2016

Annual Report

ASPOCOMP

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CEO'S REVIEW

Our main strategic objective for 2016 – 'Accelerate growth' – was well achieved on the whole. The market situation was weak at the beginning of the year, but sales began growing in line with expectations during the second quarter and remained strong throughout the year.

Sales developed well as from the second quarter and peaked in the fourth quarter, amounting to EUR 6.6 million (EUR 4.8 million 10-12/2015), a year-on-year increase of 39 percent. Full-year net sales amounted to EUR 21.6 million (EUR 17.5 million/2015), representing very strong annual growth of 24 percent.

The development of the new generation of computer network systems generated demand for PCBs, which picked up significantly towards the end of the year and was the main driver of growth in the fourth quarter. The needs of automotive industry customers remained firm throughout the year and the entire customer segment doubled its sales compared to the previous year.

Profitability improved clearly during the fourth quarter as deliveries focused on more technologically demanding products. The operating result for the fourth quarter amounted to EUR 0.8 million, over 12 percent of net sales. Full-year operating result rose into the black and amounted to EUR 0.7 million, or over 3 percent of net sales. Working capital increased by EUR 1.6 million due to business growth. In spite of this, the cash flow was positive at EUR 0.1 million.

The printed circuit board market is estimated to grow by 2 percent in 2017 (source: Custer Consulting Group). Aspocomp expects net sales growth to continue outpacing the market and reach a level of about 10 percent in 2017. Profitability is expected to improve from 2016, mainly due to the growing net sales and more balanced demand.

The company's aim is to systematically expand its services to cover the PCB needs of customers over the entire life cycle and thereby balance out variations in demand and the order book.

I would like to thank our loyal customers, shareholders and other stakeholders for the past year. I would also like to say a big thanks to our hard-working and flexible staff.

Espoo, February 28, 2017

Mikko Montonen
President and CEO

REPORT OF THE BOARD OF DIRECTORS

2016 IN BRIEF

	1-12/2016	1-12/2015	Change *
Net sales	21.6 M€	17.5 M€	4.2 M€
EBITDA	1.8 M€	0.0 M€	1.8 M€
Comparable operating result	0.7 M€	-0.9 M€	1.6 M€
% of net sales	3.2 %	-5.4 %	*8.6* ppts
Operating result	0.7 M€	-1.2 M€	1.9 M€
Earnings per share	0.16 €	-0.16 €	0.32 €
Operative cash flow	0.1 M€	-0.1 M€	0.2 M€
Equity ratio	67.6 %	68.6 %	-1.0 ppts
Order book at the end of period	2.4 M€	0.7 M€	1.6 M€

* The total may deviate from the sum totals due to rounding up and down.

NET SALES AND EARNINGS

Net sales amounted to EUR 21.6 million, a year-on-year increase of 24 percent. The needs of automotive industry customers remained firm throughout the year and the entire customer segment doubled its sales compared to the previous year.

The five largest customers accounted for 53 percent of net sales (47% 1-12/2015). In geographical terms, 93 percent of net sales were generated in Europe (93%), 5 percent in Asia (5%) and 2 percent in North America (2%).

Operating result amounted to EUR 0.7 million (EUR -1.2 million 1-12/2015). The comparable operating result was EUR 0.7 million (EUR -0.9 million 1-12/2015, excluding the Teuva plant's shutdown costs).

Net financial expenses amounted to EUR 0.1 million (EUR 0.1 million). Earnings per share were EUR 0.16 (EUR -0.16).

INVESTMENTS AND R&D

Investments during the review period amounted to EUR 0.4 million (EUR 0.5 million 1-12/2015).

R&D costs comprise general production development costs. These costs do not fulfill the IAS 38 definition of either development or research and are therefore booked into plant overheads.

CASH FLOW AND FINANCING

Cash flow from operations during the period was EUR 0.1 million (EUR -0.1 million 1-12/2015).

Cash flow after investments was EUR -0.2 million (EUR -0.5 million).

Cash assets amounted to EUR 0.3 million at the end of the period (EUR 0.3 million). Interest-bearing liabilities amounted to EUR 1.5 million (EUR 1.3 million 12/2015). Gearing was 12 percent (11%). Non-interest-bearing liabilities amounted to EUR 3.6 million (EUR 3.0 million). At the end of the period, the Group’s equity ratio amounted to 68 percent (69%).

The company also has a EUR 0.5 million credit facility, which was not in use at the end of the review period (EUR 0.0). In addition, the company has a recourse factoring agreement, of which EUR 0.4 million was in use (EUR 0.7 million).

Deferred tax assets

At the end of the 2016 financial year, the company had approximately EUR 3.0 million in deferred tax assets in its balance sheet. The deferred tax assets are primarily due to decelerated tax depreciation.

Personnel

During the review period, the company had an average of 106 employees (121 in 1-12/2015). The personnel count on December 31, 2016 was 108 (106 in 12/2015). Of them, 69 (66) were non-salaried and 39 (40) salaried employees.

The Group's personnel expenses amounted to EUR 6.2 million (EUR 5.9 million in 2015). In addition, the Group booked personnel service costs of EUR 0.1 million in 2016 (EUR 0.1 million 2015).

	2016	2015
Permanent employees, average (no.)	106	121
Personnel expenses, permanent employees (M€)	6.0	5.7
Personnel expenses, part-time employees (M€)	0.2	0.2

Environment

Aspocomp complies with the environmental legislation and regulations that are in force as well as seeks to proactively boost the efficiency of its operations while taking environmental issues into consideration in all of its functions. The company is committed to continuously reducing its adverse environmental impacts, such as by cutting emissions, conserving natural resources, and using the best available and economically viable technologies.

In order to achieve these objectives, Aspocomp trains its employees and constantly works in cooperation with its customers, the authorities and other stakeholders. Aspocomp manages its environmental compliance with an ISO 14001-certified environmental system. The company has initiated steps to update its environmental program to reflect the latest ISO 14001:2015 version.

Aspocomp can provide its customers with detailed material reports that itemize the chemical elements and compounds used in each PCB. Customers can consult these reports to determine the recyclability of the final product at the end of its life cycle.

Aspocomp identifies and assesses the environmental perspectives of its operations at least every other year. These reviews are performed by a working group assembled by the officer responsible for environmental issues. The evaluation of environmental perspectives carried out in 2016 focused in particular on determining possibilities to upgrade material efficiency and recycling. On the basis of the evaluation, the following goals were set for the environmental program in 2016-2018:

- Reuse of the epoxy used for capping material in through holes
- Reuse of the material used for pressure equalization in pressing

Every year, the company provides the national environmental protection information system with data on its use of energy and chemicals, production volumes, water consumption, wastes generated during operations, and the wastewater load discharged into bodies of water.

The Annual General Meeting 2016

The Annual General Meeting of Aspocomp Group Plc. was held on April 7, 2016 at Keilaranta 1, Espoo, Finland. The Annual General Meeting adopted the annual accounts and the consolidated annual accounts for the financial period 2015 and granted the members of the Board of Directors and the CEO discharge from liability. The Meeting decided not to pay dividend for the financial period 2015.

The Board of Directors

The Annual General Meeting 2016 decided to set the number of Board members at four and re-elected Ms. Päivi Marttila and Ms. Kaarina Muurinen, and elected Mr. Matti Lahdenperä and Mr. Juha

Putkiranta as a new member to the board, for a term of office ending at the closing of the following Annual General Meeting.

The Annual General Meeting decided that the chairman of the Board of Directors will be paid EUR 30,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. Additional to this no meeting remunerations shall be paid. The members of the Board of Directors will further be reimbursed for reasonable travel and lodging costs. Travel and lodging costs will however not be compensated to those members of the Board of Directors who reside in the greater Helsinki area when the meetings are held in the greater Helsinki area.

Authorizations given to the Board

The Annual General Meeting decided to authorize the Board of Directors, in one or more installments, to decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 1,280,000 shares.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as own shares possibly held by the company. The issuance of shares and of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the General Meeting on March 26, 2015 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization is valid until June 30, 2017.

The Board of Directors' organization meeting

In its organization meeting on April 7, 2016, the Board of Directors of Aspocomp Group Plc. re-elected Ms. Päivi Marttila as Chairman of the Board and Ms. Kaarina Muurinen as Vice Chairman of the Board. Board committees were not established as the extent of the company's business did not require it. The Board attended to the duties of Audit, Nomination and Remuneration Committees as set out in the company's Articles of Association.

Auditor

The General Meeting re-elected in accordance with the proposal of the Board of Directors PricewaterhouseCoopers Oy, Authorized Public Accountants as the company's auditor for the 2016 financial year. The Meeting resolved that the auditor's fees shall be paid according to the auditor's invoice.

The Management Team

Mikko Montonen, M.Sc. (Eng.) is the President and Chief Executive Officer of Aspocomp Group Plc. Jari Isoaho, COO, has been deputy to the CEO as of September 19, 2011. In addition to Mr. Montonen and Mr. Isoaho, the Management Team of the company includes Jouni Kinnunen, CFO, Antti Ojala, VP Business Development and Tero Päärni, VP, Sales.

Corporate Governance Statement

Aspocomp's Corporate Governance Statement 2016 is presented separately on pages 77-88 of the Annual Report. The statement is also available on the company's Internet site at www.aspocomp.com/governance.

SHARES AND OWNERSHIP STRUCTURE

Number of shares

The CEO subscribed a total of 90,000 new Aspocomp shares under the company's 1/2014 stock option terms on November 28, 2016. The new shares were registered in the Trade Register on December 21, 2016. The new shares were incorporated into the book-entry system and admitted to trading on Nasdaq Helsinki in the same class with the company's other shares on December 22, 2016. After the registration of the new shares, the total number of Aspocomp Group Plc's shares increased to 6,496,505, as shown in the table below.

Date		Change	Number of shares
Jan. 1, 2016			6,406,505
Nov. 28, 2016	Stock options	+ 90,000	90,000
Dec. 31, 2016			6,496,505

Share turnover and price

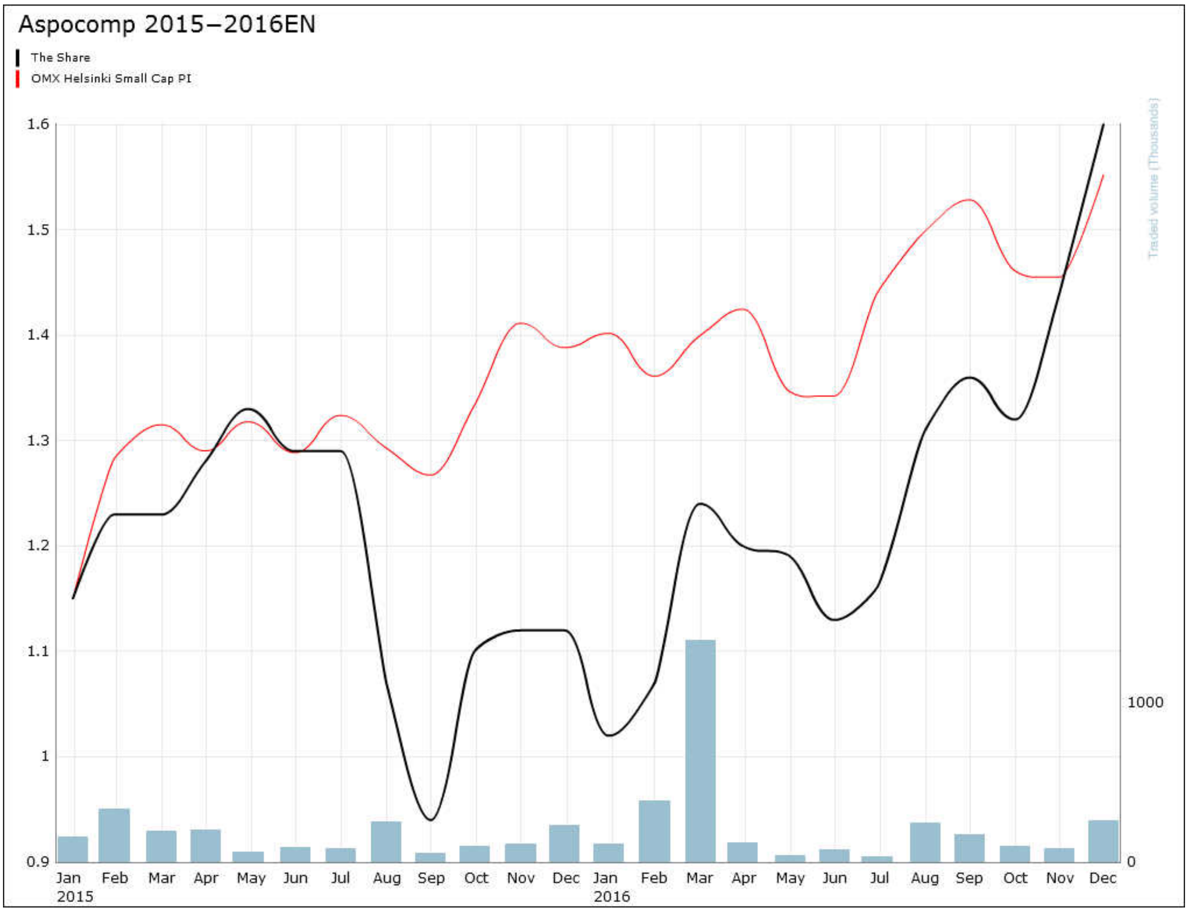
The total number of Aspocomp’s shares at December 31, 2016 was 6,496,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares. Each share is of the same share series and entitles its holder to one vote at a General Meeting and to have an identical dividend right.

Aspocomp Group Plc. shares have been listed on the main list of the Helsinki Stock Exchange since October 1, 1999. The company’s trading code on the Nasdaq Helsinki Small Cap segment is ACG1V.

A total of 3,020,853 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to December 31, 2016. The aggregate value of the shares exchanged was EUR 3,787,959. The shares traded at a low of EUR 0,97 and a high of EUR 1.62. The average share price was EUR 1.25. The closing price at December 30, 2016 was EUR 1.60, which translates into market capitalization of EUR 10.4 million.

The company had 2,817 shareholders at the end of the review period. Nominee-registered shares accounted for 4.3 percent of the total shares.

Share price development and share turnover per month



Ownership structure

Size of holding, December 31, 2016

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,129	40.1	52,383	0.8
101 - 500	886	31.4	246,246	3.8
501 - 1,000	337	12	275,042	4.2
1,001 - 5,000	349	12.4	805,141	12.4
5,001 - 10,000	59	2	437,478	6.7
10,001 - 50,000	41	1.5	858,856	13.2
50,001 - 100,000	10	0.4	767,562	11.8
100,001 - 500,000	4	0.1	528,480	8.2
500,001 -	2	0.1	2,525,020	38.9
Shares in trust and awaiting clearance			297	0
Total	**2,817**	**100%**	**6,496,505**	**100%**
of which nominee registered	8		274,528	4.3

Shareholders by sector, December 31, 2016

Sectors	Number of shareholders	% of shareholders	Number of shares	% of shares
Household	2,653	94.4	3,024,726	46.5
Companies	130	4.6	2,996,143	46.1
Financial and insurance institution	12	0.4	458,675	7.1
Non-domestic	13	1.5	14,554	0.2
Non-profit organizations	9	0.3	2,110	0.1
Public sector organizations	0	-	0	-
Shares in trust and awaiting clearance	0		297	0
Total	**2,817**	**100%**	**6,496,505**	**100%**

Shareholders

Major shareholders, Deceber 31, 2016

Shareholders	Shares	Ownership, %
Tiiviste-Group Oy	1,276,004	19.64
Hartiavoima Ky	1,249,016	19.23
Lahdenperä Matti	150,000	2.31
Nordea Henkivakuutus Suomi Oy	143,074	2.20
Nordea Pankki Suomi Oyj (Nomineereg.)	133,159	2.05
Koskinen Jouni	102,247	1.57
Montonen Mikko	90,000	1.39
Hammarén Johan	89,314	1.37
J & K Hämäläinen Oy	85,000	1.31
Svenska Handelsbanken Ab (Nomineereg.)	82,078	1.26
Kivinen Harri	80,000	1.23
Lähdesmäki Tuomo	80,000	1.23
Vuorialho Kari	77,314	1.19
Lahdenperä Marja	70,011	1.08
Holopainen Sami	59,908	0.92
Danske Bank Oyj (Nomineereg.)	53,937	0.83
Haaron Perunatila Oy	50,000	0.77
Tuomo Lähdesmäki Oy	50,000	0.77
Savolainen Arto	46,160	0.71
Turret Oy Ab	46,000	0.71
20 major shareholders total	4,013,222	61.78
Other shareholders	2,483,283	38.22
Total shares	**6,496,505**	**100.00**

Information on shareholders is based on Aspocomp Group Plc.'s shareholder list, which is maintained by Euroclear Finland Ltd.

MAJOR SHAREHOLDER ANNOUNCEMENTS

March

Hartiavoima Ky's holdings in Aspocomp Group Plc exceeded 15 percent threshold on March 18, 2016. Hartiavoima Ky's holdings and voting rights in Aspocomp amounted to 1,015,065 shares, which corresponded to 15.84 percent of the total amount of shares and votes in Aspocomp Group Plc.

Tiiviste Group Oy's holdings in Aspocomp Group Plc exceeded15 percent threshold on March 10, 2016. Tiiviste Group Oy's holdings and voting rights in Aspocomp amounted to 1,117,804 shares, which corresponded to 17.45 percent of the total amount of shares and votes in Aspocomp Group Plc.

SEB Life International Assurance Company Ltd's holdings in Aspocomp Group Plc fell below 5 percent threshold on March 8, 2016. SEB Life International Assurance Company Ltd's holdings and voting rights in Aspocomp amounted to 308,978 shares, which corresponded to 4.82 percent of the total amount of shares and votes in Aspocomp Group Plc.

February

Hartiavoima Ky's holdings in Aspocomp Group Plc exceeded 10 percent threshold on February 18, 2016. Hartiavoima Ky's holdings and voting rights in Aspocomp amounted to 643,863 shares, which corresponded to 10.05 percent of the total amount of shares and votes in Aspocomp Group Plc.

January

Hartiavoima Ky's holdings in Aspocomp Group Plc exceeded 5 percent threshold on January 29, 2016. Hartiavoima Ky's holdings and voting rights in Aspocomp amounted to 339,707 shares, which corresponded to 5.03 percent of the total amount of shares and votes in Aspocomp Group Plc.

ASPOCOMP'S BUSINESS OPERATIONS

Aspocomp specializes in demanding PCB technologies, serving its customers throughout the entire life cycle of a product. Aspocomp sells and manufactures PCBs and also provides related design and logistics services as well as technology solutions. Aspocomp creates value for its customers with unique products and solutions, strong manufacturing and technology expertise, as well as fast and reliable deliveries.

Aspocomp has expanded its operations to serve numerous industries and market areas. Aspocomp's customers are companies that design and manufacture telecom systems and equipment, automotive and industrial electronics, security technology and semiconductor testing systems.

Aspocomp offers a wide range of PCB design and manufacturing services, together with selected partners. A wide network of expert partners together with Aspocomp's own manufacturing enables its customers to cost-effectively buy their PCBs from a single provider over the entire life cycle of a product. These services include the selection of the most suitable high-volume manufacturer, provision of the technical specifications of the product, quality assurance and logistics services.

Aspocomp's manufacturing unit in Oulu focuses on prototype and quick-turn deliveries and the commercialization of new PCB technologies in cooperation with customers' product design departments. The Oulu plant manufactures HDI (*High Density Interconnection*), multilayer and special material PCBs. It is capable of very fast deliveries, even in the case of structurally complex PCBs and therefore is able to help its customers in their very diverse and demanding needs.

OUTLOOK FOR THE FUTURE

A major share of Aspocomp's net sales is generated by quick-turn deliveries and R&D series, and thus the company's order book is short. The company's aim is to systematically expand its services to cover the PCB needs of customers over the entire life cycle and thereby balance out variations in demand and the order book.

In 2017, net sales are expected to grow approximately 10 percent and the operating result to be better than in 2016. In 2016, net sales amounted to EUR 21.6 million and the operating result was 3 percent of net sales.

ASSESSMENT OF SHORT-TERM BUSINESS RISKS

Dependence on key customers

Aspocomp's customer base is concentrated; the majority of sales are generated by a small number of key customers. Aspocomp does not as yet have enough medium-sized customers and still remains too dependent on its key customers. This exposes the company to significant fluctuations in demand.

Market trends

Although Aspocomp is a marginal player in the global electronics market, changes in global PCB demand also have an impact on the company's business. A prolonged downturn has increased competition in quick-turn deliveries and short production series and has had a negative impact on both demand and prices. Correspondingly, overdemand for PCBs increases the need for quick-turn deliveries and decreases competition in short series, as high-volume manufacturers seek to optimize their capacity utilization ratios.

Aspocomp's main market area comprises Northern and Central Europe. In case Aspocomp's clients would transfer their R&D and manufacturing out of Europe, demand for Aspocomp's offerings might weaken significantly.

Liquidity and financing

On the basis of the cash flow forecast prepared monthly, the company estimates that it has enough working capital to meet its needs during the next 12 months, provided that the company's sales and production cost structure develop as predicted and the availability of financing does not weaken unexpectedly.

Liquidity and financing as well as continuity of operations
Aspocomp is exposed to numerous financial risks in its operations. These risks are described in greater detail below. The President and CEO and the financial department identify, assess and if necessary hedge against financial risks and report to the Board of Directors on the financial position and adequacy of financing.

Liquidity
The company's liquidity is based on cash assets, the cash flow generated by business operations and external financing.

At the end of 2016, the company's interest-bearing liabilities amounted to EUR 1.5 million. Gearing was 11.8 percent (10.7%) and equity ratio amounted to 67.6 percent (68.6%).

The company has a EUR 0.5 million credit facility, which was not in use as at the end of the review period.

In 2016, Aspocomp's cash and financial position improved compared with 2015. The company seeks to continuously evaluate and monitor the amount of financing to ensure that it has enough liquid funds to finance operations and repay maturing loans. To assess liquidity, the company has prepared a month-specific cash flow forecast for 2017. The forecast is updated on a monthly basis.

On the basis of the cash flow forecast prepared during the drafting of the financial statements, the company estimates that it has enough working capital to meet its needs during the next 12 months, provided that the company's sales and production cost structure develop as predicted and the availability of financing does not weaken unexpectedly. The company has a EUR 0.5 million credit facility, which was not in use as at December 31, 2016, and a recourse factoring agreement, of which EUR 0.4 million was in use at the end of the review period. In addition the company has financed its investments through financial leasing during the financial year. Financial leasing liabilities amounted to EUR 1.0 million at December 31, 2016. These forms of finance used to safeguard liquidity include covenant terms. The covenant terms were not broken at December 31, 2016.

Capital management
As equity, the company manages the shareholders' equity shown in the consolidated balance sheet. The objective is to ensure the continuity of the company's operations and the appreciation of shareholder value. The capital structure of the Group is monitored and forecast regularly in order to ensure liquidity. Capital management does not involve significant risks, as the shareholders' equity of the company is strong.

Compliance with the principle of operational continuity
According to the estimates of the company's management and Board of Directors, financing-related uncertainties and other factors at the end of the 2016 financial year do not pose any substantial uncertainties that would give significant cause to doubt the company's ability to continue its operations. At the end of the 2016 financial year, cash assets amounted to EUR 0.3 million and gearing was 11.8 percent. On the basis of the business forecast, the company's operations will remain stable and it is expected that overall performance in 2017 will be better than last year.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

According to the financial statements dated on December 31, 2016 the parent company's distributable funds totaled approximately EUR 7.7 million.

The Board of Directors will propose to the Annual General Meeting to be held on March 23, 2017, that no dividend be paid for the financial year January 1, 2016 - December 31, 2016 and that the loss of the parent company, EUR 661,980.67, be transferred to the company's retained earnings account.

EVENTS AFTER THE FINANCIAL PERIOD

Notice to Annual General Meeting 2017

Notice was given (Company Announcement, February 22, 2017) to the shareholders of Aspocomp Group Plc. to the Annual General Meeting to be held on Thursday, March 23, 2017 at 10 a.m. (EET), address Keilaranta 1, 1st floor Auditorium, Espoo, Finland. The reception of persons who have registered for the meeting will commence at 9.30 a.m. (EET).

The Board of Directors proposes that no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that the chairman of the Board of Directors be paid EUR 30,000 and the other members be paid EUR 15,000 each in remuneration for their term of office. The Board of Directors further proposes that EUR 1,000 be paid as remuneration per meeting to the chairman and EUR 500 per meeting be paid to the other members of the Board. The Board of Directors also proposes that the members of the Board of Directors be reimbursed for reasonable travel costs.

The Board of Directors further proposes to the Annual General Meeting that four (4) members be elected to the Board of Directors and that the current members of the Board of Directors Ms. Päivi Marttila, Ms. Kaarina Muurinen, Mr. Juha Putkiranta and Mr. Matti Lahdenperä be re-elected as members to the Board of Directors.

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers Oy, Authorized Public Accountants be re-elected as the company's auditor.

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to, in one or several installments, decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 649,650 shares. The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as own shares possibly held by the company. The issuance of shares and of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the General Meeting on April 7, 2016 to decide on the issuance of shares as well as the issuance of special rights entitling to shares.

The authorization is valid until June 30, 2018.

KEY INDICATORS 2016-2012

	2016	2015	2014	2013	2012
Net sales, M€	21.6	17.5	21.0	19.3	23.4
Operating result before depreciation (EBITDA), M€	1.8	0.0	-0.3	0.8	2.1
Operating profit/loss (EBIT), M€	0.7	-1.2	-2.0	-0.7	0.6
Share of net sales, %	*3.2*	*-6.8*	*-9.3*	*-3.8*	*2.6*
Pre-tax profit from continuing operations, M€	0.6	-1.3	-2.0	-0.8	0.6
Share of net sales, %	*2.9*	*-7.4*	*-9.6*	*-4.1*	*2.6*
Net profit/loss for the period, M€	1.0	-1.0	-2.0	-1.8	3.8
Share of net sales, %	*4.8*	*-5.8*	*-9.5*	*-9.2*	*16.4*
Return on equity (ROE), %	10.3	-10.1	-17.2	-13.2	31.5
Return on investment (ROI), %	9.6	-12.6	-14.6	-5.0	5.1
Equity ratio, %	67.6	68.6	71.3	70.6	73.0
Gearing, %	11.8	10.7	4.7	-2.8	-10.6
Investments, M€	0.4	0.5	0.9	1.9	1.4
Share of net sales, %	*1.8*	*2.7*	*4.1*	*9.7*	*6.1*
Personnel, year end	108	106	144	152	150
Personnel, average	106	121	148	152	150
Earnings/share (EPS), €	0.16	-0.16	-0.31	-0.28	0.60
Equity/share, €	1.64	1.48	1.66	1.96	2.23
Nominal dividend/share, €	0,0*	0.00	0.00	0.00	0.00
Dividend/earnings, %	0,0*	0.00	0.00	0.00	0.00
Effective dividend yield, %	0,0*	0.00	0.00	0.00	0.00
Price/earnings ratio (P/E)	10.00	-7.00	-3.35	-4.07	2.73
Share prices (adjusted), average, €	1.25	1.20	1.19	1.23	2.26
low, €	0.98	0.95	0.95	0.76	1.52
high, €	1.60	1.41	1.66	1.94	2.90
Closing share price at the end of period, €	1.6	1.12	1.04	1.14	1.64
Market value of total shares outstanding, Dec. 31, M€	10.39	7.18	6.70	7.30	10.51
Share turnover (1,000)	3,021	1,868	2,966	2,660	4,085
Share turnover, %	46.5	29.2	46.3	41.5	63.8
Total shares changing hands, M€	3.8	2.2	3.5	3.2	9.3
Adjusted total number of shares (1,000), Dec. 31	6,497	6,407	6,407	6,407	6,407
Total number of shares, average (1,000)	6,409	6,407	6,407	6,407	6,366

*Proposal of the Board of Directors

FORMULAS AND DEFINITIONS

EBITDA, €	=	Earnings before interest, taxes, depreciation and amortizations	
Return on equity (ROE), %	=	Profit for the period from continuing operations / Equity + minority interest (average)	x 100
Return on investments (ROI), %	=	Pre-tax profit from continuing oper. + financial expenses / Total assets - non-interest-bearing debt (average)	x 100
Equity ratio, %	=	Equity / Total assets - advances received	x 100
Gearing, %	=	Net interest bearing liabilities / Total equity	x 100
Personnel, average	=	Average of personnel at the end of each month of the period	
Earnings/share (EPS), €	=	Profit attributable to equity shareholders / Adjusted weighted average number of shares outstanding	
Equity/share, €	=	Equity attributable to shareholders / Number of shares at the end of the period	
Dividend/share, €	=	Dividend for the period	
Dividend/earnings, %	=	Dividend/share / Earnings/share	x 100
Dividend yield, %	=	Dividend/share / Share price at the end of the period	x 100
Price/earnings (P/E)	=	Share price at the end of the period / Earnings/share	
Average share price, €	=	Trade turnover during the period (in euros) / Number of shares traded during the period	
Market cap, €	=	Number of outstanding shares x share price at the end of the period	

Treasury shares are eliminated when calculating share based ratios.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

1000 €	Note	1.1.-31.12.2016	1.1.-31.12.2015
Net sales	1	**21,623**	**17,452**
Change in inventory of finished goods and work in progress		292	242
Other operating income	2	38	161
Materials and services	3	-9,452	-7,366
Personnel expenses	4, 5	-6,216	-5,923
Depreciation and impairment		-1,066	-1,168
Other operating expenses	6	-4,530	-4,593
Operating profit		**690**	**-1,194**
Financial income	7	0	32
Financial expenses	7	-68	-133
Profit before tax		**622**	**-1,295**
Income tax	8	412	277
Profit for the period		**1,034**	**-1,018**
Other comprehensive income for the period, net of tax			
Translation differences		2	0
Other comprehensive income for the period, net of tax		**2**	**0**
Total comprehensive income		**1,036**	**-1,018**
Earnings per share (EPS)	9		
Basic EPS		0.16	-0.16
Diluted EPS		0.16	-0.16

CONSOLIDATED BALANCE SHEET

Assets **1000 €**	Note	**Dec. 31, 2016**	Dec. 31, 2015
Non-current assets			
Intangible assets	10	3,216	3,066
Property, plant and equipment	11, 12	2,499	2,156
Available-for-sale investments	13	15	15
Deferred tax assets	8	3,017	2,595
Total non-current assets		**8,747**	**7,833**
Current assets			
Inventories	14	2,622	2,384
Short-term receivables	15	4,117	3,311
Cash and bank deposits	16	258	268
Total current assets		**6,998**	**5,963**
Total assets		**15,744**	**13,796**

Equity and liabilities **1000 €**	Note	**Dec. 31, 2016**	Dec. 31, 2015
Equity	27		
Share capital		1,000	1,000
Reserve for invested unrestricted equity		4,255	4,117
Retained earnings		5,384	4,348
Total equity		**10,639**	**9,465**
Liabilities			
Non-current liabilities			
Long-term financing loans	17	789	107
Employee benefits	5	357	358
Other non-current liabilities	17, 22	30	22
Deferred tax liabilities	8	19	12
Current liabilities			
Short-term financing loans	17, 22	693	1,176
Trade and other payables	17	3,217	2,656
Total equity and liabilities		**15,744**	**13,796**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

1000 €	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2016	**1,000**	**4,117**	**-3**	**4,351**	**9,465**
Comprehensive income					
Comprehensive income for the period				1,034	**1,034**
Other comprehensive income for the period, net of tax					
Translation differences			2		**2**
Total comprehensive income for the period			**2**	**1,034**	**1,036**
Business transactions with owners					
Post-employment benefit obligations					**0**
Share-based payment		138			**138**
Business transactions with owners, total		**138**		**0**	**138**
Balance at Dec. 31, 2016	**1,000**	**4,255**	**-1**	**5,386**	**10,639**
Balance at Jan. 1, 2015	**1,000**	**4,030**	**-3**	**5,628**	**10,655**
Comprehensive income					
Comprehensive income for the period				-1,018	**-1,018**
Other comprehensive income for the period, net of tax					
Translation differences			0		**0**
Total comprehensive income for the period			**0**	**-1,018**	**-1,018**
Business transactions with owners					
Post-emolyment benefit obligations				-259	**-259**
Share-based payment		86			**86**
Business transactions with owners, total	**0**	**86**		**-259**	**-172**
Balance at Dec. 31, 2015	**1,000**	**4,117**	**-3**	**4,351**	**9,465**

CONSOLIDATED CASH FLOW STATEMENT

1000 €	Note	Dec. 31, 2016	Dec. 31, 2015
Cash flow from operating activities			
Profit for the period		1,034	-1,018
Adjustments			
Non-cash transactions	21	1,221	1,393
Other adjustments	21	-426	-330
Change in working capital	21	-1,658	-28
Interest income		0	33
Interest expenses		-78	-135
Taxes		-2	-3
Net cash flow from operating activities		**91**	**-88**
Cash flow from investing activities			
Investments in property, plant and equipment		-397	-469
Decrease in other investments		0	0
Proceeds from sale of property, plant and equipment		20	47
Net cash flow from investing activities		**-377**	**-422**
Net cash flow before financing		**-286**	**-510**
Cash flow from financing activities			
Loans drawn down		1,046	747
Loans repaid		-860	-704
Stock options exercised		89	0
Net cash flow from financing activities		**276**	**43**
Change in cash and cash equivalents		-10	-467
Cash and cash equivalents at the beginning of period	16	268	735
Cash and cash equivalents at the end of period	16	**258**	**268**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

The Aspocomp Group sells and manufactures PCBs. Aspocomp's products are used in the electronics industry, for instance, in telecommunications networks, automobiles and many types of industrial applications.

The Group's parent company is Aspocomp Group Plc. The parent company is domiciled in Helsinki and its registered address is Keilaranta 1, 02150 Espoo, Finland.

Copies of the consolidated financial statements are available on the company's Internet site at www.aspocomp.com/reports and from the parent company's head office.

On February 13, 2017, the Board of Directors of Aspocomp Group Plc. approved these financial statements for publication. Pursuant to the Finnish Companies Act, shareholders have the right to either adopt or reject the financial statements at the General Meeting held after their publication. The General Meeting also has the right to revise the financial statements.

ACCOUNTING PRINCIPLES OF THE GROUP FINANCIAL STATEMENTS

Basis of preparation

The financial statements for 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in conformity with the international accounting standards (IAS/IFRS) in force at December 31, 2016 as well as SIC and IFRS interpretations. In the Finnish Accounting Act and the regulations based on it, International Financial Reporting Standards refer to the standards and the interpretations that are issued regarding them that have been approved for application within the EU in accordance with the procedure prescribed in Regulation (EC) 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation.

The consolidated financial statements have been drawn up on the basis of the original costs, with the exception of available-for-sale investments, which are measured at fair value. The figures in the financial statements are presented in thousands of euros.

New and revised standards adopted by the Group

No new or revised standards or interpretations that would have had an effect on the Group's accounting principles came into force for the financial year beginning on January 1, 2016.

Accounting principles

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated when control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized through profit or loss in accordance with IAS 39. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, receivables, liabilities and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the chief operative decision-maker. Aspocomp Group Plc.'s Board of Directors is the chief operative decision-maker responsible for the allocation of resources to the operating segments and the assessment of their results. The Aspocomp Group's business operations comprise a single operating segment. The Board of Directors monitors unadjusted net sales, operating result and profit/loss for the period in accordance with IFRS.

Recognition policies

The sale of goods is recognized as income when the significant risks and rewards incident to ownership of the sold products are transferred to the buyer and the Group no longer has right of possession to the products or actual control over them. In calculating net sales, sales revenue is adjusted for indirect taxes and discounts granted. Distribution costs invoiced from customers are included in net sales. Expensed distribution costs are recorded in operating expenses in the income statement.

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, its carrying amount is reduced to its recoverable amount, which is the estimated future cash flows discounted at the original effective interest of the instrument, and the unwinding of the discount is recognized as interest income. Interest income on impaired loan receivables is recognized using the original effective interest rate.

Dividend income is recognized when the right to receive the payment has vested.

Conversion of items denominated in currencies other than the euro

Foreign currency transactions

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company. Foreign currency transactions are converted to euros using the exchange rates on the date of the transaction in question. Receivables and liabilities denominated in a foreign currency are converted to euros using the rates on the closing date. The resulting exchange differences are recorded in the income statement such that exchange differences on business transactions are included in operating profit and exchange differences due to financial assets and liabilities are presented in financial items.

Conversion of the financial statements of foreign subsidiaries

The income statements of foreign subsidiaries have been converted to euros at the average rate for the financial period and the balance sheets at the rate on the closing date. Translation differences due to the use of the average rate and the rate on the closing date are recognized in the Group's shareholders' equity.

Translation differences arising from eliminations of the acquisition cost of foreign subsidiaries and the translation of equity items accumulated after acquisition are recognized in shareholders' equity. When a subsidiary is sold in full or in part, the accumulated translation differences are recognized in the income statement as capital gains or losses.

Share-based payments

The Group has three share-based commitment and incentive plans for management and key employees, a share reward plan, share ownership plan and option scheme.

In the share reward plan, payments are made partly in the form of shares in the company and partly in cash. The benefits granted under this plan are measured at fair value at the time when they are granted and are recognized in the income statement as employee benefit expenses in even installments over the earnings and commitment period. The shares are subject to a 36-month lockup period.

The share ownership plan is a one-time plan in which payments are made in the form of shares. The fair value of the benefits is measured on the day when they are granted. The shares are subject to a 36-month lockup period. Expenses are recognized during the earnings periods.

Share options are measured at fair value at the grant date and expensed on a straight-line basis over the commitment period. The counter-item is recognized in retained earnings. The expenditure determined at the option grant date is based on the Group's estimate of the number of options expected to vest at the end of the commitment period. The Group updates the estimate of the final number of options at each balance sheet date. Any movements in estimates are recorded in the income statement. The fair value of options has been calculated using the Black-Scholes option pricing model.

When option rights are exercised, the payments received from the subscription of shares, adjusted for possible transaction costs, are recognized in the shareholders' equity. Assets from share subscriptions based on the option arrangements decided upon after the new Companies Act became effective are recognized in the invested non-restricted equity fund in accordance with the conditions of the arrangements, with adjustments for possible transaction costs.

More information on share-based payments is provided in note 24.

Employee benefits

Pension liabilities

In the consolidated financial statements, pension schemes in different countries are classified as defined contribution or defined benefit schemes. In defined contribution schemes, the Group makes fixed payments to a separate unit. The Group does not have a legal or constructive obligation to make additional payments if the recipient cannot pay the pension benefits in question. All such schemes that do not fulfill these conditions are considered to be defined benefit schemes. Payments for defined contribution schemes have been recorded in the income statement for the period to which the payment pertains.

The Group has pension schemes that have been classified as defined contribution or defined benefit schemes. In defined contribution schemes, payments have been recorded in the income statement for the period to which the payment pertains.

In a defined benefit scheme, the commitment to be recognized as a liability is the net amount of the present value of the pension liabilities on the closing date and the fair value of assets adjusted by the non-depreciated part of the obligation based on unrecognized retroactive work performance. The pension liability is calculated by independent actuarial mathematicians based on the amount of the predicted pension liability by applying the projected unit credit method; the liability is discounted to the present value of future cash flows at an interest rate corresponding to the interest on high-quality bonds issued by the company. Pension costs are recognized as expenses in the income statement over the service years of personnel. Actuarial gains and losses are recognized in the statement of comprehensive income.

Long service rewards

Long service reward schemes at the Group's different units have been classified as defined benefit schemes as set out in IAS 19 and the related commitments have been recorded as liabilities in the balance sheet. When calculating liabilities deriving from the long service reward schemes, the following parameters have been used: turnover of personnel, average increase in salaries and the average annual pay of personnel. The liabilities have been discounted to their present value. Changes in the estimated values of the commitments are recognized in the income statement.

Lease agreements – The company as lessee

Lease agreements for tangible assets in which the risks and rewards incident to ownership are substantially held by the Group are classified as finance lease agreements.

Property, plant and equipment acquired under finance lease agreements are recognized in the balance sheet at the lower of the fair value of the asset when the lease period begins or the present value of the minimum rents. Assets acquired under finance lease agreements are amortized over their useful life or the lease period, whichever is shorter.

Lease payments are split between the finance cost and a reduction in the liability over the lease period such that the interest rate on the liability outstanding for each financial period remains the same.

Lease agreements in which the risks and rewards incident to ownership are retained by the lessor are treated as other lease agreements. Rents payable under other lease agreements are expensed in the income statement on a straight-line basis over the lease period.

Operating profit/loss

The IAS 1 standard Presentation of Financial Statements does not include a definition of operating profit/loss. The Group has defined it as follows: operating profit/loss is the net sum remaining after other operating income is added to net sales, less purchasing costs (adjusted for the change in inventories of finished goods and work in progress and the expenses incurred from production for own use) and less expenses, depreciation and impairment losses caused by employee benefits and less other operating expenses. All other items are presented below operating profit/loss. Exchange rate differences are included in operating profit/loss if they arise from business-related items; otherwise they are recognized in financial items.

Income taxes

Taxes on the Group companies' financial results for the period, adjustments of taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. The deferred tax asset or liability is calculated on all temporary differences between carrying amounts and taxable values, applying the tax rates confirmed on the closing date. Deferred tax assets are recognized from confirmed losses by applying the average result for the past four financial years, net of non-recurring items, to the future financial years in which losses confirmed in taxation can be used. Deferred tax assets arising from acquisition costs that have not been deducted in taxation are recognized in full in undeducted acquisition costs at the end of the reported financial year.

Deferred tax is not recognized on the undistributed profits of subsidiaries when it is probable that the temporary difference will not be dissolved in the foreseeable future.

Non-recurring items

Non-recurring items described in the Report of the Board of Directors are not related to the ordinary businesses. They are presented separately in the Report of the Board of Directors when their presentation helps to understand better the development of the consolidated financial result. The most material non-recurring items are gains and losses on the sale of Group companies and provisions relating to the reorganization of functions. The management of the Group exercises consistent judgment in decision-making on classification of non-recurring items.

Intangible assets

Goodwill

Goodwill represents the share of the acquisition cost exceeding the Group’s share at the moment of acquisition of the fair value of the itemizable net assets of an acquired subsidiary. Goodwill from the acquisition of subsidiaries is included in intangible assets. For impairment testing, it is allocated to cash-generating units. Goodwill is tested for impairment annually and is recognized in the balance sheet at acquisition cost less impairment losses. An impairment loss on goodwill is not reversed. The carrying amount of goodwill related to a sold company has an effect on the capital gains or losses.

Research and development expenditure

The company does not engage in actual product development. Research and development expenditure represents general development of the production process that cannot be directly allocated to any customer order, but which does not fulfill the capitalization criteria of IAS 38. The company no longer engages in PCB technology-related research and development that would be directly connected to customer projects and which would therefore be capable of independently generating income. The company cannot separate the research phase from the development phase, and it does not engage in actual product development, and thus treats all production process-related expenditure as expenditure on the research phase (IAS 38.53).

Software

Purchased software is recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

Intangible rights

Intangible assets with limited useful lives are recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

The estimated useful lives of intangible assets are:

- Intangible rights 3 years
- Other intangible assets 5 - 10 years.

Property, plant and equipment

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment. Property, plant and equipment are depreciated according to plan on a straight-line basis in accordance with the estimated useful life.

If the asset consists of several parts with different useful lives, each part is treated as a separate asset. In this case the costs arising from renewal of the part are capitalized and the remainder is expensed. Other costs are treated as property, plant and equipment only when the economical benefits relating to these assets are probable and when the acquisition cost can be defined reliably. Other repair and maintenance costs are recognized in the income statement as they arise.

The estimated useful lives of property, plant and equipment are:

- Buildings and structures 15 – 30 years
- Machinery and equipment 3 – 8 years
- Other tangible assets 5 – 10 years
- Land and water are not subject to depreciation.

The residual value of the assets and their useful lives are reviewed at least at each balance sheet date and, if necessary, adjusted to reflect changes in their expected economic benefits.

Gains and losses resulting from derecognition of property, plant and equipment are entered under other operating income or expenses.

Impairment of tangible and intangible assets

The Group assesses asset items annually for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated and then compared with the carrying amount of the asset item in question. In addition, the recoverable amounts of goodwill are assessed annually. Impairment is examined at the level of cash-generating units – that is, at the lowest unit level that is primarily independent of other units and whose cash flows can be separated out from other cash flows.

The recoverable amount is the higher of the fair value of the asset less disposal costs or the value in use. The value in use is the estimated future cash flow of the asset or cash-generating unit discounted to its present value. The discount interest rate used is determined before taxes and describes the market outlook for the time value of money and the special risks associated with the asset item to be tested.

An impairment loss is recognized if the carrying amount of the asset item is higher than its recoverable amount. An impairment loss on an item other than goodwill is reversed if the situation changes and the recoverable amount of the asset has changed since the date of impairment loss recognition. An impairment loss on goodwill is not reversed.

Inventories

Inventories are measured at the lower of the acquisition cost or probable net realizable value. The acquisition cost is determined using the FIFO method. The value of finished and work-in-progress inventories includes variable costs and a share of the fixed costs of purchasing and manufacturing.

Financial assets and financial liabilities

Financial assets

The Group’s financial assets are classified in the following categories according to IAS 39: “Loans and Other Receivables” and “Available-for-Sale Investments”. Initial recognition is performed on the basis of the usage of the financial assets at the time of acquisition.

All purchases and sales of financial assets are booked on the transaction date. Financial assets are derecognized from the balance sheet when the Group has lost its contractual rights to their cash flows, or when the Group has substantially transferred the risks and rewards out of the Group.

Loans and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading. Recognition is based on amortized cost. They are presented under Loans and Other Receivables in the balance sheet as non-current assets if they fall due after a period exceeding 12 months. Otherwise they are presented as current assets under “Short-term Receivables”.

Available-for-Sale Investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other group. They are included in non-current assets, unless the intention is to keep them less than 12 months from the closing date; if that is the case, they are recognized as current assets. Available-for-Sale Investments are recognized in the balance sheet at their fair value, and changes in fair value are recorded in other items in comprehensive income, accounting for their tax effect, and presented in shareholders' equity. Changes in fair value are transferred to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recorded. Available-for-Sale Investments during the disclosed periods only include investments in unquoted shares whose acquisition cost is substantially equal to their fair value (based on, for instance, recent transactions). The markets for said shares are inactive and the Group does not intend to divest itself of these shares in the near future.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. Cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Financial liabilities

Financial liabilities are recognized initially at their fair value. Transaction costs are included in financial liabilities' initial carrying amount. Later all financial liabilities are recognized at amortized cost. The difference between the money received (less transaction costs) and the amount to be repaid is entered in the income statement using the effective interest method over the loan period. Financial liabilities are included in non-current and current liabilities.

All financial liabilities are booked in the balance sheet when the company becomes a contractual party in said financial liabilities. Financial liabilities are derecognized when the obligation specified in the contract has been discharged or cancelled or has expired.

When the terms of financial liabilities are renegotiated and the terms change substantially, the renegotiated liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the present value of the remaining discounted cash flows of the original financial liability. The difference between the carrying amount of the new financial liability and the original financial liability is recognized through profit or loss in financial income or expenses. If the change in the terms of the liability is not substantial, and said change is not accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, then the carrying amount of the liability is adjusted with the resulting costs and fees, which are recognized as expenses over the remaining maturity of the liability whose terms have been revised.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A substantial or long impairment of share investments, in which their value declines below their acquisition cost, indicates the impairment of an equity instrument classified as an available-for-sale financial asset. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement. Impairment losses on equity investments classified as available-for-sale financial assets are not reversed through profit or loss, while the subsequent reversal of impairment losses on interest instruments is recognized through profit or loss.

The Group recognizes an impairment loss on accounts receivable if there is objective evidence that the receivables cannot be collected in full. The major financial difficulties of the debtor, the probability of bankruptcy, delinquent payments or significant delays in payments constitute evidence of the impairment of accounts receivable. The amount of the impairment loss recognized in the income statement is measured as the difference between the carrying amount of the receivables and the present value of estimated future cash flows discounted at the effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in profit or loss.

Derivative financial instruments and interest rate risk hedging

The Group has not implemented hedge accounting. All derivative financial instruments are recognized initially at fair value and they are recognized in profit or loss. Forward foreign exchange contracts are valued at fair value using the market prices of forward contracts on the closing date. Derivatives are included in the balance sheet in other assets and liabilities. Realized and unrealized gains and losses arising from changes in fair value are recognized in the income statement under financial income and - expenses in the period in which they arise. The fair value of interest rate swaps is determined using a method based on the present value of future cash flows. Fair value is the amount that the Group would receive or pay to terminate the derivative contract.

Shareholders' equity

Outstanding shares are presented as share capital. Costs related to issuing or acquiring own equity instruments are disclosed as items reducing shareholders' equity. The acquisition costs of equity instruments that have been bought back have been deducted from shareholders' equity.

Provisions

Provisions are recognized when the Group incurs, due to a previous event, a legal or constructive obligation whose settlement will probably require payment whose amount can be estimated reliably. Provisions are recognized at the present value of these obligations.

A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and restructuring has either commenced or the plan has been announced in an appropriate manner. No provisions are recognized for the costs of the Group's continuing operations.

A provision is recognized for a loss-making contract when the expenditure required to meet the obligations exceeds the benefits received from the contract. Environmental provisions are recorded when the Group has a present obligation under environmental legislation or the Group's environmental responsibility principles related to the decommissioning of a production plant, environmental rehabilitation and restoration, or relocating equipment.

Accounting principles requiring judgments by management and key sources of estimation uncertainty

When preparing financial statements, estimates and assumptions about the future must be made, and actual results may differ from these estimates and assumptions. If the actual results differ from the estimates and assumptions, this may affect the carrying amounts of assets and liabilities as well as the income and expenses for the financial period. Management must also exercise judgment in the application of accounting principles. The management has considered that the continuity of operations does not involve significant uncertainty. Additional information on risks and business continuity in Note 26

Accounting estimates and assumptions

The estimates made when preparing the financial statements are based on management's best assessment on the balance sheet date. The estimates are based on historical experiences and assumptions at the balance sheet date regarding matters such as the most probable future development of the Group's financial operating environment with respect to net sales and cost level. The Group regularly monitors the realization of the estimates and assumptions as well as changes in their underlying factors. Any changes in estimates and assumptions are recognized both in the financial period during which said estimates and assumptions are adjusted and in all subsequent financial periods.

Goodwill impairment testing

It has been estimated that any changes in assumptions and estimates will have the greatest impact on goodwill impairment testing.

The Group tests goodwill, incomplete intangible assets, intangible assets with an unlimited useful life and tangible assets for impairment on an annual basis. In addition, the Group evaluates all balance sheet items for indications of impairment as set out in the accounting principles above. If such indications exist, said assets are tested for impairment. The recoverable amounts from cash-generating units have been defined on the basis of value in use calculations. Estimates must be used when performing these calculations (see note 25).

The estimates required in impairment testing are related to the key assumptions used in the calculations, which are the average growth rate of net sales and the sales margin during the period covered by the cash flow forecasts used in impairment test calculations, and the discount rate used in the calculations. Net sales forecasts involve the most significant estimates.

The impairment test calculations and related assumptions are presented in note 25.

Recognition of deferred tax assets

The deferred tax asset results mainly from the slowed tax depreciation. The company decelerated its tax depreciation during 2012-2015 tax years and will decelerate in 2016 tax year.

Deferred tax assets are presented in note 8.

Judgment exercised by management in the selection and application of accounting principles

In addition to estimates and assumptions concerning the future, management must also exercise judgment in the application of accounting principles. In particular, management must exercise judgment in the selection and application of accounting principles in cases where the current IFRS standards provide for alternative methods of recognition, measurement and presentation.

The major areas involving the use of estimates and assumptions are the valuation of accounts receivable and inventories as well as provisions.

Accounts receivable

Accounts receivable are recognized at the original amount invoiced less impairment losses. Impairment losses are booked on a case-by-case basis and drawing on previous experience when there is objective evidence that the receivable cannot be collected in full, such as if the debtor has payment difficulties or is facing bankruptcy. Impairment losses may have to be recognized on accounts receivable due to changes in the financial position of the customer that impact on its ability to pay.

More information on accounts receivable is presented in note 15.

Inventories

The company assesses its inventories regularly to check whether the inventory amounts are larger than the actual figures, the inventory items include non-marketable assets or the market value of inventory items has fallen below their acquisition cost, and recognizes an allowance for such decreases. To this end, management must make estimates of future demand for products. Any changes in these estimates may lead to adjustments of the carrying amount of inventories in future financial periods.

More information on inventories is presented in note 14.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event and the materialization of the payment obligation is probable. A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and the plan has been announced. The provision reflects management’s best estimate of the present value of future expenditure.

Application of new or revised IFRS and IAS standards

IASB has published the following new or revised standards and interpretations that the Group has not yet adopted. The Group will adopt these standards as of the effective date of each of the standards, or if the effective date is not the first day of the reporting period, as of the beginning of the next reporting period following the effective date.

IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective as of January 1, 2018, at which time the Group will adopt it. According to the analysis carried out by the Group, the adoption of the standard will not have a significant effect on the classification of financial assets.

IFRS 15, “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 “Revenue” and IAS 11 “Construction contracts” and related interpretations. A new five-step process must be applied before revenue can be recognized: identify contracts with customers, identify the separate performance obligations, determine the transaction price of the contract, allocate the transaction price to each of the separate performance obligations, and recognize the revenue as each performance obligation is satisfied. The standard will be effective as of January 1, 2018. The Group does not engage in project sales or recognize revenue on the basis of percentage of completion. The bulk of the Group’s sales comprise ordinary orders and deliveries of products, and such revenue is recognized in accordance with the criteria of the delivery terms as currently in force. On the other hand, the Group has agreed on consignment warehousing with certain customers, which may mean that the recognition of revenue from such performance obligations may result in the earlier timing of earnings. The Group will apply the standard retroactively as from January 1, 2018.

IFRS 16, “Leases” will affect the accounting and will result in the recognition of almost all leases in the balance sheet. An optional exemption exists for short-term and low-value leases. The income statement is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, rental expenses, which are now included in operating expenses, will be replaced with interest and depreciation, so the key metrics will change. The standard will be effective as of January 1, 2019.

IAS 7, “Disclosure Initiative – Amendments to IAS 7”. Going forward, the Group will be required to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (e.g. draw downs and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. The standard will be effective as of January 1, 2017.

The other IFRSs or IFRIC interpretations that have been published but have not yet come into effect are not expected to have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NET SALES INFORMATION

Aspocomp manufactures and provides high-tech PCB trading services for the electronics industry. Aspocomp's business is presented as one segment in the Financial Statements. Net sales are based on sales to customers that design and manufacture electronic systems and equipment.

1000 €	2016		2015	
Net sales				
Telecommunication Infrastructure	8,483	39%	7,869	45%
Automotive	6,729	31%	3,360	19%
Industrial Electronics	3,254	15%	3,403	19%
Security & Defence	2,444	11%	2,227	13%
Semiconductor R&D and IC testing	483	2%	380	2%
Other	230	1%	213	1%
Total	**21,623**	**100%**	**17,452**	**100%**

Geographical areas

The net sales of the geographical areas are allocated based on the delivery destination.

Net sales by geographical area				
Finland	7,717	36%	7,188	41%
Europe	12,437	58%	9,079	52%
Asia	945	4%	823	5%
Other areas	524	2%	362	2%
Total	**21,623**	**100%**	**17,452**	**100%**
Net sales by largest customers				
Customer 1	4,193	19%	2,755	16%
Customer 2	3,402	16%	2,367	14%
Customer 3	1,681	8%	1,339	8%
Customer 4	1,209	6%	911	5%
Customer 5	1,053	5%	859	5%
Five (5) largest customers, total	**11,538**	**53%**	**8,231**	**47%**

2. OTHER OPERATING INCOME

1000 €	2016	2015
Gains on sale of fixed assets	17	136
Rental income	0	0
Other operating income	21	25
Total	**38**	**161**

3. MATERIALS AND SERVICES

1000 €	2016	2015
Purchase of materials and supplies	9,343	7,470
Change in inventories	-239	-334
Materials and services, total	**9,104**	**7,137**
Outsourced services	347	229
Total	**9,452**	**7,366**

4. PERSONNEL EXPENSES

1000 €	2016	2015
Wages and salaries	5,091	4,855
Share-based rewards	49	86
Other long-term employee benefits	-1	-18
Pension costs - defined contribution plans	792	727
Other personnel expenses	285	272
Total	**6,216**	**5,922**
Personnel, average	**106**	**121**
Personnel at Dec. 31, 2016		
Non-salaried	69	66
Salaried	39	40
Total	**108**	**106**

5. EMPLOYEE BENEFITS

1000 €	2016	2015
Obligation at the beginning of the year	100	118
Increases during the financial year	0	0
Realized during the financial year	-1	-18
Obligation at the end of the year	**98**	**100**

Aspocomp has a long-term employee benefit plan covering all of its employees in Finland. The plan is by nature a so-called long service reward, where an extra payment is made to employees after they have been in Aspocomp's employ for a certain period.

5. (continues)

PENSION OBLIGATIONS

The Group has pension plans that are classified as either defined contribution plans or defined benefit plans. The contributions made to defined contribution plans are recognized as an expense in the income statement in the period in which they occur. Pensions handled through an insurance company and covered by the Statutory Employee Pensions system (TyEL) are treated as defined contribution plans.

The defined benefit plans are used in Finland. In accordance with IAS 19 the company retains the responsibility for future index and salary increases for company employees who are covered by the pension plan. The pension fund was closed down in 1999. The arrangement applied to the active employees who were covered by the Aspo Group Pension Fund on December 31, 1999.

Amounts of liabilities for defined benefit plans recognized in the balance sheet:

1000 €	2016	2015
Defined benefit obligation	1,673	1,568
Fair value of plan assets	1,415	1,309
Net liability, Dec. 31, 2016	258	259

Defined benefit pension liabilities in the income statement and comprehensive income statement:

Current service cost	3	3
Interest cost	6	6
Defined benefit expenses recognized in the income statement	9	9
Changes in actuarial gains and losses	0	0
Defined benefit expenses recognized in the income statement and comprehensive income statement	9	9

Change in net liability for defined benefit		
Net liability for defined benefit, Jan. 1	259	0
Contributions paid to the fund	-4	-6
Expenses recognized in the income statement	9	9
Remeasurement gain (-)/loss included in the consolidated income statement	-6	255
Net liability for defined benefit, Dec. 31	258	259

Acturial assumptions	2016	2,015
Discount rate	1.55%	2.25%
Future salary increase	N/A	2.5 %
Future pension increase	1.75%	1.85%

5. (continues)

Sensitivity of defined benefit obligation to changes in the weighted principal assumptions:

Assumption	*Change in assumption*	*Impact of increase*	Impact of decrease
Discount rate	0.50%	-6.7 %	7.5 %
Future salary increase	0.50%	N/A	N/A
Future pension increase	0.25%	3.0 %	-2.9 %
Mortality change	5.00%	-1.3 %	1.4 %

Assumption fair value of plan assets	*Change in assumption*	*Impact of increase*	Impact of decrease
Discount rate	0.50%	-6.0 %	6.7 %
Future salary increase	0.50%	N/A	N/A
Future pension increase	0.25%	0.0 %	0.0 %
Mortality change	5.00%	-1.1 %	1.1 %

6. OTHER OPERATING EXPENSES

1000 €	**2016**	**2015**
Rental expenses	539	529
Maintenance and repair costs	607	541
Energy costs	479	461
Water consumption and wastewater treatment	200	183
Other variable expenses of production	275	167
Voluntary social costs	113	126
Real estate costs	380	348
Insurance charges	115	187
Travel costs	270	284
IT costs	219	245
External services	741	396
Audit fees	63	54
Administration costs	248	339
Other costs	282	734
Total	**4,530**	**4,593**

Other costs for 2015 include EUR 249 thousand in non-recurring expenses for the reorganization of production.

Auditor's (PwC) fees 1000 €	**2016**	**2015**
Auditing	54	47
Tax consultation	2	0
Other services	7	4
Certificates and statements	0	3
Total	**63**	**54**

7. FINANCIAL INCOME AND EXPENSES

1000 €	2016	2015
Income		
Interest income on loans and other receivables	0	31
Changes in the value of derivative instruments recognized at fair value through profit or loss	0	1
Total financial income	**0**	**32**
Expenses		
Interest expenses on bank loans and overdrafts	54	105
Changes in the value of derivative instruments recognized at fair value through profit or loss	14	29
Total financial expenses	**68**	**133**
Total financial income and expenses	**-68**	**-102**

8. INCOME TAXES

1000 €	2016	2015
Current income tax		
Current income tax for the year	-2	-3
Current income tax for previous years	0	0
Deferred income tax	414	280
Total current income tax	**412**	**277**
A reconciliation of the income tax expense computed at statutory rates and income tax expense recorded in the income statement.		
Profit before tax	**685**	**-1158**
Taxes at Finnish statutory tax rate 20.0%	-137	232
Different tax rates of foreign subsidiaries	1	0
Non-deductible expenses	-4	-3
Reassessment of deferred tax assets on use of loss carry forwards	0	-305
Deferred tax assets on other temporary differences	552	353
Total income tax expense	**412**	**277**

The taxable income of the Group companies for 2016 was EUR 1,696 thousand. If the result for 2016 is confirmed in taxation, the total amount of confirmed losses would be EUR 53,417 thousand and they would expire in 2017-2025. After the taxes for 2015 have been confirmed, the remaining losses amount to EUR 83,706.

Foreign subsidiaries do not have significant distributable funds.

	1000 €		
Confirmed tax losses		Losses	Expire in
	for 2006	30,289	2016
	for 2007	43,032	2017
	for 2008	5,089	2018
	for 2009	4,044	2019
	for 2010	757	2020
	for 2014	377	2024
	for 2015	119	2025
		83,706	

Deferred income taxes	**2016**	**2015**
Deferred income tax liabilities		
- Deferred income tax liabilities due after 12 months	0	0
- Deferred income tax liabilities due within the next 12 months	19	12
	19	**12**
Deferred income tax assets		
- Deferred income tax assets due after 12 months	2,595	2,311
- Deferred income tax assets due within the next 12 months	422	284
	3,017	**2,595**
Deferred income tax (net)	**2,998**	**2,583**

8. (continues)

1000 €

Deferred tax assets and liabilities during the financial year are shown below without offsetting them against each other.

Deferred income tax liability	**Others**	**Total**
Jan. 1, 2015	8	**8**
Recognized in net profit for the year	4	**4**
Recognized in comprehensive income for the year		**0**
Recognized directly in equity		**0**
Dec. 31, 2015	12	**12**
Recognized in net profit for the year	8	**8**
Recognized in comprehensive income for the year		**0**
Recognized directly in equity		**0**
Dec. 31, 2016	**19**	**19**

Deferred income tax assets	**From decelerated tax depreciation**	**Confirmed tax losses**	**Employee benefits**	**Others**	**Total**
Jan. 1, 2015	1,935	264	24	88	**2,311**
Recognized in net profit for the year	495	-264	48	6	**284**
Recognized in comprehensive income for the year					**0**
Recognized directly in equity					**0**
Unrecognized portion of the change					**0**
Dec. 31, 2015	2,430	0	72	94	**2,595**
Recognized in net profit for the year	417		0	5	**422**
Recognized in comprehensive income for the year					**0**
Recognized directly in equity					**0**
Unrecognized portion of the change					**0**
Dec. 31, 2016	**2,847**	**0**	**71**	**99**	**3,017**

The deferred tax asset results mainly from the slowed tax depreciation. The company decelerated its tax depreciation during 2012-2015 tax years. In the 2016 tax year, the company will decelerate depreciation to a total of about EUR 14.2 million, resulting in deferred tax assets of about EUR 2,847 thousand under the current 20.0% corporate tax rate.

9. EARNINGS PER SHARE

1000 €	2016	2015
(a) Basic earnings per share		
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares during the year.		
Profit attributable to equity holders of the company	1,033	-1,018
Weighted average number of shares (1,000)	6,409	6,407

(b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding such that all dilutive potential shares are considered to be traded shares. There were no diluting effects in 2016 and 2015.

10. INTANGIBLE ASSETS

1000 €	Intangible rights	Group goodwill	Total
Acquisition cost at Jan. 1, 2016	311	3,000	**3,311**
Increase	174	0	**174**
Decrease	-8	0	**-8**
Transfers between lines	0	0	**0**
Acquisition cost at Dec. 31, 2016	**476**	**3,000**	**3,476**
Total accumulated depreciation and impairment Jan. 1, 2016	244	0	**244**
Accumulated depreciation of decreases and transfers	-8	0	**-8**
Depreciation for the year	25	0	**25**
Total accumulated depreciation and impairment Dec. 31, 2016	**261**	**0**	**261**
Book value Dec. 31, 2016	**216**	**3,000**	**3,216**
Acquisition cost at Jan. 1, 2015	285	3,000	**3,285**
Increase	26	0	**26**
Decrease	0	0	**0**
Transfers between lines	0	0	**0**
Acquisition cost at Dec. 31, 2015	**311**	**3,000**	**3,311**
Total accumulated depreciation and impairment Jan. 1, 2015	224	0	**224**
Accumulated depreciation of decreases and transfers	0	0	**0**
Depreciation for the year	21	0	**21**
Total accumulated depreciation and impairment Dec. 31, 2015	**244**	**0**	**244**
Book value Dec. 31, 2015	**66**	**3,000**	**3,066**

The principles of the impairment testing of goodwill are presented in Note 25.

11. PROPERTY, PLANT AND EQUIPMENT

1000 €	Machinery and equipment	Advances	Total
Acquisition cost at Jan. 1, 2016	14,372	0	**14,372**
Increase	1,390	38	**1,427**
Decrease	-625	0	**-625**
Transfers between lines	38	-38	**0**
Acquisition cost at Dec. 31, 2016	**15,175**	**0**	**15,175**
Total accumulated depreciation and impairment Jan. 1, 2016	12,253	0	**12,253**
Accumulated depreciation of decreases and transfers	-619	0	**-619**
Depreciation for the year	1,041	0	**1,041**
Total accumulated depreciation and impairment Dec. 31, 2016	**12,676**	**0**	**12,676**
Book value Dec. 31, 2016	**2,499**	**0**	**2,499**
Acquisition cost at Jan. 1, 2015	14,152	0	**14,152**
Increase	404	38	**442**
Decrease	-184	0	**-184**
Transfers between lines	0	0	**0**
Acquisition cost at Dec. 31, 2015	**14,372**	**38**	**14,410**
Total accumulated depreciation and impairment Jan. 1, 2015	11,262	0	**11,262**
Accumulated depreciation of decreases and transfers	-156	0	**-156**
Depreciation for the year	1,147	0	**1,147**
Total accumulated depreciation and impairment Dec. 31, 2015	**12,253**	**0**	**12,253**
Book value Dec. 31, 2015	**2,119**	**38**	**2,157**

12. FINANCIAL LEASE AGREEMENTS

Property, plant and equipment include financial leases as follows:

1000 €	Machinery and equipment	Total
Acquisition cost at Jan. 1, 2016	0	**0**
Increase	1,228	**1,228**
Decrease	0	**0**
Acquisition cost at Dec. 31, 2016	**1,228**	**1,228**
Total accumulated depreciation and impairment Jan. 1, 2016	0	**0**
Accumulated depreciation of decreases and transfers	0	**0**
Depreciation for the year	83	**83**
Total accumulated depreciation and impairment Dec. 31, 2016	**83**	**83**
Book value Dec. 31, 2016	**1,145**	**1,145**
Acquisition cost at Jan. 1, 2015	0	**0**
Increase	0	**0**
Decrease	0	**0**
Acquisition cost at Dec. 31, 2015	**0**	**0**
Total accumulated depreciation and impairment Jan. 1, 2015	0	**0**
Accumulated depreciation of decreases and transfers	0	**0**
Depreciation for the year	0	**0**
Total accumulated depreciation and impairment Dec. 31, 2015	**0**	**0**
Book value Dec. 31, 2015	**0**	**0**

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

1000 €	2016	2015
At the beginning of period	15	15
Deductions	0	0
At the end of period	**15**	**15**

Available-for-sale financial assets include the Group's investments in unlisted shares whose acquisition cost substantially corresponds to their fair value, based on, inter alia, recent transactions.

14. INVENTORIES

1000 €	2016	2015
Materials and supplies	1,589	1,642
Work in progress	357	228
Finished goods	677	513
Total	**2,622**	**2,384**
Write down of inventories	25	71

15. LOANS AND OTHER RECEIVABLES

1000 €	2016	2015
Long-term receivables		
Deferred tax assets	3,017	2,595
Short-term receivables		
Accounts receivable	3,992	2,959
Accrued receivables	125	234
Other receivables	0	117
Total	**4,117**	**3,310**
Age distribution of accounts receivable		
Accounts receivable that not are impaired		
Receivables carried forward	3,300	2,545
Expired		
in less than 30 days	472	298
in 30-60 days	149	89
in 61-90 days	63	1
over 90 days	8	26
Total	**3,992**	**2,959**

15. (continues)

1000 €	2016	2015
The breakdown by currencies of short-term receivables		
EUR	2,904	2,319
USD	1,088	640
Total	**3,992**	**2,959**

Other receivables and accrued receivables consist mainly of normal trade receivables but no amounts which are individually significant.

Balance sheet values correspond best to the maximum monetary value of the credit risk, excluding the fair value of collateral in cases where the other parties to the agreement are unable to fulfill their obligations with respect to the financial instruments. Receivables do not involve significant credit risk concentrations.

The fair values of short-term receivables are equivalent to their book values, as the effect of discounting them is not material, considering their maturities.

The Group has a recourse factoring arrangement in use. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash. However, the company has retained the late payment and credit risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as a secured borrowing.

Credit loss		
Outstanding credit losses	8	0
Credit losses for previous financial periods returned during the financial period	0	0
Net loan losses	8	0

16. CASH AND EQUIVALENTS

1000 €	2016	2015
Cash and bank accounts	258	268
Total	**258**	**268**

On the balance sheet date, cash and cash equivalents totaled EUR 116 thousand in Finland and EUR 142 thousand in other countries. Cash and cash equivalents were primarily held in bank accounts.

17. FINANCING LOANS

1000 €	2016		2015	
	Book value	Fair value	Book value	Fair value
Long-term financing loans				
Bank borrowings	0	0	107	104
Derivative financial instruments	30	0	0	
Finacial leasing debts	789	707	0	0
Total	**819**		**107**	

The fair values of long-term loans are based on discounted cash flows. The discount rate is the interest that the Group would receive for an equivalent loan from an external party on the closing date. The total interest rate comprises risk-free interest and a company-specific risk premium.

Financial leasing

In financial leasing, fair values are estimated by discounting future cash flows with an interest rate corresponding to the interest on equivalent leasing agreements on the closing date.

	2016		2015	
Discount rates used in determining fair values				
Bank borrowings		2.9 %		3.4 %
Short-term financing loans				
Bank borrowings	107		429	
Financial leasing debts	216		0	
Derivative financial instruments	13		0	
Factoring-debt	358		747	
Total	**693**		**1,176**	

The fair values of short-term financing loans are equivalent to their book values, as discounting has no material effect in view of the maturities of the debts.

Bank loans

At the end of the financial year, the book value of the loans was EUR 107 thousand and their fair value was EUR 107 thousand.

In addition, Aspocomp had a EUR 500 thousand credit facility costing 2.1 percent per annum. The interest on credit drawn down is 1.5 percent above the one-week Euribor rate. At the end of the financial year, no credit was in use.

17. (continues)

The breakdown of the maturity of payables **1000 €**

Dec. 31, 2016	**Balance sheet value**	**Cash flow**	**12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
Bank borrowings						
Principal	107	107	107	0	0	0
Paid interest expenses		1	1	0	0	0
Financial leasing debts						
Principal	1,005	1,005	216	223	562	4
Paid interest expenses		100	35	28	37	0
Derivative financial instruments	43	43	12	12	19	0
Factroring debt	358	358	358	0	0	0
Trade and other payables	2,837	2,837	2,837	0	0	0
Total	**4,350**	**4,451**	**3,566**	**263**	**618**	**4**

Dec. 31, 2015	**Balance sheet value**	**Cash flow**	**12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
Bank borrowings						
Principal	536	536	429	107	0	0
Paid interest expenses		10	9	1	0	0
Derivative financial instruments	28	28	7	7	15	0
Factroring debt	747	747	747	0	0	0
Trade and other payables	1,902	1,930	1,930	0	0	0
Total	**3,213**	**3,251**	**3,122**	**114**	**15**	**0**

Trade and other payables	**2016**	**2015**
The breakdown by currencies of accounts payable		
EUR	1,299	774
USD	703	942
Total	2,002	1,716
Accrued payables	1,236	940
Total trade and other payables	**3,238**	**2,656**
Accrued liabilities		
Personnel expenses	887	596
Accrued interest on loans	1	1
VAT liabilities	50	0
Others	298	343
Total	*1,236*	*940*

18. CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

The following table shows the carrying amounts of financial assets and liabilities by measurement categories. The fair value is not shown in the table if it is not significantly different from the carrying value.

2016 1000 €	Available-for-sale investments	Loans and receivables	Held-for-trading	Financial liabilities	Balance sheet value	Fair value				Note
Valuation principle	At fair value	Measured at amortized cost	At fair value	Measured at amortized cost		Level 1	Level 2	Level 3	Total	
Non-current financial assets										
Available-for-sale investments	15				15				15	13
Accounts receivable and other receivables		3,992			3,992				3,992	15
Derivative financial instruments (not in hedge accounting)			0		0				0	22
Cash and cash equivalents		258			258				258	16
Total	**15**	**4,250**	**0**		**4,265**				**4,265**	
Long-term financing loans										
Bank borrowings				0					0	17
Financial leasing debts				789	789				789	17
Derivative financial instruments (not in hedge accounting)			30		30		30		30	22
Short-term financing loans										
Bank borrowings				107	107				107	17
Financial leasing debts				216	216				216	17
Factoring debt				358	358				358	17
Derivative financial instruments (not in hedge accounting)			13		13		13		13	22
Accounts and other payables				2,837	2,837				2,837	17
Total	**0**	**0**	**43**	**4,307**	**4,350**		**43**		**4,350**	

18. (continues)

The following table shows the carrying amounts of financial assets and liabilities by measurement categories. The fair value is not shown in the table if it is not significantly different from the carrying value.

2015 1000 €	Available-for-sale investments	Loans and receivables	Held-for-trading	Financial liabilities	Balance sheet value	Fair value				Note
Valuation principle	At fair value	Measured at amortized cost	At fair value	Measured at amortized cost		Level 1	Level 2	Level 3	Total	
Non-current financial assets										
Available-for-sale investments	15				15				15	13
Accounts receivable and other receivables		2,959			2,959				2,959	15
Derivative financial instruments (not in hedge accounting)			1		1				1	22
Cash and cash equivalents		272			272				272	16
Total	**15**	**3,231**	**1**		**3,247**				**3,247**	
Long-term financing loans										
Bank borrowings				107	107				107	17
Derivative financial instruments (not in hedge accounting)			19		19		19		19	22
Short-term financing loans										
Bank borrowings				429	429				429	17
Factoring debt				747	747				747	17
Derivative financial instruments (not in hedge accounting)			10		10		10		10	22
Accounts and other payables				1,902	1,902				1,902	17
Total	**0**	**0**	**29**	**3,185**	**3,213**		**29**		**3,213**	

Determination of fair values

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2:
Inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derivated from prices)

Level 3:
Inputs for the assets or liabilities that is not based on observable market data (unobservable inputs).

19. NET FOREIGN EXCHANGE GAINS/LOSSES

1000 €	2016	2015
The exchange differences charged/credited to the income statement		
Other operating costs	38	112
Total	**38**	**112**

20. CONTINGENCIES AND COMMITMENTS

1000 €	2016	2015
Other rental payables		
Minimum rents of other rent agreements that cannot be terminated		
Within one year	463	480
After one year but not more than five years	3	260
Total	**466**	**740**
Contingent liabilities at Dec. 31, 2016		
Guarantees		
Guaranteed contingent liability towards the Finnish Customs	21	45

21. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

1000 €	2016	2015
Non-cash transactions		
Depreciation	1,066	1,168
Others	155	226
Non-cash transactions, total	**1,221**	**1,393**
Other adjustments		
Financial income	0	-33
Sales profit	-14	-19
Taxes	-412	-277
Other adjustments, total	**-426**	**-330**
Change in net working capital		
Change in receivables	-806	561
Change in inventories	-239	-334
Change in trade and other payables	-613	-256
Total	**-1,658**	**-28**

22. DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values

1000 €	2016	2015
Forward foreign exchange contracts, not in hedge accounting, nominal value	0	228
Forward foreign exchange contracts, not in hedge accounting, fair value (balance sheet value)	0	1
Interest rate swap contracts, nominal value	2,000	2,000
Interest rate swap contracts, fair value (non-current assets)	30	22
Interest rate swap contracts, fair value (current assets)	13	7

23. RELATED-PARTY DISCLOSURES

1000 €	2016	2015
Aspocomp Group's related-party disclosures include the CEO and the members of the Board and the Management Team. Sales of goods and services with related parties are based on market prices and general market conditions.		
Salaries and benefits of the Management Team		
CEO Mikko Montonen as of May 15, 2014		
Salaries and fringe benefits	275	241
Share-based payment	49	77
Pension costs, defined contribution plans	41	41
CEO Sami Holopainen until May 14, 2014		
Salaries and fringe benefits		
Share-based payment		8
Pension costs, defined contribution plans		
Other Management Team		
Salaries and fringe benefits	420	416
Share-based payment		2
Fees of members of the Board		
Ms. Päivi Marttila, Chairman of the Board	22	38
Mr. Matti Lahdenperä (member as of April 7, 2016)	10	
Mr. Tuomo Lähdesmäki (member until April 7, 2016)	1	19
Ms. Kaarina Muurinen, Vice Chairman (as of March 26, 2015)	11	18
Mr. Juha Putkiranta (member as of April 7, 2016)	10	
Total remunerations of the members of the Board	54	75
Management's total employment benefits	**799**	**819**

Under the current legislation, the CEO's age of retirement and base for retirement is 63-68 years. If the contract of service of the CEO is terminated either by the CEO or by the company, the notice period is 6 months. If the company terminates the contract an additional 6 months' severance pay shall be paid. The CEO does not have any voluntary additional pension arrangements.

The CEO and Board members have not been granted any loans, nor have any guarantees or commitments been given on their behalf.

Aspocomp shareholdings (number of shares)	**Dec. 31, 2016**	**Dec. 31, 2015**
Members of the Board	167,474	150,463
CEO	90,000	0
Other management	15,524	19,024
Total shareholdings	272,998	169,487
Votes conferred by the shares	**4.2 %**	**2.6 %**

24. SHARE-BASED PAYMENTS

On February 25, 2016, the Board of Directors of Aspocomp Group Plc. decided to introduce share-based incentive and commitment plans for the company's key personnel.

1. Share reward plan for key personnel

The share reward plan offers the members of the Management Team and other key employees the possibility to receive shares in the company on the basis of the achievement of targets that will be set by the Board of Directors for four earnings periods, which are the four 12-month financial years during the period 1/2016 through 12/2019.

The target group for the plan consists of approximately 20 persons. The Board of Directors may decide on including new key employees and their annual maximum rewards. The maximum reward is expressed as a number of shares. In addition, the reward consists of a cash payment, the amount of which is determined on the basis of the value of the share reward at the time of payment. The cash payment aims at covering taxes and similar charges arising from the reward. Achievement of targets set for the earnings periods determines the portion of the maximum reward to be paid to a person.

Recipients of shares on the basis of the share reward plan must hold them for at least 36 months after the shares are entered on their book-entry accounts. If a plan participant’s employment or service relationship with a group company ends during this commitment period, he or she is as a general rule required to return the shares to the company without compensation.

During the 2016 earnings period, the criteria set for the plan were not fulfilled and thus no accrued expenses were booked due to the plan.

Earnings periods	2016
Grant date	
Earnings period begins	Jan. 1, 2016
Earnings period ends	Dec. 31, 2016
Maximum number of shares granted as remuneration	100,000
Shares are released 36 months after entry into the book-entry account	

Earnings criteria	2016
Earnings per share (EPS) without extraordinary items	
Achievement of earnings criteria, %	0%
Number of share incentives granted	0
Share price listed on grant date, €	1.05
Share price listed on balance sheet date, €	1.60

Impact of share incentive plan on the result for the	2016
Impact of the scheme on the profit for the period	0
Liabilities from the cash payments of the share-based	0

24. (continues)

3. CEO's stock option program

The Board of Directors of Aspocomp Group Plc resolved on May 15, 2014 to issue in total a maximum of 390,000 stock options to the company's President and CEO. The issue, which has been made in deviation from the shareholders' pre-emptive subscription rights, is based on the authorization by the Annual General Meeting held on April 23, 2014.

The maximum number of stock options issued under Option Program 2014 will be 390,000. Each stock option shall entitle the CEO to subscribe for one new share in the company. The stock options are issued free of charge. The program is divided into A, B and C series, each of which covers a maximum of 130,000 option entitlements. The share subscription price of the stock options A is the trade volume weighted average quotation of the share during March 1 - March 31, 2014 (EUR 0.99), of the stock options B the trade volume weighted average quotation of the share during March 1 - March 31, 2015 (EUR 1.24) and of the stock options C the trade volume weighted average quotation of the share during March 1 - March 31, 2016 (EUR 1.26).

	Option A	Option B	Option C
Date of issue	May 14, 2014	May 14, 2014	May 14, 2014
Issued number of options	130,000	130,000	130,000
Subcription price	0.99	1.24	1.26
Share price on the date of issue	1.45	1.45	1.45
Fair value	0.63	0.45	0.48
Subscription period	May 1, 2016- Dec. 31, 2018	May 1, 2017- Dec. 31, 2019	May 1, 2018- Dec. 31, 2020
Number of options			
Outstanding on January 1	130,000		
Exercised	-90,000		
Outstanding on December 31	40,000		

1000 €	2016	2015
Recognized as an expense	49	77

25. IMPAIRMENT TESTING

1000 €	2016	2015
Goodwill from the acquisition of a subsidiary is allocated to a cash-generating unit as follows:		
PCB manufacturing plant	**3,000**	**3,000**

The PCB manufacturing operations of the cash-generating unit Aspocomp Oulu. The plant primarily manufactures HDI (High Density Interconnection), multilayer and special material PCBs.

Impairment testing is carried out using the value-in-use method, in which the recoverable amount of the unit generating goodwill is determined and then compared with the book value of said unit. The cash flows after the forecast period are based on the average cash flow for the forecast years.

According to the impairment test, the recoverable amount exceeded the book amount by EUR 11.8 million, and thus goodwill was not impaired in 2016. (EUR 12.1 million 2015)

Key variables and assumptions used in impairment testing	2016	2015
Annual growth in net sales is based on the budget approved by management for the years 2017-2020. The growth rate after the end of the forecast period is assumed to be one (1) percent.	*10.2%*	*12.5%*
The sales margin is based on the average budgeted margin for the forecast period.	*43%*	*44%*
The discount rate is set using the weighted average cost of capital (WACC), which describes the total cost of equity and liabilities, accounting for the specific risks of asset items. The discount rate is determined before taxes.	*7.7%*	*8.2%*

Investments during the period under review are based on the strategic investment plan approved by management. The level of investments somewhat exceeds the ordinary level of investments in the industry.

Sensitivity analysis of impairment testing

The following changes in the values of each of the key variables (if all the other variables remain unchanged) would mean that the book value of the unit would be the same as its recoverable amount.	**Zero limit of the sensitivity analysis**	**Compared with the assumed figure**
Annual growth in net sales	-3.3%	- 13.5 ppts
Average sales margin	29.4%	- 13.2 ppts
Discount rate	13.4%	+ 5.7 ppts

Assumptions concerning the discount rate	2016	2015
Risk-free market yield	0.4%	0.9%
Gearing target (average based on an industry analysis)	9.5%	9.5%
Equity market risk premium (EMRP)	6.0%	6.0%
Additional risk premium for small companies with no liquid assets	2.0%	2.0%
Loan margin	2.5%	2.5%
Weighted average cost of capital (WACC)	7.7%	8.2%

26. FINANCIAL RISK MANAGEMENT

1000 €

Aspocomp is exposed to numerous financial risks in its ordinary operations. These risks are described in greater detail below. The President and CEO and the financial department identify, assess and if necessary hedge against financial risks and report to the Board of Directors on the financial position and adequacy of financing.

Liquidity risk

The company's liquidity is based on cash assets, the cash flow generated by business operations, and external financing.

At the end of the financial year 2016, the nominal value of interest-bearing liabilities was EUR 1.5 million. Gearing was 11.8 percent (10.7%) and equity ratio was 67.6 percent (68.6%).

The company has a credit facility of EUR 500 thousand. It was not in use at the end of the financial year 2016.

Maturities of financial liabilities are presented in Note 17.

In 2016, Aspocomp's cash and financial position improved compared with 2015. The company seeks to continuously evaluate and monitor the amount of financing to ensure that it has enough liquid funds to finance operations and repay maturing loans. To assess liquidity, the company has prepared a month-specific cash flow forecast for 2017. The forecast is updated on a monthly basis.

On the basis of the cash flow forecast prepared during the drafting of the financial statements, the company estimates that it has enough working capital to meet its needs during the next 12 months, provided that the company's sales and production cost structure develop as predicted and the availability of financing does not weaken unexpectedly. The company has a EUR 0.5 million credit facility, which was not in use as at December 31, 2016, and a recourse factoring agreement, of which EUR 0.4 million was in use at the end of the review period. In addition the company has financed its investments through financial leasing during the financial year. Financial leasing liabilities amounted to EUR 1.0 million at December 31, 2016. These forms of finance used to safeguard liquidity include covenant terms. The covenant terms were not broken at December 31, 2016

Capital management

As equity, the company manages the shareholders' equity shown in the consolidated balance sheet. The objective is to ensure the continuity of the company's operations and the appreciation of shareholder value. The capital structure of the Group is monitored and forecast regularly in order to ensure liquidity. Capital management does not involve significant risks, as the shareholders' equity of the company is strong.

26. (continues)

1000 €

Continuity of operations

According to the estimates of the company's management and Board of Directors, financing-related uncertainties and other factors at the end of the 2016 financial year do not pose any substantial uncertainties that would give significant cause to doubt the company's ability to continue its operations. At the end of the 2016 financial year, cash assets amounted to EUR 0.3 million and gearing was 11.8 percent. On the basis of the business forecast, the company's operations will remain stable and it is expected that overall performance in 2017 will be better than last year.

Interest rate risk

The Group has made an interest rate swap agreement to hedge against the cash flows of the interest on factoring liabilities and loans from financial institutions.

Foreign currency risk

The Group's production activities are carried out in Finland. In addition, the Group has subsidiaries in Germany and China. The Group's main currency is the euro and over 70 percent of the Group's receivables are denominated in euros (at the end of year: 73%). The breakdown by currencies of the receivables is presented in Note 15. All the Group's long-term liabilities are denominated in euro. At the end of the year, 78 percent of the short-term debts were denominated in euros.

Credit risk

The Group trades only with recognized, creditworthy third parties. According to the credit policy agreed by the Board, all new customers are subject to credit verification procedures. The creditworthiness of existing customers is reviewed on a regular basis. Overdue receivables are reported to top management and the sales teams on a monthly basis and all the necessary actions are taken in order to collect the overdue receivables. On the reporting date, the maximum amount of financial assets exposed to credit risk was equal to their book value.

The five largest customers accounted for 53 percent of net sales (47% in 2015). During the financial year credit losses of EUR 0.08 million were recorded.

The age distribution of accounts receivable is presented in Note 15.

27. NOTES TO THE CONSOLIDATED CHANGES IN EQUITY

1000 €

	Number of shares
Jan. 1, 2015	6,406,505
Dec. 31, 2015	**6,406,505**
Jan. 1, 2016	6,406,505
Stock options	90,000
Dec. 31, 2016	**6,496,505**

Share capital

Aspocomp Group Plc. has one share series. The maximum number of shares is 6,496,505 (6,406,505 shares in 2015). All issued shares are fully paid.

Treasury shares

The treasury share fund includes the treasury shares owned by the parent company, measured at acquisition cost. At the end of the fiscal years 2015 and 2016, the company did not hold any treasury shares.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments and share subscription fees insofar as a decision has not been made to enter them into share capital. On the basis of the stock option programs launched after the new Companies Act (July 21, 2006/624) came into force (September 1, 2006), fees received from share subscriptions are recognized in full in the reserve for invested unrestricted equity.

Payment of dividends

The Board of Directors will propose to the Annual General Meeting that no dividends be paid.

28. EVENTS AFTER THE FINANCIAL PERIOD

No significant reportable events after the financial period.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

€	Note	1.1.-31.12.2016	1.1.-31.12.2015
Net sales	1.1	**21,635,108.59**	**17,445,414.84**
Change in finished goods and work in progress		255,851.00	221,857.00
Other operating income	1.2	38,340.65	161,477.23
Materials and services	1.3	-9,504,031.06	-7,471,976.82
Personnel costs	1.4	-5,885,514.00	-5,516,631.71
Depreciation and write-downs	1.5	-2,370,583.23	-2,472,700.52
Other operating expenses	1.6	-4,738,727.03	-4,806,373.46
Operating loss		**-569,555.08**	**-2,438,933.44**
Financial income and expenses	1.7	-92,425.59	-76,297.88
Profit/loss before appropriations and taxes		**-661,980.67**	**-2,515,231.32**
Profit/loss for the year		**-661,980.67**	**-2,515,231.32**

PARENT COMPANY BALANCE SHEET

Assets	Note	12/31/2016	12/31/2015
Non-current assets			
Intangible assets	2.1	7,853,098.77	9,102,181.20
Tangible assets	2.2, 2.3	2,363,682.25	1,930,566.24
Investments	2.4	127,130.50	127,130.50
Total non-current assets		**10,343,911.52**	**11,159,877.94**
Current assets			
Inventories	2.5	2,525,819.00	2,323,432.00
Short-term receivables	2.6	4,103,834.66	3,277,377.51
Cash and cash equivalents		115,609.59	132,532.96
Total current assets		**6,745,263.25**	**5,733,342.47**
Total assets		**17,089,174.77**	**16,893,220.41**
Liabilities and shareholders' equity			
Shareholders' equity	2.7		
Share capital		1,000,000.00	1,000,000.00
Reserve for invested unrestricted equity		2,561,088.80	2,471,988.80
Retained earnings		5,759,001.00	8,274,232.32
Net profit/loss for the period		-661,980.67	-2,515,231.32
Total shareholders' equity		**8,658,109.13**	**9,230,989.80**
Liabilities			
Long-term liabilities	2.8	818,811.75	107,142.82
Short-term liabilities	2.9	7,612,253.89	7,555,087.79
Total liabilities		**8,431,065.64**	**7,662,230.61**
Total liabilities and shareholders' equity		**17,089,174.77**	**16,893,220.41**

PARENT COMPANY CASH FLOW STATEMENT

€	1.1.-31.12.2016	1.1.-31.12.2015
Cash flow from operating activities		
Operating profit/loss	-661,980.67	-2,515,231.32
Adjustments		
Non-cash transactions	2,518,090.77	2,653,294.96
Change in working capital	-1,697,047.65	-125,645.97
Paid interest expenses	-76,399.26	-108,406.70
Received interest income	342.96	31,745.54
Net cash flow from operating activities	**83,006.15**	**-64,243.49**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-395,784.73	-469,308.92
Proceeds from sale of tangible and intangible assets	20,200.00	47,339.80
Purchase of shares	0.00	0.00
Sale of other shares / receivables	0.00	0.00
Net cash flow from investing activities	**-375,584.73**	**-421,969.12**
Net cash flow before financing	**-292,578.58**	**-486,212.61**
Cash flow from financing activities		
Loans drawn down	1,046,316.00	747,004.31
Loans repaid	-859,760.79	-703,571.44
Received Group contributions	89,100.00	0.00
Payments of dividends	0.00	0.00
Net cash flow from financing activities	**275,655.21**	**43,432.87**
Change in cash and cash equivalents	-16,923.37	**-442,779.74**
Cash and cash equivalents at the beginning of period	132,532.96	575,312.70
Cash and cash equivalents at the end of period	**115,609.59**	**132,532.96**

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

ACCOUNTING PRINCIPLES OF THE PARENT COMPANY

The financial statements of the company have been prepared in accordance with the procedures laid out in the Finnish Accounting Act and other Finnish Accounting Standards (FAS). The figures from the previous year have been adjusted for comparability. The financial statements are presented in euros.

Tangible and intangible assets

Intangible assets

Goodwill

Goodwill represents the share of the acquisition cost exceeding the Group's share at the moment of acquisition of the fair value of the itemizable net assets of an acquired subsidiary. Goodwill from the acquisition of subsidiaries is included in intangible assets. For impairment testing, it is allocated to cash-generating units. Goodwill is tested for impairment annually and is recognized in the balance sheet at acquisition cost less impairment losses. An impairment loss on goodwill is not reversed. The carrying amount of goodwill related to a sold company has an effect on the capital gains or losses.

Research and development expenditure

The company does not engage in actual product development. Research and development expenditure represents general development of the production process that cannot be directly allocated to any customer order, but which does not fulfill the capitalization criteria of IAS 38. The company no longer engages in PCB technology-related research and development that would be directly connected to customer projects and which would therefore be capable of independently generating income. The company cannot separate the research phase from the development phase, and it does not engage in actual product development, and thus treats all production process-related expenditure as expenditure on the research phase (IAS 38.53).

Software

Purchased software is recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

Intangible rights

Intangible assets with limited useful lives are recorded in the balance sheet at the original cost less accumulated amortization and impairment, if any.

The estimated useful lives of intangible assets are:

- Intangible rights 3 years
- Other intangible assets 5 - 10 years.

Property, plant and equipment

Property, plant and equipment are measured at original cost less accumulated depreciation and impairment. Property, plant and equipment are depreciated according to plan on a straight-line basis in accordance with the estimated useful life.

If the asset consists of several parts with different useful lives, each part is treated as a separate asset. In this case the costs arising from renewal of the part are capitalized and the remainder is expensed. Other costs are treated as property, plant and equipment only when the economical benefits relating to these assets are probable and when the acquisition cost can be defined reliably. Other repair and maintenance costs are recognized in the income statement as they arise.

The estimated useful lives of property, plant and equipment are:

- Buildings and structures 15 – 30 years
- Machinery and equipment 3 – 8 years

- Other tangible assets 5 – 10 years
- Land and water are not subject to depreciation.

The residual value of the assets and their useful lives are reviewed at least at each balance sheet date and, if necessary, adjusted to reflect changes in their expected economic benefits.

Gains and losses resulting from derecognition of property, plant and equipment are entered under other operating income or expenses.

Impairment of tangible and intangible assets

The Group assesses asset items annually for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated and then compared with the carrying amount of the asset item in question. In addition, the recoverable amounts of goodwill are assessed annually. Impairment is examined at the level of cash-generating units – that is, at the lowest unit level that is primarily independent of other units and whose cash flows can be separated out from other cash flows.

The recoverable amount is the higher of the fair value of the asset less disposal costs or the value in use. The value in use is the estimated future cash flow of the asset or cash-generating unit discounted to its present value. The discount interest rate used is determined before taxes and describes the market outlook for the time value of money and the special risks associated with the asset item to be tested.

An impairment loss is recognized if the carrying amount of the asset item is higher than its recoverable amount. An impairment loss on an item other than goodwill is reversed if the situation changes and the recoverable amount of the asset has changed since the date of impairment loss recognition. An impairment loss on goodwill is not reversed.

Financial assets and financial liabilities

Financial assets

The Group's financial assets are classified in the following categories according to IAS 39: “Loans and Other Receivables” and “Available-for-Sale Investments”. Initial recognition is performed on the basis of the usage of the financial assets at the time of acquisition.

All purchases and sales of financial assets are booked on the transaction date. Financial assets are derecognized from the balance sheet when the Group has lost its contractual rights to their cash flows, or when the Group has substantially transferred the risks and rewards out of the Group.

Loans and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading. Recognition is based on amortized cost. They are presented under Loans and Other Receivables in the balance sheet as non-current assets if they fall due after a period exceeding 12 months. Otherwise they are presented as current assets under “Short-term Receivables”.

Available-for-Sale Investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other group. They are included in non-current assets, unless the intention is to keep them less than 12 months from the closing date; if that is the case, they are recognized as current assets. Available-for-Sale Investments are recognized in the balance sheet at their fair value, and changes in fair value are recorded in other items in comprehensive income, accounting for their tax effect, and presented in shareholders' equity. Changes in fair value are transferred to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recorded. Available-for-Sale Investments during the disclosed periods only include investments in unquoted shares whose acquisition cost is substantially equal to their fair value (based on, for instance, recent transactions). The markets for said shares are inactive and the Group does not intend to divest itself of these shares in the near future.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. Cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Financial liabilities

Financial liabilities are recognized initially at their fair value. Transaction costs are included in financial liabilities' initial carrying amount. Later all financial liabilities are recognized at amortized cost. The difference between the money received (less transaction costs) and the amount to be repaid is entered in the income statement using the effective interest method over the loan period. Financial liabilities are included in non-current and current liabilities.

All financial liabilities are booked in the balance sheet when the company becomes a contractual party in said financial liabilities. Financial liabilities are derecognized when the obligation specified in the contract has been discharged or cancelled or has expired.

When the terms of financial liabilities are renegotiated and the terms change substantially, the renegotiated liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the present value of the remaining discounted cash flows of the original financial liability. The difference between the carrying amount of the new financial liability and the original financial liability is recognized through profit or loss in financial income or expenses. If the change in the terms of the liability is not substantial, and said change is not accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, then the carrying amount of the liability is adjusted with the resulting costs and fees, which are recognized as expenses over the remaining maturity of the liability whose terms have been revised.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A substantial or long impairment of share investments, in which their value declines below their acquisition cost, indicates the impairment of an equity instrument classified as an available-for-sale financial asset. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement. Impairment losses on equity investments classified as available-for-sale financial assets are not reversed through profit or loss, while the subsequent reversal of impairment losses on interest instruments is recognized through profit or loss.

The Group recognizes an impairment loss on accounts receivable if there is objective evidence that the receivables cannot be collected in full. The major financial difficulties of the debtor, the probability of bankruptcy, delinquent payments or significant delays in payments constitute evidence of the impairment of accounts receivable. The amount of the impairment loss recognized in the income statement is measured as the difference between the carrying amount of the receivables and the present value of estimated future cash flows discounted at the effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in profit or loss.

Net sales

Discounts, VAT and exchange rate differences of accounts receivable have been accounted for under adjustments to net sales.

Research and development expenditure

Research and development expenditure is fully expensed during the financial year in which it was incurred.

Extraordinary income and expenses

Extraordinary income and expenses include exceptional and significant events that are not related to the Group's line operations.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event and the materialization of the payment obligation is probable. A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and the plan has been announced. The provision reflects management's best estimate of the present value of future expenditure.

Pension arrangements

In the consolidated financial statements, pension schemes in different countries are classified as defined contribution or defined benefit schemes. In defined contribution schemes, the Group makes fixed payments to a separate unit. The Group does not have a legal or constructive obligation to make additional payments if the recipient cannot pay the pension benefits in question. All such schemes that do not fulfill these conditions are considered to be defined benefit schemes. Payments for defined contribution schemes have been recorded in the income statement for the period to which the payment pertains.

The Group has pension schemes that have been classified as defined contribution or defined benefit schemes. In defined contribution schemes, payments have been recorded in the income statement for the period to which the payment pertains.

In a defined benefit scheme, the commitment to be recognized as a liability is the net amount of the present value of the pension liabilities on the closing date and the fair value of assets adjusted by the non-depreciated part of the obligation based on unrecognized retroactive work performance. The pension liability is calculated by independent actuarial mathematicians based on the amount of the predicted pension liability by applying the projected unit credit method; the liability is discounted to the present value of future cash flows at an interest rate corresponding to the interest on high-quality bonds issued by the company. Pension costs are recognized as expenses in the income statement over the service years of personnel. Actuarial gains and losses are recognized in the statement of comprehensive income.

Items denominated in foreign currencies

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company. Foreign currency transactions are converted to euros using the exchange rates on the date of the transaction in question. Receivables and liabilities denominated in a foreign currency are converted to euros using the rates on the closing date. The resulting exchange differences are recorded in the income statement such that exchange differences on business transactions are included in operating profit and exchange differences due to financial assets and liabilities are presented in financial items.

Taxes

Taxes on the Group companies' financial results for the period, adjustments of taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. The deferred tax asset or liability is calculated on all temporary differences between carrying amounts and taxable values, applying the tax rates confirmed on the closing date. Deferred tax assets are recognized from confirmed losses by applying the average result for the past four financial years, net of non-recurring items, to the future financial years in which losses confirmed in taxation can be used. Deferred tax assets arising from acquisition costs that have not been deducted in taxation are recognized in full in undeducted acquisition costs at the end of the reported financial year.

Deferred tax is not recognized on the undistributed profits of subsidiaries when it is probable that the temporary difference will not be dissolved in the foreseeable future.

Notes to the Parent Company Financial Statements

1.1 NET SALES BY GEOGRAPHICAL AREA

€	2016	2015
Europe	20,166,228.36	16,260,043.77
Asia	944,622.43	823,218.65
	524,257.80	362,152.42
Total	**21,635,108.59**	**17,445,414.84**

1.2 OTHER OPERATING INCOME

€	2016	2015
Gains on sale of tangible assets	17,000.00	47,339.80
Other income	21,340.65	114,137.43
Total	**38,340.65**	**161,477.23**

1.3 MATERIALS AND SERVICES

€	2016	2015
Purchase during accounting period	9,103,197.44	7,334,676.05
Change in inventories	53,464.00	-91,813.00
Subcontracting (external services)	347,369.62	229,113.77
Total	**9,504,031.06**	**7,471,976.82**

1.4 NOTES ON PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

€	2016	2015
Personnel costs		
Salaries and wages	4,784,177.45	4,487,738.22
Fees	0.00	0.00
Pension costs	791,882.63	727,096.97
Other personnel costs	309,453.92	301,796.52
Total	**5,885,514.00**	**5,516,631.71**
Management salaries and benefits		
CEO and Board Members	329,280.00	315,760.00
Personnel at the end of year		
Non-office workers	69	66
Salaried employees	34	37
Total	**103**	**103**
Personnel on average during the year		
Non-office workers	66	78
Salaried employees	35	39
Total	**101**	**117**

1.5 DEPRECIATIONS AND WRITE-DOWNS

€	2016	2015
Depreciation of intangible rights	1,429,133.38	1,429,270.46
Depreciation of machinery and equipment	941,449.85	1,043,430.06
Total	**2,370,583.23**	**2,472,700.52**

1.6 OTHER OPERATING EXPENSES

€	2016	2015
Rental expenses	527,008.77	516,066.23
Real estate costs	228,748.71	164,389.58
Energy costs	825,267.90	753,352.54
IT costs	214,650.11	237,936.09
External services	725,168.28	696,935.61
Other expenses	2,217,883.26	2,437,693.41
Total	**4,738,727.03**	**4,806,373.46**
Auditor's fees		
1. Auditing	53,525.80	45,000.00
2. Tax consultation	0.00	0.00
3. Certificates and statements	0.00	3,000.00
4. Other services	8,724.00	3,755.00
Total	**62,249.80**	51,755.00

1.7 FINANCIAL INCOME AND EXPENSES

€	2016	2015
Interest and other financial income		
From group companies	0.00	0.00
From others	342.96	31,745.54
Total	**342.96**	**31,745.54**
Interest and other financial expenses		
To group companies	0.00	0.00
To others	92,768.55	108,043.42
Total	**92,768.55**	**108,043.42**
Total financial income and expenses	**-92,425.59**	**-76,297.88**

2.1 INTANGIBLE ASSETS

€				
2016	Intangible rights	Goodwill	Other long-lived assets	Total
Acquisition cost Jan. 1, 2016	310,892.22	13,051,744.81	505,289.79	13,867,926.82
Increase	173,788.52	0.00	6,262.43	180,050.95
Decrease	-8,325.30	0.00	0.00	-8,325.30
Acquisition cost Dec. 31, 2016	**476,355.44**	**13,051,744.81**	**511,552.22**	**14,039,652.47**
Accumulated depreciation Jan. 1, 2016	244,395.99	4,241,817.06	279,532.57	4,765,745.62
Accumulated depreciation of decreases and transfers	-8,325.30	0.00	0.00	-8,325.30
Depreciation for the year	24,762.25	1,305,174.48	99,196.65	1,429,133.38
Accumulated depreciation Dec. 31, 2016	**260,832.94**	**5,546,991.54**	**378,729.22**	**6,186,553.70**
Book value Dec. 31, 2016	**215,522.50**	**7,504,753.27**	**132,823.00**	**7,853,098.77**
2015				
Acquisition cost Jan. 1, 2015	285,064.06	13,051,744.81	483,051.17	13,819,860.04
Increase	25,828.16	0.00	22,238.62	48,066.78
Decrease	0.00	0.00	0.00	0.00
Acquisition cost Dec. 31, 2015	**310,892.22**	**13,051,744.81**	**505,289.79**	**13,867,926.82**
Accumulated depreciation Jan. 1, 2014	223,603.51	2,936,642.58	176,229.07	3,336,475.16
Accumulated depreciation of decreases and transfers	0.00	0.00	0.00	0.00
Depreciation for the year	20,792.48	1,305,174.48	103,303.50	1,429,270.46
Accumulated depreciation Dec. 31, 2015	**244,395.99**	**4,241,817.06**	**279,532.57**	**4,765,745.62**
Book value Dec. 31, 2015	**66,496.23**	**8,809,927.75**	**225,757.22**	**9,102,181.20**

2.2 TANGIBLE ASSETS

€			
2016	Machinery and equipment	Advance payments & constructions in progress	Total
Acquisition cost Jan. 1, 2016	5,852,623.55	37,500.00	5,890,123.55
Increase	1,380,778.61	0.00	1,380,778.61
Decrease	-624,738.28	0.00	-624,738.28
Transfers between items	37,500.00	-37,500.00	0.00
Acquisition cost Dec. 31, 2016	**6,646,163.88**	**0.00**	**6,646,163.88**
Accumulated depreciation Jan. 1, 2016	3,959,557.31	0.00	3,959,557.31
Accumulated depreciation of decreases and transfers	-618,525.53	0.00	-618,525.53
Depreciation for the year	941,449.85	0.00	941,449.85
Accumulated depreciation Dec. 31, 2016	**4,282,481.63**	**0.00**	**4,282,481.63**
Book value Dec. 31, 2016	**2,363,682.25**	**0.00**	**2,363,682.25**
2015			
Acquisition cost Jan. 1, 2015	5,654,269.71	0.00	5,654,269.71
Increase	381,970.74	37,500.00	419,470.74
Decrease	-183,616.90	0.00	-183,616.90
Transfers between items	0.00	0.00	0.00
Acquisition cost Dec. 31, 2015	**5,852,623.55**	**37,500.00**	**5,890,123.55**
Accumulated depreciation Jan. 1, 2015	3,071,633.93	0.00	3,071,633.93
Accumulated depreciation of decreases and transfers	-155,506.68	0.00	-155,506.68
Depreciation for the year	1,043,430.06	0.00	1,043,430.06
Accumulated depreciation Dec. 31, 2015	**3,959,557.31**	**0.00**	**3,959,557.31**
Book value Dec. 31, 2015	**1,893,066.24**	**37,500.00**	**1,930,566.24**

2.3 FINANCIAL LEASE AGREEMENTS

€

Property, plant and equipment include financial leases as follows:

2016	Machinery and equipment	Total
Acquisition cost Jan. 1, 2016	0.00	0.00
Increase	1,228,000.00	1,228,000.00
Decrease	0.00	0.00
Acquisition cost Dec. 31, 2016	**1,228,000.00**	**1,228,000.00**
Accumulated depreciation Jan. 1, 2016	0.00	0.00
Accumulated depreciation of decreases and transfers	0.00	0.00
Depreciation for the year	83,314.08	83,314.08
Accumulated depreciation Dec. 31, 2016	**83,314.08**	**83,314.08**
Book value Dec. 31, 2016	**1,144,685.92**	**1,144,685.92**

2015		
Acquisition cost Jan. 1, 2015	0.00	0.00
Increase	0.00	0.00
Decrease	0.00	0.00
Acquisition cost Dec. 31, 2015	**0.00**	**0.00**
Accumulated depreciation Jan. 1, 2015	0.00	0.00
Accumulated depreciation of decreases and transfers	0.00	0.00
Depreciation for the year	0.00	0.00
Accumulated depreciation Dec. 31, 2015	**0.00**	**0.00**
Book value Dec. 31, 2015	**0.00**	**0.00**

2.4 INVESTMENTS

€	Shares		Receivables	Total
2016	Group companies	Others	Group companies	
Book value Jan. 1, 2016	112,234.00	14,896.50	0.00	**127,130.50**
Increases	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00
Book value Dec. 31, 2016	**112,234.00**	**14,896.50**	**0.00**	**127,130.50**
2015				
Book value Jan. 1, 2015	226,211.02	14,896.50	0.00	**241,107.52**
Increases	0.00	0.00	0.00	0.00
Decreases	-113,977.02	0.00	0.00	-113,977.02
Book value Dec. 31, 2015	**112,234.00**	**14,896.50**	**0.00**	**127,130.50**

Group companies	*Domicile*	*Group interest* (%)	*Parent company* (%)	*Parent company's* (no.)	*Shares/participations owned by the parent* nominal value	book value
Aspocomp Trading Oy	Finland	100.00	100.00	320	0.00	0.00
Aspocomp GmbH	Germany	100.00	100.00	2		62,234.00
AC Shenzhen Electronics Co.,	China	100.00	100.00			50,000.00
Total						**112,234.00**

Other shares and participations	
Other shares	14,896.50
Total	**14,896.50**

2.5 INVENTORIES

€	2016	2015
Materials and supplies	1,588,823.00	1,642,287.00
Work in progress	317,555.00	199,971.00
Finished goods	619,441.00	481,174.00
Total	**2,525,819.00**	2,323,432.00

2.6 SHORT-TERM RECEIVABLES

€	2016	2015
Accounts receivable	3,987,911.10	2,952,912.66
Other receivables	0.00	116,990.29
Other accrued income	115,923.56	207,474.56
Short-term receivables, total	**4,103,834.66**	**3,277,377.51**

2.7 SHAREHOLDERS' EQUITY

€	2016	2015
Shareholders' equity Jan. 1	1,000,000.00	1,000,000.00
Shareholders' equity Dec. 31	**1,000,000.00**	**1,000,000.00**
Reserve for invested unrestricted equity Jan. 1	2,471,988.80	2,462,439.68
Increase	89,100.00	9,549.12
Reserve for invested unrestricted equity Dec. 31	**2,561,088.80**	**2,471,988.80**
Retained earnings Jan. 1	5,759,001.00	8,274,232.32
Retained earnings Dec. 31	**5,759,001.00**	**8,274,232.32**
Net profit/loss for the period	**-661,980.67**	**-2,515,231.32**
Total balance	**8,658,109.13**	**9,230,989.80**
Distributable funds in unrestricted equity	**7,658,109.13**	**8,230,989.80**

2.8 NON-CURRENT LIABILITIES

€	2016	2015
Loans from financial institutions		
Loans from financial institutions	0.00	107,142.82
Financial leasing debts	788,579.75	0.00
Derivative financial instruments	30,232.00	0.00
Non-current liabilities, total	**818,811.75**	107,142.82

2.9 CURRENT LIABILITIES

€	2016	2015
Loans from financial institutions		
Bank loans	107,142.82	428,571.44
Financial leasing debts	215,993.71	0.00
Derivative financial instruments	12,654.00	0.00
Factoring debt	357,557.50	747,004.31
Total	**693,348.03**	1,175,575.75
Accounts payable, other payables and accrued expenses		
Accounts payable	1,993,306.41	1,716,239.02
Other payables	170,326.84	133,789.25
Accrued expenses	930,130.58	695,256.33
Total	**3,093,763.83**	2,545,284.60
Material items in accrued expenses:		
Periodization of personnel expenses	847,617.12	587,444.98
Interest periodization of loans	273.57	607.08
Other items	82,239.89	240,993.52
Total	930,130.58	829,045.58
Liabilities to Group companies		
Liabilities to Group companies	3,825,142.03	3,834,227.44
Current liabilities, total	**7,612,253.89**	**7,555,087.79**

3.1 SECURITIES, CONTINGENT LIABILITIES AND OTHER LIABILITIES

€	2016	2015
Lease liabilities	465,685.00	740,266.00
Other liabilities	21,000.00	792,004.31
Total	**486,685.00**	**1,532,270.31**

BOARD OF DIRECTORS' DIVIDEND PROPOSAL AND SIGNATURES

According to the financial statements dated on December 31, 2016 the parent company's distributable funds totaled approximately EUR 7.7 million.

The Board of Directors will propose to the Annual General Meeting to be held on March 23, 2017, that no dividend be paid for the financial year January 1, 2016 - December 31, 2016 and that the loss of the parent company, EUR 661,980.67, be transferred to the company's retained earnings account.

Helsinki, February 13, 2017

Päivi Marttila
Chairman

Matti Lahdenperä

Kaarina Muurinen

Juha Putkiranta

Mikko Montonen
CEO

THE AUDITOR'S NOTE

The audit carried out has been submitted Auditor's Report today.

Helsinki, February 17, 2017

PricewaterhouseCoopers Oy

Authorized Public Accountants

Markku Katajisto
KHT

AUDITOR’S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Aspocomp Group Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial performance and financial position in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Aspocomp Group Oyj (business identity code 1547801-5) for the year ended 31 December, 2016. The financial statements comprise:

- the consolidated balance sheet, [income statement,] statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies

- the parent company’s balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our Audit Approach

Overview

- Overall group materiality: € 180 000, which represents 0,9 % of the average of net sales between years 2014 and 2016

- Audit scope: The audit scope incorporated the Group parent entity and a Finnish non-operative subsidiary

- Revenue recognition
- Valuation of goodwill
- Valuation of deferred tax assets
- Liquidity

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 180 thousand
How we determined it	0,9 % of average net sales between years 2014 and 2016
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it reflects the volume and growth objectives Group's business operations. Because the profit performance of the company is not steady, net sales is also a generally accepted benchmark. The percentage applied in the calculation is within the range of generally accepted quantitative materiality thresholds.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Aspocomp Group has one operative company, the Group parent, which has been selected into the audit scope together with a Finnish subsidiary, which has no operative activity [/business]. Group parent audit covers almost 100 % of the consolidated net sales.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition *For more information on revenue recognition please refer to the Accounting Principles of the Group Financial Statements and Note 1. Net Sales Income* Revenue for sale of goods is recognized when significant risks and benefits related to the ownership have transferred to the buyer and the group no longer has right of possession or actual control over a good [or service]. In calculation of revenue the sales income is adjusted by indirect taxes and granted discounts. We focused on audit of the revenue recognition, as a risk of recognising sales transactions into an incorrect accounting period exists. The performed work also covers significant risk associated with revenue recognition, as defined by the standards of auditing.	Our audit procedures included for example the following procedures: • We reviewed net sales recording to the correct accounting period by inspecting sales transactions recorded as revenue both before and after the last day of the financial period. For the selected sales transactions, we verified recognition of revenue in the correct financial period through ascertaining by virtue of delivery notes that the revenue was recorded to the correct financial period. • We reviewed a sample of sales transactions and validated the selected transactions to both sales invoices and delivery notes. We performed IT assisted audit procedures on Group net revenue analyzing all sales transactions during the financial period and ascertained logical accounting treatment of all revenue recognition recordings.
Valuation of goodwill *For information on valuation of goodwill refer to Accounting Principles of the Group Financial Statements and Note 25. Impairment Testing* The company is obliged to test valuation of goodwill for depreciation at least once a year. The consolidated group goodwill at year end is € 3 million and relates in its entirety to the circuit board factory in Oulu. This area is important for the audit, as depreciation testing involves management consideration regarding the key assumptions such as average increase rate of goodwill over the cash flow forecast period, gross margin and the discount rate used in the calculations. We concentrated on cash flow forecasts, as these involve most inherent judgement.	Our audit procedures included for example the following procedures: • We reviewed the estimates of annual increase in net sales and discount rate used in depreciation testing, and traced them to budgets approved by the board of directors. • We evaluated and challenged the future cash flow forecasts and discount rate, and reviewed the process of forming those forecast. We validated the mathematic accuracy of the depreciation testing calculations. • We compared the actual results of the year ended with the forecasts used in the testing calculations, and reviewed depreciation testing of prior years in view of realization in order to ensure that the management forecasts were not too optimistic e.g. in terms of estimated margins

and net sales increase rate.

- We reviewed the sensitivity analyses made by the management, which have been prepared by estimating the effects of the increase of net sales, weakening of the gross margin and changes in the discount rate both individually and in aggregate to the results of the results of the valuation depreciation testing.

Valuation of deferred tax assets

For information on valuation of deferred tax assets refer to Accounting Principles of the Group Financial Statements and Note 8. Income Taxes

The Group's consolidated balance sheet includes deferred tax assets of € 3 million in total, which were mainly recorded based on depreciations shelved in taxation. Over the financial period the deferred tax assets have increased by € 400 thousand. Valuation of deferred tax assets is involves inherent management judgement, since utilisation of the assets is subject to the company being likely to have taxable income in the future, based on which valuation of deferred tax assets is a key audit matter.

In addition, the Group confirmed losses for the parent company from previous financial periods totalling € 83.7 million, for which no deferred tax assets have been recorded in the Group consolidated balance sheet per 31 December, 2016 because as concerns them, the management has estimated a respective taxable income is not to be expected before the confirmed tax losses become obsolete.

Our audit procedures included for example the following procedures:

- We challenged the management forecasts of future taxable income. We verified the conformity of these forecasts with the estimates used for depreciation testing.
- We reviewed the grounds for recording deferred tax assets prepared by the management and challenged the management on the prerequisites for recording deferred tax assets.
- We validated the mathematic accuracy of the depreciation testing calculations.
  We also evaluated accuracy of previous forecasts in comparison with actual financial performance of the Group.

Liquidity

For information on liquidity refer to Accounting Principles of the Group Financial Statements and Note 26. Financial Risk Management

The company liquidity is based on cash assets, cash flow derived from the operations and to external financing. At the end of year 2016 the nominal value of interest-bearing liabilities amounted to € 1.5 and cash assets to € 0.3 million. Gearing was 11.8 % and equity ratio 67.6 %.

The company seeks to continuously evaluate and monitor the amount of financing required for the business operations to ensure that it has enough liquid funds to finance operations and repay

Our audit procedures included but were not limited to:

- We carried the cash flow forecasts prepared by the management to the 2017 budget and ensured there are no discrepancies between the forecasts and the budget.
- We validated the mathematic accuracy of the 12 month cash flow forecast calculations.
- We reviewed and challenged the cash flow forecasts prepared by the management for the next 12 months, based on which the company has sufficient working capital to last 12 months beyond the financial year end. We compared

maturing loans. To assess liquidity, the company has prepared a month-specific cash flow forecast for 2017.

The forms of finance used by the company such as bank loans, credit limit, factoring and finance leasing, involve covenant terms that were met as at 31 December, 2016.

The cash and funding status of the company improved during 2016 compared with 2015 level.

Based on the estimate prepared by the company business will remain stable, and on a whole the company estimates 2017 to become a better year than the previous year. Liquidity is a key audit matter, because estimation of it and preparation of cash flow forecasts involve inherent management judgement.

inter alia the forecasts to the realised figures for sales, and the growth forecast to the growth trend of recent times. As concerns costs, we compared the forecast to the costs realised on cost group level and resolved any material differences through obtaining an understanding of their nature and behaviour, including management possibilities to influence the amount of the costs.

- We reviewed the covenant calculations prepared by the company and ensured that the covenant terms were met at 31 December, 2016.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 17 February, 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant

CORPORATE GOVERNANCE STATEMENT 2016

Aspocomp Group Plc's corporate governance system is based on, and complies with, the legislation in force in Finland, Aspocomp's Articles of Association as well as the working orders of the Board and its committees. The company also complies with the rules, regulations and guidelines for listed companies issued by Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority as well as the Finnish Corporate Governance Code published by the Securities Market Association.

Aspocomp's Corporate Governance Statement 2016 has been prepared in accordance with the Finnish Corporate Governance Code 2015. Aspocomp has complied with the Corporate Governance Code recommendations as written and without any deviations.

The company's Board of Directors has reviewed this statement at its meeting on February 13, 2017. In addition, the accounting firm PricewaterhouseCoopers Oy has verified that the statement has been issued and that the general description of the internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

The statement has been issued separately from the Report of the Board of Directors. In addition to being included in the Annual Report 2016, the Corporate Governance Statement is available on the company's Internet site at www.aspocomp.com/govenance.

The Finnish Corporate Governance Code 2015 for listed companies is publicly available from, for instance, the Securities Market Association's website at www.cgfinland.fi/en.

GOVERNING BODIES

The administrative bodies of Aspocomp – the General Meeting, the Board of Directors, and the CEO – are in charge of the governance and operations of the company. Aspocomp's highest decision-making body is the General Meeting, where shareholders exercise their right to speak and vote. The Board of Directors is the highest operational decision-making body of the company. The AGM elects the Board of Directors, which in turn appoints the CEO. The CEO is responsible for the operational management of the company in accordance with the policies of the Board of Directors and with the support of the Management Team.

ANNUAL GENERAL MEETING

Shareholders may exercise their decision-making power at the General Meeting, where they have the right to speak, ask questions, and vote. All of Aspocomp's shareholders have the right to attend General Meetings, as long as they follow the instructions given in the Notice of Meeting. Shareholders may either attend in person or authorize a representative to represent them. Each share carries one vote at a General Meeting. Aspocomp's Annual General Meeting will be held in Helsinki or Espoo each year on the day determined by the Board, but no later than the end of June. An extraordinary General Meeting may be held if the Board of Directors deems it necessary, or if one is legally required.

The responsibilities of the Annual General Meeting (AGM) are defined in the Finnish Companies Act and the Articles of Association of the company. The most important responsibilities of the AGM include approving the financial statements, deciding on the dividend to be paid, discharging the Board members and the CEO from liability, appointing Board members and the auditor as well as deciding on their fees and amending the Articles of Association when necessary.

Notice of the AGM and proposals for resolution

Aspocomp will publish invitations to its General Meetings as stock exchange releases, as well as on its website. In accordance with Aspocomp's Articles of Association, the company will publish the Notice of AGM no earlier than two months and no later than three weeks prior to the meeting. The Notice of AGM includes the agenda, documents and draft resolutions to be submitted to the General Meeting. It also includes the names of those proposed for election as Board members and the proposal for their remuneration as well as the proposal for the auditor. The biographical details of all candidates for the Board will also be published on the company's website.

The Notice of AGM also contains any proposals submitted by shareholders concerning the composition and remuneration of the Board of Directors and the election of the auditor provided that the shareholder who submitted the proposal represents no less than 10% of the votes conferred by Aspocomp's shares and the candidates have consented to the appointment, and that the proposal was submitted to the company in such a manner that it can be included in the Notice of Meeting. Any similar proposals submitted by shareholders representing no less than 10% of the company's shares after the publication of the Notice of Meeting are published separately. In addition, all written proposals submitted to the company before the date of its General Meeting and relating to the items on the agenda of that meeting are presented on the company's website

Shareholders' proposals for issues to be addressed at the AGM

An Aspocomp shareholder has the right to have a matter falling within the competence of the General Meeting under the Limited Liability Companies Act addressed by the General Meeting if he/she submits a demand in writing to the company's Board well in advance so that the matter can be included in the Notice of Meeting. It is the duty of a shareholder to ensure that the matters he/she demands to be addressed at the General Meeting are in compliance with the Limited Liability Companies Act and that they are sufficiently detailed in order for them to be included in the Notice of Meeting and be addressed at the General Meeting.

Aspocomp shall disclose in due time on its website the date by which a shareholder must notify the company's Board of an issue that she or he demands to be addressed at the General Meeting. The date shall be published no later than by the end of the financial period preceding the General Meeting.

Attendance at the General Meeting

Aspocomp's Chairman of the Board, all members of the Board, and the CEO are present at the General Meeting. In addition, the auditor is present at the AGM. The prospective members of the Board of Directors who have been nominated for the first time will be present at the AGM that votes on their election. If one or more of these people do not attend, Aspocomp will notify the General Meeting of their non-attendance.

Archive of the General Meeting documents

General Meeting documents shall be archived on Aspocomp's website for at least five years. The minutes of the General meeting shall be made available on the company's website within two weeks of the General Meeting.

BOARD OF DIRECTORS

The Board is responsible for the administration and the proper organization of the operations of the company. The Board appoints and discharges the managing director, approves the strategic objectives and the principles of risk management for the company, and ensures the proper operation and supervision of the management system. The Board also ensures that the company has established the corporate values applied to its operations. Aspocomp’s Board of Directors has general authority in matters that have not been assigned to another administrative body in either legislation or the Articles of Association. The general task of the Board is to use its powers to increase the value of the shareholders’ holdings in the long run in line with the interests of the company and all of its shareholders.

Election and term of office of the Board

The Annual General Meeting elects annually all the members of the Board of Directors for a term of one year and decides on their remuneration. As set out in Aspocomp's Articles of Association, the company's Board of Directors consists of three (3) to eight (8) members. The term of office of the Board members ends at the next Annual General Meeting following their election. The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting, which is held after the AGM

Board of Directors in 2016

The Annual General Meeting held on April 7, 2016 decided to set the number of Board members at four and re-elected the current members of the Board, Ms. Päivi Marttila and Ms. Kaarina Muurinen, and elected Mr. Matti Lahdenperä and Mr. Juha Putkiranta as new members.

The Board re-elected Ms. Päivi Marttila as Chairman of the Board and Ms. Kaarina Muurinen as Vice Chairman.

PÄIVI MARTTILA

Chairman

b. 1961, Finnish Citizen, M.Sc. (Econ.)

Chairman of the Board, 2014-, member of the Board, 2013 -

Independent of the company and the company's main shareholders, 2013-

Main duty: Midagon Oy, Chairman of the Board and Partner, 2016-

Primary work experience: Midagon Oy, CEO, 2012-16, Flextronics Group, VP Sales and Marketing, 2005–11, Plamec Oy, CEO, 2002–05, QPR Software Oyj, Director and Founder, 1991–2001.

Key positions of trust: Efore Oyj and Midagon Oy, Chairman of the Board, Ixonos Oyj, Vice Chairman of the Board, Kitron ASA and Patria Oyj, Member of the Board.

Holdings in Aspocomp Group Plc on Dec. 31, 2016: 17.474 shares and related parties 12.489 shares

KAARINA MUURINEN

Vice Chairman

b. 1958, Finnish Citizen, M.Sc. (Econ.)

Vice Chairman of the Board and member of the Board, 2015-

Independent of the company and the company's main shareholders, 2015-

Main duty: Vaisala Oyj, CFO, 2011-

Primary work experience: Nokia Oyj, Vice President, Supply Chain Finance & Control, 2008-11, Vice President, Shared Accounting Services, 2003-08, Director, Financial Services Platform, 1998-2003, Hewlett-Packard Brussels Coordination Center, Accounting Manager, Europe Inventory & Revenue, 1994-98.

Key positions of trust: PRH's Auditor Oversight, Member

Holdings in Aspocomp Group Plc on Dec. 31, 2016: no shares

MATTI LAHDENPERÄ

Member of the Board

b. 1953, Finnish Citizen, Lic.Sc. (Tech.)

Member of the Board, 2016-

Independent of the company and the company's main shareholders, 2016-

Main duty: OT- Kumi Oy, Partner and Development Manager, 2004-16

Primary work experience: RL Vision Tech Oy, Deputy to the CEO, 2002-04, Thermo Radiometrie Oy, Production Manager, Group Manager 1995-2002, Rautaruukki New Technology, Production Manager 1991-95, VTT Oulu, Recearcher, 1988-91, Aspo Elektroniikka, Oulu, Production Manager, 1979-88.

Holdings in Aspocomp Group Plc on Dec. 31, 2016: 150.000 shares and related parties 70.011 shares

JUHA PUTKIRANTA

Member of the Board

b. 1957, Finnish Citizen, M.Sc. (Engineering)

Member of the Board, 2016-

Independent of the company and the company's main shareholders, 2016-

Main duty: Saafricon Oy, CEO and owner, 2015-

Primary work experience: Microsoft Corporation, Corporate Vice President, 2014, Nokia Oyj, Executive Vice President, Operations, 2013-14, Nokia Oyj, Senior Vice President, executive positions, 1997-12, Symbian Ltd, Member of the Board, 1998-01, Hewlett-Packard Corporation, Director of Marketing, Europe and Africa, Electronic Measurement solutions, 1992-97, Siar Oy, consult, 1986-87, Nokia Oyj, various projects, sales & marketing managemet positions, Information Solutions, 1979-86.

Key positions of trust: Familings Oy and Variantum Oy, Chairman of the Board, Bittium Corporation, Nordcloud Oy and 4TS Oy, Member of the Board, Meontrust Oy, Advisor of the Board

Holdings in Aspocomp Group Plc on Dec. 31, 2016: no shares

From March 26, 2015 to April 7, 2016, Aspocomp's Board of Directors had three members, with Päivi Marttila as Chairman of the Board, Kaarina Muurinen as Vice Chairman and Tuomo Lähdesmäki as an ordinary member.

Preparation of the proposal for the composition of the Board of Directors

The Nomination Committee prepares a proposal to the AGM concerning candidates for the Board of Directors and the remuneration of Board members. If a Nomination Committee has not been established, the Board prepares the proposal.

The procedure disclosed by the company shall not restrict the shareholders' right to make proposals concerning the composition or remuneration of the Board of Directors.

Composition of the Board

The administrative body of the company preparing the proposal for the composition of the Board shall take into account the requirements of Aspocomp's operations and the company's stage of development. The primary goal in Board member election is to ensure that a diverse range of capabilities, know-how and experience are represented on the Board so that it can carry out its objectives in the best possible way. A person elected to the Board must have the competence required by the position and the possibility to both devote a sufficient amount of time to the duties and familiarize themselves with the company matters to the required extent. With regard to the duties and efficient operation of the Board of Directors, the Board shall have a sufficient number of directors. The directors shall also have sufficient and versatile expertise as well as mutually complementary experience and knowledge of the industry. Having both genders represented in the Board is one element of a diverse Board composition.

Diversity of the Board of Directors

In order for the Board of Directors to discharge its duties in the most effective manner, the Board must be highly qualified and sufficiently diverse. The diversity of the Board supports the Board in discharging its duties in the most effective manner and corresponds more effectively to the company's business and strategic requirements set by both current and emerging demands. A sufficiently diverse Board also promotes open discussion and independent decision-making. Aspocomp has established principles concerning the diversity of its Board of Directors.

It is important for the diversity of the Board that its members have mutually complementary and versatile expertise. When preparing its proposal for the Board composition, the educational and professional background of the individual candidates, as well as international experience are taken into account so that the Board composition represents a wide variety of competencies and qualifications. In addition, attention will be paid to candidates' sufficient diversity in terms of age distribution, as having different seniority levels on the Board is considered beneficial for ensuring mutually complementary experience. Aspocomp's principle with regard to gender is to have members of both genders represented. The potential candidates are assessed not only in terms of their individual qualifications and characteristics, but also in terms of their openness to innovative ideas and ability to effectively work together and jointly support and challenge the company's management in a proactive and constructive way.

Composition and diversity of the Board of Directors in 2016

In accordance with the proposal made by the Board of Directors, the Annual General Meeting held on April 7, 2016 decided to set the number of Board members at four. All of the Board members hold a university-level degree and the degrees are evenly distributed in economic and technological fields. Some members of the Board have international work experience in different types of positions, and all have worked or are working on the Boards of Directors or in the management of listed or unlisted companies. With regard to age, the members of the Board are divided evenly between 55 and 63 years of age. Both genders are represented on the Board of Directors. Aspocomp has two female Board members out of four members in total.

Independence of Directors

The majority of the directors must be independent of the company. At least two directors who are independent of the company must also be independent of the significant shareholders of the company.

The Board of Directors evaluates the independence of its members annually and the updated evaluation is published as part of the company's Corporate Governance Statement. If factors affecting the independence of a director change during the year, an updated evaluation is published on the company's website. All Board members are obligated to provide the Board with the information necessary to evaluate their independence.

Independence of Directors in 2016

Based on the evaluation of Board members' independence made in 2016, all members of the Board were determined to be independent of the company and the company's main shareholders. The independence of the members was evaluated according to the recommendations of the Finnish Corporate Governance Code.

2016	Independent of the company	Independent of the main shareholders
Päivi Marttila, Chairman	Yes	Yes
Kaarina Muurinen	Yes	Yes
Matti Lahdenperä	Yes	Yes
Juha Putkiranta	Yes	Yes

Charter of the Board of Directors and their right to receive information

In addition to the Articles of Association, Finnish legislation and other regulations, Aspocomp's Board of Directors complies with a Working Order that is available in its entirety on the company's Internet site (www.aspocomp.com/governance, choose Board -> Working Order). All meetings are documented.

As set out in the Working Order, the Board of Directors:

- decides on its Working Order and updates it annually, as necessary
- appoints and discharges the CEO and determines his or her salary and bonuses
- approves and maintains a successor plan for the CEO
- approves the appointment of employees reporting to the CEO and decides on the terms and conditions of their employment and remuneration
- approves the corporate structure and the company's organization
- proposes management incentive schemes to the General Meeting, as necessary
- ensures that the company has organized internal control of accounting and financial management as well as to monitor the effectiveness of supervision
- determines the company's long-term objectives and to monitor their implementation
- assess the company's annual action plans
- approves the company's annual financial targets
- reviews, at least once a year, the company's major risks and issues the necessary instructions to manage those risks
- reviews and approves the company's interim reports, Financial Statements and the Board of Directors Report as well as the Corporate Governance Statement
- has a discussion with the company's auditor at least once a year
- makes the most important business decisions such as acquisitions, divestitures, major contracts and liabilities, investments and financing arrangements
- determines the strategy of the company and oversees its implementation
- approves the business plan and budget drafted on the basis of the strategy and oversees their execution
- sets approval limits for investments and commitments, which cannot be exceeded without the Board of Directors approval
- decides on the dividend policy and prepares a proposal to the AGM regarding payment of dividend
- monitors and manages any conflicts of interest between the company's management, Board members and shareholders
- carries out a self-evaluation of its own work, performance and competence on a yearly basis
- reviews and decides on all other matters that are the business of the Board of Directors according to the Companies Act or other legislation.

Aspocomp ensures that all Board members have access to sufficient information about the company's business operations, operating environment, and financial position, and that new members are properly introduced to the operations of the company.

Performance evaluation of the Board of Directors

In order to ensure the efficiency and continuity of its work, Aspocomp's Board conducts an evaluation of its operations and working methods annually.

Performance evaluation in 2016

The Board carried out an internal self-assessment of its operations and working methods in 2016. The results of this self-assessment are used to develop the Board's working methods. The evaluation focused on the composition of the Board, the organization and effectiveness of the Board as a team, the meeting preparations, cooperation with the CEO, and the competence, special expertise, and efficiency of each director and the Board as a whole. The evaluation also included an assessment on how successfully the Board has operated in relation to the set objectives.

Board meetings in 2016

The Board assembled 15 times and the overall meeting participation rate was 100%.

2016	Number of Board meetings attended	Attendance percentage
Päivi Marttila, Chairman	15/15	100%
Kaarina Muurinen, Vice Chairman	15/15	100%
Matti Lahdenperä (as of April 7, 2016)	9/9	100%
Tuomo Lähdesmäki (until April 7, 2016)	6/6	100%
Juha Putkiranta (as of April 7, 2016)	9/9	100%

COMMITTEES

Establishment of Committees and appointment of members

The Board of Directors may appoint committees to prepare matters to be put before the Board for its decision. The Board elects members and a chairman to an Audit Committee, a Remuneration Committee and/or a Nomination Committee from amongst its members each year after the AGM when needed. Committees will not be established if the extent of the company's business does not require it, in which case the Board itself performs the tasks of the respective committees.

The committees assist the Board of Directors by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to the committees. The committees have no decision-making authority of their own, and the decisions within its competence are taken collectively by the Board.

Each committee must have at least three members. The members of the committee must have the expertise and experience required for the duties of the committee and the majority of the members of a committee must be independent of the company. In addition, at least one member of the Audit Committee must be independent of the company's major shareholders. All meetings need to be documented and the committees need to report on their work to the Board. Minutes of committee meetings are to be submitted to the Board.

The tasks and principles of Aspocomp's Committees are presented in the Working Order of the Board of Directors, which is available on the company's Internet site (www.aspocomp.com/governance, choose Board -> Working Order).

Audit Committee

If an Audit Committee is not established, Aspocomp's Board takes care of the mandatory duties of the Audit Committee.

Specific duties have been assigned to the Audit Committee, including:

- overseeing the reporting of the financial statements
- overseeing the financial reporting
- overseeing the effectiveness of the company's internal control and risk management systems
- drafting a description, included in this Corporate Governance Statement, regarding the main features of internal control and risk management, which are connected to the financial reporting procedure
- overseeing the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the statutory audit and auditing firm
- preparing the proposal for the election of the auditor
- reviewing the accounting principles and IFRS issues.

The tasks of the Audit Committee are specified in full on the company's Internet site (www.aspocomp.com/governance, choose Board -> Committees).

Tasks of the Audit Committee in 2016

No committees were established in 2016, as none were required due to the scope of the company's business operations. Instead, the Board attended to the duties of the Audit Committee as set out in the company's Articles of Association. In addition, the Board held a separate meeting to deal with Audit Committee matters, which was also attended by the company's auditor.

CEO and Management

CEO

The Board appoints the CEO and decides the terms and conditions of the CEO's service contract. The President and CEO is responsible for managing and developing the business operations of the company, and for the day-to-day management of the company in line with the Companies Act and the guidelines given by the Board of Directors. In addition, the CEO is responsible for the legality of the company's accounting and reliable organization of the company's financial management as well as ensuring that the company has adequate management resources and that its administration is appropriate. The CEO prepares matters to be handled at Board meetings and reports to the Board. As of May 15, 2014, Mr. Mikko Montonen, M.Sc. (Tech.) has been the President and CEO of Aspocomp Group Plc.

Management Team

The Board of Directors appoints the Management Team members on the proposal of the CEO. The company's Management Team members report to the CEO and assist him by preparing important matters such as strategy and action plans as well as putting them into practice. The Management Team monitors the company's business performance and risk management, as well as reviews investment proposals, business plans and annual plans and incentive programs prior to their submission to the Board. The Management Team holds regular meetings that are chaired by the CEO.

MIKKO MONTONEN

President and CEO
b. 1965, M.Sc. (Tech.), Finnish citizen
Aspocomp shares and stock-based rights: 90,000 shares and 300,000 stock-based rights (Dec 31, 2016)

Mr. JARI ISOAHO

Chief Operational Officer
b. 1960, B.Sc. (Eng.), Finnish citizen
Aspocomp shares: 1,000 shares (Dec. 31, 2016)

Mr. JOUNI KINNUNEN

Chief Financial Officer
b. 1960, Diploma in Business and Administration, Finnish citizen
Aspocomp shares: 24 shares (Dec. 31, 2016)

Mr. ANTTI OJALA

Vice President, Business Development
b. 1979, M.Sc. (Eng.), Finnish citizen
Aspocomp shares: 3,000 shares (Dec. 31, 2016)

Mr. TERO PÄÄRNI

Vice President, Sales
b. 1974, Finnish citizen
Aspocomp shares: 15,000 shares (Dec. 31, 2016)

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

The Board is responsible for the proper and effective arrangement of internal control and risk management. The objective is to ensure that:

- the Board and management receive sufficient and reliable information about the company's financial position, risks impacting on future performance and the implementation of strategy
- the company's external reports are essentially correct, comprehensive and timely
- laws and regulations are followed.

Risk management

Risk management is an integral element in Aspocomp's strategic planning and operational goal setting. The task of risk management is to identify, manage and track major risks in the company's business and business environment to enable the company to achieve its strategic and financial goals in the best possible way. Identified risks are assessed and prioritized according to their likelihood and their potential impact on the company's financial performance. Risks that may affect the company's business are categorized as strategic risks, operative risks and financial risks.

When deciding on the company's strategy, the Board of Directors reviews the company's major risks and sets operative goals such that these risks are eliminated or minimized cost-effectively.

Aspocomp's Management Team is responsible for day-to-day risk management. Risk management, processes and methods are discussed regularly at the Management Team meetings. As part of internal control, the achievement of the operative goals set for risk management is assessed and monitored.

Internal control

Internal control is an integral part of the company's management and management systems. The objective of internal control is to ensure efficient implementation of the company's strategy and effective operations, assure compliance with internal instructions and laws and regulations as well as to achieve accurate financial reporting and prevent fraud and other misconduct. Internal control is not a separate process, but as part of the company's activities it covers all the company's policies, guidelines and systems.

The Board is responsible for organizing internal control. The CEO takes care of the practical arrangement of the control and reports on it to the Board. The operational principles of internal control are:

- all significant tasks, transactions and meetings, including the decisions made, are documented
- IT and other support systems are used efficiently and appropriately
- information security is arranged properly.

The actual internal control materializes in management processes – in everyday work – as personnel acts based on instructions to reach operative targets. The targets determine the necessary actions and related risks. Instructions are used to steer actions.

Instructions related to the internal control are gathered into two company confidential documents, the former intended for all and the latter for finance staff. The first document, Policies, defines the company's operating policies:

- representation and approval rights
- HR policies and approval of employee benefits
- pricing, payment term and credit policies
- approval procedures for expenses
- instructions for preparing and handling agreements
- instructions for IT usage and IT security
- principles of risk management and insurance coverage.

The second document, Finance Manual, includes:

- accounting instructions
- principles and instructions for management reporting and external reporting
- definition of internal controls in bookkeeping and reporting processes including responsibilities.

Accounting and reporting of the Group's parent company is centralized into one ERP system, which supports the business processes. Foreign subsidiaries' accounting is handled by external accounting firms, taking into account the specific legal and auditing requirements of each country. Each subsidiary submits a monthly report on account-level expenses, which is reviewed and approved prior to their payment.

Reports from the system are used in decision making and control in management and support processes. Several control points are defined at different levels of reporting (subsidiaries, parent company, Group). These controls include approval procedures, reconciliations and analyses of financial information to detect errors and thereby ensure the correctness of the information received from the system.

The Management Team, which is responsible for line operations, and the company's other teams regularly follow all key performance indicators to ensure the correctness of the financial information. On a monthly basis, the Board receives a standard-format profit and loss report as well as a cash flow status report, including both actual and forecast figures.

OTHER GOVERNANCE

Internal control

Due to its size, the company does not have a separate internal auditing organization or specific internal audit tasks. Aspocomp's external auditor takes this into consideration and audited the internal auditing procedures in 2016 in accordance with its audit plan.

Related party transactions

Aspocomp's related parties comprise the Board of Directors, the President and CEO and the Management Team. Aspocomp evaluates and monitors transactions concluded between the company and its related parties and ensures that any conflicts of interest are taken into account appropriately in the decision-making process of the company. The company reports on transactions concluded between the company and its related parties as required by the Finnish Limited Liability Companies Act and regulations concerning the preparation of financial statements, in the company's Report by the Board of Directors, the notes to the financial statements and interim reports.

Aspocomp shall report the decision-making procedure applied in connection with related party transactions that are material to the company and that either deviate from the company's normal business operations or are not made on market or market-equivalent terms in the Corporate Governance Statement.

Insider administration

Aspocomp complies with the Market Abuse Regulation (MAR) and its implementing provisions, the legislation in force, Nasdaq Helsinki's Guidelines for Insiders, as well as the instructions issued by the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). Aspocomp's Insider Rules have been drawn up in compliance with the above laws and regulations, and also include company-specific clarifications. These Insider Rules have been approved by Aspocomp's Board of Directors and are binding to all personnel.

Insider lists

The Market Abuse Regulation ((EU) N:o 596/2014, "MAR") entered into force on July 3, 2016. As a result of the MAR regulation, Aspocomp no longer has public insiders. Furthermore, Aspocomp no longer maintains a permanent company-specific insider register. Instead, project- and event-specific insider lists are kept. Aspocomp maintains an insider list of persons who have access to inside information on the company and who work on tasks, whether on the basis of contracts or otherwise, that provide them with access to such information. The company also maintains a list of all persons in managerial positions and persons closely associated with them. Insider lists are not publicly available.

Managers' transactions

As the public insider register was discontinued, Aspocomp's obligation to disclose the transactions of persons in managerial positions and their closely associated persons has changed as of July 3, 2016. Persons in managerial positions and their closely associated persons are obligated to notify both the company and the Financial Supervisory Authority of any transactions on their own account in the company's shares or debt-based instruments or related derivatives or other financial instruments. Aspocomp is obligated to disclose such a transaction no later than within three (3) working days of the date of the transaction.

The company's Board of Directors, the CEO and the Management Team members are designated as persons with an obligation to disclose their transactions at Aspocomp. Published notifications of transactions by managers and their closely associated persons can be read on the company's Internet site at www.aspocomp.com/investors/reports/insiders-dealing.

Insider control and closed window

The company monitors that the insider rules are followed and ensures that all persons who have access to inside information recognize the legal and regulatory obligations related to this and are aware of applicable penalties for insider trading and illegal disclosure of inside information.

Aspocomp's Board of Directors, CEO and Management Team members are not allowed to trade Aspocomp's securities for a period of 30 days prior to the publication of the company's financial statement bulletin and interim reports (so-called "closed window"). Trading in the company's financial instruments on one's own behalf or for a third party, whether directly or indirectly, is forbidden during the closed window.

In addition, the company has set a closed window of 30 days prior to the publication of the company's financial statement bulletin and interim reports for the individuals involved in the preparation, drafting and publication of the company's financial reports.

Project-specific insiders are not allowed to trade Aspocomp's securities before the project has been made public or discontinued.

Aspocomp's financial calendar will be published annually in advance in a stock exchange release.

Instructions for reporting on infringements (whistle blowing)

All persons employed by Aspocomp may report a suspected abuse of regulations and provisions concerning the financial market, including activities in contravention of the insider guidelines of the company and Nasdaq Helsinki Oy, through an independent channel within the company (and anonymously if they wish).

Auditing

The Annual General Meeting elects one external auditor to inspect the administration and accounts of the company for one year at a time. The auditor must be a public accountant authorized by the Central Chamber of Commerce of Finland.

Auditing in 2016

On April, 7, 2016 the AGM elected Authorized Public Accountants PricewaterhouseCoopers Oy as the company's auditor with Authorized Public Accountant Markku Katajisto as the main auditor. Mr. Katajisto has been the main auditor since the 2011 AGM.

Auditing fees	2016	2015
PWC, actual audit	53,525	45,000
PWC, other services	8,724	6,755
Total	62,249	51,755

REMUNERATION STATEMENT 2016

DECISION-MAKING PROCEDURE CONCERNING THE REMUNERATION

The Nomination Committee – or, if no such a committee is established, Aspocomp's entire Board of Directors – prepares the proposals for the composition of the Board and the remuneration of its members to be presented to the Annual General Meeting. The proposal for the composition and remuneration of the Board of Directors shall be published in the notice of the Annual General Meeting. Aspocomp's Annual General Meeting decides on the remuneration and the principles of remuneration for the Board members for one term of office at a time.

The Remuneration Committee prepares the proposal for the remuneration of the CEO to the Board. If no Remuneration Committee has been set up, the Board itself also takes care of the preparatory tasks of the remuneration. The Board of Directors decides on the compensation and other terms of employment of the CEO. The Board also decides on incentive plans for the CEO as well as the financial performance objectives and the payout under such plans. In addition, the Board of Directors also decides on the other compensation payable upon termination of the CEO's service contract.

The CEO makes proposals for the remuneration of the Management Team members. The Board of Directors decides on the compensation and other terms of employment of the other members of the Management Team who report directly to the CEO. The Board also decides on incentive plans for the Management Team members as well as the financial performance objectives and the payout under such plans.

The Annual General Meeting decided on April 7, 2016 to authorize the Board of Directors, in one or more installments, to decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act as follows: The number of shares to be issued based on the authorization may in total amount to a maximum of 1,280,000 shares. The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as own shares possibly held by the company. The issuance of shares and of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization cancels the authorization given by the General Meeting on March 26, 2015 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization is valid until June 30, 2017.

MAIN PRINCIPLES

The Board of Directors

The Annual General Meeting held on April 7, 2016 decided that the chairman of the Board of Directors will be paid EUR 30,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. The Annual General Meeting further decided that no meeting remuneration will be paid. In addition, the members of the Board of Directors will be reimbursed for reasonable travel and lodging costs. Travel and lodging costs will however not be compensated to those members of the Board of Directors who reside in the greater Helsinki area when the meetings are held in the greater Helsinki area.

The members of the Board are not employed by the company. They are only paid compensation for their Board and committee membership and work. They do not participate in the company's incentive systems.

CEO

The key terms and conditions of the CEO's service are set out in a written President's contract, which the Board of Directors has approved. In 2016, the remuneration of the CEO consisted of a fixed monthly salary and customary fringe benefits (such as phone, meal and car benefits). In addition, he is included in the CEO's Stock Option program 2014 and the Annual Profit Sharing plan covering all employees.

The CEO has no special retirement arrangements; the CEO's retirement age is determined by the Employees Pensions Act. The CEO's service contract does not define either an early retirement age or resigning age. If the CEO's contract is terminated by either the CEO or the company, the notice period is six (6) months. In addition, six (6) months' severance pay shall be paid.

The Management Team

The remuneration of the Management Team members consists of a fixed base salary and customary fringe benefits (such as phone, meal and car benefits). The members of the Management Team, excluding the CEO, were included in the Share reward plan 2016-2019. In addition, they are all included in the annual profit sharing plan covering all employees.

None of the Management Team members has any special retirement arrangements. The retirement age of each member is determined by the Employees Pensions Act.

Incentive systems of the Management

Stock Option Program 2014 of the CEO

The Board of Directors of Aspocomp Group Plc decided on May 15, 2014 to issue in total a maximum of 390,000 stock options to the company's CEO in accordance with the terms and conditions of the Stock Option plan. The issue, which has been made in deviation from the shareholders' pre-emptive subscription rights, is based on the authorization by the Annual General Meeting held on April 23, 2013. The stock options are issued free of charge. Each stock option shall entitle its holder to subscribe for one new share in Aspocomp Group Plc.

130,000 of the issued stock options will be marked with the letter "A", 130,000 with the letter "B" and 130,000 with the letter "C". The share subscription price of the stock options A is the trade volume weighted average quotation of the company's share on Nasdaq Helsinki Oy during March 1 – March 31, 2014 (EUR 0.99), of the stock options B the trade volume weighted average quotation of the share during March 1 – March 31, 2015 (EUR 1.24) and of the stock options C the trade volume weighted average quotation of the share during March 1 – March 31, 2016 (EUR 1.26). The share subscription periods for the stock options are for Stock Options A: May 1, 2016 - April 30, 2018, Stock Options B: May 1, 2017 - April 30, 2019 and Stock Options C: May 1, 2018 - April 30, 2020.

Further information on the Stock Option Plan 2014 is available on the company's Internet Site at www.aspocomp.com/remuneration.

Share reward plan for key personnel 2016-2019

On February 25, 2016, the Board of Directors of Aspocomp Group Plc decided on a new share-based incentive and commitment plan for the company's key personnel. The aim of the reward plan is to combine the goals of the owners and the key personnel for increasing the value of the company on a permanent basis, to commit the key personnel to the company on a long-term basis and to offer the key personnel a competitive reward plan based on entrepreneurship.

The share reward plan 2016 offers the members of the Management Team (except for the CEO) and other key employees a possibility to receive the company's shares based on achieved targets to be set by the Board of Directors for four earning periods, each comprising a 12-month financial year during the period 1/2016 through 12/2019.

The CEO of Aspocomp Group Plc is not included in this share reward plan. The CEO has a separate incentive scheme, the Stock Option Plan 2014, described earlier in this document.

The preliminary target group for the plan consists of approximately 20 persons. The Board of Directors may decide on including new key employees and their annual maximum reward. The maximum reward is expressed as a number of shares of which one half (1/2) is paid in shares and one half (1/2) consists of a cash payment, the amount of which is determined on the basis of the value of the share reward at the time of the payment. The cash payment aims at covering taxes and similar charges arising from the reward. Achievement of targets set for the earning periods determines the portion of the maximum reward to be paid to a person.

The approximately 20 persons who are initially included in the plan may, based on the achievement of targets, annually be rewarded with a maximum of 100,000 shares of Aspocomp Group Plc, corresponding to approximately 1.6 percent of the current total amount of outstanding shares. Of this amount, a maximum of 10,000 shares may be granted annually to each of the members of the Management Team and a maximum of 4,000-6,000 shares to each key employee. The annual maximum amount of shares to be granted will increase if the Board of Directors decides to include new persons in the plan.

Shares received on the basis of the share reward plan shall be held at least 36 months calculated from their entry on the book-entry account of the recipient. Should a target person's employment or service relationship with a group company end during such commitment period, he or she is, according to the main rule, required to return the shares to the company without compensation.

Annual profit sharing plan

Aspocomp has an annual profit sharing plan covering all employees, including the CEO and Management Team. The plan pays cash bonuses based on pre-set targets for net sales, operating income and operating cash flow. The Board determines the targets and criteria for bonus payment annually.

Remuneration Report 2016

The Board of Directors

The Board of Directors' annual fees 2016 are presented in the table below.

The Board of Directors	Annual fees 2016*
Päivi Marttila, Chairman	30,000 €
Kaarina Muurinen, Vice Chairman	15,000 €
Matti Lahdenperä	15,000 €
Juha Putkiranta	15,000 €
Total	75,000 €

* In 2016, annual fees corresponding to an eight-month period were paid to each Board member, totaling EUR 50,000. Annual fees were not paid to the Board of Directors in the form of shares; instead all remunerations were paid in money.

The Board of Directors, Jan.1.- April 7, 2016	Meeting fees 2016 January - March
Päivi Marttila, Chairman	2,000 €
Kaarina Muurinen, Vice Chairman	1,000 €
Tuomo Lähdesmäki (until April 7, 2016)	1,000 €
Total	4,000 €

In 2016, meeting fees were paid to Board members of two Board meetings held during January-March, in accordance with the AGM 2015 decision. The Annual General Meeting 2015 decided on March 25, 2015 that EUR 1,000 will be paid as remuneration per meeting to the Chairman and EUR 500 per meeting will be paid to other members of the Board.

Members of the Board have not received any other benefits and they are not covered by the company's incentive schemes. During 2016 the Board assembled 15 times. The overall meeting participation rate was 100%. No committees were established in 2016.

Remuneration of the CEO

CEO	2016
Salary and fringe benefits	275,280 €

Stock option program 2014 of the CEO

The CEO subscribed a total of 90,000 new Aspocomp shares under the company's 1/2014 stock option terms on November 28, 2016. The new shares were registered in the Trade Register on December 21, 2016. The new shares were incorporated into the book-entry system and admitted to trading on Nasdaq Helsinki in the same class with the company's other shares on December 22,2016. After the registration of the new shares, the total number of Aspocomp Group Plc's shares increased to 6,496,505.

Remuneration of the other executives

Other Management Team members	2016
Salaries and fringe benefits in total	420,429 €

Share reward plan for key personnel 2016-2019

During the 2016 earning period, the criteria set for the plan were not fulfilled and thus no reward was paid to the other members of the Management Team.

INFORMATION FOR SHAREHOLDERS

FINANCIAL INFORMATION

Aspocomp Group Plc.'s financial information publication schedule for 2017 is:

- Interim report for January-March: Thursday, April 27, 2017
- Half-year report for January-June: Friday, August 11, 2017
- Interim report for January-September: Thursday, October 26, 2017.

Interim reports will be published at around 9:00 a.m. (EET).

Aspocomp's silent period starts 30 days prior to the publication of its financial reports. During the silent period the company does not give any statements on the company's financial condition or business development.

The financial reports are published in Finnish and English. The reports and Annual Reports are published only electronically. Financial reports, Annual Reports and stock exchange releases are available at www.aspocomp.com/reports.

Capital Market Day, March 14, 2017

Aspocomp Group Plc invites investors and analysts to its Capital Markets Day in Helsinki on Tuesday, March 14, 2017.The event will start at 8:30 a.m. (EET) and end at 12:00 noon (EET). The event will take place at Pörssitalo, address Fabianinkatu 14, 1st floor Peilisali, Helsinki, Finland. At the event, Aspocomp's CEO Mikko Montonen will present a review of the company's goals and strategy. In addition, Aspocomp's other executives will present reviews of the company's current business issues and marketing. A more detailed program of the Capital Markets Day will be available here and will be sent to registered participants by March 7, 2017.

Annual General Meeting, March 23, 2017

The Annual General Meeting of Aspocomp Group Plc. will be held on Thursday, April 23, 2017 at 10:00 a.m. (EET). The meeting will take place at Keilaranta 1, 1st floor Auditorium, Espoo, Finland. Shareholders who have been registered in the company's share register, maintained by Euroclear Finland Ltd., no later than March 13, 2017 are entitled to attend the Meeting.

Shareholders wishing to attend the Meeting are requested to notify the company by March 20, 2017 by 10:00 a.m. (EET). Further information about the agenda of the AGM and right to participate and registration can be found in the Notice of the AGM, which is available on the company's website at www.aspocomp.com/agm.

Payment of dividends

The Board of Directors will propose to the Annual General Meeting 2017 that no dividends be paid.

INVESTOR RELATIONS

Aspcomp's communications are based on facts and objectivity and guided by the general principles of trustworthiness, openness and timeliness. The objective of reporting is to ensure that all market participants receive sufficient and accurate information on the company and to ensure that this information is disclosed at the same time, consistently and without undue delay.

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