INTERIM REPORT

H1/2014

Incap Corporation Stock Exchange Release 31 July 2014 at 8:30 a.m.

INCAP GROUP INTERIM REPORT JANUARY–JUNE 2014

The accounting principles for the interim report
This interim report has been prepared in accordance with international financial reporting standards (IFRS) – IAS 34 Interim Financial Reporting standard. When preparing the release, the same preparation principles have been used as in the 2013 financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. The information in this interim report is unaudited.

Revenue developed as predicted towards the summer. Operating result and net profit improved compared to the previous years as a result of the Turnaround programme measures. Operations were stabilised successfully after significant organisational reforms.

January–June 2014 in brief:

- The Group's revenue was EUR 11.3 million, down approximately 45% year-on-year (January–June 2013: EUR 20.5 million). The drop in revenue compared to the comparison period was caused by the decreased manufacturing volumes in the company's factories in Europe.The revenue for the first half of 2014 was in line with the estimates.
- The operating result (EBIT) improved significantly compared to 2013 and was EUR -0.08 million (EUR -1.8 million). The improvement was in particular due to measures to improve cost efficiency in spite of a decrease in revenue.
- Operations have developed according to the estimates. Fixed costs have been strongly cut and the organisation adapted to the new operating model enabling efficient operation in the future as well.
- Ville Vuori was appointed to President & CEO of Incap Corporation as from 23rd June 2014 on
- During the review period the covenants related to the loan payments, credit lines and factoring credit lines were changed. Covenants were met on the first review date on 30th June 2014.
- Based on the cash flow projection prepared for the interim report, the financial situation of the company's European units has remained challenging during the review period. On the basis of the cash flow projection at the time of the publication of this interim report, which doesn't take into consideration any short or long term customer prospects, Incap's working capital will not cover the requirement for the next 12 months. However, the working capital will be sufficient for the next 12 months if the repatriation of profits from India to the parent company will succeed as planned and/or if European units are able to win projects according to the quotation base.
- 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.

Ville Vuori, President and CEO of Incap Group:
"The first half of 2014 has focused on completing the measures implemented as part of the Turnaround programme launched in late 2013 and stabilising operations after the significant reforms. The measures have been necessary and they have yielded good results: operational efficiency has improved in the production as well as support functions, and the organisation has been able to focus on the essential: serving customers appropriately. The efficiency and increased stability have been noted in the markets and we have managed to get new customers during the review period.

The favourable and estimated development of revenue and profitability towards the end of the first half of the year also gives reason for positive expectations for the rest of the year. The profitability and revenue of the Indian unit met our goals and it is operating on the solid ground. The Indian unit is also well prepared for further growth. The Estonian and Finnish organisations have been trimmed, and the operating methods pursuant to the new structure have become established on schedule. In spite of the heavy personnel cuts made in late 2013 and early 2014, the strategic intent of the organisation is good. This can be seen in the rapid development of key performance indicators in production. As a result of the efficiency improvement programmes, the profitability of the Finnish and Estonian operations has improved on the comparison period in spite of decreasing revenue.

Our delivery reliability, quality assurance capability and cost efficiency are very competitive as a result of focusing on our core business. The commitment continues towards our suppliers and we haven't missed any payments during the review period. We are ready to show the market our best expertise and will continue to develop our operations to be increasingly customer-oriented, thereby improving our financial position in the long as well as short term.

I will assume the position of President and CEO of Incap Group with great enthusiasm. My predecessor, Fredrik Berghel, did a great job in stabilising the company's situation and developing it after a prolonged challenging financial situation. We have achieved positive results on a broad front, and it is time to go forward at full speed, learning from the past, yet looking into the future."

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 decreasing 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).

Comparison by review period (EUR thousands)	1–6/ 2014	1–6/ 2013	Change, % %	1–12/ 2013
Revenue	11,332	20,537	-45	36,757
Operating profit/loss (EBIT)	-79	-1,847	96	-5,859
Net profit/loss	-572	-3,056	81	-8,527
Earnings per share, EUR	-0.01	-0.14	96	-0.14

Capital expenditure

Capital expenditure for the period totalled EUR 0.01 million (EUR 0.1 million).

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 0.09 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%).

Interest-bearing liabilities (EUR thousands)	30 June 2014	30 June 2013
Non-current financial liabilities measured at amortised cost		
Capital loans	0	1,050
Convertible loan	0	1,890
Finance lease liabilities	0	0
Other liabilities	2,058	0
	2,058	**2,940**
Current financial liabilities measured at amortised cost		
Bank loans	6,855	11,377
Other liabilities	0	1,899
Convertible loans	239	1,959
Finance lease liabilities	16	61
	7,110	**15,295**
Interest-bearing liabilities, total	**9,168**	**18,234**

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 investment 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.

Instalments and interests of loans (EUR thousands)			
	Instalment	Interest	Total
Less than 6 months	-3,209	-259	-3,469
6–12 months	-896	-319	-1,215
1–5 years	-5,064	-409	-5,473
more than 5 years			
	-9,169	**-988**	**-10,157**

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).

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.

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.

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.

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 period.
(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.

The AGM resolved to amend the paragraph of Articles of Association regarding the number of the Board members as follows:

"Article 5 Board of Directors
The Company shall have a Board of Directors with a minimum of three (3) and a maximum of seven (7) members. The Board of Directors elects amongst its number a Chairman. The term of office for the Board of Directors shall expire at the close of the next Annual General Meeting to take place after its election."

The Annual General Meeting decided that the fees for the members of the Board of Directors will be as follows: the annual fee to be paid for Chairman of the Board is EUR 25,000 and for the Board members EUR 17,500. Moreover, EUR 200 will be paid for each meeting for those who have been present. Eventual travel expenses are compensated according to the travel regulations of the company. The auditor is paid against an invoice.

Shareholders who represented over 40% of the shares and votes changed their proposal regarding the number of members of the Board of Directors and proposed that five (5) members be elected to the Board of Directors. The amended proposal was supported by shareholders who represented circa 56% of all shares and votes and circa 92% of shares and votes present at the meeting.

The Annual General Meeting decided that five (5) members will be elected to the Board of Directors.

Shareholders who represented over 40% of the shares and votes changed their proposal regarding the members of the Board of Directors and proposed that in addition to earlier mentioned Lassi Noponen, Susanna Miekk-oja and Olle Hulteberg also Fredrik Berghel and Raimo Helasmäki would be elected as the members of the Board of Directors. The amended proposal was supported by shareholders who represented circa 56% of all shares and votes and circa 92% of shares and votes present at the meeting.

Fredrik Berghel and Raimo Helasmäki gave their consent to the re-election at the meeting. Lassi Noponen, Susanna Miekk-oja and Olle Hulteberg had given their consent earlier.

Raimo Helasmäki, Susanna Miekk-oja, Lassi Noponen, Olle Hulteberg and Fredrik Berghel were re-elected to the Board of Directors. Four members of the Board of Directors are independent of the company and three members are independent of its major shareholders. 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.

In addition to above mentioned decisions, the authorisation of the Board of Directors to decide on the issuance of shares as well as the issuance of other special rights entitling to shares was processed as follows:

Shareholders representing circa 56% of all shares and votes and circa 92% of shares and votes present at the meeting informed that they will oppose the proposal to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of other special rights entitling to shares. Due to this, the Board of directors withdraw their proposal and the item was not discussed any further at the meeting.

The new Board of Directors held a meeting after the Annual General Meeting and elected Lassi Noponen as the Chairman of the Board.

Followed by the nomination of new President & CEO on 23rd June 2014 the Board of directors has five members independent of the company and three members independent of its major shareholders.

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 review period, 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). The company does not hold any of its own shares.

The largest shareholders on 30 June 2014:

	No. of shares	Share of ownership, %
Inission Ab	28,529,763	26.1
Oy Etra Invest Ab	16,934,547	15.52
Ilmarinen	8,307,692	7.61
Varma	7,684,615	7.04
Onvest Oy	5,197,286	4.76
Finnvera	4,618,579	4.23
Nordea Bank Finland Plc	3,761,400	3.45
Laurila Kalevi Henrik	2,735,429	2.51
Jmc Finance Oy	2,402,286	2,2
Mandatum Life	1,800,000	1.65

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.

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 measures to stabiles the company's financial position will be described in more detail in the section "Measures to stabilise the company's financial position".

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.

In the end of the review period on 30th June 2014 the relation between equity and share capital has not improved to the sufficient level. The preparation of financial statements and the report has been started in June 2014 and they are estimated to be finalized in August – September 2014. 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.

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 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 functions 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.

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 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).

Publication of the management's interim statement for 1 January–13 November 2014
The interim review of Incap Group's management for 1 January–13 November 2014 will be published on Thursday, 13 November 2014.

Helsinki, 31 July 2014

INCAP CORPORATION
Board of Directors

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INCAP IN BRIEF
Incap Corporation is an international contract manufacturer whose comprehensive services cover the entire life cycle of electromechanical products from design and manufacture to maintenance services. Incap's customers include industry-leading high-tech equipment suppliers, for which the company produces competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China. The Group's revenue in 2013 amounted to approximately EUR 36.8 million, and the company currently employs approximately 470 people. Incap's share is listed on NASDAQ OMX Helsinki Ltd. Additional information: www.incap.fi.

Annex 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands, unaudited)	1–6/2014	1–6/2013	Change, %	7–12/2013	1–12/2013
REVENUE	11,332	20,537	-45	16,221	36,757
Work performed by the enterprise and capitalised	0	0	0	0	0
Change in inventories of finished goods and work in progress	-24	-357	93	-993	-1,349
Other operating income	271	40	579	23	63
Raw materials and consumables used	6,683	12,728	-47	10,099	22,828
Personnel expenses	3,109	4,955	-37	5,003	9,957
Depreciation, amortisation and impairment losses	176	855	-79	210	1,065
Other operating expenses	1,692	3,528	-52	3,951	7,479
OPERATING PROFIT/LOSS	-79	-1,847	96	-4,012	-5,859
Financing income and expenses	-493	-1,034	-52	-1,074	-2,108
PROFIT/LOSS BEFORE TAX	-572	-2,880	80	-5,086	-7,966
Income tax	0	-176	-100	-384	-560
PROFIT/LOSS FOR THE PERIOD	-572	-3,056	81	-5,471	-8,527
Earnings per share	-0.01	-0.14	96	-0.06	-0.14
Options have no dilutive effect in financial periods 2013 and 2014					

OTHER COMPREHENSIVE INCOME	1–6/2014	1–6/2013	Change, %	7–12/2013	1–12/2013
PROFIT/LOSS FOR THE PERIOD	-572	-3,056	81	-5,471	-8,527
OTHER COMPREHENSIVE INCOME:					
Items that may be recognised in profit or loss at a later date:					
Translation differences from foreign units	121	-194	163	-147	-341
Other comprehensive income, net	121	-194	163	-147	-341
TOTAL COMPREHENSIVE INCOME	-451	-3,250	86	-5,617	-8,867
Attributable to:					
Shareholders of the parent company	-451	-3,250	-86	-5,617	-8,867
Non-controlling interest	0	0	0	0	0

Annex 2

CONSOLIDATED BALANCE SHEET (IFRS)				Revised
(EUR thousands, unaudited)	30 June 2014	30 June 2013	Change, %	31 December 2013
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	1,699	2,093	-19	1,791
Goodwill	883	905	-2	866
Other intangible assets	71	64	12	80
Other financial assets	1,029	471	118	1,170
Deferred tax assets	0	356	-100	0
TOTAL NON-CURRENT ASSETS	**3,682**	**3,888**	-5	**3,906**
CURRENT ASSETS				
Inventories	4,351	6,695	-35	4,304
Trade and other receivables	4,756	9,705	-51	6,065
Cash and cash equivalents	1,048	2,551	-59	1,507
TOTAL CURRENT ASSETS	**10,154**	**18,951**	-46	**11,876**
Non-current assets held-for-sale	0	0	0	0
TOTAL ASSETS	**13,836**	**22,838**	-39	**15,782**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital	20,487	20,487	0	20,487
Share premium account	44	44	0	44
Reserve for invested unrestricted equity	17,471	5,182	237	17,471
Exchange differences	-1,136	-1,111	2	-1,258
Retained earnings	-36,783	-30,497	21	-36,209
TOTAL EQUITY	**83**	**-5,895**	101	**535**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	0	0	0	0
Interest-bearing loans and borrowings	2,058	2,940	-30	2,054
NON-CURRENT LIABILITIES	**2,058**	**2,940**	-30	**2,054**
CURRENT LIABILITIES				
Trade and other payables	4,585	10,499	-56	5,397
Current interest-bearing loans and borrowings	7,111	15,295	-54	7,797
CURRENT LIABILITIES	**11,695**	**25,794**	-55	**13,193**
Liabilities relating to non-current assets held-for-sale		0		

TOTAL EQUITY AND LIABILITIES	**13,836**	**22,838**	-39	**15,782**

Annex 3

CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands)	**1 January–30 June 2014**	**1 January–30 June 2013**	**1 January–31 December 2013**
Cash flow from operating activities			
Operating profit/loss	-79	-1,847	-5,858
Adjustments to operating profit	-203	931	3,581
Change in working capital	686	3,719	3,157
Interest paid	-387	-520	-1,195
Interest received	3	6	14
Cash flow from operating activities	20	2,289	**-301**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets	-16	-134	-280
Proceeds from the sale of tangible and intangible assets	209	1,487	1,496
Other investments	0	0	0
Loans granted	0	-4	0
Sold shares of subsidiary	0	0	0
Repayments of loan assets	0	0	0
Cash flow from investing activities	**193**	**1,349**	**1,216**
Cash flow from financing activities			
Proceeds from share issue	0	0	4,282
Drawdown of loans	0	1,648	2,044
Repayments of borrowings	**-715**	**-3,474**	-6,438
Repayments of obligations under finance leases	-12	-38	-70
Cash flow from financing activities	**-727**	**-1,864**	**-182**
Change in cash and cash equivalents	**-549**	**1,774**	**733**
Cash and cash equivalents at beginning of period	1,507	613	613
Effect of changes in exchange rates	55	96	177
Changes in fair value (cash and cash equivalents)	35	68	-16
Cash and cash equivalents at end of period	**1,048**	**2,551**	**1,507**

Annex 4

CONSOLIDATED STATEMENT OF CHANGES IN

EQUITY

(EUR thousands, unaudited)

	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
Equity as at 1 January 2013	**20,487**	**44**	**4,818**	**-917**	**-27,440**	**-3,008**
Directed share issue	0	0	373	0	0	373
Transaction costs for equity	0	0	-10	0	0	-10
Change in exchange differences	0	0	0	-194	0	-194
Other changes	0	0	0	0	0	0
Net income and losses recognised directly in equity	0	0	364	-194	0	170
Net profit/loss	0	0	0		-3,056	-3,056
Total income and losses	0	0	364	-194	-3,056	-2,886
Equity as at 30 June 2013	**20,487**	**44**	**5,182**	**-1,111**	**-30,497**	**-5,895**
Equity as at 1 January 2014	**20,487**	**44**	**17,471**	**-1,258**	**-36,057**	**687**
Directed share issue	0	0	0			
Transaction costs for equity	0	0	0			
Change in exchange differences	0	0	0	121	0	121
Other changes	0	0	0		-153	-153
Net income and losses recognised directly in equity	0	0	0	0		
Net profit/loss	0	0	0	0	-572	-572
Total income and losses	0	0	0	0		
Equity as at 30 June 2014	**20,487**	**44**	**17,471**	**-1,136**	**-36,783**	**83**

Annex 5

GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS)	30 June 2014	30 June 2013	31 December 2013
Revenue, EUR million	11.3	20.5	36.8
Operating profit, EUR million	-0.1	-1.8	-5.9
% of revenue	-0.7	-9.0	-16.0
Profit before taxes, EUR million	-0.6	-2.9	-8.0
% of revenue	-5.1	-14.0	-22.0
Return on investment (ROI), % 1)	7.91	-22.4	-31.5
Return on equity (ROE), % 2)	-370.80	137.3	-701.8
Equity ratio, %	0.6	-25.8	3.4
Gearing, %	9,831.34	-266.1	1,560.30
Net debt, EUR million	7.9	16.5	7.7
Net interest-bearing debt, EUR million	8.1	15.7	8.3
Quick ratio	0.5	0.5	0.6
Current ratio	0.9	0.7	0.9
Average number of shares during the review period, adjusted for share issues	109,114,035	22,264,948	60,117,106
Earnings per share (EPS), EUR	-0.01	-0.14	-0.14
Equity per share, EUR	0.00	-0.26	0.00
P/E ratio	-11.44	-1.2	-0.77
Trend in share price			
Minimum price during the period, EUR	0.04	0.10	0.10
Maximum price during the period, EUR	0.09	0.25	0.25
Mean price during the period, EUR	0.06	0.14	0.14
Closing price at the end of the period, EUR	0.06	0.16	0.11
Total market capitalisation, EUR million	7	4	12
Trade volume, no. of shares	22,659,425	3,983,178	7,065,282
Trade volume, %	20.77	17.7	6.5
Investments, EUR million	0.0	0.1	0.3
% of revenue	0.1	0.7	0.8
Average number of employees	452	573	556
CONTINGENT LIABILITIES, EUR million			
FOR OWN LIABILITIES			
Mortgages and pledges	12.7	14.2	12.7
Off-balance sheet liabilities	5.0	5.4	3.8
Nominal value of currency options, EUR thousands	0	0	0
Fair values of currency options, EUR thousands	0	0	0

1) The Group’s financing expenses used in calculating the return on investment for 2013 H2 include financing expenses of a total of EUR 3.2 million recognised in connection with the conversion of loans based on IFRIC19 and IAS 39/32

2) In the calculation of return on equity, the numerator and denominator are negative

3) The key figures from 2013 have been revised with the change for the last accounting period’s profit

Annex 6

HALF-YEARLY KEY FIGURES (IFRS)

GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS)	1–6/2014	1–6/2013	7–12/2013
Revenue, EUR million	11.3	20.5	16.2
Operating profit, EUR million	-0.1	-1.8	-4.0
% of revenue	-0.7	-9.0	-24.7
Profit before taxes, EUR million	-0.6	-2.9	-5.066
% of revenue	-5.1	-14	-31.2
Return on investment (ROI), % 1)	7.9	-22.4	-12.82
Return on equity (ROE), % 2)	-370.8	137.3	454.67
Equity ratio, %	0.6	-25.8	3.4
Gearing, %	9,831.3	-266.1	1,560.3
Net debt, EUR million	7.9	16.5	7.7
Net interest-bearing debt, EUR million	8.1	15.7	8.3
Average number of shares during the review period, adjusted for share issues	109,114,035	22,264,948	97,352,110
Earnings per share (EPS), EUR	-0.01	-0.14	-0.0578
Equity per share, EUR	0.00	-0.26	0.0049
Investments, EUR million	0.0160	0.134	0.146
% of revenue	0.14	0.65	0.90
Average number of employees	452	573	556

1) The Group’s financing expenses used in calculating the return on investment for 2013 H2 include financing expenses of a total of EUR 3.2 million recognised in connection with the conversion of loans based on IFRIC19 and IAS 39/32

2) In the calculation of return on equity, the numerator and denominator are negative

3) The key figures from 2013 have been revised with the change for the last accounting period’s profit

Annex 7

CALCULATION OF KEY FIGURES

Return on investment, %	100 x (profit/loss for the period + financial expenses) / equity + interest-bearing financing loans
Return on equity, %	100 x profit/loss for the period / average equity during the financial period
Equity ratio, %	100 x equity / balance sheet total - advances received
Gearing, %	100 x interest-bearing net financing loans / equity
Net liabilities	liabilities - current assets
Quick ratio	current assets / short-term liabilities - short-term advances received
Current ratio	current assets + inventories / short-term liabilities
Earnings per share	net profit/loss for the period / average number of shares during the period, adjusted for share issues
Equity per share	equity / 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