ASPOCOMP

ASPOCOMP'S INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2014

Key figures 1-9/2014 in brief

Aspocomp	1-9/2014	1-9/2013	Change
Net sales	16.9 M€	14.9 M€	2.0 M€
EBITDA	0.8 M€	0.9 M€	-0.1 M€
Operating profit excluding non-recurring items	-0.2 M€	-1.1 M€	0.9 M€
% of net sales	-1.1 %	-7.4 %	6.3 ppts
Operating profit	-0.3 M€	-0.2 M€	-0.1 M€
Earnings per share	-0.06 €	-0.04 €	-0.02 €
Operative cash flow	-0.5 M€	0.3 M€	-0.8 M€
Equity ratio	73.5 %	74.7 %	-1.2 ppts

Key figures 7-9/2014 in brief

Aspocomp	7-9/2014	7-9/2013	Change
Net sales	4.9 M€	5.2 M€	-0.3 M€
EBITDA	0.0 M€	0.6 M€	-0.6 M€
Operating profit	-0.4 M€	0.2 M€	-0.6 M€
% of net sales	-8.6 %	4.0 %	-12.6 ppts
Earnings per share	-0.06 €	0.03 €	-0.09 €

Outlook for the future

In 2014, net sales are expected to be between EUR 20 and 25 million and operating profit without one-time items between EUR -0.5 and 1.5 million.

CEO's review:

"Deliveries slowed down significantly in July-September, and third-quarter net sales amounted to EUR 4.9 million, a year-on-year decrease of EUR 0.3 million. Sales decreased mainly because telecommunication customers had placed overlarge orders at the beginning of the year. In other respects, both the circuit board market and demand remained at a reasonable level.

Net sales for the review period amounted to EUR 16.9 million, a year-on-year increase of EUR 2.0 million. Operating profit excluding non-recurring items increased by EUR 0.9 million and amounted to EUR -0.2 million in the review period. In July-September, cash flow from operations turned clearly positive and amounted to EUR 1.1 million.

Aspocomp's performance in acquiring new customers has remained strong. New customers and deliveries to them bring additional sales, but do not as yet sufficiently offset the sudden demand fluctuations of large individual customers. One of the main focuses of Aspocomp's new strategy is a major expansion of the customer base in order to reduce our dependence on individual customers and market segments. Our goal is to build a more diversified and demand-stable customer base over the next two years.

Under the renewed strategy, Aspocomp focuses on improved services and closer cooperation with customers. We strive to make every effort to facilitate and assist our customers with technology solutions and printed circuit board supplies by utilizing cost-effective and competitive high-volume production lines in Asia. We also provide strong support to our customers with their product development and new product ramp-up. High-speed design, short lead times, flexible production and customized products are characteristic features of R&D series. These products will be delivered mainly from Finland, where we will continue to develop and maintain the latest and the most demanding production technology.

As a part of its new strategy, Aspocomp will look into combining production and development activities in Finland as well as the possible closing of the Teuva plant. Combining production and development would significantly enhance capacity utilization, and simplify the company's internal processes. The company expects that combining will yield annual savings of approximately EUR 0.9 million."

Net sales and earnings

January-September 2014

Net sales amounted to EUR 16.9 million, a year-on-year increase of 13 percent. The five largest customers accounted for 66 percent of net sales (66% 1-9/2013). In geographical terms, 88 percent of net sales were generated in Europe (88%), 11 percent in Asia (12%) and 1 percent in North America (0%).

Net sales saw strong growth in the first half of the year, but began to decline in July, mainly because telecommunication customers had placed overlarge orders at the beginning of the year.

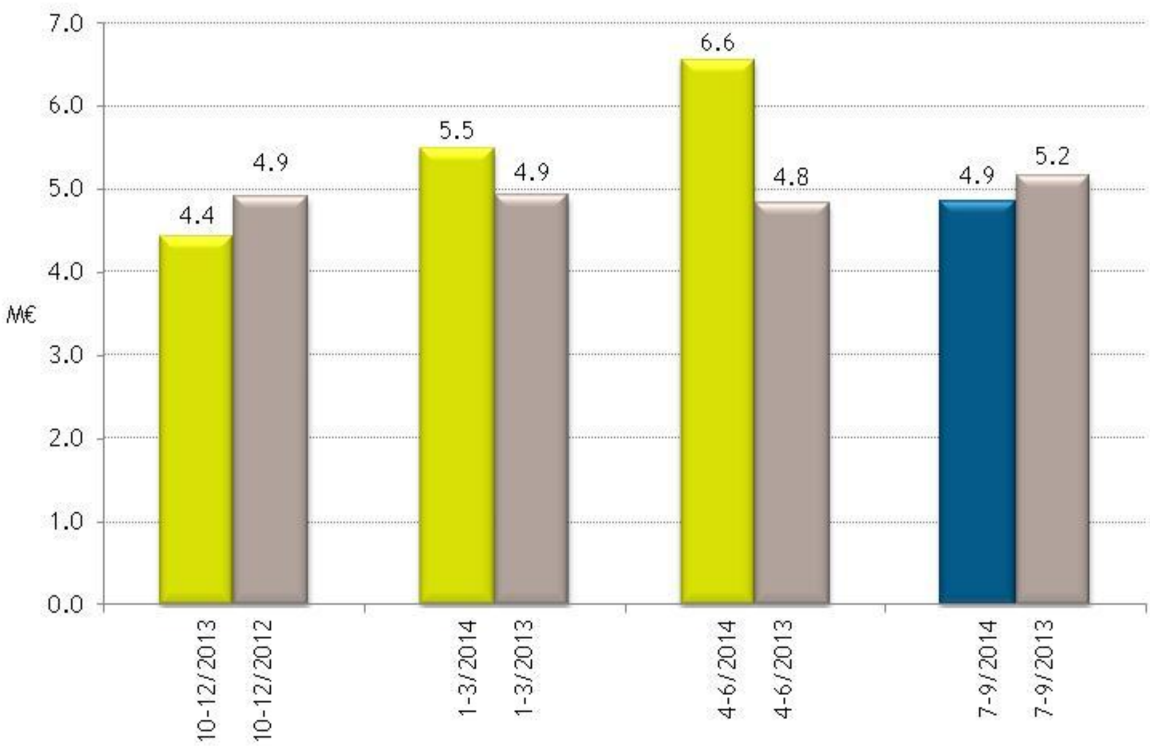
The operating result was EUR -0.3 million (EUR -0.2 million 1-9/2013) including non-recurring items. Operating profit excluding non-recurring items was EUR -0.2 million, a year-on-year increase of EUR 0.9 million.

Net financial expenses for the review period amounted to EUR 0.0 million (EUR 0.0 million 1-9/2013). Earnings per share were EUR -0.06 (EUR -0.04).

July-September 2014

Third-quarter net sales amounted to EUR 4.9 million, a year-on-year decrease of 6 percent. The five largest customers accounted for 61 percent of net sales (74% 7-9/2013). In geographical terms, 88 percent of net sales were generated in Europe (89%), 9 percent in Asia (11%) and 3 percent in North America (0%).

Fig. 1 Quarterly net sales (M€)



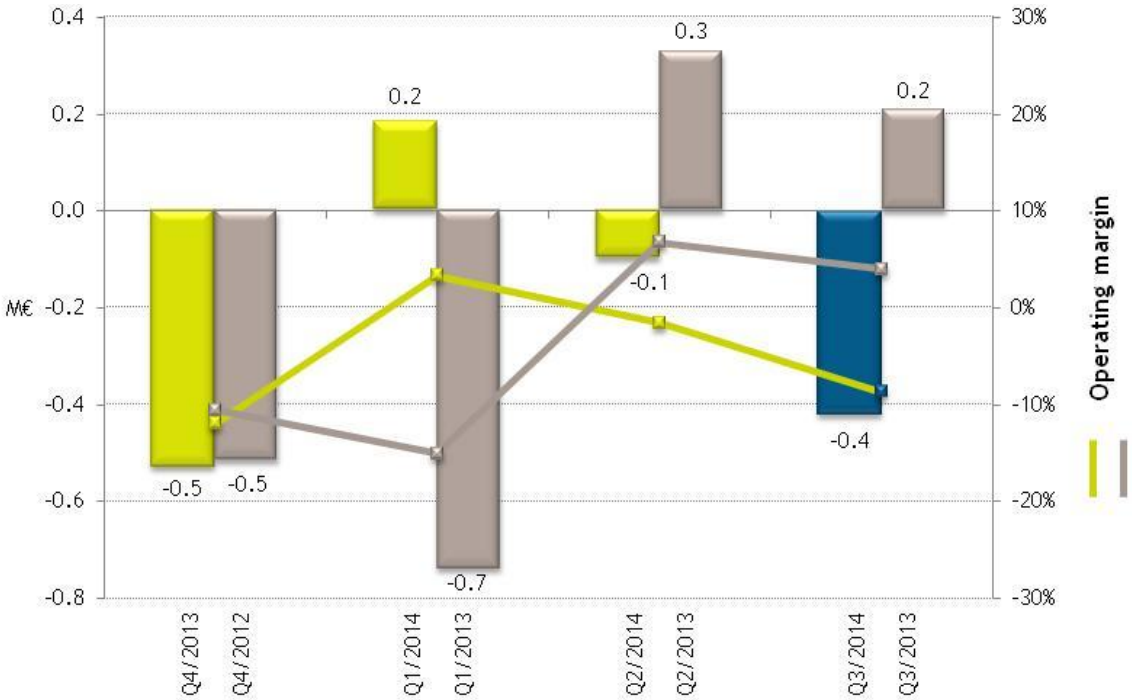
The operating result was EUR -0.4 million (EUR 0.2 million 7-9/2013).

Third-quarter operating profit excluding non-recurring items was EUR 0.6 million lower than a year earlier.

Net financial expenses amounted to EUR 0.0 million (EUR 0.0 million 7-9/2013). Earnings per share were EUR -0.06 (EUR 0.03).

In July-September, cash flow from operations turned clearly positive and amounted to EUR 1.1 million.

Fig. 2 Quarterly operating result (M€, %)



Investments and R&D

Investments during the review period amounted to EUR 0.3 million (EUR 1.8 million 1-9/2013).

The bulk of the investments comprised the last installments of those initiated in 2013. The investments were mainly earmarked for capability improvement at the Oulu plant.

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

Cash flow and financing

Cash flow from operations for the review period was EUR -0.5 million (EUR 0.3 million 1-9/2013). Third-quarter cash flow from operations turned clearly positive and amounted to EUR 1.1 million.

Cash flow after investments was EUR -1.0 million (EUR -1.4 million 1-9/2013) for the review period.

Cash assets amounted to EUR 0.8 million at the end of the period (EUR 1.3 million 9/2013). Interest-bearing liabilities amounted to EUR 1.5 million (EUR 1.2 million 9/2013). Gearing was 5 percent (0%). Non-interest-bearing liabilities amounted to EUR 2.9 million (EUR 3.6 million). At the end of the period, the Group's equity ratio was 74 percent (75%).

The company also has a EUR 0.5 million credit facility. The credit facility was not in use on the closing date.

Personnel

During the review period, the company had an average of 147 employees (152 in 1-9/2013). The personnel count on September 30, 2014 was 144 (154 in 9/2013). Of them, 101 (108) were non-salaried and 43 (46) salaried employees.

The Board of Directors and authorizations given to the Board

The Annual General Meeting held on April 24, 2014 decided to set the number of Board members at four and re-elected the current members of the Board – Mr. Johan Hammarén, Mr. Tuomo Lähdesmäki, Ms. Päivi Marttila and Mr. Kari Vuorialho – for a term of office ending at the closing of the following Annual General Meeting.

In its organization meeting on April 24, 2014, the Board of Directors of Aspocomp Group Plc. elected Päivi Marttila as Chairman of the Board and re-elected Johan Hammarén as Vice Chairman. Board committees were not established as the extent of the company's business did not require it.

The Annual General Meeting 2013 decided to authorize the Board of Directors to decide on the issuance of shares and the issuance of options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act in one or more transactions as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 4,000,000 shares. The Board of Directors decides on all the terms and conditions of the issuances of shares and options and other special rights entitling to shares. The authorization concerns both the issuance of new shares and the transfer of treasury shares. The issuance of shares and options and other special rights entitling to shares as 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 December 20, 2011 to decide on the issuance of shares and the issuance of special rights entitling to shares. The authorization is valid until June 30, 2015.

Shares

The company has one series of shares, and each share carries one vote. The total number of Aspocomp's shares at September 30, 2014 was 6,406,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares.

During the period from January 1 to September 30, 2014 a total of 2,058,720 Aspocomp Group Plc. shares were traded on NASDAQ OMX Helsinki Ltd. The aggregate value of the shares exchanged was EUR 2,546,124. The shares traded at a low of EUR 0.95 and a high of EUR 1.66. The average share price was EUR 1.24. The closing price at September 30, 2014 was EUR 1.20, which translates into market capitalization of about EUR 7.7 million.

The company had a total of 3,494 shareholders on September 30, 2014. Nominee-registered shares accounted for approximately 5 percent of the total shares.

Aspocomp's business operations

Aspocomp sells and manufactures PCBs and offers related design and logistics services. The company's own manufacturing units in Oulu and Teuva comprise the core of its business operations. Both units focus on prototype and quick-turn deliveries and the commercialization of new PCB technologies in cooperation with customers' product design departments. In addition, operating as a service business, Aspocomp provides technology solutions and more competitive products.

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.

The Teuva plant manufactures two-layer, multilayer and special material PCBs. It also specializes in the production of short series and quick-turn deliveries. The Teuva plant develops and commercializes new material and structural solutions based on standard (not HDI) multilayer technology. It also develops heat management applications.

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 plants 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 profit forecasts involve significant uncertainties.

In 2014, net sales are expected be to between EUR 20 and 25 million and operating profit without one-time items between EUR -0.5 and 1.5 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 out of Europe, demand for Aspocomp's offerings might weaken significantly.

Events after the financial period

On October 9, 2014 Aspocomp announced its renewed strategy, according to which the company seeks growth in new customer groups and markets as well as cost efficiency by making greater use of carefully selected and cost-effective production lines in Asia. Furthermore, in Finland the company is looking into combining production and development activities and focusing on the latest and most challenging technologies as well as the production of small and quick-turn series.

As part of Aspocomp's strategic transformation, the company also issued a notice on statutory labor co-determination concerning all its personnel at the Teuva plant regarding the consolidation of production in Finland and the possible closing of the Teuva plant. The company expects that combining production and development in Finland will yield annual savings of approximately EUR 0.9 million. The cooperation negotiations concern a total of 36 employees. The company will publish a stock exchange release concerning the decisions as soon as the cooperation negotiations are concluded. It is estimated that the cooperation negotiations will be concluded by the end of November. In the event the negotiations lead to the closing of the Teuva plant, it would generate a one-time cost of about EUR 1.5 million to be recognized in the last quarter of 2014.

Summary of Financial Statements and Notes

Accounting policies

The reported operations include Aspocomp Oulu Oy and the Group's parent company, Aspocomp Group Plc. These operations comprise a single business segment.

All figures are unaudited. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles that were applied in the preparation of the financial statements of December 31, 2013 have been applied in the preparation of this report. However, as of January 1, 2014 the company has applied the following new or modified standards. The amendments do not have an impact on the consolidated financial statements.

- Amendment to transition rules of IFRS 10, 11 and 12 (adjustment of comparison data)
- IFRS 10, Consolidated Financial Statements: control
- IFRS 12, Disclosure of Interests in Other Entities
- IAS 36 (revised), Impairment of Assets

Profit and Loss Statement

January - September

1 000 €	1-9/2014		1-9/2013		Change	1-12/2013	
Net sales	**16,908**	***100%***	**14,930**	***100%***	***13%***	**19,333**	***100%***
Other operating income	44	*0%*	21	*0%*	*108%*	82	*0%*
Materials and services	-6,599	*-39%*	-6,311	*-42%*	*5%*	-8,209	*-42%*
Personnel expenses	-5,696	*-34%*	-5,106	*-34%*	*12%*	-6,878	*-36%*
Other operating costs	-3,809	*-23%*	-2,619	*-18%*	*45%*	-3,523	*-18%*
Depreciation and amortization	-1,180	*-7%*	-1,119	*-7%*	*5%*	-1,540	*-8%*
Operating profit	**-331**	***-2%***	**-205**	***-1%***	***62%***	**-735**	***-4%***
Financial income and expenses	-30	*0%*	-42	*0%*	*-29%*	-52	*0%*
Profit before tax	**-360**	***-2%***	**-246**	***-2%***	***46%***	**-788**	***-4%***
Income taxes	-29	*0%*	-13	*0%*		-984	*-5%*
Profit for the period	**-390**	***-2%***	**-259**	***-2%***	***50%***	**-1,772**	***-9%***
Other comprehensive income							
Items that will not be reclassified to profit or loss	0	*0%*	0	*0%*		0	*0%*
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences	-5	*0%*	-1	*0%*	*618%*	-4	*0%*
Total other comprehensive income	-5	*0%*	-1	*0%*	*618%*	-4	*0%*
Total comprehensive income	**-394**	***-2%***	**-260**	***-2%***	***-52%***	**-1,776**	***-9%***
Earnings per share (EPS)							
Basic EPS	-0.06 €		-0.04 €		*50%*	-0.28 €	
Diluted EPS	-0.06 €		-0.04 €		*50%*	-0.28 €	

Potential ordinary shares have not been included in the calculation of diluted earnings per share when they are antidilutive for the period presented.

All remaining convertible bonds have been redeemed in 2013.

July - September

1 000 €	7-9/2014		7-9/2013		Change
Net sales	**4,857**	***100%***	**5,161**	***100%***	***-6%***
Other operating income	30	*1%*	2	*0%*	*1304%*
Materials and services	-1,973	*-41%*	-2,209	*-43%*	*-11%*
Personnel expenses	-1,760	*-36%*	-1,418	*-27%*	*24%*
Other operating costs	-1,180	*-24%*	-967	*-19%*	*22%*
Depreciation and amortization	-390	*-8%*	-362	*-7%*	*8%*
Operating profit	**-415**	***-9%***	**207**	***4%***	***-301%***
Financial income and expenses	0	*0%*	-14	*0%*	*-103%*
Profit before tax	**-415**	***-9%***	**193**	***4%***	***-315%***
Income taxes	-1	*0%*	-10	*0%*	
Profit for the period	**-416**	***-9%***	**183**	***4%***	***-328%***
Other comprehensive income					
Items that will not be reclassified to profit or loss	0	*0%*	0	*0%*	
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	3	*0%*	1	*0%*	*95%*
Total other comprehensive income	3	*0%*	1	*0%*	*95%*
Total comprehensive income	**-413**	***-9%***	**184**	***4%***	***-325%***
Earnings per share (EPS)					
Basic EPS	-0.06 €		0.03 €		*-300%*
Diluted EPS	-0.06 €		0.03 €		*-300%*

Consolidated Balance Sheet

1 000 €	9/2014	9/2013	Change	12/2013
Assets				
Non-current assets				
Intangible assets	3,090	3,073	*1%*	3,105
Tangible assets	3,090	4,334	*-29%*	4,003
Available for sale investments	15	15	*-1%*	15
Deferred income tax assets	2,259	3,242	*-30%*	2,259
Total non-current assets	**8,454**	**10,664**	***-21%***	**9,382**
Current assets				
Inventories	2,581	2,665	*-3%*	2,615
Short-term receivables	4,770	4,276	*12%*	3,434
Cash and bank deposits	835	1,257	*-34%*	2,380
Total current assets	**8,186**	**8,199**	***0%***	**8,429**
Total assets	**16,640**	**18,863**	***-12%***	**17,810**
Equity and liabilities				
Share capital	1,000	1,000	*0%*	1,000
Reserve for invested non-restricted equity	4,004	3,940	*2%*	3,955
Retained earnings	7,233	9,143	*-21%*	7,627
Total equity	**12,237**	**14,083**	***-13%***	**12,582**
Long-term financing loans	780	750	*4%*	1,279
Employee benefits	170	275	*-38%*	266
Deferred income tax liabilities	16	18	*-11%*	16
Short-term financing loans	704	448	*57%*	744
Trade and other payables	2,733	3,290	*-17%*	2,923
Total liabilities	**4,403**	**4,780**	***-8%***	**5,228**
Total equity and liabilities	**16,640**	**18,863**	***-12%***	**17,810**

Consolidated Changes in Equity

1000 €	Share capital	Other reserve	Translation differences	Retained earnings	Total equity
January-September 2014					
Balance at Jan. 1, 2014	**1,000**	**3,955**	**6**	**7,622**	**12,582**
Comprehensive income					
Comprehensive income for the period				-390	**-390**
Other comprehensive income for the period, net of tax					
Translation differences			-5		**-5**
Total comprehensive income for the period	**0**	**0**	**-5**	**-390**	**-394**
Business transactions with owners					
Share-based payment		49		0	**49**
Business transactions with owners, total		**49**		**0**	**49**
Balance at 30-Sep-2014	**1,000**	**4,004**	**1**	**7,232**	**12,237**
January-September 2013					
Balance at Jan. 1, 2013	**1,000**	**3,896**	**9**	**9,394**	**14,299**
Comprehensive income					
Comprehensive income for the period				-259	**-259**
Other comprehensive income for the period, net of tax					
Translation differences			-1		**-1**
Total comprehensive income for the period	**0**	**0**	**-1**	**-259**	**-260**
Business transactions with owners					
Share-based payment		44		0	**44**
Business transactions with owners, total	**0**	**44**		**0**	**44**
Balance at 30-Sep-2013	**1,000**	**3,940**	**9**	**9,134**	**14,083**

Consolidated Cash Flow Statement

1 000 €	1-9/2014	1-9/2013	1-12/2013
Profit for the period	**-390**	**-259**	**-1,772**
Adjustments	1,159	468	1,501
Change in working capital	-1,219	152	1,100
Received interest income	0	0	2
Paid interest expenses	-43	-22	-99
Paid taxes	-3	-13	-19
Operational cash flow	**-495**	**326**	**713**
Investments	-577	-1,786	-1,874
Proceeds from sale of property, plant and equipment	67	12	12
Cash flow from investments	**-510**	**-1,774**	**-1,862**
Increase in financing	0	1,000	2,130
Decrease in financing	-539	-250	-557
Cash flow from financing	**-539**	**750**	**1,573**
Change in cash and cash equivalents	-1,544	-698	424
Cash and cash equivalents at the beginning of period	2,380	1,955	1,955
Cash and cash equivalents at the end of period	**835**	**1,257**	**2,380**

Key Financial Indicators

	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Net sales, M€	4.9	6.6	5.5	4.4	5.2
Operating result before depreciation (EBITDA), M€	0.0	0.3	0.6	-0.1	0.6
Operating result (EBIT), M€	-0.4	-0.1	0.2	-0.5	0.2
of net sales, %	*-9%*	*-2%*	*3%*	*-12%*	*4%*
Profit/loss before taxes, M€	-0.4	-0.1	0.2	-0.5	0.2
of net sales, %	*-9%*	*-2%*	*3%*	*-12%*	*4%*
Net profit/loss for the period, M€	-0.4	-0.1	0.2	-1.5	0.2
of net sales, %	*-9%*	*-2%*	*3%*	*-34%*	*4%*
Equity ratio, %	74%	69%	72%	71%	75%
Gearing, %	5%	12%	4%	-3%	0%
Gross investments in fixed assets, M€	0.3	0.0	0.2	0.1	0.8
of net sales, %	*7%*	*0%*	*3%*	*2%*	*15%*
Personnel, end of the quarter	144	144	150	152	154
Earnings/share (EPS), €	-0.06	-0.02	0.03	-0.24	0.03
Equity/share, €	1.91	1.97	1.99	1.96	2.20

Formulas and definitions

Equity/share, € =	Equity attributable to shareholders / Number of shares at the end of period	
Equity ratio, % =	Equity / Total assets - advances received	x 100
Gearing, % =	Net interest bearing liabilities / Total equity	x 100
Earnings/share (EPS), € =	Profit attributable to equity shareholders / Adjusted weighted average number of shares outstanding	
EBITDA =	Earnings before interests, taxes, depreciations and amortisations	

Contingent Liabilities

1 000 €	9/2014	9/2013	12/2013
Business mortgage	4,000	4,000	4,000
Operating lease liabilities	1,302	1,734	1,622
Other liabilities	23	40	23
Total	**5,325**	**5,774**	**5,645**

All figures are unaudited.

Espoo, October 23, 2014

Board of Directors of Aspocomp Group Plc.

ASPOCOMP

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Aspocomp – PCB technology company

Aspocomp develops and sells PCB manufacturing services, focusing on the end-to-end fulfillment of customers' PCB needs. Our seasoned professionals help customers to create the most optimal PCB designs, both in terms of performance and cost. Our trimmed production lines produce the most challenging designs with the shortest lead-times in the industry. Operating as a service business, we provide one-stop access to technology solutions and competitive products for all PCB technologies.

A printed circuit board (PCB) is the principal interconnection method in electronic devices. PCBs are used for electrical interconnection and as a component assembly platform in most electronic applications. Aspocomp's PCBs are used in many applications, such as telecommunication networks and devices, automotive electronics, security and medical systems, chipset development and industrial automation.

www.aspocomp.com

Some statements in this stock exchange release are forecasts and actual results may differ materially from those stated. Statements in this stock exchange release relating to matters that are not historical facts are forecasts. All forecasts involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Aspocomp Group to be materially different from any future results, performances or achievements expressed or implied by such forecasts. Such factors include general economic and business conditions, fluctuations in currency exchange rates, increases and changes in PCB industry capacity and competition, and the ability of the company to implement its investment program.