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## NEOMARKKA IN BRIEF

- Neomarkka Plc is an investment company whose stock is quoted on the Helsinki Stock Exchange.
- Neomarkka targets a high absolute return on the net asset value regardless of the overall direction of equity and bond markets. The company seeks less variation in returns than is currently the case on equity markets.
- The company's investments are focused mainly on hedge funds that seek absolute return.
- Investments can also be made directly or indirectly in shares, bonds, derivatives and other listed or unlisted securities.
- Novalis Plc is a fully-owned subsidiary of Neomarkka, which manages the group's investments in unlisted telecommunications companies.
- Neomarkka's target is that at least 30% of the annual net profit will be used for dividend payments.

## THE YEAR 2005

- At year-end the net asset value was EUR 9.70 per share. The year before it was EUR 9.40 out of which a dividend of EUR 0.30 was distributed to the shareholders.
- Dividend-adjusted return on net asset value was 6.6% (8.5%).
- The Board proposes that EUR 0.30 per share be distributed in dividend (0.30).
- During the year the leverage was increased from 141% to 160%, and allocation to hedge funds was increased to 115% of the net assets.
- Neomarkka obtained a new parent company in November 2005 when Norvestia plc sold its share of Neomarkka to Reka Oy. This corresponds to 32.49% of the company's shares and 53.09% of the votes.

## MANAGING DIRECTOR'S REVIEW



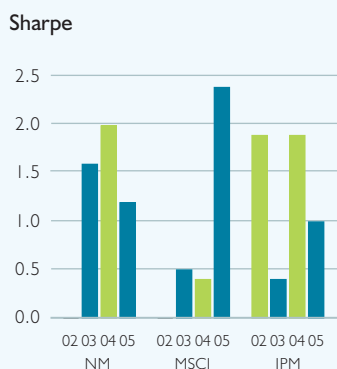
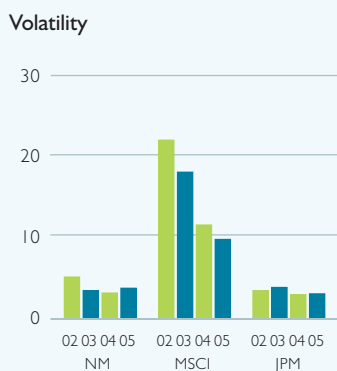
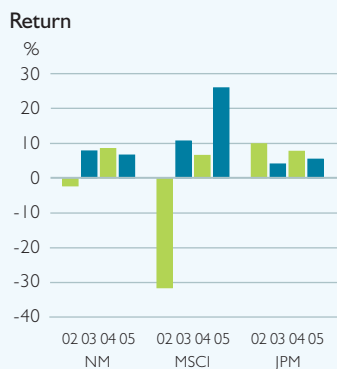
Samuel von Martens  
Managing Director

In 2005 Neomarkka's return on net asset value was 6.6% after all expenses. The investment activities were further increased during the year, with the consolidated balance sheet value rising from EUR 82 million to EUR 100 million. The size of the investment portfolio has more or less doubled in two years.

### **Return and risk**

Neomarkka targets a high absolute return on net assets every year, regardless of the direction of equity and bond markets. Hence, Neomarkka's target is not defined in relation to the annual return on the market, but the aim is a more stable development, which should lead to a better end result. In order to put Neomarkka's return and risk into perspective, the adjoining diagrams show a comparison with a global equity market index and a bond index for the euro zone. The chosen indices depict the return and risk level of traditional well-diversified investments into equities and bonds.

The first diagram shows the return figures, the second the risk level measured by volatility and the third the Sharpe Ratio. In 2005, the return on Neomarkka's net asset value per share was 6.6%. The return was achieved with a very low risk, as the volatility stayed at 3.8%. During the same period global equities showed a return of a good 26.2%, and bonds in the euro zone 5.3%. Neomarkka's Sharpe Ratio was 1.1. The Sharpe Ratio for global equities was 2.4 and for bonds 1.0. A high Sharpe Ratio means that the return was high in relation to the realised risk. The four-year history presented in the return diagram illustrates the return fluctuations caused by higher risk on the stock market. The volatility diagram well presents that more recently the fluctuations on the stock market have decreased to an exceptionally low level.



NM = Neomarkka's net asset value, adjusted for dividends  
 MSCI = Morgan Stanley World Free Yield Index (EUR)  
 JPM = JP Morgan EMU Government Bond Index (EUR)

### Market returns

In 2005, a risk-free investment on the European money market brought a return of 2.2% as it did the previous year. On the other hand, a risky investment in European stocks (Stoxx 50) returned an additional risk premium of 22%. The risk premium on the Japanese Nikkei 225 over the local risk free interest rate was even higher at 41%. However, in the US the situation was totally different. The risk-free interest rate was 3.6% and the risk premium for stock markets according to S&P 500 was 1.3% and according to Nasdaq -1.5%. On the bond market, which is considerably less risky than the stock market, the risk premium on European government bonds was about 3%.

On longer terms the returns from stock markets are considerably more balanced. During the past five-year period the average return exceeding the risk-free interest rate for the World Index (MSCI World Free, USD) has been about 0% per year, and for a ten-year period the corresponding figure is about 3% per year. On the US bond market the risk premium on government bonds has in fact been higher, at approximately 5% per year during the same ten-year period.

### Active asset management

In our view, it is possible for an active asset manager to improve the return compared with the market average and also to reduce the risk. Neomarkka has invested in active managers and ensured that the risks are not too similar among the managers, in other words that the portfolio is well diversified between a sufficient number of managers and various strategies.

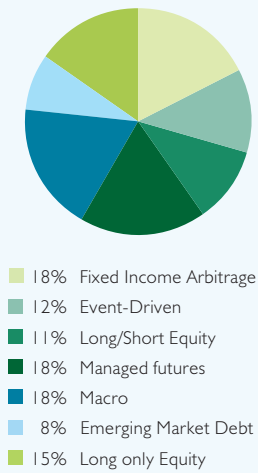
At the end of the year, Neomarkka had a total of 19 external asset managers who indirectly, through their funds or mandates, managed what we call our liquid portfolio. All these managers have strategies that completely disregard the index way of thinking. 16 of the investments were made into hedge funds. Hedge funds are funds that invest on the stock-, bond- and commodity markets utilising strategies that seek to protect the capital from losses. The other three investments were long only assignments on the stock market. The allocation of Neomarkka's liquid portfolio between different strategies is depicted in the diagram on the following page.

# MANAGING DIRECTOR'S REVIEW

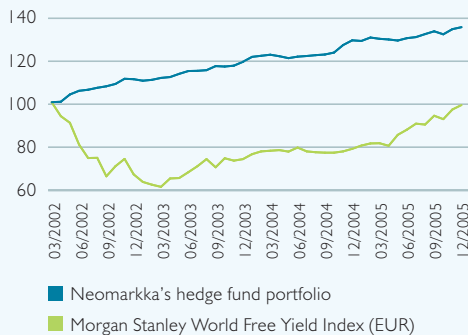
## Leverage



## Neomarkka's liquid portfolio



## Hedge fund portfolio's compound return



## Leverage

As a continuation to the development that was started in 2004, the leverage, i.e. level of investment, was gradually raised so that the return on our investments would have a greater effect on the return on net assets. The leverage was at its highest 165% of the net asset value. The increased leverage involves higher risk. To compensate, we take care that the portfolio is well diversified in different strategies that are not all dependent of the same factors.

## Neomarkka's hedge fund portfolio

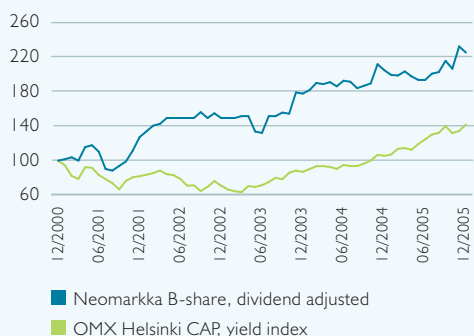
Neomarkka formed its first hedge fund portfolio at the end of March 2002, since when its average annual return has been 8.3%. The return from the hedge funds has been remarkably steady, particularly when compared with the equity market during the same period. This is also shown by the adjoining diagram.

The characteristic of a genuine hedge fund should be that down side risk is limited. In Neomarkka's case, the return from hedge funds has been positive in 78% of the months, and during these months the return has deviated from zero much more than in the negative months. It is interesting that the World Index for equities has behaved in an opposite fashion during the period in question. The dependence of the hedge fund portfolio on the equity and bond markets has been small. The hedge fund portfolio's correlation with the equities in Neomarkka's portfolio has also been small.

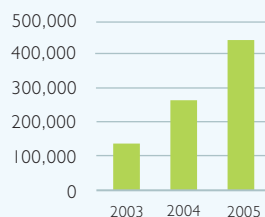
## Markets and hedge funds

The popularity of hedge funds is continuously increasing worldwide. In five years the assets managed by hedge funds have grown by 500 billion dollars. Because capital is pouring into hedge funds, and the number of funds is continuously increasing, the strategy followed when choosing funds is of even greater importance than before. Neomarkka's view is that successful funds can be identified by analysing the funds' investment strategy and, in particular, the risk management. In the best funds, superior risk management forms the core of the investment process; it is not just the subsequent measuring of realised risk. Successful managers also know how to regenerate. That is essential because the same strategies, as they become more common, do not necessarily produce superior returns in the long run.

### Share appreciation



### No. of Shares traded



### Share price

Neomarkka's share price rose during the year and the share's liquidity still improved somewhat. Including dividends, the share returned 10% in 2005. At the end of the year the share price was 19% below the latest published net asset value. In the diagram below, the development of the Neomarkka share since year 2001 is compared to the OMX Helsinki CAP-index (the former HEX Portfolio Index). During the period in question, Neomarkka's share return, including dividends, is higher than the average for companies on the Helsinki Stock Exchange, according to the index. The result is the same when the analysis is extended to the beginning of the year 2000, which is just before the so-called technology bubble burst.

The turnover of the share is an important factor in order to achieve effortless trading and low trading costs. The turnover diagram shows the recent development. The biggest individual trade during 2005 has been left out for comparability reasons. The number of shares traded increased in 2005, as it did the year before, but there is still room for improvement. Active measures taken by the company in order to improve the share's liquidity were increased communication with various groups of investors, in the form of a new company brochure and more active participation in investor events.

Starting with year 2005 it has become easier to follow and analyse Neomarkka's result, as Neomarkka adopted the International Financial Reporting Standards (IFRS). From this follows that investments are recorded at market value, and thus the consolidated financial result will correspond, as a rule, to the change in net asset value. Previously the financial result has frequently differed considerably from the change in net asset value, which may have complicated the analysis.

It is Neomarkka's aim that the liquidity of the share improves and that the share gives a good and stable return to our shareholders.

Samuel von Martens  
Managing Director

# CONSOLIDATED NET ASSET VALUE

Neomarkka Group December 31	2005	2004	2003
<b>Net Asset Value per share, EUR</b>	9.70	9.40	8.74
dividend paid	0.30	0.08	0.08
<b>Assets</b>	EUR million	EUR million	EUR million
<b>Non-current assets</b>			
Tangible assets	0.0	0.0	0.0
Calculatory tax receivables	0.0	0.3	0.0 <sup>*)</sup>
<b>Current assets</b>			
Listed shares and equity funds	11.3	11.1	7.5
Hedge funds	67.3	53.2	24.9
Private equity	14.8	15.6	16.3
Other short-term assets	6.4	6.8	4.2 <sup>*)</sup>
<b>Total assets</b>	99.7	87.0	52.9
Short-term liabilities	-40.8	-30.4	-0.3
Calculatory tax liabilities	-0.5	-0.0	-0.0 <sup>*)</sup>
<b>Net asset value</b>	58.4	56.6	52.6
Number of shares	6,020,360	6,020,360	6,020,360

Publicly quoted securities are valued at the last trading price and funds are valued at the submitted final or estimated NAV. In cases where a last trading price is not available, the last bid is used. Private equity investments, whose fair value is not verifiably measurable, have been valued to the purchase price.

Calculatory tax receivables have been deducted from calculatory tax liabilities.

<sup>\*)</sup> Between Dec. 31, 2001 and Oct. 31, 2004 deferred tax receivables, which are not entered in the balance sheet, have been deducted from deferred tax liabilities in this NAV-calculation.

## Net Asset Value Reports

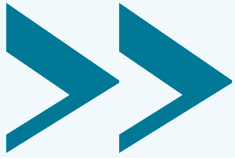
Neomarkka publishes monthly net asset value reports that provide investors with information on the investments' performance. As a rule, the reports are published within ten weekdays from the end of each calendar month in the form of stock exchange releases and on the Group's website at [www.neomarkka.fi/en](http://www.neomarkka.fi/en).

## Monthly NAV returns, %

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year	MSCI
2005	-0.1	1.5	0.6	0.5	2.0	1.0	0.6	0.5	1.3	-1.8	1.7	0.9	<b>6.6</b>	26.2
2004	1.1	0.5	0.3	0.2	-0.6	0.9	0.1	0.0	0.3	0.9	3.1	1.3	<b>8.5</b>	6.5
2003	-1.5	-0.7	0.0	2.1	0.7	1.0	1.3	1.6	0.7	1.2	0.9	0.2	<b>7.8</b>	10.7
2002	0.4	0.5	1.2	0.5	0.7	-2.1	-2.1	0.0	-2.5	1.1	2.0	-1.7	<b>-2.3</b>	-32.0

MSCI = Morgan Stanley World Free Yield Index (EUR)





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## REPORT BY THE BOARD OF DIRECTORS

Neomarkka is an investment company listed on the Helsinki Stock Exchange's main list. The company's main mission is to create shareholder value by acting as a channel to such investments that are otherwise fairly inaccessible to investors.

On its investments Neomarkka targets a high absolute return regardless of the overall direction of the equity and bond markets. The company seeks less variation in returns than is currently the case on the equity markets.

Investments have been focused mainly on hedge funds that seek absolute return. Hedge funds usually target at professional investors and the minimum allowed investment can be fairly substantial.

A smaller part of the assets has been invested directly or indirectly in shares, bonds, derivatives and other listed or unlisted securities. The company has adjusted its risk level by changes in the investment portfolio and also by adjusting the amount of leverage.

### Net Asset Value

At the end of 2005, the Group's net asset value was EUR 58.4 million (EUR 56.6 million in 2004). The change in net asset value was EUR 3.6 million (EUR 4.5 million), when adding back the dividend paid to shareholders. The net asset value per share was EUR 9.70 (EUR 9.40). Shareholders were paid a dividend of EUR 0.30 per share for 2004.

The return on net asset value per share was 6.6% (8.5%), dividends reinvested. Annual volatility calculated from monthly returns on net assets was 3.8% (3.2%), and the Sharpe Ratio was 1.1 (2.0). During the same period equities returned 26% (6.5%) as measured by the MSCI World Free Yield Index (EUR, dividend-adjusted) and euro-zone bonds returned 5.3% (7.7%) according to the JP Morgan EMU Government Bond Index. The Sharpe Ratio for the world index was exceptionally high at 2.4 (0.4) and it was high also for the bond index at 1.0 (1.9). The US stock market developed much more moderately, remaining at a return of 4.8% (10.7%) and a Sharpe Ratio of 0.3 (0.8), as measured by the S&P 500 yield index.

The development of the net asset value has been stable. During a three-year period Neomarkka's net asset value has returned an average of 7.6% per year; volatility has been 3.4% and the Sharpe Ratio 1.6. Volatility measures variability in returns, thereby describing the risk involved. The Sharpe Ratio describes the reward for risk. A high Sharpe Ratio means that the return was high with respect to the realised risk.

### Neomarkka shares: prices and volumes traded

The closing price of Neomarkka's B share on the last business day of the year was EUR 7.75 (EUR 7.35). The total return on the share was 10.0% for the year (15.3%), including the dividend. At year-end, the price of the share was lower than the net asset value. The discount declined during the year from 22% to 20%.

During 2005, 2,289,012 B shares (259,128) were traded on the Helsinki Stock Exchange. The volume corresponds to 38.9% of the number of B shares (4.4%) and EUR 21.7 million (EUR 1.8 million). The lowest trading price for the year was EUR 6.40 (EUR 5.93) and the highest trading price was EUR 8.38 (EUR 7.79). The value of all company shares on the last business day of the year at stock exchange prices amounted to EUR 46.7 million (EUR 44.2 million).

### Financial result and financing

Consolidated gains and losses from the trade of financial assets totalled EUR 6.7 million (EUR 7.2 million in 2004). The gains and losses from the trade of financial assets mainly comprise realised and unrealised income from the trade of securities, dividends received, and interest income. Operating expenses amounted to EUR 1.1 million (EUR 1.1 million). Financial result for the year came to EUR 3.6 million (EUR 4.5 million) and earnings per share to EUR 0.60 (EUR 0.74).

Shareholder's equity per share was EUR 9.70 (9.40) and consolidated equity ratio at the end of the year was 58.6% (65.1%). At year-end, tangible fixed assets after depreciation amounted to EUR 0.02 million (EUR 0.02 million).

Unrealised profits of the Group grew from EUR 6.3 million to EUR 11.4 million during the year. The Group had loans of EUR 40 million for investment purposes at year-end (EUR 30 million).

### Accounting practices

On January 1, 2005 the Neomarkka Group switched to applying the International Financial Reporting Standards (IFRS). The financial statement for the Group is prepared according to the IAS 34 standard and the financial statement for the parent company according to Finnish Accounting Standards (FAS). All figures in the Group's financial statement including comparison figures for last year are presented according to IFRS standards.

## Investments

At year-end the market value of Neomarkka's hedge fund investments was EUR 67.1 million (EUR 53.2 million) and the market value of listed shares and equity funds EUR 11.3 million (EUR 11.1 million). The value of Novalis Plc's unlisted investments was EUR 14.8 million (EUR 15.6 million). The amount of money market investments was EUR 2.1 million (EUR 2.7 million). As a rule foreign exchange positions were hedged through forward contracts. At year-end, the leverage was 160% of the net asset value (141%), when leverage is defined as risky investments per net asset value.

## Hedge funds and listed shares

In year 2005 Neomarkka Plc's liquid portfolio consisted of hedge funds, listed shares and currency derivatives. The liquid portfolio accounted on average for approximately 130% of the consolidated net asset value (90%).

At year-end, the market value of hedge funds was 115% of the net asset value (94%). During the year, Neomarkka invested in five new funds and withdrew its investment from three. The diversification of the portfolio was improved by increasing both the number of hedge funds and the investment styles of the hedge funds.

The proportion of equity investments was approximately 20% of the net asset value during the year. In 2005, Neomarkka owned both Finnish shares and shares from other countries.

In 2005, Neomarkka Plc's investment portfolio of hedge funds and shares returned 7.0% (11.6%) with an annual volatility of 3.7% (3.9%), and a Sharpe Ratio at 1.3 (2.5), as calculated from monthly figures.

## Private equity investments

The investment portfolio of Novalis Plc, a wholly owned Neomarkka subsidiary, comprised unlisted Finnish telephone operators. The acquisition value of private equity investments at the end of 2005 was EUR 14.8 million (EUR 15.6 million). During the year, Novalis sold its shares in Tikka Communications Oy

for EUR 1.6 million. The Group recorded a sales profit of EUR 0.8 million. The shares had been acquired to the Neomarkka Group during 1999 and 2000. When received dividends are included, the Internal Rate of Return (IRR) from the investment comes to 18% per annum. Novalis did not make any new investments during the year.

In 2005, Novalis Plc received dividends worth EUR 0.5 million (EUR 0.6 million). The dividend yield on the private equity investments was 3.3% (3.5%).

In accordance with the IFRS standards, the private equity investments are recorded at original acquisition value, as their market value cannot be reliably established. To support the valuation of Novalis Plc's holdings, the Board of Directors has commissioned an independent valuation from FIM Corporate Finance Oy. In a statement issued in January 2006, the valuator has given a valuation interval (lower and upper limit) of the fair value of each telephone company. The given valuation intervals for the individual companies deviate to both directions from the consolidated acquisition values, while the aggregate value interval for the portfolio as a whole is higher than its acquisition value. The Board of Directors considers the outcome of the valuation to be indicative, but judges that the value assessment includes too many uncertainty factors to give grounds for recording the portfolio of telephone companies at an estimated market value.

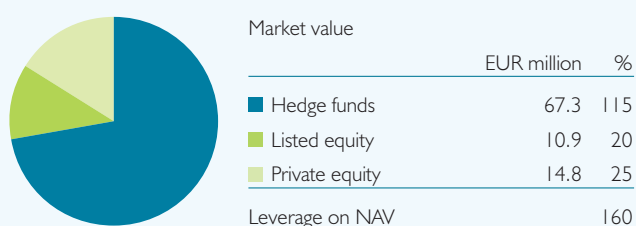
## Group structure and shareholders

Neomarkka Plc is the parent company in a Group that includes the wholly owned subsidiaries Novalis Plc and Alnus Oy. The domicile of the Group companies is Helsinki.

At the end of 2005, Neomarkka Plc had 14,515 shareholders (14,978). At year-end the holding of the largest shareholder, Reka Oy, was 32.49% of the shares (0.0%) and 53.09% of the votes (0.0%). Reka Oy purchased all A- and B-shares in Neomarkka owned by Norvestia plc on November 30, 2005. Neomarkka is thereby part of the Reka Group. Reka Oy is domiciled in Hyvinkää, Finland.

At year-end, the holding of the second largest shareholder, Metsäliitto Osuuskunta, was 20.02% of the shares (20.02 %) and 13.90% of the votes (13.90%). At year-end the combined holding of the ten largest shareholders was 57.69% of the shares (56.17%) and 70.58% of the votes (69.53%).

Investments Dec. 31, 2005



# REPORT BY THE BOARD OF DIRECTORS

## Board and auditors

The following persons were re-elected to the Board at the Annual General Meeting on March 9, 2005:

M.Sc. (cand polit) **Sigurður Einarsson**,  
London (chairman)  
M.Sc. (Econ.) **Hreidar Már Sigurdsson**,  
Reykjavik (vice chairman)  
M.Sc. (Econ.) **Hannu Anttila**, Espoo  
and Ph.D. (Econ.) **Stig-Erik Bergström**, Espoo  
and as a new member  
D.Sc. (Tech.) **J.T. Bergqvist**, Helsinki

At the Annual General Meeting Ernst & Young Oy, Authorised Public Accountants was chosen as auditor, with **Carl Gustaf af Hällström**, Authorised Public Accountant, as responsible auditor.

After a change in ownership in Neomarkka Plc, the company held an Extraordinary General Meeting on December 22, 2005. At the meeting the following new Board members were elected:

Lic.Sc. (Tech.) **Pekka Kainulainen**,  
Helsinki (chairman)  
Commercial counsellor **Taisto Riski**,  
Oulu (vice chairman)  
and re-elected were:  
M.Sc. (Econ.) **Hannu Anttila**, Espoo and  
Ph.D. (Econ.) **Stig-Erik Bergström**, Espoo

The Board of Directors normally convenes 8 to 10 times a year. In 2005 the Board of Directors met 10 times. The participation activity of the members was 79%.

## Audit committee

Each year, the Board appoints an audit committee, the functions of which are to monitor the financial position of the company and oversee financial reporting, to assess internal control, the adequacy and regularity of risk management, and compliance with laws and regulations, to liaise with the auditor, and to review the auditor's reports. The audit committee reports to the Board. The committee comprises Hannu Anttila (chairman) and Stig-Erik Bergström. The audit committee convened three times during 2005.

## Company personnel

The company employed both full-time and part-time personnel. On average there were 4 employees (4).

## Company shares

At the Annual General Meeting in 2004, the Neomarkka Board obtained authorisation to acquire B shares up to the equivalent of five (5) per cent of all B shares with funds available for distribution. The Board did not exercise this authorisation during the period of validity that expired on March 9, 2005.

## Proposal for disposal of the profit

The Board proposes that EUR 0.30 (EUR 0.30) per share be distributed to shareholders from the parent company's distributable funds, a total of EUR 1.8 million (EUR 1.8 million).

## Dividend policy

Neomarkka's target is that at least 30% of the annual net profit will be used for dividend payments.

## Prospects

In the near future the investment portfolio's sensibility to general changes on the stock market will remain comparatively small and the sensitivity to changes in interest rate levels of fixed income markets will also remain small.

The portfolio and leverage will be adjusted in accordance with changing expectations of return and risk. The Board of Directors has started a strategy process, which will affect the company's investment policy.

## CONSOLIDATED INCOME STATEMENT, IFRS

EUR 1,000	Notes	Oct. 1–Dec. 31 2005	Oct. 1–Dec. 31 2004	Jan. 1–Dec. 31 2005	Jan. 1–Dec. 31 2004
<b>Gains and losses from the trade of financial assets</b>	1	<b>1,263</b>	<b>4,430</b>	<b>6,695</b>	<b>7,219</b>
Personnel expenses	2	-112	-97	-467	-337
Depreciation	3	-1	-2	-5	-7
Other operating expenses	4	-174	-233	-620	-726
		-287	-332	-1,092	-1,070
<b>Operating result</b>		<b>976</b>	<b>4,098</b>	<b>5,603</b>	<b>6,149</b>
Financial income and expenditure	5	-322	-191	-1,144	-479
<b>Result before taxes</b>		<b>654</b>	<b>3,907</b>	<b>4,459</b>	<b>5,670</b>
Taxes	6	-171	-1,010	-833	-1,197
<b>Financial result</b>		<b>483</b>	<b>2,897</b>	<b>3,626</b>	<b>4,473</b>
Earnings/share before dilution, EUR	7	0.08	0.48	0.60	0.74
Earnings/share after dilution, EUR		0.08	0.48	0.60	0.74
Number of shares		6,020,360	6,020,360	6,020,360	6,020,360

## CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Notes	Dec. 31, 2005	Dec. 31, 2004
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	8	16	21
		16	21
<b>Current assets</b>			
Financial assets held for trading	9	6,650	8,958
Other financial assets at fair value through profit and loss	10	73,995	57,200
Other financial assets available for sale	11	14,779	15,601
Calculatory tax receivables	12	-	289
Current receivables	13	3,118	3,941
Cash in hand and at bank	14	1,144	960
		99,686	86,949
		<b>99,702</b>	<b>86,970</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Restricted shareholders' equity	15	24,082	24,082
Premium fund		66	66
Reserve fund		1,221	1,221
Retained earnings		8,077	5,411
Other unrestricted equity		21,327	21,327
Financial result		3,626	4,473
		58,399	56,580
<b>Calculatory tax liabilities</b>	12, 19	544	-
<b>Current short-term liabilities</b>	16, 17, 18	40,759	30,390
		<b>99,702</b>	<b>86,970</b>

## CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	Oct. 1–Dec. 31 2005	Oct. 1–Dec. 31 2004	Jan. 1–Dec. 31 2005	Jan. 1–Dec. 31 2004
<b>Operating activities</b>				
Result before taxes	654	3,906	4,459	5,670
Depreciation	1	2	5	7
Avoir fiscal and source tax credits	-	-928	-	-1,114
	655	2,980	4,464	4,563
<b>Changes in working capital</b>				
Increase (-) or decrease (+) in financial assets held for trading and other financial assets	3,134	-12,027	-13,665	-31,995
Increase (-) or decrease (+) in current receivables	-3,118	-804	823	-2,173
Increase (+) or decrease (-) in current liabilities	-500	10,054	10,368	30,126
	-484	-2,777	-2,474	-4,042
<b>Cash flow in operating activities</b>	<b>171</b>	<b>203</b>	<b>1,990</b>	<b>521</b>
<b>Financing activities</b>				
Dividends paid	-	-	-1,806	-482
<b>Cash flow in financing activities</b>	<b>-</b>	<b>-</b>	<b>-1,806</b>	<b>-482</b>
<b>Cash flow for the year</b>	<b>171</b>	<b>203</b>	<b>184</b>	<b>39</b>
Liquid assets at the beginning of period	973	757	960	921
<b>Liquid assets at the end of period</b>	<b>1,144</b>	<b>960</b>	<b>1,144</b>	<b>960</b>

## BALANCING ACCOUNT OF SHAREHOLDERS' EQUITY, IFRS

EUR 1,000	Share- holders' equity	Premium fund	Reserve fund	Retained earnings	Other unrestricted equity	Share- holders' equity total
<b>Shareholders' equity Dec. 31, 2003 (FAS)</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>1,876</b>	<b>21,327</b>	<b>48,572</b>
Effects of adoption of IFRS rules				4,016		4,016
<b>Adjusted value of Shareholders' equity Jan. 1, 2004</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>5,892</b>	<b>21,327</b>	<b>52,588</b>
Financial result (FAS)				3,793		3,793
IAS 39 Change in unrealised gains				2,330		2,330
IAS 12 Calculatory tax liability				-1,650		-1,650
Dividends paid				-482		-482
<b>Shareholders' equity Dec. 31, 2004</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>9,883</b>	<b>21,327</b>	<b>56,579</b>
<b>Opening balance of Shareholders' equity Jan. 1, 2005</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>9,883</b>	<b>21,327</b>	<b>56,579</b>
Financial result				3,626		3,626
Dividends paid				-1,806		-1,806
<b>Shareholders' equity Dec. 31, 2005</b>	<b>24,082</b>	<b>66</b>	<b>1,221</b>	<b>11,703</b>	<b>21,327</b>	<b>58,399</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## ACCOUNTING PRINCIPLES

### General information

Neomarkka Plc is a Finnish publicly traded company. The consolidated financial statement includes the parent company Neomarkka Plc and its wholly-owned subsidiaries Novalis Plc and Alnus Oy. The Group companies are domiciled in Helsinki. The financial year of the Group companies is 12 months and extends from January 1 to December 31.

The Group has operations in Finland at one office.

### Basis of preparation

The consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards, IFRS covering the IAS- and IFRS- standards and interpretations as well as SIC- and IFRIC-interpretations effective at December 31, 2005. In this context, the International Financial Reporting Standards stand for standards and their interpretations, enacted in the Finnish Accounting Act and in regulations passed by force of the act, which have been approved by the European Union in accordance with EU regulation No 1606/2002. The notes to the consolidated financial statement also comply with Finnish accounting and companies legislation.

The Group adopted the IFRS standards from the beginning of the year 2005 and the date of transition was January 1, 2004. The comparative information for 2004 has been restated to comply with IFRS. In making the transition the IFRS 1 transition standard (First-time adoption of IFRS) has been applied. The same date of transition is valid also when applying standards IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement).

### Principles of consolidation

The consolidated financial statement includes both subsidiaries. During the financial year no subsidiaries or affiliated companies have been acquired or sold.

The consolidated financial statement is prepared according to the purchase method. Inter-company transactions, internal receivables and liabilities and internal distribution of profits are eliminated when preparing the consolidated financial statement. Internal status of ownership is eliminated using the purchase method.

### Foreign currencies

The Group companies book transactions in foreign currencies at the rate of exchange of the transaction day or a day close to the transaction date. At the end of the financial year the assets and liabilities in foreign currencies are converted into euros at the mean rates of exchange on the balance sheet date or previous working day confirmed by the European Central Bank.

The exchange rate gains and losses are treated as adjustments in gains and losses from the trade of financial assets. There are no loans in foreign currencies.

The following exchange rates have been used in converting assets and liabilities:

	Income statement		Balance sheet	
	2005	2004	12/05	12/04
USD	1.1797	1.3621	1.1797	1.3621
SEK	9.3885	9.0206	9.3885	9.0206

### Measurement of financial instruments and hedge accounting

Derivatives such as currency forward contracts are measured at their fair value, and changes in the value of hedging instruments are recognised in the income statement, under gains and losses from the trade of financial assets. Currency forward contracts are used for hedging purposes. The hedge relates to the total net position of currencies and not to specific assets. Therefore, the requirements for the application of hedge accounting are not fulfilled.

### Revenue recognition

Gains and losses from the trade of financial assets consist of realised and unrealised gains and losses from financial assets held for trading, gains and losses from other financial assets at fair value through profit and loss and other financial assets available for sale, from dividend-, and interest income, membership dividends, and change in value of derivative contracts.

### Other operating expenses

Administrative and management expenses as well as other expenses of the company are recorded under other operating expenses.

### Pension plans

Under the defined contribution plan, the Finnish TEL pension system, the Group's contributions are recorded as expenses in the period to which the contribution relates. Defined benefit plans are not in use.



### **Borrowing costs**

Borrowing costs are recorded on accrual-basis.

### **Taxes**

Taxes include the tax for the financial year and the change in deferred tax, calculated in accordance with Finnish tax legislation, and based on the net result for the year and dividend paid out.

Deferred tax receivables and liabilities are calculated on all temporary differences between the accounting and the tax base, applying the tax rate at the balance sheet date or an estimated future tax rate. Temporary differences arise from confirmed losses and unrealised changes in the value of financial assets. Deferred tax receivables are recognised to the extent that it is probable that they will realise during future financial periods. Changes in the value of financial instruments affect the deferred tax liabilities.

### **Earnings per share**

Earnings per share before dilution are calculated by dividing the net result for the financial year by the weighted average number of shares outstanding during the financial year. The earnings per share after dilution are the same, as there were no options or other transactions that affect the number during the financial year.

### **Tangible non-current assets**

Tangible non-current assets are stated as a residual after deducting accumulated depreciation of the initial cost.

Depreciation on non-current assets is calculated on a straight-line basis and corresponds to the maximum regulated in the tax law.

The depreciation periods are:

Machinery and equipment	3-5 years
Other long-term expenses	5 years

### **Impairment of assets**

The Group's non-current assets consist only of machinery and equipment on which normal annual depreciations have been made.

### **Lease agreements**

Lease agreements related to tangible assets, in which the Group bears an essential part of the ownership risk and rewards, are classified as finance lease agreements. A finance lease agreement is entered in the balance sheet at the lower of the asset's fair value

or the present value of minimum lease payments, and it is depreciated. The lease obligations are included in interest-bearing liabilities. The Group has no finance lease agreements.

Other leasing payments are classified as rental payments. The Group had no other lease agreements during year 2005.

### **Financial instruments**

The Group has applied the IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) since January 1, 2004. The Group's financial instruments have been categorised according to the IAS 39 standard in the following categories: financial assets at fair value through profit and loss and other financial assets available for sale. All acquisitions and sales of financial assets are recorded on the transaction date.

Financial assets at fair value through profit and loss are divided into two subcategories: financial assets held for trading and other financial assets at fair value through profit and loss. The financial assets held for trading comprise listed equity and derivatives. Other financial assets at fair value through profit and loss comprise hedge fund-, equity fund- and money market fund investments and bonds. Due to the nature of the operations, all financial instruments are recorded as current assets. Both realised and unrealised gains and losses due to changes in fair value are recorded in the income statement for the period, to which they are related.

Other financial assets available for sale are measured at fair value, and changes in value are recorded directly in shareholders' equity if their fair value can be reliably measured. If the fair value cannot be reliably measured, other financial assets available for sale are recorded at cost.

### **Sales receivables**

Sales receivables arise from the sale of financial assets. They are recorded as receivables at the original invoiced amount, taking differences in exchange rates into account.

### **Cash in hand and at bank**

Cash in hand and at bank include cash in hand and at bank and other liquid short-term securities. There are no financial securities in the accounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

(ACCOUNTING PRINCIPLES)

## **Interest-bearing liabilities**

Interest-bearing liabilities are carried at amortised cost. There are no credit limits.

## **Use of estimates in the financial statement**

When preparing the financial statement, the Group's management has to make estimates and assumptions influencing the content of the financial statement, and must exercise its judgments regarding the application of the accounting policies. The most important of these estimates are related to the valuation of other financial assets available for sale.

## SEGMENT INFORMATION

### **Business and geographical segments**

The Group is reported as one segment. The business activities occur in Neomarkka Plc and Novalis Plc. Novalis Plc holds a portfolio of unlisted shares and membership certificates. The activities are similar in both companies. Alnus Oy has no actual activities. The geographical segment is Finland. The Group has one office, which is located in Finland.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Income Statement

#### 1. Gains and losses from the trade of financial assets

EUR 1,000	2005	2004
Gains and losses from the trade of financial assets at fair value through profit and loss	1,440	1,540
Unrealised gains from financial assets at fair value through profit and loss	6,158	1,244
Gains from the trade of other financial assets available for sale	789	48
Dividend income	933	1,186
Membership dividends	343	274
Avoir fiscal and source tax credits	-	1,114
Interest income	68	64
Change in value of derivative contracts	-3,036	1,749
	<b>6,695</b>	<b>7,219</b>

#### 2. Personnel expenses and related party transactions

EUR 1,000	2005	2004
Wages and salaries	367	274
Pension expenses – defined contribution plans	52	29
Other personnel expenses	48	34
	<b>467</b>	<b>337</b>
Chairman of the Board	11	11
Other Board members	33	31
Managing Director	173	112
Pension expenses of Managing Director – defined contribution plans	30	19
	<b>247</b>	<b>173</b>
Average number of employees in the Group during the year	<b>4</b>	<b>4</b>

The members of the Board of Directors are paid an annual compensation and are compensated for their travel and accommodation expenses according to the AGM's decision. The Board members have no other benefits. The Board members do not have contractual retirement benefits with the company. The Managing Director's term of notice is one month. In certain conditions the compensation for notice corresponds to a salary of six months. The Board of Directors or management have not been granted loans.

#### Other related party transactions

Until November 30, 2005 Norvestia plc was a parent company to Neomarkka Plc. Thus, in 2005, the Neomarkka Group was part of the Norvestia Group during January 1 to November 30. Through Norvestia Neomarkka was also part of the Kaupthing Group, whose parent company is the Icelandic Kaupthing Bank. On November 30, 2005, Norvestia sold its possession in Neomarkka to Reka Oy, domiciled in Hyvinkää. From this date on the Neomarkka Group is part of the Reka Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated Income Statement

(2. Personnel expenses and related party transactions)

EUR 1,000	Neomarkka Plc	2005	2004
Interest expenses	To Kaupthing Bank	1,144	478
Loans	From Kaupthing Bank	40,000	30,000

In 2005, the Neomarkka Group has not made business transactions with Reka Oy or its Group companies, or with other related parties.

Inter-company transactions in the Neomarkka Group			
EUR 1,000	Neomarkka Plc	2005	2004
Office expenses from Group companies	Novalis Plc Alnus Oy	11 -	14 -
Interest expenses to Group companies	Novalis Plc Alnus Oy	63 6	18 6
Dividend income from Group companies	Novalis Plc Alnus Oy	1,089 -	368 -
Group contributions received (+), granted (-)	Novalis Plc Alnus Oy	773 6	-545 6
Accrued expenses (+)/ income (-)	Novalis Plc Alnus Oy	- -	561 -
Short-term debts to Group companies	Novalis Plc Alnus Oy	2,138 196	1,282 196

The Neomarkka Group companies are paid an annual interest of 3% for short-term loans. Inter-company transactions are eliminated in the consolidated financial statement.

### Pensions

Pension security for Group companies is based on Finnish pension regulations and practices. There are no defined benefit pension plans. The Group's pension arrangement, the Finnish TEL statutory earnings related pension scheme, is a defined contribution plan.

### 3. Depreciation

EUR 1,000	2005	2004
Tangible non-current assets		
Machinery and equipment	-5	-7
	<b>-5</b>	<b>-7</b>

Depreciation is the same both by asset type and by function. The depreciation rate is 25% of the residual value of the assets.

### 4. Other operating expenses

EUR 1,000	2005	2004
Renting expenses	32	28
External services	153	218
Annual costs of a listed company	139	190
Other expenses	296	280
	<b>620</b>	<b>716</b>

### Fees to the company's auditors

the amounts are included in Other operating expenses

Audit of the Annual Account	18	7
Interim Accounts review	18	5
Other services	0	1
	<b>36</b>	<b>13</b>

**5. Financial income and expenses**

EUR 1,000	2005	2004
Interest expenses	-1,144	-478
Other financial expenses	0	-1
	<b>-1,144</b>	<b>-479</b>

Financial expenses consist of interest rates of the short-term bank loans to Kaupthing Bank. There is no financial income.

**6. Taxes**

EUR 1,000	2005	2004
Calculatory tax receivables from the result	480	-
Calculatory tax liabilities from the result	-	-771
Avoir fiscal tax receivables	-	1,224
Calculatory tax from the unrealised gains of financial assets	-1,313	-1,650
	<b>-833</b>	<b>-1,197</b>
Result before taxes	4,459	5,670
Tax-free income	-1,264	-
Non-deductible expenses	8	9
Tax credits	-	-1,224
Taxable result	3,203	4,455
Other differences		95
Taxes in the income statement	833	1,197
The Group's tax rate, %	26	27

**7. Earnings per share**

	2005	2004
Net result for the year, EUR 1,000	3,626	4,473
Weighted average number of shares outstanding during the period (1,000 pcs)	6,020	6,020
Earnings per share, EUR	0.60	0.74
Weighted average number of shares outstanding during the period, diluted (1,000 pcs)	6,020	6,020
Earnings per share, diluted, EUR	0.60	0.74

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated Balance Sheet

### 8. Tangible assets

#### Machinery and equipment

EUR 1,000	2005	2004
Acquisition cost Jan. 1	97	97
Accumulated depreciation	-76	-69
Depreciation for the year	-5	-7
<b>Acquisition cost Dec. 31</b>	<b>16</b>	<b>21</b>

Shares in subsidiaries	Business ID	Domicile	Share capital EUR 1,000	No. of shares	Share- holding %
Alnus Oy	0762281-4	Helsinki	168	1,000	100.0
Novalis Plc	1642820-4	Helsinki	2,000	2,000,000	100.0

EUR 1,000	Assets	Liabilities	Turnover	Financial result
Alnus Oy	200	0	0	0
Novalis Plc	2,159	10	1,317	529

Books closed on December 31, 2005, length of financial year 12 months.

### 9. Financial assets held for trading

#### Neomarkka Plc

##### Listed shares

#### Shares in Finland

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
Aspocomp Group Plc	45,000	169	169	140
Atria Group plc series A	10,000	180	180	89
Finnair Oyj	19,000	228	228	82
Finnlines Plc	10,900	157	157	158
Fortum Corporation	10,000	158	158	154
HK Ruokatalo Group Oyj series A	20,200	199	199	98
Huhtamäki Oyj	14,000	195	195	175
Kemira Oyj	14,000	189	189	134
Kemira GrowHow Oyj	18,900	113	113	138
Kesko Corporation series B	4,000	96	96	83
M-Real Corporation series B	57,765	243	243	260
Okmetic Oyj	54,500	97	97	205
OKO Bank series A	22,000	261	261	170
Olvi Plc series A	4,350	92	92	0
Outokumpu Oyj series A	30,000	377	377	398
Raisio Plc series V	133,100	301	301	227
Rautaruukki Corporation series K	8,000	164	164	89
Stora Enso Oyj series R	26,000	297	297	294
Tecnomen Corporation	105,500	258	258	80
UPM-Kymmene Corporation	27,000	447	447	429
		<b>4,221</b>	<b>4,221</b>	<b>3,403</b>

## Consolidated Balance Sheet

(9. Financial assets held for trading)

### Other shares

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
3Com Cp NNM	59,000	180	180	185
AT&T Inc. Cmn	2,200	46	46	44
Benetton Group SpA	8,800	85	85	67
BE Semiconductor Industries N.V.	27,532	115	115	109
Compuware Corp NNM	24,100	183	183	97
Cooper Tire & Rubber Co.	3,800	49	49	45
Dana Corporation	7,400	45	45	44
Eastman Kodak Company	2,300	46	46	44
Electronic Data Systems Corp	2,200	45	45	45
Ford Motor Company	7,100	46	46	49
General Motors Corporation	2,100	35	35	45
Infineon Technologies AG	45,700	353	353	343
Merck & Co Inc.	1,800	49	49	46
Norske Skogsindustrier ASA	8,571	115	115	100
Nordea AB FDR	39,000	344	344	317
Rottneros AB	170,000	125	125	136
Strålfors AB series B	19,700	168	168	92
Sun Microsystems Inc.	75,000	266	266	231
Valeo SA	3,490	110	110	97
		<b>2,405</b>	<b>2,405</b>	<b>2,136</b>
<b>Derivative instruments</b>				
Index options				
S&P 500 call option	35	24	24	59
		<b>6,650</b>	<b>6,650</b>	<b>5,598</b>

### 10. Other financial assets at fair value through profit and loss

#### Hedge funds

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
Ashmore Emerging Markets Liquid Investment Portfolio	824,934	6,009	6,009	4,232
Clinton Multistrategy Fund	4,121	5,361	5,361	4,815
Eikos Fond	235	4,777	4,777	3,931
ER Global Markets XL - Euro Fund	1,925	2,202	2,202	1,966
Futuris Fond	19,444	5,005	5,005	3,603
Griffin Eastern European Value Fund	12,536	4,717	4,717	4,000
Halcyon Offshore Event-Driven Strategies Fund	4,528	5,073	5,073	4,434
Landmark Value Strategies Fund	4,500	3,918	3,918	3,662
Latitude Fund (Bermuda)	3,339	3,996	3,996	3,700
Lynx (Bermuda) Fond	3,222	3,760	3,760	3,200
Morley Alternative Investment Strategy Fund	163,267	3,104	3,104	3,000
Nektar (Bermuda) Fond	4,457	4,610	4,610	4,230
Pivot Global Value Fund	32,517	4,528	4,528	3,963
Tanglin Fond	35,732	4,949	4,949	4,191
Thames River Edo Fund	2,349	3,207	3,207	2,986
Winton Futures Fund C	16,221	2,049	2,049	2,100
		<b>67,265</b>	<b>67,265</b>	<b>58,013</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated Balance Sheet

(10. Other financial assets at fair value through profit and loss)

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
<b>Share funds</b>				
Fourton Odysseus	30,653	4,253	4,253	3,500
<b>Money market funds</b>				
Nordea Pro Euro Korke Kasvu	230,602	2,123	2,123	2,109
<b>Bonds</b>				
Share index bonds, Pharma 6	320,000	354	354	329
<b>Other financial assets at fair value through profit and loss total</b>		<b>73,995</b>	<b>73,995</b>	<b>63,951</b>
<b>Derivative contracts</b>				
EUR 1,000	<b>2005</b>	2004		
<b>Foreign-exchange derivatives</b>				
Currency forward contracts				
<b>Book value, (-) liabilities or (+) receivables</b>	<b>-301</b>	698		
Changes in exchange rates	-301	698		
Total nominal value in euros	41,635	32,064		
Nominal value USD	32,900	25,100		
Nominal value SEK	129,067	123,011		

The currency forward contracts are used for hedging the foreign currency based hedge fund investments against exchange rate fluctuations (USD, SEK). The aggregate book value of these contracts is included in current receivables, note 13, and in current liabilities, note 16.

EUR 1,000	<b>2005</b>	2004
<b>Index options</b>		
Bought call options		
Underlying value	1,087	-
Market value	24	-

## 11. Other financial assets available for sale

### Novalis Plc Private equity

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
<b>Shares</b>				
Kymen Puhelin Oy	135	111	111	111
Oulun Puhelin Oyj	746,250	3,081	3,081	3,081
Satakunnan Puhelin Oy	81,700	920	920	920
		4,112	4,112	4,112
<b>Membership certificates</b>				
Puhelinosuuskunta KPY	7,618	10,667	10,667	10,667
<b>Other financial assets available for sale total</b>		<b>14,779</b>	<b>14,779</b>	<b>14,779</b>
	No. of shares	Book value	Sales price	Sales profit
<b>Changes during year 2005</b>				
Tikka Communications Oy	830	822	1,611	789
<b>Consolidated financial assets total</b>		<b>95,424</b>	<b>95,424</b>	<b>84,328</b>



## Consolidated Balance Sheet

(11. Other financial assets available for sale)

Other financial assets available for sale consist entirely of share- and membership investments in unlisted telephone companies in the possession of Novalis Plc. Other financial assets available for sale are measured at acquisition price, as their fair value cannot be reliably measured (IAS 39.46).

During 2005, the transactions in such telephone companies have been so few that it is not possible to define the fair value of these assets on the basis of realised transactions. To support the valuation of Novalis Plc's holdings, the Board of Directors has commissioned an independent valuation from FIM Corporate Finance Oy. In a statement issued in January 2006, the valuator has given a valuation interval (lower and upper limit) of the fair value of each telephone company. The given valuation intervals for the individual companies deviate to both directions from the consolidated acquisition values, while the aggregate value interval for the portfolio as a whole, is higher than its acquisition value. The Board of Directors considers the outcome of the valuation to be indicative, but considers that the value assessment includes too many uncertainty factors to give grounds for recording the portfolio of telephone companies at an estimated market value.

### 12. Calculatory tax receivables

EUR 1,000	2005	2004	Change
Tax receivables, avoirt fiscal and source tax	1,254	1,254	0
Calculatory tax receivables, 26% of running losses	1,165	685	480
	<b>2,419</b>	1,939	480
<b>Calculatory tax liabilities</b>			
Calculatory tax liabilities, 26% of unrealised gains of financial assets	-2,963	-1,650	-1,313
	<b>-2,963</b>	-1,650	-1,313
<b>Net tax liabilities (-) or receivables (+) total</b>	<b>-544</b>	289	-833

### 13. Current receivables

EUR 1,000	2005	2004
Sales receivables	3,111	2,287
Receivables based on derivative contracts	-	698
Advance payments of financial assets	-	952
Other receivables	7	3
Interest receivables	-	1
	<b>3,118</b>	3,941

### 14. Cash in hand and at bank

EUR 1,000	2005	2004
Cash in hand and at bank	1,144	960

### 15. Shareholders' equity

EUR 1,000	2005	2004
Restricted shareholders' equity Jan. 1		
Series A	558	558
Series B	23,524	23,524
Restricted shareholders' equity Dec. 31	<b>24,082</b>	24,082
Premium fund Jan. 1	66	66
Premium fund Dec. 31	<b>66</b>	66
Reserve fund Jan. 1	1,221	1,221
Reserve fund Dec. 31	<b>1,221</b>	1,221

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated Balance Sheet

(15. Shareholders' equity)

EUR 1,000	2005	2004
Retained earnings Jan. 1	9,883	1,876
Dividends paid	-1,806	-482
Unrealised profit of financial instruments according to IAS 32, 39	-	4,017
Retained earnings Dec. 31	<b>8,077</b>	5,411
Other unrestricted equity Jan. 1	21,327	21,327
Other unrestricted equity Dec. 31	<b>21,327</b>	21,327
Profit/loss for the financial year	3,626	4,473
Shareholders' equity Dec. 31	<b>58,399</b>	56,580

Parent company restricted shareholders' equity by share series	2005		2004	
	No. of shares	Shareh. equity EUR 1,000	No. of shares	Shareh. 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
	<b>6,020,360</b>	<b>24,082</b>	6,020,360	24,082

The nominal value of shares is EUR 4. The change was registered on September 1, 2000.

## 16. Current liabilities

EUR 1,000	2005	2004
Accounts payable	53	68
Accounts payable, Norvestia Group	4	5
Other current liabilities, note 17	100	73
Liabilities of derivative contracts	301	-
Distribution liabilities, uncashed dividends	87	62
Accrued interest, Kaupthing Bank	214	182
Current short-term loans, note 18	40,000	30,000
	<b>40,759</b>	30,390

Current liabilities, other than derivative contracts, are recorded at acquisition value.

## 17. Other current liabilities

EUR 1,000	2005	2004
Allocated personnel expenses	81	50
Others	19	23
	<b>100</b>	73

## 18. Current short-term loans

EUR 1,000	2005	2004
Floating rate bank loans, Kaupthing Bank	40,000	30,000

Short-term loans from Kaupthing Bank consists of four bank loans, EUR 10 million each. The interest rates vary between 2.87% and 3.54%. The maturities of the loans are 3–12 months. All the loans fall due during year 2006. The interest period is six months, except if the loan period is less than six months.

## 19. Calculatory tax liabilities

EUR 1,000	2005	2004
Calculatory tax liabilities, net Note 12	544	-

**20. Contingent liability**

EUR 1,000	2005	2004
	none	none

**21. Financial risk management**

The business of the parent company Neomarkka Plc involves customary financial risks. The main financial risks are investment risk, currency risk, interest rate risk and liquidity risk. The general principles of the Group's risk management are approved by the Board of Directors, and the parent company's management is responsible for the implementation in practice. The parent company's Board of Directors has appointed an audit committee, the functions of which are to monitor the adequacy and regularity of risk management.

**Liquidity risk**

Liquidity risk arises a.o. from disparity between the liquidity of the assets and the maturity of the financing. The Group has short-term floating rate loans. At the end of 2005 the loans amounted to EUR 40 million, of which the total loan amount is due within less than 12 months. The short-term financing is attended by flexible negotiation of the renewal of the loans for the following 12-month period.

**Currency risk**

The Group operates in Finland. A part of the parent company's financial assets are invested abroad. This gives rise to currency risks due to currency positions, and risks that arise when converting investments in foreign currencies to euros. The most important currencies are the USD and SEK. Foreign exchange forward contracts, mainly three months long, are used for the purpose of hedging, but the application requirements of hedge accounting are not fulfilled. Gains and losses from the hedging instruments are recorded in the income statement. The Group has no debts in foreign currencies.

**Interest rate risk**

The Group is exposed to interest rate risk through floating rate loans. In accordance with the information on the balance sheet date, the four loans, each EUR 10 million, expire on February 23, 2006, March 21, 2006, April 24, 2006 and May 19, 2006. The interest rates vary between 2.87% and 3.54%. The original maturity of the loans is 3-12 months. The interest rates are adjusted at intervals of six months, except if the loan period is less than six months.

**22. Effects of adopting IFRS reporting on the comparative figures for 2004**

The Neomarkka Group ceased using the Finnish Accounting Standards (FAS) in favour of the International Financial Reporting Standards (IFRS) as of the beginning of year 2005. The date of transition was January 1, 2004. The accounting policies in this financial statement describe the IFRS standards applied in making the transition.

These notes present the essential effects of adopting the IFRS standards on the comparative information for 2004, including the transitional balance sheet at January 1, 2004. Neomarkka Plc has published a separate stock exchange release on the adoption of IFRS, on February 15, 2005. The presented figures do not deviate from the stock exchange release. The headline numbers below refer to differences in the income statement and balance sheet presented on the following pages.

**1. Format of income statement**

Due to implementation of the IFRS standards, net turnover, purchase of securities and change in inventories are removed from the income statement. Instead, gains and losses from the trade of financial assets are reported. These consist of realised gains and losses from the trade of financial assets, received dividends and interest earnings as well as unrealised gains and losses from financial assets.

**2. Net result for the year**

The table below summarises the effects of adopting IFRS on the net result for the financial year 2004. These effects are presented in detail in paragraphs 4 and 5 (note 22).

EUR 1,000	2004	2003
Net turnover FAS	3,793	1,562
IFRS adjustments:		
IAS 12 Income taxes	-1,650	-
IAS 39 Financial instruments	2,330	2,201
IFRS adjustments, total	680	2,201
Net result, IFRS	4,473	3,763

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated Balance Sheet

(22. Effects of adopting IFRS reporting on the comparative figures for 2004)

### 3. Non-current assets

#### Deferred taxes

Under IAS 12, deferred tax has been recognised on all taxable IFRS adjustments affecting the shareholders' equity. The transitional balance sheet at January 1, 2004 includes deferred tax receivables of EUR 1.9 million. The income statement for 2004 under IFRS includes EUR 1.7 million higher deferred tax expenses than the original FAS income statement.

### 4. Current assets

#### Inventories

In the balance sheet according to IFRS, inventories (according to FAS) have been divided into financial assets at fair value through profit and loss and other financial assets available for sale. Financial assets at fair value through profit and loss are further presented in two subcategories: Financial assets held for trading and other financial assets at fair value through profit and loss. Financial securities (EUR 1.8 million) have been moved to other financial assets at fair value through profit and loss. Unlisted securities have been moved to other financial assets available for sale. Neomarkka applies IAS 39 and presents comparative figures for year 2004. The fair value of these asset items under IFRS deviated from the book value under FAS by EUR 6.3 million, which was due to unrealised gains.

### 5. Shareholders' equity

The table below gives a summary of the effects on the shareholders' equity of the adoption of IFRS standards.

EUR 1,000	Dec. 31, 2004	Dec. 31, 2003
Shareholders' equity FAS	51,883	48,572
IFRS adjustments:		
IAS 12 Income taxes	-1,650	-
IAS 39 Financial instruments	6,347	4,016
IFRS Adjustments, total	4,697	4,016
Shareholders' equity IFRS	56,580	52,588

#### Other

The Neomarkka Group has no essential finance leases that would be activated in the balance sheet, according to IAS 17 (Leases).

### IFRS/FAS comparison 2004

#### Consolidated income statement

EUR 1,000	Notes	IFRS 2004	FAS 2004	Diff.
<b>Net turnover</b>	4	-	17,968	-17,968
Purchase of securities	4	-	-42,075	42,075
Change in inventories	4	-	28,989	-28,989
Gains and losses from the trade of financial assets	4	7,219	-	7,219
Personnel expenses		-337	-337	0
Depreciation		-7	-7	0
Other operating expenses		-726	-726	0
<b>Operating result</b>		6,149	3,812	2,337
Financial income and expenses	4	-479	-472	-7
<b>Result before taxes</b>		5,670	3,340	2,330
Taxes	3	-1,197	453	-1,650
<b>Financial result</b>	2	4,473	3,793	680
Earnings/share, EUR		0.74	0.63	0.11
Adjusted and weighted average number of shares		6,020,360	6,020,360	0
Equity/share, EUR		9.40	8.62	0.78
Return on equity, %		8.2	7.6	0.6
Return on investment, %		8.8	5.9	2.9

## Consolidated Balance Sheet

(22. Effects of adopting IFRS reporting on the comparative figures for 2004)

### Consolidated Balance Sheet

EUR 1,000	Notes	IFRS Dec. 31, 2004	FAS Dec. 31, 2004	Diff.	IFRS Dec. 31, 2003	FAS Dec. 31, 2003	Diff.
<b>Assets</b>							
<b>Non-current assets</b>							
Tangible assets		21	21	0	29	29	0
Non-current assets total		21	21	0	29	29	0
<b>Current assets</b>							
Inventories	4	-	73,627	-73,627	-	44,638	-44,638
Financial assets held for trading	4	8,958	-	8,958	7,470	-	7,470
Other financial assets at fair value through profit and loss	4	57,200	-	57,200	25,975	-	25,975
Other financial assets available for sale	4	15,601	-	15,601	16,318	-	16,318
Calculatory tax receivables	3	289	1,939	-1,650	371	371	0
Receivables		3,941	3,941	0	1,768	1,768	0
Cash in hand and at bank	4	960	2,745	-1,785	921	2,030	-1,109
Current assets total		86,949	82,252	4,697	52,823	48,807	4,016
<b>Assets</b>		86,970	82,273	4,697	52,852	48,836	4,016
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>							
Restricted shareholders' equity	5	24,082	24,082	0	24,082	24,082	0
Premium fund		66	66	0	66	66	0
Reserve fund		1,221	1,221	0	1,221	1,221	0
Retained earnings		5,411	1,394	4,017	2,129	314	1,815
Other unrestricted equity		21,327	21,327	0	21,327	21,327	0
Financial result	2	4,473	3,793	680	3,763	1,562	2,201
Shareholders' equity in total		56,580	51,883	4,697	52,588	48,572	4,016
<b>Current liabilities</b>	3	30,390	30,390	0	264	264	0
<b>Shareholders' equity and liabilities</b>		86,970	82,273	4,697	52,852	48,836	4,016
Equity ratio, %		65.1	63.1	2.0	99.5	99.5	0
Net debt-equity ratio, %		48.2	52.5	-4.3	-1.8	-4.2	2.4

### Consolidated Cash Flow Statement

EUR 1,000	Notes	IFRS 2004	FAS 2004	Diff.
<b>Operating activities</b>				
Result before taxes		5,670	3,340	2,330
Depreciation		7	7	0
Avoir fiscal and source tax credits		-1,114	-1,114	0
<b>Changes in working capital</b>				
Changes in financial assets held for trading and other financial assets	2	-31,995	-28,989	-3,006
Change in current receivables		-2,173	-2,173	0
Change in liquid assets	4	-	-676	676
Change in current liabilities		30,126	30,126	0
<b>Cash flow in operating activities</b>		521	521	0
<b>Financing activities</b>				
Dividends paid		-482	-482	0
<b>Cash flow for the year</b>		39	39	0
Cash in hand and at bank Jan. 1		921	921	0
<b>Cash in hand and at bank Dec. 31</b>		960	960	0

## KEY FIGURES

### Key Figures from the Income Statement and Balance Sheet

EUR 1,000	IFRS		FAS			
	2005	2004	2004	2003	2002	2001
Gains and losses from the trade of financial assets (IFRS)	6,695	7,219	-	-	-	-
Net turnover (FAS)	-	-	17,967	15,782	9,031	14,624
Operating profit/loss	5,603	6,148	3,812	1,725	-1,969	-2,138
% of the trade of financial assets	83.7	85.2	-	-	-	-
% of net turnover (FAS)	-	-	21.2	10.9	-21.8	-14.6
Profit/loss before taxes	4,458	5,669	3,340	1,727	-1,962	-2,099
% of the trade of financial assets	66.6	78.5	-	-	-	-
% of net turnover (FAS)	-	-	18.6	10.9	-21.7	-14.4
Financial result	3,626	4,473	3,793	1,562	-2,097	-2,176
Return on equity, % (ROE)	6.3	8.2	7.6	3.2	-4.3	-4.2
Return on investment, % (ROI)	6.0	8.8	5.9	3.6	-4.0	-4.1
Equity ratio, %	58.6	65.1	63.1	99.5	99.3	98.9
Net debt-equity ratio (Gearing), %	62.9	48.2	52.5	-4.2	-7.8	-35.3
Non-interest-bearing debt	1,089	208	208	264	349	543
Leverage, %	160	141	141	93	92	65
Average number of employees	4	4	4	4	4	5

### Key Figures per Share (series A and B)

	IFRS		FAS			
	2005	2004	2004	2003	2002	2001
Net asset value/share, EUR	9.70	9.40	9.40	8.74	8.19	8.46
Return on net asset value, %	6.6	8.5	8.5	7.7	-2.2	-2.7
Discount in net asset value, %	20	22	22	26	33	44
Equity/share, EUR	9.70	9.40	8.62	8.07	7.88	8.31
Earnings/share (EPS), EUR	0.60	0.74	0.63	0.26	-0.35	-0.36
Dividend/share, EUR	0.30 <sup>1)</sup>	0.30	0.30	0.08	0.08	0.08
Dividend/earnings, %	49.8 <sup>1)</sup>	40.4	47.6	30.9	n.a.	n.a.
Effective dividend yield, %	3.9 <sup>1)</sup>	4.1	4.1	1.2	1.5	1.7
P/E-ratio	12.9	9.9	11.7	24.9	-15.8	-13.2
Share performance, EUR						
- average quotation	9.49	6.96	6.96	5.77	5.40	4.03
- lowest quotation	6.40	5.93	5.93	4.67	4.64	3.20
- highest quotation	8.38	7.79	7.79	7.00	5.80	4.75
- quotation at the end of period	7.75	7.35	7.35	6.45	5.50	4.75
Change in quotation, adjusted for dividend, %	10	15	15	19	17	27
Market capitalisation, EUR 1,000	45,576	43,224	43,224	38,737	33,098	28,538
Trading in shares, no.						
B shares	2,289,012	259,128	259,128	131,107	168,858	141,370
-% of B shares	38.9	4.4	4.4	2.2	2.9	2.4
Adjusted and weighted average number of shares during the year						
A shares	6,020,360	6,020,360	6,020,360	6,024,817	6,036,960	6,036,960
B shares	139,600	139,600	139,600	139,600	139,600	139,600
B shares	5,880,760	5,880,760	5,880,760	5,885,217	5,897,360	5,897,360
Number of shares adjusted on Dec. 31						
A shares	6,020,360	6,020,360	6,020,360	6,020,360	6,036,960	6,036,960
B shares	139,600	139,600	139,600	139,600	139,600	139,600
B shares	5,880,760	5,880,760	5,880,760	5,880,760	5,897,360	5,897,360

<sup>1)</sup> The Board's proposal

## CALCULATION OF KEY FIGURES

Return on net asset value, %	=	Compound geometric return calculated from monthly returns, return is adjusted for dividend the month the dividend is paid	
Net turnover	=	Net turnover + other operating income	
Return on equity, % (ROE)	=	$\frac{\text{Profit/loss before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest less deferred tax (average)}} \times 100$	x 100
Return on investment, % (ROI)	=	$\frac{\text{Profit/loss before extraordinary items + interest paid and other financial expenses}}{\text{Balance sheet total - interest-free debts (average)}} \times 100$	x 100
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest less deferred tax}}{\text{Balance sheet total - advances received}} \times 100$	x 100
Net debt-equity ratio (Gearing), %	=	$\frac{\text{Interest-bearing debts - cash in hand and at bank and money market investments}}{\text{Shareholders' equity + minority interest}} \times 100$	x 100
Earnings per share (EPS), EUR	=	$\frac{\text{Profit/loss before extraordinary items +/- minority interest +/- share of associated company profits - taxes}}{\text{No. of shares, adjusted for share issues (average)}}$	
Equity/share, EUR	=	$\frac{\text{Shareholders' equity - minority interest less deferred tax}}{\text{No. of shares on Dec. 31 adjusted for share issues}}$	
Dividend/share, EUR	=	$\frac{\text{Dividend for the financial year}}{\text{No. of shares on Dec. 31 adjusted for share issues}}$	
Dividend/earnings, %	=	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$	x 100
Effective dividend yield, %	=	$\frac{\text{Dividend/share}}{\text{Share price on Dec. 31 adjusted for share issues}} \times 100$	x 100
P/E ratio	=	$\frac{\text{Share price on Dec. 31 adjusted for share issues}}{\text{Earnings/share}}$	
Market capitalisation	=	(No. of B shares - no. of own B shares) x closing price at year-end + No. of A shares x average quotation	
Discount in net asset value, %	=	$\frac{\text{Net asset value/share - quotation at year-end}}{\text{Net asset value/share}} \times 100$	x 100
Leverage, %	=	$\frac{\text{Risky investments at market value}}{\text{Net asset value}} \times 100$	x 100

## PARENT COMPANY INCOME STATEMENT, FAS

EUR 1,000	Notes	Jan. 1–Dec. 31 2005	Jan. 1–Dec. 31 2004
<b>Net turnover</b>	1	<b>26,007</b>	<b>16,263</b>
Purchase of securities		-34,793	-42,075
Change in inventories		9,113	29,706
Personnel expenses	2	-401	-272
Depreciation		-5	-6
Other operating expenses		-608	-712
		-26,694	-13,359
<b>Operating result</b>		<b>-687</b>	<b>2,904</b>
Financial income and expenditure	3	-124	22
<b>Result before extraordinary items</b>		<b>-811</b>	<b>2,926</b>
Extraordinary items	4	779	-539
<b>Result before taxes</b>		<b>-32</b>	<b>2,387</b>
Taxes	5	481	685
<b>Financial result</b>		<b>449</b>	<b>3,072</b>



## PARENT COMPANY BALANCE SHEET, FAS

EUR 1,000	Notes	Dec. 31, 2005	Dec. 31, 2004
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible assets	6	15	20
Other investments	7	16,571	16,571
		16,586	16,591
<b>Current assets</b>			
Inventories	8	67,139	58,026
Calculatory tax receivables	9	2,419	1,939
Current receivables	10	3,116	3,941
Money market investments	11	2,109	1,785
Cash and cash equivalents		1,121	885
		75,904	66,576
		<b>92,490</b>	<b>83,167</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Restricted shareholders' equity	12	24 082	24,082
Premium fund		66	66
Reserve fund		1,221	1,221
Retained earnings		2,262	996
Other unrestricted equity		21,327	21,327
Financial result		449	3,072
		49,407	50,764
<b>Current liabilities</b>			
	13	43,083	32,403
		<b>92,490</b>	<b>83,167</b>

## PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR 1,000	Jan. 1–Dec. 31 2005	Jan. 1–Dec. 31 2004
<b>Operating activities</b>		
Result before extraordinary items	-811	2,926
Depreciation	5	6
Avoir fiscal and source tax credits	-	-882
	-806	2,050
<b>Changes in working capital</b>		
Increase (-) or decrease (+) in inventories	-9,113	-29,705
Increase (-) or decrease (+) in current receivables	826	-2,174
Increase (-) or decrease (+) in liquid assets	-323	-676
Increase (+) or decrease (-) in current liabilities	10,679	31,531
	2,069	-1,024
<b>Cash flow in operating activities</b>	<b>1,263</b>	1,026
<b>Financing activities</b>		
Dividends paid	-1,806	-482
Received or paid group contributions	779	-539
<b>Cash flow in financing activities</b>	<b>-1,027</b>	-1,021
<b>Cash flow for the year</b>	<b>236</b>	5
Liquid assets at the beginning of period	885	880
<b>Liquid assets at the end of period</b>	<b>1,121</b>	885

# NOTES TO THE PARENT COMPANY ACCOUNTS, FAS

## PARENT COMPANY ACCOUNTING PRINCIPLES

### Scope and principles of the parent company accounts

The accounts include the parent company Neomarkka Plc. The domicile of the parent company is Helsinki. The length of the financial year is 12 months, and it begins on January 1, and ends on December 31.

The accounts were drawn up in accordance with the general instructions of the Accounting Board and in compliance with Finnish Accounting Act (FAS) and regulations.

Due to the nature of the company's operations, interest income derived from non-current loan receivables and gains from money market funds are booked under other income from operations.

### Valuation principles

#### Non-current assets

The parent company holds non-current assets. The balance sheet values for non-current assets are based on the original acquisition cost. Planned depreciations on tangible assets are in compliance with the maximum amount laid down in the Tax Act. Other capitalized expenditure is depreciated over 5 years.

#### Inventories

Shares, funds and other securities make up the inventories. The acquisition value is calculated by the trading lot using the first in first out -principle. According to Finnish Accounting Act, inventories are valued according to the lowest value principle. Publicly quoted securities are entered at lowest value of the acquisition cost or the last trading price on the closing date or a corresponding quotation. Funds are entered at the declared final or estimated net asset value.

Current receivables are valued at the estimated total amount to be received. Liquid securities are valued at the acquisition cost.

#### Currency forward contracts

Currency forward contracts are valued at the mean rate on the European Central Bank's closing date. In the income statement, changes in the value of contracts that hedge underlying investments are entered under adjustment items for purchases of securities. The nominal amount of currency forward contracts states the amount of currency in an agreed future transaction.

#### Exchange rates

Receivables and debts denominated in foreign currencies have been valued at the mean exchange rate on the closing date or the previous business day.

#### Taxes

Starting in 2004, all tax receivables from tax credits based on avoiron fiscal and withholding taxes, and from previous losses, have been entered in the financial statement. Unrealised profits from inventories and deferred tax liabilities based on them are not entered.

# NOTES TO THE PARENT COMPANY ACCOUNTS, FAS

## Income Statement

### 1. Net turnover

EUR 1,000	2005	2004
Sales of securities	25,195	14,572
Dividend income	747	902
Avoir fiscal and source tax credits	-	732
Interest income	65	57
	<b>26,007</b>	16,263

### 2. Personnel expenses

EUR 1,000	2005	2004
Wages and salaries	309	223
Pension expenses	46	20
Other personnel expenses	46	29
	<b>401</b>	272
Of which, Salaries and fees to the management		
Chairman of the Board	11	11
Other Board members	33	31
Managing Director	150	90
	194	132

### Fees to the company's auditors

the amounts are included in Other operating expenses

Audit of the Annual Accounts	18	7
Interim Accounts review	18	5
Other services	0	1
	36	13

### 3. Financial income and expenses

EUR 1,000	2005	2004
<b>Income</b>		
Dividend income, Group	1,089	368
Avoir fiscal from the dividend income	-	150
Interest income, other	3	7
	1,092	525
<b>Expenses</b>		
Interest expenses, Group	-1,145	-478
Interest expenses, Neomarkka Group	-69	-24
Other financial expenses	-2	-1
	-1 216	-503
<b>Financial income and expenses totally</b>	<b>-124</b>	22

### 4. Extraordinary items

EUR 1,000	2005	2004
Group contribution from Alnus Oy	6	6
Group contribution to Novalis Plc	-	-545
Group contribution from Novalis Plc	773	-
	<b>779</b>	-539

### 5. Taxes

EUR 1,000	2005	2004
Corporate tax from the result	481	-539
Avoir fiscal tax receivables	-	1,224
	<b>481</b>	685

## Balance Sheet

### 6. Tangible assets

#### Machinery and equipment

EUR 1,000	2005	2004
Acquisition cost Jan. 1	91	91
Accumulated depreciation	-71	-65
Depreciation for the year	-5	-6
<b>Acquisition cost Dec. 31</b>	<b>15</b>	<b>20</b>

### 7. Other investments

EUR 1,000	2005	2004
Acquisition cost Jan. 1	16,571	16,571
<b>Acquisition cost Dec. 31</b>	<b>16,571</b>	<b>16,571</b>

Shares in subsidiaries	Business ID	Share capital EUR 1,000	No. of shares	Share- holding %	Book value EUR 1,000
Alnus Oy, Helsinki	0762281-4	168	1,000	100.0	171
Novalis Plc, Helsinki	1642820-4	2,000	2,000,000	100.0	16,400
					16,571

Books closed on December 31, 2005, length of financial year 12 months.

### 8. Inventories

EUR 1,000	2005	2004
Hedge funds	57,962	49,237
Listed shares and share funds	9,177	8,789
	<b>67,139</b>	<b>58,026</b>

#### Neomarkka Plc

##### Hedge funds

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
Ashmore Emerging Markets Liquid Investment Portfolio	824,934	4,232	6,009	4,232
Clinton Multistrategy Fund	4,121	4,815	5,361	4,815
Eikos Fond	235	3,931	4,777	3,931
ER Global Markets XL - Euro Fund	1,925	1,966	2,202	1,966
Futuris Fond	19,444	3,603	5,005	3,603
Griffin Eastern European Value Fund	12,536	4,000	4,717	4,000
Halcyon Offshore Event-Driven Strategies Fund	4,528	4,434	5,073	4,434
Landmark Value Strategies Fund	4,500	3,662	3,918	3,662
Latitude Fund (Bermuda)	3,339	3,700	3,996	3,700
Lynx (Bermuda) Fond	3,222	3,200	3,760	3,200
Morley Alternative Investment Strategy Fund	163,267	3,000	3,104	3,000
Nektar (Bermuda) Fond	4,457	4,230	4,610	4,230
Pivot Global Value Fund	32,517	3,963	4,528	3,963
Tanglin Fond	35,732	4,191	4,949	4,191
Thames River Edo Fund	2,349	2,986	3,207	2,986
Winton Futures Fund C	16,221	2,049	2,049	2,100
<b>Total hedge funds</b>		<b>57,962</b>	<b>67,265</b>	<b>58,013</b>

# NOTES TO THE PARENT COMPANY ACCOUNTS, FAS

## Balance Sheet

(8. Inventories)

### Listed shares and share funds

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
<b>Finnish companies</b>				
Aspocomp Group Plc	45,000	133	169	140
Atria Group plc series A	10,000	89	180	89
Finnair Oyj	19,000	82	228	82
Finnlines Plc	10,900	157	157	158
Fortum Corporation	10,000	154	158	154
HK Ruokatalo Group Oyj series A	20,200	98	199	98
Huhtamäki Oyj	14,000	175	195	175
Kemira Oyj	14,000	134	189	134
Kemira GrowHow Oyj	18,900	113	113	138
Kesko Corporation series B	4,000	83	96	83
M-Real Corporation series B	57,765	243	243	260
Okmetic Oyj	54,500	93	97	205
OKO Bank series A	22,000	170	261	170
Olvi Plc series A	4,350	0	92	0
Outokumpu Oyj series A	30,000	377	377	398
Raisio Plc series V	133,100	224	301	227
Rautaruukki Corporation series K	8,000	89	164	89
Stora Enso Oyj series R	26,000	294	297	294
Tecnomen Corporation	105,500	80	258	80
UPM-Kymmene Corporation	27,000	429	447	429
		<b>3,217</b>	<b>4,221</b>	<b>3,403</b>
<b>Foreign companies</b>				
3Com Cp NNM	59,000	180	180	185
AT&T Inc. Cmn	2,200	44	46	44
Benetton Group SpA	8,800	67	85	67
BE Semiconductor Industries N.V.	27,532	109	115	109
Compuware Corp NNM	24,100	97	183	97
Cooper Tire & Rubber Co.	3,800	45	49	45
Dana Corporation	7,400	44	45	44
Eastman Kodak Company	2,300	44	46	44
Electronic Data Systems Corp	2,200	45	45	45
Ford Motor Company	7,100	46	46	49
General Motors Corporation	2,100	35	35	45
Infineon Technologies AG	45,700	343	353	343
Merck & Co Inc.	1,800	46	49	46
Norske Skogsindustrier ASA	8,571	100	115	100
Nordea AB FDR	39,000	317	344	317
Rottneros AB	170,000	125	125	136
Strålfors AB series B	19,700	92	168	92
Sun Microsystems Inc.	75,000	231	266	231
Valeo SA	3,490	97	110	97
		<b>2,107</b>	<b>2,405</b>	<b>2,136</b>
<b>Total listed shares</b>		<b>5,324</b>	<b>6,626</b>	<b>5,539</b>

## Balance Sheet

(8. Inventories)

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
<b>Share funds</b>				
Fourton Odysseus	30,653	3,500	4,253	3,500
<b>Bonds</b>				
Share index bonds, Pharma 6	320,000	329	354	329
<b>Options</b>				
Index options S&P 500 call option	35	24	24	59
<b>Total listed shares and share funds</b>		<b>9,177</b>	<b>11,257</b>	<b>9,427</b>

### Derivative contracts

#### Foreign-exchange derivatives

EUR 1,000	2005	2004
Currency forward contracts		
<b>Book value, (-) liabilities or (+) receivables</b>	<b>-301</b>	<b>698</b>
Changes in exchange rates	-301	698
Total nominal value in euros	41,635	32,064

### 9. Calculatory tax receivables

EUR 1,000	2005	2004	Change
Tax receivables, avoiron fiscal and source tax	1,254	1,254	0
Calculatory tax receivables, 26 % of running losses	1,166	685	481
	<b>2,420</b>	1,939	481
<b>Other calculatory tax receivables and -liabilities, not entered in the financial statements</b>			
Deferred tax liabilities from unrealised profits	-2,963	-1,650	-1,313
Other calculatory tax receivables and -liabilities totally	-2,963	-1,650	-1,313

Neither deferred tax liabilities from unrealised profits nor the unrealised profits have been entered in the financial statements.

### 10. Current receivables

EUR 1,000	2005	2004
Sales receivables	3,111	2,287
Other receivables	7	1,653
Interest receivables	-	1
	<b>3,118</b>	3,941

### 11. Money market investments

EUR 1,000	2005	2004
Market value	2,123	1,790
Book value	2,109	1,785
Excess value	14	5

EUR 1,000	No. of shares	Book value	Market value	Acquisition value
<b>Money market funds</b>				
Nordea Pro Euro Korko Kasvu	230,602	2,109	2,123	2,109

# NOTES TO THE PARENT COMPANY ACCOUNTS, FAS

## Balance Sheet

### 12. Shareholders' equity

EUR 1,000	2005	2004
Restricted shareholders' equity Jan. 1		
Series A	558	558
Series B	23,524	23,524
<b>Restricted shareholders' equity Dec. 31</b>	<b>24,082</b>	24,082
Premium fund Jan. 1	66	66
<b>Premium fund Dec. 31</b>	<b>66</b>	66
Reserve fund Jan. 1	1,221	1,221
<b>Reserve fund Dec. 31</b>	<b>1,221</b>	1,221
Retained earnings Jan. 1	4,068	1,478
Dividends paid	-1,806	-482
<b>Retained earnings Dec. 31</b>	<b>2,262</b>	996
Other unrestricted equity Jan. 1	21,327	21,327
<b>Other unrestricted equity Dec. 31</b>	<b>21,327</b>	21,327
Profit/loss for the financial year	449	3,072
<b>Shareholders' equity Dec. 31</b>	<b>49,407</b>	50,764

### Parent company restricted shareholders' equity by share series

	2005		2004	
	No.	Shareh. equity EUR 1,000	No.	Shareh. 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
	<b>6,020,360</b>	<b>24,082</b>	6,020,360	24,082

The nominal value of shares is EUR 4. The change was registered on September 1, 2000.

### 13. Current liabilities

EUR 1,000	2005	2004
Accounts payable	53	54
Accounts payable, Norvestia Group	4	5
Accrued liabilities	391	61
Liabilities, Kaupthing Bank	214	182
Liabilities, Neomarkka Group	-	561
Other current liabilities	87	62
Short-term loans, Kaupthing Bank	40,000	30,000
Short-term loans, Neomarkka Group	2,334	1,478
	<b>43,083</b>	32,403

### 14. Pledges

EUR 1,000	2005	2004
	none	none



## BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

On December 31, 2005, the Group's distributable assets amounted to EUR 33,029,933. The parent company's distributable assets were EUR 24,038,211 putting a total EUR 24,038,211 at the disposal of the Annual General Meeting.

The Board of Directors proposes the distributable retained earnings to be used as follows:

EUR 0.30 per share to be distributed to 6,020,360 shares	1,806,108 EUR
Transferred to retained earnings	905,297 EUR
Other unrestricted equity	21,326,806 EUR
	<hr/>
	24,038,211 EUR

The company's other unrestricted equity was created by reducing the share capital. An amount corresponding to the reduction was transferred to a fund that can be used as decided by the Annual General Meeting.

If the Board's proposal is approved, the shareholders' equity of Neomarkka Plc will be as follows:

Share capital	24,081,440 EUR
Premium fund	66,400 EUR
Reserve fund	1,221,255 EUR
Retained earnings	905,297 EUR
Other unrestricted equity	21,326,806 EUR
	<hr/>
	47,601,198 EUR

According to the Board of Directors proposal, the payment record date is March 22, 2006. The Board proposes to the Annual General Meeting that the payment be made at the end of the record period, on March 29, 2006.

Helsinki, January 26, 2006

Pekka Kainulainen  
Chairman

Hannu Anttila

Stig-Erik Bergström

Taisto Riski

Samuel von Martens  
Managing Director

# AUDITOR'S REPORT

## **To the shareholders of Neomarkka Plc**

We have audited the accounting records, the financial statements and the administration of Neomarkka Plc for the period January 1–December 31, 2005. The Board of Directors and the Managing Director have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that includes parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration (of the parent company).

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

## **Consolidated financial statements**

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

## **Parent company's financial statements and administration**

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the result from the period/distribution of retained earnings/distributable funds is in compliance with the Companies' Act.

Helsinki, February 1, 2006

Ernst & Young Oy,  
Authorised Public Accountant Firm

Carl Gustaf af Hällström  
Authorised Public Accountant

# SHAREHOLDERS

## Neomarkka Plc's ten largest shareholders on December 31, 2005

	A-class shares	B-class shares	Shares total	Proportion of equity %	Proportion of votes %
Reka Oy	139,400	1,816,387	1,955,787	32.49	53.09
Metsäliitto Osuuskunta		1,205,305	1,205,305	20.02	13.90
Turun Kaupungin Vahinkorahasto		109,155	109,155	1.81	1.26
Sijoitusrahasto Mandatum Suomi Kasvu		93,400	93,400	1.55	1.08
Antti Arola		32,600	32,600	0.54	0.38
Svenska Lantbruksproducenternas Centralförbund (SLC)		25,760	25,760	0.43	0.30
City of Turku		16,600	16,600	0.28	0.19
Salaojituksen Tukisäätiö		13,280	13,280	0.22	0.15
Koillis-Savon Osuuspankki		11,000	11,000	0.18	0.13
Uudenmaan Maataloustuottajain Säätiö		10,000	10,000	0.17	0.12
Other shareholders	200	2,547,273	2,547,473	42.31	29.40
<b>Total</b>	<b>139,600</b>	<b>5,880,760</b>	<b>6,020,360</b>	<b>100.00</b>	<b>100.00</b>

2,100 B-shares were held by members of the Board or the Managing Director on December 31, 2005.

## Ownership by type of shareholder

Type of shareholder	Share- holders no.	Share- holders %	Shares total	Proportion of equity %	Proportion of votes %
Private companies	350	2.4	3,412,879	56.7	69.9
Financial institutions and insurance companies	66	0.5	172,550	2.9	2.0
Public bodies	93	0.6	176,135	2.9	2.0
Non-profit organisations	304	2.0	204,831	3.4	2.4
Households	13,698	94.5	1,917,897	31.9	22.1
Outside Finland	4	0.0	907	0.0	0.0
Nominee registered			135,161	2.2	1.6
<b>Total</b>	<b>14,515</b>	<b>100.0</b>	<b>6,020,360</b>	<b>100.0</b>	<b>100.0</b>

## Ownership by the amount held

Shares held	Share- holders no.	Share- holders %	Shares total	Proportion of equity %	Proportion of votes %
1 - 50	6,516	44.9	190,892	3.2	2.2
51 - 100	3,888	26.8	342,449	5.7	3.9
101 - 1,000	3,777	26.0	1,168,614	19.4	13.5
1,001 - 10,000	324	2.2	697,557	11.6	8.1
10,001 -	10	0.1	3,485,687	57.9	70.7
Nominee registered			135,161	2.2	1.6
<b>Total</b>	<b>14,515</b>	<b>100.0</b>	<b>6,020,360</b>	<b>100.0</b>	<b>100.0</b>

# CORPORATE GOVERNANCE

Neomarkka Plc complies with Finnish legislation and its own Articles of Association in its corporate governance and management. The company also complies with corporate governance recommendations issued by the Helsinki Stock Exchange in December 2003.

## WWW-pages

The company's corporate governance description is currently maintained up-to-date on the corporate web site ([www.neomarkka.fi/en](http://www.neomarkka.fi/en)). The financial statements and the monthly net asset value reports are also available on the web site.

## General meeting of shareholders (AGM)

The general meeting is the company's highest decision-making body and normally convenes once a year. At the general meeting shareholders exercise their right to vote on company affairs. The general meeting deals with the matters laid down in the Companies Act and the Neomarkka Articles of Association, e.g. approves the financial statements and decides on dividend distribution and any changes in the Articles of Association. It also elects the chairman, vice chairman and other members of the Board of Directors and the auditors, and decides on their remuneration.

## The Articles of Association

The Articles of Association do not include any redemption clauses or shareholder agreements.

## Shares

Neomarkka Plc's B share is quoted on the Helsinki Stock Exchange. The company has two share series: A shares and B shares. The A share carries 20 votes and the B share one vote. The ownership structure is presented on page 41.

## Board of Directors

According to Neomarkka's Articles of Association, the Board consists of three to seven regular members and a maximum of three deputy members. The term of a member begins after the general meeting and normally expires at the close of the following Annual General Meeting. The duties of the company's Board of Directors are laid down in the Companies Act and other applicable legislation. The Board is responsible for proper organisation of the administration and operations of the company, and considers and decides on all major matters concerning said operations. The Board appoints the company's Managing Director, who is not a member of the Board.

The chairman of the Board convenes a Board meeting whenever the affairs of the company so require. The Board of Directors constitutes a quorum when more than half of all its members are present. The opinion supported by more than half of the members present or, if the votes fall even, the opinion supported by the chairman, will be the Board's decision.

The charter of the Board is normally formulated at the constituting meeting of the Board. The following decisions are included in the current charter:

- The Board complies with the Corporate Governance Recommendation by the Helsinki Stock Exchange.
- The Board is responsible for publishing monthly net asset value reports as soon as possible after the end of each month, and for submitting quarterly interim reports and the annual report. The auditors are given an opportunity to comment on the reports before the Board takes its decision and the reports are published.
- The Board decides on questions that concern the level of risk-taking in the company.
- The Board appoints an audit committee and decides on its charter. The committee has no autonomous authority. Responsibility for the functions allotted to the committee remains with the Board.
- The Board can establish other committees made up of Board members or give members of the Board special commissions. Such decisions must be entered in the minutes. Neither a Board committee nor a member of the Board with a special commission has autonomous authority. Responsibility for the functions allotted remains with the Board.
- The Board annually conducts an evaluation of its performance and working methods.

## Evaluation of the independence of the Board members

The Board of Directors of the company evaluates the independence of the Board members in accordance with the Corporate Governance recommendation. The independence evaluation is found on page 45.

### **Audit committee**

The Board annually appoints the chairman and members of the audit committee. The functions of the audit committee include monitoring the company's financial position, supervising the financial reporting, evaluating the adequacy and appropriateness of internal supervision and risk management, evaluating compliance with laws and regulations and maintaining contact with the auditor, examining the auditor's reports and evaluating any advisory services supplied by the auditor. The audit committee prepares the Board's proposal to the Annual General Meeting concerning appointment of the external auditor(s). The audit committee reports to the Board.

### **Evaluation of the independence of the members of the audit committee**

The Board of Directors of the company evaluates the independence of the audit committee members in accordance with the Corporate Governance recommendation. The independence evaluation is found on page 45.

### **Managing Director**

The Managing Director elected by the Board of Directors is responsible for the day-to-day management of the company according to instructions and orders issued by the Board. The Managing Director must ensure that the company's bookkeeping complies with the law and that financial matters are handled in a reliable manner. The Managing Director is in charge of the company's investment activities.

### **Organisation of the management**

The Managing Director of the company is Samuel von Martens. The company has no regular management group.

### **Remuneration**

The AGM annually approves the compensation paid to Board members, and the Board decides on the salary and other benefits of the Managing Director. The Board decides on any bonuses paid to the Managing Director and the personnel. The Board members are remunerated only by virtue of their Board membership, and for work on Board committees.

The pension benefits of the Managing Director are based on the Finnish Employees' Pensions Act (TEL). The term of notice is one month, and the compensation for notice corresponds to a salary of six months.

### **Supervision**

#### **Internal supervision and risk management**

The aim of the internal supervision and risk management system is to ensure that the company operates in the most efficient and successful manner, that information is reliable, and that regulations and operating principles are followed. The Board carries the ultimate responsibility for supervision of the bookkeeping and financial management, and the Managing Director is in charge of practical organisation of the supervision system. The company's financial situation and progress are monitored on a monthly basis, and the information is published in the annual report, interim reports and monthly net asset value reports.

#### **Internal audit**

The Board has established an audit committee subordinate to the Board to carry out the company's internal audit.

#### **Insider Administration**

Neomarkka Plc complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange. According to the law, the members of the Board, the Managing Director and the auditors are considered as permanent insiders of the company, and are registered in the company's public insider register. All employees of Neomarkka are listed as permanent insiders, and are registered in the non-public company-specific insider register. The company-specific register includes also project-specific insiders, i.e. persons receiving inside information on a temporary basis due to a contract of employment or other contract.

The company maintains its insider register in the Netsire system at the Finnish Central Securities Depository Ltd. The company's public register can be found on the corporate web site at [www.neomarkka.fi/en](http://www.neomarkka.fi/en) - Neomarkka Plc - Insiders.

# CORPORATE GOVERNANCE

## External audit

According to the Articles of Association, the company has one or two regular auditors who must be auditors or auditing bodies authorised by the Central Chamber of Commerce. The general meeting of shareholders elects the auditors, and their term ends at the close of the following AGM. In connection with the annual financial statements, the auditors make their auditors' report to the company's shareholders.

The purpose of the statutory external audit is to verify that the financial statements give a true and fair view of the result and financial situation of the company. The audit constitutes an independent statement to the shareholders concerning management of the bookkeeping, financial statements and administration of the company.

The Neomarkka Group is audited continuously. The auditors normally go through the administration, bookkeeping, payroll administration, current asset bookkeeping and other areas of Group companies 3-4 times per year. In addition, the consolidated financial statements, the financial statements of the parent company and the statutory inspections are audited at year-end on the scale required by good auditing practice.

The auditors invoice for their expenses. The compensation paid to the auditor is presented in the notes to the consolidated financial statements on page 18.

## CORPORATE GOVERNANCE IN 2005

### AGM and Board of Directors

- The Annual General Meeting was held on March 9, 2005.
- The AGM elected five members to Neomarkka's Board of Directors. The following persons were re-elected to the Board: Director Sigurdur Einarsson as chairman, CEO Hreidar Már Sigurdsson as vice chairman, and as members Managing Director Hannu Anttila and Ph.D. (Econ.) Stig-Erik Bergström. D.Sc. (Tech.) J.T. Bergqvist was elected as a new member.
- **Evaluation of the independence of the Board members as to December 22, 2005**

According to the Board's evaluation, Board members Hannu Anttila, J.T. Bergqvist and Stig-Erik Bergström were independent of the company. In addition, Board members J.T. Bergqvist and Stig-Erik Bergström were independent of significant shareholders of the company. Thus, the requirements of the Corporate Governance Recommendation were complied with.
- The Board conducted an evaluation of its performance and working methods in February 2005.
- An Extraordinary General Meeting was held on December 22, 2005. Four regular members and no deputy members were elected to the Board. The following persons were elected to the Board: Lic.Sc. (Tech.) Pekka Kainulainen as chairman, Commercial counsellor Taisto Riski as vice chairman, and Managing Director Hannu Anttila and Ph.D. (Econ.) Stig-Erik Bergström were re-elected as members of the Board.
- **Non-compliance of the Corporate Governance recommendation**

The number of directors in the Board is smaller than the recommendation. The Board considers the number of directors to be sufficient, due to the relatively small size of the company.

- **Evaluation of the independence of the Board members since December 22, 2005**

According to the Board's evaluation, the whole Board comprising Board members Hannu Anttila, Stig-Erik Bergström, Pekka Kainulainen and Taisto Riski, is independent of the company. In addition, Stig-Erik Bergström, Pekka Kainulainen and Taisto Riski are independent of the company's significant shareholders.

- In 2005 the Board of Directors met 10 times. The participation activity of the members was 79%.
- Information on the Board members can be found on pages 46–47.

#### **Audit committee**

- The audit committee of the company consists of two members since September 2, 2004.

- **Non-compliance of the Corporate Governance recommendation**

The number of members is smaller than the recommendation. The Board considers the number of members to be sufficient due to the relatively small size of the company.

- The audit committee comprises Hannu Anttila (chairman) and Stig-Erik Bergström.
- **Evaluation of the independence of the members of the audit committee**

According to the Board's evaluation, the members of the audit committee are independent of the company.

- In 2005, the audit committee convened three times.
- The company had no other Board committees in 2005 due to the small size of the company.

#### **Remuneration of the Board and Management**

- In accordance with the decision of the Annual General Meeting on March 9, 2005, the Board members are remunerated as follows: The chairman of the Board is paid an annual fee of EUR 10,650, the vice chairman EUR 8,900 and other regular members EUR 8,000. In addition, a meeting fee of EUR 350 is paid for work on Board committees. Board members are compensated for their travel and accommodation expenses.
- In 2005, the Managing Director was paid regular salary and fringe benefits a total of EUR 119,170. Further, a bonus for year 2004 amounting to EUR 53,400 was paid in year 2005.

#### **External Audit**

- Since year 2002, Ernst & Young Oy, Authorised Public Accountants has been acting as the company's auditor, with Carl Gustaf af Hällström, Authorised Public Accountant, as responsible auditor.
- EUR 36,200 was paid to the auditors of Neomarkka Group for audit work in 2005.

# BOARD OF DIRECTORS

## ► Board of Directors

### CHAIRMAN

Lic.Sc. (Tech.)

**Pekka Kainulainen**

Helsinki  
Born 1941

Chairman of the Board of:  
Amer Sports Corporation  
The Foundation for the Support of  
Commercial and Technical Sciences  
in Finland

Member of the Board of:  
The Management Training Center  
The Supervisory Board of Kemira Oyj

Main working experience:  
The Management Training Institute,  
Managing Director, 1971-1998  
The Management Training Center,  
Managing Director, 1972-2004

Member of the Board of Neomarkka Plc  
since December 22, 2005  
Shareholding in Neomarkka: 0

### VICE CHAIRMAN

Commercial counsellor

**Taisto Riski**

Oulu  
Born 1947  
M.Sc. (Econ.), Authorised Public Accountant

Managing Director of Kaleva Kustannus Oy

Chairman of the Board in the following  
companies among others:  
Järvi-Suomen Portti Osuuskunta  
Tiivituote Oy  
Teknoventure Management Oy  
Oulu Chamber of Commerce  
Finnish Newspapers Association

Member of the Board of the following  
companies among others:  
Incap Furniture Ltd  
Suomen 3C Oy  
Federation of the Finnish Media Industry  
World Association of Newspapers

Main working experience:  
Starckjohann Oyj, Managing Director  
Pohjanmaa Oy, Managing Director,  
Financial and Administrative Manager  
Oy Widenius, Sederholm & Someri,  
auditor

Member of the Board of Neomarkka Plc  
since December 22, 2005  
Shareholding in Neomarkka: 0

### MEMBERS

CEO

**Hannu Anttila**

Espoo  
Born 1955  
M.Sc. (Econ.)

President & Chief Executive Officer,  
M-real Corporation

Member of the Board of:  
Oy Metsä-Botnia Ab  
Metsä Group Financial Services Oy  
Metsä Tissue Oyj  
Myllykoski Paper Oy

Main working experience:  
M-real Corporation,  
Deputy Managing Director  
Metsäliitto Group, Senior Vice President,  
Chief Financial Officer  
Metsä Tissue Oyj, Managing Director  
Oy Metsä-Botnia Ab, Deputy Managing  
Director and other management posts  
Metsä-Serla Oy, management posts  
Suomen Kuitulevy Oy (Enso Group),  
Financial and Administrative Manager,  
Deputy Managing Director

Member of the Board of Neomarkka Plc  
since October 20, 2003  
Shareholding in Neomarkka: 0

Taisto Riski, Pekka Kainulainen, Hannu Anttila, Stig-Erik Bergström





Ph.D. (Econ.)

**Stig-Erik Bergström**

Espoo

Born 1941

Chairman of the Board of Citycon Oyj

Vice Chairman of the Board of Svenska Handelsbanken, Region Bank Finland

Member of the Board of:

European Renaissance Fund Ltd

The Finnish Association of

Professional Board Members

Norvestia plc

Swedish School of Economics and

Business Administration

Main working experience:

Stockmann Oyj,

Deputy Managing Director

Midland Montagu Aktiebank,

Managing Director

Rauma Repola Oy,

Deputy Managing Director

Member of the Board of Neomarkka Plc  
since May 3, 2001

Shareholding in Neomarkka: 0

## ➤ Managing Director

**Samuel von Martens**

Espoo

Born 1965

M.Sc. (Tech.)

Managing Director of Neomarkka Plc and  
of Neomarkka's wholly-owned subsidiaries  
Novalis Plc and Alnus Oy

Member of the Board of Oulun Puhelin Oyj

Main working experience:

Managing Director of Neomarkka since  
November 1, 2000. Before moving to  
Neomarkka Samuel von Martens held  
management posts in investment  
operations in the Norvestia Group for  
two years. Prior to that, he worked in  
consulting and leading positions in  
technical and corporate planning for  
nine years in the Jaakko Pöyry Group.

Shareholding in Neomarkka: 2,100

## ➤ Personnel

**Roger Lönnberg**

Investment Manager

**Kristiina Vuorimies**

Financial Manager

**Joanna Gädda**

IR Manager

**Eerika Lehtilä-Vuorio**

Assistant, part-time

**Milla Saloheimo**

Assistant, part-time

Joanna Gädda, Roger Lönnberg, Kristiina Vuorimies, Eerika Lehtilä-Vuorio, Samuel von Martens, Milla Saloheimo



# INFORMATION TO SHAREHOLDERS

## Annual General Meeting

Neomarkka Plc's Annual General Meeting will be held

at 14.00 p.m. on Friday March 17, 2006  
in the Kansallissali,  
Aleksanterinkatu 44, Helsinki.

A shareholder wishing to attend the AGM and to receive a ballot must be entered in the shareholders' register kept by Finnish Central Securities Depository Ltd. on the record date of March 7, 2006 and must so inform the company

by 16.00 p.m. on March 14, 2006 at the latest,  
by telephone +358 9 6844 6514,  
telefax +358 9 6844 6531 or  
letter to the address  
Neomarkka Plc,  
Pohjoisesplanadi 27 C,  
FI-00100 Helsinki.

Any proxies under which a specified person wishes to represent a shareholder and exercise the shareholder's voting right at the AGM should be forwarded to the above address before the end of registration period.

The Board of Directors proposes a dividend of EUR 0.30 per share from the year 2005, to be paid on March 29, 2006 to shareholders registered on March 22, 2006 in the list of shareholders maintained by the Finnish Central Securities Depository Ltd.

## The trading code for Neomarkka's B share

The trading code for Neomarkka's B share on the Helsinki Stock Exchange is NEMBV.

## Share register

Neomarkka is entered into the book-entry system maintained by the Finnish Central Securities Depository Ltd, where share- and shareholder registers are maintained. Please inform the account operators of your personal book-entry account of any changes in your personal, address or ownership data.

Dividends can no longer be paid or subscription rights exercised on share certificates that have not been exchanged for book-entry securities. An Oy Metsämarkka Ab shareholder can transfer any non-exchanged shares into the book-entry system as a late entry through Okobank Oyj and branches of OKO banks dealing with securities.

Non-exchanged Metsä-Pohja Oy shares will be exchanged for Metsämarkka Oyj certificates of registration at Neomarkka's office, after which shareholders can transfer them through their banks to the book-entry system as Neomarkka Plc securities.

Oy Sijoitus Forestia Ab and Oy Lännen Metsä Ab have merged with Neomarkka Plc, and their share certificates can be exchanged for Neomarkka securities at Okobank Oyj and branches of OKO banks dealing with securities.

## Interim reports

In 2006, Neomarkka will be publishing its interim reports only on its website at [www.neomarkka.fi/en](http://www.neomarkka.fi/en). Interim reports can also be ordered from the company offices.

Publication dates:

January – March	April 25, 2006
January – June	August 9, 2006
January – September	October 19, 2006

## Annual information

In 2005 Neomarkka Plc has published the Annual Report for year 2004, the quarterly interim reports, and 28 stock exchange releases, including the monthly net asset value reports. The stock exchange releases are available only in Finnish ([www.neomarkka.fi](http://www.neomarkka.fi) – Tiedotteet) and Swedish ([www.neomarkka.fi/se](http://www.neomarkka.fi/se) – Meddelanden). Net asset value reports, interim reports and annual reports can be found on the Internet page [www.neomarkka.fi/en](http://www.neomarkka.fi/en) – Financial information. All published material can also be ordered from the company's office.

**Contact information**

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Pohjoisesplanadi 27 C  
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Phone: +358 9 6844 650  
Fax: +358 9 6844 6531

**From April 1, 2006:**

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Aleksanterinkatu 48 A  
FI-00100 Helsinki, Finland  
Phone: +358 9 6844 650  
Fax: +358 9 6844 6531

Business ID FI06934947

neomarkka@neomarkka.fi  
firstname.lastname@neomarkka.fi

Web site: [www.neomarkka.fi/en](http://www.neomarkka.fi/en)  
Annual report: [www.neomarkka.fi/annual](http://www.neomarkka.fi/annual)

Neomarkka is a part of Reka Group.  
Reka Oy's address:

Reka Oy  
Niinistökatu 8-12  
FI-05800 Hyvinkää, Finland

