



Incap Corporation  
Financial Statement Release 18 February 2016 at 8.30 a.m. (EET)

## **INCAP GROUP FINANCIAL STATEMENT RELEASE FOR 2015: STRONG GROWTH IN REVENUE AND RESULT**

**Incap Group's revenue in 2015 increased by 65% and the operating profit was more than tripled on previous year. Financing position improved thanks to revenue growth, good profitability and rights issue.**

### **Key figures in January-December 2015**

- The Group's revenue in 2015 amounted to EUR 30.6 million, up 65% year-on-year (2014: EUR 18.5 million).
- The Group's full-year operating profit (EBIT) amounted to EUR 3.7 million, increasing by 248% year-on-year (EUR 1.1 million).
- Net profit for the financial period amounted to EUR 2.0 million, which is ten times higher than the year before (EUR 0.2 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 in 2016 will be somewhat higher than in 2015 and that the operating profit (EBIT) will be approximately on the same level than in 2015.

### **Key figures in July-December 2015**

- The revenue during the second half of the year amounted to EUR 17.3 million, showing an increase of 67% compared with the corresponding period last year (7-12/2014: EUR 10.3 million) and up 31% compared with the first half of the year (1-6/2015: EUR 13.3 million).
- Operating profit (EBIT) for the second half of the year was EUR 2.2 million, i.e. almost double when compared with the corresponding period last year (7-12/2014: EUR 1.2 million). As expected, the operating profit was clearly better than on the first half of the year when it stood at EUR 1.5 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 2014 financial statement. Unless otherwise stated, the comparison figures refer to the same period in the previous year. The information in this financial statement report is unaudited.

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. The comparison figures for 2014 describe the continuing operations of the Group without the business operations of the factory in Vaasa, which was sold on 31 December 2014.

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

"Year 2015 has been a defining year for Incap. We started the year with a new market promise, which enabled a whole new positioning in the market as an EMS company with

strong emphasis on customer service. The implementation of the new orientation required everyone in the organization to perform up to their full potential. Today, I am extremely proud to say that we succeeded beyond all expectations.

Our revenue grew by 65% and the profitability in terms of EBIT improved even more, by 248% from previous year's EUR 1.1 million to 3.7 million. Our professional, committed and agile team is to be praised for this. They have been driving our customers' confidence to grant us new projects and strengthened the gravity to attract new customers from a highly competitive marketplace.

We had an ambitious list of operational development projects for 2015, which together with the relatively strong organic growth were occasionally challenging. All of the projects were completed during 2015. Both factories now operate within the same ERP system, which is facilitating the future search of synergies between the units. Productivity of the factories continued improving and the corporate functions have been developed as lean as it gets.

All operational Key Performance Indicators either improved or stayed on the same level as in 2014. Improved profitability together with the rights issue in June improved the financial indicators significantly. At year end our equity ratio was 31% compared to 10% the year before, and the net gearing was 98% compared to 524% at the end of previous year. Proportional share of Net Working Capital required for running the business developed well and decreased by 17%.

Extremely price-sensitive marketplace and continuing dim outlook in the global economy possess a risk for the erosion of our operating profit. We need to remember the lessons learned from the past years and continue focusing on costs in all levels. We will continue our commitment and challenge ourselves to be more lean, effective and agile for the benefit of our customers. I trust that by developing the company further with the same orientation as last year the future outlook will be positive. According to our estimates the revenue level of 2015 can be exceeded in 2016."

### **Business environment in 2015**

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

### **Incap Group's revenue and earnings in July–December 2015**

Revenue for the second half of the year amounted to EUR 17.3 million, showing an increase of 67% year-on-year (7-12/2014: EUR 10.3 million) and being 31% higher than in the first half of the year (1-6/2015: EUR 13.3 million). The revenue increased from previous year both in Estonia and in India. In Estonia the major growth of revenue came from new customers, to whom the production was launched during the latter half of the year. The volumes in the Indian factory were increased especially due to the growing production for established customers.

The operating profit (EBIT) for the second half of the year amounted to EUR 2.2 million, i.e. almost double the figure in the corresponding period in 2014 (7-12/2014: EUR 1.2 million) and remarkably higher than for the first half of the year (1-6/2015: EUR 1.5 million). The net result for the second half of the year was EUR 1.2 million, compared with EUR 0.8 million on the corresponding period last year and EUR 0.8 million in the first half of the year 2015.

### **Incap Group's revenue and earnings in 2015**

Revenue for the financial period amounted to EUR 30.6 million, by approx. 65% more than in 2014 (1-12/2014: EUR 18.5 million). The increase in revenue was a result of growing demand of present customers and the production for new customers. Out of the growth, approximately EUR 3.1 million or 17 percentage points was caused by the strengthening of Indian Rupee in relation to Euro.

The profitability of Incap Group showed a remarkable improvement thanks to the growing production volumes, increased efficiency and strategic focusing. The full-year operating profit (EBIT) amounted to EUR 3.7 million (EUR 1.1 million), being 12.1% out of revenue which in the company's business, Electronics Manufacturing Services, is in general terms considered to be a good level. The operating profit in the comparison period 2014 included non-recurring items connected with the dissolution of provision for rents amounting to approx. EUR 0.5 million. Approximately EUR 0.5 million of the net result for the period was a result of the favourable exchange rate between Euro and Indian rupee.

The company continued with the strict cost management in 2015, based on which the overhead costs remained low enabling profitable operations and increased competitive edge.

Personnel expenses in the reporting period amounted to EUR 3.2 million (EUR 2.8 million). The growth was caused by the increased manufacturing volumes but was more moderate than the growth rate of revenue. Other business costs increased year-on-year mainly due to the renewal of ERP system, the outsourcing of finance and administration, the development of reporting and the increase of rental costs. In line with the increasing production volumes the value of inventories increased from EUR 3.4 million to EUR 5.2 at the end of the reporting period.

Net financial expenses amounted to EUR 0.5 million (EUR 0.7 million). Depreciation amounted to a total of EUR 0.3 million (EUR 0.3 million).

Net profit for the period was EUR 2.0 million (EUR 0.2 million). Earnings per share were EUR 0.01 (EUR 0.00).

<b>COMPARISON BY REPORT PERIOD (1,000 euros)</b>	<b>1-12/2015</b>	<b>1-12/2014</b>
Revenue	30,566	18,499
Operating profit/loss (EBIT)	3,692	1,061
Profit/loss for the period	2,012	151
Earnings per share, EUR	0.01	0.00

COMPARISON BY 6-MONTH PERIOD (1,000 euros)	1-6/2015	7-12/2015	1-6/2014	7-12/2014
Revenue	13,254	17,312	8,155	10,345
Operating profit/loss (EBIT)	1,478	2,213	-144	1,205
Profit/loss for the period	845	1,167	-637	788
Earnings per share, EUR	0.01	0.01	-0,01	0,01

### Investments

Investments in 2015 totalled EUR 0.9 million (EUR 0.2 million) for the development of production capacity in India and Estonia.

### 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.

### Inission AB's public tender offer on Incap shares

After the increase of its holding in December 2014 Inission AB made 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. Based on the trades in the mandatory public tender offer and direct buy of shares Inission AB's holding increased to a total of 44,573,010 shares, i.e. to 40.85% of all shares and votes. Later on, after the subscriptions made in Incap Corporation's rights issue in May 2015, the holding of Inission AB increased to 90,490,452 shares.

### Rights issue

The Board of Directors of Incap Corporation resolved on 25 May 2015, based on the authorization granted by the Extraordinary General Meeting on 7 May 2015 on the share issue against payment in which the company offered to its shareholders 109,114,035 new shares for subscription. The subscription period was from 1 to 22 June 2015, when 106,585,585 new shares were subscribed by the preferred subscription rights and 52,850,453 new shares by the secondary subscription rights, i.e. altogether approximately 146% of all the new shares offered. The Board of Directors accepted in accordance with the conditions of the rights issue a total of 106,585,585 new shares subscribed by the preferred subscription rights and 2,528,450 new shares by the secondary subscription rights i.e. altogether 100% of all the new shares offered.

Altogether 1,033 subscribers participated in the rights issue by the preferred subscription rights and altogether 471 subscribers by the secondary subscription rights. The three largest shareholders of the company - Inission AB, Oy Etra Invest Ab and Ilmarinen Mutual Pension Insurance Company - subscribed in accordance with their conditional subscription

undertakings new shares at a minimum the quantity that corresponded to their pro rata proportions of the company's outstanding shares.

Incap collected a total of EUR 2,181,280.70 new equity through the rights issue i.e. the full amount targeted under the rights issue. The total subscription price of EUR 2,181,280.70 as well as the related costs of approximately EUR 0.2 million have been recorded in the invested unrestricted equity reserve of the company. The rights issue did not amend the registered share capital of the company.

As a result of the rights issue, the amount of the company's shares doubled to 218,228,070 shares. The new shares were admitted to trading on Nasdaq Helsinki on 1 July 2015.

### **Balance sheet, financing and cash flow**

The balance sheet total on 31 December 2015 stood at EUR 18.1 million (EUR 14.4 million). The Group's equity at the close of the financial period was EUR 5.6 million (EUR 1.4 million). The parent company's equity totalled EUR 9.4 million, representing 46% of the share capital (EUR 8.0 million, 39%). The Group's equity ratio was 31.2 % (9.9%).

Liabilities decreased to EUR 12.5 million compared with previous year (EUR 13.0 million), of which EUR 7.6 million (EUR 9.3 million) were interest-bearing liabilities. Interest-bearing net liabilities decreased from the comparison period and were EUR 5.6 million (EUR 5.7 million), and the gearing ratio was 98% (524%).

The Group's non-current interest-bearing liabilities amounted to EUR 4.3 million (EUR 0.3 million) while the current interest-bearing liabilities were EUR 3.3 million (EUR 9.1 million). In the corresponding period the majority of liabilities were included in current liabilities because of the breach of covenants. Approximately EUR 2.7 million of liabilities concern the Indian subsidiary (EUR 3.4 million). Other current liabilities include EUR 4.1 million of bank loans and limits granted by the company's Finnish bank and EUR 0.7 million of factoring financing used in Estonia.

The company agreed in February 2015 with the Finnish bank upon new conditions and instalments of loans. The covenants of the loans are EBITDA and equity ratio, and their status is reviewed every six months until 30 June 2018. In the review on 31 December 2015 the target level of EBITDA was EUR 1.25 million and the equity ratio 7.5%. The company met these covenants and the actual EBITDA on the review date was EUR 4.0 million and the equity ratio 31.2%.

In autumn 2015 Incap paid back to Finnfund the capital investment of EUR 1.9 million, which Finnfund had made in Incap's subsidiary in India in 2009. At the same time, Finnfund's holding of 22.5% in Incap Contract Manufacturing Services Pvt. Ltd. became void. The payback was realised by lowering the share capital of the Indian subsidiary and financed by means of the accumulated profits of the Indian subsidiary and the local financing.

The company repaid the rest of the so-called OP Bank loan (previous convertible loan 2007), EUR 0.2 million, in June 2015. The company further paid the last instalment of the payment arrangement with the Finnish Tax Administration in September 2015.

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

<b>INSTALMENTS AND INTERESTS OF LOANS</b> (1,000 euros)		
	<b>31 Dec 2015</b> <b>Total</b>	<b>31 Dec 2014</b> <b>Total</b>
Less than 6 months	4,197	3,740
6–12 months	383	3,130
1–5 years	3,402	3,111
More than 5 years	0	0
<b>In total</b>	<b>7,981</b>	<b>9,981</b>

The Group's cash position improved thanks to the improved profitability, rights issue and the renewal of financing agreements. The Group's quick ratio was 1.1 (0.6), and the current ratio was 1.8 (0.9).

Cash flow from operations was EUR 1.0 million (EUR -0.7 million). On 31 December 2015, the Group's cash and cash equivalents totalled EUR 2.1 million (EUR 1.9 million). The change in cash and cash equivalents showed an increase of EUR 0.2 million (increase of EUR 0.2 million).

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

### **Personnel**

At the end of 2015, Incap Group had a payroll of 468 employees (423). 86.6% (89%) of the personnel worked in India, 13.0% (9%) in Estonia and 0.4% (2%) in Finland. At the end of the year, 96 of Incap's employees were women (68) and 372 were men (355). Permanently employed staff totalled 192 (167) and the number of fixed-term employment contracts was 275 (204). The company had 1 part-time employment contract at the end of the period (52). The average age of the personnel was 29 years (36).

### **Management and organisation**

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

The renewal of operational model of the Group was continued and the tasks in finance and administration were outsourced to partners. At the same time, key functions in the factories were strengthened and a new Managing Director was appointed to the operations in Estonia. The Group's factories in Estonia and in India operate as independent cost centres, which are responsible besides for the actual delivery-order process also for the quotations and pricing.

### **Annual General Meeting 2015**

The Annual General Meeting of Incap Corporation was held in Helsinki on 31 March 2015. A total of 15 shareholders participated in the meeting, representing approximately 69.4% of all shares and votes. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2014 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 2,677,306.56) be recognised in equity.

### **Extraordinary General Meeting**

Incap Corporation's Extraordinary General Meeting was held on 7 May 2015. A total of 14 shareholders participated in the meeting, representing a total of 60.0% of all shares and votes. The Extraordinary General Meeting authorised the Board of Directors to decide on a rights issue in the way that the number of new shares to be given in the rights issue can be a maximum of 109,114,035 new shares of the company. The Board of Directors used the authorisation in June 2015, when the company carried out a successful rights issue.

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

The Annual General Meeting held on 31 March 2015 authorised the Board of Directors to decide to issue a maximum of 10,911,403 new shares either against payment or without payment. The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the company's business, financing of investments and operations or using the shares as a part of the company's remuneration and compensation system, to the terms and scope decided by the Board of Directors.

The Board has not exercised the authorisation, which is valid until 31 March 2016.

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

Lassi Noponen acted as the Chairman of the Board of Directors until 4 March 2015, when the Board elected Olle Hulteberg to the Chairman of the Board.

The Annual General Meeting held on 31 March 2015 re-elected Fredrik Berghel, Olle Hulteberg and Susanna Miekk-oja and elected Rainer Toiminen and Carl-Gustaf von Troil as new members to the Board of Directors. From among its members, the Board elected Olle Hulteberg to the Chairman of the Board.

The Board convened 26 times in 2015 and the average attendance rate of Board members was 83.8%.

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

### **Report on Corporate Governance**

Incap Corporation is complying with the Corporate Governance Code of Securities Market Association, which is valid as from 1 January 2016. The company will release a report on the company's corporate governance in compliance with the Securities Market Act as a separate document in connection with the publication of the Report of the Board of Directors and the Annual Report in week 11/2016.

### **Shares and shareholders**

Incap Corporation has one series of shares, and the number of shares at the end of the period was 218,228,070 (31 December 2014: 109,114,035).

During the financial period, the share price varied between EUR 0.03 and 0.20 (EUR 0.04 and 0.11). The closing price for the period was EUR 0.16 (EUR 0.06). The trading volume during the financial period was 123,997,394 shares, or 56.8% of outstanding shares (40,584,525 shares, or 37.2% of outstanding shares). The market capitalisation on 31 December 2015 was EUR 34.3 million (EUR 6.5 million). At the end of financial period, the company had 2,806 shareholders (1,634). Nominee-registered or foreign owners held 41.85% (26.3%) of all shares. The company does not hold any of its own shares.

LARGEST SHAREHOLDERS on 31 December 2015	Shares, pcs	Holding, %
Inission AB (nominee-registered)	90,490,452	41.47
Oy Etra Invest Ab	29,000,000	13.29
Ilmarinen Mutual Pension Insurance Company	16,615,384	7.61
Laurila Kalevi Henrik	4,470,858	2.05
JMC Finance / Penan raudoitus Oy	3,838,072	1.76
Onvest Oy	3,302,346	1.51
Sjöblom Katri Pauliina	3,122,230	1.43
Kontino Invest Oy	2,761,018	1.27
Kantola Mikko	2,266,298	1.04
Aaltonen Pekka Juhani	2,053,691	0.94
<b>10 largest in total</b>	<b>157,920,349</b>	<b>72.37</b>

At the end of the financial period 2015, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 93,016,656 shares or approximately 42.6% of the company's shares outstanding.

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

Based on the trades in the mandatory public tender offer Inission AB's holding increased to 40.85% of all shares and votes or to 44,573,010 shares. The previous holding of Inission AB was 37.31% or 40,707,564 shares. At the date of the financial statement release Inission AB holds 90,490,452 shares.

The holding of Oy Etra Invest Ab decreased on 13 November 2015 so that the new holding is 32,400,000 shares and 14.85% of all shares and votes. The previous holding of Oy Etra Invest Ab was 33,000,000 shares and 15.12% of all shares and votes.

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



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

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

As a result of the improved profitability and the rights issue executed in June 2015 the company's financing position has improved and the sufficiency of financing and working capital are at the moment posing no remarkable risk.

Based on the cash flow estimate prepared in connection with the financial statement, the company estimates that the company's working capital will cover the requirement for the next 12 months.

The company agreed in February 2015 with the bank on new conditions and instalment of the loans. The loan covenants are EBITDA and equity ratio, which are reviewed every six months until 30 June 2018. The new instalment schedule was conditional to the arrangement of a share issue to strengthen the equity.

As a result of the rights issue arranged in June the parent company's equity was improved by EUR 1.9 million. The company met the covenants both in June and in December 2015. During 2015 the company has paid back the loans at a minimum to the quantity agreed in the instalment plan.

During 2015 the Group functions have been arranged to align with the new organisation structure and in the definition of the volumes of internal transactions the actual value added and the so-called "arm's length" principle are considered. After the cumulative losses in India were covered during the latter half of 2015, it is possible to repatriate profits also through dividends.

The parent company's equity at the end of the financial period 2015 totalled EUR 9.4 million, i.e. 46% of the 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 statements for 2014 the value of the shares in the Estonian subsidiary was decreased by EUR 1.0 million. Based on the value calculations in connection with the financial statements for 2015 there is no need for further decrease of the value of the shares in subsidiaries. However, there is a risk connected with the valuation of the shares of the Estonian subsidiary because of the previous unprofitable operations of the subsidiary. The business of the subsidiary in India has shown a favourable development and there is no risk connected with its valuation.

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 2016, 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 2015, there were two customers in the Group with a revenue exceeding 10% of the total revenue of the Group. The combined revenue of these two customers was 65% of the Group's revenue.

The company's operating segment, electronics manufacturing services, is highly competitive and there are major pressures on cost level management. The company has succeeded in increasing the efficiency of its operations and in lowering the costs remarkably during 2013-2015. Furthermore, the company's production is located in countries with competitive levels of wage and general costs.

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

A tax audit is currently taking place in the Indian subsidiary. The audit is not complete yet at the reporting date and its end result cannot be estimated yet.

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

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

#### **Strategy and targets**

The recent positive trend in profitability enables the strong development of the company aiming at ensuring the future growth. In 2016 the company is targeting at acquiring new customers and new products to production while at the same time securing that the operational efficiency and quality stay at high level. The sales operations are enhanced, organisations and competencies of the factories are developed further, a new operational model is implemented in global sourcing, production capacity of both factories is developed and the utilisation of the shared ERP is enhanced further.

The Board of Directors is focusing in growing the business further and is not actively assessing opportunities for strategic alliances.

#### **Outlook for 2016**

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

Due to the recent strong turbulence in world economy and the continued general uncertainty it is very difficult to estimate the development of customer demand. Most of the company's customers are indicating that their own demand will show a moderate growth in 2016.

The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily and the positive development is expected to continue. The progress in Indian operations has been strong and the revenue is estimated to grow also in future, however with a more moderate pace than previously.

The Group's revenue in 2016 is estimated to be somewhat higher than in 2015 and the operating profit (EBIT) is estimated to be approximately at the same level than in 2015, provided that there are no major changes in exchange rates.

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

The parent company's loss for the financial period totalled EUR 772,720.93. The Board of Directors will propose to the Annual General Meeting on 6 April 2016 that no dividend be paid and the result for the financial period be recognised in equity.

**Annual General Meeting 2016**

The Annual General Meeting will be held on Wednesday, 6 April 2016 at 3 pm. at BANK/Wall street, Unioninkatu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 11 March 2016.

**Publication of the annual report 2015**

The annual report of Incap Group including the Report of the Board of Directors and the Auditor's report for 2015 will be published during week 11/2016 at the company's website [www.incapcorp.com](http://www.incapcorp.com).

**Financial reporting of Incap in 2016**

Incap will publish the Interim Management Report in compliance with IAS 34 for January-June 2016 on Tuesday, 23 August 2016 as well as financial business reports for January-March on Thursday, 12 May 2016 and for January-September on Tuesday, 15 November 2016.

In Helsinki, 18 February 2016

INCAP CORPORATION  
Board of Directors

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**INCAP IN BRIEF**

*Incap Corporation is an international contract manufacturer. Incap's customers are leading suppliers of high-technology equipment in their own business segments, and Incap increases their competitiveness as a strategic partner. Incap has operations in Finland, Estonia, India and China, and the company currently employs approximately 470 people. Incap's share is listed on the Nasdaq Helsinki Ltd. as from 1997. Additional information: [www.incapcorp.com](http://www.incapcorp.com).*

## Annex 1

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

(1,000 euros, unaudited)	1-12/2015	Change, %	1-12/2014	7-12/2015	7-12/2014
REVENUE	<b>30,556</b>	65	<b>18,499</b>	17,312	10,345
Change in inventories of finished goods	<b>165</b>	-203	<b>-159</b>	-30	-73
Other operating income	<b>36</b>	-87	<b>280</b>	8	31
Raw materials and consumables used	<b>21,147</b>	67	<b>12,665</b>	11,973	7,019
Personnel expenses	<b>3,154</b>	11	<b>2,841</b>	1 550	1,340
Depreciation, amortisation and impairment losses	<b>337</b>	7	<b>314</b>	182	162
Other operating expenses	<b>2,437</b>	40	<b>1,738</b>	1,371	578
OPERATING PROFIT/LOSS	<b>3,692</b>	248	<b>1,061</b>	2,213	1,205
Financing income and expenses	<b>-470</b>	-37	<b>-747</b>	-276	-254
PROFIT/LOSS BEFORE TAX	<b>3,222</b>	926	<b>314</b>	1,938	951
Income tax expenses	<b>-1,210</b>	643	<b>-163</b>	-771	-163
PROFIT/LOSS FOR THE PERIOD	<b>2,012</b>	1,232	<b>151</b>	1,167	788
Earnings per share	<b>0.01</b>		<b>0.00</b>	0.01	0.01

  

OTHER COMPREHENSIVE INCOME	1-12/2015	Change, %	1-12/2014	7-12/2015	7.-12/2014
PROFIT/LOSS FOR THE PERIOD, CONTINUING OPERATIONS	<b>2,012</b>	1,232	151	1,167	788
PROFIT/LOSS FOR DISCONTINUED OPERATIONS	<b>0</b>	-100	396	0	332
PROFIT/LOSS FOR THE PERIOD	<b>2,012</b>	267	548	1,167	1,120
OTHER COMPREHENSIVE INCOME:					
Items that may be recognised in profit or loss at a later date:					
Translation differences from foreign units	<b>215</b>	-42	370	-153	248
Other comprehensive income, net	<b>215</b>	-42	370	-153	248
TOTAL COMPREHENSIVE INCOME	<b>2,227</b>	143	917	1,014	1,368
Attributable to:					
Shareholders of the parent company	<b>2,227</b>	143	917	1,014	1,120
Non-controlling interest	<b>0</b>		0		0



Annex 2

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

(EUR thousands, unaudited)	31 December 2015	Change, %	31 December 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,230	47	1,519
Goodwill	938	3	910
Other intangible assets	61	8	56
Other financial assets	6	-96	174
Other receivables	878	-3	906
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,113</b>	<b>15</b>	<b>3,565</b>
<b>CURRENT ASSETS</b>			
Inventories	5,172	53	3,371
Trade and other receivables	6,771	21	5,585
Cash and cash equivalents	2,068	10	1,873
<b>TOTAL CURRENT ASSETS</b>	<b>14,011</b>	<b>29</b>	<b>10,829</b>
<b>TOTAL ASSETS</b>	<b>18,124</b>	<b>26</b>	<b>14,394</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	20,487	0	20,487
Share premium account	44	0	44
Reserve for invested unrestricted equity	19,464	11	17,471
Exchange differences	-673	-24	-888
Retained earnings	-33,675	-6	-35,687
<b>TOTAL EQUITY</b>	<b>5,647</b>	<b>296</b>	<b>1,427</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	4,567	1,683	256
<b>NON-CURRENT LIABILITIES</b>	<b>4,567</b>	<b>1,683</b>	<b>256</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4,607	27	3,617
Current interest-bearing loans and borrowings	3,303	-64	9,093
<b>CURRENT LIABILITIES</b>	<b>7,910</b>	<b>-38</b>	<b>12,710</b>
<b>LIABILITIES</b>	<b>12,476</b>	<b>-4</b>	<b>12,967</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,124</b>	<b>26</b>	<b>14,394</b>

## Annex 3

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

<b>CONSOLIDATED CASH FLOW STATEMENT</b> (EUR thousands, unaudited)	1-12/2015	1-12/2014
<b>Cash flow from operating activities</b>		
Operating profit, continuing operations	3,692	1,061
Operating profit, discontinued operations	0	396
Operating profit, in total	3,672	1,457
Adjustments to operating profit	316	-528
Change in working capital	-1,419	-1,164
Interest paid and payments made	-918	-699
Interest received	85	11
<b>Paid tax and tax refund</b>	<b>-763</b>	<b>182</b>
<b>Cash flow from operating activities</b>	<b>992</b>	<b>-741</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on tangible and intangible assets	-940	-201
Proceeds from sale of tangible and intangible assets	0	229
Capital gain on shares	268	0
<b>Cash flow from investing activities</b>	<b>-672</b>	<b>28</b>
<b>Cash flow from financing activities</b>		
Proceeds from share issue	1,993	0
Drawdown of loans	2,996	2,381
Repayments of borrowings	-5,159	-1,434
Repayments of obligations under finance leases	0	-26
<b>Cash flow from financing activities</b>	<b>-169</b>	<b>920</b>
Change in cash and cash equivalents	151	207
Cash and cash equivalents at beginning of period	1 873	1,507
Effect of changes in exchange rates	43	158
<b>Cash and cash equivalents at end of period</b>	<b>2,068</b>	<b>1,872</b>

## Annex 4

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

(EUR thousands, unaudited)						
	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences	Retained earnings	Total
<b>Equity at 1 January 2015</b>	20,487	44	17,471	-888	-35,687	1,427
Total comprehensive income					2,012	2,012
Currency translation differences				215		212
<b>Transactions with shareholders</b>						
Directed share issue			2,182			2,182
Transaction costs for equity			-189			-189
<b>Equity at 31 December 2015</b>	20,487	44	19,464	-673	-33,675	5,647
<b>Equity at 1 January 2014</b>	20,487	44	17,471	-1,258	-36,057	687
Total comprehensive income					548	548
Currency translation differences				370		370
<b>Transactions with shareholders</b>						
Other changes					-177	-177
<b>Equity at 31 December 2014</b>	20,487	44	17,471	-888	-35,687	1,427

## Annex 5

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

(unaudited)	31 Dec 2015	31 Dec 2014
Revenue, EUR million	30.6	18.5
Operating profit/loss, EUR million	3.7	1.1
% of revenue	12.1	6.0
Profit/loss before taxes, EUR million	3.2	0.3
% of revenue	10.5	2.0
Return on investment (ROI), %	26.0	11,2
Return on equity (ROE), %	56.9	15.4
Equity ratio, %	31.2	9.9
Net Gearing, %	98.3	523.95
Net debt, EUR million	3.6	5.5
Net interest-bearing debt, EUR million	5.6	7.5
Quick ratio	1.1	0.6
Current ratio	1.8	0.9
Average number of shares during the review period, adjusted for share issues	218, 228,070	109,114,035
Earnings per share (EPS), EUR	0.01	0.00
Equity per share, EUR	0.03	0.01
Dividend per share, EUR	0.00	0.00
Dividend out of profit, %	0	0
P/E ratio	15.25	43.3
Trend in share price		
Minimum price during the period, EUR	0.03	0.04
Maximum price during the period, EUR	0.20	0.11
Mean price during the period, EUR	0.12	0.06
Closing price at the end of the period, EUR	0.16	0.06
Total market capitalisation, EUR million	34.3	6.5
Trade volume, no. of shares	123,997,394	40,584,525
Trade volume, %	56.8	37.2
Investments, EUR million	0.9	0.2
% of revenue	3.0	1.1
Average number of employees	425	404
<b>CONTINGENT LIABILITIES, EUR million FOR OWN LIABILITIES</b>		
Mortgages and pledges	14.6	14.5
Off-balance sheet liabilities	1.2	1.7



## Annex 6

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

	1-12/ 2015	1-12/ 2014	7-12/ 2015	7-12/ 2014	1-6/ 2015	1-6/ 2014
Revenue, EUR million	30.6	18.5	17.3	10.3	13,3	8.2
Operating profit, EUR million	3.7	1.1	2.2	1.2	1,5	-0.1
% of revenue	12	6	13	12	11	-2
Profit before taxes, EUR million	3.2	0.3	1.9	1.0	1,3	-0.6
% of revenue	11	2	11	9	10	-8
Return on investment (ROI), %	26.0	11.2	22.8	24.5	19,2	-0.9
Return on equity (ROE), %	56.9	15.4	45.4	208.8	55,8	-412.5
Equity ratio, %	31.2	9.9	31.2	9.9	26,3	0.6
Net Gearing, %	98.3	523.9	98.3	523.9	100,4	9,831.3
Net debt, EUR million	3.6	5.5	3.4	5.5	4,7	7.9
Net interest-bearing debt, EUR million	5.6	7.5	5.6	7.5	4,7	8.1
Average number of shares during the review period, adjusted for share issues	218,228,070	109,114,035	182,855,938	109,114,035	109 716 875	109,114,035
Earnings per share (EPS), EUR	0.01	0.00	0.01	0.01	0,01	-0.01
Equity per share, EUR	0.03	0.01	0.03	0.01	0,02	0.00
Investments, EUR million	0.9	0.2	0.2	0.1	0,7	0.1
% of revenue	3.0	1.1	1.1	1.0	5,5	1.2
Average number of employees	425	404	456	422	393	387

## Annex 7

**CALCULATION OF KEY FIGURES**

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