

# Neomarkka Group

## Interim Report

### I.I. - 30.9.2008

**\* Neomarkka grew in Russia**  
**\* Strong decrease of metal prices and delayed installations of domestic production lines affected the result**

KEY FIGURES	7-9/08	7-9/07	1-9/08	1-9/07
Turnover, EUR million	31.3	22.8	90.3	37.0
of which				
- Cable business turnover	31.1	23.3	91.0	31.9
- Gains and losses from trade of financial assets	0.2	-0.6	-0.7	5.1
Operating profit, EUR million	-0.2	-1.2	3.3	3.6
of which				
- Cable business	0.1	-0.5	5.1	-0.5
- Trade of financial assets	-0.3	-0.7	-1.6	4.1
Profit for the financial year, EUR million	-0.8	-1.1	0.4	1.8
Earnings per share, EUR	-0.12	-0.19	0.08	0.29

Return on investment (ROI) during period under review was 3.5 % (3.7 %). Equity ratio is 48.7 % (50.3 %).

Neomarkka has executed the new strategy since June 2007. All financial figures are not fully comparable to the corresponding period of the previous year, because the business operations have changed substantially.

The acquired OAO Expocable's financial figures have been taken into the account in cable business segment reporting starting from 1 August 2008.

Reka Cables (Reka Cables Ltd and its subsidiaries) belong to the cable business segment and has been part of Neomarkka Group since 1.6.2007. These financial figures of Reka Cables are comparable:

REKA CABLES	1-9/08	1-9/07
Turnover, EUR million	90.1	72.2
Operating profit, EUR million	5.8	4.2

#### Major events during the period under review

##### *Industrial private equity investments; Cables*

The turnover and operating profit of Reka Cables increased also during the third quarter. However, the growth was limited by the delayed and prolonged installations of

the Riihimäki medium- and high voltage factory machines. The changes needed for the installation of the machines decreased the available production capacity of medium- and high voltage products. Orders were postponed and partly also cancelled. The delay has caused also turbulence in the production process. Operating profit includes costs amounting to EUR 0.8 million.

The prices of the metals (copper and aluminium) have been very volatile. The rapid price decrease of metals in September affected the stock valuation diminishing the operating profit in September by EUR 1.0 million.

In August Neomarkka bought majority of the shares of Russian cable manufacturer. OAO Expocable is producing special cables e.g. for the use of oil and gasworks. The company is situated next to the power cable factory of Reka Cables. The acquisition expanded the coverage of Neomarkka's cable business in Russia and enabled the development of the factory area in Podolsk. The total investment decision of close to EUR 20 million was made to develop the cable production in Russia. The amount includes machinery and equipment purchases, enlargement of the production buildings, changes in the factory area and the acquisition of OAO Expocable.

Russia's share of the turnover during the period under review was EUR 11.4 million (EUR 2.2 million). Despite the strong growth the sales has suffered due to the delays of Riihimäki production plant. The St. Petersburg market area has been entered also by medium voltage products. On the other hand major projects in Moscow area have been postponed due to the financial situation. Capacity problems limit new order intake for the rest of the year regarding some products.

The associated company Nestor Cables Ltd's planned delivery capability of fibre optic telecommunication cables was reached only at the end of the second quarter. Also the installations of the machines needed for the copper cables have been delayed and during the implementation there have been material losses. The demand has been lower during the third quarter due to the fact that customers have lowered their stock levels. The delay of installations is shown in the financial result. The loss has been included in the Group result according to share of ownership (30 %).

##### *Investments in securities*

During the third quarter of the year, the gains and losses from the financial assets were slightly positive. However, the gains and losses from the financial assets during the period under review were negative and the segment made operating losses.

Neomarkka has detached from the bonds issued by Nordea Bank Plc on 30 June 2008. The costs incurred from the detach made earlier than what was agreed in the agreements has been included to the financial figures.

The market risk of the investments in securities is very low because Neomarkka does not have shares or share related derivatives in the investment portfolio. The funds are

mainly invested in temporal deposits.

Regarding ownership relating private equity, no changes were made during the period.

### **Neomarkka shares; prices and volumes traded**

Neomarkka Plc's B shares are listed on the NASDAQ OMX Helsinki. The closing price at the end of the review period was EUR 9.00 (EUR 9.65) per share. On 31 December 2007 the price was EUR 9.79 per share. The share turnover in the review period was 339,309 (2,263,490) shares. The lowest B share quotation was EUR 7.90 (EUR 7.78) and the highest quotation was EUR 10.50 (EUR 9.85).

### **Financial result, balance sheet and financing**

The interim report has been drawn up in accordance with the IAS 34 requirements for interim reports. Same principles for drawing up consolidated financial statements has been followed as in the financial statement 2007. The minority interests have been taken into the consideration. The exchange rate differences of the long term intra-group loans are handled in translation differences. The interim report is unaudited.

### **Financial result**

The consolidated turnover totalled EUR 90.3 million in the review period, consisting of the turnover of the cable business and the gains and losses from the trade of financial assets. The turnover of the cable business totalled EUR 91.0 million (EUR 31.9 million). The gains and losses from the trade of financial assets totalled EUR -0.7 million (EUR 5.1 million) in the review period.

Operating profit for the review period was EUR 3.3 million (EUR 3.6 million), of which the operating profit of the cable business was EUR 5.1 million (EUR -0.5 million). The operating loss of the trade of financial assets was EUR -1.6 million (operating profit EUR 4.1 million). The net result for the review period was EUR 0.4 million (EUR 1.8 million). Earnings per share were EUR 0.08 (EUR 0.29).

### **Balance sheet and financing**

At the end of the review period the balance sheet totalled EUR 117.1 million (EUR 120.2 million).

At the end of the review period, the equity per share was EUR 9.49 (10.04) and the equity ratio was 48.7 % (50.3 %).

The growth of cable business requires financing of the working capital. Therefore the check account limit of Reka Cables has been increased to EUR 6.0 million. Reka Cables has also the factoring credit limit of EUR 7.5 million.

The delays in the start-up process of the associated company Nestor Cables Ltd are seen in the financing situation of the company. Check account limits are in use and further financing possibilities are being surveyed to be able to have more flexibility in the monthly variations. The business operations start-up is financed with both own and external capital.

The liquidity situation of the Group is good.

### **Investments**

The investments made in the review period relate to the cable business, totalling EUR 16.1 million of which the acquisition of the majority of the share capital of OAO Expocable was EUR 7.3 million (EUR 37.0 million of which purchase of Reka Cables was EUR 27.0 million). Long-term leases have been recognised as fixed assets under IFRS.

### **Shareholders' meeting and governance**

The Annual General Meeting (AGM) was held on 11 June 2008. The AGM resolved to accept the Annual Report, the Financial Statement and the Consolidated Financial Statements from fiscal period 2007 and accepted the proposal of the Board of Directors to pay dividend of EUR 0.50 per share. From the financial year 2006 a dividend of EUR 0.30 per share was paid.

The AGM discharged the Board of Directors and the Managing Director for fiscal period 2007.

The AGM resolved to elect five members to the Board of Directors of Neomarkka Plc and re-elected the following members: Jorma Wiitakorpi as chairman of the Board, Matti Lainema as vice chairman and as members Ilpo Helander, Taisto Riski and Pekka Soini.

The AGM authorized the Board of Directors to acquire the company's own shares and to decide on the issue of shares and special rights entitling to shares as proposed.

As external auditor for the fiscal period 2008 the AGM elected Deloitte & Touche Ltd, Authorized Public Accountants, having Hannu Mattila, APA, as main auditor.

Taisto Riski and Matti Lainema, members of the Board of Directors, are the members of the Audit Committee.

The Managing Director of Neomarkka Plc is Markku E. Rentto.

### **Personnel**

The Group employed an average of 367 people (135). Group personnel numbered 540 on 30 September 2008, of which 537 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 parent company is Hyvinkää.

At the end of the review period, Neomarkka Plc had 12,705 (13,132) shareholders. The biggest shareholder Reka Ltd, had a 50.76 % (50.76 %) interest at the end of the review period, with 65.77 % (65.77 %) of all votes. Neomarkka Plc is thus part of the Reka Group. Reka Ltd's domicile is Hyvinkää.

At the end of the review period, the aggregate ownership of the ten largest shareholders was 60.05 % (59.59 %) of all shares and 72.18 % (71.90 %) of all votes.

### Major events after the review period

The installations and tests of machinery at the Riihimäki factory have been continued. Major part of the installations have been finished but the last part of the machinery of the production line and some machines enabling the widening of the high voltage product assortment will be installed during the last months of the year. The delay of machinery installations in Riihimäki has affected to the timetable of the extension and changes to Russian production plants buildings and machinery. The extension project in Russia will proceed fully after the extension in Riihimäki has been finished.

Reka Cables Ltd has started the co-operation negotiations on 11 November 2008 concerning factories in Hyvinkää and in Keuruu due to the seasonal fluctuations. More detailed need for lay-offs and length of lay-offs will be specified during the negotiations. Possible adjustments will start earliest on 3 December 2008.

The volatility of metal prices has continued. The situation in the financial markets shows in economy and the demand of cables has decreased at least instantaneously. The world metal reserves have grown and prices of both aluminium and copper have further decreased. The need to downsize these reserves has tightened the competition.

Reka Cables Ltd has paid back its loan to the Nordic Investment Bank. At the end of September the loan in the balance sheet was EUR 1.3 million.

Regarding investments in securities, assets have been invested in short-term investments.

### Assessment of uncertainty factors and business risks

The main financial risks of Neomarkka are currency, interest rate, commodity, liquidity, credit and investment market-risks. These financial risks and their hedging measures are explained further in the notes to the financial statement for year 2007.

In accordance with the updated strategy in 2007, future risk factors are more closely tied to trends in the business operations of a small number of portfolio companies and to normal business risks. The previous strategy based Neomarkka's risk on a widely distributed market risk.

The most significant risks at Reka Cables and OAO Expocable are the fluctuation in raw material costs and more rapid changes in the volume of orders than in the past. In order to be aware of the risks and prepare for them, Reka Cables Ltd has carried out an extensive risk-charting process.

The company believes that the cable markets in Russia will grow and develop and has invested heavily in exploiting the business opportunities there. These investments include a risk that the growth in Russia will not take place according to expectations.

Nestor Cables Ltd's business carries cable business risks and the risks involved in starting up a new company.

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.

### Prospects for the near future

The volatility of metal prices has continued. The prices of metals have decreased substantially since July 2008, 40 % in copper and 30 % in aluminium. The prices of the metals at the end of the year are estimated to be roughly at the level of today. The situation in the financial markets shows in economy and the demand of cables has decreased at least instantaneously. At this moment it is difficult to safely estimate the length and volume of the decrease of demand for building related cables.

In the previous interim report it was stated that due to the production facilities in Russia and the expansion of the Riihimäki production facilities the turnover of industrial activities will exceed EUR 120 million and that there will be increase in profitability.

The delay of machinery installations in Riihimäki will cause EUR 10 million loss of turnover. Therefore the turnover is estimated to be somewhat less than EUR 120 million. The operative business profit before metal write offs is estimated to remain at the level of year 2007. The adverse effects of only write offs of metals have by now risen to EUR 2 million and the result is estimated to be significantly below the result of the last year and the goal.

Majority of Neomarkka's investments in securities are in capital secured short term investments.

Helsinki, 10 November 2008

Neomarkka Plc  
Board of Directors

## CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	1.7.-30.9.2008	1.7.-30.9.2007	1.1.-30.9.2008	1.1.-30.9.2007
Industrial business turnover	31,043	23,347	90,980	31,890
Gains and losses from the trade of financial assets	237	-557	-703	5,077
<b>Turnover</b>	<b>31,280</b>	<b>22,790</b>	<b>90,277</b>	<b>36,967</b>
Change in inventories of finished products and production in progress	-1,700	-563	4,245	-1,417
Production for own use	58	1	116	11
Materials and services	-21,750	-17,517	-69,845	-23,231
Personnel expenses	-3,916	-2,892	-11,269	-4,109
Depreciation and impairment	-972	-836	-2,776	-1,117
Other operating income and expenses	-3,171	-2,218	-7,402	-3,529
	-31,451	-24,025	-86,931	-33,392
<b>Operating profit</b>	<b>-171</b>	<b>-1,235</b>	<b>3,346</b>	<b>3,575</b>
Financial income	212	0	383	0
Financial expenses	-457	-481	-1,828	-1,464
Share of the result of associates	-279	0	-566	0
<b>Profit before taxes</b>	<b>-695</b>	<b>-1,716</b>	<b>1,335</b>	<b>2,111</b>
Taxes	-105	597	-908	-343
<b>Profit for the financial year</b>	<b>-800</b>	<b>-1,119</b>	<b>427</b>	<b>1,768</b>
<b>Allocation of profit for the period:</b>				
To equity holders of the parent	-710	-1,119	511	1,768
To minority interest	-90	0	-84	0
	-800	-1,119	427	1,768
Earnings per share calculated on the profit attributable to the parent after and before dilution, EUR	-0.12	-0.19	0.08	0.29
Number of shares	6,020,360	6,020,360	6,020,360	6,020,360

## CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	30.9.2008	31.12.2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	4,669	4,527
Other intangible non-current assets	7,278	3,479
Tangible non-current assets	33,812	23,916
Holdings in associates	486	1,004
Deferred tax assets	597	204
<b>Total non-current assets</b>	<b>46,842</b>	<b>33,130</b>
<b>Current assets</b>		
Inventories	23,309	16,815
Financial assets recognised at fair value through profit and loss	20,670	37,034
Available-for-sale financial assets	4,001	4,001
Sales receivables and other receivables	19,493	12,154
Cash in hand and at bank	2,819	3,268
<b>Total current assets</b>	<b>70,292</b>	<b>73,271</b>
<b>Total assets</b>	<b>117,134</b>	<b>106,401</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' Equity</b>		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Translation differences	-133	-145
Retained profit	10,063	11,971
Other unrestricted equity	21,327	21,327
Profit for the financial year	511	1,153
<b>Equity attributable to equity holders of the parent</b>	<b>57,137</b>	<b>59,675</b>
<b>Minority interest</b>	<b>-72</b>	<b>0</b>
<b>Total shareholders' equity</b>	<b>57,065</b>	<b>59,675</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	3,103	2,091
Provisions	1,331	540
Interest-bearing liabilities	22,453	22,512
<b>Short-term liabilities</b>		
Tax liabilities from the profit	253	198
Short-term interest-bearing liabilities	14,379	4,999
Accounts payable and other liabilities	18,549	16,386
<b>Total liabilities</b>	<b>60,069</b>	<b>46,726</b>
<b>Shareholders' equity and liabilities</b>	<b>117,134</b>	<b>106,401</b>

## BALANCING ACCOUNT OF SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Pre-mium fund	Reserve fund	Translation differences	Other unrestr. equity	Retained profit	Total	Minority interest	Shareholders' equity total
Shareholders' equity									
31.12.2006	24,082	66	1,221		21,327	13,777	60,473		60,473
Changes							0		0
Profit for the financial year						1,768	1,768		1,768
Total returns and costs during the period						1,768	1,768		1,768
Dividends paid						-1,806	-1,806		-1,806
Minority interest								0	0
<b>Shareholders' equity 30.9.2007</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>0</b>	<b>21,327</b>	<b>13,739</b>	<b>60,435</b>	<b>0</b>	<b>60,435</b>
EUR 1,000									
Shareholders' equity									
31.12.2006	24,082	66	1,221	-145	21,327	13,124	59,675		59,675
Changes				12		-51	-39		-39
Profit for the financial year						511	511		511
Total returns and costs during the period				12		460	472		472
Dividends paid						-3,010	-3,010		-3,010
Minority interest								-72	-72
<b>Shareholders' equity 30.9.2008</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>-133</b>	<b>21,327</b>	<b>10,574</b>	<b>57,137</b>	<b>-72</b>	<b>57,065</b>

## CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000

I.I.-30.9.2008 I.I.-30.9.2007

### Operating activities

Payments received from operating activities	116,751	181,208
Payments paid on operating activities	-102,514	-122,989
Paid interests and other financial expenses	-1,295	-2,016
Interests received and other financial incomes	226	265
Direct taxes paid	-1,502	-1,135
<b>Total operating activities</b>	<b>11,669</b>	<b>55,333</b>

### Investing activities

Acquisition of subsidiaries and new business	-7,110	-26,909
Investments in tangible assets	-7,362	-5,931
<b>Total investing activities</b>	<b>-14,472</b>	<b>-32,840</b>

### Financing activities

Increase in loans	7,084	22,018
Decrease in loans	-1,307	-43,000
Payments of financial leases	-464	-168
Dividends paid	-2,956	-1,783
<b>Total financing activities</b>	<b>2,357</b>	<b>-22,933</b>

### Cash flow for the period

Liquid funds at beginning of the period	3,268	3,324
<b>Liquid funds at end of period</b>	<b>2,819</b>	<b>2,884</b>

## NOTES TO THE ACCOUNTS

The interim report has been drawn up in accordance with the IAS 34 requirements for interim reports. The interim report is unaudited.

### Principles for drawing up interim reports

Neomarkka has followed same principles for drawing up interim reports as in the financial statement 2007. The minority interests have been taken into the consideration. The exchange rate differences of the long term intra-group loans are handled in translation differences.

30.9.2008 EUR 1,000	Investment in securities	Industrial investments; cables	Others & elim.	Total
Industrial business turnover		90,980		90,980
Gains and losses from the trade of financial assets	-703			-703
<b>Turnover</b>	<b>-703</b>	<b>90,980</b>		<b>90,277</b>
<b>Segment operating profit</b>	<b>-1,642</b>	<b>5,113</b>		<b>3,471</b>
Unallocated items			-125	-125
<b>Operating profit</b>				<b>3,346</b>
Share of the result of associates		-566		-566
Unallocated items				-2,353
<b>Profit for the financial year</b>				<b>427</b>
Segment assets	25,686	88,555	2,893	117,134
Unallocated assets				0
<b>Total assets</b>	<b>25,686</b>	<b>88,555</b>	<b>2,893</b>	<b>117,134</b>
Segment liabilities	569	22,019	649	23,237
Unallocated liabilities			36,832	36,832
<b>Total liabilities</b>	<b>569</b>	<b>22,019</b>	<b>37,481</b>	<b>60,069</b>
<b>Assets - liabilities</b>	<b>25,117</b>	<b>66,536</b>	<b>-34,588</b>	<b>57,065</b>
<b>Investments</b>	<b>0</b>	<b>7,964</b>	<b>789</b>	<b>8,753</b>
<b>Depreciations</b>	<b>-16</b>	<b>-2,760</b>	<b>0</b>	<b>-2,776</b>

## NOTES TO THE ACCOUNTS

30.9.2007 EUR 1,000	Investment in securities	Industrial investments; cables	Others & elim.	Total
Industrial business turnover		31,890		31,890
Gains and losses from the trade of financial assets	5,077			5,077
<b>Turnover</b>	<b>5,077</b>	<b>31,890</b>		<b>36,967</b>
<b>Segment operating profit</b>	<b>4,123</b>	<b>-548</b>		<b>3,575</b>
Unallocated items				0
<b>Operating profit</b>				<b>3,575</b>
Share of the result of associates				0
Unallocated items				-1,807
<b>Profit for the financial year</b>				<b>1,768</b>
Segment assets	42,995	73,729		116,724
Unallocated assets			3,472	3,472
<b>Total assets</b>	<b>42,995</b>	<b>73,729</b>		<b>120,196</b>
Segment liabilities	2,084	20,821		22,905
Unallocated liabilities			36,856	36,856
<b>Total liabilities</b>	<b>2,084</b>	<b>20,821</b>		<b>59,761</b>
<b>Assets - liabilities</b>	<b>40,911</b>	<b>52,908</b>	<b>-33,384</b>	<b>60,435</b>
<b>Investments</b>	<b>0</b>	<b>5,493</b>	<b>4,444</b>	<b>9,937</b>
<b>Depreciations</b>	<b>-16</b>	<b>-1,101</b>	<b>0</b>	<b>-1,117</b>

### Turnover and profit if OAO Expocable had been from the beginning of the year

If OAO Expocable had been acquired at the beginning of the financial period and thus the figures would have been taken into the account the whole period 1 January - 30 September 2008, the turnover in Neomarkka Group would have been EUR 92.7 million and the profit for the period EUR 0.2 million.

### Changes in tangible non-current assets

EUR 1,000	1-9/2008	1-12/2007
Book value at beginning of period	23,916	51
Investments	7,208	11,061
Investments through company acquisitions	4,942	17,114
Decreases	0	-2,489
Depreciations	-2,254	-1,821
<b>Book value at end of period</b>	<b>33,812</b>	<b>23,916</b>



# NOTES TO THE ACCOUNTS

## Contingent liabilities

EUR 1,000	30.9.2008	31.12.2007
Debts, on behalf of corporate mortgages are given		
Loans from financial institutions	6,432	7,891
Granted corporate mortgages	15,000	15,000
Debts, on behalf of securities or guarantees are given		
Loans from financial institutions	12,456	13,033
Book value of pledged securities	26,987	26,987
Granted guarantees	12,456	13,033
Other collateral		
Guarantees	1,624	120

### Payment commitments:

Reka Kaapeli Ltd has made a commitment to the raw material acquisitions of its subsidiary ZAO Reka Cables.

The sales receivables concerned are security for the factoring credit. On September 2008 the factoring credit in use was EUR 6.7 million and the sales receivables as collateral for the credit were EUR 7.8 million.

Concerning the acquisition of Reka Cables the parties to the deal have agreed on an adjustment to the purchase price on the basis of the trend in the average operating margin of Reka Cables in 2007 and 2008. At the most, the price can be raised or lowered by EUR 3.5 million.

## Investment commitments

Investment commitments on tangible current assets on 30 September 2008 totalled EUR 1.3 million (30 September 2007 EUR 7.8 million). The investment commitments are related to the cable business.

## Derivative contracts

EUR 1,000	30.9.2008	31.12.2007
Nominal values		
Interest derivatives		
Interest rate ceiling derivatives	9,800	9,800
Interest rate swaps	15,667	0
Foreign exchange derivatives		
Currency forward agreements	9,351	0
Commodity derivatives		
Price hedging for metals	937	1,119
Fair values		
Interest derivatives		
Interest rate ceiling derivatives	50	27
Interest rate swaps	-201	0
Foreign exchange derivatives		
Currency forward agreements	35	0
Commodity derivatives		
Price hedging for metals	-150	-36

The loans of the Group have been partly hedged with interest rate ceiling derivatives. A interest rate ceiling of 4.5 % has been acquired for the EUR 3 million loan for three years and of 4,7% for the EUR 6.8 million loan for three years.

## NOTES TO THE ACCOUNTS

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. In Addition there are interest rate protections by using 1 year interest rate swaps.

### Related party events (Reka Group)

EUR 1,000	1-9/2008	1-9/2007
Sales to Reka Group	91	5
Dividends to Reka Group	-1,528	-587
Acquisition of Reka Cables Ltd	0	-25,803
Other purchases from Reka Group	-796	-3,721
Sales receivables and other receivables at end of period	348	0
Non-current debts (financial leases) at end of period	-8,155	-5,294
Other debts at end of period	-34	-1
Guarantees given	0	0
Guarantees received	1,327	1,768

Guarantees received include the guarantee given by Reka Ltd for a Reka Cables Ltd's loan from the Nordic Investment Bank. This loan has been paid back in November 2008.

### Acquisition of OAO Expocable

In a share transaction completed on 4 August 2008 Neomarkka bought a majority of the shares of OAO Expocable. The price is paid in cash in two parts. First part (80%) was paid in September 2008. The rest of the price will be paid at the beginning of year 2009. In addition to the price for the shares, the acquisition price includes expert fees and taxes. The following assets and liabilities were recognised on the acquisition under IFRS 3 in related to the acquired 81.27 % share of the share capital. The purchase price allocation and opening balance on 1 August 2008 are preliminary.

EUR 1,000	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
<b>Net assets acquired</b>			
Intangible assets	0	4,136	4,136
Tangible assets	171	4,771	4,942
Inventories	668	0	668
Current receivables	238	0	238
Cash in hand and bank	130	0	130
Short term liabilities	-862	0	-862
Deferred tax liability	0	-2,138	-2,138
<b>Total</b>			<b>7,113</b>
<b>Goodwill arising on acquisition</b>			139
<b>Total consideration, satisfied by cash</b>			<b>7,252</b>
Net cash outflow arising on acquisition:			
Cash consideration, expert fees and taxes			-7,252
Cash and cash equivalents acquired			130
Net cash outflow arising on acquisition:			-7,122

## NOTES TO THE ACCOUNTS

### Financial assets recognised at fair value through profit and loss

EUR 1,000	Book value 30.9.2008	Book value 31.12.2007
<b>Hedge funds or securities based on hedge funds</b>		
Ind eQ Active 4024 bonds / Nordea	0	5,254
Ind eQ Active 4025 bonds / Nordea	0	15,756
<b>Total</b>	<b>0</b>	<b>21,010</b>
<b>Money market funds and deposits</b>		
Nordea Pro Euro Korko Kasvu	1,818	4,143
Interest rate warrants	0	1,853
Certificate of deposits	18,852	10,076
<b>Total</b>	<b>20,670</b>	<b>16,073</b>
<b>Derivatives</b>		
Interest derivatives; interest rate ceilings	50	27
<b>Interest derivatives; interest rate swaps</b>	<b>-201</b>	<b>0</b>
<b>Total</b>	<b>-151</b>	<b>27</b>
<b>Total financial assets recognised at fair value through profit and loss</b>	<b>20,519</b>	<b>37,109</b>

### Available-for-sale financial assets

EUR 1,000	Book value 30.9.2008	Book value 31.12.2007
<b>Private equity</b>		
Oulun Puhelin Holding Plc	3,081	3,081
Lännen Teletieto Ltd	920	920
<b>Total available-for-sale financial assets</b>	<b>4,001</b>	<b>4,001</b>

## NOTES TO THE ACCOUNTS

### Calculation of Key Figures

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



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