

INCAP CORPORATION'S INTERIM REPORT 1-3/2002

- Incap Corporation's net turnover in January-March 2002 was EUR 23.1 million and operating profit EUR 0.9 million.
- The capital stock of Incap Furniture Oy was sold on 1 March 2002.
- Incap Corporation's ordinary annual general meeting on 21 March 2002 approved the new issue of shares to the shareholders of JMC Tools Oy, and when the new shares had been subscribed on 19 April 2002, JMC Tools Oy became a subsidiary of Incap Corporation.
- Incap-JMC's pro forma net turnover in January-March 2002 was EUR 16,9 million and operating loss EUR 1.1 million.
- JMC Tools Oy will be merged to Incap Corporation as a subsidiary.

Group's financial development

Incap Group's net turnover during the first quarter, including the figures of Incap Furniture subgroup for January-February was EUR 23.1 million (EUR 22.5 million in January-March 2001) and operating profit EUR 0.9 million (EUR 0.3 million), or 4 % of net turnover (1 %). The group's profit before extraordinary items was EUR 0.6 million (EUR 0.2 million) and loss for the accounting period EUR 5.5 million (EUR 0.1 million). The removal of the assets and debts of the Incap Furniture subgroup from the Incap Group's financials resulted in a loss of EUR 6.1 million in the consolidated profit and loss account. The loss will have no effect on the group's untied equity. The sale of the capital stock of Incap Furniture Ltd resulted in a profit of EUR 0.7 million and a cash flow of EUR 5,55 million to Incap Corporation.

Earnings per share were EUR 0.70 (EUR 0.16) and equity per share EUR 5.75 (EUR 5.59). The group's equity ratio was 49.6 % (42.8 %). The group's balance sheet total was EUR 40.8 million (EUR 68.9 million).

Development of the group's business sectors

The net turnover of Incap's electronics sector was EUR 15.1 million (EUR 13.8 million) and operating profit EUR 0.28 million (EUR 0.31 million). Demand in the customer sectors remained low throughout the early part of the year as forecast. The measures launched last year to enhance the efficiency and adaptability of production were continued, and their impact was seen during the

reporting period. Services producing added value to the customer, design and product integration were increased.

The shares of Incap Furniture Ltd were sold on 1 March 2002. The net turnover from the contract manufacturing of furniture for January-February was EUR 8.0 million and operating profit EUR 0.59 million.

Investments

The group's total investments during the reporting period were EUR 0.2 million (EUR 1.5 million), or 0.7 % (7.0 %) of net turnover.

Financing

The group's quick ratio was 0.8 (1.0) and current ratio 2.2 (1.6). Net gearing ratio was 23.2 % (53.7 %) and equity ratio 49.6 % (42.8 %).

Staff

At the end of the reporting period, Incap Group employed 519 persons (833 persons). The employment contract of President and CEO Kari Saarinen terminated on 21 March 2002, after which Eija Jansson-Tervonen served as acting president until 2 April 2002, when Seppo Ropponen took over as new President and CEO for Incap.

Shares and shareholders

At the end of the reporting period, the company had a total of 3,510,110 shares. The market price of the shares ranged from EUR 3.73 to EUR 5.63. Altogether 1.8 % of the shares changed hands during the reporting period. The company's market value was EUR 14.7 million.

The ordinary annual general meeting held on 21 March 2002 authorized the board of directors to decide about the raising of share capital, the issuing of warrants and/or the taking of convertible bonds. Based on this authorization, the share capital can be raised by a maximum of EUR 1,180,679.24.

The ordinary annual general meeting authorized a directed issue of shares to the shareholders of JMC Tools Oy. The new shares were paid by shares of JMC Tools Oy in such a way that one A or B share of JMC Tools Oy entitled its holder to subscribe 7.856 new shares of Incap Corporation. The new issue was entered in the trade register on 24 April 2002. Incap Corporation's share capital was raised by EUR 14,583,188.27, and the number of shares grew by 8,670,770 up to a total of 12,180,880 shares.

After the exchange of shares on 19 April 2002, the shareholders of JMC Tools Oy owned 71.2 % of Incap Corporation's shares and voting rights.

After the exchange of shares, Incap Corporation's ten biggest shareholders were JMC Finance Oy (15.5 %), Finnvera plc (14.2 %), Jorma Terentjeff (12.0 %), Teknoventure Oy (7.3 %), Conventum Ltd. (5.4 %), Jorkale Oy (5.0 %), Eqvitec Technology Fund II Ky (3.4 %), Aura Capital Fund V Ky (3.0 %), ABB Pension funds (2.9 %) and Fortel Invest Oy (2.6 %).

Board of directors

The ordinary annual general meeting on 21 March 2002 appointed the following persons to serve as board directors for Incap Corporation: Seppo Arponen, Kalevi Laurila, Markku Puskala, Jorma Terentjeff and Juhani Vesterinen. The board appointed Jorma Terentjeff as its chairman.

Auditor

The annual general meeting appointed Tilintarkastajien Oy - Ernst & Young as the auditing community, with Rauno Sipilä, APA, as the responsible auditor.

Group after the merger

From 19 April 2002 onwards, Incap Corporation will be a group where Incap Corporation is the parent company and Incap Electronics Estonia Oü and JMC Tools Oy and its subsidiary Ultraprint Oy are subsidiaries. The group is fully owned by the parent company.

The extraordinary general meeting of JMC Tools Oy on 3 May 2002 appointed as board directors the following persons: Seppo Ropponen, Seppo Airio, Jari Niskanen and Rauni Nokela.

Incap Corporation's production facilities are located in Sotkamo (manufacturing of electronic components and subassemblies), Helsinki (manufacturing of mechanical components and subassemblies), Vaasa (manufacturing of mechanical components and subassemblies), Kuressaar, Estonia (manufacturing of electronic components and subassemblies), Kempele (machining of RF components and multicircuit boards, flexible circuit boards and etched sheet metal components) and Ruukki (coating, etching and high-speed machining of RF components).

Incap Corporation's group office was moved on 30 April 2002 from Espoo to Kempele, address Incap Oyj,

Kempeleentie 46, 90440 Kempele. The corporation's domicile continues to be Helsinki.

The company's most significant customer sectors are information and communication technology, power technology, automation and process industries, safety electronics and health care products.

Plan for the merger of Incap Corporation and JMC Tools

The boards of Incap Corporation and JMC Tools Oy approved on 3.5.2002 a merger plan, according to which JMC Tools Oy, whose shares are fully owned by Incap Corporation, will merge to Incap Corporation around 31 December 2002. The merger documents are available for inspection at the Incap Corporation's Kempele office at Kempeleentie 46.

Financial results of the merged Incap-JMC operation

The pro forma net turnover of the merged Incap Corporation and JMC Tools Oy in January-March 2002 was EUR 16.9 million and operating loss EUR 1.1 million. Pro forma loss per share was EUR 0.5 and equity per share EUR 2.00.

Pro forma equity ratio at the end of the reporting period was 42.7 %. The balance sheet total on 31.3.2002 was EUR 57.1 million.

A corporate brochure was published about the merger of the companies on 1.3.2002, which contained the pro forma profit and loss accounts and balance sheets of the merged companies for the years 2000 and 2001. The pro forma profit and loss account and balance sheet for the reporting period 1-3/2002 were compiled using the same computing principles as in the corporate brochure, which are also mostly presented in the table captions of this release. The corporate brochure is available on order via e-mail at info@incap.fi or by telephone at +358 10 612 2002/Hannele Pöllä, or it can be collected at Incap Corporation, Kempeleentie 46, 90440 Kempele.

Incap-JMC management and personnel

Seppo Ropponen, President and CEO for Incap Corporation, was also appointed President for JMC Tools Oy on 10.4.2002, when Kalevi Laurila resigned from his duties. During the first quarter, Incap-JMC employed an average of 670 persons.

Prospects

Expectations concerning the growth of demand towards the end of the year are cautious. The net turnover of Incap-JMC is expected to remain at the level of 2001. The

measures to improve the efficiency of production and the possible synergies to be derived from the merger are likely to improve the results during the last quarter.

The group will retain its capability for a quick ramp-up of its capacity in all customer sectors. The large range of services provided by Incap-JMC and the broad customer base will enhance competitiveness. After the merger, the services provided by the corporation will include a new area growth, namely product and service concept containing high-frequency technology for wireless networks.

INCAP GROUP'S

CONSOLIDATED PROFIT AND LOSS ACCOUNT (1000 e)

(unaudited)	1-3/ 2002	1-3/ 2001	Change %	1-12/ 2001
NET TURNOVER	23 091	22 483	3	99 692
Operating charges	-22 226	-22 201	-	-87 483
OPERATING PROFIT	865	282	207	12 209
Financial income and expenses	-253	-86	194	-795
PROFIT BEFORE EXTRAORDINARY ITEMS	612	196	212	11 414
Extraordinary items	-6 081	-	-	-3
LOSS BEFORE TAXES	-5 469	196	-2 890	11 411
Direct taxes	-	-57	-100	-3 534
RESULT FOR THE FINANCIAL PERIOD	-5 469	139	-4 035	7 877

CONSOLIDATED BALANCE SHEER (1000 e)	31.3.02 (unaudited)	31.3.01	Change %	31.12.01
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ASSETS

NON-CURRENT ASSETS	10 275	16 261	-37	26 922
Intangible assets	1 443	2 153	-33	2 175
Tangible assets	8 824	14 098	-37	24 737
Investments	8	10	-20	10
CURRENT ASSETS	30 484	29 551	3	42 021
Stocks	19 135	11 819	62	22 335
Debtors	9 080	14 948	-39	18 362
Short-term investments, cash in hand and at bank	2 269	2 784	-18	1 324
TOTAL	40 759	45 812	-11	68 943

LIABILITIES

CAPITAL AND RESERVES	20 198	19 619	3	27 032
Subscribed capital	5 904	5 904	-	5 904
Share premium account	4 224	4 224	-	4 224
Retained earnings	15 539	9 352	66	9 027
Profit/loss for the financial period	-5 469	139	-4 035	7 877
MANDATORY PROVISIONS	-	-	-	800

CREDITORS	20 561	26 193	-22	41 111
Deferred tax liabilities	539	984	-45	3 557
Other long-term creditors	6 086	6 654	-9	10 281
Short-term creditors	13 936	18 555	-25	27 273
TOTAL	40 759	45 812	-11	68 943

KEY FIGURES

Earnings/share, euro	0.70	0.16	338	2.24
Equity/share, euro	5.75	5.59	3	7.70
Equity ratio, %	49.6	42.8	16	39.2
Investments, million euro	0.2	1.5	-87	21.3
% of net turnover	0.7	7		21
Average number of staff	529	833	-36	847

GROUP'S LIABILITIES, million euro FOR ITS OWN DEBT

Mortgages	5.0	7.8	-36	18.9
Corresponding debt	1.6	8.7	-82	11.8
Other liabilities	10.6	14.5	-27	13.4

Notes to interim report:

The figures for the group's reference period 1-3/2001 include the figures for Incap Furniture Ltd group, of which, due to the change of corporate structure, only the figures for 1-2/2002 are included in the corporate financials for 1-3/2002. The reporting period and the reference period are hence not comparable.

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR INCAP-JMC

(unaudited)	1-3/2002	1-12/2001
NET TURNOVER	16 876	71 561
Operating charges	-18 026	-76 778
OPERATING PROFIT	-1 150	-5 217
Financial income and expenses	-319	-1 134
PROFIT BEFORE EXTRAORDINARY ITEMS	-1 469	- 6 351
Extraordinary items	-	3 596
LOSS BEFORE TAXES	- 1 469	-2 755
Direct taxes	-2	-863
PROFIT/LOSS FOR THE FINANCIAL PERIOD	-1 471	-3 618

CONSOLIDATED BALANCE SHEET (unaudited)	31.3.02	31.12.01
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ASSETS

NON-CURRENT ASSETS	21 773	23 983
Intangible assets	2 080	2 227
Tangible assets	19 682	20 481
Investments	11	1 275
CURRENT ASSETS	35 277	38 658
Stocks	21 936	23 584
Debtors	11 011	14 526

Short-term investments, cash in hand and at bank	2 330	548
TOTAL	57 050	62 641
LIABILITIES		
CAPITAL AND RESERVES	24 332	22 520
CREDITORS		
Creditors with interest		
Short-term	3 007	7 655
Long-term	13 221	13 470
Creditors without interest		
Short-term	16 490	18 996
Long-term	-	-
TOTAL	57 050	62 641
KEY FIGURES		
Earnings/share, euro	-0.48	-0.59
Equity/share, euro	2.00	1.83
Equity ratio, %	42.7	36.0
Investments, million euro	0.2	7.0
% of net turnover	1.5	9.8
Average number of staff	683	719

Principles of compiling the pro forma review:

The consolidated pro forma profit and loss account includes Incap Corporation's profit and loss data for 1-3/2002 in such a way that the sale of the shares of Incap Furniture Ltd is assumed to have taken place at the beginning of the pro forma period on 1 January 2002. This profit and loss account and the profit and loss account reported by JMC Tools Group have been compiled into a pro forma profit and loss account.

The consolidation of the annual accounts at the group level was done with reference to the decision of the Accounting Committee concerning the accounting process 1591/1999, whereby the exchange of shares does not result in corporate goodwill value. The IAS principles of consolidation may differ from the above procedure. The pro forma balance sheet was based on the presumption that the sale of the shares of Incap Furniture Ltd and the acquisition of the shares of JMC Tools Oy would have taken place at the end of the pro forma period.

The key figures presented here have been calculated on the basis of the pro forma profit and loss account and balance sheet.

The interim report for 1-6/2002 will be published on 13.8.2002.

Kempele, 3 May 2002

INCAP CORPORATION
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