

NEO

Industrial

NEO INDUSTRIAL PLC'S INTERIM REPORT FOR
JANUARY–JUNE 2013

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The Cable segment's operating result was on a par with the previous year, cable manufacturing companies were sold in Russia.

January–June:

- The Neo Industrial Group's net sales decreased by 18.2% to EUR 45.5 million (55.6 million).
- Its operating result decreased by 164.2% to EUR -0.7 million (-0.2 million).
- The Cable segment's operating result was EUR 0.3 million (0.4 million).
- The Group's result for the period decreased by 87.9% to EUR 0.2 million (1.6 million). The comparable result includes EUR 1.9 million from discontinued operations.
- The company divested OAO Expokabel and ZAO Reka Kabel, its cable manufacturing companies in Russia.

With regard to the income statement, the figures in parentheses relate to continuing operations in the corresponding period of the previous year.

In the tables, the comparable figures for the full financial period are the Neo Industrial Group's official comparable figures, which include continuing operations (Cable) and discontinued operations (Viscose Fibres and Single Family Housing). With regard to the first half of 2012, the figures in the income statement differ from those published earlier, as they have been made comparable with the figures in the financial statements, where operations are divided into continuing and discontinued operations. In addition, notes to discontinued operations have been made comparable with the information presented in the financial statements. The figures for continuing operations in the income statement and segment information are comparable.

MANAGING DIRECTOR JARI SALO:

The Cable segment's result for the first half of 2013 was on a par with the corresponding period of the previous year. Net sales decreased, mainly due to reduced demand in the main markets in the Nordic countries in the end of the period.

In May, Neo Industrial sold its cable manufacturing companies in Russia. Export to Russia still continues through its sales company.

The divestment of the cable manufacturing companies in Russia improved Neo Industrial's liquidity situation, but its working capital situation continued to be challenging due to an increase in stock levels higher than expected in the summer.

KEY FIGURES

	1-6/ 2013	1-6/ 2012	Change	1-12/ 2012
Net sales (EUR million)	45.5	55.6	-18.2 %	106.2
Operating result (EUR million)	-0.7	-0.2	-164.2 %	0.8
Profit for the period (EUR million)	0.2	1.6	-87.9 %	-6.3
Earnings per share, EUR	0.04	0.13	-71.5 %	-1.25
ROI	2.1 %	5.7 %		1.9 %
Equity ratio	13.8 %	19.3 %		13.8 %

NET SALES AND OPERATING RESULT

Net sales for the Neo Industrial Group consisted of the Cable segment's net sales, totalling EUR 45.5 million (55.6 million).

The Group's operating result was EUR -0.7 million (-0.2 million), including a gain of EUR 0.4 million from the sale of the Group's operations in Russia.

The Group's result for the period was EUR 0.2 million (1.6 million). In the corresponding period of the previous year, the largest individual item was the positive effect of Avilon's reorganisation debt cuts (EUR 10.3 million) on the result. Totally, the comparable result includes EUR 1.9 million from discontinued operations.

In the previous year, Reka Cables Ltd's leases for premises were converted into open-ended contracts. As a result, the related accrued liabilities and deferred tax assets were eliminated through profit and loss in accordance with IFRS principles. **The related effect on the result was EUR 0.9 million before taxes and EUR 0.7 million after taxes.** The recognition of the item in the income statement was revised in the third quarter of 2012. In accordance with the matching principle, the effect of the item on the result is recognised in financial income instead of other operating income. **The income statement and segment information for the first half of 2012 have been adjusted accordingly.**

BALANCE SHEET AND FINANCING

The Group's liquidity situation continued to be tight throughout early 2013. Working capital management presented challenges for the Cable segment. **The sale of the Group's cable manufacturing companies in Russia had a positive effect on the Group's financial position and on its liquidity situation in particular. The transaction had a positive effect of EUR 0.4 million on the Group's result.**

Reka Cables signed a short-term working capital loan agreement of EUR 2.0 million for the high season. In conjunction with this, the company signed a financing agreement related to the Cable segment. The intention is to update the agreement before the end of 2013. **Repayments of the short-term working capital loan began in June, and the remaining instalments will be made during the summer.**

Of Reka Cables' factoring credit facility of EUR 18.0 million (18.0 million on 31 December 2012), EUR 15.2 million (8.8 million) was in use on 30 June 2013. Of its revolving bank credit of EUR 6.5 million (6.5 million), EUR 6.4 million (5.7 million) was in use on 30 June 2013.

The counter-security related to an environmental guarantee in the financial statements for 2012 was eliminated from Neo Industrial's liabilities in conjunction with the sale of the landfill site belonging to Avilon Fibres Ltd's bankruptcy estate. **The guarantee liability provision of EUR 0.3 million on the balance sheet was sufficient to cover the expenses related to the liability.**

At the end of the review period, the balance sheet total stood at EUR 63.8 million (68.7 million). **On 31 December 2012, the balance sheet total was EUR 62.9 million.**

SEGMENTS

Cable	1-6/2013	1-6/2012	Change
Net sales (EUR million)	45.5	55.6	-18.2%
Operating result (EUR million)	0.3	0.4	-36.0%

Net sales for the review period were EUR 45.5 million (55.6 million). Construction volumes in Reka Cables' main markets in the Nordic countries were considerably lower than in the corresponding period of the previous year. This had a direct effect on the demand for cables, particularly in Sweden and Finland, where the demand was lower than in the previous year. In Finland, ground cabling volumes were expected to increase significantly in the spring, but this has not happened. Most of the decrease in net sales in the Nordic countries was recorded in May and June. The lower-than-expected demand has resulted in more intense price competition. Net sales in Russia and the Baltic countries were on a par with the previous year.

The Cable segment's operating result was EUR 0.3 million (0.4 million).

Business operations in Russia progressed as planned in early 2013. **The Group decided to sell its cable manufacturing companies, OAO Expokabel and ZAO Reka Kabel, to the holding company Whitescope Limited. The transaction was completed on 22 May. The parties have decided not to publish the price. In future, the Group's sales company in Russia will be responsible for selling and marketing Reka Cables' products in the country. The sales company has offices in Moscow and St Petersburg.**

Working capital management continued to present challenges for the Cable segment in the review period. Although the sale of the cable manufacturing companies in Russia had a positive effect, the liquidity situation continued to be challenging due to an increase in stock levels. All production plants had high delivery reliability for the most part.

Reka Cables and the insurance company are yet to reach an agreement on the amount of compensation for the breakdown at Reka Cables' Keuruu plant in 2011, **with Reka Cables estimating the damage at EUR 0.8 million. At the end of March, the insurance company paid EUR 0.2 million in compensation. Negotiations with the insurance company will continue in the autumn.**

Net sales for Nestor Cables Ltd, an associated company, were EUR 13.9 million (16.3 million) for the review period. The operating result was positive. **The value of the shares of Nestor Cables is zero in the consolidated financial statements, and the consolidated figures for 2013 do not include its share of the result.**

Other operations

With Ailon Fibres' bankruptcy estate selling its landfill site, the related counter-security for an environmental guarantee was eliminated from Neo Industrial's liabilities.

In April, Kuitu Finland Ltd brought an action against Neo Industrial related to the transaction of Ailon Fibres' industrial property. The action demands that Neo Industrial pay the remaining amount as a one-off payment instead of adhering to the payment plan. **The section "Risks and uncertainty factors" of this interim report provides more information on the action.**

INVESTMENTS

Investments in the review period totalled EUR 1.0 million (0.8 million), of which the Cable segment represented EUR 1.0 million (0.6 million). **The figures for the corresponding period of the previous year include the Viscose Fibres segment's investments (EUR 0.2 million).**

PERSONNEL

In January–June 2013, the Group employed an average of 299 (619) people. At the end of the review period, the Group had 257 employees (621), of whom 244 (477) represented the Cable segment. At the end of the corresponding period of the previous year, the Viscose Fibres segment had 129 employees. The cable manufacturing companies sold in Russia employed around 230 persons.

ANNUAL GENERAL MEETING

Neo Industrial's Annual General Meeting (AGM) was held in Helsinki on 4 April 2013.

The AGM approved the 2012 financial statements and discharged the Board of Directors and CEO from liability for the year 2012. **The AGM approved the Board's proposal that no dividends be paid for 2012.**

The AGM confirmed the remuneration and cost compensation principles for Board members and auditors.

As proposed, the AGM confirmed the number of Neo Industrial's Board members at five (5), appointing the following people to the Board: **Markku E. Rentto (Chair), Matti Lainema (Deputy Chair), Taisto Riski, Raimo Valo and Jukka Koskinen (new member). No deputy members were appointed.**

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 2014 AGM.

As proposed by the Board, the AGM authorised the Board to decide on the acquisition of the company's own shares with funds from unrestricted equity, to a maximum of 588,076 B shares. **The proposed amount represents about 9.77% of all shares of the company and about 10% of its B shares.**

The shares will be purchased in public trading on NASDAQ OMX Helsinki in accordance with its rules, and the consideration paid for the shares must be based on their market price. **The Board was also authorised to decide on the acquisition of the company's B shares through contractual trade from shareholders other than the largest one if the contractual trade includes at least 15,000 B shares and the purchase price corresponds to the market price on NASDAQ OMX Helsinki at the time of the acquisition. To purchase its own shares, the company may enter into customary derivative, share lending and other agreements in the capital market in accordance with laws and regulations.**

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

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

The authorisation is valid until the next AGM.

As proposed by the Board, the AGM decided that the Board be authorised to decide on an issue of new B shares and a transfer of treasury B shares either against or without payment. **New B shares can be issued and B shares held by the company can be transferred to shareholders in proportion to their existing holdings or by way of derogation from the shareholders' pre-emptive right.**

The Board may also decide on a share issue to the company itself without payment.

Moreover, the Board was authorised to issue special rights in accordance with Section 1 of Chapter 10 of the Finnish Limited Liability Companies Act that enable holders to receive new B shares or treasury B shares against payment.

The Board is authorised to issue a maximum of 2,000,000 B shares, including new B shares and those held by the company as well as those issued based on special rights.

The Board is entitled to decide on all other issues related to issuing shares and rights and transferring shares.

The authorisations are valid for a maximum of five years from the time of the AGM's decision.

SHARES AND SHARE CAPITAL

Neo Industrial Plc's share capital is divided into A and B shares. **On 30 June 2013, 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 represents 1.5% of the company's share capital and 1.1% of the votes. The company held no A shares. Neo Industrial Plc's B shares (NEO IV) are listed on the main list of NASDAQ OMX Helsinki.**

Company shares	30/6/2013	30/6/2012
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	91,727	91,727

In January–June 2013, a total of 255,563 (155,894) of Neo Industrial's B shares were traded on NASDAQ OMX Helsinki, representing 4.2% (2.6%) of the total number of shares. **At the end of trading on 30 June 2013, the share price was EUR 0.89 (1.72), and the average share price for the review period was EUR 1.04 (2.38). The lowest quotation in January–June was EUR 0.50 (1.17), with the highest being EUR 1.90 (3.36). The company's market capitalisation was valued at EUR 5.3 million (10.3 million) on 30 June 2013.**

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 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 12,107 shareholders (12,261). The largest shareholder, Reka Ltd, held 50.8% of the shares and 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 June 2013, the combined holding of the ten largest shareholders was 60.1% of the shares and 72.1% of the votes. **The members of the Board, the Managing Director and the CFO directly owned and controlled a total of 2,967,173 (2,959,180) of Neo Industrial's B shares on 30 June 2013.**

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 segment company. The uncertainty of the international economy and financial markets poses a risk to the Group's financial arrangements.

The Group's liquidity situation is tight. **The fluctuation of raw material prices and currencies as well as seasonal market changes present challenges in working capital management.**

Combined with higher production volumes, seasonal changes and price fluctuations increase the need for working capital in the Cable segment.

The Cable segment's challenges include ensuring favourable operating conditions so that the Group will be able to secure additional funding to replace maturing loans and renegotiate payment terms or liquidate capital from its operations in other ways during 2013. **Measures are in progress to ensure funding.**

In the Cable segment, the most significant risks are related to market development, working capital management and fluctuations in the prices of raw materials and currencies. **During considerable seasonal changes, suppliers' terms of payment have a material effect on the company's ability to ensure competitive delivery times through sufficient inventories.**

The bankruptcy estate of Kuitu Finland Ltd brought an action against Neo Industrial on 9 April. The action is related to the transaction of the industrial premises of Aivilon Fibres, Neo Industrial's subsidiary that filed for bankruptcy. **The action demands that Neo Industrial pay the remaining amount (EUR 5.0 million) as a one-off payment plus penalty interest, legal expenses and an adjustment (EUR 309,000) based on the building cost index, contrary to the 25-year payment plan stated in the agreement. Neo Industrial considers the action to be unfounded and seeks to come to an agreement with the bankruptcy estate of Kuitu Finland. The provisions in Neo Industrial's consolidated financial statements for 2012 include the discounted balance sheet value (EUR 2.7 million) of the instalments of Aivilon Fibres' industrial premises for the price remaining unpaid. If the action is successful, against Neo Industrial's expectations, the Group will have to pay the amount demanded as a one-off payment, contrary to the 25-year payment plan stated in the sales agreement.**

MAJOR EVENTS AFTER THE REVIEW PERIOD

In the Cable segment, the useful economic lives of machines and production lines are in reassessment. The related depreciation periods will be adjusted in accordance with the actual useful lives.

NEAR-TERM OUTLOOK

The outlook for the Cable segment weakened during the spring and early summer. **Construction is not likely to pick up in Finland and Sweden in the autumn, contrary to what was expected in early 2013. Ground cabling volumes in Finland are likely to be lower than expected. The lower-than-expected volumes in Reka Cables' main markets in the Nordic countries create pressures for more intense price competition. Contrary to earlier expectations, the cable market in Finland and Sweden will not see year-on-year growth in the third quarter. Many significant investments and ground cabling projects will be postponed in the Nordic countries because of economic uncertainty until 2014.**

In spite of the challenging market situation, the Cable segment is expected to record a positive operating result for the second half of 2013.

Helsinki, 1 August 2013
Neo Industrial Plc
Board of Directors

Further information:
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CONSOLIDATED INCOME STATEMENT

EUR 1,000	1/1-30/6/2013	1/1-30/6/2012	1/1-31/12/2012
Net sales	45,478	55,613	106,234
Change in inventories of finished products and production in progress	2,161	4,299	2,822
Production for own use	28	11	32
Other operating income	554	205	308
Materials and services	-34,293	-44,117	-77,024
Personnel expenses	-7,415	-8,230	-16,748
Depreciation and impairment	-1,559	-2,230	-3,872
Other operating expenses	-5,610	-5,799	-10,955
	-46,135	-55,862	-105,437
Operating profit	-656	-248	796
Financial income	1,582	1,624	223
Financial expenses	-972	-1,529	-7,231
Profit before taxes	-46	-154	-6,211
Taxes	242	-169	238
Result for the period from continuing operations	196	-323	-5,973
Discontinued operations			
Result for the period from discontinued operations		1,941	-298
Result for the period	196	1,618	-6,272
Profit or loss attributable to:			
Shareholders of the parent	214	750	-7,423
Minority interests	-18	868	1,151
	196	1,618	-6,272
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR			
Continuing operations	0.04	-0.05	-1.00
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR			
Discontinued operations	0.00	0.17	-0.25
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR	0.04	0.13	-1.25
Number of shares	5,928,633	5,928,633	5,928,633

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

Result	196	1,618	-6,272
Other comprehensive items			
Translation differences related to foreign units	1,501	114	209
Total	1,501	114	209
Total comprehensive income	1,697	1,732	-6,062
Total comprehensive income attributable to:			
Shareholders of the parent	1,714	864	-7,213
Minority interests	-18	868	1,151
	1,697	1,732	-6,062

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	30/6/2013	31/12/2012
ASSETS		
Non-current assets		
Goodwill	3,252	3,484
Other intangible assets	2,163	6,697
Tangible assets	11,910	18,861
Receivables	124	164
Derivative contracts	-	9
Deferred tax assets	2,493	2,309
Total non-current assets	19,942	31,523
Current assets		
Inventories	16,374	15,543
Sales receivables and other receivables	24,543	15,326
Tax receivables from the profit	-	34
Derivative contracts	-	19
Cash and cash equivalents	2,938	504
Total current assets	43,855	31,426
Total assets	63,796	62,949
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	24,081	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-591	-591
Translation differences	-2	-1,503
Retained profit	-37,272	-35,784
Other unrestricted equity	21,328	21,328
Equity attributable to shareholders of the parent	8,832	8,820
Minority interests	-	-142
Total shareholders' equity	8,832	8,677
Non-current liabilities		
Deferred tax liabilities	1,796	3,320
Provisions	3,396	4,474
Financial liabilities	8,577	9,209
Other liabilities	6	6
Derivative contracts	413	1,346
Current liabilities		
Tax liabilities from the profit	45	21
Provisions	49	50
Financial liabilities	28,332	23,479
Accounts payable and other liabilities	12,351	12,367
Total liabilities	54,965	54,272
Shareholders' equity and liabilities	63 796	62 949

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31/12/2011	24,082	66	1,221	-591	-1,712	28,903	-38,416	13,552	-1,100	12,452
Translation differences					115		-42	73		73
Result for the period							750	750	868	1,618
Dividends paid										
Acquisition of own shares										
Change in subsidiaries' equity						2,286		2,286		2,286
Change in minority interests						-483		-483	483	0
Share of changes in associates						-7,575	7,575	0		0
Shareholders' equity 30/6/2012	24,082	66	1,221	-591	-1,597	23,131	-30,134	16,178	251	16,429

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31/12/2012	24,082	66	1,221	-591	-1,503	21,328	-35,784	8,819	-142	8,677
Translation differences					1,501		-1,560	-59		-59
Result for the period							214	214	-18	196
Dividends paid										
Acquisition of own shares										
Change in subsidiaries' equity										
Change in minority interests due to discontinued subsidiaries							-395	-395	395	0
Change in minority interests due to the sale of subsidiaries							253	253	-235	18
Share of changes in associates										
Shareholders' equity 30/6/2013	24,082	66	1,221	-591	-2	21,328	-37,272	8,832	0	8,832

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000	1/1–30/6/2013	1/1–30/6/2012
Cash flows from operating activities		
Payments received from operating activities	28,643	59,973
Payments paid on operating activities	-38,175	-60,811
Paid interests and other financial expenses	-1,045	-969
Interests received and other financial income	111	84
Direct taxes paid	-19	-19
Net cash provided by operating activities	-10,485	-1,742
Cash flows from investments		
Sale of shares in subsidiaries	248	-
Investments in tangible fixed assets	-912	-841
Sale of tangible fixed assets	65	-
Investments in other financial funds	-1	-
Sale of loan receivables	9,074	-
Loan repayments	210	-
Net cash provided by investment activities	8,686	-841
Cash flows from financing activities		
Increase in loans	8,917	3,485
Decrease in loans	-4,637	-1,000
Payments of finance lease activities	-43	-100
Net cash provided by financing activities	4,237	2,385
Change in cash and cash equivalents	2,435	-198
Cash and cash equivalents at the beginning of the period	504	1,793
Exchange rate differences	-1	1
Cash and cash equivalents at the end of the period	2,938	1,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Accounting policies

This unaudited 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 2012.

In the income statement, the comparable figures for the full financial period are Neo Industrial's official comparable figures, which include continuing operations (Cable) and discontinued operations (Viscose Fibres and Single Family Housing). With regard to the first half of 2012, the figures in the income statement differ from those published earlier, as they have been made comparable with the figures in the financial statements, where operations are divided into continuing and discontinued operations. In addition, notes to discontinued operations have been made comparable with the information presented in the financial statements. The figures for continuing operations in the income statement and segment information are comparable.

SEGMENT INFORMATION

30/6/2013			
EUR 1,000	Cable	Other operations and eliminations	Group
Net sales	45,474	4	45,478
Operating profit before change in the value of open derivatives	329	-774	-445
Change in the value of open derivatives	-46	-165	-211
Operating profit after change in the value of open derivatives	283	-939	-656
Unallocated items		852	852
Result for the period			196
Assets			
Segment's assets	57,907	5,889	63,796
Total assets	57,907	5,889	63,796
Liabilities			
Segment's liabilities	40,321		40,321
Unallocated liabilities		14,644	14,644
Total liabilities	40,321	14,644	54,965
Assets less liabilities	17,586	-8,755	8,831
Investments	865		865
Depreciation	1,510	48	1,559

30/6/2012					
EUR 1,000	Cable	Viscose Fibres	Single Family Housing	Other operations and eliminations	Total
Net sales	55,601	2,085		12	57,698
Operating profit before change in the value of open derivatives	452	7,648		-508	7,592
Change in the value of open derivatives	-10			102	92
Operating profit after change in the value of open derivatives	442	7,648		-406	7,684
Share of the results of associates			-6,369		-6,369
Unallocated items				303	303
Result for the period					1,618
Assets					
Segment's assets	63,952	15,619		5,517	85,087
Total assets	63,952	15,619		5,517	85,087
Liabilities					
Segment's liabilities	40,003	15,308			55,312
Unallocated liabilities				13,347	13,347
Total liabilities	40,003	15,308		13,347	68,659
Assets less liabilities	23,949	310		-7,830	16,428
Investments	602	161		34	797
Depreciation	2,172	676		15	2,862

The figures for 2012 include the effect of the conversion of Reka Cables' leases for premises into open-ended contracts on the result. The conversion was recognised in financial items.

Cable segment's net sales by product group, EUR million

	I-6/2013	I-6/2012
LV energy	15.2	19.4
Power cable	30.3	36.2
Total	45.5	55.6

Cable segment's net sales by sales area, EUR million

	I-6/2013	I6/2012
EU countries	39.2	46.9
Non-EU countries	6.2	8.7
Total	45.5	55.6

The Cable segment's largest customers are the Onninen Group, Sonepar and Rexel, each of which represents more than 10% of the segment's net sales.

Other income

EUR 1,000	I-6/2013	I-6/2012
Subsidies received	38	14
Rental income	49	43
Sale of Russian operations	410	-
Other income	58	148
Total	554	205

Other expenses

EUR 1,000	I-6/2013	I-6/2012
Rental expenses	-1,593	-1,587
Machinery and property maintenance costs	-1,441	-1,713
Sales and marketing expenses	-429	-608
Other expenses	-2,147	-1,892
Total	-5,610	-5,799

Change in non-current assets

EUR 1,000	I-6/2013	I-6/2012
Book value at the beginning of the period	18,861	39,690
Investments	865	757
Decrease	-7,177	-9,965
Depreciation	-1,265	-2,315
Translation differences	625	73
Book value at the end of the period	11,910	28,240

Other leases

Minimum lease payments based on non-cancellable other leases:

EUR 1,000	2013	2012
Within 1 year	1,415	1,141
1-5 years	424	95
Total	1,839	1,236

NOTES

Contingent liabilities

EUR 1,000	30/6/2013	31/12/2012
Debts secured against business mortgages, securities or guarantees		
Loans from financial institutions	12,799	14,312
Granted business mortgages	35,000	35,000
Book value of pledged securities	25,885	25,885
Granted guarantees	12,799	14,312
Other collateral		
Guarantees and payment commitments	3,038	1,038

Commitments

The factoring credit facility was secured by a total of EUR 17.4 million of sales receivables on 30 June 2013 (EUR 9.8 million on 31 December 2012). The factoring credit facility stood at EUR 15.2 million on 30 June 2013 (EUR 8.8 million on 31 December 2012).

Investment commitments

Investment commitments for tangible fixed assets amounted to EUR 0.4 million on 30 June 2013 (EUR 0.4 million on 30 June 2012).

Valid derivative contracts

EUR 1,000	Positive current values	Negative current values	Current net values 30/6/2013	Current net values 30/6/2012	Nominal values 30/6/2013	Nominal values 30/6/2012
Financial derivatives						
Option contracts				-295		
Raw material options						
Metal derivatives		-186	-186	-40	2,797	3,927
Total derivatives	-	-186	-186	-335	2,797	3,927

Related-party events

Neo Industrial Plc, and therefore also the Neo Industrial Group, belong to the Reka Group. Reka Ltd has a 50.8% holding of shares and a 65.8% holding of votes.

Related-party transactions

Transactions with the Reka Group

EUR 1,000	1-6/2013	1-6/2012
Sales	6	12
Rental expenses	-854	-829
Other purchases	-331	-42
Interest revenues	5	18
Loan receivables	90	493
Sales receivables and other receivables at the end of the period	424	312
Other debts at the end of the period	-210	-49

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.

Other related-party transactions

EUR 1,000	1-6/2013	1-6/2012
Other purchases	-220	-
Other debts at the end of the period	-88	-

Other related parties consist of companies that are connected to the company through an owner that has significant controlling power.

Divested business operations

In May 2013, Neo Industrial sold its companies in the Cable segment in Russia, with the exception of a sales company that sells the products of the Group's Finnish factories in Russia. The selling price consisted of the sale of shares and the sale of Group receivables from Finnish companies at the closing of the transaction. For this reason, the transaction is included in cash flows from both business operations and investments in the cash flow statement. The consideration for the selling price was paid entirely in cash. The gain from the sale was EUR 0.4 million, including the fees paid to the experts involved in performing the transaction. The gain is recognised in other operating income. The parties have decided not to publish the price.

	EUR 1,000
Assets and liabilities of divested companies	
Tangible and intangible non-current assets	10,909
Inventories	1,500
Sales receivables and other receivables	1,627
Cash and cash equivalents	67
Financial liabilities	-8,385
Accounts payable and other liabilities	-7,383
Net assets	-1,664

Discontinued operations

1-6/2013

EUR 1,000	Viscose Fibres	Single Family Housing	Discontinued operations
Income	-	-	-
Expenses	-	-	-
Profit before taxes	-	-	-
Taxes	-	-	-
Result for the period from discontinued operations	-	-	-

1-6/2012

EUR 1,000	Viscose Fibres	Single Family Housing	Discontinued operations
Income	14,189	-	14,189
Expenses	-6,112	-6,369	-12,481
Profit before taxes	8,077	-6,369	1,708
Taxes	233	-	233
Result for the period from discontinued operations	8,310	-6,369	1,941

Viscose Fibres: net cash flows from operations

EUR 1,000	1/1–30/6/2013	1/1–30/6/2012
Net cash provided by operating activities	-	-36
Net cash provided by investment activities	-	-196
Net cash provided by financing activities	-	171
Change in cash and cash equivalents	-	-60
Cash and cash equivalents at the beginning of the period	-	1,118
Cash and cash equivalents at the end of the period	-	1,057

The Single Family Housing segment had no cash flows in the review period or the corresponding period of the previous year.

Calculation of key figures

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

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 changes in exchange rates and interest rates.

NEO
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