Incap Corporation
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INCAP GROUP FINANCIAL STATEMENT RELEASE FOR 2014 (UNAUDITED): POSITIVE RESULT FOR FULL-YEAR

Profitability reached a clear turning point, and both the Group's operating profit and net profit for the full year were positive. The revenue of Incap Group changed to growth track in the middle of the year but remained lower year-on-year as estimated. Measures of the extensive Turnaround program were continued to improve profitability while at the same time creating prerequisites for the growth of revenue. The company focused its operations and divested its mechanics manufacturing concentrating now in the contract manufacturing of electronics in its factories in India and Estonia. Despite the improvement of the company's financing position sufficiency of working capital still is a challenge.

The figures in this release describing the reporting period 2014 and the corresponding period 2013 refer to the Group's continuing operations without the business operations of the company's factory in Vaasa. Because the mechanics factory in Vaasa was sold on 31 December 2014 it has been considered as discontinued operations, whose result is presented in the Financial Statement as one figure "Profit/loss for discontinued operations".

Key figures in January-December 2014, continuing operations

- The Group's revenue of continuing operations without the mechanics factory in Vaasa in 2014 amounted to EUR 18.5 million, down approximately 28% year-on-year (2013: EUR 25.8 million). The decrease in revenue was expected and was caused by lower manufacturing volumes in the company's factory in Estonia.
- The Group's full-year operating profit (EBIT) improved clearly from previous year and amounted to approximately EUR 1.1 million (EUR -6.2 million). Approximately EUR 0.5 million of the operating profit was derived from non-recurring items in the dissolution of the provision for rental costs of the factory in Estonia.
- Net profit for the financial period amounted to EUR 0.2 million, which is significantly higher than the year before, when it was EUR -8.8 million.
- The Board of Directors will propose to the Annual General Meeting that no dividend be paid.
- The company estimates that the Group's revenue and operating profit (EBIT) in 2015 will be higher than in 2014.

Key figures in July-December 2014, continuing operations

- The revenue of the continuing operations during the second half of the year amounted to approximately EUR 10.3 million, down approximately 12% compared with the corresponding period last year (7-12/2013: EUR 11.7 million) and up 27% compared with the first half of the year (1-6/2014: EUR 8.2 million).
- Operating profit (EBIT) for the second half of the year was positive, i.e. EUR 1.2 million (7-12/2013: EUR -3.9 million). As expected, the operating profit was clearly better than on the first half of the year when it was EUR -0.1 million.

The accounting principles for the financial statements
This financial statement release has been prepared in accordance with international financial reporting standards (IFRS) - IAS 34 Interim Financial Reporting standard. When preparing the release, the same principles have been used as in the 2013 financial statements and in the extraordinary financial statement for January-June 2014, which was published on 8 October 2014. Unless otherwise stated, the comparison figures refer to the same period in the previous year. The information in this financial statement report is unaudited.

The figures in the financial statement release describe the company's continuing operations, i.e. the business operations of the factories in Estonia and India as well as the parent company without the business operations of the factory in Vaasa. The comparison figures for 2013 have been adjusted to refer to the continuing operations only. The Group sold the business of the mechanics factory in Vaasa to the local management of the factory on 31 December 2014, when the business operations were transferred to the new owner. The financial figures of the Vaasa factory have been described in the section "Information on discontinued operations".

Ville Vuori, President and CEO of Incap Group:
"The company's revenue turned to growth track during the latter half of the year. The positive turn took place in the electronics production whereas the demand for mechanics manufacturing continued on a low level during the year. All in all, with the Vaasa operations included, the full-year revenue amounted to EUR 24.2 million reaching the budgeted level.

We completed structural changes in line with the Turnaround program in 2014. The company's overhead costs have thereby decreased remarkably and the productivity and delivery reliability have remained on the targeted level. This has reflected in the company's productivity, which has improved significantly. Our profitability turned from red figures to black during the third quarter, and the full-year operating profit amounted to EUR 1.1 million.

When focusing our operations our target has been to highlight the company's special competence and to allocate resources on them. As a part of this process we decided to divest the mechanics manufacturing and sold the mechanics factory in Vaasa at the end of the year. After the divestment Incap is focusing on electronics manufacturing only. Thanks to the focus we can serve our customers even better than before. We further can implement a management model which promotes the growth with greatest efficiency, and we also can put more effort on sales to drive the organic growth of our electronics factories in Kuressaare and Tumkur.

We renegotiated in autumn the rental contract for the factory premises in Kuressaare, so that our costs were reduced and accordingly, the profitability of the factory is improved on long term. We also started expanding the SAP system, which is in use in our Indian factory, to our Kuressaare factory, and after that effort our both factories are operating on the same enterprise resource planning platform. This will further enhance the operational efficiency among other things in materials and sourcing.

In 2015 we will continue putting efforts on sales and new customer acquisition as we did in the latter half of 2014. We are listening to our present customers very carefully and develop our services constantly to meet with the changing needs of our customers.

Our business operations are now profitable and on growth track. This offers us more alternatives also in financing, where we are still facing challenges when ensuring the sufficiency of working capital.

Our company now runs two state-of-the-art electronics factories, both of them having highly committed and professional employees. We trust that we can provide a very competitive, high-quality and flexible service offering both to our present and new customers."

Business environment in 2014

The business environment of Incap Group continued challenging. The on-going recession in Europe caused uncertainty in the market and kept the demand in low level. The competition in global markets continued fierce.

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

Incap Group's revenue and earnings in July–December 2014, continuing operations

Revenue for the second half of the year amounted to EUR 10.3 million, down approximately 12% year-on-year (7-12/2013: EUR 11.7 million) and approximately 27% higher than in the first half of the year (1-6/2014: EUR 8.2 million). The revenue decreased from previous year as a result of weakened demand for the services of the company's factory in Estonia. The revenue in the second half of the year increased in the Indian factory.

The operating profit (EBIT) for the second half of the year amounted to EUR 1.2 million, showing a remarkable improvement when compared with the corresponding period in 2013 (EUR -3.9 million) and the first half of the year (EUR -0.1 million).

Incap Group's revenue and earnings in 2014, continued operations

Revenue for the financial period amounted to approximately EUR 18.5 million, down approximately 28% year-on-year (1-12/2013: EUR 25.8 million). The decrease in revenue was a result of decreased manufacturing volumes especially in the company's factory in Estonia. The arrangement - adopted already in 2013 - in which some customers purchase the materials for production also contributed to the decrease in revenue in Estonia, because the materials were no longer included in the revenue with these customers.

The revenue in the Indian operations decreased year-on-year by 6% and amounted to approximately EUR 15.8 million (EUR 17.0 million). The operating profit (EBIT), however, increased from previous year amounting to approximately EUR 2.1 million (EUR 1.9 million).

Despite of the decrease in revenue, the profitability of Incap Group was improved clearly and the full-year operating profit (EBIT) was in the black figures, amounting to approximately EUR 1.1 million (EUR -6.2 million). Approximately EUR 0.5 million of the operating profit was non-recurring items connected with the dissolution of provision for rents in the Kuressaare factory. In the comparison period 2013, the profit included a total of EUR 2.7 million of provisions and write-offs.

The operational result improved remarkably thanks to the measures aimed at increased cost efficiency. Significant personnel cuts were implemented in Estonia and Finland, the offices in Tallinn and Helsinki were closed down and other fixed costs were trimmed as well.

In December 2014, the company sold the business operations in its mechanics factory in Vaasa to the local management and the operations were transferred to the buyer on 31 December 2014. The personnel of the factory - a total of 58 persons - were transferred over to the buyer as old employees. Information on the discontinued operations is given in the section “Information on discontinued operations”.

Incap renegotiated in the financial period the rental contract for the factory premises in Kuressaare. The remaining provision for the rents for the premises in Kuressaare, amounting to approximately EUR 0.5 million, was released in the result for the year 2014. The new rental contract decreases the company's costs and improves thereby the profitability in long term. The new contract became valid in December 2014 and continues until October 2019. The continuation of the rental contract was supported by the positive outlook and increasing manufacturing volumes in the Kuressaare factory.

Personnel expenses in the reporting period amounted to approximately EUR 2.8 million, down by approximately 56% year-on-year (EUR 6.5 million). Fixed costs decreased by approximately 70% year-on-year. The value of inventories decreased by approximately EUR 0.9 million compared with the year-end 2013.

Net financial expenses amounted to EUR 0.7 million (EUR 2.1 million). The financial expenses in the comparison period were increased by the costs of share issues and extensive financing arrangement.

Depreciation amounted to a total of EUR 0.3 million (EUR 1.0 million). Out of the depreciation in the comparison period EUR 0.4 million were due to the impairment loss for Vuokatti property.

Net profit for the period was EUR 0.2 million (loss EUR -8.8 million). Earnings per share were EUR 0.00 (EUR -0.15).

COMPARISON BY REPORT PERIOD	**Continuing operations**		**Continuing and discontinued together**	
(1,000 euros)	**1-12/2014**	**1-12/2013**	**1-12/2014**	**1-12/2013**
Revenue	18,499	25,772	24,185	36,757
Operating profit/loss (EBIT)	1,061	-6,154	1,457	-5,859
Profit/loss for the period	151	-8,822	547	-8,527
Earnings per share, EUR	0.00	-0.15	0.01	-0.14

COMPARISON BY 6-MONTH PERIOD	Continuing operations			
(1,000 euros)	1-6/2014	7-12/2014	1-6/2013	7-12/2013
Revenue	8,154	10,344	14,028	11,744
Operating profit/loss (EBIT)	-143	1,204	-2,269	-3,885
Profit/loss for the period	-637	788	-3,479	-5,344
Earnings per share, EUR	-0,01	0,01	-0,16	-0,05

Information on discontinued operations
Incap sold the business operations of its mechanics factory in Vaasa to the local management on 31December 2014. The business transaction covered the operations in the Vaasa factory including the related fixed assets and inventories, contracts and customer base as well as the personnel.

DISCONTINUED OPERATIONS (1,000 euros, unaudited)	2014
Inventories	-682
Fixed assets	-257
Personnel debts	400
Costs	-26
Loss in 2014	-45
Assets and liabilities in total	**610**
Receivable of the business transaction in the balance sheet	1,006
Result on the discontinued operations	**396**

Measures to retain profitability
The main strategy of the Turnaround program which was launched in autumn 2013 and concluded in January 2014 was to focus on the actual core business and on securing the deliveries to customers while at the same time streamlining the tasks that were not creating any remarkable value-added to the customers. After the completion of the actual Turnaround program the company focused on stabilising its operations and financial

position. In particular, the production key areas such as delivery accuracy and quality related issues were enhanced further.

The measures resulted in desired outcome during the spring 2014: delivery reliability improved significantly, the efficiency of operations improved both in manufacturing units and in support functions, and production capacity was adjusted to the actual demand. The organisational structure was revised, the group organisation was reduced and the manufacturing units were given full responsibility for their own operations as well as for sales, in which systematic efforts were launched.

The personnel reductions and other cost cuts implemented in the program have been the most important factors behind the improvement of profitability. The effects of the program became more visible in the latter half of the year, when the salaries for the notice periods no longer burdened the company’s cash flow.

Investments
Investments in 2014 totalled EUR 0.2 million (EUR 0.3 million), consisting of replacement investments in the development of production in India.

Quality assurance and environmental issues
Incap Group’s both factories 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 factory has ISO 13485:2003 quality certification for the manufacture of medical devices.

Stabilisation of the company’s financial position
After having noted that the equity of the parent company in Incap Group had decreased below half of the share capital the Board of Directors of Incap convened the extraordinary general meeting and prepared an extraordinary financial statement for January-June 2014. The management presented to the extraordinary general meeting on 29 October 2014 the measures to improve profitability and to ensure financing, liquidity and efficiency of working capital and to enhance new customer acquisition.

The company is in constant discussion with financing parties to improve the sufficiency of financing and to ensure the liquidity. Renegotiation of the program for loan repayments in spring 2014 resulted in a decrease of loan instalments by 50% during the second half of 2014. At the same time, the covenants related to the loan repayments were alleviated and the company met the target levels set for the year 2014.

The company’s liquidity and cash flow have developed favourably in subsidiaries. In order to improve the situation in the parent company, among others eventual means to repatriate profits from India to the parent company are studied.

The company has further enhanced measures to win new customers, and related efforts have proven to be successful both in India and in Europe. The Turnaround program and continued measures to improve the profitability were reflected positively in figures during the latter part of the year. The improvement of the financial position strengthens the competitive edge and creates opportunities to increase the revenue.

Potential merger of Incap Corporation and Inission AB
Even though Inission AB did not use its option for the merger of operations of Incap and Inission by the end of 2013, it informed in January 2014 the Board of Directors that it still

is interested in the consolidation. The Board of Directors of Incap then started evaluating the strategic alternatives for further development of the company’s operations. For the assessment of potential strategic alliances Incap’s Board of Directors engaged an investment bank as its advisor.

Inission AB’s public tender offer on Incap shares
Inission AB acquired on 11 December 2014 a total of 4,522,948 Incap shares, and thereby its holdings in Incap increased from 28,500,000 shares to 33,022,948 shares. The holding represented approximately 30.27% of all Incap shares and votes, and thereby Inission became obliged to make a mandatory public tender offer for all other Incap shares and securities entitling to shares in line with the Securities Market Act, Chapter 11, Section 19. Inission further acquired on 22 December 2014 from Varma Mutual Pension Insurance 7,684,615 Incap shares, and after that Inission held a total of 40,707,564 shares, i.e. 37.31% of all shares and votes in Incap.

Inission published on 23 December 2014 a release concerning its mandatory public tender offer. The price offered in the tender offer was EUR 0.03 in cash for each Incap share, for which the tender offer is validly accepted. The acceptance period of the tender offer started on 7 January 2015 at 9.30 and ended on 30 January 2015 at 4 pm. Inission published the offer document on 2 January 2015.

After the end of the financial period on 16 January 2015 the Board of Directors of Incap announced in their statement according to Securities Market Act, Chapter 11, Section 13 that the price offered in the tender offer, i.e. EUR 0.03, is too low when taking into account the current share price of the company, the outlook for future of Incap and the Fairness Opinion by UB Capital Oy, and therefore, the tender offer is not fair from the perspective of the shareholders of the company. Based on this, the members of the Board of Directors of Incap who participated in the decision-making recommended unanimously the refusal of the tender offer.

The result of Inission AB’s mandatory public tender offer was announced on 3 February 2015 when Inission informed that based on the trades in the tender offer its holding had increased by 3.54% to a total of 40.85% of all shares and votes of Incap. At the date of this financial statement release Inission AB holds 44,573,010 shares.

Balance sheet, financing and cash flow
The balance sheet total on 31 December 2015 stood at EUR 14.4 million (EUR 15.8 million). The Group’s equity at the close of the financial period was EUR 1.4 million (EUR 0.5 million). The parent company's equity totalled EUR 8.0 million, representing 39% of the share capital (EUR 10.6 million, 52%). The Group’s equity ratio was 9.9 % (3.4%).

Liabilities decreased to EUR 12.7 million compared with previous year (EUR 15.2 million), of which EUR 9.3 million (EUR 9.7 million) were interest-bearing liabilities.

Interest-bearing net liabilities decreased from the comparison period and were EUR 7.5 million (EUR 8.3 million), and the gearing ratio was 524% (1,560%).

INTEREST-BEARING LIABILITIES (1,000 euros)	31.12.2014	31.12.2013
Non-current financial liabilities measured at amortised cost		
Other liabilities	256	2,054
	256	**2,054**
Current financial liabilities measured at amortised cost		
Bank loans	6,955	7,290
Loan from OP Bank (previous convertible loan 2007)	239	479
Other liabilities	1,899	0
Finance lease liabilities	0	28
	9,093	**7,797**
Interest-bearing liabilities, total	**9,349**	**9,851**

Approximately EUR 3.2 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.

Of the loans from credit institutions, EUR 5.7 million has been granted by a Finnish bank as bank loans and lines of credit in use. In order to secure the increasing purchases of components the company’s credit line has been increased during the financial period by EUR 0.5 million. The credit line has been guaranteed by the shares of the Indian subsidiary owned by Incap Corporation.

For the Estonian subsidiary, a separate credit line was opened in an Estonian bank during the financial period, and EUR 0.2 million of it was in use on 31 December 2014. Of the Finnish bank’s credit line and factoring credit line, EUR 2.0 million was in use on 31 December 2014. For operations in India and Estonia, the balances of bank loans and credit line totalled EUR 3.2 million, which includes Finnfund’s investment of EUR 1.9 million in Incap’s operations in India.

Of the OP Bank loan (previous convertible loan 2007), EUR 0.2 million was repaid on 30 June 2014. The rest of the loan, i.e. EUR 0.2 million, will expire on 30 June 2015.

At the end of the financial period, EUR 6.3 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 2.3 million mortgage on the production facilities in India.

The company renegotiated in April 2014 the instalments of loans and the related covenants. As a result of the negotiations, the loan instalments to be paid during the latter half of the year 2014 were decreased to 50% of the previous instalments. Also the covenants of the loans, credit line and factoring credit line were alleviated to include only EBITDA for the preceding six months. The company met the covenants in both reviews, i.e. on 30 June 2014 and on 31 December 2014. The target level of EBITDA at year end was approximately EUR 0.6 million while the actual was EUR 1.8 million.

After the end of the financial period the company agreed with the bank upon new conditions and instalments. The covenants of the loans include EBITDA and equity ratio, and their status is reviewed every six months until 30 June 2018. The first review will take place on 30 June 2015, when the target level of EBITDA is EUR 0.5 million and of equity ratio 7.5%. EBITDA is calculated for the rolling 12 months except in the first review for the preceding 6 months. One condition for the new instalment schedule is that the company will have a share issue strengthening the equity. The bank has the right to terminate the contracts within a notice period of 45 days should the covenants not be met.

Incap’s payment arrangement with the Finnish Tax Administration was concluded in accordance with the contract in August 2014. At the same time the company agreed on a new payment arrangement of EUR 0.3 million. According to the new arrangement the company is reducing the tax liabilities by at least EUR 20,500 monthly until February 2016. On 31 December 2014, the total amount of tax liabilities within the scope of this arrangement was EUR 0.3 million. According to the provisions of the agreement, if an instalment is late, the Finnish Tax Administration has the right to terminate the agreement with immediate effect.

The investment of Finnfund made in the year 2009 does not involve any specific covenants. As to the loans granted by the Indian bank the company has committed to follow ordinary covenants and the bank’s general loan conditions.

INSTALMENTS AND INTERESTS OF LOANS (1,000 euros)

	Instalments	Interests	31 Dec 2014 Total
Less than 6 months	-3,639	-101	-3,740
6-12 months	-2,727	-403	-3,130
1-5 years	-2,984	-127	-3,111
More than 5 years	0	0	0
	-9,349	**-631**	**-9,981**

On 31 December 2014, confirmed losses for which no deferred tax asset was recognised amounted to EUR 5.9 million. The confirmed tax losses will expire during years 2015-2024.

The equity of the Estonian subsidiary was strengthened by EUR 1 million by converting the parent company’s non-current receivables to the share capital of the subsidiary. At the same time, EUR 1 million was written off in the value of the subsidiary’s shares in the parent company.

The inventory value decreased during the financial period from EUR 4.3 million at the beginning of the year to EUR 3.4 million. The decrease was connected with the sale of the inventory in the Vaasa factory.

The Group’s quick ratio was 0.6 (0.6), and the current ratio was 0.9 (0.9).

Cash flow from operations was negative EUR 0.7 million (negative EUR 0.3 million). On 31 December 2014, the Group’s cash and cash equivalents totalled EUR 1.9 million

(EUR 1.5 million). The change in cash and cash equivalents showed an increase of EUR 0.2 million (an increase of EUR 0.7 million).

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

Personnel

At the end of 2014, Incap Group had a payroll of 423 employees (469). 89% (66%) of the personnel worked in India, 9% (15%) in Estonia and 2% (19%) in Finland. The number of personnel declined by approximately 100 persons in Estonia and in Finland, whereas the number of personnel increased by 70 in India.

At the end of the financial year, on 31 December 2014, the number of personnel declined by 58 when the personnel of the Vaasa mechanics factory was transferred over to the employment of the new owner.

At the end of the year, 68 of Incap's employees were women (105) and 355 were men (364). Permanently employed staff totalled 167 (279) and the number of fixed-term employment contracts at the end of the period was 204 (190). The company had 52 part-time employment contracts at the end of the period (1). The average age of the personnel was 36 years (33).

Management and organisation

Until 22 June 2014, the duties of CEO of Incap were carried out by Fredrik Berghel (M.Sc. Eng., born 1967), who was appointed to the position on 20 September 2013. As from 23 June 2014, Ville Vuori (B.Sc. Eng., eMBA, born 1973) was appointed as the new President and CEO. 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 continued as a member of the Board of Directors.

As a part of the Turnaround program, a change in organisational structure was implemented and responsibilities were transferred over to local entities in factories. Group functions were reduced strongly and at the end of the financial year, the management team of the company consisted of Ville Vuori, President and CEO, Kirsti Parvi, CFO and Murthy Munipalli, head of Indian operations.

Annual General Meeting 2014

The Annual General Meeting of Incap Corporation was held in Helsinki on 10 April 2014. A total of 21 shareholders participated in the meeting, representing approximately 61% of all shares and votes. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2013 and decided, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial period and that the loss for the financial period (EUR 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.

Extraordinary General Meeting

Incap Corporation's Extraordinary General Meeting was held on 29 October 2014. A total of 13 shareholders participated in the meeting, representing a total of 28.3% of all shares and votes.

The Extraordinary General Meeting was convened to consider the financial position of the company according to the Limited Liability Companies Act, chapter 20, section 23, paragraph 3, because the equity of Incap Group's parent company had decreased to less than one half of the share capital,

The extraordinary financial statement of Incap Group and the report of the Board of Directors for the period from 1 January to 30 June 2014 as well as the actions to improve the financial position of the company were presented to the Extraordinary General Meeting. The management of the company informed that it will continue with the already started measures to improve profitability, to ensure the financing and liquidity as well as the sufficiency of working capital, and to develop the new customer acquisition.

Authorisation of the Board of Directors
In the beginning of the financial year the Board of Directors had unused authorisation for a total of 220,544,426 shares given in the Annual General Meeting in 2013. The Board did not exercise the authorisation, which became void in the Annual General Meeting on 10 April 2014.

Board of Directors and Auditor
The Annual General Meeting held on 10 April 2014 re-elected Fredrik Berghel, Raimo Helasmäki, Olle Hulteberg, Susanna Miekk-oja and Lassi Noponen as members of the Board of Directors. From among its members, the Board elected Lassi Noponen to the Chairman of the Board.

The Board convened 27 times in 2014 and the average attendance rate of Board members was 88.1 %.

The firm of independent accountants Ernst & Young Oy acted as the company's auditor, 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 in week 11/2015.

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 (31 December 2013: 109,114,035).

During the financial period, the share price varied between EUR 0.04 and 0.11 (EUR 0.10 and 0.25). The closing price for the period was EUR 0.06 (EUR 0.11). The trading volume during the financial period was 40,584,525 shares, or 37.2% of outstanding shares (7,065,282 shares, or 6.5% of outstanding shares). The market capitalisation on 31 December 2014 was EUR 6.5 million (EUR 12.0 million). At the end of financial period, Incap had 1,634 shareholders (1,409). Nominee-registered or foreign owners held 26.3% (27.3%) of all shares. The company does not hold any of its own shares.

LARGEST SHAREHOLDERS on 31 December 2014	Shares, pcs	Holding, %
Inission AB (nominee-registered and directly owned)	40,707,563	37.3
Oy Etra Invest Ab	16,934,547	15.5
Ilmarinen Mutual Pension Insurance Company	8,307,692	7.6
Onvest Oy	5,197,286	4.8
Nordea Bank Finland Plc	3,761,400	3.4
Laurila Kalevi	2,735,429	2.5
JMC Finance Oy	2,402,286	2.2
Mandatum Life Unit-linked	1,800,000	1.6
Hallqvist AB	1,584,264	1.5
Sundholm Göran	1,400,000	1.3

After the end of the financial period, the holding of Inission AB increased as the result of a public tender offer to 44,573,010 shares, i.e. to approximately 40.85% of all shares and votes.

At the end of the financial period 2014, the members of Incap Corporations's Board of Directors and the President and CEO and their interest parties owned a total of 41,552,421 shares or approximately 38.1 % of the company's shares outstanding.

Share-based incentive system 2009
The option scheme implemented in 2009 closed on 31 January 2014 when the subscription period ended. No options were used for the subscription of shares. At the end of the financial period Incap Group had no share-based incentive systems.

Announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act on a change in holdings
On 22 January 2014 Oy Ingman Finance Ab's holding in Incap shares and votes decreased to 5,441,725 shares or to 4.99%.

On 24 January 2014, Finnvera Plc's holding in Incap shares and votes decreased to 5,434,045 shares or to 4.98%.

After Inission AB had announced the tender offer concerning Incap Corporation's shares, Varma Mutual Pension Insurance Company informed on 12 December 2014 that in case of the realisation of the tender offer, its holding of Incap Corporation's shares and votes would decline below 1/20 and Varma would no longer own any shares of Incap. Varma had on 5 December 2014 given Inission a preliminary consent to accept the tender offer as to the shares of Incap in its possession. The holding of Varma at that time was 7,684,615 shares and votes, i.e. 7.04% of all shares and voting rights.

On 22 December 2014 Varma Mutual Pension Insurance Company informed to have sold all the shares of Incap in its possession to Inission AB, in accordance with its preliminary commitment, and after that Varma holds no shares in Incap.

As a result of the very same trade, the holding of Inission AB in Incap Corporation increased to 40,707,563 shares, representing approximately 37.31% of all shares and votes of Incap. The previous holding of Inission AB was 33,022,948 shares, i.e. approximately 30.27%.

After the end of the financial period Inission AB informed that based on the mandatory public tender offer its holding had increased by 3.54% to 40.85% of all shares and votes of Incap. At the date of the financial statement release Inission AB holds 44,573,010 shares.

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

Short-term risks and factors of uncertainty concerning operations
General risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing, successful acquisition of new customers, availability and price development of raw material and components, sufficiency of funding, liquidity and exchange rate fluctuations. Of these, the most significant risks at the moment are the development of revenue, liquidity and sufficiency of funding.

Based on the cash flow estimate prepared in connection with the financial statement, Incap estimates that the company's working capital will not cover the requirement for the next 12 months. According to the company's estimate, approximately EUR 1.5-2 million of additional working capital is needed and 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 and the company's cash flow from operations develops positively and/or
- The intended share issue is realised according to plan.

After the end of the financial period in February 2015 the company has agreed with the bank upon new conditions and instalments of the loans. The covenants include EBITDA and equity, which will be reviewed from 30 June 2015 onwards every six months until 30 June 2018. One condition for the new instalment schedule is that the company strengthens its equity by a share issue.

Incap's management is confident that the cash flow from operations will develop positively and that the share issue is realised in the way that the company is able to fulfil its obligations.

The parent company's equity at the end of the financial period 2014 is approximately EUR 8.0 million or 38.8% of share capital.

The value of the shares in subsidiaries in the parent group has a significant impact on the parent company's equity and therefore on, for example, equity ratio. In connection with the financial statement for 2013 the value of the shares of the Estonian subsidiary was decreased by approximately EUR 4.0 million. The equity of the Estonian subsidiary has in 2014 been strengthened by EUR 1 million by converting the parent company's non-current receivables to the share capital of the subsidiary. In the parent company, the corresponding value (EUR 1.0 million) has been written off since according to the evaluation of the Board of Directors and the management the income from subsidiary's shares will probably be lower than the acquisition cost after conversion in the future. Therefore, there is an element of uncertainty associated with the value of the subsidiary's shares due to its unprofitability in the past. The business development of the Indian subsidiary has been favourable and there are no indications of impairment of its shares.

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among Incap's customer industries. In 2015, the business environment is estimated to continue challenging, but the general financial development is estimated to have no remarkable negative effect on the demand or the solvency of the company's customers. The customer relationship management is of utmost importance in a challenging market situation and the management is paying special attention to this.

The company's sales are spread over several customer sectors balancing out the impact of the economic fluctuation in different industrial sectors. In 2014, the largest single customer's share of the Group revenue was 42%.

The company's operating segment, contract manufacturing, is highly competitive and there are major pressures on cost level management. The company has succeeded in increasing the efficiency of its operations and in lowering the costs remarkably during 2013 and 2014. Furthermore, the company's production is located in countries with competitive levels of wage and general costs.

Events after the end of the period

Incap announced on 9 January 2015 that the business transaction of Incap Corporation's factory in Vaasa had been completed and that the sales price has been paid to the company. Due to a change in inventory value in December the final sales price was determined to slightly more than EUR 1 million

Referring to the mandatory public tender offer of Inission AB Incap announced on 2 January 2015 that Inission AB had published the tender offer document. On 16 January 2015 Incap Corporation's Boards of Directors announced as its statement that according to the opinion of the Board the price offered in the tender offer, i.e. EUR 0.03, is too low when taking into account the current share price of the company, the outlook for future of Incap and the enclosed Fairness Opinion by UB Capital Oy, and therefore, the tender offer is not fair from the perspective of the shareholders of the company.

Incap announced the preliminary result of the tender offer on 2 February 2015 and the final result on 4 February 2015. As a result of the tender offer, Inission AB's holdings increased to 40.85% of all shares and votes of Incap, and Inission AB today is holding a total of 44,573,010 shares.

After the end of the financial period in February 2015 the company agreed with the bank upon new conditions and instalments. The covenants of the loans include EBITDA and equity ratio, and their status is reviewed every six months starting on 30 June 2015 and ending on 30 June 2018.

Strategy and targets
In 2015 Incap will focus on increasing the revenue and improving the operational efficiency further.

In line with focusing operations and divesting mechanics operations the company's core business is the contract manufacturing of electronics and the related assembly. The company has an explicit peer group, EMS, which is enhancing the company's brand and communication with stakeholders like customers and investors.

Incap has factories with state-of-the-art technology in Estonia and in India, i.e. in countries with competitive cost structure. The operations in both factories are on high-class level as to quality and have been approved by globally operating, well-known customers. In 2015, the factories will have a common enterprise resource planning platform, enabling synergies and efficient operations between the factories. The choice of manufacturing location and eventual transfer of production from a factory to another is for the customer even easier than before.

As to material sourcing and procurement, Incap relies on the sourcing office in Hong Kong, which is ideally located near the component sources in Asia enabling competitive price levels in raw materials.

Increasing the revenue by enhancing the sales and marketing is one of the most important targets in 2015. The financial uncertainty and difficult financing position of the company have weakened the customer relationships during the past years. The focus on providing good service for the customers in production has made it possible to regain the customers' trust. Also the new customer acquisition is proceeding well. The order intake both in Estonia and in India has increased and the revenue is expected to develop favourably.

Incap has implemented a significant streamlining of its operations during the years 2013 and 2014. The corporate functions have been reduced strongly and the number of locations has been reduced to three. The very core of the operations is near the customers, in factories acting as independent costs centres. Low overall costs enable profitable operations and competitive edge.

The Board of Directors has since the beginning of 2014 assessed the strategic alternatives for further development of the company. Evaluation of potential strategic alliances continues. Today, after the financial situation has improved Incap is better positioned to negotiate on eventual alliances thereby ensuring the interests of all shareholders of the company.

Outlook for 2015
Incap's estimates for future business development are based both on its customers' forecasts and on the company's own assessments.

Due to the general economic uncertainty it is very hard to estimate the development of customer demand. Many customers are indicating growth in demand in 2015 but give reservations regarding their own volumes.

The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily during the past six months. The development in Indian operations has been strong. Incap believes that the targets published by the Indian government for the improvement of enterprises' operational environment will support Incap's growth targets on local markets.

The difficult financial situation of the company during the past years has challenged the continuity of customer relationships. Now when the situation has been stabilised and the operations are focused after the structural changes, the company has received positive feedback from customers and trusts that their confidence has recovered and will strengthen further. Thanks to the improved efficiency the profitability of the company is estimated to improve further in 2015.

The Group's revenue and operating profit (EBIT) in 2015 are estimated to be higher than in 2014, when the revenue was EUR 18.5 million and the operating profit (EBIT) EUR 1.1 million.

Board of Directors' proposal on measures related to the result
The parent company's loss for the financial period totalled EUR 2,677,306.56. The Board of Directors will propose to the Annual General Meeting on 31 March 2015 that no dividend be paid and the result for the financial period be recognised in equity.

Annual General Meeting 2015
The Annual General Meeting will be held on Tuesday, 31 March 2015 at 3 pm. at BANK, Unioninkatu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 9 March 2015.

Publication of the annual report 2014
The annual report of Incap Group including the Report of the Board of Directors and the Auditor's report for 2014 will be published during week 11 at Incap's website www.incap.fi.

Financial reporting of Incap in 2015
Incap will publish Interim Management Statements on Tuesday, 12 May 2015 for the period 1 January-12 May 2015 and on Thursday, 12 November 2015 for the period 1 January-12 November 2015. The Interim Report in comply with IAS 34 for January-June 2015 will be published on Thursday, 6 August 2015.

In Helsinki, 18 February 2015

INCAP CORPORATION
Board of Directors

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NASDAQ OMX Helsinki Ltd
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The company's home page www.incap.fi

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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 sourcing to actual manufacture and further to maintenance services. Incap's customers are leading suppliers of high-technology equipment in their own business segments, and Incap increases their competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China. The Group's revenue in 2014 amounted to approximately EUR 18.5 million, and the company currently employs approximately 420 people. Incap's share is listed on the NASDAQ OMX Helsinki Ltd. since 1997. Additional information: www.incap.fi

Annex 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS), CONTINUING OPERATIONS

(1,000 euros, unaudited)	1-12/2014	Change, %	1-12/2013	7-12/2014	7-12/2013
REVENUE	**18,499**	28	25,772	10,345	11,744
Work performed by the enterprise and capitalised	**0**		0	0	0
Change in inventories of finished goods	**-159**	-85	-1,047	-73	-635
Other operating income	**280**	354	62	31	23
Raw materials and consumables used	**12,665**	-29	17,715	7,019	8,322
Personnel expenses	**2,841**	-56	6,456	1,340	3,369
Depreciation, amortisation and impairment losses	**314**	-69	1,016	162	187
Other operating expenses	**1,738**	-70	5,754	578	3,140
OPERATING PROFIT/LOSS	**1,061**	117	-6,154	1,205	-3,885
Financing income and expenses	**-747**	-65	-2,108	-254	-1,074
PROFIT/LOSS BEFORE TAX	**314**	104	-8,262	951	-4,959
Income tax expenses	**-163**	-71	-560	-163	-384
PROFIT/LOSS FOR THE PERIOD	**151**	-102	-8,822	788	-5,344
Earnnings per share	**0.00**		-0.15	0.01	-0.09
Options have no dilutative effect in 2013 and 2014					

OTHER COMPREHENSIVE INCOME	**1-12/ 2014**	**Change, %**	**1-12/ 2013**	7-12/ 2014	7.-12/ 2013
PROFIT/LOSS FOR THE PERIOD, CONTINUING OPERATIONS	**151**	102	-8,822	788	-5,344
PROFIT/LOSS FOR DISCONTINUED OPERATIONS	**396**	34	295	332	-127
PROFIT/LOSS FOR THE PERIOD	**548**	-106	-8,526	1,120	-5,471
OTHER COMPREHENSIVE INCOME:					
Items that may be recognised in profit or loss at a later date:					
Translation differences from foreign units	**370**	-209	-341	248	-147
Other comprehensive income, net	**370**	-209	-341	248	-147
TOTAL COMPREHENSIVE INCOME	**917**	-110	-8,867	1,368	-5,618
Attributable to:					
Shareholders of the parent company	**917**	-110	-8,867	1,120	-5,491
Non-controlling interest	**0**	0	**0**	0	0

Annex 2

CONSOLIDATED BALANCE SHEET (IFRS), CONTINUING OPERATIONS

(EUR thousands, unaudited)	31 December 2014	Change, %	31 December 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,519	-15	1,791
Goodwill	910	5	866
Other intangible assets	56	-30	80
Other financial assets	174	-44	311
Deferred tax assets	0	0	0
Other receivables	906	30	699
TOTAL NON-CURRENT ASSETS	**3,565**	**-5**	**3,746**
CURRENT ASSETS			
Inventories	3,371	-22	4,304
Trade and other receivables	5,585	-10	6,225
Cash and cash equivalents	1,873	24	1,507
TOTAL CURRENT ASSETS	**10,829**	**-10**	**12,036**
Non-current assets held-for-sale	0	0	0
TOTAL ASSETS	**14,394**	**-9**	**15,782**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	20,487	0	20,487
Share premium account	44	0	44
Reserve for invested unrestricted equity	17,471	0	17,471
Exchange differences	-888	-29	-1,258
Retained earnings	-35,687	-1	-36,209
TOTAL EQUITY	**1,427**	**167**	**535**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0		0
Interest-bearing loans and borrowings	256	-88	2,054
NON-CURRENT LIABILITIES	**256**	**-88**	**2,054**
CURRENT LIABILITIES			
Trade and other payables	3,617	-33	5,397
Current interest-bearing loans and borrowings	9,093	17	7,797
CURRENT LIABILITIES	**12,710**	**-4**	**13,193**
Liabilities relating to non-current assets held-for-sale	0	0	0
LIABILITIES	**12,967**	**-15**	**15,247**
TOTAL EQUITY AND LIABILITIES	**14 394**	**-9**	**15,782**

Annex 3

CONSOLIDATED CASH FLOW STATEMENT (IFRS), CONTINUING OPERATIONS

CONSOLIDATED CASH FLOW STATEMENT (EUR thousands, unaudited)	1-12/2014	1–12/2013
Cash flow from operating activities		
Operating profit, continuing operations	1,061	-6,153
Operating profit, discontinued operations	396	295
Operating profit, in total	1,457	-5,858
Adjustments to operating profit	-528	3,581
Change in working capital	-1,164	3,157
Interest paid and payments made	-699	-1,195
Interest received	11	14
Paid tax and tax refund	182	
Cash flow from operating activities	**-741**	**-6,159**
Cash flow from investing activities		
Capital expenditure on tangible and intangible assets	-201	-280
Proceeds from sale of tangible and intangible assets	229	1,496
Other investments	0	0
Loans granted	0	0
Sold shares of subsidiary	0	0
Repayments of loan assets	0	0
Cash flow from investing activities	**28**	**1,216**
Cash flow from financing activities		
Proceeds from share issue	0	4,282
Drawdown of loans	2,381	2,044
Repayments of borrowings	-1,434	-6,438
Repayments of obligations under finance leases	-26	-70
Cash flow from financing activities	**920**	**-182**
Change in cash and cash equivalents	207	-5,125
Cash and cash equivalents at beginning of period	1,507	613
Effect of changes in exchange rates	158	177
Changes in fair value (cash and cash equivalents)	0	-16
Cash and cash equivalents at end of period	**1,872**	**-4,351**

Annex 4

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

(EUR thousands, unaudited)	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
Equity at 1 January 2014	20,487	44	17,471	-1,258	-36,057	687
Total comprehensive income					548	548
Currency translation differences				370		370
Transactions with shareholders						
Directed share issue			0		0	
Imputed financing cost for share issue			0			
Transaction costs for equity			0			
Other changes					-177	-177
Equity at 31 December 2014	20,487	44	17,471	-888	-35,687	1,427
Equity at 1 January 2013	20,487	44	4,818	-917	-27,440	-3,008
Total comprehensive income					-8,527	-8,527
Currency translation differences				-341		-341
Transactions with shareholders						
Directed share issue			9,703			9,703
Imputed financing income of share issue			3,235			3,235
Transaction cost for equity	0	0	-286	0	0	-286
Other changes	0	0	0	0	-90	-90
Equity at 31 December 2013	20,487	44	17,471	-1,258	-36,057	687

Annex 5
GROUP KEY FIGURES AND CONTINGENT LIABILITIES (IFRS), CONTINUING OPERATIONS

(unaudited)	31 Dec 2014	31 Dec 2013
Revenue, EUR million	18.5	25.8
Operating profit/loss, EUR million	1.1	-6.2
% of revenue	6.0	-24.0
Profit/loss before taxes, EUR million	0.3	-8.3
% of revenue	2.0	-32.0
Return on investment (ROI), % 1)	11,2	-33.6
Return on equity (ROE), % 2)	15.4	725.7
Equity ratio, %	9.9	3.4
Gearing, %	523.95	1,559.5
Net debt, EUR million	5.5	7.7
Net interest-bearing debt, EUR million	7.5	8.3
Quick ratio	0.6	0.6
Current ratio	0.9	0.9
Average number of shares during the review period, adjusted for share issues	109,114,035	60,117,106
Earnings per share (EPS), EUR	0.00	-0.15
Equity per share, EUR	0.01	0.00
Divident per share, EUR	0	0
Dividend out of profit, EUR	0	0
P/E ratio	43.3	-0.7
Trend in share price		
Minimum price during the period, EUR	0.04	0.10
Maximum price during the period, EUR	0.11	0.25
Mean price during the period, EUR	0.06	0.14
Closing price at the end of the period, EUR	0.06	0.11
Total market capitalisation, EUR million	6.5	12.0
Trade volume, no. of shares	40,584,525	7,065,282
Trade volume, %	37.2	6.5
Investments, EUR million	0.2	0.3
% of revenue	1.1	1.0
Average number of employees	404	556
CONTINGENT LIABILITIES, EUR million		
FOR OWN LIABILITIES		
Mortgages and pledges	14.5	12.7
Off-balance sheet liabilities	4.0	3.8
Nominal value of currency options, EUR thousand	0	0
Fair values of currency options, EUR thousand	0	0

1) In the calculation of return on investment, the financing costs include financing income of a total of EUR 3.2, which weresubscribed in connection with the conversion of loans in line with the IFRIC19 and IAS 39/32 standards.
2) In the calculation of return on equity, the numerator and the denominator are negative.

Annex 6

KEY FIGURES BY REPORT PERIOD (IFRS), CONTINUING OPERATIONS

	1-12/ 2014	1-12/ 2013	7-12/ 2014	7-12/ 2013	1-6/ 2014	1-6/ 2013
Revenue, EUR million	18.5	25.8	10.3	11.7	8.2	14.0
Operating profit, EUR million	1.1	-6.2	1.2	-3.9	-0.1	-2.3
% of revenue	6	-24	12	-33	-2	-16
Profit before taxes, EUR million	0.3	-8.3	1.0	-5.0	-0.6	-3.3
% of revenue	2	-32	9	-42	-8	-24
Return on investment (ROI), %	11.2	-33.6	24.5	-26.5	-0.9	-28.1
Return on equity (ROE), %	15.4	725.7	208.8	398.8	-412.5	156.3
Equity ratio, %	9.9	3.4	9.9	3.4	0.6	-25.8
Gearing, %	523.9	1,559.5	523.9	1,559.5	9,831.3	-266.1
Net debt, EUR million	5.5	7.7	5.5	7.5	7.9	16.6
Net interest-bearing debt, EUR million	7.5	8.3	7.5	8.3	8.1	15.7
Average number of shares during the review period, adjusted for share issues	109,114,035	60,117,106	109,114,035	97,352,110	109,114,035	22,264,948
Earnings per share (EPS), EUR	0.00	-0.15	0.01	-0.05	-0.01	-0.16
Equity per share, EUR	0.01	0.00	0.01	0.00	0.00	-0.30
Investments, EUR million	0.2	0,3	0.1	0.1	0.1	0.1
% of revenue	1.1	1.0	1.0	1.1	1.2	1.0
Average number of employees	404	556	422	542	387	570

Annex 7

CALCULATION OF KEY FIGURES

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