

NEO INDUSTRIAL'S INTERIM REPORT FOR JANUARY–SEPTEMBER 2012

The board of the Neo Industrial Group signed a demerger plan in August. The Cable segment again recorded a positive operating result in the third quarter.

January–September:

- The Neo Industrial Group's net sales were EUR 86.0 million (95.2 million in 2011), decreasing by 9.6 percent.
- Its operating result improved by 167.0 percent to EUR 8.1 million (-12.1 million).
- The Cable segment's operating result was EUR 2.3 million (-2.0 million).
- The Viscose Fibres segment's operating result was EUR 6.5 million (-8.9 million).
- The Group's result for the period improved by 100.4 percent to EUR 0.1 million (-16.3 million).

July–September

- The Neo Industrial Group's net sales were EUR 28.3 million (27.4 million), increasing by 3.4 percent.
- Its operating result improved by 114.8 percent to EUR 0.4 million (-2.9 million).
- The Cable segment's operating result was EUR 1.8 million (-1.5 million).
- The Viscose Fibres segment's operating result was EUR -1.1 million (-1.1 million).
- The Board of Directors signed a demerger plan.

MANAGING DIRECTOR JARI SALO:

The Cable segment improved its result considerably in the third quarter when compared to the corresponding period of the previous year. Its positive operating result was boosted by increased demand in Finland and other Nordic countries. This is significant for the stability of the Group's finances. Working capital management continued to present challenges and require considerable attention from the management.

The Group prepared reorganisation programmes for the Viscose Fibres and Single Family Housing segments during the review period and the programme for the Viscose Fibres segment was confirmed. In June, Neo Industrial decided to write off its shares in Finndomo Ltd and discontinue its Single Family Housing segment.

The Neo Industrial Group's Board of Directors signed a demerger plan in August. The Board believes that the demerger will streamline business structures, improve transparency and help create more value for shareholders over the long term.

In the Viscose Fibres segment, Avilon's corporate reorganisation programme was confirmed in June, which improved the company's debt structure and future prospects. The segment made an investment that enables the manufacture of antimicrobial products and continued to market the PPV technology and the related licences. It also signed a letter of intent with a major Chinese fibre manufacturer and continued negotiations towards its first licensing contract.

KEY FIGURES

	Q3/2012	Q3/2011	Change	Q1-3/2012	Q1-3/2011	Change
Net sales (EUR million)	28.3	27.4	3.4 %	86.0	95.2	-9.6 %
Operating result (EUR million)	0.4	-2.9	114.8 %	8.1	-12.1	167.0 %
Profit for the period (EUR million)	-1.5	-4.7	67.1 %	0.1	-16.3	100.4 %
Earnings per share, EUR	-0.38	-0.64	41.2 %	-0.25	-2.56	90.3 %
ROI				6.1 %	-19.8 %	
Equity ratio				17.3 %	21.3 %	

NET SALES AND OPERATING RESULT

The Neo Industrial Group's net sales in January–September 2012 were EUR 86.0 million (EUR 95.2 million). The decrease is largely explained by the shutdown at Avilon's production plant in the Viscose Fibres segment. Net sales for the Cable segment were EUR 83.9 million (78.3 million).

The Group's operating result was EUR 8.1 million (-12.1 million). Above all, the positive result was made possible by the confirmation of Avilon's corporate reorganisation programme and the related recognition of EUR 10.3 million in debt cuts as well as the Cable segment's significantly improved performance, with an operating result of EUR 2.3 million.

The Neo Industrial Group's result for the period was EUR 0.1 million (-16.3 million).

In the Cable segment, Reka Cables' leases for premises were converted into open-ended contracts, which had a positive effect of EUR 0.9 million in IFRS accounting before taxes, and EUR 0.7 million after taxes. The recognition practices related to the change were revised, and it was transferred from "Other income and expenses" to be recognised in "Financial items". The transfer had no effect on the third quarter result.

As result of a review of and negotiations on liabilities and the related guarantees, an expense of EUR 0.8 million was recognised in "Financial items". Previously, the item was presented in off-balance-sheet liabilities.

BALANCE SHEET AND FINANCING

The Group's cash position remained tight. Working capital management presented challenges for the Cable segment. In the Viscose Fibres segment, the shutdown at Avilon's production plant continued throughout the review period, owing to the difficult market situation for fibre products. The resumption of production will require additional working capital financing.

Reka Cables' factoring agreements were renegotiated, and its overall credit facility increased at the beginning of July. For this reason, the total of short-term interest-bearing liabilities in the consolidated balance sheet was EUR 7.1 million higher than it would have been with the operating model based on the agreements valid in the second quarter. Of Reka Cables' factoring credit facility of EUR 18.0 million (9.5 million on 31 December 2011), EUR 14.4 million (8.1 million) was in use on 30 September 2012. Of its revolving bank credit of EUR 6.5 million (6.0 million), EUR 6.4 million (5.8 million) was in use on 30 September 2012.

In the Cable segment, due to the conversion of leases for premises into open-ended contracts, EUR 9.7 million was eliminated from "Tangible assets" and "Non-interest-bearing liabilities" in the balance sheet.

Avilon's unsecured debts were cut and converted into shares, which strengthened shareholders' equity in the consolidated balance sheet. The corporate reorganisation had a net effect of EUR 11.8 million on shareholders' equity. Avilon sold its emission allowances in EUR 0.7 million in the third quarter.

At the end of the review period, the balance sheet total stood at EUR 87.8 million (119.8 million). On 1 January 2012, the balance sheet total was EUR 97.9 million.

SEGMENTS

Cable	Q3/2012	Q3/2011	Change	Q1-3/2012	Q1-3/2011	Change
Net sales (EUR million)	28.3	25.4	11.4 %	83.9	78.3	7.2 %
Operating result (EUR million)	1.8	-1.5	221.3 %	2.3	-2.0	212.2 %

Net sales for the Cable segment in January–September were EUR 83.9 million (78.3 million). In January–September, sales in Finland and other Nordic countries developed favourably when compared to the corresponding period of the previous year. In Russia and the Baltic countries, sales volumes decreased from the corresponding period of 2011. Competition remained tough across the Nordic and Baltic countries.

In Russia, net sales from special cables met expectations during the review period, and the special cables unit recorded a positive operating result. Power cable production remained under shutdown due to low price levels. The operating result for the Cable segment's business operations in Russia was slightly negative. In July, the Cable segment decided to invest in increasing its production capacity of fire-retardant special cables in Russia. The project progressed as planned, and the goal is to launch production in the summer of 2013.

The Cable segment's operating result in January–September was EUR 2.3 million (-2.0 million).

The working capital and liquidity situation continued to be challenging. However, the harmonisation of financial instruments related to sales receivables and an increase in the overall credit facility helped the situation in part.

Of the primary raw materials, the availability of aluminium presented challenges at times during the review period.

A new operations steering team was established in Finland early in the summer to optimise production. The goal is to further improve customer service, increase flexibility and better optimise working capital. Positive developments have already taken place. A new detailed production planning programme will be phased in at production plants in early 2013.

In contrast to the first quarter, layoffs were avoided in the second quarter. Owing to increased production volumes, the Cable segment began to hire new employees in late March.

Negotiations continue with the insurance company regarding the amount of interruption insurance compensation that is due for the machinery breakdown in Keuruu. Reka Cables estimates the compensation at EUR 0.8 million, while the insurance company's estimate is EUR 0.3 million.

Net sales for Nestor Cables, an associated company, were EUR 23.5 million (24.1 million) for the review period. The operating result was positive. In August, Timo Jaakkola became the new Managing Director of Nestor Cables.

Viscose Fibres

	Q3/2012	Q3/2011	Change	Q1-3/2012	Q1-3/2011	Change
Net sales (EUR million)	0.0	1.9	-100.0%	2.1	16.9	-87.7%
Operating result (EUR million)	-1.1	-1.1	-3.2%	6.5	-8.9	173.2%

Net sales for the Viscose Fibres segment in January–September were EUR 2.1 million (16.9 million), mainly consisting of sales of fire-retardant fibre to the United States from Avilon's inventory.

As a result of the recognition of EUR 10.3 million in debt cuts, the segment recorded a positive operating result of EUR 6.5 million (-8.9 million).

The District Court of Pirkanmaa accepted Avilon's proposal for a corporate reorganisation programme on 28 June 2012. As part of the proposal, creditors were offered an opportunity to convert their receivables into shares in Avilon Ltd. Avilon's debts decreased by a total of EUR 14.5 million, of which EUR 10.3 million were due to cuts in unsecured debts. Debts converted into shares totalled EUR 4.2 million, of which companies outside the Group represented EUR 2.3 million. After the debt cuts, Avilon's unsecured reorganisation debts totalled EUR 2.6 million. All in all, 80 percent of the company's unsecured debts were cut.

Avilon's strategy is to focus increasingly on the production of special fibres due to its size and energy and environmental costs, which are higher than those for fibre manufacturers outside the European Union. In addition to fire-retardant fibre for mattresses, the company decided to focus on antimicrobial fibre products, because their market prices are higher and more stable than those of basic viscose fibre. Antimicrobial fibres are used in hospital and sports textiles, to name just two examples. For this reason, the sales and marketing efforts of the company focused mainly on special fibres. In March, the company decided to invest in converting a post-processing machine at the viscose fibre plant into one suitable for the production of antimicrobial fibres, and the investment project was launched after that.

In the basic product category, Avilon's production shutdown continued throughout the review period. The world market prices for cotton and its substitute, viscose fibre, remained low during the entire period. The first post-investment test run was not made until September, owing to the delivery schedules and delays in the deliveries of the basic fibre used in the antimicrobial after-treatment process. The first production runs will also serve as test runs, as they will be used to adjust operation and material parameters. Agreements were made on the first customer deliveries.

In the third quarter, Avilon acquired the maintenance operations of its Valkeakoski plant from Maintpartner Ltd. The business transfer agreement concerns a total of 34 employees in maintenance and power plant operation. They were transferred to Avilon as existing employees on 1 September 2012. The business transfer has no essential effect to the figures in the review period.

The segment started to market the PPV technology in collaboration with CellMark AB. Direct licensing negotiations with several Asian viscose fibre manufacturers were launched. A letter of intent was signed with a major Chinese manufacturer of textile fibres on the licensing of the technology to be used at the manufacturer's production plants in China. Negotiations continued on the more specific terms of the contract. The development of the carbamate technology continued as planned.

Other operations

In June, Neo Industrial decided to write off its shares in Finndomo and discontinue its Single Family Housing segment. After the write off, the investment has no value in the balance sheet.

INVESTMENTS

Investments in the review period totalled EUR 1.5 million (7.8 million), of which the Cable and Viscose Fibres segments represented EUR 0.9 million and 0.5 million respectively.

PERSONNEL

In January–September, the Group employed an average of 626 (607) people. At the end of the review period, the Group had 668 employees (611), of whom 498 (463) represented the Cable segment and 154 (133) represented the Viscose Fibres segment. Avilon acquired the maintenance operations of its Valkeakoski plant from Maintpartner, and 34 employees were transferred to Avilon as existing employees.

Working-time adjustments were carried out in the Cable segment in the first quarter, mainly because of seasonal changes and the tight cash position. In the Viscose Fibres segment, most employees remained laid off throughout the review period, owing to the production shutdown.

SHARES AND SHARE CAPITAL

Neo Industrial Plc's share capital is divided into A and B shares. On 30 September 2012, its total share capital was EUR 24,082,000 and the number of shares was 6,020,360. The total number of shares includes 91,727 B shares held by Neo Industrial. The holding represents 1.5 percent of the company's share capital and 1.1 percent of the votes. The company held no A shares. Neo Industrial Plc's B shares (NEOIV) are listed on the main list of NASDAQ OMX Helsinki.

Company shares	30/9/2012	30/9/2011
Company share capital (EUR)	24,082,000	24,082,000
A shares (20 votes per share)	139,600	139,600
B shares (1 vote per share)	5,880,760	5,880,760
Total	6,020,360	6,020,360
B shares held by the company	91,727	91,727

In January–September 2012, a total of 205,106 (284,139) of Neo Industrial's B shares were traded on NASDAQ OMX Helsinki, representing 3.4 percent (4.7 percent) of the total number of shares. At the end of trading on 30 September 2012, the share price was EUR 2.06 (4.25), and the average share price for the review period was EUR 2.31 (7.22). The lowest quotation in January–September was EUR 1.17 (3.50), and the highest was EUR 3.36 (9.43). The company's market capitalisation was valued at EUR 12.2 million (25.6 million) on 30 September 2012.

ACQUISITION OF THE COMPANY'S OWN SHARES

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

GROUP STRUCTURE AND SHAREHOLDERS

Neo Industrial Plc is the parent company of the Group, which includes the Neo Industrial wholly owned subsidiaries Novalis Plc and Alnus Ltd as well as Carbatec Ltd and its subsidiaries and associated companies. Carbatec Ltd is Avilon Ltd's parent company. Neo Industrial Plc is domiciled in Hyvinkää.

At the end of the review period, Neo Industrial had 11,130 shareholders (12,291). The largest shareholder, Reka Ltd, held 50.8 percent of the shares and 65.8 percent of the votes. Neo Industrial Plc is therefore part of the Reka Group. Reka Ltd is domiciled in Juupajoki.

At the end of September 2012, the combined holding of the ten largest shareholders was 61.0 percent of the shares and 72.9 percent of the votes. The members of the Board, the Managing Director and the CFO directly owned and controlled a total of 2,961,358 (2,960,618) of Neo Industrial's B shares on 30 September 2012.

RISKS AND UNCERTAINTY FACTORS

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

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

Combined with higher production volumes, seasonal changes and price fluctuations increase the need for working capital in the Cable segment. In addition, business investments in Russia include a risk related to expected growth.

In the Viscose Fibres segment, the risks are related particularly to the prices of pulp and sodium hydroxide, the exchange rate of the U.S. dollar, seasonal changes in the world market for fibre, U.S. market changes, the market entry of new products, the commercialization of new technologies, and the working capital funding required for restarting viscose production lines.

MAJOR EVENTS AFTER THE REVIEW PERIOD

Jari Salo, M.Sc. (Tech.), began his work as Managing Director of Neo Industrial Plc in October. It has been proposed that his predecessor, Markku E. Rentto, M.Sc. (Econ.), be selected as Chairman of the Board of Directors at the next Annual General Meeting. Jorma Wiitakorpi, M.Sc. (Tech.), was appointed as Managing Director of Reka Cables in October.

At the beginning of October, the Cable segment launched statutory labour negotiations owing to lower volumes than expected for late 2012 and early 2013. As a result, production capacity will be adjusted through lay-offs at production plants from November 2012 to March 2013, and clerical employees will work shorter weeks from December 2012 to March 2013.

Tests and test runs related to antimicrobial products continued in the Viscose Fibres segment. New agreements on the delivery of special products have been made, but the volumes are still low. The negotiations related to the PPV technology continued. The PPV technology is used for converting paper-grade pulp into raw material suitable for viscose production.

Finndomo Ltd, an associated company of Neo Industrial, submitted its corporate reorganisation plan to the District Court of North Savonia on 19 October.

The Finnish Financial Supervisory Authority approved Neo Industrial's demerger prospectus on 1 November.

NEAR-TERM OUTLOOK

The Cable segment is expected to record a positive result also in the second half of 2012. The outlook for the main markets of the Cable segment is uncertain for the rest of the year. Many significant investments will be postponed in the Nordic countries because of economic uncertainty. The Finnish construction industry seems to be slowing more than expected towards the winter. Several underground cabling projects are being planned in Finland and Sweden, but their implementation will not begin for the most part until the spring of 2013. The Norwegian cable market is expected to develop favourably in 2013.

In the Viscose Fibres segment, the first deliveries in Aviron's new product category, antimicrobial fibres, will be small, and growth in volumes depends on customers' schedules, decision-making processes and the results of test runs. Procurement logistics must also be developed to ensure continuous and stable production volumes in different situations. Antimicrobial products have been manufactured for stock, and post-processing runs will be carried out as customer volumes increase in the future. Costs and operations will be adjusted depending on the situation.

Viscose production will be launched after operating conditions, the appropriate product mix and funding have been secured. Preparations for the winter are in progress, which means that the viscose fibre production lines will not be launched during 2012.

Negotiations related to the PPV technology will continue with selected target companies. The first agreement is expected to be concluded in the fourth quarter of 2012.

Helsinki, 7 November 2012

Neo Industrial Plc
Board of Directors

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CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	7-9/2012	7-9/2011	1-9/2012	1-9/2011
Continuing operations				
Net sales	28,319	27,355	86,017	95,236
Change in inventories of finished products and production in progress	-1,021	-2,326	1,338	1,744
Production for own use	12	2	23	18
Materials and services	-19,048	-20,791	-64,203	-81,663
Personnel expenses	-4,462	-4,418	-13,759	-14,912
Depreciation and impairment	-1,122	-1,300	-3,984	-4,225
Other operating income and expenses	-2,251	-1,437	2,680	-8,282
	-27,891	-30,271	-77,905	-107,319
Operating result	428	-2,916	8,112	-12,084
Financial income	-61	471	2,069	722
Financial expenses	-1,673	-1,891	-3,564	-3,765
Share of the results of associates				
Profit before taxes	-1,306	-4,336	6,617	-15,127
Taxes	-240	282	-176	2,974
Result for the period from continuing operations	-1,546	-4,054	6,441	-12,153
Discontinued operations				
Result for the period from discontinued operations	0	-599	-6,369	-4,161
Result for the period	-1,546	-4,653	72	-16,314
Profit or loss attributable to				
Shareholders of the parent	-2,229	-3,803	-1,479	-15,288
Minority interests	682	-850	1,551	-1,026
	-1,546	-4,653	72	-16,314
Earnings per share attributable to the shareholders of the parent before and after dilution, EUR	-0.38	-0.64	-0.25	-2.56
Number of shares	5,929,483	5,929,483	5,929,483	5,929,483

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	7-9/2012	7-9/2011	1-9/2012	1-9/2011
Result	-1,541	-4,653	72	-16,314
Other comprehensive items				
Translation differences related to foreign units	274	-687	388	-604
Total	274	-687	388	-604
Total comprehensive income	-1,272	-5,340	460	-16,918
Total comprehensive income attributable to				
Shareholders of the parent	-1,954	-4,490	-1,091	-15,892
Minority interests	682	-850	1,551	-1,026

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	30/9/2012	31/12/2011
ASSETS		
Non-current assets		
Goodwill	3,484	3,477
Other intangible assets	10,179	10,618
Tangible assets	28,366	39,690
Holdings in associates	0	6,369
Receivables	128	122
Deferred tax assets	2,546	2,610
Total non-current assets	44,703	62,884
Current assets		
Inventories	17,418	17,008
Sales receivables and other receivables	25,205	16,189
Tax receivables from the profit	14	15
Derivative contracts	0	10
Cash and cash equivalents	423	1,793
Total current assets	43,060	35,016
Total assets	87,763	97,900
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	24,082	24,082
Premium fund	66	66
Reserve fund	1,221	1,221
Own shares	-591	-591
Translation differences	-1,323	-1,712
Retained profit	-29,748	-38,417
Other unrestricted equity	21,328	28,903
Equity attributable to shareholders of the parent	15,036	13,552
Minority interests	113	-1,100
Total shareholders' equity	15,148	12,452
Non-current liabilities		
Deferred tax liabilities	3,622	3,607
Provisions	777	756
Interest-bearing liabilities	17,424	27,960
Non-interest-bearing liabilities	3,815	1,426
Derivative contracts	471	913
Current liabilities		
Tax liabilities from the profit	30	33
Provisions	820	100
Short-term interest-bearing liabilities	29,958	22,365
Derivative contracts	0	139
Accounts payable and other liabilities	15,697	28,149
Total liabilities	72,615	85,447
Shareholders' equity and liabilities	87,763	97,900

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31/12/2010	24,082	66	1,221	-599	-1,239	21,327	-11,491	33,366	573	33,939
Translation differences										
Result for the period					-604		-15,288	-15,892	-1,026	-16,919
Dividends paid										
Acquisition of own shares				8				8		8
Change in subsidiaries' equity										
Change in minority interests							691	691	201	892
Share of changes in associates						7,575		7,575		7,575
Shareholders' equity 30/9/2011	24,082	66	1,221	-591	-1,843	28,902	-26,088	25,748	-252	25,496

EUR 1,000	Share capital	Premium fund	Reserve fund	Own shares	Translation differences	Other unrestricted equity	Retained profit	Total	Minority interest	Total shareholders' equity
Shareholders' equity 31/12/2011	24,082	66	1,221	-591	-1,712	28,903	-38,416	13,552	-1,100	12,452
Translation differences					389		-7	382		382
Result for the period							-1,479	-1,479	1,151	72
Dividends paid										
Acquisition of own shares										
Change in subsidiaries' equity							2,242	2,242		2,242
Change in minority interests							339	339	-339	
Share of changes in associates						-7,575	7,575			
Shareholders' equity 30/9/2012	24,082	66	1,221	-591	-1,323	21,328	-29,746	15,036	112	15,148

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000	1-9/2012	1-9/2011
Cash flows from operating activities		
Payments received from operating activities	71,673	95,140
Payments paid on operating activities	-77,083	-102,839
Paid interests and other financial expenses	-2,736	-1,828
Interests received and other financial income	458	1,079
Direct taxes paid	-16	-26
Net cash provided by operating activities	-7,703	-8,474
Cash flows from investments		
Investments in tangible fixed assets	-1,579	-984
Investments in intangible fixed assets	-	-6,935
Withdrawals from other financial funds	-	-250
Investments in other financial funds	-	-600
Loan repayments	-	2,619
Net cash provided by investing activities	-1,579	-6,150
Cash flows from financing activities		
Sales of own shares	-	8
Increase in loans	9,045	14,489
Decrease in loans	-1,000	-750
Payments of finance lease activities	-150	-773
Net cash provided by financing activities	7,896	12,974
Change in cash and cash equivalents	-1,387	-1,650
Cash and cash equivalents at the beginning of the period	1,793	2,734
Exchange rate differences	17	-33
Cash and cash equivalents at the end of the period	423	1,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

This unaudited report has been prepared in accordance with IAS 34 requirements for interim reports. This interim report has been prepared in accordance with the same principles as the financial statements for 2011.

As announced in its financial statements release on 28 February 2012, Neo Industrial has changed its segment reporting practices. Consequently, customer-specific commodity derivatives and segment-specific currency hedging are now recognised under each segment. Other derivatives are recognised in eliminations and other operations. In addition, segment-specific statements present the operating result before and after open hedging instruments. The Group issued a stock exchange release on the effects of these changes on the comparison information on 11 May 2012.

SEGMENT INFORMATION

30/9/2012 EUR 1,000	Cable	Viscose Fibres	Eliminations and other operations	Group Total
Net sales	83,917	2,084	16	86,017
Operating profit before change in the value of open derivatives	1,964	6,514	-778	7,699
Change in the value of open derivatives	298		115	413
Operating profit after change in the value of open derivatives	2,262	6,514	-663	8,112
Share of the results of associates	0		-6,369	-6,369
Unallocated items			-1,671	-1,671
Result for the period				72
Assets				
Segment's assets	69,306	13,674	4,782	87,763
Unallocated assets				0
Total assets	69,306	13,674	4,782	87,763
Liabilities				
Segment's liabilities	44,163	14,768		58,931
Unallocated liabilities			13,684	13,478
Total liabilities	44,163	14,768	13,684	72,615
Assets less liabilities	25,144	-1,094	-8,901	15,148
Investments	928	544	15	1,487
Depreciation	2,960	1,001	23	3,984
30/9/2011 EUR 1,000	Cable	Viscose Fibres	Eliminations and other operations	Group Total
Net sales	78,345	16,919	0	95,220
Operating profit before change in the value of open derivatives	-1,675	-8,880	-415	-10,970
Change in the value of open derivatives	-340		-774	-1,114
Operating profit after change in the value of open derivatives	-2,015	-8,880	-1,189	-12,084
Share of the results of associates			-4,161	-4,161
Unallocated items			-69	-69
Result for the period				-16,314
Assets				
Segment's assets	67,272	19,139	6,369	92,780
Unallocated assets			5,121	5,121
Total assets	67,272	19,139	11,490	97,901
Liabilities				
Segment's liabilities	40,605	28,942	15,901	85,448
Unallocated liabilities				0
Total liabilities	40,605	28,942	15,901	85,448
Assets less liabilities	26,668	-9,803	-4,412	12,453
Investments	122	4,668	3,031	7,821
Depreciation	3,483	727	15	4,225

Cable segment's net sales by product group, EUR million	1-9/2012	1-9/2011
LV energy	29.6	26.5
Power cable	54.3	51.8
Total	83.9	78.3

Cable segment's net sales by sales area, EUR million	1-9/2012	1-9/2011
EU countries	71.2	67.9
Non-EU countries	12.7	10.9
Total	83.9	78.3

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

Viscose Fibres segment's net sales by sales area, EUR million	1-9/2012	1-9/2011
EU countries	0.1	3.7
Non-EU countries	2.0	13.2
Total	2.1	16.9

The Viscose Fibres segment's largest customers were Wm T Burnett and Milliken & Co, each representing more than 10 percent of the segment's net sales.

Other income and expenses

EUR 1,000	1-9/2012	1-9/2011
Extraordinary income	10,337	-
Subsidies received	86	91
Rental income	129	58
Other income	1,932	1,783
Rental expenses	-1,935	-1,258
Machinery and property maintenance costs	-2,586	-3,038
Sales and marketing expenses	-716	-625
Other expenses	-4,567	-5,294
Total	2,680	-8,282

The extraordinary income results from debt cuts in accordance with Avilon's reorganisation programme.

Change in non-current assets

EUR 1,000	1-9/ 2012	1-9/ 2011
Book value at the beginning of the period	39,690	43,719
Investments	1,525	765
Decrease	-10,003	-35
Transfers between items	143	-
Depreciation	-3,187	-3,546
Translation differences	198	-451
Book value at the end of the period	28,366	40,452

Other leases

Minimum lease payments based on non-cancellable other leases:

EUR 1,000	2012	2011
Within 1 year	1,455	1,247
1-5 years	85	68
Total	1,540	1,315

NOTES

Contingent liabilities

EUR 1,000	30/9/2012	31/12/2011
Debts secured against business mortgages, securities or guarantees		
Loans from financial institutions	15,394	15,735
Loans to others	11,433	12,178
Granted business mortgages	41,820	41,820
Book value of pledged securities	25,885	25,885
Granted guarantees	26,827	27,913
Other collateral		
Guarantees and payment commitments	2,793	2,353
Mortgages	5,400	4,700

Commitments

The factoring credit was secured by a total of EUR 16.9 million of sales receivables on 30 September 2012 (EUR 7.4 million on 31 December 2011). The factoring credit stood at EUR 14.4 million on 30 September 2012 (EUR 6.4 million on 31 December 2011).

Investment commitments

Investment commitments for tangible fixed assets amounted to EUR 0.4 million on 30 September 2012 (0.7 million).

Valid derivative contracts

EUR 1,000	Positive current values	Negative current values	Current net values 30/9/2012	Current net values 31/12/2011	Nominal values 30/9/2012	Nominal values 31/12/2011
Financial derivatives						
Option contracts				-913		
Raw material options						
Metal derivatives	169		169	-128	2,732	3,354
Total derivatives	169		169			

Long-term derivatives deducted

Short-term share 163

Related-party events

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

Related-party transactions

Transactions with the Reka Group

EUR 1,000	1-9/2012	1-9/2011
Sales	16	16
Other purchases	-1,297	-1,305
Other income	5	-
Interest revenues	28	-
Loan receivables	493	-
Sales receivables and other receivables at the end of the period	521	1,404
Finance leases (activated on the balance sheet)	-	-14,922
Other debts at the end of the period	-68	-

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

Other related-party transactions

EUR 1,000	1-9/2012	1-9/2011
Interest revenues	-	73

Other related parties consist of companies that are connected to the company through an owner that has significant controlling power. Transactions with other related parties consisted of transactions with SAV-Rahoitus Plc.

Calculation of key figures

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

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

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

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Neo Industrial Plc is a Finnish industrial investment and development company. Its strategy is to invest in synergistic companies, develop them through active ownership and improve the return on invested capital through dividend streams and increase in value. Neo Industrial’s B share is listed on the main market of NASDAQ OMX Helsinki. Neo Industrial’s business segments are Cable (Reka Cables, Expokabel, Nestor Cables) and Viscose Fibers (Avilon).

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