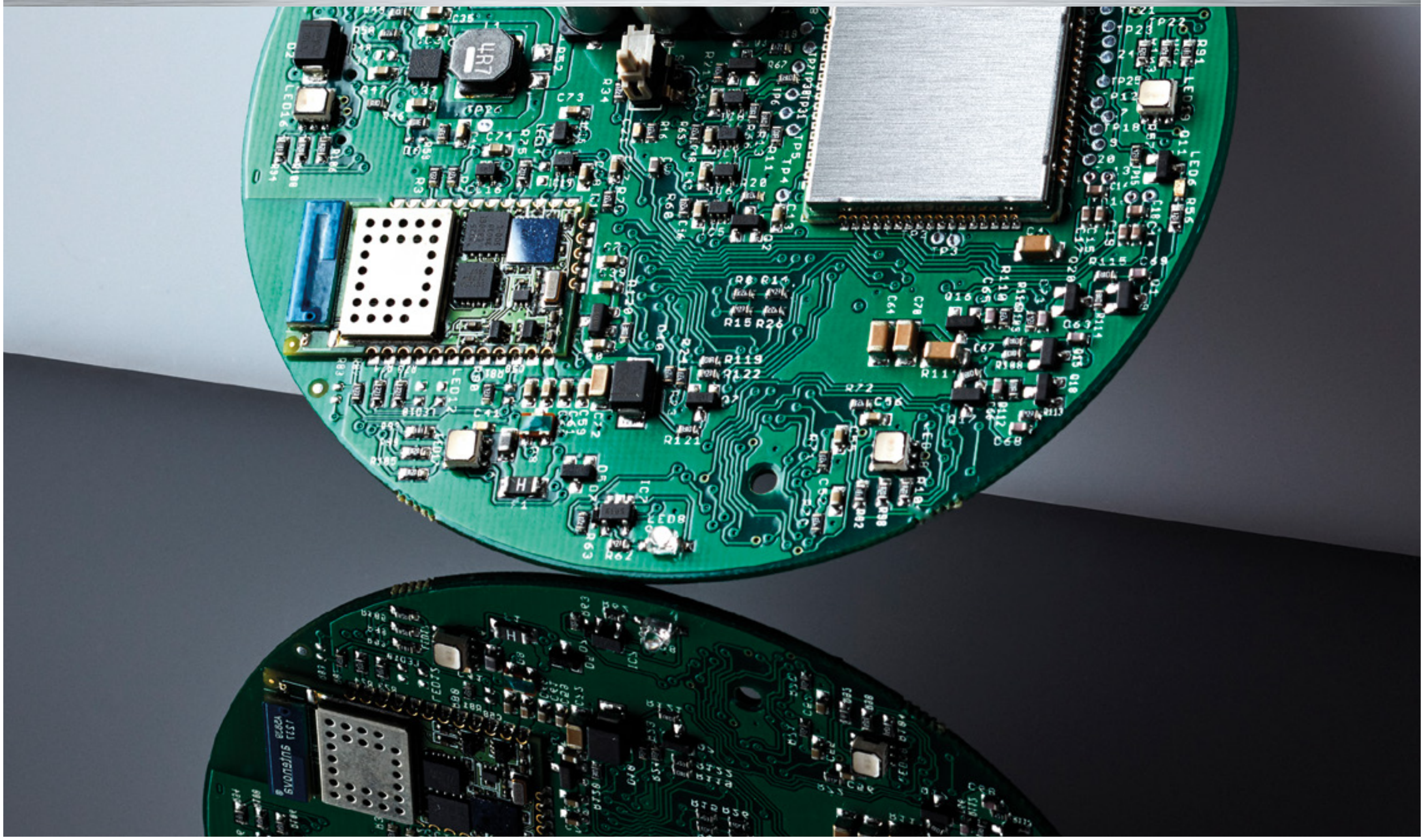
InCap

ANNUAL REPORT

2016



INCAP IN BRIEF

We are an Electronics Manufacturing Services (EMS) company with manufacturing operations in India and in Estonia and a sourcing office in Hong Kong. Our professional and competent team is especially focusing on customer service. With our flexible, agile and efficient operations we are able to provide best solutions to meet our customers' needs.

In EMS marketplace, Incap has a long history and reputation of high quality. Over the years we have learned that alongside with the core EMS market demand of On Time Delivery, Quality and Cost efficiency, our customers expect their partners to be able to adjust into continuous change. That is how we develop and run our operations.

CONTENTS

YEAR 2016

Incap's business continued growing and the profitability improved further. The company's streamlined operational model enables efficient operations and improved competitive edge. The expansion of the factory in India enhances the growth potential of the company.

Revenue growth by 26% was a result of growing demand of present customers as well as of the introduction of new customers' products to manufacture. Operating profit increased by 19% and its share out of revenue was 11%, which in the company's business, Electronics Manufacturing Services, is in general terms considered to be on high level.

The expansion of production facilities in India was finalised in schedule and as budgeted. With the expansion the company is preparing for future growth of revenue. Deliveries to European customers are growing steadily and additional capacity was necessary for the service of new potential customers.

The positive development of the factory in Estonia strengthened towards the end of the year both in terms of revenue and profitability.

The quantity of the company's shares was reduced in order to improve the trade conditions and the reliability of price formation. Furthermore, the share capital of the company was decreased in an arrangement, after which the parent company's equity exceeds the minimum level set in the Companies Act.

The financing position of the company is good and the equity ratio improved further.

KEY FIGURES (IFRS)		2016	2015
Revenue	EUR million	38.6	30.6
Operating profit (EBIT)	EUR million	4.4	3.7
share of revenue	%	11	12
Operating profit before tax	EUR million	3.8	3.2
Profit for the period	EUR million	2.7	2.0
Earnings per share (EPS)	EUR	0.63	0.52
Return on investment (ROI)	%	29.6	26.0
Equity ratio	%	39.4	31.2
Investments	EUR million	1.0	0.9
Personnel at year end		514	468

GOING STRONG

Business of Incap continued performing well in 2016 after the change of strategy and the growth leap seen in the previous year. Our operations model has now been stabilised offering a solid foundation for further expansion of operations

PROFITABLE GROWTH

Our revenue grew by 26% year-on-year and the profitability in terms of EBIT improved by 19%. We succeeded in maintaining the EBIT almost at the very same level than the year before and the actual EBIT margin of 11% is among the highest in our peer group. Key figures improved across the board. We have been able to grow our business profitably while at the same time enforcing a principal improvement in our financial position.

We continued with the strict cost management and did not lose our grip even in tailwind either. Extremely price-sensitive marketplace and the moderate profitability levels in electronics manufacturing business in general are posing a challenge for keeping up this EBIT level. However, I have a strong confidence in our professional team and operations model, which enable efficient and competitive operations.

WORTH OF TRUST

Our target in 2016 was to gain new customers and new products in manufacturing while at the same time ensuring that the operational efficiency and quality continue being at a high level. Here we have succeeded. Our factories in Estonia and India have developed their manufacturing capacity and enhanced their sales. The construction of the factory extension in India was completed in schedule and we are ready to take new products into production. The growing interest of customers is auguring well for the continued good progress.

We are building customer relationships in long term, and our business is based on our customers' confidence in our capability to deliver products of high quality at the right time and in accordance with the agreed terms. Thanks to our lean organisation we are able to react fast to the changes in the customers' needs, and this capability improves our position at constantly varying situations in the market.

HOME BASES IN INDIA AND ESTONIA

Our company's factories in India and Estonia offer their own strengths and are thus complementing each other. Both locations enjoy stable, moderate cost levels, supporting the maintenance of our competitive edge. The ability to deliver quality as well as the competence of the factories is at an excellent level, and also the manufacturing technology meets with the customers' demands.

India is according to publicly available information currently the fastest growing economy in the world with over 7% annual growth. The positive economic outlook of India reflects Incap's business by increasing growth opportunities. Also the Indian currency development is visible in our business. The strengthening of Rupee in relation to Euro will increase the revenue, result and equity of the Group while weakening will decrease the same.

The government of India has set several initiatives such as "Make in India" -program to facilitate the rise of India as a manufacturing location for example in electronics. Incap has already now an established position in India, and therefore we have a great opportunity in this emerging marketplace.

Further, we trust that with our new operations model and by keeping the service level high we can win projects also in highly competed European electronics market, which is the main market of our Estonian unit. We have improved our competiveness among other things through the ERP project, which was finalized last year and is now facilitating the cooperation of the factories for example in sourcing and quotation activities.

COMMUNICATION WITH INVESTORS

We serve our customers as their manufacturing partner and the trust is our most important value. Many of our long-standing and new customers are not willing - due to competition reasons - to publish information on their new projects or manufacturing partnerships, and therefore it is difficult for us to communicate our business outlook with explicit cases. Therefore, we have to let the figures speak for us. For this reason we have also decided to continue with quarterly reporting on our business even though the present regulation does not require it. We want to serve the investors and are in continuous search for ways to make our operations more visible.

ONWARDS WITH INTENSE ATTITUDE

We aim at continued organic growth at a good pace while at the same time keeping our profitability among the best in our peer group. The company's operations model and the strengthened financial position enable us to consider also M&As as a way to expand our operations.

I wish to thank our customers and personnel for the success achieved in 2016. I also thank our material suppliers, partners and shareholders for their support and cooperation. After the challenging past years we are on a solid foundation now and I trust that the future is bright for all of us.

Ville Vuori
President and CEO

REPORT OF THE BOARD OF DIRECTORS FOR 2016

Incap Group's revenue in 2016 increased by 26% and the operating profit grew by 19% year-on-year. The construction work of the factory expansion in India was completed on schedule.

BUSINESS ENVIRONMENT IN 2016

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 affected the customers' business. General cost level remained stable in countries where Incap has operations. Prices of components and raw materials showed a moderate growth trend.

INCAP GROUP'S REVENUE AND EARNINGS IN 2016

Revenue for the financial period amounted to EUR 38.6 million, by approx. 26% more than in 2015 (1–12/2015: EUR 30.6 million). The increase in revenue was a result of growing demand of present customers and the production for new customers. The weakening of Indian Rupee in relation to Euro decreased the revenue by EUR 1.2 million year-on-year.

The profitability of Incap Group remained at good level. The full-year operating profit (EBIT) amounted to EUR 4.4 million (EUR 3.7 million), being 11% out of revenue which in the company's business, Electronics Manufacturing Services, is in general terms considered to be on high level. The net result for the year 2016 was weakened by EUR 0.2 million due to the weakening of Indian Rupee in relation to Euro.

Thanks to the lean operational model of the company, the overhead costs remained low ensuring profitable operations and continued competitive edge.

Personnel expenses in the reporting period amounted to EUR 3.5 million (EUR 3.2 million). The growth was caused by increased manufacturing volumes and was clearly more moderate than the growth rate of revenue. Other business costs increased slightly year-on-year. As a result of the increasing business volume the value of inventories increased from EUR 5.2 million to EUR 6.3 at the end of the reporting period.

Net financial expenses amounted to EUR 0.6 million (EUR 0.5 million). Depreciation amounted to a total of EUR 0.4 million (EUR 0.3 million).

Net profit for the period was EUR 2.7 million (EUR 2.0 million). Earnings per share were EUR 0.63 (EUR 0.52).

INVESTMENTS

Investments in 2016 totalled EUR 1.0 million (EUR 0.9 million) and they were mainly connected with the construction of the factory expansion in India.

QUALITY ASSURANCE AND ENVIRONMENTAL ISSUES

Incap Group's both factories have environmental management and quality assurance systems certified by Bureau Veritas. The systems are used as tools for continuous improvement. Incap is implementing the year 2015 versions of the quality standards. Incap's environmental management system in India complies with ISO 14001:2004, and its quality assurance system complies with ISO 9001:2008. These will be updated to the 2015 versions during the year 2017. The environmental management system in the Estonian factory complies with ISO 14001:2015, and its quality assurance system complies with ISO 9001:2015. In addition, the Kuressaare factory has ISO 13485:2003 quality certification for the manufacture of medical devices, which will be updated to the 2015 version in spring 2017.

BALANCE SHEET, FINANCING AND CASH FLOW

The balance sheet total on 31 December 2016 stood at EUR 21.7 million (EUR 18.1 million). The Group's equity at the close of the financial period was EUR 8.5 million (EUR 5.6 million). The parent company's equity totalled EUR 9.8 million, representing 983% of the share capital (EUR 9.4 million, 46%). The Group's equity ratio improved by over 8 percentage points to 39.4% (31.2%).

Reducing the share capital of the parent company and transferring funds to the unrestricted equity reserve was resolved in the Annual General Meeting on 6 April 2016, when it was resolved to reduce the share capital of the company from EUR 20,486,769.50 by EUR 19,486,769.50 to cover the losses and to transfer funds to the unrestricted equity reserve. The losses accumulated during previous financial periods were covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve. After the reduction the new share capital of the company is EUR 1,000,000 and the unrestricted equity reserve EUR 8,367,817.21. The reduced share capital was recorded into Trade Register on 31 August 2016.

Liabilities increased slightly to EUR 13.1 million compared with previous year (EUR 12.5 million), of which EUR 8.0 million (EUR 7.9 million) were interest-bearing liabilities. Net debt remained at the same level than in previous year, amounting to EUR 5.6 million (EUR 5.6 million). Net gearing improved and was 66% (98%).

The Group rearranged in April 2016 its interest-bearing debt with the Finnish bank. Following the arrangement the Group's costs for debt decreased and the management of the debt portfolio was streamlined. The covenants of the new loans are among others equity ratio and the Group's interest-bearing debt in relation to EBITDA, and their status is reviewed every six months. In the review on 31 December 2016 the target level of interest-bearing debt in relation to EBITDA was below 2.5 and the equity ratio 25%. The company met these covenants and the actual figure interest-bearing debt/EBITDA on the review date was 1.7 and the equity ratio 39.4%.

The Group's non-current interest-bearing liabilities amounted to EUR 3.8 million (EUR 4.6

million) while the current interest-bearing liabilities were EUR 4.2 million (EUR 3.3 million). Out of the interest-bearing liabilities EUR 2.4 million are related to the Indian subsidiary (EUR 2.7 million). Other liabilities include EUR 3.4 million of bank loans and limits granted by the company's Finnish bank and EUR 2.2 million of factoring financing used in Estonia.

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

The Group's cash position during the report period was good. The Group's quick ratio was 1.1 (1.1), and the current ratio was 1.8 (1.8).

Cash flow from operations was EUR 1.1 million (EUR 1.0 million). On 31 December 2016, the Group's cash and cash equivalents totalled EUR 2.3 million (EUR 2.1 million). The change in cash and cash equivalents showed an increase of EUR 0.2 million (increase of EUR 0.2 million).

PERSONNEL

At the end of 2016, Incap Group had a payroll of 514 employees (468). 85% (87%) of the personnel worked in India, 14% (13%) in Estonia and 0.4% (0.4%) in Finland. At the end of the year, 106 of Incap's employees were women (96) and 408 were men (372). Permanently employed staff totalled 205 (192) and the number of fixed-term employment contracts was 309 (275). The company had one part-time employment contract at the end of the period (1). The average age of the personnel was 31 years (29).

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 company's organisation structure is lean. Along with the expansion of its operations the company gave up the outsourced services in the management of finance and administration and appointed Elina Liippola as CFO and member of Management Team as from 1 January 2017. Tilistar Oy continues acting as Incap's outsourced financial department. The Group's factories in Estonia and in India operate as independent cost centres, which are responsible besides for the actual order-delivery process also for the quotations and pricing.

ANNUAL GENERAL MEETING 2016

The Annual General Meeting of Incap Corporation was held in Helsinki on 6 April 2016. A total of 20 shareholders participated in the meeting, representing approximately 52.9% of all shares and votes in the company. The Annual General Meeting adopted the financial statements for the financial period ended 31 December 2015 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 772,720.93) be recognised in equity.

The Annual General Meeting resolved to reduce the share capital of the company from EUR 20,486,769.50 by EUR 19,486,769.50 to cover the losses and to transfer funds to the unrestricted equity reserve. The losses accumulated during previous financial periods were covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve.

After the measures the new share capital of the company is EUR 1,000,000 and the unrestricted equity reserve EUR 8,367,817.21. The parent company's equity thereby exceeded the level set in the Companies Act, chapter 20, section 23. Covering the losses clarified the balance sheet structure of the parent company and improved the ratio between the company's equity and share capital. The creditor protection procedure was required in the Companies Act. The reduction of share capital was recorded in the Trade Register on 31 August 2016.

The Annual General Meeting further resolved on the reduction of the quantity of company's shares by way of issuing new shares and by redemption of company's own shares, in such a way that after the procedure each current 50 shares of the company shall correspond to one share of the company. The arrangement took place soon after the Annual General Meeting on 8 April 2016. The purpose of the reduction of the quantity of company's shares was to improve the trade conditions and the reliability of the price formation of the shares. The key ratios per share for the report period as well as other periods presented in this report have been adjusted accordingly.

AUTHORISATION OF THE BOARD OF DIRECTORS

The Annual General Meeting held on 6 April 2016 authorized the Board of Directors to decide to issue a maximum of 440,000 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. If the authorization is used to the maximum number of new shares, new shares would represent 9.5% of all shares and votes in the company.

The Board has not exercised the authorisation, which is valid until 6 April 2017.

BOARD OF DIRECTORS AND AUDITOR

Olle Hulteberg acted as the Chairman of the Board of Directors of Incap Corporation. The Annual General Meeting held on 6 April 2016 re-elected Fredrik Berghel, Olle Hulteberg, Susanna Miekk-oja, Rainer Toiminen and Carl-Gustaf von Troil to the Board of Directors.

The Board convened 15 times in 2016 and the average attendance rate of Board members was 90.7%.

The firm of independent accountants Ernst & Young Oy continued to act as the company's auditor, with Bengt Nyholm, Authorised Public Accountant, appointed 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 and is publicly available at the website of Securities Market Association at www.cgfinland.fi. 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 12/2017. The report is available at the company's website.

SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares, and the number of shares at the end of the period was 4 365 168 (31 December 2015: 218,228,070).

The number of shares was reduced as decided by the Annual General Meeting by way of issuing new shares and by redemption of company's own shares, in such a way that after the procedure each current 50 shares of the company shall correspond to one share of the company. As a result of the measures the number of the company's shares was decreased from 218,228,070 shares to 4,365,168 shares. The new total number of shares was recorded in Trade Register on 9 April 2016 and the trade with the new number of shares started in Nasdaq Helsinki on 11 April 2016.

During the financial period, the share price varied between EUR 8.65 and 4.95 (EUR 0.03 and 0.20). The closing price for the period was EUR 5.46 (EUR 0.16). The market capitalisation on 31 December 2016 was EUR 23.8 million (EUR 34.3 million). At the end of financial period, the company had 2,861 shareholders (2,806). Nominee-registered or foreign owners held 38.2% (41.9%) of all shares. The company does not hold any of its own shares.

At the end of the financial period 2016, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 1,289,737 shares or approximately 29.5% 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

The company had no announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act during the financial period.

RISK MANAGEMENT

The Risk Management Policy approved by the Board of Incap Corporation 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 the company's financing position is good 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 company's requirement for the next 12 months.

In the definition of the volumes of intra-Group 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 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. Based on the impairment calculations in connection with the financial statements for 2016 there is need for any write-down of the value of the shares in subsidiaries. However, based on the company's estimate there is a risk connected with the valuation of the shares of the Estonian subsidiary because of the previous unprofitable operations of the subsidiary. There is no such risk in the valuation of the shares of the subsidiary in India.

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among customer industries. Even though the business environment in 2017 is estimated to continue challenging, the general financial development is considered to have no remarkable negative effect on the demand or the solvency of the 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 2016, there were three customers in the Group with a revenue exceeding 10% of the total revenue of the Group. The combined revenue of these three customers was approximately 73% 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. 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.

The Indian subsidiary of the company had a tax audit in the report period. As a result, the tax authorities do not approve the depreciations made on the capitalized customer contracts during accounting periods 2008/2009-2012/2013 and the transfer costs during the accounting period 2011/2012. The estimated tax effect with eventual increases is amounting to a total of EUR 0.4 million. The company has raised a complaint on these tax issues and is presenting the tax debt in the off balance sheet liabilities.

EVENTS AFTER THE END OF THE PERIOD

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

STRATEGY AND TARGETS

The positive trend in profitability has enabled the strong development of the company ensuring the future growth. The operational model of the company has been tuned up to be efficient, allowing fast decision-making and operational flexibility. In 2017 the company is targeting at increasing the business volumes further and creating prerequisites to expand the operations also by M&As.

OUTLOOK FOR 2017

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

Due to the continued uncertainty in world economy it is very difficult to predict the development of customer demand. Most of the company's customers are indicating that their own demand will grow in 2017.

The electronics manufacturing volumes in Incap's factory in Kuressaare have grown steadily and the positive development is expected to continue. Inauguration of the new factory extension in India improves the possibilities to increase the revenue further.

The Group's revenue in 2017 is estimated to be higher than in 2016 and the operating profit (EBIT) is estimated to be somewhat higher than in 2016, provided that there are no major changes in exchange rates.

BOARD OF DIRECTORS' PROPOSAL ON MEASURES RELATED TO THE RESULT

The parent company's profit for the financial period totalled EUR 464,201.93. The Board of Directors will propose to the Annual General Meeting on 18 April 2017 that no dividend be paid and the result for the financial period be recognised in equity.

Because of the share capital reduction carried out by the decision of the Annual General Meeting, there are limitations for distribution of dividends until the year 2019.

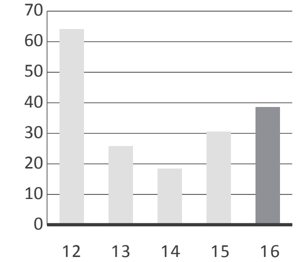
ANNUAL GENERAL MEETING 2017

The Annual General Meeting of Incap Corporation will be on Tuesday, 18 April 2017 at 3 p.m. at BANK/Wall street, Unionin-katu 20, 00130 Helsinki. Notice to the Annual General Meeting will be given on 21 March 2017.

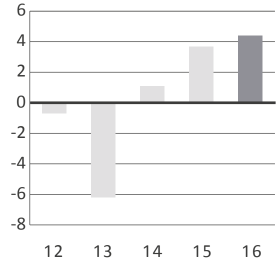
In Helsinki, 20 February 2017

INCAP CORPORATION
Board of Directors

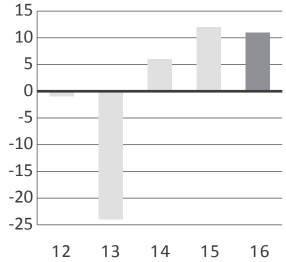
REVENUE, EUR MILLION



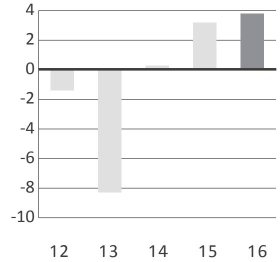
OPERATING PROFIT/LOSS (EBIT), EUR MILLION



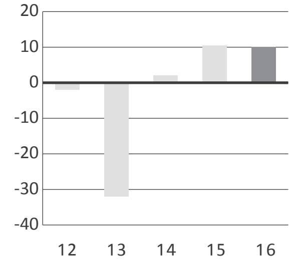
OPERATING PROFIT/LOSS (EBIT), % OF REVENUE



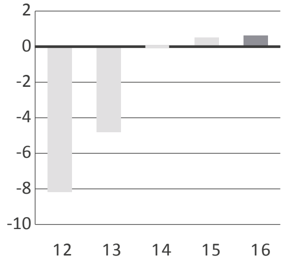
PROFIT/LOSS BEFORE TAX, EUR MILLION



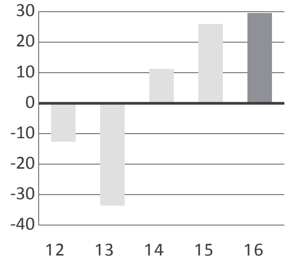
PROFIT/LOSS BEFORE TAX, % OF REVENUE



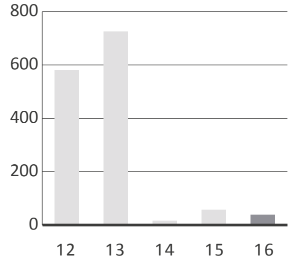
EARNINGS PER SHARE (EPS), EUR



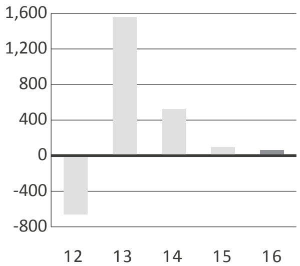
RETURN ON INVESTMENT (ROI), %



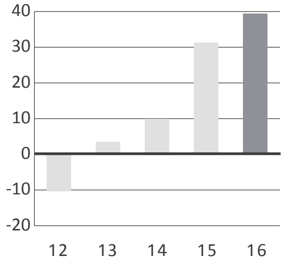
RETURN ON EQUITY (ROE), %



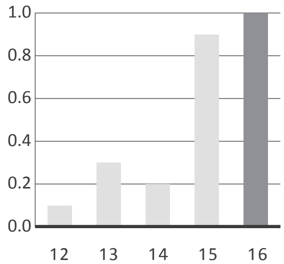
NET GEARING, %



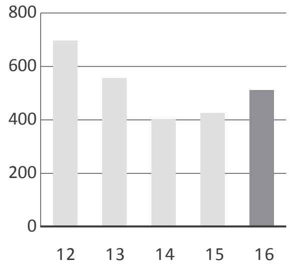
EQUITY RATIO, %



INVESTMENTS, EUR MILLION



AVERAGE NUMBER OF PERSONNEL



CONSOLIDATED INCOME STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Revenue	3	38,626	30,566
Other operating income	4	246	36
Changes in inventories of finished goods and work in progress	5	575	165
Raw materials and consumables used	5	28,519	21,147
Personnel expenses	8	3,531	3,154
Depreciation and amortisation	7	369	337
Other operating expenses	6	2,643	2,437
Operating profit		**4,386**	**3,692**
Financial income and expenses	9	-553	-470
Profit before tax		**3,833**	**3,222**
Income tax	10	-1,091	-1,210
Profit for the year		**2,742**	**2,012**

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Other comprehensive income:			
Items that may be reclassified subsqeuently to profit or loss			
Translation differences from foreign units		158	215
Other comprehensive income, net		158	215
Total comprehensive income, total		**2,900**	**2,227**
Profit for the year, attributable to:			
Equity holders of the parent company		2,742	2,012
Total comprehensive income attributable to:			
Equity holders of the parent company		2,900	2,227
Earning per share from profit for the year attributable to equity holders of the parent			
Basic earnings per share	12		
Earnings per share		0.63	0.52
Diluted earnings per share	12		
Earnings per share		0.63	0.52
Average number of shares:*)			
basic		4,365,168	3,835,433
diluted		4,365,168	3,835,433

*) In accordance with the resolution of the Annual General Meeting the quantity of company's shares was reduced in the financial year so that each of previous 50 shares of the company correspond to one share of the company. In practice, the number of shares in the financial period was divided by 50. Comparison periods have been adjusted accordingly.

CONSOLIDATED BALANCE SHEET

1,000 euros	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,883	2,230
Goodwill	13	944	938
Other intangible assets	13	40	61
Other financial assets	14	6	6
Other receivables	17	863	878
Total non-current assets		**4,736**	**4,113**
Current assets			
Inventories	16	6,280	5,172
Trade and other receivables	17	8,320	6,771
Cash and cash equivalents	18	2,347	2,068
Total current assets		**16,947**	**14,011**
Total assets		**21,683**	**18,124**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	19		
Share capital		1,000	20,487
Share premium account		0	44
Exchange differences		-515	-673
Unrestricted equity reserve		11,028	19,464
Retained earnings		-2,966	-33,675
Total equity		**8,547**	**5,647**
Non-current liabilities			
Interest-bearing and non-interest-bearing liabilities	22	3,752	4,567
Current liabilities			
Trade and other payables	23	5,161	4,607
Interest-bearing loans and borrowings	22	4,223	3,303
Total liabilities		**13,136**	**12,476**
Total equity and liabilities		**21,683**	**18,124**

CONSOLIDATED CASH FLOW STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Cash flow from operations			
Operating profit, in total		4,386	3,692
Adjustments to operating profit	26	508	316
Change in working capital		-1,775	-1,419
Interest paid		-512	-918
Interest received		6	85
Tax paid and tax refund		-1,486	-763
Cash flow from operations		**1,126**	**992**
Cash flow from investing activities			
Capital expenditure on tangible and intangible assets		-982	-940
Repayments of shares		0	268
Cash flow from investing activities		**-982**	**-672**
Cash flow from financing activities			
Proceeds from share issue		0	1,993
Drawdown of loans		4,712	2,996
Repayments of loans		-4,612	-5,159
Cash flow from financing activities		**100**	**-169**
Change in cash and cash equivalents		**245**	**151**
Cash and cash equivalents at beginning of period		2,068	1,873
Effects of changes in exchange rates		35	43
Cash and cash equivalents at end of period		**2,347**	**2,068**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1,000 euros	Share capital	Share premium account	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2016	**20,487**	**44**	**19,464**	**-673**	**-33,675**	**5,647**
Total comprehensive income					2,742	2,742
Currency translation differences				158		158
Transactions with shareholders						
Other changes *)	-19,487	-44	-8,436		27,967	
Equity at 31 December 2016	**1,000**	**0**	**11,028**	**-515**	**-2,966**	**8,547**

*) Other changes in equity
The Annual General Meeting held on 6 April 2016 resolved that the losses accumulated during the financial period ending at 31 December 2015 and during previous financial periods are covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve.

1 000 euroa	Share capital	Share premium account	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2015	**20,487**	**44**	**17,471**	**-888**	**-35,687**	**1,427**
Total comprehensive income					2,012	2,012
Currency translation differences				215		215
Transactions with shareholders						
Directed share issue			2,182			2,182
Transaction costs for equity			-189			-189
Equity at 31 December 2015	**20,487**	**44**	**19,464**	**-673**	**-33,675**	**5,647**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

These Incap Group financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at the balance sheet date, 31 December 2016. The notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation.

The financial statements in the official compiled version are presented in unabbreviated form to an accuracy of two decimals. In the Annual Report, the financial statement data is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS calls for the making of certain estimates by Group management as well as for management's judgement in applying accounting policies. The estimates having the greatest effect on the financial statement figures are presented in the note "Accounting policies requiring management's judgement and key sources of estimation uncertainty."

SUBSIDIARIES

The consolidated financial statements include the parent company Incap Corporation and its subsidiaries Incap Electronics Estonia OÜ, Incap Hong Kong Ltd., Incap Contract Manufacturing Services Pvt. Ltd. and Euro-ketju Oy.

Intra-Group share holdings have been eliminated by means of the acquisition cost method. Acquired subsidiaries are included in the consolidated financial statements from the time when the Group has obtained control, and divested subsidiaries up to the time when control ceases. All intra-Group transactions, receivables, liabilities, unrealised gains and internal distribution of profits are eliminated when preparing the consolidated financial statements.

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCY

Separate companies

Transactions denominated in foreign currency are recorded in the functional currency using the exchange rate on the date of the transaction. Balance sheet items denominated in foreign currency are translated to the functional currency using the exchange rates at the balance sheet date.

Gains and losses resulting from transactions denominated in foreign currency and the translation of balance sheet items are recorded in the income statement. Exchange gains and losses resulting from operations are recorded under the corresponding items above operating profit. Exchange gains and losses resulting from loans denominated in foreign currency are recorded in financial income and expenses.

Group

Figures relating to the profit and financial position of Group units are measured in the main functional currency of each unit. The Incap Group's financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

The income and expense items in the income statements of foreign Group companies have been translated to euros using the average exchange rate during the year, and their balance sheets using the exchange rates at the balance sheet date. The translation of the profit for the financial year using different exchange rates in the income statement and the balance sheet results in an exchange difference, which is recorded in equity. The exchange differences arising from the elimination of the acquisition cost of foreign subsidiaries and equity items accumulated after the acquisition are recorded in equity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over their estimated useful life. The estimated useful lives of assets are the following:

- Buildings 18–24 years
- Machinery and equipment 3–10 years
- Motor vehicles 3–5 years

The residual value of assets and their useful lives are reviewed at each balance sheet date and, if necessary, are adjusted to reflect changes that have occurred in the expectations for an asset's economic benefits.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment only when it is probable that future economic benefits from the asset will flow to the Group. Other repair and maintenance expenses are recognised as an expense as they arise.

Depreciation of an item of property, plant and equipment ceases when the asset is classified as for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Non-current assets held for sale are measured at the lower by carrying amount or by the fair value less the selling expenses. Depreciations on assets held for sale have been ceased at the date of classification.

Capital gains and losses on the retirements and disposals of property, plant and equipment are recorded either in other operating income or expenses.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GOVERNMENT GRANTS

Government grants are recorded on a net basis as a deduction from property, plant and equipment, whereby the grants are recognised as income in the form of smaller depreciation charges over the useful life of an asset.

INTANGIBLE ASSETS

Goodwill is the proportion of the acquisition cost which exceeds the Group's share of the fair value, at the date of acquisition, of the net asset value of a company acquired after 1 January 2004. Other costs directly attributable to an acquisition are also included in the acquisition cost.

Goodwill and other intangible assets with an indefinite useful life, such as the value of customer relationships, are not amortised but are tested annually for any impairment. The testing involves the allocation of goodwill to cash generating units and the measurement at original acquisition cost less impairment losses.

An intangible asset is recorded in the balance sheet only if the cost of the asset can be determined reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity. Intangible assets are recorded in the balance sheet at original acquisition cost and amortised in the income statement over their known or estimated useful life.

The Incap Group's intangible assets are amortised over 3–5 years.

INVENTORIES

Inventories are measured at the lower of acquisition cost or net realisable value. Cost is determined using the FIFO method. The cost of finished and semi-finished products comprises raw materials, direct labour expenses, other direct expenses as well as fixed and variable production overheads, based on the normal capacity of the production facilities.

The net realisable value is the estimated selling price of the asset less the estimated costs incurred in bringing the product to its present condition and selling expenses. The company is evaluating annually the inventory's realisable and usable value and is making write-downs if required.

LEASES

The Group as lessee

Leases of property, plant and equipment where the lessee bears the risks and rewards of ownership are classified as finance leases. An asset obtained on a finance lease is recorded in the lessee's balance sheet at the start of the lease period at the lower of the fair value of the leased property and the present value of the minimum lease payment. An asset obtained on a finance lease is depreciated over the shorter of the useful life of the asset and the lease term. Lease payments for items of property, plant and equipment are split between financial expenses and a reduction in lease liabilities for the period of the lease finance agreement. Finance lease liabilities are included in the Incap Group's interest-bearing liabilities.

When the lessor retains the risks and rewards of ownership, the agreement is treated as an operating lease. Lease payments paid on operating leases are recorded as an expense in the income statement.

IMPAIRMENT

At each balance sheet date, the Incap Group assesses whether there is any indication that the value of an asset item may be impaired. If any such indication exists, the asset item is tested for impairment to assess its recoverable amount. Impairment testing is done at the lowest possible unit level which is independent of other units and whose cash flows can be distinguished from the other cash flows of the entity.

An impairment loss is recorded when the carrying amount of an asset item is greater than its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. Value in use refers to the estimated discounted cash flows obtainable from referred asset item or cash-generating unit.

An impairment loss is recognised in Profit and Loss Statement. If an impairment loss is allocated to a cash-generating unit, it is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and thereafter to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss is reversed if the recoverable amount of the asset has changed since the last impairment loss was recognised. An impairment loss is not, however, reversed to an extent greater than what the carrying amount of the asset would have been without the recording of the impairment loss.

The Incap Group's goodwill is tested annually. An impairment loss recorded on goodwill is not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension obligations

The Incap Group's pension plans are classified as defined-benefit and defined-contribution plans. Payments made for defined-contribution plans are recognised as an expense in the income statement for the period which the debit concerns. The obligations of defined-benefit plans concerning the Indian unit are calculated separately for each plan using the projected unit credit method. Pension costs are recorded as an expense for the duration of employees' period of service on the basis of actuarial calculations carried out by authorised actuaries.

SHARE-BASED PAYMENT

The Incap Group has applied IFRS 2 Share-based Payment to all share option plans. Warrants are measured at fair value at the time they are granted and entered as an expense in the income statement in even instalments during the vesting period. The expense determined at the moment of granting the options is based on the Incap Group's estimate of the number of options that will vest at the end of the vesting period. The fair value is determined on the basis of the Black-Scholes pricing model for share options.

The Incap Group updates the estimate of the final number of share options at each balance sheet date. Changes in the estimates are recorded in the income statement. When granted share options are exercised, the cash payments received on the basis of share subscriptions (adjusted for any transaction expenses) are recognised in equity and invested non-restricted equity reserve.

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that a payment obligation will be realised and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the obligation.

INCOME TAXES

Income tax in the income statement comprises taxes on taxable income for the period and deferred taxes. Taxes on the profit for the financial year are calculated on taxable income on the basis of the tax rate in force in each country. Taxes are adjusted for taxes for previous periods.

Deferred taxes have been calculated by applying the tax rates in force by the balance sheet date.

A tax asset is recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

REVENUE RECOGNITION

Goods sold and services rendered

Revenue from the sale of goods is booked when significant risks and benefits connected with the ownership of the goods have been transferred from the seller to the purchaser. In calculating revenue, sales income has been adjusted for indirect taxes and discounts. Revenue from services is recorded when the service has been rendered.

DISCONTINUED OPERATIONS

There were no discontinued operations in the financial year 2016.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Incap Group's financial assets have been classified in accordance with the IAS 39 standard in the following groups: financial assets at fair value through profit or loss, held-to-maturity investments, loans and other receivables and available-for-sale financial assets. The classification is made on the basis of the purpose for which the financial assets were acquired at the time they were originally acquired. Other financial assets presented in the financial statements are classified as available-for-sale financial assets. Available-for-sale financial assets consist mainly of unlisted shares and other shares that are not entered in the balance sheet at fair value because their fair value cannot be determined reliably.

Cash and cash equivalents consist of cash on hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum of a three-month maturity from the time of acquisition.

Financial liabilities are originally entered in the accounts at fair value on the basis of the consideration received.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When financial statements are prepared, future scenarios and assumptions have to be made, the outcomes of which may differ from the original scenarios and assumptions. Judgement is also used in applying the accounting policies. In the consolidation of business operations, the Group has used external consultants when assessing the fair values of property, plant and equipment and intangible assets. Concerning property, plant and equipment, Incap has made comparisons with the market prices of similar products and assessed any impairment resulting from the age and wear of the assets and other similar factors affecting them. The determination of the fair value of intangible assets is based on estimates of cash flows related to the assets. It is the view of the management that the estimates and assumptions used are sufficiently accurate as a basis for the determination of fair value. The Group furthermore examines any indications of impairment on property, plant and equipment and intangible assets at least at every balance sheet date.

Estimates made in connection with the preparation of the financial statements are based on management's best knowledge at the balance sheet date. The estimates take into account previous experiences and assumptions which concern the future, are considered the most probable at the balance sheet date and are related to the expected development of the Group's financial operating environment in terms of sales and cost levels. The management's judgement and estimates have been used when testing goodwill and deferred tax assets. Changes are monitored on a regular basis using internal and external information sources, and potential changes in estimates and assumptions are recorded during the financial year when they are revised, and during all financial years thereafter.

The Group continuously assesses and monitors the amount of financing required for business operations so that the Group would have sufficient liquid assets to finance its operations and repay loans that mature. The aim is to guarantee the availability and flexibility of financing through overdraft facilities and other forms of financing.

In order to evaluate liquidity, Incap has prepared a 12-month cash flow estimate that is based on the Group's budget for 2017. Based on the cash flow estimate Incap does have sufficient working capital for the company's needs for the forthcoming 12 months.

Because the forecasts that form the basis of the cash flow calculation have previously deviated from the forecasts, there is an element of uncertainty associated with them.

Impairment testing

Incap Group tests goodwill for impairment annually. The testing is based on a cash flow estimate prepared on the basis of the budget and the business plan for forthcoming four-year period approved by the management. Discount rate after taxes, forecast operating profit before depreciation and change in working capital are used as the key factors. The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. On the basis of the calculations, there are no indications of impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The value of shares in subsidiaries in the parent company is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. The value of the shares in subsidiaries has a significant impact on the equity and therefore on, for example, equity ratio. The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of the financial period.

The recoverable amounts used in the impairment test calculations are determined on the basis of value in use. The cash flow forecasts are based on the budget for the next financial period and four-year business plan prepared by the management and approved by the Board of Directors.

The recoverable amounts of cash-generating units have been determined by way of calculations based on the value in use. These calculations require the use of estimates.

Since the levels of revenue and operating profit before depreciation used in the impairment test calculations do not reflect the actual development during the preceding years, there is an element of remarkable uncertainty associated with them.

Deferred tax asset

Deferred tax assets have been recognized to the extent that is considered to be possible to utilize against future taxable income. The deferred tax asset is based on the Board of Directors' estimate of the company's future development during the next five years and the resulting imputed taxable profit.

There are no deferred tax assets recorded in the balance sheet of the financial statements for 2015 and 2016.

Segment information

The Incap Group does not have business or geographical segments which should be reported according to IFRS 8. The risks and profitability related to the Group's different business and geographical areas do not differ significantly from each other. The company's management regularly assesses future changes and, consequently, the possible formation of segments.

APPLICATION OF NEW OR AMENDED IFRS STANDARDS

The Group has taken into consideration the new standards and interpretations published during the period by the IASB and will introduce them in future accounting periods as they enter into force. The Group estimates that the new standards and interpretations will not have a material effect on the Group's financial statements in coming years.

As from 1 January 2016 the Group has applied the following new or updated standards and interpretations published by IASB:

- Specifications to effective standards, which have been published in 2013 and became valid during 2015 (Annual Improvements). The changes have had no impact on consolidated financial statements.
- Amendment IAS 19 concerning Employee Benefits. The changes have had no impact on consolidated financial statements.

Standards that will take effect in 2017 or later:

- IFRS 9 Financial Instruments: Classification and measurement. The amendment has no relevant impact on consolidated financial statements.[1)]
- IFRS 14 Regulatory deferral accounts. The amendment has no effect on consolidated financial statements.[1)]
- IFRS 15 Revenue from Contracts with Customers. The standard establishes a five-step model that will apply to revenue arising from contracts with customers. Revenue is recognised when the customers obtains control to the agreed goods or services. IFRS15 requires comprehensive disclosures about contracts with customers. Incap plans to adopt the standard on the required effective date. The company has performed an assessment on possible effects of the standard, and the assessment might later change with more detailed analysis and standard development. Based on the preliminary assessment the standard will not have material impact on the consolidated financial statement of Incap. Compared to the present business practice the control of goods will be obtained by customer the similar way and moment as currently and the revenue will be recognised with same practice. Existing customer contracts have no obligations of after marketing, installation, maintenance or other separate performance commitments of which customer would benefit on stand-alone basis. In the balance sheet, the valuation and recording principles of the inventory will not change and recording trade receivables remains the same as at the present.[1)]
- Amendments to standards IFRS 10, IFRS 12 and IAS 28 concerning investment entities. The amendment has no impact on consolidated statements.[1)]
- Amendments to standards IAS27 Separate Financial Statements. The amendment has no impact on consolidated financial statements.[1)]
- IFRS 16 Rental contracts. Amendments to Standard IAS17 concerning rental contracts. The amendments are estimated to increase the volumes of rental contracts to be recorded in the consolidated balance sheet but the impact most likely is not relevant for the entire scope of consolidated financial statements. Evaluation of the impact of this standard will be executed more in detail during the following financial period. [1)]
- Amendments to standard IAS1 Presentation of Financial Statements concerning Notes. The amendment has had no impact on consolidated financial statements.
- Specifications to previously effective standards, which are published in 2014 (Annual Improvements). The amendments have had no effect on consolidated financial statements.
- Amendments to standards IAS16 and IAS38 concerning depreciation of tangible and intangible assets. The amendment has had no impact on consolidated financial statements.
- Amendment to standards IFRS11 Joint arrangements concerning acquisition of holdings in joint operations. The amendment has had no impact on consolidated financial statements.
- Amendments to standards IAS16 and IAS41 concerning agriculture. The amendment has had no impact on consolidated financial statements.

[1)] These standards have not yet been approved to be followed in the EU.

1. NON-CURRENT ASSETS HELD FOR SALE

There were no sales of business operations in the Group in 2015 and 2016.

2. ACQUIRED OPERATIONS

No business acquisitions were made during financial years 2015 and 2016. The increase of goodwill in 2016 (EUR 3 thousand) comes from the exchange difference. In 2015, the increase amounted to EUR 28 thousand.

3. REVENUE

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Revenue from the sale of goods	38,584	30,530
Revenue from the services	42	37
	38,626	**30,566**

Geographic division of external customers' revenue	1.1.–31.12.2016	1.1.–31.12.2015
Europe	26,554	22,742
North America	2,059	2,055
South America	956	59
Asia	8,936	5,679
Africa	0	30
Australia	121	0
	38,626	**30,566**

The Group has three customers, whose revenue exceeds 10% of the Group's revenue. The combined share of these customers out of the Group's revenue is approximately 73%.

4. OTHER OPERATING INCOME

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Export incentive from Indian government	149	0
Unrealised liability for indemnity	58	0
Restored share from bankrupt estate	19	0
Restored credit losses	12	0
Net gains on the disposal of property, plant and equipment	6	7
Other income	1	29
	246	**36**

5. RAW MATERIALS AND SERVICES

Raw materials and consumables	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Purchases during the financial year	29,139	22,066
Change in inventories	-660	-1,311
	28,480	**20,755**
External services	39	228
	28,519	**20,982**

6. OTHER OPERATING EXPENSES

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Lease expenses	430	397
Operating and maintenance expenses for property and machinery	283	318
Other expenses	1,930	1,723
	2,643	**2,437**

Auditors' fees	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Auditing fees	52	76
Certificates and statements	0	3
Tax advice	0	6
Other services	18	5
	70	**90**

7. DEPRECIATION AND AMORTISATION

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Depreciation and amortisation by assets class		
Intangible assets		
Other capitalised expenditure	20	21
Other long-term expenditures	0	2
	20	**23**
Tangible assets		
Buildings	58	57
Machinery and equipment	251	226
Other tangible assets	40	31
	349	**314**
Total depreciation, amortisation and write-downs	**369**	**337**

8. EMPLOYEE BENEFITS EXPENSE

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Wages and salaries	3,027	2,633
Pension costs - defined contribution plans	138	153
Pension costs - defined-benefit plans	44	28
Other statutory employer expenses	321	341
	3,531	**3,154**
Average number of Group's personnel during the period	**511**	**425**

Information on management's employee benefits is presented in Note 29 Related-party transactions.

9. FINANCIAL INCOME AND EXPENSES

Financial income	**1 Jan–31 Dec 2016**	**1 Jan–31 Dec 2015**
Dividend income from available-for-sale financial assets	0	4
Interest income from other deposits	0	22
Interest income from trade receivables	0	1
Foreign exchange gains on liabilities	46	511
Other financing income	6	102
	53	**640**

Financial expenses	**1 Jan–31 Dec 2016**	**1 Jan–31 Dec 2015**
Interest expenses from financial liabilities measured at amortised cost	412	349
Interest expenses (previous convertible loan)	0	11
Other interest expenses	2	9
Exchange rate losses	99	457
Other financial expenses	93	283
	606	**1,109**
Total financial income and expenses	**-553**	**-470**

10. INCOME TAX

Income tax in the income statement	**1 Jan–31 Dec 2016**	**1 Jan–31 Dec 2015**
Current tax on profits for the year	-1,091	-1,210
Income tax expense	**-1,091**	**-1,210**

Reconsillation of tax expenses in the income statement and taxes calculated on the basis of the 20% tax rate applicable in the Group's home country	**1 Jan–31 Dec 2016**	**1 Jan–31 Dec 2015**
Profit before taxes	3,833	3,222
Tax at the applicable rate in the home country	0	-644
Divergent tax rates of foreign subsidiaries	-417	-520
Tax-free income	0	27
Non-deductible expenses	0	-2
Non-recorded deferred tax	93	-71
Tax charge	**-324**	**-1,210**

The Group does not have relevant deferred tax liabilities. The Group does not recognise deferred tax assets. See Note 15 for further information.

11. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period.

	2016	2015
Profit for the year attributable to equity holders of the parent	2,742	2,012
Weighted average number of shares during the period [1)]	4,365,168	3,835,433
Undiluted earnings per share, EUR/share	0.63	0.52
Continuing operations		
Profit for the year attributable to equity holders of the parent, continuing operations	2,742	2,012
Weighted average number of shares during the period [1)]	4,365,168	3,835,433
Weighted average number of shares used in calculating adjusted diluted earnings per share [1)]	4,365,168	3,835,433
Diluted earnings per share, EUR/share	0.63	0.52
Discontinued operations		
Profit for the year attributable to equity holders of the parent, discontinued operations	N/A	N/A
Diluted earnings per share, EUR/share	N/A	N/A

[1)] The number of shares during the comparison period has been changed in 2016, because the quantity of shares was reduced after the reduction of share capital. Further information under Changes in equity.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and advances	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2016	**413**	**1,169**	**3,198**	**433**	**5,213**
Increase	0	0	74	0	74
Decrease	0	0	-93	-2	-95
Reclassifications between items	0	32	465	42	538
Exchange differences	5	14	92	5	117
Acquisition cost, 31 Dec 2016	**418**	**1,216**	**3,734**	**478**	**5,846**
Accumulated depreciation and write-downs, 1 Jan 2016	**0**	**-382**	**-2,294**	**-307**	**-2,983**
Depreciation	0	-60	-259	-42	-361
Cumulative depreciation on reclassifications and disposals	0	0	93	2	95
Exchange differences	0	-5	-81	-4	-90
Accumulated depreciation and write-downs, 31 Dec 2016	**0**	**-446**	**-2,542**	**-351**	**-3,338**
Book value, 1 Jan 2016	413	788	903	126	2,230
Book value, 31 Dec 2016	418	769	1,193	127	2,508

Acquisition cost, 1 Jan 2015	**389**	**1,042**	**43,196**	**872**	**45,499**
Increase	0	48	813	85	946
Decrease [1)]	0	0	-40,962	-565	-41,526
Reclassifications between items	0	9	45	20	74
Exchange differences	24	71	105	20	220
Acquisition cost, 31 Dec 2015	**413**	**1,169**	**3,198**	**433**	**5,213**
Accumulated depreciation and write-downs, 1 Jan 2015	**0**	**-209**	**-42,948**	**-823**	**-43,980**
Depreciation	0	-56	-217	-31	-304
Increase	0	-98	0	0	-98
Cumulative depreciation on reclassifications and disposals [1)]	0	0	40,962	565	41,526
Exchange differences	0	-19	-91	-17	-127
Accumulated depreciation and write-downs, 31 Dec 2015	**0**	**-382**	**-2,294**	**-307**	**-2,983**
Book value, 1 Jan 2015	389	833	248	49	1,519
Book value, 31 Dec 2015	413	788	903	126	2,230

[1)] Decrease consists of fixed assets that have been disabled in the financial year or in previous years.

Finance leases

The Group does not have valid financial leases.

13. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
Acquisition cost, 1 Jan 2016	**938**	**1,075**	**2,013**
Exchange difference	6	7	13
Acquisition cost, 31 Dec 2016	**944**	**1,082**	**2,026**
	0	0	0
Accumulated amortisation and write-downs, 1 Jan 2016	**0**	**-1,014**	**-1,014**
Amortisation	0	-21	-21
Exchange difference	0	-7	-7
Accumulated amortisation and write-downs, 31 Dec 2016	**0**	**-1,042**	**-1,042**
Book value, 1 Jan 2016	938	61	999
Book value, 31 Dec 2016	944	40	985
Acquisition cost, 1 Jan 2015	**2,399**	**4,158**	**6,513**
Decrease [1)]	-1,489	-3,168	-4,657
Reclassifications between items	0	24	24
Exchange difference	28	61	89
Acquisition cost, 31 Dec 2015	**938**	**1,075**	**2,013**
Accumulated amortisation and write-downs, 1 Jan 2015	**-1,489**	**-4,102**	**-5,591**
Depreciation	0	-23	-23
Cumulative depreciation on reclassifications and disposals [1)]	1 489	3 168	4 657
Exchange difference	0	-58	-58
Accumulated amortisation and write-downs, 31 Dec 2015	**0**	**-1,014**	**-1,014**
Book value, 1 Jan 2015	910	56	966
Book value, 31 Dec 2015	938	61	999

[1)] Decrease consists of fixed assets that have been disabled in the financial year or in previous years.

Recoverable amounts from cash generating units have been defined in calculations based on the value in use, and they involve use of estimates.

Testing for impairment is based on a cash flow estimate prepared on the basis of the budget and the business plan for four forthcoming years approved by the management. According to the company's estimate there are no external or internal indications of the impairment of goodwill and other intangible assets with an indefinite useful life. This has been verified in calculations concerning recoverable amount.

The goodwill of approx. EUR 0.9 million in the consolidated balance sheet refers to the Indian subsidiary. In the cash flow estimates, the revenue in India is estimated to grow 10–20% annually and the operating profit before depreciation to be approximately 10%. Growth estimate of residual value is 2%. In the calculations of the financial year 2016 in India, a discount rate of 14.0% has been used (16.5% in 2015).

Should the revenue used in the testing decrease by 33% or should the discount rate increase by less than 9.0 percentage point, there would be no need for write-down of shares. Revenue and profitability of the unit in India have improved favorably during the past few years and there is estimated to be no need or risk of any impairment.

In impairment testing of goodwill, the residual value of future cash flows is 68% of the cash flows in the calculations for value in use.

Testing of impairment is described also in the Notes to the Consolidated Financial Statements under Impairment of assets and Impairment testing.

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2016	2015
Publicly quoted shares	6	6
Total available-for-sale investments at the end of the year	**6**	**6**

The fair value of publicly quoted investments in shares does not differ materially from their carrying amount.

15. DEFERRED TAX ASSETS AND LIABILITIES

No deferred tax assets have been recorded in the balance sheet of the financial statements for 2015 or during the year 2016. The parent company's confirmed tax losses amount to EUR 25.8 million on 31 December 2016. Deferred tax assets amount to approximately EUR 5.2 million and none of it has been recorded in the consolidated balance sheet. Out of the confirmed tax losses, approximately EUR 2.0 million expired in 2016. Remaining confirmed tax losses will expire in years 2017–2025.

16. INVENTORIES

	2016	2015
Raw materials and supplies	4,482	3,720
Work in progress	835	348
Finished goods	571	550
Advance payments	393	555
	6,280	**5,172**

17. TRADE AND OTHER RECEIVABLES

Trade and other receivables – non-current	**2016**	**2015**
Tax and other receivables from authorities in Indian subsidiary	817	829
Other non-current receivables	46	49
	863	**878**

Trade and other receivables –current	**2016**	**2015**
Trade receivables	7,578	5,886
Loan receivables	19	21
Prepaid expenses and accrued income	554	737
Other receivables	168	126
	8,320	**6,771**

The fair values of receivables do not differ from their book value. Receivables are not exposed to any significant credit risks.

Aging structure of trade receivables and items recorded as credit losses	**2016**	**2015**
Not past due	6,407	5,273
Past due		
Less than 30 days	887	429
30–60 days	201	55
61–90 days	58	71
Yli 90 päivää	24	58
	7,578	**5,886**
Items recorded as credit losses	36	16

Distribution of current receivables by currency, 1,000 EUR	**2016**	**2015**
USD	2,685	3,411
INR	2,349	2,387
EUR	3,286	974
	8,320	**6,771**

18. CASH AND CASH EQUIVALENTS

	2016	2015
Cash and bank accounts	2,347	2,065
Short-term investments	0	3
	2,347	**2,068**

The cash and cash equivalents according to the cash flow statement comprise same items.

19. NOTES TO THE STATEMENT OF CHANGES IN EQUITY

	Number of shares	Equity	Share premium account
31 Dec 2016	4,365,168	1,000	0
31 Dec 2015	4,365,168	20,487	44

The Annual General Meeting resolved on 6 April 2016 to cover the losses accumulated during the financial period ending at 31 December 2015 and during previous financial periods by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital was further decreased by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 transferring the funds to the unrestricted equity reserve.

In accordance with the resolution of the Annual General Meeting the quantity of company's shares was reduced in the financial year so that each of previous 50 shares of the company correspond to one share of the company. In practice, the number of shares in the financial period was divided by 50. The comparison period has been adjusted accordingly.

The share's accounting countervalue at the balance sheet date is approximately EUR 0.23. The shares are fully paid in.

Following the reduction of share capital the company is able to pay dividends only after three years since the registration of the reduced share capital, i.e. on 1 September 2019.

20. PENSION OBLIGATIONS

The Group has both defined-contribution and defined-benefit pension plans. Defined-benefit pension plans are only employed in the subsidiary in India. In defined-benefit pension plans, the amount of the pension benefit at the time of retirement is determined on the basis of certain factors, such as salary and years of employment.

Defined-benefit pension liability in the balance sheet is determined as follows:	**2016**	**2015**
Present value of funded obligations	446	366
Fair value of plan assets	-156	-128
Underfunding/overfunding	290	238
Amounts in the balance sheet:		
Liability	290	238

Defined-benefit pension expenses recognised in the income statement	**2016**	**2015**
Pension costs based on financial period's service	20	21
Benefit-related interest expense	30	30
Expected return on plan assets	-10	-9
Actuarial gains (+) and losses (-)	23	-14
Total	**63**	**28**

Actual return on plan assets was EUR 10 thousand in 2016 (EUR 9 thousand in 2015).

Changes in the present value of the defined benefit obligation	**2016**	**2015**
Defined benefit obligation at 1 January	371	347
Current service cost	21	20
Interest cost	32	29
Actuarial gains (+) and losses (-)	23	-13
Benefits paid	-1	-17
Defined benefit obligation at 31 December	**446**	**366**

Changes in the fair value of plan assets	**2016**	**2015**
Fair value of plan assets at 1 January	130	111
Expected return on plan assets	11	9
Actuarial gains (+) and losses (-)	-1	0
Contributions by employer	17	26
Benefits paid	-1	-17
Fair value of plan assets at 31 December	**156**	**128**

Plan assets are comprised as follows:	**2016**	**2015**
Funds managed by insurer	156	128

The principal actuarial assumptions used on 31 December	**2016**	**2015**
Asia		
Discount rate	7.05%	8.15%
Expected return on plan assets	7.50%	8.00%
Future salary increases	8.00%	8.00–10.0%

Amounts for the current and previous two periods	**2016**	**2015**	**2014**
Change from previous year	21.73%	12.03%	48.36%
Present value of defined benefit obligation	446	366	327
Fair value of plan assets	156	128	104
Surplus (+) / deficit (-)	290	238	223
Experience adjustments on plan liabilities	-11	-13	25
Experience adjustments on plan assets	-1	0	-1

The Group expects to contribute EUR 0.02 million to its defined benefit pension plans in 2017.

21. RESTRUCTURING PROVISION AND OTHER PROVISIONS

Expense reserve	
1 January 2016	59
Used provisions	0
31 December 2016	**59**
1 January 2015	81
Used provisions	-23
31 December 2015	**59**

Reserves of 31 December 2015 and 31 December 2016 consist of the own risk for unemployment insurance funding.

22. INTEREST-BEARING AND NON-INTEREST-BEARING LIABILITIES

Non-current financial liabilities measured at amortised cost

	2016	2015
Bank loans	3,255	3,949
Pension loans	269	321
Other loans	228	46
	3,752	**4,317**

Current financial liabilities measured at amortised cost

	2016	2015
Bank loans	1,935	2,550
Other loans	2,288	753
	4,223	**3,303**

Forthcoming payable interest and instalments of loans

	2016	2015
Less than 6 months [1)]	3,895	4,197
6–12 months	479	383
1–5 years	3,792	3,402
	8,165	**7,981**

The forthcoming instalments and interests have been calculated based on the present effective loan agreements.

[1)] Includes an open-ended account with credit facility EUR 1,182,968 in India and an open-ended factoring limit in Estonia EUR 2,214,067.

Distribution of interest-bearing liabilities by currency, EUR

Non-current liabilities	2016	2015
USD	580	335
INR	269	321
EUR	2,903	3,661
	3,752	**4,317**

Current liabilities	2016	2015
USD	1,508	1,973
INR	0	76
EUR	2,714	1,253
	4,223	**3,303**

Subordinated debt

There are no capital notes in the balance sheets for 2016 or in 2015.

23. PROVISIONS, TRADE AND OTHER PAYABLES

Non-current	2016	2015
Trade payables	0	250

Current	2016	2015
Trade payables	4,060	2,797
Accrued liabilities	655	682
Short-term provisions	256	868
Other liabilities	190	261
	5,161	**4,607**
Total	**5,161**	**4,857**

Material items in accrued liabilities are related to interest, rent and salary expenses.

Distribution of non-interest-bearing liabilities by currency, 1,000 EUR	2016	2015
USD	1,469	1,914
GBP	1	0
JPY	4	6
HKD	2	1
INR	1,514	1,999
EUR	2,171	937
	5,161	**4,857**

24. MANAGING FINANCIAL RISKS

The nature of the Incap Group's business exposes the company to currency, interest rate, credit and liquidity risks. The objective of the Group's financial risk management policy is to minimise the adverse effects of changes in financial markets on its result and cash flow.

The company's finance administration identifies and assesses the risks, obtains the necessary instruments for hedging the risks and reports to the President and CEO and the Board of Directors on these risks and any changes in them. Hedging transactions are carried out in accordance with the principles approved by the Group's Board of Directors. Currency forward contracts, currency loans and interest rate swaps are used in risk management, whenever necessary. The financial structure of subsidiaries is planned, assessed and controlled with a view to the management of financial risks.

CURRENCY RISKS

Because Incap Group operates in the euro zone and Asia, the company's business involves currency risk. In accordance with its risk management policy, the company aims to hedge itself from currency risks with currency options and currency forward contracts. In the Estonian company, a part of material purchases is made in USD. The respective transaction position is taken into consideration when calculating the company-specific position and is hedged in accordance with the currency risk policy. The company does not apply hedge accounting in accordance with IAS 39.

The short-term working capital financing liabilities of the Indian subsidiary are USD-denominated, and the company additionally has an overdraft facility denominated in the Indian rupee.

Incap uses the subsidiary's home currency (Indian rupee, INR) in invoicing between the parent company and the Indian subsidiary. Therefore, exposure to transaction risk concerns almost completely the Group's parent company and the foreign subsidiary is not exposed to substantial transaction risk. The risk exposure of the parent company's balance sheet is hedged with currency forward contracts and options when necessary.

In line with the Group's currency risk policy the euro-denominated investment made in the subsidiary in India was not hedged during the financial year. The currency exchange differences arising from the investment are presented under exchange differences in the Group's non-restricted equity. Strengthening of INR exchange rate in relation to EUR by 15% increases the Group's equity by EUR 60 285 while weakening of INR exchange rate in relation to EUR by 15% decreases the Group's equity by EUR 81,562 compared with the exchange difference at 31 December 2016.

INTEREST RATE RISK

At the balance sheet date, interest-bearing liabilities in the consolidated balance sheet totalled EUR 8.0 million (EUR 7.6 million). Only a minor part of the interest-bearing liabilities have a fixed rate. The weighted average duration of the interest-bearing non-current loan at the balance sheet date is 2.4 years. The Group has not carried out special hedging measures against interest rate risks during the financial year.

The Group analyses its interest rate exposure by preparing calculations of the defined interest rate change on the company's result, when needed. Calculations are made only for the loans that have the largest impact on the overall interest rate exposure. A change of +1%/-1% in the market interest rates of variable rate loans would change the Group's annual interest rate expenses by EUR +/- 80 thousand at 31 December 2016.

CREDIT RISK

The principles and responsibilities of credit control are defined in the Group's documented operating methods. The Group has significant receivables from several large Finnish and global customers. These customers are well-established, long-standing and creditworthy. When a new customer relationship is established, the company assesses the annual volume generated by the new business, its share in revenue and the customer's creditworthiness.

A total of EUR 36 thousand of credit losses were recorded during the financial year. During 2016 the Group has not renegotiated payment terms for receivables that would otherwise have been due or that would have decreased in value. No credit insurance has been used to hedge trade receivables.

The aging structure of trade receivables is presented in Note 17.

LIQUIDITY RISK

The Group continuously evaluates and monitors the amount of financing required by business operations, so that it has sufficient liquid funds to finance operations and repay due loans. The company strives to ensure the availability and flexibility of financing by using credit facilities and other forms of financing.

Incap's main sources of financing are cash flow from operations, loans from financial institutions and share issues.

The company has arranged share issues during 2012-2015. In the rights issue in 2015, new shares in worth of EUR 2.2 million were subscribed.

The company's interest-bearing liabilities on 31 December 2016 amounted to EUR 8.0 million (7.6 million on 31 December 2015). Of this amount, EUR 7.4 million is bank loan and EUR 1.8 million out of it concerns the Indian subsidiary. Out of the separate factoring credit line for the Estonian subsidiary in an Estonian bank, EUR 2.2 was in use at the end of the financial period.

STATUS OF THE COMPANY'S FINANCING ON 31 DECEMBER 2016

Loans from credit institutions	Balance on 31 Dec 2016	Balance on 31 Dec 2015	Expiry date
1. Factoring limit (< EUR 2.2 million)	2,214	753	for the present
2. Account with credit facility (< EUR 1.5 million)	819	1,077	for the present
3. Bank loan in Finland	2,538	0	30 Oct 2019
4. Bank loan in Finland	0	1,567	-
5. Bank loan in Finland	0	824	-
6. Bank loan in Finland	0	463	-
7. Bank loan in Finland	0	184	-
8. Account with credit facility in India	1,833	2,384	Bank loan 1 Jun 2019, limit for the present
Total	**7,404**	**7,252**	
Other loans			
Other loans	302	46	1 Sep 2018
Pension loan (India)	269	321	-
Total	**571**	**367**	
Total	**7,975**	**7,620**	

In connection with the rearrangement of loans in 2016 the company has agreed with the bank that the covenants related to the loans, credit line and factoring credit line include equity ratio (more than 25.0%) and the Group's interest-bearing debt in relation to EBITDA (less than 2.5), which are reviewed every six months until 30 June 2018. 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 was 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. The company met the covenant levels in both review dates on 30 June 2016 and on 31 December 2016.

	31 Dec 2016	30 Jun 2016	31 Dec 2016
Interest-bearing debt/ EBITDA	1.9	1.5	1.7
Equity ratio, %	31.2	35.0	39.4

Forthcoming instalments and interests are described in the Note 22.

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

CAPITAL MANAGEMENT

The aim of the Group's capital management activities is to support business operations with an optimal capital structure to increase shareholder value with the goal of generating the best possible return. An optimal capital structure also guarantees smaller costs of capital.

The trend in the Group's capital structure is constantly tracked with net gearing. On 31 December 2016, the Group's interest-bearing net liabilities totalled EUR 8.0 million (EUR 5.6 at 31 Dec 2015) and the net gearing was 65.9% (98.3% at 31 Dec 2015). Net gearing is calculated by dividing net debt by equity. Net debt equals liabilities less financial assets. On 31 December 2016, the equity ratio was 39.4% (31.2% at 31 Dec 2015).

25. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets do not differ from their book values.

Financial liabilities	Book value 2016	Fair value 2016	Book value 2015	Fair value 2015
Bank loans	5,190	5,190	6,499	6,499
Pension loans	269	269	321	321
Other interest-bearing loans	2,516	2,516	799	799
Trade and other payables	5,161	5,161	4,857	4,857

The fair value of current liabilities do not differ materially from their book value.
The company has at the balance sheet date no financial assets and liabilities at fair value through profit or loss.

26. ADJUSTMENTS TO CASH FLOWS FROM OPERATIONS

	2016	2015
Non-cash transactions	36	-13
Use of provision for rents in Estonia	0	0
Use of provision for salaries	0	0
Depreciation and write-downs	382	311
Change in finance lease agreements due to IFRS adjustments	0	0
Paid leasing rents to cash flow from financing activities	0	0
Employee benefits	0	0
Transfer of gains of disposals of tangible assets to cash flow from investing activities	0	0
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	-6	-5
Write-down of inventory	95	0
Other items recognised directly to equity	0	0
	508	**292**

27. OPERATING LEASES

The Group has leased the production and office space in Estonia.
Lease agreements ending on a fixed date include an option of continuing the agreement after the original expiry date. The index, renewal and other terms of the agreements differ from each other.

Non-cancellable operating leases also include equipment leases, which are not classified as finance leases under IFRS.

The Group as lessee
Minimum lease payments under non-cancellable operating leases, excluding value added tax.

	2016	2015
Less than 1 year	522	304
1–5 years	1,013	851
	1,535	**1,155**

The income statement for 2016 includes EUR 0.4 million of lease expenses paid for operating leases (EUR 0.3 million in 2015).

28. CONTINGENT LIABILITY, ASSETS AND RESPONSIBILITIES

	2016	2015
Bank loans with collaterals given	**5,190**	**7,252**
Collateral given on behalf of own commitments		
Mortgages	2,522	2,535
Business mortgages	12,113	12,113

Furthermore, the credit line of Nordea has been guaranteed by the shares of Indian subsidiary. The credit line is EUR 1.5 million at a maximum and at the balance sheet date, EUR 819,221.85 of the credit line was in use.

	2016	2015
Trade receivables with recourse right sold to finance companies	2,214	753
Rent security deposit for Group office	2	1
Other liability		
Other off balance sheet items	738	636

29. RELATED-PARTY TRANSACTIONS

Management's employee benefits	2016	2015
Salaries and other current employee benefits	446	370
	446	**370**

Ville Vuori has acted as the company's President and CEO in the financial year. The pension benefits of the CEO and other members of the management team are determined in accordance with the Employment Pensions Act (TEL).

Wages and salaries	2016	2015
President and CEO	235	182
Board members		
Olle Hulteberg	15	11
Fredrik Berghel	10	8
Susanna Miekk-oja	10	34
Rainer Toiminen	10	7
Carl-Gustav von Troil	10	7
Raimo Helasmäki	0	12
Lassi Noponen	0	15

At the end of the financial year, the members of the Board and the President and CEO and their related parties held a total of 1,289,737 shares, i.e. 29.5% of all shares and votes.

30. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Group has no events to report after the balance sheet date.

PARENT COMPANY INCOME STATEMENT

1,000 euros	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Revenue	1	1,318	1,104
Other operating income	2	78	2
Raw materials and services	3	0	4
Personnel expenses	4	387	609
Depreciaton, amortisation and impairment losses	5	0	6
Other operating expenses	6	413	770
Operating profit/loss		**596**	**-282**
Financial income and expenses	7	-132	-490
Profit/loss before extraordinary items		**464**	**-773**
Profit/loss for the financial year		**464**	**-773**

PARENT COMPANY BALANCE SHEET

1,000 euros	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Investments	8		
Holdings in Group companies		12,300	12,300
Other investments		6	6
Total non-current assets		**12,306**	**12,306**
Current assets			
Current receivables	9	1,095	1,138
Cash in hand and at bank		12	408
Total current assets		**1,107**	**1,546**
Total assets		**13,413**	**13,852**
LIABILITIES			
Equity	10		
Share capital		1,000	20,487
Share premium account		0	44
Unrestricted equity reserve		8,368	16,804
Retained earnings		0	-27,195
Profit for the financial year		464	-773
Total equity		**9,832**	**9,368**
Liabilities			
Non-current liabilities	11	2,903	3,661
Current liabilities	12	677	823
Total liabilities		**3,581**	**4,484**
Total equity and liabilities		**13,413**	**13,852**

PARENT COMPANY’S CASH FLOW STATEMENT

1, 000 euros	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Cash flow from operations		
Operating profit/loss	596	-282
Adjustments to operating profit/loss	-2	174
Change in working capital	249	679
Interest paid	-169	-643
Dividends received	0	4
Interest received	0	58
Cash flow from operations	**675**	**-9**
Cash flows from investing activities		
Return of subsidiary's equity capital	0	422
Repayments of shares	0	268
Cash flow from investing activities	**0**	**690**
Cash flows from financing activities		
Proceeds from share issue	0	1,993
Loans granted	-300	-445
Repayment of current loans	0	-1,805
Drawdown of non-current loans	2,908	0
Repayment of non-current loans	-3,666	0
Cash flow from financing activities	**-1,058**	**-256**
Exchange rate change in cash and cash equivalents	-13	-23
Change in cash and cash equivalents	**-396**	**402**
Cash and cash equivalents at the beginning of the financial year	408	6
Cash and cash equivalents at the end of the financial year	**12**	**408**
Change in working capital		
Change in current trade receivables	389	1,419
Change in current liabilities	-140	-740
	249	**679**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICIES

PRINCIPLES OF MEASUREMENT AND PERIODISATION

Non-current assets

Non-current tangible and intangible assets are recorded in the balance sheet at historical cost less depreciation according to plan and amortisation. Investment grants received have been entered as a credit to the respective asset item. Depreciation according to plan has been calculated according to the straight-line method on the basis of the useful life of the property, plant and equipment.

INTANGIBLE ASSETS

- Goodwill 5–6 years
- Consolidated goodwill 5 years
- Other intangible rights 3–5 years

TANGIBLE ASSETS

- Buildings and structures 18–24 years
- Machinery and equipment 3–10 years
- Motor vehicles 3–5 years

Financial assets and management of financial risks

Trade receivables and payables are not exposed to significant interest rate or foreign currency risks. The company has however carried out hedging measures against exchange rate fluctuations during the financial year according to the company's protection policy.

Foreign currency transactions

Items denominated in foreign currency have been translated at the average rate stated by the European Central Bank at the balance sheet date. Exchange differences between sales and purchases have been allocated as a credit or debit to respective items.

Leases

In the parent company's financial statements, lease payments for property, plant and equipment obtained on a finance lease are included as lease expenses in other operating expenses.

Periodisation of pension expenses

Employees' pension security including supplementary benefits has been insured with pension insurance companies. Pension expenses are recognised as an expense during their year of accrual.

Income taxes

Incap Corporation has, for taxation purposes, unused losses amounting to EUR 25.8 million, which have been approved and can be utilised in the years 2017–2026.

Impairment testing of shares in subsidiaries

The value of subsidiaries in the parent group is the original acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. The value of the shares has a significant impact on the parent company's equity and therefore on, for example, equity ratio.

The impairment testing of shares in subsidiaries has been carried out on the basis of the situation at the end of December 2016.

The recoverable amounts used in the impairment test calculations are determined on the basis of value in use. The cash flow forecasts are based on the budget for the next financial period and the business plan for four forthcoming years prepared by the Board of Directors.

There was considered to be no need to record impairment losses for the shares of the Estonian subsidiary in 2016. The levels of revenue and operating profit before depreciation used in the impairment calculations of the Estonian subsidiary do not reflect the actual development during the preceding years and there is an element of uncertainty associated with them.

The business development of the Indian subsidiary has been favourable and there are no indications of impairment of its shares.

The financial statements have been compiled in accordance with Chapter 2 of the Accounting Act.

1. REVENUE

Revenue by market area	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Finland	0	2
Europe	84	25
Other	1,234	1,077
	1,318	**1,104**

2. OTHER OPERATING INCOME

	2016	2015
Unrealised liability for indemnity	58	0
Restored share from bankrupt estate	19	0
Other income	0	2
	78	**2**

3. RAW MATERIALS AND SERVICES

	2016	2015
Raw materials and consumables		
Purchases during the financial year	0	0
External services	0	4
	0	**4**

4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2016	2015
Average number of employees	2	5
	2	**5**
Personnel expenses		
Wages and salaries	336	435
Pension expenses	20	54
Other social security expenses	31	120
	387	**609**
Salaries and bonus of the management		
CEO and the Board	290	266
	290	**266**

5. DEPRECIATION AND AMORTISATION

	2016	2015
Depreciation according to plan	0	6

6. OTHER OPERATING EXPENSES

	2016	2015
Lease payments	50	70
Maintenance expenses for machinery and properties	17	104
Other expenses	346	595
	413	**770**
Auditors fees		
Authorised Public Accountant Firm Ernst & Young Oy	17	37
Certificates and statements	0	2
Tax advice	0	6
Other services	11	3
	28	**47**

7. FINANCIAL INCOME AND EXPENSES

	2016	2015
Dividend income		
From other companies	0	4
Other interest and financial income		
From Group companies	45	4
From other companies	1	165
Interest paid and other financial expenses		
To Group companies	0	17
To other companies	178	647
	-132	**-490**

8. INVESTMENTS

	Intangible rights	Goodwill	Other long-term expenditure	Total
Acquisition cost, 1 Jan 2015	12,300	0	6	12,306
Decrease	0	0	0	0
Reclassification between items	0	0	0	0
Impairment in shares	0	0	0	0
Acquisition cost, 31 Dec 2016	**12,300**		**6**	**12,306**
Book value, 31 Dec 2016	12,300	0	6	12,306
Book value, 31 Dec 2015	12,300	0	6	12,306

FINANCIAL STATEMENTS 31 DECEMBER 2016

The Group's equity at the close of the financial perios was EUR 8.5 million (EUR 5.6 million in 2015) and the parent company's equity was EUR 9.8 million (EUR 9.4 million in 2015). The equity of the Group is increased by the profit of the parent company.

The value of shares in subsidiaries in the parent company is the acquisition cost plus subsequent investments to strengthen the equity of the subsidiaries. In the financial statements of the parent company, the value of the Indian subsidiary's shares in the balance sheet is approximately EUR 8.2 million and the value of the Estonian subsidiary approximately EUR 4.1 million. The value of the shares in subsidiaries has a significant impact on the parent company's equity and accordingly on equity ratio, among others.

The impairment testing of subsidiaries has been carried out based on the situation at the close of the financial period 2016. The recoverable amounts used in the impairment test calculations are determined on the basis of use value.

The cash flow forecasts are based on the budget for next financial period and the business plan prepared for the four forthcoming years by the management and approved by the Board. In cash flow estimates, the revenue in India is estimated to grow by 10–20% annually and the operating profit before depreciation is approximately 10%. In cash flow estimates, the revenue in Estonia is estimated to grow by 13–25% annually and the operating profit before depreciation is 5–7%. The residual value is estimated to grow by 2%.

The discount rate is comprised of industry risk, interest on liabilities and country-specific risk. The discount rate factors are updated annually in connection with the testing using information received from the market. In the calculations for the financial period 2016, the discount rate of 14.0% has been used in India and 8.7% in Estonia.

Shoud the revenue used in the testing decrease by approximately 33% in India or 34% in Estonia, or should the discount rate increase by less than 7.4 percentage points in Estonia and 11.5 percentage points in India, there would be no need for write-down of shares.

The profitability in the Indian subsidiary is at a good level and there is no need or risk of related write-down. As to the Estonian subsidiary, the levels of revenue and operating profit before depreciation used in the impairment test calculation do not reflect the actual development during preceding years, and therefore there is an element of uncertainty associated with them. 75% of the business value of the Estonian subsidiary consists of a so-called residual value.

The revenue of the Estonian subsidiary increased in 2016 by approximately 119% and the operating profit before depreciation by approximately 210%.

GROUP COMPANIES

Incap Electronics Estonia OÜ, Kuressaare, Estonia
Incap Contract Manufacturing Services Pvt. Ltd., Bangalore, India
Euro-ketju Oy, Helsinki, Finland
Incap Hong Kong Limited, Hong Kong

Incap Corporation owns 100% of Incap Electronics Estonia OÜ, Incap Hong Kong Ltd and Incap Contract Manufacturing Services Pvt. Ltd. All companies are combined in the parent company consolidated financial statements.

9. RECEIVABLES

	2016	2015
Non-current		
Trade receivables	0	4
Amount owed by Group companies		
Trade receivables	293	657
Interest receivables	39	3
Other receivables	747	446
	1,080	**1,106**
Other receivables	10	18
Prepaid expenses and accrued income	5	9
Total receivables	**1,095**	**1,138**

10. EQUITY

	2016	2015
Share capital, 1 Jan	20,487	20,487
Decrease of share capital *)	-19,487	0
Share capital, 31 Dec	1,000	20,487
Share premium account, 1 Jan	44	44
Covering of losses from previous years*)	-44	0
Share premium account, 31 Dec	0	44
Total restricted equity	**1,000**	**20,531**
Unrestricted equity reserve 1 Jan	16,804	14,622
Share issue	0	2,182
Covering of losses from previous years*)	-8,436	0
Unrestricted equity reserve 31 Dec	8,368	16,804
Retained earnings, 1 Jan	-27,967	-27,195
Covering of losses from previous years*)	27,967	0
Retained earnings, 31 Dec	0	-27,195
Profit for the financial year	464	-773
Total non-restricted equity	**8,832**	**-11,163**
Total equity	**9,832**	**9,368**

*) Changes in equity
The Annual General Meeting held on 6 April 2016 resolved that the losses accumulated during the financial period ending at 31 December 2015 and during previous financial periods are covered by decreasing the unrestricted equity reserve by EUR 16,804,218.62, the share premium account by EUR 44,316.59 and the share capital by EUR 11,118,952.29. After covering the losses the remaining share capital was further decreased by EUR 8,367,817.21 by transferring the funds to the unrestricted equity reserve.

Distributable funds according to the Companies Act, Chapter 13, § 5	**2016**	**2015**
Unrestricted equity reserve	8,368	16,804
Retained earnings	0	-27,195
Profit/loss for the financial year	464	-773
Total distributable funds	**8,832**	**-11,163**

11. NON-CURRENT LIABILITIES

	2016	2015
Loans from credit institutions	2,857	3,615
Other liabilities	46	46
	2,903	**3,661**

All liabilities are falling due within five years.

12. CURRENT LIABILITIES

	2016	2015
Loans from credit institutions	500	500
Trade payables	34	91
Amount owed to Group companies:		
Trade payables	1	0
Other liabilities	17	11
Accruals and deferred income	125	221
	677	**823**
Total interest-bearing liabilities	500	500
Material items in accruals and deferred income		
Wages and salaries, incl. social costs	48	137
Interest	18	23
Expense reserve	59	59
Other	0	2
	125	**221**
Other current liabilities		
Others	17	11
	17	**11**

13. OTHER NOTES TO THE ACCOUNTS

Collateral	**2016**	**2015**
Loans for which real-estate has been mortgaged as collateral		
Loans from credit institutions	2,538	4,115
Mortgages	12,113	12,113
Furthermore, the credit line of Nordea amounting to EUR 1.5 million has been guaranteed by the shares of the Indian subsidiary.		
Loans for which business mortgages have been given as collateral		
Guarantees of financing loan	0	2,384
Rental guarantee	0	1,230
Guarantee on recourse right of trade receivables	2,214	753
Contingent and other liabilities		
Lease liabilities, net of VAT		
Liabilities falling due next financial year	19	36
Liabilities falling due after one year	2	24

BOARD OF DIRECTORS' PROPOSAL ON MEASURES RELATED TO THE RESULT

The parent company's profit for the financial period totalled EUR 464,201.93 The Board will propose to the Annual General Meeting on 18 April 2017 that no dividend be paid and the result for the financial period be recognised in equity.

Helsinki, 20 March 2017

Olle Hulteberg
Chairman of the Board

Fredrik Berghel

Susanna Miekk-oja

Rainer Toiminen

Carl-Gustaf von Troil

AUDITOR'S REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

To the Annual General Meeting of Incap Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Incap Oyj (business identity code 10608849-6) for the year ended 31 December, 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Revenue recognition

Reference: accounting principles and notes 3

The Group's business consists of contract manufacturing of electronics in Group's factories located in India and Estonia. Revenues from the sale of goods is recognized when significant risks and benefits of the ownership of the goods have been transferred from the seller to the purchaser. Revenue recognition was significant to the audit because revenues is a key performance measure in assessing the performance of the Group.

In the audit we reviewed the Group's accounting policies over revenue recognition and compared them to IFRS standards. We tested Group's internal controls over proper timing and amount of revenue recognition. We examined Group's sales contracts and related terms and conditions throughout the financial year and in connection with the year-end audit. We tested the proper timing or revenue recognition as at end of financial year based on a testing sample. In connection with testing of revenue transactions we also tested the related entries to inventory. We evaluated the disclosures in respect of revenue.

Inventory valuation

Reference: accounting principles and notes 16

The value of inventories at 31 December 2016 was 6.3 million euros comprising 30 % of total assets. Inventory valuation is significant to our audit, because of risk of obsolescence related to inventory valuation and because the value of inventories is significant to the financial statements.

As part of the audit we compared the inventory valuation principles to IFRS standards. We evaluated the processes related to cut-off, stocktaking and valuation of inventories. As at the end of the financial year we tested the valuation of inventories based on a testing sample. In our audit procedures to address the risk of inventory obsolescence, we evaluated and tested management's assumptions and calculations related to valuation. We evaluated the disclosures in respect of inventory.

Valuation of subsidiary shares in parent company's financial statements

Reference: notes 8 of the parent company's financial statements

The value of shares in subsidiaries as of 31 December 2016 was 12.3 million euros comprising 92% of the parent company's total assets and 125% of the parent company's equity. The impairment testing of shares in subsidiaries is based on management's assumptions about the future cash flow used in value-in-use calculations. The assumptions used to determine the value-in-use are, among others, revenue growth, operating profit before depreciation and discount rate applied in discounting future cash flows. The estimated value-in-use may vary significantly depending on changes in assumptions and these changes may result in an impairment of shares.

As part of the audit procedures related to valuation of shares in subsidiaries we evaluated and tested management's assumptions and accounting method. The audit procedures included testing the clerical accuracy of impairment testing, comparison of actual figures to prior years' forecasts in order to evaluate management's ability to forecast as well as comparing the testing documentation to long-term forecasts approved by the board of directors. In addition we evaluated the sensitivity of the model in relation to the key assumptions and evaluated the disclosures in respect of impairment testing.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's report, and the Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

In Helsinki 1st of March, 2017

Ernst & Young Oy
Authorized Public Accountant Firm

Bengt Nyholm
Authorized Public Accountant

FIVE-YEAR KEY FIGURES

		CONTINUING OPERATIONS				[3]
IFRS		2016	2015	2014	2013	2012
Revenue	EUR million	38.6	30.6	18.5	25.8	64.1
Growth/change	%	26	65	-28	-60	-7
Operating profit/loss	EUR million	4.4	3.7	1.1	-6.2	-0.7
Share of revenue	%	11	12	6	-24	-1
Profit/loss before tax	EUR million	3.8	3.2	0.3	-8.3	-1.4
Share of revenue	%	10	11	2	-32	-2
Return on equity (ROE)	% [1]	38.6	56.9	15.4	725.7	580.8
Return on investment (ROI)	%	29.6	26.0	11.2	-33.6	-12.6
Total assets	EUR million	21.7	18.1	14.4	15.8	29.3
Equity ratio	%	39.4	31.2	9.9	3.4	-10.3
Net gearing	%	66	98	524	1 559	-659
Net debt	EUR million	5.6	5.6	7.5	7.7	18.9
Quick ratio		1.1	1.1	0.6	0.6	0.5
Current ratio		1.8	1.8	0.9	0.9	0.8
Investments	EUR million	1.0	0.9	0.2	0.3	0.1
Share of revenue	%	3	3	1	1	0
R&D expenditure	EUR million	0	0	0	0.1	0.1
Share of revenue	%	0	0	0	0	0
Average number of employees		511	425	404	556	697
Dividends	EUR million [2]	0	0	0	0	0

[1] In the calculation of return on equity, the numerator and the denominator are negative in the years 2012–2013.

[2] The Board of Directors proposes to the Annual General Meeting that no dividend be paid out.

[3] Figures for 2013–2016 refer to continuing operations. Figures for 2012 refer to continuing and discontinued operations of the Group and are therefore not comparable.

		CONTINUING OPERATIONS				3)
IFRS		**2016**	**2015**	**2014**	**2013**	**2012**
Earnings per share	EUR 2)	0.63	0.52	0.05	-4.81	-8.19
Equity per share	EUR 2)	1.96	1.29	0.44	0.16	-4.81
Dividend per share	EUR 1)	0.00	0.00	0.00	0.00	0.00
Dividend out of profit	% 1)	0	0	0	0	0
Effective dividend yield	% 1)	0	0	0	0	0
P/E ratio		8.7	15.3	43.3	-0.7	-0.8
Trend in share price						
Minimum price during year	EUR	4.95	0.03	0.04	0.10	0.15
Maximum price during year	EUR	8.65	0.20	0.11	0.25	0.65
Average price during year	EUR	6.43	0.12	0.06	0.14	0.30
Closing price at end of year	EUR	5.46	0.16	0.06	0.11	0.19
Total market capitalisation at 31 Dec	EUR million	23.8	34.3	6.5	12.0	4.0
Trade volume	no. of shares	40,565,856	123,997,394	40,584,525	7,065,282	2,952,411
Trade volume	%	929	57	37	7	14
Share issue-adjusted number of shares, each of previous 50 shares correspond to one share						
Average number during year		4,365,168	3,835,433	3,273,421	1,803,513	602,011
Number at end of year		4,365,168	4,365,168	3,273,421	3,273,421	625,469
Share issue-adjusted number of shares, adjusted according to the 2015 share issue						
Average number during financial year		-	191,771,653	163,671,053	90,175,659	30,100,563
Number at end of year		-	191,771,653	163,671,053	163,671,053	31,273,470

1) The Board of Directors proposes to the Annual General Meeting that no dividend be paid out.

2) In accordance with the resolution of the Annual General Meeting the quantity of company's shares was reduced in the financial year so that each of previous 50 shares of the company correspond to one share of the company. In practice, the number of shares in the financial period was divided by 50. Comparison periods have been adjusted accordingly. Average number of shares during financial year is the number of shares at the end of period.

3) Figures for 2013–2016 refer to continuing operations. Figures for 2012 refer to continuing and discontinued operations of the Group and are therefore not comparable.

DEFINITIONS OF KEY FIGURES

Return on equity, %	=	$\frac{\text{100 x profit/loss for the period}}{\text{average equity during the financial period}}$
Return on investment, %	=	$\frac{\text{100 x (profit/loss + financial expenses + taxes)}}{\text{equity + interest-bearing financing loans}}$
Equity ratio, %	=	$\frac{\text{100 x equity}}{\text{balance sheet total - advances received}}$
Net gearing, %	=	$\frac{\text{100 x net debt}}{\text{equity}}$
Net debt	=	Interest-bearing debt - cash and bank accounts
Quick ratio	=	$\frac{\text{current assets}}{\text{short-term liabilities - short-term advances received}}$
Current ratio	=	$\frac{\text{current assets + inventories}}{\text{short-term liabilities}}$
Investments	=	VAT-exclusive working capital acquisitions, without deduction of investment subsidies
Average number of employees	=	average of personnel numbers at the end of each month

Per-share data

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	=	$\frac{\text{equity}}{\text{number of shares at the end of the period, adjusted for share issues}}$
Dividend per share	=	$\frac{\text{dividend during financial year}}{\text{number of dividend-earning shares at end of period, adjusted for share issue}}$
Dividend out of profit, %	=	$\frac{\text{100 x dividend per share}}{\text{earnings per share}}$
Effective dividend yield, %	=	$\frac{\text{100 x dividend per share}}{\text{closing price at balance sheet date}}$
Price per earnings (P/E) ratio	=	$\frac{\text{closing price at balance sheet date}}{\text{earnings per share}}$
Total market capitalisation	=	closing price for the period x number of shares available for public trading

BOARD OF DIRECTORS

Chairman of the Board
OLLE HULTEBERG
M.Sc. (Eng.), born 1962
A non-executive director, who is independent of the company

Olle Hulteberg was appointed to Incap's Board of Directors in August 2013 and to the Chairman of the Board on 4 March 2015. He is the Managing Director of Inission AB. In his career as entrepreneur he has several successful start-ups as track record, and he has also held various positions within Ericsson and Tieto.

Incap shares (direct ownership and holding of interest parties): 619,603

SUSANNA MIEKK-OJA
M.Sc., born 1950
A non-executive director, who is independent of the company and its major shareholders

Susanna Miekk-oja has been a member of the Board of Directors of Incap Corporation since 2007. She serves as Director at Danske Bank Plc Wealth Management. She has previously been running capital markets operations and starting asset management activities. She has also acted as Managing Director of a fund management company. Susanna Miekk-oja is a board member at the Research Foundation of the University of Helsinki and a member of the committee for property and stock investment of the University of Helsinki.

Incap shares: 9,321

CARL-GUSTAF VON TROIL
B.Sc. (Eng.), born 1954
A non-executive director, who is independent of the company and its major shareholders

Carl-Gustaf von Troil is a member of the Board at United Bankers and acts as a partner and asset manager at UB Wealth management. He has acted as Managing Director and Board member in several companies in banking, investment and property businesses. He is a member of the Board in several companies in the United Bankers Group.

Incap shares (direct ownership and holding of interest parties): 40,604

FREDRIK BERGHEL
M.Sc. (Eng.), born 1967
A non-executive director, who is independent of the company

Fredrik Berghel has been a member of the Board of Directors of Incap Corporation since August 2013. He was the acting President and CEO of Incap as from 20 September 2013 until 22 June 2014. He also is the CEO of Inission AB. He has previously acted among others as Production Director at Constructor group, Production Manager at Hydro Aluminum and as Managing Director at Robust Ståldörrar AB.

Incap shares (direct ownership and holding of interest parties): 619,609

RAINER TOIMINEN
M.Sc. (Eng.), born 1946
A non-executive director, who is independent of the company and its major shareholders

Rainer Toiminen has acted as Managing Director in several subsidiaries of Oy Tampella Ab and Kvaerner As. He has also been the Chairman of the Board at Kvaerner (Hangzhou) Power Equipment Co. Ltd, China and Kvaerner Heavy Engineering Co. Sheffield, UK. Rainer Toiminen was retired from Metso Oy in 2008.

Incap shares: 600

None of the Directors is holding stock options.

MANAGEMENT TEAM

VILLE VUORI
President and CEO
B.Sc. (Eng.), eMBA, born 1973

With the company as the President and CEO since 23 June 2014. He has previously worked as Managing Director in Kumera Drives Oy and in Skyhow Ltd. and held several managerial positions in ABB Group.

MURTHY MUNIPALLI
Director, Operations India & Sales Asia
M.Sc. (Eng.), MBA, born 1964

With the company as from 2008. He acted first as Sales Director and then as Managing Director of the Indian subsidiary with responsibility for all the operations in India. He has worked previously at Spike Technologies Ltd. (present Qualcomm) and Tata Elxsi Ltd.

OTTO PUKK
Director, Operations Estonia
M.Sc.B.E., born 1978

With the company since 17 November 2015. Previous positions among others with Eesti Energia Technology Industries and ETAL Group.

ELINA LIIPPOLA
CFO
M.Sc. (Econ), born 1960

With the company as from 1 January 2017. She has worked previously at Componenta Oyj among others as Director, Business Controlling and Finance Director of Componenta Turkey, and before that she held different positions in finance at Elcoteq.

Members of the Management Team are holding no shares or stock options of the company.

SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares and a total of 4,365,168 shares on 31 December 2016. Company's share capital registered in the trade registry was EUR 1,000,000 on 31 December 2016. The company does not own any of its own shares.

Incap Corporation's shares are listed on Nasdaq Helsinki Ltd. since 5 May 1997. In the Nordic Nasdaq List, Incap belongs to the Small Cap segment and the industry sector of Incap is Industrials/Industrial Goods & Services. The company code is ICP and the book-entry type code is ICP1V.

The price of Incap Corporation's share varied in the range of EUR 8.65 to EUR 4.95 during the financial year. The last quotation in trading at the end of the year 2016 was EUR 5.46. The company's market capitalisation on 31 December 2016 was EUR 23.8 million. At the close of the financial year, the company had 2,861 shareholders, and 38.2% of the shares were nominee-registered.

SHAREHOLDER AGREEMENTS

The Board of Directors is not aware of any shareholder agreements concerning the ownership and voting rights of the company's shares.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The members of the company's Board of Directors, the President and their interest parties owned a total of 1,289,737 shares, or 29.5% of the company's shares and votes. Details on the holdings of the Board of Directors, the President and the Group management team are available on the company's website at www.incapcorp.com/Investors.

Development of share capital		Changes, 1,000 euros	Registered on	Share capital, 1,000 euros
31.1.1991	Merger	5,760	26.2.1992	7,862
28.4.1992	Increase	424	25.11.1992	8,286
30.9.1992	Decrease	4,972	2.12.1992	3,314
15.1.1993	Increase	32	11.8.1993	3,347
16.3.1994	Increase	563	21.12.1994	3,910
10.3.1997	Increase	978	21.3.1997	4,889
5.5.1997	Increase	975	5.5.1997	5,864
4.5.1998	Increase	40	4.5.1998	5,904
21.3.2002	Increase	14,583	24.4.2002	20,487
31.8.2016	Decrease	19,487	6.4.2016	1,000

Breakdown of shareholdings by sector on 31 December 2016		Shareholders		Shares and votes
	pcs	%	pcs	%
Private enterprises	81	2.8	918,071	21.0
Financial institutions	7	0.2	1,681,165	38.5
Public sector entities	1	0.0	332,308	7.6
Households	2,766	96.7	1 422,846	32.6
Non-profit organisations	2	0.1	41	0.0
Foreign ownership	4	0.1	10,737	0.2
Total	**2,861**	**100.0**	**4,365,168**	**100.0**
Nominee-registered shares	7		1,666,038	38.2

Breakdown of shareholdings by number of shares on 31 December 2016		Shareholders		Shares and votes
Shares, psc	pcs	%	pcs	%
1–100	1,525	53.3	50,136	1.1
101–500	879	30.7	220,534	5.1
501–1,000	209	7.3	155,852	3.6
1,001–5,000	187	6.5	393,947	9.0
5,001–10,000	30	1.0	214,888	4.9
10,001–50,000	21	0.7	409,155	9.4
50,001–100,000	6	0.2	417,611	9.6
100,001–500,000	2	0.1	658,500	15.1
500,001–	2	0.1	1,844,545	42.3
Total	**2,861**	**100.0**	**4,365,168**	**100.0**

Largest shareholders on 31 December 2016	Shares, pcs	Percentage of shares and votes, %
Nordea Bank AB (publ) Finnish Branch (nominee-registered)	1,306,545	29.9
Oy Etra Invest Ab	538,000	12.3
Ilmarinen Mutual Pension Insurance Company	332,308	7.6
Danske Bank Oyj	326,192	7.5
Laurila Kalevi Henrik	89,419	2.0
Penan Raudoitus Oy	76,762	1.8
Wiik Kenneth Matias	70,843	1.6
Onvest Oy	66,047	1.5
Suonpää Altti Allan	58,100	1.3
Oy Kontino Invest Ab	56,440	1.3
10 largest in total	**2,920,656**	**66.9**
Other shareholders	1,444,512	33.1
Total	**4,365,168**	**100.0**

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