

# INTERIM REPORT 1 JANUARY – 30 JUNE 2010

Despite the increased turnover the operating result shows a loss

KEY FIGURES	4–6 /2010	4–6 /2009	1–6 /2010	1–6 /2009
<b>Turnover, EUR million, of which</b>	<b>22.5</b>	<b>17.8</b>	<b>39.1</b>	<b>34.8</b>
- Cable business	22.5	17.8	39.1	34.8
- Other operations	0.0	0.0	0.0	0.0
<b>Operating result, EUR million, of which</b>	<b>-1.7</b>	<b>-1.2</b>	<b>-4.0</b>	<b>-1.0</b>
- Cable business	-1.4	-0.8	-3.4	-0.5
- Other operations	-0.3	-0.4	-0.6	-0.4
<b>Profit or loss for the period, EUR million</b>	<b>-1.3</b>	<b>-0.9</b>	<b>-3.6</b>	<b>-1.3</b>
<b>Earnings per share, EUR</b>	<b>-0.24</b>	<b>-0.15</b>	<b>-0.60</b>	<b>-0.20</b>
<b>ROI, %</b>			<b>-4.0</b>	<b>0.0</b>
<b>Equity ratio, %</b>			<b>44.0</b>	<b>48.0</b>

The improved market situation in cable industry, especially in Russia increased the turnover compared as well to the previous quarter as to the corresponding period in 2009. However, both hard competition on cable markets especially in EU-area and continuously low amount of started industrial investments affect Neomarkka's profitability. Total production volume is still on too low level to achieve cost efficient production and the increased raw material prices could not be passed to the sales prices. Therefore, despite the increased turnover Neomarkka's operating result for the period remained on red figures.

In April Neomarkka invested on 30% share of prefabricated small house manufacturer Finndomo Ltd. This investment created a new segment in Neomarkka's financial reporting; Single Family House Industry. The new segment is included in Neomarkka's figures from May 2010 onwards.

Neomarkka signed a Letter of Intent regarding the purchase of former Kuitu Finland Ltd specialty cellulose fibre business production facilities on July 6, 2010. On August 3 the creditors meeting of former Kuitu Finland Ltd's estate of bankruptcy approved the Letter of Intent. This means that the parties will finalise the conditions of the purchase and close the deal during August 2010.

## TURNOVER

Neomarkka group's turnover in January – June increased by 12.3% compared to the corresponding period in 2009 to EUR 39.1 million (EUR 35.0 million) especially owing to the increased sales in cable business.

## FINANCIAL RESULT, BALANCE SHEET AND FINANCING

This report has been drawn up in accordance with IAS 34 requirements for interim reports. The same principles have been followed as in the financial statement for 2009 except for changes in IAS and IFRS standards in effect for financial periods beginning 1 January 2010. The interim report is unaudited.

Of new amendments the most significant one was in IAS 27, according to which a minority share is recognized on the result from January 1, 2010 onwards regardless of the subsidiary's shareholder's equity situation.

The effects of exchange rate changes on long-term intra-group loans are handled as translation differences in the Consolidated

Statement of Comprehensive Income and in the Statement of Shareholders' Equity in accordance with IAS 1.

## Financial Result

The operating loss in the period was EUR -4.0 million (EUR -0.9 million), of which the cable business generated EUR -3.4 million (EUR -0.5 million). Net result of the review period was EUR -3.6 million (EUR -1.3 million). Earnings per share were EUR -0.60 (EUR -0.20).

## Consolidated Balance Sheet and financing

In the consolidated balance sheet, total assets at the end of the period were EUR 96.0 million (EUR 96.7 million).

At the end of the period, net assets per share were EUR 6.84 (EUR 7.72) and the equity ratio was 44.0% (48.2%).

For financing of working capital, Reka Cables has revolving bank credit of EUR 6.0 million and factoring credit of EUR 7.5 million. On 30 June 2010, the company's overdraft facility was nearly in full use. Some EUR 3.2 million of the factoring limit remained unused.

## MAJOR EVENTS DURING THE REVIEW PERIOD

### Cable Business

The turnover from cable business operations increased by 12% compared to correspondent period in 2009 to EUR 39.1 million (EUR 34.8 million). Compared the second quarter figures 2010 and 2009 the increase is EUR 4.7 million. Most of the sales growth generated from Russian markets but also from the increased export to Scandinavian markets.

Operating result was weaker than on the review period year ago. The amount of industrial investments continued to stay on low level during the period and the awaited growth on cable demand followed by the positive economic situation in EU-area, still remained to be materialized. Raw material prices were on considerably higher level than on the review period year ago but because of the tough competition, the rise could not be respectively passed on the sales prices. In addition, some unexpected break downs in machinery during the second quarter have weakened profitability and production capacity and delivery times have not been met. The result of the review period is also depressed by the EUR 0.6 million non-recurring costs from the transfer of production equipment needed in copper wire production.

Cost savings and other measures to improve profitability have continued in Reka Cables Ltd. Co-determination negotiations concerning the factories in Finland were concluded during the review period and they resulted to lay-offs and total of 15 dismissals. A large restructuring process focusing on centralized production and marketing functions in Russian operations was finalized during the period. This new model aims to coordinate operations in the Russian factories and improve customer service even further.

Associated company Nestor Cables Ltd's turnover for the period was EUR 13.2 million (EUR 10 million). The turnover improved 33% compared to the review period last year with the help of recovered demand of fibre optic cables. Operating result for the second quarter 2010 was positive but the operating result for the review period still remained negative.

### Single Family House Industry

In April Neomarkka invested on 30% share of prefabricated small house manufacturer Finndomo Ltd. This investment created a new segment in Neomarkka's financial reporting; Single Family House Industry. The new segment is included in Neomarkka's figures from May 2010 onwards. As an associated company, Finndomo's figures will be reported in the Consolidated Income Statement as item "Share of the result of associates" including the share of Finndomo's IFRS converted result (from 1 May 2010) corresponding Neomarkka's holding of the company and the items resulting from the purchase price allocation. Finndomo's turnover and operating profit are therefore not included in Neomarkka's turnover and operating profit figures.

However, as holding in Finndomo creates a new segment in Neomarkka's reporting there will be a verbal description of the industry in Neomarkka's reporting rather than just one line in the Consolidated Income Statement.

The turnover of Finndomo Ltd in May-June 2010 was EUR 46.6 million (EUR 34.3 million) which is 38% higher than in review period in 2009. Despite the increase in turnover the high cost structure pressed the result for the period in red figures. Although work has been done to cut the costs and improve operations it was not enough to gain a positive result. In addition the prepaid design costs of the ordered houses and delays in some project sales delivery schedules weakened the profitability of the review period.

The improvement in market situation of Single Family House Industry has remarkably increased Finndomo's order inflow especially in Finland. However, in Sweden similar improvement in the markets has not been seen.

Finndomo is also a leading manufacturer in urban area construction business in Finland in addition to consumer sales. On the review period the building and sales of the first housing company in project Myllykylä was started and 85% of the apartments were sold in May-June. There are total of 125 apartments in the area of Myllypuro in Helsinki. The total value of the project is about EUR 50 million.

Earlier this year Finndomo won a competition of Helsinki city on plot utilization with Eriksson Architects Ltd and signed an agreement to deliver 16 apartments in Pakila, Helsinki. All apartments were booked by the end of June. Finndomo has now 140 plots' reservation for small house deliveries in Helsinki.

In June Finndomo agreed on delivering 20 apartments to

Sundsberg in Kirkkonummi. The agreement includes an option to deliver another 37 apartments in 2011.

In Sweden a new brand Whiteline was launched in April. The feedback on the new brand has been very positive.

The single family house deliveries in Finland in May – June consisted of two brands; FinndomoKoti and Kotitalo brand of Rautia manufactured by Finndomo.

### Other operations

Neomarkka's other investments apart from industrial investments are mainly investing cash funds. Holdings in unlisted companies have remained unchanged on the review period but their share of total investments is relatively low. The company has invested in fixed term deposits, direct corporate loans and bonds and as well as bonds with credit risk swaps. The credit risk swaps are valid for under a year and concern financially sound companies. On 30.6.2010 Neomarkka had no bonds with credit risk swaps on the balance sheet.

The company has continued to acquire its own shares based on an authorization by the Annual General Meeting on June 10, 2009. On the review period Neomarkka acquired total of 26,110 Neomarkka B series shares. The company did not acquire any own shares based on the authorization by the Annual General Meeting on June 9, 2010 on the review period.

### MAJOR EVENTS AFTER THE REVIEW PERIOD

On July 6, 2010 Neomarkka announced that it had signed a letter of intent regarding the purchase of former Kuitu Finland Ltd specialty cellulose fibre business production facilities.

In July Neomarkka sold 20,000 of its Finda Ltd shares by share price of EUR 4.00. After the trade Neomarkka owns 61,700 Finda Ltd share on the balance sheet.

On August 3, 2010 Neomarkka announced that the creditors meeting of former Kuitu Finland Ltd's estate of bankruptcy has approved the Letter of Intent concerning the purchase of specialty cellulose fibre production facilities in Valkeakoski. This means that parties will finalise the conditions of the purchase and close the deal during August 2010.

### SHARES AND SHARE CAPITAL

Neomarkka Plc's share capital is divided into A- and B-shares. The total share capital including all shares stood at EUR 24,802,000 at the end of the review period and the total number of shares was 6,020,360. The number of shares includes 87,517 B-shares held by Neomarkka Group.

Neomarkka Plc's B-share is quoted on the main list of NASDAQ OMX Helsinki Ltd. The closing price on June 30, 2010 was EUR 6.33 (EUR 6.01) and the average share price for the period was EUR 6.85. The share turnover in the review period was 222,167 shares (148,752), which was 3.7% (2.5%) of listed B-shares. The lowest quotation during the period was EUR 5.91 (EUR 4.45) and the highest quotation was EUR 8.20 (EUR 6.70). On 30 June 2010 the market capitalisation of the company was EUR 37.6 million (EUR 36.1 million).

### ACQUISITION OF OWN SHARES

The Board of Directors has used the authorization granted by the AGM on June 10, 2009 and acquired 26,110 Neomarkka Plc's B-shares during the review period for EUR 179,951.83. The value of the shares on June 30, 2010 calculated using the closing price was EUR 165,276.30. The holding corresponds with 1.4% of the company's share capital and 1.0% of votes.



On June 10, 2010 the company announced that the Board of Directors has decided to exercise the authorization given by the Annual General Meeting on June 9, 2010 to acquire the company's own series B shares. The company did not acquire any own shares based on this authorization on the review period.

## INVESTMENTS

Investments made in the cable business on the review period totalled EUR 0.8 million (EUR 1.0 million). In addition Neomarkka made a EUR 6 million investment on 30% share of prefabricated small house manufacturer Finndomo Ltd. Long-term leases have been recognised as fixed assets in line with IFRS.

## ANNUAL GENERAL MEETING AND CORPORATE GOVERNANCE

Neomarkka Plc's Annual General Meeting will be held on June 9, 2010 at Hyvinkää.

Annual General Meeting (AGM) adopted the accounts for 2009 and granted the Company's Board of Directors and Managing Director discharge from responsibility for the period.

The AGM approved the proposal by the Board of Directors that a dividend of EUR 0.25 per share will be distributed on the company's A and B shares for the year 2008.

The AGM approved the proposed annual remuneration and bonus of the Board of Directors and committees.

The AGM approved the proposal that the number of members of the Board of Directors shall be six (6) and nominated the following persons be re-elected to the Board of Directors: chairman Matti Lainema, deputy chairman Pekka Soini and the members Ilpo Helander, Risto Kyhälä, Matti Lappalainen and Taisto Riski. No deputy members were elected.

The AGM approved the proposal that Authorized Public Accountants Ernst & Young Ltd, with Authorized Public Accountant Heikki Ilkka as responsible auditor, be elected as the auditor of the company for a term that expires at the end of the Annual General Meeting of 2010.

The AGM approved the Board of Directors proposal that it be authorized to decide on acquisition of the company's own shares and to decide on an issue of new class B shares and on a transfer of class B treasury shares held by the company either against or without payment. The Board of Directors may also decide on a share issue to the company itself without payment. The authorizations will be in force until the next Annual General Meeting.

The AGM approved the Board of Directors proposal to change the Company's Articles of Association on sections 3 § Field of operations, 9 § Representing the Company, 13 § Shareholders' meeting and 14 § Invitation to the shareholders' meeting.

The Board has appointed its members Taisto Riski, Pekka Soini and Ilpo Helander as members of its new audit committee.

The managing director of Neomarkka Plc is Markku E. Rentto.

## PERSONNEL

The Group employed an average 518 people (506). On 30 June 2010 Group personnel numbered 516, of whom 513 were in the cable business.

## GROUP STRUCTURE AND SHAREHOLDERS

Neomarkka Plc is the parent company in a Group consisting of Neomarkka's fully owned subsidiaries Novalis Plc and Alnus Ltd and their subsidiaries and associated companies. The domicile of the parent company is Hyvinkää.

On June 30, 2010, Neomarkka Plc had 12,499 (12,709) shareholders. The company's largest shareholder, Reka Ltd had a 50.76% (50.76%) holding of shares and 60.77% (60.77%) of votes at the end of the review period. Thus Neomarkka Plc is part of Reka Group. Reka Ltd is domiciled in Hyvinkää.

At the end of the review period, the combined holding of the ten largest shareholders was 61.3% of shares (60.7%) and 73.1% of votes (72.7%).

## NEAR-TERM RISKS AND HEDGING MEASURES

Neomarkka's main financial risks are currency, interest rate, commodity, liquidity, credit and investment market-risks. The financial risks and their hedging measures are described in more details in the notes to the Consolidated Financial Statements 2009.

The company's future risk factors are tied to the development of business operations of the invested companies. The most significant risks in the Cable Business relate to changes in market conditions, fluctuating raw material prices and exchange rate movements. Reka Cables has 2007 carried out extensive risk analysis to chart these risks and hedge them.

The most significant risks in the Single Family House Industry relate to competition and demand of the markets, the level of production capacity utilization and changes in the raw material prices.

In 2009, Audit Committee was focusing on risks on business operations in Russia by initiating a risk assessment. The results of the assessment will be utilized in 2010 internal audit.

The company believes that the Russian cable market will grow and develop, and has made substantial investments to exploit business opportunities there. The investments contain the risk that growth in Russia will not live up to expectations.

## NEAR TERM OUTLOOK

The turnover of Cable Business is expected to increase both in Russia and Scandinavia on the latter part of the year. We still believe that the full year result of the cable business will be better than in 2009.

The market conditions in the Single Family House Industry is expected to continue positive. The good order book gives good preconditions for a significantly better, however still negative result compared to last year.

Helsinki 5 June. 2010  
Neomarkka Plc  
Board of Directors

# SUMMARISED FINANCIAL STATEMENT AND NOTES

## CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	I.4. - 30.6.2010	I.4. - 30.6.2009	I.I. - 30.6.2010	I.I. - 30.6.2009
<b>Turnover</b>	<b>22,482</b>	<b>17,815</b>	<b>39,085</b>	<b>34,809</b>
Change in inventories of finished products and production in progress	-1,619	509	-2,351	596
Production for own use	-9	4	28	8
Materials and services	-15,132	-11,817	-25,795	-20,270
Personnel expenses	-3,543	-3,692	-6,706	-7,670
Depreciation and impairment	-754	-1,280	-1,969	-2,466
Other operating income and expenses	-3,156	-2,684	-6,281	-6,065
	-24,213	-18,960	-43,074	-35,867
<b>Operating profit or loss</b>	<b>-1,732</b>	<b>-1,145</b>	<b>-3,989</b>	<b>-1,058</b>
Financial income	872	753	1,279	1,260
Financial expenses	-1,206	-765	-1,501	-1,326
Share of the result of associates	-259	0	-259	-202
<b>Profit or loss before taxes</b>	<b>-2,325</b>	<b>-1,157</b>	<b>-4,470</b>	<b>-1,326</b>
Taxes	977	229	879	60
<b>Profit or loss for the period</b>	<b>-1,347</b>	<b>-928</b>	<b>-3,592</b>	<b>-1,266</b>
Profit or loss attributable to				
Equity holders of the parent	-1,426	-915	-3,606	-1,227
Minority interests	78	-13	14	-39
	-1,348	-928	-3,592	-1,266
Earnings per share attributable to the shareholders of the parent (EUR)				
before and after dilution, EUR	-0.24	-0.15	-0.60	-0.20
Number of shares	5,932,843	6,014,476	5,932,843	6,014,476
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>				
<b>Profit or loss</b>	<b>-1,348</b>	<b>-928</b>	<b>-3,592</b>	<b>-1,266</b>
<b>Other comprehensive items</b>				
Translation differences related to foreign units	328	205	2,079	-803
	0	-134	0	-10
Total	328	72	2,079	-813
<b>Total comprehensive income</b>	<b>-1,019</b>	<b>-856</b>	<b>-1,513</b>	<b>-2,078</b>
<b>Total comprehensive income attributable to</b>				
Equity holders of the parent	-1,199	-843	-1,629	-2,039
Minority interest	180	-13	115	-39
	-1,020	-856	-1,513	-2,078

## CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	6/30/2010	12/31/2009
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	3,327	3,520
Other intangible assets	8,336	6,794
Tangible assets	32,765	32,979
Holdings in associates	5,741	0
Receivables	66	0
Derivative contracts	55	55
Deferred tax assets	937	909
<b>Total non-current assets</b>	<b>51,227</b>	<b>44,257</b>
<b>Current assets</b>		
Inventories	16,267	21,085
Available-for-sale financial assets	3,733	3,733
Sales receivables and other receivables	18,728	15,431
Tax receivables from the profit	1,229	131
Derivative contracts	390	1,170
Other financial assets	90	7,016
Cash and cash equivalents	4,364	3,000
<b>Total current assets</b>	<b>44,801</b>	<b>51,566</b>
<b>Total Assets</b>	<b>96,027</b>	<b>95,823</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholder's equity		
Share capital	24,082	24,082
Premium fund	67	66
Reserve fund	1,221	1,221
Own shares	-569	-381
Translation differences	66	-2 013
Retained profit	-5,584	-309
Other unrestricted equity	21,327	21,327
<b>Equity attributable to shareholders of the parent</b>	<b>40,610</b>	<b>43,992</b>
Minority interest	1,644	1,445
<b>Total shareholders' equity</b>	<b>42,254</b>	<b>45,437</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,250	4,012
Provisions	832	650
Interest-bearing liabilities	19,717	18,472
	86	0
<b>Current liabilities</b>		
Tax liabilities from the profit	270	46
Reserves	0	176
Short-term interest-bearing liabilities	12,433	10,432
Derivative contracts	126	32
Accounts payable and other liabilities	16,059	16,568
<b>Total liabilities</b>	<b>53,773</b>	<b>50,386</b>
<b>Shareholders' equity and liabilities</b>	<b>96,027</b>	<b>95,823</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31.12.2008	24,082	66	1,221	-1,683	21,327	5,091	50,104	159	50,263
Translation differences				-803		0	-803		-803
Profit/loss for the period						-1,237	-1,237	-39	-1,276
Dividends paid						-1 504	-1 504		-1 504
Acquisition of own shares						-33	-33		-33
Minority interest							0	-26	-26
<b>Shareholders' equity 30.6.2009</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>-2,486</b>	<b>21,327</b>	<b>2,317</b>	<b>46,527</b>	<b>94</b>	<b>46,621</b>

EUR 1,000	Share capital	Premium fund	Reserve fund	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31.12.2009	24,082	66	1,221	-2,013	21,327	-690	43,993	1 445	45,437
Translation differences				0			0		0
Profit/loss for the period		1		2,079		-3,707	-1,627	1 15	-1,512
Dividends paid						-1,483	-1,483		-1,483
Acquisition of own shares						-188	-188		-188
Minority interest						-84	-84	84	0
<b>Shareholders' equity 30.6.2010</b>	<b>24,082</b>	<b>67</b>	<b>1,221</b>	<b>66</b>	<b>21,327</b>	<b>-6,152</b>	<b>40,610</b>	<b>1,644</b>	<b>42,254</b>

## STATEMENT OF CASH FLOWS (IFRS)

EUR 1,000	1.1. - 30.6.2010	1.1. - 30.6.2009
<b>Cash flows from operating activities</b>		
Payments received from operating activities	32,308	35,761
Payments paid on operating activities	-33,389	-35,505
Paid interests and other financial expenses	-644	-2,294
Interests received and other financial incomes	873	239
Direct taxes paid	-3	1,123
<b>Net cash provided by operating activities</b>	<b>-855</b>	<b>-676</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries and new business	-6,000	-138
Change in purchase price of subsidiary shares	0	1,200
Investments in tangible assets	-777	-461
Investments in intangible assets	-4	-363
Proceeds from sale of other financial assets	6,926	1,738
Loans granted	-250	0
<b>Net cash provided by investing activities</b>	<b>-104</b>	<b>1,976</b>
<b>Cash flows from financing activities</b>		
Acquisition of own shares	-187	-18
Increase in loans	5,079	0
Decrease in loans	-867	-1,941
Payments of finance lease activities	-372	-374
Dividends paid	-1,483	-1
<b>Net cash provided by financing activities</b>	<b>2,170</b>	<b>-2,334</b>
<b>Change in cash and cash equivalents</b>	<b>1,210</b>	<b>-1,034</b>
Cash and cash equivalents at beginning of the period	3,000	6,570
Exchange rate differences	154	-72
<b>Change in cash and cash equivalents at the end of the period</b>	<b>4,364</b>	<b>5,464</b>



## NOTES

This report has been drawn up in accordance with IAS 34 requirements for interim reports.

### PRINCIPLES USED

The interim report applies the same principles as in the financial statement for 2009 except for changes in IAS and IFRS standards in effect for financial periods beginning 1 January 2010 and later.

Of new amendments the most significant one was in IAS 27, according to which a minority share is recognized on the result from January 1, 2010 onwards regardless of the subsidiary's shareholder's equity situation.

### Segment information

30 June 2010 EUR 1,000	Cable business	Single Family House Industry and Other operations	Eliminations and balancing	Group total
<b>Turnover</b>	<b>39,085</b>	<b>0</b>	<b>0</b>	<b>39,085</b>
<b>Segment's operating profit</b>	<b>-3,434</b>	<b>0</b>		<b>-3,434</b>
Unallocated items	0	-555		-555
<b>Operating profit</b>	<b>-3,434</b>	<b>-555</b>		<b>-3,989</b>
Share of the result of associates		-259		-259
Unallocated items			656	656
<b>Profit or loss for the period</b>				<b>-3,592</b>
<b>Assets</b>				
Segment's assets	81,097		0	81,097
Unallocated items		15,913	-983	14,930
<b>Total assets</b>	<b>81,097</b>	<b>15,913</b>	<b>-983</b>	<b>96,027</b>
<b>Liabilities</b>				
Segment's liabilities	53,776	3,503		57,279
Unallocated items		11,203	-14,708	-3,506
<b>Total liabilities</b>	<b>53,776</b>	<b>14,706</b>	<b>-14,708</b>	<b>53,773</b>
<b>Assets - liabilities</b>	<b>27,321</b>	<b>1,208</b>	<b>13,725</b>	<b>42,254</b>
<b>Investments</b>	<b>839</b>	<b>0</b>	<b>0</b>	<b>839</b>
<b>Depreciations</b>	<b>-1,969</b>	<b>0</b>	<b>0</b>	<b>-1,969</b>

30 June 2009 EUR 1,000	Cable business	Single Family House Industry and Other operations	Eliminations and balancing	Group total
<b>Turnover</b>	<b>34,809</b>	<b>45</b>	<b>-45</b>	<b>34,809</b>
<b>Segment's operating profit</b>	<b>-451</b>			<b>-451</b>
Unallocated items		-607	0	-607
<b>Operating profit</b>	<b>-451</b>	<b>-607</b>		<b>-1,058</b>
Share of the result of associates	-202			-202
Unallocated items			-6	-6
Profit or loss for the period				-1,266
<b>Assets</b>				
Segment's assets	79,735		0	79,735
Unallocated items		19,139	-712	18,427
<b>Total assets</b>	<b>79,735</b>	<b>19,139</b>	<b>-712</b>	<b>98,162</b>
<b>Liabilities</b>				
Segment's liabilities	52,396			52,396
Unallocated items		12,355	-14,329	-1,974
<b>Total liabilities</b>	<b>52,396</b>	<b>12,355</b>	<b>-14,329</b>	<b>50,422</b>
<b>Assets - liabilities</b>	<b>27,339</b>	<b>6,784</b>	<b>13,617</b>	<b>47,740</b>
<b>Investments</b>	<b>963</b>	<b>0</b>	<b>0</b>	<b>963</b>
<b>Depreciations</b>	<b>-2,466</b>	<b>0</b>	<b>0</b>	<b>-2,466</b>

<b>Cable business turnover per product group, EUR 1,000</b>	<b>1-6/2010</b>	<b>1-6/2009</b>
LV energy	13.7	13.8
Power cable	25.4	21.0
<b>Total</b>	<b>39.1</b>	<b>34.8</b>

  

<b>Cable business turnover per sales area, EUR 1,000</b>	<b>1-6/2010</b>	<b>1-6/2009</b>
EU-countries	31.4	32.2
Non-EU-countries	7.7	2.6
<b>Total</b>	<b>39.1</b>	<b>34.8</b>

The three largest customer groups for cable are Onninen, Rexel and Sonepar, each of which accounts for more than 10% of turnover.

## ASSOCIATES ACQUIRED

In April Neomarkka invested on 30% share of prefabricated small house manufacturer Finndomo Ltd. Below is the purchase price allocation calculation.

EUR 1,000	Share of acquirees book value	Fair value and recalculation adjustments	Fair value
<b>Net assets acquired</b>			
Intangible assets	104	4,787	4,891
Tangible assets	8,032	1,099	9,131
Inventories	8,336	0	8,336
Deferred tax receivables	732	3,878	4,610
Current receivables	3,986	0	3,986
Cash in hand and at bank	803	0	803
Available for sale assets	19	1,416	1,435
Provisions	-10	0	-10
Current liabilities	-12,397	0	-12,397
Non-current liabilities	-18,204	0	-18,204
Deferred tax liabilities	-209	-1,905	-2,114
<b>Total net assets acquired</b>			<b>469</b>
<b>Share of the net assets of associate</b>			<b>469</b>
<b>Goodwill</b>			<b>5,531</b>
<b>Total cost of acquisition</b>			<b>6,000</b>



**Change in non-current assets**

EUR 1,000

	01-06 /2010	01-12 /2009
Book value at the beginning of the period	32,978	34,686
Investment	477	3,235
Decrease	0	-1,244
Depreciations	-953	-4,067
Translation differences	263	368
<b>Book value at the end of the period</b>	<b>32,765</b>	<b>32,978</b>

**Contingent liabilities**

1 000 EUR

	6/30/2010	12/31/2009
Debts with corporate mortgages		
Loans from financial institutions	5,870	6,489
Granted corporate mortgages	15,000	15,000
Debts with securities or guarantees		
Loans from financial institutions	10,200	10,767
Book value of pledged securities	25,787	25,787
Granted guarantees	10,200	10,767
<b>Other collaterals</b>		
Gaurantees and payment commitments	1,138	1,058

Sales receivables, which were EUR 6.7 million on 30.6.2010 (EUR 3.6 million on 31.12.2009), are surety for factoring credit, which was EUR 5.5 million on 30.6.2010 (EUR 0.4 million on 31.12.2009).

**Investment commitments**

Investment commitments on tangible non-current assets were EUR 1.3 million on 30.6.2010 (EUR 0.4 million on 31.12.2009).

## NOTES

<b>Derivative contracts</b> EUR 1,000	<b>Positive current values</b>	<b>Negative current values</b>	<b>Current net values 30 June 2010</b>	<b>Current net values 31 Dec 2009</b>	<b>Nominal values 30 June 2010</b>	<b>Nominal values 31 Dec 2009</b>
<b>Interest rate derivatives</b>						
Interest rate ceiling options	0	0	0	0	0	9,800
<b>Currency derivatives</b>						
Forward contracts	0	-24	-24	-32	1,545	1,500
<b>Credit derivatives</b>						
Credit risk swaps	0	0	0	78	0	10,000
<b>Raw material options</b>						
Metal derivatives	445	-188	257	1,147	3,924	3,406
Total derivatives	445	-212				
<b>Long term derivatives deducted</b>						
Metal derivatives	55	-86				
Short-term share	390	-126				

Derivatives have been valued using market capitalisation reports published by hierarchy level 2 third parties.  
Interest rate ceiling options expired in June 2010.

### Related party events (Reka Group)

EUR 1,000	<b>1-6/2010</b>	<b>1-6/2009</b>
Sales to Reka Group	12	18
Dividends to Reka Group	-764	-764
Other purchases from Reka Group	-688	-600
Sales receivables and other receivables at end of the period	1,167	625
Finance leases (activated on the balance sheet)	-8,113	-8,862
Other debts at end of the period	-128	-299

### Available-for-sale financial assets

EUR 1,000	<b>Book value 6/30/2010</b>	<b>Book value 12/31/2009</b>
Private equity		
Oulu ICT Ltd	2,813	2,813
Finda Ltd	920	920
Total available-for-sale financial assets	3,733	3,733

## Calculation of key figures

Return on investment (ROI) %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{[\text{Balance sheet total – obligatory provisions and non-interest bearing liabilities}] \text{ (average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest minus deferred tax liabilities}}{\text{Balance sheet total – advances received}} \times 100$
Earnings per share (EPS), EUR	=	$\frac{\text{Profit for the period belonging to equity holders of the parent}}{\text{Number of shares adjusted for share issues (average)}}$
Equity/share, EUR	=	$\frac{\text{Shareholders' equity - minority interest minus deferred tax liabilities}}{\text{Number of shares adjusted for share issues at the end of the financial period}}$

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 'believe', 'assume', 'will be', 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.

[www.neomarkka.fi](http://www.neomarkka.fi)

Neomarkka Plc strategy is to invest mainly in industrial companies with similar synergic benefits. The aim of investments is with active ownership to develop the purchased companies and establish additional value. Returns are sought both through dividend flow and an increase in value. Neomarkka's B shares are listed on the NASDAQ OMX Helsinki main market.



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