

# NORVESTIA

## INTERIM REPORT 1.1. – 30.9.2006

**The dividend-adjusted net asset value grew  
EUR 14.7 million during the period,  
which corresponds to 9.8 %.**  
**During the same period last year the net asset value grew  
by EUR 18.4 million, which corresponds to 15.5 %.**

**The net asset value per share was  
EUR 10.14 on September 30, 2006.**  
**The issue-adjusted net asset value per share was  
EUR 8.93 at the corresponding time last year.**

**EUR 0.60 per share was distributed as dividend in March, 2006.**

# Interim Report for January 1 – September 30, 2006

## STOCK MARKETS

Stock prices have fluctuated markedly this year. At the beginning of the year prices rose sharply, before falling steeply during the second quarter, and subsequently recovering during the third quarter. The increase in prices was largely due to the strong growth of the world economy and the good earnings prospects of companies. In many stock markets, indexes are now close to the level they were before the decline started in April.

Share prices on the Helsinki Stock Exchange have also recovered, but measured in terms of the index, the prices are not at the same level as before the decline started. This is mainly due to the high proportion of information technology company shares included in the Helsinki Stock Exchange index.

At the end of the third quarter the share price of Nokia was approximately 15 % below its year peak, which was reached in April. This obviously had an adverse effect on the index. In addition to this, profits and prospects for profitability of IT-sector subcontractors have further disappointed stock markets. These share prices have seen the weakest development of all shares on the Helsinki Stock Exchange this year. The share prices of some subcontractors have fallen by more than 40 % since the beginning of the year. Although the proportion of these companies in the index is not all that substantial, a decline of this degree in share prices can already be seen in the development of the index.

As an aggregate, price development has been positive this year, although rapid fluctuations in share prices have from time to time tested the patience of investors. When reviewed from the beginning of the year, around 65 % of shares on the Helsinki Stock Exchange have increased in value.

Index trends on various exchanges for the first nine months of 2006 have been as following:

Finland/OMX Helsinki index	8,4 %
Finland/OMX Helsinki cap yield index	15,4 %
Sweden/OMX Stockholm index	10,4 %
Norway/OBX index	11,5 %
Denmark/OMX Copenhagen index	3,6 %
USA/Nasdaq Composite index	2,4 %
USA/S&P 500 index	7,0 %
Bloomberg European 500 index	10,2 %
Japan/Nikkei 225 index	0,1 %
Norvestia's dividend-adjusted share price	4,7 %
Norvestia's dividend-adjusted net asset value	9,8 %

## NET ASSET VALUE AND SHARE PRICE

On September 30, 2006, Norvestia's net asset value stood at EUR 10.14 per share (EUR 8.93 per share on the same date last year) against EUR 9.78 at the end of 2005. Taking the dividend of EUR 0.60 into account, which was paid in March 2006, the group's net asset value increased by EUR 0.96 per share (1.20) in the period under review, equal to a 9.8 % increase (15.5 %).

The price of Norvestia's B share stood at EUR 8.36 (7.40) on September 30, which corresponded to a discount in net asset value of 18 % (17 %). The price of Norvestia's B share was EUR 8.55 at the end of year 2005.

## RESULT ACCORDING TO IFRS

This interim report has been prepared in accordance with IAS 34. The implementation of the international accounting standards, IFRS, has had a significant effect on the presentation of the Group's result and balance since the beginning of 2005. Turnover, purchase of securities and change in inventories will no longer appear in the group income statement of the investment company. Instead gains and losses from trades in financial assets are reported. These comprise realized gains and losses from sales of securities, dividend- and interest income, and unrealized trading gains and losses.

The profit of the Group for January – September 2006 amounted to EUR 14.7 million (18.4), and operating expenses to EUR 1.1 million (1.7). The parent company's profit for the period was EUR 15,6 million (18,0).

## INVESTMENTS

The investment grade of Norvestia Group was 75 % (94 %) at the end of September.

The parent company's investments were distributed as follows: direct share investments 52 % (57 %), equity funds 6 % (7 %), hedge funds 15 % (18 %), money market investments 26 % (10%) and cash and bank 1 % (8 %). 86 % of Norvestia plc's investments were in euros, 12 % in Swedish krona and 2 % in other currencies.

Total return on Norvestia's investments was positive during the reporting period. Month to month returns have fluctuated less than stock market returns in general. The company protected its investments with put options and by changing the amount of its short-term money market investments in accordance with its market view. Norvestia was a net buyer of several shares during the third quarter. The share of money market investments has been kept relatively high, which enables the company to respond to changing market circumstances. Norvestia aims also to take advantage of rapid share price movements and over-reactions on the stock market.

## NORVESTIA GROUP

Norvestia plc is the parent company of Norventures Ltd. Norvestia plc is a part of the Kaupthing Bank Group, whose parent company is the Icelandic Kaupthing Bank hf. domiciled in Reykjavik.

Norvestia plc invests primarily in Nordic listed shares, equity funds, hedge funds and in the money market.

## PERSONNEL AND INVESTMENTS

During the first six months of 2006, Norvestia Group employed an average of 5 people (7). No investments were made in machines and equipment (-).

## SHAREHOLDERS

At the end of September 2006, Norvestia's shareholders numbered 5,872 (5,484). 30,9 % of the shares were in foreign ownership (30,8 %).

The biggest shareholder is Kaupthing Bank with a holding of 30,6 % (30,6 %), which corresponds to 54,6 % (54,6 %) of votes. Norvestia's second biggest shareholder, Sampo Life Insurance Company Ltd, had an 11,7 % (11,7 %) holding of shares and 7,6 % (7,6 %) of votes. The ten major shareholders held a total of 46,83 % (48,6 %) of shares and 65,22 % (66,3 %) of votes.

## FUTURE PROSPECTS

According to forecasts, growth of the world economy will continue apace. The Finnish gross domestic product is expected to rise by over 5 % during 2006. The oil price has declined during recent months, reducing the costs of many companies and decreasing inflationary pressures. In the stock markets, it is generally assumed that central banks will be at the end of its cycle of raising interest rates during the next six months. Some already predict a decrease in central bank interest rates during the coming year. These facts should have a positive impact on stock markets.

Rapid increases in consumer borrowing in Europe and the USA, together with a potential downward correction of prices in real estate markets may, along with other factors be seen as threats to stock markets. Signs of a slowdown in real estate markets are already being noticed, and for example the US Federal Reserve Bank considers this a real threat to the economy.

Forecasting the actual scale of the problem or its effect on stock markets is however difficult at such an early stage. Potential problems in real estate markets could slow private consumption, which would in turn adversely effect company profits and create downward pressure on share prices.

In accordance with its chosen strategy, Norvestia continues to focus mainly on value shares, i.e. shares that are offered at prices that are low, both historically and in relation to a company's net asset value and performance expectations. Nevertheless, Norvestia may also invest in growth companies if this is analytically justifiable. Investment levels and the ratio between listed shares, unlisted securities, funds and interest-yielding investments will be assessed as circumstances dictate.

## KEY FINANCIAL FIGURES

	1.1.-30.9.2006	1.1.-30.9.2005	1.1.-31.12.2005
Earnings/share, EUR	0,96	1,20	2,05
	30.9.2006	30.9.2005	31.12.2004
Equity ratio	95,7 %	77,4 %	92,0 %
Shareholders' equity/share, EUR	10,14	8,93	9,78
Net Asset Value/share, EUR	10,14	8,93	9,78
Share price EUR, B share	8,36	7,40	8,55
Number of shares	15,316,560	15,316,560	15,316,560

## IFRS Income Statement, Norvestia Group

EUR 1,000	1.7-30.9.2006	1.7.-30.9.2005	1.1-30.9.2006	1.1-30.9.2005
Trading gains and losses	4 968	11 662	13 741	27 843
Personnel expenses	-195	-217	-640	-779
Depreciation	-8	-3	-21	-11
Other operating expenses	-152	-256	-446	-898
<b>OPERATING PROFIT/LOSS</b>	<b>4 613</b>	<b>11 186</b>	<b>12 634</b>	<b>26 155</b>
Financial income and expenses	27	-308	-21	-668
<b>PROFIT/LOSS BEFORE TAX AND MINORITY SHARE</b>	<b>4 640</b>	<b>10 878</b>	<b>12 613</b>	<b>25 487</b>
Income tax*	-1 221	-2 829	1 397	-4 925
Profit from sale of subsidiary	-	-	724	-
Minority share	-	-948	-	-2 121
<b>PROFIT/LOSS FOR THE FINANCIAL PERIOD</b>	<b>3 419</b>	<b>7 101</b>	<b>14 734</b>	<b>18 441</b>
*Based on the result for the period				
Earnings per share before dilution, EUR	0,22	0,46	0,96	1,20
Earnings per share after dilution, EUR	0,22	0,46	0,96	1,20
Number of shares	15 316 560	15 316 560	15 316 560	15 316 560

## IFRS Balance sheet, Norvestia Group

EUR 1,000	30.9.2006	30.9.2005
<b>Assets</b>		
NON-CURRENT ASSETS		
Tangible assets	40	33
	40	33
CURRENT ASSETS		
Financial assets held for trading	81 457	77 527
Other financial assets designated at fair value through P/L	33 619	108 184
Other investments, available for sale	2 240	16 804
Receivables	2 250	1 089
Cash in hand and at bank	42 759	23 590
	162 325	227 194
	162 365	227 227
<b>Shareholders' equity and liabilities</b>		
SHAREHOLDERS' EQUITY		
Share capital	53 608	53 608
Share premium	6 896	6 896
Retained earnings	80 122	57 885
Profit for the financial period	14 734	18 441
Minority share	-	39 101
	155 360	175 931
DEFERRED TAX LIABILITY	6 002	6 634
CURRENT LIABILITIES	1 003	44 662
	162 365	227 227

## *IFRS Cash flow statement, Norvestia Group*

EUR 1,000	1.7-30.9.2006	1.7-30.9.2005	1.1-30.9.2006	1.1-30.9.2005
<b>OPERATING ACTIVITIES</b>				
Operating profit/loss before tax and financial items	4 640	10 878	12 613	25 487
Adjustments:				
Operations which do not include cash transactions	-3 268	3	2 514	11
	1 372	10 881	15 127	25 498
Changes in working capital				
Change in shares and other investments	7 125	-4 842	-13 058	-33 529
Change in receivables	182	4 439	-2 125	3 128
Change in current liabilities	111	1 032	-2 718	1 017
	7 418	629	-17 901	-29 384
Received and paid taxes	-38	-225	-3 177	-675
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>8 752</b>	<b>11 285</b>	<b>-5 951</b>	<b>-4 561</b>
<b>INVESTMENT ACTIVITIES</b>				
Sold subsidiaries	-	-	723	-
Investments in tangible assets	0	-	-7	-
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>0</b>	<b>-</b>	<b>716</b>	<b>-</b>
<b>FINANCIAL ACTIVITIES</b>				
Dividends paid	-	-	-9 189	-5 814
Rights issue	-	-	0	24 488
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-9 189</b>	<b>18 674</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>8 752</b>	<b>11 285</b>	<b>-14 424</b>	<b>14 113</b>
Liquid assets at the beginning of the period	34 007	12 305	57 183	9 477
Liquid assets at the end of the period	42 759	23 590	42 759	23 590
Increase or decrease in liquid assets	8 752	11 285	-14 424	14 113

## *Changes in shareholders' equity, Norvestia Group*

EUR 1,000	Share capital	Share premium	Retained earnings	Profit for the period	Total
Opening balance 1.1.2006	53 608	6 896	57 885	31 426	149 815
Allocations			31 426	-31 426	0
Dividends			-9 189		-9 189
Profit for the period				14 734	14 734
Closing balance 30.9.2006	53 608	6 896	80 122	14 734	155 360

### *Obligations*

	30.9.2006	30.9.2005	31.12.2005
<b>Pledges, EUR million</b>			
As security for the limit of the cheque account, EUR 2.0 million, which was unused as at 30.9.2006			
Shares at market value	6,5	6,7	5,5
<b>Other obligations</b>			
Investment commitment in Sponsor Fund Ky	0,3	0,3	0,3

## Derivatives

Norvestia has used standardized derivatives to make the portfolio management more effective. The market value of the derivatives as the underlying value are given below. The market values have been adjusted for the corresponding share's dividend income are gross amounts. The derivative contracts are booked at fair value and changes are therefore booked in the result. Hedge not been used.

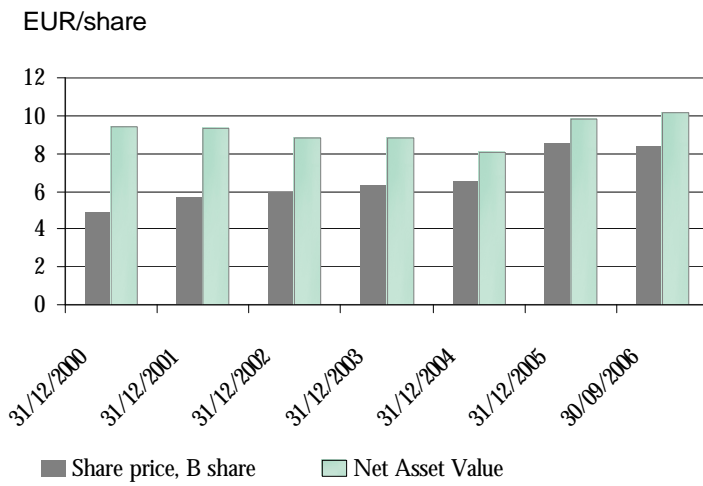
	30.9.2006	30.9.2005
<b>Stock derivatives, EUR 1,000</b>		
<u>Option contracts</u>		
Bought call options, open positions		
Underlying value	2 000	622
Market value	120	21
Bought put options, open positions		
Underlying value	-	373
Market value	-	15
<b>Index derivatives, EUR 1,000</b>		
Bought put options in subsidiary, open positions		
Underlying value	-	2 423
Market value	-	12
<b>Currency derivatives, MEUR</b>		
<u>Foreign-exchange derivatives in subsidiary</u>		
Nominal value	-	41,2
Market value	-	-0,7

## Net Asset Value, Norvestia Group

MEUR	30.9.2006	30.9.2005		
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Tangible assets	0,0	0,0		
<b>CURRENT ASSETS</b>				
Shares held for trading	81,5	77,5		
Other financial assets at fair value	33,6	108,2		
Other investments	2,2	16,8		
Cash and receivables	45,1	24,7		
<b>ASSETS IN TOTAL</b>	<b>162,4</b>	<b>227,2</b>		
Current liabilities	-1,0	-44,7		
Deferred tax liability	-6,0	-6,6		
<b>NET ASSET VALUE BEFORE MINORITY INTEREST</b>	<b>155,4</b>	<b>175,9</b>		
Minority Interest	-	-39,1		
<b>NET ASSET VALUE</b>	<b>155,4</b>	<b>136,8</b>		
<b>Net asset value/share, EUR</b>	<b>10,14</b>	<b>8,93</b>		
<b>Dividend-adjusted change in net asset value</b>	<b>1.7-30.9.2006</b>	<b>1.7-30.9.2005</b>	<b>1.1-30.9.2006</b>	<b>1.1-30.9.2005</b>
Change, MEUR	3,4	7,1	14,7	18,4
Change per share, EUR	0,22	0,46	0,96	1,20

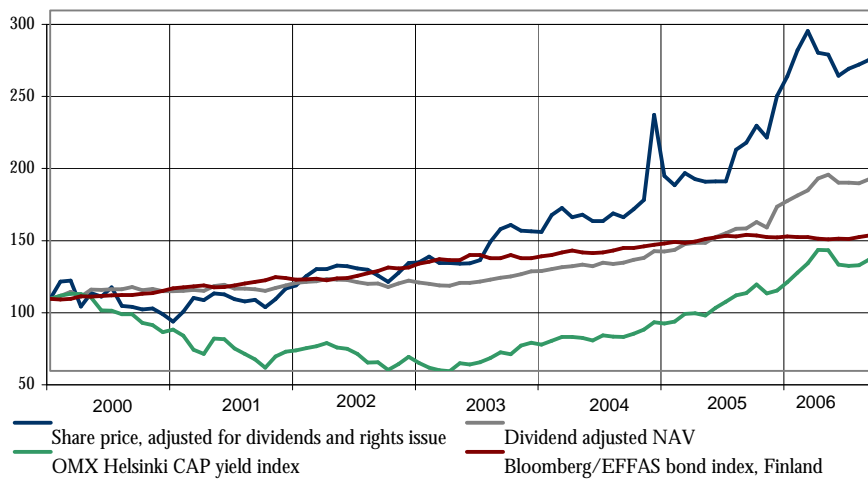
## Share price and Net Asset Value, issue-adjusted

## Principles for calculation



Publicly listed shares, investment funds and derivatives have been valued to closing price. In case a closing price has been unavailable, the purchase quotation has been used. Unlisted shares have been valued to the fair value using valuation techniques.

## Performance of net asset value and share price

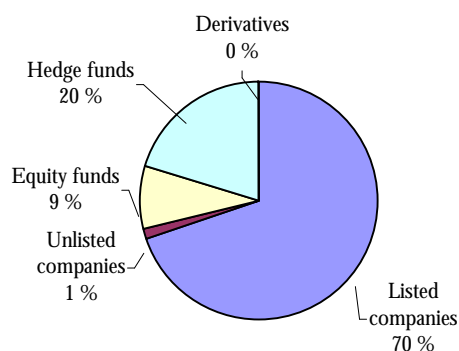


*Investments September 30, 2006*

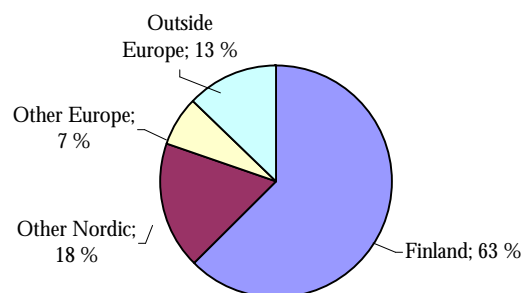
	Number of shares/units	Purchase price, EUR 1,000	Market value, EUR 1,000	Share of market value
<b>NORVESTIA PLC</b>				
<b>LISTED COMPANIES</b>				
Amer Sports Corporation	184 100	2 945	3 259	2,8 %
Aspocomp Group plc	197 500	692	456	0,4 %
Atria Group plc	32 200	518	544	0,5 %
Cargotec Oyj	28 100	644	938	0,8 %
Comptel Corporation	163 975	299	249	0,2 %
Elisa Corporation A share	11 987	55	209	0,2 %
eQ Corporation	30 000	94	100	0,1 %
Finnair Oyj	100 579	1 088	1 296	1,1 %
Fortum Corporation	136 500	2 617	2 868	2,4 %
Huhtamäki Oyj	251 000	3 250	3 426	2,9 %
KCI Konecranes plc	59 900	522	897	0,8 %
Kemira Oyj A share	166 100	2 253	2 442	2,1 %
Kemira Growhow Oyj	415 700	2 592	2 295	2,0 %
Kesko Corporation B share	43 100	820	1 429	1,2 %
Kone Oyj B share	23 400	670	895	0,8 %
Lännen Tehtaat plc	58 150	653	1 216	1,0 %
Metso Corporation	78 000	2 354	2 264	1,9 %
M-Real Corporation B share	263 000	1 053	1 049	0,9 %
Neste Oil Corporation	168 650	4 052	3 865	3,3 %
Nokia Corporation	221 750	3 426	3 473	3,0 %
Nokian Tyres plc	105 900	1 320	1 503	1,3 %
Okmetic Oyj	29 200	45	96	0,1 %
OKO Osuuspankkien Keskuspankki Oyj A share	278 755	2 321	3 507	3,0 %
Oriola-KD A	18 600	22	46	0,0 %
Oriola-KD B	91 100	157	220	0,2 %
Orion Corporation A share	18 600	153	279	0,2 %
Orion Corporation B share	91 100	1 117	1 367	1,2 %
Outokumpu Oyj A share	181 800	2 816	3 660	3,1 %
Perlos Corporation	222 900	1 615	965	0,8 %
Raisio Group plc V share	551 900	1 038	806	0,7 %
Rautaruukki Corporation K share	102 550	2 019	2 323	2,0 %
Sampo plc A share	426 400	6 824	7 010	6,0 %
Stora Enso Oyj R share	122 400	1 343	1 464	1,2 %
UPM-Kymmene Corporation	116 700	1 992	2 187	1,9 %
Wärtsilä Corporation B share	42 600	1 251	1 363	1,2 %
YIT Corporation	38 000	433	694	0,6 %
3Com Corp NNM	53 400	149	186	0,2 %
BE Semiconductor Industries N.V.	26 200	101	118	0,1 %
Compuware Corp NNM	21 700	86	134	0,1 %
Cooper Tire & Rubber Co	18 000	157	143	0,1 %
DAXEX ETF	104 500	5 764	6 034	5,1 %
Deutsche Telekom AG	19 750	227	247	0,2 %
France Telekom SA	12 500	206	226	0,2 %
Infineon Technologies AG	20 900	166	195	0,2 %
Intel Corp	8 100	130	132	0,1 %
Merck & Co. Inc.	2 400	61	79	0,1 %
Nasdaq 100 ITS	29 100	1 123	934	0,8 %
New York Times CI A	10 500	189	191	0,2 %
Nordea AB FDR	556 000	4 708	5 755	4,9 %
Norske Skogindustrier ASA	11 571	135	138	0,1 %
Rottneros AB	230 000	184	164	0,1 %
Sanoma WSOY Corporation B share	44 730	963	905	0,8 %
St Microelectronics N.V.	16 500	258	226	0,2 %
Sun Microsystems Inc	67 000	200	262	0,2 %
Superior Industries Intl	9 800	142	130	0,1 %
TeliaSonera Oyj	830 000	3 673	4 216	3,6 %
Valeo SA	9 420	260	265	0,2 %
		<b>73 944</b>	<b>81 337</b>	<b>69,5 %</b>

	Number of shares/units	Purchase price, EUR 1,000	Market value, EUR 1,000	Share of market value
<b>DERIVATIVES</b>				
Nokia call options	3 000	96	120	0,1 %
		<b>96</b>	<b>120</b>	<b>0,1 %</b>
<b>FUNDS</b>				
Avenir B	2 484	2 523	3 970	3,4 %
Brummer & Partners Nektar	29 924	4 929	6 059	5,2 %
Brummer & Partners Zenit	934	0	4 508	3,8 %
Didner & Gerge Aktiefond	34 343	2 207	3 684	3,1 %
Futuris	19 424	2 733	4 708	4,0 %
OP-Eurooppa Arvo A	7 488	1 707	2 008	1,7 %
OP-Suomi Arvo A	24 942	1 586	3 834	3,2 %
RAM One	39 555	3 991	4 360	3,7 %
		<b>19 677</b>	<b>33 131</b>	<b>28,1 %</b>
<b>BONDS</b>				
KO VIII/2004 Pharma 6	428 000	440	488	0,4 %
<b>PRIVATE EQUITY FUND</b>				
Sponsor Fund I Ky		523	523	0,4 %
<b>NORVESTIA PLC IN TOTAL</b>		<b>94 679</b>	<b>115 599</b>	<b>98,5 %</b>
<b>NORVENTURES LTD UNLISTED COMPANIES</b>				
Polystar Instruments AB	266 000	1 717	1 717	1,5 %
<b>NORVENTURES LTD IN TOTAL</b>		<b>1 717</b>	<b>1 717</b>	<b>1,5 %</b>
<b>NORVESTIA GROUP IN TOTAL</b>		<b>96 396</b>	<b>117 316</b>	<b>100,0 %</b>

**Norvestia Group's  
investments 30/9/2006**



**Geographic breakdown of Norvestia  
Group's investments 30/9/2006**



Helsinki 24/10/2006  
Norvestia Plc  
Board of Directors

This interim report has not been audited by the company's auditor.

## *Norvestia in brief*

- Norvestia plc is an investment company whose share is quoted on the Helsinki Stock Exchange. The Norvestia Group mainly invests in Nordic shares, share funds, hedge funds and in the money market.
- The aim of Norvestia's investment activities is to provide its shareholders with a good risk-adjusted return.
- Norvestia plc is part of the Kaupthing Bank Group and parent company to Norventures Ltd.



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