

Neo Industrial's operating result for April-June 2018 nearly doubled compared to same period last year and turned positive during second quarter as forecasted

Figures in brackets refer to the same period a year earlier, unless otherwise stated. The figures are unaudited.

January–June

- The Group's turnover was EUR 54.6 million (58.0 million).
- The operating result was EUR 1.0 (2.3) million.
- The operating result of the Cable Segment was EUR 1.4 (3.0) million.
- The Group's result for the period was EUR 0.1 (1.2) million.

MANAGING DIRECTOR RALF SOHLSTRÖM:

Compared to previous year, the amount of underground cable deliveries diminished in the beginning of the year due to the slowdown in installation activity caused by long periods of low sub-zero temperatures. As a consequence, deliveries had to be made at a lower price level than before. As a result of the measures initiated during the first quarter of the year and increased demand, Neo Industrial's operating result is positive for the second quarter and the whole first half of the year. According to current information, the new anti-Russia sanctions against the production of aluminum raw materials by October 2018 have not affected Neo Industrial's business operations.

The nature of Neo Industrial's business involves major fluctuations between quarters and may differ from year to year. The hard winter sub-zero temperatures reflected on the result of the beginning of the year and on the cumulative result, but in the second quarter the operating result was almost double compared to last year.

	1-3/2018	1-3/2017	4-6/2018	4-6/2017	1-6/2018	1-6/2017
Turnover, EUR million	22.9	26.0	31.8	32.0	54.6	58.0
Operating result, EUR million	-1.1	1.2	2.1	1.1	1.0	2.3
Operating result before change in the value of open customer derivatives	-0.7	0.8	1.8	1.5	1.1	2.3

Neo Industrial has decided to change the way customer-specific open derivatives made from January 1, 2018 onwards are presented in financial reporting. The impact of these to first half year operating profit is less than EUR 10 thousand negative. Open customer derivatives made before January 1, 2018 are included as before in the half-year report's operating result. In order to facilitate comparison of figures, operating result as before the new way presenting open customer derivatives has been added to bottom row of the table above. These figures are comparable with the figures for the coming years.

When comparing the quarters, it can be concluded that in the second quarter of 2018 almost similar turnover close to doubled the operating result.

KEY FIGURES

	1-6/2018	1-6/2017	1-12/2017
Turnover, EUR million	54.6	58.0	110.9
Operating result, EUR million	1.0	2.3	5.1
Result for the period, EUR million	0.1	1.2	3.0
Earnings per share, EUR	0.02	0.20	0.51
ROI, %	22.2	20.0	25.4
IAS 19 corrected Equity ratio, %	26.0	23.2	30.4

TURNOVER AND OPERATING RESULT

Neo Industrial Group's turnover consisted of the Cable segment's turnover, totalling EUR 54.6 million (58.0).

The operating result was EUR 1.0 million (2.3).

The Group's result for the review period was EUR 0.1 million (1.2).

The introduction of IFRS 15 as of January 1, 2018 partially changed the period when Neo Industrial's operating result was recorded for cable-related products. The impact from this change to turnover and result was not significant.

The impact from the revenue recognition standard IFRS 15 was updated to the opening balance 2018 and the comparisons present the revenue according to the previous standard. The impact on the opening balance was EUR -1.1 million, of which EUR -0.9 million to equity and EUR -0.2 million to deferred tax receivables.

The impact of hedge accounting according from IFRS 9 standard to the operating result, operating profit and profit for the review period was EUR 0.0 million.

BALANCE SHEET AND FINANCING

At the end of the review period, the balance sheet totalled at EUR 47.5 million (46.1). On 31 December 2017 the balance sheet totalled at EUR 43.2 million (44.2). During the review period stocks were at a high level, tying funds and thus affecting the liquidity from time to time. At the end of June, the value of inventories was EUR 18.6 (16.1) million.

SEGMENTS

Cable segment

	1-6/2018	1-6/2017	Change
Turnover, EUR million	54.6	58.0	-5.8 %
Operating result, EUR million	1.4	3.0	-54.5 %

The Cable Segment's turnover for the review period was EUR 54.6 million (58.0 million). The operating result was EUR 1.4 million (3.0).

Sales volumes in the Nordic cable market, main market area of Reka Cables Ltd, decreased slightly from the previous year due to slowdown of installation activity caused by long periods of low sub-zero temperatures during the winter. Instead, sales volumes in other markets increased.

The segment's key raw materials are copper, aluminum and plastics. At the beginning of the year, the copper price in tons was EUR 5,967 and the price of aluminum EUR 1,869. At the end of June 2018, the price of copper was EUR 5,703 and the price of aluminum EUR 1,854, or slightly lower than at the beginning of the year.

The daily price of copper during the review period was at its highest in June, when it was EUR 6,187 and its lowest in March, when it was EUR 5,270. The price of aluminum has been at its peak in April, when it was EUR 2,089 and the lowest in April, when it came to EUR 1,619.

When acquiring raw materials Neo Industrial uses partial price hedging by utilising commodity derivatives.

The turnover for Nestor Cables Ltd, an associated company of the Cable Segment, was EUR 18.5 million (15.1) during the review period. The operating result was positive and improved from the previous year. The value of the shares of Nestor Cables Ltd in the consolidated balance sheet is zero due to the cumulative results of the previous years, and its share of the 2018 result is not taken into account in the Group's figures.

INVESTMENTS

During the review period, investments totalled EUR 1.3 million (0.9), of which the Cable Segment represented EUR 1.1 million (0.9).

PERSONNEL

In January–June, the Group employed an average of 262 (272) people. At the end of the review period, the personnel of the Group was 266 employees (278), of which 266 (277) represented the Cable Segment.

ANNUAL GENERAL MEETING DECISIONS

Neo Industrial's Annual General Meeting (AGM) was held in Helsinki on 22 March 2018.

The AGM approved the Board's proposal that a dividend of EUR 0,08 per share will be paid for 2017 in two installments. The first installment will be paid in April and the second in November.

The AGM approved the 2017 financial statements and discharged the Board of Directors and CEO from liability for the year 2017.

The AGM approved the annual remuneration of EUR 10,000 for the members of the Board of Directors, EUR 12,500 for the chairman of the Board and an attendance remuneration of EUR 600 per each meeting for the Board and the committees, and that the members of the Board are compensated for their travel expenses.

Circa 40 per cent of the annual remunerations will be paid by the shares of the company. Transfer to the shares is made by using the average share price of Neo Industrial Plc's B-share in May 2018 and the shares will be handed over in June 2019.

The AGM approved that the members of the Board be paid a bonus based on the development of the company's B share price, the amount of which is EUR 1,000 for the chairman of the Board and EUR 500 for the ordinary members of the Board, multiplied by annual return based on the share price development of Neo Industrial Plc's class B share (average share price in May 2019 - average share price in May 2018). Should the annual return exceed 50 per cent, the bonus shall be paid in accordance with 50 per cent. So the highest multiplier when counting remuneration is 50.

Circa 40 per cent of the bonuses will be paid by the shares of the company. Transfer to the shares is made by using the average share price of Neo Industrial Plc's B-share in May 2019 and the shares will be handed over in June 2019.

In addition, the AGM approved the proposal of the Board that the auditors' fees be paid as per invoice.

The AGM approved the proposal that the number of members of the Board shall be four (4) and nominated the following persons be elected to the Board: Markku E. Rentto, chairman; Jukka Koskinen, deputy chairman and Marjo Matikainen-Kallström and Ari Järvelä as members of the Board. No deputy members were elected.

The AGM approved the proposal that Authorized Public Accountants KPMG Ltd, with Authorized Public Accountant Lasse Holopainen as the responsible auditor, be elected as the auditor of the company for a term that expires at the end of the AGM of 2019.

The AGM approved the Board's proposal that it be authorized to decide on acquisition of the company's own shares by using the assets from the company's distributable funds so that the maximum number of class B shares to be acquired is 588,076. The proposed amount corresponds to approximately 9.77 percent of all the shares in company and in total ten percent of the company's class B shares.

The shares will be acquired through public trading arranged by NASDAQ Helsinki in accordance with its rules, and the consideration to be paid for the shares to be acquired must be based on market price. The company may acquire B class shares directly from a shareholder other than its major owner, by entering into a contractual trade, provided that the number of class B shares to be acquired via contractual trade is at least 15,000 and that the consideration to be paid for the shares is equal to the prevailing market price in NASDAQ Helsinki at the time of the acquisition. When carrying out the acquisition of the company's own shares, derivatives, share lending and other contracts customary to the capital markets may be entered into within the limits set by law and regulations.

The authorization entitled the Board to decide on the acquisition in a proportion other than that of the shares held by the shareholders (directed acquisition).

The Board is entitled to decide on all other matters pertaining to the acquisition of the company's own shares.

The authorization remains in force until the next AGM.

SHARES AND SHARE CAPITAL

Neo Industrial Plc's share capital is divided into A and B shares. On 30 June 2018, its total share capital was EUR 24,082,000 and the number of shares was 6,020,360. The total number of shares includes 72,439 shares held by Neo Industrial. The holding represents 1.2% of the company's share capital and 0.8% of the votes. The company held no A shares. Neo Industrial Plc's B shares (NEO1V) are listed on the main list of NASDAQ Helsinki.

Company shares	30/6/2018	30/6/2017
Company share capital (EUR)	24,082,000	24,082,000
A shares (20 votes per share)	139,600	139,600
B shares (1 vote per share)	5,880,760	5,880,760
Total	6,020,360	6,020,360
B shares held by the company	72,439	109,271

On January-June, a total of 592,398 (2,290,043) of Neo Industrial Plc's B shares were traded on NASDAQ Helsinki, representing 10.1% (38.9%) of the total number of shares. At the end of trading on 30 June 2018 the share price was EUR 4.28 (9.70), and the average share price for the review period was EUR 5.28 (7.67). The lowest quotation in January-June was EUR 4.11 (4.75), with the highest being EUR 6.60 (11.20). The company's market capitalisation was valued at EUR 25.6 million (58.0) on 30 June 2018.

ACQUISITION OF OWN SHARES

Neo Industrial did not exercise its authorisation to acquire the company's own shares.

GROUP STRUCTURE AND SHAREHOLDERS

Neo Industrial Plc is the parent company of the Group which includes the Neo Industrial's wholly owned subsidiaries Novalis Plc and Alnus Ltd and their subsidiaries and associated companies. Neo Industrial Plc is domiciled in Hyvinkää.

At the end of the review period, Neo Industrial had 11,544 shareholders (11,785). The largest shareholder, Reka Ltd, held 50.76% of the shares and 65.77% of the votes. Neo Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

At the end of June 2018, the combined holding of the ten largest shareholders was 57.58% of the shares and 70.51% of the votes. The members of the Board, the Managing Director and the CFO directly and through their controlled corporations owned and controlled a total of 2,952,700 (2,949,533) of Neo Industrial's B shares.

RISKS AND UNCERTAINTY FACTORS

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

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 affect significantly 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 aluminum) and plastics. In the metals purchases partial price hedging is used with the aid of commodity derivatives. With metals the development of both the dollar-denominated price and the USD / EUR exchange rate are important.

MAJOR EVENTS AFTER THE REVIEW PERIOD

Neo Industrial issued a profit warning on 15 August 2018, in which the Company lowers its near-term outlook as a result of July 2018 being more quiet than expected and market outlook appearing uncertain.

NEAR-TERM OUTLOOK

As a result of July 2018 being more quiet than expected and market market outlook appearing uncertain, Neo Industrial Plc ("Neo Industrial") lowers its near-term outlook as follows:

The sanctions concerning the production of aluminum raw materials imposed by United States against Russia have been postponed to October 2018. Due to this, it is not possible to provide a reliable assessment on the effects of the sanctions on the availability and prices of aluminum raw materials as well as on the price level of aluminium cables for the time being. The company has secured significant part of its aluminum rod deliveries utilised in connection with cable production with current contracts.

Turnover in 2018 is expected to remain lower as compared to the previous year. Due to the weak performance of the first quarter of 2018 and the uncertain market overlook, the full-year operating result is expected to significantly weaken from last year, albeit to remain clearly positive.

Hyvinkää 15 August 2018

Neo Industrial Plc
Board of Directors

Further information:

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CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	1/1-30/6/2018	1/1-30/6/2017	1/1-31/12/2017
TURNOVER	54,643	58,013	110,879
Change in inventories of finished products and production in progress	2,257	1,701	118
Production for own use	-6	30	53
Other operating income	124	172	307
Materials and services	-42,659	-43,773	-80,740
Personnel expenses	-7,395	-7,935	-14,837
Depreciation and impairment	-1,259	-1,092	-2,171
Other operating expenses	-4,702	-4,908	-8,540
	-53,639	-55,710	-105,811
Operating result	1,004	2,303	5,069
Financial income	11	37	189
Financial expenses	-938	-1,031	-1,986
	57	97	131
Result before taxes	134	1,309	3,403
Taxes	-30	-136	-359
Result for the period	104	1,173	3,044
Profit or loss attributable to			
Shareholders of the parent	104	1,173	3,044
Non-controlling interests	0	0	0
	104	1,173	3,044
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR	0.02	0.20	0.51
Number of shares	5,947,921	5,911,089	5,946,089
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)			
Result	104	1,173	3,044
Other comprehensive items that may subsequently reclassified to statement of income			
Translation differences related to foreign units	7	-4	-6
	5	0	0
	-1	0	0
Total	10	-4	-6
Other comprehensive items that are not subsequently reclassified to statement of income			
Items related to remeasurements of net defined bene	-235	788	-77
Taxes of items that are not subsequently reclassified to statement of income	47	-158	15
Total	-188	630	-61
Other comprehensive items total	-178	626	-67
Total comprehensive income	-74	1,799	2,977
Total comprehensive income attributable to			
Shareholders of the parent	-74	1,799	2,977
Non-controlling interests	0	0	0
	-74	1,799	2,977

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	30/6/2018	31/12/2017
ASSETS		
Non-current assets		
Goodwill	3,252	3,252
Other intangible assets	809	1,645
Tangible assets	14,772	13,905
Holdings in associates	1,469	1,412
Receivables	25	30
Derivative contracts	96	190
Deferred tax assets	1,557	1,164
Total non-current assets	21,980	21,598
Current assets		
Inventories	18,590	16,061
Sales receivables and other receivables	6,499	3,698
Tax receivables from the profit	8	1
Derivative contracts	39	57
Cash and cash equivalents	379	1,827
Total current assets	25,515	21,644
Total Assets	47,495	43,242
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	0	0
Translation differences	-33	-20
Retained profit	-16,213	-15,026
Other unrestricted equity	436	436
Equity attributable to shareholders of the parent	9,560	10,759
Non-controlling interests	0	0
Total shareholders' equity	9,560	10,759
Non-current liabilities		
Deferred tax liabilities	131	21
Provisions	2,620	2,557
Financial liabilities	7,419	7,679
Other liabilities	3,237	2,777
Derivative contracts	14	0
Current liabilities		
Tax liabilities from the profit	104	81
Provisions	23	65
Financial liabilities	3,792	2,100
Derivative contracts	49	0
Accounts payable and other liabilities	20,547	17,203
Total liabilities	37,936	32,483
Shareholders' equity and liabilities	47,495	43,242

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	A	B	C	D	E	F	G	H	I	J	K
Shareholders' equity 31/12/2016	24,082	66	1,221	-106	-14	-1,457	21,328	-37,395	7,724	0	7,724
Comprehensive income											
Result for the period								3,044	3,044	0	3,044
Other comprehensive items											
Items related to remeasurements of net defined benefit liability						-61			-61		-61
Translation differences					-6			-4	-10		-10
Total comprehensive income					-6	-61		3,040	2,974	0	2,974
Dividends paid									0		0
Return of unsettled dividends							-236	0	-236		-236
Payments by own shares				106				192	298		298
Minority interest							-20,656	20,656	0	0	0
Total transactions with the owners				106			-20,892	20,848	63	0	63
Shareholders' equity 31/12/2017	24,082	66	1,221	0	-20	-1,518	436	-13,508	10,759	0	10,759

EUR 1,000	A	B	C	D	E	F	G	H	I	J	K
Shareholders' equity 31/12/2017	24,082	66	1,221	0	-20	-1,518	436	-13,508	10,759	0	10,759
Effects of IFRS changes								-890	-890		-890
Shareholders' equity 1/1/2018	24,082	66	1,221	0	-20	-1,518	436	-14,398	9,869	0	9,869
Comprehensive income											
Result for the period								104	104	0	104
Other comprehensive items											
Items related to remeasurements of net defined benefit liability						-185			-185		-185
Translation differences					-13			6	-7		-7
Total comprehensive income					-13	-185		110	-88	0	-88
Transactions with the owners											
Dividends paid								-238	-238		-238
Payments by own shares								17	17		17
Other change									0		0
Total transactions with the owners				0			0	-221	-221	0	-221
Shareholders' equity 30/6/2018	24,082	66	1,221	0	-33	-1,703	436	-14,509	9,560	0	9,560

Explanations for the letter codes:

- A Share capital
- B Premium fund
- C Reserve fund
- D Own shares
- E Translation differences
- F Pension liability IAS 19
- G Other unrestricted equity
- H Retained earnings
- I Shareholder's equity to the shareholders of the parent
- J Non-controlling interests
- K Total shareholders' equity

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000	1/1-30/6/2018	1/1-30/6/2017
Cash flows from operating activities		
Payments received from operating activities	53,937	59,610
Payments paid on operating activities	-54,571	-54,521
Paid interests and other financial expenses	-778	-886
Interests received and other financial incomes	0	0
Direct taxes paid	-27	-8
Net cash provided by operating activities	-1,440	4,195
Cash flows from investments		
Investments in tangible assets	-1,278	-1,306
Sales of tangible assets	0	2
Loan repayments	0	0
Net cash provided by investing activities	-1,278	-1,305
Cash flows from financing activities		
Increase in loans	2,000	600
Decrease in loans	-356	-3,569
Payments of finance lease activities	-132	-108
Dividends paid	-238	-230
Net cash provided by financing activities	1,274	-3,308
Change in cash and cash equivalents at the end of the period	-1,444	-417
Cash and cash equivalents at beginning of the period	1,827	2,268
Exchange rate differences	-4	-7
Change in cash and cash equivalents at the end of the period	379	1,843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

This unaudited interim report has been prepared in accordance with IAS 34 requirements for interim reports. This interim report has been prepared in accordance with the same principles as the financial statements for 2017. With the entry into force of IFRS 9, the Group has also adopted hedge accounting.

The Group has adopted following new or amended IAS/IFRS standards and interpretations effective for financial periods beginning on January 1, 2018:

- IFRS 9 *Financial Instruments and its amendments*: IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Hedge accounting is used in customer-specific hedging as of January 1, 2018, in which the change in open customer-specific derivatives is recognized through equity through equity. Earlier changes were dealt with through a narrow income statement. Handling other hedges did not change. During the review period, the change affected EUR 0.0 million in turnover, operating result and result for the review period.
- IFRS 15 Revenue from Contracts with Customers, Effective date of IFRS 15 and Clarifications to IFRS 15: The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard also increases the amount of information presented.
 1. The expected effect is the partial revenue recognition timing change regarding by-products of the cables. Regarding cable sales there has not been identified any change to the revenue recognition timing.
 2. Neo Industrial apply the new standard first time at the opening Balance Sheet of January 1 2018 having the update of revenue recognition timing at the opening Balance Sheet. During financial year 2018 Neo Industrial will present comparison calculations showing what would have been revenue recognition of the turnover based on earlier standard. The impact on the opening balance sheet was EUR -1.1 million, of which EUR -0.9 million in equity and EUR -0.2 million in deferred tax assets.
- Amendment to IFRS 2 - Classification and measurement of transactions to be paid for share capital
- Annual improvements to IFRSs to the extent that they were in force at the beginning of the financial year. Small and less urgent changes to Standards through the *Annual Improvements* procedure are collected into one entity and implemented once a year. Standard changes do not affect Neo Industrial's consolidated financial statements.

The revised standards and their interpretations had no relevant effect on the reported result or financial position.

The Group is preparing to introduce IFRS 16 effective for annual periods beginning on or after 1 January 2019. The new standard supersedes IAS 17 and related interpretations. IFRS 16 requires the lessors to recognize lease agreements in the balance sheet as a rental obligation and as an associated asset. Recognizing the balance sheet is much like the accounting treatment of finance leases under IAS 17. There are two reliefs on the balance sheet for short-term leases of up to 12 months and a value of up to approximately USD 5,000. The accounting treatment of the lessees will largely remain in line with current IAS 17. The impact of IFRS 16 on Neo Industrial's consolidated financial statements is estimated as follows:

- The Group has several leases of up to 12 months and a maximum of USD 5000. The Group will use the related applicable reliefs and therefore will not assume any change in the treatment of those items. However, items must be identified and categorized.
- The Group has some lease agreements for more than 12 months, some of which are not covered by the current standard in the balance sheet.
- Expected impacts are the increase in the balance sheet when current assets are capitalized in the balance sheet and the effects of the standard are taken into account in the comparison of new contract models such as buying or leasing some IT acquisitions.

SEGMENT INFORMATION

30/6/2018

EUR 1,000	Cable	Other operations and eliminations	Group
Turnover	54,643	0	54,643
Operating result before change in the value of open derivatives	1,444	-358	1,086
Change in the value of open derivatives	-83	0	-83
Unallocated items			0
Operating result after change in the value of open derivatives	1,362	-358	1,004
Unallocated items		-900	-900
Result for the period			104
Assets			
Segment's assets	43,714	3,781	47,495
Unallocated items			0
Total assets	43,714	3,781	47,495
Liabilities			
Segment's liabilities	22,076	15,860	37,936
Unallocated items			0
Total liabilities	22,076	15,860	37,936
Assets - liabilities	21,638	-12,078	9,559
Investments	1,130	161	1,290
Depreciations	1,207	51	1,259

30/6/2017

EUR 1,000	Cable	Other operations and eliminations	Group
Turnover	58,013	0	58,013
Operating result before change in the value of open derivatives	2,846	-366	2,480
Change in the value of open derivatives	152	-329	-177
Operating result after change in the value of open derivatives	2,998	-695	2,303
Unallocated items		-1,130	-1,130
Result for the period			1,173
Assets			
Segment's assets	43,502	2,560	46,063
Total assets	43,502	2,560	46,063
Liabilities			
Segment's liabilities	24,040	12,666	36,706
Total liabilities	24,040	12,666	36,706
Assets - liabilities	19,462	-10,106	9,357
Investments	1,215	98	1,313
Depreciations	1,043	50	1,092

Cable segment's turnover by product group, EUR million	1-6/2018	1-6/2017
LV energy	10.0	13.1
Power cable	44.6	44.9
Total	54.6	58.0

Cable segment's turnover by sales area, EUR million	1-6/2018	1-6/2017
EU-countries	48.4	53.9
Non-EU-countries	6.2	4.1
Total	54.6	58.0

Taken all market areas into the consideration the largest customer Group's share of the Group's turnover was 20.0%. Other customer Group's and single customers' share of the Group's turnover was under 10%.

Other income

EUR 1,000	1-6/2018	1-6/2017
Subsidies received	40	60
Rental income	50	49
Other income	35	62
Total	124	172

Other expenses

EUR 1,000	1-6/2018	1-6/2017
Rental expenses	-1,568	-1,527
Machinery and property maintenance costs	-916	-1,039
Sales and marketing expenses	-328	-547
Voluntary personal expenses	-312	-285
Other expenses	-1,578	-1,509
Total	-4,702	-4,908

Change in non-current assets

EUR 1,000	1-6/2018	1-6/2017
Book value at the beginning of the period	14,705	13,769
Investments	1,222	818
Depreciation	-1,154	-897
Book value at the end of the period	14,772	13,690

Other leases

EUR 1,000	30/6/2018	30/6/2017
Within 1 year	1,896	1,865
1-5 years	915	1,224
Total	2,811	3,089

Contingent liabilities

EUR 1,000	30/6/2018	30/6/2017
Debts secured against business mortgages, securities or guarantees		
Loans from others	3,117	3,474
Book value of pledged securities	26,165	26,165
Granted guarantees	3,117	3,474
Guarantees and payment commitments	2,753	2,923

Investment commitments

Investment commitments for tangible fixed assets amounted to EUR 0.3 million on 30 June 2018 (EUR 0.5 million on 30 June 2017).

Valid derivative contracts

EUR 1,000	Positive current values	Negative current values	Current net values 30/6/2018	Current net values 30/6/2017	Nominal values 30/6/2018	Nominal values 30/6/2017
Currency derivatives						
Forward exchange agreements	26	-14	12	0	0	0
Raw material options						
Metal derivatives	82	-21	61	86	3,481	4,025
Total derivatives	82	-35	73	86	3,481	4,025

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 an owner who has significant decision power or that belong to the related-party companies via 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% holding of shares and a 65.77% holding of votes.

Related-party transactions

Transactions with the Reka Group

EUR 1,000	1-6/2018	1-6/2017
Rental expenses	-256	-255
Other purchases	-390	-362
Interest expenses	-64	-110
Sales receivables and other receivables at end of the period	401	342
Loans	3,117	3,474
Other debts at the end of the period	52	132

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.

Transactions with Reka Pension Society

EUR 1,000	1-6/2018	1-6/2017
Paid pension expenses	-1,325	-1,262
Interest expenses	0	-17
Factoring debts	1,043	0
Other debts at the end of the period	220	600

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. During the review period in 2018 IAS 19 based IFRS booking increased pension costs by EUR -0.2 (-0.1) million, some financial costs and liabilities against the broad P&L result by EUR 0.2 (-0.8) million.

Transactions with associated companies

EUR 1,000	1-6/2018	1-6/2017
Sales		
Nestor Cables Ltd	16	9
Purchases		
Riihimäen Kaapelitehdas Ltd	502	0
Receivables		
Nestor Cables Ltd	1	0
Riihimäen Kaapelitehdas Ltd	105	0

Neo Industrial acquired a stake in Riihimäen Kaapelitehdas Ltd at the end of December 2016. Riihimäen KaapelitehdasLtd is a limited liability company that owns a property in Riihimäki, where Reka Kaapeli Oy is a tenant. The other owner of Riihimäki Kaapelitehdas Oy is Reka Eläkekassa.

Transactions with other related parties

EUR 1,000	1-6/2018	1-6/2017
Other purchases	17	36
Other debts at the end of the period	3	2

Other related parties consist of companies that have a proprietary relationship through a controlling shareholder or which, through management or board members, belong to affiliated companies. The Chief Financial Officer of the Group is not employed by the company but has received his remuneration in transactions with other related parties and is included in other purchases during the financial year, totaling EUR 17 thousand (30 June 2017: 31).

CALCULATION OF KEY FIGURES

Return on investment (ROI) %	=	Profit before taxes + interests and other financial expenses / [Balance sheet total – obligatory provisions and non-interest-bearing liabilities] (average)	x 100
IAS 19 corrected Equity ratio, %	=	Shareholder's equity + non-controlling interest excluding effects of IAS 19 bookings / Balance sheet total – advances received excluding effects of IAS 19 bookings	x 100
Earnings per share (EPS), EUR	=	Profit for the period attributable to the equity holders of the parent company / Number of share adjusted for share issues (average)	

Operating profit = the net sum formed when from the turnover 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 turnover are expenses, depreciation, amortization and any impairment losses arising from employee benefits. Also other operating income and expenses are taken into account.

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 and change in exchange rates and interest rates.