NEO Industrial

NEO INDUSTRIAL GROUP

FINANCIAL STATEMENTS 2016
AND
BOARD OF DIRECTORS´ REPORT

CONTENTS

BOARD OF DIRECTOR´S REPORT 1/1 – 31/12/2016

The Neo Industrial Group´s turnover in 2016 was EUR 101.0 million (84.6 million in 2015). The result for the year was EUR 3.3 million (loss of 3.7). The operating result of the comparison year was burdened by extraordinary costs total EUR -1.6 million.

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).

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
Return on investment (ROI), %	22.6	-6.0	12.1
IAS 19 corrected Return on equity (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

The company joined a pension fund in 31 December 2015 and the balance sheet equity, non-interest bearing debts and total balance values are fluctuated by the pension liabilities according to IAS 19, for which the largest contributing factor is the fluctuation of the discount rate. The company has updated its alternative indicators in order to follow business development more effectively. Updated indicators are named in a way that the content of adjustment can be seen. From Balance Sheet items and total the effects of IAS 19 entries are excluded when calculating related performance indicators.

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

The Cable segment´s turnover was EUR 101.0 million (84.6). Its operating profit was EUR 6.5 million (-0.1 million). The operating result of the comparison year 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.

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 AFTER THE REVIEW PERIOD
There have been no major events after the end of the review period.

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.

At the end of the year, the combined holding of the ten largest shareholders was 57.5 percent (59.4) of the shares and 70.4 percent (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) of Neo Industrial´s B shares on 31 December 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.

RESEARCH AND DEVELOPMENT
The Neo Industrial Group invested a total of EUR 0.4 million in research and product development in 2016 (0.2 million in 2015). This total was related to the Cable segment and are recognised as costs in financial statement.

PERSONNEL
During the financial year, the Group employed an average of 256 people (241 in 2015 and 241 in 2014). At the end of 2016, the Group employed 258 (240 in 2015 and 249 in 2014) people, of whom 257 (239 in 2015 and 246 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 ISO 14001 standard.

ANNUAL GENERAL MEETINGS
Neo Industrial´s Annual General Meeting (AGM) was held in Helsinki on 31 March 2016.

The AGM approved the Board´s proposal that no dividends be paid for 2015.

The AGM approved the 2015 financial statements and discharged the Board of Directors and CEO from liability for the year 2015.

The AGM confirmed 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 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 with 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 2016 and the shares will be handed over in June 2017.

The AGM confirmed 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 members of the Board, multiplied by annual return based on the share price development of Neo Industrial Plc´s class B share share (average share price in May 2016 – average share price in May 2015). Should the annual return exceed 50 percent, the bonus shall be paid in accordance with 50 percent.

The AGM decided that cirka 40 per cent of the bonuses will be paid with 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 2017 and the shares will be handed over in June 2017.

The AGM approved that the auditor´s 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 Raimo Valo 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 responsible auditor, be elected as the auditor of the company for a term that expires at the end of the AGM of 2017.

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 entitles 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.

AUDIT COMMITTEE
The audit committee is responsible for monitoring the company´s financial situation and financial reporting. It is also responsible for evaluating internal control and risk management as well as compliance with legislation and regulations. Moreover, the committee communicates with the auditor and reviews the auditor´s reports. The audit committee reports to the Board. The members of Neo Industrial´s audit committee are Raimo Valo and Marjo Matikainen-Kallström. In 2016, Neo Industrial´s audit committee reviewed business risks, balance sheet values, financing, liquidity, test calculation procedures, MAR and IFRS 15 regulations effects as well as the effects of various financial arrangements and structural changes on reporting. In guidance to internal audit measures requirements for documentation was noticed and emphasis to ICT risks management played major role.

CORPORATE GOVERNANCE STATEMENT
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 board of directors´ 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.

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 shares (NEOIV) are 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 own B shares. Neo Industrial did not use the authorization of acquisition of the company´s own shares. Neo Industrial has used the authorization 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.

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 EUR 0.04 per share will be paid. No dividends were paid for 2015.

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 and the operating result of the Cable Segment are believed to increase clearly from previous year.

ANNUAL GENERAL MEETING 2017
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, 1 March 2017

Neo Industrial Plc

Board of Directors

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	Note	1/1-31/12/2016	1/1-31/12/2015
TURNOVER	4	**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	5	411	325
Materials and services		-72,464	-60,991
Personnel expenses	8	-14,215	-14,283
Depreciation and impairment	7	-2,091	-1,888
Other operating expenses	6	-9,497	-10,148
		-95,139	-86,580
Operating result		**5,901**	**-1,995**
Financial income	10	165	29
Financial expenses	10	-2,028	-2,008
Result before taxes		**4,038**	**-3,973**
Taxes	11	-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	12	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	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Goodwill	14	3,252	3,252
Other intangible assets	14	1,059	871
Tangible assets	13	13,769	14,271
Holdings in associates	15	1,280	0
Receivables		57	59
Derivative contracts	25	58	0
Deferred tax assets	16	1,335	1,506
Total non-current assets		**20,810**	**19,959**
Current assets			
Inventories	17	15,557	12,680
Sales receivables and other receivables	18	5,268	15,296
Tax receivables from the profit		10	0
Derivative contracts	25	263	0
Cash and cash equivalents	19	2,268	1,280
Total current assets		**23,366**	**29,257**
Total Assets		**44,175**	**49,216**
SHAREHOLDERS' EQUITY AND LIBILITIES			
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 sharehoders of the parent		**7,724**	**5,827**
Non-controlling interets		0	0
Total shareholders´ equity	20	**7,724**	**5,827**
Non-current liabilities			
Deferred tax liabilities	16	42	97
Provisions	21	2,612	2,790
Financial liabilities	22	10,352	6,407
Other liabilities		2,383	494
Derivative contracts	24	44	88
Current liabilities			
Tax liabilities from the profit		143	17
Provisions	21	200	200
Financial liabilities	22	3,447	19,863
Derivative contracts	24	13	70
Accounts payable and other liabilities	23	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	Transla-tion diffe-rences	Pension liability IAS 19	Other un-restricted equity	Retained profit	Sharehol-der´s equity to the sharehol-ders of the parent	Non-controlling interests	Total sharehol-ders´ 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			-3,713	-3,693	0	-3,693
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	Transla-tion diffe-rences	Pension liability IAS 19	Other un-restricted equity	Retained profit	Sharehol-der´s equity to the sharehol-ders of the parent	Non-controlling interests	Total sharehol-ders´ 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**

Changes in associated companies are described in more detail in note 15 (“Holdings in associates”).

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	**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

1. General information

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 countires 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.

Neo Industrial Plc's Board of Directors approved these financial statements for publication at its meeting of 1 March 2017. In accordance with the Limited Liability Companies Act, shareholders have the right to approve or reject financial statements at the Annual General Meeting that is held after the publication of the financial statements. The Annual General Meeting also has the right to decide on making changes to the financial statements.

2. 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 IFRS (2012-2014 cycle) (effective for financial years beginning on or after 1 January 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to four standards. Their impacts vary standard by standard but are not significant.*

- *Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016).The amendments clarify the guidance in IAS 1 in relation to applying the materiality concept,disaggregating line items in the balance sheet and in the statement of profit or loss, presenting subtotals and to the structure and accounting policies in the financial statement. The amendments have had a minor impact on presentation in Neo Industrial´s consolidated financial statements.*

- *Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements(effective for financial years beginning on or after 1 January 2016):The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments have had no impact on Neo Industrial's consolidated 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: Investment Entities: Applying the Consolidation Exception* (effective for financial years beginning on or after 1 January 2016):The amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements for preparing consolidated financial statements when there are investment entities within the group. The amendments also provide relief for non-investment entities for equity accounting of investment entities. The amendments have had no impact on ABC's consolidated financial statements.*

- *Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments require business* *combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments have had no impact on Neo Industrial's consolidated financial statements.*

- *Other new or adjusted stardards or intepretations do not have impact on Neo Industrial's consolidated financial statements.*

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

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

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

Principles of consolidation

Subsidiaries
The consolidated financial statements include the parent company, Neo Industrial Plc, and its subsidiaries. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest is created when The Group has a controlling interest when it is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

The acquisition cost method is used to eliminate mutual shareholdings within the Group. Acquired subsidiaries are consolidated from the moment when the Group has acquired a controlling interest, and divested subsidiaries are consolidated up to the termination of the controlling interest. All intra-Group transactions, receivables, liabilities and unrealised profits as well as internal profit distributions are eliminated in the consolidated accounts. Unrealised losses are not eliminated if the loss is due to impairment.

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

Associated companies
Associated companies are companies over which the Group exercises significant influence. Significant influence is generally created when the Group holds more than 20 percent of the voting rights or otherwise has significant influence but not control. Associated companies have been consolidated using the equity method. If the Group's share of an associated company's losses exceeds the book value of the investment, the investment is recognized at zero value on the balance sheet. Losses exceeding book value are not consolidated unless the Group has committed itself to fulfilling the associated company's obligations. Unrealised gains on transactions between the Group and its associated companies are eliminated in accordance with the Group's holding. Investments in associated companies include any goodwill that may be created upon acquisition. The Group's share of its associated companies' profits is reported under "Share of the results of associates" after the operating profit.

If an associated company's accounting policies are not essentially equivalent to the Group's accounting principles, the Group has made the necessary adjustments in figures reported by the associated company.

Foreign currency items

Figures related to the result and financial position of the Group's units are presented in the currency of each unit's principal operating environment ("functional currency"). The consolidated financial statements are presented in euros, the functional and reporting currency of the parent company.

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

Gains and losses arising from transactions denominated in a foreign currency and from the translation of monetary items are recognized in the income statement. The foreign exchange losses and profits from the Group's internal non-current liabilities, however, are included in the change in equity under translation differences. Foreign exchange profits and losses from business operations are included in the corresponding items above the operating profit. Foreign exchange losses and profits related to financing are included in financial income and expenses.

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

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

Tangible non-current assets

Tangible non-current assets are measured at original acquisition cost less depreciation and impairment. If a non-current asset consists of several parts with different economic lifetime, each part is treated as a separate asset. In these cases, the costs associated with renewing the asset are activated. Otherwise, any expenses arising later are included in the book value of the tangible non-current asset only if the Group is likely to profit from the future financial benefit and if the acquisition cost of the asset can be determined reliably. Other repair and maintenance costs are recognized through profit and loss at the time of completion.

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

Buildings and structures	10–25 years
Machinery and equipment	3–20 years
Motor vehicles	3–10 years

Non-current assets acquired through finance leases are depreciated over their estimated useful life or the lease term, if shorter.

Residual values and useful lives are reviewed on a regular basis in conjunction with annual financial statements and adjusted to reflect changes in expected financial benefits. Depreciation on a tangible non-current asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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

Borrowing costs

Borrowing costs are recognized in the financial period during which they are incurred. In 2014, the Group had no borrowing costs (arising from asset purchases) that were activated.

Intangible non-current assets

Goodwill
Goodwill is recognized in the amount by which the total amount of the assigned consideration, non-controlling interest in the object of acquisition and previously held equity interest exceeds the fair value of the acquired net assets.

No depreciation is recognized on goodwill, but goodwill is tested for impairment annually or more frequently, if necessary. For this purpose, goodwill is attributed to units generating cash flow. Goodwill is valued at the original acquisition cost less impairment.

Research and development expenses
Research and development expenses are recognized in the income statement as expenses, except for development costs that meet the capitalisation criteria of IAS 38 *Intangible Assets*. In that case, product development expenses are recognized in the balance sheet as intangible assets as of the moment when the product can be implemented technically, exploited commercially and expected to bring future financial benefit. Development costs that have been recognized as expenses previously will not be capitalised later. Depreciation will start as soon as the asset is ready for use. The depreciation period is 3 to 10 years, during which capitalised expenses are depreciated on a straight-line basis and recognized as costs. An asset that is not yet ready to be exploited is tested for impairment annually or more frequently, if necessary.

Other intangible assets
Other intangible assets with a limited useful life are recognized in the balance sheet and depreciated as expenses on a straight-line basis in the income statement over their useful lives. No depreciation is recognized on other intangible assets with an unlimited useful life, but they are tested for impairment annually or more frequently, if necessary. Intangible assets include assets that have an unlimited useful life. These include electric and gas connection rights that do not have a legal or contractual time limit.

The estimated useful lives are as follows:

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

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

Inventories

Inventories are recognized at acquisition cost or recoverable amount, depending on which is lower, in accordance with the FIFO principle. The acquisition cost of finished products and work in progress consists of raw materials, direct expenses arising from work, other direct expenses and fixed acquisition and production costs. The recoverable amount is the estimated sales price in normal business less estimated expenses required to complete the product and selling expenses.

Lease agreements

The Group as a lessee
Lease agreements related to tangible assets in which the Group bears an essential part of the risks and rewards of ownership are recognized as finance lease agreements. Assets acquired through finance lease agreements are entered in the balance sheet at the leased item's fair value or the present value of minimum lease payments, if lower, at the beginning of the lease period. Assets acquired through finance leases are depreciated over their estimated useful lives or their lease periods, if shorter. Lease obligations are included in interest-bearing liabilities.

Lease agreements in which the lessor bears the risks and rewards of ownership are recognized in other leases. Rents payable under other leases are recognized as expenses in the income statement in equal instalments during the lease period.

The Group primarily operates in leased premises. In Russia, the Group also owns premises. The Group makes fixed-term lease agreements, which are converted into permanent agreements at the end of the fixed period or which offer the Group the opportunity to continue the fixed-term agreement. The most common option is to continue the lease for five (5) years. These options have been taken into account in the accounting of finance leases.

Impairment

On the closing date of the financial year, the Group evaluates whether any assets are showing signs of impairment. If such signs are detected, the recoverable amount of the asset concerned is estimated. The recoverable amount is also assessed annually on the following assets, regardless of whether they are showing signs of impairment: goodwill, intangible assets with unlimited useful lives and unfinished intangible assets. The need for impairment is assessed at the level of units generating cash flows – that is, the lowest level on which units are mostly independent of others and cash flows can be separated from other cash flows.

The subsidiaries in the Cable segment constitute a unit generating cash flows. Balance sheet values related to the unit are tested through test calculation. The associated companies are tested separately if any balance sheet values are related to them. Nestor Cables Ltd and Riihimäen Kaapelitehdas Ltd are associated companies. In the 2016 financial statements, no balance sheet values are related to Nestor Cables Ltd. Riihimäen Kaapelitehdas Ltd was acquired at the end of 2016.

Other tangible and intangible balance sheet values are evaluated by item.

In the Cable segment, the indicators monitored are permanent changes in the euro prices of main raw materials and developments in the main markets. Their combination affects volumes, and it also affects the way in which an increase in the prices of capital goods can be incorporated into market prices. The interest rate level is not an indicator as such, but it may have an effect on the discount rate.

The recoverable amount is the fair value of an asset less selling expenses or value in use, if higher. Value in use refers to the estimated future net cash flows received from the asset or a unit generating cash flows, discounted to their current value. Determined before taxes, the discount rate reflects the market's view on the time value of money and the special risks related to the asset concerned.

An impairment loss is recognized when an asset's book value is higher than the recoverable amount. The impairment loss is recognized in the income statement. If an impairment loss is attributed to a unit generating cash flows, it is first allocated to reduce the unit's goodwill and then to reduce the unit's other assets in equal proportions. When an impairment loss is recognized, the useful life of the asset being depreciated is reassessed. An impairment loss recognized on assets other than goodwill is reversed if the assessments used in determining the recoverable amount of the asset have changed. The amount of reversed impairment losses, however, cannot be higher than the asset's book value without recognition of the impairment loss. An impairment loss recognized on goodwill is not reversed.

Pension arrangements

The Group's statutory pension insurance for staff has been set up with pension insurance companies until December 31, 2015. Pension expenses have been recognized as costs in the financial year during which they are accumulated. Neo Industrial is part of Reka Group, whose pension insurances were transferred to the defined benefit plan. Due the transfer the pension responsibilities has been handled according to defined benefit plan (IAS 19). Bookkeeping entries according to IAS 19 affect personnel costs, financial costs and to the items booked to equity via consolidated statement of comprehensive income. IAS 19 bookkeeping entries are included to other operations and eliminations in the segment report.

Provisions and contingent liabilities

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

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

A restructuring provision is made when the Group has prepared a detailed restructuring plan and announced it or begun to implement it. No provision is recognized for expenses related to Group operations continuing as normal.
A provision is made for loss-making contracts if the expenses required to fulfil the contractual obligations exceed the benefits from the contract.

A provision is made for environmental obligations based on current interpretations of environmental laws and regulations. A provision is made when it is likely that an obligation has been created and the amount of the obligation concerned can be estimated reliably.

A contingent liability is a conditional obligation resulting from previous events that is confirmed when an uncertain eventuality beyond the Group's control actually occurs. Contingent liabilities also include existing obligations which are not likely to require payment or the amount of which cannot be determined reliably. Potential contingent liabilities are presented in the notes to the financial statements.

Taxes

The tax expenses in the income statement consist of the income tax for the financial year and deferred taxes. The income tax for the financial year is calculated on the taxable income, using the tax rate in force in each country on the balance sheet date or on a subsequent tax rate. The taxes are adjusted by taxes potentially related to previous periods, with the exception of taxes recognized in equity for which the corresponding income or expense has been recognized directly in equity.
Deferred tax assets and liabilities are calculated on temporary differences between the book value and taxable value. However, deferred tax liabilities are not recognized when the transaction concerns an asset or liability initially recognized in the accounts and does not concern business combinations and when the recognition of such an asset or liability does not affect the accounting result or the taxable income at the time of the transaction. No deferred taxes are recognized on goodwill that is non-deductible in taxation or on subsidiaries' non-distributable profit funds to the extent that the difference is not likely to be released in the foreseeable future.

Deferred tax assets related to individual companies are recognized if it is probable, based on an evaluation, that the deferred tax assets can be utilised before the expiry of unused tax losses or unused tax-related credits. Deferred tax assets are recognized to the extent that it is likely that taxable income will be created in the future, against which the temporary difference can be utilised.

Revenue recognition

Products sold and services produced
Income from product sales is recognized when significant risks and benefits of ownership and the actual control over the products have been transferred to the buyer. This is usually done in conjunction with product delivery in accordance with contract terms. Income from services produced is recognized in the financial year when the service is performed.

Interest rates and dividends
Interest income is recognized using the effective interest method, and dividend income is recognized when the right to receive the dividend is created.

Financial assets and liabilities

The Group's financial assets are classified into the following groups: derivative contracts, financial assets available for sale, loans and other receivables and other financial assets. The classification is based on the purpose of acquiring the financial assets, and they are classified in conjunction with the initial acquisition.

In cases where the fair value of financial assets and liabilities has not been used as the book value, the financial assets and liabilities are valued at allocated acquisition cost. Financial assets and liabilities recognized at fair value are valued based on market quotations. Realised and unrealised gains and losses from changes in fair value are recognized in the income statement in the financial year in which they occur. If no specific market quote is available, valuation is based on confirmation from the counterparty, which has been tested using common valuation methods and available market quotations.

Financial assets are derecognized when the Group has lost its contract-based entitlement to cash flows or when it has transferred a significant part of risks and rewards outside the Group.

Based on their nature, financial instruments are divided into current and non-current assets and liabilities.

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

Loans and other receivables are recognized at the outstanding value of the receivable. Sales receivables are presented in gross amounts, and the financial liabilities under sales receivables are recognized in financial liabilities. If sales receivables have been sold in part or in full in accordance with IFRS, so that the credit loss risk related to the receivables sold has been transferred, the sold part of sales receivables is recognized as a write-off on the balance sheet. The Group recognizes an impairment loss on sales receivables if there is objective evidence that the receivable cannot be recovered in full. If the amount of impairment loss is reduced later, the recognized loss is reversed through profit or loss.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits that can be withdrawn on demand and other short-term investments.
Financial liabilities
Financial liabilities are valued at allocated acquisition cost or at fair value excluding liabilities arising from finance leases under IAS 17. Liabilities arising from finance leases are recognized initially at the fair value of the asset leased or the present value of minimum lease payments, depending on which one is lower. Financial liabilities also include a long-term purchase price liability related to industrial premises, in which the instalments are tied to an index. Transaction costs are included in the initial book value of financial liabilities. Financial liabilities are included in current and non-current liabilities.

Derivative contracts
Derivatives are recognized at fair value on the date when the Group becomes party to a derivative contract. Derivatives are recognized either as current or non-current receivables or liabilities on the balance sheet. Gains and losses arising from fair value measurement are recognized in accordance with the derivative's use as follows:

- Derivatives that hedge net sales are included in net sales.
- Changes in metal derivatives targeted at customer orders are included in material purchases, as are commodity derivatives with a maturity of less than 12 months.
- Commodity derivatives with a maturity of 12 months or more are included in financial income or expenses.
- Derivatives related to financing are included in financial income or expenses.

Alternative performance measures
Neo Industrial use in its financial reporting the alternative performance measures according to the European Securities and Markets Authority (ESMA).

ESMA guidelines came into force on 3 July 2016. The financial statements include alternative performance measures. According to Neo Industrial´s interpretation of the ESMA guidelines, in addition to the operating profit, return on equity (ROE), return on investment (ROI), gross investments, gearing and the equity ratio can all be counted as alternative performance measures. The calculation principles of alternative performance measures are presented in the financial statements for the year 2016, as well as in the previous financial statements. The definition of operating profit has been clarifies during financial year 2016.

The company joined a pension fund in 31 December 2015. 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 end of the financial year the company has updated its alternative performance measures so that IAS 19 effects are eliminated for balance items in order to follow business development more effectively. Names of those alternative performance measures are written so that adjustments can be seen from the name. Updated alternative performance measures are IAS 19 corrected Equity ratio, IAS 19 corrected gearing, IAS 19 corrected ROE. From balance items and total balance amount the effects of IAS 19 are removed when calculating related indicators. IAS 19 corrected indicators are matched with the figures reported in the financial statement.

Operating result

IAS 1 *Presentation of Financial Statements* does not define the concept of operating result. The Group defines it as follows: operating result is the net amount formed when the net sales figure is reduced by purchasing costs adjusted for the change in the inventories of finished products, work in progress, expenses incurred through production for own use and by expenses arising from employee benefits, depreciation and any impairment loss, with other operating income and expenses taken into account. Items other than those mentioned above are presented below the operating profit. The Operating result does not include any group contributions nor financial costs relating to IAS 19. Foreign exchange differences and changes in the fair values of derivatives are included in the operating profit if they arise from items related to business operations. Otherwise, they are recognized under financial items. Operating result is also known as operating profit or operating loss, depending on the context.

Using own shares as means of payment for rewards

When paying rewards, company uses also its own shares as means of payment. Part of the yearly and bonus remunerations of the Board of Directors can be paid via shares according to the decisions made in the AGM. Valid decisions of the AGM are always seen at www pages of the company and the decisions are informed also as a part of financial reporting. In addition to that, company can sign agreements, where part of service (e.g. consulting) can be paid with shares instead of money (exchange rate to transfer money to shares is defined in the related agreements, like average share price of the service delivery month or other predefined value). Company publish stock releases when making payment with own shares.

Accounting principles requiring management discretion and key uncertainty factors related to estimates

When preparing financial statements, estimates and assumptions concerning the future must be made, and these may differ from the actual outcome. Furthermore, discretion must be used when applying accounting principles.

Management discretion related to the choice and application of accounting principles
The Group's management uses discretion when making decisions concerning the choice and application of accounting principles. This applies particularly to cases where the existing IFRS standards have alternative recognition, measurement or presentation methods.

The management has used its discretion in assessing which lease agreements are handled in accordance with IAS 17 as financial leases recognized as assets on the balance sheet and which ones are recognized as ordinary rent expenses. As its guideline, the management has used the definition that lease agreements in which the lessor bears the risks and rewards of ownership are recognized in other leases. For this reason, short-term and fairly short-term leases of facilities have been treated as other leases, as have individual leases of machinery and equipment obtained from outside the Group and all IT equipment leases. Long-term leases of facilities and leases of production equipment have been recognized as capital leases.

The management has used its discretion when assessing financial contracts that involve derivatives.

Uncertainty factors related to estimates
Estimates and assessments made when preparing the financial statements are based on the management's best opinion on the closing date. The estimates are based on previous experiences and assumptions that concern expected trends in the Group's financial operating environment as far as sales and cost levels are concerned and that are considered most likely on the closing date. The Group regularly monitors the materialisation of estimates and assumptions and changes in the factors behind them together with the business units by using several sources of information, both internal and external. Any changes in the estimates and assumptions are recorded in the accounts for the financial period in which they are revised and in all consequent financial periods.

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

Impairment testing
The Group carries out impairment tests annually – or more often, if necessary – on goodwill, unfinished intangible assets and intangible assets with an unlimited useful life. The Group also assesses signs of impairment in accordance with what is presented above in the accounting principles. The recoverable amount from units generating cash flows has been determined based on calculations of value in use. These calculations require the use of estimates.

Adoption of new and amended standards and interpretations applicable in future financial years

Neo Industrial has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.
* = not yet endorsed for use by the European Union as of 31 December 2016.

- IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): 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 introduces also extensive new disclosure requirements. The impacts of IFRS 15 on Neo Industrial's consolidated financial statements have been assessed as follows:
    - Key concepts of IFRS 15 have been analyzed for different revenue streams and items with effect on revenue recognition timing have been identified
    - Timeline for implementing and the transition options to be used are confirmed when ongoing clarification work has been completed.
    - The expected impacts are small if the nature of the business does not change:
        - Majority of the Group´s turnover consists of sale of cables. The revenue of selling cables is recognized when the control of the goods is transferred to the customer according to the contract terms.
        - Identifying the separate performance obligations is not expected to bring any changes to the revenue recognition. Quarantees included to the contracts are so called ordinary quarantees what are not separate performance obligations.
        - To determine the transaction price the terms of the contracts has been analysed from the point of discounts, yearly bonuses and other customer credits. To some extend the practices may need to be specified in more details.
        - To determine the timing of revenue recognition the delivery terms, rights of returning products and invoice and hold arrangements has been analysed. As a result of the analyses made the usage of delivery terms has been clarified with contracts and harmonized already in the present way of doing. Otherwise no major changes are expected for the timing of the revenue recognition.
- Amendments to IFRS 15 - *Clarifications to IFRS 15 Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2018). The impact assessment of the clarifications has been included in the IFRS 15 impact assessment described above.
- IFRS 9 *Financial Instruments**(effective for financial years beginning on or after 1 January 2018): 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. The Group continues assessing the impacts of the standard. The Group does not at the moment have expected credit losses nor open financial instruments but as it may have such in the future, the new standard and its effects are gone through with different models identified by the Group. The Group does not use apply IAS 39 hedge accounting so no impacts are expected to the bookings.
- IFRS 16 *Leases*(*effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 –standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The preliminary impact assessment of the standard has been started in the group. Accordingly the impact on the Neo Industrial's consolidated financial statements is to increase the total balance amount.
- Amendments to IAS 7 *Statement of Cash Flows-Disclosure Initiative* *(effective for financial years beginning on or after 1 January 2017).The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments will have an impact on the disclosures in Neo Industrial's consolidated financial statements.
- Amendments to IAS 12 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses *(*effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no impact on Neo Industrial's consolidated financial statements.
- Amendments to IFRS 2 *Share based payments - Clarification and Measurement of Share based Payment Transactions* * (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of

cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments have no impact on Neo Industrial's consolidated financial statements.

- Amendments to IFRS 4 *Insurance Contracts- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts** (effective for financial years beginning on or after 1 January 2018). The amendments respond to industry concerns about the impact of differing effective dates by allowing two optional solutions to alleviate temporary accounting mismatches and volatility. The amendments have no impact on Neo Industrial's consolidated financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Join Venture* * (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on Neo Industrial's consolidated financial statements.
- IFRIC 22 Interpretation *Foreign Currency Transactions and Advance Consideration** (effective for financial years beginning on or after 1 January 2018). When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 *The Effects of Changes in Foreign Exchange Rates* is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The group is currently assessing the impacts of the interpretation.
- Amendments to IAS 40 *Investment Property - Transfers of Investment Property** (effective for financial years beginning on or after 1 January 2018).When making transfers of an investment property, the amendments clarify that a change in management's intentions, in isolation, provides no evidence of a change in use. The examples of evidences of a change in use are also amended so that they refer to property under construction or development as well as to completed property. The amendments have no impact on Neo Industrial's consolidated financial statements.
- *Annual Improvements to IFRS* (2014-2016 cycle)* (effective for financial years beginning on or after 1 January 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

3. Segment information

In accordance with IFRS 8, segment-specific reporting is based on the management's internal reporting. Turnover 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, the numbers of companies not belonging to Cable segment, IAS 19 bookkeeping entries and unallocated items as well financial liabilities related to acquiring businesses 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 EUR 1,000	Cable	Other operations 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 EUR 1,000	Cable	Other operations 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 %, the share of the second largest was 11.7 % and the share of the third largest was 10.7 %. 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 EUR 19.5 million (18.5)

4. Turnover

EUR 1,000	2016	2015
Turnover from industrial business operations	101,040	84,585
Turnover, total	101,040	84,585

5. Other operating income

EUR 1,000	2016	2015
Subsidies received	95	94
Rental income	139	141
Other income	177	89
Total	411	325

6. Other operating expenses

EUR 1,000	2016	2015
Rental expenses	-3,050	-2,928
Machinery and property maintenance costs	-1,915	-2,989
Sales and marketing expenses	-590	-712
Voluntary personal expenses	-504	-406
Other expenses	-3,439	-3,113
Total	-9,497	-10,148

The "Other expenses" includes fees paid to auditors as follows:
EUR 93,000 (EUR 69,000) for KPMG for the audit of the accounts
EUR 20,000 (EUR 26,000) for KPMG for other services
EUR 24,000 for other companies for the audit of the accounts

7. Depreciation and impairment

EUR 1,000	2016	2015
Depreciation by commodity group		
Intangible non-current assets		
Customer realitionships	-275	-275
Other intangible assets	-142	-195
Total	-417	-470
Tangible non-current assets		
Buildings	-198	-176
Machinery and equipment	-1,467	-1,186
Other tangible assets	-10	-10
Total	-1,675	-1,371
Impairment by commodity group		
Buildings	0	-47
Total depreciation and impairment	-2,091	-1,888

The impairment recognised in earlier years are revalued yearly. At 31 December 2016 the total impairment recognised on buildings is EUR 0.7 (EUR 0.8) million and based on the difference between the estimated income and expenses related to a long-term lease agreement.

8. Personnel expenses

EUR 1,000	2016	2015
Salaries and fees	11,555	11,248
Pension expenses, defined contribution plans	1,882	1,924
Pension expenses, defined benefit plans	62	488
Other personnel expenses	717	623
Total	14,216	14,283

Handling of pensions in Reka Group changed and the transfer of pensions to the defined benefit plan in IFRS caused one time effect to the operating result of EUR -0.5 million. In 2016 the IAS 19 bookkeeping entries increased personnel costs by -0.1 million.

Management benefits are presented in note 30 ("Related-party transactions").

Average number of personnel in the financial period:

	2016	2015
Total	256	241
Cable segment	255	240

9. Research and development expenses

The income statement includes EUR 0.4 million (0.2) in research and development costs recognised as expenses.

10. Financial income and expenses

Financial income

EUR 1,000	2016	2015
Interest revenues	55	12
Exchange rate differences	6	16
Other financial income	104	2
Total	165	29

Financial expenses

EUR 1,000	2016	2015
Interest expenses	-1,446	-925
Interest expenses on finance leases	-200	-200
Interest expenses on defined benefit pension liability	-6	0
Expenses on metal derivates	0	-92
Exchange rate differences	-77	-154
Other financial expenses	-299	-636
Total	-2,028	-2,008
Total exchange rate differences	-71	-139

11. Taxes

EUR 1,000	2016	2015
Taxes payable on profit	-129	-5
Deferred tax on temporary differences	-479	287
Other direct taxes	-114	0
Total	-722	282

Reconciliation of the tax expense in the income statement and taxes calculated at the domestic tax rate (20%)

EUR 1,000	2016	2015
Result before taxes	4,038	-3,973
Taxes calculated at the domestic tax rate	808	-795
Utilisation of previous unrecognised taxable losses	-375	0
Effect of tax-exempt income	-15	1,020
Effect of non-deductible expenses	21	7
Effect of different tax rates applicable to foreign subsidiaries	-9	1
Effect of unrecognised deferred tax receivables related to taxable losses	183	-549
Effect of other unrecognised deferred tax receivables	0	0
Taxes from previous periods	0	0
Other items	111	34
Taxes on the income statement	722	-282

The Group has EUR 4,308 thousand of confirmed tax losses, of which no deferred tax receivable has been booked.

12. Earnings per share

	2016	2015
Profit from the financial period attributable to the shareholders of the parent company, EUR 1,000	3,316	-3,691
Weighted average numbers of shares during the period	6,003,890	5,989,835
Undiluted earnings per share	0.55	-0.62
Weighted diluted average numbers of shares during the period (number)	6,003,890	5,989,835
Earnings per share adjusted for dilution	0.55	-0.62

Earnings per share:

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

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

When adjusting earnings per share for dilution, the diluting effect of the conversion of all potential ordinary shares is taken into account in the weighted average number of shares. The Group had no dilutive instruments on the closing date of the financial period.

13. Tangible non-current assets

EUR 1,000	Buildings	Machinery and equipment	Motor vehicles	Advance payments and acquisitions in progress	Total
Acquistion costs 1/1/2016	3,832	28,052	270	278	32,431
Increase	0	1,146	0	30	1,176
Decrease	0	-4	0	0	-4
	0	308	0	-308	0
Acquistion costs 31/12/2016	3,832	29,502	270	0	33,604
Accumulated depreciation and impairment 1/1/2016	1,176	16,788	200	0	18,161
Depreciation	198	1,457	20	0	1,675
Exchange rate differences	0	-2	0	0	-2
Accumulated depreciation and impairment 31/12/2016	1,374	18,243	220	0	19,835
Book value 1/1/2016	2,657	11,265	71	278	14,271
Book value 31/12/2016	2,458	11,260	51	0	13,769

EUR 1,000	Buildings	Machinery and equipment	Motor vehicles	Advance payments and acquisitions in progress	Total
Acquistion costs 1/1/2015	2,032	25,554	270	100	27,956
Increase	1,800	2,528	0	278	4,605
Decrease	0	-26	0	-100	-126
Exchange rate differences	0	-4	0	0	-4
Acquistion costs 31/12/2015	3,832	28,052	270	278	32,431
Accumulated depreciation and impairment 1/1/2015	953	15,615	180	0	16,746
Depreciation	176	1,175	20	0	1,371
Impairment	47	0	0		47
Exchange rate differences	0	-2	0	0	-2
Accumulated depreciation and impairment 31/12/2015	1,176	16,788	200	0	18,161
Book value 1/1/2015	1,080	9,940	90	100	11,210
Book value 31/12/2015	2,656	11,264	70	278	14,271

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

EUR 1,000	2016	2015
Buildings		
Acquisition costs 1/1	3,946	2,146
	0	1,800
Acquisition costs 31/12	3,946	3,946
Accumulated depreciation 1/1	1,289	1,066
Decrease in accumulated depreciation	0	0
Depreciation for the period	198	176
Impairment	0	47
Accumulated depreciation 31/12	1,487	1,289
Book value 31/12	2,458	2,657

14. Intangible non-current assets

EUR 1,000	Goodwill	Other intangible	Total
Acquisition costs 1/1/2016	3,252	5,871	9,123
	0	604	604
Acquisition costs 31/12/2016	3,252	6,475	9,727
Accumulated depreciation and impairment 1/1/2016	0	5,000	5,000
Depreciation	0	417	417
Accumulated depreciation and impairment 31/12/2016	0	5,417	5,417
Book value 1/1/2016	3,252	871	4,123
Book value 31/12/2016	3,252	1,059	4,311
Acquisition costs 1/1/2015	3,252	5,749	9,001
Increase	0	122	122
Acquisition costs 31/12/2015	3,252	5,871	9,123
Accumulated depreciation and impairment 1/1/2015	0	4,530	4,530
Depreciation	0	470	470
Accumulated depreciation and impairment 31/12/2015	0	5,000	5,000
Book value 1/1/2015	3,252	1,219	4,471
Book value 31/12/2015	3,252	871	4,123

Other intangible non-current assets include the following items: customer relationships, product brands and trademarks, activated IT software, licences and rights to technological methods.

The goodwill recognised in the financial statements arose from the acquisition of shares in Reka Cables Ltd and it has been allocated entirely to the Cable segment for impairment testing purposes. The recoverable amount has been determined based on value in use calculations. The calculations are based on forecasts approved by the management for a period of four years. Cash flows after the forecast period have been predicted using a growth assumption of 0 percent. The projected cash flows are discounted at the present date. In the Cable segment, the discount rate before taxes was 7.42 percent (7.30 percent).

The following are the most significant factors used in the calculations related to the Cable segment: the prices of metals and other key raw materials in EUR, the effects of demand and competition on volumes and market prices, the timing of infrastructure investments and the expansion of cooperation with key customers. The prediction calculations are based on actual outcome information and predictions updated based on the actual outcome. The effects of the investments as well as already visible outcome of efficiency improvement program have been taken into account in the predictions. As a part of testing process at least one alternative calculation is carried out in addition to the main calculation. After that the main calculation's sensitivity is tested by the effects of changes in discount rate levels. Based on the sensitivity calculations, the present value of future cash flows is larger than the investments, even if discount rate would be over double.

According to the results of the impairment tests, the company has no need to recognise impairments. The recoverable amount determined in impairment testing exceeds the book value of the units tested.

15. Holdings in associates

EUR 1,000	2016	2015
At the beginning of the period	0	0
Increases	1,280	0
At the end of the period	1,280	0

On the closing date of the financial period, Neo Industrial's associated companies were Nestor Cables Ltd and Riihimäen Kaapelitehdas Oy. The value of the shares of Nestor Cables Ltd is zero in the 2016 financial statements. The value of the shares of Riihimäen Kaapelitehdas Oy is the purchase price of the shares in December 2016.

Nestor Cables is domiciled in Oulu. Its assets in the financial statements are EUR 19.1 million (16.9), and its liabilities are EUR 22.3 million (20.1 million). Subordinated loans constitute EUR 5.5 million (5.5) of the liabilities. The company's turnover in 2016 was EUR 25.0 million (26.0), and its operating result was EUR 0.0 million (0.0). The company launched production in 2008. Neo Industrial's share of the company is 22.94 percent. The unrecognised share of Nestor Cables' result in 2016 is EUR 0.0 (EUR 0.0) million and that of its cumulative loss is EUR 0.9 (EUR 0.9) million, because the company's value on the consolidated balance sheet is EUR 0 and the Group does not carry any liabilities regarding Nestor Cables Ltd.

Riihimäen Kaapelitehdas Oy is domiciled in Riihimäki. Its assets in the financial statement are EUR 12.5 million, and its liabilities are EUR 10.0 million. The company´s turnover in 2016 was EUR 1.0 million and its operating result was EUR 0.1 million. The company started its activities on 29 February 2016. Neo Industrial´s share of the company is 49.01 percent. The company´s value on the consolidated balance sheet is EUR 1.3 million.

The above figures (turnover, assets and liabilities) were calculated in keeping with the associated companies' accounting principles.

16. Deferred tax assets and liabilities

Deferred tax assets from losses are recognised based on future profit expectations.

Changes in deferred taxes during 2016:

EUR 1,000	1/1 2016	Recorded in the income statement	Exchange rate differences	31/12 2016
Deferred tax receivables				
Provisions	174	4	0	178
Deferred tax receivables on losses	1,234	-552	0	681
Other items	98	377	0	475
Total	1,506	-171	0	1,335
Deferred tax liabilities				
Accumulated depreciation difference	-19	1	0	-18
Purchase price allocation in accordance with IFRS 3 and recognition of costs resulting from the allocation	-78	55	0	-23
Total	-97	56	0	-42

Changes in deferred taxes during 2015:

EUR 1,000	1/1 2015	Recorded in the income statement	Exchange rate differences	31/12 2015
Deferred tax receivables				
Provisions	168	6	0	174
Deferred tax receivables on losses	1,104	130	0	1,234
Other items	0	98	0	98
Total	1,272	234	0	1,506
Deferred tax liabilities				
Accumulated depreciation difference	-17	-2	0	-19
Purchase price allocation in accordance with IFRS 3 and recognition of costs resulting from the allocation	-133	55	0	-78
Total	-150	53	0	-97

Confirmed losses of the Group companies expire in 2021 or later.

In the Cable segment, deferred tax receivables on losses have been recognised for Reka Cables Ltd and partly its parent company. These are recognised as a single entity and evaluated based on Reka Cables' actual results and on long-term predictions that have updated on the basis on the actual results and for which sensitivity analyses have been carried out. Deferred tax receivables of the Group´s parent company have been fully used during 2016.

17. Inventories

EUR 1,000	**2016**	**2015**
Materials and supplies	4,053	3,756
Production in progress	5,072	3,454
Finished products	6,432	5,470
Total	15,557	12,680

In year 2016 there is recognised inventory impairment of EUR 0.4 (EUR 0.3) million.

18. Current receivables

EUR 1,000	**2016**	**2015**
Sales receivables	3,693	4,804
Factoring receivables	0	9,535
Other receivables	1,838	957
Total	5,531	15,296

Age distribution of Sales receivables 31/12/2016
EUR 1,000

Total	**undue**	**less than 7 days**	**less than 14 days**	**less than 30 days**	**less than 60 days**	**more than 60 days**
3,693	3,588	47	30	33	-5	1

Age distribution of Sales receivables 31/12/2015
EUR 1,000

Total	**undue**	**less than**	**less than**	**less than**	**less than**	**more than**
14,339	13,449	490	221	198	-42	23

Reka Cables Ltd. gave up the previously-used factoring credit limit and transferred from the accounts receivable balance sheet to sales. The change was carried out for most parts by the end of June. The change has a positive impact on net operating cash flow.

In comparison year factoring was used and related sales receivables were as collateral to the Factoring credit of EUR 8.5 million. Factoring credit is included to the short-term financial debts in the comparison year.

Current receivables distributed by currency:

EUR 1,000	**2016**	**2015**
EUR	5,139	13,686
SEK	97	302
DKK	0	1,076
RUB	21	33
NOK	274	200
Total	5,531	15,296

19. Cash and cash equivalents

EUR 1,000	2016	2015
Cash and bank	2,268	1,280

20. Shareholders' equity

The parent company´s share capital by share series	2016		2015	
	Number	Shareholders equity EUR 1,000	Number	Shareholders equity EUR 1,000
Series A (20 votes/share)	139,600	558	139,600	558
Series B (1 vote/share)	5,880,760	23,524	5,880,760	23,524
	6,020,360	24,082	6,020,360	24,082

Neo Industrial Plc has two series of shares. The maximum number of A shares is 0.2 million (0.2 million in 2015), and the maximum number of B shares is 9.6 million (9.6 million). All issued shares are paid up in full.

Own shares

	Number	EUR 1,000
Own shares 31/12/2015	30,525	197
Fee payments	-14,055	-91
Own shares 31/12/2016	16,470	106

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

Other unrestricted equity
Other unrestricted equity was created in 2000 through a reduction in the share capital. At the time, the amount equivalent to the reduction was transferred to a fund to be used in accordance with the Annual General Meeting's decision.

Translation differences
Translation differences primarily consist of differences arising from the conversions of foreign units' financial statements and intra-Group loans.

Dividends
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.

21. Provisions

EUR million	Product warranty provisions	Provision of unpaid purchase price	Total
1/1/2016	0.90	2.10	3.00
Decrease	0.00	-0.20	-0.20
31/12/2016	0.90	1.90	2.80

EUR million	Product warranty provisions	Provision of unpaid purchase price	Total
1/1/2015	0.90	2.30	3.20
Decrease	0.00	-0.20	-0.20
31/12/2015	0.90	2.10	3.00

EUR million	2016	2015
Long-term provisions	2.60	2.80
Short-term provisions	0.20	0.20
Total	2.80	3.00

The provisions EUR 2.8 million on the consolidated balance sheet consist of product warranty provisions (EUR 0.9 million) and the discounted balance sheet value (EUR 1.9 million) of the instalments of Avilon Fibres Ltd's industrial premises for the price remaining unpaid, for which the Group has granted a guarantee. The granted guarantee was noticed in balance sheet with the bankruptcy of Avilon Fibres Ltd. The guarantee is paid annually by amounts of EUR 0.2 million until year 2035.

In the closing of the books for 2015 the provisions EUR 3.0 million on the consolidated balance sheet consisted of product warranty provisions (EUR 0.9 million and discounted balance sheet value (EUR 2.1 million) of the instalments of Avilon Fibres Ltd's industrial premises for the price remaining unpaid, for which the Group has granted a guarantee.

The product warranty are made based on claims made but not yet paid as well as assigned provisions based on experience from past years. The assigned provision takes into account any compensation obligations potentially occurring in the Cable segment over a period of ten years, unless otherwise agreed with the customer.

22. Financial liabilities

EUR 1,000	2016	2015
Long-term financial liabilities valued at allocated acquisition cost		
Finance lease agreements	3,227	3,433
Other loans	7,125	2,974
Total	10,352	6,407
Short-term financial liabilities valued at allocated acquisition cost		
Bank loans	0	8,633
Factoring credit	0	8,546
Other loans	3,241	2,489
Finance lease agreements	206	194
Total	3,447	19,863

The Group's financing loans whether fixed or euribor based. Finance leases have fixed interest rates. The Group's average interest rate on 31 December 2016 was 5.2 percent (5.0).

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

EUR 1,000	2016	2015
Less than 6 months	206	8,741
6-12 months	3,241	10,122
More than 12 months	10,352	7,407
Total	13,799	26,270

All loans are denominated in euro.

Maturing of finance lease agreements

EUR 1,000	**2016**	**2015**
Finance lease agreements - total amount of minimum lease payments		
Within 1 year	402	402
1-5 years	1,606	1,606
After 5 years	3,032	3,434
Total	5,040	5,441
Unaccumulated financial expenses	-1,607	-1,814
Present value of finance agreements	3,433	3,628
Finance lease agreements - present value if minimum lease payments		
Within 1 year	206	194
1-5 years	959	904
After 5 years	2,268	2,529
Total	3,433	3,628

Located next to the Valkeakoski plant, the Kirjasniemi residential area is leased from the bankruptcy estate of the Kuitu Finland for 25 years as a part of a comprehensive restructuring carried out in the Viscose Fibres segment in 2010. Neo Industrial has the option to continue the lease for another 25 years, and it also has the right to purchase the area based on a preliminary agreement signed in 2010. The long-term lease for the Kirjasniemi residential area is recognised as a financial lease agreement. Avilon Fibres Ltd´s bankruptcy in 2013 did not affect the terms of the lease.

Reka Cables Ltd has 10 year rental agreement regarding part of Keuruu plant. The rental contract is handled as financial lease.

At the end of December 2016 Neo Industrial made minority investment to the shares of Reka Kaapelitehdas Oy who is lessor in the Riihimäki plant. Investment had no effect on the booking entries of the rental agreement.

23. Accounts payable and other liabilities

EUR 1,000	**2016**	**2015**
Current financial liabilities valued at allocated acquisitions cost:		
Accounts payable	8,669	6,751
Personnel expenses allocated by period	2,632	2,419
Accruals and deferred income	3,790	2,742
Other liabilities	2,138	1,521
Total	17,229	13,433

Non-interest-bearing current liabilities distributed by currency:

EUR 1,000	**2016**	**2015**
EUR	16,553	13,325
USD	567	6
DKK	22	17
NOK	48	25
SEK	36	59
Other currency	4	1
Total	17,229	13,433

24. Pension liabilities

Statutory pension liabilities of Neo Industrial Group is transferred on 31.12.2015 from pension insurance company to Reka Eläkekassa

Change in the net defined benefit liability recognised in Balance Sheet during Financial year	Present value of defined benefit obligations	Present value of assets related	Total
EUR 1,000			
1/1/2016	**6,421**	**5,932**	**488**
Defined benefit pension cost recognised in Income statement			
Cost based on review period´s work performance	500	0	500
Interest expense or income	161	154	6
	661	154	506
Items due to remeasurements			
Profit for assets related to arrangement (except items including in Interest expense or income)	0	-1,016	1,016
Gain (-) / loss (+) arising from changes in financial assumptions	740	0	740
Experiential gain (-) / loss (+)	65	0	65
	805	-1,016	1,821
Payments made by employer to arrangement	0	439	-439
Paid benefits	-45	-45	0
31/12/2016	**7,841**	**5,464**	**2,377**

Change in the net defined benefit liability recognised in Balance Sheet during previous year	Present value of defined benefit obligations	Present value of assets related	Total
EUR 1,000			
1/1/2015	**0**	**0**	**0**
Defined benefit pension cost recognised in Income statement			
Cost based on previous work performance	6,421	-5,932	488
	6,421	-5,932	488
Items due to remeasurements			
31/12/2015	**6,421**	**-5,932**	**488**

Significant assumptions behind insurance mathematical calculations	**2016**	**2015**
Discount rate	2,20 %	2,50 %
Inflation	1,80 %	1,63 %
Increase of pensions	1,10 %	1,00 %

Sensitivity analysis, EUR 1,000		Effect on pension liability 2016
Discount rate		
	0.5 %- increase	-913
	0.5 %- decrease	1082
Pension increase		
	0.5 %- increase	942
	0.5 %- decrease	-841
Life expectancy		
	1 year increase	227
	1 year decrease	-220

Duration based on weighted average of liability is 27.6 years

The Group expects to pay 497 000 euros to defined benefit pension arrangements year 2017.

In addition to companies belonging to Reka Group also some related party companies of Reka Ltd have joined to Reka Pension Fund. The Assets of Reka Pension Fund are approximately EUR 34 million and pension liabilities are approximately EUR 27 million. The risk related is that the Assets of the pension fund increase slower than the pension liabilities which would cause that in the long run the Assets would not cover the liabilities.

25. Financial risk management

The Group's business operations involve risks related to financing. Neo Industrial's primary financial risks are currency, interest rate, commodity, liquidity, credit and investment market risks.

The Board of Directors approves the Group's general risk management principles. The operational management is responsible for the practical implementation of these principles. Operating under the parent company's Board of Directors, the audit committee is responsible for assessing the sufficiency and pertinence of risk management.

For risk management, the Group uses forward contracts, options, commodity derivatives, interest rate swaps and reference rate changes, if necessary, as well as various selling and buying orders based on threshold values.

Currency risk
Operating internationally, the Group is subjected to currency transaction risks as well as risks that arise when different currencies, investments, assets and liabilities are converted into the parent company's functional currency. For the Group, the most significant currencies are the U.S. dollar (USD) and the Swedish krona (SEK). In relation to these, currency positions are determined at least once a year, and the currency positions are hedged, in accordance with foreign exchange trends, with hedging instruments to a degree ranging from 0 to 125 percent. Currently, the Group has not hedged net investments in foreign units by using external loans denominated in the corresponding currency or by using foreign exchange forward contracts. All of the Group's external loans are denominated in euro's. On the closing date of the financial period, the Group had no open currency hedges.

The U.S. dollar is important for the Group, because the prices of the metals it purchase are determined based on the dollar. The combined effect of metal and pulp prices and the USD/EUR ratio is essential to the Group. If the dollar had been 10 percent stronger against the euro on the closing date of the financial period, its effect on the operating result before taxes would have been EUR -4.4 million (-3.7). Had the dollar been 10 percent weaker, its effect would have been EUR 4.4 million (3.7).

Interest rate risk
The Group's interest rate risks arise from borrowing.

Finance leases and part of external loans have fixed interest rates The reference rates for other external loans is 3-month Euribor. On the closing date of the financial year, the Group's average financing rate for external loans was 5.2 percent (5.0). If the average interest rate had been 1 percentage point higher, it would have affected the Group's result before taxes by EUR -0.1 million (-0.2 million).

Commodity risk
In the Cable segment, the key raw materials are metals (copper and aluminium) and plastics. Partial price hedging through commodity derivatives is used in metal purchases. In terms of metals, the development of dollar prices is important for the Group, as is the development of the USD/EUR ratio. If the market value of aluminium had been 10 percent higher on the closing date of the financial period, its effect on the operating result before taxes would have been EUR 0.2 million (0.1) in terms of commodity derivatives. Had the market value of aluminium been 10 percent lower, its effect on the operating result before taxes would have been EUR -0.2 million (-0.4 million). If the market value of copper had been 10 percent higher on the closing date of the financial period, its effect on the operating result before taxes would have been EUR 0.2 million (0.0) in terms of commodity derivatives. Had the market value of copper been 10 percent lower, its effect on the operating result before taxes would have been EUR -0.2 million (0.0).

Liquidity risk
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.

The Group aims to continuously evaluate and monitor the amount of financing required by its business operations in order to ensure that the Group has sufficient liquid funds to finance operations and repay loans.

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.

Reka Cables Ltd. gave up the previously-used factoring credit limit and transferred from the accounts receivable balance sheet to sales. The change was carried out for most parts by the end of June. The change has a positive impact on net operating cash flow.

EUR 1,000	Balance sheet value	Cash flow	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
31/12/2016						
Other loans	10,366	10,366	3,241	2,614	3,000	1,511
Finance lease agreements	3,433	3,432	206	451	785	1,990
Accounts payable and other liabilities	13,190	10,815	10,807	8	0	0
Total	26,989	24,613	14,254	3,073	3,785	3,501
Derivatives						
Commodity derivatives	57	57	13	44	0	0

EUR 1,000	Balance sheet value	Cash flow	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
31/12/2015						
Bank loans	0	0	8,633	-8,633	0	0
Other loans	10,569	5,463	2,489	1,846	0	1,128
Finance lease agreements	3,483	5,443	402	402	1,205	3,434
Factoring credit	0	8,546	8,546	0	0	0
Accounts payable and other liabilities	11,331	10,844	10,836	8	0	0
Total	25,382	30,296	30,906	-6,377	1,205	4,562
Derivatives						
Commodity derivatives	144	144	70	74	0	0

The figures are undiscounted and include both interest payments and principal repayments.

Credit risk
The Group manages its credit risk by regularly monitoring the credit rating of its key partners – customers, suppliers and other partners – and by regularly and actively monitoring customer payment behaviour and external information. In addition, Reka Cables Ltd has customer-specific credit insurance. The Group also manages its credit risk through market-specific and customer-specific payment terms. The Group's maximum credit risk corresponds to the book value of financial assets at the end of the financial period. Age analysis of sales receivable is presented in enclosure 18. Taken all market areas into the consideration the largest customer Group´s share of the Group´s turnover was 22.3 %, the share of the second largest was 11.7 % and the share of the third largest was 10.7 %. . Other separate customer´s share of the Group´s turnover was under 10 %.

Investment market risk
Through its investments in securities, the Group is subjected to investment market risks. Market prices of shares, changes in fund values and the general market situation affect the company's performance through changes in the values of said investments. The company had no active investments in securities on the closing date of the financial period.

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

Raw-material derivatives and currency derivatives have been valued using third-party market value reports (hierarchy level 2).

26. Capital management

The Group invests in industrial companies. In capital management, it monitors key figures, such as return on investment (ROI), equity ratio, operating profit and earnings per share.

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

27. Fair values of financial assets and liabilities

Derivatives are presented in note 25. Other cash and cash equivalents as well as receivables and liabilities are recognized in accordance with the amount open in the financial statements, excluding any credit losses. The Group does not apply hedge accounting. All income and expenses from derivatives are recognized through the income statement.

28. 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 Group has leased many of its production and office facilities. Some leases for premises are recognized as finance lease agreements. Other leases for premises have an average term of three to six years and they usually involve an option to continue the lease after the original termination date. The agreements usually include a term that ties the rent to an index.

The Group has leased most of its IT equipment and software, vehicles and forklifts. The average duration of these leases is three years, and they do not meet the criteria for financial leases.

The income statement for 2016 includes EUR 2.1 million (1.2) in expenses based on other leases.

29. Contingent liabilities and commitments

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 2016 the investment commitments for tangible fixed assets amounted to EUR 0.3 million (0.6). In addition to that Reka Cables Ltd has made commitment to lease more premises in Keuruu. Whent he lease contract has been signed, it will be handled as financial lease.

30. Related-party events

The Group´s related parties include the subsidiaries and associated companies, other companies belonging to the Reka Group, Reka Pension Fund, the Group´s Board of Directors and management group. The management group consists of Managing Director 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.

The Neo Industrial Group's internal parent companies, subsidiaries and associated companies are listed below:

Company name	Home country	Domicile	Group's equity share (%)	Group's share of votes (%)
Parent company: Neo Industsrial Oyj	Finland	Hyvinkää		
Alnus Oy	Finland	Helsinki	100.00	100.00
Metsämarkka 1 Oy	Finland	Hyvinkää	100.00	100.00
Metsämarkka 101 Oy	Finland	Hyvinkää	100.00	100.00
Novalis Oyj	Finland	Helsinki	100.00	100.00
Reka Kaapeli Oy	Finland	Hyvinkää	100.00	100.00
Reka Kabel Ab	Sweden	Göteborg	100.00	100.00
Reka Kabel AS	Norway	Kolbotn	100.00	100.00
Reka Kabel A/S	Denmark	Roskilde	100.00	100.00
OOO Reka Kabel	Russia	Pietari	99.00	99.00
Reka Cables Baltic OÜ	Estonia	Tallinna	100.00	100.00
Nestor Cables Oy	Finland	Oulu	22.94	22.94
TOO Reka Kabel	Kazakstan	Almaty	100.00	100.00
Riihimäen Kaapelitehdas Oy	Finland	Riihimäki	49.01	49.01

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 by EUR -1.8 million that was booked through consolidated statement of comprehensive income.

Transactions with associated companies
Sales to Nestor Cables Ltd totalled EUR 23 thousand in during 2016 (EUR 8 thousand during 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 during 2016 were EUR 746 thousand. Purchases consisted of rents. Riihimäen Kaapelitehdas Ltd is a company, which owns the property in Riihimäki 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 and therefore her rewards are handled as other purchases with other related parties, in total EUR 49 (22) thousand.

Management fringe benefits

EUR 1,000	2016	2015
Salaries and other short-term fringe benefits	471	823
Pension benefits, defined contribution plans	43	106
Total	515	928

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

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 bonus system and the terms of the bonus system is decided each year in the Annual General meeting. The Board of Directors do not have any other benefits. Part of the yearly and bonus remunerations can be paid via shares according to the decisions made in the AGM. Payments by shares are always released separately. AGM in 2016:

- The AGM confirmed 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 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 with 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 2016 and the shares will be handed over in June 2017.
- The AGM confirmed 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 members of the Board, multiplied by annual return based on the share price development of Neo Industrial Plc´s class B share share (average share price in May 2017 – average share price in May 2016). Should the annual return exceed 50 percent, the bonus shall be paid in accordance with 50 percent.
- The AGM decided that cirka 40 per cent of the bonuses will be paid with 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 2017 and the shares will be handed over in June 2017.

The Management does not have any bonus system in Neo Industrial. The Managing Director act also as Managing Director of Reka Cables Ltd having bonus system at Reka Cables Ltd.

Salaries and other fringe benefits by person:

EUR 1,000		Of which paid by shares	
Salaries and fees:			
Jari Salo, Managing Director	0		111
Jari Salo, Managing Director, compensation for end of employmeı	0		249
Ralf Sohlström, Managing Director	240		194
Sari Tulander, Member of the Board (CFO)	16		42
La			
Markku E.Rentto	60	7	68
Matti Lainema	0	0	29
Taisto Riski	0	0	29
Raimo Valo	36	5	40
Jukka Koskinen	77	5	40
Marjo Matikainen-Kallström	36	5	11
Jorma Sirén	5	5	11
Total	471	28	823

The amounts above include statutory pension insurances as follows: Jari Salo EUR 0 thousand (64), Ralf Sohlström EUR 43 thousand (34) and Sari Tulander EUR 7 thousand (7).

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

31. Major events after the end of the financial period

There have been no major events after the end of the financial period.

32. Key financial indicators

The company joined a pension fund in 31 December 2015. 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 end of the financial year the company has updated its alternative performance measures so that IAS 19 effects are eliminated for balance items in order to follow business development more effectively. Names of those alternative performance measures are written so that adjustments can be seen from the name. Updated alternative performance measures are IAS 19 corrected Equity ratio, IAS 19 corrected gearing, IAS 19 corrected ROE. From balance items and total balance amount the effects of IAS 19 are removed when calculating related indicators. IAS 19 corrected indicators are matched with the figures reported in the financial statement.

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	2,042,292	1,721,204	454,417
%	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	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

Calculation of key financial indicators

Earnings per share (EPS), EUR	=	Profit for the period attributable to equity holders of the parent company / Number of shares adjusted for share issues (average)	
Equity per share, EUR	=	Shareholders' equity - non-controlling interest / Number of shares adjusted for share issues at the end of the period	
Dividend per share, EUR	=	Dividend for the period / Number of shares adjusted for share issues at the end of the period	
Dividend per earnings, %	=	Dividend/share / Earnings/share	x 100
Effective dividend yield, %	=	Dividend/share / Share price adjusted for share issues at the end of the period	x 100
Price/earnings (P/E)	=	Share price adjusted for share issues at the end of the period / 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	

Alternative Performance Measures:

IAS 19 corrected Return on equity (ROE) %	=	Result for the period / Shareholders' equity excluding effects of IAS 19 bookings (average)	x 100
IAS 19 corrected Equity ratio, %	=	Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings / Balance sheet total - advances received excluding effects of IAS 19 bookings	x 100
IAS 19 corrected Gearing, %	=	Interest-bearing liabilities - cash and cash equivalents, liquid financial and investment securities / Shareholders' equity + non-controlling interest excluding effects of IAS 19 bookings	x 100
Return on investment (ROI) %	=	Profit before taxes + interest and other financial expenses / [Balance sheet total - obligatory provisions and non-interest-bearing liabilities] (average)	x 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. Exchange rate differences and changes in fair values of derivatives are included in operating result if they arise from items related to business operations; otherwise they are recognized in financial items. Operating profit or operating loss are also terms used instead of operating result, according to the situation.	

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

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

	Notes	1/1-31/12/2016	1/1-31/12/2015
TURNOVER	1	111,150.65	1,200.00
Other operating income	2	496,137.01	119,222.91
Materials and services		-3,501.31	-2,975.97
Personnel expenses	3	-233,030.24	-680,000.36
Depreciation and impairment	4	-14,118.79	-14,475.77
Other operating expenses	5	-756,861.77	-862,256.01
OPERATING RESULT		-400,224.45	-1,439,285.20
Financial income and expenses	6	527,842.79	200,996.78
RESULT BEFORE TAXES AND APPROPRIATIONS		127,618.34	-1,238,288.42
Appropriations	7	5,314,104.11	5,540,898.21
Taxes	8	-642,566.14	0.00
RESULT FOR THE PERIOD		4,799,156.31	4,302,609.79

BALANCE SHEET OF THE PARENT COMPANY (FAS)

	Notes	31/12/2016	31/12/2015
ASSETS			
NON-CURRENT ASSETS			
Aineettomat oikeudet	9	57,512.00	29,012.00
Tangible assets	10	97,450.81	111,569.60
Other investments	11	1,450,956.63	6,901,518.48
		1,605,919.44	7,042,100.08
CURRENT ASSETS			
Non-current receivables	12	19,312,000.00	19,036,179.06
Current receivables	13	16,044,787.82	6,245,969.44
Cash and cash equivalents		1,370,162.11	4,878.98
		36,726,949.93	25,287,027.48
ASSETS		38,332,869.37	32,329,127.56
LIABILITIES			
SHAREHOLDERS´EQUITY	14		
Share capital		24,081,440.00	24,081,440.00
Premium fund		66,400.00	66,400.00
Reserve fund		1,221,254.58	1,221,254.58
Own shares		-106,127.94	-196,653.22
Retained profit		-25,454,458.38	-29,694,310.89
Other unrestricted equity		21,326,806.46	21,326,806.46
Result for the period		4,799,156.31	4,302,609.79
		25,934,471.03	21,107,546.72
ACCUMULATED APPROPRIATIONS	15	13,300.17	12,404.28
OBLIGATORY PROVISIONS	16	4,874,329.61	5,142,122.29
NON-CURRENT LIABILITIES	17	1,133,740.73	2,133,330.73
CURRENT LIABILITIES	18	6,377,027.83	3,933,723.54
LIABILITIES		38,332,869.37	32,329,127.56

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR 1,000	1/1-31/12/2016	1/1-31/12/2015
Cash flow from operating activities:		
Payments received from operating activities	371	120
Payments paid on operating activities	-1,133	-2,025
Paid interests and other financial expenses	-284	-124
Interests received and other financial income	278	0
Direct taxes paid	0	-20
Cash flow from operating activities	**-768**	**-2,049**
Cash flow from investments:		
Investments in tangible and intangible fixed assets	-29	-29
Loans granted	-39	0
Loan repayments	2,044	0
Cash flow from investments	**1,977**	**-29**
Cassh flow from financing activities:		
Increase in loans	1,164	1,332
Decrease in loans	-1,233	0
Group contributions received/paid	225	168
Cash flow from financing activities	**156**	**1,500**
Change in cash and cash equivalents	**1,365**	**-578**
Cash and cash equivalents at the beginning of the period	5	583
Cash and cash equivalents at the end of the period	**1,370**	**5**

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (FAS)

ACCOUNTING POLICIES

The financial statements of the parent company have been prepared in accordance with the general accounting principles of Finnish Accounting Standards (FAS; chapter 3, section 3).

Valuation principles

Valuation of non-current assets
Non-current assets are recognized in the balance sheet at original cost less depreciation. Depreciation has been determined on the basis of the useful lives of the assets. Machinery and equipment are depreciated over a period of 3 to 5 years.

Valuation of current assets
The company's financial securities are recognized at fair value. Realised and unrealised gains and losses from changes in fair value are recognized in the income statement in the financial period in which they occur.

Fair value is assessed based on information received from the counterparty or a valuation report or valuation model submitted by a third party.

Recognition of pensions
The statutory pension insurance for staff has been transferred to Reka Pension Fund on 31.12.2015. Pension expenses are recognized as costs in the financial year during which they are accumulated.

Comparability of the profit

31.12.2015 Neo Industrial's subsidiary Russian Regional Real Estate merged to its parent company Neo Industrial Plc. The merger profit of comparison year was EUR 5.1 million.

Foreign currency items

Receivables and liabilities denominated in foreign currencies have been converted to euros using the exchange rate listed by the European Central Bank on the closing date of the financial period.

NOTES TO THE INCOME STATEMENT

1. Turnover

EUR 1,000	**2016**	**2015**
Turnover from consulting and management services	111,150.65	1,200.00
	111,150.65	1,200.00

2. Other operating income

EUR 1,000	**2016**	**2015**
Rental income from Group companies	1,760.00	2,320.00
Rental income from other companies	113,824.94	116,362.78
Other income	380,552.07	540.13
	496,137.01	119,222.91

3. Personnel expenses

EUR 1,000	**2016**	**2015**
Salaries and fees	223,651.87	641,291.31
Pension expenses	7,586.24	31,875.84
Other personnel expenses	1,792.13	6,833.21
	233,030.24	680,000.36
of which		
Management´s salaries and fees	0.00	403,197.89
Board of Directors´ fees	173,070.00	227,100.00
	173,070.00	630,297.89

4. Depreciation and impairment

EUR 1,000	**2016**	**2015**
Depreciation on machinery and equipment	4,342.13	4,699.13
Depreciation on other tangible assets	9,776.66	9,776.64
	14,118.79	14,475.77
Total depreciation and impairment	14,118.79	14,475.77

5. Other operating income

EUR 1,000	**2016**	**2015**
Rents	178,342.73	172,934.13
Voluntary personnel expenses	524.53	2,285.61
Audit of the accounts	28,470.29	45,107.46
Consultant services	353,029.78	263,894.71
Sales and marketing	1,190.00	2,463.20
Machinery and property maintenance costs	73,443.97	121,277.93
Other expenses	121,860.47	254,292.97
	756,861.77	862,256.01

Fees paid to the auditors

The amounts are included in other operating expenses	**2016**	**2015**
Annual audit of the accounts	21,624.79	23,029.57
Other services	6,845.50	22,077.89
	28,470.29	45,107.46

6. Financial income and expenses

Financial income (EUR 1,000)	2016	2015
Dividend yield from others	58.88	44.16
Interest and financial income from Group companies	874,202.20	994,774.64
Interest and financial income from other companies	189.32	22.91
	874,450.40	994,841.71
Financial expenses		
Interest and financial expenses to Group companies	-57,677.37	-495,434.92
Interest and financial expenses to other comapanies	-288,930.24	-298,410.01
	-346,607.61	-793,844.93
Total financial income and expenses	527,842.79	200,996.78

7. Appropriations

EUR 1,000	2016	2015
Change in cumulative accelerated depreciation	-895.89	-2,284.93
Group contributions received	5,315,000.00	444,000.00
Subsidiary merger	0.00	5,099,183.14
Total appropriations	5,314,104.11	5,540,898.21

8. Taxes on the income statement

EUR 1,000	2016	2015
Income taxes	102,387.08	0.00
Change in deferred tax	540,179.06	0.00
Taxes total	642,566.14	0.00

NOTES TO THE BALANCE SHEET

9. Intangible assets

Intangible assets (EUR 1,000)	2016	2014
Acquisition costs 1/1	29,012.00	0.00
Increase	28,500.00	29,012.00
Acquisition costs 31/12	57,512.00	29,012.00
Book value 31/12	57,512.00	29,012.00

10. Tangible assets

Machinery and equipment (EUR 1,000)	2016	2015
Acquisition costs 1/1	150,271.02	150,271.02
Increase	0.00	0.00
Acquisition costs 31/12	150,271.02	150,271.02
Accumulated depreciation 1/1	-38,701.42	-24,225.65
Depreciation according to plan	-14,118.79	-14,475.77
Accumulated depreciation 31/12	-52,820.21	-38,701.42
Book value 31/12	97,450.81	111,569.60

11. Other investments

Holdings in Group companies:

EUR 1,000	2016	2015
Acquisition costs 1/1	6,901,518.48	6,942,536.01
Increase	1,280,165.15	0.00
Decrease	-6,730,727.00	-41,017.53
Acquisition costs 31/12	1,450,956.63	6,901,518.48

Holdings in Group companies	Business ID	Share capital EUR 1,000	Number of shares	Proportion of Shares, %
Alnus Oy, Helsinki	0762281-4	168	1,000	100.00 %
Riihimäen Kaapelitehdas Oy, Rii	2746558-8	2,403	961	49.01 %

31.12.2015 Neo Industrial's subsidiary Russian Regional Real Estate merged to its parent company Neo Industrial Plc . At the end of year 2016 subsidiary Novalis Oyj was transferred as subsidiary of Alnus ltd as a part of the Group structure development. Minority share of 49.01 % of Riihimäen Kaapelitehdas Oy was bought on 30 December 2016.

12. Non-current receivables

EUR 1,000	2016	2015
Subordinated loan receivables from Group companies	13,600,000.00	13,600,000.00
Non-current interest receivables from Group companies	5,712,000.00	4,896,000.00
Deferred tax receivable	0.00	540,179.06
Total	19,312,000.00	19,036,179.06

13. Current receivables

EUR 1,000	2016	2015
Sales receivables	1,272.34	4,748.12
Sales receivables from Group companies	11,110.60	132,606.67
Current loan receivables from Group companies	3,059,654.76	5,064,891.70
Interest receivables from Group companies	479,543.60	699,125.89
Other receivables, Neo Indutrial Group	5,270,000.00	180,000.00
Accrued income from Group companies	7,105,135.00	14,172.05
Other receivables	1,125.00	24,691.14
Accrued income	116,946.52	125,733.87
Total	16,044,787.82	6,245,969.44

Material items of accrued income

EUR 1,000	2016	2015
Accrued income from Group companies	7,105,135.00	14,172.05
Other accrued income	116,946.52	125,733.87
Total	7,222,081.52	139,905.92

14. Shareholders´equity

EUR 1,000	2016	2015
Share capital 1/1		
Series A	558,400.00	558,400.00
Series B	23,523,040.00	23,523,040.00
Share capital 31/12	24,081,440.00	24,081,440.00
Premium fund 1/1	66,400.00	66,400.00
Premium fund 31/12	66,400.00	66,400.00
Reserve fund 1/1	1,221,254.58	1,221,254.58
Reserve fund 31/12	1,221,254.58	1,221,254.58
Restricted equity 31/12	25,369,094.58	25,369,094.58
Own shares 1/1	-196,653.22	-590,791.10
Payments by own shares	90,525.28	394,140.88
Own shares 31/12	-106,127.94	-196,650.22
Retained profit 1/1	-25,391,701.10	-29,395,170.01
Transfer to own shares	-62,757.28	-299,140.88
Retained profit 31/12	-25,454,458.38	-29,694,310.89
Other unrestricted equity 1/1	21,326,806.46	21,326,806.46
Other unrestricted equity 31/12	21,326,806.46	21,326,806.46
Result for the period	4,799,156.31	4,302,609.79
Unrestricted equity 31/12	565,376.45	-4,261,544.86
Shareholders´equity 31/12	25,934,471.03	21,107,549.72

The parent company´s share capital by share series		2016		2015
	Number	Shareholders´ equity EUR 1,000	Number	Shareholders´ equity EUR 1,000
Series A (20votes/share)	139,600	558	139,600	558
Series B (1 vote/share)	5,880,760	23,523	5,880,760	23,523
	6,020,360	24,081	6,020,360	24,081

15. Accumulated appropriations

EUR 1,000	2016	2015	Change
Difference between depreciation accoring to plan and depreciation in accordance with the Finnish Business Tax Act (EVL)	13,300.17	12,404.28	895.89

16. Obligatory provisions

EUR 1,000	2016	2015
Rental loss provision	674,329.61	742,122.29
Payment guarantee for the purchase price of premises (Avilon Fibres Ltd)	4,200,000.00	4,400,000.00
Total obligatory provisions	4,874,329.61	5,142,122.29

In Financial Statement of year 2012 company booked through income statement the guarantees given on behalf of Avilon Fibres Ltd, totalling EUR 5.3 million. The remaining amount of the guarantee at 31 December 2016 is EUR 4.2 million, which is paid annually by amounts of EUR 0.2 million until year 2035.

17. Non-current liabilities

EUR 1,000	2016	2015
Other liabilities	1,133,740.73	2,133,330.73
Total	1,133,740.73	2,133,330.73

18. Current liabilities

EUR 1,000	2016	2015
Accounts payable	70,958.45	68,972.56
Accruals and deferred income	1,746,773.14	362,476.88
Other liabilities to Group companies	2,559,296.24	1,269,260.40
Other liabilities	2,000,000.00	2,233,013.70
Total	6,377,027.83	3,933,723.54

Material items of accrued liabilities

EUR 1,000	2016	2015
Personnel expenses allocated by period	102,387.08	65,045.12
Other accrued liabilities	384,380.99	297,431.76
Total	486,768.07	362,476.88

19. Contingent liabilities

EUR 1,000	2016	2015
Guarantees granted on behalf of the Group or its subsidiaries	0.00	4,633,310.00
Granted business mortgages	0.00	170,791.48
Total	0.00	4,804,101.48

Financial lease and other lease liabilities

EUR 1,000	2016	2015
Maturing within 1 year	174,099.80	173,572.80
Maturing in 1 to 5 years	696,399.20	694,291.20
Maturing after 5 years	2,379,363.93	2,545,734.40
Total	3,249,862.93	3,413,598.40

20. List of bookkeeping books and vouchers

List of bookkeeping books and vouchers and their preservation:

Journal and general ledger	in electric format
Sales receivable and accounts payable	in electric format
Bank statements	in electric format
Sales invoices	in electric format
Purchase invoices	in electric format
Travel invoices	in electric format
Payroll	in electric format
Memorandums	in electric format

Bookkeeping books and vouchers are preserved at archive (Kankurinkatu 4-6, 05800 Hyvinkää).

During financial year 2016 the following voucher classes were used:

1	General ledger
10	Payroll seasoning
26	Payments of sales receivable
32	Payments of accounts payable
35	Purchase invoices
40	Sales invoices
60	Memorandums
90	Seasonal vouchers
96	Payroll

21. Board's proposal to the Annual General meeting

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 EUR 0.04 per share will be paid. No dividends were paid for 2015.

Signatures of the Financial Statement and Board of Directors´ report

Hyvinkää, 1 March 2017

Markku E. Rentto
Chairman

Jukka Koskinen

Marjo Matikainen-Kallström

Raimo Valo

Ralf Sohlström
Managing Director

AUDITOR'S NOTE

We have issued the auditor's report today.

Helsinki, __ March 2017

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APA

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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Neo Industrial Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neo Industrial Plc (business identity code 0693494-7) for the year ended 31 December 2016. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in shareholder's equity, cash flow statement and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Revenue recognition
(Accounting policies, Note 3 and 4 to the consolidated financial statements)

Revenue recognition is one of our focus areas due to following, for example:

- Volumes of individual sales transactions are relatively large.
- The Group uses different pricing models, client contract templates as well as sales channels. Part of the client contracts include terms for storing products on behalf of the client.
- The user rights in the sales-related IT systems are relatively extensive.

- Our audit procedures covered assessment of the sales-related internal control environment, as well as testing of the operating effectiveness of the associated key controls. We also carried out both analytical and substantive audit procedures.
- Our audit procedures included key person interviews and assessment of the appropriateness of the revenue recognition principles and practices applied.
- We inspected the contents of the essential sale agreements and tested the consistency of the accounting with the terms of sale in the agreements. As part of our year-end audit procedures we tested the recognition of revenues on accrual basis.
- Our work also included consideration of rebates and discount practices and the process for recognising credit notes, as well as testing of related controls and accounting material.
- In addition, we considered the appropriateness of the Group's disclosures in respect of revenues.

Financing arrangements of the Group
(Accounting policies, Note 22, 25 and 30 to the consolidated financial statements)

- In recent years the liquidity position of the Group has been occasionally challenging and the Group has executed several arrangements relating to its financing structure.

- We discussed regularly the ongoing and planned financing arrangements with the Group management.
- Our audit procedures included assessment of the administrative documents and agreements regarding the executed financing arrangements. We also assessed the reasonableness of the cash flow

— Especially the financing arrangements carried out in 2016 have had a significant impact on Group's operations.

estimates prepared by the Group management.

— In addition, we considered the appropriateness of the Group's disclosures in respect of financing.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 1 March 2017

KPMG Oy Ab

Lasse Holopainen
Authorised Public Accountant

SHAREHOLDERS 31.12.2016

Neo Industrial Plc's ten largest shareholders on Decmber 31 2016

	A-class shares	B-class shares	Shares total	Proportion of equity %	Prpportion of votes %
Reka Oy	139,400	2,916,387	3,055,787	50.76	65.77
Onvest Sijoitus Oy		120,664	120,664	2.00	1.39
CAG Management Oy		105,305	105,305	1.75	1.21
Sinkko Erkki		38,000	38,000	0.63	0.44
Lainema Matti		32,000	32,000	0.53	0.37
Therman Markus		30,530	30,530	0.51	0.35
Matikainen Riku		22,100	22,100	0.37	0.25
Foculus Oy		19,700	19,700	0.33	0.23
Syrjä Jukka		18,845	18,845	0.31	0.22
Lahdenperä Matti		17,530	17,530	0.30	0.20
Other shareholders	200	2,559,699	2,559,899	42.51	29.57
Total	139,600	5,880,760	6,020,360	100.00	100.00

Ownership by type of shareholder

Type of shareholder	Share-holders no.	Share-holders %	Shares total	Proportion of equity %	Proportion of votes %
Companies	229	2.00	3,380,882	56.16	69.54
Financial institutions and insurance companies	24	0.21	146,263	2.43	1.81
Public organisations	66	0.58	47,909	0.80	0.53
Non-profit organisations	229	2.00	131,696	2.19	1.49
Households	10,904	95.16	2,187,134	36.33	25.20
Outside Finland	7	0.06	1,540	0.03	0.04
Nominee registered	5	0.00	16,599	0.28	0.17
Not in the book-entry securities system			108,337	1.80	1.22
Total	11,464	100.00	6,020,360	100.00	100.00

Ownership by the amount held

Shares held	Share-holders no.	Share-holders %	Shares total	Proportion of equity %	Proportion of votes %
1 - 50	5,144	44.89	148,327	2.46	1.72
51 - 100	2,937	25.63	256,571	4.26	2.98
101 - 1 000	2,999	26.17	981,854	16.31	11.33
1 001 - 10 000	356	3.11	893,174	14.84	10.31
10 001 -	23	0.20	3,632,097	60.33	72.42
Not in the book-entry securities system			108,337	1.80	1.25
Total	11,459	100.00	6,020,360	100.00	100.00

Management's shareholding

The members of the Board, the Managing Director and the CFO directly owned and controlled a total of 2,978,752 (2,972,696) of Neo Industrial's B shares on 31 December 2016. Neo Industrial held 16,470 (30,525) of its own shares on 31 December 2016.

Shares and share capital

Neo Industrial Plc's share capital was EUR 24,081,440 (24,081,440) on 31 December 2016. The share capital is divided into 6,020,360 shares. Of the shares, 139,600 are A shares with 20 votes per share and 5,880,760 are B shares with one vote per share. The total number of votes is 8,672,760, of which A series represents 2,792,000 votes and B series represents 5,880,760 votes. The total number of shares includes 16,470 (30,525) B shares owned by Neo Industrial. The company's Articles of Association do not include any redemption clauses. There are no shareholder agreements.