

Aspocomp Group Plc., Interim Report, July 22, 2011 at 9:00 AM

ASPOCOMP'S INTERIM REPORT JANUARY 1 - JUNE 30, 2011

Key figures in brief

- Net sales: EUR 11.5 million (EUR 9.8 million 1-6/2010)
- Operating result before depreciation (EBITDA): EUR 2.3 million (2.2)
- Operating result (EBIT): EUR 1.6 million (1.6)
- Result for the period: EUR 4.8 million (1.0)
- Earnings per share (EPS): EUR 0.08 (0.02)
- Cash flow from operations: EUR 0.0 million (2.5)

The company expects to see a clear net sales growth in 2011. The operating result is anticipated to be higher than in 2010.

CEO'S REVIEW

"Demand picked up in the first quarter of 2011 and remained brisk in the second. As the holiday season drew near, demand for quick-turn deliveries was particularly robust. Thanks to the favorable market, our net sales grew and we posted a nice operating result of EUR 1.6 million, 14 percent of net sales.

"As usual, demand is expected to slacken during the holiday season, which falls in the third quarter. In addition, the bad news in the global economy dims the outlook for the rest of the year. Annual net sales are nevertheless anticipated to grow.

"Net sales growth still tied up capital, as a result of which the cash flow from operations was zero. That said, cash flow is expected to rise into the black during the current quarter.

"Aspocomp carried out a major restructuring in April-May, substantially improving the company's financial position and streamlining its structure."

RESTRUCTURING 2011

In April-May, Aspocomp Group (the Company) carried out restructuring measures whereby:

- The Company received early payment of its receivables related to Meadville Aspocomp (BVI) Holdings (MAH). The redemption price was EUR 14.5 million (the carrying amount of the receivables in March 2011 amounted to EUR 16.7 million).
- The Company acquired a 10 percent minority holding in its subsidiary Aspocomp Oulu Oy. The payment was made by means of a directed share

issue. The consideration amounted to 12,274,355 Aspocomp Group Plc. shares.

- The Company repaid its bank loans, which had a carrying amount of EUR 12.2 million and a nominal value of EUR 12.9 million. The accrued interest on said loans, which in March 2011 totaled EUR 1.3 million, was forfeited.

- The Company redeemed 94.9 percent of its convertible bonds, which had a nominal value of EUR 10.3 million. The consideration amounted to 66.7 percent of the nominal value of the bonds, or a total of EUR 6.5 million. The interest on the redeemed bonds, which totaled EUR 1.9 million in March 2011, was forfeited. After the redemption of the bonds, the nominal value of the convertible bonds still outstanding was about EUR 0.5 million.

- The repayment of bank loans and the redemption of convertible bonds were financed with existing cash balances, proceeds from the MAH receivables, and a new bank loan of EUR 1 million. In addition, a EUR 0.5 million working capital credit facility was established.

As a result of the restructuring:

- The Company owns 100 percent of Aspocomp Oulu Oy.

- The Company's number of shares grew to 62,179,485 and TTT Technologies Inc. became the largest shareholder in the Company with a stake of about 19 percent.

- The nominal value of the Company's interest-bearing loans declined from EUR 23.5 million (March 2011) to EUR 1.9 million.

- The Company recognized non-recurring financial income of EUR 3.7 million.

- The Company's equity grew by EUR 2.9 million.

The Company booked a total of EUR 0.3 million in restructuring expenses in the second quarter, of which EUR 0.2 million were recognized in other operating expenses and EUR 0.1 million in shareholders' equity in the balance sheet.

More information about the restructuring can be found at www.aspocomp.com/sijoittaja under "Järjestely 2011" (available in Finnish only).

NET SALES AND EARNINGS IN APRIL-JUNE

Second-quarter net sales amounted to EUR 6.6 million, up 21 percent on 4-6/2010. The five largest customers accounted for 83 percent of net sales (82%). In geographical terms, 90 percent of net sales were generated in

Europe (96%) and 10 percent in Asia (4%).

The operating result was EUR 1.2 million (1.2).

As a result of the aforementioned restructuring ("Restructuring 2011"), the Group's net financial income amounted to EUR 1.7 million (-0.3).

As a result of the aforementioned restructuring ("Restructuring 2011"), the Group's result for the review period was EUR 4.7 million (0.9) and earnings per share were EUR 0.08 (0.02).

NET SALES AND EARNINGS IN JANUARY-JUNE

Net sales for the first half of the year amounted to EUR 11.5 million, up 17 percent on 1-6/2010. The five largest customers accounted for 81 percent of net sales (78% 1-6/2010). In geographical terms, 91 percent of net sales were generated in Europe (93%) and 9 percent in Asia (7%).

The operating result was EUR 1.6 million (1.6).

As a result of the aforementioned restructuring ("Restructuring 2011"), the Group's net financial income amounted to EUR 1.6 million (-0.6).

As a result of the aforementioned restructuring ("Restructuring 2011"), the Group's result was EUR 4.8 million (1.0) and earnings per share were EUR 0.08 (0.02).

INVESTMENTS AND R&D

Investments amounted to EUR 0.6 million (EUR 1.1 million 1-6/2010).

The majority of the investments were related to the implementation of a new image transfer process in the outer-layer process of PCB manufacturing and laser drilling.

R&D costs are recognized in overheads.

FINANCING

The aforementioned restructuring ("Restructuring 2011") substantially changed the Group's financial position.

Cash flow from operations during the period was EUR 0.0 million (EUR 2.5 million 1-6/2010).

Cash assets amounted to EUR 0.2 million at the end of the period (EUR 4.2 million 6/2010). In addition, the company had drawn down about EUR 0.1 million from its EUR 0.5 million working capital credit facility.

The nominal value of interest-bearing liabilities was EUR 1.9 million (EUR 24.1 million 6/2010). Gearing decreased to 22.2 percent (436.2%). Non-interest-bearing liabilities amounted to EUR 5.7 million (7.0). Based on the existing financing agreement the Group may draw a 1.0 million long term loan.

The Group's equity ratio at the end of the period stood at 50.1 percent (12.4%).

GROUP STRUCTURE

Aspocomp Oulu Oy - in which Aspocomp has a 100 percent holding - manufactures and sells PCBs for telecom, industrial, and automotive electronics applications. Its service portfolio includes prototype and quick-turn deliveries, fulfillment of urgent PCB needs in high-volume operations as well as development and commercialization of new technologies. Aspocomp Oulu Oy's primary technologies are HDI (High Density Interconnection), multilayer and special material PCBs.

In addition, Aspocomp holds a 13.2 percent share in PCB Center, a Thai company. PCB Center's production is currently stopped due to a fire at the plant in June 2010. PCB Center went into liquidation in April 2011. It is highly likely that the operations of the company will be wound up. However, this has no financial impact on Aspocomp, as the related holding has no value in Aspocomp's balance sheet and Aspocomp has no outstanding receivables from PCB Center.

Aspocomp also has a 5.3 percent shareholding in Imbera Electronics Inc., which provides state-of-the-art embedding solutions for the electronics industry.

SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

In accordance with the requirements of the Companies Act, the Trade Register has been notified of the loss of share capital on May 14, 2008. As a result of the aforementioned restructuring ("Restructuring 2011"), the shareholders' equity of Aspocomp Group's parent company, Aspocomp Group Plc., is once again positive, amounting to EUR 3.9 million at the end of the review period. The shareholders' equity of Aspocomp Group was EUR 7.6 million positive.

SHARES AND SHARE CAPITAL

The total number of Aspocomp's shares at June 30, 2011 was 62,179,485 and the share capital stood at EUR 20,082,052. The company held 200,000 treasury shares, representing 0.3 percent of the aggregate votes conferred by all the shares.

A total of 70,003,218 Aspocomp Group Plc. shares were traded on NASDAQ

OMX Helsinki during the period from January 1 to June 30, 2011. The aggregate value of the shares exchanged was EUR 18,220,195. The shares traded at a low of EUR 0.17 and a high of EUR 0.37. The average share price was EUR 0.26. The closing price at June 30, 2011 was EUR 0.28, which translates into market capitalization of EUR 17,410,256.

Nominee-registered shares accounted for 22.8 percent of the total shares.

PERSONNEL

During the period, Aspocomp had an average of 102 employees (97). The personnel count on June 30, 2011 was 106 (96). Of them, 75 (66) were non-salaried and 31 (30) salaried employees.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Aspocomp Group Plc. held on April 20, 2011 re-elected the current Board and decided that the remunerations of the members of the Board will remain the same as in 2010. The Meeting decided not to pay dividends for the 2010 financial year.

The Annual General Meeting decided to set the number of Board members at three (3) and re-elected the current members of the Board: Johan Hammarén, Tuomo Lähdesmäki, and Kari Vuorialho. The Meeting re-elected PricewaterhouseCoopers Oy as the company's auditor for the 2011 financial year.

The Annual General Meeting resolved that annual remuneration of EUR 24,000 will be paid to the chairman of the Board and EUR 12,000 to the other Board members. 60% of the annual remuneration will be paid in cash and the other 40% will be paid in shares of the company. The Annual General Meeting decided that shares corresponding to 40% of the annual remuneration of the members of the Board of Directors can be conveyed from the 200,000 shares currently in the possession of the company on the basis of the share issue authorization of the Annual General Meeting of 2008. The shares will be issued to the members of the Board of Directors within two weeks following the publication of the result for the second quarter of the year 2011. The number of the remuneration shares is to be determined based on the weighted average market quotation of the company's share on the date of the publication of the result for the second quarter of the year 2011 and the following four days to the effect that any trades prior to the publication date shall not be taken into consideration. EUR 1,000 per meeting will be paid to the chairman and EUR 500 per meeting to the other members. The Board of Directors shall be reimbursed for reasonable travel and lodging costs. However, travel and lodging costs shall 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 will be paid according to invoice.

The Annual General Meeting decided to terminate the stock option programs 2006A, 2006B and 2006C issued by the 2006 Annual General Meeting. These options have not been exercised and they have all been returned to the possession of the company.

THE BOARD OF ASPOCOMP GROUP PLC., AUTHORIZATIONS GIVEN TO THE BOARD

In its organization meeting, the Board of Directors of Aspocomp Group Plc. re-elected Tuomo Lähdesmäki as chairman of the Board. As the Board only comprises three (3) members, Board committees were not established.

The Annual General Meeting 2008 of Aspocomp Group Plc. authorized the Board to decide on issuing new shares and conveying the Aspocomp shares held by the company. A maximum of 55,000,000 new shares can be issued and/or granted on the basis of special rights. The authorization is valid five years from the respective Annual General Meeting. During the aforementioned restructuring ("Restructuring 2011"), the Board of Directors exercised part of its share issue authorization.

The Annual General Meeting 2008 also decided about issuing stock options to the CEO. The Board of Directors has not granted the said stock options.

Details of the authorizations can be found on pages 10-11 of the Annual Report 2008 (www.aspocomp.com/linked/investor/ar_2008.pdf).

ASSESSMENT OF BUSINESS RISKS

Liquidity and financial risks

Aspocomp's liquidity is based on the Group's cash assets, the cash flow generated by the Oulu plant, and external financing. Due to its financial difficulties in recent years, the company might face problems in securing external financing in the scope and under the terms and conditions that its financial position would allow. In addition, due to the financing agreement signed on May 20, 2011, the company may not acquire more than a total of EUR 0.2 million in external financing without the prior consent of the financing bank. Furthermore, the company is liable to pay damages, which might also have a negative impact on its liquidity (see "Litigations" below).

If Aspocomp Group Plc. does not obtain financing from its operations, external providers of finance, or other sources of financing, the company may ultimately become insolvent. This could have a materially negative impact on the company's business operations, financial position and result of operations.

Litigations

In 2007, the French Supreme Court ordered the company to pay

approximately EUR 11 million to 388 former employees of Aspocomp S.A.S. The company made the payment in 2007.

In January 2009, the Labor Court of Evreux, France ruled that the company has to pay approximately EUR 0.5 million in compensation, with interest, to a further 13 former employees. Aspocomp appealed, but the Court of Appeal of Rouen confirmed the decision in May 2010. The payment has not been made, but Aspocomp made a related provision in its 2007 financial statements.

In October 2010, Aspocomp was informed that six former employees reasserted their suspended claims in a French Court. In addition, one new claim has been made. These hearings were held in May 2011. The total amount of the claims is EUR 0.3 million. Aspocomp has not yet been informed about the court decision.

The aforementioned compensations and claims do not have a profit impact during the financial year, because Aspocomp has made a reservation in its 2007 financial statements.

There is a risk that the remaining approximately 90 employees may also institute proceedings. Under legislation that came into effect in June 2008, the statute of limitations for filing a suit is five years after the law came into effect.

Increased material cost and lack of capacity

Strong global PCB demand and higher raw material prices have raised the prices of laminates and chemicals used in PCB production. If Aspocomp fails to transfer the increased raw material cost to its products, profitability will weaken.

Increasingly complicated PCB designs add load to certain parts of the PCB production process. If the company fails to add capacity to these sub-processes, the total production volume will suffer, and the potential demand will not materialize as net sales growth.

OUTLOOK FOR THE FUTURE

The outlook for operations in Oulu and Group's lean cost structure enable the continuity of Aspocomp's operations. The Group's financial position is fair.

As operations focus on prototypes and quick-turn deliveries, it is very difficult to forecast full-year net sales. The company expects to see a clear net sales growth in 2011. The operating result is anticipated to be higher than in 2010.

TABLES AND 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, 2010 have been applied in the preparation of this report, with the exception of the following new or modified standards that the company has applied as from January 1, 2011:

- IAS 1 (amendment), Presentation of Financial Statements - Statement of Changes in Equity
- IAS 24 (revised), Related Party Disclosures
- IAS 27 (amendment), Consolidated and Separate Financial Statements
- IAS 32 (amendment), Financial Instruments: Presentation - Classification of Rights Issues
- IAS 34 (amendment), Interim Financial Reporting
- IFRS 3 (amendments), Measurement of Non-controlling Interests
- IFRS 7 (amendment), Financial Instruments: Financial Statement Disclosures
- IFRIC 14 (amendment), Prepayments of a Minimum Funding Requirement
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

The application of the aforementioned standards did not have a significant impact on the reported figures.

PROFIT & LOSS STATEMENT, APRIL-JUNE	4-6/11		4-6/10	
	1000 e	%	1000 e	%
NET SALES	6 558	100,0	5 435	100,0
Other operating income	17	0,3	65	1,2
Materials and services	-2 006	-30,6	-1 346	-24,8
Personnel expenses	-1 726	-26,3	-1 667	-30,7
Other operating costs	-1 316	-20,1	-975	-17,9
Depreciation and amortization	-324	-4,9	-321	-5,9
OPERATING PROFIT/LOSS	1 204	18,4	1 191	21,9
Financial income and expenses	3 486	53,2	-286	-5,3
PROFIT/LOSS BEFORE TAX	4 690	71,5	905	16,7
Income taxes	-3	-0,1	-2	0,0
PROFIT/LOSS FOR THE PERIOD	4 686	71,5	903	16,6
Other comprehensive income for the period, net of tax				
Redemption of convertible bond	-680	10,4	0	0,0
Translation differences	-3	0,0	2	0,0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4 004	61,1	905	16,6
Profit/loss for the period attributable to:				
Non-controlling interests	0	0,0	154	2,8
Equity shareholders	4 686	71,5	749	13,8

Total comprehensive income attributable to:

Non-controlling interests	0	0,0	154	2,8
Equity shareholders	4 004	71,4	751	13,8

JANUARY-JUNE	1-6/11		1-6/10		1-12/10	
	1000 e	%	1000 e	%	1000 e	%
NET SALES	11 479	100,0	9 783	100,0	18 785	100,0
Other operating income	18	0,2	130	1,3	231	1,2
Materials and services	-3 571	-31,1	-2 838	-29,0	-5 912	-31,5
Personnel expenses	-3 279	-28,6	-2 884	-29,5	-5 750	-30,6
Other operating costs	-2 349	-20,5	-1 975	-20,2	-4 250	-22,6
Depreciation and amortization	-651	-5,7	-637	-6,5	-1 265	-6,7
OPERATING PROFIT/LOSS	1 646	14,3	1 579	16,1	1 841	9,8
Financial income and expenses	3 179	27,7	-591	-6,0	-1 167	-6,2
PROFIT/LOSS BEFORE TAX	4 825	42,0	988	10,1	673	3,6
Income taxes	-6	0,0	-1	0,0	2	0,0
PROFIT/LOSS FOR THE PERIOD	4 819	42,0	987	10,1	675	3,6
Other comprehensive income for the period, net of tax						
Redemption of convertible bond	-680	5,9	0	0,0	0	0,0
Translation differences	-2	0,0	10	0,1	15	0,1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4 137	36,0	997	10,2	690	3,7

Profit/loss for the period attributable to:

Non-controlling interests	0	0,0	217	2,2	293	1,6
Equity shareholders	4 819	42,0	771	7,9	382	2,0

Total comprehensive income attributable to:

Non-controlling interests	0	0,0	217	2,2	293	1,6
Equity shareholders	4 137	42,0	780	8,0	397	2,1

Earnings per share

Basic EPS		0,08		0,02		0,01
Diluted EPS		0,08		0,02		0,01

CONSOLIDATED BALANCE SHEET

	6/11	6/10	Change	12/10
	1000 e	1000 e	%	1000 e

ASSETS**NON-CURRENT ASSETS**

Intangible assets	3 000	3 000	0,0	3 000
Tangible assets	3 509	3 466	1,3	3 669
Available for sale investments	16	44	-62,9	16
Other non-current receivables	0	16 409	-100,0	16 601
TOTAL NON-CURRENT ASSETS	6 525	22 918	-71,5	23 287

CURRENT ASSETS

Inventories	2 283	1 978	15,4	2 114
Short-term receivables	6 283	4 306	45,9	3 763
Cash and bank deposits	183	4 228	-95,7	4 712
TOTAL CURRENT ASSETS	8 748	10 512	-16,8	10 589
TOTAL ASSETS	15 274	33 430	-54,3	33 876
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	20 082	20 082	0,0	20 082
Share premium	27 918	27 918	0,0	27 918
Treasury shares	-758	-758	0,0	-758
Special reserve	45 989	45 989	0,0	45 989
Reserve for invested non-restricted equity	25 544	23 885	6,9	23 885
Retained earnings	-111 123	-113 898	-2,4	-114 281
Equity attributable to shareholders	7 652	3 218	137,8	2 835
Non-controlling interests	0	922	-100,0	758
TOTAL EQUITY	7 652	4 140	84,8	3 593
Long-term financing loans	895	22 115	-96,0	20 522
Provisions	215	342	-37,0	215
Short-term financing loans	986	172	473,3	1 503
Trade and other payables	5 526	6 662	-17,0	8 042
TOTAL LIABILITIES	7 622	29 290	-74,0	30 283
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15 274	33 430	-54,3	33 876

CONSOLIDATED CHANGES IN EQUITY, JANUARY-JUNE

1000 e

Equity attributable to the shareholders of the parent company

	Share capi tal	Share pre mium	Other re serve	Own sha res	Trans la tion diffe ren ces	Re tai ned earn ings	Total	Non cont rol ling inte rests	Total equity
Balance at 1.1.11	20 082	27 918	69 874	-758	6	-114 287	2 835	758	3 593
Comprehensive income									
Comprehensive income for the period						4 819	4 819		4 819
Other comprehensive income for the period, net of tax									
Translation differences					-2		-2		-2
Redemption of convertible bond			-1 945			1 265	-680		-680
Comprehensive income for the period, total	0	0	-1 945	0	-2	6 084	4 137	0	4 137

Business transactions with owners									
Directed issue and redemption of non-controlling interests		3 682				-2 924	758	-758	0
Direct cost of issuing new shares			-78				-78		-78
Business transactions with owners, total		3 604				-2 924	680	-758	-78
Balance at 30.6.11	20 082	27 918	71 533	-758	3	-111 127	7 652	0	7 652

Equity attributable to the shareholders of the parent company

	Share capi tal	Share pre mium	Other re serve	Own sha res	Trans la tion diffe rences	Re tai ned earn ings	Total	Non cont rol ling inte rests	Total equity
Balance at 1.1.10	20 082	27 918	69 874	-758	-9	-114 669	2 438	706	3 143
Comprehensive income for the period						771	771	217	987
Other comprehensive income for the period, net of tax									
Translation differences					10		10		10
Balance at 30.6.10	20 082	27 918	69 874	-758	1	-113 898	3 218	922	4 140

CONSOLIDATED CASH FLOW STATEMENT, JANUARY-JUNE

	1000 e	1-6/11	1-6/10	1-12/10
Profit for the period		4 819	987	675
Adjustments		-2 524	1 270	2 286
Change in working capital		-2 259	192	1 096
Received interest income and dividends		7	18	43
Paid interest expenses		-51	-3	-6
Paid taxes		-6	-1	1
Operational cash flow		-14	2 464	4 095
Investments		-581	-1 126	-1 754
Proceeds from sale of property, plant and equipment		14 500	9	75
Cash flow from investments		13 919	-1 117	-1 679
Decrease in financing		-19 504	-156	-742
Increase in financing		1 149	0	0
Issue		-78	0	0
Cash flow from financing		-18 434	-156	-742
Change in cash and cash equivalents		-4 529	1 191	1 674

Cash and cash equivalents at the beginning of period	4 712	3 038	3 038
Currency exchange differences	0	0	0
Cash and cash equivalents at the end of period	183	4 228	4 712

KEY FINANCIAL INDICATORS

		6/11	6/10
Equity per share, EUR		0,12	0,06
Equity ratio, %		50,1	12,4
Gearing, %		22,2	436,2
Earnings per share (EPS)			
Basic and diluted EPS, EUR		0,08	0,02

CONTINGENT LIABILITIES

	1000 e	6/11	6/10	12/10
Mortgages given as security for bank loans				
shares of a subsidiary	0	5 514	5 514	5 514
other receivables	0	16 313	16 601	16 601
Business mortgage	4 000	0	0	0
Operating lease liabilities	670	666	670	670
Other liabilities	100	100	100	100
Total	4 770	22 593	22 885	22 885

FORMULAS FOR KEY INDICATORS

Equity/share, EUR	=	Equity attributable to shareholders	
		<u>Number of shares at the end of period</u>	
Equity ratio, %	=	Equity	x 100
		<u>Total assets - advances received</u>	
Gearing, %	=	Net interest-bearing liabilities	x 100
		<u>Total equity</u>	
Earnings/share (EPS), EUR	=	Profit attributable to equity shareholders	
		<u>Adjusted weighted average number of shares outstanding</u>	

All figures are unaudited.

Espoo, July 22, 2011

Aspocomp Group Plc.

Board of Directors

For further information, please contact Sami Holopainen, CEO,
tel. +358 9 59 181.

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.