

Neomarkka Group

Interim Report

1.1. - 30.9.2007

Neomarkka is shifting the emphasis towards synergic industrial investments

KEY FIGURES	1-9/2007	1-9/2006
Turnover, EUR million, of which	37.0	3.6
- gains and losses from trade of financial assets	5.1	3.6
- cable business turnover	31.9	
Operating profit, EUR million, of which	3.6	2.6
- trade of financial assets	4.1	2.5
- cable business	-0.5	
Result for the period EUR million	1.8	1.2
Earnings per share EUR	0.29	0.20

All the figures for 2007 and 2006 are not comparable as a result of the change in strategy carried out in 2007 and the consequent acquisition of Reka Cables Ltd. The 2007 figures take into account the acquisition on 1 June, 2007 and the subsequent business (1.6 - 30.9.2007). The release of the inventory margin in accordance with IFRS 3 has been fully recognised in the operating profit and the result (more on page 2).

Major events during the period under review

Neomarkka renewed its strategy in spring. The aim of the strategy is to target Neomarkka's investment portfolio at synergic industrial investments. The aim of the investments is to raise the return on the invested capital by developing the companies involved. Returns are sought both through dividend flow and an increase in value.

With the renewed strategy Neomarkka now has two business areas: investment in securities and industrial private equity investments. Following the change Neomarkka will adopt segment reporting.

Industrial private equity investments; Cables

The first step in the implementation of the new strategy was the acquisition from Reka Ltd of the entire share capital of Reka Cables Ltd at the price of EUR 25.8 million. The parties to the deal have also agreed on adjusting the price on the basis of the trend in Reka Cable's average operating margin in 2007 and 2008. The maximum price adjustment either upwards or downwards is EUR 3.5 million. The allocation of the purchase price is described in the notes and has been carried out in accordance with IFRS 3.

In June, a 4,000 m² expansion of Reka Cables Ltd's Riihimäki factory was completed. In August, the board of

directors made a decision of a further EUR 9.6 million investment to medium- and high voltage factory in Riihimäki. The factory construction and machine purchases process were started immediately and the production will start in spring 2008.

Production of Reka Cables in Russia began, and deliveries to customers have been started. During the period under review (1.6. - 30.9.2007) inputs totalled EUR 5.4 million, of which EUR 3.5 million in working capital and EUR 1.9 million in machinery.

Investments in securities

Neomarkka continues to manage its current financial assets in line with its existing principles. The assets waiting for investments in accordance with the new strategy are invested mainly in funds for the moment. In spring, Neomarkka arranged its hedge fund investments and the financing of its investment portfolio so that it does not have direct hedge fund investments any more. Instead, Neomarkka owns bonds issued by Nordea Bank Plc, including a holding in the eQ Active Hedge Fund. These bonds are constructed so that their share of the eQ Active Hedge Fund was, on subscription, double the value of the security, and the difference was financed with loan funding. Thus the return on the bonds takes into account the return from the eQ Active Hedge Fund reduced by the costs arising from the loan.

During the third quarter of the year, stock markets and the value of Neomarkka's investments in securities fell. Neomarkka's value of investments in securities fell in July and August. In September the situation improved but in the end of the review period the valuation was on a lower level than on the second quarter. Thus the return on investment in securities was unprofitable during the third quarter of the year.

During the third quarter of the year, Neomarkka sold the equity funds and parts of the bonds issued by Nordea Bank Plc. On September 30, 2007 Neomarkka owned EUR 20.8 million's worth of the bonds issued by Nordea Bank Plc (the acquisition price was EUR 20.0 million in May). These bonds have been recognised as investments in the balance sheet.

As for private equity the level of investments remained unchanged during the third quarter of the year.

As a result of the strategy change, Neomarkka's portfolio management relating to hedge fund investments ended. At the same time the advisory services to the eQ Bank in relation to the portfolio management of the eQ Active Hedge Fund and related provisions ended on June 1, 2007. Neomarkka's previous Managing Director, Samuel von Martens, transferred to the company that acts as advisor to the eQ Bank in relation to the portfolio management of the eQ Active Hedge Fund.

During the second quarter of the year, the leverage of the company's investment in securities fell significantly with the hedge fund investment arrangements. The leverage fell also during the third quarter of the year due to the sales. On 30 September 2007, current receivables included EUR 16.8 million from the sales of securities. The sum has not been recognised in the table below. On the last day of the review period, the Group's investments in securities were as follows (at market value):

EUR million	30.9.2007	30.6.2007	31.12.2006
Hedge funds*	20.8	33.9	75.7
Listed equities and equity funds	0.0	6.3	7.5
Private equity	4.0	4.0	4.1
Total	24.8	44.2	87.3

* Nordea Bank Plc's securities are taken into account under hedge funds.

Net asset value and share price

Neomarkka's net asset value per share on September 30, 2007 was EUR 10.04 (EUR 9.60) and at the end of 2006 EUR 10.04.

Neomarkka Plc's B shares are listed on OMX Nordic Exchange in Helsinki. The closing price at the end of the review period was EUR 9.65 (EUR 7.60) per share. On December 31, 2006 the price was EUR 7.76 per share. The share turnover in the review period was 2,263,490 (1,457,694) shares. The lowest B share quotation was EUR 7.78 (EUR 7.31) and the highest EUR 9.85 (EUR 9.20).

According to the strategy, the investment portfolio will be targeted at synergic industrial investments, which will reduce the importance of the net asset value reporting.

Result, balance sheet and financing

This interim report has been drawn up in accordance with the IAS 34 requirements for interim reports. The acquisition cost calculation for the acquisition of Reka Cables Ltd has been made in accordance with IFRS 3. With the securities Neomarkka has applied the same accounting principles in drawing up the interim report as in its financial statements for 2006. After the acquisition of Reka Cables Ltd, i.e. as of June 1, 2007, the figures also include items not included in the 2006 financial statements. These items have been dealt with in accordance with IFRS standards. The interim report is unaudited.

Financial result

The consolidated turnover totalled EUR 37.0 million in the review period, consisting of the gains and losses from the trade of financial assets and the turnover of the cable business. The gains and losses from the trade of financial assets totalled EUR 5.1 million (EUR 3.6 million) in the review period. The turnover in the cable business totalled EUR 31.9 million. The impact of the cable business on the financial result has been taken into account as of June 1, 2007.

Operating profit for the review period was EUR 3.6

million (EUR 2.6 million), of which the trade of financial assets accounted for EUR 4.1 million (EUR 2.6 million). The operating loss in the cable business was EUR -0.5 million. The net result for the review period was EUR 1.8 million (EUR 1.2 million). Earnings per share were EUR 0.29 (EUR 0.20).

The allocation of the purchase price of Reka Cables Ltd has been carried out in accordance with IFRS 3. The release of the inventory margin resulting from this was allocated to June, July and August weakening the operating profit by EUR 1.7 million and the financial result by EUR 1.2 million for the period under review.

The turnover of the third quarter of the year totalled EUR 22.8 million. The gains and losses from the trade of financial assets totalled EUR -0.6 million and the turnover in the cable business totalled EUR 23.3 million. During the third quarter of the year, the operating profit was unprofitable, EUR -1.2 million, of which the operating loss in the investments of securities was EUR -0.7 million and the operating loss in the cable business was EUR -0.6 million. Without the release of the inventory margin made in accordance with IFRS 3, the operating profit in the cable business was positive during the third quarter of the year.

Balance sheet and financing

At the end of the review period the balance sheet totalled EUR 120.2 million (EUR 102.9 million). Renewal of the strategy and the subsequent acquisition of Reka Cables Ltd changed the content of the balance sheet substantially in the period under review. For instance, the cable business caused the following changes: non-current assets increased, inventories now include tangible assets and receivables comprise customer receivables.

The eQ Active Hedge Fund and outside capital underlie the securities issued by Nordea Bank Plc. At the end of the review period, Neomarkka owned EUR 20.8 million's worth of these securities. The securities are entered as investments on the balance sheet.

At the end of the review period, the equity per share was EUR 10.04 (9.60) and the equity ratio was 50.3% (58.2%).

Neomarkka repaid a short-term loan of EUR 40 million to the Kaupthing Bank during the review period.

The acquisition of Reka Cables Ltd in June was partly financed with long-term credit of EUR 13.6 million.

Total financing worth EUR 4.2 million was acquired in relation to industrial investments operating business, of which EUR 3.0 million was used to repay loan. A credit facility of EUR 3.0 million and a factoring limit of EUR 2.0 million were acquired. At the end of the period the factoring limit totalled EUR 5.5 million.

Investments

Neomarkka acquired the entire share capital of Reka Cables Ltd in the review period in accordance with its new strategy. The acquisition price was EUR 27.0 million, of which the price for the shares accounted for EUR 25.8 million (enterprise value EUR 30.0 million less the company's liabilities). The rest of the acquisition price consists of the asset transfer tax and expert fees.

Other investments made in the review period relate to the cable business, totalling EUR 4.6 million. Long-term leases signed in connection with the acquisition of Reka Cables Ltd have been recognised as fixed assets under IFRS.

Shareholders' meeting and governance

The Annual General Meeting was held on March 22, 2007.

An extraordinary shareholders' meeting was called to decide on the Reka Cables Ltd deal, on the new board of directors and on certain amendments to the Articles of Association was held on June 1, 2007.

The extraordinary shareholders' meeting approved the agreement concerning the acquisition of the share capital of Reka Cables Ltd signed on May 10, 2007 by Neomarkka Plc and the implementation of the deal.

The extraordinary shareholders' meeting also approved proposed amendments to the Articles of Association. The amendments related to the reorientation of Neomarkka's business and to some rearrangements caused by the new Companies Act 624/2006 taking effect on July 21.

The extraordinary shareholders' meeting confirmed the number of the members of the Board of Directors as six, electing the following persons as new members of the Board from June 1, 2007: Jorma Wiitakorpi from Porvoo as chairman of the Board, Matti Lainema from Helsinki as vice chairman and as members Ilpo Helander from Espoo, Pekka Soini from Helsinki, Hannu Anttila from Espoo and Taisto Riski from Oulu.

The Board of Directors elected its members Hannu Anttila and Taisto Riski as members of the Audit Committee.

The Managing Director of Neomarkka changed in May. Markku E. Rentto was appointed Managing Director as of May 10, 2007. Sari Tulander was appointed Chief Financial Officer as of May 11, 2007.

Personnel

The Group employed an average of 135 people (4). The average number of personnel takes into account the personnel relating to the cable business from the beginning of June. Group personnel numbered 288 on September 30, 2007, of which 284 were in the cable business.

Group structure and shareholders

Neomarkka Plc is the parent company in a Group that includes the fully owned subsidiaries Novalis Plc and Alnus Ltd with their subsidiaries. The domicile of the Group companies is Hyvinkää.

At the end of the review period, Neomarkka Plc had 13,132 (14,188) shareholders. The biggest shareholder Reka Ltd bought 1.1 million Neomarkka B shares from Metsäliitto Cooperative on May 23, 2007. The purchase price was EUR 10.45 million, equivalent to EUR 9.50 per share. After the deal, Reka Ltd's ownership share was 50.76% (32.49%) of all shares and 65.77% (53.09%) of all votes. Neomarkka Plc is thus part of the Reka Group. Reka Ltd's domicile is Hyvinkää.

The aggregate ownership of the ten biggest shareholders at the end of the review period was 59.59% (57.99%) of all shares and 71.90% (70.80%) of all votes.

Major events after the review period

The cable business achieved its new sales record in October. The turnover of EUR 10.8 million in October was the highest in the history of the Reka Cables Ltd.

Neomarkka acquired a share of 30% from Nestor Cables Ltd in October. Nestor Cables is a new company, which produce fibre and copper-cable products as well as instrumentation cables. The market areas of Nestor Cables Ltd are the Nordic and Baltic countries.

Assets from the sales of equity funds and part of the bonds issued by Nordea Bank Plc have been mainly invested in short-term investments and interest funds. A part of the assets have been directed to acquire the machinery and equipment for Riihimäki factory's expansion.

In November Reka Cables Ltd started the co-operation negotiations concerning factories in Hyvinkää and in Riihimäki due to the seasonal fluctuation of the demand. The outcome of the negotiations was keeping the lay-offs during the winter time instead of dismissals.

Business risks in the near future and hedging

With the updated strategy carried out in 2007, future risk factors will be more closely related to the trends in the business operations of a small number of portfolio companies and to normal business risks. In accordance with the previous strategy Neomarkka's risk was based on a widely distributed market risk. As far as the distributed market risk is concerned, changes in the value of investments underlying the eQ Active Hedge Fund will have a substantial impact on Neomarkka's financial result.

The most significant risks of Reka Cables Ltd are the fluctuation in raw material costs and more rapid changes than previously in the order book situation. Partial price hedging is used in purchases of metals. Major currencies are partially hedged against foreign exchange fluctuation. In order to be aware of the risks and prepare for them, Reka Cables Ltd has carried out an extensive risk-charting process.

Nestor Cables Ltd's risks are based on the cable business risks and the risks involved in when establishing a new company. Neomarkka will support the establishing of the company through active Board working and synergic operations.

Cap options are being used for hedging against interest rate risks.

Comments made in this report that do not refer to actual facts that have already taken place are future estimates. Such estimates include expectations concerning market trends, growth and profitability, and statements that include the terms 'will be', 'will improve', 'expect', or a similar expression. Since these estimates are based on current plans and estimates, they involve risks and uncertainty factors which may lead to results differing substantially from current statements. Such factors include 1) operating conditions, e.g. continued success in production and consequent efficiency benefits, availability and cost of production inputs, demand for new products, changing circumstances in respect of the acquisition of capital under acceptable conditions; 2) circumstances in the sector such as the intensity of demand for products, the competition, current and future market prices for the Group's products and related pricing pressures, the financial situation of the Group's customers and competitors, competitors' possible new competing products and 3) the general economic situation such as economic growth in the Group's main geographical market areas or changes in exchange rates and interest rates.

Prospects for the near future

The operating result in the cable business is expected to improve this year compared to the previous year. Prospects in the cable industry are positive, growth is expected to continue and the market situation is expected to remain good on condition that no significant negative changes will take place in the overall economic situation on main markets in the Nordic countries and Russia. The seasonal demand in the winter time will however be lower. The prices of the principal raw materials (copper, aluminium and plastics) will be very volatile.

The investments in hedge funds will be reduced.

Helsinki, November 30, 2007

Neomarkka Plc
Board of Directors

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	1.7.-30.9.2007	1.7.-30.9.2006	1.1.-30.9.2007	1.1.-30.9.2006
Industrial business turnover	23,347	0	31,890	0
Gains and losses from the trade of financial assets	-557	1,898	5,077	3,558
Turnover	22,790	1,898	36,967	3,558
Change in inventories of finished products and production in progress	-563	0	-1,417	0
Production for own use	1	0	11	0
Materials and services	-17,517	0	-23,231	0
Personnel expenses	-2,892	-112	-4,109	-388
Depreciation and impairment	-836	-4	-1,117	-25
Other operating expenses and income	-2,218	-119	-3,529	-591
	-24,025	-235	-33,392	-1,004
Operating profit/loss	-1,235	1,663	3,575	2,554
Financial income and expenses	-481	-415	-1,464	-1,168
Result before taxes	-1,716	1,248	2,111	1,386
Taxes	597	-305	-343	-154
Result for the period	-1,119	943	1,768	1,232
Distribution				
to parent company owners	-1,119	943	1,768	1,232
to minority	0	0	0	0
Earnings per share after and before dilution, EUR	-0.19	0.16	0.29	0.20
Number of shares	6,020,360	6,020,360	6,020,360	6,020,360

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000

30.9.2007 31.12.2006

ASSETS

Non-current assets

Intangible assets	3,429	0
Tangible assets	23,660	51
Other non-current assets	12	0
Goodwill	4,471	0
Deferred tax assets	542	0
Total non-current assets	32,114	51

Current assets

Inventories	20,146	0
Financial assets held for trading	0	226
Other financial assets at fair value through profit and loss	21,921	86,806
Other financial assets available for sale	4,001	4,112
Other current receivables	39,130	8,429
Cash in hand and at bank	2,884	3,324
Total current assets	88,082	102,897

Assets

120,196 102,948

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Share capital	24,082	24,082
Share premium	66	66
Reserved fund	1,221	1,221
Retained earnings	11,971	9,897
Other unrestricted equity	21,327	21,327
Result for the period	1,768	3,880
Total shareholders' equity	60,435	60,473

Liabilities

Deferred tax liabilities	4,211	1,632
Provisions	646	0
Non-current liabilities	23,488	0
Current liabilities	31,416	40,843
Total liabilities	59,761	42,475

Shareholders' equity and liabilities

120,196 102,948

BALANCING ACCOUNT OF SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Share premium	Reserve fund	Retained profit	Other unrestricted equity	Total
Opening balance 1.1.2006	24,082	66	1,221	11,703	21,327	58,399
Changes						
Dividends paid				-1,806		-1,806
Result for the period				1,232		1,232
Balance 30.9.2006	24,082	66	1,221	11,129	21,327	57,825

EUR 1,000	Share capital	Share premium	Reserve fund	Retained profit	Other unrestricted equity	Total
Opening balance 1.1.2007	24,082	66	1,221	13,777	21,327	60,473
Changes						0
Dividends paid				-1,806		-1,806
Result for the period				1,768		1,768
Balance 30.9.2007	24,082	66	1,221	13,739	21,327	60,435

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000	1.1.-30.9.2007	1.1.-30.9.2006
Operating activities		
Payments received from operating activities	181,220	11,670
Payments paid on operating activities	-125,618	-7,738
Investing activities		
Acquisition of subsidiaries and new business	-26,969	0
Change in tangible assets	-3,509	-65
Change in other intangible assets	-499	0
Financing activities		
Increase in liabilities	19,253	0
Decrease in liabilities	-43,235	0
Dividends paid	-1,806	-1,806
Other changes in equity	60	0
Cash flow for the period	-1,103	2,061
Liquid funds at beginning of the period	3,987	1,144
Liquid funds at end of the period	2,884	3,205

NOTES TO THE ACCOUNTS

This interim report has been drawn up in accordance with IAS 34 requirements concerning interim reporting. The acquisition cost calculation for Reka Cables Ltd has been made in accordance with IFRS 3. The interim report is unaudited.

Principles for drawing up the report

In drawing up this interim report, Neomarkka has applied the same principles for securities as in its 2006 financial statements with the exception of the changes listed below. After the acquisition of Reka Cables Ltd on June 1, 2007 the figures also include items not included in the 2006 financial statements. These items have been dealt with in accordance with the IFRS. The acquisition of Reka Cables Ltd has been dealt with in accordance with IFRS 3.

The figures for Reka Cables Ltd have been taken into account from the time of acquisition on June 1, 2007.

The following new standards, changes in standards and application of interpretations which have been found important for the Group have been adopted in 2007:

- IFRS 7 Financial instruments; information and complementary changes to be presented in the financial statements IAS 1, Presentation of financial statements – information on equity to be disclosed in the financial statements. IFRS 7 requires that new notes are to be presented on financial instruments. The standard has no impact on the classification or measurement of the Group's financial instruments.
- IFRIC 9 Reassessment of embedded derivatives. The interpretation requires an assessment of whether contracts contain embedded derivatives that must be separated from the host contract and dealt with as stand-alone derivatives.
- IFRIC 10 Interim financial reporting and impairment. IFRIC 10 forbids the reversal of an impairment loss possibly made on goodwill in an interim report on a later closing date during the reporting period.

These new standards and interpretations that have been adopted do not have a material impact on the reported income statement, balance sheet and notes.

The following interpretations are compulsory in 2007 but do not have major significance in terms of the Group:

- IFRIC 7 on applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies.
- IFRIC 8 IFRS 2: scope.

Goodwill is the part of acquisition cost exceeding the Group's share of the identifiable net asset value of a subsidiary, associate company or joint venture purchased at the time of acquisition. The Reka Cables Ltd deal brought goodwill to the Group. This goodwill will be tested for impairment annually or more often if there is reason to believe that the value has decreased.

Drawing up principles for the cable business (as far as they differ from those applied in the securities or are missing)

-Measurement of fixed assets: Fixed assets are recognised in the balance sheet at direct acquisition cost reduced by planned depreciation on a straight line basis over the useful life of the fixed asset items concerned. The depreciation period and depreciation on fixed assets included in the balance sheet through financial leases are recognised according to the length of the leases and IFRS regulations.

Depreciation periods

Other non-current liabilities	10	years
Machinery and equipment	5 - 15	years
Intangible rights	5	years
Buildings and structures	10 - 15	years

-Measurement of inventories: Inventories are presented in accordance with the FiFo principle at acquisition cost, at replacement cost if lower or at probable sales price. The value of inventories includes variable costs and the fixed costs of purchase and production.

-Derivatives: The price hedges applied in purchasing metals and foreign exchange hedges are recognised in the balance sheet at the time of entering the contract at acquisition cost, after which they are measured at fair value. The Group does not apply hedge accounting under IAS 39. Changes in the fair value of metal and foreign exchange hedges are recorded under other expenses and income in the income statement and are recognised in the balance sheet through profit and loss. In interest rate hedges, swaps are recognised on the balance sheet at acquisition cost, after which they are recognised at fair value. Changes in the fair value of interest rate hedges are recognised under financial income and expenses and taken into account in the balance sheet through profit and loss. Any acquisition cost for interest rate caps or other options is recognised as an expense item at the time of acquisition. Benefits from options are recognised when the option is being used (e.g. the interest rate cap is actualised). Recognition in the income statement and the balance sheet is recorded as described above in accordance with the item concerned.

NOTES TO THE ACCOUNTS

Segment reporting

Segments EUR 1,000	Investment in securities	Industrial investments; Cables	Total
Industrial business turnover	0	31,890	31,890
Gains and losses from the trade of financial assets	5,077	0	5,077
Turnover	5,077	31,890	36,967
Segment operating profit	4,123	-548	3,576
Unallocated items			-1
Operating profit			3,575
Segment assets	42,995	73,729	116,724
Unallocated assets			3,472
Total assets	42,995	73,729	120,196
Segment liabilities	2,084	20,821	22,905
Unallocated liabilities			36,855
Total liabilities	2,084	20,821	59,761
Assets – liabilities	40,911	52,908	60,435

IFRS 3 has been observed in the recognition of margin under inventories in the process of allocating the cost of acquisition of Reka Cables Ltd. The release of the inventory margin has adverse effect of EUR 1.7 million on the operating profit and EUR 1.2 million on the net result for the period under review.

Turnover and result taking Reka Cables into account as of the beginning of the financial period

If Reka Cables Ltd had been acquired at the turn of the year and the figures taken into account for the full period under review, Neomarkka's turnover for the period 1.1.-30.9.2007 would have been EUR 77.3 million and the result for the period EUR 3.2 million. The release of the inventory margin resulting from purchase price allocation would be fully allocated by the end of the reporting period. The release of the inventory margin had adverse effect of EUR 0.9 million and is included in the result for the period.

Change in tangible assets

EUR 1,000	1-9/2007	1-12/2006
Book value at beginning of period	51	15
Investment	7,552	65
Decrease	-3	-11
Depreciation	-985	-18
Impairment	0	0
Translation difference and other changes	17,044	0
Book value at end of period	23,660	51

Tangible assets transferred with the acquisition of Reka Cables Ltd have been recognised in the translation difference and other changes.

NOTES TO THE ACCOUNTS

Contingent liabilities

EUR 1,000	30.9.2007	31.12.2006
On own behalf		
Corporate mortgages	15,000	0
Guarantees	13,600	0
Other commitments, own		
Leasing liabilities tangible assets	90	0

Investment commitments

Investment commitments on tangible assets were EUR 7.8 million on September 30, 2007 (EUR 0.0 million on December 31, 2006). Investment commitments are related to the expansion of Riihimäki's factory.

Derivative contracts

EUR 1,000	30.9.2007	31.12.2006
Nominal values		
Foreign exchange derivatives		
Currency forward contracts	2,000	21,120
Raw material derivatives		
Price hedging for metals	1,398	0
Fair values		
Foreign exchange derivatives		
Currency forward contracts	10	-90
Raw material derivatives		
Price hedging for metals	8	0

Consolidated loans have been partly hedged with interest rate caps. A cap of 4.5% has been acquired for the EUR 3 million loan for three years and a cap of 4.7% for the EUR 6.8 million loan for three years. The original interest rate base for the hedged EUR 3 million loan is the 6-month Euribor and that for the EUR 6.8 million loan the 12-month Euribor

NOTES TO THE ACCOUNTS

Business with the related parties (Reka Group)

EUR 1,000	1-9/2007	1-12/2006
Sales to Reka Group	5	0
Dividends to Reka Group	-587	-587
Acquisition of Reka Cables Ltd	-25,803	0
Other purchases from Reka Group	-3,721	0
Sales receivables and other receivables at end of period	0	0
Financial leases (activated to the balance sheet) for fixed-term rents for facilities	5,294	0
Other debts at end of period	-1	0
Guarantees given	0	0
Guarantees received	1,768	0

The changes after the acquisition of the share capital of Reka Cables Ltd have been completed in accordance with the terms of the deal. Other purchases include the acquisition of machinery and equipment to Alnus Ltd. The machinery and equipment are used at the Riihimäki factory of Reka Cables Ltd. Guarantees received include the guarantee given by Reka Ltd for a Reka Cables Ltd's loan from the Nordic Investment Bank. This guarantee will continue. No costs will be incurred by Reka Cables Ltd through the guarantee.

Acquisition of Reka Cables Ltd

Neomarkka bought the entire share capital of Reka Cables Ltd from Reka Ltd through a deal carried out on June 1, 2007. The price was paid in cash. Apart from the purchase price, the acquisition cost includes EUR 1.2 million in experts' fees relating to the deal and asset transfer tax. The following assets and liabilities were recorded under IFRS 3.

EUR 1,000	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Net assets acquired:			
Intangible assets	24	3,490	3,514
Tangible assets	13,603	3,511	17,114
Investments	74	0	74
Inventories	17,726	1,661	19,387
Non-current receivables	157	0	157
Current receivables	18,962	0	18,962
Cash in hand and at bank	660	0	660
Accounts payable	-28,609	0	-28,609
Other current liabilities	-1,012	-2,252	-3,264
Deferred tax liability	-509	0	-509
Other non-current liabilities	-5,025	0	-5,025
Total			22,460
Goodwill arising on acquisition			4,515
Total consideration, satisfied by cash			26,975

NOTES TO THE ACCOUNTS

Net cash outflow arising on acquisition:	
Cash consideration paid	-26,975
Cash and cash equivalents acquired	660
Net cash outflow arising on acquisition:	-26,315

The allocation of the acquisition cost is preliminary. The changes in the fair values of intangible assets consist of customer relations (EUR 2.8 million) and product brands and trademarks (EUR 0.7 million). The goodwill consists of personnel, experts' fees in the acquisition process, asset transfer tax and other goodwill.

Net asset value calculation

The company's net asset value is calculated by deducting liabilities from assets. The net asset value (assets less liabilities) totalled EUR 60.4 million (EUR 57.8 million) on September 30, 2007. The net asset value per share is obtained by dividing the company's net asset value by the number of shares. On September 30, 2007 the number of shares was 6,020,360, and the net asset value per share was EUR 10.04 (EUR 9.60).

According to the strategy, the investment portfolio is targeted at synergic industrial investments, which will reduce the importance of net asset value reporting.

Investments in securities

Investments in securities were distributed on September 30, 2007 as in the table below. Direct investments in hedge funds were given up. For reasons of comparability, investments in the securities issued by Nordea Bank Plc are presented in the table below as if they were a direct investment in eQ Active Hedge Fund.

EUR 1,000	Number	Market value	Acquisition value
Hedge funds			
Ind eQ Active / Nordea		5,242	5,000
Ind eQ Active / Nordea		15,595	15,000
Total hedge funds		20,837	20,000
Money market funds		1,084	1,082
Total financial assets at fair value through profit and loss, Neomarkka Oyj		21,921	21,082
Private equity			
Oulun Puhelin Oyj	746,250	3,081	3,081
Satakunnan Puhelin Oy	81,700	920	920
Other financial assets available for sale, Novalis Oyj (subsidiary fully owned by Neomarkka Plc)		4,001	4,001
Total investment in securities		25,922	25,083

NOTES

Calculation formulas for indicators

Gains and losses from the trade of financial assets	=	Turnover + other operating income - purchase of securities + / - change in inventories	
Earnings per share (EPS), EUR	=	$\frac{\text{Profit for the review period belonging to parent company owners}}{\text{Number of shares, adjusted for share issues (average)}}$	
Equity ratio, %	=	$\frac{\text{Shareholders equity + minority interest less deferred tax assets}}{\text{Balance sheet total - advances received}} \times 100$	
Return on equity, % (ROE)	=	$\frac{\text{Financial result for the period}}{\text{Shareholders equity average}} \times 100$	
Equity per share, EUR	=	$\frac{\text{Shareholders' equity - minority interest less deferred taxes}}{\text{Adjusted number of shares at the end of period}}$	



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