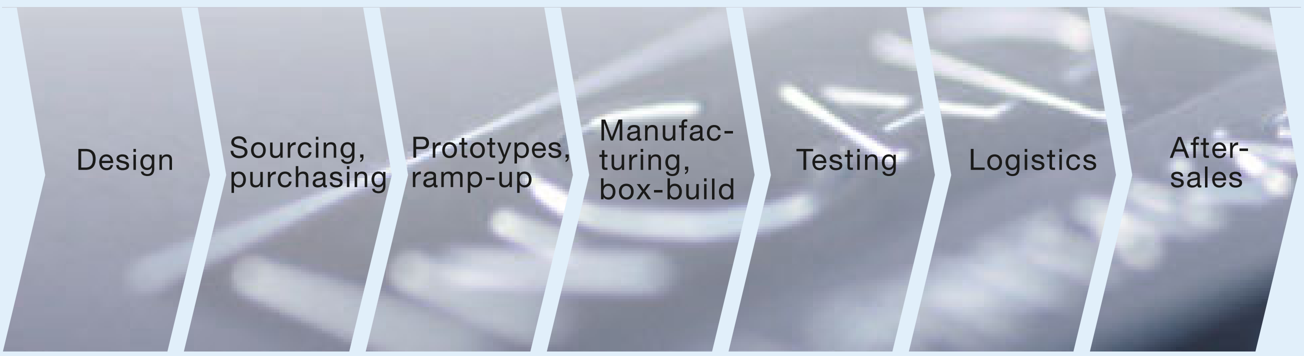
Incap Corporation

Annual Report 2005

Contents

Incap is a fast-developing electronics contract manufacturer
whose services cover the entire product life cycle
from design and construction
to repair and maintenance services.



Incap in Brief

Solid experience
Incap offers diverse, flexible and high-quality manufacturing services with over 30 years of solid experience. We have operations in Helsinki, Kempele, Oulu, Vaasa, Vuokatti and Kuressaare in Estonia. The Incap Group has a payroll of 450 employees altogether. Incap Corporation's shares have been listed on the Helsinki Stock Exchange since 1997.

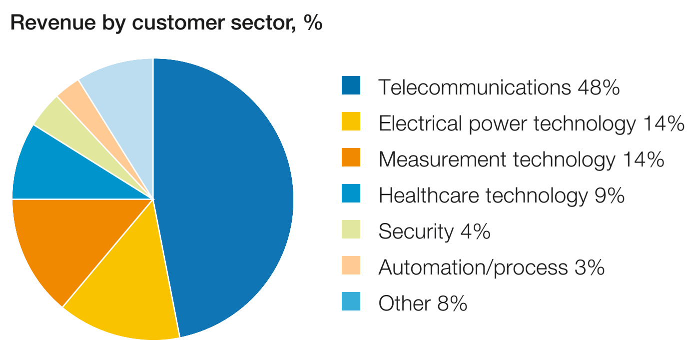
High mix – low volume
Incap develops its customer service ability into a superior competitive edge. We specialise in technically demanding products that are manufactured in medium-sized and small series and offer services for their entire lifespan.

Our objective is to be the preferred partner in the European electronics and electrical industry for the development and manufacture of demanding high mix – low volume solutions.

Comprehensive range of manufacturing services
Our customers are able to concentrate the manufacture and final assembly of their products in the same place. Incap's manufacturing services include electronics and sheet metal mechanical fabrication, assembly and testing as well as the maintenance and development of products.

Some products are manufactured by Incap from start to finish, whereas with certain products, customers conduct final assembly themselves, in which case Incap delivers parts for the end product - either circuit boards or sheet metal parts or a combination of both.

The facilities in Helsinki and Vaasa focus on sheet metal mechanics while the factories in Vuokatti and Kuressaare specialise in electronics. The Group's subsidiary Ultraprint Oy, in Kempele, manufactures chemically milled sheet metal products and flexible circuit boards. All the factories have a certified ISO 9001:2000 quality system and an ISO 14001:2004 environmental system.



Customers in many industries
Incap's customers comprise some of the leading equipment suppliers in the electronics and electrical industry in terms of development and growth. The company's clientele includes ABB, Assa Abloy, Environics, KONE, Metso, Nokia Networks, Oras, PaloDEx, Planmeca, Rapiscan Systems, RAY, Solotop, Suunto, Tellabs and Vaisala.

Electronics and sheet metal mechanics manufactured by Incap can be found in mobile network switches, electric cabinets and distribution substations, electronic locks, gas detectors, dental x-ray and mammography equipment, patient monitors, elevator safety and monitoring equipment, temperature measurement equipment, electronic taps, metal detectors, slot machines, food and baby scales, wrist computers, remote sensors and meteorological equipment.

Incap's Market Position

Incap is focusing on technically demanding products that are manufactured in small and medium-sized series, and does not compete in high-volume sectors, such as the manufacturing of mobile phones.

Since Incap's production capacity and services are suited to products from many different sectors, the company is developing its ability to serve a broad customer base instead of focusing on a single sector. Incap's customers are international equipment manufacturers whose decision-making, product development or final market is in Europe. Incap operates near its European customers, offering them low-cost manufacturing services with quick transportation possibilities in the Baltic. Estonia's advantage over Asia is the ease of dealing with the location and logistics. As a manufacturing site, the island of Saaremaa has significantly lower costs than other areas in Estonia.

When it comes to products that, in particular, require special expertise and a high level of automation, having manufacturing capability in Finland is still a competitive alternative. With Incap dividing tasks among its factories that manufacture electronics, the facilities in Finland will manufacture prototypes for customers' new products and undertake rapid production ramp-ups. The new facility being constructed in Estonia will focus on volume production and labour-intensive products.

Since Incap earns its revenue from wide-ranging services directed at customers in several different sectors, no conclusions can be drawn about the company's future performance based on the growth outlook of any single sector. When evaluating its future outlook, Incap relies on its customers' views on the trend in their revenue as well as forecasts on growth in the global contract manufacturing market made by research institutes. According to a report by the Ministry of Trade and Industry, the electronics contract manufacturing sector's market trend in Finland is almost identical to the global market trend.

Electronics Contract Manufacturing Market

Outlook remains positive
According to estimates by various research institutes, the electronics contract manufacturing market (EMS, Electronics Manufacturing Services) posted growth of slightly under 10% in 2005, falling short of forecasts from a year ago. The strongest growth was experienced in the telecommunications and automotive industries.

The penetration rate of outsourcing in the manufacture of electronics products is still at a low level, offering good growth potential. According to Technology Forecasters Inc., in 2005, the share of electronics contract manufacturing in the overall market grew by one point over the previous year to 19%. By 2009, the penetration rate of outsourcing is expected to reach almost 24%, with growth forecast to continue at least until 2020.

Contract manufacturers already hold an important position in the industry's value chain, and this position is expected to continue to grow in importance and become more diversified. Contract manufacturers are bearing a greater responsibility for products and are actively participating in product development. Demand for final assembly, testing and after-sales services for integrated products is also expected to increase.

Two optional trends in EMS
In the contract manufacturing field, the so-called ODM model (Original Design Manufacturer) has gained ground alongside the EMS model during the past few years. Under the ODM model, a company that specialises in design can offer the customer not only product design and development but also manufacturing of the product. The ODM sector is estimated to grow more rapidly than the traditional EMS sector, although it is believed that growth will level out by 2009. The ODM model has gained a foothold in the manufacture of mobile phones and computers in particular.

EMS companies, on the other hand, are increasing their design expertise and striving to expand co-operation with their customers as early in the product's development stage as possible. When at the start of the value chain, a contract manufacturer is able to influence the manufacturability of a product and achieve considerable savings in its manufacturing costs. Customers require manufacturing partners who are able to actively develop a product and who can quickly begin volume production of new product innovations and release them on the market. Some contract manufacturers have increased their design capacity by acquiring smaller ODM companies, while others have fostered their design resources organically.

Operations to be made more efficient throughout the value chain
Original equipment manufacturers (OEM) are actively seeking ways of trimming product costs and are prepared to make significant changes in their chain of delivery. The decision to outsource is always carefully deliberated and is preceded by a thorough cost and quality analysis. The main assessment criteria when comparing suppliers are price, reliability in delivering products, flexibility and the ability to react quickly to changes in demand.

In order to improve their competitiveness, OEM companies are reducing the number of suppliers they are using and consolidating purchases, which in turn intensifies competition among contract manufacturers and squeezes prices in the sector. Original equipment manufacturers require their contract manufacturing partners to be able to continuously increase the efficiency of their operations and lower product costs.

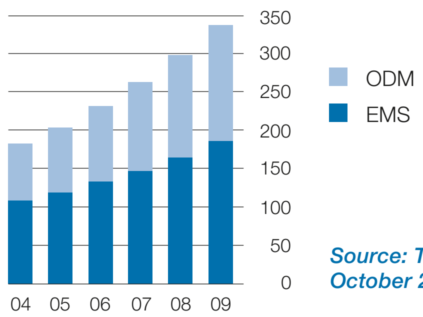
The sector has split into large global and medium-sized local contract manufacturers. It is believed that local manufacturing in the vicinity of the customer's product designers and final market will maintain its position, because customers place great importance on being able to move new products quickly from the design stage to prototype manufacture and volume production.

Demand for end products is subject to rapid periodic and quantitative fluctuations, making it impossible to reliably forecast trends in the market for more than two months ahead. In order to increase flexibility, more and more temporary staff will be used to adjust capacity.

Volume production will be concentrated in lower-cost areas
What characterised the market trend in 2005 was the fact that growth by contract manufacturers mostly took place in countries with lower costs. Especially products manufactured in large series, such as mobile phones, were transferred to be manufactured in Eastern Asia, Eastern Europe and India. In Finland and Scandinavia, the number of personnel was reduced and factories were closed. At the same time, many manufacturers expanded their operations in countries like China and Estonia, where they established new units and enlarged existing facilities.

The transfer of volume production to Asian countries continues, with India beginning to rival China as a new area of growth. Factories located in Asia mainly serve local markets, however, and it is still feasible to manufacture products used in Europe near their final destination on the European markets.

Global trend in Electronics Manufacturing Services (EMS) 2004–2009, USD billion



Source: Technology Forecasters, October 2005

Values

Focus on customers

Long-term success is possible only when our customers are satisfied with our services. We build an enduring partnership with our customers, a relationship that is based on mutual trust and commitment.

Profitability

Efficient and competitive operations underpin a good earnings trend and strong growth. We target our resources correctly and operate cost-effectively.

Continuous improvement

We improve and develop our operations with our customers' needs in mind. Continuous renewal is a prerequisite for future success.

Respect for the individual

We support each other in learning new things and we share our abilities with others in our workplace for the benefit of all. We interact in an open manner and deal with matters – even difficult ones – in a good spirit.

Strengths

Experience and professional skill

With its thirty-year history Incap is one of the oldest contract manufacturers in the industry in Finland. We have sound experience in manufacturing methods for both electronics and sheet metal mechanics. We have developed as a company and enriched our know-how together with our customers. In fact, many of our customers relationships go as far back as our experience.

Focus on customers and commitment

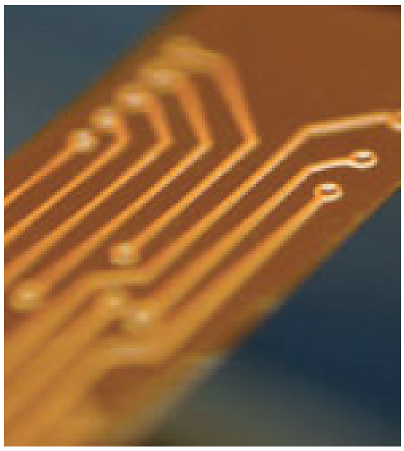
Our organisation has been shaped in line with our customers' needs. Each key customer is assigned a designated customer-accountable sales manager and a separate production team who ensure quick and straightforward service to the customer. Our personnel at every level of the organisation have been acclaimed by customers for their strong commitment and good service attitude.

Speed and flexibility

Our operational model and manufacturing technology are built on small and medium-sized production series. With a large number of products being manufactured, operations are required to be quick and smooth. Since customers' needs and forecasts change at short notice, the flexibility and agility of our operations are tested every day.

Quality and delivery reliability

Our customers' products are used in demanding environments that require more-than-average dependability and operating reliability. Healthcare and security equipment in particular have high quality requirements. Delivery reliability is a part of high-quality operations and a key indicator of our operations' success.



Vision

Incap is a remarkable European electronics contract manufacturer that is growing profitably at a faster rate than the market. We offer the best services for technologically demanding high mix – low volume solutions and are a preferred partner, a good investment and a rewarding employer.

Strategic Goals

Focusing on high mix – low volume solutions

Incap is enhancing its service ability in particular in the production of technologically demanding products that are manufactured in several different versions in small and medium-sized production series. Our flexible operational model, high responsiveness and positive service attitude give us a superior competitive edge.

A broad customer base

We offer manufacturing services for a customer base operating in a number of industries. We want to maintain our versatile customer mix, which buffers us against cyclical ups and downs. Instead of specialising in services for a specific industry, we offer each customer the manufacturing services that are suited precisely to their needs.

We are expanding our co-operation and operational models with our current strategic customers and nurturing new, long-term customer relationships with companies whose competitiveness we can improve with the help of our operational model.

A wide range of services

We are a service company, and an understanding of customers' needs is part of our core know-how. Our integrated services cover the entire product life cycle and all production processes: product development, design, materials procurement, prototype fabrication, volume production, final assembly, testing and maintenance services.

We are expanding and developing our services both by means of our own resources and by networking with skilled partners in co-operation.

A supplier of integrated services

In addition to the actual manufacturing of electronics and mechanical parts, our services also include final assembly and the combining of different parts into a finished product. We are continuing to strengthen our position as a supplier of integrated products and are prepared to take on greater responsibilities in products' value chains.

We enhance our competitive edge by investing in production technology and by constantly developing our flexible operational model.

Competitiveness and growth

We offer our customers manufacturing services that boast a high technical level and a competitive price. We are increasing production capacity at our unit in Estonia and developing its ability to serve our customers in central Europe in particular.

We are bolstering our role as an international partner for our customers and organising our presence in different markets in accordance with the customers' needs and in a competitive manner.

We are growing our company's operations both organically and inorganically. The swing to outsourcing is paving the way for organic growth. We are expanding co-operation with current customers and methodically seeking new customer relationships.

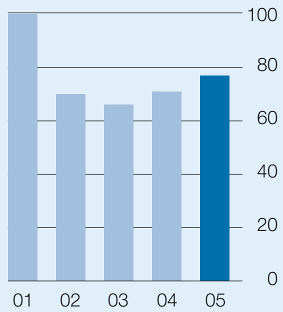
Realising our long-term growth objective will call for carrying out M&A arrangements and we are on the lookout for opportunities to expand our operations.

A good profitability trend

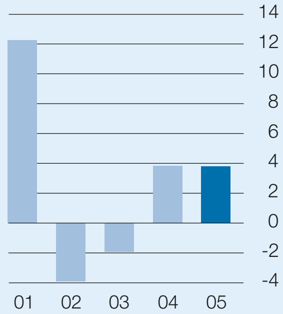
We are ensuring the company's long-term growth in shareholder value by continuously increasing the efficiency of our business operations in all subareas. Our goal is to operate cost-effectively regardless of changes in the business cycle and to rise to the front rank of our peer group as measured by profitability benchmarks.

2001–2005

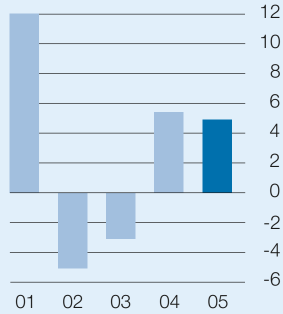
Revenue, EUR million



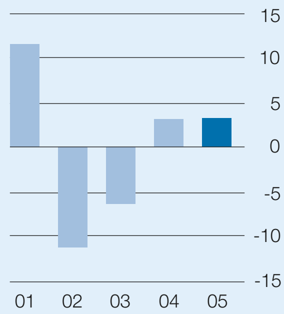
Operating profit, EUR million



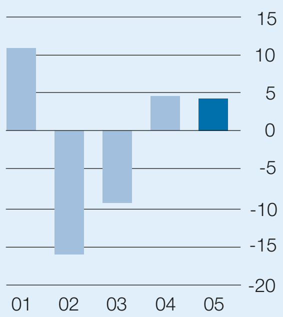
Operating profit,
% of revenue



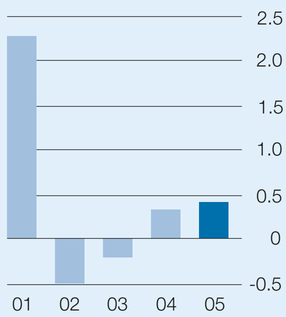
Profit before tax,
EUR million



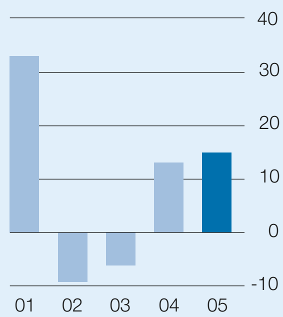
Profit before tax,
% of revenue



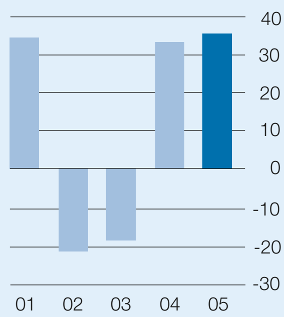
Earnings per share
(EPS), EUR



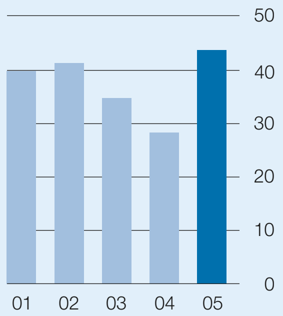
Return on investment
(ROI), %



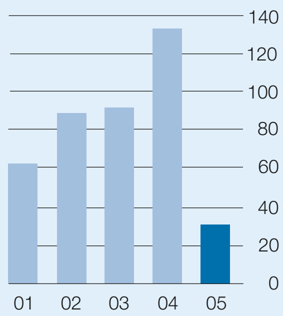
Return on equity
(ROE), %



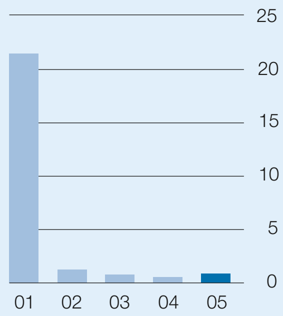
Equity ratio, %



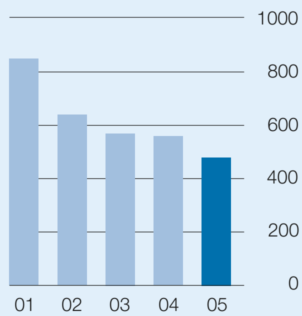
Gearing, %



Investments, EUR million



Average number of
personnel



The figures for 2004 and 2005 have been prepared in accordance with IFRS. The result for 2001 includes approximately EUR 10 million in insurance claim income.

2005 in Brief

Positive trend continues
The Incap Group's revenue grew by 8.3% on the previous year and was EUR 76.7 million. Operating profit was EUR 3.8 million or 4.9% of revenue.

Demand remains at a good level
Demand for Incap's manufacturing services remained good throughout the year especially in the telecommunications equipment, healthcare technology products and medical equipment manufacturing sectors. The deliveries of components used in generators and electric engines also grew.

Co-operation with a number of customers was expanded. Tellabs Oy outsourced its prototype fabrication and preproduction manufacturing and services connected with them to Incap. Under the outsourcing agreement, Incap is responsible for prototype fabrication and preproduction manufacturing for Tellabs' product development units in Finland and Denmark. Co-operation agreements were renewed with ABB Oy's Electrical Machines unit and Assa Abloy, among others.

Management of customer relationships takes precedence
The company devoted resources to the management of customer relationships and developed operations in a special project. The objective is to increase customer orientation and to make the management of customer relationships more focused. Strengths and areas that need to be improved were charted through customer interviews and new tools were developed for sales work.

Developing the operating model and tools for materials management
The enhancing of materials management was continued with the objective of increasing the inventory turnover rate, improving delivery reliability and shortening production throughput times. The working methods of the purchasing organisation were enhanced with such measures as the procurement of new tools. Know-how in materials management was increased through training and recruitment.

Incap continues to step up the efficiency of manufacturing services
Engineering design services were developed by bolstering the company's human resources especially in the manufacturing of mechanics. Co-operation with consulting and engineering companies was expanded.

Incap stepped up the capability of manufacturing services to move new products quickly into production. The electronics NPI unit in Vuokatti was expanded after Tellabs outsourced its prototype fabrication and preproduction manufacturing to Incap. The mechanics NPI unit's operations in connection with the Helsinki facility were made more efficient.

Incap continued its preparations for the RoHS directive. Processes both in electronics and mechanics manufacturing complies with the directive from the beginning of 2006. The utilisation rate of the unit in Estonia was at a good level. The new production facilities due for completion in the spring of 2006 will triple the size of current facilities.

A new, fast SMD assembly line and an ancillary optical quality inspection device were procured for electronics manufacturing in Vuokatti. The machinery capacity for sheet metal fabrication in Helsinki was modernised with the purchase of a modern punch press with integrated laser cutting.

Aluminium machining and plating business divested
The aluminium machining and plating business was sold to the MariCap Group in the spring. The business and its personnel were transferred to their new company on 16 April. From the divestiture, a total of EUR 0.5 million was booked as other income in the consolidated income statement.

Outlook for 2006
Incap is aiming for organic growth by strengthening its position as a partner to its current strategic customers as well as seeking to start new customer relationships with Scandinavian and Central European equipment manufacturers. The efficiency of operations will be stepped up considerably and the development of service provision will be continued.

Based on customer views and forecasts for the industry, Incap expects its revenue in 2006 to grow moderate on the previous year.

The result of the divested aluminium machining and plating business has been separated from the result of continuing operations according to the IFRS.

Key figures (IFRS)	2005	2004
Revenue, EUR million	76.7	70.8
Operating profit (EBIT), EUR million	3.8	3.8
% of revenue	4.9	5.4
Profit before tax, EUR million	3.2	3.1
% of revenue	4.1	4.4
Profit for the period, continuing operations, EUR million	5.1	4.1
Profit/loss for the period, discontinued operations, EUR million	0.4	–6.3
Profit/loss for the period, EUR million	5.5	–2.2
Earnings per share (EPS), basic, EUR	0.42	0.34
Return on investment (ROI), %	14.7	12.8
Return on equity (ROE), %	36.0	32.9
Equity ratio, %	43	28
Gearing, %	31	133
Investment, EUR million	0.8	0.4
Personnel average	468	552

Review by the President and CEO

Incap's business operations enjoyed a favourable trend in 2005. Revenue topped the previous year's figures and profitability was at a good level. Investments and restructuring of business laid foundations for targeted strong growth.

The market remains upbeat

In general, the contract manufacturing market held steady and demand for Incap's services was at a good level. Even though overall demand was rather stable, we experienced monthly fluctuations in demand both by product and by customer.

Predicting the market was still difficult, and market visibility seems to be becoming increasingly shorter. This in turn is forcing contract manufacturers to be flexible and to react quickly to changes in the market. Efficient materials management and control of materials flows as well as careful production planning are the fundamental elements of success in this industry.

Strong development work underpins growth

The most significant development project for improving operations focused on the management of customer relationships. With intensifying competition and growing pressure to trim prices, it is important to maintain close contact with customers and to listen to their concerns and needs. The main objective for the customer relationship management project initiated in the spring is to strengthen relationships with customers and create a common operational model for customer contacts. In the early stages of the project, Incap carried out extensive customer interviews, and based on an analysis of their results, we have set clear objectives for the long-term development of strategic customer relationships.

We have begun investing in manufacturing technology aiming at improving our competitiveness. In mechanical fabrication, we introduced a highly efficient and versatile punch press that has significantly boosted the efficiency of manufacturing technically demanding products. Incap also introduced the latest technology in electronics production with the procurement of an extremely fast assembly line featuring an ancillary optical quality inspection device.

The RoHS directive which enters into force in July 2006 will bring great changes to the manufacture of electronics equipment, as it bans the use of lead, among others, in a large number of electronics products. Incap's electronics production has been preparing for compliance with the directive for two years, and by the start of 2006, we had full capability for manufacturing electronics using a lead-free process. The transition to RoHS compliant production in mechanical fabrication will take place during the first quarter of 2006.

With the advent of the RoHS directive, certain products currently manufactured by Incap will be replaced with new products whose manufacture is technically more demanding. As components continue to shrink in size, requirements for placement accuracy are becoming tougher. At the end of the year, we took the decision to invest in a new medium-speed electronics assembly line that boasts high efficiency especially in prototype fabrication and preproduction manufacturing.

Operations expanding in Estonia

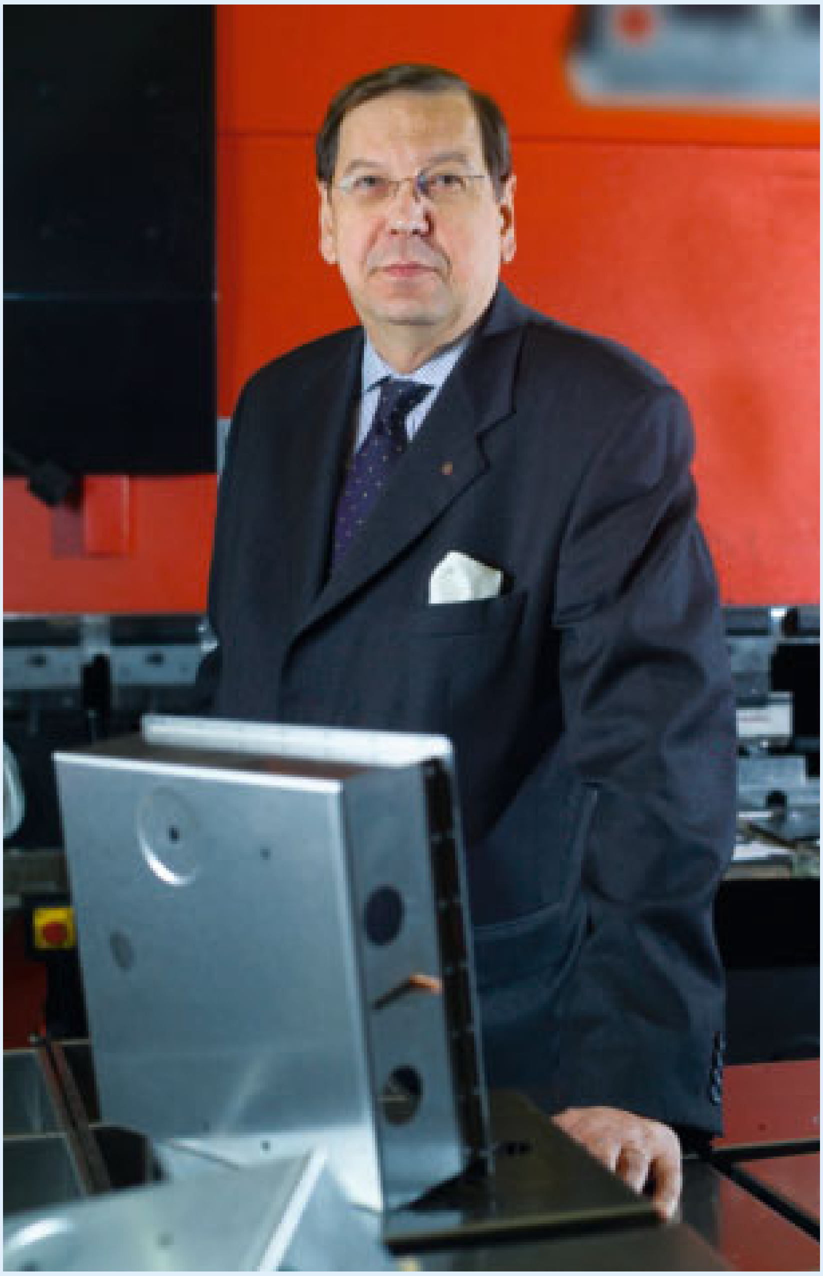
With our customers' continuous need for lowering the costs of their products, the manufacture of labour-intensive products in particular is being transferred to areas with lower costs than Finland at an increasing rate. We are addressing this need by expanding our operations in Estonia, whose role in our manufacturing services will grow substantially in the near future. A new production facility due for completion this spring will triple the size of our current facilities in Estonia.

We still believe that even if volume production were to be consolidated in Asia, it will remain worthwhile to keep the manufacture of small and medium-sized product series intended for European markets in Europe. Recent trends show that the design and development of products should be located near their final market. On the other hand, if prototype fabrication and preproduction manufacturing are located near R&D facilities, new products can be released on the market quicker. The technical requirements for new products and the need for quick action in the early stages of a product's lifespan require the sort of competence that cannot be transferred to Asia as easily as high-volume production.

Aiming at strong growth

The investments that have been carried out, coupled with substantially improved profitability, have created a good foundation for future development at Incap and for the implementation of future plans. We are aiming to achieve strong growth propped by current strategic customers and selectively sought new customers.

Incap is focusing on organic growth, but will not lack initiative in seizing opportunities for inorganic growth. A natural way of expanding operations is to take over the outsourcing of customers' production, a good example of which was the outsourcing of Tellabs' prototype



fabrication and manufacture of pre-production series to Incap last December.

Even though our earnings trend in 2005 was good, it does not yet meet our long-term goals. Additional potential for improving profitability lies in boosting the efficiency of materials flows, among other things, since raw materials and components make up a considerable share of our products' manufacturing costs.

The electronics contract manufacturing market still holds great potential. We can expand our operations considerably by utilising the growing capacity at the unit in Estonia and by methodically seeking customers who stand to gain a competitive edge from Incap's offering.

My warmest thanks go to all our customers and partners for their smooth co-operation and confidence in us, which made it possible for our company to enjoy a favourable trend. I would also like to thank all of the company's employees for their enthusiastic and competent work for the joint success of Incap and its customers.

Oulu, March 2006

Juhani Hanninen
President and CEO

Development of Operations

Incap continued to enjoy a favourable trend in 2005. In the development of its operations, the company focused especially on the management of customer relationships and materials. Competitiveness was improved through investments.

Co-operation with customers cemented
Throughout the year, Incap negotiated with several of its customers on new contracts and production outsourcings. A new five-year co-operation agreement was signed with ABB Oy's Electrical Machines unit on the delivery of pole core components that are used in synchronous machines. The agreement came as a follow-up to a similar supply agreement signed in 2000.

Long and close co-operation with Abloy Oy was expanded with an agreement that makes Incap an approved global supplier for companies all across the Assa Abloy Group.

Tellabs Oy outsourced its prototype fabrication and preproduction manufacturing as well as services connected with them to Incap. The operations were transferred to Incap in early December, and 15 Tellabs employees were signed on by Incap at the same time. The prototype unit's operations continued in Espoo for a transitional period of three months and were transferred to Incap's Vuokatti unit in February 2006, after the close of the report period.

In connection with the deal, the companies signed a co-operation agreement that includes prototype fabrication and preproduction manufacturing for Tellabs' R&D units in Finland and Denmark.

Investments made in customer relationship management
In order to guarantee the growth of its business operations, Incap launched a management project for key customer relationships in spring 2005. The project's goal was to improve the efficiency of customer relationship management and to focus sales resources optimally. The project resulted in new tools for the analysis of key customer relationships, among other things. The company gauged the strength of customer relationships with customer interviews that mapped Incap's strengths and areas that need to be developed. The project will continue in 2006 with the refinement of customer-specific strategies and action plans. The yearly customer satisfaction survey was revamped based on experiences gained from the management project.

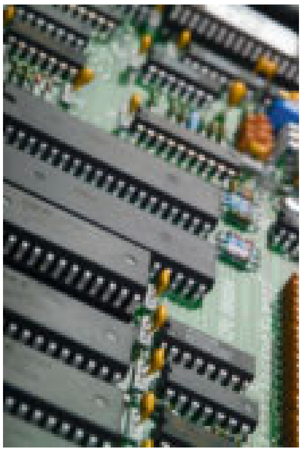
Design services improved in accordance with customer demand
Customers increasingly expect contract manufacturers to participate actively in the development and design of products. These services are becoming a self-evident part of the product package offered by contract manufacturers.

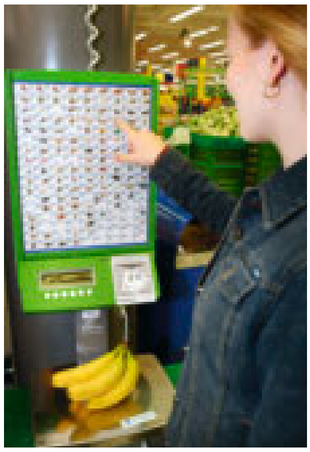
After a strategic overall review of its design services, Incap decided to improve these services by gradually increasing its own resources in line with customer demand and deepening co-operation with its network partners. Incap boosted its design know-how and resources especially in mechanics design. Moreover, the company expanded its co-operation with Sweco-PIC Oy and Exéns Development Oy, among others.

The focus of design co-operation between Incap and its customers is on improving the manufacturability of products, with which Incap can bring the customers significant savings in both new and existing products.

The placing of new products in production was speeded up by expanding the Vuokatti electronics factory's NPI (New Products Introduction) unit. Thanks to efficient prototype fabrication, customers are able to quickly move new products into the mass production stage and onto the market. When customers outsource their production, well-handled new products introduction by the contract manufacturer can speed up the transfer and take-over of manufacturing operations. Incap's factories have different focus areas, and the Vuokatti

Incap provides the electronic parts, sheet metal mechanics and final assembly for Solotop Oy's food scales. The finished products are delivered directly to the end customer after final inspection and calibration.



unit's operations are being developed for prototype fabrication, the ramp-up of new products and demanding testing and maintenance operations. Incap's mechanics manufacturing NPI unit operates at the Helsinki facility.

Efficiency-boosting measures for materials management continued

In materials management, the company proceeded with the development project that was launched in 2004. The objective is to gain a substantial improvement in inventory turnover rate and shorten production throughput times, whilst improving delivery reliability further. The operational model was improved especially with regards to forecasting practices and materials call-offs. The inventory turnover rate improved during the year, although it fell somewhat short of target. The tools of the operations control system were supplemented with software that simulates the availability of materials.

New agreements were negotiated with suppliers of raw materials, improving the availability of volume components and shortening delivery times. The rise in the price of steel increased the materials costs of mechanics manufacturing.

In materials management, the company improved materials control and the monitoring of warehouses. Agreements with customers were renegotiated in order to minimise the risk of raw materials becoming obsolete. As the company switched to lead-free production, special attention was paid to the utilisation of materials containing lead before the onset of the RoHS directive.

In Incap's production, materials make up as much as 80% of manufacturing costs, depending on the product, meaning that efficient materials management can achieve considerable savings. A new director for materials management and logistics was named in early October. The organisation's structure was revamped in accordance with the demands of the operating environment, and challenging objectives were defined for the development of materials flows.

The company divests its aluminium machining and plating business

At the beginning of 2005, Incap looked into measures whereby it could exit the machining and plating operations.

Demand for the services fell sharply already in 2004. The capacity utilisation rate at the Ruukki and Kempele units was low and operations were loss-making. The shift from the use of aluminium plate to cast aluminium reduced the need for machining significantly, and cast aluminium suppliers began to handle the minor machining they require in-house. In addition, substantial customers requiring these services moved some of their operations to Asia, where they also concentrated their machining and plating operations.

The aluminium plating and machining businesses were sold to companies belonging to the MariCap Group and the operations were transferred on 16 April 2005, along with 69 Incap employees working in the businesses.

Production upgraded and its efficiency boosted

Rapid fluctuations in demand and the customers' permanent need to reduce the manufacturing costs of products were reflected in Incap's operations as a continuous pressure to boost efficiency in all areas. With customers' forecast cycles ever shorter, production planning became increasingly challenging.

Production processes were refined through internal projects and productivity improved on the previous year, exceeding targets. The complaint rate, which is used to measure quality assurance capability, remained at a low level. Delivery reliability weakened somewhat at the beginning of the year but improved towards the close of the report period.

Incap improved the efficiency of its electronics manufacture by purchasing a new, rapid SMD assembly line with a fast optical quality inspection device for the Vuokatti unit. The utilisation rate for the new line was high throughout the year. At the end of the year, a new assembly line that will make prototype fabrication and small-series production more efficient was ordered for the electronics NPI unit.

The facility in Estonia had a good utilisation rate. Operations in Estonia will be built up by transferring production to a new building that has been designed to meet Incap's requirements

and is being constructed near the current facility in the centre of Kuressaare. The new production facilities due for completion in the spring of 2006 will triple the size of the current facilities. The total floor space constructed in the first stage is 3,700 square metres, and the facilities can be further extended up to 7,000 square metres in the future.

Product and component traceability was developed further within electronics manufacturing. This will bring the customer significant savings in case of possible malfunctions. When a manufacturing facility has precise information on components used in different production batches, all products containing a faulty component can be traced on the market, if necessary.

Manufacturing capacity for sheet metal mechanics was increased by investing in an automatic punch press with integrated laser cutting that also features threading and forming capabilities and automated materials handling. The combined machine increases the efficiency of manufacturing demanding products and enables the machining of complicated shapes without heavy investments in tools. Since prototype fabrication is also quicker, the manufacturability of new products can be improved and volume production can be launched in a short period of time. Thanks to the combined machine, work that used to be performed by subcontractors was transferred to Incap's own facilities.

Demand for RFID (Radio Frequency Identification) applications manufactured by Incap's subsidiary Ultraprint Oy maintained a steady trend, with the new chemical milling line purchased the previous year having a good utilisation rate. A large part of deliveries to one of Ultraprint's customers ceased for a few months after a labour dispute halted the customer's operations. The subsidiary manufactures RFID antennas for remote sensors based on radio frequency technology used in various smart cards and tags for the identification and tracing of products.

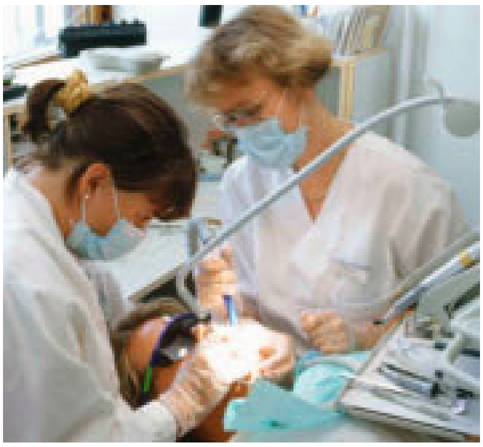
Electronics production switches to lead-free process ahead of schedule

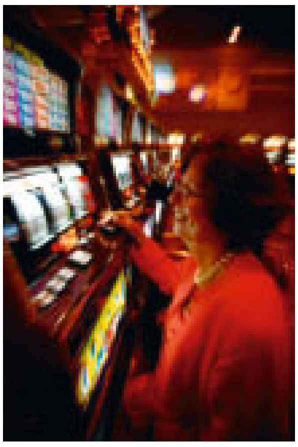
The RoHS directive which restricts the use of hazardous substances stipulates that, with certain exceptions, new electrical and electronics equipment released on the market from the beginning of July 2006 may not contain mercury, cadmium, lead, hexavalent chrome or PBB and PBDE compounds which are used as flame retardants.

The directive will force electronics manufacturers to make large adjustments, since current solders, component plating and circuit board wire plating contain lead. Incap began preparing for the lead-free process early on, and in 2005, several customers' test production was carried out using the lead-free process. At the beginning of 2006, Incap's entire electronics operations switched to materials that comply with RoHS in products that are required to be manufactured with a lead-free process.

In the manufacture of sheet metal mechanics, the RoHS directive's requirements primarily affect the surface treatment processes for sheet materials, finished products and fastening materials. The suppliers of Incap's sheet materials are upgrading the process of manufacturing hot galvanised sheet by disposing of hexavalent chrome early in 2006. Surface treatment facilities are already offering alternative, RoHS-compliant surface treatments, and at the same time are renewing their processes to meet the directive's requirements. Incap's services thus include the manufacture of sheet metal mechanics in compliance with the RoHS directive.

Incap plays a part in the manufacture of many familiar products, and the company's know-how can be found in such applications as wrist computers, mobile network equipment, remote monitoring equipment for elevators, x-ray equipment and patient monitors, motors and generators as well as slot machines.





Personnel

The personnel's professional skills, smooth co-operation and well-being at work underpin Incap's success. The profitability of the company's operations rests on several human success factors such as commitment, competence, internal communications, supervisory skills and operating cultures.

Systematic training

Human resources are developed with the objective of ensuring that employees are skilled and thriving, and that their quality and numbers are in tune with the needs of the operating environment and the business operations. The main focus of training in 2005 was on the improvement of supervisory skills. The goal of supervisor training was to promote the implementation of a uniform management culture and to aid the personal development of individual managers. In addition, the company aimed at strengthening standard working methods across the entire organisation.

Incap carried out internal training in subjects such as customer relationship management, IFRS reporting, materials management and the order-delivery process. The training promotes learning throughout the organisation by offering joint operational models for more systematic improvement of know-how in the company.

Employee opinion survey points the way in the development of operations

In spring 2005, Incap carried out a survey on the company's internal corporate image. The survey was a follow-up to a large employee opinion survey carried out in 2003 which was used to collect feedback on the functionality of the organisation and its communications, workplace atmosphere and corporate culture, management styles and efficiency of operations as well as internal employer and corporate images.

The survey was completed by 87% of the company's personnel. The employees' views on the internal corporate image and on the workplace atmosphere were more positive than the previous survey's results, but remained somewhat more critical than results found by comparative surveys. Once again employees found that the most positive aspects at the Group-level are the efficiency of their own unit's operations and the quality of work and services. Working arrangements were also considered good. The major positive changes compared to the previous survey occurred in information flows and communications. Employees felt that information flows within their own units had improved and that they received more feedback on their activities than before. Employees had expectations for more opportunities to learn and utilise their skills on a wider scale. They also hoped for more influence on decisions concerning their own work. The survey's results were analysed unit by unit, and development measures drawn up in discussions were included in units' action plans.

Occupational health enhanced

The harmonisation of occupational health services was continued by providing the same kinds of occupational health services for the entire personnel irrespective of the company location. Harmonised occupational health reporting also facilitates overall administration and preventive healthcare and workplace well-being.

A pilot health survey was carried out at the Helsinki unit, and its results are being utilised in the development of measures aimed at bolstering workplace well-being. The survey asked employees to evaluate their personal health and need for rehabilitation and gauged their working ability and well-being at work. A total of 77% of the unit's employees took part in the survey. According to its results, most of them had good or excellent working ability, while none could be classed as having bad working ability.

Incap offers diverse personnel benefits which increase employee contentment and working efficiency. The personnel's exercise activities are supported annually with personal and unit-specific appropriations. Our business locations draw up exercise plans, and moreover, all units organise a recreational afternoon with an emphasis on exercise once every year.

Structural changes reduce the number of personnel

At the close of 2005, the Incap Group had 450 employees, of whom 357 were employed in Finland and 93 in Estonia. The total number of personnel fell by 94 compared to the previous year. A reduction of 69 jobs occurred when the company disposed of its aluminium machining and plating business. The out–sourcing of Tellabs Oy's prototype fabrication to Incap, on the other hand, increased the number of personnel by 15.

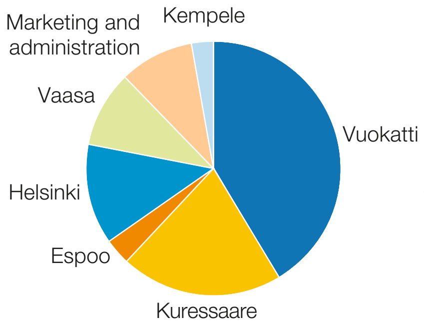
A unified operational model for human resources management

The objective of Incap's human resources policy is to secure a skilled, efficient, motivated and customer-friendly personnel for the company both now and in the future. Using the company's business objectives as a basis, the human resources policy outlines principles for human resources planning, recruitment, reward systems, training and other areas of human resources management. The aim is to standardise the Group's decision-making concerning personnel. At the end of the year, Incap decided to procure a Group-wide software solution for the management of competence and data on personnel.

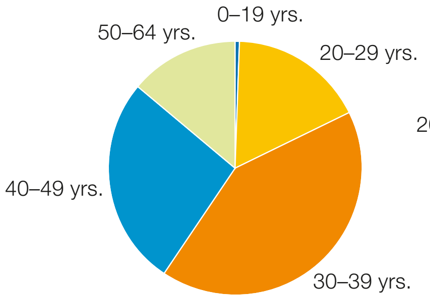
A motivating, performance-based reward system

A competitive reward system builds employee commitment and helps achieve the company's objectives. The harmonisation of the Group's reward systems was continued in 2005. All personnel groups are covered by performance bonus or production bonus schemes, and the criteria for paying out bonuses are derived from operational and financial objectives.

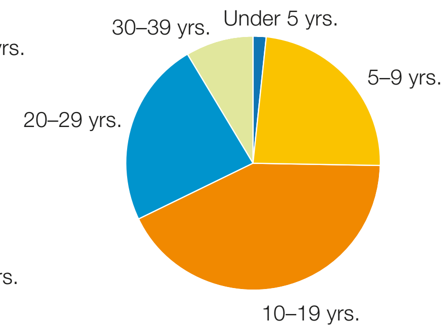
Personnel by location 2005



Age breakdown of personnel



Years of employment



Quality and Environment

All of Incap's units have environmental and quality systems certified by Lloyd's which are used as tools for the continual improvement of operations. Our environmental system complies with the ISO14001:2004 standard and our quality system with the ISO9001:2000 standard.

Development underpinned by precise measurement

The significant environmental impacts of production are analysed on a facility-by-facility basis, and benchmarks and goals are defined for them each year. The achievement of objectives is monitored continuously in daily operations and by conducting a quarterly management review.

Environmental goals were set for the use of energy, the consumption of tin, the amount of mixed waste generated and the consumption of solvents, among other things and all goals in all areas were met.

The company's quality assurance capability improved and the complaint rate fell compared with the previous year in the entire Group. During the first half of 2005 there was a slight dip in delivery reliability but it returned to its normal level after corrective measures were implemented.

The annual customer satisfaction survey was conducted in the spring and its marks were slightly higher than the year before. The results were supplemented by customer interviews carried out as a part of Incap's customer relationship management project. The interviews provided useful information to support the development of operations.

Environmentally sound improvements

Product and component traceability was expanded to cover the entire electronics production operations at the Vuokatti and Kuressaare units.

The disposal of Incap's plating business last spring brought a significant reduction in the environmental impacts of the company's operations, since the plating process requires large quantities of chemicals to be used. In connection with the disposal of the business, soil quality studies were conducted on the plots of both the machining and plating units. The results showed that these operations had caused no damage to the environment.

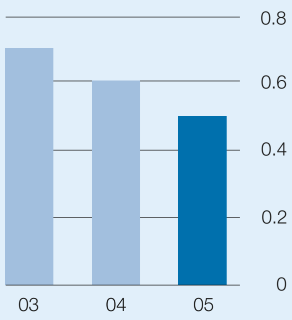
The company's electronics production operations continued their preparations for lead-free volume production in compliance with the RoHS directive that will enter into force on 1 July 2006. The number of prototypes and test series manufactured using a lead-free process grew. Incap had full capability for lead-free volume production at the Vuokatti and Kuressaare units in the beginning of 2006. The RoHS-compliant process will be adopted in the manufacture of mechanics in spring 2006.

Ultraprint Oy improved the environmental safety of its production by installing a circulation system for cooling water on its copper chloride line. This lowered the consumption of water and the amount of wastewater generated.

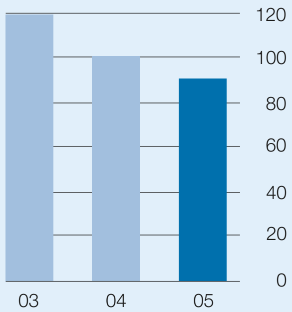
Main focuses of development in 2006

In addition to continuous development work, Incap is carrying out various projects for improving competitiveness. Currently, the company is preparing its operations for compliance and certification in accordance with the ISO 13485 Standard for Medical Devices which is widely stipulated by medical equipment manufacturers. Moreover, Incap is carrying out the Six Sigma project which aims to develop the company's quality-consciousness, know-how, tools and management in order to enhance the overall business process. As a back-up to statistical assessments, a self-assessment process will be employed for the collection of data with the aim of improving operations.

Complaint rate, % of deliveries



Energy use, kWh in relation to revenue, EUR thousand



Social Accountability

Incap practices and develops its business operations in such a way that the improvement of the profitability of its operations and its competitiveness takes place in harmony with the demands of the company's interest groups and the environment.

Responsibility for interest groups
Incap respects and adheres to international agreements on human and children's rights as well as employees' rights.

Incap monitors the operations of its suppliers and service providers and carries out regular supplier assessments which take into account suppliers' social accountability as well as their quality and delivery reliability.

Incap is in regular contact with decision-makers and other interest groups in areas where the company has production facilities. In accordance with its annual plan, Incap provides support to non-profit causes, especially to causes that promote the well-being of children, and sponsors non-profit campaigns in localities where Incap has facilities.

Financial responsibility
Incap's financial success promotes the realisation of its social accountability activities. Good profit development ensures continual development of operations and working conditions as well as guarantees jobs. Incap recognises its responsibility as part of a supply chain with regard to both clients and its own suppliers and it aims to promote the success of the entire chain. Incap aims to maximise the return on the capital, which shareholders have invested in the company and to ensure steady growth in the company's value.

Social responsibility
Incap fosters the well-being of its employees by developing occupational safety and healthcare as well as by supporting activities that maintain working ability. Employee satisfaction and its development are measured through regular studies where the company's results are also compared to peer companies. Employee expertise is developed via goal-oriented training and work motivation is addressed in, for example, manager training. Incap's personnel policy is based on equality between the sexes, nationalities and races.

Incap supports its customers through improving product safety by paying special attention to, for example, product risk factors in the design phase. Quality inspections and testing carried out during the manufacturing process prevent faulty goods from reaching the market.

Environmental responsibility
In accordance with its quality and environmental policy, Incap is committed to using natural resources responsibly, to continually improving the management of environmental issues as well as to preventing harmful environmental effects.

Report of the Board of Directors for 2005

The Incap Group achieved positive operational results in 2005. Total demand for the company's manufacturing services was at a good level and revenue was up 8.3% on the previous year. Operating profit was 4.9% of revenue. The divestment of the aluminium machining and plating business improved the profit for the year significantly. Capital expenditures aimed at spurring growth were continued in line with the Group's strategy.

Operating environment

Demand for electronics manufacturing services reflected the typically abrupt fluctuations in the industry, and forecast periods shortened further. There was no let-up in the tough competition among providers of manufacturing services. Because customers need to lower their manufacturing costs, production operations moved increasingly to low-cost countries in Asia and eastern Europe, especially for labour-intensive manufacturing in large series. Many international manufacturers closed their factories in the Nordic countries and set up in areas with a lower cost level. On the other hand, new players established a presence in the Finnish market via acquisitions.

Group accounting policies

Incap Corporation's consolidated financial statements for 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the comparative figures for 2004 have been adjusted to comply with IFRS. A press release on the effects on financial figures of the transition to IFRS was published on 17 November 2005 and on 15 March 2006.

The result of discontinued operations has been separated out from the result of continuing operations in accordance with IFRS. The figures presented in this Board report for the 2005 financial year and the 2004 comparison year relate to the Group's continuing operations and do not include the aluminium machining and plating operations that were divested in April 2005.

Consolidated revenue and earnings

Consolidated revenue rose by 8.3% on the previous year to EUR 76.7 million (70.8 million in 2004). Operating profit was EUR 3.8 million (3.8 million). Of the operating profit figure, EUR 0.2 million consisted of non-recurring gains on the sale of equipment connected with modernisation of machinery.

Net profit for the financial year was EUR 5.1 million (4.1 million). Net profit was improved by the deferred tax asset of EUR 1.9 million that was recorded for 2005 (1.0 million).

Earnings per share were EUR 0.42 (0.34) and equity per share was EUR 1.39 (0.94).

Discontinued operations

The aluminium machining and plating business in Kempele and Ruukki was sold to the Maricap Group in the spring. Operations of the units and the employees working at them were transferred to the new owner on 16 April 2005. The revenue target in 2005 for the transferred businesses was about EUR 5 million, of which Incap realised EUR 1.2 million. The discontinued operations reported a loss for 2004 of EUR 6.3 million and a profit for 2005 of EUR 0.4 million. The result for 2005 includes a total capital gain of EUR 0.5 million that was booked on the sale of the operations.

Development of the Group's operations

Incap reinforced its position as a contract manufacturer for strategic customers. Price competition was extremely keen and owing to the declining price trend in the industry, manufacturing volumes increased more than revenue. Among the positive indications of Incap's competitiveness were the expansion of co-operation with a number of customers, the start-up of production runs for new products, deliveries to Asia and landing a production outsourcing contract after an international competitive bidding process. There was a further increase in customers' overall interest in outsourcing manufacturing and related services.

Incap's customer base got even more balanced than before. Delivery volumes were up, especially to manufacturers of equipment for the telecommunications and electrical industries, healthcare technology and medical equipment. Customer relationship management was enhanced both by beefing up sales resources and by developing operations. The objective of the customer relationship management project that was launched at the beginning of the year is to improve the customer focus of operations and to make customer relationship management more goal-driven.

The strategy that was adopted for developing the design services was to increase our own resources moderately in accord with customers' demand whilst at the same stepping up design co-operation with our present network partners.

The operations in Estonia will be expanded. An industrial facility in accordance with Incap's production needs will be built near the centre of Kuressaare, and Incap will lease the facility for its own use. The first phase of the building will have about 3,700 square metres of total floor space and the present production operations will move into the new premises in spring 2006.

Electronics manufacture was improved by purchasing a new SMD assembly line and an ancillary optical quality inspection device. A PCB assembly line that will step up new prototype and small series production was ordered for the electronics NPI (New Products Introduction) unit. Sheet metal mechanical fabrication capacity was enhanced by investing in an automatic combination machine.

Preparations were made in good time for the entry into force of the RoHS directive on Restriction of the Use of Certain Hazardous Substances. Within electronics production, pilot production for a number of customers was run in a lead-free process. Incap's entire electronics manufacturing will go over to a lead-free process at the beginning of 2006. In sheet metal fabrication too, Incap has the capability to offer manufacture according to the RoHS directive.

Product and component traceability was developed further within electronics manufacturing.

Deliveries by Ultraprint Oy, the subsidiary that manufactures RFID antenna solutions, were slowed down by the interruption of a customer's operations due to the industrial dispute in the paper industry.

Financing and cash flow

The Group's liquidity was satisfactory: the quick ratio was 0.9 (0.7) and the current ratio 1.7 (1.4). Cash flow was EUR 7.6 million (3.1 million) and the change in cash flow was an increase of EUR 1.8 million (a decrease of 0.8 million). Loan repayments totalled EUR 8.2 million.

The Group's equity at the close of the financial year was EUR 17.0 million (11.4 million). Liabilities totalled EUR 22.2 million (28.7 million), of which interest-bearing liabilities amounted to EUR 7.5 million (15.6 million).

Net financial expenses were EUR 0.6 million (0.7 million) and depreciation EUR 2.6 million (3.0 million). Interest-bearing net liabilities decreased to EUR 5.3 million (15.2 million) and the ratio of net liabilities to equity (gearing) was 31% (133%). The equity ratio rose to 43% (29%).

Research and development

Incap's research and development expenses were for its own operational processes, for which spending came to EUR 0.6 million (1.9 million).

Capital expenditures

The Group's capital expenditures in the financial year totalled EUR 0.8 million (EUR 0.4 million), or about 1.1% of net turnover (0.6%). The largest investment item was the punch press with integrated laser cutting that is used in sheet metal fabrication. Other investments went for developing the lead-free production process, expanding prototype manufacture and raising the efficiency of electronics manufacture at the unit in Estonia.

Environmental affairs

In accordance with its quality and environmental policy, Incap is committed to continually improving the management of environmental affairs and to preventing harmful environmental impacts. All the company's factories have environmental and quality systems that are certified by Lloyd's and which are used as tools for continually improving operations. The environmental system was updated in 2005 in line with the ISO 14001:2004 standard. The quality system is in compliance with ISO 9001:2000.

Personnel

At the beginning of the year, the Incap Group had a payroll of 544 employees and at the end of the year it had 450 employees. The average number of employees in 2005 was 468. The reduction in staff resulted mainly from the disposal of the aluminium machining and plating businesses. New staff were hired for sales, design services and materials management.

At the end of the year, the Incap Group had a payroll of 229 women and 221 men, comprising 432 permanently employed staff and 18 fixed-term employees. There were six part-time employment contracts at the end of the year. The average age of the personnel was 38 years.

Group Management Team

The company's president and CEO during the financial year was Juhani Hanninen. In addition to him, the members of the Group's Management Team included Tuula Ylimäki (Finance and Administration), Timo Sonninen (Manufacturing Services), Petri Saari (Sales and Marketing) and Hannele Pöllä (Communications and Investor Relations) and, as from October, Liam Kenny (Materials and Logistics).

The chief executive and the members of the Management Team receive bonuses that are linked to the company's annual result in accordance with the earnings-tied bonus scheme confirmed by the Board of Directors. The bonus for 2005 was tied to the targets that had been set for revenue, net profit and the inventory turnover rate.

Annual General Meeting

The Annual General Meeting of Incap Corporation was held on 31 March 2005 in Oulu. The Annual General Meeting adopted the consolidated and parent company financial statements for 2004 and granted release from liability to the responsible officers. No dividend was paid for the 2004 financial year.

The Annual General Meeting amended Article 5 of the Articles of Association in accordance with the Corporate Governance recommendation such that the Board of Directors has from five to seven ordinary members.

The Annual General Meeting authorised the Board of Directors to decide on increasing the share capital through one or more rights issues, the floating of one or more issues of convertible bonds and/or granting share options. The authorisation provides for raising the company's share capital by a maximum of about 4,092,776 euros, and it is valid up to 31 March 2006. The Board of Directors did not exercise its authorisation during the financial year.

Board of Directors

The Annual General Meeting re-elected Seppo Arponen, Kalevi Laurila, Timo Leinilä, Sakari Nikkanen and Jorma Terentjeff to seats on the Board of Directors. Juha-Pekka Kallunki was elected a new member. From amongst its number, the Board of Directors re-elected Jorma Terentjeff chairman. Jari Pirinen (LL.M.) served as secretary to the Board of Directors.

The Board of Directors met 14 times in 2005 and the average attendance of the directors at meetings was 95 per cent.

Auditors

The independent firm of accountants Ernst & Young Oy were the company's auditors, with Rauno Sipilä, Authorised Public Accountant, acting as principal auditor.

Shares and shareholders

The number of shares is 12,180,880. The price of the Incap Corporation share varied in the range of EUR 1.65 to EUR 2.07 during the financial year, and the share price at the close of the year was EUR 1.87. The trade volume was 27% of the shares outstanding.

At the end of the report year the company had 1,189 shareholders. Foreign and nominee-registered owners held 11 per cent of the shares. The company's market capitalisation at 31 December 2005 was EUR 22.8 million.

Share options

The subscription period for the Group's 2000 share option scheme expired on 31 December 2005. Warrants were not exercised to subscribe for shares.

The subscription period for exercising the warrants directed at Varma Mutual Pension Insurance Company in 2003 likewise ended on 31 December 2005. Varma did not exercise its subscription rights.

At present the Incap Group has a share option scheme that was introduced in 2004 and commits key employees to long-term share ownership. There are a total of 630,000 option rights, entitling their holders to subscribe for an equal number of shares. On the basis of the subscriptions, Incap's share capital can rise by a maximum of about EUR 1,058,400.

Board of Directors' proposals for the disposal of profits

The Board of Directors will propose to the Annual General Meeting to be held on 11 April 2006 that the profit for the financial year be recorded as retained earnings and that no dividend be distributed for the 2005 financial year.

Operational risks and factors of uncertainty

Incap's customers operate in a number of different industries, and this balanced customer structure shields the company from sharp fluctuations. The dependence on an individual customer is less than 30 per cent of total revenue.

The contract manufacturing market for electronics and mechanical fabrication is estimated to grow steadily over the next few years. Competition in the industry is nevertheless tough and the price level is expected to decline further. In order to maintain their profitability, contract manufacturers must continually boost the efficiency of both their own operations and their entire supply chain. From the standpoint of price competitiveness, the efficiency of purchasing and materials operations are of key importance, because materials make up a large part of product costs.

Targeting expansion of operations to new markets

Incap aims at organic revenue growth through the dual means of gaining market share among our present customers and by taking on outsourcing contracts for customers' entire production.

Incap will seek to build new customer relationships, particularly among manufacturers of equipment for healthcare and personal well-being. The increase in the manufacturing capacity of the unit in Estonia will provide a solid foundation for revenue growth and acquiring new customers, especially in Scandinavia and central Europe.

Incap's objective is to expand its role as an international partner of its customers, and studies are under way on the possibilities of starting operations in the growing markets of Asia. To this end, Incap has established an office in New Delhi.

Profitability is being improved by stepping up the supply chain process and materials management in unison with enhanced customer relationship management. Incap is focusing its efforts on strengthening its service ability for technologically demanding products that are manufactured in small and medium-sized series. Manufacturing these high mix - low volume products calls for a highly flexible and fast operational capability.

Our service concept is being developed further in accordance with customer demand. We are strengthening our capability of delivering product packages incorporating electronics and mechanical fabrication. Design services will be diversified both by increasing the company's own resources and by networking with partners who are specialised in design.

Outlook for 2006

The outlook for electronics manufacturing services is good, and studies by research institutes indicate that the EMS market will grow by about 10 per cent in 2006. The degree of outsourcing is estimated to rise further.

Incap's customers see a positive trend in their own markets, though projections can only be made a short way out. Incap estimates that consolidated revenue will grow moderately in 2006 in step with the overall growth in the market.

Consolidated Income Statement

1,000 euros	Note	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Continuing operations			
Revenue		76,673	70,790
Other operating income	2	211	12
Changes in inventories of finished goods and work in progress		–296	187
Raw materials and consumables used		50,340	45,763
Personnel expenses	3	13,328	12,484
Depreciation and amortisation	4	2,491	2,957
Impairment losses	4	101	60
Other operating expenses	5	6,576	5,938
Operating profit/loss		3,750	3,787
Financing income and expenses	7	–574	–690
Profit before tax		3,177	3,096
Income tax expense	8	1,933	1,012
Profit/loss for the year from continuing operations		**5,109**	**4,108**
Discontinued operations	1		
Profit or loss for the year from discontinued operations		382	–6,321
Profit or loss for the year		**5,491**	**–2,212**
Earnings per share from profit for the year attributable to equity holders of the parent			
Basic, from continuing operations	9	0.42	0.34
Diluted, from continuing operations	9	0.42	0.34
Basic, from discontinued operations	9	0.03	–0.52
Diluted, from discontinued operations	9	0.03	–0.52

Consolidated Balance Sheet

1,000 euros	Note	31 Dec. 2005	31 Dec. 2004
ASSETS			
Non-current assets			
Property, plant and equipment	10	7,169	11,563
Goodwill	11	164	164
Other intangible assets	11	276	382
Other financial assets	12	15	15
Deferred tax assets	13	3,545	1,650
Total Non-current Assets		**11,169**	**13,774**
Current assets			
Inventories	14	12,880	12,715
Trade and other receivables	15	12,899	13,232
Cash and cash equivalents	16	2,213	412
Total Current Assets		**27,991**	**26,359**
Total Assets		**39,160**	**40,133**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	17		
Share capital		20,487	20,487
Share premium account		44	44
Retained earnings		–3,566	–9,111
Total equity		**16,965**	**11,420**
Non-current liabilities			
Deferred tax liabilities	13	284	400
Interest-bearing loans and borrowings	20	5,544	9,578
Current liabilities			
Trade and other payables	21	14,400	12,718
Interest-bearing loans and borrowings	20	1,966	6,018
Total liabilities		**22,195**	**28,713**
TOTAL EQUITY AND LIABILITIES		**39,160**	**40,133**

Consolidated Cash Flow Statement

1,000 euros	Note	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Cash flows from operating activities	24		
Net Income		4,163	–2,392
Adjustments for operating profit		2,020	7,105
Change in working capital		2,066	–996
Interest paid		–554	–653
Interest received		31	11
Income taxes paid		–77	0
Cash Flow from Operating Activities		**7,649**	**3,075**
Cash Flow from Investing Activities			
Capital expenditure		–813	–429
Proceeds from sales of fixed assets		3,115	173
Cash Flow from Investing Activities		**2,302**	**–256**
Cash Flow from Financing Activities			
New bank loans raised		0	1,162
Repayments of borrowings		–6,448	–3,295
Repayments of obligations under finance leases		–1,702	–1,521
Cash Flow from Financing Activities		**–8,150**	**–3,654**
Change in Net Cash		**1,801**	**–835**
Cash and bank at beginning of period		412	1,247
Cash and bank at end of period		**2,213**	**412**

Consolidated Statement of Changes in Equity

1,000 euros	Share capital	Share premium account	Retained earnings	Total equity
Equity at 31 December 2003, FAS	20,487	4,224	–11,783	12,929
Effect of adopting IFRS	0	0	656	656
Equity at 1 January 2004	20,487	4,224	–11,127	13,584
Deduction to cover losses	0	–4,180	4,180	0
Option and share-based compensation	0	0	48	48
Net income recognised directly in equity	0	–4,180	4,228	48
Profit for the year	0	0	–2,212	–2,212
Total recognised income and expense for the year	0	–4,180	2,016	–2,165
Equity at 31 December 2004	20,487	44	–9,111	11,420

	Share capital	Share premium account	Retained earnings	Total equity
Equity at 1 January 2005	20,487	44	–9,111	11,420
Option and share-based compensation	0	0	54	54
Net income recognised directly in equity	0	0	54	54
Profit for the year	0	0	5,491	5,491
Total income and expense for the year	0	0	5,546	5,546
Equity at 31 December 2005	20,487	44	–3,566	16,965

Accounting Policies Applied in the Consolidated Financial Statements

Corporate Information

Incap Corporation is a Finnish public listed company under Finnish law which is domiciled in Oulu and whose registered address is Kirkkokatu 13, 90100 Oulu. Incap Corporation is an electronics contract manufacturer whose comprehensive service covers the entire product life cycle from design to repair and maintenance services.

The Group comprises the parent company Incap Corporation and the Group's wholly-owned subsidiaries Incap Electronics Estonia OÜ, Kuressaare, Estonia, and Ultraprint Oy, Kempele, Finland. The subsidiary Euro-Ketju Oy is a dormant company and is not consolidated as part of the Group.

ACCOUNTING POLICIES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation

These are the Incap Group's first financial statements which have been prepared in accordance with International Financial Reporting Standards in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at the balance sheet date, 31 December 2005. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation.

The Incap Group adopted IFRS during 2005 and has applied the transitional standard IFRS 1: First-time Adoption of International Financial Reporting Standards. The Incap Group made the transition to IFRS on 1 January 2004. The reporting differences due to the adoption of IFRS were detailed in a stock exchange release on 17 November 2005, and the reconcil is due to an update to the method of calculating depreciation and amortisation. The change in balance sheet liabilities is due to the omission of one major lease agreement in the opening balance sheet at 1 January 2004. The comparison figures from the 2004 financial statements have been restated to comply with IFRS.

The consolidated financial statements have been prepared based on historical cost unless mentioned otherwise. The employee share options granted in 2004 have been recorded at fair value at their grant date. For business combinations that occurred before the year 2004, the carrying amount of the goodwill has been treated according to Finnish Accounting Standards and that amount has been used as the deemed cost of goodwill in accordance with IFRS. The financial statements in the official compiled version are presented in unabbreviated form to an accuracy of two decimals. In the Annual Report, the financial statement data are presented in thousands of euros.

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

Subsidiaries

The consolidated financial statements include the parent company Incap Corporation and its subsidiaries Incap Electronics Estonia OÜ and Ultraprint Oy. The Group has a controlling interest in the subsidiaries, which means that it has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The existence of potential voting rights is taken into account in assessing the conditions which constitute control.

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

Associates

A company is considered to be an associate if the Group owns more than 20% of the company's voting rights or when the Group otherwise has significant influence in the company but not control. The Incap Group does not have associates.

Foreign Currency Transactions

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

Transactions denominated in foreign currency are recorded in euros using the exchange rate on the date of the transaction. Monetary items denominated in foreign currency are translated to euros using the exchange rates at the balance sheet date. Gains and losses arising from transactions denominated in foreign currency and the translation of monetary items are recorded in the corresponding items in the income statement above operating profit.

The income statement and balance sheet of Incap Electronics Estonia OÜ have been translated to euros using a fixed exchange rate, whereby no translation difference arises. Translation differences that have arisen prior to 1 January 2004 have been recorded in retained earnings when making the transition to IFRS, in accordance with the exemption permitted under IFRS 1, and subsequently they are not entered in the income statement when the subsidiary is sold.

As from 1 January 2004 the goodwill arising from the acquisition of foreign operations as well as fair value adjustments made to the carrying values of the assets and liabilities of said foreign operations in connection with an acquisition are treated as the assets and liabilities of said foreign operations and translated to euros using the exchange rates at the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment is measured at original cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over their useful life. Land areas are not depreciated. The estimated useful lives of assets are the following:

Buildings	20-24 years
Machinery and equipment	3-10 years
Motor vehicles	3-5 years

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

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

Depreciation of an item of property, plant and equipment ceases when the asset is classified as for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Transaction expenses directly attributable to the obtaining of loans are included in the original amortised cost of the loan and amortised to interest expense using the effective interest method.

Government Grants

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

Investment Property

The Incap Group does not have assets that are classified as investment property.

Intangible Assets

Goodwill is the proportion of the acquisition cost which exceeds the Group's share of the fair value, at the date of purchase, of the net asset value of a company acquired after 1 January 2004. In consolidating operations prior to this, the exemption permitted under IFRS 1 of using the carrying amount in accordance with FAS has been used as the deemed cost. The classification of these acquisitions or their treatment in the financial statements has not been adjusted in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill and other intangible assets with an indefinite useful life are not amortised but are tested annually for any impairment. The testing involves the allocation of goodwill to cash-generating units and the measurement at cost less impairment losses. Research and development expenditure is recorded as an expense in the income statement.

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

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

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the fifo method. The cost of finished and semi-finished products comprises raw materials, direct labour expenses, other direct expenses as well as fixed and variable production overheads, based on the normal capacity of the production facilities. In ordinary operations the net realisable value is the estimated selling price of the asset less the estimated costs incurred in bringing the product to its present condition and selling expenses.

Leases

The Group as Lessee

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

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

Impairment of Assets

In preparing each year's financial statements, the Incap Group assesses whether there is any indication that the value of an asset item may be impaired. If any such indication exists, impairment testing is carried out on the asset item to assess its recoverable amount. Impairment testing is done at the lowest possible unit level which is independent of other units and whose cash flows can be distinguished from the other cash flows of the entity.

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

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

The Incap Group's goodwill is tested annually and impairment testing has been carried out on it as required by the transitional standard by applying IAS 36 at the date of transition to IFRS, 1 January 2004. An impairment loss recorded on goodwill is not reversed in any situation.

Employee Benefits

Pension Obligations

The Incap Group's pension plans are classified as defined-benefit and defined-contribution plans. Payments made for the defined contribution plans are recognised as an expense in the income statement in the period which the debit concerns. The obligations of defined-benefit plans are calculated separately for each plan using the projected unit credit method. Because the Incap Group has only defined-contribution pension plans, actuarial gains and losses have not been recorded in equity in the Incap Group's opening balance sheet at the date of transition to IFRS, 1 January 2004, in accordance with the exemption permitted under IFRS 1.

The disability pension obligation under the Finnish TEL (Employees' Pensions Act) insurance in 2004 has been interpreted to have arisen at the time when an event occurs that causes a disability. Because of the changes in the basis of calculation that were approved by the Ministry of Social Affairs and Health in December 2004, TEL insurance that is taken out with insurance companies is classified as a defined-contribution plan in respect of disability pension.

Share-based Payment

The Incap Group has applied IFRS 2 Share-based Payment to all share option plans in which options have been granted after 7 November 2002 and which have not vested prior to the entry into force of the standard on 1 January 2005. Expenses of share option plans prior to this have not been presented in the income statement. Warrants are measured at fair value at the time they are granted and entered as an expense in the income statement in even instalments during the vesting period. The expense determined at the moment of granting the options is based on the Incap Group's estimate of the number of options that will vest at the end of the vesting period. The fair value is determined on the basis of the Black-Scholes pricing model for share options.

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

Provisions

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

A warranty provision is recognised when a product is sold. The amount of the provision is based on an estimate of future warranty costs made on the basis of actual warranty costs.

A reorganisation provision is booked when the Group has prepared a detailed reorganisation plan and begun implementation of the plan or announced the matter. A restructuring plan must include at least the following information: the business or part of a business concerned, the principal locations affected, the location, function and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented.

A provision is recognised for an onerous contract when it is certain that the direct expenses required to meet the obligations exceed the benefits received from the contract.

A provision is recorded on an obligation incurred on the basis of environmental legislation and the Group's environmental responsibility principles, which is related to the decommissioning of a plant, the remediation of environmental damage or the removal of equipment and its transfer elsewhere.

The Incap Group does not have legal or constructive obligations under IAS 37 at the balance sheet date.

Income Taxes

Income tax in the income statement comprises the current tax and deferred taxes. Taxable profit is calculated on taxable income on the basis of the tax rate in force in Finland. Taxes are adjusted for taxes for previous periods.

Deferred taxes are calculated on all temporary differences between the carrying amount of an asset or liability and its tax base. In the Incap Group the largest temporary differences arise from finance leases, depreciation of buildings and other property, plant and equipment as well as unused tax losses.

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

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

Revenue Recognition

Goods Sold and Services Rendered

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

Construction Contracts

The Incap Group does not have construction contracts in progress.

Assets Held for Sale and Discontinued Operations

Available-for-sale non-current assets as well as asset items connected with a discontinued operation have been treated in accordance with IFRS 5 and classified as available-for-sale and measured at the lower of the carrying amount or the fair value less costs to sell. Depreciation has not been recorded on these asset items after the time of classification.

In January 2005 the Incap Group decided it would divest its aluminium machining and plating business. The income and expenses of these operations in the years 2005 and 2004 have been separated out from continuing operations in the income statement, and the result of the discontinued operations is presented as a separate item in the IFRS income statement.

Financial Assets and Financial Liabilities

From the beginning of 2005, the Incap Group's financial assets have been classified in accordance with the IAS 39 standard in the following groups: financial assets at fair value through profit or loss, held-to-maturity investments, loans and other receivables and available-for-sale financial assets. The classification is made on the basis of the purpose for which the financial assets were acquired at the time they were originally acquired. Other financial assets presented in the financial statements are classified as available-for-sale financial assets. Available-for-sale financial assets consist mainly of unquoted shares and participations that are not entered in the balance sheet at fair value because their fair value cannot be determined reliably.

Cash and cash equivalents consists of cash on hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum of a three-month maturity from the time of acquisition. Financial liabilities are originally entered in the accounts at fair value on the basis of the consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Subsequently, all financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are included in non-current and current liabilities, and they can be either interest-bearing or non-interest-bearing.

Accounting Policies Requiring Management's Judgement and Key Sources of Estimation Uncertainty

When financial statements are prepared, future scenarios and assumptions have to be made, the outcomes of which may differ from the original scenarios and assumptions. Judgement is also used in applying the accounting policies.

Impairment Testing

In the Incap Group, goodwill is tested annually for any impairments. The impairment of other asset items can be estimated annually as discussed above in the accounting policies. The recoverable amounts of cash-generating units are determined through calculations based on value in use. The preparation of these calculations requires the use of estimates.

Deferred Tax Asset

A deferred tax asset has been recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Segment Information

The Incap Group does not have business or geographical segments which should be reported according to IAS 14. The risks and profitability related to the Group's different business and geographical areas do not differ significantly from each other. The company's management regularly assesses future changes and the possible formation of segments via them.

Application of New or Amended IFRS Standards

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

Notes to the Consolidated Financial Statements

1. Non-current Assets Held for Sale and Discontinued Operations

The Incap Group sold the aluminium machining and plating operations located in Kempele and Ruukki in April 2005. Accordingly, the result for these units in the financial year is presented in the item Discontinued Operations in the income statement.

The result of discontinued operations, the result of the remeasurement to fair value of assets to be sold and their proportion in the Incap Group's cash flows were the following:

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Revenue	2,213	4,964
Expenses	–1,831	–8,559
Profit/Loss before tax from discontinued operations	382	–3,595
Profit/Loss for the year from discontinued operations	382	–3,595
Loss before tax recognised on the remeasurement to fair value	0	–2,726
Loss recognised on the remeasurement to fair value	0	–2,726
Profit/Loss for the year from discontinued operations	**382**	**–6,321**

The result of discontinued operations includes a capital gain of EUR 0.5 million recorded on the sale of a business.

Cash flows from the aluminium machining and plating unit:

Cash flow from operating activities	–2,133	528
Cash flow from investing activities	2,933	160
Cash flow from financing activities	–800	–1,145

2. Other operating income

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Net gains on the disposal of property, plant and equipment	208	8
Other income	3	4
	211	**12**

3. Employee benefits expense

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Wages and salaries	10,441	9,333
Pension costs – defined contribution plans	1,667	1,908
Expense of share-based payments	54	48
Other statutory employer expenses	1,167	1,194
	13,328	**12,484**
Average number of Group personnel during the period	468	552

Information on management's employee benefits is presented in Note 27 Related Party Transactions.

4. Depreciation and amortisation

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Continuing operations		
Depreciation and amortisation by assets class		
Intangible assets	191	193
Tangible assets		
Buildings	257	282
Machinery and equipment	2,007	2,444
Other tangible assets	36	39
	2,300	**2,765**
Impairment losses by asset class		
Tangible assets		
Machinery and equipment	101	60
Discontinued operations		
Depreciation and amortisation by assets class		
Tangible assets		
Machinery and equipment	0	1,365
Impairment losses by asset class		
Tangible assets		
Machinery and equipment	0	2,726
Total depreciation, amortisation and impairment losses	**2,592**	**7,108**

5. Other operating expenses

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Lease expenses	1,786	1,430
Operating and maintenance expenses for property and machinery	2,071	2,485
Other expenses	2,719	2,023
	6,576	**5,938**

Other expense items include primarily office, travel and consultancy expenses.

6. Research and development costs

EUR 0.6 million of research and development expenditure has been recorded as an annual expense in the income statement in 2005 (EUR 1.9 million in 2004).

7. Financial income and expenses

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Financial income		
Interest income	30	10
Dividend income	1	1
	31	**11**
Financial expenses		
Interest expenses	–574	–673
Exchange rate losses	–2	–2
Other financial expenses	–29	–26
	–605	**–701**
Total financial income and expenses	**–574**	**–690**

8. Income tax

	1 Jan. - 31 Dec. 2005	1 Jan. - 31 Dec. 2004
Income tax in the income statement		
Tax expense for previous years	–78	0
Deferred income tax	2,010	1,012
	1,933	**1,012**
Reconciliation of income statement tax expense		
Profit before taxes	3,559	–3,224
Tax at the applicable rate in the home country	–925	0
Divergent tax rates of foreign subsidiaries	84	0
Expenses that are not deductible	110	0
Eliminations	71	0
Use of losses applicable in tax	659	0
Changes in deferred tax assets for previous years	1,895	944
Changes in deferred tax liabilities for previous years	115	68
Taxes for previous periods	–78	0
	1,933	**1,012**
Deferred taxes in the balance sheet		
Deferred tax assets	3,545	1,650
Deferred tax liabilities	–284	–400
	3,261	**1,250**

9. Earnings per share

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

	2005	2004
Profit for the year attributable to equity holders of the parent, continuing operations	5,109	4,108
Profit for the year attributable to equity holders of the parent, discontinued operations	382	–6,321
Weighted average number of shares during the period	12,180,880	12,180,880
Undiluted earnings per share, EUR/share, continuing operations	0.42	0.34
Undiluted earnings per share, EUR/share, discontinued operations	0.03	–0.52

In calculating diluted earnings per share, share options are taken into account in the weighted average number of shares. Share options have a dilutive effect when their subscription price is lower than the fair value of the share. The fair value of the share is based on the average price of the shares during the period.

	2005	2004
Profit for the year attributable to equity holders of the parent, continuing operations	5,109	4,108
Profit for the year attributable to equity holders of the parent, discontinued operations	382	–6,321
Weighted average number of shares during the period	12,180,880	12,180,880
Dilution effect of issued share options	0	0
Share-weighted diluted average price used in calculating adjusted earnings per share	12,180,880	12,180,880
Diluted earnings per share, EUR/share, continuing operations	0.42	0.34
Diluted earnings per share, EUR/share, discontinued operations	0.03	–0.52

10. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan. 2005	60	5,428	38,081	376	43,945
Increase	0	0	1,051	100	1,150
Decrease	0	–179	–2,964	0	–3,143
Acquisition cost, 31 Dec. 2005	60	5,249	36,168	476	41,953
Accumulated depreciation and impairment losses, 1 Jan. 2005	0	–1,581	–30,479	–322	–32,382
Depreciation	0	–257	–2,007	–36	–2,300
Impairment loss	0	0	–101	0	–101
Accumulated depreciation and impairment losses, 31 Dec. 2005	0	–1,838	–32,587	–358	–34,784
Carrying amount, 31 Dec. 2005	60	3,847	7,602	54	11,563
Carrying amount, 31 Dec. 2004	60	3,410	3,581	118	7,169
Acquisition cost 1 Jan. 2004	134	5,365	37,579	376	43,454
Increase	0	63	854	0	917
Decrease	0	0	–352	0	–352
Acquisition cost, 31 Dec. 2004	134	5,428	38,081	376	44,019

	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Accumulated depreciation and impairment losses, 1 Jan. 2004	–74	–1,299	–23,886	–283	–25,542
Depreciation	0	–282	–3,811	–39	–4,132
Impairment loss	0	0	–2,783	0	–2,783
Accumulated depreciation and impairment losses, 31 Dec. 2004	–74	–1,581	–30,479	–322	–32,457
Carrying amount, 1 Jan. 2004	60	4,066	13,693	93	17,912
Carrying amount, 31 Dec. 2004	60	3,847	7,602	54	11,563

The remaining undepreciated portion of the cost of machinery and equipment included in the Group's property, plant and equipment was EUR 3.6 million in 2005 (7.2 million in 2004).

Finance leases

Property, plant and equipment includes assets obtained on finance leases as follows

	Buildings	Machinery and equipment	Motor vehicles	Total
31 Dec. 2005				
Acquisition cost	183	10,930	92	11,205
Accumulated depreciation	–173	–8,949	–37	–9,159
Carrying amount	10	1,981	55	2,046
31 Dec. 2004				
Acquisition cost	362	10,861	104	11,327
Accumulated depreciation	–173	–7,587	–64	–7,824
Carrying amount	190	3,274	40	3,503

11. Intangible assets

	Goodwill	Other intangible assets	Total
Acquisition cost, 1 Jan. 2005	1,879	2,699	4,577
Increase	0	85	85
Acquisition cost, 31 Dec. 2005	1,879	2,783	4,662
Cumulative amortisation and impairment losses, 1 Jan. 2005	–1,714	–2,316	–4,031
Depreciation	0	–191	–191
Cumulative amortisation and impairment losses, 31 Dec. 2005	–1,714	–2,507	–4,221
Carrying amount, 1 Jan. 2005	164	382	546
Carrying amount, 31 Dec. 2005	164	276	440
Acquisition cost, 1 Jan. 2004	1,879	2,690	4,568
Increase	0	9	9
Acquisition cost, 31 Dec. 2004	1,879	2,699	4,577
Cumulative amortisation and impairment losses, 1 Jan. 2004	–1,714	–2,123	–3,837
Depreciation	0	–193	–193
Cumulative amortisation and impairment losses, 31 Dec. 2004	–1,714	–2,316	–4,031
Carrying amount, 1 Jan. 2004	164	567	731
Carrying amount, 31 Dec. 2004	164	382	546

In the 2005 financial year, an impairment test was carried out on goodwill, which did not give indications of an impairment.

12. Other financial assets

	2005	2004
Publicly quoted shares	4	4
Unquoted shares	11	11
Total available-for-sale investments at the end of the year	**15**	**15**

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

13. Deferred Tax Assets and Liabilities

	1 Jan. 2005	Recorded in income statement	31 Dec. 2005
Deferred Tax Assets			
Tax losses carried forward	1,650	1,895	3,545
Deferred Tax Liabilities			
Temporary differences	400	–115	284

The cumulative amount of deferred tax assets on losses carried forward, which has not been recorded, is EUR 6.7 million.

	1 Jan. 2004	Recorded in income statement	31 Dec. 2004
Deferred Tax Assets			
Tax losses carried forward	706	944	1,650
Deferred Tax Liabilities			
Temporary differences	467	–68	400

14. Inventories

	2005	2004
Raw materials and supplies	9,998	9,479
Work in progress	1,476	1,403
Finished goods	1,405	1,832
	12,880	**12,715**

EUR 0.3 million was recorded as an expense for the financial year, and the carrying amount of inventories was lowered by this figure to bring it in line with the net realisable value (EUR 0.1 million in 2004).

15. Trade and other receivables

	2005	2004
Trade receivables	12,055	12,763
Prepaid expenses and accrued income	767	432
Other receivables	76	37
	12,899	**13,232**

Material items included in prepaid expenses and accrued income are related to leases. The fair values of receivables do not differ from their carrying amount. Receivables are not exposed to significant credit risks.

16. Cash and cash equivalents

	2005	2004
Cash and bank accounts	2,213	412

The cash and cash equivalents according to the cash flow statement comprise the following:

Cash and bank accounts	2,213	412

17. Notes to the statement of changes in equity

	Number of shares	Subscribed capital	Share premium fund	Total
1 Jan. 2004	12,180,880	20,487	4,224	24,711
Deduction to cover losses			–4,180	
31 Dec. 2004	12,180,880	20,487	44	20,531
31 Dec. 2005	12,180,880	20,487	44	20,531

The maximum amount of the Incap Group's shares at the balance sheet date is 40 million shares, the same as in 2004. The countervalue of the share is EUR 1.68 and the Group's maximum share capital is EUR 67.2 million (67.2 million in 2004). The shares are fully paid in.

After the balance sheet date, the Board of Directors has proposed that no dividend be paid out.

Distributable equity	2005	2004
Non-restricted equity	–9,057	–6,899
Profit for the year	5,491	–2,212
Portion of the cumulative depreciation difference recorded in equity	–186	–172
	–3,752	**–9,283**

The calculation of distributable equity is based on the IFRS balance sheet and Finnish legislation.

18. Share-based payment

The Group has had a share option plan since 1998. On 11 April 2000 the Annual General Meeting granted share options to the Group's key employees, to the members of the Board of Directors of Incap Corporation and Group companies as well as to Incap Corporation's wholly-owned subsidiary. The aim of the options was to provide an incentive for long-term work that increases shareholder value. If the employment relationship ended prior to 1 December 2003, the entitled person had to tender their share options back to the company. The options for 2000 were divided into A, B, C and D warrants, for each of which grants of 122,700 warrants were made. The subscription period with the A warrants began on 1 December 2000, with the B warrants on 1 December 2001, with the C warrants on 1 December 2002 and with the D warrants on 1 December 2003. Subscription with all the warrants ended on 31 December 2005. The subscription price of shares to be subscribed for with A warrants was EUR 8, with B warrants, EUR 10 and with C and D warrants, EUR 12. The share option scheme for 2000 expired on 31 December 2005. The options were not exercised.

On 21 January 2003 the Board of Directors directed 702,000 warrants at Varma Mutual Pension Insurance Company, each of which entitled the holder to subscribe for one Incap Corporation share from 1 June 2003 to 31 December 2005. The granting of the warrants was connected with a financing arrangement whereby Incap Corporation's financial structure was strengthened. The subscription price of the shares to be subscribed for with the warrants was EUR 2.5. The subscription period for Varma Mutual Pension Insurance Company expired on 31 December 2005, and it did not exercise its subscription rights.

At the balance sheet date the Group had a new share option plan, granted on 25 May 2004, which commits key personnel to ownership of Incap shares on a long-term basis. A component of the share-option plan is a share-ownership programme according to which key employees must purchase the company's shares with 20 per cent of the gross proceeds from exercised share options. Should a person's employment or contractual relationship with the company end prior to commencement of each share subscription period, the person must tender their options back to the company, whereby they forfeit any cumulative gain in value on the options. This provision nevertheless does not apply in the case of retirement or death. The warrants are divided into warrants 2004A, 2004B and 2004C. A total maximum of 630,000 warrants were granted, entitling their holders to subscribe for 630,000 Incap Corporation shares. It is a condition for the granting of warrants 2004A and 2004B in the issue stage that the option holder has acquired a certain amount of Incap shares, as decided in advance by the Board of Directors, prior to the granting of the warrants. It is a condition for the granting of warrants 2004C that certain profit criteria based on the Incap Group's financial targets as defined separately by the Board of Directors are met. The share subscription period with warrants 2004A is 1 April 2007 – 30 April 2009; with warrants 2004B, 1 April 2008 – 30 April 2010 and with warrants 2004C, from 1 April 2009 – 30 April 2011. The subscription price of shares to be subscribed for with warrants 2004A and 2004B is the trade volume-weighted average price of the Incap share on the Helsinki Stock Exchange from 1 May to 31 May 2004 (EUR 2.22 per share) and with warrants 2004C, the trade volume-weighted average price of the Incap share on the Helsinki Stock Exchange from 1 March to 31 March 2006. The subscription period for shares to be subscribed for with the warrants will not commence until the average price of the Incap share exceeds a certain share price level that is defined in detail in the terms and conditions. The subscription price of a share to be subscribed for with the warrants shall be lowered, on each record date for the dividend payout, by the amount of dividends declared after commencement of the subscription period and prior to the share subscription. The number of warrants 2004A and 2004B which have been granted is 133,000 each.

Main conditions for determining the fair value of equity instruments granted and received during the period

	Granted in 2005	Granted in 2004	All share options
Number of instruments granted	38,000	244,000	282,000
Average (weighted) subscription price	2.22	2.22	2.22
Average (weighted) price of the Incap Corporation share	1.89	2.15	2.11
Average (weighted) maturity	4.5	5.5	5.4
Expected average (weighted) volatility	66.0%	72.0%	71.2%
Average (weighted) risk-free interest rate	2.5%	3.7%	3.6%
Expected personnel reductions (at grant date)	9.0%	9.0%	9.0%
Total fair value, euros	27,104	234,926	262,030

Valuation model	Black–Scholes	Black–Scholes
Actual	in shares	in shares

In determining the fair values of share options granted, the requirement of a market-determined minimum average price on the subscription date has not been taken into account. Because dividend payouts were not expected, dividends were not taken into account in calculating the fair value of share options.

Changes during the share option period and weighted average strike prices

	2005 Average strike price per share	Number of options	2004 Average strike price per share	Number of options
Beginning of year	5.19	1,436,800	6.42	1,244,000
New options granted	2.22	38,000	2.22	244,000
Share options forfeited	2.22	–16,000	0.00	0
Expired options	5.79	–1,192,800	21.12	–51,200
End of the year	**2.22**	**266,000**	**5.19**	**1,436,800**
Exercisable at end of period	0.00	0	5.79	1,192,800

Strike prices and expiry times of share options outstanding at end of period

Year of expiry	Strike price (euro)	Number of stocks 2005	Number of stocks 2004
2005	5.79	0	1,192,800
2009	2.22	133,000	122,000
2010	2.22	133,000	122,000

19. Pension obligations

	2005	2004
Pension liability in the balance sheet	362	514

The Incap Group does not have a defined benefit pension liability in its balance sheet.

20. Interest-Bearing Liabilities

	2005 Carrying amount	2004 Carrying amount
Non-current		
Bank loans	1,147	3,861
Pension loans	255	274
Other loans	2,111	2,535
Finance lease liabilities	2,032	2,909
	5,544	**9,578**
Current		
Bank loans	648	3,847
Pension loans	19	24
Other loans	467	467
Finance lease liabilities	832	1,680
	1,966	**6,018**

Repayment schedule of non-current interest-bearing liabilities

2005	2006	2007	2008	2009	2010	at a later date
Bank loans, fixed	50	90	90	65	0	0
Bank loans, variable	597	374	309	172	3	43
Pension loans	19	18	17	15	14	191
Other loans	467	462	409	342	342	556
Finance lease liabilities	832	644	476	423	405	84
	1,966	**1,589**	**1,301**	**1,017**	**764**	**874**

2004	2005	2006	2007	2008	2009	at a later date
Bank loans, fixed	200	2,050	90	90	65	0
Bank loans, variable	3,647	663	374	309	172	46
Pension loans	24	22	18	17	15	202
Other loans	467	467	462	409	342	855
Finance lease liabilities	1,680	972	537	533	498	369
	6,018	**4,174**	**1,481**	**1,358**	**1,093**	**1,472**

The fair values of liabilities are presented in Note 23.

Breakdown by currency of interest-bearing non-current liabilities, EUR

	2005	2004
Non-current liabilities		
EEK	43	0
EUR	5,501	9,578
Current liabilities		
EEK	17	35
EUR	1,949	5,983

Weighted averages at 31 December 2005 of the effective interest rates
of interest-bearing current liabilities

Bank loans, fixed	3.40%
Bank loans, variable	3.56%
Pension loans	5.44%
Other loans	3.23%
Finance lease liabilities	2.97%

Due dates of finance lease liabilities

	2005	2004
Finance lease liabilities – Minimum lease payments		
Less than 1 year	943	1,855
1–5 years	2,122	2,816
Later than five years	92	390
	3,157	**5,061**
Finance lease liabilities – Minimum lease payments		
Less than 1 year	832	1,680
1–5 years	1,947	2,540
Later than five years	84	369
	2,864	**4,588**
Future finance charges	293	473
Total finance lease liabilities	**3,157**	**5,061**

21. Trade and other payables

	2005	2004
Current		
Trade payables	8,901	6,248
Cash proceeds	93	0
Accrued liabilities	3,708	4,729
Other loans	1,698	1,741
	14,400	**12,718**

Material items in accrued liabilities and deferred income are related to lease expenses.

22. Risk management

Incap Corporation's risk management is based on the company's risk management policy which was adopted in 2002 and updated in 2005, and which covers every area of operations in the entire organisation. Risk management is used as a systematic management tool, with risk monitoring a part of the normal tasks of the Management Team and the Board of Directors.

Incap's risk management operations aim to identify in advance any unexpected situations that the company may face and to devise plans with procedures that can be used to prevent risks from materialising or to at least minimise the consequences of risks.

The Incap Group's risks are divided, in accordance with their object, into contract risks, market risks, production and operational risks, supplier and materials risks, personnel risks, environmental risks, data risks and financial risks.

Management of financial risks

The Incap Group's operations are subject to normal risks associated with international operations. The objective of the Group's risk management is to ensure that the Incap Group receives the financing it requires cost-effectively and to minimise the effect of fluctuations in financial markets on the Group's results.

Currency risks

The Incap Group mainly operates in the euro area and Estonia where operations are not susceptible to currency risks. The main currency rate risks in the Group's operations are connected with purchases and sales made in the United Kingdom, China and the United States. During the financial year, the Group did not hedge its operations against adverse changes in currency rates, because currency rate risks were not considered significant.

Interest rate risk

At the balance sheet date, interest-bearing liabilities on the consolidated balance sheet totalled EUR 7.9 million, the bulk of which had a variable rate. The Group did not carry out any special hedging procedures against interest rate risks during the financial year.

Liquidity risk

The Incap Group ensures its liquidity through concentrated cash management and an undrawn credit facility. Surplus cash is invested in a money market fund. At 31 December 2005, undrawn credit totalled EUR 3.5 million.

Credit risk

The Incap Group determines its customers' creditworthiness and deals mostly with companies with a good credit rating. Trade debtors are spread among a large clientele, and no large credit risk concentrations have materialised. The Incap Group has not used credit insurance to hedge its trade receivables.

Commodity risk

The Incap Group is subject to commodity risk associated with availability and price fluctuations of commodities. Incap aims to minimise this risk by concluding frame agreements with renowned partners. The Group does not carry out any hedging procedures against this risk at the moment, because this risk is not considered significant.

23. Fair values of financial assets and liabilities

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

	Carrying amount 2005	Fair value 2005	Carrying amount 2004	Fair value 2004
Financial liabilities				
Bank loans	1,795	1,791	7,708	7,769
Pension loans	274	273	298	297
Other loans	2,578	2,582	3,002	3,006
Finance lease liabilities	2,864	2,696	4,588	4,320
Trade and other payables	14,400	14,400	12,718	12,718

The fair values of current liabilities do not differ from their carrying amount.

Discount rates applied in determining fair value

	2005
Bank and other loans	2.77% – 5.50%

24. Adjustments to cash flows from operations

	2005	2004
Non-cash transactions		
Depreciation	2,592	7,108
Change in finance lease agreements according to IFRS	–1,203	–1,599
Employee benefits expense	54	48
Allocation of fixed expenses to inventories	62	21
Capital gains in cash flow from investments	–650	–46
Measurement of inventories at fair value	1,165	1,573
	2,020	**7,105**

25. Operating leases

The Group has leased the production and office space it uses, except for the premises in use at the Vuokatti factory and Ultraprint Oy. Part of the lease agreements are in force for the time being, whereas the length of others is up to a maximum of six years. The termination periods of lease agreements in force for the time being varies from six to twelve months. Lease agreements ending on a fixed date include an option of continuing the agreement after the original expiry date. The index, renewal and other terms of the agreements differ from each other.

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

The Group as Lessee

The future minimum lease payments under non-cancellable operating leases
The amounts do not include value added tax

	2005	2004
Less than 1 year	915	1,634
1–5 years	1,531	1,469
Later than five years	311	623
	2,758	**3,726**

The income statement for 2005 includes EUR 1.0 million of lease expenses paid for operating leases (0.9 million in 2004).

26. Security pledged and contingent and related liabilities

	2005	2004
Assets pledged on behalf of own commitments		
Mortgages	841	505
Pledged assets	7,776	7,776
Security pledged on behalf of others		
Guarantees on behalf of subsidiaries	205	174
Repurchase liability for trade receivables sold to a finance company	2,647	1,961
Lease liabilities, net of VAT	2,758	3,726
Incap Corporation has an obligation as a tenant to purchase the shares in the property Valuraudankuja 7 Oy from Varma-Sampo Insurance Company no later than upon the expiry of the lease term on 31 December 2011.		
Repurchase price corresponding to the fair value	3,330	3,388
Obligation to return value added tax in the situations set out in Section 33 of the Value Added Tax Act		
Value added tax deducted for a new building or basic improvement, for which there is a liability to refund the amount under Section 33, in respect of investments made in the financial years 2001–2005	593	593

27. Related Party Transactions

Management's employee benefits

Board members and Management Team are comprising management.

	2005	2004
Salaries and other current employee benefits	636	538
Termination benefits	0	46
Share-based payment	41	41
	678	626

The chief executive's period of notice is six months, and if his executive contract is terminated by the company, he will be paid separate compensation corresponding to 12 months of salary in addition to the salary during the period of notice. The pension benefits of the president and CEO and other members of the Group Management Team are determined in accordance with the Employment Pensions Act (TEL).

Wages and salaries	2005	2004
President	255	196
Board members		
Seppo Arponen	17	17
Juha-Pekka Kallunki	13	0
Kalevi Laurila	18	17
Timo Leinilä	18	12
Sakari Nikkanen	18	12
Jorma Terentjeff	26	25
Juhani Vesterinen, previous Board member	5	17
Markku Puskala, previous Board member	0	6

The company's management was granted a total of 180,000 share options in 2004 and 30,000 in 2005. Management's share options are subject to the same conditions as the options for the rest of the personnel.

28. Transition to IFRS

Certain revisions have been made to the press release on the IFRS transition published on 17 November 2005. In the income statement, the change is due to an update to the method of calculating depreciation and amortisation. The change in balance sheet liabilities is due to the omission of one major lease agreement in the opening balance sheet at 1 January 2004.

These are the Incap Group's first IFRS financial statements. The financial information according to IFRS has been prepared in accordance with the standards in force at the time of preparing the financial statements. Previous financial statement information has been prepared in compliance with Finnish Accounting Standards (FAS).

The accounting policies set out under the corresponding heading have been applied in preparing the financial statements for 2005, the comparative figures for 2004 and the opening balance sheet at 1 January 2004.

The most significant changes of the transition to IFRS are related to goodwill, finance leases, deferred tax assets and tax liabilities, share options and the measurement of inventories.

Presented below are the effects of the transition to IFRS on the consolidated income statement and balance sheet for the 2004 financial year as well as the reconciliations of equity and profit or loss.

Reconciliation of equity

	1 Jan. 2004	31 Dec. 2004
Equity FAS	12,929	11,712
Reversal of goodwill amortisation, IFRS 3	0	75
Inventories, IAS 2	475	454
Taxes, IAS 12	379	–319
Finance leases, IAS 17	–199	–502
Equity, IFRS	**13,584**	**11,420**

Consolidated Balance Sheet

31 Dec. 2004

The consolidated balance sheet contains discontinued operations	FAS	IFRS adjustments	IFRS
Assets			
Non-current assets			
Tangible assets	8,059	3,503	11,563
Intangible assets	471	75	546
Investments	15	0	15
Deferred tax assets	1,650	0	1,650
Total non-current assets	**10,196**	**3,579**	**13,774**
Current assets			
Stocks	12,261	454	12,715
Trade and other receivables	13,232	0	13,232
Cash and cash equivalents	412	0	412
Total current assets	**25,904**	**454**	**26,359**
Total assets	**36,100**	**4,033**	**40,133**

Equity and Liabilities	FAS	IFRS adjustments	IFRS
Equity			
Subscribed capital	20,487	0	20,487
Share premium account	44	0	44
Retained earnings	–8,819	–292	–9,111
Total equity	**11,712**	**–292**	**11,420**
Non-current liabilities			
Deferred tax liabilities	80	319	400
Interest-bearing liabilities	6,669	2,909	9,578
Total non-current liabilities	**6,749**	**3,228**	**9,977**
Current liabilities			
Interest-bearing liabilities	4,339	1,680	6,018
Non-interest-bearing liabilities	13,300	–583	12,718
Total current liabilities	**17,639**	**1,097**	**18,736**
Total equity and liabilities	**36,100**	**4,033**	**40,133**

Consolidated income statement	FAS	IFRS adjustments	IFRS
1 Jan. 2004 – 31 Dec. 2004			
Continuing operations			
Revenue	70,790	0	70,790
Other operating income	12	0	12
Operating expenses	65,502	–1,504	63,998
Depreciation, amortisation and impairment losses	1,467	1,550	3,017
Operating profit	**3,833**	**–46**	**3,787**
Financial income and expenses	–452	–238	–690
Profit before taxes	**3,381**	**–284**	**3,096**
Income taxes	1,711	–699	1,012
Profit for the year from continuing operations	**5,091**	**–983**	**4,108**
Profit or loss for the year from discontinued operations	–6,308	–13	–6,321
Profit for the year	**–1,217**	**–996**	**–2,212**
Earnings per share, continuing operations, euros	0.28		0.34
Earnings per share, total, euros	–0.24		–0.18

In calculating earnings per share, taxes have not been taken into account in the result according to FAS because they are classified as extraordinary items.

Reconciliation for profit or loss for the year	31 Dec. 2004
Profit or loss for the year, FAS	–1,217
Reversal of goodwill amortisation, IFRS 3	75
Taxes, IAS 12	–699
Finance leases, IAS 17	–303
Share options, IFRS 2	–48
Inventories, IAS 2	–21
Profit or loss for the year, IFRS	**–2,212**

Parent Company Income Statement

	Note	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Revenue	1	76,274	73,500
Changes in inventories of finished goods and work in progress		–337	–168
Other operating income	2	683	554
Raw materials and services	3	52,287	48,404
Personnel expenses	4	12,812	13,858
Depreciaton, amortisation and impairment losses	5	2,036	4,404
Other operating expenses		7,540	7,893
Operating profit/loss		**1,945**	**–673**
Financial income and expenses	6	–409	–572
Profit/loss before extra-ordinary items		**1,536**	**–1,246**
Extraordinary items	7	1,089	–5,912
Profit/loss before appropriations and taxes		**2,625**	**–7,158**
Appropriations		0	233
Income taxes	8	1,817	0
Profit/loss for the financial year		**4,442**	**–6,924**

Parent Company Balance Sheet

	Note	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
ASSETS			
Non-current assets			
Intangible assets	9	2,381	3,365
Tangible assets	9	4,297	7,294
Investments	10		
Holdings in Group companies		871	871
Other investments		14	14
Non-current assets, total		**7,562**	**11,544**
Current assets			
Inventories	11	10,717	10,442
Non-current receivables	12	165	165
Deferred tax asset	12	3,545	1,650
Current receivables	12	13,110	14,862
Cash in hand and at bank		2,094	186
Current assets, total		**29,632**	**27,304**
Assets, total		**37,194**	**38,848**
LIABILITIES			
Equity	13		
Share capital		20,487	20,487
Share premium account		44	44
Retained earnings		–6,924	0
Profit for the financial year		4,442	–6,924
Equity, total		**18,049**	**13,607**
Appropriations		**252**	**252**
Liabilities			
Non-current liabilities	14	3,447	6,619
Current liabilities	15	15,446	18,370
Liabilities, total		**18,893**	**24,989**
Equity and liabilities, total		**37,194**	**38,848**

Parent Company Sources of Funds

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Cash flows from operating activities		
Operating profit	1,945	–673
Adjustments to operating profit	1,821	4,930
Change in working capital	2,454	–1,920
Interest paid	–500	–582
Interest received	29	9
Taxes	–78	0
Cash flows from operating activities	**5,671**	**1,764**
Cash flows from investing activities		
Capital expenditure	–614	–216
Proceeds from sales of fixed assets	3,122	389
Loan receivables	0	–471
Repayments of loan receivables	124	0
Cash flows from investing activities	**2,632**	**–298**
Cash flows from financing activities		
Loans raised	0	1,162
Loan repayments	–6,395	–3,231
Cash flow from financing activities	**–6,395**	**–2,069**
Change in funds	**1,908**	**–603**
Funds at the beginning of the financial year	186	789
Funds at the end of the financial year	**2,094**	**186**

Notes to the Parent Company Financial Statements

Accounting policies 2005

Principles of measurement and periodisation

Non-current assets

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

Intangible assets	
Goodwill	5-6 years
Goodwill on consolidation	5 years
Other intangible rights	3-5 years

Tangible assets	
Buildings and structures	20-24 years
Machinery and equipment	3-10 years
Vehicle fleet	3-5 years

Inventories

Inventories are measured at the lower of historical cost under FIFO or the repurchase value or selling price.

Financial assets and management of financial risks

Trade receivables and payables are not exposed to significant interest rate or foreign currency risks.

Foreign currency transactions

Items denominated in foreign currency have been translated at the average rate stated by the European Central Bank at the balance sheet date. Exchange differences between sales and purchases have been allocated as a credit or debit to said items. Exchange differences have not arisen on the consolidation of a foreign subsidiary.

Leases

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

Research and development expenditure

Research and development expenditure in 2005 has been treated as annual expenses within other operating expenses.

Periodisation of pension expenses

Employees' pension security including supplementary benefits has been insured with pension insurance companies. Pension expense is calculated on a time apportionment basis and entered in the income statement.

Income taxes

Incap Corporation has, for taxation purposes, unused losses which have been approved and can be utilised in the years 2006-2014. A tax asset is recognized to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized.

Notes to the income statement

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
1. Revenue		
Revenue by market area		
Finland	68,197	62,848
Europe	4,069	3,505
Other	4,007	7,148
	76,274	**73,500**
2. Other operating income		
Profit from the sale of property, plant and equipment	215	89
Other income	468	465
	683	**554**
3. Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	42,868	39,407
Change in inventories	–613	–163
	42,255	**39,244**
External services	10,032	9,160
	52,287	**48,404**
4. Personnel expenses and number of personnel		
4.1 Number of personnel		
Average number of employees of the parent company during the year		
White collar	85	93
Blue collar	275	350
4.2 Personnel expenses		
Wages and salaries	10,214	10,965
Pension expenses	1,607	1,866
Other social security expenses	991	1,028
	12,812	**13,858**
4.3 Salaries and bonus of the management		
President and the Board	386	316

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
5. Depreciation and impairment losses		
Depreciation according to plan	1,989	4,404
Impairment losses on non-current assets	47	0
	2,036	**4,404**

The specification of depreciation and amortisation for individual balance sheet items includes the item Intangible and tangible assets.The depreciation and amortisation periods are presented in the accounting policies.

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
6. Financial income and expenses		
Dividend income		
From other companies	1	0
Other interest and financial income		
From other companies	29	9
Interest paid and other financial expenses		
To other companies	–440	–582
	–409	**–572**
7. Extraordinary items		
Extraordinary income		
Deferred tax receivables	0	1,650
Other extraordinary income	1,089	0
Extraordinary expenses		
Impairment losses on non-current assets	0	–6,376
Other extraordinary expenses	0	–1,186
	1,089	**–5,912**

Extraordinary income comprises the capital gain on the divestment of the machining and plating operations as well as the adjustment to the items that were recorded as an expense in the previous year due to the divestment of these operations.

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
8. Income taxes		
Change in deferred tax asset	1,895	0
Income taxes for previous periods	–78	0
	1,817	**0**

Notes to the parent company balance sheet

9. Property, plant and equipment

Intangible assets

	Intangible rights	Goodwill	Other long-term expenditure	Total
Acquisition cost, 1 Jan. 2005	1,090	16,337	1,496	18,923
Increase	81	0	0	81
Acquisition cost, 31 Dec. 2005	1,171	16,337	1,496	19,004
Accumulated depreciation, 1 Jan. 2005	–827	–13,349	–1,383	–15,558
Depreciation during the year	–98	–875	–92	–1,065
Accumulated depreciation, 31 Dec. 2005	–925	–14,223	–1,475	–16,623
Carrying amount, 31 Dec. 2005	246	2,114	21	2,381
Carrying amount, 31 Dec. 2004	263	2,989	114	3,365

Tangible assets

	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan. 2005	60	4,685	25,477	376	30,599
Increase	0	0	434	100	533
Decrease	0	0	–2,559	0	–2,559
Acquisition cost, 31 Dec. 2005	60	4,685	23,351	476	28,573
Accumulated depreciation, 1 Jan. 2005	0	–1,317	–21,665	–322	–23,305
Depreciation during the year	0	–241	–647	–36	–924
Impairment losses	0	0	–47	0	–47
Accumulated depreciation, 31 Dec. 2005	0	–1,558	–22,360	–358	–24,276
Carrying amount, 31 Dec. 2005	60	3,127	991	118	4,297
Carrying amount, 31 Dec. 2004	60	3,368	3,812	54	7,294
Carrying amount of production machinery and equipment, 31 Dec. 2005			991		
Carrying amount of production machinery and equipment, 31 Dec. 2004			3,514		

10. Investments

	Holdings in the Group companies	Other shares	Total
Acquisition cost, 1 Jan. 2005	871	14	884
Acquisition cost, 31 Dec. 2005	871	14	884
Carrying amount, 31 Dec. 2005	871	14	884

	2005	2004
11. Inventories		
Raw materials and consumables	8,097	7,485
Work in progress	1,379	1,305
Finished goods	1,240	1,652
	10,717	**10,442**
12. Assets		
Non-current		
Amount owed by Group companies		
Loan receivables	165	165
Deferred tax receivables	3,545	1,650
Current		
Trade receivables	11,670	12,413
Amounts owed by Group companies		
Trade receivables	567	1,394
Interest receivables	1	2
Loan receivables	182	711
	750	**2,106**
Prepaid expenses and accrued income	689	342
Total receivables	**16,820**	**16,677**

	2005	2004
13. Equity		
Subscribed capital, 1 Jan.	20,487	20,487
Subscribed capital, 31 Dec.	20,487	20,487
Share premium account, 1 Jan.	44	4,224
Decrease	0	–4,180
Share premium account, 31 Dec.	44	44
Retained earnings, 1 Jan.	–6,924	–4,180
Transfer from share premium account	0	4,180
Retained earnings, 31 Dec.	–6,924	0
Profit for the financial year	4,442	–6,924
Total equity	**18,049**	**13,607**
Non-restricted equity		
Retained earnings	–6,924	0
Profit for the financial year	4,442	–6,924
Total non-restricted equity	**–2,482**	**–6,924**
14. Non-current liabilities		
Loans from credit institutions	1,147	3,861
Pension loans	255	274
Other liabilities	2,045	2,485
Total non-current liabilities	**3,447**	**6,619**
Liabilities falling due after five years		
Loans from credit institutions	0	85
Pension loans	144	202
Other non-current liabilities	513	855
Total	**657**	**1,142**

Notes

	2005	2004
15. Current liabilities		
Loans from credit institutions	630	3,847
Pension loans	19	24
Advances received	93	0
Trade payables	7,982	5,721
Amounts owed to group companies		
Trade payables	877	1,483
Other liabilities	2,082	2,102
Accruals and deferred income	3,762	5,192
Total current liabilities	**15,446**	**18,370**
Total of interest-bearing liabilities	1,089	4,311
Material items in accruals and deferred income		
Wages and salaries, incl. social costs	2,843	3,528
Lease payment liabilities	231	636
Interest	23	80
Other	666	948
Total	**3,762**	**5,192**

Other notes to the accounts

	2005	2004
Guarantees		
Loans for which real-estate has been mortgaged as collateral		
Pension loans	0	4
Mortgages	0	168
Loans from credit institutions	574	872
Mortgages	841	336
Loans for which corporate mortgages have been given as collateral		
Loans from credit institutions	845	4,344
Mortgages	7,776	7,776
Guarantees on behalf of companies belonging to the same Group	205	174

	2005	2004
Contingent liabilities		
Leasing and instalment liabilities not included in the balance sheet		
Liabilities falling due next year	1,789	1,788
Liabilities falling due after one year	2,300	3,252
Finance leases include the option to buy the acquired fixed assets at the current market price at the end of the term of lease.		
Repurchase agreement, off-balance sheet	3,330	3,388

As the leaseholder, Incap Corporation has an obligation to subscribe for the shares of Valuraudankuja 7 Oy from Varma-Sampo. The obligation must be exercised by the end of the term of lease on 31 Dec. 2011. The repurchase price is the current market value.

	2005	2004
Invoices sold to finance companies with obligation to buy back, total	2,647	1,961
Lease liabilities for the Group's premises	2,785	3,772
Lease and instalment liabilities included in the balance sheets		
Premises		
Balance sheet value of fixed assets	3,127	3,368
Corresponding liabilities	2,485	2,925
Obligation to return value added tax in the situations set out in Section 33 of the Value Added Tax Act	587	587

In respect of the basic improvements carried out in 2001–2005, value added tax has been deducted for which there is a refund obligation under Section 33 of said act.

Definitions of Key Figures

Return on equity, %	$\dfrac{\text{100 x (profit before tax less tax)}}{\text{equity (mean for financial year) + minority interest}}$
Return on investment, %	$\dfrac{\text{100 x (profit before tax + interest and other financial expenses)}}{\text{total assets less non-interest-bearing loans (mean for financial year)}}$
Equity ratio, %	$\dfrac{\text{100 x (equity + minority interest)}}{\text{total assets less advance payments received}}$
Gearing, %	$\dfrac{\text{100 x (interest-bearing liabilities less cash and cash equivalents)}}{\text{equity + minority holdings}}$
Net debt	liabilities less financial assets
Liability payback period, years	$\dfrac{\text{liabilities with interest}}{\text{calculated cash flow}^{1)}}$
Quick ratio	$\dfrac{\text{financial assets}}{\text{short-term liabilities}}$
Current ratio	$\dfrac{\text{financial assets + inventories}}{\text{current liabilities}}$
Investments	purchases of property, plant and equipment net of VAT and excluding investment subsidies subtracted
Average personnel	average number of employees at end of month

Per share data

Earnings per share	$\dfrac{\text{net profit}}{\text{mean number of shares during financial year adjusted for new issues}}$
Equity per share	$\dfrac{\text{equity}}{\text{mean number of shares adjusted for new issues at end of financial year}}$
Dividend per share	$\dfrac{\text{dividend during financial year}}{\text{number of dividend-earning shares adjusted for new issues at end of financial year}}$
Dividend out of profit, %	$\dfrac{\text{100 x dividend per share}}{\text{earnings per share}}$
Cash flow per share	$\dfrac{\text{calculated cash flow}^{1)}}{\text{number of shares adjusted for new issue at the end of financial year}}$
Effective dividend yield, %	$\dfrac{\text{100 x dividend per share}}{\text{last price at balance sheet date}}$
Price per earnings ratio	$\dfrac{\text{last price at balance sheet date}}{\text{earnings per share}}$
Total market capitalisation	last price at balance sheet date x number of shares in issue

[1)] Calculated cash flow is profit after extraordinary items less taxes in the income statement + depreciation.

Five-year Key Figures

		IFRS 2005	IFRS 2004	FAS 2003	FAS 2002	FAS 2001
Revenue	MEUR	76.7	70.8	65.2	69.0	99.7
Growth	%	8	9	–6	–31	15
Export	MEUR	8.2	10.0	4.6	9.6	38.7
Share of revenue	%	11	14	7	14	39
Operating profit	MEUR	3.8	3.8	–1.9	–3.8	12.2
Share of revenue	%	5	5	–3	–5	12
Profit before taxes	MEUR	3.2	3.1	–6.0	–10.8	11.4
Share of revenue	%	4	4	–9	–16	11
Return on equity (ROE)	%	36.0	32.9	–17.7	–20.7	33.9
Return on investment (ROI)	%	14.7	12.8	–6.0	–9.1	32.1
Total assets	MEUR	39.2	40.1	37.7	45.6	68.9
Equity ratio	%	43.4	28.5	34.3	40.8	39.2
Gearing	%	31.2	133.0	92.0	88.1	61.4
Net debt	MEUR	7.1	15.1	12.8	16.3	16.7
Liability payback period	years	1	3	–5	–2	1
Quick ratio		0.9	0.7	0.7	0.6	0.7
Current ratio		1.7	1.4	1.5	1.6	1.5
Investments	MEUR	0.8	0.4	0.5	1.1	21.3
Share of revenue	%	1	1	1	2	21
Investment in R&D	MEUR	0.6	1.9	2.0	2.1	3.0
Share of revenue	%	1	3	3	3	3
Average number of employees		468	552	562	630	847
Dividends	MEUR 1)	0.0	0.0	0.0	0.0	0.1
Per-share data						
Earnings per share	EUR	0.42	0.34	–0.20	–0.49	2.24
Equity per share	EUR	1.39	0.94	1.06	1.52	7.70
Dividend per share	EUR 1)	0.0	0.0	0.0	0.0	0.03
Dividend out of profit	% 1)	0.0	0.0	0.0	0.0	1.3
Cash flow per share	EUR	0.47	0.50	–0.20	–0.62	3.75
Effective dividend yield	% 1)	0.0	0.0	0.0	0.0	0.6
P/E ratio		4.5	5.6	–9.0	–3.3	2.2
Trend in share price						
Minimum price during year	EUR	1.65	1.65	0.87	1.63	3.70
Maximum price during year	EUR	2.07	2.59	2.15	5.63	6.00
Mean price during year	EUR	1.82	2.09	1.59	3.37	4.97
Closing price at end of year	EUR	1.87	1.90	1.80	1.63	4.99
Total market capitalisation at 31 Dec.	MEUR	22.8	23.1	21.9	19.9	17.5
Trade volume	no. of shares	3,276,966	3,438,988	3,367,276	867,553	186,036
Trade volume	%	27	28	28	9	5
Number of shares, adjusted for new issue						
Mean number during year		12,180,880	12,180,880	12,180,880	9,615,282	3,510,110
Number at end of year		12,180,880	12,180,880	12,180,880	12,180,880	3,510,110

1) Board proposal: no dividend to be paid.

The balance sheets, which has been used in calculating the key ratios for 2004 and 2005, include the balance sheet values of discontinued operations.

Shares and Shareholders

Incap Corporation has one series of shares and a total of 12,180,880 shares. The share does not have a par value, and its accounting countervalue is EUR 1.68. According to the company's Articles of Association, the company shall have a minimum of 10,000,000 and a maximum of 40,000,000 shares; the company's minimum share capital is 16,800,000 euros and the maximum share capital 67,200,000 euros.

Incap Corporation's shares are listed on the I List of Helsinki Exchanges. In the Nordic OMX List, which is due to become valid in October 2006, Incap belongs to the Small Cap segment. The industry sector of Incap is Information Technology. The company code is ICP, the round lot is 100 shares and the book-entry type code is ICP1V.

The price of Incap Corporation's share varied in the range of EUR 1.65 to EUR 2.07 during the financial year. The last quotation in trading at the end of the year was EUR 1.87. At the close of the financial year, the company had 1,189 shareholders, and 11% of the shares was owned by foreigners and nominee-registered. The total share turnover was 27% during the financial year. The company's market capitalisation at 31 December 2005 was EUR 22,778,246.

Authorisations by the Board of Directors

On 31 March 2005 the Annual General Meeting authorised the Board of Directors to increase the share capital, in the manner set out in Chapter 4, Section 1, of the Companies Act, through one or more rights issues, by granting stock options and/or issuing convertible bonds, entitling to increase the share capital by a maximum of EUR 4,092,776. The Board of Directors did not exercise the authorisation during the financial year.

Stock option scheme 2004

The stock option scheme introduced in 2004 commits key personnel to ownership of Incap shares on a long-term basis. A total of 630,000 option rights were granted, entitling their holders to subscribe for an equal number of shares. The shares that can be subscribed for through the exercise of the stock options represent a maximum of 4.9% of the company's shares and the votes conferred by the shares after any possible increase in share capital.

Stock options are divided into stock options 2004A, 2004B and 2004C. At the issuing stage, a condition of the distribution of stock options 2004A and 2004B was that the option holder has acquired a certain number of Incap shares, decided in advance by the Board of Directors. A condition of the distribution of stock options 2004C is that certain criteria based on financial targets, to be determined in advance by the Board of Directors, shall be fulfilled. At the issuing stage, stock options 2004C as well as those stock options 2004A and stock options 2004B that are not distributed to key personnel shall be issued to Euro-Ketju Oy, a wholly-owned subsidiary of Incap Corporation.

The subscription price of shares with 2004A and 2004B option warrants is EUR 2.22, which is the trade volume weighted average quotation of the Incap share traded on the Helsinki Exchanges from 1 May to 31 May 2004. The subscription price with 2004C option warrants is accordingly the trade volume weighted average quotation of the Incap share traded on the Helsinki Exchanges between 1 March to 31 March 2006. The subscription price of shares through the exercise of option warrants will be lowered, on each record date for the distribution of dividends, by the amount of dividends, to be decided after the commencement of the period for determining the subscription price of the share and prior to the share subscription.

The subscription period for shares with 2004A option warrants is from 1 April 2007 to 30 April 2009, with 2004B option warrants from 1 April 2008 to 30 April 2010 and with 2004C option warrants from 1 April 2009 to 30 April 2011. The subscription period for shares through the exercise of option warrants 2004A and 2004B shall only begin, however, when the average price of the Incap share exceeds EUR 3.00. By option warrants 2004C, the respective average minimum price is EUR 4.20.

The purpose of the stock options is to commit key personnel to the company on a long-term basis. Should a person cease to be employed by or in the service of the company before each share subscription begins, such a person must offer his or her option warrants back to the company without compensation for any value that the options may have gained. Also linked to the option scheme is a share ownership programme by which key personnel shall acquire the company's shares with 20% of the gross yield received from the stock options.

Stock option schemes expired in 2005

The subscription period of stock options issued to the Group's key employees in 2000 ended on 31 December 2005. The subscription prices for the A, B, C and D warrants varied between EUR 8 and 12. No shares have been subscribed against the respective options.

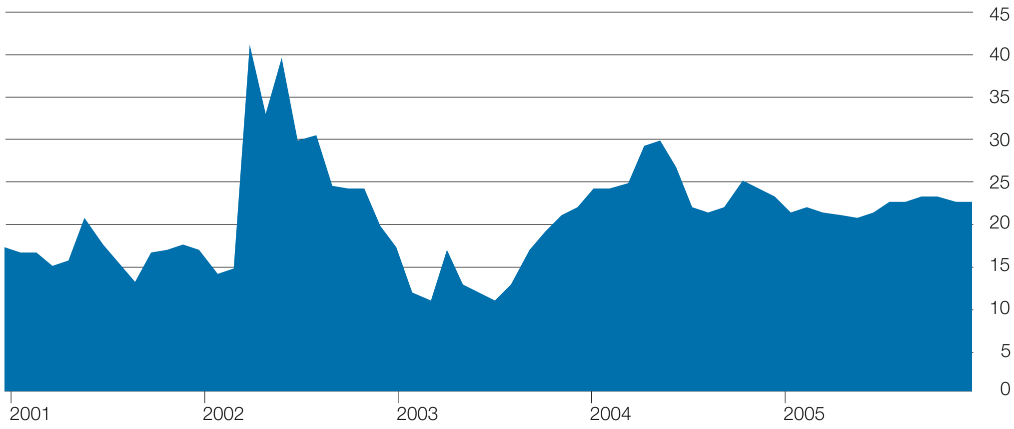
The 702,000 stock options directed at Varma Mutual Pension Insurance company in 2003 have also expired on 31 December 2005. The subscription price of the shares was EUR 2.50 and Varma did not exercise the option warrants.

Shareholdings of the Board of Directors and the president

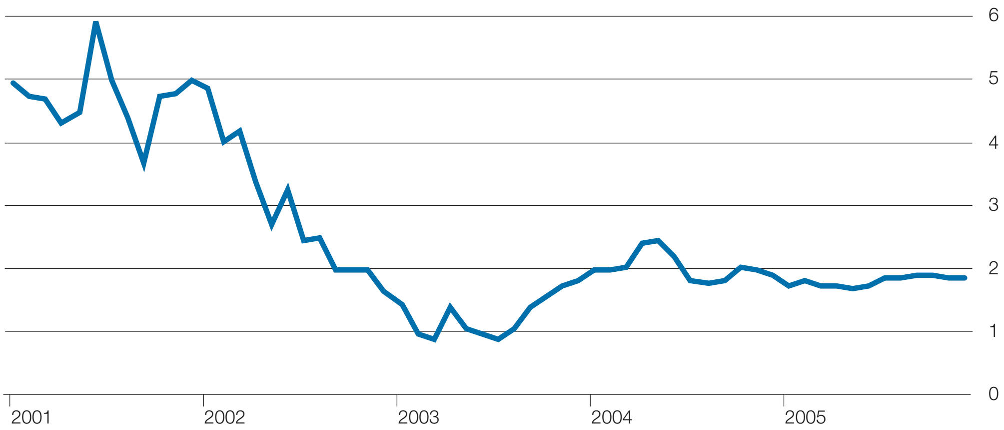
The members of the company's Board of Directors and the president as well as the companies under their control, owned a total of 2,572,324 shares, or 21% of the company's shares outstanding and voting rights. Three members of the Board of Directors had warrants under the terms of year 2000 stock option scheme which ended on 31 December 2005. No shares were subscribed against the options. At the end of the financial year, the president has a total of 60,000 warrants of the year 2004 stock option scheme. If all the warrants issued by the end of 2005 are converted into shares, the president and the Board of Directors as well as the companies under their control will hold 21% of the total shares outstanding.

Shares and Shareholders

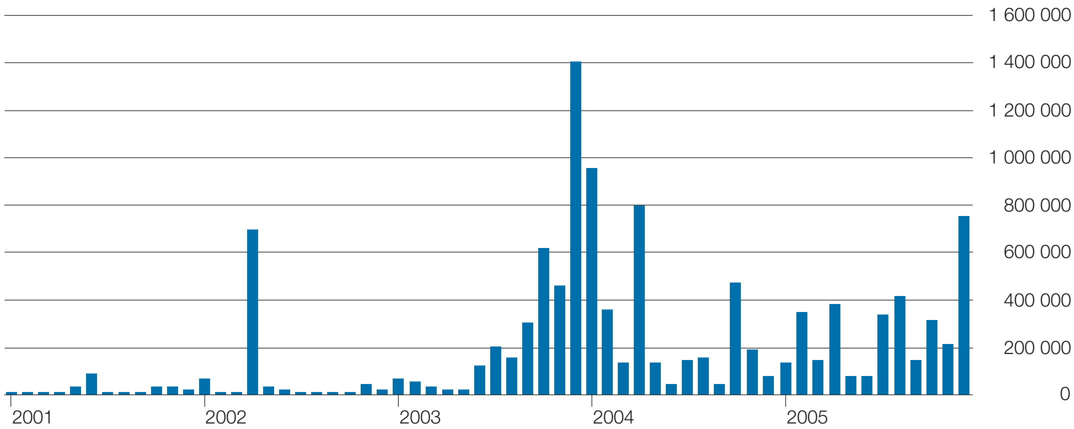
Market capitalisation 2001–2005, EUR million



Trend of share prices 2001–2005, EUR



Trading volume 2001–2005, pcs



Development of share capital 1991–2005

Date		Change 1,000 euros	Registered on	Share capital, 1,000 euros
31 Jan. 1991	Merger	5,760	26 Feb. 1992	7,862
28 Apr. 1992	Increase	424	25 Nov. 1992	8,286
30 Sept. 1992	Decrease	4,972	2 Dec. 1992	3,314
15 Jan. 1993	Increase	32	11 Aug. 1993	3,347
16 Mar. 1994	Increase	563	21 Dec. 1994	3,910
10 Mar. 1997	Increase	978	21 Mar. 1997	4,889
5 May 1997	Increase	975	5 May 1997	5,864
4 May 1998	Increase	40	4 May 1998	5,904
21 Mar. 2002	Increase	14,583	24 Apr. 2002	20,487

Breakdown of shareholdings by sector at 30 December 2005

	Owners,		Shares and votes,	
	no.	%	no.	%
Private enterprises	100	8.4	4,767,221	39.1
Financial institutions and insurance companies	11	0.9	2,883,351	23.7
Public sector entities	3	0.3	139,000	1.1
Non-profit organisations	8	0.7	75,800	0.6
Households	1,064	89.5	3,151,008	25.9
Foreigners	3	0.2	1,164,500	9.6
Total	1,189	100.0	12,180,880	100.0
of which in nominee-register	6		112,000	0.9

Breakdown of shareholdings by number of shares at 30 December 2005

Shares,	Shareholders,		Shares and votes,	
no.	no.	%	no.	%
1 – 100	123	10.3	8,951	0.1
101 – 1,000	593	49.9	324,696	2.7
1,001 – 10,000	406	34.1	1,363,448	11.2
10,001 – 100,000	50	4.2	1,564,808	12.8
100,001 – 1,000,000	14	1.2	4,179,481	34.3
1,000,001 –	3	0.3	4,739,496	38.9
Total	1,189	100.0	12,180,880	100.0

Ten largest shareholders at 30 December 2005

	Shares, no.	Percentage of total shares and votes, %
JMC Finance Oy	1,845,296	15.2
Finnvera plc	1,732,500	14.2
Irish Life	1,161,700	9.5
Teknoventure Oy	783,485	6.4
Pohjola Group plc	658,100	5.4
Eqvitec Technology Fund II Ky	416,368	3.4
Aura Capital Fund V Ky	361,376	3.0
Jorkale Oy	314,240	2.6
Jorma Terentjeff	304,504	2.5
Sampo plc	290,672	2.4

Board's Proposal to the Annual General Meeting

The Board of Directors is proposing to the Annual General Meeting to be held on 11 April 2006 that the profit for the financial year, EUR 5,491,465.34 be carried forward as retained earnings and that no dividend be distributed.

Oulu, 14 March 2006

Jorma Terentjeff Chairman of the Board	Seppo Arponen	Juha-Pekka Kallunki
Kalevi Laurila	Timo Leinilä	Sakari Nikkanen
Juhani Hanninen President and CEO		

Auditors' Report

To the shareholders of Incap Oyj
We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Incap Oyj for the period 1.1.-31.12.2005. The Board of Directors and the President and CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements
In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration
In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and CEOs of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Oulu, 14 March 2006

ERNST & YOUNG OY
Authorized Public Accounting Firm

Rauno Sipilä
Authorized Public Accountant

Corporate Governance

In its operations, Incap complies with the Finnish Companies Act, its own Articles of Association and the regulations and instructions concerning public listed companies. The company complies with the Corporate Governance Recommendation for Listed Companies that was issued in December 2003 by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers as well as with the Guidelines for Insiders published by the Helsinki Stock Exchange in 2005.

Annual General Meeting

Incap Corporation's highest decision-making body is the general meeting of shareholders, which at the invitation of the Board, convenes once a year in an Annual General Meeting. The General Meeting is held within six months of the end of the financial period, generally in April. The tasks falling within the competence of the Annual General Meeting are defined in the Companies Act and the Articles of Association. The most important matters to be decided at the General Meeting include amending the Articles of Association, raising the share capital, approving the financial statements, adopting the profit and loss account and balance sheet, deciding on the payment of dividends, confirming the number of members on the Board of Directors and electing the members.

The company announces the agenda for the General Meeting in a Notice of Meeting that is published as a stock exchange release on the company's website and in newspapers in Oulu and Helsinki. The names of the prospective director candidates announced to the Board of Directors are published in the Notice of Meeting, provided that the candidates are supported by shareholders holding at least 10% of the votes conferred by the shares in the company and the candidates have given their consent to being elected. Candidates proposed after the publication of the Notice of Meeting are announced separately.

Present at the General Meeting are the President and CEO, the chairman of the Board of Directors and, if possible, all the members of the Board of Directors. Persons proposed to the Board for the first time participate in the General Meeting that decides on their election.

Incap Corporation's Articles of Association do not contain redemption clauses and the company is not aware of shareholder agreements or agreements restricting the transfer of the company's shares.

In 2005, the Annual General Meeting was held on 31 March in Oulu. A total of 17 shareholders participated in the Annual General Meeting. They represented a total of 52 per cent of the company's shares and voting rights.

Board of Directors

The administration of Incap Corporation and the due arrangement of its operations are attended to by the Board of Directors. The Annual General Meeting determines the number of members on the Board of Directors and elects the directors. Under the Articles of Association, the Board of Directors shall have from five to seven ordinary members. The term of office for members of the Board of Directors is one year and it commences from the date of the Annual General Meeting at which they are elected and ends at the close of the next Annual General Meeting. Directors can be re-elected.

Incap Corporation's Board of Directors steers and supervises the company's operational management. The most important tasks of the Board of Directors are to:

- decide on the Group's strategic objectives
- decide on the Group structure and organisation
- review and approve interim reports, the consolidated financial statements and the Report of the Board of Directors
- approve the Group's operating plan, budget and investment plan
- decide on individual investments, acquisitions, divestments, corporate restructuring measures and contingent liabilities that are strategically or financially significant
- approve the Group's risk management and reporting procedures
- approve the Group's financial policy
- approve the framework of the Management Team's terms of employment and pay
- decide on the Group's performance bonus system model
- appoint the President and CEO and decide on his or her compensation
- ensure that the company's management system is functional

The Board of Directors also ensures that the values and ethical principles the company shall comply with in its operations have been specified.

The Board of Directors has drafted written rules of procedure for its work, describing the major tasks, operating principles and decision-making procedures of the Board of Directors. The Board of Directors meets as required, generally about 8-9 times a year. The average attendance of directors at the meetings is recorded in the Report of the Board of Directors.

The Board conducts an annual evaluation of its performance and working methods using an internal self-assessment method that is described in the Board's rules of procedure. The Board which was elected in spring 2005 carried out its self-assessment in January 2006.

New members of the Board of Directors are introduced to the company's affairs. The President and CEO is responsible for ensuring that directors are provided at all times with enough necessary information to enable them to assess the company's operations and financial position.

When electing Board members, it is taken into consideration that the majority of the directors must be independent of the company. In addition, at least two of the directors representing this majority must be independent of major shareholders in the company.

The biographical details and holdings of the directors and information on the remuneration paid to directors and their other benefits are published in the Annual Report and on the company's website.

The Incap Group does not have a Supervisory Board. The Board of Directors has not appointed committees from amongst its number.

The Annual General Meeting in 2005 resolved to elect six members to the Board of Directors. Seppo Arponen, Kalevi Laurila, Timo Leinilä, Sakari Nikkanen and Jorma Terentjeff were re-elected to seats on the Board of Directors, and Juha-Pekka Kallunki was elected as a new member. At its organisation meeting, the Board of Directors elected, from amongst its number, Jorma

Terentjeff chairman. The Board of Directors convened 14 times in 2005 and the average attendance was 95 per cent.

The 2005 Annual General Meeting confirmed that the monthly remuneration paid to the Chairman of the Board of Directors shall be EUR 2,000 and the monthly remuneration paid to directors shall be EUR 1,300. A fee of EUR 200 is paid for each meeting. The salaries and remuneration paid to directors in 2005 totalled EUR 131,200.

Of the members of the Board of Directors, Seppo Arponen, Kalevi Laurila and Jorma Terentjeff held a total of 18,750 stock options under the company's 2000 stock option scheme. The stock options entitle their holders to subscribe for an equal number of shares. The subscription period for the stock option scheme expired on 31 December 2005.

None of the directors is part of the equity-derivative compensation system unveiled in 2004.Their holdings are presented in the biographical information on directors on page 59.

President and CEO

The company's line operations are managed by the President and CEO, who carries out his or her duties in accordance with the instructions and regulations laid down by the Board. The President and CEO informs the Board of Directors of the development of the company's business operations and financial situation as well as oversees the legality of the company's operations and accounting and the reliable organisation of treasury management.

The President and CEO is elected by the Board of Directors, which decides on the President and CEO's salary and other benefits. The principal terms and conditions of the President and CEO's employment are specified in writing in his or her written employment contract that is approved by the Board of Directors. The chairman of the Board of Directors is the President and CEO's supervisor. The President and CEO participates in Board meetings as a presenting officer, but is not a Board member.

The biographical details and the holdings of the President and CEO are disclosed in the Annual Report and on the company's website. In addition, the company publishes the President and CEO's salary and other benefits, shares and stock options received as remuneration, retirement age and period of notice as well as the criteria for determining his or her pension and the terms and conditions of salary for the period of notice and other compensation payable on the basis of termination.

Juhani Hanninen, M.Sc. (Eng.), served as the President and CEO of the Incap Group during the 2005 financial year. For 2005, the salary paid to him amounted to EUR 199,181 and the remuneration EUR 55,360. By the end of 2005, the President and CEO holds 18,000 Incap shares, 30,000 stock options 2004A and 30,000 stock options 2004B. The chief executive's retirement age is determined in accordance with the Employees' Pensions Act. The chief executive's period of notice is six months, and if his executive contract is terminated by the company, he will be paid separate compensation corresponding to 12 months of salary in addition to the salary during the period of notice.

Other management

The Incap Group's Management Team assists the President and CEO in the management of line operations and participates in the preparation of matters that are to be dealt with by the Board of Directors. In addition to the President and CEO, the Management Team includes the executives in charge of the company's different functions. The members of the Management Team are appointed by the President and CEO, who also decides on the terms and conditions of the employment and salaries of the Management Team's members following the one-over-one principle. The Management Team meets regularly under the direction of the President and CEO, following the general guidelines of the Board of Directors.

The biographical details and the holdings of the Management Team are disclosed in the Annual Report and on the company's website. This information is presented on page 60 of this Annual Report.

Salary and incentives

Information on the remuneration and other benefits of the directors as well as the total number of shares and stock options held by the President and CEO and the Management Team are published in the Annual Report and on the company's website.

The main criteria concerning the compensation system covering the President and CEO and other executives are decided upon by the Board of Directors. The President and CEO and Management Team members receive remuneration tied to the company's annual earnings in accordance with the performance bonus system covering the entire company that has been approved by the Board of Directors.

The criteria for the remuneration paid to the President and CEO and the Management Team for 2005 were revenue, net result and inventory turnover rate.

Board members and entities under their control, the President and CEO and the Management Team own a total of 2,603,480 shares and 210,000 stock options.

Internal control, risk management and internal audit

The main principles and operating model for the company's internal control and internal audit are defined in the administration instructions approved by the Board of Directors. The Board of Directors ensures that the principles of internal control are complied with in the company and that the functionality of control is supervised.

The principles of the company's risk management are specified in writing. The supervision of business risks is part of the normal tasks of the Management Team and the Board of Directors. The company reports on significant risks of which it is aware in accordance with the recommendations on the communications of listed companies.

Insiders

The Incap Group's Guidelines for Insiders comply with the Helsinki Stock Exchange's Guidelines for Insiders, which came into effect on 1 January 2006, and they have been posted on the company's website. The Guidelines for Insiders have been distributed to all insiders and compliance with the Guidelines is supervised by, for example, inspecting the information on and trading by insiders once a year.

According to the company's Guidelines for Insiders, permanent insiders may not trade in the company's shares or equivalent securities in the 14-day period before the publication of an interim report or the financial statement bulletin. The appropriate time for such trading is within 28 days from the publication of an interim report and financial statement bulletin, nevertheless with the provision that a person who is a permanent insider does not have in his or her possession at that time any other insider information. The members of the Board of Directors and the Management Team as well as the secretary to the Board of Directors must always ascertain the appropriateness of their own trading by checking with the person in charge of insider issues prior to ordering the purchase or sale of shares.

Persons who are temporary insiders must not engage in trading in the company's shares during the time when they are insiders participating in a particular project.

The Group's permanent insiders are recorded in a register kept by Finnish Central Securities Depository Ltd. The register is divided into a public and non-public register. The public register includes the members of the Board of Directors, the auditor and the deputy auditor, the President and CEO and the Management Team. The non-public register includes Incap employees who have regular access to insider information in the course of their duties and whom the President and CEO has specified as insiders. A register of project-specific insiders is kept by Corporate Administration.

Audit

The primary purpose of the audit is to confirm that the financial statements give a true and fair view of the company's result of operations and financial position. In addition, the auditor inspects the legality of the company's administration.

The auditor is elected each year at the Annual General Meeting for a term that ends at the conclusion of the next Annual General Meeting. The auditor proposed by the Board of Directors is announced in the Notice of Meeting, if the candidate is known at that time, or separately after the publication of the actual Notice.

The fees paid to the auditor, as well as the fees paid for non-audit services, if any, are reported in the Annual Report and on the company's website.

The 2005 Annual General Meeting re-elected as the company's auditor the independent firm of accountants Ernst & Young Oy, with Rauno Sipilä, Authorised Public Accountant, acting as principal auditor. The auditors were paid a total of EUR 42,637 for audit and EUR 3,848 for other services.

Communications

Incap provides reliable, sufficient and up-to-date information on its business operations, financial development and business objectives. Corporate communications aim to raise the visibility of the company and generate increased interest in it, making sure that all interest groups have a correct and comprehensive view of the company that is in line with its strategy. Incap's communications comply with the regulations and statutes concerning the obligation of listed companies to provide information.

Information on the issues addressed in the Corporate Governance Recommendation is provided on the company's website (www.incap.fi), which is available in Finnish and English.

Board of Directors

From left in back: Timo Leinilä, Sakari Nikkanen and Juha-Pekka Kallunki
From left in front: Seppo Arponen, Jorma Terentjeff and Kalevi Laurila

Jorma Terentjeff

Chairman of the Board
Industrial Counsellor, M.Sc. (Eng.)
Born 1949
A non-executive director who is independent of the company and its major shareholders.

Jorma Terentjeff has been a member of the Board of Directors of Incap Corporation since 2001. He is chairman of the Board of Avanti Group Oy and previously has served as CEO of JOT Automation Group Ltd from 1995 to 2000. Prior to these posts he was CEO of Teknoventure Oy, Aspocomp Oyj and Oy Edacom Ab and he has served in a number of positions with Hansacon, Salcomp Oy and Salora Oy. He is a member of the supervisory board of Kaleva Mutual Insurance Company and is also a member of several other corporate boards. He is one of the ten largest shareholders in Incap.

Incap shares (held directly, by family members, and by controlled corporations): 569,976
Share options: -

Seppo Arponen

Industrial Counsellor, M.Sc. (Econ.)
Born 1943
Non-executive director

Seppo Arponen was appointed to the Board of Directors of Incap Corporation in 2002. He has served as COO of Finnvera plc since 1999. He previously held a number of positions in Finnvera's predecessor organisations Kehitysaluerahasto Oy and Kera Corporation, beginning in 1976. He is also a member of several other corporate boards.

Incap shares (held directly, by family members, and by controlled corporations): 3,500
Share options: -

Juha-Pekka Kallunki

Professor, D.Sc. (Econ.)
Born 1969
A non-executive director who is independent of the company and its major shareholders.

Juha-Pekka Kallunki has been a member of the Board of Directors of Incap since 2005. He is professor of financial accounting at the University of Oulu, Faculty of Economics and Business. His specialties are the stock market, financial statement analysis and company valuation. He has published several management books and dozens of international papers in accounting and finance. Juha-Pekka Kallunki has been a member of several other corporate boards.

Incap shares (held directly, by family members, and by controlled corporations): 4,000
Share options: -

Kalevi Laurila

B.Sc. (Eng.), Executive MBA
Born 1947
Non-executive director

Kalevi Laurila has been a member of the Board of Directors of Incap Corporation since 2002. Previously he was CEO of JMC Tools Oy and Turveruukki Oy as well as a director of Rautaruukki Oyj. He is also a member of several other corporate boards and is through JMC Finance Oy the largest shareholder in Incap.

Incap shares (held directly, by family members, and by controlled corporations): 1,976,848
Share options: -

Timo Leinilä

M.Sc. (Eng.)
Born 1950
A non-executive director who is independent of the company and its major shareholders.

Timo Leinilä was appointed to the Board of Directors of Incap Corporation in 2004. He served as President & CEO of Perlos plc from 1997 to 2003. Prior to this he was managing director of the Metra Corporation subsidiary IDO Bathroom Ltd, and from 1976 to 1988 he was employed in various positions with Dalsbruk Oy Ab, a part of Rautaruukki, most recently as head of the Dalsbruk unit. Timo Leinilä serves on a number of corporate boards, notably, Perlos plc, Salcomp Oyj and Evac Oy.

Incap shares: -
Share options: -

Sakari Nikkanen

Licentiate in Technology
Born 1952
A non-executive director who is independent of the company and its major shareholders.

Sakari Nikkanen was appointed to the Board of Directors of Incap Corporation in 2004. From 1996 to 2004 he has occupied various positions with Nokia Networks, notably, as head of the Microwave Radio and Radio Access businesses and as vice president in charge of systems technology. Before joining Nokia, he was employed by Sanik Consulting Oy, a consultancy owned by him, and prior to this, from 1979 to 1994, in various managerial positions with the former PI-Group, most recently as president and CEO of the entire Group. At present, Sakari Nikkanen is a management consultant with Sanik Consulting Oy. He is also a member of several other corporate boards.

Incap shares: -
Share options: -

Management Team

From left in back: Timo Sonninen, Juhani Hanninen and Liam Kenny
From left in front: Petri Saari, Hannele Pöllä and Tuula Ylimäki

Juhani Hanninen
President and CEO
Born 1948
M.Sc. (Eng.)

With the company since 2003
Previous positions with Siemens Oy, Aspo Oy Electronics, Ahlstrom Corporation and the Sulzer Group
Incap shares: 18,000
Stock options: 60,000

Timo Sonninen
Manufacturing services
Born 1966
B.Sc. (Eng.)

With the company since 1992
Previous positions with Elektrostep Oy and Incap Electronics Oy, which were part of the Incap Group
Incap shares: 10,056
Stock options: 30,000

Liam Kenny *Materials and logistics*
Born 1973
Certificate studies with American Purchasing and Inventory Control Society

With the company since 2005
Previous positions with SCI Ireland Ltd., SCI Systems Finland Oy and Sanmina-SCI EMS Haukipudas Oy
Incap shares: 3,000
Stock optons: 30,000

Petri Saari
Sales and marketing
Born 1969
B.Sc. (Eng.)

With the company since 2002
Previous positions with Nokia Cellular Systems and JOT Automation Group
Incap shares: 4,000
Stock options: 30,000

Hannele Pöllä
Communications and investor relations
Born 1955
Translation diploma (DKK), commercial institute graduate (MKT), Diploma in Corporate Communication Management (VJD)

With the company since 2000
Previous positions with Instrumentarium Corporation, Hoechst Fennica Oy and Nextrom Oy
Incap shares: 3,000
Stock options: 30,000

Tuula Ylimäki
Finance and administration
Born 1955
M.Sc. (Econ.)

With the company since 2003
Previous positions with Technopolis Plc, SCI Systems Finland and Pohjois-Suomen Opiskelija-asunto-säätiö (Northern Finland Student Housing Foundation)
Incap shares: 11,000
Stock options: 30,000

Press Releases in 2005

January

Incap started to implement a lead-free manufacturing process required by the RoHS directive in its electronics manufacture at its Vuokatti plant. (Press release, 3 January 2005)

Incap started to investigate the possibility of divesting its unprofitable aluminium machining and plating operations. In reporting the 2004 result, provision was made for recording non-recurring expenses for structural arrangements. (Stock exchange release, 19 January 2005)

Incap decided to upgrade the manufacturing capacity for sheet metal mechanics at its Helsinki plant. (Press release, 24 January 2005)

February

Incap's financial statements for 2004 showed an increase in consolidated revenue of 16% on the previous year to EUR 75.7 million. Profitability improved on the previous year and operating profit amounted to EUR 1.6 million. Deferred tax assets of EUR 1.7 million were booked to extraordinary income, and an impairment loss of EUR 3.9 million was recorded for extraordinary expenses in connection with structural arrangements for the aluminium machining and plating operations. Revenue in October-December was up 9% on the same period a year earlier to EUR 21.7 million. Operating profit for the period was EUR 0.4 million. (Stock exchange release, 22 February 2005)

March

The Annual General Meeting was held on 31 March in Oulu. The meeting granted the Board of Directors authorisations to increase the share capital through a rights issue, an issue of convertible bonds and/or the granting of share options. The clause in the Articles of Association concerning the number of the members of the Board of Directors was amended in line with the Corporate Governance recommendation and the number of ordinary members was set from five to seven. (Stock exchange release, 31 March 2005)

April

Aluminium machining and plating operations in Kempele and Ruukki were sold to companies in the MariCap Group. Incap's employees will transfer to the service of the buying company under their current terms of employment. (Stock exchange release, 1 April 2005)

Revenue in January-March grew by 9% compared with the revenue in the same period of last year and was EUR 20.9 million. Profitability was at the same level as in the year-ago period and operating profit was EUR 0.6 million. (Stock exchange release, 26 April 2005)

Incap and ABB Oy's Electrical Machines unit entered into a five-year co-operation agreement on the delivery of components that are used in synchronous machines. (Press release, 28 April 2005)

May

Incap and Assa Abloy have signed a new co-operation agreement that gives Incap the status of a global supplier in the Assa Abloy Group. The agreement covers the volume production of electronics and mechanics, as well as design, manufacturability, the production of pilot series and final assembly. (Press release, 30 May 2005)

July

According to Incap's advance estimate, second-quarter operating profit will surpass that of the first quarter of the year and come in at about EUR 1.0 million. Revenue was up to expectations and amounted to about EUR 20.4 million. (Stock exchange release, 11 July 2005)

August

Revenue in January-June grew by 11% on the figure reported for the same period of last year and was EUR 41.4 million. Operating profit amounted to EUR 1.6 million, that is about 4% of revenue. April-May revenue was EUR 20.4 million and operating profit EUR 1.1 million. (Stock exchange release, 4 August 2005)

Liam Kenny was appointed Incap Group's Vice President, Materials & Logistics, and a member of the Management Team as of 1 October. (Press release, 15 August 2005)

September

Incap decided to realise the planned expansion of its operations in Estonia by erecting a new building. A new manufacturing facility corresponding with Incap's production needs will be erected near the centre of Kuressaare. Incap will lease the premises. The new building, which will be completed in spring 2006, will triple current operating space. (Stock exchange release, 13 September 2005)

October

Incap and Tellabs signed a Memorandum of Understanding concerning the transfer of Tellabs prototype fabrication and preproduction manufacturing to Incap. (Stock exchange release, 10 October 2005)

Revenue in January-September grew by 7% on the figure reported for the same period of last year and was EUR 57.9 million. Operating profit doubled from the previous year to EUR 2.4 million, which is about 4% of revenue. Net profit for the period includes a total of EUR 2.7 million of extraordinary income that was recorded on disposals of businesses as well as for tax assets. Revenue in July-September was at the same level as in the corresponding period a year ago, as expected. Operating profit was almost triple the figure reported for the same period in 2004. (Stock exchange release, 26 October 2005)

November

The Incap Group will go over to reporting in accordance with the international IFRS standard at the beginning of 2005. The main changes between IFRS and FAS standards in the information for 2004 are the presentation of discontinued operations as a separate item, the recording of inventory expenses in the balance sheet, deferred tax assets and items of property, plant and equipment obtained under finance lease agreements. (Stock exchange release, 17 November 2005)

Incap and Tellabs Oy have signed an agreement where by Tellabs will outsource its prototype and preproduction manufacturing with related services to Incap. The co-operation agreement includes services for Tellabs R&D units in Finland and Denmark. (Stock exchange release, 30 November 2005)

Information for Shareholders

Annual General Meeting

The Annual General Meeting of Incap Corporation will be held on Tuesday, 11 April 2006 beginning at 5.00 p.m. in the Sokos Hotel Arina at the address Isokatu 24, 3rd floor, 90100 Oulu. In order to attend the Annual General Meeting, shareholders must be registered in the Shareholder Register kept by Finnish Central Securities Depository Ltd no later than by 31 March 2006.

Registration for attending the AGM must be made no later than 4.00 p.m. on 4 April 2006.

Registration can be made

- by email to laura.kuusela@incap.fi
- by mailing a letter to Incap Corporation/Laura Kuusela, Valuraudankuja 7, FI-00700 Helsinki
- by phone on +358 40 509 4757/ Laura Kuusela
- by fax to the number +358 10 612 5650.

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

Financial information

The publication dates for financial reports in 2006 are the following:

- Financial Statement Bulletin for 2005 on Wednesday, 15 March 2006
- Interim Report for January–March on Thursday, 4 May 2006
- Interim Report for January–June on Thursday, 10 August 2006
- Interim Report for January–September on Thursday, 9 November 2006.

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

Bulletins are named in accordance with the instructions issued by the Helsinki Stock Exchange. Stock exchange releases are published on events which are of major significance for the company and are estimated to have an impact on the share price. Bulletins designated as press releases provide information on the company's operations that is not expected to influence the share price. Stock exchange announcements contain information of an administrative or technical nature, such as the dates of releasing financial information or company functions for guests.

Publications

Incap's Annual Report, Interim Reports as well as stock exchange releases are published in Finnish and English. They are also available on the company's website at the address www.incap.fi. The main information directed at investors is grouped under the website heading "Investors".

The company's stakeholder magazine Incap Info comes out twice a year and it is mailed to shareholders at their addresses according to the Shareholder Register kept by Finnish Central Securities Depository Ltd. Subscriptions to the magazine can be made by registering on the company's website, using the order form.

Shareholders must make notification of changes of address by reporting the information to book-entry register of the bank with which they have a book-entry account.

Publications can be ordered from Corporate Communications

- by e-mail at the address laura.kuusela@incap.fi
- at the address Incap Oyj/ Communications, Valuraudankuja 7, FI-00700 Helsinki
- by phone on +358 40 509 4757/ Laura Kuusela
- on the company's website at the address www.incap.fi.

Investor relations

The task of Incap's investor communications is to provide precise and up-to-date information on the Incap Group's business operations and financial development. By means of open and diverse information channels the company seeks to ensure that all market participants receive information that is the same and adequate, so that they can assess the company as a prospective investment.

When publishing its results, Incap arranges press conferences for analysts, investors, providers of finance and members of press. A Capital Markets Day is held once a year.

In addition, the company's representatives meet with analysts and investors face to face, in seminars, at functions arranged by various organisations and at investor fairs.

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

Analysts who track Incap Corporation

To the best of our knowledge, at least the following analysts track Incap as a portfolio investment. Incap is not responsible for the content of such analyses or the estimates presented in them.

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Incap® 2006

Contents: Incap Corporation Graphic design: www.designtrio.fi Photographs: Jari Härkönen, Tekes, Suunto
Printing: Frenckellin Kirjapaino Oy
This report is printed on environmentally friendly MAXI Satin paper

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