



CONTENTS

BUSINESS

Service offering	10
Well-being solutions	12
Energy efficiency solutions	16

GROUP

Incap in brief	2
Year 2011 in brief	3
Review by the President and CEO	4
Strategy and operating environment	7

CORPORATE GOVERNANCE

Corporate governance	26
Organisation	27
Board of Directors	28
Management	30

SOCIAL RESPONSIBILITY

Corporate social responsibility	21
Quality and environment ..	22
Human resources	24

Shares and shareholders	32
Information for shareholders	35
Contact information	36

MANU-
FACTURING
AND
TECHNOLOGY
PARTNER FOR
GROWING
BUSINESS
SEGMENTS

The growth prospects for Incap’s chosen market segments – energy efficiency and well-being equipment manu- facturing – are good, because global megatrends accelerate their development. Incap’s strategic choices are based on making use of these trends.

MEGATRENDS	INCAP’S BUSINESS UNITS	PROFITABLE GROWTH
	Ageing population	
	Increasing leisure time	
	Increasing interest in well-being and safety	
	Improving energy efficiency	
	Increased demand for renewable energy sources	

INCAP IS a provider of manufacturing services with special focus of high quality electromechanical products for energy efficiency and well-being technologies.

Incap's manufacturing services cover the entire life-cycle of electromechanical products, from design and manufacture to repair and maintenance services. Besides the manufacture of electronics and mechanics we also take care of the final assembly to a complete end product.

Our customers are leading equipment suppliers in energy efficiency and well-being technologies, for which we provide services as a strategic partner. Incap is operating globally with factories in Finland, Estonia and India and an in-house procurement office in Hong Kong. In 2011, the Group's revenue was approx. EUR 69 million and the company employs about 730 people.

Incap's share is listed on the NASDAQ OMX Helsinki.



IN 2011 Incap Group's revenue amounted to EUR 68.9 million, up about 16% year-on-year. Recovery of the market was most evident in deliveries of energy-efficiency products, but the demand improved in well-being technology products as well. However, revenue was held back somewhat by a global shortage of components which started already previous year.

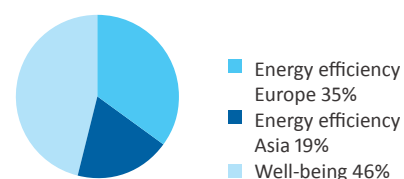
There was a clear turn to better in the Group's profitability, and the company recorded a positive operating result (EBIT) before non-recurring items in the second half of 2011. The operating result for 2011 showed a loss of approximately EUR -1.6 million. The result was weakened by a non-recurring provision of EUR 0.6 million related to the change in production structure and an increase in material costs. The merger of two electronics plants in 2010 also had a favourable effect on the operating result, as it resulted in increased efficiency of operations and lower fixed costs.

Incap continued the globalisation of operations in line with the strategy. Services for the central customer segments – equipment suppliers in energy efficiency and well-being technologies – were enhanced, with special emphasis on the design services. With the aim to lower the material costs Incap established an in-house procurement office in Hong Kong, near the low-cost sources of components and raw materials.

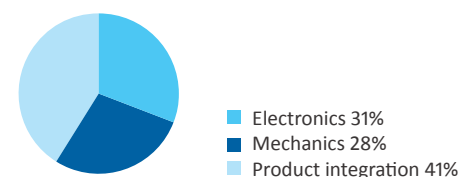
The financial performance of Incap in 2011 has been described more in detail in the Financial Statements of the Annual report.

Key figures (IFRS)		2011	2010
Revenue	EUR million	68.9	59.2
Operating profit/loss (EBIT)	EUR million	-1.6	-3.2
share of revenue	%	-2.4	-5.4
Profit/loss for the period	EUR million	-4.0	-4.9
Earnings per share (EPS)	EUR	-0.21	-0.33
Return on investment (ROI)	%	-5.1	-10.6
Return on equity (ROE)	%	-115.3	-81.0
Equity ratio	%	3.3	13.2
Gearing	%	1 868	383
Investments	EUR million	0.3	0.5
share of revenue	%	0.4	0.8
Personnel at year end		735	767

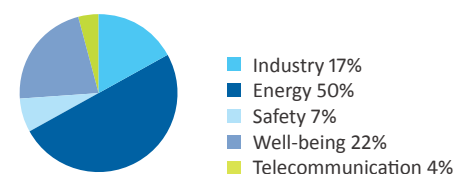
Revenue by business unit



Operating profit by product segment



Operating profit by customer industry



OPERATIONS WERE DEVELOPED IN LINE WITH STRATEGY – REVENUE INCREASED AND PROFITABILITY IMPROVED

Incap's strengths as a contract manufacturer are built on our selection of services focused on our customers' needs and the high quality of our operations. During the last couple of years, we have strengthened our competitiveness by developing our production structure and overall efficiency. Our most recent customer satisfaction survey shows that we have clearly progressed; our customers' assessments of the different areas of our operations have improved significantly. Permanently achieving higher profitability has been our greatest challenge, and we are about to succeed after a number of demanding years.

Incap's market areas developed favourably both in Europe and Asia during 2011, and demand increased at a steady rate in both business areas of the company. The demand was highest in energy technology equipment which, being capital goods, did not suffer from the general on-going economic uncertainty.

Incap's revenue increased by 16% on the previous year to approximately EUR 69 million. The growth was mainly based on strong demand for energy production-related equipment and the return to normal levels of production for certain well-being technology products. The share of revenue for products combining electronics and mechanics increased in line with our objectives to 41% of total revenue, and the share of products only involving mechanics or electronics manufacture decreased correspondingly.

We secured new customer accounts in the growth industries pursuant to our strategy. We began cooperation in the manufacture of welding equipment, bright light headset, sauna heater control systems, intelligent electricity network equipment, solar panel applications and small-scale back-up wind power plants, among other areas.

The growth in revenue was slowed down to some extent by the global shortage of semiconductor components that had already emerged the pre-

vious year. The situation stabilised early in the year, but the availability of certain components worsened again as the result of the natural disaster in Japan.

Incap's result developed favourably and operating losses decreased from the EUR 3 million the previous year to 1.6 million. Contributing to this performance were the growth in revenue, as well as the changes made in production structure in 2010 and adjustments to customer prices. However, non-recurring cost for streamlining of production structure and increased expenses in raw material and logistics due to the global shortage of components weighed down the result. In addition, the poor availability of components caused interruptions in production that resulted in the need for overtime work and thereby higher personnel expenses.

Asia grows in significance to our operations

The growth in our Indian operations continued and their revenue increased by approximately 15% on the previous year. The manufacturing in India was integrated more closely with the rest of the group by harmonising the quality control system and processes.

The group's design service resources in Bangalore were increased. The competence centre with around two dozen designers focused intensively on

the development of equipment that improves the usability of the electrical network and technologies that utilise renewable energy sources.

Establishing an in-house procurement office in Hong Kong was a significant step in the development of our operations. A presence near Asian raw material sources provides a good foundation for making the group's procurement and purchasing activity more efficient. Our aim is to improve our competitiveness by procuring materials and components at increasingly low cost.

Structural change continues

We built a lasting foundation for profitability through the restructuring of production and by taking long-term streamlining measures. The volume of the Kuressaare plant had already doubled the previous year when electronics production in Europe was centralised in Estonia. It was then logical to decide on expanding the Kuressaare production facilities by mid-2012. The additional space is required in particular for the production of new product entities.

The significance of the Estonian operations in serving customers that operate in Europe will increase further. Several of our customers have indicated the possibility of returning manufacturing operations from Asia to Europe. The consideration



"Structural changes and strong development of operations have laid a solid basis for profitable growth."

has arisen as the increasing transport costs of finished products have resulted in it becoming more reasonable to carry out manufacturing closer to the place of end use. The same also applies the other way around: our plant in India serves global customers especially in products that end up in the growing Asian market.

Negotiations with several parties on the sale or outsourcing of sheet-metal production at the Helsinki plant did not result in the desired outcome. Because sufficient means to permanently improve the plant's profitability could not be found through operational development, we made in January 2012 the decision to transfer the plant operations completely to the Vaasa and Kuressaare plants. Once the transfer is complete by the autumn, all of Incap's manufacturing activity will be located in three plants, one in each of the countries of operation: Finland, Estonia and India.

Challenging financial position continued

Improving the group's cash flow and liquidity were the main objectives of our financial administration in 2011. Negotiations with financiers resulted in a favourable outcome in the spring, and a financing package of slightly under EUR 4 million made our financial situation significantly easier. The European financial crisis resulted in additional challenges for

the financing arrangements, but our multi-year relationship with the banks helped in maintaining confidence. Fortunately for us, our largest shareholders also operate in the long term, trusting our competitiveness and growth potential.

Strategic partnership today and tomorrow

The strategic review in summer 2011 showed that we have chosen the right direction. We are developing our operations, focusing on manufacturing of equipment related to energy efficiency and well-being, whose markets offer good growth prospects. We are committed to building long-term and sustainable partnerships with our customers by offering them diverse and high-quality manufacturing services based on their needs.

Our operations in Europe and Asia offer good opportunities for supporting customers locally in their main market areas. In the development of manufacturing services, we are investing particularly in product design, which helps to deepen the cooperation with our customers further. We complement our in-house competence in product design by networking with design firms when necessary.

We estimate that the favourable development will continue

Due to the global economic uncertainty, our customers' estimates of future demand are cautious and cover a relatively short period of time. Based on our customers' forecasts, we believe that our revenue will increase in 2012. The highest growth is likely to take place in equipment for distributed energy production and technologies that improve energy efficiency. These products are often associated with major investment projects on which market fluctuations have less impact.

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

I wish to thank our personnel for their commitment and perseverance under the difficult circumstances. I also wish to thank our customers, shareholders, suppliers and other partners warmly for their continuous and good cooperation.

Helsinki, March 2012

Sami Mykkänen
President and CEO

PROFITABLE GROWTH BASED ON A HEALTHY FOUNDATION

Specialisation is at the core of Incap’s business strategy. The company has developed its operations and competence in order to play a significant role as its customers’ partner in the design and manufacture of devices that increase energy efficiency and promote well-being. The growth prospects are favourable in these products due to global megatrends.

Incap’s customers are leading companies in their industries, who build their competitiveness in cooperation with strategic partners. Incap aims to be the first choice as manufacturing and technology partner for its customers.

Incap pursues long-lasting customer relationships, and cooperation has continued with several key customers for more than 30 years. Success as a partner requires continuous maintenance of competitiveness, in-depth knowledge of the customer’s

business and the development of services to match the customer’s changing needs.

Incap operates in Europe and Asia, which means we can offer our globally operating customers local service in their main market areas. The growing Asian market offers Incap significant growth potential due to the increasing demand of both local and global equipment manufacturers. Contract manufacturing in low production cost areas in Asia, close to low-cost material sources is considered an

advantage by technology companies, and Incap can offer high-quality and competitive service for such needs from India and China.

Incap manufactures product packages that contain electronics and mechanics and is frequently responsible for the design of the product and related life-cycle services. Services are developed in accordance with the demands of key accounts. Product design, in particular, is reinforced to cover the technological needs of the most important customer industries.

Our particular focus areas include product solutions in which we have accumulated solid competence. These solutions include power supplies and inverters, electricity and control switchboards, electric motors and generators, tracking devices, home automation, solar power solutions, electric vehicles and instruments related to sports and leisure.

INCAP’S STRATEGIC TRANSFORMATION 2007–2012

Change from PCB assembly to manufacture of electrotechnical devices

2007	2008	2009
<ul style="list-style-type: none">• Expansion of operations to Asia• Launch of own production in India• Increasing balance of customer base	<ul style="list-style-type: none">• Focus on growing customer segments• Establishing business units• Expanding value added services	<ul style="list-style-type: none">• Transfer of production equipment from Finland to India and Estonia• Centralising design services in Bangalore• Introduction of new production premises in India

Incap’s strategy supported by market megatrends

Trends influencing Incap’s operations include increasing competition in manufacturing services, the growing significance of local services in international business and the favourable growth prospects of the company’s chosen market segments.

Several industry research institutions estimate that the global total market for electronics and mechanics manufacturing services will increase further. Due to the financial crisis and general economic uncertainty, growth is expected to be more moderate in Europe than in Asia. In order to secure their competitiveness, customers continue to tender their manufacturing, and contract manufacturers that are able to offer their services in low-cost regions as well will be in the strongest position.

The number of new product solutions is increasing, and customers are willing to outsource the manufacture of their products to contract manufacturing partners while they focus on their own core business, brand management and marketing.

New device manufacturers entering the market may not necessarily start in-house manufacturing operations to begin with but outsource production to a partner. At the same time, companies are cutting down on the number of partners, expecting their chosen contract manufacturers to expand their service range. Here, cooperation is expanding to cover not only manufacture but increasingly also product design and other product life-cycle services.

The growth prospects for Incap’s chosen market segments – energy efficiency and well-being equipment manufacturing – are good, because global megatrends accelerate their development. New technological solutions are required for the ageing population, remote work and increasing automation. Energy-efficient equipment is increasingly used in homes and industry. New equipment solutions are needed in utilising renewable energy. Incap’s strategic choices are based on making use of these trends.

THE CORE OF INCAP’S STRATEGY

- We focus on the manufacture of energy efficiency and well-being equipment.
- We pursue profitable growth in select industries.
- We utilise the opportunities offered by our international operations.
- We strengthen the role of design services into a significant part of the service offering.
- We improve customer satisfaction by developing the reliability of delivery and customer account management.
- We develop the organisation to increase job satisfaction among the personnel.

2010

- Centralising electronics manufacturing in Europe to Estonia
- Enhanced new customer acquisition
- Development of tools for quality management

2011

HEALTHY BASE

- Strengthening design services
- Establishing procurement office in Hong Kong
- Harmonisation of processes and methods

2012

PROFITABLE GROWTH

- Truly global operations in Europe and Asia
- Finalising structural change
- Increasing role of product design

VALUES

Customer-orientation
Profitability
Continuous improvement
Respect for
the individual

VISION

Incap is a leading provider of manufacturing and life-cycle services for electromechanical products for the selected customers.

MISSION

Incap provides its customers with a competitive edge as their strategic manufacturing and technology partner.

STRENGTHS

Experience and professional competence

Based on its history, which spans more than 30 years, Incap has solid experience in electronics and sheet-metal mechanics manufacturing methods and the final assembly of products. We have developed our operations in cooperation with our customers, and based on their needs.

Customer orientation and commitment

Our organisation has been shaped according to our customer base. Our operations are global, but we act locally and close to our customers, so cooperation is easy and effortless. The strong commitment and service willingness of our personnel are qualities on which all of our customer relationships are based.

Speed and flexibility

Our operating models and manufacturing technologies have been built on the basis of small and medium-sized production batches. The needs and forecasts of our customers often change, even quickly, so the flexibility and agility of our operations is put to test every day.

Quality and reliability of delivery

The quality requirements for energy efficiency, health care and security technology equipment are high because our customers' products must be more reliable than the average in challenging operating environments. Reliability of delivery is a feature of high-quality operations and one of the key indicators of our production.

INCAP'S SERVICE PORTFOLIO

Incap's extensive service portfolio offers customers an opportunity to manage the entire life-cycle of products through a single partner. The company's manufacturing services range from product design to controlled ramp-down of the product. Key factors in service production include flexibility and speed, high quality, reliability of deliveries and the correct service attitude.

Design services

The most significant added value in Incap's design services to the customer emerges when manufacturability is taken into account already in the product design phase. The company's services cover all key areas, from product design and testing to production integration and maintenance design. If necessary, Incap also carries out the approval, EMC and environmental testing of the products. With regard to product design, the company is building a global competence network and offers its customers new alternatives for developing products further.

Economical and quick procurement of materials

Incap procures the materials needed in different phases of the product life-cycle at a low price and quickly, utilising international procurement sources. Our own procurement office in Hong Kong ensures excellent connections with Asia's low-cost procurement sources and guarantees the availability of products. Systematic material management in different production phases ensures that the product is manufactured to high degree of quality and cost-efficiently.

Prototypes, initial series and product ramp-up

Our efficient ramp-up service ensures that products are transferred from the design phase to produc-

tion and the market quickly and with a high degree of quality.

Incap manufactures customer prototypes and tests them quickly and flexibly. We provide feedback on improving the manufacturability of the product for design and, if necessary, draft the documents related to ramp-up.

The company implements product manufacturing transfers from the customer to itself or from one plant to another through professional project activity. Reviews are performed at different project milestones, on the basis of which the project proceeds in a controlled manner to the next phase. Incap also takes care of outsourcing all of the customer's production activity.

Serial manufacture, final assembly and testing

Incap's production of electronics products includes commonly used manufacturing processes, such as automatic and manual assembly, protective coating, final device assembly and product testing. In the manufacture of sheet-metal components and products, the company uses technology that facilitates the production of demanding products and precise and quick processing of complicated shapes. Final assembly is a significant part of Incap's comprehensive service. We continuously develop our core processes in final assembly and the manufacture of product packages.

Assembly of final products involving both electronics and mechanics, the "box-build/product integration" service, may also include packing the product in the customer's packaging and delivery directly to the end customer.

Incap ensures the quality and functioning of the products through process and product testing. Premium testing technologies are used in testing products.

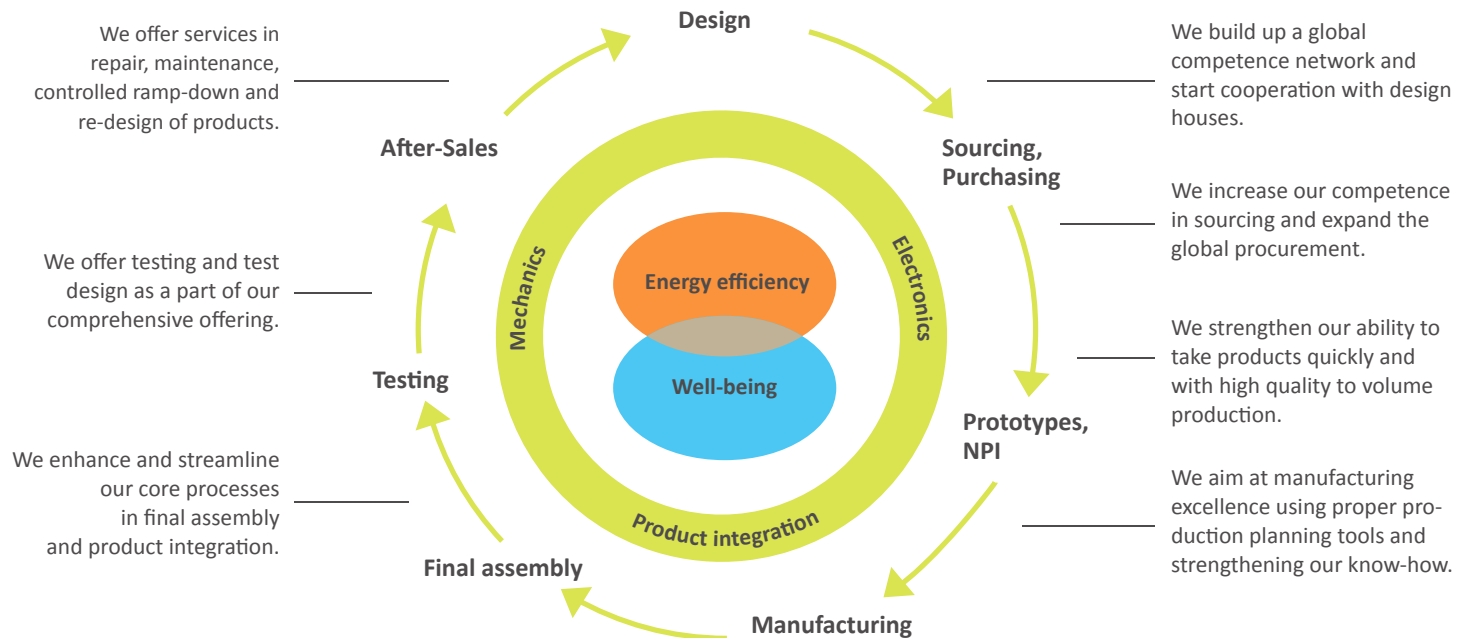
We also ensure that the manufacture of products remains competitive for the benefit of its customers by adopting efficient production planning tools and continuously strengthening our manufacturing competence.

Service and maintenance services

Incap's after-sales services include the servicing of products as well as maintenance and spare parts service.

As part of the life-cycle service of a product, we offer maintenance design for prolonging the service life of the product. In addition, we take care of the controlled ramp-down of product manufacture when a new product generation replaces the previous one, and we take care of the availability of "end-of-life components."

DEVELOPING THE SERVICE PORTFOLIO



LIFE-CYCLE SERVICES

Incap offers its customers a possibility to outsource the entire life-cycle of their product. In the most comprehensive scope of life-cycle services, the customer only specifies the most important features of the product and Incap designs and manufactures

the complete marketable product. With the help of life-cycle services the customers free their own resources fully for taking care of customer relationships, sales and marketing and new product innovations.



CUSTOMERS' END-PRODUCTS

- monitors registering health and body functions
- instruments analysing sport performance
- personnel and food scales
- dentistry instruments
- slot machines
- tracking devices
- walk-through metal detectors
- locks and weather stations

Share of
Group revenue

46%



THE NEED FOR WELL-BEING TECHNOLOGY PROMOTES BUSINESS GROWTH

Incap's Well-being business unit provides a broad range of equipment manufacturing services for safety, health, well-being and leisure technology companies. In addition to manufacturing electronics and mechanics, customers are offered assembly of final products as well as design and productisation services.

The Well-being unit manufactures products for easier everyday living and diverse leisure-time activities. The market for these products continues to grow, due to an ageing population, increased leisure time, and greater interest among people in their own well-being and safety and that of family members.

A broad range of product solutions related to leisure and well-being

The end products of the business unit's customers include health and patient care monitors, measuring devices for physical exercise, electronic weighing scales, dentistry equipment, slot machines, equipment for monitoring and tracking, metal detectors, locks, and weather analysing equipment. These products often contain built-in properties that utilise telecommunications technology. Applications are found in the leisure and security industries, as well as health care and elderly care.

The business unit's customers are leading technology companies in their respective fields. Services play a central role in the business of many customers, and their core business has increasingly expanded from marketing devices to producing services enabled by the equipment.

Technical equipment is needed for making the services available to end-users. Incap's role in the

cooperation is to manufacture and, if necessary, design the customer's devices so that the customer is able to concentrate on developing its own core expertise and building the product brand.

Component shortages held back sales growth

The Well-being unit's revenue for 2011 increased by approximately 13% on the previous year. Manufacturing products for the leisure industry accounted for the most significant part of the growth, with the demand for slot machines recovering to the normal level due to a new generation of products.

Revenue for the first half was somewhat higher than for the latter half of the year. Deliveries to some customers ordering mechanics-oriented products decreased clearly towards the end of the year.

The greatest challenges to business in 2011 were problems with the availability of materials. The global shortage of components caused interruptions to material deliveries, which resulted in delays in deliveries to customers. Due to fluctuating materials flow, production planning became more difficult and the load was unevenly distributed. This caused an increase in production costs and decreased profitability. The shortage of components also increased raw material prices and logistics expenses, which resulted in additional pressure on service pricing.

MEGATRENDS



Ageing population

The population is ageing in all industrialised countries. The effects of ageing will influence all aspects of society in the years to come. As life expectancy increases, the length of the active life cycle increases, but also the care-dependent period may become longer. Businesses, health care as well as public decision-making will face an abundance of challenges that can be best addressed through new innovations.

Incap offers a diverse range of device manufacturing services for well-being, health care and nursing technology companies. The company's solutions maintain the ageing population's ability to work and function and make the health care and nursing services, which are of particular importance to this population group, more efficient.

Incap
solutions



Our key objective is to increase customer satisfaction.



1. Automatic assembly that utilises modern surface-mounting technology is used in manufacturing electronics products; investments have been made in Estonia and India.

2. Final assembly is a strong competence area for Incap, with the electronics and mechanics manufactured in the company's plants being combined into a functional final product.

3. All Incap plants in Finland, Estonia and India have certified quality systems that ensure flawless products, smooth operations and reliable deliveries.

4. The share of products containing electronics and mechanics has increased steadily, and more than 40% of production involves sub-assembly or completed final products.

Customer prices were adjusted due to increases in both material and labour costs in order to secure profitability.

Manufacturing programme expanded into new product areas

The acquisition of new customers advanced and new cooperation agreements were signed, especially in the field of well-being technology. Tulikivi Corporation, the world's largest manufacturer of heat-retaining fireplaces, chose Incap as the manufacturer of the control electronics for its new line of electric sauna heaters. The serial manufacture of the products is carried out at Incap's Kuressaari factory, from where they are delivered to the customer in Finland for final assembly.

Cooperation with Valkee Ltd on manufacturing bright light headsets began towards the end of the year. The bright light headset by Valkee is a new well-being innovation that fits very well into Incap's manufacturing programme. Clinical research has shown that using the Valkee headset effectively decreases seasonal affective disorder symptoms.

The first pilot batches have also been delivered to a few other new customers, and mass production of the product is likely to commence in 2012, provided that the customer's marketing succeeds as expected.

Customer needs guide operations

Good management of customer relationships is a cornerstone of Incap's success. Our customers have provided feedback on the personnel's service atti-

tude in annual customer satisfaction surveys. In building a customer relationship, it is important to create a strategic dialogue with the customer. Mutual openness and confidence lay the foundation for long-term partnership.

Increased customer satisfaction is our objective

The key objective of the Well-being unit for 2012 is to increase customer satisfaction, and particular attention will be paid to improving reliability of delivery. Furthermore, daily communication related to product management and deliveries will be increased through restructuring of operations.

Device manufacturing for safety and well-being as well as access monitoring and control technology continue to be focus areas in the unit's portfolio. The aim is to increase the scope of delivery with existing customers and also pursue new customer accounts also with regard to device manufacturing related to home automation in addition to the current customer industries.

In order to secure its competitiveness, Incap aims to improve its cost structure and improve the efficiency of its materials procurement. Our own procurement office in Hong Kong, close to sources of components and raw materials, provides excellent opportunities for tendering purchases and lowering the costs of materials.



MEGATRENDS

Increasing leisure time

As automation and information technology make work processes more efficient, people's leisure time has continuously increased in developed countries. The expanding amount of leisure time among the entire population is also accounted for by the fact that the share of non-employed people among the population will increase with the growing share of students in younger age groups, with the retirement of the baby boom generation and with the increasing life expectancy. The expanding amount of leisure time will boost the demand for various leisure time services and products that contribute to health and well-being.

Increasing interest in well-being and safety

With the general increase in living standards, life expectancy and leisure time, interest in one's own and one's family members' well-being and safety will increase. With this development, the demand for devices related to well-being and safety will also continuously increase.

Incap provides a diverse range of device manufacturing services for healthcare, well-being, entertainment and safety technology companies. The final products of this segment often utilise wireless telecommunication, which enables monitoring health both by the person himself and by remote monitoring. End products in well-being technology also include different security devices and alarming systems.

Incap
solutions





CUSTOMERS' END-PRODUCTS

- windmill components
- control cabinets
- measuring devices
- UPS' and inverters
- rotor components
- compact substations

Share of
Group revenue

54%



STRONG GROWTH IN ENERGY EFFICIENCY TECHNOLOGY

Incap's Energy efficiency business unit designs and manufactures sub-assemblies and equipment for the production and distribution of energy and for various electrotechnical applications. The unit's customers are leading equipment manufacturers in the energy industry.

Factors that influence the success of the Energy efficiency unit include varied use of renewable energy resources and efforts to improve energy efficiency in electrical equipment as well as energy production and energy transfer. Increasing environmental awareness has also increased interest in equipment that involves advanced automation and control engineering. This is a favourable trend for Incap, because the design and manufacture of electrotechnical equipment are among the company's core competencies.

Expert in manufacturing services for the energy industry

The business unit supplies its customers with rotor components for electric motors and generators, power sources, equipment for the transformation of electrical energy, and UPS equipment for uninterrupted and undisturbed current input. Other growing product segments include equipment for solar and wind power solutions, control engineering for electric cars, electronics and mechanics for heating systems, as well as LED lighting systems.

Incap offers particular expertise and a manufacturing service with a long value chain in these product areas. The company's competitiveness is based on the differentiated know-how and competence of the plants as well as international channels for materials. The competitiveness of our procurement is improved by our own procurement office in Hong

Kong, which facilitates more efficient purchases from China and other parts of Asia.

Regional focus on Europe and Asia

The Energy efficiency unit divides its efforts between two market areas: Europe and Asia. In Europe, the business unit focuses on the manufacture of components and equipment for the production and distribution of energy. Most of the production in Europe is carried out at the Vaasa plant, in Finland, which manufactures rotors for electric motors and generators, among other products.

In Asia, the focus is on the Indian plant, which concentrates on manufacturing equipment for ensuring, transforming, measuring and controlling the supply of current. The company's design team in Bangalore specialises in the design of various electrical equipment that improve energy efficiency, in which the team has long-ranging experience.

Revenue increased, boosted by energy investments

In 2011, the general market situation of the unit's customers was good, and the favourable development of investment funding for long-term energy projects contributed to this. The demand for the Energy efficiency unit's services clearly picked up in the spring and continued to be favourable throughout the rest of the year. In Europe, the increase in revenue was mainly due to increased delivery vol-

MEGATRENDS



Improving energy efficiency

Global warming has increased environmental awareness all over the world. In order to decrease the environmental load, efforts are made to increase the energy efficiency of electrical devices as well as energy production and transfer. Increasing the price of electric energy and new emission regulations force energy companies and industry to invest in environmentally friendly and efficient power transfer and distribution.

Designing and manufacturing energy-efficient electrotechnology equipment is Incap's core competence. The company's products include rotor components for electric motors and generators, power supplies and equipment for the transformation of electrical energy. Growing product groups besides the conventional products include control engineering for electric cars and electronics and mechanics for heating systems.

Incap
solutions



Our goal is to gain superior knowledge of the energy industry.



1. The manufacturing programme contains different sheet-metal products, which are manufactured in Helsinki and Vaasa. In terms of size, the largest ones are the fan covers manufactured at the Vaasa plant.

2. The work phases for sheet-metal manufacture are manufacture of half-finished products, cutting and bending the components and mechanical assembly. Both enclosures and protective structures and fully completed electrical cabinets and transformer substations are delivered to customers.

3. Modern automated PCB assembly is complemented by manual assembly, which guarantees flexible deliveries and swift reactions to customer needs.

4. Incap's designers can assume the responsibility for all product design based on specifications provided by the customer. The modern recharging device designed for a significant manufacturer of electric cars is an example of successful cooperation.

umes of rotor components and cable distribution cabinets. In Asia, the demand for energy-efficient inverter equipment was particularly brisk.

Large proportion of the unit's products are long-term investment products for industry and energy companies, and the increasing economic uncertainty towards the end of the year did not affect demand for them.

Profitability developed favourably as a result of customer price adjustments and tendering the prices of materials. The availability of materials was still poor at the beginning of the year and prices were high, but the situation improved in both cases towards the end of the year.

Manufacture of new products began

Delivery volumes for several customers increased noticeably during 2011. Manufacturing of new products began for both established and completely new customers. During the year, cooperation in manufacturing, for example, remote-read energy meters and welding equipment began.

Incap manufactures electronics modules for next-generation energy service devices for Aidon Oy. Mass production of modules began at Kuressaari in the summer, and demand increased steadily towards the end of the year. Sales of the devices are boosted by energy companies' efforts to optimise the operation of electricity networks by utilising state-of-the-art remote monitoring technology.

The cooperation agreement signed with Kemppi Oy covers electronics assemblies for use in arc welding equipment. The cooperation with Kemppi is a good example of Incap's strategy of offering local service close to customers' own growth markets. The electronics assemblies are manufactured at Incap's Tumkur plant in India and then delivered to Kemppi's plant in Chennai.

Experience and competence give us our competitive edge

Incap's core competitive edge in manufacturing energy-efficient equipment is based on its solid experience and particular expertise in electric machines, power supplies, inverters and UPS products. Our manufacturing services are complemented by engineering services that specialise in energy-efficient equipment. Of the new products entering production at the company's plant in India, more than half are based on in-house product development, and the share of such products is still growing.

Incap's comprehensive service includes combining electronics, electrotechnical assembly and mechanics into product packages so that the customer obtains all the required manufacturing services from a single contract manufacturing partner. The company's goals include gaining superior knowledge of the energy industry and the ability to develop actively product solutions that meet the needs of leading companies in the industry.

We aim for profitable growth and long-term partnerships

Long-term strategic customer relationships, specialisation in select product areas and a focus on the acquisition of new customers are the keys to the future success of the Energy efficiency unit. Profitable growth and close partnership with customers are the primary objectives for 2012. Incap's aim is to increase the scope of services delivered to existing customers into even larger entities. Our competence related to electric machines will be increased and services will be expanded. Design services will be strengthened by increasing the heavy current and energy competence as well as developing mechanics design as part of the comprehensive offering.



ENERGY EFFICIENCY SOLUTIONS



MEGATRENDS

Increased demand for renewable energy sources

The demand for renewable energy is increasing rapidly all over the world. In order to curb climate change, several countries have signed international agreements on increasing the share of renewable energy in their total energy consumption. The demand for wind power has increased at the high-

est rate, but the use of solar energy, hydropower and bio fuels has also grown considerably. Increasing popularity of distributed energy production means that electricity power is generated in smaller units than today.

Incap is highly proficient in the design and manufacture of electrotechnical equipment. Alongside conventional product groups, solar and wind power technology devices are growing product categories for the company. Growth is also supported by the popularity of distributed energy production, which will result in smaller equipment sizes, making them well suited to the production programme of a manufacturer like Incap.

Incap
solutions



YOUR PARTNER FOR TOMORROW

We are building a long-term partnership with our customers. We contribute to the success of entire supply chain in close cooperation with our stakeholders. We take an active role in the creation of innovative solutions that enhance the well-being of people and environment.

RESPONSIBILITY FOR TOMORROW'S WORLD

Incap's social responsibility means that the principles of sustainable development and the company values are followed in all operations. Incap practices and develops its business operations in such a way that the productivity and competitiveness are improved in harmony with the demands of the company's stakeholders and the environment.

Responsibility to stakeholders

Incap's customers give feedback on the company's operations in an annual customer satisfaction survey. The customers' views are of major importance when developing the operations and services further.

Incap supports its customers in improving product safety by, among other things, paying special attention to eliminating risk factors in products in the design stage. Quality inspections and testing carried out during the manufacturing process prevent faulty goods from reaching the market.

Incap monitors the operations of its suppliers and service providers and conducts regular supplier assessments which are used to examine suppliers' social responsibility in addition to their quality and delivery reliability.

Incap recognises its responsibility as a part of a supply chain when dealing with customers and with its own suppliers, and strives to promote the success of all of its partners in cooperation.

Social responsibility

Incap respects and adheres to international agreements on human and children's rights as well as employees' rights. Incap's personnel policy is based on equality between the sexes, nationalities and different ethnic groups.

Incap fosters the well-being of its employees by developing occupational safety and healthcare and by supporting activities that maintain working ability. Employee competence is developed further using goal-oriented training and the promotion of work motivation is addressed in supervisor training, among others.

Incap provides in its annual budget some support to non-profit causes that promote the well-being of children and the youth.

Environmental responsibility

In accordance with its quality and environmental policy, Incap is committed to protecting and conserving environment by preventing pollution and

reducing the use of natural resources and raw materials.

Incap strives after minimising raw material waste in its production and uses in its manufacturing processes methods and materials, which cause as little damage to the nature as possible.

Financial responsibility

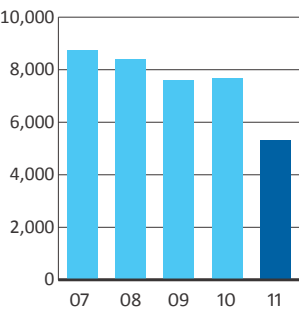
Incap aims at good earnings trend, which supports also the implementation of its corporate social responsibility principles. Financial success ensures that operations and working conditions are improved constantly and guarantees jobs for employees.

The company aims to maximise the return on the capital invested by shareholders in the company and to ensure that the company's value grows steadily.

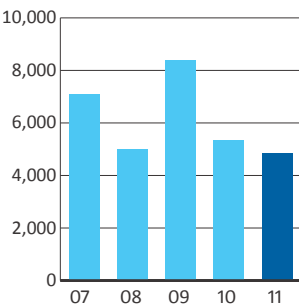
QUALITY OF OPERATIONS IS CONTINUOUSLY IMPROVED

Customers expect their contract manufacturing partner to be able to deliver reliable and high-quality production. Therefore, particular attention is paid to quality in Incap’s operations. With its quality objectives, the company aims at high customer satisfaction, a decreasing cost trend and low environmental loads.

Power consumption kWh



Defective products of customer deliveries (DPPM)



At Incap, continuous improvement of quality and productivity is governed by the company’s quality and environmental policy. Incap’s production units have an ISO 9001:2008-compliant quality system and certifications according to the ISO 14001:2004 environmental standard. The Kuressaare and Helsinki plants also have certifications in accordance with the ISO 13485:2003 quality standard for the manufacture of medical devices. Under the agreement signed with the Finnish Environmental Register of Packaging PYR Ltd. in 2000, Incap’s Finnish plants are committed to taking care of the utilisation of the packaging it has delivered to the market in accordance with EU directives, the Waste Act and Government resolutions and decrees.

The most significant environmental effects of Incap’s operations are related to the use of energy and materials and to logistics. Chemicals are used in production to some extent, but their environmental impact and risks have been estimated to be low.

Harmonised and systematic operations increase efficiency

During 2011, Incap’s Indian operations were incorporated into the Group’s shared quality system. All of the Indian quality and environmental documents were transferred to the Group’s electronic quality management system, which is used as a tool for continuous development.

The description of processes continued, and the development was taken quite far, especially with regard to NPI processes related to the ramp-up of new products. The operating method was tho-

roughly tested in practical situations when a number of products were moved from the Vuokatti plant to Kuressaare upon the merger of the two plants.

A systematic internal audit was successfully used as a tool for continuous operational improvement. Electronic reporting on continuous improvement has been utilised in communicating and processing deviations observed upon audits. At the same time, the transparency and traceability of different plants has improved, which has contributed to the development of Group-wide operations. The processing of complaints has become faster and their traceability has clearly improved at the Group level.

Also, the Group’s quality indicators were harmonised with the multisite principle under which shortcomings observed in a unit must also be checked in other units. The indicators of the plants’ operational activity were thus made comparable with each other.

The recycling of packaging materials has been developed further, and now all packaging materials are covered by the recycling scheme in Estonia as well as Finland. Recycling reduces environmental load while decreasing costs.

Guidance on general environmental legislation was given to the quality organisation. Training on, for example, the REACH requirements and the resulting obligations was arranged throughout the organisation.

Customer feedback is listened to closely

The annual customer satisfaction survey conducted in the autumn 2011 provided positive feedback and

proposals for improving operations. Compared to the previous year's results, the overall estimates improved in all respects. According to respondents, the most significant improvement has taken place in the quality of work and operations, location of offices and manufacture of prototypes and initial series. The most room for improvement was seen in innovation, the punctuality of deliveries and the pricing of work.

Good results through occupational health and safety

In line with its occupational health and safety policy, Incap is committed to the safety of its employees, subcontractors, customers and other visitors. Close call events and accidents are analysed and

corrective and preventive measures are taken in accordance with the safety policy. Reporting has been transferred to the electronic quality system, making processing and reporting to the management faster.

The Helsinki plant won its own category in an occupational health and safety survey that estimated the working environments of Finnish metal industry companies and measures to develop them. The overall assessment took into account the development of absences due to sickness, among other factors. The Finnish Institute of Occupational Health's "ELMERI" index was used in assessing the level of the physical working environment; this index can be used for reliably observing the safety of working methods

and the working environment as well as stress factors occurring in work.

Follow-up audit observations offer resources for development

Det Norske Veritas conducted a follow-up audit in the Group in the autumn 2011. Incap's functions are audited using the multisite principle. The audit was mainly targeted at product information management and group communications. In particular, positive feedback was received in change management of product information, which was strongly developed during the year. The audit also indicated that the communications strategy and principles, responsibilities and objectives as well as action plan are clearly described.

The systematic nature and follow-up of management reviews and the systematic method for addressing deviations were mentioned as general positive observations. Updating the follow-up of instrument calibrations, better marking of processed waste and boosting the adoption of the 5S system improving occupational safety emerged as targets for further improvement.

Continuous improvement of quality ensures continued competitiveness

The purpose of Incap's development work is to meet customers' requirements and authorities' regulations and to improve continuously the quality of performance, thus ensuring the company's future competitiveness.

In 2012, the main targets for development are processes, and proven Six Sigma projects are utilised there. The aim is to internally train 10 Yellow Belt persons and increase the number of Green Belt experts.

In India, the Kaizen method, which is progressing in small steps, and the Poka Yoke method that emphasises the analysis of errors are also used in developing operations.



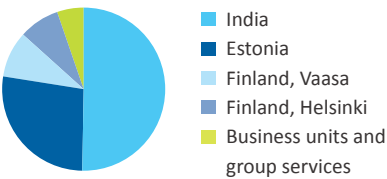
Principles of Incap's quality and environmental management

- We improve the quality of products and services based on customer feedback.
- We continuously improve our operating processes to protect and conserve the environment.
- We reduce the use of natural resources and materials to prevent pollution.
- We adhere to environmental legislation and other requirements.
- We measure the level of quality as part of our daily activities.
- We encourage our personnel to improve continuously quality.
- We improve profitability through enhanced productivity and less waste.
- We regularly improve and assess our quality and environmental goals.

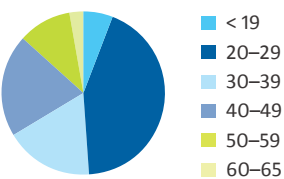
NEW COMPREHENSIVE HR INFORMATION SYSTEM SUPPORTS LEADERSHIP MANAGEMENT

Professional skills of Incap’s personnel are among the company’s key success factors. This is confirmed by the annual satisfaction surveys in which customers have without exceptions ranked the competence of our personnel as a significant competitive factor that promotes cooperation.

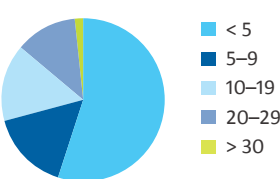
Number of personnel by unit



Age breakdown of personnel



Years in service



The goal of Incap’s HR strategy is to ensure that resources, competences and commitment of the personnel are in line with the company’s business targets and strategy.

Good leadership is essential to ensure the efficiency and motivation of the personnel. Performance and development discussions are an important tool to enhance leadership. The discussions help align the objectives of the company and the individual and make the areas of focus concrete, both for long-term development and daily work.

Global operations expanded

At the beginning of 2011, Incap employed a total of 767 people, and at year-end, 735 people. Of these, 51% was based in India, 27% in Estonia and 22% in Finland.

The unit with the largest number of employees was the Indian subsidiary, with 369 employees at year-end. The number of employees increased in India by a total of 14. The growth rate in the future is also expected to be the highest in India and elsewhere in Asia, with the offering of design services being strengthened, among others. In mid-2011, Incap established a three-employee procurement office in Hong Kong.

Progress in challenging conditions

The year 2011 was challenging and due to fluctuations in demand Incap completed a number of

major initiatives affecting employees in Finland and Estonia. Even though the Group’s financial position developed favourably, the company pursued cost-savings across all functions through personnel adjustments and other actions.

A significant step in the development of HR management and support for leadership management was taken in the summer 2011 when Incap introduced an HR information system covering all units. The system supports management and leadership work across the entire Group, thereby increasing the performance of the organisation.

Competence was increased through recruitment especially in design services, procurement and the financial controlling.

In competence development, training for managers was organised with focus on supporting manager’s self-management, leadership and interpersonal skills. In addition, training on early support model was held in Finland to ensure know-how of managers about promoting the maintenance of ability to work. In Estonia, managers were trained in leadership skills and also in the basics of LEAN production. Furthermore, Six Sigma training and training related to modern assembly technology was arranged. The training in India focused on safety at work and quality systems.



Incentives and reward system

Incap rewards its employees through various incentive systems. The rewarding aims to commit the personnel to company's strategic targets. The reward systems include production related incentives, an incentive scheme for key employees and white-collar employees, and the top management option scheme.

In the key employees' incentive system, the company's strategic goals have been translated to individual operational goals. The employee incentive system was based on operating profit and return on working capital. The company also has a production incentive plan with main indicators being productivity and on-time-delivery. In the top management option programme, options are granted by the Board of Directors based on performance.

Globalisation continues in 2012

The company's shift towards globalisation continues by strengthening the corporate functions in Estonia. At the same time, the number of locations decreases in Finland.

Incap's HR strategy will be developed further in 2012. The aim is to develop the reward strategy so that specific objectives are defined for key employees and various personnel groups in the way that employees can directly influence their achievement. Performance management and evaluation will be incorporated into the reward strategy. Other key objectives include the introduction of the rewarding strategy and improvement of the ability of line managers to conduct performance and development discussions. In addition, the aim is to create ethical guidelines, specifying what is expected of Incap employees in their daily work.

The development of the organisation will also be continued by developing internal communications and supporting global processes. A global employee survey will be conducted in 2012. Attention will be paid to expanding global training opportunities, while efforts are made to arrange training in a wide array of competence areas. Furthermore, the objective is to harmonise and streamline the HR operations globally.

CORPORATE GOVERNANCE 2011

Incap has published the report on the company’s corporate governance as a separate document, not included in the financial statements. Up-to-date principles of Incap Corporation’s Corporate Governance are available in the company’s website on www.incap.fi/Investors.

Annual General Meeting, Board of Directors and Auditors

In 2011, the Annual General Meeting was held on 13 April in Helsinki. The Annual General Meeting re-elected Raimo Helasmäki, Kari Häyrinen, Kalevi Laurila, Susanna Miekko-oja and Lassi Noponen to seats

on the Board of Directors. At its organisation meeting, the Board of Directors elected from amongst its number Kalevi Laurila as Chairman and Susanna Miekko-oja as Vice Chairman of the Board. The Board has not appointed any committees.

The Board convened 20 times in 2011. The secretary of the Board was Jari Pirinen, LL.M., until 13 April and Anu Kaskinen, LL.M., from 13 April 2011.

The Annual General Meeting decided that the annual fee to be paid for Chairman of the Board is EUR 48,000, for the Vice-Chairman of the Board EUR 36,000 and for the Board members EUR 24,000. Moreover, EUR 200 will be paid for each meeting for

those who have been present. The salaries and remuneration paid to Directors in 2011 totalled EUR 156,000. No consultation fee was paid to the Board members and none of them is part of the company’s share-based compensation system.

The Annual General Meeting re-elected as the company’s Auditor the auditing firm Ernst & Young Oy with Jari Karppinen, Authorised Public Accountant, as the principal auditor. The Auditor was paid a total of EUR 17,170 in audit fees, EUR 1,515 in tax advice and a total of EUR 10,045 for other services.

CORPORATE GOVERNANCE STRUCTURE



President and CEO

Sami Mykkänen, B.Sc. (Eng.), has served as the President and CEO of the Incap Group as from 2 June 2008. The salary and remuneration paid to him for 2011 amounted to a total of EUR 258,365. The retirement age of the President and CEO is determined in accordance with the Employees’ Pensions Act. The chief executive’s period of notice is six months, and if his executive contract is terminated by the company, he will be paid the salary during the period of notice.

Salary And Incentives

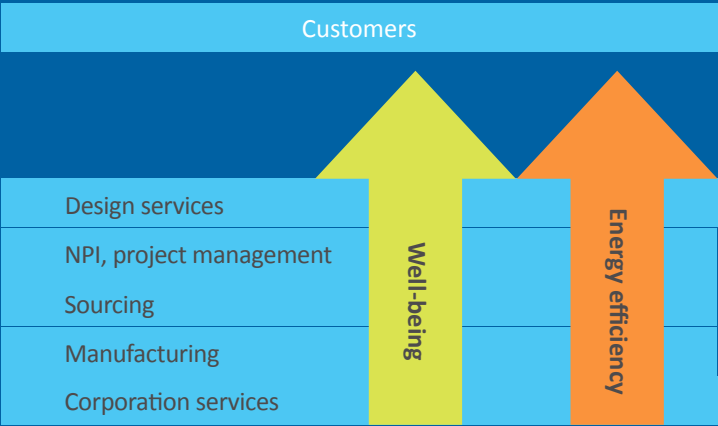
The Management Team is paid a fixed salary, which is determined in the management contracts. In 2011, salaries and other short-term employee benefits paid to the Management Team members amounted to EUR 795,813.

President and CEO and other Management Team members participate in annual bonus program. Bonus for the Management Team members is at the maximum 50% of the annual base salary. The bonus system is based on financial targets. In year 2011, the targets were sales margin and operating profit (EBIT). The targets for 2011 focus on

enabling the growth in 2012–2014, increasing sales and enhancing the efficiency of global sourcing and manufacturing. President and CEO and other Management Team members were paid a total of EUR 40,000 as bonuses.

President and CEO and the Management Team members participate in the share-based option scheme launched in 2009. The Board of Directors has distributed to President and CEO 100,000 A-options and 100,000 B-options, and to other Management Team members a total of 141,000 C-options. There are no restrictions set on the ownership or selling of the option rights or shares.

ORGANISATION



Customers and their needs are setting guidelines for Incap’s operations and therefore, the business units that attend to the customer relationships play an important role in steering the company’s operations. Business units are responsible for customers in their area of expertise, the new customer acquisition as well as for the sales and marketing of services.

Production serves the business units and its mission is to produce manufacturing services that are as efficient and competitive as possible. Design services, New Product Introduction (NPI) and project management as well as Sourcing provide services to business units and work in close cooperation with production.

Incap Corporation, the parent company of Incap Group, is a public limited company which is registered in Finland and has a domicile in Helsinki. In addition to the parent company, the subsidiaries Incap Contract Manufacturing Services Pvt. Ltd. in India, Incap Electronics Estonia OÜ in Estonia and Incap Hong Kong Limited in China are included in the Group.



KALEVI LAURILA



RAIMO HELASMÄKI



SUSANNA MIEKK-OJA



KARI HÄYRINEN



LASSI NOPONEN



■ KALEVI LAURILA

Chairman of the Board
B.Sc. (Eng.), Executive MBA, born 1947

Non-executive director

Kalevi Laurila has been a member of the Board of Directors of Incap Corporation since 2002. Previously he was CEO of JMC Tools Oy and Turveruukki Oy as well as a director with Rautaruukki Oyj. Kalevi Laurila has held a number of corporate board positions.

Incap shares (direct ownership and holding of interest parties): 2,933,038 shares

■ SUSANNA MIEKK-OJA

Vice-Chairman of the Board
M.Sc., born 1950

A non-executive director, who is independent of the company and its major shareholders.

Susanna Miekkoja has been a member of the Board of Directors of Incap Corporation since 2007. She serves as Director at Sampo Bank Plc Wealth Management. She has previously been running capital markets operations and started asset management activities, and she also has acted as Managing Director of a fund management company. She has gained international experience especially in Japan, Asia, Baltic countries, Poland and Germany. Susanna Miekkoja 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: 43,250 shares

■ RAIMO HELASMÄKI

M.Sc. (Mechanical Engineering), born 1963

A non-executive director, who is independent of the company and its major shareholders.

Raimo Helasmäki has been a member of the Board of Directors of Incap Corporation since 2010. He works as Executive Vice President of Small Caliber Division at the Scandinavian Nammo Group and as President of Nammo Lapua Oy. Previously he has worked as Managing Director of Esmi Oy of Schneider Electric Group and as Marketing Director of TAC Finland Oy.

Incap shares: 10,000 shares

■ KARI HÄYRINEN

M. Sc. (Eng.), MBA, born 1959

A non-executive director, who is independent of the company and its major shareholders.

Kari Häyrynen has been a member of the Board of Directors of Incap Corporation since 2008. He serves as President and CEO at Finpro ry. Previously he has among others served as President for APAC Region at Perlos Corporation and Elcoteq Network SE.

Incap shares: 6,400 shares

■ LASSI NOPONEN

LL.M., MBA, born 1963

A non-executive director, who is independent of the company and its major shareholders.

Lassi Noponen was elected into Incap Corporation's Board of Directors in 2009. He is Chairman of the Board and a partner at Cleantech Invest Oy. He has previously acted as the Chairman of the Board of the wind turbine manufacturer Winwind Ltd. He has also served as CEO of Proventia Group and a partner in Evli Corporate Finance and held different tasks in Neste Corporation.

Incap shares (direct ownership and holding of interest parties): 187,822 shares

None of the Directors is holding stock options.

GROUP MANAGEMENT TEAM IN FEBRUARY 2012

■ SAMI MYKKÄNEN

President & CEO
B.Sc. (Eng.), born 1973

With the company since 2007 and as President and CEO since 2008.

Previous positions with Powerwave Technologies and its predecessors ADC, REMEC and Solitra among others in China.

Incap shares: 208,000 pcs
Stock options: 200,000 pcs

■ SAMI KYLLÖNEN

Director, Operations Europe
B.Sc. (Eng.), born 1977

With the company since 2007. Member of the management team since 2012. Previous positions among others with Pulse Finland Oy and Filtronic LK Oy.

Incap shares: -
Stock options: 28,000 pcs

■ HANNELE PÖLLÄ

Director, Communications and Investor Relations
B.A. (Multilingual Communications), MKT, VJD, born 1955

With the company since 2000.
Previous positions with Instrumentarium Corporation, Hoechst Fennica Oy and Nextrom Oy.

Incap shares: 3,000 pcs
Stock options: 21,000 pcs

■ MIKKO HIRVINEN

Director, Special projects
Born 1968

With the company since 2007.
Previous positions among others with Pulse Finland Oy and Orbis Oy.

Incap shares: -
Stock options: 40,000 pcs

■ KIRSI HELLSTEN

Director, Human Resources
Master of Laws, born 1974

With the company since 2011. Previous positions among others with Cargotec Corporation, Technical Research Centre of Finland and PricewaterhouseCoopers.

Incap shares: 1,000 pcs
Stock options: -

■ KIRSTI PARVI

CFO
BAA, EMBA, born 1958

With the company since 2007. CFO and a member of the management team since 2011.
Previous positions among others with Kemira.

Incap shares: -
Stock options: -

■ JARI KOPPELO

Director, Business units
B.Sc. (Eng.), born 1975

With the company since 2008.
Previous positions among others with ABB and Serres Oy.

Incap shares: 3,000 pcs
Stock options: 40,000 pcs

Incap's management organisation comprises also so-called extended management team which includes besides the Group's members also Pekka Laitila (Director, Sourcing and materials), Päivi Luotola (IT Manager), Murthy Munipalli (Director, Energy efficiency Asia) and Marko Tapaninaho (Manager, Engineering services). The extended management team convenes once in a quarter.

SAMI MYKKÄNEN
President & CEO



KIRSI HELLSTEN
Director, Human Resources



SAMI KYLLÖNEN
Director, Operations Europe



KIRSTI PARVI
CFO



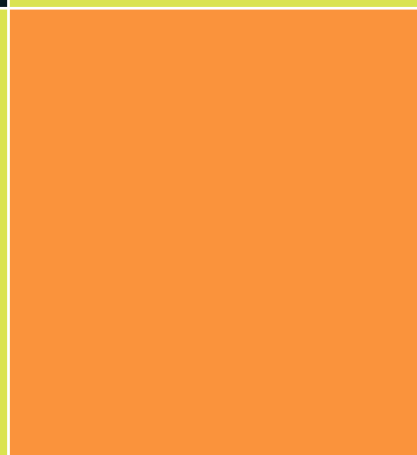
HANNELE PÖLLÄ
Director, Communications
and Investor Relations



JARI KOPPELO
Director, Business units



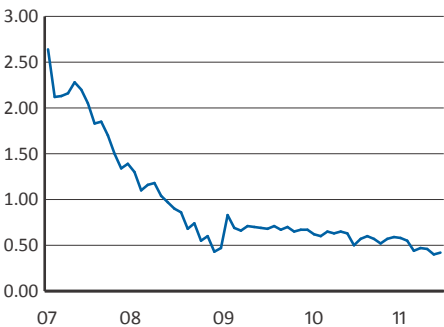
MIKKO HIRVINEN
Director, Special projects



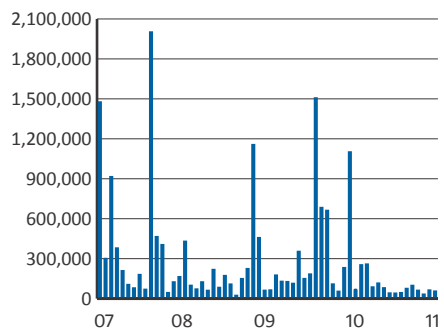
SHARES AND SHAREHOLDERS

Incap Corporation has one series of shares and a total of 18,680,880 shares at the end of the financial period 2011. Company’s share capital registered in the trade registry was 20,486,769.50 euros on 31 December 2011. Share’s accounting countervalue is EUR 1.68. The company does not own any of its own shares.

Share price, EUR



Trading volume, number of shares



Incap Corporation’s shares are listed on the NASDAQ OMX Helsinki. In the Nordic OMX 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. Incap’s share has been listed on the NASDAQ OMX Helsinki since 5 May 1997.

The price of Incap Corporation’s share varied in the range of EUR 0.37 to EUR 0.64 during the financial year. The last quotation in trading at the end of the year was EUR 0.42. The total trading of the share during the financial year was 4%. The company’s market capitalisation on 31 December 2011 was 7,845,970 euros. At the close of the financial year, the company had 1,053 shareholders, and 0.5% of the shares were nominee-registered.

Authorisations for the Board of Directors

The Annual General Meeting authorised on 13 April 2011 the Board of Directors to decide, within one year of the Annual General Meeting, on increasing the share capital through one or more rights issues so that the total number of new shares to be subscribed for on the basis of the authorisation is a maximum of 2,168,100 shares, of which a maximum of 300,000 shares can be used for stock options. The authorisation includes the right to disapply shareholders’ pre-emptive subscription rights and to decide on subscription prices and other terms and conditions of subscription. Shareholders’ pre-emptive rights can be disappplied providing that, from the company’s standpoint, there is a weighty economic reason for doing so, such as the development of the company’s

business operations, the financing of M&A arrangements, an arrangement related to capital funding or personnel policy reasons. The Board of Directors shall have the right to decide that shares can be subscribed for through a contribution in kind, by way of offsetting rights or otherwise subject to certain conditions. By the end of the financial year, the Board had not used the authorisation.

Shareholder agreements

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

Stock option scheme 2009

The stock option scheme launched in February 2009 consists of a total of 600,000 option rights entitling to a subscription of 600,000 of Incap Corporation’s share. Stock options are divided into stock options 2009A, 2009B and 2009C. The number of A options amounts to 100,000 pieces, B options to 100,000 pieces and C options to 400,000 pieces. The subscription price of shares with all option warrants shall be one euro. The subscription period for shares with 2009A option warrants is from 1 April 2010 to 31 January 2014, and with 2009B and 2009C option warrants from 1 April 2011 to 31 January 2014.

Altogether, 100,000 stock options A and 100,000 stock options B have been distributed to the President and CEO. A total of 169,000 stock options C have been distributed to key personnel of the company.

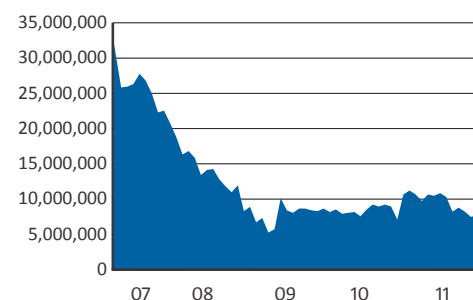
The shares that can be subscribed for through the exercise of the stock options represent a maximum of 3.1% of the company's shares and the votes conferred by the shares after any possible increase in share capital.

All stock options that have not been distributed or are returned shall be issued to Euro-ketju Oy, a wholly-owned subsidiary of Incap and they will be distributed by a separate decision of the Board of Directors.

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 3,388,510 shares, or 18.1% 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.incap.fi/Investors/Insiders.

Market capitalisation, EUR



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

Breakdown of shareholdings by sector on 31 December 2011	Shareholders		Shares and votes	
	pcs	%	pcs	%
Private enterprises	60	5.7	10,910,748	58.4
Financial institutions	6	0.5	1,068,599	5.7
Public sector entities	2	0.2	287,501	1.5
Non-profit organisations	4	0.4	13,801	0.1
Households	978	92.9	6,354,054	34.0
Abroad	3	0.3	46,177	0.3
Total	1,053	100	18,680,880	100
Nominee-registered shares	5		102,426	

SHARES AND SHAREHOLDERS

Breakdown of shareholdings by number of shares on 31 December 2011		Shareholders		Shares and votes	
Shares, pcs		pcs	%	pcs	%
1–100		161	15.3	9,478	0.0
101–500		303	28.8	95,848	0.5
501–1,000		200	19	174,073	0.9
1,001–5,000		249	23.6	651,478	3.5
5,001–10,000		59	5.6	443,432	2.4
10,001–50,000		56	5.3	1,270,524	6.8
50,001–100,000		8	0.8	554,658	3.0
100,001–500,000		10	0.9	1,751,993	9.4
500,001–		7	0.7	13,729,396	73.5
Total		1,053	100	18,680,880	100

Largest shareholders on 31 December 2011	Shares, pcs	Percentage of shares and votes, %
Oy Etra Invest Ab	4,139,801	22.2
JMC Finance Oy	2,188,000	11.7
Finnish Industry Investment Ltd.	2,185,509	11.7
Oy Ingman Finance Ab	2,000,000	10.7
Sundholm Göran	1,481,113	7.9
Mandatum Life Insurance Company Limited	1,000,000	5.4
Laurila Kalevi Henrik	734,973	3.9
City of Turku, Risk Management Fund	271,501	1.5
Jäntti Eero Juhani	211,011	1.1
Mykkänen Sami Petteri	208,000	1.1

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Incap Corporation will be held on Wednesday, 11 April 2012 beginning at 3.00 p.m. at Hotel Kämp at the address Pohjoisesplanadi 29, 00100 Helsinki. In order to attend the Annual General Meeting, shareholders must be registered in the Shareholder Register kept by Euroclear Finland Ltd. no later than by 28 March 2012.

Registration for attending the Annual General Meeting must be made no later than 4.00 p.m. on Wednesday 4 April 2012

- by email to pii.ahtiainen@incap.fi
- by a letter to Incap Corporation/Pii Ahtiainen, Valuraudankuja 7, 00700 Helsinki
- by phone on +358 40 347 2124/Pii Ahtiainen
- by fax to the number +358 9 224 4095.

A holder of nominee-registered shares is considered having registered for the participation in the Annual General Meeting if he has temporarily been entered into Shareholder Register by 4 April 2012 at 10 a.m. at the latest. For this the shareholder should be in contact with his/her custodian operator.

It is requested that any proxies be delivered when registering for the meeting.

Financial information

The publication dates for financial reports in 2012 are the following:

- Financial Statements for 2011 on Wednesday, 22 February 2012
- Interim Report for January-March on Thursday, 3 May 2012
- Interim Report for January-June on Tuesday, 31 July 2012
- Interim Report for January-September on Wednesday, 31 October 2012.

Incap follows a two weeks' silent period and does not make statements on the company's financial development or meet with capital market representatives two weeks before publication of its financial statements or interim reports.

Publications

Incap's Annual Report, interim reports as well as stock exchange releases and press releases are published in Finnish and English. They are also available on the company's website at www.incap.fi. The basic information addressed to investors can be found in the website section "Investors".

Publications can be ordered from Corporate Communications by e-mail at communications@incap.fi, by mail at Incap Oyj/Communications, Valuraudankuja 7, 00700 Helsinki or by phone on +358 40 347 2125/Sanna-Mari Kylli.

Investor relations

The task of Incap's investor communications is to support the correct price formation of Incap's share by providing precise and up-to-date information on Incap Group's business operations and financial development. By means of open, timely and versatile information the company seeks to ensure that all market participants receive information that is the same and adequate, so that they can assess the company as a prospective investment.

When publishing its results, Incap arranges press conferences for analysts, investors, providers of financing and members of media. Incap aims at holding a Capital Markets Day for investors, analysts and providers of financing once a year. In addition, the company's representatives meet with shareholders, investors and analysts at investor fairs, in seminars, at events arranged by various organisations and in one-on-one meetings. The presentation material of company events is available on the company's website.

Incap's investor relations are managed by Hannele Pöllä, Director, Communications and Investor Relations, tel. +358 40 504 8296, hannele.polla@incap.fi.

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