# 2015

## Annual Report

ASPOCOMP

# CONTENTS

# INFORMATION FOR SHAREHOLDERS

## Financial information

Aspocomp Group Plc.'s financial information publication schedule for 2016 is:

- Interim report for January-March: Tuesday, April 28, 2016
- Interim report for January-June: Thursday, August 4, 2016
- Interim report for January-September: Thursday, October 28, 2016.

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.

## Annual General Meeting 2016

The Annual General Meeting of Aspocomp Group Plc. will be held on Thursday, April 7, 2016 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 24, 2016 are entitled to attend the Meeting.

Shareholders wishing to attend the Meeting are requested to notify the company by April 4, 2016 by 4:00 p.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 2016 that no dividends be paid.

## Changes in owners' contact details

Shareholders are kindly requested to report any changes of address to the bank or brokerage company in which they have their book-entry account. Aspocomp does not maintain an address register.

## Insider register

Information about the company's public insider register can be found at the company's Internet site at www.aspocomp.com/insider or requested by contacting Euroclear Finland Ltd, Urho Kekkosen katu 5 C, 00100 Helsinki, Finland.

# CEO’S REVIEW

Full-year net sales decreased from the previous year by EUR 3.5 million and amounted to EUR 17.5 million. Net sales decreased due to weaker demand from certain major customers and their cyclical buying behavior. Sales to the five largest customers decreased by about EUR 5 million. Sales to other customers saw a year-on-year increase of 17 percent.

During the review year, the highest net sales were seen in October-December, EUR 4.8 million, with a clear year-on-year increase of EUR 0.7 million. However, fourth-quarter net sales fell significantly short of expectations as demand and order intake slowed down sharply in December.

The company's strategic goal is to build up a broader and more diversified customer base so that variations in projects and demand from individual customers will not have such a strong impact on the company's net sales and profitability. Although the structural overhaul progressed well during the review year, it has not as yet had a sufficiently great impact on net sales. Approval and ramp-up processes for new customers and their products are long, typically lasting from one to three years.

Operating result excluding non-recurring items in 2015 was EUR 0.9 million in the red, mainly due to low net sales. The result in 2015 was also burdened by the Oulu plant's variable load and the ramp-up costs of the closed Teuva plant's products. The fourth-quarter operating result excluding non-recurring items was EUR 0.3 million in the red due to a sharp slowdown in demand.

Globally, the printed circuit board market is not expected to grow in 2016 (Custer Consulting, January 2016). Slower demand for consumer electronics, particularly smart phones and other media devices, casts a shadow on the beginning of the year. Aspocomp's printed circuit boards are not used in consumer electronics products in significant numbers, but the PCB overcapacity situation in the early part of the year might also affect other product areas due to intensified competition.

The company expects that its overall performance in 2016 will be better in every aspect than in the previous year. Aspocomp is seeking sales growth, particularly in the automotive industry, industrial electronics and various types of security applications, such as security cameras and separate or government networks. Product development of the next generation of telecommunication devices is expected to increase demand during the year.

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, March 10, 2016

Mikko Montonen
President and CEO

# REPORT OF THE BOARD OF DIRECTORS

## 2015 IN BRIEF

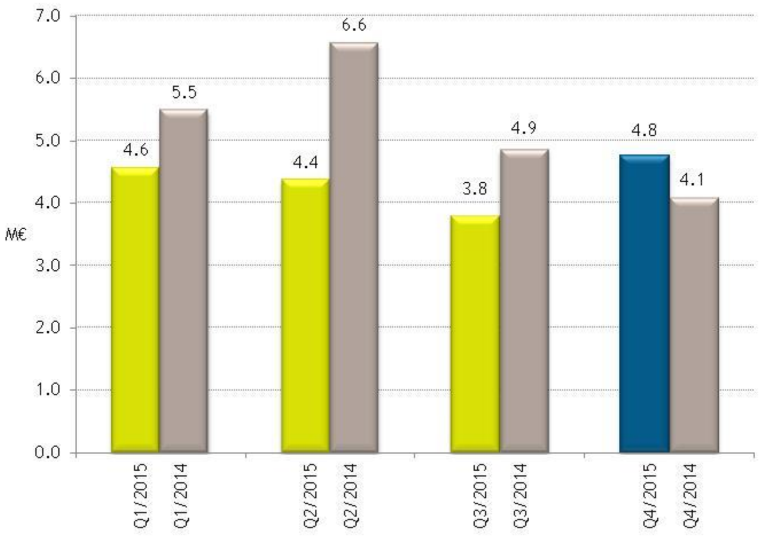
| Aspocomp | 1-12/2015 | 1-12/2014 | Change |
|---|---|---|---|
| Net sales | 17,5 M€ | 21,0 M€ | -3,5 M€ |
| EBITDA | 0,0 M€ | -0,3 M€ | 0,3 M€ |
| Operating result excluding non-recurring items | -0,9 M€ | -0,4 M€ | -0,5 M€ |
| *% of net sales* | -5,4 % | -2,1 % | -3,3 ppts |
| Operating result | -1,2 M€ | -2,0 M€ | 0,8 M€ |
| Earnings per share | -0,16 € | -0,31 € | 0,15 € |
| Operative cash flow | -0,1 M€ | -0,1 M€ | 0,0 M€ |
| Equity ratio | 68,6 % | 71,3 % | -2,7 ppts |

## NET SALES AND EARNINGS

Net sales amounted to EUR 17.5 million, a year-on-year decrease of 17 percent. Net sales decreased due to weaker demand from a few major customers. Otherwise, sales and the expansion of the customer base developed positively, with sales increasing by 17 percent.

The five largest customers accounted for 47 percent of net sales (63% 1-12/2014). In geographical terms, 93 percent of net sales were generated in Europe (89%), 5 percent in Asia (10%) and 2 percent in North America (1%).

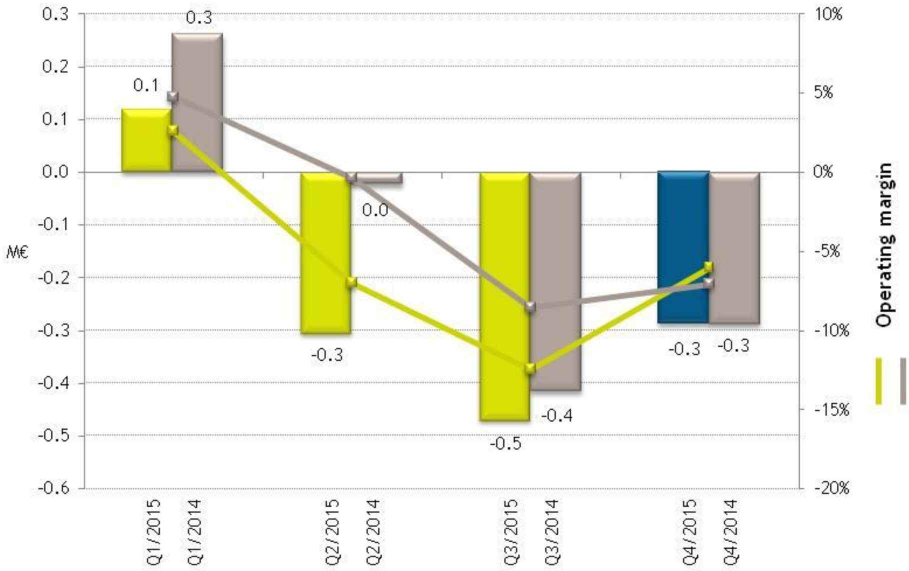
### Quarterly net sales 2015 and 2014 (M€)



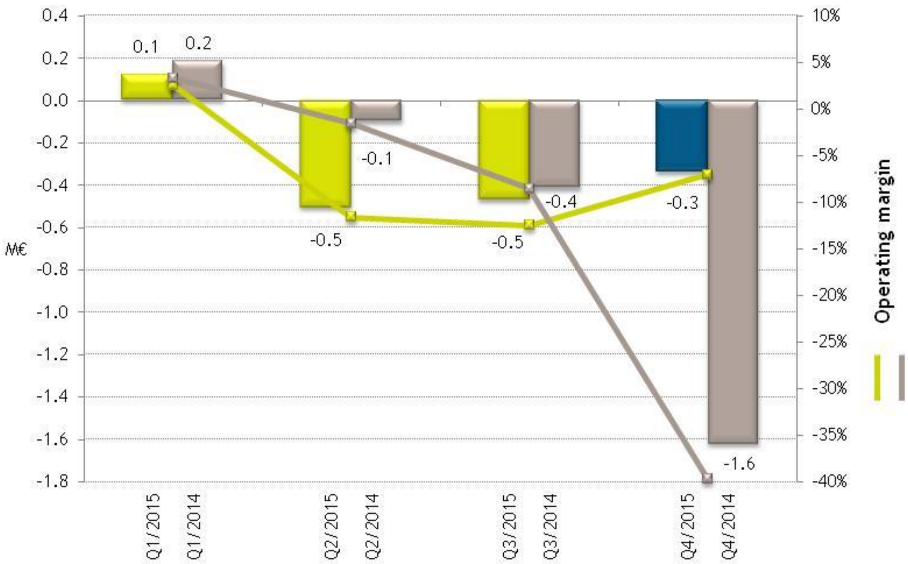

The operating result was EUR -1.2 million (EUR -2.0 million 1-12/2014) including non-recurring items. Operating result excluding non-recurring items was EUR -0.9 million (EUR -0.4 million 1-12/2014).

Net financial expenses for the review period amounted to EUR 0.1 million (EUR 0.1 million 1-12/2014). Earnings per share were EUR -0.16 (EUR -0.31).

**Quarterly operating result excluding non-recurring items in 2015 and 2014 (M€, %)**




**Quarterly operating result in 2015 and 2014 (M€, %)**




## Investments and R&D

Investments during 2015 amounted to EUR 0.5 million (EUR 0.9 million 1-12/2014).

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.

## Financing

Cash flow from operations for the review period was EUR -0.1 million (EUR -0.1 million 1-12/2014).

Cash flow after investments was EUR -0.5 million (EUR -0.9 million 1-12/2014) for the review period.

Cash assets amounted to EUR 0.3 million at the end of the period (EUR 0.7 million 12/2014). Interest-bearing liabilities amounted to EUR 1.3 million (EUR 1.2 million 12/2014). Gearing was 11 percent

(5%). Non-interest-bearing liabilities amounted to EUR 3.0 million (EUR 3.0 million). At the end of the period, the Group's equity ratio was 69 percent (71%).

The company has a EUR 0.5 million credit facility. The credit facility was not in use on the closing date. In addition, the company has a recourse factoring agreement, of which EUR 0.7 million was in use.

## Deferred tax assets

At the end of the 2015 financial year, the company had approximately EUR 2.6 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 121 employees (148 in 2014). The personnel count on December 31, 2015 was 106 (144 in 12/2014). Of them, 66 (100) were non-salaried and 40 (44) salaried employees.

The Group's personnel expenses amounted to EUR 5.9 million (EUR 7.2 million in 2014). In addition, the Group booked personnel service costs of EUR 0.1 million in 2015 (EUR 0.1 million 2014).

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Permanent employees, average (no.) | 121 | 148 | 152 |
| Personnel expenses, permanent employees (M€) | 5.7 | 6.9 | 6.8 |
| Personnel expenses, part-time employees (M€) | 0.2 | 0.3 | 0.1 |

## 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. The environmental compliance of the company's plants is managed with an ISO 14001-certified environmental system.

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 is a pioneer in the processing of PCB materials suitable for lead-free soldering. The company is thus doing its part in enabling the electronics industry to switch over to lead-free or low-lead technologies.

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. On the basis of the evaluation of environmental perspectives in 2014, the following goals were set for the environmental program in 2015-2017:

- Reducing electricity, water and material consumption
- Reducing waste transportation volumes
- Monitoring the amount of landfill waste
- Increasing the capacity of the plant's wastewater treatment facility
- Reducing water consumption
- Assessing/adjusting temperatures of different areas of the plant

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 2015

The Annual General Meeting of Aspocomp Group Plc. held on March 26, 2015 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 decided to set the number of Board members at three and re-elected Mr. Tuomo Lähdesmäki and Ms. Päivi Marttila, and elected Ms. Kaarina Muurinen, 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. The Annual General Meeting further decided that EUR 1,000 will be paid as remuneration per meeting to the chairman and EUR 500 per meeting will be paid to the other members of the Board. 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. The auditor’s fees will be paid according to the auditor’s invoice approved by the Board of Directors.

### 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 640,000 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 April 23, 2013 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, 2016.

### The Board of Directors' organization meeting

In its organization meeting on March 26, 2015, the Board of Directors of Aspocomp Group Plc. re-elected Päivi Marttila as Chairman of the Board and elected 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 2015 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 2015 is presented separately on pages 71-78 of the Annual Report. The statement is also available on the company's Internet site at www.aspocomp.com/governance.

## SHARES AND OWNERSHIP STRUCTURE

### Share turnover and price

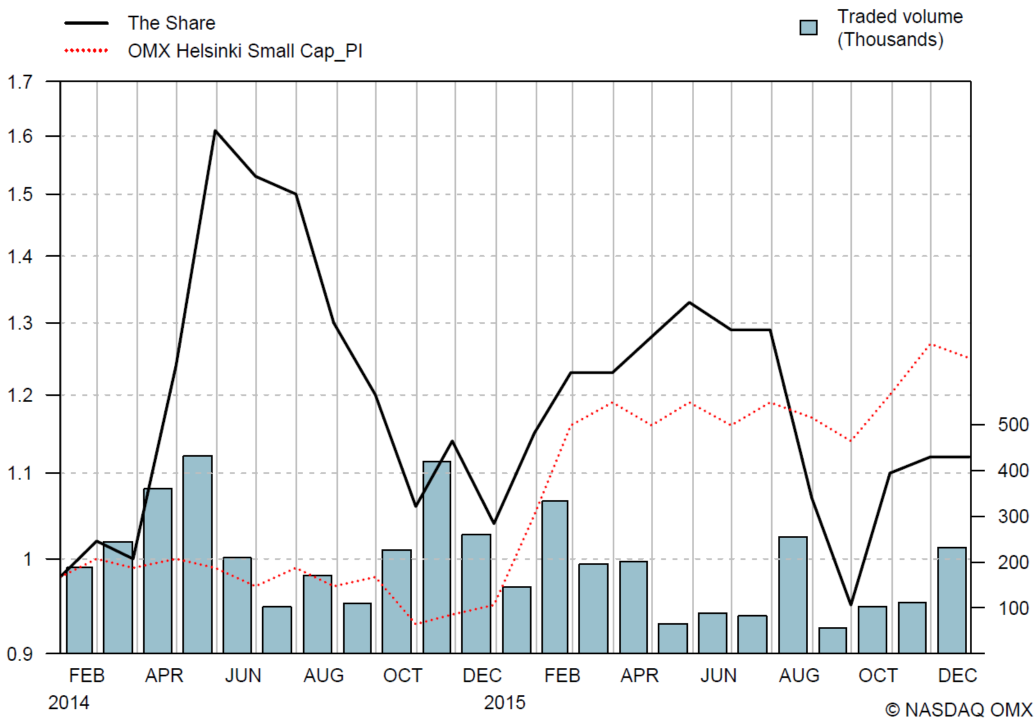
The total number of Aspocomp's shares at December 31, 2015 was 6,406,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares. Each share is of the same share series and entitles its holder to one vote at a General Meeting and to have an identical dividend right.

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.

During the period from January 1 to December 31, 2015 a total of 1,867,817 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki Ltd. The aggregate value of the shares exchanged was EUR 2,233,988. The shares traded at a low of EUR 0.95 and a high of EUR 1.41. The average share price was EUR 1.20. The closing price at December 31, 2015 was EUR 1.12, which translates into market capitalization of about EUR 7.2 million.

The company had a total of 3,069 shareholders on December 31, 2015. Nominee-registered shares accounted for approximately 12 percent of the total shares.

### Share price development and share turnover per month



## Ownership structure

### Size of holding, Dec. 31, 2015

| Number of shares | Number of shareholders | % of shareholders | Number of shares | % of shares |
|---|---|---|---|---|
| 1 - 100 | 1,166 | 38 | 54,983 | 0.8 |
| 101 - 500 | 969 | 31.6 | 272,287 | 4.3 |
| 501 - 1,000 | 379 | 12.4 | 307,905 | 4.8 |
| 1,001 - 5,000 | 409 | 13.3 | 959,702 | 15 |
| 5,001 - 10,000 | 71 | 2.3 | 530,917 | 8.3 |
| 10,001 - 50,000 | 55 | 1.8 | 1,079,377 | 16.8 |
| 50,001 - 100,000 | 12 | 0.4 | 836,107 | 13 |
| 100,001 - 500,000 | 6 | 0.2 | 1,265,817 | 19.8 |
| 500,001 - | 2 | 0 | 1,099,113 | 17.2 |
| Shares in trust and awaiting clearance | | | 297 | 0 |
| **Total** | **3,069** | **100%** | **6,406,505** | **100%** |
| of which nominee registered | 8 | | 773,287 | 12 |

### Shareholder by sector, Dec. 31, 2015

| | Number of shareholders | % of shareholders | Number of shares | % of shares |
|---|---|---|---|---|
| Household | 2,897 | 94.4 | 3,790,685 | 59.2 |
| Companies | 140 | 4.6 | 1,245,038 | 19.4 |
| Financial and insurance institution | 10 | 0.3 | 1,352,692 | 21.1 |
| Non-domestic | 13 | 0.4 | 15,683 | 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** | **3,069** | **100%** | **6,406,505** | **100%** |

## Shareholders

### Major shareholders Dec. 31, 2015

| Shareholders | Shares | Ownership, % |
|---|---|---|
| Nordea Pankki Suomi Oyj (Nomineereg.) | 569,113 | 8.88 |
| Tiiviste-Group Oy | 530,000 | 8.27 |
| Nordea Henkivakuutus Suomi Oy | 300,000 | 4.68 |
| Mandatum Life Unit-Linked | 267,235 | 4.17 |
| Oksanen Markku | 226,347 | 3.53 |
| Hartiavoima Ky | 215,830 | 3.37 |
| Lahdenperä Matti | 142,905 | 2.23 |
| Latva-Mantila Janne | 113,500 | 1.77 |
| Hammarén Johan | 89,314 | 1.39 |
| J & K Hämäläinen Oy | 85,000 | 1.33 |
| Kivinen Harri | 80,000 | 1.25 |
| Svenska Handelsbanken Ab (Nomineereg.) | 78,461 | 1.22 |
| Vuorialho Kari | 77,314 | 1.21 |
| Majuri Leo | 71,834 | 1.12 |
| Lähdesmäki Tuomo | 70,500 | 1.10 |
| Skandinaviska Enskilda Banken Ab (Nomineereg.) | 67,826 | 1.06 |
| Holopainen Sami | 59,908 | 0.94 |
| Koskinen Jouni | 54,039 | 0.84 |
| Haaron Perunatila Oy | 51,410 | 0.80 |
| Lahdenperä Marja | 50,501 | 0.79 |
| **20 major shareholders total** | 3,201,037 | 49.97 |
| Other shareholders | 3,205,468 | 50.03 |
| **Total shares** | **6,406,505** | **100** |

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

### MAJOR SHAREHOLDER ANNOUNCEMENTS

SEB Life International Assurance Company Ltd.'s holdings in Aspocomp Group Plc exceeded 5 percent treshold on December 17, 2015. SEB Life International Assurance Company Ltd's holdings and voting rights in Aspocmp amounted to 332,416 shares, which corresponded to 5.03 percent of the total amount of shares and votes in Aspocomp Group Plc.

### ASPOCOMP'S BUSINESS OPERATIONS

Aspocomp sells and manufactures PCBs and offers related design and logistics services. The company's own manufacturing unit in Oulu comprises the core of its business operations. The Oulu plant focus on prototype and quick-turn deliveries and the commercialization of new PCB technologies in cooperation with customers' product design departments. In addition, Aspocomp provides high-volume PCB trading services, including added-value services.

Aspocomp's customers are companies that design and manufacture telecom systems and equipment, industrial and automotive electronics, and healthcare systems.

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. Aspocomp's HDI product development and commercialization are centralized in Oulu. In addition, the Oulu plant develops technologies for heat management on PCBs.

Electronics supply chains are occasionally hit by disturbances that result in urgent needs. For instance, PCB deliveries might be hindered by overdemand, accidents, natural catastrophes or holiday seasons. Furthermore, problems with deliveries of any of the components assembled on PCBs could lead to layout changes in PCBs. Fulfilling urgent needs due to such changes is difficult and cost-ineffective for high-volume PCB suppliers that manufacture long series. In such situations, Aspocomp's Oulu plant can step in to plug these urgent high-volume needs.

In addition to its in-house manufacture, Aspocomp also offers PCB trading services to its customers. 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. These trading services round out Aspocomp's own manufacturing, enabling customers to cost-effectively buy their PCBs from a single provider over the entire life cycle of a product. Aspocomp's own production operations keep it up to date on developments in PCB technology — customers can thus rest assured that the company will provide them with the best knowledge and service.

## Outlook for the future

As Aspocomp's business is still dependent on prototypes and quick-turn deliveries, the company's order book is very short. As a result, business development is difficult to predict and result forecasts involve significant uncertainties.

In 2016, net sales are expected to grow and the operating result to be in the black. In 2015, net sales amounted to EUR 17.5 million and the operating result to EUR -1.2 million.

## 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 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. Although the strategic structural overhaul seeking to expand and diversify the customer base progressed well in 2015, it has not as yet generated sufficient net sales. As stated above, the company is exposed to variations among its customer base and in global PCB demand, which may have a negative impact on the company's cash flow and financial position.

### Liquidity

The company's liquidity is based on cash assets, the cash flow generated by business operations and external financing. In 2015, Aspocomp's cash and financial position weakened compared with 2014, and the Group's liquidity will remain tight during the next few months. 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 2016. 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, 2015, and a recourse factoring agreement, of which EUR 0.7 million was in use at the end of the review period. The company is also negotiating on additional debt financing to bolster its financial position and reduce its financing-related risks. These forms of finance used to safeguard liquidity include covenant terms. If these measures do not yield the planned results, the company will seek to secure additional debt financing and, if necessary, equity financing by means of a share issue.

### 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 2015 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 2015 financial year, cash assets amounted to EUR 0.3 million and gearing was 11 percent. On the basis of the business forecast, the company's operations will remain stable and it is expected that overall performance in 2016 will be better than last year.

## Board of Directors' dividend proposal

According to the financial statements dated on December 31, 2015 the parent company's distributable funds totaled approximately EUR 8.2 million.

The Board of Directors will propose to the Annual General Meeting to be held on April 7, 2016, that no dividend be paid for the financial year January 1, 2015 – December 31, 2015 and that the loss of the parent company, EUR 2,515,231.32, be transferred to the company's retained earnings account.

## Events after the financial period

On January 29, 2016 Hartiavoima Ky's holdings in Aspocomp Group Plc exceeded 5 percent treshold. Hartiavoima Ky's holdings and voting rights in Aspocomp amounted to 339,707 shares, which corresponded to 5.30 percent of the total amount of shares and votes in Aspocomp Group Plc.

On February 1, 2016 Hartiavoima Ky's holdings in Aspocomp Group Plc exceeded 10 percent treshold. Hartiavoima Ky's holdings and voting rights in Aspocomp amountend to 643,863 shares, which corresponded to 10.05 percent of the total amount of shares and votes in Aspocomp Group Plc.

On February 25, 2016 the Board of Directors of Aspocomp Group Plc resolved upon a new share-based incentive and commitment plan for the company's key personnel. The four-year plan consists of approximately 20 persons, including members of the Management Team (except for the CEO) and covers the fiscal years 2016-2019. Those included in the plan may, based on achieved 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. Out of such amount, a maximum of 10,000 shares may annually be granted to each of the members of the management team and maximum of 4,000-6,000 shares to each key personnel. 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 Board shall decide each year the plan's performance criteria according to which the possible share reward is determined. 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 give notice during the commitment period, he or she is required to return the shares to the company.

## KEY INDICATORS 2015-2011

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Net sales, M€ | 17.5 | 21.0 | 19.3 | 23.4 | 23.6 |
| Operating result before depreciation (EBITDA), M€ | 0.0 | -0.3 | 0.8 | 2.1 | 5.4 |
| Operating profit/loss (EBIT), M€ | -1.2 | -2.0 | -0.7 | 0.6 | 4.1 |
| *Share of net sales, %* | *-6.8* | *-9.3* | *-3.8* | *2.6* | *17.4* |
| Pre-tax profit from continuing operations, M€ | -1.3 | -2.0 | -0.8 | 0.6 | 7.2 |
| *Share of net sales, %* | *-7.4* | *-9.6* | *-4.1* | *2.6* | *30.7* |
| Net profit/loss for the period, M€ | -1.0 | -2.0 | -1.8 | 3.8 | 7.2 |
| *Share of net sales, %* | *-5.8* | *-9.5* | *-9.2* | *16.4* | *30.7* |
| Return on equity (ROE), % | -10.1 | -17.2 | -13.2 | 31.5 | 105.8 |
| Return on investment (ROI), % | -12.6 | -14.6 | -5.0 | 5.1 | 42.0 |
| Equity ratio, % | 68.6 | 71.3 | 70.6 | 73.0 | 61.6 |
| Gearing, % | 10.7 | 4.7 | -2.8 | -10.6 | -17.0 |
| Investments, M€ | 0.5 | 0.9 | 1.9 | 1.4 | 1.2 |
| *Share of net sales, %* | *2.7* | *4.1* | *9.7* | *6.1* | *5.0* |
| Personnel, year end | 106 | 144 | 152 | 150 | 104 |
| Personnel, average | 121 | 148 | 152 | 150 | 104 |
| Earnings/share (EPS), €* | -0.16 | -0.31 | -0.28 | 0.60 | 1.23 |
| Equity/share, €* | 1.48 | 1.66 | 1.96 | 2.23 | 1.59 |
| 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) | -7.00 | -3.35 | -4.07 | 2.73 | 2.00 |
| Share prices (adjusted), average, €* | 1.20 | 1.19 | 1.23 | 2.26 | 2.58 |
| low, €* | 0.95 | 0.95 | 0.76 | 1.52 | 1.70 |
| high, €* | 1.41 | 1.66 | 1.94 | 2.90 | 3.70 |
| Closing share price at the end of period, €* | 1.12 | 1.04 | 1.14 | 1.64 | 2.46 |
| Market value of total shares outstanding, Dec. 31, M€ | 7.18 | 6.70 | 7.30 | 10.51 | 15.62 |
| Share turnover (1,000) | 1,868 | 2,966 | 2,660 | 4,085 | 107,662 |
| Share turnover, % | 29.2 | 46.3 | 41.5 | 63.8 | 169.6 |
| Total shares changing hands, M€ | 2.2 | 3.5 | 3.2 | 9.3 | 27.7 |
| Adjusted total number of shares (1,000), Dec. 31 | 6,407 | 6,407 | 6,407 | 6,407 | 6,348 |
| Total number of shares, average (1,000) | 6,407 | 6,407 | 6,407 | 6,366 | 5,670 |

*Due to the reverse split carried out in 2011, the previous years are made comparable by multiplying by ten.

**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 INCOME STATEMENT (IFRS)

| 1000 € | Note | 1.1.-31.12.2015 | 1.1.-31.12.2014 |
|---|---|---|---|
| **Net sales** | 1 | **17,452** | **20,994** |
| Change in inventory of finished goods and work in progress | | 242 | -494 |
| Other operating income | 2 | 161 | 55 |
| Materials and services | 3 | -7,366 | -7,493 |
| Personnel expenses | 4, 5 | -5,923 | -7,232 |
| Depreciation and impairment | | -1,168 | -1,658 |
| Other operating expenses | 6 | -4,593 | -6,124 |
| **Operating profit** | | **-1,194** | **-1,953** |
| Financial income | 7 | 32 | 14 |
| Financial expenses | 7 | -133 | -86 |
| **Profit before tax** | | **-1,295** | **-2,025** |
| Income tax | 8 | 277 | 32 |
| **Profit for the period** | | **-1,018** | **-1,994** |
| **Other comprehensive income for the period, net of tax** | | | |
| Translation differences | | 0 | -9 |
| **Other comprehensive income for the period, net of tax** | | **0** | -9 |
| **Total comprehensive income** | | **-1,018** | **-2,002** |
| **Earnings per share (EPS)** | 9 | | |
| Basic EPS | | -0.16 | -0.31 |
| Diluted EPS | | -0.16 | -0.31 |

# CONSOLIDATED BALANCE SHEET (IFRS)

| Assets 1000 € | Note | Dec. 31, 2015 | Dec. 31, 2014 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 10 | 3,066 | 3,061 |
| Property, plant and equipment | 11 | 2,156 | 2,889 |
| Available-for-sale investments | 12 | 15 | 15 |
| Deferred tax assets | 8 | 2,595 | 2,311 |
| **Total non-current assets** | | **7,833** | **8,277** |
| **Current assets** | | | |
| Inventories | 13 | 2,384 | 2,050 |
| Short-term receivables | 14 | 3,311 | 3,872 |
| Cash and bank deposits | 15 | 268 | 735 |
| **Total current assets** | | **5,963** | **6,657** |
| **Total assets** | | **13,796** | **14,934** |

| Equity and liabilities 1000 € | Note | Dec. 31, 2015 | Dec. 31, 2014 |
|---|---|---|---|
| **Equity** | 26 | | |
| Share capital | | 1,000 | 1,000 |
| Reserve for invested unrestricted equity | | 4,117 | 4,030 |
| Retained earnings | | 4,348 | 5,625 |
| **Total equity** | | **9,465** | **10,655** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Long-term financing loans | 16 | 107 | 536 |
| Employee benefits | 5 | 358 | 118 |
| Other non-current liabilities | 21 | 22 | 0 |
| Deferred tax liabilities | 8 | 12 | 8 |
| **Current liabilities** | | | |
| Short-term financing loans | 16 | 1,176 | 704 |
| Trade and other payables | 16 | 2,656 | 2,914 |
| **Total equity and liabilities** | | **13,796** | **14,934** |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (IFRS)

| 1000 € | Share capital | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **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-employment benefit obligations | | | | -259 | **-259** |
| Share-based payment | | 86 | | | **86** |
| **Business transactions with owners, total** | | **86** | | **-259** | **-172** |
| **Balance at Dec. 31, 2015** | **1,000** | **4,117** | **-3** | **4,351** | **9,465** |
| | | | | | |
| **Balance at Jan. 1, 2014** | **1,000** | **3,955** | **6** | **7,622** | **12,582** |
| **Comprehensive income** | | | | | |
| Comprehensive income for the period | | | | -1,994 | **-1,994** |
| *Other comprehensive income for the period, net of tax* | | | | | |
| Translation differences | | | -9 | | **-9** |
| **Total comprehensive income for the period** | | | **-9** | **-1,994** | **-2,002** |
| **Business transactions with owners** | | | | | |
| Share-based payment | | 76 | | | **76** |
| **Business transactions with owners, total** | **0** | **76** | | **0** | **76** |
| **Balance at Dec. 31, 2014** | **1,000** | **4,030** | **-3** | **5,628** | **10,655** |

# CONSOLIDATED CASH FLOW STATEMENT (IFRS)

| 1000 € | Note | Dec. 31, 2015 | Dec. 31, 2014 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit for the period | | -1,018 | -1,994 |
| **Adjustments** | | | |
| Non-cash transactions | 20 | 1,393 | 1,652 |
| Other adjustments | 20 | -330 | -61 |
| Change in working capital | 20 | -28 | 410 |
| Interest income | | 33 | 1 |
| Interest expenses | | -135 | -87 |
| Taxes | | -3 | 14 |
| **Net cash flow from operating activities** | | **-88** | **-64** |
| **Cash flow from investing activities** | | | |
| Investments in property, plant and equipment | | -469 | -864 |
| Decrease in other investments | | 0 | 13 |
| Proceeds from sale of property, plant and equipment | | 47 | 54 |
| **Net cash flow from investing activities** | | **-422** | **-797** |
| **Net cash flow before financing** | | **-510** | **-861** |
| **Cash flow from financing activities** | | | |
| Loans drawn down | | 747 | 0 |
| Loans repaid | | -704 | -784 |
| **Net cash flow from financing activities** | | **43** | **-784** |
| Change in cash and cash equivalents | | -467 | -1,644 |
| Cash and cash equivalents at the beginning of period | 15 | 735 | 2,380 |
| **Cash and cash equivalents at the end of period** | 15 | **268** | **735** |

# 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 24, 2016, 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 2015 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, 2015 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, 2015.

### 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 23.

## 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 25

*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 24).

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 24.

*Recognition of deferred tax assets*

The deferred tax asset results mainly from the slowed tax depreciation. The company decelerated its tax depreciation during 2012-2014 tax years and will decelerate in 2015 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 14.

*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 13.

*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. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group has now begun to assess IFRS 9’s full impact. The standard has not yet been endorsed for application in the EU.

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. The standard will be effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15. The standard has not yet been endorsed for application in the EU.

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 € | 2015 | | 2014 | |
|---|---|---|---|---|
| **Net sales** | | | | |
| Telecommunication electronics | 10,809 | 62% | 13,125 | 63% |
| Automotive electronics | 3,287 | 19% | 3,531 | 17% |
| Industrial applications | 2,001 | 11% | 2,351 | 11% |
| Other electronics | 1,355 | 8% | 1,988 | 9% |
| **Total** | **17,452** | **100%** | **20,994** | **100%** |

### Geographical areas

The net sales of the geographical areas are allocated based on the delivery destination and assets are allocated based on the country in which assets are located.

| | | | | |
|---|---|---|---|---|
| **Net sales by geographical area** | | | | |
| Finland | 7,188 | 41% | 10,866 | 52% |
| Europe | 9,079 | 52% | 7,858 | 37% |
| Asia | 823 | 5% | 2,030 | 10% |
| Other areas | 362 | 2% | 241 | 1% |
| **Total** | **17,452** | **100%** | **20,994** | **100%** |
| | | | | |
| **Net sales by largest customers** | | | | |
| Customer 1 | 2,755 | 16% | 6,685 | 32% |
| Customer 2 | 2,367 | 14% | 2,785 | 13% |
| Customer 3 | 1,339 | 8% | 616 | 3% |
| Customer 4 | 911 | 5% | 921 | 4% |
| Customer 5 | 859 | 5% | 1,299 | 6% |
| Customer 6 | 849 | 5% | 1,435 | 7% |
| **Five (5) largest customers, total** | **8,231** | **47%** | **13,125** | **63%** |

## 2. OTHER OPERATING INCOME

| 1000 € | 2015 | 2014 |
|---|---|---|
| Gains on sale of fixed assets | 136 | 28 |
| Rental income | 0 | 16 |
| Other operating income | 25 | 10 |
| **Total** | **161** | **55** |

## 3. MATERIALS AND SERVICES

| 1000 € | 2015 | 2014 |
|---|---|---|
| Purchase of materials and supplies | 7,470 | 6,381 |
| Change in inventories | -334 | 565 |
| **Materials and services, total** | **7,137** | **6,946** |
| Outsourced services | 229 | 547 |
| **Total** | **7,366** | **7,493** |

## 4. PERSONNEL EXPENSES

| 1000 € | 2015 | 2014 |
|---|---|---|
| Wages and salaries | 4,855 | 6,047 |
| Share-based rewards | 86 | 76 |
| Other long-term employee benefits | -18 | -148 |
| Pension costs - defined contribution plans | 727 | 929 |
| Other personnel expenses | 272 | 329 |
| **Total** | **5,922** | **7,232** |
| | | |
| **Personnel, average** | **121** | **148** |
| | | |
| **Personnel at Dec. 31, 2015** | | |
| Non-salaried | 66 | 100 |
| Salaried | 40 | 44 |
| **Total** | **106** | **144** |

## 5. EMPLOYEE BENEFITS

| 1000 € | 2015 | 2014 |
|---|---|---|
| Obligation at the beginning of the year | 118 | 265 |
| Increases during the financial year | 0 | 0 |
| Realized during the financial year | -18 | -148 |
| **Obligation at the end of the year** | **100** | **118** |

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.

At the end of 2015, the company became aware that it has pension obligations. The company cannot reliably specify the extent of the error prior to the closing date of the 2015 financial statements. Therefore, the company has recorded the pension liabilities against retained earnings under shareholders' equity in the balance sheet.

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

| 1000 € | 2015 |
|---|---|
| Defined benefit obligation | 1,568 |
| Fair value of plan assets | 1,309 |
| Net liability, Dec. 31, 2015 | 259 |

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

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

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

| *Acturial assumptions* | 2015 |
|---|---|
| *Discount rate* | 2.25% |
| *Future salary increase* | 2.50% |
| *Future pension increase* | 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% | -6.4 % | 7.2 % |
| *Future salary increase* | 0.50% | 0.2 % | -0.2 % |
| *Future pension increase* | 0.25% | 2.9 % | -2.8 % |
| *Mortality change* | 5.00% | -1.2 % | 1.3 % |

| *Assumption fair value of plan assets* | *Change in assumption* | *Impact of increase* | Impact of decrease |
|---|---|---|---|
| *Discount rate* | 0.50% | -5.7 % | 6.3 % |
| *Future salary increase* | 0.50% | 0.0 % | 0.0 % |
| *Future pension increase* | 0.25% | 0.0 % | 0.0 % |
| *Mortality change* | 5.00% | -1.0 % | 1.0 % |

## 6. OTHER OPERATING EXPENSES

| 1000 € | 2015 | 2014 |
|---|---|---|
| Rental expenses | 529 | 591 |
| Maintenance and repair costs | 541 | 489 |
| Energy costs | 461 | 626 |
| Water consumption and wastewater treatment | 183 | 206 |
| Other variable expenses of production | 167 | 328 |
| Voluntary social costs | 126 | 126 |
| Real estate costs | 348 | 458 |
| Insurance charges | 187 | 128 |
| Travel costs | 284 | 305 |
| IT costs | 245 | 259 |
| External services | 396 | 480 |
| Audit fees | 54 | 73 |
| Administration costs | 339 | 270 |
| Other costs | 734 | 1,785 |
| **Total** | **4,593** | **6,124** |

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

Other costs for 2014 include EUR 1,233 thousand in non-recurring expenses for the reorganization of production.

| **Auditor's (PwC) fees** 1000 € | 2015 | 2014 |
|---|---|---|
| Auditing | 47 | 57 |
| Tax consultation | 0 | 3 |
| Other services | 4 | 10 |
| Certificates and statements | 3 | 3 |
| **Total** | **54** | **73** |

## 7. FINANCIAL INCOME AND EXPENSES

| 1000 € | 2015 | 2014 |
|---|---|---|
| **Income** | | |
| Interest income on loans and other receivables | 31 | 14 |
| Changes in the value of derivative instruments recognized at fair value through profit or loss | 1 | 0 |
| **Total financial income** | **32** | **14** |
| | | |
| **Expenses** | | |
| Interest expenses on bank loans and overdrafts | 105 | 86 |
| Changes in the value of derivative instruments recognized at fair value through profit or loss | 29 | 0 |
| **Total financial expenses** | **133** | **86** |
| **Total financial income and expenses** | **-102** | **-72** |

## 8. INCOME TAXES

| 1000 € | 2015 | 2014 |
|---|---|---|
| **Current income tax** | | |
| Current income tax for the year | -3 | -28 |
| Current income tax for previous years | 0 | 0 |
| Deferred income tax | 280 | 60 |
| **Total current income tax** | **277** | **32** |

*A reconciliation of the income tax expense computed at statutory rates and income tax expense recorded in the income statement.*

| | 2015 | 2014 |
|---|---|---|
| **Profit before tax** | **-1158** | **-1976** |
| Taxes at Finnish statutory tax rate 20.0% | 232 | 395 |
| Different tax rates of foreign subsidiaries | 0 | 0 |
| Non-deductible expenses | -3 | -6 |
| Reassessment of deferred tax assets on use of loss carry forwards | -305 | -629 |
| Deferred tax assets on other temporary differences | 353 | 271 |
| **Total income tax expense** | **277** | **32** |

The taxable income of the Group companies for 2015 was EUR - 119 thousand. If the result for 2015 is confirmed in taxation, the total amount of confirmed losses would be EUR 85,059 thousand and they would expire in 2016-2025. After the taxes for 2014 have been confirmed, the remaining losses amount to EUR 84,940.

Foreign subsidiaries do not have significant distributable funds.

| Confirmed tax losses | 1000 € | Losses | Expire in |
|---|---|---|---|
| | for 2005 | 1,353 | 2015 |
| | 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 |
| | | **84,940** | |

| **Deferred income taxes** | **2015** | **2014** |
|---|---|---|
| Deferred income tax liabilities | | |
| - Deferred income tax liabilities due after 12 months | 0 | 0 |
| - Deferred income tax liabilities due within the next 12 months | 12 | 8 |
| | **12** | **8** |
| Deferred income tax assets | | |
| - Deferred income tax assets due after 12 months | 2,311 | 2,258 |
| - Deferred income tax assets due within the next 12 months | 284 | 53 |
| | **2,595** | **2,311** |
| **Deferred income tax (net)** | **2,583** | **2,303** |

## 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, 2014 | 16 | **16** |
| Recognized in net profit for the year | -8 | **-8** |
| Recognized in comprehensive income for the year | | **0** |
| Recognized directly in equity | | **0** |
| Dec. 31, 2014 | 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** |

| Deferred income tax assets | From decelerated tax depreciation | Confirmed tax losses | Employee benefits | Others | Total |
|---|---|---|---|---|---|
| Jan. 1, 2014 | 1,343 | 814 | 53 | 49 | **2,259** |
| Recognized in net profit for the year | 593 | -550 | -30 | 39 | **52** |
| Recognized in comprehensive income for the year | | | | | **0** |
| Recognized directly in equity | | | | | **0** |
| Unrecognized portion of the change | | | | | **0** |
| Dec. 31, 2014 | 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** |

The deferred tax asset results mainly from the slowed tax depreciation. The company decelerated its tax depreciation during 2012-2014 tax years. In the 2015 tax year, the company will decelerate depreciation to a total of about EUR 12.1 million, resulting in deferred tax assets of about EUR 2,430 thousand under the current 20.0% corporate tax rate.

## 9. EARNINGS PER SHARE

| 1000 € | 2015 | 2014 |
|---|---|---|
| (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 | -1,018 | -1,994 |
| Weighted average number of shares (1,000) | 6,407 | 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 2015 and 2014.

## 10. INTANGIBLE ASSETS

| 1000 € | Intangible rights | Group goodwill | Total |
|---|---|---|---|
| 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** |
| Acquisition cost at Jan. 1, 2014 | 358 | 3,000 | **3,358** |
| Increase | 20 | 0 | **20** |
| Decrease | -93 | 0 | **-93** |
| Transfers between lines | 0 | 0 | **0** |
| **Acquisition cost at Dec. 31, 2014** | **285** | **3,000** | **3,285** |
| Total accumulated depreciation and impairment Jan. 1, 2014 | 254 | 0 | **254** |
| Accumulated depreciation of decreases and transfers | -72 | 0 | **-72** |
| Depreciation for the year | 42 | 0 | **42** |
| Total accumulated depreciation and impairment Dec. 31, 2014 | **224** | **0** | **224** |
| **Book value Dec. 31, 2014** | **61** | **3,000** | **3,061** |

The principles of the impairment testing of goodwill are presented in Note 24.

## 11. PROPERTY, PLANT AND EQUIPMENT

| 1000 € | Machinery and equipment | Advances | Total |
|---|---|---|---|
| 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** |
| | | | |
| Acquisition cost at Jan. 1, 2014 | 14,266 | 0 | **14,266** |
| Increase | 509 | 0 | **509** |
| Decrease | -624 | 0 | **-624** |
| Transfers between lines | 0 | 0 | **0** |
| **Acquisition cost at Dec. 31, 2014** | **14,152** | **0** | **14,152** |
| Total accumulated depreciation and impairment Jan. 1, 2014 | 10,263 | 0 | **10,263** |
| Accumulated depreciation of decreases and transfers | -486 | 0 | **-486** |
| Depreciation for the year | 1,485 | 0 | **1,485** |
| Total accumulated depreciation and impairment Dec. 31, 2014 | **11,262** | **0** | **11,262** |
| **Book value Dec. 31, 2014** | **2,890** | **0** | **2,890** |

## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| 1000 € | 2015 | 2014 |
|---|---|---|
| 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.

## 13. INVENTORIES

| 1000 € | 2015 | 2014 |
|---|---|---|
| Materials and supplies | 1,642 | 1,550 |
| Work in progress | 228 | 251 |
| Finished goods | 513 | 249 |
| **Total** | **2,384** | **2,050** |
| Write down of inventories | 71 | 358 |

## 14. LOANS AND OTHER RECEIVABLES

| 1000 € | 2015 | 2014 |
|---|---|---|
| **Long-term receivables** | | |
| Deferred tax assets | 2,595 | 2,311 |
| **Short-term receivables** | | |
| Accounts receivable | 2,959 | 3,337 |
| Accrued receivables | 234 | 528 |
| Other receivables | 117 | 7 |
| **Total** | **3,310** | **3,872** |
| **Age distribution of accounts receivable** | | |
| *Accounts receivable that not are impaired* | | |
| Receivables carried forward | 2,545 | 2,999 |
| Expired | | |
| in less than 30 days | 298 | 325 |
| in 30-60 days | 89 | 10 |
| in 61-90 days | 1 | 3 |
| over 90 days | 26 | 0 |
| **Total** | **2,959** | **3,337** |

## 14. (continues)

| 1000 € | 2015 | 2014 |
|---|---|---|
| **The breakdown by currencies of short-term receivables** | | |
| EUR | 2,319 | 3,276 |
| USD | 640 | 61 |
| **Total** | **2,959** | **3,337** |

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 | 0 | 0 |
| Credit losses for previous financial periods returned during the financial period | 0 | 0 |
| Net loan losses | 0 | 0 |

## 15. CASH AND EQUIVALENTS

| 1000 € | 2015 | 2014 |
|---|---|---|
| Cash and bank accounts | 268 | 735 |
| **Total** | **268** | **735** |

On the balance sheet date, cash and cash equivalents totaled EUR 133 thousand in Finland and EUR 135 thousand in other countries. Cash and cash equivalents were primarily held in bank accounts.

## 16. FINANCING LOANS

| 1000 € | 2015 | | 2014 | |
|---|---|---|---|---|
| | Book value | Fair value | Book value | Fair value |
| **Long-term financing loans** | | | | |
| Bank borrowings | 107 | 104 | 536 | 515 |
| **Total** | **107** | | **536** | |

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.

| | 2015 | 2014 |
|---|---|---|
| *Discount rates used in determining fair values* | | |
| Bank borrowings | 3.4 % | 3.3 % |

| | 2015 | 2014 |
|---|---|---|
| **Short-term financing loans** | | |
| Bank borrowings | 429 | 704 |
| Factoring-debt | 747 | 0 |
| **Total** | **1,176** | **704** |

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 536 thousand and their fair value was EUR 533 thousand.

In addition, Aspocomp had a EUR 500 thousand credit facility costing 1.65 percent per annum. The interest on credit drawn down is 1.0 percent above the one-week Euribor rate. At the end of the financial year, no credit was in use.

**16.** (continues)

1000 €

The breakdown of the maturity of payables

| 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** |

| Dec. 31, 2014 | Balance sheet value | Cash flow | 12 months | 1-2 years | 2-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Bank borrowings | | | | | | |
| Principal | 1,239 | 1,239 | 704 | 536 | 0 | 0 |
| Paid interest expenses | | 36 | 26 | 10 | 0 | 0 |
| Trade and other payables | 2,914 | 2,914 | 2,914 | 0 | 0 | 0 |
| **Total** | **4,153** | **4,190** | **3,644** | **546** | **0** | **0** |

| Trade and other payables | 2015 | 2014 |
|---|---|---|
| **The breakdown by currencies of accounts payable** | | |
| EUR | 774 | 560 |
| USD | 942 | 437 |
| **Total** | 1,716 | 997 |
| Accrued payables | 940 | 1,917 |
| **Total trade and other payables** | **2,656** | **2,914** |
| | | |
| *Accrued liabilities* | | |
| Personnel expenses | 596 | 836 |
| Accrued interest on loans | 1 | 1 |
| Closure costs | 0 | 692 |
| VAT liabilities | 0 | 27 |
| Others | 343 | 361 |
| *Total* | *940* | *1,917* |

## 17. 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.

| 2015<br>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 | 12 |
| Accounts receivable and other receivables | | 2,959 | | | 2,959 | | | | 2,959 | 14 |
| Derivative financial instruments (not in hedge accounting) | | | 1 | | 1 | | | | 1 | 21 |
| Cash and cash equivalents | | 272 | | | 272 | | | | 272 | 15 |
| **Total** | **15** | **3,231** | **1** | | **3,247** | | | | **3,247** | |
| | | | | | | | | | | |
| **Long-term financing loans** | | | | | | | | | | |
| Bank borrowings | | | | 107 | 107 | | | | 107 | 16 |
| Derivative financial instruments (not in hedge accounting) | | | 19 | | 19 | | 19 | | 19 | 21 |
| **Short-term financing loans** | | | | | | | | | | |
| Bank borrowings | | | | 429 | 429 | | | | 429 | 16 |
| Factoring debt | | | | 747 | 747 | | | | 747 | 16 |
| Derivative financial instruments (not in hedge accounting) | | | 10 | | 10 | | 10 | | 10 | 21 |
| Accounts and other payables | | | | 1,902 | 1,902 | | | | 1,902 | 16 |
| **Total** | **0** | **0** | **29** | **3,185** | **3,213** | | **29** | | **3,213** | |

### 17. (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.

| 2014<br>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 | 12 |
| Accounts receivables and other receivables | | 3,337 | | | 3,337 | | | | 3,337 | 14 |
| Derivative financial instruments (not in hedge accounting) | | | | | | | | | | |
| Cash and cash equivalents | | 735 | | | 735 | | | | 735 | 15 |
| **Total** | **15** | **4,072** | **0** | | **4,087** | | | | **4,087** | |
| | | | | | | | | | | |
| **Long-term financing loans** | | | | | | | | | | |
| Bank borrowings | | | | 536 | 536 | | | | 536 | 16 |
| Derivative financial instruments (not in hedge accounting) | | | | | | | | | | |
| **Short-term financing loans** | | | | | | | | | | |
| Bank borrowings | | | | 704 | 704 | | | | 704 | 16 |
| Factoring debt | | | | | | | | | | |
| Derivative financial instruments (not in hedge accounting) | | | | | | | | | | |
| Accounts and other payables | | | | 2,914 | 2,914 | | | | 2,914 | 16 |
| **Total** | **0** | **0** | **0** | **4,153** | **4,153** | | **0** | | **4,153** | |

**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).

## 18. NET FOREIGN EXCHANGE GAINS/LOSSES

| 1000 € | 2015 | 2014 |
|---|---|---|
| *The exchange differences charged/credited to the income statement* | | |
| Other operating costs | 112 | 129 |
| **Total** | **112** | **129** |

## 19. CONTINGENCIES AND COMMITMENTS

| 1000 € | 2015 | 2014 |
|---|---|---|
| **Other rental payables** | | |
| *Minimum rents of other rent agreements that cannot be terminated* | | |
| Within one year | 480 | 566 |
| After one year but not more than five years | 260 | 633 |
| **Total** | **740** | **1,199** |
| | | |
| **Contingent liabilities at Dec. 31, 2015** | | |
| **Guarantees** | | |
| Guaranteed contingent liability towards the Finnish Customs | 45 | 40 |
| The carrying amount of receivables used as security for factoring | 747 | 0 |

## 20. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

| 1000 € | 2015 | 2014 |
|---|---|---|
| *Non-cash transactions* | | |
| Depreciation | 1,168 | 1,658 |
| Others | 226 | -6 |
| **Non-cash transactions, total** | **1,393** | **1,652** |
| | | |
| *Other adjustments* | | |
| Financial income | -33 | -1 |
| Sales profit | -19 | -28 |
| Taxes | -277 | -32 |
| **Other adjustments, total** | **-330** | **-61** |
| | | |
| *Change in net working capital* | | |
| Change in receivables | 561 | -404 |
| Change in inventories | -334 | 565 |
| Change in trade and other payables | -256 | 250 |
| **Total** | **-28** | **410** |

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values

| 1000 € | 2015 | 2014 |
|---|---|---|
| Forward foreign exchange contracts, not in hedge accounting, nominal value | 228 | 0 |
| Forward foreign exchange contracts, not in hedge accounting, fair value (balance sheet value) | 1 | 0 |
| | | |
| Interest rate swap contracts, nominal value | 2,000 | 0 |
| Interest rate swap contracts, fair value (non-current assets) | 22 | 0 |
| Interest rate swap contracts, fair value (current assets) | 7 | 0 |

## 22. RELATED-PARTY DISCLOSURES

| 1000 € | 2015 | 2014 |
|---|---|---|

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 | 241 | 151 |
| Share-based payment | 77 | 49 |
| Pension costs, defined contribution plans | 41 | 27 |
| CEO Sami Holopainen until May 14, 2014 | | |
| Salaries and fringe benefits | | 162 |
| Share-based payment | 8 | 22 |
| Pension costs, defined contribution plans | | 29 |
| Other Management Team | | |
| Salaries and fringe benefits | 416 | 396 |
| Share-based payment | 2 | 5 |
| *Fees of members of the Board* | | |
| Ms. Päivi Marttila, Chairman of the Board | 38 | 35 |
| Mr. Johan Hammarén, Vice Chairman (member until March 26, 2015) | | 19 |
| Mr. Tuomo Lähdesmäki | 19 | 22 |
| Ms. Kaarina Muurinen, Vice Chairman (as of March 26, 2015) | 18 | |
| Mr. Kari Vuorialho (member until March 26, 2015) | | 19 |
| *Total remunerations of the members of the Board* | 75 | 95 |
| **Management's total employment benefits** | **819** | **879** |

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, 2015** | **Dec. 31, 2014** |
|---|---|---|
| Members of the Board | 150,463 | 301,602 |
| CEO | 0 | 0 |
| Other management | 19,024 | 19,024 |
| *Total shareholdings* | 169,487 | 320,626 |
| **Votes conferred by the shares** | **2.6 %** | **5.0 %** |

## 23. SHARE-BASED PAYMENTS

On June 5, 2012, 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 1/2012 through 12/2015.

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 2015 earnings period, the criteria set for the plan were not fulfilled and thus no accrued expenses were booked due to the plan.**

| Earnings periods | 2015 | 2014 |
|---|---|---|
| Grant date | | |
| Earnings period begins | Jan. 1, 2015 | Jan. 1, 2014 |
| Earnings period ends | Dec. 31, 2015 | Dec. 31, 2014 |
| Maximum number of shares granted as remuneration | 51,000 | 51,000 |
| Shares are released 36 months after entry into the book-entry account | | |

| Earnings criteria | 2015 | 2014 |
|---|---|---|
| Earnings per share (EPS) without extraordinary items | | |
| Achievement of earnings criteria, % | 0% | 0% |
| Number of share incentives granted | 0 | 0 |
| Share price listed on grant date, € | 2.02 | 2.02 |
| Share price listed on balance sheet date, € | 1.12 | 1.14 |

| Impact of share incentive plan on the result for the | 2015 | 2014 |
|---|---|---|
| Impact of the scheme on the profit for the period | 0 | 0 |
| Liabilities from the cash payments of the share-based | 0 | 0 |

## 23. (continues)

### *2. Share ownership plan for members of the Management Team*

The share ownership plan offered the members of the Management Team the possibility to receive shares in the company on the condition that they also purchased shares in the company. The share reward was non-recurring.

In order to be entitled to receive these share rewards, the plan participant had to acquire shares in the company by August 31, 2012 at the latest.

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

In the share issue, 10,016 new shares were issued without consideration to the members of the Management Team holding shares in the company according to the terms and conditions of the share ownership plan. The shares were registered with the Trade Register and in the book-entry accounts of the recipients on September 6, 2012. Trading in these shares began on Nasdaq OMX Helsinki on September 7, 2012.

| **Earnings periods** | **2015** | |
|---|---|---|
| Grant date | | June 5, 2012 |
| Earnings period begins | | June 5, 2012 |
| Earnings period ends | | Aug. 31, 2012 |
| Maximum number of shares granted as remuneration | | 48,000 |
| Shares released 36 months after entry into the book-entry account | | |

| **Earnings criteria:** | **2015** | |
|---|---|---|
| Achievement of earnings criteria, % | | 21% |
| Number of share incentives granted | | 10,016 |
| Share price listed on grant date, € | | 2.04 |
| Share price listed on balance sheet date, € | 1.12 | 1.14 |

| **Impact of share incentive plan on the result for the period** | **2015** | **2014** |
|---|---|---|
| Impact of the scheme on the profit for the period | 10 | 27 |
| Liabilities from the cash payments of the share-based scheme | 0 | 0 |

## 23. (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 and of the stock options C the trade volume weighted average quotation of the share during March 1 - March 31, 2016.

| | 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 | 1.3 | |
| 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 |

| 1000 € | 2015 | 2014 |
|---|---|---|
| Recognized as an expense | 77 | 49 |

## 24. IMPAIRMENT TESTING

| 1000 € | 2015 | 2014 |
|---|---|---|
| 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 12.1 million, and thus goodwill was not impaired in 2015. (EUR 17.0 million 2014)**

| Key variables and assumptions used in impairment testing | 2015 | 2014 |
|---|---|---|
| *Annual growth in net sales* is based on the budget approved by management for the years 2016-2019. The growth rate after the end of the forecast period is assumed to be one (1) percent. | *12.5%* | *10.6%* |
| *The sales margin* is based on the average budgeted margin for the forecast period. | *44%* | *43%* |
| *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. | *8.2%* | *8.1%* |

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 | -1.8% | - 14.3 ppts |
| Average sales margin | 29.1% | - 15.1 ppts |
| Discount rate | 16.6% | + 8.4 ppts |

| Assumptions concerning the discount rate | 2015 | 2014 |
|---|---|---|
| Risk-free market yield | 0.9% | 0.8% |
| 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) | 8.2% | 8.1% |

## 25. 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. Although the strategic structural overhaul seeking to expand and diversify the customer base progressed well in 2015, it has not as yet generated sufficient net sales. As stated above, the company is exposed to variations among its key customers and in global PCB demand, which may have a negative impact on the company's cash flow and financial position.

### 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 2015, the nominal value of interest-bearing liabilities was EUR 1.3 million. Gearing was 10.7 percent (4.7%) and equity ratio was 68.6 percent (71.3%).

The company has a credit facility of EUR 500 thousand. It was not in use at the end of the financial year 2015.

Maturities of financial liabilities are presented in Note 16.

In 2015, Aspocomp's cash and financial position weakened slightly compared with 2014, and the Group's liquidity will remain tight during the next few months. 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 2016. 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 its financial position does not weaken unexpectedly. The company has a EUR 0.5 million credit facility, which was not in use as at December 31, 2015, and a recourse factoring agreement, of which EUR 0.7 million was in use at the end of the review period. The company is also negotiating on additional debt financing to bolster its financial position and reduce its financing-related risks. These forms of finance used to safeguard liquidity include covenant terms. The covenants were broken during the financial year 2015, but in 2015 the financier gave a waiver for the financial year 2015. If these measures do not yield the planned results, the company will seek to secure additional debt financing and, if necessary, equity financing by means of a share issue.

*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.

## 25. (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 2015 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 2015 financial year, cash assets amounted to EUR 0.3 million and gearing was 10.7 percent. On the basis of the business forecast, the company's operations will remain stable and it is expected that overall performance in 2016 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: 78%). The breakdown by currencies of the receivables is presented in Note 14. All the Group's long-term liabilities are denominated in euro. At the end of the year, 65 percent of the short-term debts were denominated in euros. The Group has made a currency derivative contract, by which the Group seeks to reduce its currency risk.

***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 47 percent of net sales (63% in 2014). During the financial year no credit losses were recorded.

The age distribution of accounts receivable is presented in Note 14.

## 26. NOTES TO THE CONSOLIDATED CHANGES IN EQUITY

**1000 €**

| | Number of shares |
|---|---|
| Jan. 1, 2014 | 6,406,505 |
| **Dec. 31, 2014** | **6,406,505** |
| Jan. 1, 2015 | 6,406,505 |
| **Dec. 31, 2015** | **6,406,505** |

### Share capital

Aspocomp Group Plc. has one share series. The maximum number of shares is 6,406,505 (6,406,505 shares in 2014). 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 2014 and 2015, 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.

# PARENT COMPANY INCOME STATEMENT (FAS)

| € | Note | 1.1.-31.12.2015 | 1.1.-31.12.2014 |
|---|---|---|---|
| **Net sales** | 1.1 | **17,445,414.84** | **20,997,256.68** |
| Change in finished goods and work in progress | | 221,857.00 | -456,009.00 |
| Other operating income | 1.2 | 161,477.23 | 54,387.18 |
| Materials and services | 1.3 | -7,471,976.82 | -7,624,953.48 |
| Personnel costs | 1.4 | -5,516,631.71 | -7,001,037.82 |
| Depreciation and write-downs | 1.5 | -2,472,700.52 | -2,963,360.46 |
| Other operating expenses | 1.6 | -4,806,373.46 | -6,341,697.58 |
| **Operating loss** | | **-2,438,933.44** | **-3,335,414.48** |
| Financial income and expenses | 1.7 | -76,297.88 | -203,912.70 |
| **Loss before extraordinary items** | | **-2,515,231.32** | **-3,539,327.18** |
| Extraordinary items +/- | 1.8 | 0.00 | -18,164.80 |
| **Profit/loss before appropriations and taxes** | | **-2,515,231.32** | **-3,557,491.98** |
| **Profit/loss for the year** | | **-2,515,231.32** | **-3,557,491.98** |

# PARENT COMPANY BALANCE SHEET (FAS)

| **Assets** | Note | **12/31/2015** | **12/31/2014** |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 2.1 | 9,102,181.20 | 10,483,384.88 |
| Tangible assets | 2.2 | 1,930,566.24 | 2,582,635.78 |
| Investments | 2.3 | 127,130.50 | 241,107.52 |
| **Total non-current assets** | | **11,159,877.94** | **13,307,128.18** |
| **Current assets** | | | |
| Inventories | 2.4 | 2,323,432.00 | 2,009,762.00 |
| Short-term receivables | 2.5 | 3,277,377.51 | 3,835,237.50 |
| Cash and cash equivalents | | 132,532.96 | 575,312.70 |
| **Total current assets** | | **5,733,342.47** | **6,420,312.20** |
| **Total assets** | | **16,893,220.41** | **19,727,440.38** |

| **Liabilities and shareholders' equity** | | | |
|---|---|---|---|
| **Shareholders' equity** | 2.6 | | |
| Share capital | | 1,000,000.00 | 1,000,000.00 |
| Reserve for invested unrestricted equity | | 2,471,988.80 | 2,462,439.68 |
| Retained earnings | | 8,274,232.32 | 11,831,724.30 |
| Net profit/loss for the period | | -2,515,231.32 | -3,557,491.98 |
| **Total shareholders' equity** | | **9,230,989.80** | **11,736,672.00** |
| **Liabilities** | | | |
| Long-term liabilities | 2.7 | 107,142.82 | 535,714.26 |
| Short-term liabilities | 2.8 | 7,555,087.79 | 7,455,054.12 |
| **Total liabilities** | | **7,662,230.61** | **7,990,768.38** |
| **Total liabilities and shareholders' equity** | | **16,893,220.41** | **19,727,440.38** |

# PARENT COMPANY CASH FLOW STATEMENT (FAS)

| € | 1.1.-31.12.2015 | 1.1.-31.12.2014 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Operating profit/loss | -2,515,231.32 | -3,539,327.18 |
| **Adjustments** | | |
| Non-cash transactions | 2,653,294.96 | 3,149,663.92 |
| Change in working capital | -125,645.97 | 474,549.97 |
| Paid interest expenses | -108,406.70 | -86,790.80 |
| Received interest income | 31,745.54 | 799.87 |
| **Net cash flow from operating activities** | **-64,243.49** | **-1,104.22** |
| **Cash flow from investing activities** | | |
| Purchase of tangible and intangible assets | -469,308.92 | -864,074.80 |
| Proceeds from sale of tangible and intangible assets | 47,339.80 | 54,049.36 |
| Purchase of shares | 0.00 | 0.00 |
| Sale of other shares / receivables | 0.00 | 13,086.00 |
| **Net cash flow from investing activities** | **-421,969.12** | **-796,939.44** |
| **Net cash flow before financing** | **-486,212.61** | **-798,043.66** |
| **Cash flow from financing activities** | | |
| Loans drawn down | 747,004.31 | 0.00 |
| Loans repaid | -703,571.44 | -783,571.44 |
| Received Group contributions | 0.00 | 0.00 |
| Payments of dividends | 0.00 | 0.00 |
| **Net cash flow from financing activities** | **43,432.87** | **-783,571.44** |
| Change in cash and cash equivalents | -442,779.74 | **-1,581,615.10** |
| Cash and cash equivalents at the beginning of period | 575,312.70 | 2,156,927.80 |
| **Cash and cash equivalents at the end of period** | **132,532.96** | **575,312.70** |

# NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

## ACCOUNTING PRINCIPLES

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

Tangible and intangible assets have been recorded in the balance sheet at their acquisition cost net of planned depreciation. Planned depreciation has been calculated on a straight-line basis over the entire useful life of the asset from the original acquisition cost.

The depreciation schedules for different asset classes are:

| | |
|---|---|
| Intangible rights | 3 - 5 years |
| Other capitalized expenditure | 5 - 10 years |
| Buildings and structures | 15 – 30 years |
| Machinery and equipment | 3 - 8 years |
| Other tangible assets | 5 - 10 years |

### Current assets

Cash and cash equivalents include cash on hand and bank deposits. Marketable securities are valued at their acquisition cost or their probable transfer price, whichever is lower.

### 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

Expenses that are unlikely to generate profits and the probable losses are deducted from the revenues as cost reserves. These are presented in the balance sheet as mandatory reserves or accrued expenses.

### Pension arrangements

The pension benefits of the company’s employees have been organized using defined contribution scheme pension insurance.

### Items denominated in foreign currencies

Liabilities and receivables denominated in foreign currencies have been recorded at the prevailing exchange rate on the date of the transaction. Liabilities and receivables converted to euros in connection with the preparation of financial statements are converted using the average exchange rate on the closing date. All exchange rate differences are recognized through profit or loss.

### Taxes

Taxes include the taxes for the period calculated on the basis of the net result for the period as well as assessed or returned taxes for the prior periods.

# Notes to the parent company financial statements

## 1.1 NET SALES BY GEOGRAPHICAL AREA

| € | 2015 | 2014 |
|---|---|---|
| Europe | 16,260,043.77 | 18,726,824.17 |
| Asia | 823,218.65 | 2,029,507.17 |
| | 362,152.42 | 240,925.34 |
| **Total** | **17,445,414.84** | **20,997,256.68** |

## 1.2 OTHER OPERATING INCOME

| € | 2015 | 2014 |
|---|---|---|
| Gains on sale of tangible assets | 47,339.80 | 28,132.90 |
| Other income | 114,137.43 | 26,254.28 |
| **Total** | **161,477.23** | **54,387.18** |

## 1.3 MATERIALS AND SERVICES

| € | 2015 | 2014 |
|---|---|---|
| Purchase during accounting period | 7,334,676.05 | 7,006,793.19 |
| Change in inventories | -91,813.00 | 70,700.00 |
| Subcontracting (external services) | 229,113.77 | 547,460.29 |
| **Total** | **7,471,976.82** | **7,624,953.48** |

## 1.4 NOTES ON PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

| € | 2015 | 2014 |
|---|---|---|
| **Personnel costs** | | |
| Salaries and wages | 4,487,738.22 | 5,700,043.56 |
| Fees | 0.00 | 0.00 |
| Pension costs | 727,096.97 | 928,650.92 |
| Other personnel costs | 301,796.52 | 372,343.34 |
| **Total** | **5,516,631.71** | **7,001,037.82** |
| **Management salaries and benefits** | | |
| CEO and Board Members | 315,760.00 | 408,001.97 |
| **Personnel at the end of year** | | |
| Non-office workers | 66 | 100 |
| Salaried employees | 37 | 40 |
| **Total** | **103** | **140** |
| **Personnel on average during the year** | | |
| Non-office workers | 78 | 104 |
| Salaried employees | 39 | 41 |
| **Total** | **117** | **145** |

## 1.5 DEPRECIATIONS AND WRITE-DOWNS

| € | 2015 | 2014 |
|---|---|---|
| Depreciation of intangible rights | 1,429,270.46 | 1,523,617.29 |
| Depreciation of machinery and equipment | 1,043,430.06 | 1,439,743.17 |
| **Total** | **2,472,700.52** | **2,963,360.46** |

## 1.6 OTHER OPERATING EXPENSES

| € | 2015 | 2014 |
|---|---|---|
| Rental expenses | 516,066.23 | 580,682.42 |
| Real estate costs | 164,389.58 | 255,274.66 |
| Energy costs | 753,352.54 | 1,041,697.88 |
| IT costs | 237,936.09 | 258,305.27 |
| External services | 696,935.61 | 784,004.48 |
| Other expenses | 2,437,693.41 | 3,421,732.87 |
| **Total** | **4,806,373.46** | **6,341,697.58** |
| | | |
| **Auditor's fees** | | |
| 1. Auditing | 45,000.00 | 53,951.25 |
| 2. Tax consultation | 0.00 | 3,120.00 |
| 3. Certificates and statements | 3,000.00 | 9,710.00 |
| 4. Other services | 3,755.00 | 2,845.00 |
| **Total** | **51,755.00** | 69,626.25 |

## 1.7 FINANCIAL INCOME AND EXPENSES

| € | 2015 | 2014 |
|---|---|---|
| **Interest and other financial income** | | |
| From group companies | 0.00 | 0.00 |
| From others | 31,745.54 | 13,703.95 |
| **Total** | **31,745.54** | **13,703.95** |
| **Interest and other financial expenses** | | |
| To group companies | 0.00 | 131,250.00 |
| To others | 108,043.42 | 86,366.65 |
| **Total** | **108,043.42** | **217,616.65** |
| **Total financial income and expenses** | **-76,297.88** | **-203,912.70** |

## 1.8 EXTRAORDINARY ITEMS

| € | 2015 | 2014 |
|---|---|---|
| **Extraordinary expenses and income** | | |
| Merging Aspocomp Oulu | 0.00 | 18,164.80 |
| **Total** | **0.00** | **18,164.80** |

## 2.1 INTANGIBLE ASSETS

| € | | | | |
|---|---|---|---|---|
| **2015** | Intangible rights | Goodwill | Other long-lived assets | Total |
| 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, 2015 | 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** |
| | | | | |
| **2014** | | | | |
| Acquisition cost Jan. 1, 2014 | 358,229.38 | 13,051,744.81 | 548,671.50 | 13,958,645.69 |
| Increase | 20,129.63 | 0.00 | 1,639.07 | 21,768.70 |
| Decrease | -93,294.95 | 0.00 | -67,259.40 | -160,554.35 |
| **Acquisition cost Dec. 31, 2014** | **285,064.06** | **13,051,744.81** | **483,051.17** | **13,819,860.04** |
| Accumulated depreciation Jan. 1, 2014 | 253,690.28 | 1,631,468.10 | 88,253.84 | 1,973,412.22 |
| Accumulated depreciation of decreases and transfers | -71,867.59 | 0.00 | -23,574.69 | -95,442.28 |
| Depreciation for the year | 41,780.82 | 1,305,174.48 | 111,549.92 | 1,458,505.22 |
| **Accumulated depreciation Dec. 31, 2014** | **223,603.51** | **2,936,642.58** | **176,229.07** | **3,336,475.16** |
| **Book value Dec. 31, 2014** | **61,460.55** | **10,115,102.23** | **306,822.10** | **10,483,384.88** |

## 2.2 TANGIBLE ASSETS

€

| 2015 | Machinery and equipment | Advance payments & constructions in progress | Total |
|---|---|---|---|
| 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** |

| **2014** | | | |
|---|---|---|---|
| Acquisition cost Jan. 1, 2014 | 5,703,459.67 | 0.00 | 5,703,459.67 |
| Increase | 507,450.61 | 0.00 | 507,450.61 |
| Decrease | -556,640.57 | 0.00 | -556,640.57 |
| Transfers between items | 0.00 | 0.00 | 0.00 |
| **Acquisition cost Dec. 31, 2014** | **5,654,269.71** | **0.00** | **5,654,269.71** |
| Accumulated depreciation Jan. 1, 2014 | 2,160,785.27 | 0.00 | 2,160,785.27 |
| Accumulated depreciation of decreases and transfers | -462,238.86 | 0.00 | -462,238.86 |
| Depreciation for the year | 1,373,087.52 | 0.00 | 1,373,087.52 |
| **Accumulated depreciation Dec. 31, 2014** | **3,071,633.93** | **0.00** | **3,071,633.93** |
| **Book value Dec. 31, 2014** | **2,582,635.78** | **0.00** | **2,582,635.78** |

## 2.3 INVESTMENTS

| € | Shares | | Receivables | Total |
|---|---|---|---|---|
| 2015 | Group companies | Others | Group companies | |
| 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** |
| | | | | |
| **2014** | | | | |
| Book value Jan. 1, 2014 | 7,826,601.66 | 15,078.42 | 0.00 | **7,841,680.08** |
| Increases | 0.00 | 0.00 | 0.00 | 0.00 |
| Decreases | -7,600,390.64 | -181.92 | 0.00 | -7,600,572.56 |
| **Book value Dec. 31, 2014** | **226,211.02** | **14,896.50** | **0.00** | **241,107.52** |

| **Group companies** | *Domicile* | *Group interest* (%) | *Parent compan* (%) | *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** |

## 2.4 INVENTORIES

| € | 2015 | 2014 |
|---|---|---|
| Materials and supplies | 1,642,287.00 | 1,550,474.00 |
| Work in progress | 199,971.00 | 223,923.00 |
| Finished goods | 481,174.00 | 235,365.00 |
| **Total** | **2,323,432.00** | 2,009,762.00 |

## 2.5 SHORT-TERM RECEIVABLES

| € | 2015 | 2014 |
|---|---|---|
| Receivables from group companies | 0.00 | 15569.44 |
| Accounts receivable | 2,952,912.66 | 3,336,897.06 |
| Other receivables | 116,990.29 | 6,620.45 |
| Other accrued income | 207,474.56 | 476,150.55 |
| **Short-term receivables, total** | **3,277,377.51** | **3,835,237.50** |

## 2.6 SHAREHOLDERS' EQUITY

| € | 2015 | 2014 |
|---|---|---|
| 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 | 2,462,439.68 | 2,435,580.82 |
| Increase | 9,549.12 | 26,858.86 |
| **Reserve for invested unrestricted equity Dec. 31** | **2,471,988.80** | **2,462,439.68** |
| | | |
| Retained earnings Jan. 1 | 8,274,232.32 | 11,831,724.30 |
| **Retained earnings Dec. 31** | **8,274,232.32** | **11,831,724.30** |
| | | |
| **Net profit/loss for the period** | **-2,515,231.32** | **-3,557,491.98** |
| | | |
| **Total balance** | **9,230,989.80** | **11,736,672.00** |
| | | |
| **Distributable funds in unrestricted equity** | **8,230,989.80** | **10,736,672.00** |

## 2.7 NON-CURRENT LIABILITIES

| € | 2015 | 2014 |
|---|---|---|
| **Loans from financial institutions** | | |
| Loans from financial institutions | 107,142.82 | 535,714.26 |
| **Non-current liabilities, total** | **107,142.82** | 535,714.26 |

## 2.8 CURRENT LIABILITIES

| € | 2015 | 2014 |
|---|---|---|
| **Loans from financial institutions** | | |
| Bank loans | 428,571.44 | 703,571.44 |
| Convertible bond | 747,004.31 | 0.00 |
| **Total** | **1,175,575.75** | 703,571.44 |
| | | |
| **Accounts payable, other payables and accrued expenses** | | |
| Accounts payable | 1,716,239.02 | 996,809.17 |
| Other payables | 133,789.25 | 159,454.27 |
| Accrued expenses | 695,256.33 | 1,657,830.06 |
| **Total** | **2,545,284.60** | 2,814,093.50 |
| | | |
| *Material items in accrued expenses:* | | |
| Periodization of personnel expenses | 587,444.98 | 688,553.08 |
| Provisions for closure expenses | 0.00 | 691,611.03 |
| Interest periodization of loans | 607.08 | 849.64 |
| Other items | 240,993.52 | 276,816.31 |
| Total | 829,045.58 | 1,657,830.06 |
| | | |
| **Liabilities to Group companies** | | |
| Liabilities to Group companies | 3,834,227.44 | 3,937,389.18 |
| **Current liabilities, total** | **7,555,087.79** | **7,455,054.12** |

## 3.1 SECURITIES, CONTINGENT LIABILITIES AND OTHER LIABILITIES

| € | 2015 | 2014 |
|---|---|---|
| Lease liabilities | 740,266.00 | 1,199,034.00 |
| Other liabilities | 792,004.31 | 40,000.00 |
| **Total** | **1,532,270.31** | **1,239,034.00** |

# BOARD SIGNATURES

The Board of Directors will propose to the Annual General Meeting to be held on April 7, 2016, that no dividend be paid.

Helsinki, February 24, 2016

Päivi Marttila
Chairman

Kaarina Muurinen
Vice Chairman

Tuomo Lähdesmäki

Mikko Montonen
CEO

# THE AUDITOR'S NOTE

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

Helsinki, March 1, 2016

**PricewaterhouseCoopers Oy**

Authorized Public Accountants

Markku Katajisto
KHT

# AUDITOR'S REPORT

### To the Annual General Meeting of Aspocomp Group Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspocomp Group Oyj for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### Responsibility of the Board of Directors and the Managing Director

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, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

### Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 1 March 2016

PricewaterhouseCoopers Oy, Authorised Public Accountants

Markku Katajisto, Authorised Public Accountant

# CORPORATE GOVERNANCE STATEMENT 2015

Aspocomp Group Plc (hereinafter referred to as Aspocomp or the company) is committed to good governance in accordance with the legislation in force, such as the Finnish Companies Act, the Accounting Act and the Finnish Securities Markets Act, and the company's Articles of Association. In addition, Aspocomp observes the standards, regulations and guidelines of Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority, as well as the Corporate Governance Code 2015 issued by the Securities Market Association.

During the financial year January 1 - December 31, 2015, Aspocomp complied with the Finnish Corporate Governance Code 2010 as written and without any deviations. However, reporting in this statement already partially complies with the Securities Market Association's new reporting code 2015.

The statement has been issued separately from the Report of the Board of Directors. The company's Board of Directors has reviewed the statement. 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.

In addition to being included in the Annual Report 2015, the Corporate Governance Statement is available on the company's Internet site at www.aspocomp.com/govenance. The Finnish Corporate Governance Code for listed companies is publicly available from, for instance, the Securities Market Association's website at www.cgfinland.fi/en

## GOVERNING BODIES

Aspocomp Group Plc is a limited liability company that is registered in Finland and listed on the Nasdaq Helsinki stock exchange. The company comprises the parent company Aspocomp Group Plc. and the subsidiaries it owns directly in Finland and abroad. The company's operations in Finland are organized directly by the parent company.

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 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 amending the Articles of Association, 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. The AGM elects the Board of Directors, which in turn appoints the CEO. The Board of Directors is the highest operational decision-making body of the company. 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.

## BOARD OF DIRECTORS

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

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 proposal is disclosed in the notice of the general meeting. Aspocomp publishes the biographical details of the candidates for the Board on its website in connection with publication of the notice of the general meeting.

The Board elects the Chairman and the Vice Chairman from among its members at its organization meeting, which is held after the AGM. The Board is responsible for the administration and the proper organization of the operations of the company. 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. All meetings are documented.

### Diversity principles

In order for the Board of Directors to discharge its duties in the most effective manner, a person elected to the Board must have sufficient knowledge of the company and its field of business as well as the other qualifications required by the duties. The Board must be sufficiently diverse. When preparing the proposal for the composition of the Board, the needs of the company and the educational and professional background of the individual candidates will be taken into account, along with their international experience, so that the Board members have the widest possible variety of competencies and qualifications. When preparing the proposal, attention is also paid to each candidate's teamwork skills and ability to support and challenge the company's operational management in a constructive and proactive way. Both genders are to be represented on the Board of Directors. In December 2015, Aspocomp had two female Board members out of three members in total.

### Board of Directors 2015

In accordance with the proposal made by the Board of Directors, the AGM held on March 26, 2015 decided to set the number of Board members at three and elected the following persons:

**PÄIVI MARTTILA**
Chairman

b. 1961, Finnish Citizen, M.Sc. (Econ.)
Member of the Board since 2013
Chairman of the Board since 2014
Main duty: Midagon Oy, CEO and Partner

Independent of the company and the company's main shareholders
Aspocomp shares: 17,474 and holdings of related parties 12,489 (December 31, 2015)

**KAARINA MUURINEN**
Vice Chairman

b. 1958, Finnish Citizen, M.Sc. (Econ.)
Member of the Board since 2015
Vice Chairman of the Board since 2015
Main duty: Vaisala Oyj, CFO

Independent of the company and the company's main shareholders
Aspocomp shares: no shares (December 31, 2015)

**TUOMO LÄHDESMÄKI**

b. 1957, Finnish Citizen, M.Sc. (Eng.), MBA
Member of the Board since 2002
Chairman of the Board during 2003-2014
Main duty: Boardman Oy, Partner

Independent of the company and the company's main shareholders
Aspocomp shares: 70,500 and holdings of related parties 50,000 (December 31, 2015)

Until March 26, 2015, the Board comprised of the following four members: Ms. Päivi Marttila (Chairman), Mr. Johan Hammarén (Vice Chairman) and Mr. Tuomo Lähdesmäki and Mr. Kari Vuorialho.

The Board carried out an internal self-assessment of its operations and working methods in 2015. The results of this self-assessment are used to develop the Board's working methods. All members of the Board were determined to be independent of the company and the company's main shareholders.

### Board member meeting participations in 2015

The Board assembled 11 times, of which five were phone meetings. The overall meeting participation rate was 100%.

| 2015 | Number of Board meetings attended | Attendance percentage |
|---|---|---|
| **Ms. Päivi Marttila**, Chairman | 11/11 | 100% |
| **Mr. Johan Hammaren** (until 26.3.2015) | 2/2 | 100% |
| **Mr. Tuomo Lähdesmäki** | 11/11 | 100% |
| **Ms. Kaarina Muurinen** (as of March 26, 2015) | 9/9 | 100% |
| **Mr. Kari Vuorialho** (until 26.3.2015) | 2/2 | 100% |

### Responsibilities of the Board of Directors

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).

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
- decides on the CEO's objectives and oversees their achievement
- proposes management incentive schemes to the General Meeting, as necessary
- reviews, at least once a year, the company's major risks and issues the necessary instructions to manage those risks
- reviews and decides on the company's interim reports and annual financial reports
- has a discussion with the company's auditor at least once a year
- approves the strategy of the company
- approves the business plan and budget drafted on the basis of the strategy and oversees their execution
- approve the investment plan and any individual investment of Aspocomp Group Plc. or its subsidiaries over EUR 50,000
- decides on loans
- 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.

### Committees

The Board decides on whether to establish an Audit Committee, a Remuneration Committee and/or a Nomination Committee and, if so, elects their members from amongst its number each year after the AGM. 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.

No committees were established in 2015, as none were required due to the scope of the company's business operations. Instead, the Board attended to the duties of Audit, Nomination and Remuneration Committees 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.

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).

The company does not have a Supervisory Board.

### 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.), (b. 1965) 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.

Members of the Management Team in 2015:

**MIKKO MONTONEN**
President and CEO, Chairman of the Management Team
b. 1965, Finnish citizen, M.Sc. (Tech.)
Aspocomp shares and stock-based rights: 390,000 stock-based rights (Dec. 31, 2015)

**JARI ISOAHO**
Chief Operational Officer, Deputy to the CEO
b. 1960, Finnish citizen, B.Sc. (Eng.)
Aspocomp shares: 1,000 shares (Dec. 31, 2015)

**JOUNI KINNUNEN**
Chief Financial Officer
b. 1960, Finnish citizen, diploma in Business and Administration
Aspocomp shares: 24 shares (Dec. 31, 2015)

**ANTTI OJALA**
Vice President, Business Development
b. 1979, Finnish citizen, M.Sc. (Eng.)
Aspocomp shares: 3,000 shares (Dec. 31, 2015)

**TERO PÄÄRNI**
Vice President, Sales
b. 1974, Finnish citizen
Aspocomp shares: 15,000 shares (Dec. 31, 2015)

## 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.

On a quarterly basis, the Board receives an IFRS-based report that includes the balance sheet, profit and loss, changes in equity, cash flow and selected financial indicators. The interim reports (and, in the fourth quarter, the financial statement bulletin) also include a description of business development during the review period and a forecast of near-term trends. The Board of Directors reviews and approves each interim report and financial statement bulletin, the financial statements and the Report of the Board of Directors.

### 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 audits the internal auditing procedures in accordance with its audit plan.

## 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.

On March 26, 2015, 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 2015

The fees paid to PricewaterhouseCoopers Oy for the actual audit totaled EUR 45,000 (EUR 53,951 in 2014). In addition, EUR 6,755 (EUR 15,675) was paid to PWC for other services.

## Related party transactions

Aspocomp's related party 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 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 Guidelines for Insiders published by Nasdaq Helsinki Ltd. Aspocomp has also ratified insider guidelines for the administration and handling of insider information. All of the company's insiders are kept informed of their status and the responsibilities associated with it. The company monitors trading by insiders.

The company maintains registers of public and company-specific insiders in Euroclear Finland Oy's Sire system. Up-to-date details of public insiders' holdings and trades of Aspocomp shares are available for inspection at Euroclear Finland Oy's premises in Helsinki, Finland at the address Urho Kekkosen katu 5 C and on the company's Internet site at www.aspocomp.com/governance.

The company's permanent public insiders, as set out in the Securities Markets Act, include the members of the Board, the CEO and her/his deputy, the auditors and their deputies, the main auditor and the members of the Management Team. The shareholdings of Aspocomp insiders subject to disclosure requirements are public.

The permanent company-specific insider register contains information on the managing directors of subsidiaries and other persons designated by the CEO who, on the basis of their work or duties, regularly receive insider information. Their shareholdings are not public. The company maintains a project-specific register of insiders when the company has an ongoing project that, if realized, is likely to have an effect on the value of the company's stock price. Insiders involved in insider projects may not trade in shares until the project is disclosed in a Company Announcement or the project ceases.

In order to ensure the credibility of the securities markets and of the company in particular, the insiders of the company must comply with the restrictions set out in the company's insider rules. Any questions concerning the interpretation of the insider rules must be cleared with the Insider Officer before placing a buy or sell order for securities. Even after consulting the Insider Officer, an insider remains personally responsible for following any applicable laws and regulations. The company's insider rules recommend that securities issued by the company should be acquired as long-term investments only. It is further recommended that said securities should be acquired through Individual Share Purchase Programs. An insider should note that he or she is personally liable for complying with trading restrictions even in cases where he or she outsourced asset management to a third party, such as a portfolio manager. These restrictions also apply to any minor in the guardianship of the insider in question, and to any controlled entities.

It is recommended that trading be restricted to those points of time when the markets have the fullest possible information on factors affecting the company's securities, i.e., mainly the period following the publication of financial results. Accordingly, shares and other securities of the company should be traded during the period of three weeks following the date of publication of the results for the financial year or of an interim report (the so-called "open window"), provided that the person in question does not possess other unpublished inside information and that the person in question is not registered in a project-specific insider register at the time. Outside this open window, a prior authorization for trading from the Insider Officer is required.

Trading is strictly forbidden during the period of three weeks preceding the publication of annual results in the financial statement bulletin and two weeks prior to the publication of an interim report (the so-called "closed window").

# BOARD OF DIRECTORS, DECEMBER 31, 2015

### PÄIVI MARTTILA

**Chairman of the Board**

M.Sc. (Econ.), b. 1961, Finnish citizen
Board member, 2013-
Chairman of the Board, 2014-

Main duty: Midagon Oy, CEO and Partner, 2012 -

Primary work experience: Flextronics Group, VP, Sales and Marketing, 2005-2011, Planmec Oy, CEO, 2002-2005, QPR Software Oyj, Director and Founder, 1991-2001.
Key positions of trust: Efore Oyj, Chairman of the Board, Kitron ASA, Member of the Board.

Independent of the company or the company's main shareholders, 2013-
Aspocomp shares: 17,474 and holdings of related parties 12,489 (Dec. 31, 2015).

### KAARINA MUURINEN

**Vice Chairman**

M.Sc. (Econ.), b. 1958, Finnish citizen
Board member, 2015-
Vice Chairman of the Board 2015-

Main duty: Vaisala Oyj, CFO, 2011-

Primary work experience: Nokia Oyj, Supply Chain Finance & Control, 2008-2011, VP, Shared Accounting Services, 2003-2008, Director, Financial Services Platform, 1998-2003, Hewlett-Packard Brussels Coordination Center, Accounting Manager, Europe Inventory & Revenue, 1994-1998.

Independent of the company or the company's main shareholders, 2015-
Aspocomp shares: no shares (Dec. 31, 2015).

### TUOMO LÄHDESMÄKI

M.Sc. (Eng.), MBA, b. 1957, Finnish citizen
Board member, 2002-
Chairman of the Board, 2003-2014

Main duty: Boardman Oy, Partner, 2002-

Primary work experience: Elcoteq Network Corporation, President, 1997-2001, Leiras Oy, CEO, 1991-97, Swatch Group, various management positions, 1990-91, Nokia Corporation, various management positions, 1983-89.
Key positions of trust: Turku University Foundation and Kitron ASA, Chairman of the Board, Apetit Plc, Metsä Tissue Corporation and Vaaka Partners Oy, Member of the Board.

Independent of the company or the company's main shareholders, 2002-
Aspocomp shares: 70 500 and holdings of related parties 50,000 (Dec. 31, 2015).

# MANAGEMENT TEAM, DECEMBER 31, 2015

## MIKKO MONTONEN

M.Sc. (Tech.), b. 1965, Finnish citizen

President and CEO, member of the Management Team, as of May 15, 2014.

Primary work experience: Okmetic Oyj, Executive Vice President, Customers and Markets, 2010-2014, Deputy to the President, 2008-14, Executive Vice President, Sales, 2008-10 and Senior Vice President, Sales and Marketing, 2004-07, Okmetic Inc., North America, President, Vice President, Sales and Marketing, 2000-04, Okmetic Oy, Sales Manager, Process Engineer, 1991-99.

Aspocomp shares and stock-based rights: 390.000 stock-based rights (Dec. 31, 2015).

## JARI ISOAHO

B.Sc. (Eng.), b. 1960, Finnish citizen

Chief Operational Officer and Deputy to the CEO, Management Team member, since Sep. 19, 2011.

Primary work experience: various positions in Aspocomp Group Plc. since 1989.

Aspocomp shares: 1,000 shares (Dec. 31, 2015).

## JOUNI KINNUNEN

Diploma in Business and Administration, b. 1960, Finnish citizen

Chief Financial Officer, member of the Management Team since September19, 2011.

Primary work experience: various positions in Aspocomp Group Plc. since 1984.

Aspocomp shares: 24 shares (Dec. 31, 2015).

## ANTTI OJALA

M.Sc. (Eng.), b. 1979, Finnish citizen

Vice President, Business Development, member of the Management Team since October 1, 2013.

Previous work experience: various positions in Aspocomp Group Plc. since 2003.

Aspocomp shares: 3,000 shares (Dec. 31, 2015).

## TERO PÄÄRNI

b. 1974, Finnish citizen

Vice President, Sales, member of the Management Team since September 19, 2011.

Primary work experience: various positions in Aspocomp Group Plc. in 2002-2007 and since 2011, PPG Industries Ltd, Strategic Account Manager, 2007- 2011.

Aspocomp shares : 15,000 shares (Dec. 31, 2015).

# REMUNERATION STATEMENT 2015

## THE BOARD OF DIRECTORS

The Nomination Committee or the Board prepares the proposal for the remuneration of Board members to be presented to the Annual General Meeting. If the scope of the company's business operations does not require it, no committees are established and the Board itself performs the tasks concerning remuneration of the respective committees. 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 of the Board members for one term of office at the time.

The Annual General Meeting held on March 26, 2015 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 EUR 1,000 will be paid as remuneration per meeting to the chairman and EUR 500 per meeting will be paid to the other members of the Board. 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.

During 2015 the Board assembled 11 times, five of which were teleconferences. The overall meeting participation rate was 100%.

***Board members annual and meeting fees, paid in 2015***

| 2015 | Annual fee, EUR | Meeting fee, EUR | Total, EUR |
|---|---|---|---|
| **Päivi Marttila**, Chairman | 30 000 | 6 000 | 36 000 |
| **Johan Hammarén** (1.1.-26.3.2015) | | 500 | 500 |
| **Tuomo Lähdesmäki** | 15 000 | 3 000 | 18 000 |
| **Kaarina Muurinen** (as of 26.3.2015) | 15 000 | 2 500 | 17 500 |
| **Kari Vuorialho** (1.1.-26.3.2015) | | 500 | 500 |
| **Total, EUR** | 60 000 | 12 500 | 72 500 |

No committees were established in 2015 as the scope of the company's business operations did not require it. Instead, the Board attended to the duties of Audit, Nomination and Remuneration Committees.

## CEO

The Remuneration Committee prepares the proposal for the remuneration of the CEO to the Board. In case the Remuneration Committee has not 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. In addition, the Board of Directors also decides on the other compensation payable upon termination of the CEO's service contract. The Board also decides on incentive plans for the CEO as well as the financial performance objectives and the payout under such plans.

The key terms and conditions of CEO's service are set out in a written President's contract, which the Board of Directors has approved. The remuneration of the CEO consists of a fixed base 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 2008 covering all employees. The CEO has no special retirement arrangements, the CEO's retirement age is determined by the Employees Pensions Act. In CEO's service contract there has not been defined early retirement age nor resigning age. If the CEO's contract is terminated by either the CEO or the company, the notice period is six months. In addition, six months' severance pay shall be paid.

As of May 15, 2014, Mr. Mikko Montonen, M.Sc. (Tech.), (b. 1965) has been the President and CEO of Aspocomp Group Plc. The salary and fringe benefits paid in 2015 to CEO Mikko Montonen amounted to EUR 241,260 (EUR 150 700 during May 15 - Dec.31, 2014).

## THE MANAGEMENT TEAM

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. 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 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 2012-2015 and the Share ownership plan 2012. 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.

Salaries and fringe benefits paid in 2015 to the members to the Management Team, excluding the CEO, amounted to EUR 416,335 in total (EUR 395,580 in 2014).

## INCENTIVE SYSTEMS

The Board also decides on incentive plans for the CEO and other management and key employees as well as the financial performance objectives and the payout under such plans.

### Stock option program 2014

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 letter "A", 130,000 with letter "B" and 130,000 with 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 1.30) and of the stock options C the trade volume weighted average quotation of the share during March 1 – March 31, 2016. 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 as well as the Terms and Conditions of the Stock Options 2014 is available on the company's Internet Site at www.aspocomp.com/remuneration.

### Share reward plan for key personnel 2012-2015

On June 5, 2012, the Board of Directors of Aspocomp Group Plc. decided to introduce share-based incentive and commitment plans for the company's key personnel. The share reward plan offered 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 was set by the Board of Directors for four earnings periods, which were the four 12-month financial years during the period 1/2012 through 12/2015. 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 was expressed as a number of shares. In addition, the reward consisted 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. Share reward plan for key personnel 2012-2015 ended on December 31, 2015.

### Share ownership plan 2012

The share ownership plan offered the members of the Management Team the possibility to receive shares in the company on the condition that they also purchased shares in the company. The share reward was non-recurring. In order to be entitled to receive these share rewards, the plan participant had to acquire shares in the company by August 31, 2012 at the latest. Recipients of shares on the basis of the share ownership plan must hold them for at least 36 months after the shares are entered on their book-entry accounts. If the plan participant ends his employment or service relationship with a group company during this commitment period, he is as a general rule required to return the shares to the company without compensation. In the share issue, 10,016 new shares were issued without consideration to the members of the Management Team holding shares in the company according to the terms and conditions of the share ownership plan. The shares were registered with the Trade Register and in the book-entry accounts of the recipients on September 6, 2012. Trading in these shares began on Nasdaq OMX Helsinki on September 7, 2012.

### Annual profit sharing plan 2008-

Aspocomp has an annual profit sharing plan covering all employees. 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.

# 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.

The Group's investor relations contact is Mikko Montonen, CEO.
Tel. +358 20 775 6860, mikko.montonen@aspocomp.com

# CONTACT INFORMATION

## SALES

| | | |
|---|---|---|
| **Finland** | Tutkijantie 11, 90590 Oulu | P: +358 20 775 6860 |
| | Keilaranta 1, 02150 Espoo | P: +358 20 775 6860 |
| **Germany** | Siegfriedstraße 1, 86356 Neusäß | P: +49 821 454 4913 |
| **Sweden** | Garvaregatan 3, 82650 Södermalm | P: +46 8 544 809 33 |

## PRODUCTION

| | | |
|---|---|---|
| **Finland** | Tutkijantie 11, 90590 Oulu | P: +358 20 775 6860 |

## CHINA OPERATIONS

| | | |
|---|---|---|
| **Shenzhen** | Room 901B, Building B,<br>Nanxian commercial Plaza,<br>43# of MeiLong Road,<br>LongHua district, Shenzhen<br>People's Republic of China | P: + 86 755 8376 156<br>F: + 86 755 8376 1766<br><br><br>(Post code: 518131) |

## HEADQUARTERS

| | | |
|---|---|---|
| **Finland** | Keilaranta 1, 02150 Espoo | P: +358 20 775 6860 |

www.aspocomp.com

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