

ANNUAL REPORT



2000

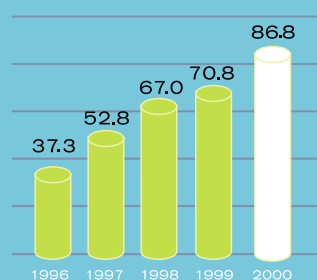
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OUR ANNUAL ACCOUNTS ARE APPENDED
TO THIS ANNUAL REPORT.

YEAR 2000 IN BRIEF

Net turnover, EUR million



NET TURNOVER INCREASED, PROFIT REMAINED AT THE PREVIOUS YEAR'S LEVEL

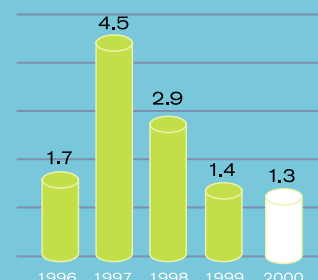
The Group's net turnover was EUR 86.8 million, indicating a 23% growth from the previous year. Operating profit was EUR 1.8 million, i.e. roughly the same as a year previously.

Most of the growth of net turnover was accomplished in the contract manufacturing of electronics, where a 43% growth was recorded. The contract manufacturing of furniture improved its relative profitability compared to the previous year.

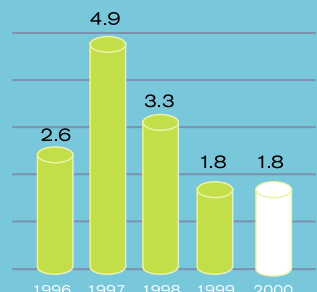
The net turnover of **Incap Electronics** amounted to EUR 49 million, which was 43% higher than in previous year. Operating profit was EUR 1.3 million compared to EUR 1.4 million in 1999. Profitability did not reach the goal due to the prevailing shortage of components and the rapid rise in material prices.

The net turnover of **Incap Furniture** was EUR 37.8 million, which was 3% higher than in previous year. Operating profit was EUR 1.3 million compared to EUR 0.7 million in 1999. The efforts to increase production efficiency and thus productivity resulted in an increase of relative profitability towards the end of the year.

Profit before extraordinary items and taxes, EUR million



Operating profit, EUR million



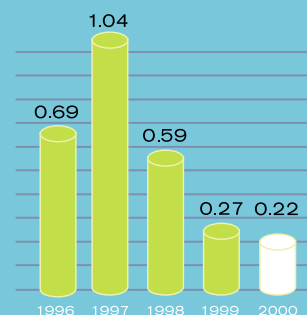
INVESTMENTS INCREASED

The Group's investments amounted to EUR 10.2 million, being 12% of net turnover. Investments exceeded by 42% those made a year previously. The investments made in both business sectors increased production capacity and the degree of automation.

GOOD PROSPECTS IN THE NEAR FUTURE

The rapid growth in the customer sectors, especially telecommunication industry, will help Incap to gain its growth target. The new strategy of focusing will help to improve profitability and to develop Incap's own core competencies even more effectively. The shortage of components, which has been impeding production in the electronics sector, will continue to be a risk, but the availability of components has been predicted to improve by the summer of 2001.

Profit/share, EUR



KEY RATIOS

	2000	1999	Change %
EUR million			
Net turnover	86.8	70.8	23
Operating profit	1.8	1.8	-
% of net turnover	2	3	
Profit before extraordinary items	1.3	1.4	-10
Profit/share, EUR	0.22	0.27	-18
Return on investment (ROI), %	6.3	6.2	2
Return on equity (ROE), %	4.0	5.0	-20
Equity ratio, %	46.0	46.0	-
Personnel at the end of financial period	835	774	8

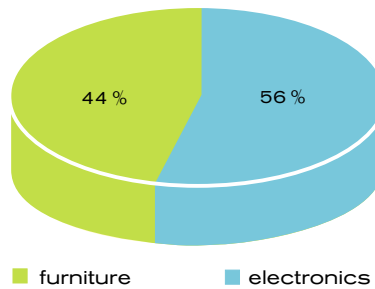
The formulas for calculating the key ratios are presented on page 22 of the Annual Accounts.

INCAP IN BRIEF

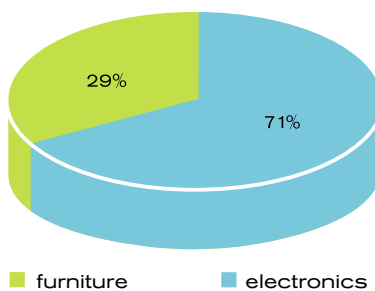
Incap Group is a contract manufacturer for electronics industry, whose parent company, Incap Corporation, is listed on the Helsinki Exchanges. Apart from its main business sector, electronics manufacturing services, Incap Group also does contract manufacturing of furniture. Incap operates in six localities in Finland and has subsidiaries in Estonia, Latvia and the United States. In January 2001, Incap's headquarters were relocated from Oulu to Espoo.



NET TURNOVER BY BUSINESS SECTOR



PERSONNEL BY BUSINESS SECTOR



STRATEGY

No all-inclusive strategy has been outlined for the Group's subsidiaries, Incap Electronics Ltd and Incap Furniture Ltd, which operate in notably different environments. Both business sectors, however, are subject to the same rules and regularities of contract manufacturing, and both aim to focus on producing added value to the customer.

CUSTOMER RELATIONS MANAGEMENT

Customer relations management is a process whereby Incaps introduces added value to its customers' value chains. Incap is familiar with its customers' business and processes and is therefore able to deliver economically profitable solutions. Different instruments are used to monitor the development of customer relations, and Incap wants to respond quickly to changes and to adjust operatively to the prevailing situation. Incap aims at partnership, close co-operation and customer relations that satisfy both parties.

INCREASE OF DESIGN SERVICES

The customers in electronics industry are increasingly concentrating on research and development and outsourcing at least part of product design. Apart from electronics and mechanical manufacturing, Incap also provides design services, including design for manufacturing and assembly and design for testing.

In furniture manufacturing, Incap has begun to expand its R&D services by co-operating with a European network of designers. This mode of co-operation will improve especially the service available to the customers in Central Europe. The products based on co-operative design were first introduced on the international furniture exhibition in Cologne, Germany in January 2001.

TRANSPARENCY OF OPERATIONS AND DEVELOPMENT OF LOGISTICS

The rapid changes in the operating environment and the short-term fluctuations in demand pose special demands to contract manufacturing. Incap is utilising the opportunities of the Internet, intranet and extranet by applying them to a variety of processes. At Incap, the term "e-logistics" is used, covering many aspects other than the purchasing and material functions traditionally included in logistics. E-logistics is a central principle of Incap's modus operandi, ubiquitous at all stages from product design to after sales maintenance. Incap's aim is to make the functions and information flows in the supply chain transparent all the way from the subcontractors to the customers and possibly even to end users.

INCAP'S STRATEGIC GOALS

- to be among the preferred suppliers for the key customers
- to be an active part of customers' value chains
- to reach the standard of the best suppliers as far as quality, reliability of deliveries and technology are concerned
- to increase the efficiency of internal operations by at least 10% a year
- to be a preferred employer
- to make the personnel committed to the Corporate goals and values
- to increase shareholder value



REVIEW BY THE PRESIDENT AND CEO



NEW MILLENNIUM OF CHANGE

The year 2000 was a year of change for Incap. The Company became international when PCB assembly and final product assembly for electronics industry was started in Kuressaar, Estonia. We gained a foothold on the furniture market in North America by signing a cooperative agreement with a wholesale chain that operates in all parts of the continent. We also began to do more international purchasing. We made significant investments in key production technologies and introduced a new enterprise resource planning system for electronics manufacturing. During the latter part of the year, a decision was made to expand electronics production at Vuokatti by 25%. It was also decided to increase the capacity of furniture production at Kärsämäki during 2001. The possibilities to separate furniture manufacturing from the Group were explored but, in the absence of a suitable buyer, the project was suspended. Some changes took place in the management of both the Group and the subsidiaries, and the management group of the electronic sector was reorganised.

PROFIT IS IMPROVING SLOWLY

Incap Group's net turnover grew by 23% in 2000 in accordance with the goals. Net turnover grew by 43% in the electronics sector and by 3% in the furniture sector.

The Group's operating profit, however, failed to reach the goals remaining at the same level as in the previous year, which we cannot be satisfied with. The profit development was affected by the costs involved in adopting a new enterprise resource planning system and appointing a new President and CEO, but the main reason was the unfavourable profit development in the electronics sector. The worldwide shortage of components impaired the manufacturing of assembled circuit boards. Material prices increased sharply, and the rise could not be transferred into the sales prices quickly enough. The furniture sector had a better profit development and their operating profit nearly doubled.

CONCENTRATION WAS A TREND

The operating environment in electronics was characterised by growth and concentration. Contract manufacturing of electronics in Finland grew by an average of 15 – 20%, the growth in telecommunication products being notably bigger than this. Our customers were increasingly outsourcing parts of component and assembly manufacturing that were not among their core competencies. There was again concentration within the contract manufacturing industry as customers preferred contract manufacturers who produce assemblies with both electronic and mechanical components and are able to provide design and manufacturing

“THE KEY ISSUES OF
THE NEW STRATEGIES ARE
GROWTH, FOCUS AND
INTERNATIONALISATION”

services that add value to the customers' own process of development and manufacturing.

The contract manufacturing of solid-wood pine furniture will only increase to a limited extent in Europe and we therefore began to explore new market areas in North America and Japan. Similarly to electronics industry, some concentration also took place in the contract manufacturing of furniture. Our customers are placing orders with fewer and fewer highly competent suppliers and we will similarly need to focus on serving selected key customers, to be able to provide even better and more effectively integrated service.

**INCAP IS FACING OPPORTUNITIES AND
CHALLENGES**

In order to succeed in the future, Incap will have to develop quickly and in a controlled way. We already saw signs of favourable development in 2000: we focused on the service of a few key customers and could improve our profitability.

A new vision and strategy were outlined for both business sectors during the last quarter of 2000. The key issues of the new strategies are growth, focus and internationalisation.

Incap will focus increasingly on the contract manufacturing of electronics. Development projects in the furniture sector will be continued, but the aim is to

separate the furniture sector from the Group in 2001.

The Company's profitability in 2000 was disappointing. We believe, however, that the good market situation in the selected business segments and our efforts to increase efficiency will improve profitability and, consequently, shareholder value.

I believe we are now focusing on the right things. To be able to respond to the challenges, we will need plenty of both mental resources and material investments. We will continue to invest to keep our production facilities up-to-date and to improve their productivity. We will also invest in personnel development and training. We will develop special Incap values to guide all internal and external operations in a manner that will satisfy our customers, shareholders and personnel as well as the surrounding community.

I would like to thank all our customers, shareholders and partners for the past year. I would like to extend my special thanks to our personnel for their commitment to building an even more solid Incap.

Espoo, February 2001

*Kari Saarinen
President and CEO*





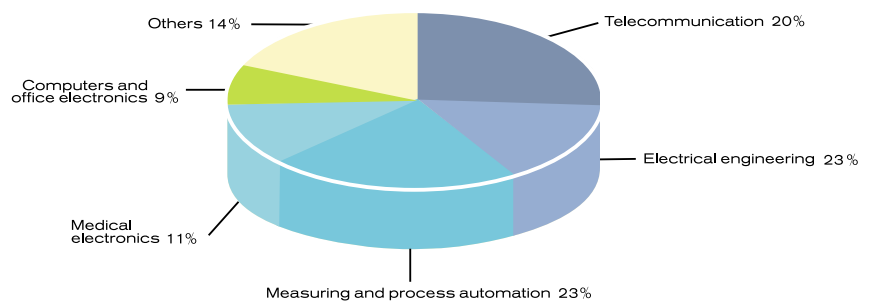
CONTRACT MANUFACTURING OF ELECTRONICS

Incap Electronics Ltd
Incap Electronics Estonia Oü

PRODUCTION UNITS:
Helsinki, Vaasa, Vuokatti, Kuressaar (Estonia)

PRODUCTS AND SERVICES:
contract manufacturing of subassemblies and end products
containing electronic and sheet metal products and related
design, testing and material services

DISTRIBUTION OF NET TURNOVER
BY CUSTOMER SECTORS





Incap Electronics is a contract manufacturer for electric and electronic industries. The key customer segments are telecommunications, electric industry and measurement and process industry. Apart from the key segments, Incap Electronics also manufactures components and subassemblies for medical and diagnostic systems as well as security electronics. The customers are well-known Finnish and international companies, and almost all products end up on the international market via the customers' business.

Incap manufactures electronic and mechanical components for the customers' products, while the customers do the final assembly and product customisation. This is the practice in, for instance, the manufacturing of meteorological equipment, for which Incap supplies

the customer with cases containing PCBs. Besides this, and more increasingly, Incap also provides design and manufacturing services based on the "box-build" principle, which means that it manufactures the products, packs them in the customer's package and delivers them directly to the end customer. For example, point-of-sale terminals customised to meet the end customer's needs are delivered directly to department stores.

The production units operating at Vuokatti and Kuressaar manufacture electronic components and subassemblies. The Helsinki and Vaasa units produce both mechanical components and subassemblies containing electronic and mechanical components.

The net turnover of Incap Electronics in 2000 was EUR 49.0 million, and it ranks among the ten biggest Finnish contract manufacturers for electronics industry. The company's net turnover grew by 43% compared to the previous year. Operating profit amounted to EUR 1.3 million compared to EUR 1.4 million a year previously. The number of personnel at the end of the year was 591.

CONTRACT MANUFACTURING WILL CONTINUE TO INCREASE

While developing their own processes and focusing on their core competencies, Incap's customers have outsourced the manufacturing of certain products and subassemblies. The volume of outsourcing has increased over the past few years, and this trend is anticipated to continue further. According to the assessment of American Electronic Trend Publication, contract manufacturing of electronics increased by about 30% in 2000, amounting to a total value was about USD 75 billion. Strong growth is predicted to continue for at least another four years. Along with the traditional manufacturing services, there are more and more design services available, including design for excellence and testing. This means that contract manufacturers will be assigned an ever increasing responsibility for the added value of the customers' products.

The expertise of Incap Electronics in both PCB assembly and electronic and mechanical subassemblies guaranteed Incap a good market position as a supplier to significant Finnish and international customers. Incap supplied increasingly comprehensive subassemblies and participated in the design of the customers' products, using both its corporate resources and those of its network of engineering companies. Incap is operating in a flexible way being able to respond to requests for

KEY INDICATORS EUR million	2000	1999	Change %
Net turnover	49.0	34.2	43
Operating profit	1.3	1.4	-10
% of net turnover	3	4	
Share of Group's net turnover, %	56	48	17
Average number of personnel	599	427	40

very short delivery times and unforeseen short-term fluctuations in demand.

INVESTMENTS INCREASED CAPACITY AND EFFICIENCY

About 14% of net turnover was invested to increase and modernise production capacity. In the autumn, a new resource planning system (ERP) was purchased, which aims to develop processes and to make the systems employed in the different units of Incap Electronics mutually compatible. The integration of the cabinet mechanics unit acquired from ABB Control Oy in 1999 was continued during the early part of the year. In February, a unit that manufactures components for motors and generators was purchased from ABB Industry Oy. A subsidiary was started in Kuressaar, Estonia. As soon as the facility had been renovated, the unit began to supply PCB assembly and manual assembly for Finnish and Nordic customers. Vuokatti unit's capacity for surface-mounted assembly was increased by installing two new production lines. A new quality data collection system was also started at Vuokatti.



OPERATIVE ADJUSTMENTS

Incap Electronics re-organised itself by adopting an operational model that allows the production units to co-operate efficiently and synergistically regardless of their focus on either electronics or mechanics. Sales and marketing were developed towards integrated customer relations management. For each key customer a responsible contact person was appointed, who will take care of that specific customer relation regardless of which unit is manufacturing the customer's products. The operational management team was cut down in size for faster decision-making. HR resources were increased to improve personnel development, rewarding and recruitment.

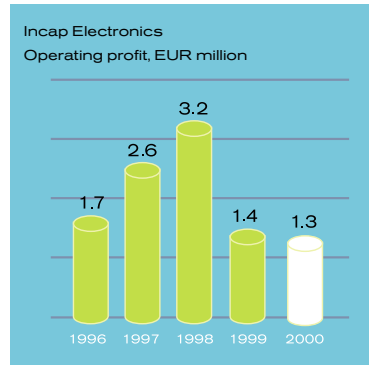
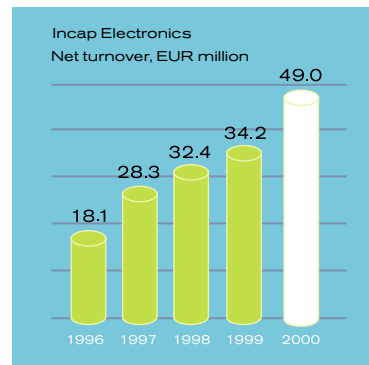
SHORTAGE OF COMPONENTS IMPAIRED PROFITABILITY

Profit development in the electronics sector was not satisfactory. The prevailing shortage of components slowed down the deliveries of especially products that required PCB assembly. Another disadvantage was the rise in the prices of raw materials and components due to changes in exchange rates and the poor availability of components. This rise in prices could not be transferred quickly enough into end product prices.

PREPARING FOR THE FUTURE

Incap Electronics aims to further strengthen its position as a contract manufacturer and to grow profitably and faster than the organic growth in electronics. In order to expand both in Finland and abroad, it will have to increase its market share and to make acquisitions and strategic alliances. Personnel development and training should aim to meet the demands of growth and internationalisation.

Development of processes will be an essential prerequisite for the improvement of customer satisfaction and operational efficiency. The entire supply chain should have a transparent and uninterrupted flow of information enabled by the Internet and other electronic solutions. Communication will be improved by e-logistics, which includes more than merely purchasing and material functions, being an essential aspect of the operational model from product design to after sales maintenance.





CONTRACT MANUFACTURING OF FURNITURE

Incap Furniture Oy
Incap Furniture Inc.
Incap Furniture SIA

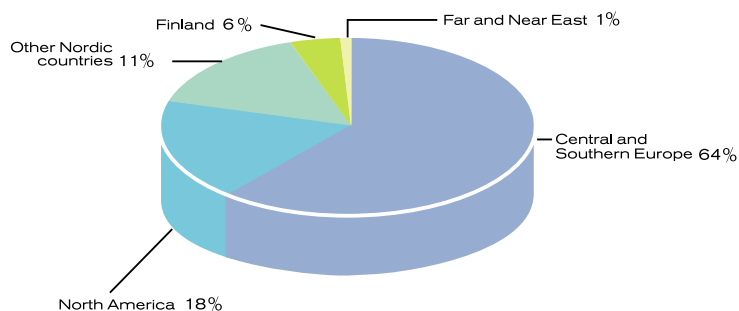
PRODUCTION UNITS:
Kärsämäki, Varpaisjärvi

OFFICES:
Oulu, Riga (Latvia), High Point (USA)

PRODUCTS AND SERVICES:
manufacturing of self-assembly solid-pine furniture and
related R&D and product design services

CUSTOMERS:
Furniture manufacturers and retail/marketing chains

NET TURNOVER BY MARKET AREAS





Incap Furniture is a contract manufacturer for large international furniture manufacturers and chains, which provides services ranging from R&D and product design through manufacturing to packaging and delivery.

Incap is the biggest manufacturer of pinewood furniture and also the biggest exporter of furniture in Finland. The company's main market area has been Central and Southern Europe for several years, but the volume of exports to the United States increased in 2000. Most of the raw material comes from the vicinity of the production units at Kärämäki and Varpaisjärvi.

The net turnover of Incap Furniture in 2000 was EUR 37.8 million, which is 3% higher than in 1999. The number of personnel at the end of the year was 236. Financial development was favourable, and the operating profit of EUR 1.3 million showed an 88% improvement compared to the previous year. The good availability of raw materials and the rise in productivity improved profitability.

The development of demand during the past year was exceptional. After a 30% growth during the early part of the year, growth subsided, especially in Britain.

Contrary to forecasts, demand did not increase towards the year end, and the company had to lay off 57 persons for a fixed period.

A record investment was made in research and development, 3% of net turnover, and new product lines were designed for all key customers. The R&D project for a major customer yielded four new product lines for the coming two years, and more than 20 products were developed for pilot marketing in the United States.

KÄRSÄMÄKI UNIT IMPROVED ITS PROFITABILITY

Thanks to the development project continued throughout the year, Kärämäki unit improved its profitability by about 25%. The rise was due to the adoption of a new control and capacity loading system and a team bonus salary system, development of the manufacturing process for new products and improvement of surface treatment capacity.

Altogether EUR 3.0 million were invested in the key technology. A new surface treatment line was commissioned in Kärämäki unit, which doubled surface treatment capacity. The new line resulted in a 20% increase in Incap's furniture production capacity.

During the early part of the year, a new production strategy was outlined. The strategy will serve as a basis for the new operational model, which will highlight the importance of surface treatment and competent logistics. The flexibility of operation will increase even further now that more components produced by the supplier network will be available for Incap's own production.

KEY INDICATORS	2000	1999	Change %
EUR million			
Net turnover	37.8	36.6	3
Operating profit	1.3	0.7	88
% of net turnover	4	2	
Share of Group's net turnover, %	44	52	-16
Average number of personnel	249	251	-1

SUCCESSFUL MARKET ENTRY FOR NEW PRODUCT LINES

A significant delivery contract was signed with a manufacturer in the United States. The shared stand at the High Point international furniture exhibition in October was successful, and the first deliveries of products exhibited at High Point were shipped in November.

A co-operative project was launched to design new product lines for the Central European market. Apart from Incap's marketing and R&D personnel, the participants included an international network of designers. The new co-operative approach helped Incap to bring high-standard products on to the market in a notably shorter time than previously. The KEEP product line was first introduced at the Cologne international furniture exhibition in January 2001.





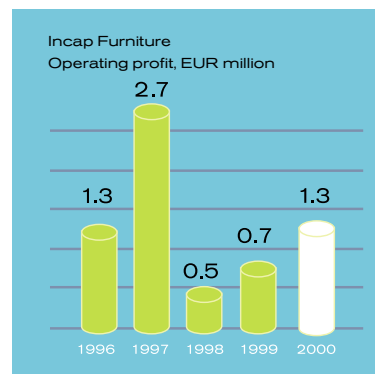
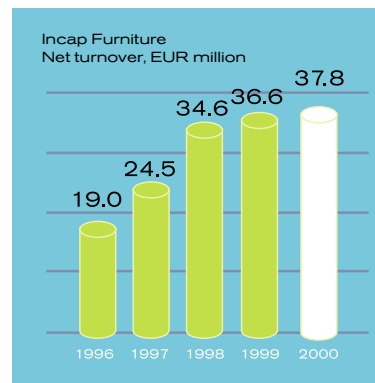
The share of global purchasing was increased by approx. 25%. A purchasing agency for the Baltic countries and Eastern Europe was opened in Riga, Latvia, at the beginning of the year. The functioning of the network, operating both in Finland and abroad, was developed in several projects to improve quality and the reliability of deliveries as well as to integrate procedures. The number of suppliers was cut down by about one sixth, after which Incap now has 20 Finnish and 12 international suppliers. To guarantee the flexibility and data security of networked co-operation, a project to reorganise the information flow in the network was started. Extranet was used increasingly for communication within the co-operative network.

PREPARING FOR THE FUTURE

Comparison of tenders shows that Incap Furniture operates in a highly cost-effective manner. Net turnover is expected to grow fast, especially in the United States, provided that the forecasts of national economic development hold positive. The number of outstanding tenders was high at the end of the year, and now that several new products for key customers are being produced, Incap can expect a growth of net turnover from the 2000 level.

Furniture production in the European Union grew at annual rate of about 3% in the late 1990s, and this growth is anticipated to continue steadily. The market for pinewood furniture in Europe is expected to grow annually by 2 – 4%. In the United States, the popularity of solid-wood furniture is growing.

The building of a logistic centre at Kärsämäki and the improvement of productivity at Varpaisjärvi will be the major challenges in 2001. Supplier reliability and quality will be improved even further. More and more purchasing will be done abroad. The declining raw material prices and the improving productivity will make it easier to retain and expand production in Finland. The proximity of production to the raw material sources and the high quality of Finnish wood are a definite competitive advantage for Incap.



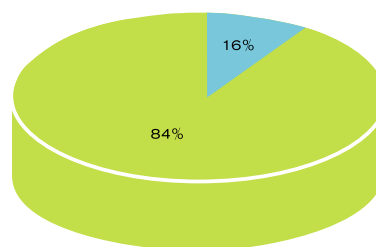




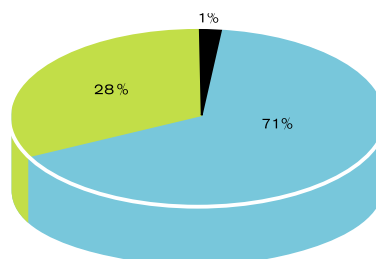
PERSONNEL

In contract manufacturing, personnel expertise, multi-skilling, flexibility and efficiency are key competitive advantages. Also from the viewpoint of the customers the personnel is a production factor on which profound long-term partnerships can be built. This underlines the importance of diverse co-operation between the provider and customer organisations.

PERSONNEL



Workers Office personnel



Incap Furniture Incap Electronics Incap Corporation



PERSONNEL POLICY

Improvement of personnel welfare and satisfaction has been the primary goal of personnel policy. The efforts to attain this goal have included improvement of team work skills as well as leadership and supervisory training. Incap has also accomplished significant organisational changes to maintain profitability and efficiency in the long run.

RECRUITMENT

During the financial period the number of personnel increased by 61, of whom 46 were employed upon the acquisition of the Estonian unit.

TRAINING

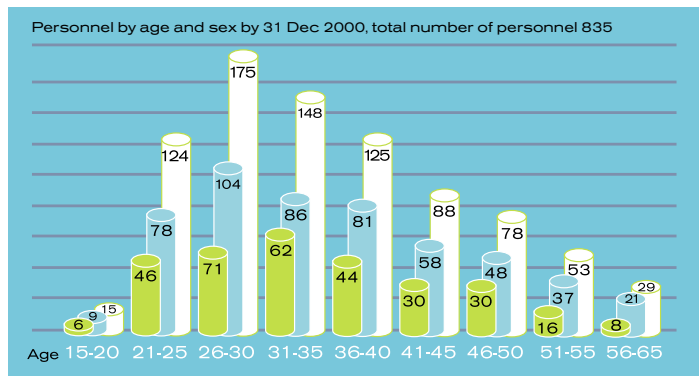
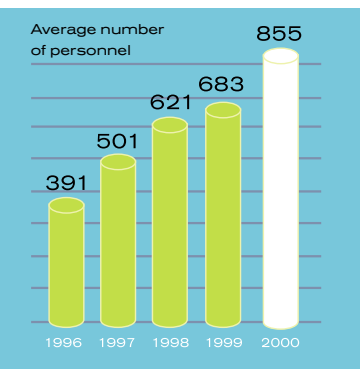
Personnel training has focused on coaching in the development and adoption of the new information management system. Incap Electronics also started an apprenticeship training programme for a special vocational diploma in leadership, involving 20 persons employed as supervisors. Vuokatti unit started an apprenticeship training programme for 30 current workers, who aim to qualify with a vocational diploma in electrical engineering. In addition to these, two employment courses were started to train altogether 40 persons in PCB assembly. These courses will help to meet most of the need for labour force at Vuokatti after the commissioning of the extension in 2001.

The focus of training at Incap Furniture has been on integrated development of production by the whole organisation. The project introduced the principle of continuous improvement as part of the daily routines, in addition to which data collection and enterprise resources planning were also developed.

SALARY SYSTEM

All office personnel are covered by an incentive salary system. The possible bonus payable in 2000 was based on the Balanced Scorecard (BSC) calculation, and bonus was only paid if the budgeted level of operating profit was reached. The Balanced Scorecard comprises indicators compatible with the company's strategic goals, including the financial, customer, process and personnel interests. The system aims to assist the personnel to attain the corporate goals in an efficient and integrated manner. For each employee, indicators relevant to his or her job description are chosen from the company's balanced scorecard.

Incap aims to apply the incentive salary system to all corporate personnel in 2001.



ENVIRONMENT AND SOCIAL RESPONSIBILITY

PRODUCTION UNITS HAVE THEIR OWN ENVIRONMENTAL SYSTEMS

Incap has undertaken to observe the environmental legislation and to make constant efforts to improve its environmental management.

The environmental goals of electronics production are linked with energy consumption by production, the use of various auxiliary substances, such as solvents and tin, and the amount of waste produced. The Helsinki, Vaasa and Vuokatti units of Incap Electronics have an environmental system compatible with the ISO 14001 standard and certified by Lloyd's Register Quality Assurance Ltd in 1998. The certificate will be made applicable to the Estonian unit in 2001.

The major emissions from furniture production include evaporative emissions from thinner solvents used in surface treatment, sawdust spreading into the vicinity of the plant and disposable waste. In 1998, Incap Furniture integrated an environmental system compatible with the ISO 14001 standard as part of their quality system. In 2000, the environmental system was differentiated as an independent system and re-documented. The process of certification of the environmental system was started during the latter part of the year, and the certificate was granted in February 2001.

APPROPRIATE PROCUREMENT PROMOTE ENVIRONMENTAL WORK

Being a contract manufacturer, Incap Electronics co-operates with its customer in choosing raw materials, and these decisions also involve environmental matters. The auxiliary substances should be products that cause minimum harm to the environment.

Environmental considerations are especially important in the acquisition of wood as raw material for furniture. The sawmills are required either to have an environmental system or to meet the environmental criteria imposed by Incap. The sawmills must provide verification of the source of wood and, if so required, the supplier must present documents of the area of harvest. Wood from protected areas is naturally not accepted.

The glues, surface treatment agents and wood-based components must not contain formaldehyde or other toxic substances. The compositions of all substances are verified before use so that the customer is hence guaranteed to receive a safe product.

The safety and environmental friendliness of packaging materials are also specifically monitored.

In all investments, including the purchase of machinery and equipment, relevant environmental issues are considered. These include energy consumption, ability to utilise raw materials and amount of waste produced.

ENVIRONMENTAL MEASURES IN 2000

The Vuokatti unit cut down environmental noise in 2000. The painting facility in Helsinki unit adopted water as a cleaning agent and gave up all harmful chemicals.

Environmental issues played a significant role in the Total Quality Management project started in electronics production in 2000.

The surface treatment lines commissioned into use in the Käräsämäki furniture manufacturing unit in 2000 employ UV-hardened shellacs, which means that the growing capacity has not resulted in an increased use of thinner solvents or emissions. The increase of capacity also made it possible to undertake part of the surface treatment previously done by suppliers, which helped to further cut the emissions from thinner-based substances in the supplier network. At the level of the whole network, emissions from thinners used in production decreased by about 30%.

New methods and new partners for the processing of sawdust and wood residue from furniture production have been sought. The purpose of these measures will be to improve the profitability of secondary products and to keep the surroundings tidy. The practice of waste sorting were also revised, and all combustible waste was used for energy production, which resulted in a significant decrease of disposable waste.

Incap participated in the formulation of the Agenda 21 programme for sustainable development at Käräsämäki in 2000.

FACING THE ENVIRONMENTAL DEMANDS OF THE FUTURE

As the public awareness of environmental matters is increasing, especially large, international customers require their partners to have a certified environmental system. Such a certificate is also necessary on the export market.

In electronics manufacturing, Incap is following the international development towards lead-free soldering. The European Commission has proposed that the use of lead, mercury, cadmium and 6-valent chrome in the manufacturing of new products should not be allowed from 2008 onwards, but pressure from the market may cause this change to take effect even earlier. The directive on electric and electronic waste may also introduce further obligations.

During the extension of Käräsämäki unit in 2001, the system for removing sawdust will be further improved and expanded.

AIMING AT A SAFE AND PLEASANT WORKING ENVIRONMENT

Incap observes the occupational safety legislation to create a safe and pleasant working environment. The occupational safety committees at the units co-operate with the corporate management and the personnel to promote occupational safety. In 2000, a variety of measures were undertaken to improve the working environment. This systematic work has helped to cut down the number of occupational accidents in furniture manufacturing clearly below the average in the field.



OUTLOOK FOR THE FUTURE

INCAP WILL NETWORK FOR MORE EFFICIENCY

Incap's operating environment is changing faster and faster, and product lifecycles are getting shorter. A contract manufacturer's success depends directly on its efficiency as part of a seamlessly operating network, in which products are designed, manufactured, tested and delivered to the end user. Contract manufacturers' role in the network is becoming even more significant now that customers are outsourcing increasingly large and important segments of the product chain, including both design and manufacturing. A contract manufacturer must be quick and flexible to meet the challenges of the operating environment.

Incap's key goals are agility and flexibility. All units must be able to change and respond to the customers' and customer segments' new needs. As the future will be even less predictable, decision-making and communication must be increasingly fast and transparent. Thanks to new Internet-based solutions and improved enterprise resource planning, Incap communicates electronically with its customers, partners, subcontractors and material suppliers at the different stages of the production chain. Seamless co-operation of the whole chain will guarantee reliable and prompt deliveries.

Future operation will also be characterised by a need to focus and concentrate. Customers will concentrate their design and manufacturing to a few reliable partners. Incap similarly aims to cut down the number of suppliers and to concentrate on serving selected key customers in selected industrial sectors. Incap is part of the same value chain as its customers and wants to develop and succeed together with them. Contract manufacturers and their customers must be familiar

with each other's strategies and co-operate to reach the jointly defined goals.

The importance of design services will continue to grow. A successful contract manufacturer of electronics must be able to design for manufacturing and assembly and testing. Contract manufacturers of furniture are getting more and more involved in the design and R&D of end products. Incap will increase its design services and in-house design expertise and expand its co-operation with Finnish and European engineering companies, design agencies and customers.

Incap will improve operations and processes in both its own organisation and its supplier network in co-operation with technical research institutions, development centres and educational institutions. Certain development programmes will be accomplished jointly with customers to improve mutual co-operation and reciprocal practices.

MARKET DEVELOPMENT IN ELECTRONICS INDUSTRY

According to Electronic Trend Publication, the contract manufacturing market will continue to grow steadily at an annual rate of 25 – 30%. As the overall value of the market in 2000 was estimated to be about USD 75 billion, the forecast for 2003 will be more than USD 150 billion.

The total value of global electronics production has simultaneously been estimated to grow at an annual rate of 10 – 15% (USD 700 – 800 billion in 2000, about USD 1000 billion in 2003), which means that the share of contract manufacturing will grow from 10% in 2000 to about 20% in 2003.



Incap's competitors have been actively investing in the Baltic countries and Eastern Europe, and this trend will apparently continue. Increasing numbers of manufacturers want to benefit from the moderate cost level in these areas, which will cut down the production costs of volume products requiring manual work. The growth and favourable cost level of the electronics market in the Far East, especially China, make this area an attractive site for contract manufacturing.

Of the market segments served by contract manufacturing of electronics, telecommunication will be the most important. Its share of contract manufacturers' overall sales is expected to rise to about 50 % in the years to come, the reasons being the rapid growth of telecommunication in general and the tendency of telecommunication customers to outsource larger share of their manufacturing.

The poor availability of raw materials and components, which notably impaired production in 2000 will probably continue in the early part of 2001, but the increasing capacity of component production is expected to improve the situation towards the year end.

MARKET DEVELOPMENT IN FURNITURE INDUSTRY

The value of furniture production in the European Union was estimated to have been about EUR 75 billion in 1999. The major export markets for EU's furniture manufacturers were the United States, Switzerland, Russia, Norway and Japan. Another rapidly growing market is Eastern Europe and Turkey. The prospects are also good in China, India and Latin America. Of the furniture manufactured in the EU member states in 1999, 10% were exported outside the EU. This share of

exports is predicted to rise to 15 – 20% by 2005.

A survey published by UEA, the association of furniture manufacturers in the EU, in 2000 lists the developmental trends of the coming years. Since the growth of the European market is limited, furniture manufacturers must be ready to enter the international markets and do international business. Investments in production technology will be necessary to remain competitive. Environmental issues will gain even further significance and they will set new demands on investments. Furniture manufacturing will concentrate and minor manufacturers will disappear from the market. There will be new suppliers for the low and medium price segment in Eastern Europe and Asia and the key competitive advantage of EU manufacturers in these markets will not be price but quality and reliability. Furniture manufacturers must continue to have high-standard R&D and design expertise.

PROFITABLE GROWTH

Incap is facing a number of opportunities and big challenges. The rapid growth of electronics industry, especially telecommunications, will enable it to reach its growth and profitability goals, while the increasingly international businesses of its customers will also help Incap to become more international. Based on the key customers' turnover forecasts, Incap's turnover is expected to grow even more than the average in 2001.

Furniture manufacturing also aims at growth that will clearly exceed the average in the field. The future investments in production and productivity will further improve profitability.

CORPORATE GOVERNANCE

Incap Group complies with the instructions issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers concerning the administration of public companies in accordance with recommendations by the Helsinki Exchanges.

ANNUAL GENERAL MEETING

The decision-making organ of the Group's parent company, Incap Corporation, is the Annual General Meeting, which assembles once a year for an Ordinary General Meeting. The tasks of the general meeting have been defined in the Companies Act and the statutes of the Company's Articles of Association.

BOARD OF DIRECTORS

Corporate administration and business operations are supervised by the Board of Directors, which has three to seven members, as stipulated in the Company's Articles of Association. The Annual General Meeting decides about the number of Board Members and appoints them. The Board Members' term begins at the Annual General Meeting, in which they are appointed and terminates at the end of the next Ordinary General Meeting. Board members can be re-elected.

Incap Corporation's Board of Directors also approve of the overall corporate goals, based on the strategic and annual plans of the operating subsidiaries, and decide about strategic investments, business acquisitions and corporate acquisitions and sales.

PRESIDENT AND CEO

Operative leadership is exercised by the President and CEO, appointed by the Board of Directors, in accordance with the Board's instructions and orders. The Board of Directors decide about the President's salary and other benefits. The key terms and conditions for the President's duties in service have been defined in a written contract.

EXECUTIVE TEAMS

Incap Corporation's President and CEO chairs the Corporate Executive Team, which consists of the presidents of the operating subsidiaries and the CFO. The subsidiaries have their own operational management teams.

The salary, bonus and other benefits of the Group's management teams are decided by the respective boards.

INSIDER INSTRUCTIONS

Incap Corporation's insider instructions are accordant with the instructions of the Helsinki Exchanges enforced on 1 March 2000. Permanent insiders are not allowed to trade in the Company's shares or comparable securities within the 14 days preceding the publication of interim reports or the annual accounts bulletin. Project-specific insiders are not allowed to trade in the Company's shares while they are insiders to the project.

The Group's permanent insiders are recorded in a register maintained by the Finnish Central Securities Depository under the supervision of Financial Inspection. A list of project-specific insiders is maintained by the corporate administration.

BOARD OF DIRECTORS 1 FEB 2001



Chairman
JUHANI VESTERINEN, born 1953
BSc (Econ.), BSc,
President and CEO of Sampo Life Insurance
Company Ltd.
Board Member since 1998,
Chairman since 1999
Member of the executive committee of
Sampo Group,
Chairman and Board Member in several
other companies and organisations



PERTTI KARHINEN, born 1950
BSc (Econ.),
President and CEO of Rantasalmi Oy
Board Member since 1992,
Chairman in 1992-1995
Chairman of Pientaloteollisuus ry
(Association of Small House Industry),
Chairman of the Board of T-Drill Oy,
member of the investment council of
Finnish Industry Investment Ltd.



MATTI KAITERA, born 1935
MSc (Eng.),
Managing Director of Kaivas Oy
Board Member since 1997
Chairman of the Board of Directors
of Aplac Solutions Corporation,
Chairman of the Board of Directors of
Pentti Kaitera Fund in the University of Oulu,
Chairman of the Board of Directors of
Videra Ltd.,
Board Member for Teknoventure Ltd.
and Orient-Occident Ltd.



HANNU LIPPONEN, born 1945
MSc (Eng.),
Chief Financial Executive for Finnvera plc
Board Member since 1999

CORPORATE EXECUTIVE TEAM 1 FEB 2001



KARI SAARINEN, born 1956
BSc (Eng.)
President & CEO of Incap Corporation
and Incap Electronics Ltd. since September 2000
Board Member of Incap Electronics Ltd
and Chairman of the Board of
Incap Furniture Ltd since December 2000
Joined Incap in 2000



SAULI HUIKURI, born 1958
MSc
President of Incap Furniture Ltd
Joined Incap in 1996



RAUNI NOKELA, born 1947
MSc (Econ.)
Vice President, Finance & Administration
acting President of Incap Corporation
May–August 2000
Joined Incap in 1992

MANAGEMENT

INCAP ELECTRONICS



KARI SAARINEN
President & CEO



HANNU HARJU
*Vice President,
Customer Relations*



EIJA JANSSON-
TERVONEN
CFO



JYRKI LUOJUMÄKI
Vice President, Logistics



CARITA
RÖNNBERG-
LAUKKONEN
*Vice President,
Human Resources*



TIMO SONNINEN
*Vice President,
Electronics Operations*



MARTTI VAURIO
*Vice President,
Mechanics Operations*

INCAP FURNITURE



SAULI HUIKURI
President



JARI KANGASHARJU
Manager, Logistics and IT



TAPIO NIKKANEN
Purchasing Director



URPO UNNBOM
Business Controller



MATTI VAHE
Technical Director

BULLETINS IN 2000

JANUARY

The total of shares held by the investment funds administered by Conventum Limited and Conventum Fund Management Company exceeds three twentieths.

FEBRUARY

According to preliminary information on the Group's annual accounts, the net turnover of electronics industry in 1999 grew less fast than expected, which impaired the Group's profitability.

According to the annual account bulletin for 1999, Incap Group's net turnover in 1999 is EUR 70.8 million, with about 6% growth from the previous year. The Group's operating profit dropped from EUR 3.3 million in 1998 to EUR 1.8 million in 1999.

MARCH

Incap Electronics starts a subsidiary in Kuressaar, Estonia, for PCB assembly and testing and final product assembly.

Incap Furniture decides to build a new surface treatment and logistics centre.

Incap Electronics buys the synchronous machines and component manufacturing operation of ABB Industry Oy. The operation will continue in the Vaasa unit of Incap Electronics.

The Vaasa unit of Incap Electronics acquires a manufacturing system that allows automatic sheet metal production.

APRIL

Incap Corporation's Annual General Meeting decides to authorise the Board of Directors to raise the share capital and to issue warrants to the company's key personnel and Board of Directors.

MAY

Incap Corporation's Board of Directors decides that the company will concentrate on contract manufacturing for electronics industry and separate the contract manufacturing of furniture.

Mr Tero Frey, President and CEO of the Incap Group, is relieved of his duties, and Ms Rauni Nokela, Vice President of Incap Group, is appointed acting president.

JUNE

Mr Markku Keski-Filppula, President of Incap Electronics, hands in his resignation. He will continue in the company until the end of 2000.

AUGUST

A new surface treatment lines is commissioned in the Kärämäki unit of Incap Furniture, which doubles the unit's surface treatment capacity. This line helps to increase Incap Furniture's production capacity by 20%.

According to the interim report for January – June, Incap Group's net turnover has increased by 29% compared to the corresponding period a year previously.

SEPTEMBER

Kari Saarinen MSc (Eng.) is appointed President and CEO for both Incap Corporation and Incap Electronics Ltd.

NOVEMBER

A decision is made to expand the Vuokatti production facility of Incap Electronics by one third. The new facility will house PCB assembly and manufacturing of subassemblies for telecommunication and electronics industries.

DECEMBER

Kari Saarinen is appointed Board Member of Incap Electronics Ltd. and Board Member and Chairman of Incap Furniture Ltd.

Incap specifies its financial forecast. The Group's net turnover is estimated to grow as predicted, but operating profit is predicted to remain at the same level as a year previously.

INFORMATION FOR SHAREHOLDERS

The annual report, the interim reports and the stock exchange bulletins are published in Finnish and English, and they are also available on the corporate website at www.incap.fi.

Annual account bulletin for 2000:	16 February 2001
Annual report for 2000:	Week 12
Interim reports for 2001:	January - March 10 May 2001 January - June 16 August 2001 January - September 6 November 2001

Incap's Annual Accounts for 2000 are appended to this annual report.

Publications can be ordered from:
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Finland

Tel. +358 10 612 2002
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e-mail: hannele.polla@incap.fi

INVESTOR MEETINGS

As far as possible, Incap will send representatives to investor meetings and meet analysts and investors regularly. During the spring 2001, Incap will participate in information events arranged by Stock Exchange Foundation in Kuopio on 27 March, in Helsinki on 24 April and in Oulu on 3 May as well as in the financial event in Oulu on 3 March.

ANNUAL GENERAL MEETING

Incap Corporation's Annual General Meeting will be held on Wednesday, 18 April 2001, starting at 11 am in the America cabinet of the main building of Technopolis Oulu at Teknologiantie 1, Oulu. Prospective participants must sign up by 4 pm on Thursday, 12 April 2001, at Incap's Oulu office, Teknologiantie 13, FIN-90570 Oulu, or by telephone: +358 10 612 2567 / Majja Aronen or via e-mail: majja.aronen@incap.fi. Kindly present your proxy when signing up.

Shareholders intending to participate in the Annual General Meeting must have their names on the list of shareholders maintained by the Finnish Central Securities Depository by 6 April 2001 at the latest.

Dividend record date:	Monday, 23 April 2001
Dividend payment date:	Thursday, 3 May 2001

Dividend (as proposed by the Board of Directors): EUR 0.10/share

CONTACT INFORMATION

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INCAP ELECTRONICS OY Tel. +358 10 612 11
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Tel. +371 750 8616
Fax +371 732 2666

Up-to-date contact information on all Incap units and sites is available on the corporate website at www.incap.fi.



Incap Oyj
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Tel. +358 10 61211
www.incap.fi

Domicile Oulu
Trade register no. 356.154



ANNUAL ACCOUNTS

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REPORT BY THE BOARD OF DIRECTORS

MARKETS IN THE BUSINESS SECTORS

In the electronics sector, customers continued to concentrate their sourcing to increasingly few contract manufacturers both in Finland and globally. The key customers' markets grew, and the demand and production of especially telecommunication products rose sharply. Profit development in the electronics sector was impaired by the inadequate supply of electronic components and the rise of material prices.

The demand for furniture slowed down in the European Union after the summer, and competition therefore increased. A similar trend was visible on the US market. The price of wood continued to drop, and the availability of raw material was good throughout the year.

DEVELOPMENT OF GROUP FINANCIALS

Incap Group's net turnover in 2000 was EUR 86.8 million (EUR 70.8 million in 1999). Net turnover grew by about 23%. The majority of exports, most of them exports of furniture, went into the European Union, and the share of exports out of net turnover was 42%. Operating profit was EUR 1.8 million (EUR 1.8 million), or about 2% (3%) of net turnover. Profit before extraordinary items was EUR 1.3 million (EUR 1.4 million), or about 2% (2%) of net turnover. Profit for the financial period was EUR 0.8 million (EUR 1.0 million). Earnings per share were EUR 0.22, return on equity 4.0% (5.0%) and return on investment 6.3% (6.2%). The Group's equity ratio was 46.0% (46.0%).

The development and restructuring projects accomplished by the group cost about EUR 0.8 million. These included renewal of enterprise resource planning (ERP), the issue of new warrants, management reorganisation and efforts to differentiate the furniture sector.

BUSINESS SECTORS AND THEIR PROFIT DEVELOPMENT

The net turnover of Incap Electronics was EUR 49.0 million (EUR 34.2 million), which was about 43% more than the previous year. Most of net turnover came from the manufacturing of devices and components for telecommunication, electric power industries, measuring and process industries and medical and diagnostic practice.

Operating profit was EUR 1.3 million (EUR 1.4 million), or 3% (4%) of net turnover. Profitability was less than forecast. The slow improvement of profitability was due to the shortage of components in the customer sectors and the sharp rise of material prices. The balance sheet of the Estonian subsidiary, which is included in the financial information, showed a loss of EUR 0.16 million after the start-up period.

The net turnover of Incap Furniture was EUR 37.8 million (EUR 36.6 million). The rapid growth in the early part of the year discontinued during the latter half. The customers responded to the drop in demand by replacing their old product lines, and operating profit therefore grew less fast than expected.

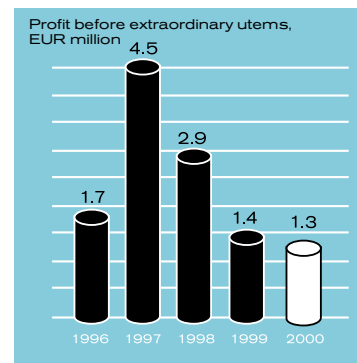
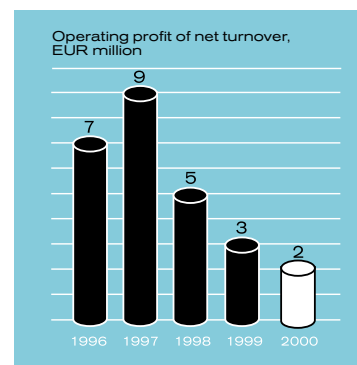
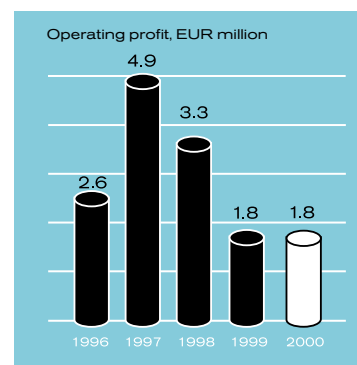
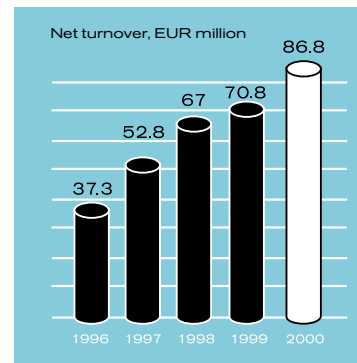
Operating profit was EUR 1.3 million (EUR 0.7 million), or 4% (2%) of net turnover. The efforts to improve production efficiency resulted in an improvement of relative profitability towards the year end. The new international subsidiaries, Incap Furniture, Inc. and Incap Furniture SIA, together showed a loss of EUR 0.19 million.

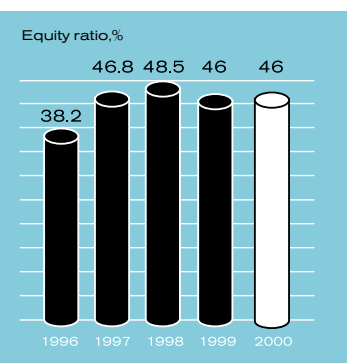
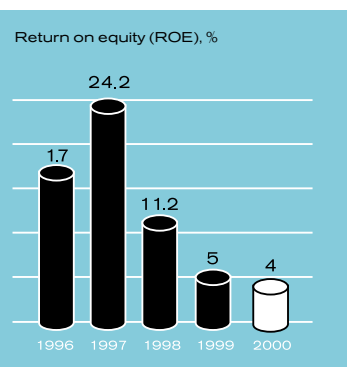
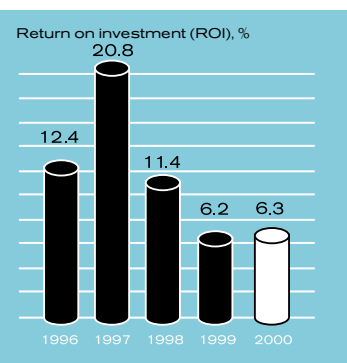
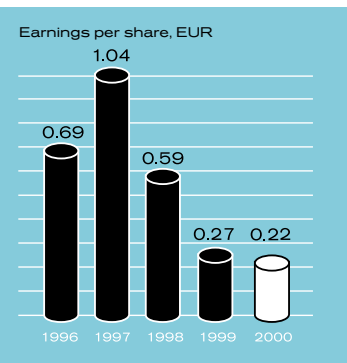
INVESTMENTS

The Group's investments totalled EUR 10.2 million (EUR 7.1 million), or 12% (10%) of net turnover. Altogether EUR 3.3 million of the investments were recorded as non-current assets in the balance sheet. The investments made in both business sectors aimed to increase production capacity and the degree of automation.

RESEARCH AND DEVELOPMENT

Altogether EUR 2.6 million (EUR 2.1 million) was invested in research and development, which accounts for 3% (3%) of net turnover. All development costs were recorded as expenses.





FINANCING

Net financing costs were EUR 0.58 million (EUR 0.43 million), and financial assets showed a decrease of EUR 2.8 million (increase EUR 0.28). Quick ratio was 1.0 (1.2) and current ratio 1.7 (1.9). Net debt amounted to EUR 7.9 million (EUR 5.9 million), and the Group's net debt-equity ratio was 37.6% (26.8%). Cash flow per share was EUR 0.98 (EUR 0.90).

ANNUAL GENERAL MEETING

The Annual General Meeting on 11 April 2000 authorised the Board of Directors to raise the share capital by issuing new shares, by issuing warrants and/or by taking a convertible loan. The authorisation was to be valid for a year, and included a right to deviate from the shareholders' pre-emptive right to subscription of new shares. The authorisation was registered on 20 April 2000. Based on the authorisation, the Company's share capital can be raised by a maximum of EUR 1,180,716.24.

The Annual General Meeting issued warrants to the Group's key employees, the Board Members for Incap Corporation and the subsidiaries as well as Incap Corporation's wholly owned subsidiary. Altogether 550,000 warrants were issued, and they entitle their holders to subscribe a maximum of 550,000 shares of Incap Corporation. Subscription price per share will be EUR 12. The subscription price will be reduced by the amount of dividend per share paid in cash after 11 April 2000 and before the subscription of the shares on each dividend record date. As a consequence of these subscriptions, Incap Corporation's share capital may rise by a maximum of EUR 924,000 (not exact).

DIVIDEND POLICY

The Company's long-term goal has been to annually pay as dividend about 30% of the consolidated profit before extraordinary items and after taxes. The Board of Directors propose to the Annual General Meeting summoned for 18 April 2001 that EUR 0.10 per share, i.e. 45%, be paid as dividend of the profit for 2000.

BOARD OF DIRECTORS

Incap Corporation's Annual General Meeting appointed four Board Members on 11 April 2000: President and CEO Juhani Vesterinen, who chaired the Board, Managing Director Matti Kaitera, President and CEO Pertti Karhinen and Chief Financial Executive Hannu Lipponen. Juhani Ruutu, LL.M., served as Secretary of the Board. The Board of Directors met 12 times in 2000.

PRESIDENT AND CEO, OTHER MANAGEMENT AND PERSONNEL

During the past financial year, both Incap Corporation and Incap Electronics Ltd were appointed a new President and CEO. Up till 4 May 2000, Incap's President and CEO was Mr Tero Frey, after which Ms Rauni Nokela, Vice President for Finance & Administration, served as acting president until 1 September 2000. Kari Saarinen, MSc (Eng.), was appointed President and CEO as of 1 September. Apart from him, the following persons made up the Group's Executive Team: Sauli Huikuri, President for Incap Furniture Ltd, Tapio Kuokkanen, Vice President for business development (until 21 November), Paula Kähkönen, Communications Manager (until 21 November), and Markku Keski-Filppula, President for Incap Electronics Ltd (until 6 September). On 6 September 2000, President and CEO Kari Saarinen was also appointed President for Incap Electronics Ltd.

During the financial year, the Group employed an average of 855 persons (683 persons), of whom 599 persons (427) worked in contract manufacturing of electronics, 249 persons (251) in contract manufacturing of furniture and 7 persons (5) for Incap Corporation. At the end of the financial period, the Group was employing a total of 835 persons (774 persons).

AUDITORS

The Annual General Meeting appointed Tapio Raappana, Authorized Public Accountant, primary auditor and Olavi Virtanen, Authorized Public Accountant and a fully licensed auditor from KPMG Wideri Oy Ab, deputy auditor. Supervisory auditing was done by the Oulu office of KPMG Wideri Oy Ab.

CORPORATE STRUCTURE

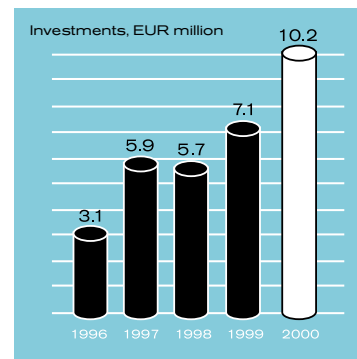
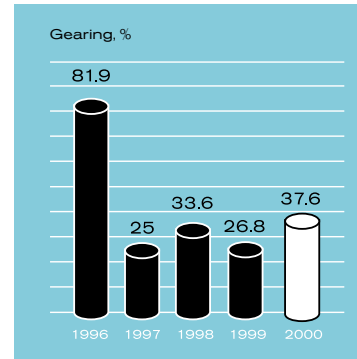
The Group's parent company is Incap Corporation. The Finnish subsidiaries engaged in business are Incap Electronics Ltd, which is a contract manufacturer of electronics, and Incap Furniture Ltd, which is a contract manufacturer of furniture. During the financial year, Incap Electronics Ltd acquired Incap Electronics Estonia Oü in Estonia, which carries out contract manufacturing of electronics in Kuressaar. Owing to a need to renovate the production facility, the Estonian subsidiary only started actual production after the end of the financial year. Incap Furniture Ltd has a marketing company, Incap Furniture, Inc., in the United States, and Incap Furniture SIA in Latvia co-ordinates sourcing. The Companies have no minority shares.

Incap Group concentrated on contract manufacturing of electronics in line with the operating principles applied during the financial year. The intended separation of the contract manufacturing of furniture was not accomplished. The plan is to separate the furniture sector from the Group by the end of the current financial year.

FUTURE OUTLOOK

Incap Group's order backlog at the year end stood at EUR 35.8 million (EUR 30.4 million). The anticipated growth of certain customer sectors, especially telecommunications industry, will help the Group to reach its new strategic goals. By focusing the resources and enhancing the existing competences, i.e. short delivery times and flexibility, it will be possible to increase the market shares per customer and thereby to exceed the average rate of growth in the sector. The investments that have been scheduled will enhance production capacity and technologies and enable the growth envisioned. The main risk to future growth in the electronics sector is the fluctuation in the availability of components and the consequent problems in reaching the profitability targets.

In the contract manufacturing of furniture, the improved cost effectiveness and the investments made in research and development are expected to result in increased net turnover, especially on the US market. The co-operative networking and the development and investment projects in purchasing are anticipated to consolidate the Company's market position.



CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR 1,000		2000	1999
Net turnover	1)	86,773	70,803
Variation in stocks of finished goods and in work in progress		-320	-8
Work performed for own purpose and capitalised		2	5
Other operating income	2)	365	89
Raw materials and services	3)	47,755	39,910
Personnel expenses	4)	23,585	18,901
Depreciaton and reduction in value	5)	2,672	2,170
Other operating charges		10,965	8,060
Operating profit		1,843	1,848
Financial income and expenses	6)	-576	-434
Profit before extraordinary items		1,267	1,414
Profit before taxes		1,267	1,414
Income taxes	8)	-491	-453
Profit for the financial year		776	961

Numbers) refer to the notes to the accounts

CONSOLIDATED BALANCE SHEET

EUR 1,000		2000	1999
ASSETS			
Non-current assets			
Intangible assets	9)	2,100	1,770
Tangible assets	9)	14,246	14,102
Investments	10)		
Holdings in other shares		9	130
Other receivables		1	1
Non-current assets, total		16,356	16,003
Current assets			
Stocks	11)	11,008	9,224
Short-term debtors	12)	11,518	10,545
Short-term investments	13)		
Other short-term investments		2,569	2,801
Cash in hand and at banks		964	3,486
Current assets, total		26,059	26,056
Assets, total		42,415	42,059
LIABILITIES			
Capital and reserves			
14)			
Subscribed capital		5,904	5,904
Share premium account		4,224	4,224
Retained earnings		8,599	8,235
Change in translation differences		3	0
Profit for the financial year		776	961
Capital and reserves, total		19,506	19,324
Creditors			
Deferred tax liabilities		985	962
Long-term creditors	16)	7,033	8,188
Short-term creditors	17)	14,891	13,585
Creditors, total		22,909	22,735
Liabilities, total		42,415	42,059

CONSOLIDATED SOURCES OF FUNDS

EUR 1,000	2000	1999
Cash flow from operations:		
Profit before extraordinary items	1,267	1,414
Adjustments:		
Depreciation and reduction in value	2,672	2,170
Nominal exchange rate differences	12	0
Financial income and expenses	564	433
Other adjustments	-167	-65
Cash flow before change in working capital	4,348	3,952
Change in working capital		
Short-term trade debtors, increase (-), decrease (+)	-1,254	-2,277
Stocks, increase (-), decrease (+)	-1,790	576
Non-interest bearing short-term creditors, increase (+), decrease (-)	1,285	254
Cash flow before financial items and taxes	2,589	2,505
Interests and other financial expenses	-658	-483
Dividends income from operations	1	4
Interest income from operations	81	137
Taxes	-491	-394
Cash flow from operations	1,522	1,769
Cash flow from investments:		
Investments in tangible and intangible assets	-3,398	-2,437
Income from sales of tangible and intangible assets	167	352
Income from sales of holdings in other shares	142	133
Cash flow from investments	-3,089	-1,952
Cash flow from financial items:		
Increase in long-term creditors	0	2,743
Decrease in long-term creditors	-590	-1,396
Dividends paid	-597	-886
Cash flow from financial items	-1,187	461
Change in funds, increase (+), decrease (-)	-2,754	278
Funds at the beginning of the financial year	6,287	6,009
Funds at the end of the financial year	3,533	6,287

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

EUR 1,000		2000	1999
Net turnover	1)	864	708
Other operating income	2)	43	56
Personnel expenses	4)	881	502
Depreciation and reduction in value	5)	71	66
Other operating charges		778	529
Operating loss		-823	-333
Financial income and expenses	6)	809	580
Profit before extraordinary items		-14	247
Extraordinary items	7)	1,090	1,010
Profit before taxes		1,076	1,257
Income taxes	8)	-310	-357
Profit for the financial year		766	900

PARENT COMPANY'S BALANCE SHEET

EUR 1,000		2000	1999
ASSETS			
Non-current assets			
Intangible assets	9)	145	24
Tangible assets	9)	668	615
Investments	10)		
Holdings in the group companies		2,105	2,105
Receivable from the group companies		673	673
Other investments		4	126
Non-current assets, total		3,595	3,543
Current assets			
Long-term debtors	12)	4,575	4,939
Short-term debtors	12)	6,779	3,916
Investments	13)		
Other short-term investments		2,569	2,801
Cash in hand and at banks		340	3,129
Current assets, total		14,263	14,785
Assets, total		17,858	18,328
LIABILITIES			
Capital and reserves			
14)			
Subscribed capital		5,904	5,904
Share premium account		4,224	4,224
Retained earnings		6,307	6,003
Profit for the financial year		766	900
Capital and reserves, total		17,201	17,031
Creditors			
Long-term creditors	16)	151	204
Short-term creditors	17)	506	1,093
Creditors, total		657	1,297
Liabilities, total		17,858	18,328

PARENT COMPANY'S SOURCES OF FUNDS

EUR 1,000	2000	1999
Cash flow from operations:		
Profit before extraordinary items	-14	247
Adjustments:		
Depreciation and reduction in value	71	67
Financial income and expenses	-808	-582
Other adjustments	-20	-15
Cash flow before change in working capital	-771	-283
Change in working capital		
Non-interest bearing short-term trade debtors, increase (-), decrease (+)	403	-937
Non-interest bearing short-term creditors, increase (+), decrease (-)	283	15
Cash flow before financial items and taxes	-85	-1,205
Interests and other financial expenses	-34	-58
Dividends income from operations	1	4
Interest income from operations	841	727
Taxes	-310	-357
Cash flow from operations	413	-889
Cash flow from investments:		
Investments in tangible and intangible assets	-248	-31
Income from sales of tangible and intangible assets	3	12
Income from sales of holdings in other shares	142	86
Loan receivables paid back	0	252
Cash flow from investments	-103	319
Cash flow from financial items:		
Long-term loan receivables, increase (-), decrease (+)	-2,902	0
Increase in long-term creditors	0	1,407
Long-term loans paid back	-922	-407
Group contribution received	1,090	1,010
Dividends paid	-597	-886
Cash flow from financial items	-3,331	1,124
Change in funds, increase (+), decrease (-)	-3,021	554
Funds at the beginning of the financial year	5,930	5,376
Funds at the end of the financial year	2,909	5,930

NOTES TO THE ANNUAL ACCOUNTS

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2000

EXTENT OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts cover the parent company Incap Corporation and the fully owned subsidiaries Incap Electronics Ltd with the Estonian subsidiary Incap Electronics Estonia Oü and Incap Furniture Ltd with the American subsidiary Incap Furniture, Inc. as well as the Latvian subsidiary Incap Furniture SIA. Euro-Ketju Oy, the non-active subsidiary of Incap Electronics Ltd has not been included in the consolidated accounting. Copies of the consolidated annual accounts can be ordered from Incap Corporation, Tietäjantie 4, 02130 Espoo.

PRINCIPLES OF CONSOLIDATION

The consolidated annual accounts are based on the principle of acquisition costs. The Group's internal business, the non-realised profits of internal deliveries, internal receivables and debts as well as internal profit distribution have been eliminated. There are no minority interests.

VALUATION OF FIXED ASSETS

Fixed assets are given in the balance sheet as acquisition costs minus depreciation according to plan. The investment subsidies received have been entered by crediting the corresponding item of fixed assets. Further depreciation have been made in the fixed assets if the value adjustment has been justifiably considered permanent.

The depreciation according to plan have been calculated linearly on the basis of the economic life span of the fixed asset items. The depreciation according to plan were first made in the consolidated annual accounts for 1994. The losses of the reference period and the losses previously accrued upon the merger have been included in the annual costs and activated as part of the fixed asset items, but only up to the current value of the fixed assets. The previous depreciation practice has been applied to the depreciation of Group goodwill.

The same depreciation periods have been used in the Group's two business sectors.

INTANGIBLE RIGHTS

- goodwill	10 years
- group goodwill	10 years
- other intangible rights	1-10 years

TANGIBLE RIGHTS

- buildings and structures	20-40 years
- production machinery	4-20 years
- other machinery	4-15 years
- other equipment	3-15 years
- vehicles	3 years

VALUATION OF STOCKS

The Group's stocks have been valued at the acquisition value or a lower replacement value or selling price. The costs have been determined based on a weighted mean price, including variable costs. Internal profits have eliminated.

VALUATION OF SHORT-TERM INVESTMENTS AND FINANCIAL RISK MANAGEMENT

The short-term investments are shares in short-term interest funds, which were valued at their acquisition price. The trade debtors and creditors do not include considerable interest or exchange rate risks. Part of the trade debtors is covered with credit insurance.

CURRENCY ITEMS

Currency items were converted into euro at the Bank of Finland's average rate of exchange on the 29 of December 2000. The differences between the buying and selling rates were credited or debited on the appropriate items. Consolidation of the foreign subsidiaries amounted to only minor exchange rate differences.

NET TURNOVER OF THE PARENT COMPANY

The net turnover of Incap Corporation consisted of Group administration payments.

LEASING

The leasing payments for fixed assets acquired through finance lease contracts have been included as rental costs in other operating charges.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs have been recorded as annual costs in other business expenditure.

PENSION EXPENDITURE

The employees' pension schemes and related benefits have been insured in pension insurance companies. Pension expenditure is calculated over time and entered in the profit and loss account.

INCOME TAX

The income tax on the taxable income of Incap Corporation, Incap Electronics Ltd and Incap Furniture Ltd has been entered in the annual accounts as far as the profit cannot be covered by losses endorsed upon taxation. The accumulated appropriations in the consolidated annual accounts have been divided into equity and tax debt. The change in deferred tax liabilities has been entered in the profit and loss account. The items have been specified in the notes.

PARENT COMPANY'S PROFIT

The profit accumulated by Incap Corporation mostly consisted of Group contributions by the profitable subsidiaries Incap Electronics Ltd and Incap Furniture Ltd.

RENTAL AND SALE AND LEASEBACK AGREEMENTS

The rental and sale and leaseback agreements and the leasing and sale and leaseback agreements outside the balance sheets have been itemised in the liabilities of the notes.

INFORMATION BY BUSINESS SECTORS

	Contract manufacturing of electronics EUR million		Contract manufacturing of furniture EUR million	
	2000	1999	2000	1999
Net turnover	49.0	34.2	37.8	36.6
Operating profit	1.3	1.4	1.3	0.7
Balance sheet	22.5	19.4	16.1	16.4
Total investments in fixed assets, EUR million*	7.0	5.7	3.0	1.4
Average number of employees	599	427	249	251

*acquisitions incl. in the non-current assets, as well as excl. from the balance sheet

NOTES TO THE PROFIT AND LOSS ACCOUNT

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
1. Net turnover				
Net turnover by business sectors				
Contract manufacturing of furniture	37,806	36,560	0	0
Contract manufacturing of electronics	48,967	34,243	0	0
Other	0	0	864	708
	86,773	70,803	864	708
Net turnover by market areas				
Domestic	49,346	36,737	864	708
Europe	29,481	29,120	0	0
Other	7,946	4,946	0	0
	86,773	70,803	864	708
2. Other operating income				
Profit from the sales of fixed assets	115	60	0	10
Other income	250	29	43	46
	365	89	43	56
3. Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	47,739	37,476	0	0
Variation in stocks	-2 104	568	0	0
	45,635	38,044	0	0
External services	2,120	1,866	0	0
	47,755	39,910	0	0
4. Personnel expenses and number of personnel				
4.1 Number of personnel				
The Group and the parent company employed an average number of				
Employees	139	101	7	5
Workers	716	582		
In the end of the financial year				
Employees	138	119	8	6
Workers	697	655		

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
4.2 Personnel expenses				
Wages and salaries	18,652	14,797	637	319
Pension expenses	2,961	2,400	197	156
Other social security expenses	1,972	1,704	47	27
	23,585	18,901	881	502
4.3 Salaries and bonus of the management				
Presidents and the Board	402	350	222	130
Management's pension rights				
The President & CEO of Incap Corporation and one member of Incap Corporation's executive team are entitled to retire at the age of 63 years.				
No loans or guarantees have been issued to persons or organizations who are part of the inner circle.				
5. Depreciation and reduction in value				
Depreciation according to plan from tangible and intangible assets	2,672	2,170	71	67
Depreciations of the balance sheet items are shown under the fixed assets. Depreciation schedule is included in the accounting principles.				
6. Financial income and expenses				
Dividends				
From other companies	1	4	1	4
Other interest and financial income				
From the Group	0	0	775	620
From other companies	81	136	66	106
	81	136	841	726
Reduction in value of investments	0	-91	0	-91
Interests paid and other financial expenses				
To the group	0	0	0	-24
To other companies	-658	-483	-33	-34
	-658	-483	-33	-58
Financial income and expenses, total	-576	-434	809	581
Exchange rate profits and losses are included in other financial expenses	-12	1	0	0

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
7. Extraordinary items				
Group contributions received	0	0	1,090	1,010
8. Income taxes				
Income tax from extraordinary items	316	283	316	283
Income tax from operations	153	111	-6	74
Change in deferred tax liabilities	22	59	0	0
	491	453	310	357

NOTES TO THE BALANCE SHEET

9. Fixed assets				
Intangible rights				
Acquisition cost 1 Jan	846	752	50	44
Increase	304	94	128	6
Decrease	0	0	0	0
Acquisition cost 31 Dec	1,150	846	178	50
Accumulated depreciation 1 Jan	-386	-323	-26	-19
Depreciation of the year	-172	-63	-7	-7
Accumulated depreciation 31 Dec	-558	-386	-33	-26
Book value 31 Dec	592	460	145	24
Goodwill				
Acquisition cost 1 Jan	997	42	0	0
Increase	0	955	0	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	997	997	0	0
Accumulated depreciation 1 Jan	-37	-17	0	0
Depreciation of the year	-195	-20	0	0
Accumulated depreciation 31 Dec	-232	-37	0	0
Book value 31 Dec	765	960	0	0
Other long-term expenditure				
Acquisition cost 1 Jan	1,425	1,365	12	12
Increase	433	66	0	0
Decrease	0	-6	0	0
Acquisition cost 31 Dec	1,858	1,425	12	12
Accumulated depreciation 1 Jan	-1,075	-1,044	-11	-11
Depreciation of the year	-39	-31	-1	-1
Accumulated depreciation 31 Dec	-1,114	-1,075	-12	-12
Book value 31 Dec	744	350	0	0

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
Land				
Acquisition cost 1 Jan	176	175	0	0
Increase	0	1	0	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	176	176	0	0
Accumulated reduction 1 Jan	-74	-74	0	0
Reduction of the year	0	0	0	0
Accumulated reduction 31 Dec	-74	-74	0	0
Book value 31 dec	102	102	0	0
Buildings				
Acquisition cost 1 Jan	6,049	5,937	653	653
Increase	256	202	0	0
Decrease	0	-90	0	0
Transfer between the items	0	0	0	0
Acquisition cost 31 dec	6,305	6,049	653	653
Accumulated depreciation 1 Jan	-1,256	-940	-99	-70
Depreciation of the year	-318	-316	-29	-29
Accumulated depreciation 31 Dec	-1,574	-1,256	-128	-99
Book value 31 Dec	4,731	4,793	525	554
Machinery and equipment				
Acquisition cost 1 Jan	16,544	15,077	265	242
Increase	2,220	1,548	120	24
Decrease	-131	-81	-4	-1
Transfer between the items	0	0	0	0
Acquisition cost 31 Dec	18,633	16,544	381	265
Accumulated depreciation 1 Jan	-7,494	-5,771	-204	-175
Depreciation of the year	-1,920	-1,723	-34	-29
Accumulated depreciation 31 Dec	-9,414	-7,494	-238	-204
Book value 31 Dec	9,219	9,050	143	61
Acquisition cost of the production machinery and equipment 31 Dec	7,929	8,090	0	0
Other tangible assets				
Acquisition cost 1 Jan	221	204	0	0
Increase	57	17	0	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	278	221	0	0
Accumulated depreciation 1 Jan	-145	-129	0	0
Depreciation of the year	-28	-16	0	0
Accumulated depreciation 31 Dec	-173	-145	0	0
Book value 31 Dec	105	76	0	0

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
Fixed assets in progress				
Acquisition cost 1 Jan	81	73	0	0
Increase	423	166	0	0
Decrease	-415	-158	0	0
Transfer between the items	0	0	0	0
Book value 31 Dec	89	81	0	0
10. Investments				
Investments in the Group companies				
Book value 1 Jan	0	0	2,105	2,105
Increase	0	0	0	0
Decrease	0	0	0	0
Book value 31 Dec	0	0	2,105	2,105
Other shares or similar rights of ownership				
Book value 1 Jan	221	309	217	298
Increase	0	0	0	0
Decrease	-212	-88	-213	-81
Acquisition cost 31 Dec	9	221	4	217
Accumulated reduction 1 Jan	0	0	0	0
Reduction of the year	0	-91	0	-91
Accumulated reduction 31 Dec	0	-91	0	-91
Book value 31 Dec	9	130	4	126
Debtors from the Group companies				
Book value 1 Jan	0	0	673	925
Increase	0	0	0	0
Decrease	0	0	0	-252
Book value 31 Dec	0	0	673	673
Other debtors				
Book value 1 Jan	1	1	0	0
Increase	0	0	0	0
Decrease	0	0	0	0
Book value 31 Dec	1	1	0	0

Subsidiaries	Group Company ownership, %	Parent Company ownership, %	No. of shares	Book value, EUR 1,000
Incap Electronics Ltd, Helsinki	0	100	5,000	841
Incap Electronics Estonia Oü, Estonia	100	0	400	3
Incap Furniture Ltd, Oulu	0	100	7,515	1,264
Incap Furniture, Inc., N.C., USA	100	0	100	11
Incap Furniture Sia, Latvia	100	0	20	3
	Group		Parent Company	
EUR 1,000	2000	1999	2000	1999
11. Stocks				
Raw materials and consumables	7,343	5,269	0	0
Work in progress	1,921	2,128	0	0
Finished goods	1,744	1,817	0	0
	11,008	9,214	0	0
12. Debtors				
Long-term				
Amount owned by Group companies				
Loan receivables	0	0	4,575	4,939
Short-term				
Trade debtors	9,635	8,576	0	0
Amounts owed by Group companies				
Trade debtors	0	0	573	793
Loan receivables	0	0	5,819	2,554
Loan receivables	10	10	10	10
Other receivables	479	618	23	0
Prepayments and accrued income	1,394	1,341	355	559
	11,518	10,545	6,780	3,916
13. Short-term investments				
Other short-term investments	2,569	2,801	2,569	2,801
Other short-term investments are shares in short-term interest funds.				

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
14. Capital and reserves				
Subscribed capital 1 Jan	5,904	5,904	5,904	5,904
Increase	0	0	0	0
Decrease	0	0	0	0
Subscribed capital 31 Dec	5,904	5,904	5,904	5,904
Share premium account 1 Jan	4,224	4,224	4,224	4,224
Increase	0	0	0	0
Decrease	0	0	0	0
Share premium account 31 Dec	4,224	4,224	4,224	4,224
Retained earnings 1 Jan	9,196	9,121	6,903	6,889
Increase	0	0	0	0
Decrease				
Dividends paid	-597	-886	-597	-886
Change in translation differences	3	0	0	0
Profit for the financial year	776	961	766	900
Total 31 Dec	9,378	9,196	7,073	6,903
Capital and reserves 31 Dec	19,506	19,324	17,201	17,031
15. Nonrestricted capital				
Retained earnings	8,599	8,235	6,307	6,003
Profit for the financial year	776	961	766	900
Share of the accumulated appropriations written in the capital	-2,411	-2,356	0	0
Total 31 Dec	6,964	6,840	7,073	6,903
16. Non-current creditors				
Loans from credit institutions	4,208	4,945	152	204
Pension loans	601	688	0	0
Other creditors	2,224	2,555	0	0
	7,033	8,188	152	204
Total of interest bearing creditors	7,033	8,188	152	204

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
Creditors maturing after five years				
Loans from credit institutions	1,070	1,581	56	62
Pension loans	373	425	0	0
Other non-current creditors	1,038	1,233	0	0
	2,481	3,239	56	62
17. Current creditors				
Loans from credit institutions	3,394	2,850	52	82
Pension loans	86	89	0	0
Advances received	0	22	0	0
Trade creditors	4,856	5,242	183	65
Amounts owed to Group companies				
Other creditors	0	0	0	840
Accruals and deferred income	0	0	4	0
Other creditors	1,314	1,934	20	33
Accruals and deferred income	5,241	3,448	247	73
	14,891	13,585	506	1,093
Total of interest bearing creditors	3,835	3,270	52	922

OTHER NOTES TO THE ACCOUNTS

18. Guarantees and contingent liabilities				
Debts, for which mortgages are given				
Loans from credit institutions	5,535	5,455	115	190
Corresponding mortgages	2,312	2,312	206	206
Corresponding mortgages secured by stocks and machinery	5,359	5,359	0	0
Pension loans	43	51	0	0
Corresponding mortgages	168	168	0	0

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
Debts, for which shares and other pledges are given				
Loans from credit institutions	0	190	0	190
Book value of pledges given	0	244	0	244
Debts of the Group companies				
Guarantees	0	0	2,392	2,746
Debts of other companies				
Pledges given	0	135	0	135
Sale and leaseback agreement not included in the balance sheet	3,364	3,364	0	0
As the leaseholder, Incap Electronics Ltd has an option to subscribe the shares of Valuraudankuja 7 Oy from Varma-Sampo. The option must be exercised by the end of the term of lease on 31 Dec 2011. The repurchasing price shall be the current market value.				
Invoices sold to financing institution with liability to buy back, total	1,236	0	0	0
Leasing and installment liabilities not included in the balance sheet				
Liabilities maturing next year	2,745	1,448	4	5
Liabilities maturing later	8,005	4,117	1	7
Finance lease contracts include the option to buy the acquired fixed assets at the current market price at the end of term of lease.				
Leasing and installment liabilities included in the balance sheets				
Incap Electronics Ltd, premises				
balance sheet value of fixed assets	1,031	1,077		
corresponding liabilities	1,062	1,207		
Incap Furniture Ltd, premises				
balance sheet value of fixed assets	1,413	1,552		
corresponding liabilities	1,517	1,679		
19. VAT to be paid back under provisions of 33 § of Act VAT				
Concerning investments in buildings and rebuildings in 1996 - 2000	854	827	0	0

FIVE YEAR SUMMARY

	2000	1999	1998	1997	1996
Net turnover, MEUR	86.8	70.8	67.0	52.8	37.3
Growth, %	23	6	27	41	-3
Export, MEUR	36.3	34.1	32.6	23.0	17.7
Share of net turnover, %	42	48	49	44	47
Operating profit, MEUR	1.8	1.8	3.3	4.9	2.6
Share of net turnover, %	2	3	5	9	7
Profit before extraordinary items, MEUR	1.3	1.4	2.9	4.5	1.7
Share of net turnover, %	1	2	4	8	5
Profit before taxes, MEUR	1.3	1.4	2.9	4.6	0.9
Share of net turnover, %	1	2	4	9	2
Return on equity, %	4.0	5.0	11.2	24.2	17.0
Return on investment, %	6.3	6.2	11.4	20.8	12.4
Balance sheet total, MEUR	42.4	42.1	39.7	38.3	25.5
Equity ratio, %	46.0	46.0	48.5	46.8	38.2
Gearing, %	37.6	26.8	33.6	25.0	81.9
Net debt, MEUR	7.9	5.9	6.2	2.2	5.6
Liability payback period, years	3	4	3	2	4
Quick ratio	1.0	1.2	1.3	1.6	1.3
Current ratio	1.7	1.9	2.1	2.3	1.9
Investments, MEUR	10.2	7.1	5.7	5.9	3.1
Share of net turnover, %	12	10	9	11	8
Investment in R&D, MEUR	2.6	2.1	2.0	1.5	1.1
Share of net turnover, %	3	3	3	3	3
Order backlog 31 Dec, MEUR	35.8	30.4	25.5	23.4	19.5
Average number of employees	855	683	621	501	391
Dividends, MEUR	0.4	0.6	0.9	1.1	0.4
Per share data					
Earning per share, EUR	0.22	0.27	0.59	1.04	0.69
Equity per share, EUR	5.56	5.51	5.48	5.14	4.20
Dividend per share, EUR	0.10	0.17	0.25	0.34	0.17
Dividend, % of earnings	45.3	63.0	42.5	32.4	24.4
Cash flow per share, EUR	0.98	0.91	1.25	1.58	1.06
Effective dividend yield, %	2.2	1.7	2.5	3.3	
P/E ratio	20.5	36.5	17.0	9.9	
Trend in share price					
Price on issue, EUR				7.40	
Minimum price during year, EUR	4.5	5.50	7.90	8.07	
Maximum price during year, EUR	17.00	12.40	15.81	11.27	
Mean price during year, EUR	9.75	8.00	12.47	9.56	
Closing price at end of year, EUR	4.5	10.00	10.24	10.26	
Total market value of shares on 31 Dec, MEUR	15.8	35.1	35.5	35.5	
Turnover in shares, no.	314,162	1,261,104	2,459,915	2,469,231	
Turnover in shares, %	9.0	35.9	70.2	78.1	
Number of shares, adjusted for new issue					
Mean number during year	3,510,110	3,510,110	3,502,171	3,163,613	2,324,880
Number at end of year	3,510,110	3,510,110	3,510,110	3,486,550	2,324,880

RULES FOR CALCULATING FINANCIAL INFORMATION

Return on equity, %	1)	$\frac{100 \times (\text{profit before extraordinary items} - \text{tax})}{\text{equity (mean for financial year)} + \text{minority holding}}$
Return on investment, %		$\frac{100 \times (\text{profit before extraordinary items} + \text{interest and other financial expenses})}{\text{balance sheet total} - \text{non-interest loans (mean for financial year)}}$
Equity ratio, %	1)	$\frac{100 \times (\text{equity} + \text{minority holding})}{\text{balance sheet total} - \text{advance payments received}}$
Gearing, %		$\frac{100 \times (\text{interest bearing liabilities} - \text{short term investments and cash in hand and at banks})}{\text{equity} + \text{minority holdings}}$
Net debt		liabilities - financial assets
Liability payback period, years		$\frac{\text{liabilities with interest}}{\text{calculated cash flow}} \quad 2)$
Quick ratio		$\frac{\text{financial assets}}{\text{short-term liabilities}}$
Current ratio		$\frac{\text{financial assets} + \text{stocks}}{\text{short-term liabilities}}$
Investments		fixed asset acquisitions without VAT and without investment subsidies subtracted and with purchases by finance lease contracts
Average personnel		average end-of-month number of employees
Per share data		
Earnings per share		$\frac{\text{profit before extraordinary items} +/- \text{minority holdings} - \text{tax (income tax} + \text{change in deferred tax liability)}}{\text{mean number of shares during financial year adjusted for new issue}}$
Equity per share	1)	$\frac{\text{equity}}{\text{mean number of shares adjusted for new issue at the end of financial year}}$
Dividend per share		$\frac{\text{dividend during financial year}}{\text{number of dividend-earning shares adjusted for new issue at the end of financial year}}$
Dividend out of profit, %		$\frac{\text{dividend per share}}{\text{earnings per share}}$
Cash flow per share		$\frac{\text{calculated cash flow}}{\text{number of shares adjusted for new issue at the end of financial year}} \quad 2)$
Effective dividend yield, %		$\frac{100 \times \text{dividend per share}}{\text{last price on the day of closing the accounts}}$
Price per earnings ratio		$\frac{\text{last price on the day of closing the accounts}}{\text{earnings per share}}$
Total market value of shares		last price on the day of closing the accounts x number of shares in circulation

1) When the financial information for the year 1996 was calculated, the accumulated appropriations were not divided into equity and deferred tax liabilities, because, due to the accepted losses, they were not considered to include taxes. In the consolidated balance sheet 1997 - 2000, the accumulated appropriations were divided into equity and deferred tax liabilities.

2) Calculated cash flow is profit after extraordinary items - taxes in profit and loss account + depreciation.

PROPOSAL OF THE BOARD OF DIRECTORS

Incap Corporation's distributable equity is EUR 7,072,687.70. Incap Group's distributable equity is EUR 6,964,247.15, when the amount transferred from appropriations to equity has been deducted from the Group's unrestricted equity.

The Board of Directors proposes to the Annual General Meeting that EUR 0,10 of dividend per share should be paid, which will amount to a total of EUR 351,011, and EUR 415,109.87 of the profit of the financial year, EUR 766,120.87, should be deposited on the profit account.

Espoo, 16 February 2001

Juhani Vesterinen

Matti Kaitera

Pertti Karhinen

Hannu Lipponen

Kari Saarinen
President & CEO

AUDITOR'S REPORT

TO INCAP CORPORATION'S SHAREHOLDERS

I have audited the accounting, the annual accounts and the administration of Incap Corporation for the financial year from 1 January to 31 December 2000. The annual accounts compiled by the Board of Directors and the President and CEO include the Board of Directors' report as well as the profit and loss account, balance sheet and notes to the annual accounts for both the Group and the Parent Company. Based on my audit, I express an opinion on these annual accounts and corporate administration.

The audit has been conducted in accordance with the Finnish Standards on Auditing. These standards require that I perform the audit to obtain reasonable assurance that the accounts, the principles of compiling the annual accounts as well as the contents and presentation of these statements are free of material mistakes or deficiencies. The purpose of the audit of administration has been to ensure that the Board members and the President and CEO have complied with the rules of the Companies Act.

In my opinion, the annual accounts with a consolidated profit of EUR 775,576.46 for the year have been prepared in accordance with the Accounting Act and the other rules and regulations concerning the preparation of annual accounts. The annual accounts, in accordance with the Accounting Act, yield correct and adequate information about the profit and loss and the financial status of both the Group and the Parent Company.

The annual accounts with the consolidated annual accounts can be adopted, and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The Board of Directors' proposal for the distribution of profit is in compliance with the Companies Act.

Espoo, 16 February 2001

Tapio Raappana
Authorized Public Accountant

SHARES AND SHAREHOLDERS

Incap Corporation's shares are listed on the I list of the Helsinki Exchanges. The company code is INC, the minimum item quoted is 100 shares, and the book entry code is INC1V. The shares, which number altogether 3,510,110 have no par value. The accounting counter-value of the share is EUR 1.68, rounded to two decimals. According to the Company's Articles of the Association, the Company has a minimum of 3,500,000 and a maximum of 14,000,000 shares, and the company's minimum share capital is EUR 5,880,000 and the maximum share capital EUR 23,520,000.

The quotations for Incap Corporation's shares ranged between EUR 4.50 and EUR 17.00 during the financial year. At the end of the financial year, the company had 517 shareholders, and 0.76% of its shares were in administrative registers. Calculations based on the average number of shares, 3,510,110, showed overall exchange to have been 9.0% during the financial year. The Company's market value was EUR 15.8 million.

AUTHORISATION BY THE BOARD OF DIRECTORS

The Annual General Meeting on 11 April 2000 authorised the Board of Directors to raise the share capital by virtue of chapter 4, paragraph 1 of the Companies Act by issuing one or more sets of new shares, by issuing warrants and/or by taking a convertible loan. The authorisation was to be valid for a year, and included a right to deviate from the shareholders' pre-emptive right to subscribe new shares. The authorisation was registered on 20 April 2000. Based on the authorisation, the Company's share capital can be raised by a maximum of EUR 1,180,716.24. The Board of Directors had not acted based on this authorisation by the time the financial statements were signed.

WARRANT SCHEME

In April 1998, Incap Group launched a personnel incentive programme, during which shares were issued to the permanent employees, including a possibility to subscribe warrants that entitled their holders to subscribe in 2000 – 2004 Incap Cor-

poration's shares at the price specified in the terms and conditions of the warrant scheme. A total of 280,400 warrants were subscribed. The Board of Directors approved of the warrant subscriptions on 31 March 2000.

The Annual General Meeting on 11 April 2000 issued new warrants to the Group's key persons, the Board members for Incap Corporation and the subsidiaries and Incap Corporation's fully own subsidiary. The warrants included in the 1998 warrant scheme could also be exchanged for the 2000 warrants at an exchange rate determined by the Board. There are altogether 550,000 warrants, and they can be used to subscribe a maximum of 550,000 shares of Incap Corporation. The warrants have been divided into A, B, C and D warrants, each of which number 137,500. The subscription period for A warrants began on 1 December 2000, and that for B warrants will begin on 1 December 2001, that for C warrants on 1 December 2002 and that for D warrants on 1 December 2003, and all subscription periods will end on 31 December 2005. The subscription price per share is EUR 12. The subscription price will be reduced by the amount of dividend paid in cash per share after 11 April 2000 and before the subscription of the shares on each dividend record date. As a consequence of these subscriptions, Incap Corporation's share capital may rise by a maximum of EUR 924,000 (not exact).

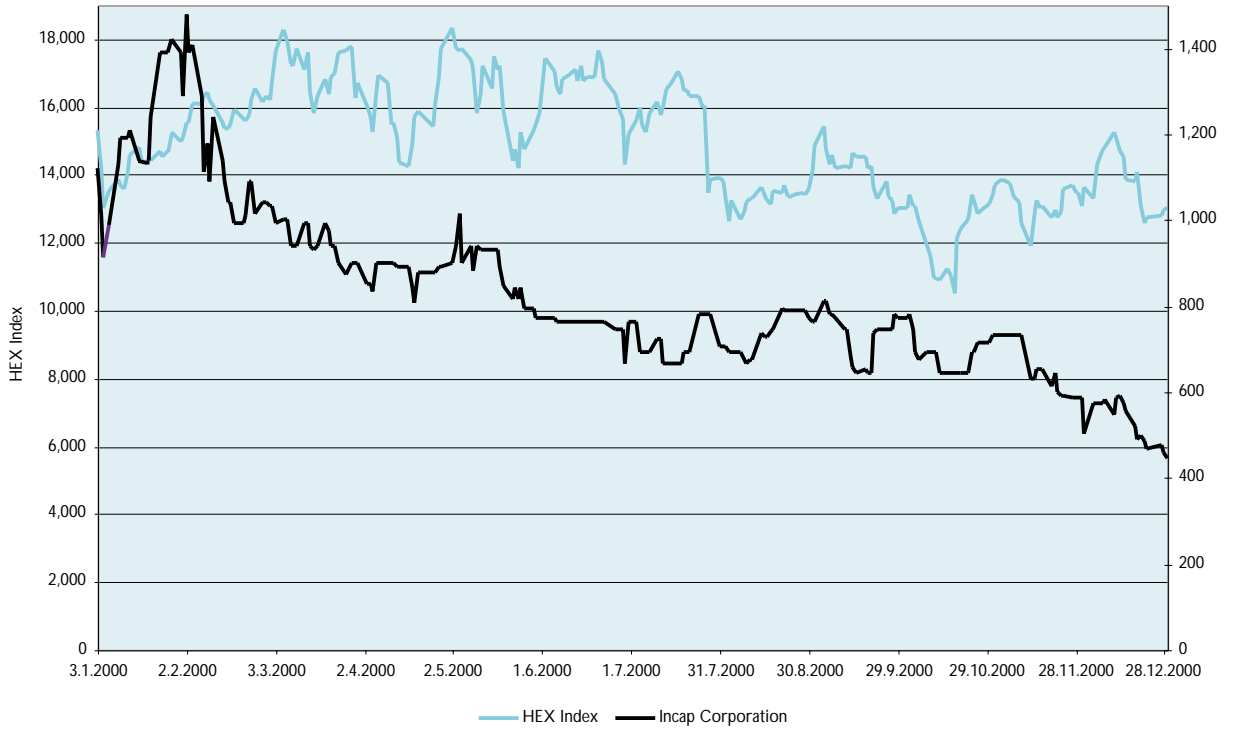
OWNERSHIP OF SHARES BY BOARD MEMBERS AND PRESIDENT

The Company's Board Members and President own a total of 4,500 shares or 0.13% of the company's share capital and votes. The President and the Board Members hold altogether 40,000 warrants in the 2000 warrant scheme, which entitle them to subscribe a corresponding number of shares in the manner stipulated in the terms and conditions of the warrant scheme. If all of these warrants are exchanged for shares, the shares held by the President and the Board of Directors will account for 1.1% of the share capital.

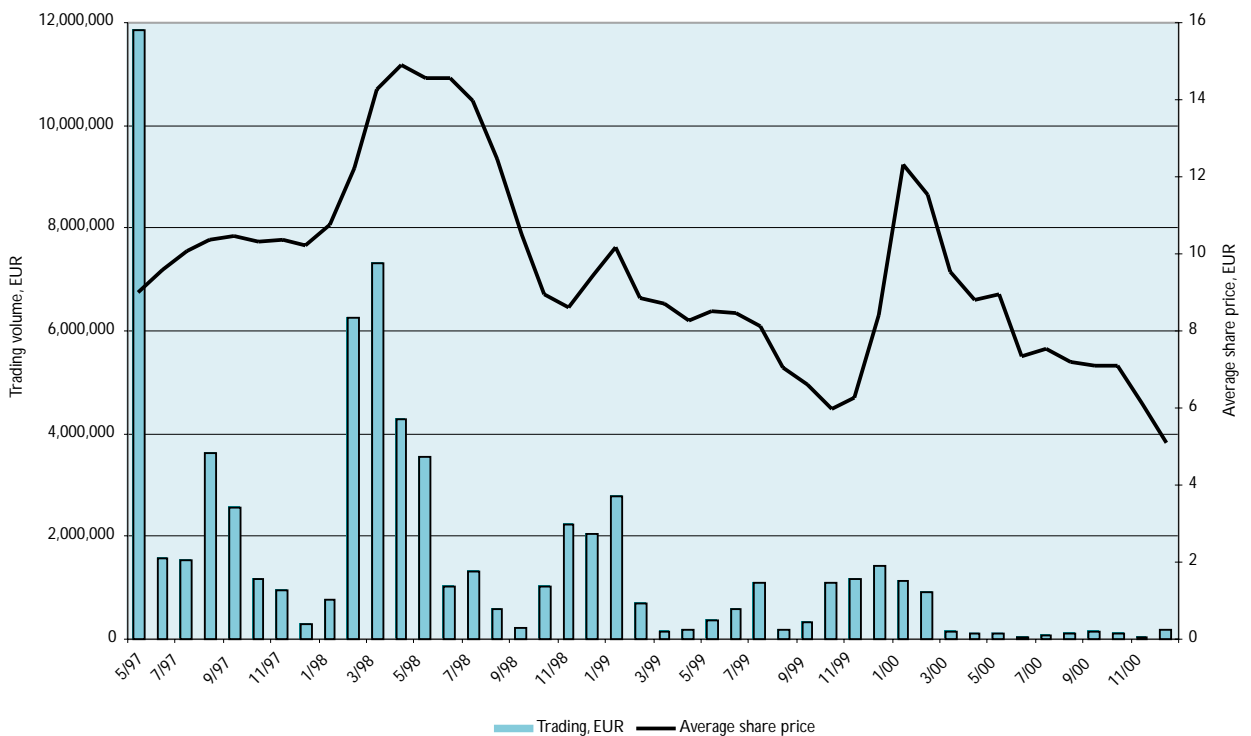
DEVELOPMENT OF SHARE CAPITAL 1991-2000

Date		Change, EUR 1,000	Registered	Share capital, EUR 1,000
31 Jan 1991	Merger	5,760	26 Feb 1992	7,862
28 Apr 1992	Increase	424	25 Nov 1992	8,286
30 Sep 1992	Decrease	4,972	2 Dec 1992	3,314
15 Jan 1993	Increase	32	11 Aug 1993	3,347
16 Mar 1994	Increase	563	21 Dec 1994	3,910
10 Mar 1997	Increase	978	21 Mar 1997	4,889
5 May 1997	Increase	975	5 May 1997	5,864
4 May 1998	Increase	40	4 May 1998	5,904

Trends of share prices
3 Jan - 29 Dec 2000



Trading volume and share price
2 May 1997 - 29 Dec 2000



DISTRIBUTION OF OWNERSHIP BY SECTORS ON 31 DECEMBER 2000

	Owners number	%	Shares and votes number	%
Private enterprises	74	14.4	963,056	27.4
Financial institutions and insurance companies	14	1.8	2,070,666	59.0
Public corporations	2	0.4	119,000	3.4
Non-profit organisations	16	3.1	85,600	2.4
Households	411	80.3	271,788	7.8
Total	517	100.0	3,510,110	100.0
Shares in administrative registers (5)			26,800	0.8

DISTRIBUTION OF OWNERSHIP BY THE NUMBER OF SHARES ON 31 DECEMBER 2000

Shares. no.	Shareholders, number	Percentage of shares, %	Shares and votes, number	Percentage of shares and votes, %
1 - 100	103	19.9	7,502	0.2
101 – 1,000	299	57.8	148,442	4.2
1,001 – 10,000	96	18.6	280,093	8.0
10,001 – 100,000	15	2.9	651,600	18.6
100,001 – 1,000,000	3	0.6	925,653	26.4
1,000,001 –	1	0.2	1,496,820	42.6
Total	517	100.0	3,510,110	100.0

MAJOR SHAREHOLDERS ON 31 DECEMBER 2000

	Shares, number	Percentage of share capital and votes, %	Minimum share of votes
Finnvera plc	1,496,820	42.6	1/20
Conventum Limited	577,500	16.5	1/20
Sampo Enterprise Insurance Company Ltd.	245,153	7.0	1/20
Mutual Pension Insurance Company Ilmarinen	103,000	2.9	
Sampo Life Insurance Company Limited	99,700	2.8	
Merita plc	91,800	2.6	
Thomproperties Oy	82,300	2.3	
Tuotemarkkinointi Brade Oy	80,000	2.3	
OP-Delta Fund	50,000	1.4	
The Confederation of Finnish Industry and Employers	47,500	1.4	

NOTIFICATION OF CHANGES IN RELATIVE OWNERSHIP IN ACCORDANCE
WITH CHAPTER 2. PARAGRAPH 9 OF THE SECURITIES ACT

Date	Shareholder	Percentage of share capital and votes
3 Jan 2000	Conventum investment funds	exceeded 3/20

