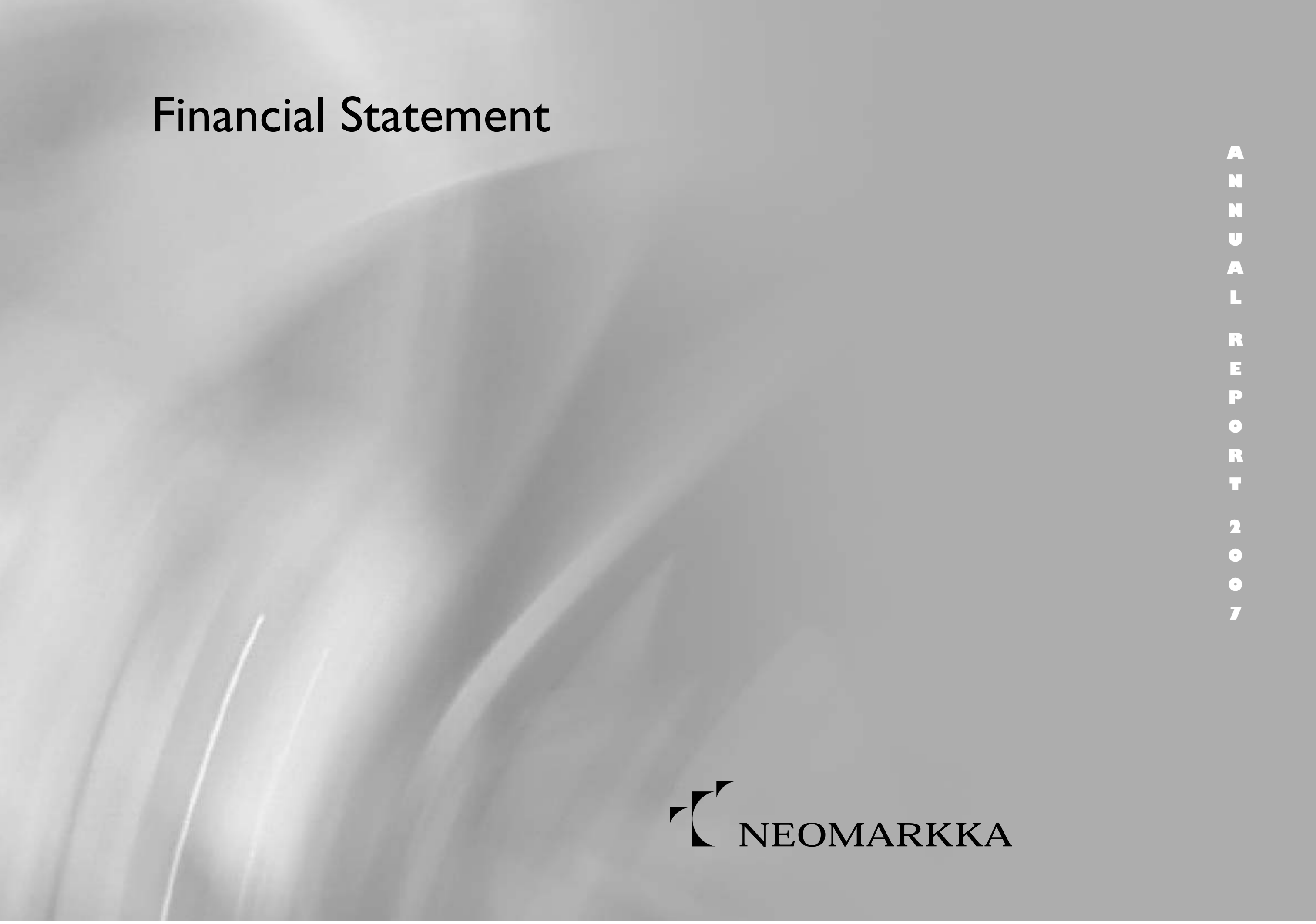
Financial Statement



ANNUAL REPORT 2007

NEOMARKKA

Neomarkka Group | January – 31 December 2007

Report by the Board of Directors | January - 31 December 2007

Major events during the financial year

As a result of the strategy work started in 2006, Neomarkka renewed its strategy in the spring of 2007. According to the renewed strategy, Neomarkka is an investment company that targets long-term industrial investments. Target of the investments in industry 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.

Assets that are waiting to be invested in line with the new strategy have been primarily invested in either fund-based securities or short-term money markets.

With the renewed strategy Neomarkka now has two business areas: investment in securities and industrial private equity investments. Due to this change Neomarkka has adopted 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 a 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 Cables' average operating margin in 2007 and 2008. The maximum price adjustment either upwards or downwards is EUR 3.5 million.

In August, the Board of Directors made a decision to invest a further EUR 9.6 million in Reka Cables Ltd's medium and high voltage factory in Riihimäki. The factory construction and machine purchases processes were started immediately and production will begin in spring 2008.

Production at Reka Cables in Russia began and the majority of its sales accumulated in the final months of the year. Investment in the start-up of operations (1.6.-31.12.2007) totalled EUR 5.6 million, of which EUR 3.7 million was in working capital and EUR 1.9 million in machinery.

Investments in the cable industry were completed in October. Production at Nestor Cables Ltd will begin in spring 2008.

In 2007 the turnover (IFRS) of the Reka Cable Group (Reka Cable Ltd and its subsidiaries) was EUR 97.4 million, with an operating profit (IFRS) of EUR 5.2 million. This would mean an operating profit of EUR 4.1 million in Neomarkka's cable business at the annual level, because of the higher depreciation base created by handling of the acquisition price on an IFRS basis.

Neomarkka acquired Reka Cables Ltd on 1 June 2007, after which EUR 57.1 million of its turnover was included in the Neomarkka Group. The acquisition cost calculation for Reka Cables Ltd has been made in accordance with IFRS 3. The release of the inventory margin resulting from the purchase price allocation put a strain on the operating profit by EUR 1.7 million. The operating profit of cable business for the period in question (1.6.2007–31.12.2007) was EUR 0.1 million.

Investments in securities

Neomarkka sold its direct hedge fund investments and its equity and equity fund investments. Instead of direct hedge fund investments, 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 in May 2007, double the value of the security, and the difference was financed with loan funding. Thus the return on bonds takes into account the return from the eQ Active Hedge Fund reduced by the costs arising from the loan. Bonds are treated as investments in the balance sheet.

In addition to the Nordea Bank Plc issued bonds, investment and fund securities at the balance sheet date comprise investments in money market funds and fixed-period deposits.

Regarding private equity, Neomarkka sold its shares in Kymen Puhelin Oy in early 2007.

As a result of the strategy change, Neomarkka's portfolio management for 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 1 June 2007. The former Managing Director of Neomarkka, 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.

In the first half of the year, the value of Neomarkka's investments in securities developed favourably. During the third quarter of the year, stock markets and the value of securities investments fell and the return was unprofitable. In the last quarter of the year, the value of the company's securities investments rose once again, but after expenses, the operating profit remained at same level as at the end of September. The total profits and losses on securities investments in 2007 were EUR 5.4 million and the operating profit EUR 4.1 million.

Financial statement

The financial statements of the Neomarkka Group have been drawn up in accordance with the International Financial Reporting Standard (IFRS). At the end of the financial year, the consolidated turnover (IFRS) totalled EUR 62.4 million (EUR 8.0 million in 2006 and EUR 6.7 million in 2005). The consolidated result (IFRS) shows a profit of EUR 1.2 million (EUR 3.9 million in 2006 and EUR 3.6 million in 2005).

Had Reka Cables Ltd been acquired right at the beginning of the financial year, the consolidated turnover (IFRS) would have been EUR 102.8 million for the year, with a consolidated result (IFRS) of EUR 2.4 million.

Financial position of the group and key figures (IFRS)

	2007	2006	2005
Turnover, million euros	62.4	8.0	6.7
Operating profit % of turnover	6.7	82.5	83.7
Return on equity %	1.9	6.5	6.3
Return on investment %	4.4	6.6	6.0
Equity ratio %	56.1	59.7	58.6
Earnings per share, EUR	0.19	0.64	0.60

An assessment of the figures must take into account that the turnover from previous years comprised gains and losses on securities investments.

Neomarkka shares: prices and volumes traded

Neomarkka Plc's B shares are listed on the OMX Nordic Exchange Helsinki. The closing price on the last business day of the year was EUR 9.79 (EUR 7.76) per share.

In 2007 the share turnover of Neomarkka B shares on the OMX Nordic Exchange Helsinki was 2,548,864 (1,545,060), comprising 42.3 % (26.3%) of all B shares and accounting for a total of EUR 23.7 (13.3) million. The lowest B share quotation in 2007 was EUR 7.78 (EUR 7.31) and the highest quotation in 2007 was EUR 10.10 (EUR 9.20). On the last business day of 2007, the total share value for Neomarkka B shares was EUR 58.9 (46.7) million.

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 2007 Neomarkka Plc had 12,919 (13,888) shareholders. The biggest shareholder Reka Ltd, had a 50.76% (32.49%) interest at the end of the year, with 65.77% (53.09%) of all votes. Neomarkka Plc is thus part of the Reka Group. Reka Ltd's domicile is Hyvinkää.

At the end of 2007, the aggregate ownership of the ten largest shareholders was 59.82% (58.37%) of all shares and 72.06% (71.05%) of all votes.

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.

In accordance with the updated strategy of 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 distributed market risk means that changes in the value of investment underlying the eQ active Hedge Fund will have a substantial impact on Neomarkka's financial result.

The most significant risks at Reka Cable 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.

Research and development activities

Group investment in R&D in 2007 amounted to EUR 0.2 million (EUR 0.0 million in 2006 and EUR 0.0 million in 2005). Investments are recorded in the books as operating expenses. R&D investments are targeted at the cable business, which has belonged to the Group since 1 June 2007.

Shareholders' meeting and governance

The Annual General Meeting was held on 22 March 2007.

In the Annual General Meeting, the following persons were elected to the Board of Directors: Pekka Kainulainen, Chairman, Taisto Riski, Deputy Chairman and Hannu Anttila, Stig-Erik Bergström and Markku E. Rentto as members.

An extraordinary shareholder's meeting was called on 1 June 2007 to decide on the Reka Cables Ltd deal, a new board of directors and changes in the Articles of Association.

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

The extraordinary shareholder's meeting approved also 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 in Finland that took effect on 21 July.

The extraordinary shareholder's meeting confirmed the number of the members of the Board of Directors as six, electing the following persons to the Neomarkka Plc Board of Directors as of 1 June 2007: Jorma Wiitakorpi, Chairman, Matti Lainema, Deputy Chairman and Hannu Anttila, Ilpo Helander, Taisto Riski and Pekka Soini as members.

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

The Managing Director of Neomarkka as of 10 May 2007 has been Markku E. Rentto, who succeeded Samuel von Martens.

At the Annual General Meeting, Deloitte & Touche, Authorized Public Accountants, were chosen as auditor, with Hannu Mattila Authorised Public Accountant appointed main auditor.

Audit Committee
The Board of Directors appoints an audit committee whose task is to monitor the company's financial situation, oversee the financial reports, assess the sufficiency and pertinence of the internal control and risk management, assess the compliance with legislation and regulations, and maintain communication with the auditors, and review of the auditor's reports. The audit committee reports to the Board of Directors.

Personnel
During the 2007 financial year, there were an average of 172 people (5 in 2006 and 4 in 2005) employed by the Group. At the end of 2007, the Group had 280 employees, of whom 276 were in the cable business. The total sum of the Group's performance-based salaries and fees in 2007 was EUR 5.8 million (EUR 0.3 million in 2006 and EUR 0.3 million in 2005).

Environmental factors
The importance of environmental factors grew when the company renewed its strategy. Caring for the environment and constantly improving business while taking the well-being of the environment into consideration are a part of Reka Cables Ltd's daily activities. The environmental programme of Reka Cables Ltd has been certified according to the ISO 14001 standards.

Proposal for the disposal of profits
Parent company distributable funds at the end of 2007 totalled EUR 33,806,808.91, of which EUR 5,552,672.23 was profit for the 2007 financial year. There has been no material change in the company's financial situation after the accounting period, and the liquidity test mentioned in the Limited Liabilities Companies Act § 13.2 does not affect the amount of distributable funds.

The Board proposes that the distributable funds be disposed of as follows:

- as dividend EUR 0.50 per share, a total of	EUR 3,010,180.00
- as retained profit	EUR 9,469,822.45
- as other unrestricted equity	EUR 21,326,806.46

For the financial year 2006 was paid a dividend of EUR 0.30 per share, totalling EUR 1.8 million.

Company shares	2007	2006
Restricted shareholders´ equity by share series:		
Series A (20 votes /share)	139,600	139,600
Series B (1 vote/share)	5,880,760	5,880,760
Total	6,020,360	6,020,360

Dividend policy
Neomarkka's target is to use at least 30% of its annual net profit for dividend payments.

Major events after the review period
Jorma Leskinen was named Managing Director of Reka Cables Ltd, starting 1 January 2008.

Prospects for the near future
The outlook for the cable industry is positive. The overall market situation is expected to remain good, providing that no significant negative changes take place in the overall economic situation on the main markets of the Nordic countries and in Russia. The starting-up of production facilities in Russia and the expansion of the Riihimäki production facilities give cause to believe that the turnover of industrial activities will reach EUR 120 million and that there will be increase in profitability. The prices of key raw materials are expected to be quite volatile. Changes in raw material prices can effect the development of the turnover.

The uncertain situation in securities investment will continue. Investment in hedge funds will be reduced further.

Consolidated Income Statement (IFRS)

EUR 1,000	Notes	1.1 - 31.12. 2007	1.1 - 31.12. 2006
Industrial business turnover		57,081	0
Gains and losses from the trade of financial assets		5,362	8,033
Turnover	5	**62,443**	**8,033**
Change in inventories of finished products and production in progress		-3,375	0
Production for own use		30	0
Materials and services		-39,277	0
Personnel expenses	8	-7,048	-541
Depreciation and impairment	7	-2,087	-29
Other operating income and expenses	6	-6,503	-836
		-58,261	-1,406
Operating profit		**4,182**	**6,627**
Financial income	10	79	0
Financial expenses	10	-2,299	-1,659
Share of the result of associates		-47	0
Profit before taxes		**1,916**	**4,968**
Taxes	11	-763	-1,088
Profit for the financial year		**1,153**	**3,880**
Earnings per share after and before dilution, EUR	12	0.19	0.64
Number of shares		6,020,360	6,020,360

Consolidated Balance Sheet (IFRS)

EUR 1,000	Notes	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Goodwill	14	4,527	0
Other intangible non-current assets	14	3,479	0
Tangible non-current assets	13	23,916	51
Holdings in associates	15	1,004	0
Deferred tax assets	18	204	0
Total non-current assets		**33,130**	**51**
Current assets			
Inventories	19	16,815	0
Financial assets recognised at fair value through profit and loss	16	37,034	87,032
Available-for-sale financial assets	17	4,001	4,112
Sales receivables and other receivables	20	12,154	8,429
Cash in hand and at bank	21	3,268	3,324
Total current assets		**73,271**	**102,897**
Total assets		**106,401**	**102,948**
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital		24,082	24,082
Premium fund		66	66
Reserve fund		1,221	1,221
Translation differences		-145	0
Retained profit		11,971	9,897
Other unrestricted equity		21,327	21,327
Profit for the financial year		1,153	3,880
Total shareholders' equity	22	**59,675**	**60,473**
Long-term liabilities			
Deferred tax liabilities	18	2,091	1,632
Provisions	23	540	0
Interest-bearing liabilities	24	22,512	0
Short-term liabilities			
Tax liabilities from the profit		198	0
Short-term interest-bearing liabilities	24	4,999	40,000
Accounts payable and other liabilities	25	16,386	843
Total liabilities		**46,726**	**42,475**
Shareholders' equity and liabilities		**106,401**	**102,948**

Balancing Account of Shareholders' Equity (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Translation differences	Other unrestricted equity	Retained profit	Shareholders´ equity total
Shareholders´ equity 31.12.2005	24,082	66	1,221	0	21,327	11,703	58,399
Changes							0
Profit for the financial year						3,880	3,880
Total returns and costs during the period						3,880	3,880
Dividends paid						-1,806	-1,806
Shareholders´ equity 31.12.2006	**24,082**	**66**	**1,221**	**0**	**21,327**	**13,777**	**60,473**

EUR 1,000	Share capital	Premium fund	Reserve fund	Translation differences	Other unrestricted equity	Retained profit	Shareholders´ equity total
Shareholders´ equity 31.12.2006	24,082	66	1,221	0	21,327	13,777	60,473
Changes				-145			-145
Profit for the financial year						1,153	1,153
Total returns and costs during the period				-145		1,153	1,008
Dividends paid						-1,806	-1,806
Shareholders´ equity 31.12.2007	**24,082**	**66**	**1,221**	**-145**	**21,327**	**13,124**	**59,675**

Consolidated Cash Flow Statement (IFRS)

EUR 1,000	1.1 - 31.12. 2007	1.1 - 31.12. 2006
Operating activities		
Payments received from operating activities	173,612	78,493
Payments paid on operating activities	-106,229	-73,096
Paid interests and other financial expenses	-4,032	-1,388
Interests received and other financial incomes	29	17
Direct taxes paid	-2,537	0
Total operating activities	**60,842**	**4,026**
Investing activities		
Acquisition of subsidiaries and new business	-28,038	0
Investments in tangible assets	-10,794	-65
Total investing activities	**-38,831**	**-65**
Financing activities		
Increase in loans	25,150	0
Decrease in loans	-45,132	0
Payments of financial leases	-299	0
Dividends paid	-1,786	-1,781
Total financing activities	**-22,067**	**-1,781**
Cash flow for the period	**-56**	**2,180**
Liquid funds at beginning of the period	3,324	1,144
Liquid funds at end of period	**3,268**	**3,324**

Notes to the Consolidated Financial Statements

1. General information on the company

Neomarkka Plc is the parent company of a group comprising its wholly-owned subsidiaries Novalis Oyj and Alnus Oy with their subsidiaries. The domicile of the parent company is Hyvinkää. The address of Neomarkka Plc is Aleksanterinkatu 48 A, 00100 Helsinki. Neomarkka Plc's B shares are listed on the OMX Nordic Exchange Helsinki.

Neomarkka Group is part of the Reka Group. The parent company of the Reka Group is Reka Ltd, which is domiciled in Hyvinkää. Reka Ltd's address is Niinistönkatu 8-12, 05800 Hyvinkää.

Neomarkka Group consists of two segments: investments in securities and industrial private equity investments. At the date of closing the books industrial private equity investments comprised one business area: cables.

Apart from Finland, Neomarkka Group have operations in Russia, Sweden, the Baltic countries and Denmark.

2. Principles for drawing up consolidated financial statements

Principles of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, in compliance with the IAS and IFRS standards and interpretations as well as SIC and IFRIC interpretations effective at 31 December 2007. International Financial Reporting Standards stand for standards and their interpretations, enacted in the Finnish Accounting Act and in regulations passed by force of the act, which have been approved by the European Union in accordance with EU Regulation 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting and companies legislation.

The consolidated financial statements have been prepared based on the original cost basis except for the following assets, which have been measured at fair value: financial assets recognised at fair value through profit and loss, derivative financial instruments, cash and cash equivalents, and tangible and intangible assets measured at fair value in the calculation of the acquisition cost of Reka Cables Ltd under IFRS 3.

The following new standards, their amendments and interpretations found relevant to the Group were adopted in 2007:

- IFRS 7 Financial instruments: Disclosures and the related amendments to IAS 1 Presentation of Financial Statements – Capital Disclosures. IFRS 7 requires new notes 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 the instruments include embedded derivatives that must be separated from the host contract and dealt with as derivative financial instruments.
- IFRIC 10 Interim Financial Reporting and Impairment. IFRIC 10 prohibits the reversal of any goodwill impairment loss recognized in an interim report on a later balance sheet date during the same reporting period.

The adoption of these new standards and interpretations does not have a substantial impact on the reported income statement, balance sheet or notes to the financial statements.

The following interpretations are compulsory in 2007 but have no importance for the Group:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Reporting in Hyperinflationary Economies.
- IFRIC 8 IFRS 2: Scope.

Preparation of the financial statements according to IFRS requires assessment and judgement from the Group management in applying the preparation principles. Information about the judgement which the management has used in applying the Group's preparation principles for financial statements and which has the greatest impact on the figures to be presented in the financial statements can be found in the section entitled "Principles of preparation requiring the management to use their judgement and related principal uncertainty factors".

Consolidation principles

Subsidiaries

The consolidated financial statements include the parent company Neomarkka Plc and its subsidiaries. The subsidiaries are companies in which the Group has a controlling influence. A controlling influence is created when a Group holds more than half of the voting power or has otherwise the right to decide on the principles of a company's economy and business. The existence of potential voting power is taken into account when the criteria for creating a controlling influence are assessed if the instruments granting entitlement to potential voting power can be implemented at the time of assessment.

Mutual shareholdings within the Group are eliminated in line with the purchase method. The subsidiaries acquired are consolidated from the moment when the Group has acquired a controlling influence and subsidiaries that have been disposed of are consolidated up to the termination of the controlling influence. All intra-Group transactions, receivables, liabilities, unrealised profits and internal profit distribution are eliminated in the consolidated accounts. Unrealised losses are not eliminated if the loss is due to impairment.

The subsidiaries have the same financial year as the parent company and comply with the consolidated preparation principles described here.

Associates

Associates are companies in which the Group has a significant influence. Significant influence is in principle created when the Group holds more than 20% of the company's voting power or when the Group otherwise has a significant influence but not a controlling influence. Associates have been consolidated by applying the equity method. If the Group's share of an associate's losses exceeds the book value of the investment, the investment is recognised at zero value in the balance sheet and losses exceeding book value are not consolidated unless the Group has committed itself to fulfilling the associates' obligations. Unrealised profits between the Group and its associates are eliminated in accordance with the Group's holding.

Investments in associates include any goodwill that may be created upon acquisition. A share of the associates' profits for the financial year is recognised in accordance with the holding as separate item after operating profit.

If the accounting principles of associates are not equivalent to those of the Group in essential respects, the Group has made the necessary adjustments to the figures reported by the associates.

Items denominated in foreign currencies

Figures illustrating the result and financial position of Group units are measured in the currency of the unit's principal operating environment ("operating currency"). The consolidated financial statements are presented in euros, which is the operating and presentation currency of the Group's parent company.

Transactions denominated in a foreign currency are recognized in the operating currency using the exchange rate on the transaction date or a day close to the transaction date. Monetary items denominated in a foreign currency have been translated into the operating currency at the exchange rate on the balance sheet date. Non-monetary items denominated in a foreign currency and measured at fair value have been translated into the operating currency at the exchange rate on the measurement date. Other non-monetary items have been measured at the exchange rate on the transaction date.

Gains and losses arising from the translation of transactions denominated in a foreign currency and monetary items are recognised in the income statement. Foreign exchange gains and losses on business operations are included in the equivalent items before the operating profit. The foreign exchange losses and profits relating to financing items are included in financial income and expenses.

The income statements of foreign Group companies have been translated into euros using the average exchange rates of the period and the balance sheet using the exchange rates on the balance sheet date. The translation of the period's result by using different rates for the income statement and the balance sheet causes a translation difference, which is recognised in equity. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries are recognized in equity. When a subsidiary is sold, the accumulated translation differences are recognized in the income statement as part of sales gains or losses.

The goodwill arising from the acquisition of units abroad and the fair value adjustments made to the book values of the assets and liabilities of the said foreign units in connection with the acquisition have been treated as assets and liabilities of the said foreign units and have been translated into euros at the exchange rates on the balance sheet date.

If a Group subsidiary prepares its financial statements in the currency of a country with hyperinflation, the subsidiary's financial statements are translated using the rate on the balance sheet date. The Group does not currently include units reporting in hyperinflationary currencies.

Tangible non-current assets

Tangible non-current assets are measured at original cost minus depreciation and impairment. If a non-current asset item consists of several parts with different useful lives, each part is treated as a separate asset item and expenses relating to its replacement are recognised in assets. Otherwise any expenses arising later are included in the book value of the tangible non-current asset item only if it is likely that the future economic benefit relating to the item benefits the Group and if the acquisition cost of the item can be determined reliably. Other repair and maintenance expenses are recognised through profit and loss at the time of completion.

Depreciation on these assets is made on a straight-line basis over their useful lives. No depreciation is made on land. The estimated useful lives are:

Buildings and structures	10-15 years
Machinery and equipment	3-15 years
Motor vehicles	3-10 years

Non-current asset items acquired through finance leases are depreciated over the shorter of their estimated useful lives or their lease periods.

The residual values and useful lives of assets are reviewed on a regular basis in connection with the annual financial statements, and when necessary they are adjusted to reflect any changes in the expectations for economic benefits. Depreciation on an item in tangible non-current assets ceases when the item is classified under assets held for sale in accordance with IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operations***.

Sales gains and losses arising from decommissioning and disposal of tangible non-current assets are included under other operating income and expenses in the income statement.

Borrowing costs

Borrowing costs are recognised as expenses in the financial period during which they are incurred.

Intangible assets

Goodwill

Goodwill corresponds to the part of acquisition cost that exceeds the Group's share of the net fair value of an acquired company's identifiable assets, liabilities and contingent liabilities at the time of acquisition. The acquisition cost also includes other direct expenses arising from the acquisition, such as expert fees and asset transfer tax.

No depreciation is recognised on goodwill but it is tested for impairment annually or more frequently if necessary. For this purpose, goodwill is attributed to units generating cash flow, or in the case of an associate, goodwill is included in the acquisition cost of the associate concerned. Goodwill is valued at the original cost minus impairment.

Notes to the Consolidated Financial Statements

RESEARCH AND DEVELOPMENT EXPENSES

R&D expenses are recognised in the income statement as expenses without taking into account the development costs that meet the criteria of IAS 38 Intangible Assets for recognising items as assets. Thus expenses incurred through product development are recognised in the balance sheet as intangible assets as of the moment when the product can be implemented technically, exploited commercially and expected to bring future financial benefit. Development costs that have been recognised as expenses previously will not be recognised as assets later. Depreciation will start as soon as the product is ready for use. The depreciation period is 3-5 years, during which expenses recognised as assets are depreciated on a straight-line basis. An asset item that is not yet ready to be exploited is tested for impairment annually or more frequently if necessary.

OTHER INTANGIBLE ASSETS

Other intangible assets with a limited useful life are recognised in the balance sheet and depreciated as expenses on a straight-line basis in the income statement over their useful lives. No depreciation is recognised on other intangible assets with an unlimited useful life but they are tested for impairment annually or more frequently if necessary. The Group does not currently have any intangible assets with an unlimited useful life.

The useful lives estimated for intangible assets are:

Customer contracts and related customer relationships	5-10 years
Software	3-5 years
Other intangible rights	5-10 years

Any gains or losses on the disposal of intangible assets are presented in the income statement under other operating income and expenses.

Inventories

Inventories are measured at the lower of acquisition cost or net realisable value on the FIFO principle. The acquisition cost of finished products and work in progress consists of raw materials, direct expenses arising from work, other direct expenses and fixed acquisition and production costs. The net realisable value is the estimated sales price in normal business minus estimated expenses required to complete the product and selling expenses.

Lease agreements

GROUP AS LESSEE

Lease agreements related to tangible assets, in which the Group bears an essential part of the ownership risks and rewards, are classified as finance lease agreements. Asset items acquired with finance leases are entered in the balance sheet at the lower of the leased item's fair value or the present value of minimum lease payments at the time when the lease period begins. Such items are depreciated over the shorter of their useful lives or lease periods. The lease obligations are included in interest-bearing liabilities.

Lease agreements in which the lessor bears the ownership risks and rewards are dealt with as other leases. Lease payments payable under other leases are recognised as expenses in the income statement in equal amounts during the lease period.

The Group operates primarily in leased facilities. In Russia it also owns premises. The Group makes fixed-term lease agreements, which are converted into indefinitely valid leases at the end of the fixed period or for which the Group has an option to continue the agreement in fixed-term form. The most common period for the continuation option is five (5) years. The continuation options have been taken into account in the treatment of finance leases.

Impairment

On every closing of the books date the Group assesses whether there are signs of impairment in asset items. If such signs are detected, the net realisable value of the asset item concerned is estimated. The net realisable value is also assessed annually on the following asset items regardless of whether there are signs of impairment: goodwill, intangible assets with an unlimited useful life and intangible assets unaccomplished. The need for impairment is assessed at the level of units generating a cash flow, i.e. the lowest unit level that is mostly independent of other units and whose cash flows can be separated from other cash flows.

The units generating a cash flow in the 2007 financial statements are investments in securities and industrial private equity investments divided into the Reka Cables Group and Nestor Cables Ltd. Indicators followed in the case of Reka Cables Group are permanent changes in the euro prices of the principal raw materials to one direction or another and changes in the market situation on the main market areas together. A change in the interest rate level is not an indicator to be followed as such, but it may have an impact on changing the discount rate. In the case of Nestor Cables Ltd, indicators are not followed in the same way, since no goodwill is involved and the consolidation technique will take any loss into account without delay.

The net realisable value is the fair value of an asset minus the higher of selling expenses or value in use. Value in use means estimated future net cash flows from the asset item or a unit generating a cash flow, which are discounted at their present value. The rate determined before taxes is used as the discount rate, which reflects the market's view of the time value of money and of the special risks relating to the asset item concerned.

An impairment loss is recognised when an asset item's book value is higher than the net realisable value. An impairment loss is recognised in the income statement. If an impairment loss is attributed to a unit generating a cash flow it is first attributed to reduce the unit's goodwill and then to reduce the unit's other asset items in equal proportions. In connection with recognition of an impairment loss, the useful life of the asset item being depreciated in reassessed. An impairment loss recognised on asset items other than goodwill is reversed if a change has taken place in the assessments used in determining the net realisable value of an asset item. No more impairment loss can be reversed, however, than what the asset's book value would be without recognition of the impairment loss. An impairment loss recognised on goodwill can never be reversed.

Pension arrangements

The Group's pension arrangements comply with Finnish regulations and practices. In the Group's defined contribution plan, the Finnish statutory earnings-related TyEL pension scheme, the Group's expenses are recognised as expenses in the period to which the payment is attributed. There are no defined benefit pension plans in the Group.

Provisions and contingent liabilities

A provision is made when the Group has a legal or actual obligation as a result of a previous event, when it is likely that a payment obligation must be fulfilled and when the amount of the obligation can be assessed reliably. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognised as a separate asset item, but not before it is practically certain that compensation will be paid.

A warranty provision is made when a product containing a warranty clause is sold. The amount of the warranty provision is based on proven knowledge about actual warranty costs.

A restructuring provision is made when the Group has drawn up a detailed restructuring plan and begun to implement it or has announced it. No provision is recognised for expenses relating to the Group's normally continued operations.

A provision is made for contracts, when the expenses necessary for fulfilling obligations exceed the benefits from the contract concerned.

A provision is made for environmental obligations on the basis of current interpretations of provisions and legislation on environmental protection. A provision is always made when it is likely that an obligation has been created and the amount of the obligation concerned can be estimated reliably.

A contingent liability is a conditional obligation created as a result of previous events which becomes certain when an uncertain eventuality beyond the Group's control actually occurs. Also existing obligations which are not likely to require fulfilment of payment obligation or the amount of which cannot be determined reliably are regarded as contingent liabilities. Potential contingent liabilities are presented in the notes to the financial statements.

Taxes

The tax expenses in the income statement consist of the tax based on the taxable income for the financial year and deferred tax items. The tax based on the taxable income for the year is calculated on the taxable income on the basis of the tax rate in force on the balance sheet date in each country or entering into force later. The taxes are adjusted by taxes potentially relating to previous periods with the exception of taxes recognised in equity in regard of which the corresponding income or expense has been recognised directly under equity. According to the principle of prudence, a proportion of the potential deferred tax assets of foreign subsidiaries has been left unrecognised.

Deferred tax assets and liabilities are calculated on temporary differences between the book value and taxable value. Deferred tax liabilities are not recognised, however, when the issue concerns an asset or liability item to be recognised initially in the accounts and it does not concern business combinations, and recognition of such an asset or liability item does not affect the result of the bookkeeping or the taxable income at the time of completion of the transaction. No deferred taxes are recognised on goodwill that is non-deductible in taxation or on non-distributable profit funds of subsidiaries to the extent that the difference is not likely to be released in the foreseeable future.

Deferred tax assets are recognised to the extent that it is likely that taxable income will be created in the future against which the temporary difference can be utilised. A proportion of the deferred tax assets of foreign subsidiaries has been left unrecognised for reasons of prudence.

Revenue recognition

The revenue recognition principles of investments in securities and other operations differ in terms of content and treatment.

REVENUE RECOGNITION PRINCIPLES FOR INVESTMENTS IN SECURITIES

The gains and losses on investments in securities consist of profits and losses on financial assets recognised at fair value through profit and loss and on available-for-sale investments, dividend, interest on holdings and other interest received and changes in the value of derivative financial instruments.

Dividend income is recognised when entitlement to the dividend is created.

The gains and losses on investments in securities are netted and the difference is presented under turnover in the income statement.

REVENUE RECOGNITION PRINCIPLES FOR INDUSTRIAL PRIVATE EQUITY INVESTMENTS AND OTHER CONSOLIDATED OPERATIONS

GOODS SOLD AND SERVICES PROVIDED

Income on the sale of goods is recognised when significant ownership risks and rewards and an actual controlling influence have been transferred to the buyer. In principle, this takes place in connection with delivery under the contract terms of products. Income from services is recognised as revenue for the financial period during which the service is provided.

INTEREST AND DIVIDEND

Interest received is recognised using the effective interest method and dividend income when entitlement to dividend is created.

Financial assets and liabilities

The Group's financial assets are classified in the following categories in accordance with IAS 39 ***Financial Instruments: Recognition and Measurement***: financial assets recognised at fair value through profit and loss, available-for-sale financial assets and loans and other receivables. The classification is made in accordance with the purpose of the acquisition of the financial assets concerned and they are classified in connection with the initial acquisition.

Transaction costs are included in the original book value of the financial assets concerned when the item is not measured at fair value through profit and loss.

All acquisitions and sales of financial assets are recorded on the transaction date.

Financial assets are derecognised when the Group has lost its contract-based entitlement to cash flows or when it has transferred essential risks and rewards outside the Group.

All financial instruments are recognised under current assets because of the nature of the operations.

Financial assets are classified as ***Financial assets recognised at fair value through profit and loss*** if they have been acquired for trading or are classified as items to be recognised at fair value through profit and loss at the time of initial recognition (fair value option). Since the Group has no hedge accounting in keeping with IAS 39, derivative financial instruments relating to investments in securities and interest rate derivatives are classified as items held for trading. The items in the group are measured at fair value. Both realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement for the financial period during which they are created.

Available-for-sale financial assets are assets that have been specifically assigned to this group or that have not been classified in any other group. Available-for-sale financial assets are measured at fair value and changes in value are recognised directly in equity if their fair value can be measured reliably. If the fair value cannot be measured reliably, available-for-sale investments are recognised at acquisition cost. Available-for-sale financial assets may consist of shares and interest-bearing investments.

Sales receivables and other receivables under ***Loans and other receivables*** are recognised at the outstanding value of the receivable item or at the fair value of a derivative financial instrument classified in the group. Sales receivables are presented in gross amounts and the financial liabilities under sales receivables are recognised in financial liabilities. The Group recognises an impairment loss on sales receivables if there is objective evidence that the receivable item cannot be recovered in full. If the amount of impairment loss is reduced later, the recognised loss is reversed through profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits that can be withdrawn on demand and other extremely liquid short-term investments.

Financial liabilities

Financial liabilities are valued at acquisition cost or fair value excluding liabilities arising from finance leases under IAS 17. Liabilities arising from finance leases are recognised initially at the lower of the fair value of the item leased or the present value of minimum lease payments. Transaction costs are included in the initial book value of financial liabilities. Financial liabilities are included in current and non-current liabilities.

Financial assets and liabilities not recognised at fair value are measured at acquisition cost. The book value used does not differ significantly from the fair value.

The financial assets recognised at fair value through profit and loss have been measured on the basis of the market price. If no market price is available, the measurement is based on counterparty confirmation, which is also tested by using generally applied measurement methods and available market prices.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised in accounting initially at fair value on the date when the Group becomes party to a contract, and they will continue to be measured at fair value later. The Group does not apply IAS 39 hedge accounting. Gains and losses arising from fair value measurement are treated in a manner determined by the derivative instrument's use in accounting. Interest rate derivatives are handled under financial income and/or expenses in the income statement. Derivative instruments related to investments in securities are treated as adjustments to turnover. Interest rate derivatives and derivative instruments relating to investments in securities are handled under financial assets recognised through profit and loss in the balance sheet. Other derivative financial instruments are handled under operating income and expenses in the income statement and current assets and liabilities in the balance sheet.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: the operating profit is the net amount formed when the turnover is reduced by purchasing costs adjusted for the change in the inventories of finished products and work in progress and expenses incurred through production for own use, and by expenses arising from employee benefits, depreciation and any impairment loss, with other operating income and expenses taken into account. Items in the income statement other than the above-mentioned are presented after the operating profit, taking into account, however, that the item gains and losses from investments in securities included under turnover contains items that are presented after the operating profit for other business operations. Foreign exchange differences and changes in the fair values of derivative financial instruments are included in the operating profit if they arise from items relating to business operations; otherwise they are recognised under financial items.

Principles of preparation requiring the management to use their judgement and related principal uncertainty factors

When financial statements are being prepared, estimates and assumptions must be made, and these may differ from the actual outcome. Furthermore, application of the principles for preparing financial statements requires a certain amount of judgement.

Judgement required from the management in choosing and applying preparation principles

The Group management exercises its judgement in making decisions about choosing and applying the preparation principles for the financial statements, particularly where the existing IFRS has alternative recognition, measurement or presentation methods. The Group consists of two principal segments: investments in securities and industrial private equity investments. The segments differ from each other greatly, which is why the management has decided to use partly different preparation principles, particularly in terms of presentation. As far as investments in securities are concerned, the turnover, i.e. gains or losses on such investments includes items that in the other segment are presented both before and after the operating profit in the income statement.

The management has exercised its judgement in estimating depreciation periods for the entire Group in making the transfer from a one-segment group into a group with more than one segments. Accordingly, depreciation on investments in securities follows the new depreciation periods and is made according to plan.

The management has exercised its judgement in assessing which leases are handled in accordance with IAS 17 as financial leases recognised as assets in the balance sheet and which ones are treated as ordinary rental expenses. The guiding principle has been the definition that leases in which the lessor bears the ownership risks and rewards are treated as ordinary rental expenses. Thus short-term and fairly short-term leases of premises for operations have been treated as other leases, as have individual leases of machinery and equipment obtained from outside the Group and all IT equipment leases. Long-term leases of premises and leases of production equipment have been treated as financial leases to be recognised as assets.

Uncertainty factors relating to estimates

Estimates and assessments made in the preparation of the financial statements are based on the management's best opinion on the closing of the books date. The estimates are based on previous experience and assumptions that concern expected trends in the Group's economic operating environment as far as sales and cost levels are concerned and are considered most likely on the closing of the books date. The Group monitors the materialisation of estimates and assumptions and changes in the factors behind them on a regular basis together with the business units by using several sources of information, both internal and external. Any changes in the estimates and assumptions are recorded in the accounts for the financial period during which the estimate or assumption is revised and in all consequent financial periods.

Measurement of the fair value of goods acquired in business combinations

In June 2007 the Neomarkka Group acquired the Reka Cables Group. The seller was Reka Ltd, which is the parent company of Neomarkka Plc. Although it was a combination of the businesses of corporations under the same controlling influence, the purchase method under IFRS 3 was applied according to the management's judgement. Thus the fair value of all goods acquired was measured in accordance with the provisions of IFRS 3. The Group has used an outside advisor in estimating the fair values of tangible and intangible assets.

The management believes that the estimates and assumptions used are sufficiently accurate to form a basis for measuring fair value. In addition, the Group goes over all potential signs of impairment concerning both tangible and intangible assets on every closing of the books date at least.

Impairment testing

The Group makes impairment tests on goodwill, intangible assets unaccomplished and intangible assets with an unlimited useful life on an annual basis and assesses signs of impairment in accordance with what is presented above in the preparation principles. The net realisable amounts of the units generating cash flow have been determined by means of calculations based on value in use. Making such calculations requires the use of estimates.

Application of new and revised IFRS norms

The IASB has issued the following new or revised standards and interpretations that are not yet in force and that the Group has not yet applied. The Group will adopt them from the coming into force of each standard and interpretation, or if the date of coming into force is some other than the first day of the financial period, as of the beginning of the following financial period.

- IFRIC 11 IFRS 2 – ***Group and Treasury Share Transactions*** (in force for financial periods beginning 1 March 2007 or following financial periods). The new interpretation clarifies the scope of application of share-based payment transactions (IFRS 2) and requires reassessment of such transactions in subsidiaries. The new interpretation has no impact on the Group's following financial statements. The interpretation has been approved for application in the EU.
- IFRIC 12 ***Service Concession Arrangements*** (in force in financial periods beginning 1 January 2008). The Group has no agreements referred to in the interpretation with the public sector, so the interpretation has no impact on the Group's following financial statements. The interpretation has not yet been approved for application in the EU.
- IFRIC 13 ***Customer Loyalty Programmes*** (in force in financial periods beginning after 1 July 2008). The Group has no customer loyalty programmes referred to in the interpretation, so the interpretation has no impact on the Group's following financial statements. The interpretation has not yet been approved for application in the EU.
- IFRIC 14 IAS 19 – ***The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*** (in force in financial periods beginning 1 January 2008). The interpretation applies to defined benefit arrangements in accordance with IAS 19 following termination of employment relationships and to other long-term defined benefit fringe benefits when the arrangement involves a minimum funding requirement. The interpretation also specifies the recognition criteria for an asset to be recorded in the balance sheet through future refunds or through decreases in future contributions to the arrangement. The Group has no defined benefit pension arrangements referred to in the interpretation in force. The interpretation has not yet been approved for application in the EU.
- IFRS 8 ***Operating Segments*** (in force in financial periods beginning after 1 January 2009). IFRS 8 replaces the IAS 14 segment report-

ing standard. According to the new standard, segment reporting is based on the management's internal reporting and the accounting principles it follows. IFRS 8 requires that information is presented on Group products, services, geographical areas and important customers. Corporations are also expected to provide information on the definition criteria for the segments reported on and the accounting principles applied in segment reporting. In addition, the standard requires segment reporting to present a reconciliation for certain income statement and balance sheet items. The Group's IAS 14 segment reporting is equivalent to the management's current internal report. In 2008, the Group will go over the potential development needs in the management's internal reporting and their impact on the application of IFRS 8. The interpretation has been approved for application in the EU.

- Amendment to IAS 23 Borrowing Costs (in force in financial periods beginning 1 January 2009). The amended standard requires that the acquisition cost of assets meeting the criteria such as production plants include the borrowing costs arising from acquisition, construction or production of the asset in question. The Group has acquisition of goods meeting the criteria. Funding for such acquisitions has, however, been obtained internally in the Group, at least up till now, and the borrowing costs have been netted in the consolidated financial statements against financial income of another party in the group. The Group does not think that the adoption of the new standard will have a material impact on following financial statements in the current situation. The Group will, however, go over the standard in 2008, assessing the potential impacts of changes in operating models on the interpretation of the standard and on the significance of its impacts. The revised standard has not yet been approved for application in the EU.
- Amendment to IAS 1 Presentation of Financial Statements (in force in financial periods beginning after 1 January 2009). The revised standard will change the presentation of financial statement calculations. The Group thinks that the change will primarily affect the presentation of the income statement and changes in equity. The principle for calculating the earnings per share will not change. The revised standard has not yet been approved for application in the EU.
- Amendment to IFRS 3 Business Combinations (in force in financial periods beginning after 1 July 2009). The revised standard will cause changes in the treatment of expenses, successive purchases, goodwill, minority interest and conditional price caused by the combining of business operations. The company has not yet assessed the potential impacts of the amendment to the standard. The amendment to the standard has not yet been approved for application in the EU.
- Amendment to IAS 27 Consolidated and Separate Financial Statements (in force in financial periods beginning after 1 July 2009). The amendments will affect the treatment of minority interest and changes in ownership in subsidiaries where there is a controlling influence and where a controlling influence is lost. The company has not yet estimated the potential impact the amendment of the standard. The amendment has not yet been approved for application in the EU.

3. Segment information

The segment information is presented in accordance with the Group's business and geographical segment division. The Group has defined the business segment as its primary segment and the geographical segment as its secondary segment.

Pricing between segments takes place at market price.

Primary segment

The Group's main segments are investments in securities and industrial private equity investments. Investments in securities are a single entity. Industrial private equity investments are divided in different business areas, if necessary. On the balance sheet date, industrial private equity investments consisted of the cables business area.

In 2006 the Group had only one segment, which is equivalent to the current segment of investments in securities. In 2006 the entire operations were presented as operations in this segment. Thus there was no separate segment reporting.

2007 EUR 1,000	Investment in securities	Industrial Investment; cables	Others and eliminations	Total
Industrial business turnover	0	57,081		57,081
Gains and losses from the trade of financial assets	5,362	0		5,362
Internal sales				
Turnover	**5,362**	**57,081**		**62,443**
Segment operating profit	**4,087**	**82**		**4,169**
Unallocated items			13	13
Operating profit				**4,182**
Share of the result of associates		-47		-47
Unallocated items				-2,982
Profit for the financial year				**1,153**
Segment assets	41,310	64,084		105,395
Unallocated assets			1,007	1,007
Total assets	**41,310**	**64,084**	**1,007**	**106,401**
Segment liabilities	637	16,099		16,736
Unallocated liabilities			29,990	29,990
Total liabilities	**637**	**16,099**	**29,990**	**46,727**
Assets - Liabilities	**40,673**	**47,985**	**-28,984**	**59,675**
Investments	**0**	**5,824**	**2,905**	**8,729**
Depreciations	**-24**	**-1,964**	**-99**	**-2,087**

2006 EUR 1,000	Investment in securities	Industrial Investment; cables	Others and eliminations	Total
Industrial business turnover	0			0
Gains and losses from the trade of financial assets	8,033			8,033
Internal sales				
Turnover	**8,033**			**8,033**
Segment operating profit	**6,627**			**6,627**
Unallocated items	0			0
Operating profit	**6,627**			**6,627**
Share of the result of associates	0			0
Unallocated items	0			0
Profit for the financial year	**3,880**			**3,880**
Segment assets	102,948			102,948
Unallocated assets	0			0
Total assets	**102,948**			**102,948**
Segment liabilities	42,475			42,475
Unallocated liabilities	0			0
Total liabilities	**42,475**			**42,475**
Assets - Liabilities	**60,473**			**60,473**
Investments	**65**			**65**
Depreciations	**-29**			**-29**

Secondary segment

The Group's secondary segment is geographical and is divided into EU and non-EU countries. In the geographical segment, the turnover has been taken into account according to where good or services have been delivered, and assets have been handled according to their location. Investment has been treated according to the area in which the investment has been made. Investments in securities have principally been taken into account in full in the EU figures even though the investments may have been outside EU during part of the year.

EUR 1,000	Turnover 2007	2006	Assets 2007	2006	Investments 2007	2006
EU -countries	56,352	8,033	105,285	102,948	8,421	65
Non-EU -countries	6,091	0	10,951	0	2,244	0
Eliminations and unallocated items	0	0	-9,835	0	-1,936	0
Group total	**62,443**	8,033	**106,401**	102,948	**8,729**	65

Acquisitions of subsidiaries and associates have not been treated as investments.

4. Acquired business

Reka Cables

In a share transaction completed on 1 June 2007 Neomarkka bought all Reka Cable Ltd's shares. The price was paid in cash. In addition to the acquisition price, the price includes EUR 1.2 million in expert fees and asset transfer taxes relating to the deal. The following assets and liabilities were recognised on the acquisition 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
Current receivables	18,962	0	18,962
Cash in hand and at bank	660	0	660
Deferred tax liability	-855	-2,252	-3,107
Provisions	-509	0	-509
Other non-current liabilities	-5,025	0	-5,025
Other current liabilities	-28,609	0	-28,609
Net assets acquired			**22,460**
Goodwill arising on aquisition			**4,527**
Total consideration, satisfied by cash			**26,987**
Net cash outflow arising on acquisition:			
Cash consideration paid, expert fees and asset transfer tax			-26,987
Cash and cash equivalents acquired			660
Net cash outflow arising on acquisition:			-26,327

Changes in the fair value of intangible assets comprise customer relationships (EUR 2.8 million) and product brands and trademarks (EUR 0.7 million). Goodwill consists primarily of the personnel.

Reka Cables' profit for the financial period 1 June 2007 – 31 December 2007 came to EUR 0.7 million.

If Reka Cables had been acquired at the beginning of the financial period, the turnover in the cables business area (1 January 2007 – 31 December 2007) would have totalled EUR 97.4 million, bringing Neomarkka's turnover to EUR 102.8 million and the profit for the financial year to EUR 2.4 million. The profit for the financial year takes into account that the release of the margin included in the value of inventories in attributing the acquisition cost weakens the financial result.

5. Turnover

EUR 1,000	2007	2006
Industrial business turnover	57,081	0
Gains and losses from the trade of financial assets	5,362	8,033
Total turnover	**62,443**	**8,033**

Gains and losses from the trade of financial assets

EUR 1,000	2007	2006
Gains and losses from the trade of financial assets recognised at fair value through profit and loss	9,367	9,057
Change in unrealised gains from financial assets recognised at fair value through profit and loss, increase (+), decrease (-)	-5,026	-5,153
Gains from the trade of available-for-sale financial assets	4	1,023
Dividend income	220	610
Membership dividends	0	381
Interest income	347	190
Change in value of derivative contracts	450	1,925
Total	**5,362**	**8,033**

6. Other operating income and expenses

EUR 1,000	2007	2006
Income from derivatives	62	0
Other income	29	0
Renting expenses	-691	-76
Maintenance expenses from machinery and properties	-1,628	0
Expenses from derivatives	-115	0
Sales – and marketing expenses	-1,514	0
Other expenses	-2,646	-760
Total	**-6,503**	**-836**

7. Depreciation and impairment

EUR 1,000	2007	2006
Depreciations and impairments by item groups		
Intangible non-current assets		
Customer relationships	-160	0
Product brands and trademarks	-62	0
Other intangible assets	-44	0
Total	-266	0
Tangible non-current assets		
Buildings	-372	0
Machinery and equipment	-1,425	-29
Other tangible assets	-24	0
Total	-1,821	-29
Impairments by item groups	0	0
Total depreciations and impairments	**-2,087**	**-29**

8. Perssonel expenses

EUR 1,000	2007	2006
Wages and salaries	5,777	429
Pension expenses - defined contribution plans	885	55
Other personnel expenses	387	57
Total	**7,048**	**541**

Average personnel in the financial year	2007	2006
Total	172	5
of whom in the cable business	168	0

It must be taken into account that the acquisition of Reka Cables on 1 June 2007 increased the number of the personnel considerably.

The employee benefits of the management are reported in the notes 31 under events concerning related parties.

9. Research and development expenses

The 2007 income statement includes EUR 0.2 (2006: 0.0) million in R&D expenses recognised as expenses.

Notes to the Consolidated Financial Statements

10. Financial income and expenses

Financial income

EUR 1,000	2007	2006
Interest income	52	0
Income from interest derivatives	27	0
Other financial income	1	0
Total	**79**	**0**

Financial expenses

EUR 1,000	2007	2006
Interest expenses	-1,558	-1,659
Interest expenses from active financial leases	-379	0
Expenses from interest derivatives	-69	0
Differences in foreign currencies	-198	0
Other financial expenses	-95	0
Total	**-2,299**	**-1,659**

The turnover of investments in securities (note 5) takes into account changes in value for financial assets recognised at fair value through profit and loss and any sales gains or losses on investments in securities. In addition, other operating income and expenses take into account changes in derivative financial instruments relating to commodity and currency derivatives of industrial private equity investments. A total of EUR 5.1 (2006: 6.5) million of financial assets to be recognised at fair value through profit and loss has been recognised in the income statement for 2007.

11. Taxes

EUR 1,000	2007	2006
Tax based on taxable income from the financial year	-2,813	-55
Taxes from previous financial periods	-4	2,419
Deferred tax from the profit	2,324	
Deferred tax from the overvalue of financial assets recognised at fairvalue through profit and loss	-270	-1,386
Total	**-763**	**-1,088**

Balancing assessment between taxes from income statement and the Group's domestic tax rate 26%.

EUR 1,000	2007	2006
Profit before taxes	1,916	4,968
Share of the result of associates - presented by tax deduction included	-47	
Profit before taxes and results from associates	1,963	4,968
Taxes calculated based on domestic tax rate	510	1,292
Effect from tax-free income	-54	-206
Effect from non-deductible expenses	32	2
Effects from different tax rates of foreign subsidiaries	-7	0
Effect from unregistered deferred tax receivables from taxable losses	265	0
Taxes from previous financial periods	31	0
Other items	-14	0
Taxes in income statement	763	1,087

In accordance with the view on the closing of the books date, the financial statements do not take into account the deferred tax assets of the Russian companies.

12. Earnings per share

The undiluted earnings per share are calculated by dividing the profit belonging to the parent company shareholders by the weighted average number of outstanding shares during the financial period.

	2007	2006
Profit from the period belonging to the shareholders´ of the parent company, EUR 1,000	1,153	3,880
Weighted average number of outstanding shares during the period (pcs)	6,020,360	6,020,360
Earnings per share, EUR	0.19	0.64
Weighted average number of outstanding shares during the period, diluted (pcs)	6,020,360	6,020,360
Earnings per share, diluted, EUR	0.19	0.64

The diluting effect of the conversion of all diluting potential ordinary shares into shares is taken into account in the weighted average number of shares in the calculation of the dilution-adjusted earnings per share. The Group has no diluting instruments on the closing of the books date.

13. Tangible non-current assets

EUR 1,000	Buildings	Machinery and equipment	Motor vehicles	Advances and incomplete acquisitions	Total
Acquisition cost 1.1.2007	0	162	0	0	162
Investments	5,413	2,738	5	2,905	11,061
Investments through company acquisitions	2,585	14,166	173	190	17,114
Decreases	0	-2,489	0	0	-2,489
Foreign exchange differences	0	0	0	0	0
Acquisition cost 31.12.2007	7,998	14,577	178	3,095	25,848
Accumulated depreciations and impairments 1.1.2007	0	111	0		111
Depreciations	372	1,425	24		1,821
Accumulated depreciations and impairments 31.12.2007	372	1,536	24		1,932
Book value 1.1.2007	0	51	0	0	51
Book value 31.12.2007	7,626	13,041	154	3,095	23,916

EUR 1,000	Buildings	Machinery and equipment	Motor vehicles	Advances and incomplete acquisitions	Total
Acquisition cost 1.1.2006	0	97	0	0	97
Investments	0	65	0	0	65
Investments through company acquisitions	0	0	0	0	0
Decreases	0	0	0	0	0
Foreign exchange differences	0	0	0	0	0
Acquisition cost 31.12.2006	0	162	0	0	162
Accumulated depreciations and impairments 1.1.2006	0	82	0		82
Depreciations	0	29	0		29
Accumulated depreciations and impairments 31.12.2006	0	111	0		111
Book value 1.1.2006	0	15	0	0	15
Book value 31.12.2006	0	51	0	0	51

Tangible non-current assets include assets leased through finance leases as follows:

EUR 1,000	2007	2006
Buldings		
Acquisition cost 1.1.	0	0
Investments through company acquisitions	1,472	
Other investments	5,414	
Acquisition cost 31.12.	6,886	0
Accumulated depreciations 1.1.		
Depreciation for the year	299	
Accumulated depreciations 31.12.	299	0
Book value 31.12.	6,587	0
Machinery and equipment		
Acquisition cost 1.1.	0	0
Investments through company acquisitions	2,533	
Decreases	-2,489	
Acquisition cost 31.12.	43	0
Accumulated depreciations 1.1.		
Depreciation for the year	43	
Accumulated depreciations 31.12.	43	0
Book value 31.12.	0	0

Other increases in buildings consist of the long-term leases of premises made in connection with the acquisition of Reka Cables Ltd and the extension of the production facilities in Riihimäki.

The decreases in machinery and equipment consist of the acquisition of the finance leases of machinery and equipment as internal leases in the Neomarkka Group.

14. Intangible non-current assets

EUR 1,000	Goowill	Other intangibles	Total
Acquisition cost 1.1.2007	0	0	0
Investments	0	222	222
Business combinations	4,527	3,588	8,115
Decreases	0	-65	-65
Acquisition cost 31.12.2007	4,527	3,745	8,272
Accumulated depreciations and impairments 1.1.2007	0	0	0
Depreciations	0	266	266
Accumulated depreciations and impairments 31.12.2007	0	266	266
Book value 1.1.2007	0	0	0
Book value 31.12.2007	4,527	3,479	8,006
Acquisition cost 1.1.2006	0	0	0
Investments	0	0	0
Business combinatons	0	0	0
Acquisition cost 31.12.2006	0	0	0
Accumulated depreciations and impairments 1.1.2006	0	0	0
Depreciations	0	0	0
Accumulated depreciations and impairments 31.12.2006	0	0	0
Book value 1.1.2006	0	0	0
Book value 31.12.2006	0	0	0

Other intangible assets include the following items: customer relationships, product brands and trademarks, IT software and licenses recognised as assets.

The goodwill recognised in the financial statements arose from the acquisition of the Reka Cables Ltd shares and has been allocated entirely to the Reka Cables Group in the cables business area of the industrial private equity investments segment for impairment testing. The net realisable value has been determined on the basis of value in use calculations. The calculations are based on forecasts approved by the management for a period of 4 years. Cash flows after the forecast period have been predicted using a 0% growth assumption. The anticipated cash flows are discounted at the present date. The discount rate is 8%.

The following assumptions applied affect the actual turnout of the calculations: euro prices of principal raw materials will not change permanently to any significant degree and there will be no significant deterioration in aggregate demand on key markets. The assumptions made by the management are based on previous experience and the general outlook in the sector.

As a result of the impairment testing carried out, the company has no need for recognition of impairment. The net realisable value determined in the impairment testing exceeds substantially the book value of the units tested.

15. Holdings in associates

EUR 1,000	2007	2006
At the beginning of financial year	0	0
Share of the result of financial year	-47	0
Investments	1,051	0
At the end of financial year	1,004	0

On the closing of the books date Neomarkka has the associate Nestor Cables Ltd. The company is domiciled in Oulu and its assets in the financial statements are EUR 2.9 million. The company has no liabilities or turnover on the closing of the books date. The company's production will start in 2008. Neomarkka owns 30% of the company.

16. Financial assets recognised at fair value through profit and loss

EUR 1,000	2007	2006
Hedge funds or securities based on hedge funds		
Ind eQ Active 4024 bonds / Nordea	5,254	0
Ind eQ Active 4025 bonds / Nordea	15,756	0
Direct Hedge funds year 2006	0	75,714
Total	**21,010**	**75,714**
Share funds	**0**	**7,334**
Money market funds and deposits		
Nodea Pro Euro Korko Kasvu	4,143	3,758
Interest rate warrants	1,853	0
Certificate of deposits	10,076	0
Total	**16,073**	**3,758**
Derivatives		
Interest derivatives; interest rate ceilings	**27**	0
Total	**27**	0
Total financial assets recognised at fair value through profit and loss , Neomarkka Plc	**37,109**	**86,806**

In addition, the negative fair values of currency and metal derivatives recognised at fair value through profit and loss have been taken into account in other liabilities (EUR -36,000 in 2007 and EUR -90,000 in 2006).

17. Available-for- sale financial assets

EUR 1,000	Numbers	Book value 2007	Book value 2006
Novalis Plc			
Private equity			
Oulun Puhelin Holding Oyj, before Oulun Puhelin Oyj	746,250	3,081	3,081
Satakunnan Teletieto Oy, before Satakunnan Puhelin Oy	81,700	920	920
Kymen Puhelin Oy		0	111
Total available-for-sale financial assets		4,001	4,112

The available-for-sale financial assets consist entirely of unlisted equity and cooperative capital investments owned by Novalis Plc. Available-for-sale assets are recognised at acquisition cost, since their fair values cannot be measured reliably (IAS 39, 46).

In the consolidated balance sheet unlisted investments are recognised at acquisition value under IFRS, since their market value cannot be measured reliably. The Board of Directors has come to the conclusion that the measurement by an independent expert in 2007 correspond to the situation at the end of 2007.

18. Deferred tax assets and liabilities

Changes in deferred taxes during 2007

EUR 1,000	31.12. 2006	Booked to income statement	Foreign exchange difference	Aquired or sold business	31.12. 2007
Deferred tax receivables					
Provisions	0	34	0	103	137
Derivatives at market value	0	0	0	0	0
Other items	0	13	0	54	67
Total	**0**	**47**	**0**	**157**	**204**
Deferred tax liabilities					
Unrealised profits from financial assets	-1,577	1,307	0	0	-270
Derivatives at market value	0	20	0	-20	0
IFRS 3 based purchase price allocation and through that arisen expense entries	0	596	0	-2,252	-1,656
Full costing valuation of inventory	0	35	0	-181	-146
Other items	-55	522	0	-486	-19
Total	**-1,632**	**2,480**	**0**	**-2,939**	**-2,091**

Changes in deferred taxes during 2006

EUR 1,000	31.12. 2005	Booked to income statement	Foreign exchange difference	Aquired or sold business	31.12. 2006
Deferred tax receivables					
Provisions	0	0	0	0	0
Derivatives at market value	0	0	0	0	0
Other items	2,419	-2,419	0	0	0
Total	**2,419**	**-2,419**	**0**	**0**	**0**
Deferred tax liabilities					
Unrealised profits from financial assets	-2,963	1,386	0	0	-1,577
Derivatives at market value	0	0	0	0	0
IFRS 3 based purchase price allocation and through that arisen expense entries	0	0	0	0	0
Other items	0	-55	0	0	-55
Total	**-2,963**	**1,331**	**0**	**0**	**-1,632**

The deferred tax assets arising from the results of the Russian subsidiaries have not been taken into account in the financial statements.

19. Inventories

Inventories in industrial private equity investment:

EUR 1,000	2007	2006
Materials and supplies	6,430	0
Production in progress	3,821	0
Finished products	6,564	0
Total	**16,815**	**0**

In 2007 the cables business area recognised a total of EUR 0.2 million in inventory impairment. The impairment was based on the defective commercial quality of a product or prolonged stock turnover periods.

Use of materials and supplies came to EUR 42.6 (2006: 0.0) million in 2007. Use of materials and supplies by the cables business area has been taken into account for the period 1 June 2007 - 31 December 2007.

20. Current receivables

Loans and other receivables were distributed as follows:

EUR 1,000	2007	2006
Sales receivables	9,278	8,409
Other receivables	2,876	20
Total	**12,154**	**8,429**

EUR 8.2 million in sales receivables had not fallen due. 90% of the sales receivables fallen due had not been due for longer than a week. The Group has no sales receivables due for more than 60 days.

Current receivables were distributed by currency as follows:

EUR 1,000	2007	2006
EUR	9,214	2,691
SEK	1,452	5,738
DKK	722	
RUB	127	
Other currencies	639	
Total	**12,154**	**8,429**

The cables business area uses a partial factoring arrangement in sales receivables. The entire amount of sales receivables is taken into account in bookkeeping, since the criteria for derecognition were not met. Use of the funding facility is taken into account in current interest-bearing liabilities.

21. Cash and cash equivalents

EUR 1,000	2007	2006
Cash in hand and at banks	**3,268**	**3,324**

22. Notes on equity

Shareholders´ equity

EUR 1,000	2007	2006
Share capital 1.1.		
Series A	558	558
Series B	23,524	23,524
Share capital 31.12.	24,082	24,082
Premium fund 1.1.	66	66
Premium fund 31.12.	66	66
Reserve fund 1.1.	1,221	1,221
Reserve fund 31.12.	1,221	1,221
Retained profits 1.1.	13,777	11,703
Dividends paid	-1,806	-1,806
Retained profits 31.12.	11,971	9,897
Other unrestricted equity 1.1.	21,327	21,327
Other unrestricted equity 31.12.	21,327	21,327
Translation differences	-145	0
Profit for the financial year	1,153	3,880
Shareholders´equity 31.12.	**59,675**	**60,473**

(22. Notes on equity)

Parent company share capital by type of share	2007 No.	2007 Share capital EUR 1,000	2006 No.	2006 Share capital EUR 1,000
Series A (20 votes/share)	139,600	558	139,600	558
Series B (1 vote/share)	5,880,760	23,524	5,880,760	23,524
	6,020,360	24,082	6,020,360	24,082

Neomarkka Plc has two series of shares. The maximum number of Series A shares is 0.2 (2006: 0.2) million and that of Series B shares 9.6 (2006: 9.6) million. All issued shares are paid up in full.

Premium fund and reserve fund
The premium fund and reserve fund were set up before 1998 and their use is governed by the Limited Liability Companies Act.

Other unrestricted equity
Other unrestricted equity was created in 2000 through a reduction in the share capital: an amount equivalent to the reduction was transferred to the fund to be used in accordance with the shareholders' meetings decision.

Translation differences
Translation differences comprise primarily differences arising from the translation of the financial statements of foreign units.

Dividend
After the closing of the books date the Board has proposed that a dividend of EUR 0.50 (2006: EUR 0.30) per share be distributed.

23. Provisions

Consolidated provisions, EUR 0.5 million, consists of product warranty provisions concerning the business of industrial private equity investments. The provisions are made both on the basis of claims made but not yet paid and as provisions calculated on the basis of past experience. The calculated provision takes into account any compensation obligations potentially occurring over a period of 10 years on the basis of experience in the cables business.

24. Interest-bearing liabilities

EUR 1,000	2007	2006
Long-term financial liabilities valued at allocated purchase price		
Bank loans	16,272	0
Loans from other financial institutions	0	0
Finance leases	6,240	0
Total	**22,512**	**0**
Short-term financial liabilities valued at allocated purchase price		
Cheque account credits	2,643	0
Bank loans	0	40,000
Loans from other financial institutions	4,203	0
Finance leases	347	0
Amortizations of long-term loans	2,009	0
Total	**9,202**	**40,000**

Loans from other financial institutions includes the credit facility relating to the factoring of sales receivables with the said sales receivables as security.

The Group's bank and financing loans are floating interest loans.

Finance leases have fixed interest rates. The Group's average interest rate is 5.9% on 31 December 2007 (end 2006: 4.8%).

The amounts of consolidated liabilities and their re-pricing periods under the agreements are:

EUR 1,000	2007	2006
under 6 months	6,846	
6 - 12 months	18,281	40,000
over12 months	6,587	
Total	**31,714**	**40,000**

The category over 12 months includes finance leases. All liabilities are denominated in euros.

Maturities of finance lease liabilities

EUR 1,000	2007	2006
Finance lease liabilities – total amount of minimum rents		
In one year	909	0
More than one year and maximum five years	3,543	0
After five years	7,079	0
Total	**11,530**	**0**
Non-cumulative finance expenses	-4,943	0
Present value of finance lease liabilities	6,587	0
Finance lease liabilities – present value of minimum rents		
In one year	836	0
More than one year and maximum five years	2,666	0
After five years	3,085	0
Total	**6,587**	**0**

25. Accounts payable and other liabilities

EUR 1,000	2007	2006
Short-term financial liabilities valued at allocated purchase price		
Accounts payable	6,043	20
Other liabilities	10,307	733
Short-term financial liabilities valued at current value through profit and loss		
Derivative contracts	36	90
Total	**16,386**	**843**

Essential items under other liabilities comprise periodised personnel expenses, periodised interest on liabilities, periodisation of customer's annual discounts and added value tax.

Non-interest-bearing current liabilities are distributed according to currency as follows:

EUR 1,000	2007	2006
EUR	14,851	841
USD	1,510	1
Other currencies	25	1
Total	**16,386**	**843**

26. Financial risk management

The Group's business involves financial risks. The primary financial risks are exchange rate risk, interest rate risk, commodity risk, liquidity risk, credit risk and market risk relating to investments in securities.

The general principles of the Group's risk management are approved by the Board of Directors, and the operative management is responsible for their practical implementation. It is the responsibility of an audit committee under the parent company's Board of Directors to assess the adequacy and appropriateness of the risk management.

In its risk management the Group uses forwards, options, commodity derivatives, interest rate swaps, changes in the reference rates of loans when necessary and various purchase and sale commissions based on limits.

Foreign exchange risk

The Group operates internationally and thus faces transaction risks caused by various currency positions and risks arising from the translation of investments, receivables and liabilities denominated in different currencies into the parent company's operating currency. The most important currencies for the Group are the USD and SEK. In relation to these, currency positions are determined at least once a year and in accordance with foreign exchange trends the currency positions are hedged with hedge instruments to a degree from 0% to 125%. The importance of the RUB is increasing and the currency is being monitored continuously; active hedging will be put in place as necessary. As far as the RUB is concerned, only internal currency forwards have been made in the Group. So far the Group has not hedged net investments in foreign units by using external loans denominated in a corresponding currency or currency forwards. All external loans of the Group are denominated in euros.

The Group had no open hedges outside the Group on the balance sheet date.

The USD is important for the Group, because the prices of the metals purchased are determined on a dollar basis. What is crucial to the Group is the joint effect of the price of metal and the relationship of the USD to the EUR. SEK hedges are made to hedge turnover. If the SEK had been 10% weaker on average in 2007, its effect would have been EUR -1.4 million without hedging. If the SEK had been 10% stronger on average, its effect would have been EUR 1.7 million.

Interest rate risk

The Group's interest rate risks arise from non-equity-rated financing and investments in securities.

Neomarkka owns securities issued by Nordea Bank Plc including a share of eQ Active Hedge Fund. The instrument is constructed so that its share of eQ Active hedge Fund was double compared with the value of the security at the time of subscription and the difference was financed through borrowing. Thus the return on the instrument takes into account the return on eQ Active hedge Fund minus the underlying loan expenses.

The reference rates of non-equity-rated loans are 1-week Euribor, 6-month Euribor and 12-month Euribor. The interest rates of finance leases are fixed. On the closing of the books date the Group's financing rate for non-equity-rated financing was 5.9% on average. If the average rate were one percentage point higher, it would have an effect of EUR -0.2 million on the consolidated profit. The effect is mitigated by the interest rate ceiling options acquired.

Commodity risk

The principal raw materials in the cable business under the Groups industrial private equity investments are metals (copper and aluminium) and plastics. Partial price hedging through commodity derivatives is used in metal purchases. As far as metals are concerned, the trend in the dollar price of metals and the relationship of the USD to the EUR are important for the Group.

Liquidity risk

The Group constantly assesses and monitors the amount of financing required by the business operations in order to ensure that the Group has sufficient liquid funds to finance operations and to repay maturing loans. To guarantee liquidity, part of the non-equity-rated financing consists of a cheque account credit facility and sales receivables financing. This makes it easier to respond to seasonal fluctuations in the business under industrial private equity investments. Unused credit facilities totalled EUR 1.7 million on 31 December 2007. Liquidity is also underpinned by keeping some of the investments in securities relatively short-term.

EUR 1,000	Balance value	Cash flow	under 1 year	1-2 years	2-5 years	over 5 years
31.12.2007						
Bank loans	18,281	25,343	4,439	4,154	9,001	7,749
Finance lease liabilities	6,587	11,617	833	1,865	2,616	6,303
Cheque account credit facilities	2,643	2,643	2,643			
Repatriation of sales receivables – credit facilities	4,203	4,203	4,203			
Accounts payable and other liabilities	14,621	14,621	14,621			
Derivative instruments						
Interest derivatives	-27	-27	-27			
Commodity derivatives	36	30	30			
Currency forward contracts	0	0				

EUR 1,000	Balance value	Cash flow	under 1 year	1-2 years	2-5 years	over 5 years
31.12.2006						
Bank loans	40,000	40,790	40,790			
Finance lease liabilities						
Cheque account credit facilities						
Repatriation of sales receivables – credit facilities						
Accounts payable and other liabilities	843	843	843			
Derivative instruments						
Interest derivatives						
Commodity derivatives						
Currency forward contracts	90	90	90			

The figures are not discounted and include both interest payments and repayments of capital.

Credit risk

The Group manages its credit risk by checking the credit rating of its key partners (customers, suppliers, other partners) at regular intervals, through active monitoring of the payment behaviour of its customers and through external information. The Group manages its credit risk also through market-specific and customer-specific payment terms. The Group's maximum credit risk corresponds to the book value of financial assets at the end of the financial period. Most of the Group's sales receivables have not fallen due. Of those fallen due, 90% have not been due for longer than a week. The Group has no receivables due for more than 60 days. The Group has major wholesale companies among its customers, but no risk concentrations can be detected as a result of the customers' excellent payment behaviour. In the segment of investments in securities, counterparty risk is managed by choosing partners carefully. The biggest partner in investments in securities is Nordea Bank Plc.

Investment market risk

The Group faces an investment market risk through its investments in securities. The market prices of equities, changes in the values of funds and the general market situation affect the company's performance through changes in the values of the said investments. On the closing of the books date the Group had no direct holdings of listed equities. The Group owns securities issued by Nordea Bank Plc including an interest in eQ Active Hedge Fund. The instrument is constructed so that its share of eQ Active Hedge Fund was double compared with the value of the security at the time of subscription and the difference was financed through borrowing. Thus the return on the instrument takes into account the return on eQ Active hedge Fund minus the underlying loan expenses. Other investments in securities measured at fair value on the closing of the books date are short-term money-market funds or deposits. Most of these are equity-hedged.

Derivative financial instruments valid on the balance sheet date:

Derivative contracts

EUR 1,000	31.12.2007	31.12.2006
Nominal values		
Interest derivatives		
Interest rate ceiling derivatives	9,800	0
Foreign exchange derivatives		
Currency forward contracts	0	21,120
Commodity derivatives		
Price hedging for metals	1,119	0
Fair values		
Interest derivatives		
Interest rate ceiling derivatives	27	0
Foreign exchange derivatives		
Currency forward contracts	0	-90
Commodity derivatives		
Price hedging for metals	-36	0

27. Capital management

Before industrial private equity investments, Neomarkka's business operations consisted exclusively of investments in securities: investments were measured at fair value and the most important indicators were the net asset value per share and degree of investment.

With the change, the company has proceeded to monitor indicators relating to industrial business such as the operating profit, euro earnings per share, return on investment % and equity ratio %.

The aim is to use at least 30% of the net profit for dividend distribution.

28. Fair values of financial assets and liabilities

Most of the consolidated financial assets come under financial assets recognised at fair value through profit and loss, and they are broken down in note 16. Derivative financial instruments are presented together in note 26. Other cash and cash equivalent items, receivables and liabilities are taken into account in accordance with the sum open in the financial statements excluding any credit loss recognitions. The Group does not apply hedge accounting, so all income and expenses from derivative financial instruments are recognised through profit and loss.

29. Other leases

Group as lessee

Minimum lease payments on the basis of non-cancellable other leases:

EUR 1,000	2007	2006
In one year	941	60
More than one year and maximum five years	3,168	76
After five years	214	0
Total	**4,323**	**136**

The Group has leased many of its production and office facilities. Some leases for premises are treated as finance leases. Other leases for premises are agreements for three to six years on average, normally involving an option for continuing the lease after the original termination date. The leases usually include an index condition.

In principle the Group has leased its IT equipment and software, vehicles and trucks. The average duration of these leases is three years.

The 2007 income statement includes EUR 0.8 (2006: EUR 0.1) million in expenses on other leases.

30. Contingent liabilities

EUR 1,000	31.12.2007	31.12.2006
Debts, on behalf of corporate mortgages are given		
Loans from financial institutions	7,891	0
Granted corporate mortgages	15,000	0
Debts, on behalf of securities or guarantees are given		
Loans from financial institutions	13,033	0
Book value of pledged securities	26,987	0
Granted guarantees	13,033	0
Other collaterals		
Guarantees	120	0

Guarantees

Payment commitments: Reka Cables 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.

The financial lease liabilities are presented in note 24 and liabilities under other leases in note 29.

Investment commitments

Investment commitments on tangible current assets on 31 December 2007 totalled EUR 6.2 (end 2006: EUR 0.0) million. The investment commitments are related to the extension of the cable production plant in Riihimäki.

The liabilities for derivative financial instruments are presented in note 26.

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 EUR3.5 million.

Contingent liabilities for associates

The owner companies and founder shareholders of Nestor Cables Ltd have undertaken to increase equity-rated funding to the company if the corporate equity ratio is 15% or below in the financial statements of 31 December 2008 or if the company is found insolvent or over-indebted before the approval of the said financial statements as specified in section 5 of the Act on Recovery into a Bankruptcy Estate (758/1991). At most the equity investment obligation of the Neomarkka Group in such a situation is EUR 0.9 million.

31. Related party events

Neomarkka Plc and thereby the Neomarkka Group are part of the Reka Group. Reka Ltd's holding of Neomarkka Plc's share capital is 50.76% and 65.78% of the voting rights.

The Neomarkka Group's internal parent companies, subsidiaries and associates:

Company name	Native country	Domicile	Group´s share of share capital (%)	Group´s share of voting rights (%)
Parent company:				
Neomarkka Plc	Finland	Hyvinkää		
Neomarkka Plc´s subsidiaries and their subsidiaries and associates:				
Novalis Plc	Finland	Helsinki	100	100
Alnus Ltd	Finland	Helsinki	100	100
Metsämarkka 1 Ltd	Finland	Hyvinkää	100	100
Reka Cables Ltd	Finland	Hyvinkää	100	100
Reka Kabel Ab	Sweden	Gothenburg	100	100
OOO Reka Kabel Holding	Russia	Moscow	100	100
OOO Reka Kabel	Russia	St. Petersburg	100	100
ZAO Reka Kabel	Russia	Podolsk	90	90
Reka Cables Baltic OÜ	Estonia	Tallinn	100	100
Reka Kabel A/S	Danmark	Roskilde	100	100
Reka Cables Polska SP.Z.O.O.	Poland	Dopiewo	100	100
Nestor Cables Ltd	Finland	Oulu	30	30

The minority interest in ZAO Reka Kabel has not been taken into account in the financial statements, because its impact is insubstantial.

Transactions with Reka Group

EUR 1,000	2007	2006
Sales to Reka Group	69	0
Dividends to Reka Group	-587	-587
Acquisition of Reka Cables Ltd	-25,803	0
Other purchases from Reka Group	-4,359	0
Sales receivables and other receivables at end of period	604	0
Non-current debts (financial leases) at end of period	-5,204	0
Other debts at end of period	-375	0
Guarantees received	1,547	0

Transactions with associates

The Group had no purchases or sales with associates in 2007. The potential equity-rated obligation of EUR 0.9 million relating to Nestor Cables Ltd is described in note 30.

Management benefits

The Group's Board of Directors and Management Group are defined as management within the inner

Management fringe benefits

EUR 1,000	2007	2006
Salaries and other short-term employment benefits	334	230
Pension expenses - defined contribution plans	53	26

The members of the Board of Directors are paid an annual fee in accordance with an AGM decision. In addition, a separate meeting fee is paid for Board and committee meetings and travel expenses according to invoice. They have no other benefits. The members of the Board have no pension agreements with the company. The notice period for the CEO is twelve (12) months and that of the CFO six (6) months.

The Group has no other significant transactions, receivables, liabilities or guarantees involving inner circle parties.

32. Events after closing of the books date

Jorma Leskinen was appointed Managing Director of Reka Cables Ltd as of 1 January 2008.

Key Figures

Key figures from the Income Statement and Balance Sheet

EUR 1,000	2007	2006	2005
Industrial business turnover	**57,081**	-	-
Gains and losses from the trade of financial assets	**5,362**	8,033	6,695
Turnover	**62,443**	8,033	6,695
Operating profit	**4,182**	6,627	5,603
- Industrial investments	**82**	-	-
- Trade of financial assets	**4,087**	6,627	5,603
Operating profit %	**6.7**	82.5	83.7
Profit before taxes	**1,916**	4,968	4,458
% of net turnover	**3.1**	61.9	66.6
Profit for the financial year	**1,153**	3,880	3,626
Return on equity % (ROE)	**1.9**	6.5	6.3
Return on investment % (ROI)	**4.4**	6.6	6.0
Equity ratio, %	**56.1**	59.7	58.6
Net-debt-equity ratio (Gearing), %	**13.7**	54.4	62.9
Investments in tangible assets	**8,572**	65	-
Number of employees in average	**172**	5	4

Key figures per share (series A and B)	2007	2006	2005
Equity/share, EUR	**9.91**	10.04	9.70
Earnings/share (EPS), EUR	**0.19**	0.64	0.60
Dividend/share, EUR	**0.50** *	0.30	0.30
Dividend/earnings, %	**261.0** *	46.5	49.8
Effective dividend yield, %	**5.1** *	3.9	3.9
P/E –ratio	**51.1**	12.0	12.9
Share performance, EUR			
- average quotation	**9.29**	8.53	7.28
- lowest quotation	**7.78**	7.31	6.40
- highest quotation	**10.10**	9.20	8.38
- quotation at the end of period	**9.79**	7.76	7.75
Market capitalisation, EUR 1,000	**58,870**	45,635	45,576
Trading in shares, no.			
B shares	**2,548,864**	1,545,060	2,289,012
- % of B shares	**42.3**	26.3	38.9
Adjusted and weighted average number of shares during the year	**6,020,360**	6,020,360	6,020,360
A shares	**139,600**	139,600	139,600
B shares	**5,880,760**	5,880,760	5,880,760
Adjusted number of shares at the end of period	**6,020,360**	6,020,360	6,020,360
A shares	**139,600**	139,600	139,600
B shares	**5,880,760**	5,880,760	5,880,760

* The Board's proposal

Calculation of Key Figures

Return on equity (ROE) % = $\dfrac{\text{Profit for the period}}{\text{Shareholders' equity (average)}} \times 100$

Return on investment (ROI) % = $\dfrac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – provisions and non-interest bearing liabilities (average)}} \times 100$

Equity ratio % = $\dfrac{\text{Shareholders' equity + minority interest minus deferred tax liabilities}}{\text{Balance sheet total – advances received}} \times 100$

Gearing % = $\dfrac{\text{Interest-bearing liabilities – cash in hand and at banks and liquid financial and investment securities}}{\text{Shareholders' equity + minority interest}} \times 100$

Earning per share (EPS) EUR = $\dfrac{\text{Profit for the period belonging to parent company owners}}{\text{Number of shares adjusted for share issues (average)}}$

Equity per share, EUR = $\dfrac{\text{Shareholders' equity – minority interest minus deferred tax liabilities}}{\text{Number of shares adjusted for share issues at the end of the financial period}}$

Dividend per share, EUR = $\dfrac{\text{Dividend for the financial period}}{\text{Number of shares adjusted for share issues at the end of the financial period}}$

Dividend/earnings % = $\dfrac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$

Effective dividend yield % = $\dfrac{\text{Dividend/share}}{\text{Closing price at year end adjusted for share issues}} \times 100$

Price earnings (P/E) ratio = $\dfrac{\text{Closing price at year end adjusted for share issues}}{\text{Earnings/share}}$

Market capitalisation = (Number of Series B shares – own B shares) × Closing price at year end + number of Series A shares × average share price

Parent Company Income Statement (FAS)

EUR 1,000	Notes	1.1. - 31.12. 2007	1.1. - 31.12. 2006
Turnover	1	**112,267**	**71,601**
Purchase of securities		-44,822	-69,879
Change in inventories		-57,217	10,077
Personnel expenses	2	-580	-486
Depreciation		-24	-28
Other operating expenses		-681	-816
		-103,324	-61,132
Operating profit		**8,943**	**10,469**
Financial income and expenditure	3	-20	-1,299
Profit before extraordinary items		**8,923**	**9,170**
Extraordinary items	4	-1,590	1,133
Profit before taxes		**7,333**	**10,303**
Taxes	5	-1,781	-2,475
Profit for the financial year		**5,552**	**7,828**

Parent Company Balance Sheet (FAS)

EUR 1,000	Notes	31.12. 2007	31.12. 2006
ASSETS			
Non-current fixed assets			
Tangible assets	6	26	51
Other investments	7	16,571	16,571
		16,597	16,622
Current assets			
Inventories	8	20,000	77,217
Long-term receivables	9	13,600	0
Short-term receivables	10	7,929	8,425
Money market investments	11	15,969	3,751
Cash in hand and at banks		122	3,246
		57,620	92,639
		74,217	**109,261**
SHAREHOLDERS´EQUITY AND LIABILITIES			
Shareholders´ equity	12		
Share capital		24,082	24,082
Premium fund		66	66
Reserve fund		1,221	1,221
Retained profits		6,927	905
Other unrestricted equity		21,327	21,327
Profit for the financial year		5,552	7,828
		59,175	55,429
Deferred tax liabilities	13	159	56
Short-term current liabilities	14	14,883	53,776
		74,217	**109,261**

Parent Company Cash Flow Statement (FAS)

EUR 1,000	1.1. - 31.12. 2007	1.1. - 31.12. 2006
Operating activities		
Payments received from operating activities	108,237	67,001
Payments paid on operating activities	-46,008	-73,030
Paid interests and other financial expenses	-1,659	-1,575
Interests received and other financial incomes	29	17
Dividends received	527	529
Extraordinary items	0	1,133
Direct taxes paid	-1,678	0
Total operating activities	**59,448**	**-5,925**
Investing activities		
Invesments in tangible assets	0	-65
Total investing activities	**0**	**-65**
Financing activities		
Increase in loans	0	9,896
Amortization of loans	-40,000	0
Loans given	-20,787	0
Dividends paid	-1,786	-1,781
Total financing activities	**-62,573**	**8,115**
Cash flow for the period	**-3,125**	**2,125**
Liquid funds at beginning of the period	3,246	1,121
Liquid funds at end of period	**122**	**3,246**

Notes to Parent Company Financial Statements (FAS)

Preparation principles

The parent company financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS).

The parent company is domiciled in Hyvinkää. The financial period is 12 months, beginning 1 January and ending 31 December.

Because of the nature of the company's operations, interest received on non-current loan receivables and foreign exchange gains on money market fund investments normally recognised under financial items are recognised in the turnover.

Valuation principles

NON-CURRENT ASSETS

The parent company owns non-current fixed assets. The balance sheet values of these assets are based on their original cost. Planned depreciation has been made on the basis of the useful lives of the items. Machinery and equipment are depreciated over 3-5 years. Other long-term debts are depreciated over fiver years.

Holdings in subsidiaries are recognised at the lower of acquisition cost or probable selling price.

INVENTORIES

The parent company's inventories consist of equities, funds and other securities. The acquisition value of inventories is calculated by trading lot according to the FIFO principle. According to the Finnish Accounting Act, inventories are measured in accordance with the principle of lowest value. Listed securities are valued either at cost or at the closing price on the closing of the books date or at an equivalent quotation. Funds are measured at the announced final or estimated net asset value.

Current receivables are measured at the estimated net realisable value. Financial securities are valued at acquisition cost.

CURRENCY FORWARDS

Currency forwards are measured at the middle price of the European Central Bank on the balance sheet date. As far as the currency forwards for hedging investments are concerned, foreign exchange differences are recognised under adjustment items of securities purchases in the income statements. The nominal amount of currency forwards means the amount of currency involved in an agreed currency deal.

FOREIGN EXCHANGE

Receivables and liabilities denominated in foreign currency are measured at the middle price on the balance sheet date or the preceding weekday.

Notes to the income statement

1. Turnover

EUR 1,000	2007	2006
Sales of securities	111,857	70,965
Dividend income	12	464
Interest income	317	172
Other income	82	0
Total	112,267	71,601

2. Personnel expenses

EUR 1,000	2007	2006
Wages and salaries	479	390
Pension expenses	60	50
Other personnel expenses	41	46
Total	580	486

Of which, salaries and fees to the management		
Board of Directors	92	71
Management	232	154
Total	324	225

Fees paid to auditors the amounts

are included in Other operating expenses	2007	2006
Audit of the Annual Accounts	4	14
Interim Accounts review	3	4
Total	7	18

3. Financial income and expenses

Income EUR 1,000	2007	2006
Dividend income, Group	527	529
Interest income, Group	581	0
Interest income, other	30	17
	1,138	546
Expenses		
Interest expenses, Kaupthing Bank	-776	-1,659
Interest expenses, Group	-382	-186
	-1,158	-1,845
Total financial income and expenses	-20	-1,299

4. Extraordinary items / income +, expenses -

EUR 1,000	2007	2006
Group contribution to Alnus Ltd	-590	0
Group contribution to Metsämarkka 1 Ltd	-1,000	0
Group contribution from Alnus Ltd	0	6
Group contribution from Novalis Plc	0	1,127
Total	-1,590	1,133

5. Income taxes

EUR 1,000	2007	2006
Corporate tax from profit (expense - / receivable +)	-159	-2,475
Advance paid taxes from year 2007	-1,612	0
Other taxes	-10	0
Total	-1,781	-2,475

Notes to Parent Company Financial Statements (FAS)

Notes to the balance sheet

6. Tangible assets

Machinery and equipment EUR 1,000	2007	2006
Acquisition cost 1.1.	155	91
Investments	0	64
Accumulated depreciation	-105	-76
Depreciation according Business Tax Act	0	-28
Depreciation according plan	-24	0
Acquisition cost 31.12.	26	51

7. Other investments

EUR 1,000	2007	2006
Acquisition cost 1.1.	16,571	16,571
Acquisition cost 31.12.	16,571	16,571

Shares in subsidiaries	Business ID	Share capital EUR 1,000	No. of shares	Book value EUR 1,000	Shareholding %
Alnus Oy, Helsinki	0762281-4	168	1,000	171	100.0
Novalis Plc, Helsinki	1642820-4	2,000	2,000,000	16,400	100.0
				16,571	

Balance sheet date 31 December 2007, duration of financial period 12 months.

8. Inventories

EUR 1,000	2007	2006
Hedge funds or Hedge funds based bonds	20,000	71,491
Listed shares and share funds	0	5,726
Total	20,000	77,217

Neomarkka Plc

EUR 1,000

Hedge funds or Hedge funds based bonds	Book value	Market value	Acquisition value
Ind eQ Active Nordea	20,000	21,010	20,000
	20,000	21,010	20,000

Derivative financial instruments

EUR 1,000 Foreign-exchange derivatives,	2007	2006
Currency forward contracts		
Book value, (-) liabilities or (+) receivables	0	-90
Changes in exchange rates	0	-90
Total nominal value in euros	0	21,120

9. Non-current receivables

EUR 1,000	2007	2006
Subordinated loan receivables Alnus, interest rate 6 % p.a.	13,600	0
Total	13,600	0

Other deferred tax assets and liabilities not recognised in accounts

EUR 1,000	2007	2006	Change
Deferred tax liabilities from unrealised profits	-270	-1,577	1,307
Total other deferred tax receivables and liabilities	-270	-1,577	1,307

Deferred tax liabilities on overvaluation of assets are not recognised in bookkeeping, since the overvaluation is not recognised.

Notes to the balance sheet

10. Current receivables

EUR 1,000	2007	2006
Sales receivables	83	8,409
Sales receivables, Neomarkka Group	59	0
Short-term loan receivables, Neomarkka Group	7,187	0
Interest receivables, Neomarkka Group	582	0
Other receivables	18	16
Total	7,929	8,425

11. Financial securities

EUR 1,000	2007	2006
Market value	16,072	3,758
Book value	15,969	3,752
Excess value	103	6

EUR 1,000	No.	Book value	Market value	Acqusition value
Nordea Pro Euro Korko fund	423,332	4,119	4,143	4,119
Nordea interest margin deposit 4.2.08		1,850	1,853	1,850
Nordea deposit 31.1.08		10,000	10,076	10,000
Total		15,969	16,072	15,969

12. Shareholders' equity

EUR 1,000	2007	2006
Share capital 1.1.		
Series A	558	558
Series B	23,524	23,524
Share capital 31.12.	24,082	24,082
Premium fund 1.1.	66	66
Premium fund 31.12.	66	66
Reserve fund 1.1.	1,221	1,221
Reserve fund 31.12.	1,221	1,221
Retained profits 1.1.	8,733	2,711
Dividends paid	-1,806	-1,806
Retained profits 31.12.	6,927	905
Other unrestricted equity 1.1.	21,327	21,327
Other unrestricted equity 31.12.	21,327	21,327
Profit for the financial year	5,552	7,828
Shareholders' equity 31.12.	59,175	55,429

Parent company restricted share capital by share series	2007 No.	Shareh. equity, EUR 1,000	2006 No.	Shareh. equity, EUR 1,000
Series A (20 votes/share)	139,600	558	139,600	558
Series B (1 vote/share)	5,880,760	23,524	5,880,760	23,524
Total	6,020,360	24,082	6,020,360	24,082

Notes to the balance sheet

13. Deferred tax liabilities on profit

EUR 1,000	2007	2006	Change
Corporate tax liabilities increase (+), decrease (-)	159	56	103

14. Current liabilities

EUR 1,000	2007	2006
Accounts payable	60	20
Accrued liabilities	173	215
Liabilities, Kaupthing Bank	0	484
Other current liabilities	132	112
Short-term loans, Kaupthing Bank	0	40,000
Short-term loans, Neomarkka Group	14,518	12,945
Total	14,883	53,776

15. Contingent liabilities

EUR 1,000	2007	2006
Guarantees on behalf of own or subsidiaries	13,033	none

Board's Proposal to the Annual General Meeting

On 31 December 2007, the Parent company's distributable funds amounted to EUR 33,806,809.

The Board of Directors proposes that the distributable funds be used as follows:

A dividend of EUR 0.50 per share on 6,020,360 shares	EUR	3,010,180.00
Carried over in retained earnings	EUR	9,469,822.45
Other unrestricted equity	EUR	21,326,806.46
	EUR	33,806,808.91

The company's other unrestricted equity was created by reducing the share capital: an amount corresponding to the reduction was transferred to a fund to be used in a way decided by the AGM.

If the Board's proposal is approved, the shareholders' equity of Neomarkka Plc will be as follows:

Share capital	EUR	24,081,440
Premium fund	EUR	66,400
Reserve fund	EUR	1,221,255
Retained earnings	EUR	9,469,822
Other unrestricted equity	EUR	21,326,806
	EUR	56,165,724

According to the Board proposal, the record date for payment of the dividend is 16 June 2008. The Board proposes to the Annual General Meeting that the payment be made at the end of the record period, on 24 June 2008.

Helsinki, 12 March 2008

Jorma Wiitakorpi
Chairman

Matti Lainema
Deputy Chairman

Hannu Anttila

Ilpo Helander

Taisto Riski

Pekka Soini

Markku E. Rentto
Managing Director

Notes to the Financial Statements

The above financial statements and the report of the Board of Directors have been prepared in accordance with generally accepted accounting principles in Finland (Finnish GAAP). Our auditors´ report has been issued today.

Helsinki 13 March 2008

Deloitte & Touche Ltd
Authorized Public Audit Firm

Hannu Mattila
APA

Auditor's Report

To the shareholders of Neomarkka Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Neomarkka Plc for the period 1 January – 31 December 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the report on operations and the parent company's financial statements in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements and the parent company financial statements, report on operations and administration.

We have conducted our audit in accordance with good auditing practice. The accounts and the preparation principles, content and presentation of the financial statements and the report on operations have been audited to a sufficient extent to obtain reasonable assurance that the financial statements and the report on operations are free of material errors or omissions. The audit of the administration has examined the legality of the actions of the members of the Board of Directors and the Managing Director of the parent company under the Limited Liability Companies Act.

Consolidated financial statements

The consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated financial performance and financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations governing the preparation of financial statements and the report of the Board of Directors in Finland.

The consolidated financial statements and parent company's financial statements and the report of the Board of Directors give a true and fair view, as defined in the Finnish Accounting Act, of the group and parent company's result of operations as well as of the position. The report of the Board of Directors is consistent with the financial statements.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the treatment of the distributable funds is in compliance with the Companies Act.

Helsinki 13 March 2008

Deloitte & Touche Ltd
Authorized Public Audit Firm

Hannu Mattila
APA

Shares and Shareholders

Neomarkka Plc's largest shareholders on 31 December 2007

	A-class shares	B-class shares	Shares total	Proportion of shares %	Proportion of votes %
Reka Oy	139,400	2,916,387	3,055,787	50.76	65.77
Onninen-Sijoitus Oy		200,000	200,000	3.32	2.31
Metsäliitto Osuuskunta		105,305	105,305	1.75	1.21
SR Arvo Finland Value		55,000	55,000	0.91	0.63
Onnivaatio Oy		40,848	40,848	0.68	0.47
Finnfoam Oy		40,000	40,000	0.66	0.46
SR eQ Suomi Pienyhtiöt		39,361	39,361	0.65	0.45
Assai Oy		35,500	35,500	0.59	0.41
Maanpuolustus-korkeakoulun säätiö		15,000	15,000	0.25	0.17
Seneca Oy		15,000	15,000	0.25	0.17
Other shareholders	200	2,418,359	2,418,559	40.17	27.93
Total	139,600	5,880,760	6,020,360	100.00	100.00

Ownership by type of shareholder

Type of shareholder	Share-holders no.	Share-holders %	Shares total	Proportion of shares %	Proportion of votes %
Companies	314	2.4	3,705,394	61.5	73.3
Financial institutions and insurance companies	52	0.4	91,181	1.5	1.1
Public organisations	83	0.6	47,510	0.8	0.5
Non-profit organisations	289	2.2	192,162	3.2	2.2
Households	12,176	94.2	1,699,224	28.2	19.6
Outside Finland	5	0.0	57,640	1.0	0.7
Nominee registered			104,108	1.7	1.2
Not in the book-entry securities system			123,141	2.1	1.4
Total	12,919	100.0	6,020,360	100.0	100.0

Ownership by the amount held

Shares held	Share-holders no.	Share-holders %	Shares total	Proportion of shares %	Proportion of votes %
1 - 50	5,886	45.6	172,304	2.9	2.0
51 - 100	3,448	26.7	302,799	5.0	3.5
101 - 1 000	3,274	25.3	1,011,749	16.8	11.7
1 001 - 10 000	295	2.3	651,114	10.8	7.5
10 001 -	16	0.1	3,759,253	62.4	73.9
Not in the book-entry securities system			123,141	2.1	1.4
Total	12,919	100.0	6,020,360	100.0	100.0

Management's shareholding

The members of the Board of Directors or the Managing Director held 2,000 B-shares on 31 December 2007.

Shares and share capital

Neomarkka Plc's share capital was EUR 24,081,440 on 31 December 2007. The share capital is divided into 6,020,360 shares. Of the shares 139,600 are of A series with 20 vote per share and 5,880,760 of series B with one vote per share. The total number of votes is 8,672,760 of which A series have 2,792,000 votes and B series 5,880,760 votes. The Articles of Association do not include any redemption clauses or shareholder agreements.

Neomarkka Plc

Alexsanterinkatu 48 A

FI-00100 Helsinki, Finland

Phone +358 207 209 190

Fax +358 9 6844 6531

www. neomarkka.fi