

ANNUAL REPORT 2001



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MISSION

Incap designs and manufactures sub-assemblies and box-build products containing electronic and sheet metal components. Incap's services cover design for manufacturing and assembly and design for testing, pcb assembly, sheet-metal mechanics, final assembly, product integration, testing and logistics services.

Incap's key customer segments are telecommuni-cations, electrical engineering, measurement and process automation, safety electronics and medical electronics.

Incap enhances the competitiveness of its customers by offering them diverse, flexible and first-rate services.

INCAP IN BRIEF



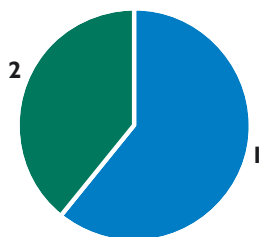
Incap is a contract manufacturer focusing on the electronics industry. Incap offers both the contract manufacturing of sub-assemblies and box-build products containing electronic and sheet-metal products, and related design, testing and material services.

In addition to its main business sector, the Incap Group also carries out the contract manufacturing of ready-to-assemble solid pine furniture. Incap also offers related R&D and product-design services.

Incap operates in 8 localities in Finland and has subsidiaries in Estonia, Latvia and the United States. Electronics contract manufacturing is carried out in Helsinki, Vaasa, Vuokatti and Kuressaare (Estonia), and furniture production is located in Haapavesi, Kärsämäki and Varpaisjärvi. Incap subsidiaries specialising in sales and purchasing are located in Riga (Latvia) and High Point (USA). Incap has its headquarters in Espoo, and the furniture sector's offices are located in Oulu.

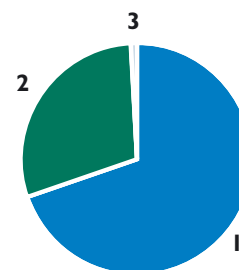
Incap Corporation is listed on the Helsinki Exchanges I-list.

Net turnover by business sector,
EUR million



1	Incap Electronics	60.7
2	Incap Furniture	39.0

Personnel by business sector



1	Incap Electronics	591
2	Incap Furniture	250
3	Incap Corporation	6

YEAR 2001 IN BRIEF

Net turnover up, profit at last year's level

The Incap Group's net turnover in 2001 was EUR 99.7 million, 15% higher than in the previous year. Comparable operating profit totalled EUR 2.0 million and was slightly more than in 2000. The operating profit of EUR 12.2 million shown in the profit and loss account includes insurance refunds for fixed asset items destroyed by fire exceeding the previous balance sheet values worth a total of EUR 10.2 million.

Most of the growth in group sales took place in the contract manufacturing of electronics, in which year-on-year growth was 24%. Relative profitability in the contract manufacturing of furniture increased in 2001.

Net turnover by Incap Electronics in 2001 totalled EUR 60.7 million, 24% higher than in the previous year. Operating profit was EUR 0.2 million, in 2000 operating profit was EUR 1.3 million. Profitability remained below target as a result of the major fall off in demand in the third quarter. Relative profitability was further weakened because Incap took full responsibility for the materials used in some customers' products. Although this increased sales, relative profitability fell.

Net turnover by Incap Furniture in 2001 totalled EUR 39.0 million, 3% higher than in the previous year. The fire which destroyed the Kärnsämäki factory resulted in a temporary break in production, but Incap was able to compensate for this in the remainder of the year. Insurance covered the projected profit for that period. Comparable operating profit was EUR 3.0 million, the figure for 2000 was EUR 1.3 million.

Investments increased

Group investments totalled EUR 21.3 million, some 21% of net turnover. Investments in the electronics sector included expansion of the Vuokatti facility with major improvements in the

factory layout. A new flexible manufacturing system for sheet metal products was taken into use at the Vaasa plant. Other electronics units increased their production capacity by renewing machinery and improving their performance. Most of the investments in the furniture sector were focused on rebuilding the Kärnsämäki factory and obtaining related machinery. Factory space was acquired in Haapavesi, as well as equipment for manufacturing beds.

Group structure simplified

As planned and approved in March 2001, the merger of Incap Electronics Ltd into Incap Corporation was registered and came into effect on 31st December 2001. The target of this internal restructuring was to streamline the structure of the company and to simplify internal administration. Contract manufacturing of electronics continues as before, but is now only under the name Incap Corporation.

The goal of the Incap Group is to focus exclusively on the electronics sector. Negotiations concerning sale of the group's furniture sector took place with different parties throughout 2001, and a letter of intent to sell the company to its current management and a group of investors was signed in January 2002. The purchasers wish to continue developing the company's business activities in the new production facilities and to maintain the existing good customer relationships.

Future prospects

Demand in the Incap Group's customer sectors, especially in the telecommunications industry, is expected to be moderate in the first half of 2002. By focusing on areas of priority in line with company strategy, relative profitability will be improved and Incap will be able to continue enhancing its strengths in an efficient manner

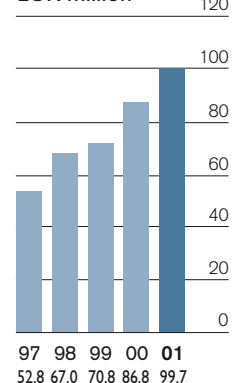
Key Ratios

EUR million	2001	2000	Change, %
Net turnover	99.7	86.8	15
Operating profit *	2.0	1.8	11
% of net turnover *	2	2	
Profit before extraordinary items *	1.2	1.3	-8
Profit/share, EUR *	0.08	0.22	-64
Return on Investment (ROI), %	32.1	6.3	
Return on Equity (ROE), %	33.9	4.0	
Equity ratio, %	39.2	46.0	-15
Personnel at the end of financial period	794	835	-5

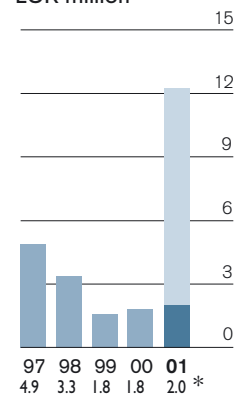
Formulas for calculating the key ratios are on page 43.

* Comparable figures are marked with an asterisk (*). Dark section of the column refers to comparable figure and total column to figures in profit and loss account.

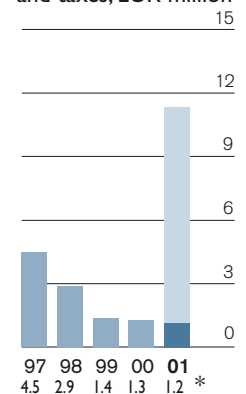
Net turnover, EUR million



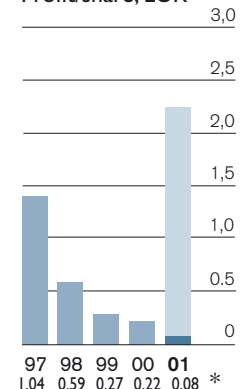
Operating profit, EUR million



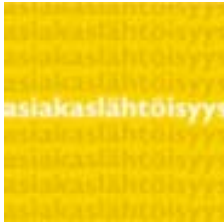
Profit before extraordinary items and taxes, EUR million



Profit/share, EUR

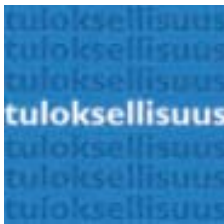


VALUES



Focus on customers

Profitable business requires satisfied customers. Incap has an in-depth understanding of customers' needs and how to deliver added value. Our partnerships with customers are based on confidence and mutual benefit. Our operations are transparent, and functions at all levels are involved in cooperation with customers.



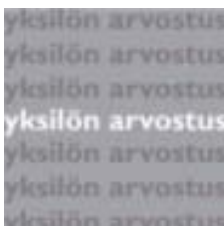
Profitability

Incap's success is founded on a profitable business which has the goal of increasing the company's value in the long term. Efficient and competitive operations guarantee continuity, growth and the successful internationalisation of the company's activities.



Continuous development

Future success requires that Incap's activities be developed in a proactive manner. We promote change and continuous renewal. Existing approaches are subjected to critical examination and company personnel are encouraged to be creative and to innovate.



Appreciation of the individual

Competent, active and motivated personnel are at the core of Incap's operations. The systematic expansion of our knowledge base enables us to keep up with new developments. Everyone working at Incap is considered to be personally responsible for developing their own professional skills. Our personnel are encouraged to learn and to share their knowledge with others. Development of the company is based on the principles of continuous feedback, open communication, and interaction.

MISSION, VISION AND STRATEGY

Mission

Incap is a product integrator that strives to add extra value to its customers' products by offering services which cover the full range - design, manufacturing, assembly, testing, and maintenance. Our flexible operational model is well suited to the delivery of medium and small series.

Incap's target is to strengthen the supply chain by improving the flow of information and by building close, long-term and open relationships with our customers, suppliers, sub-contractors and other partners.

Vision for 2005

- * Net turnover exceeding EUR 200 million.
- * More than half of total sales generated by deliveries abroad, either from Finland or from Incap units located in other countries.
- * A return on investment which exceeds 15%.

Strategy

Incap's aims are profitable growth, internationalisation and the excellent management of customer relationships. By increasing the design element in our service offering, we aim to add value to the final product. We are developing electronic methods which will be used in process management and to enhance transparency in the whole supply chain.

Goals

Incap's goals are:

- * to be a preferred supplier to our key customers
- * to work as an active part of our customers' value chains
- * to match the standard set by the best suppliers in terms of quality, reliability of deliveries, and technology
- * to increase the efficiency of our internal operations by at least 10% each year
- * to be a preferred employer
- * personnel who are committed to the corporate objectives
- * increased shareholder value



The foundation for the future was strengthened in a difficult year

For Incap, 2001 was in many ways a challenging year, even a difficult one. The furniture sector's main factory in Kärsämäki was almost completely burnt to the ground in May, and production had to be completely reorganised. In the electronics sector, the first half of the year was successful, but demand in our main customers' businesses dropped sharply at the end of the summer and in the autumn.

REVIEW BY THE PRESIDENT AND CEO

Although 2001 was considered to be a year of world-wide recession in terms of the contract manufacturing of electronics, we were able to develop the company in what we believe to be the right direction during these difficult times. We are now better prepared to meet growing demand from the electric and electronics industries, and to take more responsibility from our customers when outsourcing in the industry becomes common again.

In the electronics sector, Incap expanded its Vuokatti unit by about 2,000 square metres, using the extra space for producing circuit boards and other related assembly items. Renovation of the unit in Kuressaare, Estonia, which specialises in the production of circuit boards and related assemblies, was finally completed, with the result that both production capacity and profits increased towards the end of the year. Customers praised the Estonian unit for the quality of its operations. In the company's Helsinki and Vaasa units, projects aimed at improving productivity were undertaken, and investments were made in the automation of sheet-metal processing.

High demand for furniture during the spring resulted in sales in this sector exhibiting an upward trend, but this development was cut short by the fire at the Kärsämäki factory. The decision to rebuild the factory was made in June and the new production facility has risen promptly. Strong collaboration with our subcontractors enabled us to compensate for the reduction in production caused by the fire. With the help of our subcontractor network and the Varpaisjärvi factory, almost all shipments to our key customers were delivered, and precious customer relationships were preserved.

Operations continued in accordance with our strategy

As defined in the Incap strategy, we developed our core competencies while paying close attention to providing our key customers with better and more efficient service. Although we reduced the total number of our customers during 2001 in order to serve our key customers better, we did gain some important new customers in areas such as the telecommunications industry. We also received orders from current customers for the manufacture and partial design of new products and product lines.

We continuously strive to improve the flow of electronic information in the network which links our clients, our suppliers, and our partners. In this connection, we took an active role in the VTT "InElog" project.

We continued to develop our partner and subcontractor networks with the aim of further improvement in the quality and reliability of deliveries. Our networked style of operation proved its efficiency following the fire at Kärsämäki.

We strengthened our technical know-how in, for example, the assembly and design for testing of circuit boards. Together with our customers and partners, we participated in several development projects in which the goals included, among other items, reducing the time to market for new products.

The quality and environmental certificates held by Incap's electronic sector were upgraded to comply with the new ISO9001:2000 standard that was introduced in March 2001. Operations at the Kuressaare factory were also included in the certificates. Lloyd's Register Quality Assurance (LRQA) audited our operations and confirmed that they comply with the new standards in December 2001.

Incap values and human resources development

During 2001, with in-depth involvement and significant contributions by personnel, the Incap electronic sector implemented a new set of values that will direct everyday activities more strongly in the future. Together, a focus on customers, profitability, continuous development and appreciation of the individual form a base of values that we can employ in creating a stronger, more competent, promising and profit-hungry working community. For the future, we mapped the current skills in our organisation and used this to prepare a plan for development of the company's human resources.

Starting off 2002 with confidence

Although 2001 was not a great year in terms of the growth of sales or increased profitability, efforts in line with our strategy will continue. Our functional, open-minded and trustworthy customer relationships are the foundations of our operation, and we will continue to work to strengthen them. We serve our customers by adding value to their products and taking care of any associated logistics, enabling them to focus their resources on their own core competencies. We will continue to develop our business activities in electronic form, with the target being a fast, flexible and transparent operational model for the whole value chain. We are strengthening our design services from our own resources as well as with resources from our network. In addition to investing in design for testing and manufacture, we will also be investing, among other items, in RF technology, which is essential for the telecommunications industry.

We are aiming at a higher-than-market growth rate with the help of organic growth and acquisitions. We also intend to increase our international activities.

The development of our human resources and operations will be continued in an even more energetic manner. Our target is to create a skilled, motivated and customer-based team which works in close cooperation to guarantee us a leading position in the future.

I would like to thank our customers, our partners, shareholders and employees for the past year. I am confident that we are well prepared to take advantage of the opportunities and the challenges we will meet in 2002.

Espoo, February 2002

Kari Saarinen
President and CEO

OUTLOOK FOR THE FUTURE

According to American studies, the total volume of sales in electronic manufacturing services (EMS) during 2001 was at approximately the same level as in the previous year, i.e. approximately USD 100 billion. The forecasts of 25–30% growth were not realised, primarily because of lower-than-expected sales in the telecommunications sector. Projections indicate that sales in the sector will start rising strongly in the final months of 2002, and total sales volume in the sector is expected to double over the next 3–4 years.

Companies that will fare best in the EMS industry are those that successfully create and maintain customer trust, and combine a high level of expertise, agility and a flexible operational model while operating efficiently with a high standard of quality.

Incap is focusing on electronics

Incap will only be operating in the electronics sector, as the spinning off of contract furniture manufacturing from the company's business was confirmed at the beginning of January 2002 with the signing of a letter of intent regarding sale of the sector. Focusing exclusively on the contract manufacturing of electronics and on deliveries to selected customer sectors clarifies Incap's strategy and helps to concentrate both human and material resources on developing the units that serve the electronics business, strengthening customer relationships, the creation of new products and services, the chart-

ing of current markets, and the attaining our desired market position.

Active role in value chain

Continuing development of the company's operations, the strengthening of network partnerships and implementation of development projects with key customers will continue in 2002. Operations in selected sectors will continue and Incap will strengthen its know-how in, among others, telecommunications products and related high-frequency technologies. Our aspiration is to participate ever more actively and wide-



Product integration, so-called box-build service, includes the manufacturing of electronic products and sheet metal components as well as their subassembly and final assembly. The product can also be packaged in the customer's own package and delivered directly to the end customer.



Incap's assembly lines are suitable for both small and large series. The Vuokatti Unit has fast lines for automatic SMD assembly in large series.

ly in our customers' value-chains. This means becoming involved in, for example, product development and design processes, product integration and management of the supply chain. As product lifetimes become shorter and shorter and the need to replace products accelerates, it is more important than ever to optimise the process of bringing new products to market and to reduce both 'time to market' and 'time to margin'. As changes in both the market and demand occur very rapidly, being agile provides a contract manufacturer with an important competitive advantage. Incap's operational model is a particularly good fit with the design and manufacture of small and medium series, enabling fast and flexible deliveries.

Growth , internationalisation and profitability

Our aim is to grow mainly through units that are located outside Finland, and to use measures that have already been initiated to improve profitability. Low cost levels in the Baltic countries enable the cost-efficient provision of services, especially for the Finnish and north-European markets. The Far East, especially China, is an attractive location for expansion, both as a market region and as a manufacturing location, especially in connection with telecommunications and 3G data-transfer network needs.

To reduce costs, performance will be increased and profitability will be improved in all units. The difficulty of predict-

ing demand, the shortening of forecast periods and strong market fluctuations all impose special demands on the control of current assets, and this has a major effect on both cash flow and profit. It is our aim, in cooperation with our customers, to find methods of optimising current assets and material flows and minimising the capital that is tied up in them. Purchasing activities will also be developed to optimise the prices paid for raw materials and components.

Competitive edge by skills and competencies

Development of our manufacturing processes means that Incap will be able to increase production volumes when the markets recover. We will increase our competitive advantage by shortening the time required to bring new products to market and by developing electronic solutions to improve the flow of information.

The fact that customers' expectations and requirements continue to grow means that the management of skills and competencies has become a major competitive factor. Incap augments its core competencies by constantly developing the company's human resources and recruiting new people as and when necessary. By enhancing our existing potential and extending our competitive edge, we are ready to face the new challenges set by the current trend towards outsourcing large entities which involve product design, delivery of the final product and after-sales service.

DEVELOPMENT OF OPERATIONS

A strongly-networked business environment and customer-oriented operating methods require speed, flexibility and smooth cooperation from an electronics contract manufacturer. Both the increased number of product variations and decreasing batch sizes make growing demands on flexibility and efficiency. The ability to react quickly demands a smooth flow of information and transparent operations. Different units and functions must be able to work together in a seamless manner.

To improve competitiveness, Incap continuously develop its operations by executing a number of different projects which employ both the company's own resources and the help of partners.

Fast Ramp-up

In the electronics business, success depends to an increasing extent on the ability to forecast changes in the market and react to new customer needs. The central competitive advantage is the ability to bring new products to the market

quickly and reliably. Design and prototyping must move into profitable mass production in a quick and controlled manner.

To improve the process of bringing new products to market, Incap is participating in a project called "Fast Ramp-up", in which the goal is to enhance teamwork between the

The efficiency and quality of operation will be improved in close cooperation both in-house and with partners. A successful development project brings visible benefits to the customer, improves the performance and motivates the personnel.



main supplier and the contract manufacturer. Companies participating in the project work in pairs, and Incap's partner is Nokia Networks.

In Fast Ramp-up, companies work in close cooperation to produce a method which allows the product output process to be improved to a level which matches excellent international practice. Once developed, the method will be tested in practical situations, with the result being a rapid, high-quality and cost-efficient process for the delivery of new products. Use of the Fast Ramp-up operational model will make it possible to reduce the influence of factors which reduce efficiency – such as losses of output caused by repair work, and the interruption of production for calibration, maintenance operations or the execution of technical trials.

The organiser of the partnership programme, which started in the spring of 2001, is VTT Manufacturing Technology. The final report is due in spring 2003, and by then, the tested method for process improvement will already be available.

Development of logistics operations – InElog

Incap has stated that one area of strategic focus is the use of IT to manage and improve the logistics value chain. This area of competence is called "eLogistics".

The development of logistics operations started at the beginning of 2001 in a project called "InElog" which was undertaken in cooperation with VTT Industrial Systems. This project will define Incap's e-logistics-related strategies, as well as implement their use and develop associated information services. The goal is to increase transparency in the supply chain from all sides, to enable rapid reaction to any market changes, and to ensure that any necessary measures which affect the whole supply chain can be implemented quickly. Tools for electronic data management will also be created, and new services will be offered to both customers and suppliers.

In the InElog project, a strategy and an operational plan for the product life-cycle model is outlined, together with an expanded product concept. The target is to support the management of customer relationships by using advanced operational models and IT solutions.

Small project teams have been established to develop internal operations and fine tune activities at the customer interface. To promote the flow of information to customers and suppliers, Incap's extranet service has been renewed and now includes forecasts, supplier efficiency indicators and

shared documents, among other items. The use of EDI in data transfer between companies will be expanded, and the possibilities offered by electronic invoicing will be investigated. Testing procedures will be unified and related data processing activities will be automated. An intranet was introduced to improve internal communication within the group and to propagate the common company culture. Future plans include the piloting of XML technology with certain customers and suppliers.

Resource planning system – Hanska

Incap started using a new resource planning system (ERP) in February 2001 when the different systems used in four production units were merged into a single central system. The benefits of the new resource planning system are apparent in different stages of the supply chain, i.e. in interaction between customers, suppliers and Incap.

The goal of the Hanska project is to support the implementation of a resource planning system and to develop the system further. On one hand, measures affecting a specific factory are implemented, on the other hand, development of the whole company is promoted by supporting teamwork between factories. Hanska will be used to both create and refine working methods and processes, with a special focus on the order-delivery process. Ultimately, resource planning systems should serve processes to the fullest extent possible. In parallel with these activities, a systematic development culture and the necessary development tools will be created.

Hanska is a research and development project sponsored by Tekes (the National Technology Agency of Finland), the Ministry of Labour, the Finnish Work Environment Fund and the private companies which are participating. VTT Industrial Systems is responsible for the project, which is scheduled to end in spring 2002.

PERSONNEL AND HUMAN RESOURCES DEVELOPMENT

Skilful, active and motivated personnel are the basis for Incap's operations. Talented people with a flexible approach are the most important source of added value in the company's business activities. Incap's personnel strategy emphasises the linking of individual goals and company goals in a way that guarantees the commitment of company personnel and results in successful operations.



Customers-specific teams guarantee flexible operation and quick response .

In 2001, the main objective was to initiate an operational model for knowledge management and development in all the company's units. Common operational models and policies make it possible for each individual to improve and maintain his or her skills. Company-level personnel policies and rules, as well as the values that personnel were encouraged to adopt, helped to promote development of a common company culture and the principle of fair treatment. Other key areas of development in 2001 were an integrated management system and the coaching role of supervisors.

Personnel structure and recruitment

At the beginning of 2001, 835 people worked for Incap, and 794 people were employed by the company at the end of the year. Unfavourable market conditions made it necessary to increase operational efficiency and cut costs, and to implement measures which affected personnel in all the units in Incap's electronic sector in Finland. The increase in production volume and the positive results achieved by the Kuresaare unit in Estonia made it possible to increase the number of people working there.

In recruitment, special attention was paid to core competencies such as design services. In order to emphasise the importance of personnel skills in maintaining the company's competitive edge, the level of resources available to HR management was increased and HR operating methods were unified.

Training

The basis for systematic HR development in the electronics sector was laid during the summer of 2001 by carrying out a competence survey. This resulted in development plans at both unit and company level and the related development projects will be carried out during 2002. Future development work will also focus on Incap's core competencies.

In December 2001, a new project was launched to enhance a culture of interaction and feedback with the help of an integrated model for performance-appraisal discussions. Supervisors will be trained to make them familiar with the new method in the beginning of 2002.

In the spring of 2001, company values were defined in an exercise which involved a wide range of personnel and a common view of the Incap way of operation was created. These values will be brought closer to everyday activities with the help of constant communication and by making them a permanent feature of performance-appraisal discussions.

Development of managerial skills was continued in an apprenticeship training program for a special vocational diploma in leadership. Currently, a training programme which has a vocational diploma in electronic engineering as its objective is being followed by 30 employees. The training programme for efficient use of the company's new resource planning system continued in 2001.

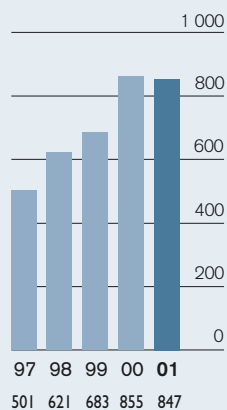
The quality of management, an index of work satisfaction and the implementation of common values will be followed up in Incap's electronic sector in a working atmosphere survey which will be arranged during 2002.

In preparation for the opening of the new furniture factory in Käräsämäki, many groups of personnel in Incap's furniture sector have received training in information technology. Training related to new production machinery and systems has been conducted by both Finnish and overseas suppliers of machinery.

Salary system

The Incap remuneration system, which is subordinate to achievement of the company's economic and operational goals, aims at increasing competitiveness and encouraging personnel to work according to the company's defined strategy. All office personnel are covered by an incentive salary system, and in some units all employees are included in the performance-related remuneration system. Company management has access to an options programme which can be used to motivate and commit key individuals. The integrated incentive salary system and other forms of compensation will be further developed in 2002.

Average number of personnel



ENVIRONMENT AND QUALITY

Incap strives to reduce any detrimental effects its operations may have on the environment by using high-quality and up-to-date technology. In production, the employment of chemicals which burden the environment is minimised, energy is used in an efficient manner, and the quantity of waste and emissions is kept to a minimum. Environmental awareness is considered to be a part of each individual's professional knowledge, and is stressed in both development and training.

Environmental and quality certificates

During 2001, the electronics sector renewed its quality and environmental systems to comply with ISO 9001:2000/ISO 14001:1996 standards. Certification includes systems at all units and was carried out by Lloyd's Register Quality Assurance (LRQA).

The furniture sector's environmental system has received the ISO 14001 certificate from Lloyd's Register, and this covers the Kärsämäki and Varpaisjärvi units and the sector's offices in Oulu. During 2002, environmental certification will come into effect at the new Kärsämäki factory and in the Haapavesi bed factory.

The quality system used in the furniture sector complies with the new ISO 9001:2000 standard, and certification will begin in October 2002. The goal is for all units to have both quality and environmental certificates by the beginning of 2003.

Substantial Environmental Effects

The major environmental effects of the electronics sector are the consumption of energy and process water, the use of solvents and tin, and the production of waste metal, dumpsite waste and problem waste. The effect of these factors is analysed using specific indicators, and progress is monitored on a monthly basis in the management review. All the selected indicators exhibited a positive trend in 2001.

In the furniture sector, the most important environmental indicators are energy consumption, the concentration of solvent in surface treatment chemicals and the amount of dumpsite waste. In terms of energy consumption, the level in 2001 was approximately on target, and the concentration of solvents in surface treatment chemicals fell. The amount of dumpsite waste has almost dropped to zero. The fire at the Kärsämäki unit meant that 2001 was exceptional, and the generation of chemical waste from surface treatment could not be reduced.

Environmental measures in 2001

Expansion of the Vuokatti unit included improvements in environmental factors. The water-cooling technique employed at the unit was renewed and the use of cooling water was halted. Thanks to the new heat-recovery system, heating energy is now used more efficiently.

During 2001, environmental permissions were received for the use of water in the sprinkler system in Vuokatti and for the surface treatment plant in Vaasa.

During renovation work at the Kuressaare facility and offices in Estonia, many environmentally-friendly changes were implemented, for example the installation of an air-recycling and filtering system to handle the fumes created by solder-

ing. In the environmental survey made at Kuressaare, the main causes of environmental damage were identified and prioritised.

The safety plan included in the environmental system functioned satisfactorily during the fire at Kärsämäki. Although destruction of the facility could not be prevented, measures taken to evacuate personnel, extinguish the initial blaze and limit the extent of the fire succeeded in the best possible manner in a difficult situation. The fire did not result in a substantial quantity of harmful emissions.

In the construction of the new Kärsämäki factory, environmental aspects have been a key concern. The use of new production techniques and the careful selection of materials will result in a reduction in the amount of raw material used and in the level of emissions into the environment.

Incap Furniture places specific requirements on its raw material suppliers as regards the origin of the wood it uses. Sawmills must verify the region from which the wood was acquired, and wood obtained from protected or disputed areas is not accepted. At the end of 2001, a systematic in-depth investigation was launched to identify the sources of all the wood used by Incap. All suppliers will be required to provide written documents showing the source of the wood that they are supplying. Currently, most of the wood used in Incap Furniture comes from forests which comply with the European PEFC standard.

Facing the environmental demands of the future

The European Parliament has proposed directives concerning electric and electronic waste (WEEE) and dangerous emissions from electric and electronic machinery (RoHS). According to a proposal of the European Commission, the heavy metals Pb, Hg, Cd and Cr-6 and two brominated fire-retardant chemicals shall not be used in new products after 2008. Incap monitors developments in legislation and is preparing to act in accordance with the new directives.

It is anticipated that the production of furniture from northern pine will be environmentally-friendly also in the future. Acquisition of the raw material takes place in a sustainable manner, with trees being planted to replace those that are felled, and the annual growth of forests in Finland exceeds the amount that is cut each year. By investing in developments to the manufacturing process and selecting the correct materials, unnecessary burdening of the environment has been avoided. Also, waste material resulting from furniture production is classified and recycled or used to produce energy. From the environmental point of view, solid pine's long working life and the fact that most parts of the value chain are under control mean that it is a better material to use for furniture than other alternatives.



CONTRACT MANUFACTURING OF ELECTRONICS

Incap is a contract manufacturer for the electric and electronic industries. The company manufactures both subassemblies and end products containing electronic and sheet-metal products, and offers related design, testing and material services.

Our key customer segments are telecommunications, electrical engineering, measurement and process automation, security and medical electronics. Our customers include ABB, Instrumentarium, Metorex, Metso, Nokia Networks, Oras, SSH, Suunto and Vaisala.

Incap's production units are located in Helsinki, Vuokatti, Vaasa (Finland) and Kuressaare (Estonia). The Vuokatti and Kuressaare units specialise in the production of electronic components and subassemblies, the Helsinki and Vaasa units produce both mechanical components and subassemblies containing electronic and mechanical parts.

Development of customer industries

Structural changes in our customer industries continued in 2001. As our customers wish to focus resources on their own core competencies, the outsourcing of manufacturing continued strongly and services such as product design were outsourced as well.

Our customers are also aiming to reduce the total number of their suppliers, and concentrate purchasing on a few key suppliers. The traditional style of purchasing manufacturing services is moving towards partnerships that last for the whole life-cycle of a product. Incap's goal is to form a solid network whose resources, skills and strengths can be used to benefit the whole supply chain.

Falling demand in our customers' businesses sectors resulting from the general economic downturn in 2001 made our position as a contract manufacturer of electronics difficult. The construction of 3G mobile phone networks did not take off as expected, and the September 11th terrorist attacks in the United States resulted in a further weakening in economic conditions. One exception to the general downturn was an increase in demand for different types of safety devices such as security gates.

Tough price competition in end products forced many companies to use production capacity in countries where price levels and labour costs are lower. To an increasing extent, manufacturing of products that require manual assembly was moved to the Baltic countries, eastern Europe and the Far East.

Incap's success

In accordance with the wishes of its customers, Incap made use of its unit in Estonia when manufacturing products which required a lot of manual assembly work.

Incap strengthened its position in design services and box-build products. Our in-depth knowledge of PCB assembly and the manufac-

ture and design of subassemblies incorporating both electronic and mechanical components helped survival in a tough market.

As Incap's customers are leading companies operating in several business sectors, our business is well balanced. Fluctuations in a single sector do not therefore hit us as hard as contract manufacturers who serve only one or two business sectors.

The share of box-build products in total deliveries increased in 2001, and in addition to manufacturing services, it became more common for Incap to take responsibility for a customer's product design or design for manufacture. In providing these services, we utilised both our own resources and those of the network.

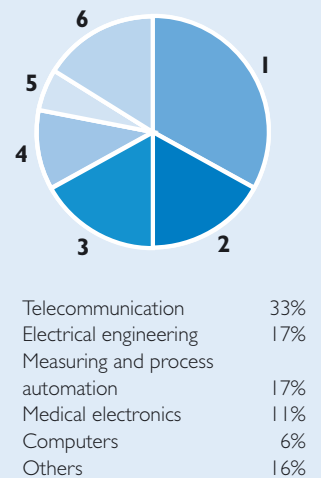
Incap focuses on small and medium-sized production series. Our flexible operational model made it possible for us meet customers' requests for shorter delivery times, and to react quickly to both short-term and unexpected changes in demand.

Important events in 2001

A new high-speed assembly line was taken into use at the Vuokatti unit, increasing our SMD-assembly capacity considerably. Testing services were strengthened by investments in new testing devices and systems. The enhancement of Incap's design services continued, and their share of total sales increased throughout the year.

In July, the area of the Vuokatti unit was expanded by 2,200 square metres and the layout of the factory was redrawn to streamline material flow. A central storage facility for materials was removed and materials and components are now moved directly to the production line as soon as they arrive.

Net turnover by customer sector

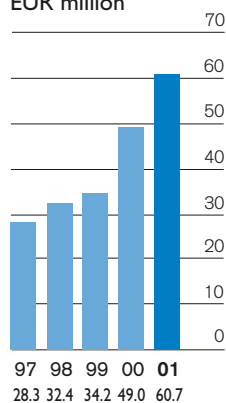


CONTRACT MANUFACTURING OF ELECTRONICS

KEY RATIOS, EUR million

	2001	2000	Change, %
Net turnover	60.7	49.0	24
Operating profit	0.2	1.3	-85
% of net turnover	0.4	3	
Share of Group's net turnover, %	61	56	9
Average number of personnel	591	599	-2

Net turnover, EUR million

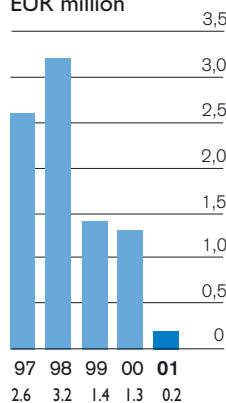


For processing sheet metal, the Vaasa unit introduced a flexible production system which includes edge cutters, a machine-tool centre, and automatic storage. The speed and agility of the machinery, the savings in raw materials and the level of automation all resulted in an increase in productivity.

Renovation work at the Kuressaari in Estonia unit was completed. The increase in production volumes resulted in the unit's profitability achieving satisfactory levels during the second half of the year. The number of personnel employed at the unit increased by 16 during the year.

Full responsibility for material management was transferred to Incap by one of our key customers. Although the transition took place smoothly from the technical point of view, it did

Operating profit, EUR million



result in a temporary increase in inventory turnover time.

In February, a new resource planning system (ERP) was implemented in all units. This system connects the information flows from different units and harmonises operations. As the system enables the automatic gathering and sharing of data, the flow of information in the supply chain is also improved.

To increase the efficiency of operations, a number of different development projects were launched in 2001 both internally and in cooperation with other companies. One of the most significant of these is "Fast Ramp-Up". The goal of this project is to bring new products into production more rapidly by reducing the time between the R&D and prototype phases and profitable mass production.

Measures to enhance material and purchasing processes were continued throughout 2001. In supply chain management, the main focus was placed on eLogistics, which has the aim of creating an unrestrained and transparent flow of information in all parts of the supply chain.

To facilitate the flow of information to customers and suppliers, the company's extranet service was renewed. An intranet was also established to improve internal communication.

Maintenance services for the Helsinki and Vuokatti units were assigned to ABB Service Oy, the company handling maintenance at the Vaasa unit. IT services were outsourced to the Novo Group, which now controls and manages Incap's



Electronic components manufactured by Incap are used in equipment for households, health care and data security, among others.



whole IT environment. By contracting out these services, we expect to guarantee both high quality and efficiency in sectors that are not within Incap's areas of expertise.

Operations were developed further in 2001 and resources focused on the key strategic areas. Targets for improved productivity were reached in all units.

To prepare for reductions in demand, fixed costs were reduced. Flexible working hours were introduced, some employees were laid off on a temporary basis, and a number of jobs were cut.

The merger of Incap Electronics Ltd into Incap Corporation was registered on 31st December 2001.

Profit in 2001

The net turnover for Incap Electronics was EUR 60.7 million during 2001, 24% more than the previous financial year.

Operating profit was EUR 0.2 million, 0.4% of turnover, which cannot be considered satisfactory. The marked slowdown in the markets affected the result, especially during the third quarter of the year. The implementation of a resource planning system (ERP) as well as the outsourcing of maintenance and IT services resulted in temporary increases in costs. Profit also diminished due to non-marketability entries worth more than EUR 0.3 million. The restructuring caused non-recurrent costs of about EUR 0.1 million.

The total number of employees at the end of the year was 550.

Investments

The most notable investment in 2001 was the expansion and change of layout at the Vuokatti unit. Machinery in all units was renewed, and a new flexible sheet-metal manufacturing system was taken into use at the Vaasa unit. To improve operations at the Helsinki unit, an on-going project aimed at achieving a significant increase in both quality and productivity was initiated. In this project, the focus is on renewal of the order/delivery process.

Outlook for the future

According to estimates by ABN Amro, investments in the telecommunications sector decreased world-wide by approximately one per cent in 2001. The growth in investments in China and Latin America compensated for the sharp decline in some market areas. In 2002, predictions indicate that the falling trend will be more widespread, and that global investments will fall by 17%. Positive developments are however expected in the wireless telecommunications sec-

tor, which will expand as new data services are developed and data transfer speeds in wireless networks match the speed of dial-up modem connections. Broadband access to consumers and households is also expected to grow.

In June 2001, the Federation of the Finnish Electric and Electronics Industry (SET) predicted that growth in the Finnish electrical and electronics industries will slow down somewhat and settle in the 3–5% range. In 2002, growth is expected to be about 8%. Growth is expected to be most rapid in mobile phones, telecommunications networks, electronics manufacturing services (EMS), components and parts, and in automation.

According to Electronic Trend Publications, year-on-year growth in the global contract manufacturing of electronics was about 5% in 2001. In 2002, year-on-year growth is expected to be close to 20%, and in 2003 it is expected to be approximately 25%.

Forecasts by Electronic Trend Publications also indicate that outsourcing will accelerate in the second half of 2002, and that in contract manufacturing, growth in box-build will be greater than that in PCB assembly. The share of the contract manufacturing market held by the United States is expected to decline, while the share taken by Asia is expected to increase.

In a January 2002 report, Nordea Securities predicts growth in the EU's industrial sector will be visible by the summer of 2002 and that growth will accelerate towards the end of the year. Of Incap's customer sectors, electrical engineering is a so-called 'trailing' sector in the business cycle, as a downturn affects it more slowly than other sectors. In a similar way, recovery in the electrical engineering sector is expected to take place later than, for example, in the telecommunications sector.

Incap has made preparations for future challenges by increasing its production capacity and strengthening its operations. We are ready for the moment when demand for the contract manufacturing of electronics turns upwards, and we are also prepared for strong growth in demand. Rapid technological development, ever-smaller products and the shortening of product life-cycles require both in-depth know-how and high levels of operational efficiency from a contract manufacturer. Our development projects mean that Incap can respond to customers' increasing demands better than ever before.



Incap's design services range from design for manufacturing to design for testing and maintenance.



CONTRACT MANUFACTURING OF FURNITURE

Incap Furniture is a contract manufacturer for large international furniture manufacturers and retail/marketing chains providing services ranging from R&D and product design to manufacturing, packaging and delivery.

Northern pine and other high quality raw materials are used in Incap's furniture. Products are designed in cooperation with our customers.

Incap is Finland's largest manufacturer of pine furniture and the country's biggest exporter of furniture. The company's main market areas are central and southern Europe and the United States.

Development of demand

Market developments in 2001 did not match expectations. Demand did not fall during the summer months as it had in previous years, but the September 11th terrorist attacks deflated the markets, and demand only began to recover in December. The growth of demand in Europe almost came to a halt, and competition, especially in England, became even fiercer.

Incap's success

Strategic networking proved its strength when Incap Furniture's largest factory in Kärsämäki was destroyed in the fire in May. Production was quickly moved to the company's unit in Varpaisjärvi and to factories in the supply chain network. Since 1970s many companies in the furniture sector had gathered in the Kärsämäki area, and close cooperation between companies had been developed for several years. By the transfer of the production also Incap's own personnel moved to companies in the supply chain to guarantee the smooth transfer of production and to secure the quality required by the international customers.

Thanks to cooperation in the network, most orders were manufactured and delivered. Good customer relationships that had been built up for many years, proved to function. Customers trusted that deliveries would be made on time and orders were not cancelled.

Incap's product development services are effective and provide the company with a clear competitive edge. First, customers' sketches are converted to three-dimensional CAD pictures, and the carpenters then construct a prototype piece of furniture. After the customer has approved the prototype, design for manufacture is started. The process can be very quick, and new product ideas can be put into production very rapidly.

The most important events of 2001

The year started well with the order book at a record high level. Product development projects carried out with customers in 2000 were realised, and new product lines were put into pro-

duction. Sixty per cent of products were renewed at the start of the year, and the mass production of these items commenced in the spring when measures to improve production efficiency resulted in improved profitability.

As planned, construction of a logistics centre at the Kärsämäki factory began in the spring.

This project was halted on 16th May 2001 by a sudden and violent fire which completely destroyed the company's main furniture production facility. As a result, the whole operational model had to be changed very quickly. The majority of production was moved at short notice into the factories of Incap's subcontractors. The many years spent developing cooperation in our network of key suppliers now bore fruit, and production capacity capable of meeting international quality standards quickly became available. Employees from the Kärsämäki factory moved into subcontractors' units in order to make their skills available to the whole network.

Good teamwork and the flexibility shown by Incap personnel allowed production to be relocated quickly, and customer relationships were preserved.

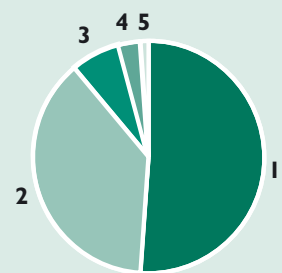
Insurance covered the damage caused by the fire, and construction of a new factory began in the summer. The first machinery installations were carried out in November and the first production runs are scheduled to take place in January–February 2002.

To improve the reliability of shipments, a new furniture component factory was established in Haapavesi. This facility will concentrate on the manufacturing of beds in the spring of 2002.

More than 50 new products were developed for the American market during 2001. Production of a part of these new models was scheduled to be started only in 2002.

In spite of the interruption caused by fire at Kärsämäki, the majority of Incap's personnel were employed throughout the year. Some em-

Net turnover by market area



1	Central and Southern Europe	51%
2	North America	38%
3	Other Nordic countries	7%
4	Finland	3%
5	Far and Near East	1%

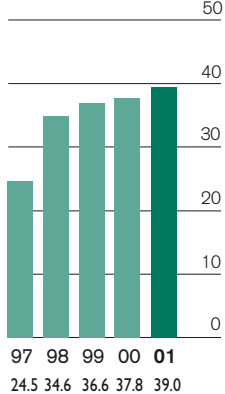
CONTRACT MANUFACTURING OF FURNITURE

KEY RATIOS, EUR million

	2001	2000	Change, %
Net turnover	39	37.8	3
Operating profit *	3	1.3	230
% of net turnover	7.7	4	
Share of Group's net turnover, %	39	44	-12
Average number of personnel	250	249	-

* comparable figure

Net turnover, EUR million



ployees improved their IT skills, others familiarised themselves with new production machinery.

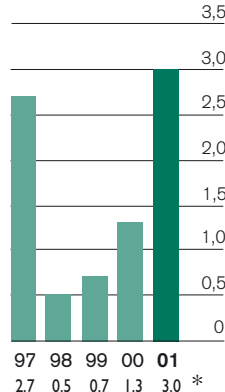
Year 2001 result

Net turnover by Incap Furniture in 2001 totalled EUR 39 million, 3% more than in the previous year.

The company's comparable operating profit was EUR 3.0 million, or about 8% of turnover. A decline in raw material prices had a positive effect on the result.

Incap Furniture employed 237 people at the end of the year.

Operating profit, EUR million



The modern machinery enables efficient and quick production.



The ideas for new furniture are produced in cooperation with the customer. Incap's product design then develops the idea into a technical drawing, based on which a model piece is manufactured for the customer's approval.

Investments

Investments in 2001 focused primarily on reconstruction of the Kärsmäki factory and the acquisition of replacement production machinery.

Outlook for the future

Overall market growth is expected to remain below 5% in 2002, but the situation differs by market area. Sales of ready-to-assemble furniture in the United States have been growing at an annual rate of about 10%, and growth is expected to increase further in the next few years. At the same time, the share of total sales of wood furniture taken by ready-to-assemble items (16% in 2000) is expected to rise to 19% by 2005. Furniture manufacturing within the European Union was valued at EUR 77 billion in 1999, with the wood furniture share of all manufactured furniture being 75%. Growth in furniture manufacturing is expected to be in line with general economic growth in Europe, and is expected to be approximately 2% in 2002.

Competitors are increasing the size of their production units and are moving production into countries where labour costs are lower. Small manufacturers are engaging in networking and concentrating on smaller areas of expertise in order to serve leading companies in the furniture sector.

Incap Furniture has pioneered the use of subcontractor networks in the furniture busi-



The new Kärsämäki facility is the most modern producer of pine furniture in Europe.

ness, and the company's role has developed from being a manufacturer of furniture into being the coordinator of an extensive value chain. Specialisation will be developed further so that Incap can concentrate on the more profitable phases of manufacturing, surface treatment and logistics control. In addition to specialisation and the control of network-based teamwork, Incap's other strong competitive advantages lie in the areas of advanced IT and a good command of product design and development.

Logistics-based operations being started up in the Kärsämäki factory will result in a considerable improvement in Incap's international competitiveness. Investments in the factory totalling EUR 25 million include state-of-the-art production technology that incorporates different IT solutions. In the future, the efficiency of production will be significantly higher than in former production facilities.

In the furniture industry, the cost of raw materials forms a major part of the final value of the product. Incap has therefore initiated an extensive cooperation project with the aim of lowering prices for pine, the company's primary raw material.

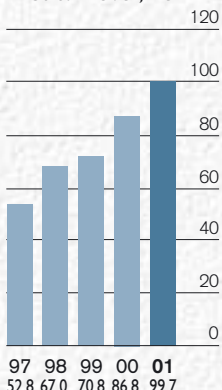
Incap Furniture's position close to the world's biggest markets for pine provide an opportunity to obtain high-quality raw materials at a lower cost than before. Modern production facilities, efficient operations and solid, long-lasting customer relationships provide the prerequisites for success in international markets.



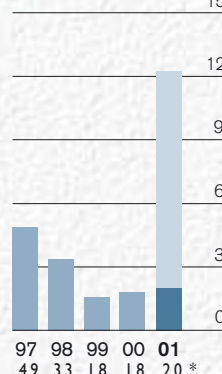
The logistic model of the new Kärsämäki factory includes an automatic high storage facility. Logistic flows are managed in real time from raw material purchases to targeted deliveries.

REPORT OF THE BOARD OF DIRECTORS

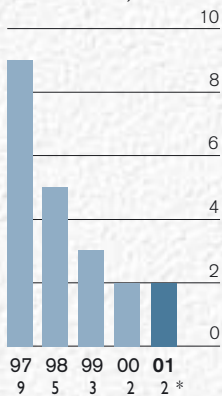
Net turnover, EUR million



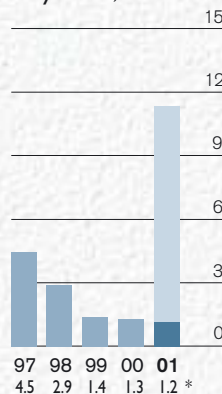
Operating profit, EUR million



Operating profit of net turnover, %



Profit before extraordinary items, EUR million



Market development

The market for the contract manufacturing of electronics became increasingly difficult during 2001 and demand in many customer segments declined significantly especially during the second half. The strong growth of turnover in Incap's electronics sector at the beginning of the year slowed down in the third quarter. There was a shortage of electronic components at the beginning of 2001 but availability improved during the year and prices turned down.

In the furniture sector, growth in production volumes was low at the beginning of the year, as a result of subcontractors' delivery problems. Demand recovered in March and the order book was at a record-breaking high in May when production was temporarily halted because of the fire that destroyed the production facilities at Käräsämäki.

Development of group financials

Net turnover of the Incap Group in 2001 totalled EUR 99.7 million (EUR 86.8 million in 2000) and was up by approximately 15%. The majority of exports, most of which were exports of furniture, went to the European Union, and the share of net turnover held by exports was 39%.

The group's comparable profit was EUR 2.0 million (EUR 1.8 million), about 2% (2%) of net turnover. The EUR 12.2 million operating profit shown in the profit and loss account includes EUR 10.2 million of insurance refunds for fixed assets destroyed in the fire at Käräsämäki which exceeded previous balance sheet values. The comparable profit before extraordinary items was EUR 1.2 million (EUR 1.3 million), about 1% (2%) of net turnover; and the operating profit before extraordinary items shown in the profit and loss account was EUR 11.4 million. Comparable profit for the financial year was EUR 0.3 million (EUR 0.8 million) and profit in the profit and loss account was EUR 7.9 million. Comparable earnings per share totalled EUR 0.08 and earnings per share in the profit and loss account totalled EUR 2.24. The group's equity ratio was 39.2% (46.0%).

Business sectors and their profit development

Net turnover generated by Incap Electronics in 2001 totalled EUR 60.7 million (EUR 49.0 million), about 24% more than in the previous year. The majority of this turnover came from devices and components manufactured for the telecommunications, electrical engineering, measurement and process industries as well as from medical and diagnostic devices.

Comparable figures are marked with an asterisk (*). Dark section of column refers to comparable figure and entire column to figures in profit and loss account.

Operating profit for Incap Electronics totalled EUR 0.2 million (EUR 1.3 million), 0.4% (3%) of net turnover. Profitability was below target. Relative profitability was weakened on one hand by increased responsibility for material management and on the other hand by the rapid drop in demand resulting from the general downturn in the economy during the second half of the year. Measures to improve performance and to cut costs were initiated, and the results of these measures became apparent in the fourth quarter. Profit generated by the group's Estonian subsidiary and included in the result turned positive and was EUR 0.2 million.

Net turnover generated by Incap Furniture in 2001 totalled EUR 39.0 million (EUR 37.8 million). At the beginning of the year sales developed in a positive manner, but the fire at Käräsämäki in May resulted in a temporary halt to growth. At the end of the summer, production for key customers recommenced with the help of a network of subcontractors, and component production began in rented factory space in Haapavesi. Successful operation using the subcontractor network allowed production to continue without any interruptions for the rest of the year, and the majority of customer relationships were preserved.

Construction of a new furniture factory began in June 2001 and was completed in November. Full-scale production at this facility will commence during the spring of 2002.

Comparable operating profit for Incap Furniture totalled EUR 3.0 million (EUR 1.3 million), 7.7% (4%) of net turnover; while profit according to the profit and loss account was EUR 13.2 million. Profit development was positive in the beginning of the year, and insurance against interruption of operation covered the loss in operating profit following the fire at Käräsämäki. Profits from overseas subsidiaries included in the results showed a total loss of EUR 0.1 million.

Investments

Investments by the Incap Group totalled EUR 21.3 million (EUR 10.2 million), about 21% of turnover (12%). EUR 17.8 million worth of investments were recorded as non-current assets in the balance sheet. In Incap Electronics, investments were made in expanding the Vuokatti unit and in changing the factory layout at that facility, as well as in increasing the level of automation at all production units. Investments at Incap Furniture included rebuilding the Käräsämäki factory and the acquisition of new production machinery.

The parent company and the electronics sector adopted a new resource planning system which includes financial control.

Research and development

The Incap Group spent EUR 3.0 million (EUR 2.6 million) on research and development in 2001, i.e. 3% (3%) of net turnover. All development costs were recorded as expenses.

Financing

Net financing costs in 2001 totalled EUR 0.79 million (EUR 0.58 million), and financial assets showed a reduction of EUR 2.2 million (reduction of EUR 2.8 million). The quick ratio was 0.7 (1.0) and the current ratio was 1.5 (1.7). Net debt totalled EUR 16.7 million (EUR 7.9 million), and the group's net debt-equity ratio was 61.4% (37.6%). Cash flow per share was EUR 3.75 (EUR 0.98).

Annual General Meeting

The Annual General Meeting on 18th April 2001 decided to amend Paragraph 1 of the corporate by-laws (Corporate name and domicile). The company name is Incap Oyj, Incap Abp in Swedish and Incap Corporation in English, and its domicile is the City of Helsinki. The Annual General Meeting also decided to amend Paragraph 10 of the corporate by-laws (Summons for and participation in the Annual General Meeting) to read "The summons for the Annual General Meeting must be published in two newspapers indicated by the Board, of which one is published in Helsinki and the other in Oulu, not earlier than two (2) months and not later than seventeen (17) days prior to the date of the meeting. Shareholders intending to attend the Annual General Meeting should register in the manner and time specified in the summons, but not earlier than ten (10) days before the date of the meeting."

The Annual General Meeting authorised the Board of Directors to raise the company's share capital by making one or more subscription issues or by issuing warrants and/or convertible bonds. The authorisation given is valid for one year and includes the right to deviate from the pre-emptive right of shareholders. Based on this authorisation, the company's share capital can be raised by a maximum of EUR 1,179,396.96. The authorisation was registered on 23rd May 2001.

The Annual General Meeting lowered the subscription prices for warrants in the 2000 warrant scheme to EUR 8 for A warrants and EUR 10 for B warrants. The subscription price of shares based on C and D warrants will remain at EUR 12. The subscription price per share will be deducted, on each record date for the distribution of dividend, by the amount of dividend paid in cash after 11 April and before the date of subscription. However, the subscription price must always be equal to or exceed the counter value of the share. Other conditions of

the warrant schemes remained unchanged. The warrant categories 1998 and 2000 contain 542,000 warrants, and entitle subscription to a total of 542,000 warrants. The warrants in the warrant scheme launched in 2000 are divided into categories labelled A, B, C and D, each of which contains 122,700 warrants. A warrants can be subscribed from 1st December 2000 onwards, B warrants from 1st December 2001 onwards, C warrants from 1st December 2002 onwards and D warrants from 1st December 2003 onwards, and the subscription periods of all categories will end on 31st December 2005. Warrants according to the 1998 scheme include 29,600 A warrants and 21,600 B warrants. The 1998 warrants in the category A could be subscribed from 1st July 2000 onwards and the 1998 warrants in category B from 1st July 2002 onwards. As a consequence of these subscriptions, the share capital of Incap Corporation may increase by a maximum of EUR 910,560 (not an exact figure).

Dividend policy

The company's long-term goal is to pay an annual dividend of approximately 30% of the consolidated profit before extraordinary items and other taxes. The Board of Directors propose to the Annual General Meeting that EUR 0.03 i.e. 39% per share, be paid as dividend for 2001 of the consolidated profit before extraordinary items and taxes minus insurance refunds for fixed asset items exceeding previous balance sheet values.

Board of Directors

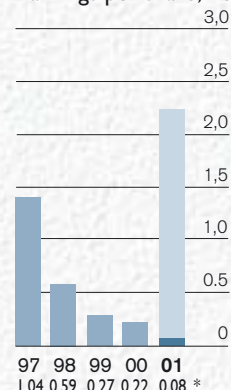
On 18th April 2001, the Annual General Meeting appointed the following four persons to Incap Corporation's Board of Directors: President and CEO Juhani Vesterinen acting as Chairman of the Board, Managing Director Matti Kaitera, Chairman of the Board Jorma Terentjeff and CFE Hannu Lipponen. Juhani Ruutu, LL.M., served as Secretary of the Board. The Board of Directors met 16 times in 2001.

Management of subsidiaries

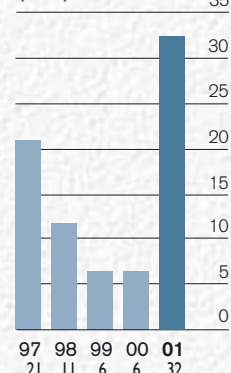
President Juha Oikarinen, Vice President for Finance and Administration Rauni Nokela (Chairman), President and CEO Kari Saarinen and Raimo Kuikka as Personnel Representative acted as Board members for Incap Electronics Ltd.

Board members of Incap Furniture Ltd were President and CEO Pertti Karhinen, Managing Director Risto Koskimäki, President Sauli Huikuri (until 6th June), President and CEO Kari Saarinen (Chairman) and Jari Madetoja as Personnel Representative (until 6th June) and Director Seppo Arponen (from 21st June).

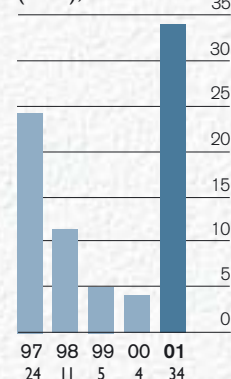
Earnings per share, EUR



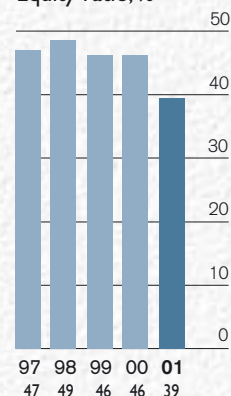
Return on investment (ROI), %



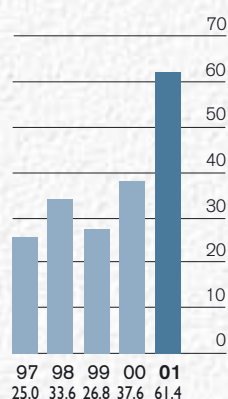
Return on equity (ROE), %



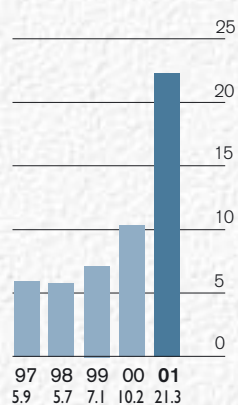
Equity ratio, %



Gearing, %



Investments, EUR million



President and CEO, other management and personnel

The President and CEO of Incap Corporation and Incap Electronic Ltd is Kari Saarinen. The management team includes Incap Furniture's President Sauli Huikuri, and until 16th August 2001, Incap's Vice President for Finance and Administration Rauni Nokela. Following Rauni Nokela's resignation on 14th August 2001, her duties were taken over by Eija Jansson-Tervonen, Incap Electronics Ltd's CFO.

In 2001, the Incap Group employed an average of 847 persons (855 persons), of whom 591 (599) worked in the contract manufacturing of electronics and 250 (249) in the contract manufacturing of furniture. Incap Corporation employed, on average, 6 persons (7). At the end of the financial period, the Incap Group employed a total of 794 persons (835 persons).

Auditors

The Annual General Meeting appointed KPMG Wideri Oy Ab as primary auditor and Tapio Raappana, Authorised Public Accountant, as deputy auditor. Supervisory auditing was carried out by the Oulu office of KPMG Wideri Oy Ab.

Corporate Structure

The Group's parent company is Incap Corporation. Finnish subsidiaries engaged in the business are Incap Electronics Ltd, a contract manufacturer of electronics, and Incap Furniture Ltd, a contract manufacturer of furniture. Incap Electronics has a subsidiary in Kuressaare, Estonia, Incap Electronics Estonia Oü, which is a contract manufacturer of electronics. Incap Furniture Ltd has a marketing company, Incap Furniture, Inc., in the United States, and Incap Furniture SIA in Latvia coordinates sourcing. The companies have no minority shareholders.

The Incap Group's corporate structure was changed on 31st December 2001 when Incap Electronics Ltd was merged with Incap Corporation in accordance with a merger plan signed by the boards of both companies in March 2001. The merger is an internal restructuring aimed at streamlining the corporate structure and administration and achieving some cost savings. Contract manufacturing of electronics will continue as before under the name Incap Corporation, and employees of Incap Electronics Ltd were enrolled as "old employees" by Incap Corporation. The merger does not require amendment of the corporate by-laws.

Outlook for the Future

Demand in the electronics industry is expected to stay low for at least the first half of 2002. For this reason, measures already initiated to further

adapt and improve the company's operations will be continued in all units during 2001. The company will focus to an increasing extent on services that add value to our customers' products such as product design, product integration and logistics. The goal is to increase the degree of internationalisation in our operations by increasing direct exports and utilising overseas production units.

Cost efficiency in the furniture sector will improve as soon as production in the new factory can be started up. The input into enhancing product development means that turnover can be expected to grow in a profitable manner in both the main market, central Europe, as well as in the United States. The market position held by the group's furniture operations is being strengthened by expanding network cooperation and by undertaking development projects and investments in purchasing operations.

Events following the end of the financial year

Incap Corporation's strategy is to focus exclusively on the electronics sector. The company is aiming at a strong rate of expansion with the help of both organic growth and acquisitions.

In January 2002 a letter of intent was signed to sell Incap Furniture to the current management of the company, Finnish Industry Investment Ltd., JMC Finance Oy, Teknoventure Oy and Jokilaaksojen Rahasto I Ky. For their part, the purchasers intend to develop further the business of contract manufacturing of furniture utilising the company's new production facilities and international customer contacts. The final contract for the sale is due to be signed by 1st March 2002. For the transaction to come into effect, the parties must reach a consensus on the final terms of the contract of sale.

To strengthen the Incap Group's position in the contract manufacturing of electronics, a letter of intent was signed on 4th January 2002 concerning the acquisition of the share capital in JMC Tools, a telecommunications company manufacturing high-frequency components. Merger of the two companies will result in the birth of a strong and competitive technology group whose operational concept enables the expansion of services to current customers and the offering of extensive know-how to the telecommunications sector, especially in connection with wireless communication networks. The merger agreement is due to be signed by 28th February 2002, and the merger is expected to be realised by the end of April.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR 1,000	Note	2001	2000
Net turnover	1	99,692	86,773
Variation in stocks of finished goods and in work in progress		2,153	-320
Work carried out for company use and capitalised		2	2
Other operating income	2	10,237	365
Raw materials and services	3	61,306	47,755
Personnel expenses	4	22,472	23,585
Depreciation and reduction in value	5	2,726	2,672
Other operating charges		13,371	10,965
Operating profit		12,209	1,843
Financial income and expenses	6	-795	-576
Profit before extraordinary items		11,414	1,267
Extraordinary items	7	-3	0
Profit before taxes		11,411	1,267
Income taxes	8	-3,533	-491
Profit for the financial year		7,877	776

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	2001	2000
ASSETS			
Non-current assets			
Intangible assets	9	2,175	2,100
Tangible assets	9	24,737	14,246
Investments	10		
Holdings in other shares		9	9
Other receivables		1	1
Non-current assets, total		26,922	16,356
Current assets			
Stocks	11	22,335	11,008
Short-term debtors	12	18,362	11,518
Short-term investments	13		
Other short-term investments		2	2,569
Cash in hand and at banks		1,322	964
Current assets, total		42,021	26,059
Assets, total		68,943	42,415
LIABILITIES			
Capital and reserves			
Subscribed capital	14	5,904	5,904
Share premium account		4,224	4,224
Retained earnings		9,027	8,602
Profit for the financial year		7,877	776
Capital and reserves, total		27,032	19,506
Obligatory reserves		800	0
Creditors			
Deferred tax liabilities		3,557	985
Long-term creditors	17	10,281	7,033
Short-term creditors	18	27,273	14,891
Creditors, total		41,111	22,909
Liabilities, total		68,943	42,415

CONSOLIDATED SOURCES OF FUNDS

EUR 1,000	2001	2000
Cash flow from operations		
Profit before extraordinary items	11,414	1,267
Adjustments:		
Depreciation and reduction in value	2,726	2,672
Nominal exchange rate differences	0	12
Financial income and expenses	795	564
Other adjustments	-10,185	-167
Cash flow before change in working capital	4,750	4,348
Change in working capital		
Short-term trade debtors, increase (-), decrease (+)	-6,845	-1,254
Stocks, increase (-), decrease (+)	-11,326	-1,790
Non-interest bearing short-term creditors, increase (+), decrease (-)	11,162	1,285
Cash flow before financial items and taxes	-2,259	2,589
Interests and other financial expenses	-1,068	-658
Dividends income from operations	0	1
Interest income from operations	274	81
Taxes	-3,533	-491
Cash flow from operations	-6,586	1,522
Cash flow from investments		
Investments in tangible and intangible assets	-16,913	-3,398
Income from sales of tangible and intangible assets	14,600	167
Income from sales of holdings in other shares	0	142
Cash flow from investments	-2,313	-3,089
Cash flow from financial items		
Increase in long-term creditors	7,040	0
Decrease in long-term creditors	0	-590
Dividends paid	-351	-597
Cash flow from financial items	6,689	-1,187
Change in funds, increase (+), decrease (-)	-2,210	-2,754
Funds at the beginning of the financial year	3,533	6,287
Funds at the end of the financial year	1,323	3,533

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

EUR 1,000	Note	2001	2000
Net turnover	1	1,034	864
Other operating income	2	20	43
Personnel expenses	4	610	881
Depreciation and reduction in value	5	112	71
Other operating charges		1,513	778
Operating loss		-1,181	-823
Financial income and expenses	6	540	809
Profit before extraordinary items		-641	-14
Extraordinary items	7	2,838	1,090
Profit before taxes		2,197	1,076
Income taxes	8	-885	-310
Profit for the financial year		1,312	766

PARENT COMPANY'S BALANCE SHEET

EUR 1,000	Note	2001	2000
ASSETS			
Non-current assets			
Intangible assets	9	1,530	145
Tangible assets	9	9,108	668
Investments	10		
Holdings in group companies		1,267	2,105
Receivables from group companies		0	673
Other investments		8	4
Non-current assets, total		11,913	3,595
Current assets			
Stocks	11	18,694	0
Long-term debtors	12	0	4,575
Short-term debtors	12	14,734	6,779
Investments	13		
Other short-term investments		2	2,569
Cash in hand and at banks		403	340
Current assets, total		33,833	14,263
Assets, total		45,746	17,858
LIABILITIES			
Capital and reserves			
Subscribed capital	14	5,904	5,904
Share premium account		4,224	4,224
Retained earnings		6,722	6,307
Profit for the financial year		1,311	766
Capital and reserves, total		18,161	17,201
Appropriations	15	1,860	0
Obligatory reserves	16	800	0
Creditors			
Long-term creditors	17	6,265	151
Short-term creditors	18	18,660	506
Creditors, total		27,585	657
Liabilities, total		45,746	17,858

PARENT COMPANY'S SOURCES OF FUNDS

EUR 1,000	2001	2000
Cash flow from operations		
Profit before extraordinary items	-641	-14
Adjustments:		
Depreciation and reduction in value	112	71
Financial income and expenses	-540	-808
Other adjustments	-800	-20
Cash flow before change in working capital	-1,869	-771
Change in working capital		
Non-interest-bearing short-term trade debtors, increase (-), decrease (+)	-1	403
Stocks, increase(-), decrease(+)	0	0
Non-interest-bearing short-term creditors, increase (+), decrease (-)	321	283
Cash flow before financial items and taxes	-1,549	-85
Interests and other financial expenses	-14	-34
Dividends income from operations	0	1
Interest income from operations	553	841
Taxes	-885	-310
Cash flow from operations	-1,895	413
Cash flow from investments		
Investments in tangible and intangible assets	548	-248
Income from sales of tangible and intangible assets	0	3
Income from sales of holdings in other shares	0	142
Loan receivables paid back	0	0
Cash flow from investments	548	-103
Cash flow from financial items		
Long-term loan receivables, increase (-), decrease (+)	-8,345	-2,902
Increase in long-term creditors	3,540	0
Long-term loans paid back	0	-922
Group contribution received	3,600	1,090
Dividends paid	-351	-597
Cash flow from financial items	-1,556	-3,331
Change in funds, increase (+), decrease (-)	-2,903	-3,021
Funds at the beginning of the financial year	2,909	5,930
Funds at the end of the financial year	409	2,909

Differences

-403

Differences are the result of the merger with Incap Electronics (funds transferred from Incap Electronics on 31 December 2001).

ACCOUNTING PRINCIPLES USED IN CONSOLIDATED ANNUAL ACCOUNTS FOR 2001

Extent of the consolidated annual accounts

The consolidated annual accounts cover the parent company Incap Corporation, domicile Helsinki, and the fully-owned subsidiaries Incap Electronics Ltd, Helsinki; the Estonian subsidiary Incap Electronics Estonia OÜ, Kuressaare; Incap Furniture Ltd, Oulu; the American subsidiary Incap Furniture, Inc., High Point; and the Latvian subsidiary Incap Furniture SIA, Riga. Euro-Ketju Oy, the non-active subsidiary of Incap Electronics Ltd has not been included in the consolidated accounts. Copies of the consolidated annual accounts can be ordered from Incap Corporation, Tietäjäsentie 4, FIN-02130 Espoo.

Principles of consolidation

The consolidated annual accounts are based on the principle of acquisition costs. The group's internal business, non-realised profits from internal deliveries, internal receivables and debts, and 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 subsidiaries received have been entered by crediting the corresponding item of fixed assets. Further depreciation has been made in the fixed assets if the value adjustment has been justifiably considered to be permanent.

Depreciation according to plan has been calculated in a linear manner based on the economic life span of the fixed asset concerned. Depreciation according to plan was first made in the consolidated annual accounts for 1994. Losses in the reference period and losses previously accrued as the result of a 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 practice used for depreciation 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
- vehicles	3 years
- other equipment	3–15 years

Valuation of stocks

The group's stocks have been valued at their acquisition value, at a lower replacement value or at a selling price. In Incap Electronics Ltd, stocks have been valued based on FIFO. In Incap Furniture Ltd, costs have been determined based on a weighted mean price. Costs include variable costs. Internal profits have been eliminated.

Valuation of short-term investments and financial risk management

Short-term investments consist of shares in short-term interest funds and are valued at their acquisition price. Trade debtors and creditors do not include considerable interest or exchange rate risks. A part of the trade debtors is covered by credit insurance.

Currency items

Currency items were converted into euros at the Bank of Finland's mean rate of exchange on 28th December 2001. Differences between buying and selling rates were credited or debited on the appropriate items. In consolidation of the foreign subsidiaries, differences arising out of exchange rate fluctuations were only minor.

Net turnover of the parent company

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

Leasing

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.

ACCOUNTING PRINCIPLES USED IN CONSOLIDATED ANNUAL ACCOUNTS FOR 2001

Pension expenditure

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

Income tax

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 such profit cannot be covered by losses endorsed upon taxation and corporate tax refunds. 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 concerned have been specified in the notes.

Parent company

Incap Corporation supplies administrative and financial services to group subsidiaries.

Rental and sale and leaseback agreements

Rental and sale and leaseback agreements, and leasing and sale and leaseback agreements outside the balance sheets have been itemised in the notes to the liabilities.

Information by business sector

	Contract manufacturing of electronics		Contract manufacturing of furniture	
	2001	2000	2001	2000
Net turnover, EUR million	60.7	49.0	39.0	37.8
Operating profit, EUR million *	0.2	1.3	3.0	1.3
Balance sheet, EUR million	40.0	22.5	28.9	16.1
Total investments in fixed assets, EUR million **	6.1	7.0	16.0	3.0
Average number of employees	591	599	250	249

* Operating profit for contract manufacturing of furniture is comparable, with insurance refunds exceeding the balance book value included.

** Acquisitions included in non-current assets and excluded from the balance sheet

NOTES

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000

NOTES TO THE PROFIT AND LOSS ACCOUNT

1. Net turnover

Net turnover by business sectors				
Contract manufacturing of furniture	39,034	37,806	0	0
Contract manufacturing of electronics	60,658	48,967	0	0
Other	0	0	1,034	864
	99,692	86,773	1,034	864
Net turnover by market areas				
Domestic	61,011	49,346	1,034	864
Europe	22,241	29,481	0	0
Other	16,440	7,946	0	0
	99,692	86,773	1,034	864

2. Other operating income

Profit from the sale of fixed assets	10,217	115	1	0
Other income	20	250	19	43
	10,237	365	20	43

3. Raw materials and services

Raw materials and consumables				
Purchases during the financial year	67,381	47,739	0	0
Variation in stocks	-9,183	-2,104	0	0
	58,198	45,635	0	0
External services				
	3,108	2,120	0	0
	61,306	47,755	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	150	139	6	7
Workers	697	716	0	0

At the end of the financial year

Employees	141	138	5	8
Workers	653	697	0	0

4.2 Personnel expenses

Wages and salaries	17,777	18,652	447	637
Pension expenses	2,793	2,961	135	197
Other social security expenses	1,902	1,972	28	47
	22,472	23,585	610	881

4.3 Salaries and bonus payment to management presidents and the board

	290	402	190	222
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Management 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 organisations who are part of the inner circle.

NOTES

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
5. Depreciation and reduction in value				
Depreciation according to plan from tangible and intangible assets	2,726	2,672	112	71
Depreciation of balance sheet items is shown under fixed assets. The depreciation schedule is included in the accounting principles.				
6. Financial income and expenses				
Dividends				
From other companies	0	1	0	1
Other interest and financial income				
From the group	0	0	424	775
From other companies	274	81	129	66
	274	81	553	841
Reduction in the value of investments	0	0	0	0
Interests paid and other financial expenses				
To the group	0	0	0	0
To other companies	-1,068	-658	-14	-33
	-1,068	-658	-14	-33
Financial income and expenses, total	-794	-576	539	809
7. Extraordinary items				
Group contributions received	0	0	3,600	1,090
Merger loss	-3	0	-770	0
	-3	0	2,830	1,090
8. Income taxes				
Income tax from extraordinary items	0	0	1,044	316
Income tax from operations	961	469	-159	-6
Change in deferred tax liabilities	2,572	22	0	0
	3,533	491	885	310

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
NOTES TO THE BALANCE SHEET				
9. Fixed assets				
Intangible rights				
Acquisition cost 1 Jan	1,150	846	178	50
Increase	332	304	0	128
Incap Talousohjaus Oy	0	0	2	0
Merger Incap Electronics Oy	0	0	706	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	1,482	1,150	886	178
Accumulated depreciation 1 Jan				
Incap Talousohjaus Oy	-558	-386	-34	-26
Merger Incap Electronics Oy	-1	0	-1	0
Depreciation in the year	0	0	-313	0
Depreciation in the year	-182	-172	-30	-7
Accumulated depreciation 31 Dec	-741	-558	-378	-33
Book value 31 Dec	741	592	508	145
Goodwill				
Acquisition cost 1 Jan	997	997	0	0
Increase	0	0	0	0
Merger Incap Electronics Oy	0	0	997	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	997	997	997	0
Accumulated depreciation 1 Jan				
Merger Incap Electronics Oy	-232	-37	0	0
Depreciation in the year	0	0	-427	0
Depreciation in the year	-195	-195	0	0
Accumulated depreciation 31 Dec	-427	-232	-427	0
Book value 31 Dec	570	765	570	0
Other long-term expenditure				
Acquisition cost 1 Jan	1,857	1,425	12	12
Increase	262	433	0	0
Incap Talousohjaus Oy	0	0	5	0
Merger Incap Electronics Oy	0	0	1,351	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	2,119	1,858	1,368	12
Accumulated depreciation 1 Jan				
Incap Talousohjaus Oy	-1,114	-1,075	-12	-11
Merger Incap Electronics Oy	-2	0	-2	0
Depreciation in the year	0	0	-900	0
Depreciation in the year	-138	-39	-1	-1
Accumulated depreciation 31 Dec	-1,254	-1,114	-915	-12
Book value 31 Dec	865	744	453	0

NOTES

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
Land				
Acquisition cost 1 Jan	176	176	0	0
Increase	0	0	0	0
Merger Incap Electronics Oy	0	0	60	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	176	176	60	0
Accumulated reduction 1 Jan	-74	-74	0	0
Reduction in the year	0	0	0	0
Accumulated reduction 31 Dec	-74	-74	0	0
Book value 31 Dec	102	102	60	0
Buildings				
Acquisition cost 1 Jan	6,305	6,049	653	653
Increase	2,784	256	0	0
Merger Incap Electronics Oy	0	0	4,809	0
Decrease	-1,955	0	0	0
Transfer between the items	0	0	0	0
Acquisition cost 31 Dec	7,134	6,305	5,462	653
Accumulated depreciation 1 Jan	-1,574	-1,256	-128	-99
Merger Incap Electronics Oy	0	0	-607	0
Depreciation in the year	-298	-318	-29	-29
Accumulated depreciation 31 Dec	-1,872	-1,574	-764	-128
Book value 31 Dec	5,262	4,731	4,698	525
Machinery and equipment				
Acquisition cost 1 Jan	18,632	16,544	381	265
Increase	1,279	2,220	65	120
Merger Incap Electronics Oy	0	0	10,724	0
Decrease	-2,463	-131	-26	-4
Transfer between the items	0	0	0	0
Acquisition cost 31 Dec	17,448	18,633	11,144	381
Accumulated depreciation 1 Jan	-9,414	-7,494	-228	-204
Merger Incap Electronics Oy	0	0	-6,645	0
Depreciation in the year	-1,873	-1,920	-52	-34
Accumulated depreciation 31 Dec	-11,287	-9,414	-6,925	-238
Book value 31 dec	6,161	9,219	4,219	143
Acquisition cost of production machinery and equipment 31 Dec	5,071	7,929	3,517	0

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
Other tangible assets				
Acquisition cost 1 Jan	278	221	0	0
Increase	66	57	0	0
Merger Incap Electronics Oy	0	0	344	0
Decrease	0	0	0	0
Acquisition cost 31 Dec	344	278	344	0
Accumulated depreciation 1 Jan	-173	-145	0	0
Merger Incap Electronics Oy	0	0	-213	0
Depreciation in the year	-40	-28	0	0
Accumulated depreciation 31 Dec	-213	-173	-213	0
Book value 31 Dec	131	105	131	0
Fixed assets in progress				
Acquisition cost 1 Jan	89	81	0	0
Increase	13,035	423	0	0
Decrease	-43	-415	0	0
Transfer between the items	0	0	0	0
Book value 31 Dec	13,081	89	0	0
10. Investments				
Investments in the group companies				
Book value 1 Jan	0	0	2,105	2,105
Increase	0	0	0	0
Merger Incap Electronics Oy	0	0	2	0
Decrease	0	0	0	0
Merger Incap Electronics Oy	0	0	-841	0
Book value 31 Dec	0	0	1,266	2,105
Other shares or similar rights of ownership				
Book value 1 Jan	9	221	5	217
Increase	0	0	0	0
Merger Incap Electronics Oy	0	0	3	0
Decrease	0	-212	0	-213
Acquisition cost 31 Dec	9	9	8	4
Accumulated reduction 1 Jan	0	0	0	0
Reduction for the year	0	0	0	0
Accumulated reduction 31 Dec	0	0	0	0
Book value 31 Dec	9	9	8	4

NOTES

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
Debtors from group companies				
Book value 1 Jan	0	0	0	673
Increase	0	0	0	0
Decrease	0	0	0	0
Book value 31 Dec	0	0	0	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
	Group company ownership share %	Parent company ownership share %	No. of shares	Book value EUR 1,000

Subsidiaries

Incap Electronics Estonia Oü, Estonia	0	100	400	3
Incap Furniture Oy, 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

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
11. Stocks				
Raw materials and consumables	16,524	7,343	13,644	0
Work in progress	1,681	1,921	1,236	0
Finished goods	4,129	1,744	3,814	0
Prepayment	1	0	0	0
	22,335	11,008	18,694	0
12. Debtors				
Long-term				
Amount owed by group companies				
Loan receivables	0	0	0	4,575
Short-term				
Trade debtors	11,942	9,635	7,939	0
Amounts owed by group companies				
Trade debtors	0	0	1,651	573
Interest receivables	0	0	51	0
Loan receivables	0	0	4,242	5,819
Accrued income	0	0	-2	0
Loan receivables	0	10	0	10
Other receivables	1,028	479	0	23
Prepayments and accrued income	5,392	1,394	853	355
	18,362	11,518	14,734	6,780

Accrued income includes leasing rents paid by the parent company amounting to EUR 568,000 and includes leasing rents paid by Incap Furniture amounting to EUR 1,260,000 and insurance compensation receivables for Incap Furniture amounting to EUR 2,929,000.

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
I3. Short-term investments				
Other short-term investments	0	2,569	2	2,569
Other short-term investments are shares in short-term interest funds.				
I4. 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	9,378	9,196	7,073	6,903
Increase	0	0	0	0
Decrease				
Dividends paid	-351	-597	-351	-597
Change in translation differences	0	3	0	0
Profit for the financial year	7,877	776	1,311	766
Total 31 Dec	16,904	9,378	8,033	7,073
Capital and reserves 31 Dec	27,032	19,506	18,161	17,201

NOTES

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
Nonrestricted capital				
Retained earnings	9,027	8,599	6,722	6,307
Profit for the financial year	7,877	776	1,311	766
Share of the accumulated appropriations written in the capital	-8,707	-2,411	0	0
Total 31 Dec	8,197	6,964	8,033	7,073
15. Depreciation reserve				
Accumulated depreciation difference 1 Jan	0	0	1,868	0
Changes in the parent company's profit and loss account	0	0	-8	0
Accumulated depreciation difference 31 Dec	0	0	1,860	0
16. Obligatory reserves				
Reserve for the expenditures caused by the company arrangements	800	0	800	0
17. Non-current creditors				
Convertible bonds	336	0	0	0
Loans from credit institutions	5,971	4,208	2,465	152
Pension loans	471	601	365	0
Other creditors	3,503	2,224	3,434	0
	10,281	7,033	6,264	152
Total for interest-bearing creditors	10,281	7,033	6,264	152
Creditors maturing after five years				
Loans from credit institutions	2,713	1,070	867	56
Pension loans	313	373	255	0
Other non-current creditors	1,705	1,038	1,705	0
	4,731	2,481	2,827	56
18. Current creditors				
Loans from credit institutions	7,211	3,394	4,306	52
Pension loans	65	86	35	0
Advances received	58	0	52	0
Trade creditors	13,885	4,856	8,525	183
Amounts owed to group companies				
Trade creditors	0	0	515	0
Other creditors	0	0	0	0
Accruals and deferred income	0	0	606	4
Other creditors	821	1,314	799	20
Accruals and deferred income	5,232	5,241	3,822	247
	27,272	14,891	18,660	506
Total for interest-bearing creditors	7,627	3,835	4,511	52

EUR 1,000	Group		Parent company	
	2001	2000	2001	2000
OTHER NOTES TO THE ACCOUNTS				
19. Guarantees and contingent liabilities				
Debts for which mortgages have been given				
Loans from credit institutions	11,811	5,535	5,283	115
Corresponding mortgages	6,756	2,312	609	206
Corresponding mortgages secured				
by stocks and machinery	11,935	5,359	4,221	0
Trade debtors, pledged	1,681	0	0	0
Pension loans	34	43	34	0
Corresponding mortgages	168	168	168	0
Debts for which shares and other pledges have been given				
Loans from credit institutions	0	0	0	0
Book value of pledges given	0	0	0	0
Debts of the group companies				
Guarantees	0	0	466	2,392
Debts of other companies				
Pledges given	0	0	0	0
Sale and leaseback agreement not included in the balance sheet				
	3,364	3,364	3,364	0
As the leaseholder, Incap Electronics Ltd has an option from Varma-Sampo to subscribe to shares of Valuraudankuja 7 Oy. 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				
	2,849	1,236	2,849	0
Leasing and instalment liabilities not included in the balance sheet				
Liabilities maturing next year	2,753	2,745	2,254	4
Liabilities maturing later	7,317	8,005	3,931	1
Finance lease contracts include the option to buy the acquired fixed assets at the current market price at the end of the term of lease.				
Leasing and instalment liabilities included in the balance sheets				
Incap Electronics Ltd, premises				
balance sheet value of fixed assets	3,709	1,031	3,709	0
corresponding liabilities	3,604	1,062	3,604	0
Incap Furniture Ltd, premises				
balance sheet value of fixed assets	155	1,413	0	0
corresponding liabilities	121	1,517	0	0
20. VAT to be paid back under provisions of 33 §				
Concerning investments in buildings and rebuilding in 1996–2000				
	990	854	809	0

CONSOLIDATED FINANCIAL INFORMATION

		2001	2000	1999	1998	1997
Net turnover	MEUR	99.7	86.8	70.8	67.0	52.8
Growth	%	15	23	6	27	41
Export	MEUR	38.7	36.3	34.1	32.6	23.0
Share of net turnover	%	39	42	48	49	44
Operating profit	MEUR	12.2	1.8	1.8	3.3	4.9
Share of net turnover	%	12	2	3	5	9
Profit before extraordinary items	MEUR	11.4	1.3	1.4	2.9	4.5
Share of net turnover	%	11	1	2	4	8
Profit before taxes	MEUR	11.4	1.3	1.4	2.9	4.6
Share of net turnover	%	11	1	2	4	9
Return on equity (ROE)	%	33.9	4.0	5.0	11.2	24.2
Return on investment (ROI)	%	32.1	6.3	6.2	11.4	20.8
Balance sheet total	MEUR	68.9	42.4	42.1	39.7	38.3
Equity ratio	%	39.2	46.0	46.0	48.5	46.8
Gearing	%	61.4	37.6	26.8	33.6	25.0
Net debt	MEUR	16.7	7.9	5.9	6.2	2.2
Liability payback period	years	1.4	3	4	3	2
Quick ratio		0.7	1.0	1.2	1.3	1.6
Current ratio		1.5	1.7	1.9	2.1	2.3
Investments	MEUR	21.3	10.2	7.1	5.7	5.9
Share of net turnover	%	21	12	10	9	11
Investment in R&D	MEUR	3.0	2.6	2.1	2.0	1.5
Share of net turnover	%	3	3	3	3	3
Average number of employees		847	855	683	621	501
Dividends	MEUR	0.1	0.4	0.6	0.9	1.1
Per share data						
Earning per share	EUR	2.24	0.22	0.27	0.59	1.04
Equity per share	EUR	7.70	5.56	5.51	5.48	5.14
Dividend per share	EUR	0.03	0.10	0.17	0.25	0.34
Dividend out of profit	%	1.3	45.3	63.0	42.5	32.4
Cash flow per share	EUR	3.75	0.98	0.91	1.25	1.58
Effective dividend yield	%	0.6	2.2	1.7	2.5	3.3
P/E ratio		2.2	20.5	36.5	17.0	9.9
Trend in share price						
Price on issue	EUR					7.40
Minimum price during year	EUR	3.70	4.50	5.50	7.90	8.07
Maximum price during year	EUR	6.00	17.00	12.40	15.81	11.27
Mean price during year	EUR	4.97	9.75	8.00	12.47	9.56
Closing price at end of year	EUR	4.99	4.50	10.00	10.24	10.26
Total market value of shares on 31 Dec	MEUR	17.5	15.8	35.1	35.5	35.5
Turnover in shares	no.	186,036	314,162	1,261,104	2,459,915	2,469,231
Turnover in shares	%	5.3	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	3,510,110	3,502,171	3,163,613
Number at end of year		3,510,110	3,510,110	3,510,110	3,510,110	3,486,550

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	$\frac{\text{liabilities with interest}}{\text{calculated cash flow}^{2)}$
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	$\frac{\text{profit before extraordinary items} +/ - \text{minority holdings} - \text{tax} (\text{income tax} + \text{change in deferred tax liability})}{\text{mean number of shares during financial year adjusted for new issue}}$
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, %	$\frac{100 \times \text{dividend per share}}{\text{earnings per share}}$
Cash flow per share	$\frac{\text{calculated cash flow}^{2)}}{\text{number of shares adjusted for new issue at the end of financial year}}$
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 × number of shares in circulation

¹⁾ In the consolidated balance sheet 1997–2001, 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 BY THE BOARD OF DIRECTORS

Proposal by Incap Corporation's Board of Directors

The Incap Corporation's distributable equity is EUR 8,033,275.01. When the amount transferred from appropriations to equity has been subtracted from the group's unrestricted equity, the Incap Group's distributable equity is EUR 8,197,273.35.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0,03 per share should be paid, a total of EUR 105,303.30, and that EUR 7,772,137.77 of the EUR 7,877,441.07 profit for the financial year 2001, should be deposited in the profit account.

Espoo, 14 February 2002

Juhani Vesterinen Matti Kaitera Hannu Lipponen

Jorma Terentjeff Kari Saarinen
President and 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 1st January to 31st December 2001. 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. My opinion of the annual accounts and corporate administration is based on the audit.

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, and 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 board members and the company's president and CEO have complied with the rules of the Companies Act.

In my opinion, the annual accounts showing a consolidated profit of EUR 7,877,441.07 for 2001 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.

I have examined the interim reports published during the financial year and in my opinion, they comply with the corresponding rules and regulations.

Espoo, 14 February 2002

Tapio Raappana
Authorised 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 INCIV. The shares, which number 3,510,110 in total, 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 Association, the company has a minimum of 3,500,000 and a maximum of 14,000,000 shares, and the company's share capital is a minimum of EUR 5,880,000 and a maximum of EUR 23,520,000.

Quotations for shares in Incap Corporation ranged between EUR 3.70 and EUR 6.00 during 2001. At the end of the financial year, the company had 500 shareholders, and 0.5 percent of its shares were in administrative registers. Calculations based on the average number of shares, 3,510,110, showed the overall exchange to have been 5.3% during the financial year. The company's market value on 28th December 2001 was EUR 17.5 million.

Authorisation by the board of directors

The Annual General Meeting held on 18th April 2001 authorised the board of directors to raise the share capital in accordance with 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 valid for one year, and included the right to deviate from shareholders' pre-emptive right to subscribe to new shares. The authorisation was registered on 23rd May 2001. Based on this authorisation, the company's share capital can be raised by a maximum of EUR 1,179,396.96. The board of directors had not acted on the basis of this authorisation by the time the financial statements were signed.

Warrant scheme

In April 1998, the Incap Group launched a personnel incentive programme. In this programme, shares were issued to permanent employees, and the possibility to subscribe to warrants that entitled their holders to subscribe to Incap Corporation shares in 2000–2004 at the price specified in the terms and conditions of the warrant scheme was offered. A total of 280,400 warrants were subscribed. The board of directors approved the warrant subscriptions on 31st March 2000.

The Annual General Meeting held on 11th April 2000 issued new warrants to key group personnel, and to board members of Incap Corporation and its subsidiaries and Incap Corporation's fully-owned subsidiary. Warrants included in the 1998 warrant scheme can also be exchanged for 2000 warrants at an exchange rate determined by the board. There are 542,000 warrants in total, and they can be used to subscribe to a maximum of 542,000 shares in Incap Corporation. The warrants are divided into A, B, C and D series, each of which is 122,700 in number. The subscription period for A warrants began on 1st December 2000, for B warrants the subscription period began on 1st December 2001, for C warrants the subscription period begins on 1st December 2002 and for D warrants the subscription period will begin on 1st December 2003. All subscription periods will end on 31st December 2005. The number of valid warrants from the 1998 warrant scheme totals 51,200, and the subscription period for these warrants began on 1st July 2000 and will end on 30th November 2004.

The Annual General Meeting held on 11th April 2001 lowered the subscription price for 2000 warrants so that the subscription price for A warrants is EUR 8 and the subscription price for B warrants is EUR 10. The subscription price of warrants in categories C and D remained unchanged at EUR 12. The subscription price will be reduced by the amount of the dividend paid in cash per share after 11th April 2000 and before subscription to the shares on each dividend record date. As a consequence of these subscriptions, the Incap Corporation's share capital may increase by a maximum of EUR 924,000 (not an exact figure).

Ownership of shares by board members and the company president

The company's board members and president own a total of 4,500 shares, 0.13% of the company's share capital and votes. Together, the president and board members hold a total of 47,500 warrants in the 2000 warrant scheme, which entitle them to subscribe to 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, shares held by the president and the board of directors will account for 1.5% of the company's share capital.

Development of the share capital 1991–2001

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	02 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
05 May 1997	Increase	975	05 May 1997	5,864
04 May 1998	Increase	40	04 May 1998	5,904

SHARES AND SHAREHOLDERS

Distribution of ownership on 28th December 2001

	Number	Owners %	Number	Shares and votes, %
Private enterprises	71	14.3	1,069,100	30.4
Financial institutions and insurance companies *	12	1.6	1,969,541	56.1
Public corporations	2	0.4	119,000	3.4
Non-profit organisations	15	3.0	79,600	2.3
Households	399	80.5	268,869	7.7
Foreign	1	0.2	4,000	0.1
Total	500	100.0	3,510,110	100.0

* incl. the shares in administrative registers

Shares in administrative registers (4)	19,000	0.5
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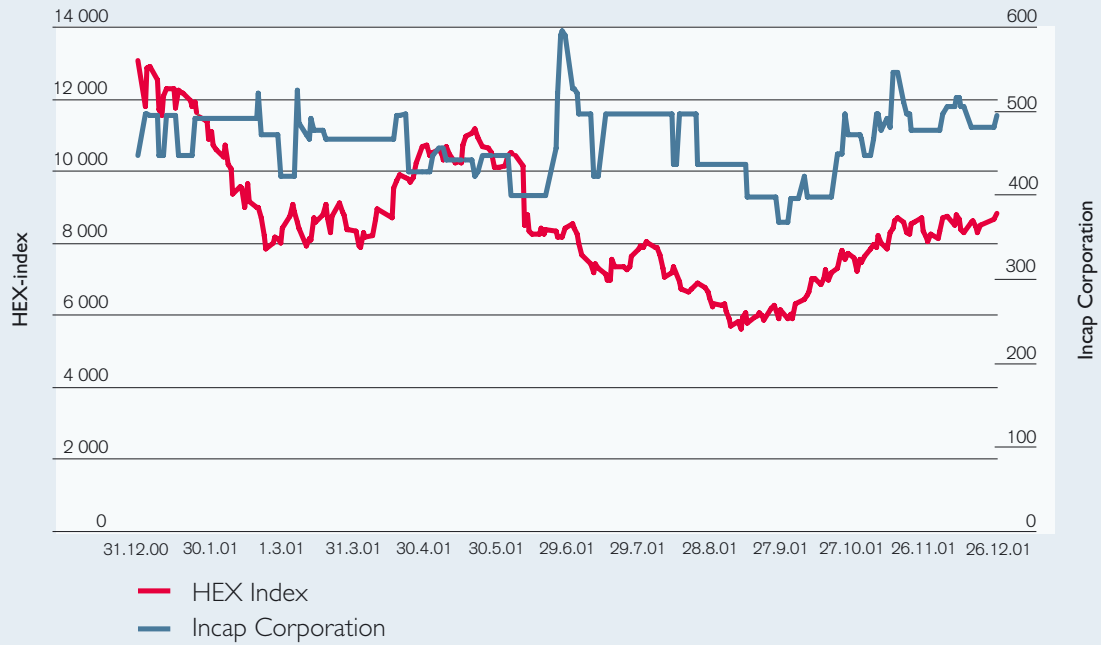
Distribution of ownership by the number of shares on 28th December 2001

Shares, number	Shareholders, number	Percentage of shares, %	Shares and votes, number	Percentage of shares and votes, %
1 – 100	94	18.8	6,630	0.2
101 – 1,000	288	57.6	138,390	3.9
1,001 – 10,000	96	19.2	256,918	7.3
10,001 – 100,000	18	3.6	605,099	17.3
100,001 – 1,000,000	3	0.6	1,006,253	28.7
1,000,001 –	1	0.2	1,496,820	42.6
Total	500	100.0	3,510,110	100.0

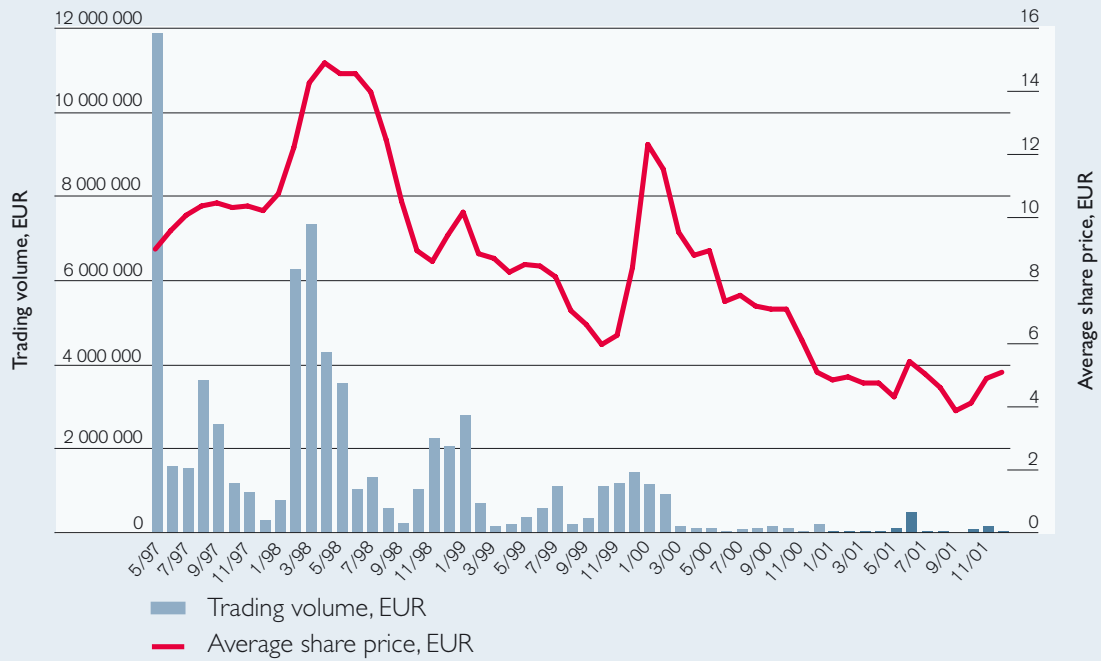
Major shareholders on 28th December 2001

	Shares, number	Percentage of share capital and votes, %	Minimum share of votes
Finnvera plc	1,496,820	42.6	1/20
Conventum Limited	658,100	18.7	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	
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	
Tukinvest Oy	40,000	1.1	

Trends of share prices, 31 December 2000 – 28 December 2001



Trading volume and share price, 2 May 1997 – 28 December 2001



CORPORATE GOVERNANCE

The 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 are 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 on the number of board members and also appoints them. Each board member's term of office begins at the Annual General Meeting at 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 approves overall corporate goals based on the strategic and annual plans of operating subsidiaries, and decides on strategic investments, business acquisitions and corporate acquisitions and sales.

President and CEO

Operational leadership is exercised by the president and CEO, who is appointed by the board of directors in accordance with the board's instructions and orders. The board of direc-

tors decides on the president's salary and other benefits. The key terms and conditions of the president's duties are defined in a written contract.

Executive teams

Incap Corporation's president and CEO chairs the corporate executive team, which consists of the presidents of operating subsidiaries and the CFO. Subsidiaries have their own operational management teams.

Salaries, bonuses and other benefits enjoyed by the group's management teams are decided by the respective boards.

Insider instructions

Incap Corporation's insider instructions are in accordance with the instructions of the Helsinki Exchanges which came into force on 1st March 2000. Permanent insiders are not allowed to trade in the company's shares or in 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 in a project.

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

BOARD OF DIRECTORS



Incap Board of Directors (from left): Hannu Lipponen, Matti Kaitera, Juhani Vesterinen and Jorma Terentjeff

Chairman

Juhani Vesterinen, born 1953

MSc (Econ.), BSc,
Board member since 1998,
Chairman since 1999

Matti Kaitera, born 1935

MSc (Eng.),
Managing Director, Kaivas Oy
Board member since 1997

Hannu Lipponen, born 1945

MSc (Eng.),
Chief Financial Executive, Finnvera plc
Board member since 1999

Jorma Terentjeff, born 1949

MSc (Eng.), Industrial Counsellor,
Managing Director, Avanti Group Oy
Board member since 2001

MANAGEMENT

Incap Electronics



(From left to right) Eija Jansson-Tervonen, CFO; Martti Vaurio, Vice President, Mechanical Operations; Timo Sonninen, Vice President, Electronics Operations; Kari Saarinen, President & CEO; Carita Rönning-Laukkonen, Vice President, Human Resources; Jyrki Luojumäki, Vice President, Logistics; Hannele Pöllä, Communications Manager

Incap Furniture



(From left to right) Matti Vahe, Technical Director; Jari Kangasharju, Manager, Logistics and IT; Sauli Huikuri, President; Urpo Unnbom, Business Controller

BULLETINS IN 2001

January

No bulletins.

February

The annual accounts for 2000 are published on 16th February. The group's net turnover was EUR 87 million, 23% higher than in the previous year. Operating profit was EUR 1.8 million, approximately the same as in 1999. Turnover in the group's main business sector, the contract manufacturing of electronics, was up by 43%. It is proposed that a dividend of EUR 0.10 per share be paid.

March

The boards of Incap Corporation and Incap Electronics Ltd sign a merger agreement on 27th March 2001. According to the terms of this agreement, Incap Electronics Ltd will be merged into Incap Corporation. The reason for the merger is the need to streamline the corporate structure.

April

The Annual General Meeting held on 18th April 2001 authorises the board of directors to raise the company's share capital in the manner stipulated in Paragraph 1, Chapter 4 of the Companies Act by making one or more subscription issues or by issuing warrants and/or convertible bonds. The authorisation is valid for one year and includes the right to deviate from the pre-emptive rights of shareholders.

The Annual General Meeting lowers the subscription prices for warrants in the 2000 warrant scheme to EUR 8 for A warrants and EUR 10 for B warrants. The subscription price of shares based on C and D warrants remains at EUR 12.

May

The interim report for January-March is published on 10th May. Net turnover for the first quarter was EUR 22.5 million with operating profit totalling EUR 0.3 million. Turnover in the electronic sector totalled EUR 13.6 million, 20% higher than in the corresponding period in 2000. Turnover in the furniture sector totalled EUR 8.9 million and the operating profit was EUR 0.1 million.

Incap Furniture's production facility in Kärsämäki is almost completely destroyed by a fire on 16th May. The destroyed facility, production machinery and equipment, the inventories and the interruption of operations were insured. Production at Kärsämäki is halted and personnel are laid off temporarily.

Incap Corporation's board explores the possibility of continuing the furniture business on the basis of local ownership. The board confirms that the strategic decision made in 2000 to separate the furniture sector from the Incap Group is still valid.

June

Sauli Huikuri and Jari Madetoja resign from the board of Incap Furniture Ltd on 6th June.

On 8th June, Incap Corporation's board decides that reconstruction of the Kärsämäki facility shall start immedi-

ately. This decision was motivated by a financial contribution made by Finnvera Plc. to the reconstruction project.

Director Seppo Aronen is elected as a member of the board of directors of Incap Furniture Ltd on 21st June.

July

No bulletins

August

The interim report for January-June is released on 16th August. Group turnover is 2% higher than in the corresponding period in the previous year. Both business sectors improved their profitability and the group's comparable operating profit totalled EUR 2.0 million. Net turnover in the electronics sector increased as forecast and was 27% higher than in the corresponding period in 2000.

September

No bulletins.

October

Incap updates its profit forecast on 26th October and announces that the significant drop in demand for electronic manufacturing services during July-September will adversely affect the profit generated in Incap's electronics sector, and that this will be below the level previously estimated. Because profit development in the furniture sector has been more positive than anticipated, Incap Group profit for 2001 is forecast to be clearly higher than in 2000.

To adapt operations to the reduced level of demand, Incap Electronics initiates employee negotiations at its Vuokatti unit and indicates that layoffs or job reductions are expected to affect some 50 persons. Adjustment measures affecting nine persons had already been decided at the Vaasa unit.

November

The January-September interim report is released on 6th November. Group turnover totalled EUR 70.2 million and was 9% higher than in the corresponding period in 2000. Profitability also improved, with the comparable operating profit being EUR 2.4 million. Although net turnover in the electronics sector increased once again, profitability remained below the level achieved in the previous year because of the low rate of production capacity utilisation in the third quarter.

December

Incap Electronics concludes cooperative negotiations at the Vuokatti unit on 13th December. Sixteen workers are made redundant, 23 workers are laid off temporarily, and all administrative employees working exclusively at the Vuokatti unit are informed that they will be laid off for five weeks in 2002. At the Helsinki unit, ten workers are made redundant. In Vaasa, 45 workers are laid off temporarily. Negotiations with employees in Vaasa are continued.

INFORMATION FOR SHAREHOLDERS

Publications

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

Annual account bulletin for 2001: 14th February 2002

Annual report for 2001: Week 11

Interim reports for 2002:

January–March Friday 3rd May 2002

January–June Tuesday 13th August 2002

January–September Wednesday 6th November 2002

Publications can be ordered from:

Incap Corporation / Communications
Tietäjäsentie 4, FIN-02130 Espoo, Finland

or by e-mail info@incap.fi

or by phone +358 10 612 2002 / Hannele Pöllä

Annual General Meeting

The Annual General Meeting of Incap Corporation will be held on Thursday, 21st March 2002, and will start at 11 am in the "Iceland" conference room at the Radisson SAS Royal Hotel, Runeberginkatu 2, Helsinki. Prospective participants must sign up for the meeting by 4 pm on 11th March 2002 at the corporate office, Tietäjäsentie 4, FIN-02130 Espoo, or by phone: +358 10 612 2002 / Hannele Pöllä or by e-mail: hannele.polla@incap.fi. Please 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 11th March 2002 at the latest.

Dividend record date: Tuesday, 26th March 2002

Dividend payment date: Thursday, 4th April 2002

Dividend (as proposed by the board of directors to the Annual General Meeting): EUR 0.03/share

CONTACT INFORMATION

Incap Corporation	Corporate office	Tietäjääntie 4, FIN-02130 Espoo, Finland Tel. +358 10 61211 Fax +358 10 612 2050 www.incap.fi
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UNITS

Incap Corporation	Helsinki unit	Valuraudankuja 7, FIN-00700 Helsinki, Finland Tel. +358 10 61211 Fax +358 10 612 5650
	Vaasa unit	Strömbergin Puistotie 6 B, FIN-65320 Vaasa, Finland Tel. +358 10 61211 Fax +358 10 612 4077
	Vuokatti unit	PL 52, FIN-88601 Sotkamo, Finland Tel. +358 10 61211 Fax +358 10 612 6288
Incap Electronics Estonia Oü		Pikk 59 B, EE-93802 Kuressaare, Estonia Tel. +358 10 61218 Fax +358 10 612 8890

Incap Furniture Ltd		Koulukatu 15, FIN-90100 Oulu, Finland Tel. +358 8 4787 400 Fax +358 8 4787 599
	Haapavesi unit	Haapakoskentie 85, FIN-86600 Haapavesi, Finland Tel. +358 8 4787 400 Fax +358 8 4787 596
	Kärsämäki unit	Teollisuustie, FIN-86710 Kärsämäki, Finland Tel. +358 8 4787 400 Fax +358 8 4787 590
	Varpaisjärvi unit	Vaatturintie 4, FIN-73200 Varpaisjärvi, Finland Tel. +358 8 4787 500 Fax +358 8 4787 595
Incap Furniture Inc.		1220 Eastchester Dr., Suite 105 27265 High Point, N.C., USA Tel. +1 336 885 0964 Fax +1 336 885 1427
Incap Furniture Sia		World Trade Center Elizabetes iela 2, Office 426 LV-1340 Riga, Latvia Tel. +371 750 8616 Fax +371 732 2666

Up-to-date contact information is available on our corporate website at www.incap.fi.



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Domicile: Helsinki, Finland
Trade reg nr: 356.154