InCap

Interim Report Q3/2012

Member of CLEANTECH FINLAND

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INCAP GROUP INTERIM REPORT JANUARY–SEPTEMBER 2012: PROFITABILITY IMPROVED FURTHER - POSITIVE OPERATING PROFIT AND NET PROFIT FOR SECOND AND THIRD QUARTERS

- Revenue in January–September was EUR 49.6 million (Jan–Sep 2011: EUR 52.0 million)
- Revenue in India increased by about 35% year-on-year exceeding expectations
- January–September operating profit (EBIT) improved and was EUR -0.05 million (EUR -1.0 million)
- Operating profit (EBIT) for the third quarter was EUR 0.3 million (0.04) and net profit for the period was EUR 0.04 million (-0.6)
- Quarterly operating profit (EBIT) has been better year-on-year for eight consecutive quarters
- January–September earnings per share were EUR -0.02 (EUR -0.15).
- Incap reiterates its previous guidance and estimates that its operating profit (EBIT) for the second half of the year would be positive and full-year operating profit would be clearly better than in 2011, when it amounted to EUR -1.6 million.

This interim report has been prepared in accordance with international financial reporting standards (IFRS) – IAS 34 Interim Financial Reporting standard. The accounting principles for the interim report are the same as those used in the preparation of the 2011 financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. This interim report is unaudited.

Sami Mykkänen, President and CEO of Incap Group:
”The company’s strategic restructuring that has lasted for several years has been completed in the summer, when the Helsinki factory’s production was transferred to the company’s other factories. Incap now has one factory in each country where it operates – Finland, Estonia and India – which provides a good foundation for improving profitability and competitiveness.”

“The demand for energy efficiency sector’s products has stayed on a pleasing level during the reporting period in both Europe and Asia. Revenue of the Indian operations has increased more than expected and production volumes have reached a profitable level. Deliveries of well-being technology products have decreased due to, among other reasons, some of the products being omitted from the production programme as expected.”

”Improving profitability has been our main target, and recent profit development shows that we have succeeded in laying a sustainable foundation for growth in accordance with our strategy. We expect the favourable development to continue and estimate that the operating profit (EBIT) for the second half of the year will be positive.”

”The comprehensive financing solution negotiated in the spring stabilised our financing structure. We are currently preparing for the redemption of the convertible bond agreed upon in the spring, which is supposed to take place during 2012. Our original intention was to finance the redemption through a share issue in the autumn, but we are currently also investigating other possible financing tools."

Revenue and profitability July–September 2012
Revenue for the third quarter amounted to EUR 15.7 million, down 14% year-on-year. The decrease in revenue was mainly due to certain products manufactured at the Helsinki factory being omitted from the production programme. Revenue from customer accounts served from the Indian plant has increased more than expected, by 37%, especially with international but also with locally operating customers.
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The operating profit (EBIT) for July–September was approximately EUR 0.3 million, i.e. clearly better than in the corresponding period last year. The operating profit was positive, as it also was in the previous quarter in April–June. Measures to lower costs were continued, and the decrease in personnel costs and other fixed costs had a positive effect on profitability.

The expanded premises of the Kuressaare property entered production use, which will improve the factory productivity. Production activity at the Helsinki factory ended, and manufacturing of sheet-metal mechanics was transferred partially to the company's Vaasa plant and partially to subcontractors. The closure of the factory and centralisation of production in Vaasa and Kuressaare are expected to result in savings of approximately EUR 1.6 million in 2013, comprised mainly of personnel costs.

Some of the production equipment of the Helsinki factory was transferred to Vaasa, some was sold. The net gains from the sale of equipment are recognised under other operating income.

Quarterly comparison (EUR thousands)	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Revenue	15,701	18,378	15,564	16,906	18,286	17,694	16 005
Operating profit/loss (EBIT)	280	13	-345	-609	35	-623	-423
Net profit/loss	44	352	-711	-1,288	-576	- 1,182	-951
Earnings per share, EUR	0.00	0.02	-0.04	- 0.07	-0.03	-0.06	-0,05

Revenue and profitability January–September 2012
Revenue for January–September amounted to EUR 49.6 million, down approximately 5% year-on-year. Deliveries to customers in the energy efficiency industry remained at a good level, and the demand for rotor components, inverters and UPS products has increased clearly. Revenue in Indian operations increased by about 35% year-on-year.

The operating result for January–September was EUR -0.05 million, which is almost a million euros better than the corresponding period for the previous year. Particularly the profitability in the Indian operations has developed strongly. Material expenses and other variable production costs decreased year-on-year, and also fixed costs went down. In order to improve the cost structure, Group Services, among other functions, were reorganised and tasks were centralised in the company's Tallinn office. Financial performance was burdened by expenses related to the closure of the Helsinki plant during the period under review.

Quarterly comparison (EUR thousands)	1-9/2012	1-9/2011	Change %	1-12/2011
Revenue	49 643	51 985	-5	68,890
Operating profit/loss (EBIT)	-52	-1,010	-95	-1,619
Net profit/loss	-314	- 2,709	-77	-3,997
Earnings per share, EUR	-0.02	-0.15	-79	-0.21

Net financial expenses decreased compared to the previous year and amounted to EUR 0.2 million (EUR 1.7 million). The decrease was due to EUR 1.1 million of financing income recognised in June as the result of the dilution of the convertible bond. Depreciation stood at EUR 1.2 million (EUR 1.6 million). The loss for the period totalled EUR -0.3 million (EUR -2.7 million).

The return on investment was 6.8% (-4.2%) and return on equity was -27.6 % (-87.5%). Earnings per share were EUR -0.02 (EUR -0.15).

Balance sheet, financing and cash flow

The Group's balance sheet total was EUR 35.2 million (EUR 41.5 million). The Group's equity at the close of the period was EUR 1.7 million (EUR 2.6 million). Debt totalled EUR 33.4 million (EUR 38.9 million), of which interest-bearing debt came to EUR 21.1 million (EUR 25.2 million). The non-current debt – EUR 1.9 million – is comprised of the new 2012 convertible bond. The parent company's equity totalled EUR 11.6 million, representing 56% of the share capital (EUR 13.7 million, 67%). This exceeds the minimum equity limit pursuant to the Limited Liability Companies Act by approx. EUR 1.3 million.

The Group's equity ratio was 4.9% (6.3%). Interest-bearing net liabilities decreased to EUR 20.8 million (24.9 million), and the gearing ratio was 1,205% (947%).

Incap Group's current interest-bearing loans and borrowings on 30 September 2012 amounted to EUR 19.1 million. EUR 15.6 million of this is a loan from financial institutions, of which EUR 4.1 million concerns the Indian subsidiary. The parent company uses factoring in Finland and Estonia, and it is included in current liabilities.

Of the company's loans, only financial leasing and a part of the convertible bond 2012 are classified as long-term. The other bank loans are included in current financing loans based on the loan period or due to breach of covenants.

Incap's loans from financial institutions and other loans on 30 September 2012 amounted to EUR 21.1 million. EUR 15.6 million of this were loans from financial institutions (30 June 2012: EUR 17.4 million). Total amount of the loans from a Finnish bank is EUR 5.2 million, and besides these the company has a total of EUR 6.3 million of the credit line and the factoring credit line in use, while unused overdraft of the credit was EUR 3.2 million. The bank loans and credit lines in India and Estonia amount to a total of EUR 2.2 million. Finnfund's investment of EUR 1.9 million in Incap's Indian operations is included in loans from financial institutions.

Besides loans from financial institutions Incap also has a total of EUR 5.4 million other loans (30 June: EUR 5.8 million). They include a convertible bond for 2007, of which EUR 1.1 million is due on 30 November 2012 and EUR 1.2 million is due on 31 December 2012. The convertible bond 2012 amounts to EUR 2.9 million and is due in May 2017. Other loans comprise financing leasing in Finland and Estonia, amounting to a total of EUR 0.1 million. Last payment of the loan given by the municipality of Sotkamo, i.e. EUR 43 thousand, was paid after the reporting period in the beginning of October.

Instalments and interests of loans:

(EUR thousands)	Instalments	Interests	30 Sep 2012
Less than 6 months	16,473	166	16,639
6–12 months	768	1	769
1–5 year	3,813	945	4,759
More than 5 years	0	0	0
	21,054	1,112	22,166

At the end of the period under review, EUR 13.7 million of the loans were guaranteed (guarantees EUR 14.4 million), and the rest were unguaranteed. The securities for the loans are a EUR 12.1 million mortgages on company assets, a EUR 1.5 million and a EUR 0.7 million mortgage on the production facilities in Vuokatti and India, respectively.

Incap's liability for debts decreased in May 2012 with the value of the 2007 convertible bond decreasing by approximately EUR 1.1 million in connection with the financing arrangement. The decrease in value was due to the company committing to redeem part of the rights of conversion of the convertible bond at a price that was 28% below the nominal value of the rights on average.

During the third quarter, approximately EUR 0.1 million of deferred tax assets were cleared from the group's balance sheet based on taxable income accumulated in the Indian subsidiary. On 30 September 2012, confirmed tax losses for which no deferred tax asset was recognised amounted to EUR 8.1 million.

The Group's quick ratio was 0.5 (0.4) and the current ratio 0.8 (0.8). Cash flow from operating activities was positive for the second quarter in a row, EUR 1.6 million (EUR -3.6 million). The Group's cash and cash equivalents amounted to EUR 0.2 million (EUR 0.3 million) on 30 September 2012. The change in cash and cash equivalents showed a decrease of EUR -0.1 million (a decrease of EUR 0.3 million).

The company succeeded in its aim to reduce the value of inventories and release capital from inventories. The value of inventories decreased from EUR 11.4 million at the beginning of the year to EUR 10.3 million during the period under review. Increase in demand in the energy efficiency sector increased the amount of inventories, especially at the Indian factory. On the other hand, the value of inventories decreased as the result of the Helsinki factory closing down. At the end of the comparison period in September 2011, the value of inventories was EUR 12.4 million.

The factors associated with the Group's cash flow, financing and liquidity are also described under "Short-term risks and factors of uncertainty concerning operations."

Private placement in April 2012

On 11 April 2012, the Board exercised its authorisation granted by the 2011 Annual General Meeting and issued a total of 2,168,100 new shares to the major shareholders of the company. The issue was subscribed for in full at a price of EUR 0.35 per share. In addition to the four major shareholders, also all of the Board members and the CEO of the Group subscribed for shares.

The subscription price, totalling approximately EUR 759,000, was recognised in the reserve for invested non-restricted equity. The new shares have been entered in the Trade Register on 18 July 2012, after which the total number of shares in the company increased to 20,848,980 shares. Incap prepared a prospectus for the listing of the new shares, and the new shares became available for public trading at the Helsinki Stock Exchange on 18 September 2012 after the prospectus was approved.

Convertible bond 2012
The convertible bond issued by Incap in 2007 expired in May. Some of the convertible bond holders converted the loan to a new convertible bond, and its subscriptions were approved by the Board on 25 May 2012. The issue rate of the convertible bond is 100% and an annual fixed interest of 7% will be paid on the loan after each 12-month period. The subscription price of the new bond was paid so that one loan share of the 2007 convertible bond was converted to one share of the 2012 convertible bond. The nominal value of the loan is EUR 2,916,000, distributed into 540 loan shares with a nominal value of EUR 5,400 each. The convertible bond will mature on 25 May 2017.

Capital expenditure
Investments amounted to EUR 0.1 million (EUR 0.2 million) during the period.

Personnel and management
At the close of the period, Incap Group had a payroll of 667 employees (772). Of the personnel, 56% worked in India (51%), 30% in Estonia (27%) and 14% in Finland (22%).

HR Director and member of the Group Management Team Kirsi Hellsten gave notice to accept a position with another company at the beginning of November.

Shares and shareholders
Incap Corporation has one series of shares and the number of shares at the end of the period was 20,848,980. During the period, the share price varied between EUR 0.27 and EUR 0.65 (EUR 0.40 and 0.64). The closing price for the period was EUR 0.27 (EUR 0.47). During the review period, the trading volume was 1,499,294 shares or 7.2% of outstanding shares (606,719 or 3.2%).

At the end of the period, the company had 1,101 shareholders (1,059). Foreign or nominee-registered owners held 0.5% (0.6%) of all shares. The company’s market capitalisation on 30 September 2012 was EUR 5.6 million (EUR 8.8 million). The company does not hold any of its own shares.

Announcements in accordance with Section 9 of Chapter 2 of the Securities Market Act on changes in holdings
Once the new shares subscribed for in the April private placement were registered, Kalevi Laurila's holding of Incap’s shares exceeded the 5% threshold.

Short-term risks and factors of uncertainty concerning operations
The risks and uncertainty factors related to Incap’s operations are described in more detail in the prospectus (in Finnish) dated 14 September 2012. The prospectus is available on the company’s website, and copies of it are delivered on request.

There are risks associated with the continuity of Incap's business operations, the most significant of which refer to the following factors:

- arranging financing by way of a share issue or another arrangement during 2012 in order to redeem the convertible bond
- fulfilling the terms and conditions set by the bank in order to withdraw the second instalment of additional financing
- reaching the covenant levels required for the extension of loans from financial institutions
- sufficiency of working capital
- implementation of the development measures concerning profitability and inventories
- global economic development and its impacts on the market position of the company's customers and demand
- valuation of property and utilisation of the deferred tax asset.

Financing required for redeeming the convertible bond 2007

The EUR 6.75 million convertible bond issued by Incap in 2007 matured on 25 May 2012. The company agreed on the refinancing of the convertible bond in May 2012 so that the company redeems the loan shares of some of convertible bond holders and some of the convertible bond holders convert the loan to a new convertible bond. The company agreed to redeem or purchase some of the loan shares at a total price of EUR 2,768,040, which is 28% under the nominal value on average. The loan shares to be redeemed represent a total of EUR 3,834,000 of the principal of the 2007 convertible bond. The loan shares must be redeemed during 2012 following the schedule agreed upon with each holder.

Part of the redemption was carried out in May–June 2012. On 30 September 2012, the remaining amount to be redeemed was EUR 2,368,440. The company aims to obtain the funds required for the redemption through a share issue or another financing agreement.

Under the terms and conditions of agreement, one subscriber for the convertible bond 2012, accounting for EUR 999,000 of the bond, has the right to terminate the financing agreement if the redemption of the 2007 convertible bond does not take place by the end of 2012. This part of the convertible bond 2012 is recognised under current liabilities.

Withdrawing the second instalment of the granted additional financing

Incap negotiated on a financing agreement whereby the company's domestic financier banks renewed the maturing loans and granted new loans totalling EUR 2.5 million. Of the loan, EUR 1 million was withdrawn in July 2012. The second instalment of the financing – EUR 1.5 million – cannot be withdrawn until the 2007 convertible bond has been redeemed in full and the bank has approved the achieved level of net IBD/EBITDA.

Debt financing and covenants

Total debt of Incap at the end of reporting period amounted to EUR 21.1 million.

The company's loans, credit lines and factoring credit lines granted by a Finnish bank totalled EUR 11.5 million on 30 September 2012. These loans involve the following covenants:

	Equity ratio	Net IBD/EBITDA
31 Dec 2012	at least 10%	up to 7
30 June 2013 onwards	at least 15%	up to 5

The covenants related to the loans were not met on 30 September 2012. On this date, the company's equity ratio was 4.9% and net IBD/EBITDA was 14.7. The bank has the right to terminate the agreements to expire after 60 days if any covenant is not met on the testing date.

On 23 August 2012, the company was informed by the bank in writing that the bank will not exercise its right to terminate the financing agreements, even though the covenants were not met. The covenants will be tested again in December 2012 and every six months after that.

The additional loan of EUR 1 million, which was withdrawn in July, includes besides the above covenants also the bank's right to terminate the agreement in case the convertible bond 2007 is not redeemed during 2012 according to plan.

Based on the forecast drafted by Incap on 30 October 2012, the above covenants will be met on the next testing date 31 December 2012, provided that the company succeeds in obtaining funds for the redemption of the convertible bond with a share issue as planned. Should the covenants referred to above or other ordinary covenants associated with special circumstances not be met, Incap would not probably be able to perform its obligations and it would have to start negotiations on the rearrangement of funding.

Payment arrangement for tax liabilities

Incap has agreed on a payment arrangement concerning overdue value-added taxes, payroll taxes and social security contributions with the Tax Administration. The tax liabilities covered by the arrangement total approximately EUR 1.4 million, and the last instalment under the agreement will take place in August 2014. In accordance with the terms and conditions of agreement, the Tax Administration has the right to terminate the agreement with immediate effect in case an instalment is delayed.

Sufficiency of working capital

To assess its liquidity, Incap has prepared a 12-month cash flow projection for the Group, based on its performance forecast for 2012 and the actual turnover of its sales receivables, accounts payable and inventories. Based on the prepared cash flow forecast, Incap's working capital does not correspond with the company's needs for the next 12 months at the time of this interim report. According to the company's estimate, about EUR 3–5 million of additional working capital is needed.

However, the company's working capital will be sufficient for the next 12 months if the following criteria are met:

- the company's eventual share issue and financing arrangements succeed as planned, so that the company obtains funds for the redemption of the convertible bond of 2007; and
- the bank accepts the achieved net IBD/EBITDA level, so that the second instalment of the additional loan can be withdrawn; and
- the goals for the company's result and inventory turnover rate are achieved; and
- the covenants for the company's loans from financial institutions are met, or, should the covenants not be met, the bank will not exercise its right to terminate the loan agreements.

Incap's management is confident that the company succeeds in the financing negotiations and obtains financing for redeeming the convertible bond in line with the contract. The strategic process of change has continued as planned; the company closed down the Helsinki factory in the summer 2012 and transferred its production to other units. This structural change and other efficiency improvement measures are expected to improve profitability during the latter half of 2012. In addition, the company will continue to take measures to ensure that the goals for the company's result and inventory turnover are achieved.

Thus, the company estimates that it will be able to cover any possible working capital deficit and ensure that the covenants related to the financing agreements are met. However, should the covenants not be met and the financiers would inform that they will make use of the covenants, the company should initiate negotiations on the rearrangement of funding and on gaining new equity or debt financing.

Development of customers' market situation and demand
Demand for Incap's services as well as the company's financial position are affected by international economic trends and economic trends among Incap's customer industries. The business environment has developed with more stability in 2012 than in 2011, and the increasing uncertainty of the economic outlook has not, at least for the time being, had negative impacts on the demand or liquidity of the company's customers.

The company's sales are spread over several customer sectors, which balances out the impact of the economic trends in different industrial sectors. The company's sector, contract manufacturing, is highly competitive, and there are major pressures on cost level management. The flexibility of the cost structure has been increased by decentralising production in the different countries where the company operates: Finland, Estonia and India. The focus of production activity is on countries with competitive wages and general costs. Closing down the Helsinki factory in connection with the change in the production structure will improve profitability during the latter half of 2012, with less capital tied to inventories and decreased fixed costs.

Valuation of property and utilisation of the deferred tax asset.
The company owns an 8,700 m² plant property in Vuokatti, built in 1978–2001. The property and the related loans have been recognised as available for sale as of the financial statements for 2010. The price estimate given by Catella Property Oy on 23 January 2012 clearly exceeds the book value of the property. Incap has signed a five-year lease on the property in August 2012, which decreases the maintenance costs of the property and thereby contributes to profitability. Incap will continue the measures aiming to sell the property. At the end of 2012, it will be reviewed whether the property can still be recognised as available for sale in the financial statements and how it will be valued.

The deferred tax assets recognised in the consolidated balance sheet (EUR 4.0 million) are based on the Board of Directors' assessment of future earnings development at Incap Corporation and the Indian subsidiary. On 30 September 2012, confirmed tax losses for which no deferred tax asset was recognised amounted to EUR 8.1 million. Because Incap's performance in the previous years was significantly different than projected, future utilisation of deferred tax assets is uncertain.

Outlook for 2012
Incap's estimates for future business development are based on its customers' forecasts and the company's own assessments. Demand in the energy efficiency industry remained at a good level in Europe and India. Revenue from well-being technology products will fall short of the previous year due to the discontinuation of certain products formerly manufactured in Helsinki and Kuressaare.

The closure of the Helsinki factory is the final stage in the company's strategic restructuring of production, which has formed a basis for profitable growth. Transferring the factory's production to other units and making operations more efficient will improve the company's profitability starting in the third quarter.

Incap reiterates its previous guidance published on 14 September. The company estimates that the Group’s revenue in 2012 will be lower than the EUR 68.9 million achieved in 2011. Incap further estimates that the operating profit (EBIT) for the latter half of the year will be positive and full-year operating profit will be clearly better than in 2011, at which time it amounted to EUR -1.6 million.

Publication of the financial statements for 2012 and interim report for the fourth quarter
Incap Group's financial statements for 2012 will be published on Tuesday, 26 February 2013.

INCAP CORPORATION
Board of Directors

Additional information:
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PRESS CONFERENCE
Incap will arrange a conference for the press and financial analysts on 31 October 2012 at 10:00 a.m. at the World Trade Center, Helsinki, in Meeting Room 4 on the 2nd floor at Aleksanterinkatu 17, FI-00100 Helsinki.

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INCAP IN BRIEF
Incap Corporation is an internationally operating contract manufacturer whose comprehensive services cover the entire life-cycle of electromechanical products from design and manufacture to maintenance services. Incap’s customers include leading equipment suppliers in energy-efficiency and well-being technologies, for which the company produces competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China. The Group’s revenue in 2011 amounted to EUR 68.9 million, and the company currently employs approximately 670 people. Incap's share is listed on the NASDAQ OMX Helsinki. Additional information: www.incap.fi.

Annex 1

CONSOLIDATED INCOME STATEMENT (IFRS)

(EUR thousand, unaudited)	1-3/ 2012	4-6/ 2012	**7-9/ 2012**	1-3/ 2011	4-6/ 2011	7-9/ 2011	**1-9/ 2012**	1-9/ 2011	Change %	1-12/ 2011
REVENUE	15 564	18 378	**15 701**	16 005	17 694	18 286	**49 643**	51 985	-5	68 890
Work performed by the enterprise and capitalised	0	0	**0**	0	0	0	**0**	0		0
Change in inventories of finished goods and work in progress	176	-327	**-169**	34	4	-42	**-320**	-5	6 982	-363
Other operating income	85	134	**136**	38	40	18	**355**	96	270	145
Raw materials and consumables used	10 801	12 568	**10 978**	11 270	12 812	13 034	**34 347**	37 116	-7	48 631
Personnel expenses	3 011	3 119	**2 419**	2 916	3 075	2 861	**8 548**	8 853	-3	12 016
Depreciation and amortisation	415	435	**378**	552	542	494	**1 229**	1 588	-23	2 047
Other operating expenses	1 944	2 051	**1 612**	1 762	1 931	1 837	**5 606**	5 529	1	7 597
OPERATING PROFIT/LOSS	-345	13	**280**	**-423**	**-623**	**35**	**-52**	**-1 010**	-95	**-1 619**
Financing income and expenses	-366	339	**-156**	-528	-559	-611	**-182**	-1 699	-89	-2 378
PROFIT/LOSS BEFORE TAX	-711	352	**124**	**-951**	**-1 182**	**-576**	**-235**	**-2 709**	-91	**-3 997**
Income tax expense	0	0	**-79**	0	0	0	**-79**	0		0
PROFIT/LOSS FOR THE PERIOD	-711	352	**44**	**-951**	**-1 182**	**-576**	**-314**	**-2 709**	-88	**-3 997**
Earnings per share	-0,04	0,02	**0,00**	**-0,05**	**-0,06**	**-0,03**	**-0,02**	**-0,15**	-89	**-0,21**
Options have no dilutive effect in accounting periods 2011 and 2012										

OTHER COMPREHENSIVE INCOME	1-3/ 2012	4-6/ 2012	**7-9/ 2012**	1-3/ 2011	4-6/ 2011	7-9/ 2011	**1-9/ 2012**	1-9/ 2011	Change %	1-12/ 2011
PROFIT/LOSS FOR THE PERIOD	-711	352	**44**	**-951**	**-1,182**	**-576**	**-314**	**-2,709**	-88	**-3,997**
OTHER COMPREHENSIVE INCOME:										
Translation differences from foreign units	-2	-50	**63**	-185	-57	-40	**11**	-282	-104	-316
Other comprehensive income, net	-2	-50	**63**	-185	-57	-40	**11**	-282	-104	-316
TOTAL COMPREHENSIVE INCOME	-712	302	**107**	**-1,136**	**-1,239**	**-616**	**-303**	**-2,991**	-90	**-4,313**
Attributable to:										
Shareholders of the parent company	-712	302	**107**	-1,136	-1,239	-616	**-303**	-2,991	-90	-4,313
Non-controlling interest	0	0	**0**	0	0	0	**0**	0		0

Annex 2

CONSOLIDATED BALANCE SHEET (IFRS)

(EUR thousand, unaudited)	30.9.2012	30.9.2011	Change %	31.12.2011
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2,863	4,457	-36	4,007
Goodwill	969	981	-1	964
Other intangible assets	194	420	-54	341
Other financial assets	311	314	-1	314
Deferred tax assets	4,014	4,112	-2	4,085
TOTAL NON-CURRENT ASSETS	**8,351**	**10,284**	-19	**9,710**
CURRENT ASSETS				
Inventories	10,339	12,440	-17	11,423
Trade and other receivables	14,295	16,574	-14	15,834
Cash and cash equivalents	231	310	-26	369
TOTAL CURRENT ASSETS	**24,864**	**29,325**	-15	**27,625**
Non-current assets held for sale	**1,936**	1,936	0	**1,936**
TOTAL ASSETS	**35,151**	**41,544**	-15	**39,271**
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	4,809	4,084	18	4,084
Exchange differences	-788	-731	8	-799
Retained earnings	-22,825	-21,252	7	-22,506
TOTAL EQUITY	**1,728**	**2,633**	-34	**1,311**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	0	0	0	0
Interest-bearing loans and borrowings	1,915	490	291	259
NON-CURRENT LIABILITIES	**1,915**	**490**	291	**259**
CURRENT LIABILITIES				
Trade and other payables	12,369	13,680	-10	13,109
Current interest-bearing loans and borrowings	19,097	24,399	-22	24,336
CURRENT LIABILITIES	**31,466**	**38,079**	-17	**37,445**
Liabilities relating to non-current assets held for sale	**43**	**342**	-87	256
TOTAL EQUITY AND LIABILITIES	**35,151**	**41,544**	-15	**39,271**

Annex 3

CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands, unaudited)	**1-9/2012**	**1-9/2011**	**1-12/2011**
Cash flow from operating activities			
Operating profit/loss	-52	-1,010	-1,619
Adjustments to operating profit	867	1,119	2,157
Change in working capital	2,354	-2,442	-1,920
Interest and other payments made	-1,580	-1,277	-1,793
Interest received	19	27	38
Cash flow from operating activities	**1,608**	**-3,583**	**-3,137**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets	-69	-241	-280
Proceeds from sale of tangible and intangible assets	134	132	148
Other investments	-61	0	-80
Loans granted	-4	-2	-6
Sold shares of subsidiary	0	0	0
Repayments of loan assets	3	45	0
Cash flow from investing activities	**3**	**-66**	**-218**
Cash flow from financing activities			
Proceeds from share issue	725	0	0
Drawdown of loans	1,309	4,692	4,946
Repayments of borrowings	-3,158	-717	-1,118
Repayments of obligations under finance leases	-566	-661	-843
Cash flow from financing activities	**-1,690**	**3,314**	**2,985**
Change in cash and cash equivalents	-79	-335	-371
Cash and cash equivalents at beginning of period	369	476	476
Effect of changes in exchange rates	-28	193	288
Changes in fair value (cash and cash equivalents)	-31	-24	-24
Cash and cash equivalents at end of period	**231**	**310**	**369**

Annex 4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousand, unaudited)

	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
Equity at 1 January 2011	20,487	44	4,084	-483	-18,510	5,622
Issue premium	0	0	0	0	0	0
Transaction costs for equity	0	0	0	0	0	0
Change in exchange differences	0	0	0	-248	-34	-282
Options and share-based compensation	0	0	0	0	2	2
Other changes	0	0	0	0	0	0
Net income and losses recognised directly in equity	0	0	0	-248	-32	-280
Net profit/loss	0	0	0	0	-2,709	-2,709
Total income and losses	0	0	0	-248	-2,741	-2,989
Equity at 30 September 2011	20,487	44	4,084	-731	-21,252	2,633
Equity at 1 January 2012	20,487	44	4,084	-799	-22,506	1,311
Share issue	0	0	759	0	0	759
Transaction costs for equity	0	0	-34	0	0	-34
Change in exchange differences	0	0	0	11	0	11
Options and share-based compensation	0	0	0	0	-5	-5
Other changes	0	0	0	0	0	0
Net income and losses recognised directly in equity	0	0	725	11	-5	731
Net profit/loss	0	0	0	0	-314	-314
Total income and losses	0	0	725	11	-319	417
Equity at 30 September 2012	20,487	44	4,809	-788	-22,825	1,728

Annex 5

GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS)	1-9/2012	1-9/2011	1-12/2011
Revenue, EUR million	49.6	52.0	68.9
Operating profit, EUR million	-0.1	-1.0	-1.6
% of revenue	-0.1	-1.9	-2.4
Profit before taxes, EUR million	-0.2	-2.7	-4.0
% of revenue	-0.5	-5.2	-5.8
Return on investment (ROI), %	6.8	-4.2	-5.1
Return on equity (ROE), %	-27.6	-87.5	-115.3
Equity ratio, %	4.9	6.3	3.3
Gearing, %	1205.2	946.5	1,867.7
Net debt, EUR million	18.9	22.0	21.8
Net interest-bearing debt, EUR million	20.8	24.9	24.5
Quick ratio	0.5	0.4	0.4
Current ratio	0.8	0.8	0.7
Average number of shares during the report period, adjusted for share issues	19,804,494	18,680,880	18,680,880
Earnings per share (EPS), EUR	-0.02	-0.15	-0.21
Equity per share, EUR	0.08	0.14	0.07
Dividend per share, EUR	0	0	0
Dividend/profit, %	0	0	0
Effective dividend yield, %	0	0	0
Price/earnings ratio (P/E)	-17.0	-3.2	-2.0
Share price development			
Lowest price during the period, EUR	0.27	0.40	0.37
Highest price during the period, EUR	0.65	0.64	0.64
Average price during the period, EUR	0.39	0.54	0.52
Closing price, EUR	0.27	0.47	0.42
Market capitalisation, EUR	5.6	8.8	7.8
Share turnover, number of shares	1,499,294	606,719	746,382
Share turnover, %	7.2	3.2	4.0
Investments, EUR million	0.1	0.2	0.3
% of revenue	0.1	0.5	0.4
Average number of employees	713	747	749
CONTINGENT LIABILITIES, EUR millions			
FOR OWN LIABILITIES			
Mortgages	14.4	12.4[1]	12.3[1]
Off-balance sheet liabilities	1.9	1.8	1.8
Nominal value of currency options, EUR thousand	0	0	0.0
Fair values of currency options, EUR thousand	0	0	0.0

[1]The bank has confirmed in September 2012 that EUR 1 million of the company's mortgages was released on 6 May 2011. The incorrect amount of mortgages announced in previously published interim reports and the financial statements for 2011 has been corrected in this table.

Annex 6

QUARTERLY KEY FIGURES (IFRS)

	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Revenue, EUR million	15.7	18.4	15.6	16.9	18.3	17.7	16.0
Operating profit, EUR million	0.3	0.0	-0.3	-0.6	0.0	-0.6	-0.4
% of revenue	1.8	0.1	-2.2	-3.6	0.2	-3.5	-2.6
Profit before taxes, EUR million	0.1	0.4	-0.7	-1.3	-0.6	-1.2	-1.0
% of revenue	0.8	1.9	-4.6	-7.6	-3.2	-6.7	-5.9
Return on investment (ROI), %	3.3	17.8	-1.5	-7.6	1.1	-9.4	-4.3
Return on equity (ROE), %	11.7	95	-297.7	-148.7	-55.8	-106.5	-75.2
Equity ratio, %	4.9	4.3	1.6	3.3	6.3	7.6	11.0
Gearing, %	1,205.2	1,372.9	4,103.2	1,867.7	946.5	739.3	486.6
Net debt, EUR million	18.9	20.3	23.2	21.8	22.0	22.9	21.7
Net interest-bearing debt, EUR million	20.8	22.7	24.6	24.5	24.9	24.1	21.9
Average number of share issue-adjusted shares during the financial period	19,804,494	19,276,512	18,680,880	18,680,880	18,680,880	18,680,880	18,680,880
Earnings per share (EPS), EUR	-0.00	0.02	-0.04	-0.07	-0.03	-0.06	-0.05
Equity per share, EUR	0.08	0.08	0.03	0.07	0.14	0.17	0.2
Investments, EUR million	0.0	0.1	0.0	0.0	0.1	0.1	0.1
% of revenue	-0.1	0.3	0.2	0.0	0.7	0.7	0.3
Average number of employees	699	710	728	753	770	745	727

Annex 7

CALCULATION OF KEY FIGURES

Return on investment, %	100 x (profit/loss for the period + financing costs) / equity + interest-bearing financing loans
Return on equity (ROE), %	100 x profit/loss for the period / average equity during the accounting 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 share-issue adjusted shares during the period
Equity per share	equity / number of share-issue adjusted shares at the end of the period
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
Market capitalisation	closing price for the period x number of shares available for public trading