InCap

Financial Statements 2011

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INCAP GROUP’S FINANCIAL STATEMENTS RELEASE FOR 2011: INCREASE IN REVENUE, STRATEGIC STRUCTURAL CHANGE FINISHED

- full-year revenue for 2011 amounted to EUR 68.9 million - increase of about 16% year-on-year (2010: EUR 59.2 million)
- full-year operating result (EBIT) was EUR -1.6 million (EUR -3.2 million)
- operating result (EBIT) excluding non-recurring expenses was positive both for the fourth quarter and the second half of the year
- operating result for the fourth quarter includes non-recurring expenses of approx. EUR 0.6 million for the closedown of the Helsinki factory
- full-year earnings per share stood at EUR -0.21 (-0.33)
- the company’s strategic change has been completed and stable basis for profitable growth has been laid
- Incap estimates that the revenue in 2012 grows and the operating result (EBIT) is positive

These unaudited financial statements have been prepared in compliance with the international financial reporting standards (IFRS) IAS 34. Unless otherwise mentioned, the comparison figures refer to the same period in 2010.

Sami Mykkänen, President and CEO of Incap Group: ”Demand for Incap’s services developed favourably both in Europe and Asia during 2011, and demand increased at a steady rate in both business areas of the company. The growth in revenue was slowed down to some extent by the global shortage of semiconductor components that had already emerged the previous year but the situation stabilised during the second half of the year.”

” We secured new customer accounts in the growth industries pursuant to our strategy. We began cooperation in the manufacture of welding equipment, bright light headset, sauna heater control systems, intelligent electricity network equipment, solar panel applications and small-scale back-up wind power plants, among other areas. The share of revenue for products combining electronics and mechanics increased in line with our objectives.”

”The profitability developed favourably in the right direction and the result from actual operations was for the second half of the year positive in line with our expectations. Even though the revenue was lower in the fourth quarter of the year compared with the third quarter, the result for actual operations was on the same level. Contributing to the full-year performance were the growth in revenue, as well as the changes made in production structure in 2010 and adjustments to customer prices. However, increased expenses in raw material and production due to the global shortage of components weighed down the result.“

”We will continue the determined implementation of our strategy. We focus on manufacturing of equipment related to energy efficiency and well-being, whose markets offer good growth prospects thanks to the global mega trends. We help our customers to create successful products by offering them diverse, flexible and high-quality total manufacturing services for the full life-cycle of the product. Our operations in Europe and Asia offer good opportunities for supporting customers locally in their main market areas.”

“In the development of our services, we are investing particularly in product design, which helps to deepen the cooperation with our customers further. We complement our in-house competence in product design by networking with design firms when necessary. In our own product development, we focus especially on the development of products for production, storage and distribution of energy, in which we have gained already a lot of experience and competence.”

“We expect that the structural changes that we have implemented and our other streamlining measures will be visible in our performance in 2012. I believe that our operations will return to a steady track of profitable growth after these challenging years.”

Revenue and earnings in October-December 2011

Revenue for the final quarter of 2011 amounted to EUR 16.9 million, higher 5% year-on-year. Especially the demand for electric power equipment was strong.

Operating result for the final quarter was EUR -0.6 million and it includes a non-recurring cost of EUR 0.6 million for the closedown of the Helsinki factory. Even though the revenue was lower in the fourth quarter compared with the third quarter of the year, the result for actual operations was on the same level and positive.

Quarterly comparison (EUR thousands)	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
Revenue	16,906	18,286	17,694	16,005	16,149	13,741	15,836	13,436
Operating profit/loss (EBIT)	-609	35	-623	-423	14	-470	-1,097	-1,670
Net profit/loss	-1 288	-576	- 1 182	-951	-427	-1 067	-1,490	-1,899
Earnings per share, EUR	- 0.07	-0.03	-0.06	-0.05	-0.03	-0.08	-0.12	-0.16

Revenue and earnings in 2011

Incap Group’s revenue for 2011 amounted to EUR 68.9 million, up about 16% year-on-year (59.2 million in 2010). Delivery volumes increased in energy-efficiency products as well as well-being technology products. However, revenue was held back somewhat by a global shortage of certain semiconductor components. This had a negative impact on the company’s delivery capacity particularly in well-being technology products.

Incap Group’s profitability developed favourably, and the company recorded a positive operating result (EBIT) before non-recurring items in the second half of 2011. The operating result for 2011 was EUR -1.6 million and clearly better than previous year (-3.2 million in 2010) even though it still was negative. The result was affected by a weakened availability of materials and an increase in material costs due to the tsunami in Japan as well as by a non-recurring provision of EUR 0.6 million related to the closure of the Helsinki plant. However, increased revenue and customer price adjustments improved the result. The merger of two electronics plants in 2010 in line with the company’s structural change also had a favourable effect on the operating result.

The Indian unit’s revenue increased by approximately 15% from the previous year to EUR 13.8 million (12.0 million). The company’s operations in India showed a loss, but profitability improved from the previous year, and the result for the second half of 2011 was better than that for the first half.

Net financial expenses rose to EUR 2.4 million (1.7 million). Depreciation stood at EUR 2.0 million (2.8 million). Loss for the period was EUR 4.0 million (4.9 million).

Return on investment was -5% (-11%), and return on equity was -115% (-81%). Earnings per share were EUR -0.21 (-0.33).

Development of operations

The company acquired new customers in its strategic focus areas. During 2011, cooperation was started with several technology companies among others in the manufacture of equipment for intelligent electricity network and for distributed energy production.

Incap established an in-house procurement office in Hong Kong, near the inexpensive raw material sources of Asia. The goal is to improve the company’s competitive edge as a manufacturing and technology partner by reducing the prices of materials and components. The company’s subsidiary in Hong Kong is included in the consolidated financial statements as of 1 September 2011.

While revenue rose by 16%, the value of inventories decreased by almost 13%, from EUR 13.1 million at the beginning of 2011 to EUR 11.4 million at the end of the year. The company was able to reduce stock values despite difficulties with the availability of components.

The company allocated more resources to its design services unit in Bangalore, and competence was enhanced especially in the design of equipment that improves energy efficiency. Among other solutions, the unit designed UPS backup power sources, micro-turbine control systems and solar power inverters for customers.

The lease contract of the production plant in Kuressaare in Estonia was renewed to cover the expansion of the facilities. When completed in June 2012, the extension will cover 3,400 square metres, which doubles the area of the present facilities.

To harmonise operating methods, the operations in India were included in the corporate quality assurance system, and now the same quality indicators are used group-wide.

Restructuring process

The production transfer from the Vuokatti electronics plant to Kuressaare, which was carried out in 2010, improved efficiency as expected, resulting in a reduction of approximately EUR 3 million in personnel expenses in 2011, when compared to 2009.

Incap continued negotiations on the sale of its sheet-metal production but they did not lead to satisfactory results. As no means of improving profitability on long term were found, Incap decided after the close of the financial period in January 2012 to close its Helsinki plant and to transfer the production to the company’s other plants in Vaasa and Kuressaare by the autumn of 2012. The transfer is estimated to result in remarkable savings during the years 2012–2013.

After the production restructuring, Incap will have a production plant in each of its countries of operation: Finland, Estonia and India. In addition, the company has a procurement office in Hong Kong.

Balance sheet
The balance sheet total fell by EUR 3.3 million from the end of 2010 to EUR 39.3 million (42.6 million).

The Group's equity at the close of the financial period was EUR 1.3 million (5.6 million). Liabilities totalled EUR 38.0 million (37.0 million), of which EUR 24.9 million (22.0 million) were interest-bearing liabilities. Current liabilities constituted EUR 37.7 million (27.4 million) of all liabilities, because the company's convertible bond, which matures in May 2012, was transferred to current liabilities on the balance sheet. The parent company's equity totalled EUR 12.8 million, representing 63% of the share capital (15.2 million, 74%). It is therefore exceeding the minimum equity limit as given in the Companies Act by approx. EUR 2.6 million.

The Group's equity ratio was 3.3% (13.2%). Interest-bearing net liabilities were EUR 24.5 million (21.5 million), and the gearing ratio was 1,868% (383%). The high gearing ratio was affected by the restructuring costs and the investments in the company's internationalisation as well as the slower than expected improvement of earnings development of the company.

On 31 December 2011, the Group's cash and cash equivalents totalled EUR 0.4 (0.5 million at the end of 2010).

At the end of 2011, EUR 1.7 million of the Group's long-term and short-term loans were guaranteed, and the rest were unguaranteed. Of the loans, EUR 7.6 million were secured loans. The securities for these loans are the EUR 8.1 million mortgages on company assets and a EUR 2.5 million and a EUR 0.7 million mortgage on the production facilities in Vuokatti, Finland and Tumkur, India.

Financing and cash flow
The Group's quick ratio was 0.4 (0.6), and the current ratio was 0.7 (1.0). Cash flow from operations was EUR -3.1 million (-4.4 million), and the change in cash and cash equivalents showed a decrease of EUR 0.4 million (an increase of EUR 0.08 million).

The Group's cash flow and liquidity situation was challenging. Financing was improved by the financing package issued in May 2011, totalling EUR 3.8 million. Of the total, EUR 1.5 million consists of a counter-cyclical guarantee from Finnvera, 2 million of a short-term financing and 1 million of a factoring credit facility from a Finnish bank and 0.8 million of a short-term credit from an Indian bank.

Research and development
Incap's R&D expenses are related to the development of its processes. They amounted to EUR 0.1 million (0.05 million).

Capital expenditure
Capital expenditure totalled EUR 0.3 million in 2011 (0.5 million), consisting of equipment acquisitions related to the Vaasa and Tumkur plants.

Quality assurance and environmental issues
All of Incap Group's plants have environmental management and quality assurance systems certified by Det Norske Veritas or TÜV Rheinland. The systems are used as tools for continuous improvement. During 2011, Incap's operations in India were incorporated into the Group's quality system.

Incap's environmental management system complies with ISO 14001:2004, and its quality assurance system complies with ISO 9001:2008. In addition, the Kuressaare and Helsinki plants have ISO 13485:2003 quality certifications for the manufacture of medical devices.

Personnel
At the beginning of 2011, the Incap Group had a payroll of 767 employees. At the end of the year, it had 735 employees. In 2011, Incap employed 749 (780) people on average. The number of employees increased by 14 in India and by 3 in Estonia. In Finland, the number of employees decreased by 49. At the end of the year, about 51% (49%) of the personnel worked in India, 27% (27%) in Estonia and 22% (24%) in Finland.

At the end of the year, 212 of Incap's employees were women and 514 were men. Permanently employed staff totalled 564, and the number of fixed-term employees was 171. The company had 9 part-time employment contracts at the end of the year. The average age of the personnel was 38 years.

Company management and organisation
The company's President and CEO during the financial period was Sami Mykkänen, B.Sc. (Eng.). In addition to the CEO, the Group's Management Team included Kimmo Akiander (Business unit Well-Being), Kirsi Hellsten (Human resources, from 8 August 2011), Mikko Hirvinen (Production), Jari Koppelo (Business unit Energy Efficiency), Kirsi Parvi (Finance and administration, from 1 July 2011) and Hannele Pöllä (Communications).

In addition to the members of the actual Management Team, the Extended Management Team included K.R. Vasantha (Managing Director and head of production at the Indian subsidiary, until 9 December 2011), Sami Kyllönen (Operation services), Murthy Munipalli (Energy Efficiency Asia), Pekka Laitila (Materials management), Päivi Luotola (IT) and Riitta Pönniö (Quality and the environment).

Events after the end of the financial period
In January 2012, Incap decided to close its Helsinki plant and transfer the operations to its plants in Vaasa and Kuressaare by the autumn of 2012. The decision means that 64 employment contracts will be discontinued gradually during the first half of 2012.

Statutory employer-employee negotiations were started in Group Services in late 2011, and the negotiations were completed in January 2012. Group Services will be centralised in Estonia in order to cut costs and enhance the efficiency of operations. For this reason, the number of locations in Finland will be reduced and 8 employment contracts will be discontinued.

Annual General Meeting 2011
Incap Corporation's Annual General Meeting (AGM) was held in Helsinki on 13 April 2011. The AGM adopted the consolidated financial statements for the financial year that ended on 31 December 2010. In accordance with the proposal of the Board of Directors, the AGM decided that no dividend be distributed and that the loss for the financial year (EUR 1,561,513.95) be recognised in equity.

The AGM re-elected the five members of the Board of Directors. Authorised Public Accountant Ernst & Young Oy was again elected as the company auditor.

Authorisation of the Board of Directors
At the end of the financial period, the Board of Directors held an authorisation granted by the Annual General Meeting on 13 April 2011 to decide on increasing the share capital through one or more rights issues so that the total number of shares to be subscribed for on the basis of the authorisation is a maximum of 2,168,100, of which a maximum of 300,000 shares can be used in stock options. The authorisation includes a right to deviate from shareholders' pre-emptive subscription right and to decide on the subscription price and other terms and conditions of subscription. It is possible to deviate from shareholders' pre-emptive subscription rights, provided that there is a significant financial reason for the company to do so, such as developing the company's business, financing business restructuring, making an arrangement in association with capital maintenance, or a reason related to HR policy. The Board of Directors shall have the right to decide that shares can be subscribed for through a contribution in kind, by way of offsetting rights or otherwise subject to certain conditions. The authorisation is valid for one year but no later than the next Annual General Meeting. The Board did not exercise the authorisation during the financial period.

Board of Directors and auditor
The Annual General Meeting re-elected Raimo Helasmäki, Kari Häyrinen, Kalevi Laurila, Susanna Miekk-oja and Lassi Noponen as members of the Board of Directors. From among its members, the Board elected Kalevi Laurila as Chair and Susanna Miekk-oja as Deputy Chair. The secretary of the Board was Jari Pirinen, LL.M., until 13 April and Anu Kaskinen, LL.M., from 13 April 2011. The Board convened 20 times in 2011, and the average attendance rate was 84%.

The auditor was auditing firm Ernst & Young Oy with Jari Karppinen, Authorised Public Accountant, as the principal auditor.

Report on corporate governance
Incap 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.

Shares and shareholders
Incap Corporation has one series of shares, and the number of shares at the end of the period is 18,680,880. During the financial period, the share price varied between EUR 0.37 and 0.64 (EUR 0.49 and 0.75). The closing price for the year was EUR 0.42 (EUR 0.57). During the financial period, the trading volume was 4% of outstanding shares (39%).

At the end of the financial period, Incap had 1,053 shareholders (1,085). Nominee-registered owners held 0.5% (0.6%) of all shares. The company's market capitalisation on 31 December 2011 was EUR 7.8 million (10.6 million). The company does not hold any of its own shares.

Incap's share has been listed on the Helsinki Stock Exchange (NASDAQ OMX Helsinki) since 1997 with the trading code ICP1V. The sector classification on the NASDAQ OMX Nordic Exchange Helsinki is Industrial/Industrial Goods & Services.

The company's share capital as recorded in the trade register on 31 December 2011 is EUR 20,486,769.50. The share has no nominal value. The company does not hold any of its own shares, and the Board of Directors is not aware of any shareholder agreements concerning holdings in company shares and the exercise of voting rights.

Share-based incentive system 2009
The option scheme implemented in February 2009 includes a total of 600,000 stock options entitling their holders to subscribe for an equal number of Incap shares. The stock options are broken into three categories: 2009A, 2009B and 2009C. There are 100,000 A options, 100,000 B options and 400,000 C options. The subscription price for all stock options is EUR 1. The subscription period is from 1 April 2010 to 31 January 2014 for 2009A stock options and from 1 April 2011 to 31 January 2014 for 2009B and 2009C stock options.

The CEO has received 100,000 A stock options and 100,000 B stock options. The company’s key employees have received a total of 169,000 C stock options.

The proportion of shares to be subscribed on the basis of stock options is up to 3.1% of the company’s shares and votes after a possible increase in share capital. Undistributed and returned stock options will be given to Euro-ketju Oy, a subsidiary fully owned by Incap, and the Board of Directors will make a separate decision on distributing these.

Announcements in accordance with Section 9 of Chapter 2 of the Securities Market Act on changes in holdings
During the financial period, Incap did not receive any notifications on changes in holdings that require announcements in accordance with Section 9 of Chapter 2 of the Securities Market Act.

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

Incap’s most significant short-term risks are associated with the development of customer demand, the sufficiency of funding and the realisation of plans related to profitability and inventories.

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. In 2012, the business environment is expected to develop more stably than in 2011. Incap’s sales are spread over several customer sectors, which balances out the impact of the economic trends in different industrial sectors.

In 2011, Incap’s largest single customer accounted for 18% of the Group’s revenue. The company maintains a balanced customer base in order to ensure that it will not become dependent on a single customer or on several customers in a single customer sector, because this would entail significant financial risks. Risks associated with customer agreements are regularly reviewed and their combined effect is being monitored. Risks associated with customers are managed through contract terms and insurance policies. The uncertain economic outlook has not had a negative effect on the solvency of Incap’s customers.

Incap’s sector, contract manufacturing, is highly competitive, and there are major pressures on cost level management. Incap manages risks through continuous monitoring and management of operational efficiency and cost levels. The cost structure has been made more flexible by distributing production activities into several countries and by managing manufacturing operations between Finland and other countries.

The company continuously assesses the organisation of different activities as well as the sufficiency and level of human resources to ensure that the organisation is efficient, the correct competencies are available and the company can provide its customers with the high-quality services they require without interruptions and take care of its commitments to other stakeholders. An essential element to maintain the company's competitive edge is the development of labour costs in Incap's countries of operation. Incap manages its personnel risks through active succession planning and by developing its incentive and management systems in a manner that prevents personnel turnover from jeopardising business growth.

Material suppliers' quality problems, manufacturing problems and distribution problems, as well as changes in the market prices of materials, influence Incap's delivery ability and costs. Most material prices are linked to customer agreements to reduce material price risks. Incap enters into framework agreements with trusted material suppliers and seeks to improve predictability in collaboration with customers. With critical suppliers, the company aims to agree on buffer inventories within the limits set by agreements between Incap and the end customer.

The nature of Incap Group's business exposes the company to foreign exchange, interest rate, credit and liquidity risks. The aim of the Group's risk management policy is to minimise the negative effects of changes in the financing markets on the Group's earnings and cash flow. Forward exchange agreements, foreign currency loans and interest rate swaps are used for the management of financing risks as required. Subsidiaries' financing structures are planned, evaluated and directed, taking into account the management of financing risks.

Because Incap operates in the eurozone and in Asia, it is subjected to foreign exchange risks. In accordance with its policy, the company seeks to hedge against foreign exchange risks through currency options and forward exchange agreements. The Group's interest and foreign exchange risks are managed by means of a selected financing structure based on both fixed and floating rate financial instruments in selected currencies.

On 3 May 2011, Incap signed financing agreements totalling EUR 3.8 million. Finnvera granted the company a counter-cyclical guarantee of EUR 1.5 million. A Finnish bank granted Incap EUR 2 million in long-term financing and a short-term factoring facility of EUR 1 million. The long-term financing was recognised in current liabilities, because covenants are tested at an interval of 6 months. In addition, the Indian subsidiary signed a loan agreement with a local bank on a short-term credit of some EUR 0.8 million.

The financing agreements are valid until 31 May 2012 and cover Incap's credit line and factoring credit line as well as the loans related to the financing of the Indian subsidiary. The financing agreements include the following covenants:

	Equity ratio	Net IBD/EBITDA	Net capital expenditure
31/12/2010	7.4 %	20.6	EUR 1 million/12 months
30/6/2011	11.6 %	4.1	EUR 1 million/12 months
31/12/2011 onwards	10.9 %	5.6	EUR 1 million/12 months

When calculating the covenants, the factoring credit line in use is not included. On 31 December 2011, the equity ratio was 3.3% and net IBD/EBITDA was 38.9 The covenants were not met on 31 December 2011. However, the financier has informed Incap in writing that it will not exercise its right to terminate the agreement. If the financier exercised this right based on the covenants, Incap would not be able to repay the loans immediately as obliged.

Incap Group has a convertible bond of EUR 6.7 million, which was launched in 2007 and will mature on 25 May 2012.

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 cash flow projection, the company's working capital is sufficient for the next 12 months provided that the negotiations on financing arrangements and additional funding proceed according to plan.

The Group's management is currently undergoing negotiations to renew the company's convertible bond and other loans maturing during spring 2012 and to ensure sufficient additional funding for business operations. The Group's management is confident in succeeding in these negotiations.

In addition, the management will continue measures aimed at selling the Vuokatti plant property. The property and the related loans were recognised as available for sale in the financial statements for 2010. The price estimate given by an external valuer on 23 January 2012 clearly exceeds the book value of the property.

According to the sensitivity analysis made for the Indian subsidiary the revenue can decrease by a maximum of 16% and the average cost of capital can increase by approximately 10% without any need for goodwill write-offs.

The deferred tax assets recognised in the consolidated balance sheet (EUR 4.1 million) are based on the Board of Directors' assessment of future earnings development at Incap Corporation and the Indian subsidiary. On 31 December 2011, 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 deviated remarkably from the projected development, future utilisation of deferred tax assets is uncertain. Should future development not correspond to the Board's estimate, the ensuing write-down of deferred tax assets in the consolidated balance sheet would have a considerable impact on Incap Group's and the parent company's equity ratio and, consequently, on their equity, among others.

Objectives of the company

In 2012, Incap aims to increase its revenue moderately and profitably.
Demand in the company's strategic customer segments is expected to develop stably, although the market outlook is typically very short-term. Incap's goal is to expand deliveries to existing customers to cover more comprehensive solutions and a broader range of end products. Customer acquisition will focus on selected sectors within equipment manufacture related to well-being and energy efficiency. In particular, demand for energy-efficient equipment and equipment related to renewable sources of energy is expected to increase strongly within the next few years.

The company will strengthen the role of product design and launch cooperation networks with design companies, if necessary. In its own product design, the company will focus on equipment related to energy production, storage and supply – an area in which the company already has a great deal of expertise.

The company will continue to enhance the efficiency of its operations by making use of global opportunities and its upgraded operating method in materials management. Incap intends to cut costs by a total of EUR 4 to 4.5 million in 2012 and 2013, when compared to 2011. Costs are reduced by transferring operations from the Helsinki plant to other plants, enhancing the efficiency of material procurement and centralising Group Services in Estonia.

The company estimates that, with its present production structure, it will be able to increase its annual revenue to approximately EUR 100 million by 2015. The company’s target customer base and product range will enable it to achieve an operating margin of approximately 5 to 8 percent (EBIT).

Outlook for 2012

Incap’s estimates for future business development are based on its customers’ forecasts and the company’s own assessments. Customers’ estimates on the development of their demand are cautious. Based on these estimates, Incap expects favourable development particularly in the demand for equipment related to energy production, storage and supply.

Incap estimates that its revenue in 2012 will increase from the EUR 68.9 million achieved in 2011. The Group’s full-year operating result (EBIT) in 2012 is expected to be positive and, thus, clearly higher than in 2011 (EUR -1.6 million).

Board of Directors’ proposal on measures related to the operating result

The parent company’s loss for the financial period totalled EUR 2,372,981.70. The Board will propose to the Annual General Meeting on 11 April 2012 that no dividend be paid and the loss for the accounting period be recognised in equity.

Annual General Meeting 2012

Incap Corporation’s Annual General Meeting will take place on Wednesday, 11 April 2012 at 3.00 p.m. at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

Publication of financial statements

Incap will publish the Group’s annual report and financials for the year 2011 including the Report of the Board of Directors during week 12/2012.

Helsinki, 21 February 2012

INCAP CORPORATION

Board of Directors

Additional information:
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The company’s home page www.incap.fi

PRESS CONFERENCE
Incap will arrange a conference for the press and financial analysts on 22 February 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 730 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)	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010	1-12/ 2011	Change %	1-12/ 2010
REVENUE	16,906	18,286	17,694	16,005	16,149	68,890	16	59,162
Work performed by the enterprise and capitalised	0	0	0	0	0	0	0	0
Change in inventories of finished goods and work in progress	-358	-42	4	34	-285	-363	-293	188
Other operating income	49	18	40	38	76	145	-61	372
Raw materials and consumables used	11,515	13,034	12,812	11,270	10,941	48,631	19	40,828
Personnel expenses	3,164	2,861	3,075	2,916	2,580	12,016	-3	12,437
Depreciation and amortisation	460	494	542	552	654	2,047	-28	2,831
Other operating expenses	2,068	1,837	1,931	1,762	1,751	7,597	11	6,849
OPERATING PROFIT/LOSS	-609	35	-623	-423	14	-1,619	-50	- 3,223
Financing income and expenses	-679	-611	-559	-528	-505	-2,378	38	- 1,724
PROFIT/LOSS BEFORE TAX	-1,288	-576	-1,182	-951	-491	-3,997	-19	- 4,947
Income tax expense	0	0	0	0	0	0		64
PROFIT/LOSS FOR THE PERIOD	-1,288	-576	-1,182	-951	-427	-3,997	-18	-4,884
Earnings per share	-0,07	-0,03	-0,06	-0,05	-0,03	-0,21	-36	-0.33
Options have no dilutive effect in accounting periods 2010 and 2011								

OTHER COMPREHENSIVE INCOME	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010	1-12/ 2011	Change %	1-12/ 2010
PROFIT/LOSS FOR THE PERIOD	-1,288	-576	-1,182	-951	-427	-3,997	-18	-4,884
OTHER COMPREHENSIVE INCOME:								
Translation differences from foreign units	-34	-40	-57	-185	-32	-316	1,220	-24
Other comprehensive income, net	-34	-40	-57	-185	-32	-316	1,220	-24
TOTAL COMPREHENSIVE INCOME	-1,322	-616	-1,239	-1,136	-459	-4,313	-12	-4,908
Attributable to:								
Shareholders of the parent company	-1,322	-616	-1,239	-1,136	-459	-4,313	-12	-4,908
Non-controlling interest	0	0	0	0	0	0	0	0

Annex 2

CONSOLIDATED BALANCE SHEET

(EUR thousand, unaudited)	31.12.2011	31.12.2010	Change %
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4,007	6,026	-34
Goodwill	964	1,040	-7
Other intangible assets	341	705	-52
Other financial assets	314	314	0
Deferred tax assets	4,085	4,209	-3
TOTAL NON-CURRENT ASSETS	9,710	12,294	-21
CURRENT ASSETS			
Inventories	11,423	13,062	-13
Trade and other receivables	15,834	14,823	7
Cash and cash equivalents	369	476	-23
TOTAL CURRENT ASSETS	27,625	28,362	-3
Non-current assets held-for-sale	1,936	1,936	0
TOTAL ASSETS	39,271	42,592	-8
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	20,487	20,487	0
Share premium account	44	44	0
Reserve for invested unrestricted equity	4,084	4,084	0
Exchange differences	-765	-483	58
Retained earnings	-22,540	-18,510	22
TOTAL EQUITY	1,311	5,622	-77
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0	0	0
Interest-bearing loans and borrowings	259	9,403	-97
NON-CURRENT LIABILITIES	259	9,403	-97
CURRENT LIABILITIES			
Trade and other payables	13,109	14,961	-12
Current interest-bearing loans and borrowings	24,336	12,007	103
CURRENT LIABILITIES	37,445	26,969	39
Liabilities relating to non-current assets held-for-sale	256	598	-57
TOTAL EQUITY AND LIABILITIES	39,271	42,592	-8

Annex 3

CONSOLIDATED CASH FLOW STATEMENT
(EUR thousand, unaudited)

	1–12/2011	1–12/2010
Cash flow from operating activities		
Operating profit/loss	-1,619	-3,223
Adjustments to operating profit	2,157	23
Change in working capital	-1,920	644
Interest paid	-1,793	-1,840
Interest received	38	27
Cash flow from operating activities	-3,137	-4,369
Cash flow from investing activities		
Capital expenditure on tangible and intangible assets	-280	-486
Proceeds from sale of tangible and intangible assets	148	591
Other investments	-80	-159
Loans granted	-6	-5
Sold shares of subsidiary	0	0
Repayments of loan assets	0	0
Cash flow from investing activities	-218	-59
Cash flow from financing activities		
Proceeds from share issue	0	4,084
Drawdown of loans	4,946	5,825
Repayments of borrowings	-1,118	-4,338
Repayments of obligations under finance leases	-843	-1,064
Cash flow from financing activities	2,985	4,507
Change in cash and cash equivalents	-371	79
Cash and cash equivalents at beginning of period	476	661
Effect of changes in exchange rates	288	-228
Changes in fair value (cash and cash equivalents)	-24	-36
Cash and cash equivalents at end of period	369	476

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 1.1.2010	20,487	44	0	-459	-13,629	6,443
Issue premium	0	0	4,160	0	0	4,160
Transaction costs for equity	0	0	-76	0	0	-76
Change in exchange differences	0	0	0	-24	0	-24
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	4,084	-24	2	4,062
Net profit/loss	0	0		0	-4,884	-4,884
Total income and losses	0	0	4,084	-24	-4,882	-821
Equity at 31.12.2010	20,487	44	4,084	-483	-18,510	5,622
Equity at 1.1.2011	20,487	44	4,084	-483	-18,510	5,622
Share issue						0
Transaction costs for equity	0	0	0	0	0	0
Change in exchange differences	0	0	0	-316	0	-316
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	-316	2	-314
Net profit/loss	0	0	0	0	-3,997	-3,997
Total income and losses	0	0	0	-316	-3,995	-4,311
Equity at 31.12.2011	20,487	44	4,084	-799	-22,506	1,311

Annex 5

GROUP KEY FIGURES AND CONTINGENT LIABILITIES

	31.12.2001	31.12.2010
Revenue, EUR million	68.9	59.2
Operating profit, EUR million	-1.6	-3.2
% of revenue	-2.4	-5.4
Profit before taxes, EUR million	-4.0	-4.9
% of revenue	-5.8	-8.4
Return on investment (ROI), %	-5.1	-10.6
Return on equity (ROE), %	-115.3	-81.0
Equity ratio, %	3.3	13.2
Gearing, %	1867.7	383.0
Net debt, EUR million	21.8	21.7
Net interest-bearing debt, EUR million	24.5	21.5
Average number of shares during the report period, adjusted for share issues	18,680,880	14,682,250
Earnings per share (EPS), EUR	-0.21	-0.33
Equity per share, EUR	0.07	0.30
Investments, EUR million	0.3	0.5
% of revenue	0.4	0.8
Average number of employees	749	780
CONTINGENT LIABILITIES, EUR millions		
FOR OWN LIABILITIES		
Mortgages	13.3	14.5
Other liabilities	1.8	2.4
Nominal value of currency options, EUR thousand	0	1 881
Fair values of currency options, EUR thousand	0	-5.5

Annex 6

QUARTERLY KEY FIGURES

	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10–12/ 2010	7–9/ 2010	4–6/ 2010	1–3/ 2010
Revenue, EUR million	16.9	18.3	17.7	16.0	16.1	13.7	15.8	13.4
Operating profit, EUR million	-0.6	0.0	-0.6	-0.4	0.0	-0.5	-1.1	-1.7
% of revenue	-3.6	0.2	-3.5	-2.6	0.1	-3.4	-6.9	-12.4
Profit before taxes, EUR million	-1.3	-0.6	-1.2	-1.0	-0.5	-1.1	-1.5	-1.9
% of revenue	-7.6	-3.2	-6.7	-5.9	-3.0	-7.8	-9.4	-14.1
Return on investment (ROI), %	-7.6	1.1	-9.4	-4.3	2.1	-6.8	-111.3	-21.5
Return on equity (ROE), %	-148.7	-55.8	-106.5	-75.2	-28.3	-68.0	-14.6	-138.3
Equity ratio, %	3.3	6.3	7.6	11.0	13.2	14.6	10.1	11.1
Gearing, %	1,867.7	946.5	739.3	486.6	383	338.1	523.1	477.3
Net debt, EUR million	21.8	22.0	22.9	21.7	21.7	23.1	24.7	24.4
Net interest-bearing debt, EUR million	24.5	24.9	24.1	21.9	21.5	20.7	22.3	21.7
Average number of share issue-adjusted shares during the financial period	18,680,880	18,680,880	18,680,880	18,680,880	14,682 250	13,334 726	12,854 913	12,180 880
Earnings per share (EPS), EUR	-0.07	-0.03	-0.06	-0.05	-0.03	-0.08	-0.12	-0.16
Equity per share, EUR	0.07	0.14	0.17	0.24	0.30	0.30	0.30	0.37
Investments, EUR million	0.0	0.1	0.1	0.1	0.2	0.1	0.1	0.1
% of revenue	0.0	0.7	0.7	0.3	1.3	1.1	0.4	0.4
Average number of employees	753	770	745	727	767	787	791	734

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 value of share capital	closing price for the period x number of shares available for public trading