

The profitability and financial situation improved

January-December:

- The Neo Industrial Group's turnover was EUR 80.1 million (83.0 million in 2013), decreasing by 3.5 %
- Its operating result improved by 26.0 % to EUR -0.7 million (-1.0 million)
- The Cable segment's operating result was EUR 0.7 million (1.0 million)
- The Group's result for the period improved by 248.9 % to EUR 1.8 million (-1.2 million)

KEY FIGURES

	2014	2013	Change
Turnover (EUR million)	80.1	83.0	-3.5 %
Operating result (EUR million)	-0.7	-1.0	26.0 %
Result for the period (EUR million)	1.8	-1.2	248.9 %
Earnings per share	0.30	-0.20	250.7 %

MANAGING DIRECTOR JARI SALO:

Year 2014 was significant for the future development of Neo Industrial. Remarkable risk lowering activities, financing arrangements and profitability improvements has been carried out in the Group to secure the future.

In the beginning of the year the The Cable segment signed a long-term financing agreement, which enables the further development of the operations. The financing agreement include also seasonal working capital funding. This improves the capability to respond to the seasonal demand of the market. Terms of the financing agreement include financial covenants for Cable segment. At 31 December 2014 terms of one financial covenant (turnover of capital) were not fulfilled but that did not influence on financial terms because the financier accepted the deviation.

From the risk management point of view it was very important that Neo Industrial Plc won the argument with the bankruptcy estate of Kuitu Finland at the District Court of Pirkanmaa. The decision of District Court of Pirkanmaa was positive to Neo Industrial Plc; The guarantee relating to real estate of Aylon will be paid with yearly instalment as stated in the original agreement instead of one time compensation. The decision of the District Court of Pirkanmaa erased the circa one year encumbered uncertainty.

Reka Cables carried meritoriously out the negotiations relating the breakdown at Keuruu plant. Negotiations had lasted several years with the insurance company. As outcome of the negotiations the result risk of EUR 0.8 million was avoided.

Neo Industrial Plc planned and negotiated regarding total arrangement which included debt cuts, share issue and buying the shares of Reka Rubber Ltd from Reka Ltd. The total arrangement could not be carried out in a planned way due to the fact that one financier withdrew before implementation. However, Neo Industrial was able to carry out part of the planned arrangement by buying back convertible bonds with total principal amount of EUR 6 million with EUR 1 million. The purchase was financed with new debt financing. At the same time, as a part of the arrangement, the maturity of earlier acquired EUR 1.1 million loan was prolonged by ten (10) years.

The arrangements implemented have positive effect on the Group's gearing, Balance Sheet and especially cash flow as the future financial costs will be smaller. The arrangement has partly effected to the improvement of the Neo Industrial Plc's share price in January-February 2015. The price of the share has increased by over 300 per cent and also the trading volume has increased significantly.

The turnover of the Cable segment remained on the same level as in 2013 when the turnover of the spring 2013 sold Russian activities are excluded from the comparison. The profitability improved. The operating result of the Cable segment was EUR 0.7 million better than in the comparative year when positive effect from the sale of the Russian cable manufacturing companies is not taken into the consideration. The good financial situation at the turn of the year enabled additional installment of EUR 1.5 million to the financing agreement signed before. The payment was made in January 2015.

The Cable segment continues the activities to improve profitability and working capital management. These are believed to have favourable effect on the result development. Investment of EUR 1.5 million is made in Hyvinkää Factory. The investment enhances the productivity of cable manufacturing and enables bringing new products to the market.

The improvements of the grid construction with underground cables continue specially in Finland. The development is boosted by the changed Electricity Market Act regarding electricity supply reliability and also the remarkable interrupts in the delivery of the electricity due to the winter conditions and storms. The Cable business specially invest in delivery capability of the underground cables. There is no picking up seen yet in the construction in Nordic countries.

NET SALES AND OPERATING RESULT

The Neo Industrial Group's turnover in 2014 was EUR 80.1 million (83.0 million in 2013). Its result for the full year was EUR 1.8 million (-1.2 million).

BALANCE SHEET AND FINANCING

In March new financial agreement for the Cable segment was signed and old loans were replaced with new one's and working capital funding increased with EUR 2 million.

In December Neo Industrial carried out arrangement where it bought back convertible bonds issued in 2011 and due in 2016. At the same time, as a part of the arrangement, the maturity of earlier acquired EUR 1.1 million loan was prolonged by ten (10) years.

At the end of the review period, the balance sheet total stood at EUR 44.7 million (47.2 million).

MAJOR EVENTS DURING THE FINANCIAL PERIOD

The negotiations relating to the breakdown at Reka Cables' Keuruu plant in 2011 were closed with the insurance company in February 2014. The compensation was on a par with the estimation recognised in the financial statements in 2011, EUR 0.8 million.

The financial negotiations of the Cable segment were finalised and new long-term financing agreement was signed in March. With this arrangement the Cable segment replaced previous short-term loans with long-term loans and at the same time enabled a working capital increase with EUR 2 million. Terms of the financing agreement include financial covenants for Cable segment. In addition, the use and distribution of the funds requires consent from the financier. At 31 December 2014 terms of one financial covenant were not fulfilled but that did not influence on financial terms because the financier accepted the deviation.

The action initiated in April 2013 by the bankruptcy estate of Kuitu Finland against Neo Industrial Plc regarding the personal guarantee on the purchase of the mill real estate of Neo Industrial's subsequently bankrupted Avilon Fibres Ltd as non-current compensation was dismissed by the District Court of Pirkanmaa on 17 March 2014. The guaranteed debt of EUR 5 million as well as building cost index is due for payment within 25 years as stated in the original agreement made in 2010. The bankruptcy estate of Kuitu Finland did not file a letter of complaint by the closing date. Thereby the decision of District Court of Pirkanmaa is final and legally valid. The decision of the District Court is in accordance with Neo Industrial's interpretation and has thus no effect on balance sheet values.

Extraordinary Shareholders' Meeting held in September authorized the Board to decide on an issue of new class B shares according to the Board of Directors propose. The new class B shares may be issued in deviation from the shareholders' pre-emptive rights. The maximum number of new B shares issued may amount to a total of 5,000,000 shares. The authorization does not replace or cancel any earlier authorizations for share issues.

In October Neo Industrial Plc published sale and purchase agreement on buying all the shares of Reka Rubber Ltd and notice to the Extraordinary Shareholders' Meeting. The sale and purchase agreement was related to financing arrangements of Neo Industrial and share issue to raise new capital. The whole arrangement was conditional to the acceptance of the Extraordinary Shareholders' Meeting to be held on 3 November 2014. The financing arrangements, which were part of the total arrangement, were not actualized as a whole as Neo Industrial predicted. Therefore the whole arrangement published 13 October 2014 is delayed or can be totally or partly unaccomplished and the Board of Directors of Neo Industrial Plc called off the Extraordinary Shareholders' Meeting on 3 November 2014.

In December Neo Industrial carried out arrangement where it bought back convertible bonds issued in 2011 and due in 2016. The purchase was financed with new debt financing. At the same time, as a part of the arrangement, the maturity of earlier acquired EUR 1.1 million loan was prolonged by ten (10) years.

In year 2011 issued and subscribed convertible Bonds are senior unsecured loans due 2016 with total principal amount of EUR 6 million and entitle cash compensation based on the Company's class B share price. The Bonds carry a coupon of 7.50% per annum. Neo Industrial group bought the Bonds back with EUR 1 million. The arrangement had positive, round EUR 4.7 million, effect on to the net result of Neo Industrial group.

SEGMENTS

Neo Industrial's business segment is Cable Industry.

Cable

	H2/2014	H2/2013	Change	2014	2013	Change
Turnover (EUR million)	38.1	37.5	1.5 %	80.1	83.0	-3.5 %
Operating result (EUR million)	- 0.5	0.7	-172.7 %	0.7	1.0	-25.6 %

The Cable segment's turnover in the review period decreased by 3.5 percent from the previous year. The turnover was EUR 80.1 million (83.0 million). The sold Russian companies held totally 3.4 per cent share of the net sales in the Cable segment in 2013.

The Cable segment's turnover was EUR 80.1 million (83.0 million in 2013). The comparable figures for 2013 include EUR 2.8 million turnover of the Russian cable manufacturing companies sold in spring of 2013. Operating result was EUR 0.7 million (1.0 million) in the Cable segment. Operating result for 2013 include a positive effect of EUR 1.0 million from the sale of the Russian cable manufacturing companies.

The sales volume in the cable market of Nordic countries, the main market area of Reka Cables Ltd, was on the same level as the year before. However, there were regional differences. The sales volume of Russia were clearly lower than in 2013. Deliveries to the Baltic countries were lower than in year 2013.

Of the metals used as raw materials, the price of aluminium increased and the price of copper decreased during 2014. The prices of plastics decreased. The EUR/USD exchange changes decreased the effect of price changes of copper and plastics but strengthened the price increase effect of aluminium in EUR.

Investments fulfilled, EUR 0.4 million (1.7 million) were mainly related to optimizing production and maintenance.

Turnover for Nestor Cables Ltd, an associated company, was EUR 30.4 million (25.4 million). The operating result was positive and better than in the previous year.

MAJOR EVENTS AFTER THE REVIEW PERIOD

Neo Industrial Plc's subsidiary Reka Kaapeli Ltd got substantial underground power cable order in January. The value of the order is EUR 6.0 million. The deliveries are made during 2015 and 2016. The underground power cables are used when building grids that are not vulnerable to weather conditions.

Neo Industrial Plc's subsidiary Reka Kaapeli Ltd invests EUR 1.5 million in cable manufacturing technology in Hyvinkää Factory. With the investment the productivity of cable manufacturing is enhanced and developing and manufacturing of new products is enabled. The investment will be ready by the end of April 2015.

Good financial situation of Cable industry has enabled additional installment of EUR 1.5 million to the financing agreement signed in March 2014. The payment was made in January 2015.

FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in keeping with the International Financial Reporting Standards (IFRS). Consolidated turnover (IFRS) in 2014 was EUR 80.1 million (83.0 million in 2013). The consolidated income statement (IFRS) shows a profit of EUR 1.8 million (a loss of EUR 1.2 million).

CONSOLIDATED FINANCIAL STATUS AND PERFORMANCE INDICATORS (IFRS)

The key figures for 2012 are based on continuing operations.

	2014	2013	2012
Turnover, EUR million	80.1	83.0	106.2
Operating result, % of turnover	-0.9	-1.2	0.7

Return on equity, %	21.2	-14.6	-59.4
Return on investment, %	12.1	1.7	1.9
Equity ratio, %	21.1	15.8	13.8
Earnings per share, EUR	0.30	-0.20	-1.25

SHARE PRICE AND TRADING VOLUME

In 2014, a total of 454,417 (644,870) of Neo Industrial's B shares were traded on NASDAQ OMX Helsinki for a total of EUR 0.3 million (0.6 million), representing 7.7 (11.0) percent of the total number of the shares. At the end of trading on 31 December 2014, the share price was EUR 0.67 (0.80), and the average share price for 2014 was EUR 0.67 (0.89). The lowest quotation in 2014 was EUR 0.50 (0.50), and the highest quotation was EUR 0.86 (1.90). The company's market capitalisation was valued at EUR 4.0 million (4.8) on 31 December 2014.

GROUP STRUCTURE AND SHAREHOLDERS

Neo Industrial Plc is the parent company of the Group, which includes the Neo Industrial wholly owned subsidiaries Novalis Plc, Russian Regional Real Estate Plc and Alnus Ltd and its subsidiaries. The parent company is domiciled in Hyvinkää.

On December 2014, Neo industrial had 11,575 shareholders (11,980). The largest shareholder, Reka Ltd, held 50.8 percent (50.8) of the shares and 65.8 percent (65.8) of the votes. Neo Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

At the end of the year, the combined holding of the ten largest shareholders was 60.3 percent (59.8) of the shares and 72.4 percent (72.1) of the votes.

The members of the Board, the Managing Director and the CFO directly owned and controlled a total of 2,981,874 (2,978,643) of Neo Industrial's B shares on 31 December 2014.

SHARES AND SHARE CAPITAL

Neo Industrial Plc's share capital is divided into A and B shares. At the end of 2014, its total share capital was EUR 24,082,000, and the number of shares was 6,020,360. The total number of shares includes 91,727 B shares held by Neo Industrial. The holding presents 1.5 percent of the company's share capital and 1.1 percent of the votes. The company held no A shares. Neo Industrial Plc's shares (NEOIV) are listed on the main list of NASDAQ OMX Helsinki.

Company shares	31/12/2013	31/12/2013	31/12/2012
Company share capital (EUR)	24,081,440	24,081,440	24,081,440
A shares (20 votes per share)	139,600	139,600	139,600
B shares (1 vote per share)	5,880,760	5,880,760	5,880,760
Total	6,020,360	6,020,360	6,020,360
B shares held by the company	91,727	91,727	91,727

ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES

On 31 December 2014, the company held a total of 91,727 B shares.

Neo Industrial has decided to use the authorization issued by the Annual General Meeting on 4 April 2013 to transfer treasury B shares against or without payment. Neo Industrial Plc has agreed to pay consultancy invoices partly by shares. At 31 December 2014 there is commitment to pay consultancy invoices by 20,000 B-shares held by the company.

RESEARCH AND DEVELOPMENT

The Neo Industrial Group invested a total of EUR 0.3 million in research and product development in 2014 (0.8 million in 2013). This total was related to the Cable segment and are recognised as costs in financial statement.

PERSONNEL

During the financial year, the Group employed an average of 241 people (323 in 2013 and in continuing operations 473 in 2012). At the end of 2014, the Group employed 249 (241 in 2013 and 643 in 2012) people, of whom 246 (237 in 2013 and 477 in 2012) worked in the Cable segment and 3 (4 in 2013 and 15 in 2012) in

Group administration and 0 (0 in 2013 and 151 in 2012) in discontinued operations. The Group paid a total of EUR 10.6 million (11.0 million in 2013 and in continuing operations 14.0 million in 2012) in performance-based salaries and fees in its continuing operations in 2014.

ENVIRONMENT

Caring for the environment and continuous improvement are part of daily operations in Neo Industrial's Cable segment. Reka Cables' environmental management system is certified according to ISO 14001 standard.

CORPORATE GOVERNANCE

The Corporate Governance Statement of Neo Industrial Plc has been prepared in accordance with recommendation 51 of the Finnish Corporate Governance Code. The statement has been issued separately from the annual report and will be published at the same time with the financial statements and the annual report. The report will be available on Neo Industrial's website at www.neoindustrial.fi. The Finnish Corporate Governance Code is available at www.cgfinland.fi.

Annual General Meeting

Neo Industrial's Annual General Meeting (AGM), held in 3 April 2014, appointed following persons to the Board: Markku E. Rentto (Chair), Jukka Koskinen (Deputy Chair), Matti Lainema, Taisto Riski and Raimo Valo. The AGM approved the proposal that Authorised Public Accountants KPMG Ltd, with Authorised Public Accountant Lasse Holopainen as responsible auditor, be elected as the auditor of the company until the end of the 2015 AGM.

The members of Neo Industrial's audit committee are Taisto Riski and Raimo Valo.

A separate release about the AGM's decisions and authorisations was published in 3 April 2014.

Extraordinary Shareholders' Meeting

The Extraordinary Shareholders' Meeting of Neo Industrial Plc was held on 11 September 2014, in Helsinki.

Extraordinary General Meeting authorized the Board to decide on an issue of new class B shares according to the Board of Directors propose. The new class B shares may be issued in deviation from the shareholders' pre-emptive rights. The maximum number of new class B shares issued may amount to a total of 5,000,000 shares.

A separate release about the Extraordinary Shareholders' Meeting's decisions and authorisations was published in 11 September 2014

RISKS AND UNCERTAINTY FACTORS

Neo Industrial's financial risks include currency, interest rate, commodity, liquidity, credit and investment risks. Financial risks and the related protection measures are described in more detail in notes to the financial statements. The company's future risk factors are related to the business development of its portfolio companies. The uncertainty of the international economy and financial markets poses a risk to the Group's financial arrangements.

Due to the significant financial arrangements carried out in 2014 the financial situation got better. However, Neo Industrial continues to pay extra attention to ensure the sufficient funding and ensuring liquidity situation. The financial negotiations are continued and to assure liquidity, company intensifies the working capital management and negotiates adjustments to payment terms and agreements.

In the Cable segment, the most significant risks are related to market development, fluctuations of raw material prices and currencies as well as working capital management in various situations. During considerable seasonal changes, suppliers' terms of payment effect significantly on the ability to ensure competitive delivery times through sufficient inventories.

NEAR-TERM OUTLOOK

The construction has not been picking up in Nordic countries nor in Baltics and the outlook for Russia is unstable. Also the market situation in Europe does not show any signs of picking up. However, the management believes that grid constructors will boost ground cabling projects to ensure distribution reliability. The turnover of

the Cable segment is believed to slightly exceed the turnover in 2014 and the operating result of the Cables segment is believed to be positive.

Neo Industrial continues to pay extra attention to ensure the sufficient funding and ensuring liquidity situation. The measures are negotiations on financing and payment terms as well as boosting inventory turnover and freeing up capital assets.

DIVIDEND POLICY

Neo Industrial aims to distribute at least 30 percent of its net earnings as dividends.

DIVIDEND PROPOSAL

The parent company's unrestricted equity stood at EUR -8,659,157.65 including the result of the review period EUR -1,246,908.23. The Board proposes to the Annual General Meeting that no dividends will be paid for 2014. No dividends were paid for 2013.

ANNUAL GENERAL MEETING 2015

Neo Industrial Plc's Annual General Meeting will be held in Helsinki on 9 April 2015 at 1.00 p.m. A separate invitation will be published on 27 February 2015.

Hyvinkää, 27 February 2015

Neo Industrial Plc
Board of Directors

Further information:

Jari Salo, Managing Director, tel. +358 20 720 9196

Sari Tulander, CFO, tel. +358 20 720 9192

www.neoindustrial.fi

CONSOLIDATED INCOME STATEMENT (IFRS)
EUR 1,000

1/1-31/12/2014 1/1-31/12/2013

TURNOVER	80,098	83,032
Change in inventories of finished products and production in progress	-950	-1,039
Production for own use	23	35
Other operating income	349	1,310
Materials and services	-55,730	-57,562
Personnel expenses	-12,801	-13,237
Depreciation and impairment	-1,970	-2,918
Other operating expenses	-9,759	-10,627
	-80,838	-84,038
Operating result	-740	-1,006
Financial income	4,793	1,698
Financial expenses	-2,349	-2,440
Result before taxes	1,703	-1,748
Taxes	83	567
Result for the period	1,787	-1,181
Profit or loss attributable to		
Equity holders of the parent	1,787	-1,163
Non-controlling interests	0	-18
	1,787	-1,181
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR	0.30	-0.20
Number of shares	5,928,633	5,928,633

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

Result	1,787	-1,181
Other comprehensive items that may subsequently reclassified to statement of income		
Translation differences related to foreign units	-41	2
Translation differences recognised in result	0	1,495
Total	-41	1,497
Total comprehensive income	1,746	316
Total comprehensive income attributable to		
Shareholders of the parent	1,746	334
Non-controlling interests	0	-18
	1,746	316

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	31.12.2014	31.12.2013
ASSETS		
Non-current assets		
Goodwill	3,252	3,252
Other intangible assets	1,219	1,806
Tangible assets	11,210	12,281
Receivables	80	444
Deferred tax assets	1,272	2,368
Total non-current assets	17,033	20,152
Current assets		
Inventories	11,695	12,913
Sales receivables and other receivables	11,519	12,920
Derivative contracts	0	17
Cash and cash equivalents	4,484	1,224
Total current assets	27,698	27,075
Total Assets	44,731	47,227
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholder's equity		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-591	-591
Translation differences	-47	-6
Retained profit	-36,634	-38,644
Other unrestricted equity	21,328	21,328
Equity attributable to shareholders of the parent	9,426	7,456
Non-controlling interests	0	0
Total shareholders' equity	9,426	7,456
Non-current liabilities		
Deferred tax liabilities	150	1,374
Provisions	2,958	3,132
Financial liabilities	4,021	8,109
Other liabilities	29	6
Derivative contracts	0	320
Current liabilities		
Tax liabilities from the profit	20	45
Provisions	200	200
Financial liabilities	19,554	18,413
Derivative contracts	12	0
Accounts payable and other liabilities	8,359	8,171
Total liabilities	35,305	39,771
Shareholders' equity and liabilities	44,731	47,227

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 31/12/2012	24,082	66	1,221	-591	-1,503	21,328	-35,784	8,819	-142	8,677
Comprehensive income										
Result for the period							-1,163	-1,163	-18	-1,180
Other comprehensive income										
Translation differences					1,497		-	1,497		1,497
Total comprehensive income					1,497		-1,163	334	-18	316
Effect of reclassification to translation differences							-1,495	-1,495		-1,495
Transactions with the owners										
Change in non-controlling interests resulted from the end of subsidiaries' operations							-395	-395	395	-
Change in non-controlling interests resulted from the sale of subsidiaries' operations							253	253	-235	18
Other change							-59	-59		-59
Total transactions with the owners							-201	-201	160	-41
Shareholders' equity 31/12/2013	24,082	66	1,221	-591	-6	21,328	-38,644	7,456	-	7,456
EUR 1,000	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 31/12/2013	24,082	66	1,221	-591	-6	21,328	-38,644	7,456	-	7,456
Comprehensive income										
Result for the period							1,787	1,787	-	1,787
Other comprehensive items										
Translation differences					-41		-	-41		-41
Total comprehensive income					-41		1,787	1,746	-	1,746
Effect of reclassification to translation differences							0	0		0
Transactions with the owners										
Return of unsettled dividends							224	224		224
Total transactions with the owners							224	224	-	224
Shareholders' equity 31/12/2014	24,082	66	1,221	-591	-47	21,328	-36,634	9,426	-	9,426

Key to codes:

- A Share capital
- B Premium fund
- C Reserve fund
- D Own shares
- E Translation differences
- F Other unrestricted equity
- G Retained profit
- H Shareholder's equity to the shareholders of the parent
- I Non-controlling interests
- J Total shareholders' equity

CONSOLIDATED CASH FLOW STATEMENT (IFRS)
EUR 1,000

1/1-31/12/2014 1/1-31/12/2013

Cash flows from operating activities		
Payments received from operating activities	80,234	82,847
Payments paid on operating activities	-75,983	-81,175
Paid interests and other financial expenses	-2,360	-2,924
Interests received and other financial incomes	47	123
Direct taxes paid	-68	-9
Net cash provided by operating activities	1,871	-1,138
Cash flows from investments		
Sales of shares in subsidiaries	0	248
Acquisition of subsidiaries and new business	-41	0
Investments in tangible assets	-398	-1,720
Sales of tangible assets	66	46
Investments in intangible assets	0	-1
Sales of loan receivables	0	9,074
Loans granted	-1,000	0
Loan repayments	369	210
Net cash provided by investing activities	-1,004	7,857
Cash flows from financing activities		
Increase in loans	17,659	2,000
Decrease in loans	-15,192	-7,945
Payments of finance lease activities	-53	-48
Net cash provided by financing activities	2,414	-5,993
Change in cash and cash equivalents at the end of the period	3,281	725
Cash and cash equivalents at beginning of the period	1,224	504
Exchange rate differences	-24	-5
Cash and cash equivalents of corporate arrangements	2	0
Change in cash and cash equivalents at the end of the period	4,484	1,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Neo Industrial Plc is the parent company of the Group, which includes the Neo Industrial wholly owned subsidiaries Novalis Plc, Russian Regional Real Estate Plc and Alnus Ltd with their subsidiaries.

In addition to Finland, the Group operates in Russia, Sweden, the Baltic countries, Denmark and Norway.

The parent company is domiciled in Hyvinkää. Neo Industrial Plc's address is Niinistökatu 12, 05800 Hyvinkää. Neo Industrial Plc's B shares are listed on NASDAQ OMX Helsinki.

The Neo Industrial Group is part of the Reka Group. Reka Ltd, the parent company of the Reka Group, is domiciled in Juupajoki. Reka Ltd's address is Salokunnantie 590, 35550 Salokunta.

Accounting policies

Principles of preparation

Adherence to IFRS standards

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the IAS standards as well as SIC and IFRIC interpretations effective on 31 December 2014. International financial standards refer to standards and the related interpretations that are laid down in the Finnish Accounting Act and regulations based on the Finnish Accounting Act and that have been approved in accordance with the EU Regulation (EC) No 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting and companies' laws that supplement IFRS regulations.

Neo Industrial Group has applied as from 1 January 2014 the following new and amended standards that have come into effect.

- IFRS 10 *Consolidated Financial Statements* and subsequent amendments
- IFRS 11 *Joint Arrangements* and subsequent amendments
- IFRS 12 *Disclosures of Interests in Other Entities* and subsequent amendments
- IAS 27 *Separate Financial Statements* (revised 2011) and subsequent amendments.
- IAS 28 *Investments in Associates and Joint Ventures* (revised 2011)
- Amendments to IAS 32 *Financial Instruments: Presentation*
- Amendments to IAS 36 *Impairment of Assets*
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 21 *Levies*

The standards had not important or any impact on Neo Industrial's consolidated financial statements.

Compiling the financial statements in accordance with the IFRS requires the Group's management to make certain assumptions and to use consideration in applying the accounting policies. This process and assumptions with the largest effect on the figures presented in the financial statements are explained under "Accounting principles requiring management discretion and key uncertainty factors related to estimates".

Valuation principles

The consolidated financial statements have been prepared based on original cost, except for the following items, which have been recognized at fair value: derivative contracts, cash and cash equivalents and other financial assets.

All changes in value in derivatives are recognized through the income statement. Derivatives that hedge net sales are included in net sales. Changes in metal derivatives targeted at customer orders and changes in raw-material purchase hedging for periods less than 12 months are included in material purchases. Longer-term raw-material purchase hedging is included in financial income or expenses. Customer-specific commodity derivatives and segment-specific currency hedging have been recognized under each segment. Other derivatives are recognized in other operations and eliminations. In addition, segment-specific statements present the operating result before and after open hedging instruments.

This financial statement release is unaudited.

Segment information

In accordance with IFRS 8, segment-specific reporting is based on the management's internal reporting. Net sales by product group and sales area are presented as complementary information. Customer-specific commodity derivatives and segment-specific currency hedging have been recognized under each segment. Other derivatives are recognized in other operations and eliminations. In addition, segment-specific statements present the operating result before and after open hedging instruments.

2014

EUR 1,000	Other operations		
	Cable	and eliminations	Group
Turnover	80,092	5	80,098
Operating result before change in the value of open derivatives	718	-1,294	-577
Change in the value of open derivatives	22	-185	-164
Operating result after change in the value of open derivatives	739	-1,479	-740
Unallocated items		2,527	2,527
Result for the period			1,787
Assets			
Segment's assets	40,831	3,899	44,731
Total assets	40,831	3,899	44,731
Liabilities			
Segment's liabilities	25,330	9,974	35,305
Total liabilities	25,330	9,974	35,305
Assets - liabilities	15,501	-6,075	9,426
Investments	375	37	412
Depreciations	1,693	275	1,968

2013

EUR 1,000	Other operations		
	Cable	and eliminations	Group
Turnover	83,012	21	83,032
Operating result before change in the value of open derivatives	995	-1,998	-1,003
Change in the value of open derivatives	-1	-1	-2
Operating result after change in the value of open derivatives	993	-1,999	-1,006
Unallocated items		-176	-176
Result for the period			-1,182
Assets			
Segment's assets	41,412	5,815	47,227
Total assets	41,412	5,815	47,227
Liabilities			
Segment's liabilities	25,626	14,145	39,771
Total liabilities	25,626	14,145	39,771
Assets - liabilities	15,786	-8,330	7,456
Investments	1,702	101	1,804
Depreciations	2,498	420	2,918
Cable segment's turnover by product group, EUR million		1-12/2014	1-12/2013
LV energy		37.6	26.9
Power cable		42.5	56.1
Total		80.1	83.0

Cable segment's turnover by sales area, EUR million	1-12/2014	1-12/2013
EU-countries	76.3	73.7
Non-EU-countries	3.8	9.3
Total	80.1	83.0

Taken all market areas into the consideration the largest customer Group's share of the Group's turnover was 20.3 % and the share of the second largest is 12.6 %. Other separate customer's share of the Group's turnover was under 10 %.

On 31 December 2014, non-current assets other than financial instruments and deferred taxes were EUR 15.8 million (17.8). The assets are located in Finland EUR 15.8 million (17.8)

Changes in tangible non-current assets

EUR 1,000	2014	2013
Acquisition costs 1/1	27,649	36,526
Increase	430	2,184
Decrease	-117	-11,647
Exchange rate differences	-6	586
Acquisition costs 31/12	27,956	27,649
Accumulated depreciation and impairment 1/1	15,368	17,667
Depreciation	1,208	2,255
Decrease	-	-4,774
Impairment	174	-
Exchange rate differences	-2	221
Accumulated depreciation and impairment 31/12	16,746	15,368
Book value 1/1	12,281	18,861
Book value 31/12	11,210	12,281

Other leases

The Group as a lessee

Minimum lease payments based on non-cancellable other leases

EUR 1,000	2014	2013
Within 1 year	1,578	2,164
1-5 years	0	280
Total	1,578	2,444

Liabilities and derivatives

Derivative financial instruments valid on the closing date of the financial period

EUR 1,000	Positive current values	Negative current values	Current net values 31/12/2014	Current net values 31/12/2013	Nominal values 31/12/2014	Nominal values 31/12/2013
Financial derivatives						
Option contracts	-	0	0	-314	0	0
Raw material options						
Metal derivatives	-	-12	-12	10	395	422
Total derivatives	-	-12	-12	-304	395	422

Contingent liabilities

EUR 1,000	31/12/2014	31/12/2013
Debts secured against business mortgages, securities or guarantees		
Loans from financial institutions	11,133	11,234
Granted business mortgages	35,000	35,000
Book value of pledged securities	38,794	25,888
Granted guarantees	11,133	11,234
Guarantees and payment commitments	538	1,038
Lease liabilities	111	90

The factoring credit was secured by a total of EUR 8.3 million of sales receivables on 31 December 2014 (EUR 8.2 million on 31 December 2013). The factoring credit stood at EUR 7.1 million on 31 December 2014 (EUR 6.6 million on 31 December 2013).

In December 2014 Neo Industrial Group carried out arrangement where it bought back convertible bonds that entitle cash compensation based on the Company's class B share price.

The financial negotiations of the Cable segment were finalized and new long-term financing agreement was signed in March. With this arrangement the Cable segment replaced previous short-term loans with long-term loans and at the same time enabled a working capital increase with EUR 2 million. Terms of the financing agreement include financial covenants for Cable segment. In addition, the use and distribution of the funds requires consent from the financier. At 31 December 2014 terms of one financial covenant (turnover of capital) were not fulfilled but that did not influence on financial terms because the financier accepted the deviation. Although the financial terms were not altered the loans of the Financial Agreement have been classified as current liabilities according to IAS 1 (IAS 1 / 75). The financial covenants are viewed quarterly according to the financial agreement. The management believes that financial covenants will not affect on the duration of the loans.

Investment commitments

On December 2014 Investment commitments for tangible fixed assets amounted to EUR 1.2 million (0.1).

Related-party events

The Group's related parties include the subsidiaries and associated companies, other companies belonging to the Reka Group, the Group's Board of Directors and management group. The management group consists of General Manager and CFO. Also related parties include companies, that have ownership connection through the owner who has significant decision power, or that belong to the related-party companies via the management or board members.

Neo Industrial Plc, and therefore also the Neo Industrial Group, belong to the Reka Group. Reka Ltd has a 50.76 percent holding of shares and a 65.77 percent holding of votes.

Related-party transactions

Transactions with the Reka Group

EUR 1,000	1-12/2014	1-12/2013
Rental expenses	-1,721	-1,722
Other purchases	-429	-589
Other income	25	30
Interest revenues	6	92
Loan receivables	43	90
Sales receivables and other receivables at end of the period	462	983
Other debts at the end of the period	58	-17

Discounted rent and sale price receivables, EUR 0.2 million (0.6), are included in other receivables. The items are part of the finance investment activities of the Group.

In the spring of 2012, it was determined that the availability of premises for the Cable segment can be ensured, regardless of the tenure of the lease, if the lessor is a company of the Reka Group. The leases for premises were adjusted on the initiative of Reka Cables. As a result, the recognition of leases in accordance with IFRS changed, and finance leases were eliminated from the balance sheet. Finance lease agreements eliminated from the balance sheet totalled EUR 9.7 million. If the premises in question are transferred to a third party, Reka Cables must negotiate lease terms that ensure continued operations.

Transactions with associated companies

Sales to associated companies in 2014 totalled EUR 43,000 (57,000), and purchases totalled EUR 14,000 (2,000). Receivables totalled EUR 0 (1,000) at the end of the financial period. Liabilities totalled EUR 0 (0) at the end of the financial period.

Transactions with other related parties

EUR 1,000	1-12/2014	1-12/2013
Other purchases	14	6
Other debts at the end of the period	14	0

Other related parties consist of companies that are connected to the company through an owner that has significant controlling power or that belong to related-party companies through management or board members.

Management fringe benefits

EUR 1,000	2014	2013
Salaries and other short-term fringe benefits	335	496
Pension benefits, defined contribution plans	42	71
Total	377	567

The Group's Board of Directors and management group has been defined as key persons and to the Group's related parties.

Key figures from the income statement and balance sheet

Key figures regarding years 2013 and 2012 have been calculated from continuing operations.

EUR 1,000	2014	2013	2012
Turnover	80,098	83,032	106,234
Operating profit	-740	-1,006	796
Operating profit, %	-0.9 %	-1.2 %	0.70 %
Result before taxes and discontinued operations	1,703	-1,748	-6,211
% of turnover	2.1 %	-2.1 %	-5.80 %
Result for the period	1,787	-1,181	-6,272
Return on equity (ROE)	21.17 %	-14.63 %	-59.40 %
Return on investment (ROI)	12.10 %	1.73 %	1.90 %
Equity ratio, %	21.07 %	15.79 %	13.80 %
Gearing	202.54 %	339.29 %	370.90 %
Investments in tangible assets	412	1,690	1,834
Average number of personnel	241	338	473

Share-related key figures (A and B shares)	2014	2013	2012
Equity per share, EUR	1.59	1.26	1.46
Earnings per share (EPS), EUR	0.30	-0.20	-1.25
Dividend/share, EUR	0.00	0.00	0.00
Dividend/earnings, %	0.00 %	0.00 %	0.00 %
Effective dividend yield, %	0.00 %	0.00 %	0.00 %
Price/earnings (P/E)	2.2	-4.1	-1.4
Share performance, EUR			
-average share price	0.67	0.91	2.21
-lowest price	0.5	0.5	1.17
-highest price	0.86	1.9	3.36
-price at the end of the period	0.67	0.8	1.75
Market capitalisation, EUR 1,000	3,972	4,758	10,439
Trading, number of shares			
%	7.7	11.00	5.3
Adjusted weighted average number of shares			
during the 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
Adjusted number of shares at the end of the period			
A shares	139,600	139,600	139,600
B shares	5,880,760	5,880,760	5,880,760

CALCULATION OF KEY FINANCIAL INDICATORS

Return on equity (ROE), %	=	$\frac{\text{Result for the period}}{\text{Shareholders' equity (average)}} \times 100$
Return on investment (ROI), %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{[\text{Balance sheet total – obligatory provisions and non-interest-bearing liabilities}] \text{ (average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + non-controlling interest}}{\text{Balance sheet total – advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities} \\ - \text{cash and cash equivalents, liquid financial and investment} \\ \text{securities}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Earnings per share (EPS), EUR	=	$\frac{\text{Profit for the period attributable to equity holders of the parent} \\ \text{company}}{\text{Number of shares adjusted for share issues (average)}}$
Equity per share, EUR	=	$\frac{\text{Shareholders' equity – non-controlling interest}}{\text{Number of shares adjusted for share issues at the end of the} \\ \text{period}}$
Dividend/share, EUR	=	$\frac{\text{Dividend for the period}}{\text{Number of shares adjusted for share issues at the end of the} \\ \text{period}}$
Dividend/earnings, %	=	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend/share}}{\text{Share price adjusted for share issues at the end of the} \\ \text{period}} \times 100$
Price/earnings (P/E)	=	$\frac{\text{Share price adjusted for share issues at the end of the} \\ \text{period}}{\text{Earnings/share}}$
Market capitalisation	=	(Number of B shares – own B shares) x share price at the end of the period + number of A shares x average share price

All comments in this report that do not refer to actual facts are future estimates. Such estimates include expectations concerning market trends, growth and profitability as well as statements including the words “believe”, “assume” or “will be” or a similar expression. Since these estimates are based on current plans and estimates, they involve risks and uncertainty factors that may cause the actual results to differ substantially from current statements.

Among other things, such factors include 1) operating conditions, such as continued success in production and the ensuing efficiency benefits, availability and cost of production inputs, demand for new products and changes in circumstances affecting the acquisition of capital under acceptable conditions; 2) sector-specific circumstances, 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 and competitors' possible new products; and 3) the general economic situation, such as economic growth in the Group's main market areas or changes in exchange rates and interest rates.

www.neoindustrial.fi

Neo Industrial's strategy is to invest mainly in industrial companies with similar synergic benefits. The aim of investments is with active ownership to develop the purchased companies and establish additional value.

Returns are sought through both dividend flow and an increase in value. Neo Industrial's class B shares are listed on the main list of NASDAQ OMX Helsinki Stock Exchange. Neo Industrial's business segment is Cable Industry.