

INCAP CORPORATION'S INTERIM REPORT 1-6/2002

- Incap Group's official net turnover in January-June was EUR 39.6 million and operating profit EUR 0.1 million.
- Incap-JMC's pro forma net turnover in January-June was EUR 33.8 million and operating loss EUR 2.4 million. Pro forma net turnover during the second quarter was EUR 17.0 million and operating loss EUR 1.2 million.
- JMC Tools Oy became a subsidiary of Incap Corporation in April 2002, and the merger of operations proceeded as planned.

The official interim report for January-June also covers the January-February data of Incap Furniture Ltd, which was differentiated from the group on 1 March 2002, and the May-June consolidated data of JMC Tools Oy, which was purchased in April. Pro forma figures are presented to illustrate the development of the current business operations during the reporting period. The combined pro forma profit and loss account of Incap-JMC was drawn up based on the assumption that the shares of Incap Furniture Ltd were sold and the shares of JMC Tools Oy were purchased at the beginning of the pro forma period on 1 January 2002. The principles of compiling the official and pro forma consolidated figures are described in more detail in connection with the tables.

Merger of Incap Group and JMC Tools Group

The new shares issued by Incap Corporation's ordinary annual general meeting to the shareholders of JMC Tools Oy were all subscribed on 19 April 2002, and JMC Tools Oy thereby became Incap Group's subsidiary. The boards of the companies signed the merger agreement on 3 May 2002, and the merger has been scheduled to take place on 31 December 2002. The utilization of the synergies to be derived from the integration of the business operations of Incap-JMC and the marketing of a comprehensive range of services to the group's clientele operating on several business sectors has already begun.

Group's financial development

Incap Group's official net turnover in January-June was EUR 39.6 million, or less by 14% compared to the corresponding period a year previously (EUR 46.0 million in January-June 2001). Operating profit was EUR 0.1 million (EUR 8.3 million), or about 0.3% (4%) of the net turnover. The group's loss before extraordinary items was EUR 0.3 million (profit EUR 8.1 million), and the loss of the reporting period was EUR 6.6 million (profit EUR 5.7 million). The removal of Incap Furniture subgroup's assets and liabilities from

the official consolidated accounts resulted in a book loss of EUR 6.1 million in the consolidated profit and loss account.

The official group's earnings per share were EUR -0.15 (EUR 1.63) and equity per share EUR 1.87 (EUR 7.08). The group's solvency ratio was 43,0% (43,1%). The balance sheet total was EUR 52.9 million (EUR 57.7 million).

Incap-JMC's pro forma net turnover in January-June 2002 was EUR 33.8 million and operating loss EUR 2.4 million. Net turnover during the second quarter was EUR 17.0 million and operating loss EUR 1.2 million. Pro forma earnings per share were EUR -0.90 and equity per share EUR 1.86.

The balance sheet total on 30 June was EUR 52.9 million and the pro forma solvency ratio 42.9%.

Incap-JMC's business development

Incap-JMC provides services in the manufacturing of electronic, mechanical and high-frequency components. In the telecommunication sector, especially the demand for high-frequency components continued to decline during the second quarter. The other customer sectors enjoyed a more stable market situation and their demand was higher.

The operations of the merged companies were organized during the second quarter, and more resources were allocated to the development and marketing of both comprehensive service packages and design services. The efforts to adjust the operations to meet the demand were simultaneously continued by improving the efficiency of processes. In order to retain its operating capacity and its level of expertise, the company had to selectively modify costs, which contributed to the accumulated losses.

The comparable net turnover of the electronics sector (electronic and mechanical manufacturing services without high-frequency components) during the reporting period was EUR 31.1 million (EUR 29.5 million in January-June 2001), and operating profit was EUR 0.4 million (EUR 1.1 million), or about 1% of net turnover (4%).

Investments

The group's total investments during the reporting period amounted to EUR 0.4 million (EUR 3.3 million), which accounts for about 1% (7%) of the net turnover. Incap-JMC invested EUR 0.3 million, or 0.8% of the pro forma net turnover. The company's capacity was under-utilized, and there was no need for major investments.

Financing

The group's quick ratio was 0.8 (1.0) and current ratio 2.0 (1.8). Net gearing ratio was 72.2% (50.2%) and solvency ratio 42.9% (43.1%).

Personnel and management

At the end of the reporting period, Incap Group was employing 640 (904) persons. Figures for the reference period include 266 persons employed by Incap Furniture Ltd. The employment contract of President and CEO Kari Saarinen terminated on 21 March 2002, after which Eija Jansson-Tervonen served as acting president. On 2 April 2002, Seppo Ropponen took over as new President and CEO for Incap. He was also appointed President for JMC Tools Oy on 10 April 2002.

To adopt the operations to market demand during the second half of the year co-operative negotiations have been initiated.

Shares and shareholders

The market price of Incap Corporation's shares ranged from EUR 2.56 to 5.63 during the reporting period. The company has a total of 12,180,880 shares, of which 6.5% changed hands during the reporting period. At the end of the period, the company had 587 shareholders. The company's market value at the end of the reporting period was EUR 39.8 million.

A total of EUR 0.105 million was paid as dividend during the reporting period.

At the end of the reporting period, the board of directors held an authorization to raise the share capital by a maximum of EUR 1,180,679.24.

Notifications in accordance with Securities Market Act 9:2

During the reporting period, out of the voting rights and share capital of Incap Corporation, the proportion of JMC Finance Oy has exceeded 15%, the proportion of Finnvera plc has dropped below 15%, the proportion of Jorma Terentjeff has exceeded 10%, the proportions of funds controlled by Teknoventure Oy and Eqvitec Partners Oy and the proportion of Pohjola Group plc have exceeded 5% and the proportion of Conventum Ltd. has dropped below 5%.

Prospects

Incap-JMC's net turnover in 2002 is expected to be close to the 2001 level. The profit for the third quarter is expected to be lower than in the second quarter due to one-time cost items. Profitability is expected to increase during the last quarter of the year, thanks to the on-going measures to improve efficiency and the synergies to be derived from the merger.

	1-6/ 2002	1-6/ 2001	Change %	1-12/ 2001
NET TURNOVER	39 591	45 988	-14	99 692
Operating charges	-39 493	-37 685	5	-87 483
OPERATING PROFIT	98	8 303	-99	12 209
Financial income and expenses	-441	-241	83	-795
LOSS BEFORE EXTRAORDINARY ITEMS	-343	8 062	-104	11 414
Extraordinary items	-6 081	-		-3
LOSS BEFORE TAXES	-6 424	8 062	-180	11 411
Indirect taxes	-196	-2 338	-92	-3 534
LOSS FOR THE FINANCIAL PERIOD	-6 620	5 724	-216	7 877

CONSOLIDATED BALANCE SHEET (1000 e) 30.6.02 30.6.01 Change 31.12.01
(unaudited) %

ASSETS

NON-CURRENT ASSETS	20 807	11 556	80	26 922
Intangible assets	1 922	2 230	-14	2 175
Tangible assets	18 874	9 316	103	24 737
Investments	11	10	10	10
CURRENT ASSETS	32 098	46 135	-30	42 021
Stocks	19 028	20 464	-7	22 335
Debtors	11 859	22 378	-47	18 362
Short-term investments, cash in hand and at bank	1 211	3 293	-63	1 324
TOTAL	52 905	57 691	-8	68 943

LIABILITIES

CAPITAL AND RESERVES	22 734	24 849	-9	27 032
Subscribed capital	20 487	5 904	247	5 904
Share premium account	4 224	4 224	-	4 224
Retained earnings	4 561	8 997	-49	9 027
Profit/loss for the financial period	-6 620	5 724	-216	7 877
Capital loans	82	-		-
MANDATORY PROVISIONS	-	-		800
CREDITORS	30 171	32 842	-8	41 111
Deferred tax liabilities	539	2 815	-81	3 557
Other long-term creditors	13 255	5 141	158	10 281
Short-term creditors	16 377	24 886	-34	27 273
TOTAL	52 905	57 691	-8	68 943

KEY FIGURES

Earnings/share, euro	-0.15	1.63	-106	2.24
Equity/share, euro	1.87	7.08	-74	7.70
Solvency ratio, %	43.0	43.1	-	39.2
Investments, million euro	0.4	3.3	-88	21.3
% of net turnover	0.9	7.0		21
Average number of staff	662	852		847

GROUP'S LIABILITIES, million euro

FOR ITS OWN DEBT

Mortgages	8.5	9.0		18.9
Corresponding debt	4.2	6.7		11.8
Other liabilities	10.7	13.8		13.4

Notes to interim report:

The figures for the reference period 1-6/2001 include the data of Incap Furniture Ltd group, which in the reporting period 2002 only is included for January-February, because the business sector was sold. Further, the information for the reporting period includes the May-June consolidated figures of JMC Tools Oy, which was purchased in April 2002. The reporting period and the reference period hence do not give comparable views of the development of business.

INCAP-JMC PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT (1000 e)
(unaudited)

	1-6/2002	1-12/2001
NET TURNOVER	33 841	71 561
Operating charges	-36 235	-76 778
OPERATING LOSS	-2 394	-5 217
Financial income and expenses	-556	-1 134
LOSS BEFORE EXTRAORDINARY ITEMS	-2 950	-6 351
Extraordinary items	-	3 596
LOSS BEFORE TAXES	-2 950	-2 755
Direct taxes	-197	-863
LOSS FOR THE FINANCIAL PERIOD	-3 147	3 618

CONSOLIDATED BALANCE SHEET (1000 e) 30.6.2002 31.12.2001
(unaudited)

ASSETS

NON-CURRENT ASSETS	20 807	23 983
Intangible assets	1 922	2 227
Tangible assets	18 874	20 481
Investments	11	1 275
CURRENT ASSETS	32 076	38 658
Stocks	19 028	23 584
Debtors	11 836	14 526
Short-term investments, cash in hand and at bank	1 212	548
TOTAL	52 883	62 641

LIABILITIES

CAPITAL AND RESERVES	22 711	22 520
CREDITORS		
Creditors with interest		
Long-term	13 257	13 470
Short-term	4 364	7 655
Creditors without interest		
Short-term	12 551	18 996
TOTAL	52 883	62 641

KEY FIGURES

Earnings/share, euro	-0.90	-0.59
Equity/share, euro	1.86	1.83
Solvency ratio, %	42.9	36.0
Investments, million euro	0.3	7.0

% of net turnover	0.8	9.8
Average number of staff	662	719

Principles of compiling the pro forma review:

The pro forma information covers the whole year 2001 and January-June 2002 without reference data. The combined pro forma profit and loss account of Incap-JMC was drawn up based on the assumption that the shares of Incap Furniture Ltd were sold and the shares of JMC Tools Oy were purchased at the beginning of the pro forma period on 1 January 2002. The January-February information of Incap Furniture Ltd (sale of shares on 1 March 2002) was therefore removed from Incap Group's official January-June profit and loss account, while the January-June information of JMC Tools Oy (purchase of shares on 19 April 2002) was added to it. The merger of Incap Group and JMC Tools Group took place on 19 April 2002.

The consolidation of both the official and the pro forma consolidated balance sheets at the group level was done in accordance with the Accounting Committee's resolution 1591/1999 concerning accountancy proceedings upon exchange of shares, whereby the exchange of shares does not result in corporate goodwill value. The IAS principles of consolidation may differ from the procedure outlined above. The pro forma balance sheet was drawn up based on the assumption that the sale of Incap Furniture Ltd's shares and the acquisition of JMC Tools Oy's shares had taken place at the end of the pro forma period on 30 June 2002.

The corporate brochure, in which the process of drawing up the pro forma profit and loss account and balance sheet has been explained in more detail, is available on order by e-mail at info@incap.fi or by telephone at +358 10 612 5616/Hannele Pöllä.

The interim report 1-9/2002 will be published on 6 November 2002.

Helsinki, 13 August 2002

INCAP CORPORATION
Board of directors

Seppo Ropponen
President and CEO

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INCAP IN BRIEF

Incap Corporation designs and manufactures electronic and mechanical components, sub-assemblies and box-build products. An area of special expertise is the high-frequency products used in wireless communication networks.

The company's customers are leading suppliers of equipment in the information and communication technology, electrical engineering, automation and process, measurement technology, medical and security industries.

Incap provides to its customers versatile manufacturing services, including prototype manufacturing, machining, chemical milling, high-precision surface treatment, PCB assembly, sheet-metal mechanics, flexible PCBs, product integration and testing. Incap is also actively involved in technological cooperation, product development, fast ramp-up of new products and product generations, design for testing and improvement of logistic efficiency.

The company's production units are located in Helsinki, Kempele, Ruukki, Vaasa and Vuokatti as well as Kuressaare, Estonia. In June 2002, Incap was employing about 640 persons.

Incap Corporation's share (INC1V) has been listed in the Helsinki Stock Exchange since 1997. For further information about the company, visit www.incap.fi.