

Turnover of Cable Segment increased significantly, operating result improved clearly compared to previous year

January-December:

- The Neo Industrial Group's turnover was EUR 101.0 million (84.6 million)
- The operating result was EUR 5.9 (-2.0) million. The operating result of the comparison year was burdened by extraordinary costs total EUR -1.6 million
- The Cable segment's operating result was EUR 6.5 million (-0.1 million). The operating result was burdened by extraordinary costs total EUR -0.8 million
- The Group's result for the period was EUR 3.3 million (-3.7 million)

KEY FIGURES

	1-12/2016	1-12/2015	Change
Turnover, EUR million	101.0	84.6	19.4 %
Operating result, EUR million	5.9	-2.0	395.1 %
Result for the period, EUR million	3.3	-3.7	189.6 %
Earnings per share, EUR	0.55	-0.62	189.1 %
ROI, %	22.6	-6.0	
IAS 19 corrected Equity ratio, %	22.0	12.7	

MANAGING DIRECTOR RALF SOHLSTRÖM:

Cable segment's turnover increased 19% and the operating result increased by EUR 6.6 million compared to previous year.

The turnover and operating results increased due to delivery contracts of underground cables concluded previous year as well as active actions taken to increase the utilisation rates and delivery capacities of the factories. The investments agreed upon earlier have been implemented successfully, and the efficiency improvement program started in October 2015 has resulted in improved cost-effectiveness of the Cable Segment and improved productivity of the factories.

Due to business development and financial reorganisation the Group's financing debts have reduced almost to half compared to previous year. At the end of the reporting period the financial debts were EUR 13.8 million (26.5).

The company joined a pension fund in 31 December 2015 and the balance sheet capital, non-interest bearing debts and total are fluctuated by the pension liabilities according to IAS 19, for which the largest contributing factor is the fluctuation of the discount rate. In the December 31.2016 Financial Statement the pension liabilities according to IAS 19 burden the company's own capital by EUR 1.9 million and the non-interest bearing debts according to IAS 19 amount to EUR 2.4 million in the balance sheet. The company uses IAS 19 corrected alternative indicators in order to follow business development more effectively.

TURNOVER AND OPERATING RESULT

The Neo Industrial Group's turnover in 2016 was EUR 101.0 million (84.6 million in 2015). Its result for the full year was EUR 3.3 million (-3.7 million).

BALANCE SHEET AND FINANCING

As part of a financing agreement signed by the Reka Group, the loans of the Cable Segment were rearranged at the beginning of the year. According to the financing solution implemented in March, the Cable Segment loans were rearranged as long-term financing plans.

The Group's financing debts have decreased significantly. Due to business development and financial reorganisation the Group's financing debts have reduced almost to half compared to previous year. At the end of the reporting period the financial debts were EUR 13.8 million (26.5). In the end of the financial period the balance sheet total stood at EUR 44.2 million (49.2).

MAJOR EVENTS DURING THE FINANCIAL PERIOD

As part of a financing agreement signed by the Reka Group, the loans of the Cable Segment were rearranged at the beginning of the year. According to the financing solution implemented in March, the Cable Segment loans were rearranged as long-term financing plans

In the end of the year the Cable Segment acquired a significant order for underground cables. The value of the order is approximately EUR 12 million and the deliveries will be divided between 2017 and 2018. Underground cables are used when building power distribution networks that are uninfected by weather conditions.

SEGMENTS

Neo Industrial's business segment is Cable Industry.

CABLE

	H2 / 2016	H2/2015	Change	2016	2015	Change
Turnover, EUR million	50.8	41.0	24.0 %	101.0	84.6	19.4 %
Operating result, EUR million	2.2	-0.2	1198.2 %	6.5	-0.1	6596.5 %

The Cable segment's turnover was EUR 101.0 million (84.6). Its operating profit was EUR 6.5 million (-0.1 million). The Cable Segment's operating result was burdened by extraordinary costs total EUR -0.8 million.

The sales volume in the cable market of Nordic countries, the main market area of Reka Cables Ltd, was significantly higher than year before. The sales volume in other market areas decreased from previous year.

At the end of the financial year the EUR prices of aluminium and copper were at higher level compared to the price level at the previous turn of the year.

Investments fulfilled, EUR 1.8 million (4.7 million in 2015) were mainly targeted at improving productivity. Also maintenance investments were made. Also included in the comparison year investments is a long term lease agreement which is processed as financing leasing.

Turnover for Nestor Cables Ltd, an associated company, was EUR 25.0 million (26.0 million). The operating result was positive but lower than year before. The company's value on the consolidated balance sheet is zero and the result of the company is not included in the Group figures. The Group does not carry any liabilities regarding Nestor Cables Ltd.

MAJOR EVENTS AFTER THE REVIEW PERIOD

There has been no major events after the end of the review period.

CONSOLIDATED FINANCIAL STATUS AND PERFORMANCE INDICATORS (IFRS)

	2016	2015	2014
Turnover, EUR million	101.0	84.6	80.1
Operating result, % of turnover	5.8	-2.4	-0.9
ROI, %	22.6	-6.0	12.1
IAS 19 corrected ROE, %	41.9	-47.2	21.2
IAS 19 corrected Equity ratio, %	22.1	12.8	21.1
Earnings per share, EUR	0.55	-0.62	0.30

SHARE PRICE AND TRADING VOLUME

In 2016, a total of 2 042 292 (1 721 204 in 2015) of Neo Industrial's B shares were traded on NASDAQ Helsinki for a total of EUR 7.9 million (4.1 million), representing 34.7 (29.3) percent of the total number of the shares. At the end of trading on 31 December 2016, the share price was EUR 4.85 (1.61), and the average share price for 2016 was EUR 3.89 (2.39). The lowest quotation in 2016 was EUR 1.52 (0.62), and the highest quotation was

EUR 5.27 (3.71). The company's market capitalisation was valued at EUR 29.0 million (9.8) on 31 December 2016.

GROUP STRUCTURE AND SHAREHOLDERS

Neo Industrial Plc is the parent company of the Group, which includes the Neo Industrial wholly owned subsidiary Alnus Ltd and its subsidiaries and associated companies. The parent company is domiciled in Hyvinkää.

On December 2016, Neo industrial had 11 459 shareholders (11,576). 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.

On 31 December 2016 the combined holding of the ten largest shareholders was 57.5 percent (59.4 on 31 December 2015) of the shares and percent 70.4 (71.7) of the votes.

The members of the Board, the Managing Director and the CFO directly owned and controlled a total of 2,978,752 (2,972,696 on 31 December 2015) of Neo Industrial's B shares on 31 December 2016.

SHARES AND SHARE CAPITAL

Neo Industrial Plc's share capital is divided into A and B shares. At the end of 2016, its total share capital was EUR 24,082,000, and the number of shares was 6,020,360. The total number of shares includes 16,470 B shares held by Neo Industrial. The holding presents 0.3 percent of the company's share capital and 0.2 percent of the votes. The company held no A shares. Neo Industrial Plc's B-share (NEOIV) is listed on the main list of NASDAQ Helsinki.

Company shares	31.12.2016	31.12.2015	31.12.2014
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	16,470	30,525	91,727

ACQUISITION AND TRANSFER OF THE COMPANY'S OWN SHARES

On 31 December 2016, the company held a total of 16,470 B shares. Neo industrial did not exercise its authorisation to acquire company's own shares.

Neo Industrial has used the authorisation to transfer treasury B shares against or without payment. In the financial period of 2016 Neo Industrial Plc has paid remuneration and incentives to the Board of Directors with shares, totaling to 14,055 shares.

RESEARCH AND DEVELOPMENT

The Neo Industrial Group invested a total of EUR 0.4 million in research and product development in 2015 (0.2 million in 2014). The investments were allocated to the Cable Segment and are recognised as costs in the Cable Segment's financial statement.

PERSONNEL

During the financial year, the Group employed an average of 256 people (241 in 2015 and 241 in 2014). At the end of 2016, the Group employed 258 (20 in 2015 and 249 in 2014) people, of whom 257 (240 in 2015 and 249 in 2014) worked in the Cable segment and 1 (1 in 2015 and 3 in 2014) in Group administration. The Group paid a total of EUR 11.6 million (10.5 million in 2015 and 10.6 million in 2014) in performance-based salaries and fees in 2016.

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 the 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 31 March 2016, appointed following persons to the Board: Markku E. Rentto (Chair), Jukka Koskinen (Deputy Chair), Marjo Matikainen-Kallström 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 2017 AGM.

The members of Neo Industrial's audit committee are Raimo Valo and Marjo Matikainen-Kallström.

A separate release about the AGM's decisions and authorisations was published in 31 March 2016.

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.

The Group has made financial arrangements since 2014. In addition to ensuring liquidity and sufficient funding by conducting negotiations on financing and payment terms, measures for boosting inventory turnover and freeing up capital assets are taken into action. Due to improved financial situation the management has been able to concentrate on business development.

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. Also, operation models are being developed in order to balance out the effects of seasonal changes on the load rates of factories.

In the Cable Segment the key raw materials are metals (copper and aluminium) and plastics. In the metals purchases partial price hedging is used with the aid of commodity derivatives. Important with metals are the development of both the dollar-denominated price and the USD / EUR exchange rate.

NEAR-TERM OUTLOOK

The construction has been picking up in Nordic countries and in Western Europe. The management believes that grid constructors will continue to invest in ground cabling projects to ensure distribution reliability. The turnover of the Cable Segment is believed to increase in 2016. The operating result of the Cable Segment is believed to be positive. The turnover and operating result are believed to increase clearly from previous year.

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 565,376,45 including the result of the review period EUR 4,799,156,31. The Board proposes to the Annual General Meeting that a dividend of EUR 0.04 per share will be paid for 2016. No dividends were paid for 2015.

ANNUAL GENERAL MEETING 2016

Neo Industrial Plc's Annual General Meeting will be held in Helsinki on 30 March 2017 at 2.00 p.m. A separate invitation will be published on 1 March 2017.

Hyvinkää, 7 February 2017

Neo Industrial Plc
Board of Directors

Further information:
Ralf Sohlström, Managing Director, tel. +358 40 770 2720

www.neoindustrial.fi

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	1/1-31/12/2016	1/1-31/12/2015
TURNOVER	101,040	84,585
Change in inventories of finished products and production in progress	2,579	348
Production for own use	138	57
Other operating income	411	325
Materials and services	-72,464	-60,991
Personnel expenses	-14,215	-14,283
Depreciation and impairment	-2,091	-1,888
Other operating expenses	-9,497	-10,148
	-95,139	-86,580
Operating result	5,901	-1,995
Financial income	165	29
Financial expenses	-2,028	-2,008
Result before taxes	4,038	-3,973
Taxes	-722	282
Result for the period	3,316	-3,691
Profit or loss attributable to		
Shareholders of the parent	3,316	-3,691
Non-controlling interests	0	0
	3,316	-3,691
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR	0.55	-0.62
Number of shares	6,003,890	5,989,835

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

Result	3,316	-3,691
Other comprehensive items that may subsequently reclassified to statement of income		
Translation differences related to foreign units	13	5
Total	13	5
Other comprehensive items that are not subsequently reclassified to statement of income		
Items related to remeasurements of net defined benefit liability	-1,821	0
Taxes of items that are not subsequently reclassified to statement of income	364	
Total	-1,457	0
Other comprehensive items total	-1,444	5
Total comprehensive income	1,872	-3,686
Total comprehensive income attributable to		
Shareholders of the parent	1,872	-3,686
Non-controlling interests	0	0
	1,872	-3,686

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	31/12/2016	31/12/2015
ASSETS		
Non-current assets		
Goodwill	3,252	3,252
Other intangible assets	1,059	871
Tangible assets	13,769	14,271
Holdings in associates	1,280	0
Receivables	57	59
Derivative contracts	58	0
Deferred tax assets	1,335	1,506
Total non-current assets	20,810	19,959
Current assets		
Inventories	15,557	12,680
Sales receivables and other receivables	5,268	15,296
Tax receivables from the profit	10	0
Derivative contracts	263	0
Cash and cash equivalents	2,268	1,280
Total current assets	23,366	29,257
Total Assets	44,175	49,216
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	-106	-197
Translation differences	-14	-27
Retained profit	-38,852	-40,647
Other unrestricted equity	21,328	21,328
Equity attributable to shareholders of the parent	7,724	5,827
Non-controlling interests	0	0
Total shareholders' equity	7,724	5,827
Non-current liabilities		
Deferred tax liabilities	42	97
Provisions	2,612	2,790
Financial liabilities	10,352	6,407
Other liabilities	2,383	494
Derivative contracts	44	88
Current liabilities		
Tax liabilities from the profit	143	17
Provisions	200	200
Financial liabilities	3,447	19,863
Derivative contracts	13	70
Accounts payable and other liabilities	17,216	13,362
Total liabilities	36,452	43,389
Shareholders' equity and liabilities	44,175	49,216

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Pension liability IAS 19	Other un-restricted equity	Retained profit	Shareholder's equity to the shareholders of the parent	Non-controlling interests	Total shareholders' equity
Shareholders' equity 31/12/2014	24,082	66	1,221	-591	-47	0	21,328	-36,634	9,426	0	9,426
Comprehensive income											
Result for the period								-3,691	-3,691	0	-3,691
Other comprehensive income											
Translation differences					20			-22	-2		-2
Total comprehensive income					20			-22	-2	0	-2
Transactions with the owners											
Payments by own shares				394				-299	95		95
Total transactions with the owners				394				-299	95	0	95
Shareholders' equity 31/12/2015	24,082	66	1,221	-197	-27	0	21,328	-40,647	5,827	0	5,827

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Pension liability IAS 19	Other un-restricted equity	Retained profit	Shareholder's equity to the shareholders of the parent	Non-controlling interests	Total shareholders' equity
Shareholders' equity 31/12/2015	24,082	66	1,221	-197	-27	0	21,328	-40,647	5,827	0	5,827
Comprehensive income											
Result for the period								3,316	3,316	0	3,316
Other comprehensive items											
Items related to remeasurements of net defined benefit liability						-1,457			-1,457		-1,457
Translation differences					13			0	13		13
Total comprehensive income					13	-1,457		3,316	1,872	0	1,872
Transactions with the owners											
Payments by own shares				91				-63	28		28
Total transactions with the owners				91				-63	28	0	28
Shareholders' equity 31/12/2016	24,082	66	1,221	-106	-14	-1,457	21,328	-37,395	7,724	0	7,724

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000

1/1-31/12/2016 1/1-31/12/2015

Cash flows from operating activities

Payments received from operating activities	114,998	81,247
Payments paid on operating activities	-97,698	-81,084
Paid interests and other financial expenses	-2,277	-1,796
Interests received and other financial incomes	67	9
Direct taxes paid	-13	-9
Net cash provided by operating activities	15,077	-1,634

Cash flows from investments

Investments in tangible assets	-2,015	-1,725
Sales of tangible assets	82	46
Loan repayments	76	322
Net cash provided by investing activities	-1,858	-1,357

Cash flows from financing activities

Increase in loans	8,633	2,412
Decrease in loans	-20,663	-2,500
Payments of finance lease activities	-206	-119
Net cash provided by financing activities	-12,236	-207

Change in cash and cash equivalents at the end of the period

Change in cash and cash equivalents at the end of the period	983	-3,198
Cash and cash equivalents at beginning of the period	1,280	4,484
Exchange rate differences	4	-3
Change in cash and cash equivalents at the end of the period	2,268	1,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Neo Industrial Plc is the parent company of the Group, which includes the Neo Industrial wholly owned subsidiary Alnus Ltd with its subsidiaries and associated companies.

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

The parent company is domiciled in Hyvinkää. Neo Industrial Plc's address is Kankurinkatu 4-6, 05800 Hyvinkää. Neo Industrial Plc's B shares are listed on NASDAQ 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 2016. 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 2016 the following new and amended standards that have come into effect.

- *Annual Improvements to IFRSs, cycle 2012–2014.*
- *Amendments to IAS 1: Presentation of Financial Statements*
- *Amendments to IAS 27: Equity Method in Separate Financial Statements*
- *Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures*
- *Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations*

The standards had no significant impact on Neo Industrial's consolidated financial statements.

The impacts of IFRS 15 (to be applied January 1 2018 or financial periods beginning thereof) on Neo Industrial's consolidated financial statements have been evaluated as follows:

- Central IFRS 15 concepts have been analysed in terms of different income fluxes and from these have been identified some which may affect the turnover stating time
- The time schedule and applicable concessions shall be verified when ongoing evaluations have been completed.
- The expected effects are small if the nature of business operations does not change.

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 recognised 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.

Alternative indicators

Neo Industrial uses alternative indicators in its financial reporting as advised by the European Securities and Markets Authority (ESMA).

The ESMA instructions came to effect in 3 July 2016. Alternative indicators are used in this Financial Statement. According to Neo Industrial's interpretation the following can be counted as alternative indicators as defined by ESMA's instructions: operating result, ROE, ROI, gross investments, net gearing ratio, and equity ratio. The calculation principles of all above mentioned alternative indicators have been presented in the 2016 Financial Statement as well as in previous Financial Statements. The definitions of alternative indicators have been clarified during 2016.

The company joined a pension fund in the end of December 2015. The processing of IAS 19 benefit-based pension liabilities can be seen especially in fluctuation of capital, non-interest bearing debts and the balance sheet total. The largest single factor affecting the pension liabilities processed according to IAS 19 is the fluctuation of discount rate. In order to follow business development more efficiently, the company has updated its alternative indicators in the end of 2016 in a way that eliminates the effects of the IAS 19 bookings from balance sheet items. The names of the indicators in question have been updated in a manner showing the executed corrections. The updated indicators are IAS 19 corrected equity ratio, IAS 19 corrected net gearing ratio and ja IAS 19 corrected ROE. The effects of IAS 19 bookings are removed from the balance sheet items and balance sheet total when calculating indicators in question. The IAS 19 corrected indicators are balanced with the financial figures reported in the Financial Statement.

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 recognised under each segment. Other derivatives are recognised in other operations and eliminations. In addition, segment-specific statements present the operating result before and after open hedging instruments.

31/12/2016	Other operations		
EUR 1,000	Cable	and eliminations	Group
Turnover	101,039	1	101,040
Operating result before change in the value of open derivatives	6,358	-764	5,594
Change in the value of open derivatives	138	169	307
Operating result after change in the value of open derivatives	6,496	-595	5,901
Unallocated items		-2,585	-2,585
Result for the period			3,316
Assets			
Segment's assets	41,465	2,711	44,175
Total assets	41,465	2,711	44,175
Liabilities			
Segment's liabilities	20,179	16,273	36,452
Total liabilities	20,179	16,273	36,452
Assets - liabilities	21,286	-13,562	7,724
Investments	1,751	29	1,780
Depreciations	2,059	32	2,091

31/12/2015	Other operations		
EUR 1,000	Cable	and eliminations	Group
Turnover	84,585	0	84,585
Operating result before change in the value of open derivatives	-82	-1,867	-1,949
Change in the value of open derivatives	-5	-41	-46
Operating result after change in the value of open derivatives	-86	-1,908	-1,995
Unallocated items		-1,696	-1,696
Result for the period			-3,691
Assets			
Segment's assets	46,337	2,879	49,216
Total assets	46,337	2,879	49,216
Liabilities			
Segment's liabilities	32,943	10,445	43,388
Total liabilities	32,943	10,445	43,388
Assets - liabilities	13,393	-7,566	5,827
Investments	4,698	29	4,727
Depreciations	1,740	148	1,888

Cable segment's turnover by product group, EUR million	1-12/2016	1-12/2015
LV energy	22.6	19.2
Power cable	78.4	65.4
Total	101.0	84.6

Cable segment's turnover by sales area, EUR million	1-12/2016	1-12/2015
EU-countries	96.3	81.5
Non-EU-countries	4.7	3.1
Total	101.0	84.6

Taken all market areas into the consideration the largest customer Group's share of the Group's turnover was 22.3% and the share of the second largest is 11.7 %. Other separate customer's share of the Group's turnover was under 10 %.

On 31 December 2016, non-current assets other than financial instruments and deferred taxes were EUR 19.5 million (18.5). The assets are located in Finland.

Changes in tangible non-current assets

EUR 1,000	2016	2015
Acquisition costs 1/1	32,431	27,956
Increase	1,176	4,605
Decrease	-4	-126
Exchange rate differences	0	-4
Acquisition costs 31/12	33,604	32,431
Accumulated depreciation and impairment 1/1	18,161	16,746
Depreciation	1,675	1,371
Impairment	0	47
Exchange rate differences	-2	-2
Accumulated depreciation and impairment 31/12	19,835	18,161
Book value 1/1	14,271	11,210
Book value 31/12	13,769	14,271

Other leases

The Group as a lessee

Minimum lease payments based on non-cancellable other leases

EUR 1,000	2016	2015
Within 1 year	1,260	2,038
1-5 years	107	462
Total	1,367	2,500

The lease liabilities of the Riihimäki production facility have been processed according to the current lease agreement (6 months lease liability, EUR 0.5 million combined). The lessee has an option to change the current agreement to a 10 year fixed term lease agreement.

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 31/12/2016	Current net values 31/12/2015	Nominal values 31/12/2016	Nominal values 31/12/2015
Raw material options						
Metal derivatives	321	-58	263	-144	5,061	3,099
Total derivatives	321	-58	263	-144	5,061	3,099

Contingent liabilities

EUR 1,000	31/12/2016	31/12/2015
Debts secured against business mortgages, securities or guarantees		
Loans from financial institutions	0	8,633
Loans from others	6,383	0
Granted business mortgages	0	35,000
Book value of pledged securities	26,165	38,794
Granted guarantees	6,383	8,633
Guarantees and payment commitments	423	585
Lease liabilities	297	275

Previously granted business mortgages are existing but under company's own control.

Investment commitments

On December 31 2016 investment commitments for tangible fixed assets amounted to EUR 0.3 million (0.6 in 31 December) 2015. In addition, Reka Cables has committed to leasing additional space in Keuruu. The lease will be considered financing leasing as soon it has been undersigned.

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	1-12/2016	1-12/2015
Rental expenses	-765	-1,638
Other purchases	-746	-558
Other income	1	16
Interest revenues	51	4
Interest expenses	-271	0
Loan receivables	0	76
Sales receivables and other receivables at end of the period	1	444
Loans	6,383	0
Other debts at the end of the period	143	165

Discounted rent and sale price receivables, EUR 0.0 million (0.2), are included in other receivables. The items are part of the finance investment activities of the Group.

Neo Industrial's Cable segment is tenant of Reka Ltd's premises in Keuruu. In addition, the Group uses the Reka Group level finance and supporting systems as well as related licenses and virtual servers. Riihimäki factory and part of the production facilities in Keuruu are leased from a third party outside Reka Group. Reka Cables Ltd has taken into account the potential needs for changes as the lessor has been replaced by an external entity to the Reka Group.

Transactions with Reka Pension Fund

EUR 1,000	1-12/2016	1-12/2015
Purchases	-1,260	0
Paid pension expenses	-2,531	0
Interest expenses	-48	0
Other debts at the end of the period	1,785	0

Reka Group's pension insurances were transferred into Reka's Pension Fund in 31 December 2015. Because of the transfer, pension liabilities of Neo Industrial Group have been processed in IFRS through benefit-based calculation. The transfer in 31 December 2015 caused a IFRS booking with EUR -0.5 million result. In 2016 IAS 19 based IFRS booking increased pension costs by EUR -0,1million, some financial costs and liabilities against the broad P&L result by EUR -1.8 million.

Transactions with associated companies

Sales to Nestor Cables Ltd totalled EUR 23 thousand in 31 December 2016 (EUR 8 thousand in 31 December 2015) and purchases totalled EUR 0 thousand (EUR 16 thousand). There were no open receivables nor liabilities with Nestor Cables Ltd. at the end of the financial year not at the end of previous year.

Neo Industrial acquired a share of the Riihimäen Kaapelitehdas Ltd in the end of December 2016. There were no open receivables or liabilities per 31 December 2016. Purchases at 31 December 2016 were EUR 746 thousand. Riihimäen Kaapelitehdas Ltd is a limited company, which owns the property leased by Reka Cables Ltd. Reka Pension Society is the other owner of Riihimäen Kaapelitehdas Ltd.

Transactions with other related parties

EUR 1,000	1-12/2016	1-12/2015
Other purchases	49	25
Other debts at the end of the period	5	7

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.

The Group CFO is not employed by the company at the end of the year and therefore her rewards are handled as other purchases with other related parties, in total EUR 49 thousand (31 Dec 2015: 22).

Management fringe benefits

EUR 1,000	2016	2015
Salaries and other short-term fringe benefits	413	823
Pension benefits, defined contribution plans	43	106
Total	457	928

The Group's Board of Directors and management group have been defined as key management personnel of the company.

Annual remuneration is paid to the members of the Board of Directors. In addition to that separate meeting attendance remuneration is paid and travel expenses are compensated. The Board of Directors has a bonus system and the terms of the bonus system is decided each year in the Annual General meeting. The members of the Board of Directors do not any other benefits. Part of the yearly and bonus remunerations can be paid via shares according to the decisions made in the AGM. The decisions of the Annual General Meeting on 31 March 2016 have been published as a separate stock release.

KEY FIGURES

Key figures from the income statement and balance sheet

EUR 1,000	2016	2015	2014
Turnover	101,040	84,585	80,098
Result before taxes and discontinued operations	4,038	-3,973	1,703
% of turnover	4.00 %	-4.70 %	2.10 %
Result for the period	3,316	-3,691	1,787
Alternative Performance Measures:			
Operating profit	5,901	-1,995	-740
Operating profit, %	5.84 %	-2.36 %	-0.90 %
Return on investment (ROI)	22.62 %	-6.04 %	12.10 %
IAS 19 corrected Return on equity (ROE)	41.86 %	-47.19 %	21.17 %
IAS 19 corrected Equity ratio, %	22.03 %	12.66 %	0.00 %
IAS 19 corrected Gearing	119.80 %	401.92 %	202.54 %
Investments in tangible assets	1,780	2,051	412
Other Performance Measures:			
Average number of personnel	256	241	241

Share-related key figures (A and B shares)	2016	2015	2014
Equity per share, EUR	1.28	0.98	1.59
Earnings per share (EPS), EUR	0.55	-0.62	0.30
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)	8.8	-2.6	2.2
Share performance, EUR			
-average share price	3.89	2.39	0.67
-lowest price	1.52	0.62	0.5
-highest price	5.27	3.71	0.86
-price at the end of the period	4.85	1.61	0.67
Market capitalisation, EUR 1,000	28,985	9,753	3,972
Trading, number of shares			
%	34.70	29.30	7.70
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

Earnings per share (EPS), EUR	=	$\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Number of shares adjusted for share issues (average)}}$	
Equity per share, EUR	=	$\frac{\text{Shareholders' equity - non-controlling interest}}{\text{Number of shares adjusted for share issues at the end of the period}}$	
Dividend per share, EUR	=	$\frac{\text{Dividend for the period}}{\text{Number of shares adjusted for share issues at the end of the period}}$	
Dividend per earnings, %	=	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$	
Effective dividend yield, %	=	$\frac{\text{Dividend/share}}{\text{Share price adjusted for share issues at the end of the period}} \times 100$	
Price/earnings (P/E)	=	$\frac{\text{Share price adjusted for share issues at the end of the period}}{\text{Earnings/share}}$	
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	
<i>Alternative Performance Measures:</i>			
IAS 19 corrected Return on equity (ROE) %	=	$\frac{\text{Result for the period}}{\text{Shareholders' equity excluding effects of IAS 19 bookings (average)}} \times 100$	
IAS 19 corrected Equity ratio, %	=	$\frac{\text{Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings}}{\text{Balance sheet total - advances received excluding effects of IAS 19 bookings}} \times 100$	
IAS 19 corrected Gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents, liquid financial and investment securities}}{\text{Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings}} \times 100$	
Return on investment (ROI) %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{[\text{Balance sheet total - obligatory provisions and non-interest-bearing liabilities}] \text{ (average)}} \times 100$	
Operating profit	=	Neo Industrial has defined operating profit as follows: Operating result is the net sum formed when from the net sales are deducted the purchase costs adjusted by the change in the stocks of non-finished and finished goods as well as expenses for production for personal use. Also deducted from the net sales are expenses, depreciation, amortization and any impairment losses arising from employee benefits. Also other operating income and expenses are taken into account. Other income statement items than those mentioned above are presented below operating result.	

Reconciliation of IAS 19 adjusted Alternative Performance Measures to figures reported in Financial Statements

EUR 1,000	2016	2015	2014
IAS 19 effect on non-interest-bearing liabilities	2,377	488	0
IAS 19 effect on Shareholders' equity	-1,901	-391	0
IAS 19 effect on Balance sheet total	475	98	0
Shareholders' equity in Financial statements	7,724	5,827	9,426
IAS 19 eliminations	1,901	391	0
Shareholders' equity in IAS 19 adjusted Performance Measures	9,625	6,218	9,426
Balance sheet total in Financial Statements	44,175	49,216	44,731
IAS 19 eliminations	-475	-98	0
Balance sheet total in IAS 19 adjusted Performance Measures	43,700	49,118	44,731

All comments in this Financial Statement 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 Helsinki Stock Exchange. Neo Industrial's business segment is Cable Industry.