Aspocomp Group Plc., Interim Report, October 21, 2011 at 9:00 AM

ASPOCOMP'S INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2011

Key figures in brief

- Net sales: EUR 17.8 million (EUR 14.3 million 1-9/2010)
- Operating result before depreciation (EBITDA): EUR 3.9 million (3.1)
- Operating result (EBIT): EUR 2.9 million (2.1)
- Result for the period: EUR 6.1 million (1.2)
- Earnings per share (EPS): EUR 0.10 (0.02)
- Cash flow from operations: EUR 2.4 million (3.1)

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

CEO'S REVIEW

"Demand continued to be brisk in the third quarter of 2011 in spite of the holiday season. Net sales remained almost on a par with the second quarter, as a result of which year-on-year growth amounted to close to 40 percent. The operating result improved slightly on the second quarter, amounting to EUR 1.3 million, or 20 percent of net sales. A recession did not materialize – at least not yet.

However, demand is set to soften toward the end of the year. The company's fourth-quarter net sales and operating result will thus probably fall short of the previous two quarters. That said, in full-year terms, both figures will see higher-than-expected growth.

Cash flow from operations rose into the black in the third quarter, as expected. This trend is expected to continue in the fourth quarter.

Aspocomp completed its restructuring in June, and its balance sheet is now as solid as that of any other healthy company. Thanks to strong cash flow in July-September, the company no longer has any net debt."

NET SALES AND EARNINGS IN JULY-SEPTEMBER

Third-quarter net sales amounted to EUR 6.3 million, up 39 percent on 7-9/2010. The five largest customers accounted for 84 percent of net sales (83%). In geographical terms, 95 percent of net sales were generated in Europe (96%) and 5 percent in Asia (4%).

The operating result was EUR 1.3 million (0.6).

Net financial expenses amounted to EUR 0.0 million (-0.3) in the third quarter and the result was EUR 1.3 million (0.3). Earnings per share were EUR 0.02 (0.00).

NET SALES AND EARNINGS IN JANUARY-SEPTEMBER

Net sales for January-September amounted to EUR 17.8 million, up 24 percent on 1-9/2010. The five largest customers accounted for 82 percent of net sales (78% 1-9/2010). In geographical terms, 93 percent of net sales were generated in Europe (95%) and 7 percent in Asia (5%).

The operating result was EUR 2.9 million (2.1).

Net financial income for January-September amounted to EUR 3.2 million (-0.9) and the result was EUR 6.1 million (1.2). Earnings per share were EUR 0.10 (0.02).

INVESTMENTS AND R&D

Investments amounted to EUR 0.7 million (EUR 1.5 million 1-9/2010).

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

Thanks to the restructuring carried out in the second quarter and strong cash flow, the Group’s financial position is now good.

Cash flow from operations during the period was EUR 2.4 million (EUR 3.1 million 1-9/2010). Cash assets amounted to EUR 2.2 million at the end of the period (EUR 3.9 million 9/2010).

The nominal value of interest-bearing liabilities was EUR 1.6 million (EUR 23.6 million 9/2010). Gearing decreased to -6.7 percent (409.3%). Non-interest-bearing liabilities amounted to EUR 5.3 million (7.2). Based on the existing financing agreement the Group may draw a EUR 1.0 million long-term loan. In addition, the company can draw on a EUR 0.5 million working capital credit facility.

The Group’s equity ratio at the end of the period stood at 56.1 percent (13.1%).

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 restructuring completed in June, the shareholders’ equity of Aspocomp Group’s parent company, Aspocomp Group Plc., is once again positive, amounting to EUR 3.7 million at the end of the review period. The shareholders’ equity of Aspocomp Group was EUR 8.9 million positive.

SHARES AND SHARE CAPITAL

The total number of Aspocomp’s shares at September 30, 2011 was 62,179,485 and the share capital stood at EUR 20,082,052. The company held 134,600 treasury shares, representing 0.2 percent of the aggregate votes conferred by all the shares.

A total of 89,708,848 Aspocomp Group Plc. shares were traded on NASDAQ OMX Helsinki during the period from January 1 to September 30, 2011. The aggregate value of the shares exchanged was EUR 23,197,239. 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 September 30, 2011 was EUR 0.26, which translates into market capitalization of EUR 16,166,666.

Nominee-registered shares accounted for 21.7 percent of the total shares.

PERSONNEL

During the period, Aspocomp had an average of 103 employees (96). The personnel count on September 30, 2011 was 105 (99). Of them, 73 (68) were non-salaried and 32 (31) 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 restructuring completed in June, 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.

Lack of capacity

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 the Group's lean cost structure enable the continuity of Aspocomp's operations. The Group's financial position is good.

The company expects to see clear net sales growth in 2011. The operating result is anticipated to be significantly 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, JULY-SEPTEMBER	7-9/11 1000 e	%	7-9/10 1000 e	%
NET SALES	**6 304**	**100.0**	**4 525**	**100.0**
Other operating income	6	0.1	99	2.2
Materials and services	-2 150	-34.1	-1 411	-31.2
Personnel expenses	-1 548	-24.6	-1 404	-31.0
Other operating costs	-1 053	-16.7	-950	-21.0
Depreciation and Amortization	-308	-4.9	-303	-6.7
OPERATING PROFIT/LOSS	**1 251**	**19.9**	**556**	**12.3**
Financial income and Expenses	-8	-0.1	-302	-6.7
PROFIT/LOSS BEFORE TAX	**1 243**	**19.7**	**254**	**5.6**
Income taxes	2	0.0	-2	-0.1
PROFIT/LOSS FOR THE PERIOD	**1 246**	**19.8**	**252**	**5.6**
Other comprehensive income for the period, net of tax				
Redemption of convertible bond	0	0.0	0	0.0
Translation differences	0	0.0	2	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1 246**	**19.8**	**253**	**5.6**
Profit/loss for the period attributable to:				
Non-controlling Interests	0	0.0	78	1.7
Equity shareholders	1 246	19.8	173	3.8
Total comprehensive income attributable to:				
Non-controlling Interests	0	0.0	78	1.7
Equity shareholders	1 246	19.8	175	3.9

JANUARY-SEPTEMBER	1-9/11 1000 e	%	1-9/10 1000 e	%	1-12/10 1000 e	%
NET SALES	**17 783**	**100.0**	**14 307**	**100.0**	**18 785**	**100.0**
Other operating income	24	0.1	229	1.6	231	1.2
Materials and services	-5 721	-32.2	-4 249	-29.7	-5 912	-31.5
Personnel expenses	-4 828	-27.1	-4 288	-30.0	-5 750	-30.6
Other operating costs	-3 403	-19.1	-2 926	-20.4	-4 250	-22.6
Depreciation and	-959	-5.4	-940	-6.6	-1 265	-6.7

Amortization						
OPERATING PROFIT/LOSS	**2 897**	**16.3**	**2 134**	**14.9**	**1 841**	**9.8**
Financial income and Expenses	3 171	17.8	-892	-6.2	-1 167	-6.2
PROFIT/LOSS BEFORE TAX	**6 068**	**34.1**	**1 242**	**8.7**	**673**	**3.6**
Income taxes	-3	0.0	-3	0.0	2	0,0
PROFIT/LOSS FOR THE PERIOD	**6 065**	**34.1**	**1 239**	**8.7**	**675**	**3.6**
Other comprehensive income for the period, net of tax						
Redemption of convertible bond	-680	3.8	0	0.0	0	0.0
Translation Differences	-2	0.0	13	0.1	15	0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5 383**	**30.3**	**1 252**	**8.8**	**690**	**3.7**
Profit/loss for the period attributable to:						
Non-controlling Interests	0	0.0	295	2.1	293	1.6
Equity shareholders	6 065	34.1	944	6.6	382	2.0
Total comprehensive income attributable to:						
Non-controlling Interests	0	0.0	295	2.1	293	1.6
Equity shareholders	5 383	30.3	957	6.7	397	2.1
Earnings per share						
Basic EPS		0.10		0.02		0.01
Diluted EPS		0.10		0.02		0.01

CONSOLIDATED BALANCE SHEET	9/11	9/10	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	3 248	3 544	-8.3	3 669
Available for sale investments	16	44	-63.8	16
Other non-current receivables	0	16 505	-100.0	16 601
TOTAL NON-CURRENT ASSETS	**6 264**	**23 093**	**-72.9**	**23 287**
CURRENT ASSETS				
Inventories	2 128	2 264	-6.0	2 114
Short-term receivables	5 257	4 182	25.7	3 763
Cash and bank deposits	2 206	3 918	-43.7	4 712
TOTAL CURRENT ASSETS	**9 592**	**10 364**	**-7.5**	**10 589**
TOTAL ASSETS	**15 856**	**33 457**	**-52.6**	**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	-510	-758	-32.7	-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	-110 126	-113 721	-3.2	-114 281
Equity attributable to Shareholders	8 897	3 394	162.1	2 835
Non-controlling interests	0	1 001	-100.0	758
TOTAL EQUITY	**8 897**	**4 395**	**102.4**	**3 593**
Long-term financing loans	771	21 734	-96.5	20 522
Provisions	215	264	-18.3	215
Short-term financing loans	838	172	386.5	1 503
Trade and other payables	5 134	6 892	-25.5	8 042
TOTAL LIABILITIES	**6 959**	**29 062**	**-76.1**	**30 283**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**15 856**	**33 457**	**-52.6**	**33 876**

CONSOLIDATED CHANGES IN EQUITY, JANUARY-SEPTEMBER

1000 e

Equity attributable to the shareholders of the parent company

	Share capital	Share premium	Other reserve	Own shares	Translation differences	Retained earnings	**Total**	Non controlling interests	**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						6 065	**6 065**		**6 065**
Other comprehensive income for the period, net of tax									
Translation differences					-2		**-2**		**-2**
Redemption of convertible bond			-1 945			1 265	**-680**		**-680**
Compre-hensive income for the period, total	0	0	-1 945	0	-2	7 329	**5 382**	0	**5 382**
Business transactions with owners									
Directed issue and redemption of non-controlling interests			3 682			-2 924	**758**	-758	**0**
Reissuance of treasury shares				248		-248	**0**		**0**

	Share capital	Share premium	Other reserve	Own shares	Translation differences	Retained earnings	Total	Non controlling interests	Total equity
Direct cost of issuing issuing new shares			-78				**-78**		**-78**
Business transactions with owners, total			3 604	248		-3 172	**680**	-758	**-78**
Balance at 30.9.11	**20 082**	**27 918**	**71 533**	**-510**	**3**	**-110 129**	**8 897**	**0**	**8 897**

Equity attributable to the shareholders of the parent company

	Share capital	Share premium	Other reserve	Own shares	Translation differences	Retained earnings	**Total**	Non controlling interests	**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						944	**944**	295	**1 239**
Other comprehensive income for the period, net of tax									
Translation differences					13		**13**		**13**
Balance at 30.9.10	**20 082**	**27 918**	**69 874**	**-758**	**4**	**-113 725**	**3 394**	**1 001**	**4 395**

CONSOLIDATED CASH FLOW STATEMENT, JANUARY-SEPTEMBER

1000 e	1-9/11	1-9/10	1-12/10
Profit for the period	6 065	1 239	675
Adjustments	-2 212	1 802	2 286
Change in working capital	-1 461	10	1 096
Received interest income and dividends	35	24	43
Paid interest expenses	-68	-4	-6
Paid taxes	-3	1	1
Operational cash flow	**2 355**	**3 072**	**4 095**
Investments	-691	-1 501	-1 754
Proceeds from sale of property, plant and equipment	14 539	9	75
Cash flow from investments	**13 848**	**-1 492**	**-1 679**
Decrease in financing	-19 631	-699	-742
Increase in financing	1 000	0	0
Issue	-78	0	0
Cash flow from financing	**-18 709**	**-699**	**-742**
Change in cash and cash equivalents	-2 505	880	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	**2 206**	**3 918**	**4 712**

KEY FINANCIAL INDICATORS

	9/11	9/10
Equity per share, EUR	0.14	0.07
Equity ratio, %	56.1	13.1
Gearing, %	-6.7	409.3
Earnings per share (EPS)		
Basic and diluted EPS, EUR	0.10	0.02

CONTINGENT LIABILITIES

1000 e	9/11	9/10	12/10
Mortgages given as security for bank loans			
shares of a subsidiary	0	0	5 514
other receivables	0	15 400	16 601
Business mortgage	4 000	0	0
Operating lease liabilities	670	666	670
Other liabilities	30	100	100
Total	**4 700**	**16 166**	**22 885**

FORMULAS FOR KEY INDICATORS

$$\text{Equity/share, EUR} = \frac{\text{Equity attributable to shareholders}}{\text{Number of shares at the end of period}}$$

$$\text{Equity ratio, \%} = \frac{\text{Equity}}{\text{Total assets - advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

$$\text{Earnings/share (EPS), EUR} = \frac{\text{Profit attributable to equity shareholders}}{\text{Adjusted weighted average number of shares outstanding}}$$

All figures are unaudited.

Espoo, October 21, 2011

Aspocomp Group Plc.

Board of Directors

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www.aspocomp.com