

INTERIM REPORT I.I. – 31.3.2009

OPERATING PROFIT OF THE FIRST PERIOD POSITIVE DESPITE THE DECREASE IN TURNOVER

KEY FIGURES	1-3 /2009	1-3 /2008
Turnover, EUR million, of which	17.1	26.3
- Cable business	17.0	27.3
- Other operations	0.1	-0.9
Operating profit, EUR million, of which	0.3	1.8
- Cable business	0.4	3.0
- Other operations	-0.1	-1.2
Profit for the financial year EUR million	-0.5	0.6
Earnings per share EUR	-0.08	0.10
Return on investment (ROI)	0.3	1.9
Equity ratio is	50.7	53.1

Neomarkka has executed the new strategy since June 2007. The proportion of investments in securities has decreased substantially, hence it is not reported as an own segment. The remaining securities (mainly unquoted shares) can be found under other operations.

MAJOR EVENTS DURING THE PERIOD UNDER REVIEW

Industrial private equity investments; Cable business

The turnover of cable business during the first quarter was lower than previous year. One reason for this is substantially lower raw material prices than last year.

Due to the general uncertainty in the global economy the construction and industrial investments output have waned. Decided investments have been postponed and hardly any new investment decisions have been made. In Russia the financial crisis has caused delays in customers' purchasing decisions. In addition the customers have decreased their inventories. The price of copper has increased some 30% and the price of aluminium has decreased some 8% during the review period.

The exchange rate of Russia's ruble (RUB) has continued to depreciate during the first quarter, which along with the volatility of raw material prices and the decrease in demand, have affected the result of the review period. The exchange rate of Swedish krona (SEK) has continued to depreciate which also has increased already tight competition.

OAO Expocable in Russia received over EUR 5 million purchase order from Tatarstan Oil company regarding electric cables to oil refinery.

Russian organization has been reinforced by appointing a new Managing Director to ZAO Reka Kabel as well as a new Marketing Director for the Russian market. The Managing Director of OAO Expokabel continues as before.

Reka Cables Ltd's co-operation negotiations concerning factories in Hyvinkää and in Riihimäki have ended. The negotiations started 2 February 2009. The outcome of the negotiations was lay-offs and nine dismissals. The demand for the products made in Keuruu factory has been good during the first quarter and

therefore the earlier, at the end of year 2008, seen possible need for lay-offs in Keuruu production has expired.

Reka Cables Ltd has started the co-operation negotiations concerning officials on 26 March 2009. The co-operation negotiations have been finished on 7 May 2009.

Various cost saving programs have been launched to boost the cost competence.

The associated company Nestor Cables Ltd's result during the review period was unprofitable.

OTHER OPERATIONS

Since Neomarkka has detached from its hedge based investments and bonds, are other operations than industrial investments, mainly investing cash funds. The ownership of private equity investments has remained the same, but its proportion of total investments is small. Therefore Neomarkka has given up the investment in securities –segment and reports other than industrial investments in other operations. The reference information in the statement of financial position has also updated accordingly.

The market risk of Neomarkka's investments is very low because the company has no securities or securities related derivatives in the investment portfolio. Neomarkka's investments in synthetic derivatives (deposit + credit default swap) are under one year long and aimed at solid companies. The funds are mainly invested in time 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 5.15 (EUR 8.64) per share. On 31 December 2008 the price was EUR 5.80 per share. The share turnover in the review period was 46,323 (93,204) shares. The lowest B share quotation was EUR 5.00 (EUR 7.90) and the highest quotation was EUR 5.48 (EUR 10.10).

FINANCIAL RESULT, STATEMENT OF FINANCIAL POSITION 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 have been followed as in the financial statement 2008 except for changes in IAS and IFRS standards that came into effect on financial period starting 1 January 2009 and on all periods starting after that.

The exchange rate differences of the long term intra-group loans are handled in translation differences in the consolidated statement of comprehensive income according to IAS 1. The interim report is unaudited.

FINANCIAL RESULT

The consolidated turnover totalled EUR 17.1 million in the review period (EUR 26.3 million in 2008) consisting of the turnover of the cable business and other operations. The turnover of the cable business in the review period was EUR 17.0 million (EUR 27.3 million in 2008).

Operating profit for the review period was EUR 0.3 million (EUR 1.8 million), of which the operating profit of the cable business was EUR 0.4 million (operating profit EUR 3.0 million). The net result for the review period was EUR -0.5 million (EUR 0.6 million). Earnings per share were EUR -0.08 (EUR 0.10).

STATEMENT OF FINANCIAL POSITION AND FINANCING

At the end of the review period the consolidated statement of financial position totalled EUR 98.9 million (EUR 113.5 million).

At the end of the review period, the equity per share was EUR 8.31 (10.01) and the equity ratio was 50.7% (53.1%).

To fulfil the working capital financing needs, Reka Cables has available short-term bank account credit limit of EUR 6 million and a factoring limit of EUR 7.5 million.

The liquidity situation of the Group is good.

INVESTMENTS

The investments made in the review period relate to the cable business, totalling EUR 1.9 million (EUR 0.8 million). Long-term leases have been recognised as fixed assets under IFRS.

SHAREHOLDER'S MEETING AND GOVERNANCE

The Annual General Meeting will be held on 10 June 2009. The Board of Directors proposes the distributable dividend to be EUR 0.25 per share from the year 2008. From the financial year 2007 was paid a dividend of EUR 0.50 per share.

Neomarkka Plc started acquisitions of its own B shares during the review period. The total amount of acquired shares was 3,454 pieces in total EUR 18,057.82. The total value of the shares acquired by stock price, on 31 March 2009, totalled EUR 17,788.10. The interest of shares acquired of total shares was 0.06%, and of total votes 0.04%. The shares are acquired to be used in order to carry out acquisitions and other arrangements within the scope of the company's business operations, to improve the company's capital structure, as part of implementing the company's incentive scheme, or to be further transferred for other purposes or to be cancelled.

The Board of Directors of Neomarkka Plc since 11 June 2008 consists of the following persons: Jorma Wiitakorpi as chairman of the Board, Matti Lainema as vice chairman and as members Ilpo Helander, Taisto Riski and Pekka Soini.

Jorma Wiitakorpi, the chairman of the Board of Directors, announced 16 December 2008 that he is withdrawing from the work of the Board of Neomarkka Plc for the time being. During this time the Board of Neomarkka Plc will be led by vice chairman Matti Lainema.

Matti Lainema and Taisto Riski, 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 511 people (296). Group personnel numbered 504 on 31 March 2009, of which 501 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 12,706 (12,850) 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 60.49% (60.62%) of all shares and 72.53% (72.60%) of all votes.

MAJOR EVENTS AFTER THE REVIEW PERIOD

Neomarkka Plc's subsidiary Reka Cables Ltd's co-operation negotiations concerning officials have been finished. The negotiations started on 26 March 2009 and concerned all officials of Reka Cables Ltd in Hyvinkää, Riihimäki and Keuruu. The outcome of the negotiations is lay-offs and five dismissals. A separate stock exchange release has been published 7 May 2009.

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 notes to the financial statement for year 2008.

In accordance with the updated strategy 2007, future risk factors are more closely tied to trends in the development of business operations of portfolio companies. At the moment there is one portfolio company, the cable business. The previous strategy based Neomarkka's risk on a widely distributed market risk.

The most significant risks at Reka Cables and OAO Expokabel are the fluctuation in raw material prices and changes in exchange rates. In order to be aware of the risks and be prepared 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 reconstruction business and the energy production investments are expected to grow, thus the demand of cables is foreseen to become gradually stronger. Although the new building industry and infrastructure investments are slowing down both in the Nordic Countries and in Russia compared to last year, we estimate that the turnover and the operating profit of the second quarter will increase clearly compared to the first quarter.

The Annual General Meeting will be held on 10 June in Hyvinkää. The summons to the Annual General Meeting will be published separately.

Helsinki, 7 May 2009
Neomarkka Plc
Board of Directors

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	I.I. - 31.3.2009	I.I. - 31.3.2008
Turnover	17,077	26,334
Change in inventories of finished products and production in progress	87	3,377
Production for own use	4	42
Materials and services	-8,732	-21,713
Personnel expenses	-3,978	-3,504
Depreciation and impairment	-1,186	-874
Other operating income and expenses	-2,989	-1,879
	-16,794	-24,551
Operating profit	283	1,783
Financial income	137	5
Financial expenses	-561	-708
Share of the result of associates	-202	-86
Profit or loss before taxes	-343	994
Taxes	-169	-409
Profit or loss for the period	-512	585
Profit or loss attributable to:		
Equity holders of the parent	-486	585
Minority interest	-26	0
	-512	585
Earnings per share after and before dilution, EUR	-0.08	0.10
Number of shares	6,016,906	6,020,360
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)		
EUR 1,000		
Profit or loss	-512	585
Other comprehensive items:		
Translation differences related to foreign units	387	33
Total	387	33
Total comprehensive income	-125	618
Total comprehensive income attributable to:		
Equity holders of the parent	-99	618
Minority interest	-26	0
	-125	618

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

EUR 1,000	31.3.2009	31.12.2008
ASSETS		
Non-current assets		
Goodwill	4,530	4,587
Other intangible non-current assets	6,582	6,461
Tangible non-current assets	33,544	33,753
Holdings in associates	0	202
Receivables	414	414
Deferred tax assets	1,175	947
Total non-current assets	46,246	46,365
Current assets		
Inventories	17,981	17,903
Available-for-sale financial assets	3,733	3,733
Sales receivables and other receivables	11,588	13,831
Tax receivables from the profit	351	1,975
Cash in hand and at bank	19,041	22,319
Total current assets	52,694	59,761
Assets	98,940	106,125
SHAREHOLDER'S EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Retained profit	3,418	9,969
Other unrestricted equity	21,327	21,327
Profit or loss for the period	-99	-6,562
Total equity attributable to equity holders of the parent	50,015	50,103
Minority interest	105	159
Total shareholders' equity	50,120	50,262
Non-current liabilities		
Deferred tax liabilities	3,729	4,056
Provisions	810	802
Interest-bearing liabilities	21,083	21,193
Current liabilities		
Tax liabilities from the profit	140	497
Reserves	163	163
Short-term interest-bearing liabilities	10,341	11,950
Accounts payable and other liabilities	12,554	17,202
Total liabilities	48,820	55,863
Shareholders' equity and liabilities	98,940	106,125

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Other unres-tricted equity	Retained profit	Total	Minority	Shareholders' equity total
Shareholders' equity 31.12.2007	24,082	66	1,221	21,327	12,979	59,675		59,675
Profit or loss for the period					618	618		618
Dividends paid					0	0		0
Minority interest						0	0	0
Shareholders' equity 31.3.2008	24,082	66	1,221	21,327	13,597	60,293	0	60,293
EUR 1,000	Share capital	Premium fund	Reserve fund	Other unres-tricted equity	Retained profit	Total	Minority	Shareholders' equity total
Shareholders' equity 31.12.2008	24,082	66	1,221	21,327	3,408	50,104	159	50,263
Profit or loss for the period					-99	-99	-26	-125
Dividends paid					0	0		0
Acquisition of own shares					-18	-18		-18
Minority interest					29	29	-29	0
Shareholders' equity 31.3.2009	24,082	66	1,221	21,327	3,320	50,016	105	50,120

STATEMENT OF CASH FLOWS (IFRS)

EUR 1,000	1.1. - 31.3.2009	1.1. - 31.3.2008
Operating activities		
Payments received from operating activities	17,867	24,587
Payments paid on operating activities	-18,601	-23,472
Paid interests and other financial expenses	-500	-667
Interests received and other financial incomes	86	-440
Direct taxes paid	981	-699
Total operating activities	-168	-691
Investing activities		
Acquisition of subsidiaries and new business	-308	0
Investments in tangible non-current assets	-649	-660
Sales of tangible non-current assets	68	0
Investments in intangible non-current assets	-60	0
Total investing activities	-949	-660
Financing activities		
Acquisition of own shares	-18	0
Increase in loans	0	963
Decrease in loans	-1,941	-249
Payments of financial leasing	-187	-128
Dividends paid	-1	-2
Total financing activities	-2,147	584
Cash flow for the period	-3,264	-767
Liquid funds at beginning of the period	22,382	23,086
Exchange rate differences	-77	0
Liquid funds at end of period	19,041	22,319

NOTES TO THE ACCOUNTS

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

PRINCIPLES FOR DRAWING UP THE INTERIM REPORTS

Neomarkka has applied the same principles for drawing up the interim reports as in the financial statement 2008 except for changes in IAS and IFRS standards that are in force in financial periods beginning 1 January 2009 and after that. The change of IAS 1 standard effects the consolidated income statement, the consolidated statement of changes in shareholders' equity and the presentation of equity in the consolidated statement of financial position. According to the new IFRS 8 standard, the segment reporting is based on the management's internal reporting. The accounting principles have not changed. Applying IFRS 8 enables that the assets and liabilities can be allocated more specifically than before. As complementary information the distribution of turnover per product group and per sales area are presented. The reference data has been converted to correspond the changes that came into effect on 1 January 2009.

IAS 23-, IAS27-, IFRS2- and IAS 32 –standards have also been changed. The changes are effective on financial periods beginning 1 January 2009, but have no significant effect on the Group's figures.

Otherwise the Group has applied the same principles for drawing up the interim report as for the consolidated financial statement 2008.

Segment information

31.3.2009 EUR 1,000	Industrial Investment Cable business	Other operations	Eliminations and balancing	Group total
Turnover	16,994	108	-25	17,077
Segment operating profit	413			413
Unallocated items		-130		-130
Operating profit	413	-130		283
Share of the result of associates	-202			-202
Unallocated items			-593	-593
Profit or loss for the period				-512
Segment assets	78,948			78,948
Unallocated assets		20,704	-712	19,992
Total assets	78,948	20,704	-712	98,940
Segment liabilities	50,271			50,271
Unallocated liabilities		12,639	-14,090	-1,450
Total liabilities	50,271	12,639	-14,090	48,821
Assets - Liabilities	28,678	8,064	13,378	50,120
Investments	1,954	-36		1,918
Depreciations	-1,104	-82		-1,186

NOTES TO THE ACCOUNTS

Segment information

31.3.2008 EUR 1,000	Industrial Investment Cable business	Other operations	Eliminations and balancing	Group total
Turnover	27,273	-939		26,334
Segment operating profit	2,998			2,998
Unallocated items		-1,215		-1,215
Operating profit	2,998	-1,215		1,783
Share of the result of associates	-86			-86
Unallocated items			-1,112	-1,112
Profit or loss for the period				585
Segment assets	75,497			75,497
Unallocated assets		39,908	-1,930	37,978
Total assets	75,497	39,908	-1,930	113,475
Segment liabilities	46,513			46,513
Unallocated liabilities		13,729	-7,060	6,669
Total liabilities	46,513	13,729	-7,060	53,182
Assets - Liabilities	28,984	26,179	5,130	60,293
Investments	69	702		771
Depreciations	-829	-45		-874

Cable business turnover per product group

EUR million	1-3/2009	1-3/2008
LV energy	7.0	9.7
Power cable	10.0	17.4
Others	0.0	0.3
Total	17.0	27.3

Cable business turnover per sales area

EUR million	1-3/2009	1-3/2008
EU -countries	15.5	23.9
Non-EU -countries	1.5	3.4
Total	17.0	27.3

The three biggest customer groups of cable business are Onninen, Rexel and Sonepar, whose share of turnover is more than 10 % respectively.

Change in non-current assets

EUR 1,000	1-3 /2009	1-12 /2008
Book value at beginning of period	33,753	23,916
Investment	1,716	14,784
Increase through company acquisition	121	4,942
Decrease	-59	-5,471
Depreciations	-1,032	-3,449
Impairments	0	0
Translation differences	-956	-969
Book value at end of period	33,544	33,753

NOTES TO THE ACCOUNTS

Contingent liabilities

EUR 1,000	31.3.2009	31.12.2008
Debts, on behalf corporate mortgages are given		
Loans from financial institutions	6,735	8,467
Granted corporate mortgages	15,000	15,000
Debts, on behalf of securities or guarantees are given		
Loans from financial institutions	11,900	11,900
Book value of pledged securities	26,987	26,987
Granted guarantees	11,900	11,900
Other collaterals		
Bond guarantees	1,216	1,326
Gaurantees and payment commitments	1,058	1,058

Payment commitments

Reka Cables Ltd has made a commitment to the raw material acquisitions of its subsidiary ZAO Reka Cables. Payment commitment is included in the figures above. On 31 March 2009 the sales receivables concerned as security for the factoring credit were EUR 3.7 million (EUR 3.9 million 31 December 2008). The factoring credit on 31 March 2009 was EUR 3.3 million (EUR 3.5 million 31 December 2008).

Investment commitments

Investment commitments on tangible non-current assets on 31 March 2009 totalled EUR 0.4 million (31 December 2008 EUR 0.0 million).

Adjustment of purchase price

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. The adjustment of the purchase price requires calculations based on the confirmed financial statement. To the calculations the terms of the deal need to be interpreted. The amount of the final purchase price is foreseen to be confirmed during the spring 2009 in the negotiations between the parties. In the 2008 financial statement the purchase price of Reka Cables has been valued at the original purchase price.

Derivative contracts

EUR 1,000	31.3.2009	31.12.2008
<u>NOMINAL VALUES</u>		
Interest derivatives		
Interest rate swaps	14,600	14,590
Interest rate ceiling derivatives	9,800	9,800
Foreign exchange derivatives		
Currency options	2,500	2,500
Credit derivatives		
Credit default swaps	10,000	0
Raw material derivatives		
Price hedging for metals	3,898	3,655
<u>FAIR VALUES</u>		
Interest derivatives		
Interest rate swaps	-463	-315
Interest rate ceiling derivatives	28	28
Foreign exchange derivatives		
Currency options	-70	-21
Credit derivatives		
Credit default swaps	9	0
Raw material derivatives		
Price hedging for metals	-833	-1,433

The loans of the Group have been partly hedged with interest rate ceiling derivatives. The nominal- and the fair value of the interest rate ceiling derivatives have been informed above. Part of the Group's loans has been hedged with interest rate swaps. The nominal - and the fair values of these swaps are informed above. The interest rate swaps will expire in June 2009. The interest rate ceiling derivatives will expire in June 2010.

NOTES TO THE ACCOUNTS

Related party events (Reka Group)

EUR 1,000	1-3/2009	1-3/2008
Sales to Reka Group	10	39
Dividends to Reka Group	0	0
Acquisition of Reka Cables Ltd	0	0
Other purchases from Reka Group	-293	-207
Sales receivables and other receivables at end of period	321	321
Non-current debts (financial leases) at end of period	-9,050	-6,458
Other debts at end of period	-8	-350
Guarantees received	0	1,548

OAO Expokabel

Neomarkka has acquired supplementary shares from OAO Expokabel in year 2009 through public purchase offer. Shareholding before the public purchase offer was 81.27% and after 83.34%. The purchase price allocation after the public purchase offer has been made by using the original balance sheet values and exchange rate. Below the updated purchase price allocation after the public purchase offer. The purchase price allocation is preliminary.

EUR 1,000	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	0	4,241	4,241
Tangible assets	175	4,892	5,067
Inventories	685	0	685
Current receivables	244	0	244
Cash in hand and at bank	133	0	133
Short-term liabilities	-884	0	-884
Deferred tax liability	0	-2,192	-2,192
Net assets acquired			7,294
Goodwill arising on acquisition			123
Total consideration, satisfied by cash			7,417
Net cash flow arising on acquisition:			
Cash consideration, expert fees and taxes			-7,417
Cash and cash equivalents acquired			133
Net cash flow arising on acquisition:			-7,284

Available-for-sale financial assets	Book value	Book value
EUR 1,000	31.3.2009	31.12.2008
Oulun Puhelin Holding Plc	2,813	2,813
Lännen Teletieto Ltd	920	920
Total available-for-sale financial assets	3,733	3,733

NOTES TO THE ACCOUNTS

Calculation of key figures

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



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