The balance sheet total on 31 December 2016 stood at EUR 21.7 million (EUR 18.1 million). The Group’s equity at the close of the financial period was EUR 8.5 million (EUR 5.6 million). The parent company’s equity totalled EUR 9.8 million, representing 98.3% of the share capital (EUR 9.4 million, 46%). The Group’s equity ratio improved by over 8 percentage points to 39.4% (31.2%).

Reducing the share capital of the parent company and transferring funds to the unrestricted equity reserve was resolved in the Annual General Meeting on 6 April 2016, when it was resolved to reduce the share capital of the company from EUR 20,486,769.50 by EUR 19,486,769.50 to cover the losses and to transfer funds to the unrestricted equity reserve. The losses accumulated during previous financial periods were covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve. After the reduction the new share capital of the



company is EUR 1,000,000 and the unrestricted equity reserve EUR 8,367,817.21. The reduced share capital was recorded into Trade Register on 31 August 2016.

Liabilities increased slightly to EUR 13.1 million compared with previous year (EUR 12.5 million), of which EUR 8.0 million (EUR 7.9 million) were interest-bearing liabilities. Net debt remained at the same level than in previous year, amounting to EUR 5.6 million (EUR 5.6 million). Net gearing improved and was 66% (98%).

The Group rearranged in April 2016 its interest-bearing debt with the Finnish bank. Following the arrangement the Group's costs for debt decreased and the management was streamlined. The covenants of the new loans are among others equity ratio and the Group's interest-bearing debt in relation to EBITDA, and their status is reviewed every six months. In the review on 31 December 2016 the target level of interest-bearing debt in relation to EBITDA was below 2.5 and the equity ratio 25%. The company met these covenants and the actual figure interest-bearing debt/EBITDA on the review date was 1.7 and the equity ratio 39.4%.

The Group's non-current interest-bearing liabilities amounted to EUR 3.8 million (EUR 4.6 million) while the current interest-bearing liabilities were EUR 4.2 million (EUR 3.3 million). Out of the interest-bearing liabilities EUR 2.4 million are related to the Indian subsidiary (EUR 2.7 million). Other liabilities include EUR 3.4 million of bank loans and limits granted by the company's Finnish bank and EUR 2.2 million of factoring financing used in Estonia.

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

<b>INSTALMENTS AND INTERESTS OF LOANS *)</b> <b>(1,000 euros)</b>		
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>Total</b>	<b>Total</b>
Less than 6 months	3,895	4,197
6–12 months	479	383
1–5 years	3,792	3,402
<b>In total</b>	<b>8,165</b>	<b>7,981</b>

\*) The table does not include the pension liability of the Indian subsidiary, which is EUR 0.3 million (EUR 0.3 million).

The Group's cash position during the report period was good. The Group's quick ratio was 1.1 (1.1), and the current ratio was 1.8 (1.8).

Cash flow from operations was EUR 1.1 million (EUR 1.0 million). On 31 December 2016, the Group's cash and cash equivalents totalled EUR 2.3 million (EUR 2.1 million). The change in cash and cash equivalents showed an increase of EUR 0.2 million (increase of EUR 0.2 million).



Aspects related to the Group's financing and liquidity are also described in the section "Short-term risks and factors of uncertainty concerning operations".

### **Personnel**

At the end of 2016, Incap Group had a payroll of 514 employees (468). 85% (87%) of the personnel worked in India, 14% (13%) in Estonia and 0.4% (0.4%) in Finland. At the end of the year, 106 of Incap's employees were women (96) and 408 were men (372).

Permanently employed staff totalled 205 (192) and the number of fixed-term employment contracts was 309 (275). The company had one part-time employment contract at the end of the period (1). The average age of the personnel was 31 years (29).

### **Management and organisation**

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

The company's organisation structure is lean. Along with the expansion of its operations the company gave up the outsourced services in the management of finance and administration and appointed Elina Liippola as CFO and member of Management Team as from 1 January 2017. Tilistar Oy continues acting as Incap's outsourced financial department. The Group's factories in Estonia and in India operate as independent cost centres, which are responsible besides for the actual order-delivery process also for the quotations and pricing.

### **Annual General Meeting 2016**

The Annual General Meeting of Incap Corporation was held in Helsinki on 6 April 2016. A total of 20 shareholders participated in the meeting, representing approximately 52.9% of all shares and votes in the company. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2015 and decided, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial period and that the loss for the financial period (EUR 772,720.93) be recognised in equity.

The Annual General Meeting resolved to reduce the share capital of the company from EUR 20,486,769.50 by EUR 19,486,769.50 to cover the losses and to transfer funds to the unrestricted equity reserve. The losses accumulated during previous financial periods were covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital will further be decreased by EUR 8,367,817.21 transferring the funds to the unrestricted equity reserve.

After the measures the new share capital of the company is EUR 1,000,000 and the unrestricted equity reserve EUR 8,367,817.21. The parent company's equity thereby exceeded the level set in the Companies Act, chapter 20, section 23. Covering the losses clarified the balance sheet structure of the parent company and improved the ratio between the company's equity and share capital. The creditor protection procedure was required in the Companies Act. The reduction of share capital was recorded in the Trade Register on 31 August 2016.





The Annual General Meeting further resolved on the reduction of the quantity of company's shares by way of issuing new shares and by redemption of company's own shares, in such a way that after the procedure each current 50 shares of the company shall correspond to one share of the company. The arrangement took place soon after the Annual General Meeting on 8 April 2016. The purpose of the reduction of the quantity of company's shares was to improve the trade conditions and the reliability of the price formation of the shares. The key ratios per share for the report period as well as other periods presented in this report have been adjusted accordingly.

### **Authorisation of the Board of Directors**

The Annual General Meeting held on 6 April 2016 authorized the Board of Directors to decide to issue a maximum of 440,000 new shares either against payment or without payment. The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the company's business, financing of investments and operations or using the shares as a part of the company's remuneration and compensation system, to the terms and scope decided by the Board of Directors. If the authorization is used to the maximum number of new shares, new shares would represent 9.5% of all shares and votes in the company.

The Board has not exercised the authorisation, which is valid until 6 April 2017.

### **Board of Directors and Auditor**

Olle Hulteberg acted as the Chairman of the Board of Directors of Incap Corporation. The Annual General Meeting held on 6 April 2016 re-elected Fredrik Berghel, Olle Hulteberg, Susanna Miekko-oja, Rainer Toiminen and Carl-Gustaf von Troil to the Board of Directors.

The Board convened 15 times in 2016 and the average attendance rate of Board members was 90.7%.

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

### **Report on Corporate Governance**

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association, which is valid as from 1 January 2016 and is publicly available at the website of Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi). The company will release a report on the company's corporate governance in compliance with the Securities Market Act as a separate document in connection with the publication of the Report of the Board of Directors and the Annual Report in week 12/2017. The report is available at the company's website.

### **Shares and shareholders**

Incap Corporation has one series of shares, and the number of shares at the end of the period was 4 365 168 (31 December 2015: 218,228,070).





The number of shares was reduced as decided by the Annual General Meeting by way of issuing new shares and by redemption of company's own shares, in such a way that after the procedure each current 50 shares of the company shall correspond to one share of the company. As a result of the measures the number of the company's shares was decreased from 218,228,070 shares to 4,365,168 shares. The new total number of shares was recorded in Trade Register on 9 April 2016 and the trade with the new number of shares started in Nasdaq Helsinki on 11 April 2016.

During the financial period, the share price varied between EUR 8.65 and 4.95 (EUR 0.03 and 0.20). The closing price for the period was EUR 5.46 (EUR 0.16). The market capitalisation on 31 December 2016 was EUR 23.8 million (EUR 34.3 million). At the end of financial period, the company had 2,861 shareholders (2,806). Nominee-registered or foreign owners held 38.2% (41.9%) of all shares. The company does not hold any of its own shares.

<b>LARGEST SHAREHOLDERS on 31 December 2016</b>	<b>Shares, pcs</b>	<b>Holding, %</b>
Nordea Bank AB (publ) Finland (nominee-registered)	1,306,545	29.9
Oy Etra Invest Ab	538,000	12.3
Ilmarinen Mutual Pension Insurance Company	332,308	7.6
Danske Bank Oyj	326,192	7.5
Laurila Kalevi Henrik	89,419	2.0
Penan Raudoitus Oy	76,762	1.8
Wiik Kenneth Matias	70,843	1.6
Onvest Oy	66,047	1.5
Suonpää Altti Allan	58,100	1.3
Oy Kontino Invest Ab	56,440	1.3
<b>10 largest in total</b>	<b>2,920,656</b>	<b>66.9</b>

At the end of the financial period 2016, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 1,289,737 shares or approximately 29.5% of the company's shares outstanding.

### **Announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act on a change in holdings**

The company had no announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act during the financial period.

### **Risk management**

The Risk Management Policy approved by the Board of Incap Corporation classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. The company's risk management is mainly focused on risks that threaten the



company's business objectives and continuity of operations. In order to improve its business opportunities, the company is willing to take on managed risks within the scope of the Group's risk management capabilities. The company regularly reviews its insurance policies as part of its risk management system.

### **Short-term risks and factors of uncertainty concerning operations**

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

As a result of the improved profitability the company's financing position is good and the sufficiency of financing and working capital are at the moment posing no remarkable risk. Based on the cash flow estimate prepared in connection with the financial statement, the company estimates that the company's working capital will cover the company's requirement for the next 12 months.

In the definition of the volumes of internal transactions the actual value added and the so-called "arm's length" principle are considered. After the cumulative losses in India were covered during the latter half of 2015, it is possible to repatriate profits also through dividends.

The 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. Based on the value calculations in connection with the financial statements for 2016 there is no need for any decrease of the value of the shares in subsidiaries. However, based on the company's estimate there is a risk connected with the valuation of the shares of the Estonian subsidiary because of the previous unprofitable operations of the subsidiary. There is no such risk in the valuation of the subsidiary in India.

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among customer industries. Even though the business environment in 2017 is estimated to continue challenging, the general financial development is considered to have no remarkable negative effect on the demand or the solvency of the customers. The customer relationship management is of utmost importance in a challenging market situation and the management is paying special attention to this.

The company's sales are spread over several customer sectors balancing out the impact of the economic fluctuation in different industrial sectors. In 2016, there were three customers in the Group with a revenue exceeding 10% of the total revenue of the Group. The combined revenue of these three customers was approximately 73% of the Group's revenue.

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



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

The Indian subsidiary of the company had a tax audit in the report period. As a result, the tax authorities do not approve the depreciations made on the capitalized customer contracts during accounting periods 2008/2009-2012/2013 and the transfer costs during the accounting period 2011/2012. The estimated tax effect with eventual increases is amounting to a total of EUR 0.4 million. The company has raised a complaint on these tax issues and is presenting the tax debt in the off balance sheet liabilities in the balance sheet.

### **Events after the end of the period**

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

### **Strategy and targets**

The positive trend in profitability has enabled the strong development of the company ensuring the future growth. The operational model of the company has been tuned up to be efficient, allowing fast decision-making and operational flexibility. In 2017 the company is targeting at increasing the business volumes further and creating prerequisites to expand the operations also by M&As.

### **Outlook for 2017**

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

Due to the continued uncertainty in world economy it is very difficult to predict the development of customer demand. Most of the company's customers are indicating that their own demand will grow in 2017.

The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily and the positive development is expected to continue. Inauguration of the new factory extension in India improves the possibilities to increase the revenue further.

The Group's revenue in 2017 is estimated to be higher than in 2016 and the operating profit (EBIT) is estimated to be somewhat higher than in 2016, provided that there are no major changes in exchange rates.

### **Board of Directors' proposal on measures related to the result**

The parent company's profit for the financial period totalled EUR 464,201.93. The Board of Directors will propose to the Annual General Meeting on 18 April 2017 that no dividend be paid and the result for the financial period be recognised in equity.

Because of the share capital reduction carried out by the decision of the Annual General Meeting, there are limitations for distribution of dividends until the year 2019.



### **Annual General Meeting 2017**

The Annual General Meeting will be held on Tuesday, 18 April 2017 at 3 p.m. at BANK/Wall street, Unioninkatu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 21 March 2017.

### **Publication of the annual report 2016**

The annual report of Incap Group including the Report of the Board of Directors and the Auditor's report for 2016 will be published during week 12/2017 at the company's website [www.incapcorp.com](http://www.incapcorp.com).

### **Financial reporting of Incap in 2017**

Incap will publish the Half-year Report in compliance with IAS 34 for January-June 2017 on Wednesday, 23 August 2017 as well as financial business reports for January-March on Tuesday, 16 May 2017 and for January-September on Tuesday, 14 November 2017.

In Helsinki, 20 February 2017

INCAP CORPORATION  
Board of Directors

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### ***INCAP IN BRIEF***

*Incap Corporation is an international contract manufacturer. Incap's customers are leading suppliers of high-technology equipment in their own business segments, and Incap increases their competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China, and the company currently employs approximately 520 people. Incap's share is listed on the Nasdaq Helsinki Ltd. as from 1997. Additional information: [www.incapcorp.com](http://www.incapcorp.com).*

Annex 1

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS), CONTINUING OPERATIONS**

(1,000 euros, unaudited)	1-12/2016	Change, %	1-12/2015	7-12/2016	7-12/2015
REVENUE	38,626	26%	30,566	20,754	17,312
Change in inventories of finished goods	575	249%	165	266	-30
Other operating income	246	582%	36	219	8
Raw materials and consumables used	28,519	35%	21,147	15,564	11,973
Personnel expenses	3,531	12%	3,154	1,782	1,550
Depreciation, amortisation and impairment losses	369	10%	337	199	182
Other operating expenses	2,643	8%	2,437	1,509	1,371
<b>OPERATING PROFIT/LOSS</b>	<b>4,386</b>	<b>19%</b>	<b>3,692</b>	<b>2,184</b>	<b>2,213</b>
Financing income and expenses	-553	18%	-470	-294	-276
<b>PROFIT/LOSS BEFORE TAX</b>	<b>3,833</b>	<b>19%</b>	<b>3,222</b>	<b>1,890</b>	<b>1,938</b>
Income tax expenses	-1,091	-10%	-1,210	-414	-771
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>2,742</b>	<b>36%</b>	<b>2,012</b>	<b>1,476</b>	<b>1,167</b>
Earnings per share, euro *)	0.63	21%	0.52	0.34	0.32
<b>OTHER COMPREHENSIVE INCOME</b>					
	<b>1-12/2016</b>	<b>Change, %</b>	<b>1-12/2015</b>	<b>7-12/2016</b>	<b>7-12/2015</b>
Items that may be recognised in profit or loss at a later date:					
Translation differences from foreign units	158	-26%	215	407	-153
Other comprehensive income, net	158		215	407	-153
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,900</b>	<b>30%</b>	<b>2,227</b>	<b>1,883</b>	<b>1,014</b>
Attributable to:					
Shareholders of the parent company	2,900	30%	2,227	1,883	1,014
Non-controlling interest	0		0	0	0

\*) The number of shares was reduced during the report period based on the resolution of the Annual General Meeting so that each 50 pieces of previous share of the company now corresponds to one share. In practice, the number of shares in the report period has been divided by 50. The corresponding periods have been adjusted in the same way.



Annex 2

**CONSOLIDATED BALANCE SHEET (IFRS), CONTINUING OPERATIONS**

(EUR thousands, unaudited)	31 December 2016	Change, %	31 December 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,883	29%	2,230
Goodwill	944	1%	938
Other intangible assets	40	-34%	61
Other financial assets	6	-6%	6
Other receivables	863	-2%	878
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,736</b>	<b>15%</b>	<b>4,113</b>
<b>CURRENT ASSETS</b>			
Inventories	6,280	21%	5,172
Trade and other receivables	8,320	23%	6,771
Cash and cash equivalents	2,347	14%	2,068
<b>TOTAL CURRENT ASSETS</b>	<b>16,947</b>	<b>21%</b>	<b>14,011</b>
<b>TOTAL ASSETS</b>	<b>21,683</b>	<b>20%</b>	<b>18,124</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	1,000	-95%	20,487
Share premium account	0	-100%	44
Reserve for invested unrestricted equity	11,028	-43%	19,464
Exchange differences	-515	-24%	-673
Retained earnings	-2,966	-91%	-33,675
<b>TOTAL EQUITY</b>	<b>8,547</b>	<b>51%</b>	<b>5,647</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	3,752	-18%	4,567
<b>NON-CURRENT LIABILITIES</b>	<b>3,752</b>	<b>-18%</b>	<b>4,567</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5,161	12%	4,607
Current interest-bearing loans and borrowings	4,223	28%	3,303
<b>CURRENT LIABILITIES</b>	<b>9,383</b>	<b>19%</b>	<b>7,910</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,683</b>	<b>20%</b>	<b>18,124</b>



Annex 3

**CONSOLIDATED CASH FLOW STATEMENT (IFRS), CONTINUING OPERATIONS**

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(EUR thousands, unaudited)	1-12/2016	1-12/2015
<b>Cash flow from operating activities</b>		
Operating profit	4,386	3,692
Adjustments to operating profit	508	316
Change in working capital	-1,775	-1,419
Interest paid and payments made	-512	-918
Interest received	6	85
Paid tax and tax refund	-1,486	-763
<b>Cash flow from operating activities</b>	<b>1,126</b>	<b>992</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on tangible and intangible assets	-982	-940
Capital gain on shares	0	268
<b>Cash flow from investing activities</b>	<b>-982</b>	<b>-672</b>
<b>Cash flow from financing activities</b>		
Proceeds from share issue	0	1,993
Drawdown of loans	4,712	2,996
Repayments of borrowings	-4,612	-5,159
<b>Cash flow from financing activities</b>	<b>100</b>	<b>-169</b>
Change in cash and cash equivalents	245	151
Cash and cash equivalents at beginning of period	2,068	1,873
Effect of changes in exchange rates	35	43
<b>Cash and cash equivalents at end of period</b>	<b>2,347</b>	<b>2,068</b>

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Annex 4

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS), CONTINUING OPERATIONS**

(EUR thousands, unaudited)	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
<b>Equity at 1 January 2016</b>	20,487	44	19,464	-673	-33,675	5,647
Total comprehensive income					2,742	2,742
Currency translation differences				158		158
<b>Transactions with shareholders</b>						
Other changes *)	-19,487	-44	-8,436		27,967	0
<b>Equity at 31 December 2016</b>	1,000	0	11,028	-515	-2,966	8,547
<b>Equity at 1 January 2015</b>	20,487	44	17,471	-888	-35,687	1,427
Total comprehensive income					2,012	2,012
Currency translation differences				215		215
<b>Transactions with shareholders</b>			2,182			2,182
Other changes			-189			-189
<b>Equity at 31 December 2015</b>	20,487	44	19,464	-673	-33,675	5,647

\*) The Annual General Meeting held on 6 April 2016 decided that the losses accumulated during the financial period ending on 31 December 2015 and during previous financial periods will be covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve.



Annex 5

**GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS), CONTINUING OPERATIONS**

(unaudited)	31 Dec 2016	31 Dec 2015
Revenue, EUR million	38.6	30.6
Operating profit/loss, EUR million	4.4	3.7
% of revenue	11.0	12.1
Profit/loss before taxes, EUR million	3.8	3.2
% of revenue	10.0	10.5
Return on investment (ROI), %	29.6	26.0
Return on equity (ROE), %	38.6	56.9
Equity ratio, %	39.4	31.2
Net Gearing, %	65.8	98.3
Net debt, EUR million	5.6	5.6
Quick ratio	1.1	1.1
Current ratio	1.8	1.8
Average number of shares during the review period, adjusted for share issues	4,365,168	3,835,433
Earnings per share (EPS), EUR	0.63	0.52
Equity per share, EUR	1.96	1.29
Dividend per share, EUR	0	0
Dividend out of profit, %	0	0
P/E ratio	8.7	15.3
Trend in share price		
Minimum price during the period, EUR	4.95	0.03
Maximum price during the period, EUR	8.65	0.20
Mean price during the period, EUR	6.43	0.12
Closing price at the end of the period, EUR	5.46	0.16
Total market capitalisation, EUR million	23.8	34.3
Trade volume, no. of shares	40,565,856	123,997,394
Trade volume, %	929	57
Investments, EUR million	1.0	0.9
% of revenue	2.5	3.0
Average number of employees	511	425
CONTINGENT LIABILITIES, EUR million		
FOR OWN LIABILITIES		
Mortgages and pledges	14.6	14.6
Off-balance sheet liabilities	3.0	1.4



Annex 6

**KEY FIGURES BY REPORT PERIOD (IFRS), CONTINUING OPERATIONS**

	<b>1-12/ 2016</b>	<b>1-12/ 2015</b>	<b>7-12/ 2016</b>	<b>7-12/ 2015</b>	<b>1-6/ 2016</b>	<b>1-6/ 2015</b>
Revenue, EUR million	38.6	30.6	20.8	17.3	17.9	13.3
Operating profit, EUR million	4.4	3.7	2.2	2.2	2.2	1.5
% of revenue	11.0	12.0	10.5	13.0	12.3	11.0
Profit before taxes, EUR million	3.8	3.2	1.9	1.9	1.9	1.3
% of revenue	10.0	11.0	9.1	11.0	10.9	10.0
Return on investment (ROI), %	29.5	26.0	24.0	22.8	32.9	19.2
Return on equity (ROE), %	38.6	56.9	38.8	45.4	41.1	55.8
Equity ratio, %	39.4	31.2	39.4	31.2	35.0	26.3
Net Gearing, %	65.8	98.3	65.8	98.3	87.0	100.4
Net debt, EUR million	5.6	5.6	5.7	5.6	5.8	4.7
Average number of shares during the review period, adjusted for share issues	4,365,168	3,835,433	4,365,168	3,657,119	4,365,168	2,194,338
Earnings per share (EPS), EUR	0.63	0.52	0.34	0.32	0.29	0.39
Equity per share, EUR	1.96	1.29	1.96	0.03	1.53	1.06
Investments, EUR million	1.0	0.9	0.4	0.2	0.6	0.7
% of revenue	2.5	3.0	1.8	1.1	3.4	5.5
Average number of employees	511	425	525	456	498	393



## Annex 7 CALCULATION OF KEY FIGURES

Return on investment, %	$\frac{100 \times (\text{profit/loss for the period} + \text{financial expenses})}{\text{equity} + \text{interest-bearing financing loans}}$
Return on equity, %	$\frac{100 \times \text{profit/loss for the period}}{\text{average equity during the financial period}}$
Equity ratio, %	$\frac{100 \times \text{equity}}{\text{balance sheet total} - \text{advances received}}$
Net gearing, %	$\frac{100 \times \text{net debt}}{\text{equity}}$
Net debt	Interest-bearing debt - cash and bank accounts
Quick ratio	$\frac{\text{current assets}}{\text{short-term liabilities} - \text{short-term advances received}}$
Current ratio	$\frac{\text{current assets} + \text{inventories}}{\text{short-term liabilities}}$
Earnings per share	$\frac{\text{net profit/loss for the period}}{\text{average number of shares during the period, adjusted for share issues}}$
Equity per share	$\frac{\text{equity}}{\text{number of shares at the end of the period, adjusted for share issues}}$
Capital expenditure	VAT-exclusive working capital acquisitions, without deduction of investment subsidies
Average number of employees	average of personnel numbers calculated at the end of each month
Total market capitalisation	closing price for the period x number of shares available for public trading