ASPO

Annual Report 2009

Aspo

worthy of your trust

Aspo Annual Report 2009

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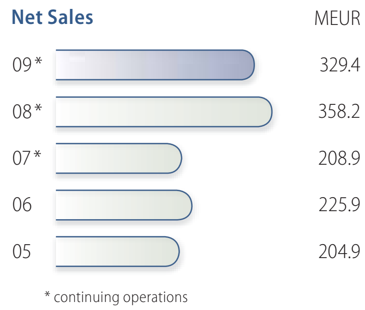
Leading brands in specialist sectors

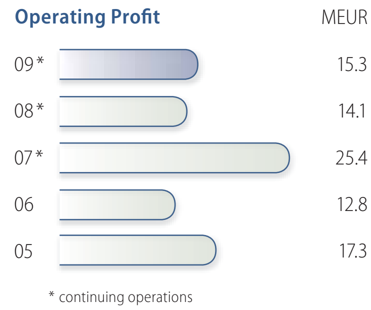
Aspo is a conglomerate that owns and develops the strongest corporate brands in its fields of business. These brands represent trade and logistics – and they all seek to be the market leader in their own areas of specialist expertise.

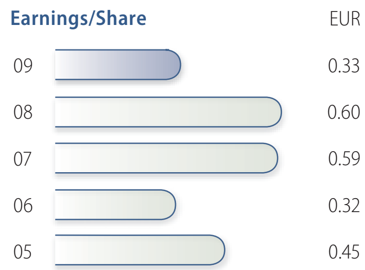
Aspo's corporate brands are ESL Shipping, Leipurin, Telko and Kaukomarkkinat. Each company serves demanding business-to-business customers, playing a pivotal role in their value chains. Furthermore, our companies have a strong presence in growing Eastern markets. We develop our companies by harnessing the Group's strong financial standing and intangible capital.

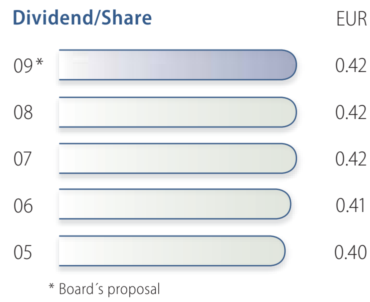
Our aim is to increase Aspo's value from one generation to the next. Success requires enduring partnerships and the ability to offer our customers the top expertise in their industries. Our businesses provide value for their customers. As a Group, Aspo generates shareholder value by ensuring that the whole is greater than the sum of its parts.

We have concentrated our operations around the Baltic Sea. Aspo is on a growth track in emerging Eastern markets, especially in Russia.









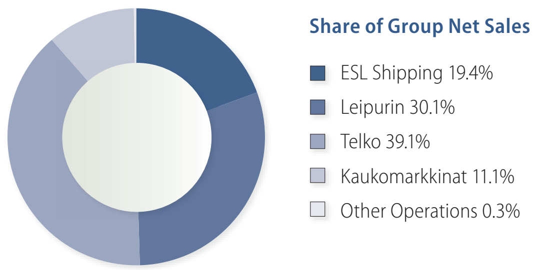
Key Figures

	2009	2008
Net sales, MEUR *	**329.4**	358.2
Operating profit, MEUR *	**15.3**	14.1
Share of net sales, % *	**4.6**	3.9
Profit before taxes, MEUR *	**11.7**	9.5
Share of net sales, % *	**3.6**	2.7
Earnings per share, EUR, continuing operations	**0.33**	0.27
Earnings per share, EUR, discontinued operations		0.33
Earnings per share, EUR, total	**0.33**	0.60
EPS adjusted for dilution, EUR, continuing operations	**0.33**	0.26
EPS adjusted for dilution, EUR, discontinued operations		0.30
EPS adjusted for dilution, EUR, total	**0.33**	0.56
Equity/share, EUR	**2.59**	2.56
Equity ratio, %	**34.6**	30.6
Gearing, %	**87.9**	124.9
Personnel, December 31 *	**717**	821

* continuing operations

Aspo´s financial targets

- Average operating profit as percentage of net sales closer to ten than five
- Average return on investment and equity of over 20%
- To distribute at least half of the annual profit in dividends on average



Aspo's structure enables stable and profitable growth

Diversified operations are a strategic choice for Aspo. They balance out the ups and downs of the business cycle and enable us to develop promising new business concepts.

The Group generates added value for our businesses in the form of joint services, investments that support long-term growth and a strategic vision. The Group can take the experience and best practices from one sector and harness them in similar sectors and new markets. For instance, Leipurin and Telko can draw on each other's experiences as they pursue vigorous expansion in growing Eastern markets.

Corporate brands also benefit from Aspo's strong position. A financially stable, long-term owner fosters trust and serves to bolster the customer and supplier relationships of the companies.

The Group plays a hands-on role in the steering of its subsidiaries' operations through both day-to-day management and Board work.

The organization of Aspo enables daily contacts between the directors on the Group and business unit level. The need for daily managing varies by the business unit: in the major change processes the contacts are very close. Also informal discussions belong to the corporate culture. Open flow of information accelerates decision making and makes work on the operative level more effective. At the same time it also promotes strategic planning, as Aspo's CEO can continuously collect information for refining for the Board of each company.

Aspo's CEO is the Chairman of the Boards of all four subsidiaries. Industry specialists and external experts are represented on the Boards. We strengthened the Boards last year – for instance, we sought expertise and vision from amongst our customers and from geographical territories that are important for growth.

Aspo's extended executive committee develops synergies between the Group and its subsidiaries. The Group Management and Presidents of all four companies sit on this committee. It does not deal with individual business functions, but rather prepares new development focuses that either concern the entire Group or at least two of the businesses and their synergies.

Aspo's structure is developed with an eye on the long term and without any predefined schedules. All of the corporate brands play an important role at Aspo. ESL Shipping and Leipurin are both operating in relatively stable business sectors. Demand in the food industry is recession-proof, reducing Aspo's sensitivity to cyclical trends. ESL Shipping's long-term transport agreements also increase the predictability of operations.

The cornerstones of Leipurin and Telko are very similar – both businesses require strong expertise and efficient logistics. They can grow and expand into new markets with a relatively light capital structure. Kaukomarkkinat has promising opportunities ahead in the field of energy efficiency. Aspo has a balanced mix of businesses. Some are stable while some are in the middle of intriguing structural changes. In other words, Aspo has both permanence and potential.

Aspo – the strongest brands in the industry

ESL Shipping – Reliable raw material transports for industry

ESL Shipping transports dry bulk cargoes in the Baltic Sea region. We specialize in providing a year-round supply of raw materials to industry and the energy sector, even in the most demanding weather conditions. We are known for guaranteed, on-time deliveries and cultivating firm partnerships based on mutual trust.

We own a large, interchangeable fleet that is required for providing flexible and reliable service. This also helps us operate efficiently, enhancing profitability. ESL Shipping's self-discharging vessels are designed specifically to operate in the demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to enter safely even the shallowest ports when fully loaded.

ESL Shipping

Leipurin – Support in all stages of production

Leipurin supplies raw materials and machinery to the food industry. We support our customers throughout the entire production process from R&D to boosting operational efficiency. Expertise in all stages of the production chain gives us a unique view of trends throughout the food industry.

First-class customer service is our strength: we offer the highest quality, safest and most competitively priced products, a comprehensive product range, and reliable, cost-effective logistics. Leipurin offers both its own brand raw materials and products from other leading suppliers.

LEIPURIN

Telko – An extensive product range and efficient logistics

Telko procures and markets chemicals and plastic raw materials. Our customer services also offer technical support and production process development. Telko's strength lies in its long-term customer and supplier relationships. Through these relationships we have gained specialized expertise in the raw materials our customers use in their production processes.

Our extensive product range and diverse customer base provide a comprehensive view of our markets and their key factors. This generates genuine added value and enables us to help our partners meet their business challenges. Our suppliers are world-leading chemical industry manufacturers with whom we have a long history of cooperation.

TELKO

Kaukomarkkinat – Focus on energy efficiency

Kaukomarkkinat delivers products and services that help customers enhance their processes and boost operational efficiency. Our solutions help them improve their energy-efficiency in particular. This yields cost-savings and faster, more efficient production processes.

Kaukomarkkinat's key strength is long-term confidential partnerships with suppliers. We work with the best-known manufacturers in the business. In electronics, we have been cooperating with Panasonic for 40 years. Kaukomarkkinat has a robust position in Asia: it was the first Finnish company to open an office in China and also the first to start importing Japanese products.

KAUKO MARKKINAT

Worthy of your trust

The business environment was exceptionally challenging in 2009. Although the recession made itself felt in Aspo's operations, there was no room for pessimism in our day-to-day work. Throughout the Group, we enthusiastically got on with business and focused our efforts on building the new Aspo.

We succeeded on a broad front. We increased the result of operations, decreased the Group's liabilities, bolstered the cash flow of our subsidiaries, and forged ahead with our structural overhaul in order to improve our effectiveness. Aspo is now more prepared than ever to pursue new growth.

Last year, we further increased our international reach. We already operate in 13 countries. Our international approach is evident in the mindset of the entire Group. Growing Eastern markets generate close to 30 percent of Aspo's net sales – and we seek to boost this share.

We believe that we will be amongst the winners of globalization. We have a unique opportunity to harness the changes in the global economy when sourcing raw materials for our companies. To this end, we need to be efficient and agile. We have to be able to innovate and have a sufficiently diverse portfolio of suppliers. Our global business environment is also impacted by logistics expenses, the price of energy and currency movements. When we can keep on top of all these variables, we can provide a unique competitive edge for our customers.

Last year, Aspo successfully posted euro-denominated net sales growth in Russia, Ukraine and other CIS countries. Aspo has a robust presence in these markets, which comprise one of the real growth centers of the global economy. For instance, Leipurin has established a presence in different Russian economic zones. Telko benefits from Leipurin's experiences. Likewise, Telko's success in Ukraine helps Leipurin to get a handle on the distinctive characteristics of that market.

ESL Shipping has a flexible approach to operations and a fleet customized to Baltic Sea conditions – this helps the company to tap into Russia's surging raw material exports. Kaukomarkkinat in turn has been in China for nearly 60 years. In 2010, Telko will also start operations in China with a view to providing even better service to customers that have started their production there.

Diversity provides stability and growth

Operating as a conglomerate provides many tangible advantages. One is that Aspo can harness synergies when expanding into new markets. Another is that we are not at the mercy of business cycles: even when times are tough, we have businesses that perform better than average.

Our lower sensitivity to the business climate means that our operations are relatively stable. But our stability does not limit growth. As a matter of fact, a conglomerate like Aspo is very well poised for growth – we can rapidly apply tried-and-true practices from one of our businesses in our other businesses, too.

We seek conglomerate synergies on two fronts – in our business functions and at the Group level. The efficiency of our Group administration is now back at the same level as before the acquisition of Kauko-Telko: we have made the most of the cost savings we achieved in real estate and IT costs as well as set up new projects and systems that boost the efficiency of joint operations.

The Group management of a conglomerate must never stop thinking about how the Group can create value for its businesses. For this reason, our businesses also regularly assess how good of an owner Aspo is for them. This work is continuous and the results have been encouraging.

The multibrand strategy that we adopted the other year has shown itself to be a successful solution. Aspo's structure and the Group's role have also become clearer. Aspo's business operations are carried out by its subsidiaries, each of which operates under its own traditional brand. The businesses provide value for their customers. As a Group, Aspo in turn ensures that the whole is greater than the sum of its parts and generates shareholder value.

All the businesses are in excellent form

During 2009 Aspo's companies bolstered their market shares. The businesses are in good trim and they have now set their sights on improving profitability.

In 2009, ESL Shipping had its lowest capacity level in years. Even so, part of its fleet had to be laid up in the summer. And yet, the company increased its operating profit margin – an excellent achievement. It posted good earnings thanks to its operational efficiency and the trust of its customers, which it has earned over the years.

The new Tonnage Tax Act – which is pending EU approval – will have a major effect on its business environment. If the Act goes through, it will stimulate future investments and have a positive effect on ESL Shipping's profit after taxes. In the fall of 2009, ESL Shipping exercised its right to

cancel a ship order from an Indian shipyard due to delays with its completion. This opens up new opportunities for overhauling the fleet.

Leipurin was able to leverage the market situation and expand its operations. It opened an office and test bakery in Siberia. Operations were also started up in Tatarstan in the Volga region. Both turned a profit in their very first year in business. In addition, Leipurin successfully set up shop in Ukraine. Our expansion has not only brought financial success, but also drummed up corporate spirit: it has fostered confidence in the wisdom of our chosen strategy.

Leipurin can still pursue organic growth by replicating its tried-and-true operating model in other large economic zones of Russia. In Russia, about 80 percent of the customers are local companies. Growth is also sought through acquisitions: the company substantially bolstered its position in the Baltic countries by acquiring RCP in Latvia at the end of 2009.

Last year, a crisis reforged Telko. Both the market and prices slumped. The cornerstones of Telko's business were thoroughly reviewed, right down to its earnings logic and product areas. The company listened even more closely to its customers and suppliers in different market areas and pondered what role a player like Telko should assume in the global and ever faster-moving markets of the future.

A new management and leaner structure were put in place at Telko – and its goal became to achieve an even stronger international presence. Telko will be more agile in tapping into the procurement opportunities provided by the global market and offer broader solutions instead of just individual products. In this effort, the company is backed by a clearer supplier strategy and a new, more highly integrated operational model.

Kaukomarkkinat's mission was honed and its structure was streamlined by divesting businesses that were not a good fit for its strategy. The company has a clear focus on improving the energy-efficiency of its customers – and in fact most of its products and services already serve this goal.

In the future, the scarcity of energy and its efficient use will comprise one of the major factors influencing the operating environment of companies and consumers alike. Kaukomarkkinat has excellent expertise in energy-efficiency, promising a successful future for the company.

Openness increases predictability

Aspo has challenging financial objectives. We did not achieve all of them last year. For instance, return on equity fell short of the target. That said, in the context of last year and the general interest rate levels, our ROE can be considered solid.

Last year, we commemorated Aspo's 80 years in business. In this Annual Report, we present highlights from our illustrious history, but mainly keep our eyes on the future. Aspo will reap the benefits from many global megatrends such as energy savings, Russia's growing raw material exports and the demand for healthy foods.

Our operations are built on trust. At Aspo, we want to be worthy of trust in all that we do, both now and in the future.

One of the building blocks of trust is the openness and transparency of our company. Last year, we were able to forecast our earnings trend quite accurately. This showcases one of the tangible benefits of our new structure: our lower sensitivity to the ups and downs of the business cycle improves the predictability of our operations. It's a matter of honor for us to deliver on our promises.

One clear evidence of trust is that our number of shareholders rose to a new high. Another is our decades-long relationships with our customers. Therefore, I would like to take this opportunity to thank our customers, shareholders and all other stakeholders.

The greatest thanks for a successful year go to our employees. These have been tough and uncertain times. We have had a great deal of work to do. Our employees have done their job with the utmost commitment and morale. They have carried out all decisions to the best of their ability, with great professional skill and diligence.

Helsinki, February 25, 2010

Aki Ojanen
CEO

New cargoes to be shipped in the growing Baltic Sea market

ESL Shipping's future is affected by the trends in our current customer industries and new customer relationships from the rapidly growing transport market of the Baltic Sea. In addition, the tonnage tax – which is pending EU approval – would have a positive impact on our earnings in the years ahead.

ESL Shipping

To provide flexible and reliable service, you need a large fleet with interchangable ships. On the bridge of m/s Eira, from right: Captain Petteri Laitinen and Deck Officer Pasi Koivula.

"As a business, shipping is a persistent as well as conservative activity. Globally, the industry has recently been dominated by economies of scale – the trend has been for larger cargoes and ships. However, the size of harbors and depth of shipping channels in the Baltic Sea sets hard limits on vessel sizes," says **Markus Karjalainen**, President of ESL Shipping.

Nevertheless, the Baltic Sea is one of the fastest-growing transport markets in the world, offering a wealth of opportunities. Russia alone exports massive amounts of raw materials and imports not only consumer goods, but also industrial products. As the infrastructure of Russian harbors improves, the amount of transported goods is expected to keep rising.

Marine transport is generally in a good position. Its appeal has been further increased by concerns about climate change. Thanks to large cargo sizes and the ever-lower emissions of the ships, marine transport goes easy on the environment. There is great pressure in Europe to transport more goods by sea rather than road to cut down on traffic congestion. In Finland, marine transport has played a historically significant role – from a logistical standpoint, Finland is practically an island.

Coal will remain strong

The environment is also the greatest issue impacting on ESL Shipping's business activities. Energy coal is one of our major cargoes. Naturally enough, we closely follow the ongoing discussions about the future of coal use.

"The industry now does not so much question the role of coal as a source of energy, but rather focuses on solutions for limiting its adverse impacts," says Karjalainen. For example, carbon dioxide recovery is being developed on a broad front. However, there are still many technical and financial challenges to be tackled in CO^2 recovery and disposal. Once technical solutions can be commercialized, the competitiveness of coal will improve. This means that it is even possible that coal use might increase. Finland plans to start the trial recovery of CO^2 in 2015 at the Meri-Pori coal plant.

"If the use of coal declines in the interim, we can transport pellets, chips and other biomass

Russian coal giant trusts ESL Shipping

The Austria-based Krutrade AG accounts for about 30 percent of Russia's coal exports. Each year, it acquires about 25–27 million tons of coal from Russia. The bulk of these exports go through harbors on the Baltic Sea, particularly Ust-Luga in Russia and Muuga in Estonia.

Krutrade and ESL Shipping partnered up in 2000, when Krutrade started coal deliveries to Finland. In 2009, ESL Shipping transported over two million tons of coal for Krutrade. Most of this coal ended up at Finland's energy plants, but part was also transported to Germany and other countries.

"ESL Shipping is one of the best shipping companies we work with. Their ice-strengthened vessels are perfect for our harbors, especially Ust-Luga in the winter," says **Sergei Vetrov**, head of Baltic operations at Krutrade, speaking to us from Moscow.

Krutrade gets its coal from the open quarries of Kuzbassrazrezugol – one of Russia's largest mining companies – in the Kuznetsk Basin, Siberia. Krutrade supplies coal to over 40 countries. It must keep its logistics shipshape no matter what the circumstances.

"Our cooperation rests on a very firm foundation. I believe that ESL Shipping can help us further increase our deliveries," says Vetrov.

An ever-stronger shipping company

The founding of the shipping company was one of the first examples of Aspo's ability to expand into new fields of business. As Aspo imported substantial amounts of coal and coke, it felt that operating its own ship would make financial sense. Soon, Aspo also offered reliable transport services to other customers.

The first vessel, m/s Arkadia, was acquired in the summer of 1949. The fleet was enlarged steadily in step with the growing demand for transport. The ships were equipped to weather the demanding conditions of the Baltic Sea.

Our longest customer relationships date back to our earliest years in the business. These partnerships were bolstered in the 1960s with the signing of numerous longer-term freight agreements. At that time, the energy industry was already one of our major customers and we also transported raw materials for the steel industry. We grew with our customers and the Baltic Sea became our established domestic market.

Throughout our history, efficient operations and well-managed finances have been the hallmarks of ESL Shipping. This has enabled us to make it through challenging times, such as the recession years that hit on the heels of the oil crises. In fact, we have further strengthened our position in tough times.

ESL Shipping's vessels have been purpose-designed to weather the demanding conditions of the Baltic Sea. The ice-strengthened Kaisaniemi, acquired in 1951, shipped raw materials in harsh subzero winters.

fuels to our energy utility customers. Waste incineration is also on the rise. Our fleet is well suited to all these cargoes," says Karjalainen.

The future of energy coal does not depend solely on climate issues. Other factors – such as the price and availability of other forms of energy – impact on the multidimensional cause-and-effect relationships underlying supply and demand.

Dry bulk cargoes are the core of operations

ESL Shipping is not concerned about the outlook for its other major customer sector, the steel industry. There is enough demand for the end products of the industry even during the recession and no radical changes are on the horizon. That said, our scenarios do take into account the possibility that Nordic steel producers might transfer production to lower-cost countries.

"Our customers in the steel industry are successful in their own niche businesses and produce products with a high degree of added value. Furthermore, the Nordic countries have a sizeable mining industry and major new projects are under way, so raw materials will be transported in any case."

Even though our clientele and cargoes have changed over the years, dry bulk cargoes comprise the core of our operations. The amounts transported on the Baltic Sea are growing. ESL Shipping is seeking to claim its share of this growth. We typically expand our operations into new types of transport when we have a good track record in similar cargoes. In addition to competence, we must have the fleet to match. However, our capacity is currently in full use.

Our capacity will increase in 2010 with the completion of the Eira-class vessel we ordered from an Indian shipyard. Another similar vessel had also been ordered from India, but we decided to exercise our right to cancel the order due to substantial delays with its completion. This opens up new opportunities for overhauling the fleet.

Tonnage tax would stimulate investments

The new Tonnage Tax Act approved by Finnish Parliament has a major bearing on investments. At the time of going to press, the act was pending EU approval. However, approval should only be a formality, as similar legislation is already in place in many European countries.

"The tonnage tax encourages new fleet investments. In practice, the tonnage tax means that the shipping company will be nearly tax-exempt. This would have a major effect on earnings over the next ten years. It's important for us to finally be on a level playing field with competing shipping companies in other countries," says Karjalainen.

Although there is pressure to increase marine transport in Europe, the Baltic Sea will remain ESL Shipping's home market. One reason why we can operate efficiently is that we are well versed in the features and practices of the harbors we sail to. Moreover, our fleet has been optimized for the Baltic Sea. We can use this knowhow to good advantage in a variety of customer relationships and for different kinds of cargoes.

"Our longer-term success hinges on our traditional strengths: reliable customer service, efficient operations, a suitably optimized fleet and correctly timed purchases and sales," says Karjalainen.

Transporting important raw materials

ESL Shipping transports dry bulk cargoes in the Baltic Sea region, specializing in raw materials for industry.

Since 1949, ESL Shipping has been building enduring customer relationships based on mutual trust. Our vital raw material deliveries make us an essential part of our customers' value chains.

ESL Shipping operates throughout the Baltic region. Our geared vessels are especially designed to operate in the demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to enter safely even the shallowest ports fully laden. Bow thrusters and onboard cranes reduce our dependence on tugboats and cargo handling facilities of the ports.

At the end of 2009, ESL Shipping's fleet comprised 16 units. A detailed presentation of our vessels is available at www.eslshipping.com. ESL Shipping also offers other related services, such as cargo handling at sea or in ports.

Strategy

ESL Shipping's strategy focuses on ensuring a year-round supply of raw materials to industry and the energy sector, even in demanding weather conditions. We are known for reliable, on-time deliveries and cultivating firm partnerships based on mutual trust.

We have a large, interchangeable fleet required for providing flexible and reliable service. This helps us operate efficiently, enhancing profitability.

Customers and added value

ESL Shipping's key customers operate in the energy, steel and chemical industries. Our main deliveries for the steel industry include iron ore and pellets (30% of cargoes), coking coal (12%) and limestone (11%). We also supply energy producers with energy coal (42%). Other deliveries account for 5% of cargoes.

Iron ore pellets are shipped to the steel industry.

Supplying the steel industry with raw materials – efficiently

Half of ESL Shipping's cargoes are delivered to customers in the steel industry. In addition to iron ore and pellets, steel manufacture requires coking coal and limestone. We have set up an efficient network of transport routes for these cargoes and our Nordic customers.

ESL Shipping's customers in the steel industry include Rautaruukki, SSAB and Ovako. In the north, our main harbors are Luleå and Raahe, and in the south, Koverhar, Storugns in Gotland, and Oxelösund, which is to the south of Stockholm.

For example, one of our vessels can transport ore from Luleå to Oxelösund for SSAB's steel mill, then head to Gotland, and take on a cargo of limestone for Rautaruukki's mill in Raahe. Consequently, we always sail long transport legs under full cargo. Roundtrip synergy serves our customers and is important for ESL Shipping's earnings.

Customers in the steel industry maintain small stocks of raw materials. On average, they have enough raw materials for two weeks of production. In practice, ore goes straight from the mines to foundries. For this reason, we seek to ensure that our transport schedules are as regular as possible – delivery reliability in all conditions is one of ESL Shipping's sharpest competitive edges.

Our competitive edge comes from the versatile and efficient services we can provide thanks to our expert staff, close and enduring customer relationships, good reputation, and a sufficiently large and modern fleet of different sized vessels. Except for two time-chartered vessels, all our ships have Finnish crews and sail under the Finnish flag. ESL Shipping accounts for 15% of the transportation capacity of the entire Finnish merchant navy.

2009

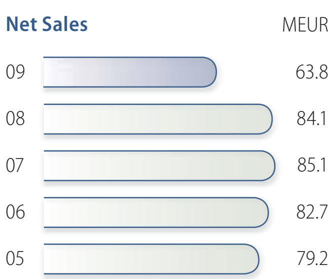
ESL Shipping's net sales amounted to EUR 63.8 million and its operating profit to EUR 14.7 million. The business environment was highly challenging. The amount of cargo transported declined and part of the barge fleet was laid up. However, thanks to long-term transport agreements and the efficient running of the fleet, our result remained satisfactory.

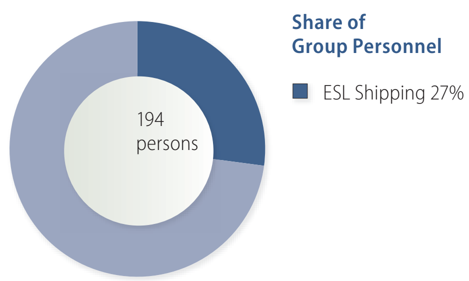
Two vessels were sold during the report year and the company exercised its option to cancel one of its two shipbuilding contracts with an Indian shipyard. This gives us greater latitude for future fleet investments. We participated in tonnage tax negotiations, which resulted in a favorable solution. The EU Commission must still approve the tonnage tax.

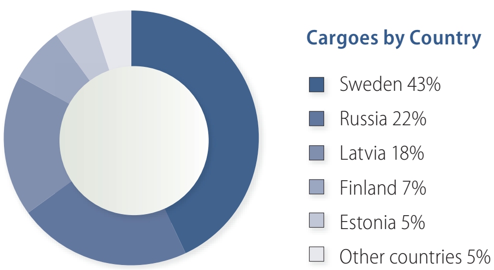
Factors affecting earnings

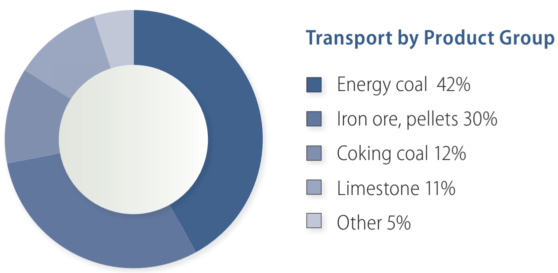
Globally speaking, the Baltic Sea is a relatively stable market area: fluctuations in raw material demand are controlled and customer relationships are long standing. Changes in ocean freights have a delayed and less significant impact on the region. Energy coal volumes generally experience the most fluctuation. Demand is impacted by factors such as the level of activity in energy-intensive industry and wintertime temperatures, while supply is affected by the amount of other forms of energy, such as hydropower.

Long-term contracts help us to manage changes in fuel prices. If necessary, we also use futures markets to protect ourselves from price risks. Due to these precautions, changes in fuel prices and currency exchange rates do not have a major impact on the company's earnings.

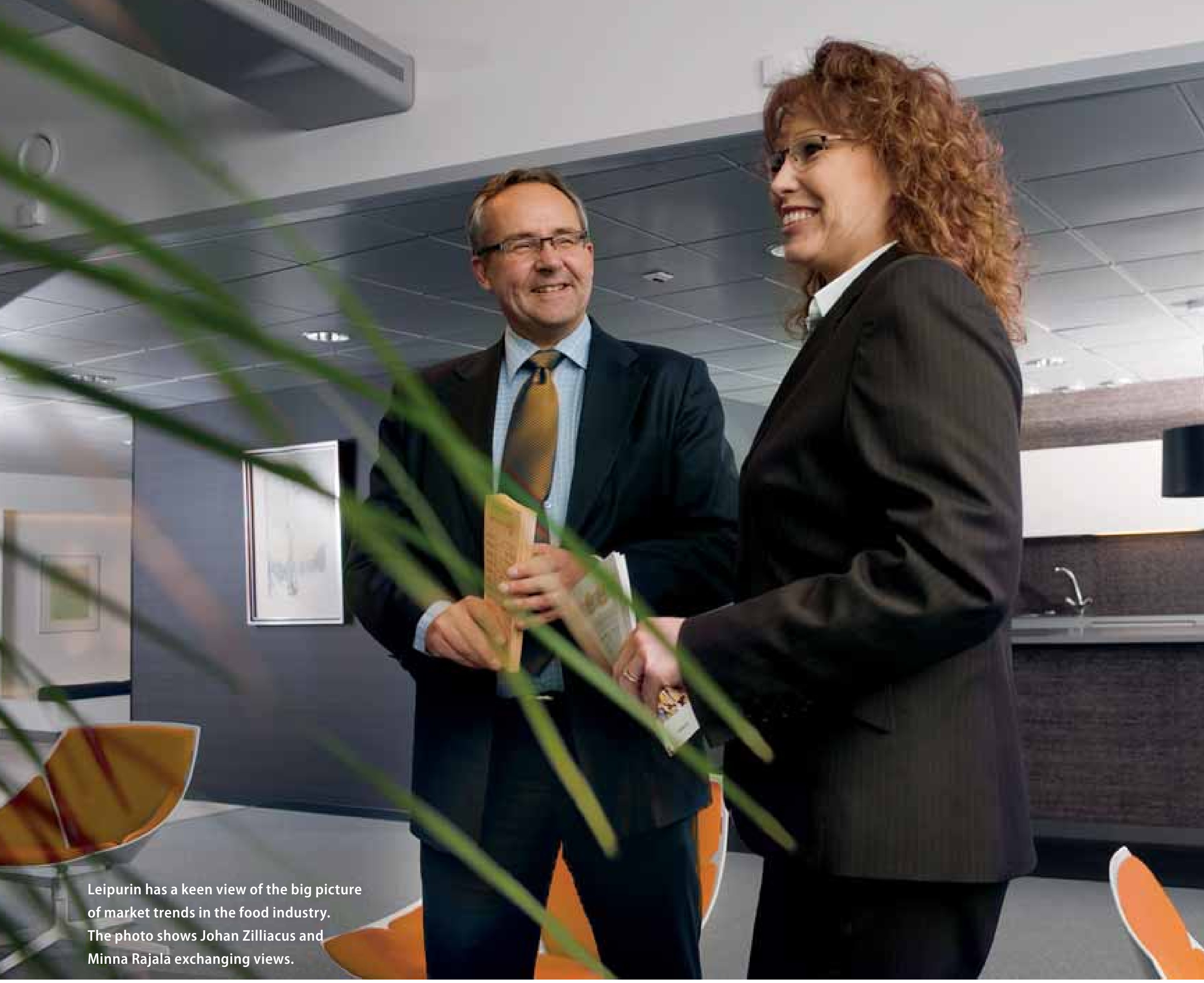








The hallmarks of ESL Shipping are reliable deliveries, punctuality and close partnerships based on great trust.


Leipurin has a keen view of the big picture of market trends in the food industry. The photo shows Johan Zilliacus and Minna Rajala exchanging views.

Healthy cookies from Siberia

Lihachevskii Konditorskii Kombinat, a bakery and confectionery shop in Novosibirsk, Russia, has expanded its operations with the support of the Leipurin Group's Siberia unit. The bakery has been in business for 10 years and has a payroll of 120. It has also rounded out its range with healthier products.

"With the Leipurin Group's recipes and raw materials, we were able to develop a delicious oat cookie with a health image. We didn't even know that products like this can be made. The cookies have sold like hotcakes – and significantly expanded our clientele," says **Tatjana Lihacheva**, head of Lihachevskii.

"Our cooperation has been fruitful. Next up, we'll develop an entire product family based on the Leipurin brand's raw materials. It will include honey, nut and dried fruit cookies."

Thanks to their long shelf-life, the products can be marketed across Russia. Lihachevskii is well poised for growth, as it is currently using only half of the 400 ton capacity of its state-of-the-art production facilities. Leipurin operates in different parts of Russia, and can thus help its customers forge new business contacts.

Knowhow and expertise are the keys to success

There are many changes in store for the baking industry – and the food industry as a whole. Players in the industry need more information and savvy to address health, ecology, climate change, drastic variations in the prices of raw materials, globalization and the changing tastes of consumers. This opens up new business opportunities for the expert Leipurin.

Like other sectors of the food industry, the baking industry is consolidating operations in ever-larger units. The globalization of the entire industry will have a major impact on its business environment in the future. It is believed that imports and exports will increase, even though bread remains at heart a local, freshly baked product. More international companies are expected to enter both the Finnish food industry and the wholesale tier that largely sets the pace of operations.

"The larger and more international we are, the stronger our position. When we also have operations in Russia, Ukraine and the Baltic countries, it's easier for us to sit down at the same table with large international food players. It's extremely important for us to be able to serve our customers over national borders," says **Matti Väänänen**, Managing Director of Leipurin.

Leipurin has set itself the goal of being either the largest or second-largest distributor in each of its business countries. When vying for new representation agreements, the key is to be large enough and have a good reputation. This is evident in the field, too: in many countries, the Leipurin Group is constantly being approached by companies whose local distributors can no longer fulfill their commitments.

Higher automation efficiency makes it possible to introduce larger production units. Efficient production generally means highly standardized products. Such a market set-up leaves demand for smaller players, too. Local bakeries with strong brands and distribution networks thrive even in challenging markets.

"There will still be plenty of demand for the products of innovative small and medium-sized bakeries and other food producers – appreciation for local foods is a rising trend due to climate change," says Väänänen.

"The industry is becoming increasingly segmented. In recent years, we've bolstered our position among medium-sized and small traditional bakeries, and also earned the trust of large customers. We can work with food companies of all sizes in different product segments. This is a major strength for us," says **Johan Zilliacus**, Deputy Managing Director of Leipurin.

The fragmentation of the market is being driven by the divergent preferences of consumers: purchase decisions are influenced not only by flavor and price, but also by ecology, ethics, health and culinary culture. Finland has traditionally had a rich variety of domestic breads, meats and dairy products – in all these product groups, our culinary culture has picked up ever more international influences in recent years. The globalization of preferences is also evident in all of the Leipurin Group's market areas, increasing demand for a well-rounded raw material supplier that has extensive expertise in recipes.

Health and greenness are megatrends

The structure of the industry is influenced by megatrends such as health and environmental awareness. Zero-emission bakeries and food production plants are already under construction in Finland. Ecological thinking extends from product manufacture to packaging and transport.

The health trend is evident in the greater popularity of light products and functional foods. Special diets for those with food allergies are also gaining ground, as can be seen in the range of lactose- and gluten-free products now on the market.

The importance of health, quality and safety increases the demand for the Leipurin Group's expert services. The composition and production of foods are regulated by numerous official guidelines, EU directives and national legislation. It takes a lot of work for bakeries to monitor, maintain and apply this knowhow. They benefit greatly from partnering up with an expert wholesaler like Leipurin.

"The more multidimensional the business environment becomes, the more valuable our knowhow and expertise will be for our customers," says Zilliacus.

One-person households are increasingly common. This has led to a rise in snacking and eating out. Different kinds of breads play a major role in the snack segment. One related trend is that previously specialized food industry players are making inroads into other types of food processing. For instance, sandwiches are made not only by bakeries, but also by meat companies. New customer groups and the processing of new products increase demand for Leipurin's products and services.

Expertise helps to avoid dramatic price fluctuations

In the future, the market may become segmented between genetically modified and organic products. The sufficiency of food produced using current methods has a major bearing on the future of genetically modified foods. The big question is whether there will be enough food to feed the world's growing population. Climate change and extreme weather phenomena have an adverse impact on farming conditions. In addition, a greater amount of cereals will most likely be used for non-food purposes, such as bioenergy.

"It's probable that we'll see even sharper variations in raw material prices. Successful wholesalers must have enough knowledge to evaluate the complex cause-and-effect relationships underlying these variations. That's one more factor we have to keep on top of," says Väänänen.

In addition to internationalization, health and safety, greater automation will dominate the food industry in the near future. IT is becoming smarter and user-friendlier. It also improves cost-efficiency: for example, new computer-controlled proofers will help us phase out expensive and exhausting night shifts.

Russia is the spearhead of the Leipurin Group's internationalization drive. Our aim is to become the market leader in the country.

"In order to become the Russian market leader, we must set up production operations with selected partners – if we were merely an importer, our net sales would see slower growth. In Russia, the structural change of the baking industry has only just begun, providing us with ample opportunities to become a full-service partner to even more bakeries. This will enable us to participate in product development and recipe planning as well as take on end-to-end responsibility for deliveries of raw materials and machinery," says Väänänen.

Leipurin established the industry's first test bakery in 1972. It helped bakeries in their product development and increased general baking knowhow.

The partner to bakers

Suomen Leipurien Tukkuliike went into business in 1920. The wholesaler was established by private bakeries. At first it imported wheat flour and sugars, flavorings and marmalades.

Its operations expanded to cater to customers' needs. The company introduced machinery into its range in the mid-1920s. After the Great Depression of the 1930s, Leipurien Tukku hired its first product demonstrator, who toured the country giving hands-on instruction to bakers. Since then, providing end-to-end assistance to customers has been an integral part of our operations. This cooperation results in new products at the company's test bakeries – the first was established with the Finnish Bakery Association back in the early 1970s.

Throughout our history, Leipurin has been able to make the most of the changes in the business environment. When EU membership liberalized imports, we substantially expanded our product range and claimed a higher market share. Similar sweeping, industry-wide changes are expected in the future, particularly in the growing Eastern markets where Leipurin already has a strong presence.

End-to-end services all round

Fresh bread is a favorite staple all over the world.

Leipurin supplies raw materials and machinery to the food industry and provides services for all stages of its customers' production processes, from R&D to boosting operational efficiency.

The Leipurin Group has units in Finland, Russia, Poland, Ukraine, Estonia, Latvia, and Lithuania. In Russia, it has offices and warehouses in St. Petersburg, Moscow, Chelyabinsk, Yekaterinburg, Kazan, and Novosibirsk.

Leipurin was established by bakers: the company began life in 1920 as a joint purchasing firm for privately owned bakeries.

Strategy

End-to-end service is the key to the Leipurin Group's competitiveness. Even globally, the Group is one of only a few companies that can supply businesses with both machinery and raw materials. Expertise in all stages of the production chain gives the company a unique view of trends throughout the food industry, putting the company in an ideal position to improve its customers' competitiveness and find solutions to their challenges.

Leipurin can improve the cost-effectiveness of its customers and help them get their products onto store shelves. Global procurements and efficient logistics maintain customers' raw material costs at a competitive level. We draw on our expertise to assist customers in making even more appealing products that consumers will love. This smoothes their way into retail ranges and other sales channels.

Leipurin seeks to be a leading local expert and supplier to its customers, and the most desired partner to its own suppliers.

Customers and added value

Leipurin supplies raw materials, machinery and equipment, as well as preparation and R&D expertise to companies in the baking, confectionery and dairy, and meat and ready-meal industries. Our clientele also includes companies in other sectors of the food industry.

Raw materials for the baking industry account for about 69 percent of the Leipurin Group's net sales. Approximately 16 percent come from raw materials for the meat, ready-meal, confectionery, and dairy industries, and the final 15 percent from

Automation for a specialty product

Maalahden Limppu makes traditional *limppu* rye bread with over a century of history. In February 2009, the company moved into new premises in Vaasa. Leipurin has been on board from day one in designing wider-scale production automation for Maalahden Limppu. Presliced limppu bread was also launched to cater to consumers' wishes.

"Our limppu bread is syrupy and different from other bakery products. It sets massive demands on the machines and their customization. For example, we had to commission a more powerful cutter for our slicing machine," says **Jorma Latvasalo**, Managing Director of Maalahden Limppu Oy.

The new sliced limppu bread has been well received. Leipurin also supplied the company with a new bagging machine and provided user guidance.

"In the case of specialty products, it takes a lot of finessing to get production up and running on the line. We've received very good service: Leipurin has assisted us in all phases of the project," says Latvasalo.

Stepping up automation has increased and improved Maalahden Limppu's production efficiency. Now its employees have more time to focus on the product itself: its quality and marketing.

We try out new products at our test bakeries in different market areas. Master bakers Hannu Ahonen, Rainer Elsner and Thomas Silfverberg at work.

machinery. Sales in Finland account for about half the total net sales of both raw materials and machinery.

First-class customer service in raw materials is a competitive advantage. Customers are offered the highest quality, safest, and competitively priced products, a comprehensive product range, the industry's leading suppliers, and reliable, cost-effective logistics.

Leipurin supplies the baking industry with all the raw materials, preparations, frozen foods, and other equipment it needs. Other sectors of the food industry are also supplied with raw materials, flavorings, and constitutional ingredients.

Leipurin delivers raw materials both under its own brand and from leading global manufacturers. Leipurin's products use recipes developed through its own R&D. Leipurin´s suppliers represent the leading international produceers in their sector.

The machinery and equipment that Leipurin supplies to the baking industry cover all stages of production from dough making to product packaging. The company can also deliver entire production lines and in-store bakeries, as well as machinery and equipment required elsewhere in the food industry. Our suppliers are the highest-profile equipment manufacturers in the business. We also cooperate closely with our customers to design and manufacture specialized machinery, such as dough makeup lines for rye bread. Product development is often carried out in close cooperation with our customers.

Expert consulting, R&D, and customer training are core services. New recipes, raw materials, and machinery enhance our customers' competitiveness, as do more universal innovations in production and logistics. Our test bakeries are where we turn our expertise into finished products. We turn our baking knowhow into new products at our test bakeries, which are located in different market areas.

2009

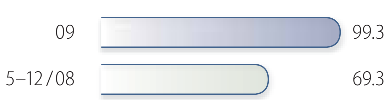
Net sales amounted to EUR 99.3 million and earnings to EUR 3.2 million. During the report year, Leipurin continued to consolidate its presence in growing Eastern markets. New business locations were established in Novosibirsk, Siberia, and Kazan, Tatarstan. Both turned a profit in their very first year in business. We also set up a test bakery in Novosibirsk. In Russia, about 80 percent of our customers are local bakery entrepreneurs. In the spring, we expanded into Ukraine. We also bolstered our position in Poland by opening a test bakery in Warsaw.

At year's end, we acquired RCP, a Latvian company that markets raw materials for the bakery and food industries. Thanks to this deal, Leipurin can keep upgrading its customer service and logistics in all the Baltic countries.

In the machinery trade, we delivered complete production lines featuring a significant share of components manufactured in-house. Production line automation was expanded to include boxing machines, which are located after the packaging machines on the line. Our in-house R&D has come up with proofer innovations that provide customers with new opportunities for diversifying their production.

Demand for raw materials in the food industry is relatively stable, while demand for machinery is more cyclical. Aging equipment and the constant drive to boost efficiency increase the need for investments.

Net Sales MEUR



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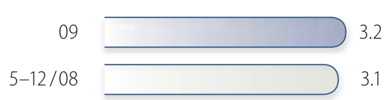
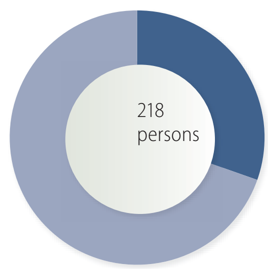
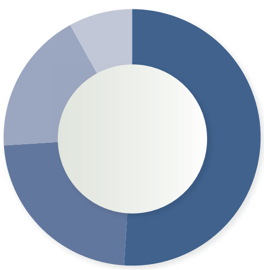


Share of Group Personnel

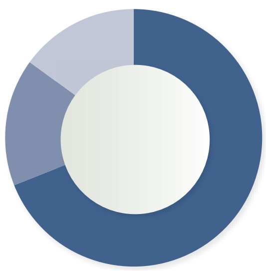
Leipurin 30%





Net Sales Distribution by Country

- Finland 51%
- Baltic countries 23%
- Russia 18%
- Other countries 8%



Net Sales Distribution

- Baking industry 69%
- Food industry 16%
- Machinery 15%

Telko's operations in Finland moved to shared premises in the fall of 2009. Alexandra Hakkarainen, Dick Lönnberg and Petri Ratala feel that the move strengthened the culture of the organization.

New markets, new products, new growth

It is increasingly evident that Telko's future lies in Russia and the other growing economies of the East. In addition, we are seeking growth from new market areas and industrial segments. Expansion will be based on our key strengths: efficient logistics and unrivaled knowhow.

By expanding into new industries that are a good fit for our strategy, we will also bolster Telko's position in the Nordic countries. In order to step up growth in our established markets, we must acquire new products and suppliers.

In plastics, we will consider venturing into new market areas primarily in the footsteps of our current customers. Many Western plastics customers are shifting their production to lower-cost countries in Eastern Europe and Asia – or have already done so. Having a familiar and reliable distributor on board provides significant added value for both parties.

Even though they are transferring their production, customers still want to handle product development at the head office level. Trust is often built during demanding product development projects.

"For instance, for one of our pharmaceutical customers we have achieved substantial cost-savings by teaming up with them to develop exacting raw material solutions for the special components of their dispensing equipment. Our knowhow in raw materials, production technologies and product development is our key competitive edge," says **Kalle Kettunen**, Managing Director of Telko.

Telko's business environment is becoming increasingly global in other respects as well. Large producers of plastic raw materials are starting operations in the Persian Gulf. They are building their factories on the gas fields, enabling them to turn out raw materials at a significantly lower cost than European producers. Our long-term suppliers include Korean raw material producers. In recent years, we have also sourced materials from China.

Biodegradable plastics are on the rise

When talk turns to the outlook for the chemical industry in the years ahead, environmental issues are a hot topic. For example, there are great expectations for bioplastics and biodegradable plastics. Polymers originating from nature comprise the bulk of the raw materials of bioplastics.

A partner to the Ukrainian construction industry

Telko has been in business in Ukraine since 2004. We have claimed a significant position in both the chemical and plastic raw materials trade in the country with a population of over 45 milion. Its size and development make it a highly appealing market.

Although the financial crisis shook the Ukrainian construction industry, it remains one of Telko's largest customer sectors. Telko supplies products such as polystyrene for insulation sheets and a range of specialty chemicals used in the production of wallpaper, mortar, paint and coatings.

Ukrainian consumers are demanding greater quality and greenness, which serves to further bolster Telko's position. For instance, we provide paint producers with ever higher-quality raw materials – this also generates demand for Telko's technical expertise.

Telko has worked with Ukraine's largest producer of building materials and paints for years now, providing solvents as well as calcium formate that is used to make concrete harden faster. Telko's advanced raw materials and technical expertise help customers launch new and better-quality products. We are an important partner to our Ukrainian customers. And with Telko, our partners can claim a higher market share.

"There's no doubt that the use of biodegradable plastics will increase on the heels of growing oil prices and environmental awareness. That said, there's room for improvement in their technical characteristics. Over the longer term, the share of biodegradable plastics will most likely grow, and they will play an important role in Telko's range," says Kettunen.

Demand for oil slumped due to the financial crisis. Once demand recovers, the price of oil will probably once again swing to growth. This will also increase the prices of plastic raw materials, nudging up Telko's net sales. The key question is that if the price of oil rises to new levels, will our customers' plastic products remain competitive? Kettunen believes that plastics will remain strong.

"Oil will most likely be mainly used in applications where it's an excellent raw material – such as plastics. And for this reason they will remain competitive long into the future."

One reason why plastics will continue to thrive is that they can increasingly often be used to replace metal and rubber components. For example, in the case of seals, elastic and durable plastic components are a cost-effective alternative to rubber components, which wear out quickly. Telko has a robust position in these kinds of engineering plastics that demand strong specialist expertise. We can leverage our expertise to expand the applications of plastics and thereby gain customers in fields that are entirely new to us.

Opportunities on a broad front

In the past, Telko made a clear distinction between its operations in plastic raw materials and industrial chemicals. Managing Director Kalle Kettunen, who took the helm in the summer of 2009, does not see these business areas in such black and white terms. Pigeonholing prevents new ideas. We need to take a sufficiently wide view of future opportunities.

"Our key strengths are unrivaled logistics, unique knowhow and an approach built around our specialized expertise in raw materials. When we're strong in these three areas, we can expand our tried and true operating models both geographically and into new industrial segments and raw materials. Relying on our core expertise in our expansion drive also makes the process very cost-efficient."

Knowhow can be harnessed most efficiently when specialized expertise in a certain field can be sold to the broadest range of customers. For this reason, we are focusing our operations on certain customer sectors in which we can see substantial growth potential in numerous market areas. Telko has traditionally been strong in fields such as the paint and coatings industry and the printing and packaging industry.

"We focus on strong growth in attractive industries. If we see growth potential in a certain field, but don't have enough in-house expertise in it, we'll acquire and develop this expertise," says Kettunen.

Setting sights on substantial growth in Russia

In addition to honing the organization into effective shape, maintaining logistics efficiency and pursuing growth, Telko's plan of operations highlights a clearer supplier strategy. The supplier field is changing. Many suppliers are thinning out their organizations and relying more extensively on their distributors.

"Representing a certain supplier in more markets enables us to be that much more efficient. In line with our new strategy, we're thinking about which suppliers we want to represent. We will contact them proactively. This approach has already yielded good results in lubricants, for example. We're well poised, as suppliers are increasingly often choosing their distributors on the basis of their financial stability."

Telko's key growth area in the future will be Russia and the other CIS countries. We seek to become the market leader in selected segments in these territories. There is great potential to be tapped. For example, the paint industry is already Telko's largest customer industry in Russia, even though the local industry is still in its infancy.

In order to ensure growth, Telko will develop its logistics in Russia and open new sales offices. In this effort, Telko can draw on the experiences of Russian metropolises gleaned by the Aspo Group company Leipurin.

Specialty plastics for hardwearing use

Fiskars and Telko are partners of long standing. For example, Telko has supplied Fiskars with EMS-Grivory's engineering plastic raw materials for its garden products. Grivory is a material that is used in products that are subjected to very high stress – it can serve as a replacement for steel. Grivory was chosen for the force transmitter of Fiskars' new PowerStep lopper thanks to its durability.

"Our patented PowerStep technology enables multi-step cutting. This means that the pruner can be used to easily cut branches that would otherwise require unnecessary exertion. Although the user does not need to use much force to operate the pruner, the cutting head is subjected to great strain. This sets extremely high demands on the plastic raw materials," says **Markus Paloheimo**, Product Development Director at Fiskars Brands.

Grivory is a typical example of the engineering plastics provided by Telko. According to Paloheimo, durability is not the only benefit of using advanced materials – less material has to be used, making the implements lighter. Fiskars often hears about the latest innovations through Telko.

"Telko serves proactively as a link between us and our raw material producers. Thanks to Telko, we have up-to-date information on the new materials being launched by producers and the development of their technologies."

Color pigments are used by the paint and other industries.

An expert in industrial raw materials

Telko is an expert organization that procures and distributes plastic raw materials and chemicals for industry. Our extensive customer service also covers technical support and the development of production processes.

Plastics account for half of total net sales, chemicals for half. Telko has a terminal in Rauma and numerous local warehouses in our business countries.

Telko has its own local offices in Finland, Sweden, Denmark, Norway, Estonia, Latvia, Lithuania, Poland, Russia and Ukraine. We have a representative office in Belarus. Sales in China will commence in the first half of 2010.

Telko's strength lies in our long-term customer and supplier relationships. Through these relationships, we have gained specialized expertise in the raw materials our customers use in their production processes. Our extensive product range and diverse customer base provide an exceptionally comprehensive view of our markets and their key factors. This enables us to assist our customers in their business challenges and serve them as a partner that provides real added value.

Our suppliers are world-leading producers of chemicals and plastic raw materials. We typically have a very long history of cooperation with them. Telko also actively seeks new suppliers.

Strategy

Telko's strategy is to pursue growth particularly in Russia and other CIS countries. This growth is fed

Telko has supplied plastic raw materials since the 1950s. Machinery for the plastics industry was showcased at a trade fair.

Solving customers' problems

Telko, as of today, was created through the merger of Aspokem and Kauko-Telko's raw material operations in 2008. However, Telko's history goes back to 1908, the year when Suomen Metalliteollisuuskonttori was established. The company carried out joint procurements and imported chemicals needed by the pulp and paper industry. In the 1950s, it included plastics in its range. At around that time, Aspo had also expanded its operations into the chemicals trade.

Early on, extensive customer service and related technical expertise emerged as the key strengths of both companies. This expertise helped them to gain new customers and earned the trust of large international suppliers.

They started stepping up their drive to go international in the mid-1990s. Setting up shop in Russia and the Baltic countries early on provided momentum for the expansion of operations. At the turn of the millennium, Russia was already being seen as the fastest-growing market of the future.

The new Telko is still in touch with its roots – serving industry. Customers face even more diverse challenges. Solving them innovatively is still what unifies Telko's operations.

by both the expected diversification of Russia's industrial structure and the growth of its small and medium-sized industries. The growth strategy is implemented by expanding operations, both geographically and into new customer segments.

We are planning to set up new offices in different economic zones in Russia and other CIS countries. Starting up sales in China in 2010 is also part of our eastern expansion drive. In China, we will serve Telko's Nordic customers for plastics; expanding operations will deepen our important customer relationships.

We will also seek to grow by venturing into new, carefully selected branches of industry that have attractive future potential and are a good fit for Telko's operating model.

In plastics, Telko's operating model is to primarily serve SMEs manufacturing plastic components. Such companies have to react quickly to their own customers' requirements. For this reason, it's vital for them to be able to rely on a flexible and local distributor like Telko. In chemicals, we act as a link between raw material producers and end-users. Thanks to our robust expertise in logistics, we can take responsibility for part of both the producer and end-user businesses.

Customers and added value

Telko supplies engineering and commodity plastics to companies in the packaging, construction, and electricity and electronics industries, as well as to plastics industry companies manufacturing consumer products.

In chemicals, we supply lubricants and industrial, specialty and automotive chemicals. The unit's customers include companies in the paint, printing, packaging and chemical industries.

Our product range, expertise and logistics generate added value for our customers. We have a broad and diverse product range from the best-known suppliers in the industry. Telko is a sought-after partner thanks not only to our appealing business in growing eastern markets, but also to our strong technical expertise in raw materials and their suitability for various production processes. Efficient logistics cover global procurements of raw materials, local warehouses that enable rapid, flexible and customized deliveries, and end-to-end management of the delivery chain.

Telko delivers products made by its suppliers. Our own production is limited to automotive chemicals and airplane de-icing fluids.

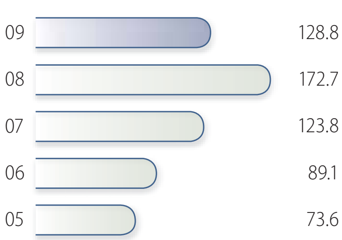
2009

In 2009, Telko posted net sales of EUR 128.8 million and an operating profit of EUR 3.1 million.

This was an exceptional year for the entire industry. The international financial crisis led to a slump in both raw material prices and the demand for products. Operations thus had to be downscaled substantially. During the report year, Telko integrated operations acquired in 2008, which also led to adaptation measures. All these downscaling measures resulted in many non-recurring expenses that impacted on Telko's earnings.

On August 1, 2009, Kalle Kettunen, M.Sc. (Eng.), MBA, started working as Telko's Managing Director.

Net Sales MEUR



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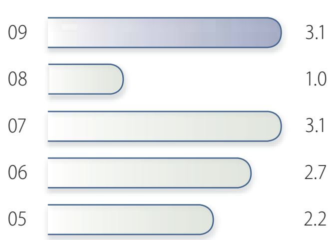
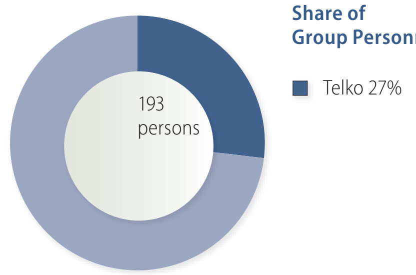
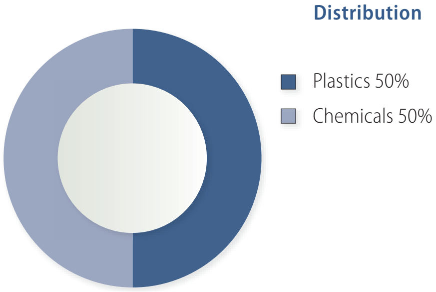


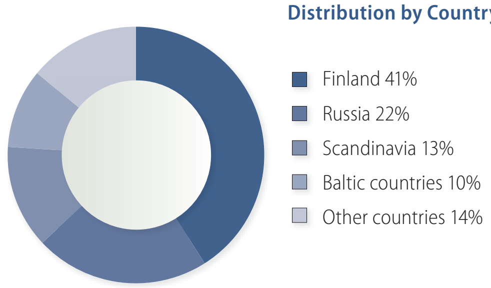
Share of Group Personnel



Net Sales Distribution



Net Sales Distribution by Country



Telko supplies Fiskars with engineering plastic raw materials that are used for applications such as the force transmitter of the PowerStep lopper. These special plastics stand up to great strain.

Energy-efficiency is a common feature of all Kaukomarkkinat products. The photo shows Eeva Heinonen, Kyösti Ollila and Arto Luukkainen solving customer needs.

A wealth of opportunities in improving energy efficiency

The longer-term trends in Kaukomarkkinat's business sectors look favorable. To name but one, the constant need to conserve energy will have a great impact on the future investment needs of Kaukomarkkinat's customers.

KAUKO MARKKINAT

Kaukomarkkinat focuses on three business sectors: the company provides products and services for safety and communications as well as boosting energy efficiency and improving profitability in the pulp and paper industry. Efforts to improve energy efficiency play a major role in all areas of operations.

Concepts for the homes of the future incorporate many new solutions for energy savings, communications and safety. Kaukomarkkinat's long-term supplier Panasonic envisions that the buildings of the future will not just save energy – they will also generate and store it using solar panels, rechargeable batteries and other features. These buildings will be practically energy self-sufficient and will not produce carbon dioxide emissions.

"The energy-efficiency of buildings will be managed ever more comprehensively. This will enable us to offer larger integrated units. For example, in addition to air-source heat pumps, we'll start marketing air-to-water heat pumps. In this way we'll expand our product range with new energy efficiency products," says Kaukomarkkinat's Managing Director **Jari-Pekka Lehmuskoski**.

The homes of the future will also cater to safety – which means more than mere protection against external threats. As the graying of the population continues, safety will also encompass the monitoring of the wellbeing of residents. Thanks to new technology, the smart homes of the future will be able to analyze their health, and much more. This will enable the elderly to live at home for longer. It is also likely that robots will handle more of the routine household chores.

"There's always a race on for the technologies of the future: the winners are those whose standards become the norm. Certainly, many parallel solutions will be launched. Of our partners, Panasonic has an unrivaled track record in this business – in Japan, the company has already delivered highly integrated homes of the future. Dealing in new products of this sort first involves selling the idea: when you start early enough, you'll be in a stronger position when it's time to close the sale."

Breakthroughs may lead to radical changes. For example, although heat pumps have been included in Kaukomarkkinat's product range for a

Reliability for cold chain management

In its distribution vehicles, Valio uses Panasonic Toughbook computers provided by Kaukomarkkinat. Onboard computers are subjected to vibration, dust and freezing temperatures. Reliability is thus a key purchase criterion.

"We can always count on our Toughbooks. For us, expert product support is also important. When we have questions, we get answers promptly. What's more, the company is proactive about development. We set great store by this service," says **Mika Jyrkönen**, Development Manager at Valio.

Valio's transport fleet has 270 vehicles. They make about 5,500 deliveries daily. Approximately 100 of the vehicles are currently linked up to a mobile distribution logistics system.

"The mobile system records all distribution events. This enables us to boost the efficiency of our logistics and ensure that the cold chain runs smoothly."

The refrigeration units of the distribution vehicles are equipped with temperature recorders that communicate with the Toughbooks. They transfer the data to a server, enabling Valio to monitor the temperatures of the refrigerated compartments in real time. Accurately verifying the functionality of the cold chain is important not only to Valio, but also to its customers and the authorities.

long time, demand for them took off with a bang only a few years ago. Similar booms are seen at regular intervals. Now there is interest in replacing traditional outdoor advertising posters with displays and video.

The ageing of the population is a global mega trend that is ushering in real consumer needs. The homes of the future are an intriguing business. Kaukomarkkinat is looking into it from a business-to-business perspective, in line with our strategy and in cooperation with building companies.

Energy-efficiency for homes and industry

Industrial investments and private consumption are also steered by the decisions of politicians. We can expect that more measures to help the environment will be taken in the future. Stricter limits have been placed on the electricity consumption of electronics such as LCD and plasma displays.

An EU directive has also mandated the recovery of carbon dioxide emissions at coal plants. Finland plans to first introduce CO^2 recovery at the Meri-Pori coal plant in 2015.

"Projects of this nature provide new growth potential for our industrial products. What's more, investments to improve energy efficiency and decrease the environmental burden are continuous – there's always room for improvement," says **Immo Nykänen**, Deputy Managing Director in charge of Kaukomarkkinat's Energy Efficiency Technology.

Ever-better energy efficiency is a key factor impacting on new equipment investments in the paper industry, a strong area for Kaukomarkkinat. There is demand for increasingly flexible solutions in the industry: for instance, Kaukomarkkinat has supplied a greater number of smaller machines that enable the smoother switching of paper grades.

From product sales to troubleshooting

Kaukomarkkinat's three business sectors already intersect at numerous points. In the future, they will be integrated even further, which is evident from projects such as the homes of the future. Similar trends are seen in Kaukomarkkinat's organization and internal processes.

"Our operating models in different business sectors are already very similar. Many electronics products share features – for instance, they are increasingly IP-based. This allows us to better allocate our experts to the areas with the highest demand," says Lehmuskoski.

In the future, Kaukomarkkinat's operations will put an even greater emphasis on solving customers' problems. In addition to products, the solutions include specifications of needs, consultation, user guidance and maintenance.

Extensive networking also guides our operations. We maintain an open mind – in the case of electronics products, such as Toughbook computers for demanding professional use, we frequently cooperate with many different ICT companies.

This same openness is evident in our relationships in our supplier and partner network. If a supplier's range does not include the products we need, we acquire them from other sources. The procurement services of the China office have proven to be a cost-effective sourcing channel. In all that we do, we seek to serve our customers: we only offer the equipment and solutions that best meet their needs.

"Aspo's other companies have steered many customers our way. Now that they know what we do, they've been able to recommend us to their own customers. Moving to the same premises has further bolstered this synergy," says Lehmuskoski.

Our suppliers value expertise

Kaukomarkkinat's range of electronic products includes walkie-talkies for use in demanding conditions. One of our suppliers is Lafayette, a Swedish manufacturer of premium quality hunting walkie-talkies.

"We partnered up in 2006. We had developed the first 100% waterproof hunting walkie-talkie on the market and wanted to expand our operations into Finland. In Kaukomarkkinat, we found an expert and enthusiastic partner," says **Phil Bengtsson**, Managing Director of Lafayette.

The company chose us as their partner thanks to our experience, professionalism and excellent knowledge of this market.

"With the help of Kaukomarkkinat, we have successfully grown in Finland from a small-time outfit to one of the largest players on the market. The expertise of the personnel has played a key role. This is evident in their knowledge of the products and markets – and the realistic sales targets that have been set.

"Personal relationships are also very important, as this is above all a partnership. We have joint objectives that are based on ongoing dialogue. We follow market trends and hone our plans accordingly."

Branded products and expert service

Kaukomarkkinat focuses on three business sectors: the company provides products and services for safety and communications as well as boosting energy efficiency and improving profitability in the pulp and paper industry. Most of our products and related services comprise electronics and industrial machinery.

We have a robust position in Asia. Kaukomarkkinat was the first Finnish company to open an office in China – way back in 1953 – and also the first to start importing Japanese products.

Strategy

Kaukomarkkinat's strategy is to deliver products and services that enhance processes and boost operational efficiency. For our customers, this means faster and more efficient production processes, cost savings, and solutions with a competitive edge. All of our business sectors seek to improve energy-efficiency.

Close, long-term partnerships with leading industry suppliers are a fundamental aspect of

Panasonic's Toughbook is designed for extreme conditions.

At home in the world

Kaukomarkkinat – which translates to "distant markets" – was established in 1947. True to its name, the company's operations focused on peripheral markets where other companies and Finland's industrial export organizations did not venture. The company exported Finnish products, particularly those of the forest industry, and imported goods such as electronics. Soon the company had trading partners on all continents and dozens of offices around the world.

Kaukomarkkinat has long been a pioneer in Finland's trade with China. The first agreements were signed in the early 1950s. Around that time, the company also opened its own office in China. Kaukomarkkinat was also the first to import Japanese branded goods to Finland. Our relationships are still strong – for example, our close partnership with Panasonic has lasted for over 40 years.

As the Far East plays an ever-greater role in the global economy, Kaukomarkkinat's strong expertise in the Asian economies is increasingly important. Our international expertise opens up new opportunities for both Kaukomarkkinat and Aspo.

Kaukomarkkinat opened offices in China and Hong Kong way back in the 1950s.

our strategy – for example, we have already been cooperating with Panasonic for 40 years.

Customers and added value

Energy Efficiency Technology products include air-source heat pumps, steam and gas turbines, energy-saving lamps and frequency converters. We will round out our range with air-to-water heat pumps in 2010. Our competitive edge in this business comes from our leading suppliers and their brand products, a broad product range and expert related services. Customers include energy utilities, companies in the process industry, construction companies and retailers.

Process Industry Efficiency delivers machinery and equipment for the pulp and paper industry from the best-known manufacturers. Reliable products, robust expertise and decades of experience in customer and supplier relationships give us a competitive edge. Technical support as well as spare part and maintenance services are an important element of operations.

Security & Digital Solutions' products include production video and monitoring technology, wireless and fixed communications solutions, computers for demanding professional use and tapeless IT professional video cameras. Customers include public institutions, service companies, operators and retailers.

Kaukomarkkinat has international operations in China, Vietnam, Russia and Poland.

In China, we deliver new machines for the paper industry, parts for the modernization of older machinery, and all the necessary components, spare parts and consumables. We also operate a joint venture specializing in assembly and maintenance services, which offers additional subcontractor services to the mechanical engineering industry outside China. Our Beijing office ensures that we benefit from government credit instruments in, for example, environmental or healthcare projects.

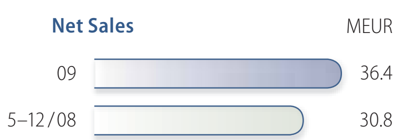
In Poland, we deliver machinery and equipment to the paper and pulp industry, and also act as a retailer and importer for a frequency converter manufacturer. We market machinery and equipment for the chemical wood processing industry in Russia and Vietnam.

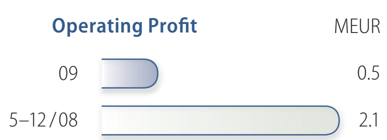
2009

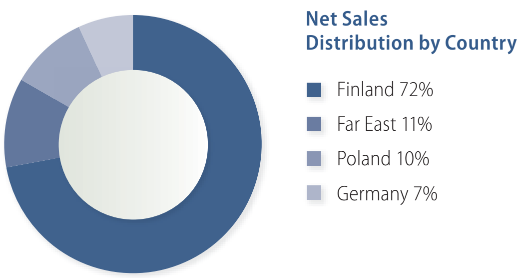
Kaukomarkkinat's net sales in 2009 amounted to EUR 36.4 million and its operating profit to EUR 0.5 million. Numerous one-off expenses resulting from the rationalization of operations were recognized during the report year. Kaukomarkkinat's structure was honed by divesting niche businesses.

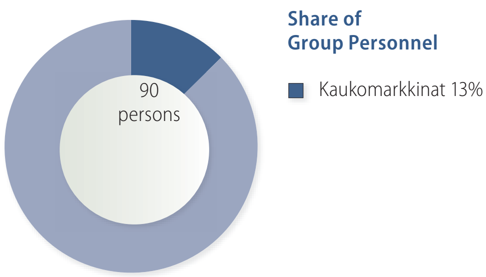
Demand for products and services that improve energy efficiency was brisk. The high price of energy maintained sales of air-source heat pumps at a good level, even though the weak economy depressed new construction. The Panasonic brand, represented by Kaukomarkkinat, has a share of about 40 percent in air-source heat pumps sold in Finland.

The trend in the sales of Security & Digital Solutions' products was favorable and the unit gained major new customers.









The Panasonic brand, represented by Kaukomarkkinat, accounts for about 40 percent of air-source heat pumps in Finland.

Intellectual capital is an integral part of Aspo's value

Much of Aspo's value lies in its intellectual capital, which is built up through responsible operations and honed by our personnel and environmental policies.

Aspo does business in trade and logistics, which require close cooperation with customers and an understanding of their businesses. That's why a large part of Aspo's value lies in the expertise of its personnel and in its customer and supplier relationships. Nurturing, enhancing and increasing this intellectual capital is one of the key principles of Aspo's personnel management. Our value lies in our structural, human and relationship capital.

Structural capital consists of the structures, systems and processes we use to ensure that vital expertise is not tied to any individual, but is as widely available as possible in the Group. Customer Relationship Management systems help improve customer service, and regular measurement – of, for example, customer satisfaction in different sectors – is also an essential aspect of structural capital.

Human capital covers personnel matters, such as competence and personal development, job satisfaction, recreational activities, and rewards. Aspo does everything in its power to create a supportive working environment and promote professional development. Investments are made in training and professional skills at all organizational levels. Our employees also have the opportunity to further their careers anywhere in the Group.

In 2005, an incentive fund was established to distribute a proportion of Aspo's earnings in the form of bonuses. Aspo hopes that the majority of the bonuses paid out of this fund will be used to buy company shares. We want our personnel to be a major shareholder group.

Relationship capital is expertise in dealing with customers, suppliers and other interest groups. Most of our customer relationships are very long-standing partnerships based on mutual trust. The same goes for our supplier partnerships, many of which have also lasted for decades.

Environmental reputation is a key competitive factor

A good environmental reputation is another facet of intellectual capital, and one that is conferring an increasingly important competitive edge. Continual improvement is a core principle of our environmental policy. When it comes to critical environmental issues, we aim to do better than the minimums required by law or emissions regulations. We conduct environmental impact evaluations and product life cycle and risk analyses to predict and prevent any harmful impact on the environment.

The Group's environmental policy acts as a foundation on which each business develops its own practices. Each Group company handles its own environmental issues, with the President usually holding primary responsibility.

Aspo seeks to minimize the environmental impact of its operations by using the best possible technology. Our employees are trained and encouraged to work in an environmentally friendly way. We promote environmental issues by, for example, encouraging our personnel to use public transport and switching to more fuel-economic company cars. Aspo also takes part in a variety of social responsibility projects. All these projects have at least one thing in common – they concern Aspo's operations in the Baltic Sea region. For instance, we have cooperated with the Keep the Archipelago Tidy Association and the John Nurminen Foundation's Clean Baltic Sea project.

Aspo is prepared for – and is constantly seeking ways to be even better prepared for – changes in environmental issues. A detailed action and communications plan has been drawn up in case of emergencies. Aspo also participates in both Finnish and international environmental projects.

ESL Shipping's operations and all of its vessels are certified in accordance with the International Maritime Organization's International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM). ESL Shipping also has ISO 14001 environmental certification. Well-equipped vessels also enhance safety: all of our ships are ice class. Our experienced personnel are also very familiar with the harbors, channels and conditions in the Baltic Sea.

Ships are an ecological freight option. In relation to their size and the distances traveled, the carbon dioxide emissions of large ships are 30 per cent of the emissions of heavy articulated vehicles and under three percent of aircraft emissions.

Leipurin pays particular attention to the quality, safety and environmental impact of its raw foodstuff materials. All raw material suppliers are ISO 9001:2000 certified. Certification has also committed the company to continually improving its operations. We take environmental issues into account when choosing our suppliers, too.

Telko's good environmental reputation is a key factor in its success. Strict quality standards ensure that we protect both the company's reputation and that of our suppliers and customers.

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products or personnel. Telko is ISO 9001 certified. We have also committed ourselves to the chemical industry-oriented version of the Responsible Care – Vastuu huomisesta program. This program is committed to continual, voluntary improvements to environmental and health and safety related issues. Commitment is evaluated using an external ESAD II analysis. In the fall of 2009, Telko also signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat provides equipment and services that improve energy efficiency. Environmental issues play a highly important role for its suppliers: their commitment to sustainable development is evident in all their operations, all the way from product design and manufacture to recycling.

Corporate Governance

Every member in the Aspo Board of Directors and in the Group Executive Committee is also a shareholder in the company. At the end of 2009 they owned in total approximately nine percent of the Aspo stock.

Aspo's decision-making and administration comply with the Finnish Companies Act, securities market legislation, other regulations concerning public limited companies, Aspo Plc's Articles of Association, and the rules and regulations of NASDAQ OMX Helsinki Ltd. As of January 1, 2009, Aspo follows the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association on October 20, 2008. The document is available on the Securities Market Association's website www.cgfinland.fi.

Aspo Plc's separate Corporate Governance Statement is published on Aspo's website, www.aspo.com. The information related to Aspo's Corporate Governance is updated on a regular basis.

Group structure

The Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki.

The highest authority for the administration and operations of the Aspo Group is held by the statutory bodies of Aspo Plc, which are the Annual Shareholders' Meeting, the Board of Directors and the Chief Executive Officer. The ultimate decision-making power is vested in the shareholders at the Shareholders' Meeting.

It is the task of Aspo Plc to own and control assets, oversee the operations of subsidiaries and other business units, centrally manage issues relating to the administration, financing and strategic planning of all Group companies, and to plan and implement financially viable investments.

The line operations of the Group are carried out by the Group companies, which are ESL Shipping Ltd, Leipurin Ltd, Telko Ltd and Kaukomarkkinat Ltd with their subsidiaries in Finland and abroad.

Shareholders' Meeting

The Annual Shareholders' Meeting is held once a year on the date set by the Board of Directors. Meetings deal with the matters specified as being the business of Annual Shareholders' Meetings and deliberate on Board proposals and any other proposals made to the meeting. The Annual Shareholders' Meeting approves, inter alia, the financial statements, elects the members of the Board of Directors and the auditor, decides on the distribution of earnings, and sets the fees of the members of Board of Directors and the auditor.

In accordance with the Companies Act, shareholders have the right to have items that are the business of Shareholders' Meetings included in the agenda of a Shareholders' Meeting, provided that they submit a request in writing to the Board of Directors early enough that the item can be included in the Notice of Meeting.

Shareholders' Meetings are called by Aspo Plc's Board of Directors. A Notice of Meeting is published not earlier than two (2) months and not later than twenty-one (21) days prior to the meeting as stock exchange bulletins and in newspapers chosen by the Board of Directors. In addition, the Notice of Meeting and the following information will be published on the company's Internet site no later than twenty-one (21) days prior to the meeting:

- total number of shares and votes by share class on the release date of the Notice
- documents to be presented to the meeting
- the Board of Directors' or other competent body's proposal for the meeting
- an item on the agenda of the meeting with no proposal for a resolution

Any decisions made at the Shareholders' Meeting will be disclosed in a stock exchange bulletin after the meeting. The minutes of the meeting, complete with voting results and attachments concerning the decisions, will be posted on the company's Internet site within two weeks of the meeting.

Board of Directors

According to the Articles of Association, the Board of Directors of Aspo Plc comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the shareholders' meeting, where its members are also elected. The members of the Board of Directors elect a chairman and a vice chairman from amongst themselves.

Six members were elected at the Annual Shareholders' Meeting of 2009. The members' term of office ends at the conclusion of the Annual Shareholders' Meeting following their election.

More than half of the members present, including either the chairman or the vice chairman of the Board, constitute a quorum.

In 2009, the Board did not set up committees in view of the scope of the company's business operations. Aspo Plc's Board deems it most effective to work as an entity; consequently the entire Board of Directors handles the tasks assigned to the committees. Thus, the Board of Directors also handles the tasks assigned to the auditing committee. The Board of Directors evaluates the validity of this procedure on regular basis.

The duties and responsibilities of the Board of Directors are set out in the Articles of Association, the Finnish Companies Act and other applicable legislation. Aspo Plc's Board of Directors has confirmed written standing orders, which state that the matters to be handled by the Board include, but are not limited to:

- Group strategic policies and divisional strategies
- Group structure
- matters to be presented to Shareholders' Meetings
- interim reports and consolidated financial statements

- Group business plans, budgets and investments
- expanding and scaling back operations, acquisitions/divestitures of companies or operations
- Group risk management, insurance and financial policies
- Group environmental policy
- management remuneration and incentive systems
- appointment of the CEO

As the company does not have an Audit Committee, the tasks of the Board also include:

- monitoring the economic and financial situation of the Aspo Group
- monitoring the financial statement reporting process
- supervising the financial reporting process
- monitoring the effectiveness of internal control and risk management systems
- monitoring the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the audit firm
- preparing the decision on the election of the auditor

The Board performs an annual self-assessment of its activities and working methods.

In 2009, the Board of Directors held 13 meetings, four of which were teleconferences. Average attendance was 99%.

The majority of Aspo's Board members are independent of the company and its major shareholders. The Board of Directors evaluates the independence of its members on a regular basis.

Board membership fees

The Annual Shareholders' Meeting approves Board membership fees and reimbursement guidelines annually.

The 2009 Annual Shareholders' Meeting approved a monthly fee of EUR 15,500 for the chairman of the Board of Directors including fringe benefits. To the extent that the chairman during the present term of office receives salary or remuneration based on the previous CEO agreement, no remuneration shall be paid for the duties of the chairman. In addition, the meeting approved a monthly fee of EUR 3,000 to the vice chairman and a fee of EUR 2,000 per month to the other members of the Board of Directors. Board members with a full-time position in an Aspo Group company are not paid a fee.

Travel expenses will be reimbursed in accordance with Aspo's general travel guidelines. In 2009, Aspo Plc Board members were paid a total of EUR 398,000 in fees.

Chairman of the Board

The full-time Chairman of the Aspo Plc Board is Gustav Nyberg (53), B.Sc. (Econ.), eMBA. He has previously served as Aspo's CEO until December 31, 2008, and was appointed the Chairman of the Aspo Plc's Board of Directors as of January 1, 2009. According to the CEO agreement, Gustav Nyberg is being paid a monthly salary for the CEO period of 24 months as of January 1, 2009. Furthermore, the pension insurance and fringe benefits as agreed upon in the CEO agreement will be continued for 24 months as of January 1, 2009.

Chief Executive Officer

The Board of Directors appoints the Chief Executive Officer of Aspo Plc. Aki Ojanen (49), eMBA, has been the CEO as from January 1, 2009. The CEO is responsible for the management and development of the Group's business and for operational management in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO is responsible for the Group administration in accordance with the instructions of the Board of Directors. The CEO is also responsible for the company accounting to comply with the applicable legislation and the reliable arrangement of the company finances. He also serves as the chairman of the operational Boards of Group companies and acts as the operational supervisor of the presidents of the subgroups. He is also responsible for the internal audit as the CFO's supervisor. The CEO is responsible for the Group's risk management, which is coordinated by the CFO.

The terms and conditions of the CEO's employment are written into an executive employment contract. The retirement age of the CEO is 60 and the CEO has a defined contribution pension plan in which the pension is determined based on the accumulated insurance saving at the time of retirement.

The period of notice applied to the CEO's term of employment is 6 months. If the company terminates the employment contract, the CEO is entitled to salary for the notice period and a severance payment corresponding to 18 months' salary.

In 2009, the CEO was paid a total of EUR 349,199 in salary, bonuses and fringe benefits. Bonuses accounted for EUR 85,089 and fringe benefits for EUR 19,860.

Group Executive Committee

The CEO is assisted by the Group Executive Committee, which is responsible for developing the strategic structure of the Aspo Group and its earnings as well as prepares policies and shared practices. The Group Executive Committee convenes at least twice a month. The members of the Group Executive Committee are public insiders.

In addition to the CEO, as of January 1, 2009, the Group Executive Committee includes CFO Arto Meitsalo, Group Treasurer Harri Seppälä, VP Business Development Pekka Piiroinen and Group Legal Counsel Toni Santalahti.

The Group also has an extended executive committee comprising the members of the Group Executive Committee as well as the presidents of the businesses and persons in charge of IT administration and communications. The task of the extended executive committee is to ensure cooperation between business functions, harness synergies and prepare joint development projects and policies.

Rewarding

The Aspo Plc management bonus scheme consists of the employees' fixed monthly salary, a bonus paid on the impact of their tasks on the company result, management pension benefits, and a share-ownership plan. Aspo Plc's Board of Directors makes decisions on the salaries, other financial benefits, and the basis of the bonus scheme for the Group's CEO and the Group Executive Committee Members .

The maximum amount of the bonuses of Aspo Plc's CEO and other executive officers may vary on the basis of the impact of their tasks on the company result. The maximum amount of bonuses to be paid is a sum corresponding to an employee's salary for three to six months; for the CEO, a sum corresponding to his salary for six months. The criteria used in the bonus scheme include Group level result requirements and requirements for the area for which the executive has the responsibility.

In addition to the bonus plan, the Aspo Plc Board of Directors has made a decision on a share-ownership incentive plan for the Group's key personnel. The plan earning period started on January 1, 2009, and will end on December 31, 2011. Participation in the plan and rewarding requires that the key employee obtains a number of Aspo Plc shares specified by the Board of Directors in advance. The potential gain is based on continuation of the key employee's employment relationship and Aspo Group's cumulative Earnings per Share indicator (EPS) in 2009–2011. The potential gain will be paid partly in Aspo shares and partly in cash between January and March 2012.

Furthermore, the Board decided to continue the 2006 management share-ownership plan by granting the people included in the plan the possibility to receive Aspo shares in spring 2010. The original plan was to end the plan in the spring of 2009.

Aspo does not have a separate stock option program. More information about rewarding and the incentive system is posted on the website www.aspo.com.

Audit

According to the Articles of Association, the Annual Shareholders' Meeting elects an auditor that shall be an audit firm approved by the Central Chamber of Commerce. The elected auditor is also responsible for internal audits, where applicable. The auditor's term of office ends at the conclusion of the Annual Shareholders' Meeting following the election.

The auditor elected at the Annual Shareholders' Meeting is responsible for the guidelines and coordination of auditing throughout the Group. The auditor submits the statutory auditing report to the company's shareholders with the annual financial statements. Members of the Board are also provided with interim auditing reports.

The 2009 Annual Shareholders' Meeting elected PricewaterhouseCoopers Oy as the company's auditor. Jan Holmberg, APA, is the principal auditor. In 2009, PricewaterhouseCoopers companies in Finland and abroad were paid a total of EUR 312,000 in audit fees for the audit of Aspo Group companies. Other services purchased amounted to EUR 180,000.

Internal control

Internal control in Aspo contains inbuilt controls in business processes, the management system in the Group and extensive economic reporting that covers the whole Group. Internal control is an essential part of risk, operational and company management.

The target of internal control is achieving sufficient reliability with regard to the following issues:

- profitability and efficiency of operations
- reliability and integrity of economic and operative information
- compliance with legislation, regulations and contracts
- securing assets

The Board of Directors and the CEO are responsible for arranging the control both in the Group and the business units. The CEO is responsible to the Board of Directors, and the Board to the shareholders. The chain of responsibility goes through the whole organization and every member of the personnel is liable for the control of his/her area of responsibility to the superior. The controller of each Group company is responsible for ensuring the compliance with legislation and the Group's policies and procedures. The controllers report to the business unit management and to the Group CFO. The CFO reports the findings to the CEO and the Board of Directors. The internal control function assists the Aspo Group executives in monitoring. The target is to give the Board of Directors sufficient confidence concerning the validity of the internal control.

Financial reporting

The control of the financial reporting is based on monitoring the business processes. The information for financial reporting is created as business processes progress. The responsibility for correct information is shared by all participants in the process. The financial reporting process is decentralized.

The financial statements of the Group are compiled according to the IFRS standards, those of the parent company and Finnish subsidiaries according to the FAS standards. Each separate company complies with the legislature of the country where it is located, but reports based on the internal accounting regulations by Aspo. Separate companies may have their own accounting framework, but all information is consolidated on basis of common framework to the business area level, where their reliability is assessed. The information is then forwarded to the Group level where the financial reports are consolidated, verified, and assessed on monthly basis. At each phase the unit responsible for the quality and generation of information will assess its reliability. The Group level inspection and balancing mechanisms are used both monthly and quarterly basis.

The systems required for financial reporting are decentralized and used according to the principles of internal control of the Aspo Group. Achieving the set targets is followed on monthly basis with the reporting system. In addition to actual and comparison figures, it provides up-to-date forecasts. The reports are provided to the Aspo Board of Directors monthly. The Board of Directors assess the Group's position and future based on the provided information. The Board of Directors is responsible for the contents and publication of the financial statement

In 2009, the reporting systems have been updated and partly integrated in order to improve the level of internal control.

Besides the internal control, the reliability of reporting and processes are assessed by an independent, external audit corporation.

Internal Auditing

The purpose of internal auditing is to support evaluation and confirmation of the Group to verify efficiency of risk management, control, leadership and administration. Internal auditing assists the Board of Directors and organization in achieving the Group targets and in ensuring and developing the control system.

The Board of Directors approves the principles of internal auditing and controls. The Group CFO is responsible for the internal auditing, and reports the findings to the CEO and the Board of Directors. Internal audit is organized corresponding to the size of the Group. Externally purchased services with special skills will be used for demanding assessments. The target is to accomplish two or three risk-based audits annually. The audits are based on risk assessment as defined in the risk analyses of individual business units. The objects of the assessment and auditing process are profitability and efficiency of activities, reliability of financial and activity reporting, compliance issues and securing the assets.

Risk Management

The target of risk management is to ensure the fulfilment of Group strategy, development of financial result, shareholder value, dividend payment capability and business continuity. The business unit management has the responsibility for risk management. The business unit management defines the necessary actions, ensures their realization and evaluates the actions as a part of their normal operations guidance. The Group CFO coordinates the risk management and reports to the Group CEO.

Each business area has a separate risk management program and a corresponding business continuity plan. Business risks and their management are dealt with in the executive teams of the business units. The functions common to the whole Group will attend that sufficient risk assessment and reporting procedures are incorporated into the processes they are responsible for. For certain risks, the risk management principles and key contents are defined in Group level policies and instructions. The Group management is responsible for the Group level insurance policies.

The risk management is essentially based on the aforementioned procedures of internal controls, where the chain of responsibility is extended throughout the Group. The most important factors in business risk management are a profound understanding of the business and command of the tools, which are used for daily business operations and their controlling. Characteristic risks to each business area are identified in the business units, assessed in the business unit management teams, and reported to the executive teams and, if need be, also to the Aspo Board of Directors, responsible for the tasks of the inspection board. The Group CEO acts as the chairman of the Boards of Group companies.

Risks are continuously assessed and their managing is discussed in the business unit executive teams. Risk assessments are updated according to the Aspo management policy and the most noteworthy findings are presented in the quarterly issued interim reports. Larger projects always include a separate risk analysis. The most significant risks for the Group are assessed once a year and the results are presented in the annual report.

For more information on financial risks, the principles of financial risk management and administrative model, see Notes to the consolidated financial statements, p. 74.

Insider regulations

Aspo Group follows the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd. Furthermore, the Aspo Plc Board has adopted company internal insider guidelines that include instructions for both permanent and project-specific insiders. Aspo Plc's public insiders include the members of the Board, the CEO, the members of the Group Executive Committee and the auditor. In addition, Aspo Plc's permanent insiders include the presidents and vice presidents of subsidiaries, the heads of the Group's finance and treasury, and other persons who regularly receive inside information during the performance of their duties. The company also maintains registers of project specific insiders.

Permanent insiders are not allowed to trade in securities issued by the company in the 21 days preceding the publication of an interim report or financial statements or at the date of publication.

The Group's CFO is in charge of the management and supervision of insider issues. Public insiders' holdings and any changes therein are disclosed on the company's website, www.aspo.com. Aspo Plc's insider register is maintained by Euroclear Finland Ltd.

Kristina Pentti-von Walzel

Matti Arteva

Risto Salo

Board Members on December 31, 2009

GUSTAV NYBERG

born 1956, Chairman;
not independent of the company,
independent of its major shareholders
B.Sc. (Econ.), eMBA

Full-time chairman of the Board since 2009,
member of the Board since 2008

Key Work Experience
CEO, Aspo Plc 1999–2008
Management positions,
Elfa International Ab, 1985–1995
Management positions, Finnboard, 1979–1984

Key Positions of Trust
Member of the Board: Foundation
for Economic Education

Holdings and Fees
Shareholdings in Aspo on December 31, 2009:
656,085 or 2.48% of the total number of shares
In addition voting rights attached to 500,000
shares, or 1,89% of the total number of shares
Aspo's convertible capital loan 2009:
2 subscriptions
No holdings or rights based on a share
price-related compensation system
Fees in 2009: EUR 268,902

MATTI ARTEVA

born 1945, Vice Chairman;
independent of the company
and its major shareholders
Engineer

Vice Chairman of the Board since 2000,
member of the Board since 1999

Key Work Experience
Senior Adviser, Rautaruukki Oyj, 2005
President, Rautaruukki Oyj
Metal Products, 2003–2004
CEO, Asva Oy, 1993–2003
Marketing and management positions,
Aspo Oy, 1975–1993
Manager, Oy Telko Ab, 1970–1975

Key Positions of Trust
Chairman of the Board: Europress Group Oy
Member of the Board: Komas Oy,
Mesera Corporation

Holdings and Fees
Shareholdings in Aspo on December 31, 2009:
218,324 or 0.83% of the total number of shares
Aspo's convertible capital loan 2009:
2 subscriptions
No holdings or rights based on a share
price-related compensation system
Fees in 2009: EUR 33,000

ESA KARPPINEN

born 1952,
independent of the company
and its major shareholders
LL.M.
President and CEO, Berling Capital Oy, 1986–

Member of the Board since 2005

Key Work Experience
Vice President and CFO,
Oy Expaco Ab 1983–1986

Key Positions of Trust
Chairman of the Board: Oy Air Finland Ltd
Member of the Board: Amanda Capital Plc,
Taaleritehtaan Omistusyhteisö Oy

Holdings and Fees
Shareholdings in Aspo on December 31, 2009:
Berling Capital Oy 794,850 or
3.01% of the total number of shares
No holdings or rights based on a share
price-related compensation system.
Fees in 2009: EUR 24,000

Esa Karppinen Roberto Lencioni Gustav Nyberg

ROBERTO LENCIONI

born 1961,
independent of the company
and its major shareholders
LL.B.
Managing Director, Oy Gard (Baltic) Ab, 2003–

Member of the Board since 1999

Key Work Experience

Management positions, Oy Baltic Protection Alandia Ab, 1990–2002
Managing Director, Oy Baltic Insurance Brokers Ab, 1994–2001
Sales Manager, Aspocomp Oy, 1988–1990
Group Lawyer, Aspo Group, 1986–1987

Holdings and Fees

Shareholdings in Aspo on December 31, 2009: 9,288 or 0.04% of the total number of shares
Aspo's convertible capital loan 2009: 1 subscription
No holdings or rights based on a share price-related compensation system.
Fees in 2009: EUR 24,000

Updated information on changes in the holdings of shares is available on the company's website www.aspo.com.

KRISTINA PENTTI-VON WALZEL

born 1978,
independent of the company
and its major shareholders
M.Sc. (Econ.), B.Sc. (Pol. Sc.)
Campaign Director/Fundraising, HANKEN School of Economics, 2008–

Member of the Board since 2009

Key Work Experience

Work experience placements in the Ministry for Foreign Affairs of Finland, various positions in personnel management and the financial services industry for companies such as Mandatum Stockbrokers Ltd and Fortum Corporation, 1999–2006

Key Positions of Trust

Member of the Board: Lemminkäinen Corporation,
The Finnish Family Firms Association,
CMI Crisis Management Initiative
Council Member: Stiftelsen Svenska handelshögskolan

Holdings and Fees

Shareholdings in Aspo on December 31, 2009: 7,000 or 0.03% of the total number of shares
No holdings or rights based on a share price-related compensation system
Fees in 2009: EUR 18,000

RISTO SALO

born 1951,
independent of the company
and its major shareholders
M.Sc. (Eng.)
Chairman of the Board, Hollming Oy, 2005–

Member of the Board since 2008

Key Work Experience

President, Hollming Oy, 1992–2005
President, Finnyards Oy, 1992
Management positions, Hollming Oy, 1977–1991

Key Positions of Trust

Member of the Board: The Federation of Finnish Technology Industries
Member of the Consultative Committee: Mutual Pension Insurance Company Varma

Holdings and Fees

Shareholdings in Aspo on December 31, 2009: 9,910 or 0.04% of the total number of shares; Hollming Oy 399,848 or 1.51% of the total number of shares, Ratius Oy 130,000 or 0.49% of the total number of shares
Aspo's convertible capital loan 2009: Hollming Oy 20 subscriptions, Ratius Oy 2 subscriptions
No holdings or rights based on a share price-related compensation system.
Fees in 2009: EUR 24,000

Markus Karjalainen

Matti Väänänen

Kalle Kettunen

Jari-Pekka Lehmuskoski

Group Executive Committee

AKI OJANEN

born 1961, eMBA, CEO, Aspo Plc, 2009–

Key Work Experience
COO, Aspo Plc, 2007–2008
General Director, Itella Logistics Oy, 2005–2007
CEO, Kuusakoski Oy, 2003–2005
Management positions, Kuusakoski Oy, 1999–2003
General Manager, Canon North-East Oy, 1996–1998
Management positions, Canon Oy, 1988–1996

Key Positions of Trust
Chairman of the Board: ESL Shipping Ltd, Leipurin Ltd, Telko Ltd, Kaukomarkkinat Ltd
Member of the Board: 3 Step IT Group Oy, the Association of Finnish Technical Traders, Finland-China Trade Association, S. G. Nieminen Oy

Holdings
Shareholdings in Aspo on December 31, 2009: 26,833 or 0.10% of the total number of shares
Aspo's convertible capital loan 2009: 1 subscription

ARTO MEITSALO

born 1963 M.Sc. (Econ.) CFO, Aspo Plc, 2009–

Key Work Experience
President, Kauko-Telko Oy, 2008
CFO, Kauko-Telko Oy, 2007
Director, Kaukomarkkinat Oy, 2005–2007
Group Controller, Kaukomarkkinat Oy, 2002–2005
Financial Accountant, Bank of Finland, 1993–2002
Financial Accountant, Kaukomarkkinat Oy, 1989–1993

Holdings
Shareholdings in Aspo on December 31, 2009: 12,500 or 0.05% of the total number of shares

HARRI SEPPÄLÄ

born 1964, eMBA,
Group Treasurer, Aspo Plc, 2008–

Key Work Experience
Senior Vice President, Institutional and Corporate Banking, Sampo Bank Plc, 2006–2007
First Vice President, Institutional and Corporate-Banking, Sampo Bank Plc, 1999–2006
Management positions, Postipankki, 1989–1999

Key Positions of Trust
Member of the Board: Tehosähkö Oy, 2008–

Holdings
Shareholdings in Aspo on December 31, 2009: 30,000 or 0.11% of the total number of shares
Aspo's convertible capital loan 2009: 1 subscription

PEKKA PIIROINEN

born 1969, M.Sc. (Econ.), MBA
VP Business Development, Aspo Plc, 2001–

Key Work Experience
Management Consultant, Manager, KPMG Consulting Oy Ab, 1995–2001
Strategic Planning Analyst, AT&T Microelectronics, USA, 1991

Holdings
Shareholdings in Aspo on December 31, 2009: 26,250 or 0.10% of the total number of shares

TONI SANTALAHTI

born 1971, LL.M., Group Legal Counsel and Secretary to the Board, Aspo Plc, 2009–

Key Work Experience
Administration Manager, Kauko-Telko Oy, 2006–2008
Corporate Credit Manager, Kaukomarkkinat Oy, 1999–2006

Holdings
Shareholdings in Aspo on December 31, 2009: 2,000 or 0.01% of the total number of shares

Board Members and Managing Directors in Group companies

ESL Shipping Ltd

Aki Ojanen	chairman
Leo Kokkonen	member
Lasse Rikala	member
Max Söderberg	member

Markus Karjalainen, Managing Director
Tom Blomberg, Deputy Managing Director

Leipurin Ltd

Aki Ojanen	chairman
Matti Lappalainen	member
Paul Taimitarha	member

Matti Väänänen, Managing Director
Johan Zilliacus, Deputy Managing Director

Telko Ltd

Aki Ojanen	chairman
Kari Blomberg	member
Mikko Lähteenmäki	member
Timo Petäjä	member

Kalle Kettunen, Managing Director

Kaukomarkkinat Ltd

Aki Ojanen	chairman
Pekka Piiroinen	member
Arto Meitsalo	member

Jari-Pekka Lehmuskoski, Managing Director
Immo Nykänen, Deputy Managing Director

Updated information on changes in the holdings of shares is available on the company's website www.aspo.com.

Summary of 2009 releases

Stock exchange bulletins

January 19, Notice of change in Aspo holdings pursuant to Chapter 2, Section 10 of the Securities Markets Act
Henrik Nyberg announced that his holdings have decreased below 10% of the voting rights and share capital of Aspo Plc. Following the transfer, Henrik Nyberg owns 1,800,000 Aspo Plc shares and his stake in the company's share capital and voting rights is 6.82%.

February 10, Aspo Group's Annual Accounts Bulletin
The Group's net sales in 2008 amounted to EUR 358.2 million (EUR 208.9 million); the net sales of discontinued operations were EUR 45.1 million (EUR 57.7 million). Operating profit totaled EUR 14.1 million. Profit before taxes amounted to EUR 9.5 million and profit after taxes to EUR 7.0 million. Earnings per share were EUR 0.27. Proposed dividends amounted to EUR 0.42 (EUR 0.42).

March 10, Invitation to the Aspo Annual Shareholders' Meeting
The shareholders of Aspo Plc are invited to attend the Annual Shareholders' Meeting to be held on Tuesday, March 31, 2009 at 2:00 p.m.

March 10, Aspo Board approves share-ownership program for key personnel
The Board of Aspo Plc has approved a new share-ownership plan for Aspo Group's key employees. The potential rewards from the plan are based on earnings per share in 2009-2011. Furthermore, the Board decided to continue the 2006 management share-ownership plan until 2010.

March 24, Aspo Annual Report 2008 published
Aspo Group's 2008 Annual Report, comprising the financial statements, the report of the Board of Directors and the Auditors' Report, has been published in Finnish, English and Swedish.

March 31, Decisions of the Aspo Annual Shareholders' Meeting
The Annual Shareholders' Meeting of Aspo Plc on March 31, 2009, approved the parent and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for fiscal 2008. The meeting decided on the payment of a dividend of EUR 0.42 per share. The Annual Shareholders' Meeting approved the Board's proposals on the buy-back of Aspo shares and authorized the Board to decide on a share issue.

April 27, Aspo Group Interim Report, January 1 – March 31, 2009
Aspo Group's net sales for January-March amounted to EUR 78.4 million (EUR 52.5 million) and operating profit to EUR 3.8 million (EUR 2.9 million). Profit before taxes was EUR 2.5 million (EUR 2.4 million) and earnings per share stood at EUR 0.07 (EUR 0.08).

May 4, Aspo's ESL Shipping to sell the m/s Kontula
ESL Shipping Ltd, part of Aspo Group, is carrying out preparations to sell its oldest ship for a price of USD 4.0 million.

May 11, New CEO for Aspo Group's Telko Ltd
Kalle Kettunen (44), M.Sc. (Eng.), MBA, will take over as Telko Ltd's new CEO from August 1, 2009. He succeeds Jari Ranne, who will not continue with the company.

May 13, Invitation to the Aspo Plc Extraordinary Shareholders' Meeting
The Board of Directors of Aspo Plc has decided to convene an Extraordinary Shareholders' Meeting to be held on Monday, June 8, 2009 at 10:00 a.m. The Extraordinary Shareholders' Meeting will be convened to decide on authorizing the Board of Directors to issue shares and grant special rights entitling to shares at its discretion as referred to in Chapter 10, Section 1 of the Companies Act. The Board of Directors of Aspo Plc has decided to look into possibilities to issue a convertible capital loan to the limited group of investors for which this authorization would be used.

May 28, Aspo's ESL Shipping sells m/s Kontula for a EUR 3 million profit
ESL Shipping Ltd, part of Aspo Group, has sold its oldest ship – the 29-year-old m/s Kontula – for a price of USD 4.0 million. The transaction was concluded today, May 28, 2009. After the transaction, the fleet includes 16 ships.

June 8, Decisions by Aspo Plc's Extraordinary Shareholders' Meeting
Aspo Plc's Extraordinary Shareholders' Meeting has today, June 8, 2009, approved the proposal by the Board of Directors to authorize the Board of Directors to decide on an issue of shares and special rights entitling to shares. A maximum of 2,600,000 shares may be issued on the basis of the authorization. The authorization will be used for a convertible capital loan to be issued by Aspo Plc to a limited group of investors.

June 8, The Board of Directors of Aspo Plc decides to offer a convertible capital loan
Aspo Plc's Board of Directors has decided to offer a convertible capital loan for subscription by a limited group of selected investors (Private Placement). The funds to be collected with the convertible capital loan are intended to be used for the conversion of the company's short-term liabilities. The maximum principal of the loan is EUR 15,000,000. The minimum subscription is EUR 50,000.

June 15, Aspo Plc Convertible Capital Loan 2009 is oversubscribed
The subscription period of Aspo Plc Convertible Capital Loan 2009 ended on Friday, June 12, 2009. Convertible Capital Loan 2009 was offered for subscription to a limited group of selected investors, and the loan amount, a maximum of EUR 15,000,000, was oversubscribed. Aspo Plc's Board of Directors will decide on the reduction and approval of subscriptions at its meeting on June 23, 2009.

June 23, Subscriptions of Aspo Convertible Capital Loan 2009 approved
The Aspo Plc Board of Directors has today decided to approve the subscriptions of Convertible Capital Loan 2009 to a total nominal value of EUR 15,000,000. Convertible Capital Loan 2009 was oversubscribed 1.8 times and the subscriptions had to be reduced by 50 percent. The subscribers will be notified in writing of the approval of their subscription offers.

August 24, Aspo Group Interim Report, January 1 – June 30, 2009
Net sales for Aspo Group's continuing operations in January-June amounted to EUR 159.3 million (EUR 145.4 million) and operating profit to EUR 5.7 million (EUR 6.9 million). Profit before taxes was EUR 3.4 million (EUR 5.3 million) and earnings per share stood at EUR 0.10 (EUR 0.15).

August 26, Aspo to divest Telko's Terminal Services in Hamina
Telko Ltd, part of Aspo Group, will divest the Hamina-based Hamina Terminal Services Ltd to North European Oil Trade Ltd (NEOT) under a deed of sale signed today, August 26, 2009. The transaction will be completed on August 31, 2009.

October 15, Aspo's ESL Shipping cancels ship order
ESL Shipping Ltd, part of Aspo Group, has decided to terminate one of the two shipbuilding contracts it has signed with an India-based shipyard. The first ship has been delayed and is estimated to be completed in spring 2010. The vessel has been leased to ESL Shipping under a leasing agreement. The second vessel has also been substantially delayed and, as a result of this delay, ESL Shipping has decided to enforce its right of termination pursuant to the shipbuilding contract.

October 26, Aspo Group Interim Report, January 1 – September 30, 2009: Aspo's 2009 outlook upgraded
Net sales for Aspo Group's continuing operations in January-September amounted to EUR 239.3 million (EUR 258.0 million). Operating profit amounted to EUR 11.3 million (EUR 12.9 million) and profit before taxes to EUR 7.7 million (EUR 9.9 million). Earnings per share for continuing operations stood at EUR 0.23 (EUR 0.26). The Group's financial position improved during the quarter and is at a good level. Aspo specifies its outlook for 2009. Aspo is in a good position to reach the same level of operating profit in its continuing operations as last year. Earnings per share are expected to be below last year's record level.

December 29, Aspo's financial information in 2010
The Aspo Group Annual Accounts Bulletin for 2009 will be released on Monday, February 15, 2010. The Annual Report will be published during week 13 at the latest. Aspo will publish three Interim Reports in 2010: April 28, 2010, August 24, 2010 and October 26, 2010. The Annual Shareholders' Meeting is tentatively scheduled for Wednesday, April 7, 2010, in Helsinki, Finland.

Press releases

January 21, Aspo Group's Leipurin Ltd expands operations to Siberia and Tatarstan
The Aspo Group company Leipurin Ltd has expanded its operations in Russia by setting up two units. These units are now operational. They were established in Siberia and Tatarstan.

Leipurin established its first Russian subsidiary in 1997.

May 8, Aspo Group's Leipurin Ltd expands operations to Ukraine
Leipurin Ltd, part of Aspo Group, has expanded its operations to Ukraine, with a new unit being established in Kiev.

May 25, Share purchases completed in Aspo share-ownership program for key personnel
The share purchases in the share-ownership plan for Aspo Group's key employees, approved by the Board of Aspo Plc, have now been completed. The 2009–2011 program encompasses 32 members of the Group's key personnel.

Financial Statements 2009

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Report of the Board of Directors

Operational Performance

The year 2009 began with a steep decline in sold raw material prices and demand, which bottomed out during summer, and prices stabilized at a low level. In the fall, product prices and demand made a moderate upturn. The prices of food raw materials showed a slight decline in 2009, but demand remained stable.

Among important customer segments, the steel industry decreased production considerably, which was reflected in cargo volumes. In the fall, a production increase in the Scandinavian steel industry boosted the volume of cargo carried. Increased volumes in the energy industry boosted the amount of energy coal carried in the summer and the amount for the full year exceeded the 2008 level.

In the CIS countries and Ukraine, stabilization of currencies for 2009 and the strengthening of the Russian ruble towards the end of the year have generated general confidence in a positive turn in the market in Russia, other CIS countries and Ukraine.

Group net sales started growing after summer, and in December the Group reached the highest net sales level of the year.

ESL Shipping

The shipping company's operating environment was challenging throughout 2009. A considerable drop in the cargo volume for steel industry contract customers, as well as a decrease in free cargo, reduced net sales. ESL Shipping adjusted to the situation by selling its oldest vessel, m/s Kontula, in the second quarter, from which a EUR 2.9 million sales gain was recognized, and by laying up barges in summer and early fall. Coal shipping partially compensated for the decrease in steel industry cargo. In August, m/s Nassauborg was period chartered to ensure winter transport for contract customers. In the last quarter, the cargo volume for the steel industry increased, which helped raise the cargo volume for the steel industry in 2009 to 5.7 million tons (8.7). The cargo volume for the energy industry grew from 3.8 million to 4.6 million tons. The total cargo volume in 2009 was 10.7 million tons (13.7).

ESL Shipping estimates that the market situation in the ship building industry has changed for the positive for the company. The company will, in accordance with its strategy, increase its capacity and renew its fleet. Due to a delay in the construction schedule, the shipping company cancelled one of two vessels ordered from India. The vessel that is still under construction has been delayed, and it is expected to be completed by summer 2010. ESL Shipping has been compensated for the losses related to the delay. On the other hand, exchange rate losses have been recorded from reversal of fixed assets and currency hedging of future installments in the balance sheet. The joint effect from compensation for loss of income and the exchange rate losses is not considerable in terms of ESL Shipping's result.

Leipurin

Leipurin's operations developed as planned in terms of bakery raw materials. Offices were established in Siberia and Tatarstan. The new offices have started out well and operations were profitable already in the first year of operation. A subsidiary was established in Ukraine and test bakeries were established in Siberia and Poland. At the end of the year, Leipurin acquired the share capital of the Latvian company Raugs un citas preces SIA, which sells and markets ingredients for the bakery and food industry. Leipurin is now the market leader in Finland and in all the Baltic countries. Russia's share of sales has increased and is now approximately 20% of total net sales. Bakery machine sales increased in 2009 and line deliveries were completed in the last quarter as planned. Other food industry operations grew modestly. The result in the fourth quarter was the best for the year.

Telko

Telko's business environment in 2009 was historically weak. The result was affected both by a drop in sold raw material prices at the beginning of 2009 and by a steep drop in demand from 2008. Telko announced at the beginning of the year that it was aiming to improve profitability without any net sales target.

Telko continued improving internal operations and reorganization measures caused by weak demand in Finland and Scandinavia. Loss-making products and operations were abandoned. The new CEO, M.Sc. Kalle Kettunen, took over on August 1, 2009. In the fall, a reorganization was carried out and the focus of the organization was shifted to the Eastern markets, which created preconditions for additional growth. Operations in Russia and other CIS countries developed well throughout 2009. Their share of net sales was 30%.

In the third quarter, Telko divested its terminal operations in Hamina as unsuitable for the current strategy, which generated a EUR 3.2 million sales gain. In the fourth quarter the loss-making Dutch plastic operations' trading unit was closed. The full-year result includes non-recurring costs of EUR 2.3 million from reorganization measures and a decrease in personnel, of which EUR 0.5 million was allocated to the fourth quarter. The result in the fourth quarter was also depressed by the write-down of receivables from a Finnish customer worth EUR 0.4 million.

In the fall of 2009, Telko combined its Finnish operations under one roof and adopted a new ERP system from the beginning of 2010.

Kaukomarkkinat

In energy efficiency products, sales of air-source heat pumps have been weaker in Finland than last year due to the general economic situation. As a result of marketing campaigns, sales recovered in the fourth quarter. Kaukomarkkinat's result was depressed by a EUR 0.5 million sales loss recorded from the divestment of Metex Deutschland in the summer. In August, Kaukomarkkinat divested its component and mechatronics operations. The deal had no effect on Kaukomarkkinat's result.

Towards the end of the year, Kaukomarkkinat signed an agreement on delivering energy-saving bulbs to the Finnish market. In project sales for improving process industry efficiency, a slight recovery has been witnessed since the summer, in Poland in particular. A substantial project from China was recorded in the fourth quarter. In security and digital solutions, sales of durable hunting phones and laptops in particular developed favorably.

Other Operations

Other Operations include Aspo Group's administration and other operations not belonging to the business units. The Group's administrative costs were still unusually high. The ongoing cost-cutting program for fixed costs will reach its full effect from the fourth quarter 2009 onwards. The aim is annual cost savings of EUR 2 million. Aspo's offices in Helsinki and Espoo moved into new common premises during the fall of 2009.

Net Sales

The net sales for Aspo Group's continuing operations decreased by EUR 28.8 million, or 8.0 percent, to EUR 329.4 million (358.2).

Earnings

Operating profit for Aspo Group's continuing operations in 2009 amounted to EUR 15.3 million (14.1). Operating profit includes EUR 6.1 million in sales gains, EUR 0.5 million in sales losses and non-recurring costs from Telko of EUR 2.3 million.

ESL Shipping's operating profit was EUR 14.7 million (15.6), including a EUR 2.9 million sales gain from m/s Kontula. Leipurin's operating profit was EUR 3.2 million (3.1). Telko's operating profit grew by EUR 2.1 million to EUR 3.1 million (1.0). Kaukomarkkinat's operating profit was EUR 0.5 million (2.1).

Other operations include Aspo Group's administration and a small share of other items not belonging to the business units. The operating profit of other operations was EUR 6.2 million in the red (-7.7). Administrative costs decreased considerably from the fourth quarter onwards.

Investments

The investments from the Group's continuing operations amounted to EUR 7.4 million (20.5), which mainly includes ESL Shipping's dockings and Telko's new ERP system adopted at the beginning of 2010. Other investments were maintenance investments.

Financing

The Group's financing position improved considerably during the year. The divestment of Hamina Terminal Services Ltd's operations, the Kontula vessel and smaller individual business operations together with strong operational cash flow enabled a considerable decrease in interest-bearing debt in the review period. In addition, the cancellation of ESL Shipping's second vessel order from India strengthened the Group's financial position. The Group's liquidity is good and the amount of cash and cash equivalents on the closing date was EUR 11.5 million (12.6). There was a total of EUR 70.3 million (95.0) in interest-bearing liabilities on the consolidated balance sheet on the closing date. Interest-free liabilities totaled EUR 57.6 million (43.6).

Aspo Group's net gearing was 87.9% (124.9), the return on equity was 13.0% (24.1) and the equity ratio was 34.6% (30.6).

The Group's cash flow from operations still remained strong. The cash flow for January–December was EUR 13.0 million (30.9). The Group maintained its strong operating profit level but

Net Sales by Segment

	2009 MEUR	2008 MEUR	Change MEUR	Change %
ESL Shipping	**63.8**	84.1	-20.3	-24.1
Leipurin	**99.3**	69.3	30.0	43.3
Telko	**128.8**	172.7	-43.9	-25.4
Kaukomarkkinat	**36.4**	30.8	5.6	18.2
Other operations	**1.1**	1.3	-0.2	-15.4
Continuing operations total	**329.4**	358.2	-28.8	-8.0
Discontinued operations		45.1	-45.1	-100.0
Total	**329.4**	403.3	-73.9	-18.3

Net Sales by Market Area

	2009 MEUR	2008 MEUR	Change MEUR	Change %
Finland	**151.8**	166.0	-14.2	-8.6
Nordic countries	**30.0**	47.5	-17.5	-36.8
Baltic countries	**37.0**	32.8	4.2	12.8
Russia + other CIS countries	**56.2**	61.1	-4.9	-8.0
Other countries	**54.4**	50.8	3.6	7.1
Continuing operations total	**329.4**	358.2	-28.8	-8.0
Discontinued operations		45.1	-45.1	-100.0
Total	**329.4**	403.3	-73.9	-18.3

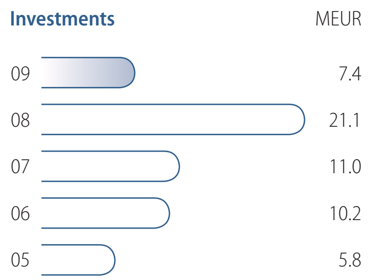
Operating Profit by Segment

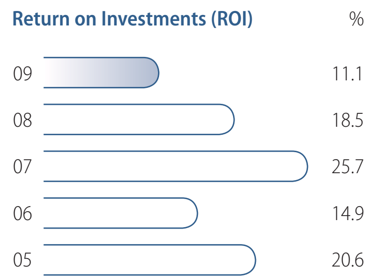
	2009 MEUR	2008 MEUR	Change MEUR	Change %
ESL Shipping	**14.7**	15.6	-0.9	-5.8
Leipurin	**3.2**	3.1	0.1	3.2
Telko	**3.1**	1.0	2.1	210.0
Kaukomarkkinat	**0.5**	2.1	-1.6	-76.2
Other operations	**-6.2**	-7.7	1.5	-19.5
Continuing operations total	**15.3**	14.1	1.2	-8.5
Discontinued operations		9.6	-9.6	-100.0
Total	**15.3**	23.7	-8.4	-35.4

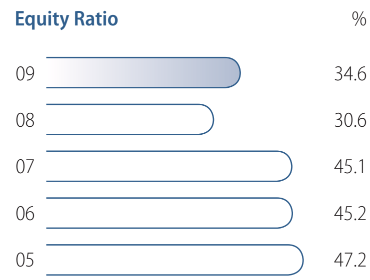
Investments by Segment*

	2009 MEUR	2008 MEUR	Change MEUR
ESL Shipping	**3.1**	18.8	-15.7
Leipurin	**0.5**	0.1	0.4
Telko	**2.5**	0.4	2.1
Kaukomarkkinat	**0.6**	0.1	0.5
Other operations	**0.7**	1.1	-0.4
Continuing operations total	**7.4**	20.5	-13.1
Discontinued operations		0.6	-0.6
Total	**7.4**	21.1	-13.7

*without business acquisitions







less working capital was released than in the comparison period. The Group's free cash flow was EUR 33.9 million (-39.8). Divestment and transfer gains from business operations and material commodities generated a strong cash flow for the Group. Similarly the low level of considerable investments affected free cash flow in the period.

The amount of working capital decreased further. At the end of the period the change in working capital stood at EUR 6.8 million (14.9).

The amount of binding revolving credit facility signed between Aspo and its main financing banks stood at EUR 80 million at the end of the period. At the end of the period the binding revolving credit facility remained fully unused.

Risks and Risk Management

The deep economic recession that began in 2008 continued in 2009, maintaining an elevated risk level in all of Aspo's business areas. The economic uncertainty and slow or even negative growth increased uncertainty throughout early 2009, but did not prevent operations and controlled growth in most of our business areas. Towards the end of the year, stabilization in the economy and a slight recovery in prices also decreased risks.

The Group is growing in developing market areas where growth risks are also affected by investments, interest rate levels, exchange rates and customers' liquidity, as well as changes in legislation and import regulations. In terms of Aspo's market areas, the general economic uncertainty also affects industrial demand in Western countries. Of customer segments, basic industry in particular has announced that its order book has decreased from 2009. Changes in demand in developing markets are more difficult to estimate.

The Group has avoided considerable exchange rate losses due to active hedging of currency positions and currency flow. Risks of bad debt have increased, and in 2009 the group recognized some provisions for bad debts, of which a significant was made in the last quarter.

The risks caused by the economic recession were monitored in 2009 particularly actively at Aspo. The merger of operations as a result of the 2008 acquisition was completed in the fall of 2009 and the risk management of the merger was combined with the general Group risk management. The business areas still continued carrying out risk analyses controlled by external assessors and making continuity plans. Risks were also analyzed to ensure sufficient insurance coverage and no major shortcomings were detected. In December, Aspo's Board of Directors approved internal supervision principles in which risk assessment and management instructions are included as an integral part.

Risk management is part of Aspo's internal supervision and its task is to ensure the implementation of the Group's strategy, development of financial results, shareholder value, dividend payment ability and continuity in business operations. The operational management of the business areas are responsible for risk management. The management is responsible for defining sufficient measures, implementation and for monitoring that the measures are implements as part of day to day operational control. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

Risks related to goodwill are monitored through impairment testing in each business area at least once a year, but more frequently in 2009 due to the recession. In 2009, there was no need to make changes to goodwill.

Aspo Group's financing and financing risk management is centralized in the parent company in accordance with the financing policy approved by the Board of Directors.

Business Risks

The near-term operational risks focus on the effects of the global economic recession. Particular attention is paid to maintaining customer relationships and the validity of contracts.

In operational risks, the main risks in terms of likelihood and effect are connected to the permanence of customer relationships, equipment sufficiency, maintaining the balance level and key personnel. Therefore, risk management in Aspo does not simply mean maintaining sufficient insurance coverage but it is an integral part of continuous operations and is built into all operational processes.

ESL Shipping

The main business risks for ESL Shipping are unfavorable changes in demand and competitive position, loss of customer confidence, labor conflicts, optimizing capacity and shipments, and an emergency or accident at sea. With long-term customer contracts and the constant monitoring and development of operations, Aspo Shipping has been able to manage its risks successfully.

Leipurin

In the business areas of Leipurin, the biggest risks are exchange rate risks and the strengthening of the euro as a factor affecting pricing, especially in Russia; exchange rate risks are also recognized in the Baltic countries and Poland. The recession may affect the demand for bakery machines as the willingness to invest decreases. Other operational risks are international food crises and import restrictions. Leipurin has been successful in its risk management. The direct effects from foreign exchange rate fluctuations have been controlled and no significant losses have occurred.

Telko

Telko's result is affected in particular by the general lack of demand caused by the economic recession. Exchange rate risks and the weakening of the customer company's solvency are also an outcome of the recession. Other essential business risks with a potential impact on operations include mergers and acquisitions between raw material suppliers, reorganization of distribution channels, and changes in the chemical industry and legislation. Telko has recorded exchange rate losses and value decreases on inventories.

Kaukomarkkinat

A decrease in customers' domestic market or export sales is a risk for Kaukomarkkinat. Selling of products based on energy conservation may suffer if energy prices decrease. The main exchange rate risks are connected to the strengthening of the Japanese yen and rising import prices. In China, the economic situation and a slowdown in growth may affect customers' willingness to invest. Risk management has been successful; exchange rate fluctuations have not had a significant effect on earnings.

Financial Risks

Aspo Group's financing and financial risk management are handled centrally by the parent company in accordance with the financial policy approved by the Board of Directors.

Interest Rate Risks

Aspo hedges against interest rate risks by binding interest-bearing debt partly to floating rate loans and partly to fixed rate loans. The company also uses interest rate derivatives.

Credit Risks

The Group uses terms of payment based on advance payments and bank guarantees to hedge against credit risks.

Exchange Rate Risks

Aspo Group's hedging measures include forwards and intra-Group currency transactions.

Personnel

At the end of the period the number of employees at Aspo Group was 717 (827) and the average during the fiscal period was 723 (882). The average number of officials during the year was 492 (553) and of employees was 231 (329). The number of personnel in the parent company consisting of officials was 13 (14) at the end of the period and 15 (13) on average during the period.

Of Aspo Group's personnel, 59% (64) work in Finland, 4% (4) in other Nordic countries, 10% (6) in Baltic countries, 18% (14) in Russia and other CIS countries, and 9% (12) in other countries. Men make up 64% (67) and women 36% (33) of employees. Of Aspo Group's employment contracts, 99% (99) are full time. During the financial year, 30 (66) new employment contracts were signed. Total wages and salaries paid to personnel in 2009 amounted to EUR 36.4 million (35.4).

Rewards and Incentives

The Aspo Group has introduced a profit-sharing scheme. Part of the Group's profit is placed in a personnel fund as a profit bonus. The objective is for the fund to use the majority of the profit bonuses to acquire Aspo Plc shares. The long-term objective is to make the personnel one of the company's key shareholder groups. The personnel fund covers all of Aspo Group personnel working in Finnish subsidiaries. In addition to this, Aspo's business areas pay part of their earnings as bonuses to the personnel. The calculation principles for the bonuses are decided on by business area.

In 2006, Aspo's Board of Directors decided on a share price-linked incentive scheme for key personnel, in which any bonus is based on the three-year yield of the company's share. No bonuses were paid based on the program in 2009. The Board of Directors decided, however, to continue the 2006 management share-ownership plan by granting the people included in the plan a possibility to receive Aspo shares in spring of 2010. The possible bonus will be paid in part as shares and in part as cash. The 2006 share-ownership plan encompasses about 30 people.

In March 2009, Aspo's Board of Directors also decided on a share price-linked incentive scheme for key personnel, in which any bonus is based on the performance of the company's share in 2009–2011. The scheme covers approximately 40 Aspo Group executives and key employees.

Average Personnel by Segment

	2009	2008
ESL Shipping		
Office staff	32	30
Crew members	167	199
	199	229
Leipurin		
Office staff	164	98
Non-office workers	32	26
	196	124
Telko		
Office staff	177	187
Non-office workers	24	17
	201	204
Kaukomarkkinat *		
Office staff	94	
Non-office workers	8	
	102	
Other operations		
Office staff	25	138
Non-office workers		2
	25	140
Discontinued operations		
Office staff		100
Non-office workers		85
		185
Total	723	882

*Kaukomarkkinat reported in other operations in 2008

Research and Development

Aspo Group's R&D focuses mainly on developing operations, procedures and production technology without a separate organization, which means that the development investments are included in normal operational costs and are not itemized.

Environment

Aspo Group's regular operations do not have any significant environmental impact. The Group companies follow Aspo's environmental policy with the main principle of continuously improving operations. Throughout our operations we support the principles of sustainable development.

Aspo looks after the environment by taking initiatives and continuously monitoring the laws and recommendations connected to its operation and any revisions to these. We want to be pioneers in all of our operations and also anticipate future developments in environmental regulations.

ESL Shipping

The operations of ESL Shipping and all vessels have been certified in accordance with the requirements of the International Safety Management (ISM) Code of the International Maritime Organization IMO. The purpose of the ISM Code is to provide an international standard for the safe operation of ships and for pollution prevention. The certificate involves annual audits. ESL Shipping also has ISO 14001 environmental certification. The fleet has switched over to low-sulfur fuels.

Leipurin

Leipurin pays particular attention to the quality, safety and environmental impact of its foodstuff raw materials. All raw material suppliers are ISO 9001:2000 certified. Environmental issues are also taken into account when choosing the suppliers.

Telko

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products or personnel. Telko is also involved in a version of the Responsible Care program that concentrates on chemicals trade. One element of the program is commitment to the continued voluntary improvement of environmental, health and safety affairs. Telko has also been awarded the ISO 9001 quality certificate.

Kaukomarkkinat

Kaukomarkkinat specializes in energy efficiency applications and services. Environmental concern is most important to its suppliers: the commitment to sustainable development is seen in all activities from product planning and production to recycling.

Management and Auditors

Aspo Plc's Annual General Meeting on March 31, 2009 re-elected Matti Arteva, Esa Karppinen, Roberto Lencioni, Gustav Nyberg and Risto Salo to the Board of Directors for a one-year term. As Kari Stadigh opted out of the Board of Directors, Kristina Pentti-von Walzel was elected as a new member of the Board. Gustav Nyberg has acted as the full-time Chairman of the Board since January 1, 2009. Matti Arteva has acted as the deputy Chairman.

In 2009, the Board of Directors arranged 13 meetings, of which four were teleconferences. The average participation rate was 99%.

Since January 1, 2009 the Group CEO has been Aki Ojanen, and the Group CFO Arto Meitsalo.

The authorized public accounting firm PricewaterhouseCoopers Oy has been the company's auditor. Mr. Jan Holmberg, APA, has acted as the auditor in charge.

Shares and Shareholders

Aspo Plc's registered share capital on December 31, 2009, was EUR 17,691,729.57 and the total number of shares was 26,406,063. The company's own shareholding was 620,000 shares, accounting for 2.35 percent of Aspo Plc's stock. Aspo Plc has one share series. Each share entitles its holder to one vote at the Annual Shareholders' Meeting. The company's shares are quoted on NASDAQ OMX Helsinki in the mid cap category and under the GICS classification Industrials.

During 2009, a total of 2,262,316 Aspo Plc shares were traded at EUR 12.2 million or 8.6% of the shares changed owners. The share reached a high of EUR 6.20 and a low of EUR 3.94 during the period. The average price was EUR 5.43 and the closing price was EUR 5.90. The market value of the share capital at the year-end, less treasury shares, was EUR 152.1 million.

At year-end, the number of Aspo Plc shareholders was 5,161. A total of 818,331 shares or 3.1% of the total share capital was nominee registered or held by non-domestic shareholders.

Henrik B. Nyberg announced on January 19, 2009 that his share of Aspo Plc's share capital and votes fell below 10%.

The Annual Shareholders' Meeting of 2009 authorized the Board to decide on a share issue, through one or several installments, to be executed by conveying shares held by the company. An aggregate maximum amount of 1,020,000 shares may be conveyed based on the authorization.

The authorization will be used for the financing or execution of corporate acquisitions or other transactions or for other purposes determined by the Board. The authorization includes the right of the Board of Directors to decide on all the terms and conditions of the conveyance and thus also includes the right to convey shares otherwise than in proportion to the holdings of the shareholders, in deviation from the shareholders' pre-emptive right on the conditions provided by law.

Furthermore, the shareholders authorized the Board to decide on the acquisition of company-held shares using the unrestricted shareholders' equity of the company. The authorization covers a maximum of 400,000 own shares. The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the holdings of the shareholders and the consideration paid for the shares shall be the market price of Aspo's share at the time of repurchase. The authorization does not exclude the Board's right to resolve on a directed repurchase. The shares shall be acquired through public trading on NASDAQ OMX Helsinki Ltd in accordance with its rules and regulations.

The shares shall be acquired to be used to finance or carry out possible acquisitions or other arrangements, to balance the financial risk of the company's share-ownership program or for other purposes determined by the Board. The Board may not exercise the authorization if after the acquisition the company or its subsidiary would posses or have as a pledge more than ten (10) per cent of the company's stock.

The authorization is valid until the Annual Shareholders' Meeting of 2010, but no more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors has not exercised the authorizations granted by the Annual General Meeting.

Aspo Plc's Extraordinary Shareholders' Meeting held on June 8, 2009 authorized the Board of Directors to decide on an issue of shares and special rights entitling to shares. A maximum of 2,600,000 shares may be issued on the basis of the authorization. The authorization will be used for a convertible capital loan to be issued by Aspo Plc, directed to a limited group of investors. The authorization will not supersede the authorization to decide on a share issue given to the Board of Directors by the Annual Shareholders' meeting.

The Board of Directors exercised the authorization granted by the Extraordinary General Meeting on June 8, 2009, and decided to offer a convertible capital loan with a maximum loan amount of EUR 15,000,000 for subscription by a limited group of selected investors.

Convertible Capital Loan

The convertible capital loan issued in 2004 of EUR 15,512,500 was repaid on June 4, 2009 in accordance with the loan terms.

Aspo Plc has EUR 15,000,000 in a convertible capital loan issued in 2009. The loan period is June 30, 2009–June 30, 2014. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 5 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%.

The capital notes can be converted into Aspo stock. Each EUR 50,000 share of the loan entitles the loan shareholder to convert the loan share to 7,690 Aspo Plc shares. The conversion price for the share is EUR 6.50. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014. No conversions were made in 2009.

Events after the Reporting Period

The company arranged a Capital Markets Day on January 19, 2010 and issued a stock exchange release on the subject on January 19, 2009.

Revolving credit facilities were reorganized after the review period. The maturity of the agreements was extended and the total amount was decreased from EUR 80 million to EUR 50 million. The company also implemented a new financing source by signing a sales agreement concerning some of Telko's trade receivables.

The Group CTO Harri Seppälä, was on February 1, 2010, in addition to his previous duties, appointed responsible for Aspo's investor relations reporting to the CEO.

Outlook for 2010

Aspo Group's current structure creates a good basis for growth in operations. Administrative costs are expected to decrease considerably from 2009. The Group is seeking growth in particular in Russia and other CIS countries, as well as in Western markets as the economy recovers.

Aspo's aim is to improve its profitability.

Aspo has the preconditions to increase its net sales and improve its earnings per share.

ESL Shipping

The shipping company's vessel capacity has decreased in recent years. The vessel ordered from India is expected to be completed by summer and be with us on the Baltic during the fall. In order to ensure winter traffic, which has been more challenging than in previous years, and to cover docking in early summer, two new vessels have been period chartered. M/s Beatrix is chartered from February to June and m/s Princenborg to the end of April. M/s Nassauborg's period of charter is continuing for the time being. A considerable share of the transportation capacity of 2010 has been covered with long-term agreements. The volume in the steel industry is estimated to exceed 2009 levels and the cargo volumes in the energy sector are expected to remain at the same level as in previous years. ESL Shipping is preparing to increase its capacity and renewing its fleet in accordance with its strategy.

The amendment to the tonnage tax legislation that is awaiting approval from the EU commission would have a considerable effect on ESL Shipping's post-tax result if applied. The new tonnage tax legislation is expected to become retroactively valid from January 1, 2010.

Leipurin

Organic growth is expected to continue. During 2010, Leipurin will continue establishing itself in new major cities in Russia, will establish a test bakery in Ukraine and investigate the possibility of starting operations in Belarus and Kazakhstan. The wherewithal for growth is created by a new customs agreement between Russia, Kazakhstan and Belarus that will take effect on July 1, 2010. The new offices create a good foundation for several years of growth in bakery raw material sales. Bakery machine sales is estimated to be at last year's level. In terms of market areas, growth is expected from Russia, but sales in the Baltic region is expected to decline. The order book for project deliveries has decreased from the 2009 level.

Leipurin aims at an operating profit level that is at least on par with the 2009 level.

Telko

The savings effect on fixed costs from reorganization methods completed in 2009 is estimated to be approximately EUR 2 million in 2010. Telko will continue to make its operations more efficient.

In early 2010 a new subsidiary will be founded in China. Operations will initially be based on service to Northern European plastic industry customers operating in China. The company will continue expanding in Russia and the CIS countries in accordance with its strategy. New offices will be opened in major cities in Russia. The new customs treaty between Russia, Belarus and Kazakhstan from July 1, 2010 creates good opportunities to expand into Belarus and Kazakhstan. The decision to expand into new countries will be made during 2010. Telko will focus on further developing logistics and finding strong new suppliers. The price level increased moderately in the fall of 2009 but is still clearly below the 2008 level. Prices are not expected to decrease during 2010.

Telko is aiming to improve its operating profit.

Kaukomarkkinat

Kaukomarkkinat's main target is to grow at least as much as general market growth in the Finnish air-source heat pump markets. In addition, the business is aiming to expand its product portfolio – the company will introduce its own air-water source heat pump to the markets by summer.

Project sales in the process industry are expected to improve to 2008 levels. The company's order book in China has improved compared to 2009. Growth is being sought in security and digital applications.

Kaukomarkkinat has the preconditions to improve its operating profit level.

Operational Risks

The general economic situation is affecting industrial demand in the Baltic Sea region. Of customer segments, basic industry in particular has announced that its order book has decreased from 2009. Changes in demand in developing markets are more difficult to estimate. In Russia in particular the overall market is expected to continue developing positively, and the share of Russia and CIS counties in Aspo Group's operations is expected to remain intact or increase. The risk of a recession in the financial markets and the economy is still reflected in the exchange rates in our neighboring areas (Russia, Ukraine, the Baltic region and Poland). The economic recession may affect customers' liquidity.

Aspo Plc's Corporate Governance Statement is published on the company's website on www.aspo.com.

Consolidated Income Statement

1 000 EUR	Notes	2009	2008
Net sales	1	**329 405**	358 233
Other operating income	4	**9 934**	1 585
Change in inventory of finished goods and work in progress +/–	7	**-3 600**	-1 545
Share of associated companies' profit or loss	17	**569**	-14
Materials and services	7	**-222 502**	-248 147
Personnel costs	5	**-36 415**	-32 927
Depreciation	6	**-8 863**	-10 822
Other operating expenses	8	**-53 276**	-52 286
Operating profit		**15 252**	14 077
Financial income	9	**1 679**	1 016
Financial expenses	9	**-5 254**	-5 556
Total financial expenses		**-3 575**	-4 540
Profit before taxes		**11 677**	9 537
Income taxes	10	**-3 062**	-2 545
Net profit for the period from continuing operations		**8 615**	6 992
Discontinued operations			
Net profit for the period from discontinued operations			8 528
Profit for the Year		**8 615**	15 520
Other comprehensive incom			
Translation differences		**-150**	-1 506
Cash flow hedges		**357**	865
Net result recognized directly to equity		**203**	-18
Income tax on other comprehensive income		**-92**	-226
Other comprehensive income for the year net of taxes		**318**	-885
Total comprehensive income		**8 933**	14 635
Profit of the year attributable to			
Parent company shareholders		**8 553**	15 507
Minority interest		**62**	13
Total comprehensive income attributable to			
Parent company shareholders		**8 871**	14 622
Minority interest		**62**	13
Earnings per share to parent company shareholders, EUR			
Undiluted earnings per share			
From continuing operations	11	**0.33**	0.27
From discontinued operations	11		0.33
Total, EUR		**0.33**	0.60
Diluted earnings per share, EUR			
From continuing operations	11	**0.33**	0.26
From discontinued operations	11		0.30
Total, EUR		**0.33**	0.56

The notes presented on pages 52–82 form an integral part of the consolidated financial statements

Consolidated Balance Sheet

Assets

1 000 EUR	Notes	2009	2008
Non-current assets			
Other intangible assets	12	**16 642**	17 014
Goodwill	13	**40 224**	40 351
Tangible assets	14	**50 111**	69 108
Investments held for trading	15	**206**	193
Receivables	16	**211**	258
Shares in associated companies	17	**1 556**	925
Deferred tax receivable	18	**412**	896
Total non-current assets		**109 362**	128 745
Current assets			
Inventories	19	**29 246**	33 418
Accounts receivable and other receivables	20	**43 307**	42 286
Income tax receivables for the period		**1 423**	979
Cash and cash equivalents	21	**11 525**	12 621
		85 501	89 304
Non-current assets classified as available for sale	3		679
Total current assets		**85 501**	89 983
Total assets		**194 863**	218 728

Shareholders' equity and liabilities

1 000 EUR	Notes	2009	2008
Shareholders' equity			
Share capital		**17 692**	17 692
Premium fund	22	**4 351**	4 351
Treasury shares	22	**-3 778**	-3 778
Translation differences	22	**-383**	-81
Revaluation fund	22		-265
Invested unrestricted equity fund	22	**274**	248
Retained earnings	22	**37 678**	32 063
Net profit for the period		**8 553**	15 507
Equity portion of the convertible bond	22	**2 572**	220
Total shareholders' equity belonging to shareholders		**66 959**	65 957
Minority interest		**-62**	13
Total shareholders' equity		**66 897**	65 970
Long-term liabilities			
Deferred tax liability	18	**13 538**	13 971
Loans	23	**43 407**	36 302
Other liabilities	24	**183**	
Total long-term liabilities		**57 128**	50 273
Short-term liabilities			
Provisions	26	**174**	201
Loans and overdraft facilities	23	**26 925**	58 729
Accounts payable and other liabilities	24	**43 399**	41 871
Income tax liabilities for the period		**340**	1 186
		70 838	101 987
Liabilities related to non-current assets classified as held for sale	3		498
Total short-term liabilities		**70 838**	102 485
Total liabilities		**127 966**	152 758
Total shareholders' equity and liabilities		**194 863**	218 728

Consolidated Cash Flow Statement

1 000 EUR	2009	2008
Operational cash flow		
Operating profit	**15 252**	23 717
Adjustments to operating profit		
Depreciation and impairment	**8 863**	11 199
Sales gains and losses from fixed assets and investments	**-5 780**	-9 480
Accrued personnel costs	**-852**	-474
Share of associated companies' profit or loss	**-569**	14
Change in working capital		
Inventories	**4 696**	7 298
Current receivables	**1 054**	17 586
Non-interest bearing current liabilities	**1 045**	-10 468
Other change		507
Interest paid	**-5 509**	-6 047
Interest received	**235**	1 025
Dividends received	**2**	7
Taxes paid	**-5 479**	-3 972
Operational cash flow	**12 958**	30 912
Cash flow from investments		
Investments in tangible and intangible assets	**-1 349**	-19 765
Advance payments for vessels	**-2 337**	-2 285
Gains on the sale of tangible and intangible assets	**13 774**	757
Gains on the sale of other investments		-34
Gains on the sale of business operations	**11 050**	
Subsidiaries acquired less the cash flow at time of acquisition	**-1 204**	-78 202
Subsidiaries sold	**1 000**	28 836
Cash flow from investments	**20 934**	-70 693
Cash flow from financing		
Repurchase of shares		-804
Disposal of shares		62
Repayments of short-term loans	**-36 663**	-34 480
New short-term loans	**3 950**	51 434
New long-term loans	**28 555**	34 000
Repayments of long-term loans	**-20 000**	
Profit distribution to minorities		-118
Dividends distributed	**-10 830**	-10 838
Cash flow from financing	**-34 988**	39 256
Change in liquid funds	**-1 096**	-525
Liquid funds Jan. 1	**12 621**	13 146
Liquid funds at year-end	**11 525**	12 621

The notes presented on pages 52–82 form an integral part of the consolidated financial statements

Statement of Changes in Shareholders' Equity

1 000 EUR	Notes	Share capital	Premium fund	Revalua-tion fund	Invested unre-stricted equity fund	Other funds	Treasury shares	Trans-lation differ-ences	Retained earnings	Total	Minority interest	Total share-holders' equity
Shareholder's equity January 1, 2009		**17 692**	**4 351**	**-265**	**248**	**220**	**-3 778**	**-81**	**47 570**	**65 957**	**13**	**65 970**
Dividend payment	22								-10 830			
Equity portion of the convertible bond						3 222						
Share of deferred taxes						-870						
Share-based incentive system	22								547			
Transfer of funds					26				-26			
Change in minority interest											13	
Total comprehensive income				265				-302	8 970		-62	
Shareholder's equity December 31, 2009		**17 692**	**4 351**	**0**	**274**	**2 572**	**-3 778**	**-383**	**46 231**	**66 959**	**-62**	**66 897**
Shareholder's equity January 1, 2008		**17 687**	**4 311**	**-904**	**229**	**220**	**-3 036**	**58**	**44 286**	**62 851**	**162**	**63 013**
Dividend payment	22								-10 838			
Repurchase of shares							-804					
Disposal of shares					19		62					
Conversion of convertible capital loan	22	5	40									
Change in minority interest											-162	
Total comprehensive income				639				-139	14 122		13	
Shareholder's equity December 31, 2008		**17 692**	**4 351**	**-265**	**248**	**220**	**-3 778**	**-81**	**47 570**	**65 957**	**13**	**65 970**

Notes to the Consolidated Financial Statements

Basic Information

Aspo Plc is a Finnish public corporation domiciled in Helsinki. Aspo Plc's shares are listed on NASDAQ OMX Helsinki Oy.

Aspo is a conglomerate that focuses on sectors that require extensive specialist knowledge. The Group's operations are organized into independent segments - ESL Shipping, Leipurin, Telko and Kaukomarkkinat, as well as Other Operations.

The Group's parent company is Aspo Plc. The parent company is domiciled in Helsinki and its registered address is Lintulahdenkuja 10, FI-00500 Helsinki, Finland.

A copy of the consolidated financial statements is available from Aspo Plc's head office at Lintulahdenkuja 10, FI-00500 Helsinki, Finland.

Aspo Plc's Board of Directors has approved the financial statements for issue at its meeting on February 15, 2010. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the financial statements at an Annual Shareholders' Meeting held after the issue, and may also decide to modify them.

Accounting Principles

Basis of Presentation

Aspo Plc's consolidated financial statements have been drawn up in line with International Financial Reporting Standards (IFRS) approved in the EU, applying the standards and interpretations valid on December 31, 2009. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

All of the figures in these financial statements are in EUR thousands and based on original acquisition costs unless otherwise stated in the Accounting Principles.

Aspo has adopted the following new or amended standards and interpretations to existing standards as of January 1, 2009:

- IAS 1 (Revised), Presentation of financial statements. The change in accounting policy mainly impacts presentation aspects. Comparative information has been re-presented so that it also is in conformity with the revised standard.
- IFRS 8, Operating segments. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.
- IFRS 7 (Amendment) Enhancing Disclosures on Financial Instruments The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by levels of a fair value measurement hierarchy.

Aspo has adopted the following new or amended standards and interpretations to existing standards as of January 1, 2009 which have no significant impact on the consolidated financial statements:

- IAS 23 (Revised), Borrowing costs
- IFRIC 11, IFRS 2 – Group and treasury share transactions
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRS 2 (Amendment), Share-based payment – vesting conditions and cancellations
- IAS 1 and IAS 32 (Amendments), Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation
- IFRS 1 and IAS 27 (Amendments), Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in Adoption of IFRS
- IAS 39 (Amendment), Financial instruments: Recognition and measurement – Eligible Hedged Items

IASB published changes to 34 standards in May 2008 as part of the annual Improvements to IFRSs project. The changes have no significant impact on the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the parent company Aspo Plc and all of its subsidiaries. Subsidiary refers to a company in which the parent company, directly or indirectly, owns more than 50% of the voting rights or in which it otherwise exercises control. Associated companies, in which the Group owns 20 to 50% of the voting rights and at least a 20% holding or in which it otherwise exercises significant control, have been consolidated using the equity method. If the Group's share of the associated company's losses exceeds the carrying amount, losses in excess of the carrying amount will not be consolidated unless the Group has undertaken to fulfill the associated companies' obligations. Unrealized profits between the Group and an associated company have been eliminated in accordance with the Group's ownership.

Subsidiaries acquired during the year have been consolidated from the time Aspo gained control. Divested operations are included up to the time Aspo surrendered control. Acquired subsidiaries have been consolidated using the acquisition cost method, which involves measuring the acquired company's assets and liabilities at fair value at the time of acquisition. The goodwill acquisition cost is the amount by which the subsidiary acquisition cost exceeds the net fair value of the acquired identifiable assets, liabilities and conditional liabilities. As allowed by IFRS 1, acquisitions made before the adoption of IFRS have not been adjusted to comply with IFRS principles; instead, they remain at the FAS-compliant values.

In the IFRS, goodwill is not amortized; instead, it is tested annually for impairment.

Intra-Group transactions, receivables and liabilities and intra-Group profit distribution have been eliminated in the consolidation.

The distribution of the fiscal year's profit between the parent company shareholders and minorities is shown in the income statement. Minority interest is presented as a separate item under the Group's shareholders' equity.

Foreign Currency Items and Their Measurement

Transactions in foreign currencies are recorded at the exchange rates of the transaction date. Foreign currency receivables and liabilities open at the end of the fiscal year have been measured using the rates of the closing date. The losses and gains from foreign currency denominated transactions and conversion of monetary items are recorded in the income statement. Foreign exchange gains and losses related to business operations have been recognized in the corresponding items above the operating profit. Foreign exchange gains and losses from foreign currency denominated loans are included in financial income and expenses.

Foreign Subsidiaries

Figures for the performance and financial position of the Group's units are measured in the main currency of the unit's business environment ("operational currency"). The consolidated financial statements are presented in euro, the parent company's operational and reporting currency. In the consolidated financial statements, the income statements of foreign subsidiaries have been translated into euro using the average rate of the fiscal year. Balance sheet items have been translated into euro using the exchange rates on the closing date. Translation differences are presented as a separate item under shareholders' equity. When the holding in a subsidiary is divested in its entirety or in part, the accumulated translation differences are recognized on the income statement as part of the sales profit or loss.

However, as allowed by IFRS 1, translation differences arising prior to January 1, 2004 were recognized under retained earnings when IFRS was adopted and will not be recognized on the income statement in connection with any divestment of the subsidiaries. Translation differences that have arisen through consolidation since the adoption date are presented as a separate item under shareholders' equity. Since January 1, 2004, goodwill arising from the acquisition of foreign business units and adjustments to the fair values of these units' assets and liabilities upon acquisition have been treated as assets and liabilities of the foreign units and translated into euro using the exchanges rates on the closing date. Goodwill and fair value adjustments related to acquisitions made prior to January 1, 2004 have been posted in euro.

Segment Reporting

From January 1, 2009, Aspo's business segments are ESL Shipping, Leipurin, Telko and Kaukomarkkinat. The comparative figures of 2008 are changed to correspond with the new business segments. The business segments are reported in a manner that is uniform with internal reporting to the operative decision maker of the company. The highest operative decision maker in the company is the Group's Board of Directors that makes strategic decisions. Inter-segment transactions are carried out at market prices.

Tangible Assets

Fixed assets have been recognized at original acquisition cost net of cumulative depreciation less impairment. Planned depreciation is calculated on a straight-line basis over the estimated useful economic life as follows:

Buildings and structures	15–40 years
Vessels	16–30 years
Pushers	8–10 years
Machinery and equipment	3–8 years
Piping	5–20 years
Other tangible assets	5–40 years

Land is not depreciated.

A previously recorded write-down on tangible assets will be reversed if the estimates used to determine the recoverable amount change. However, the post-reversal value may not exceed the value the asset had before write-down in previous years. Sales profits and losses arising from removal from use and disposals of tangible assets are included in other operating income and expenses.

Goodwill and Other Intangible Assets

The acquired subsidiaries have been consolidated using the acquisition cost method. The acquisition cost is matched against assets and liabilities on the basis of their fair value at the time of acquisition. The remaining part of the acquisition cost is goodwill. Goodwill is not amortized; instead, its fair value is tested at least annually using the goodwill impairment test based on fair market value (see Goodwill Impairment Test on page 66).

No depreciation is recognized on intangible assets with unlimited useful economic lives, they are tested annually for impairment. The useful economic lives for the brands belonging to Leipurin and Telko segments have been assessed as unlimited. The fact that the brands are well-known and have a strong history supports the management's view that the brands affect accumulation of cash flow for an undefined period.

Other intangible assets are measured at original acquisition cost and amortized on a straight-line basis during their useful economic life. Other intangible assets include software and software licenses.

The Group assesses goodwill and other intangible assets annually or more often if there are any indications of potential impairment. If indications are present, the recoverable amount of the asset in question is determined. Impairment is assessed at the level of cash-flow generating units.

The recoverable amount is fair value less costs to sell or value in use, if higher. Cash flow-based value in use is determined by calculating the discounted current value of predicted cash flows. The discount rate used in the calculations is based on average cost of capital (WACC), which reflects the market's view of the time value of money and the risks involved in Aspo's business operations.

An impairment loss is recognized in the income statement if the carrying amount of an asset is higher than its recoverable amount. Where an impairment loss is recognized for an asset subject to depreciation, the asset's useful economic life is re-estimated. An impairment recognized for assets other than goodwill is reversed if the estimates used to determine the recoverable amount change substantially. However, the post-reversal value may not exceed the value the asset had before write-down in previous years. An impairment loss recognized for goodwill is not reversed under any circumstances.

Research and Development Costs

As a rule, research and development costs are recognized as expenses at the time of occurrence. However, development costs arising from the design of new products are capitalized in the balance sheet as intangible assets from the point when the product is technically and commercially feasible and expected to generate future economic benefit. Capitalized research and development costs will be amortized over their useful economic life.

Inventories

Inventories are measured at acquisition cost or net realizable value, whichever is lower. Acquisition cost is determined using the FIFO (first in first out) method. The acquisition cost of finished goods and work in progress includes raw material purchase costs, direct manufacturing wages, other direct manufacturing costs, and a share of manufacturing overheads (based on regular operating capacity), borrowing costs excluded. Net realizable value is the actual sales price in the ordinary course of business, less costs from the completion of the product and sales costs.

Leasing Agreements - Group as Lessee

Fixed asset leasing agreements, where the Group assumes an essential part of the risks and benefits inherent in ownership, are classified as financial leasing agreements. Assets acquired through financial leasing are recorded on the balance sheet in the amount equaling the fair value of the asset at the start of the agreement or a lower current value of minimum leases. The leasing payments are divided into financial expenses and loan repayment. The corresponding leasing liabilities less financial expenses are included in other longer-term interest-bearing liabilities. The interest on finance is recognized in the income statement during the leasing period so that the interest rate for the remaining debt will be the same for each financial year. Assets leased under financial leasing agreements will be depreciated either over their useful economic life or over the term of the leasing agreement if shorter.

Fixed asset leasing agreements in which the material part of risks and benefits inherent in ownership remain with the lessor are classified as other leases (operational leasing), the rents of which are recognized as expenses in equal amounts over the leasing period.

Employee Benefits

Statutory pension cover is provided for by taking out insurance with pension insurance companies. In foreign units, pension cover is arranged in accordance with local legislation and social security regulations. Payments towards defined-contribution pension schemes are recognized as expenses in the income statement during the relevant fiscal year.

Share-Based Payments

The Group has share-based incentive programs for the management, where part of the bonus is paid as shares and the rest in cash. More information on share-based arrangements can be found in Note 30. Options rights and assigned shares are value at fair value at the time of assignment and recognized as costs in the income statement as even installments between the time the right is generated and the end of the incentive program. The effects of other than market based terms (e.g. profitability and profit growth target) are not included in the fair value but taken into account in the amount of options or shares to which a right is assumed to be generated by the end of the period in which rights are generated.

Treasury Shares

The acquisition cost of Aspo Plc's own shares is recorded as a reduction of shareholders' equity.

Provisions

A provision is entered into the balance sheet if the Group, as a result of a past event, has a present legal or factual obligation that will probably have to be fulfilled, and the amount of the obligation can be reliably estimated. Warranty provisions include the cost of product repair or replacement if the warranty period is still effective on the balance sheet date. Warranty provisions are determined on the basis of historical experience.

Environmental provisions are recorded when the Group has a present obligation under environmental legislation or the Group's environmental responsibility principles related to the decommissioning of a production plant, environmental rehabilitation and restoration, or relocating equipment.

A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and restructuring has either commenced or the plan has been announced in an appropriate manner.

The amount recorded in provisions is the current value of the costs that are expected to occur when fulfilling the obligation.

Income Taxes

The Group's taxes include taxes based on the Group companies' profits and losses for the fiscal year, adjustment of taxes from previous fiscal years and changes in deferred taxes. Income taxes have been recorded in accordance with the tax rate in each country. Deferred tax liabilities or receivables are calculated from the temporary difference between accounting and taxation in accordance with the tax rate in force on the balance sheet date or the estimated tax payment date. Elements resulting in temporary differences include provisions, depreciation differences and confirmed losses. Deferred tax receivables are recognized for temporary differences arising from confirmed losses and other temporary differences to the extent that it is likely that they may be utilized in the future. The share of associated companies' profits or losses presented in the income statement has been calculated from net profit or loss, and it includes the impact of taxes.

Income Recognition Principles

Revenue from the sale of products is recognized when the material risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue from services is recognized once the services have been rendered. Income and costs from long-term projects are recognized as revenue and expenses on the basis of the percentage of completion when the outcome of the project can be reliably assessed. The percentage of completion is determined on the basis of the share of costs of the work carried out by the time of review of the project's estimated total costs. When it is likely that the project will generate losses, losses will be expensed immediately. Aspo had no long-term projects under way during the fiscal year. Government subsidies granted to compensate costs incurred are recognized as income, while costs related to the target of subsidy are expensed.

Long-Term Assets Classified as Available for Sale and Discontinued Operations

Long-term assets and assets and liabilities related to discontinued operations are classified as available for sale if the amount corresponding to their book value is mainly accumulated from the sale of the asset instead of from continued use. The preconditions for classifying an item as available for sale are met when the sale is highly likely and the management is committed to the sale.

Immediately prior to classification as available for sale, the assets in question or the assets and liabilities of the group to be surrendered are measured based on the applicable IFRS standards. From the point of measurement onwards, the assets available for sale are measured at book value or at a lower fair value less the costs accumulated from the sale.

The result of discontinued operations is presented as its own item in the consolidated income statement. Assets available for sale, groups of items to be surrendered and the liabilities included in the groups of items to be surrendered are included in other items in the balance sheet.

Accounts Receivable

Accounts receivable are recognized at acquisition cost. The Group writes down receivables if there is objective evidence that the receivable cannot be collected in full.

Accounts Payable

Accounts payable are originally recognized at fair value and later measured at amortized cost using the effective interest method.

Financial Assets and Liabilities

The classification of financial assets and liabilities, their measurement and the recognition of derivatives have been performed in accordance with IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement).

Financial Assets

Financial assets have been classified into loans and other receivables, investments held to maturity, financial assets available for sale, and financial assets recognized at fair value through profit and loss. The classification takes place upon initial recognition.

Loans and other receivables are recorded on the settlement date and presented on the balance sheet at amortized cost using the effective interest rate method. Transaction costs are included in the original acquisition cost. Financial assets and liabilities recognized at fair value through profit and loss are recorded on the settlement date and measured at fair value.

Financial assets available for sale and financial assets recognized at fair value through profit and loss are measured at fair value using quoted market prices and rates or an imputed current value. Unlisted shares for which fair value cannot be reliably determined are recorded at acquisition cost less impairment. Changes in the fair value of financial assets available for sale are recorded in the fair value fund under shareholders' equity, taking the tax impact into account. When such an asset is sold or otherwise realized or has generated an impairment loss, the accumulated changes in fair value are moved from shareholders' equity to profit or loss. Acquisitions or disposals of financial assets available for sale are recorded on the settlement date.

Investments in shares, fixed-income securities and convertible bonds are classified as financial assets available for sale.

Financial assets are derecognized when the Group has lost the contractual right to cash flows or when it has materially moved risks and revenue away from the Group.

An impairment is recognized in liabilities and receivables when the balance sheet value is higher than the recoverable amount.

Financial Liabilities

Financial liabilities are recorded on the settlement date and recognized on the balance sheet at acquisition cost less transaction costs. Interest is allocated on the maturity of the debt using the effective interest rate method.

The fair value of the share in debt of a convertible bond has been determined using the market interest rate of a corresponding debt on the date of issue. The share in debt is recognized at amortized cost until it is amortized completely by converting the loan into stock. The remainder of the money received and the share of equity, less associated taxes, has been recorded under equity.

Cash and Cash Equivalents

Cash and cash equivalents include cash funds, bank deposits and other highly liquid short-term (no more than three months) investments. Overdraft facilities have been presented under other short-term liabilities.

Derivatives

Derivatives are originally booked at fair value on the day the Group becomes a contracting party and are subsequently measured at fair value.

The Group has applied hedge accounting in accordance with IAS 39 to protect predicted foreign currency cash flow in the acquisition of fixed assets. The change in the fair value of the effective share of hedging is recorded directly in the hedge fund included in the fair value reserve under equity. Profits and losses recorded under equity are transferred to the acquisition cost of the asset during the fiscal period the hedged item is capitalized. Hedge accounting has not been applied to other derivatives.

Changes in the fair value of derivatives associated with financial items are recorded in financial income and expenses. Changes in the fair value of other derivatives are recorded under other operating income and expenses.

Fair value is determined on the basis of quoted market prices and rates, the discounting of cash flows and option measurement models.

The fair value of currency forwards is calculated by discounting the predicted cash flows from the agreements in accordance with the interest rates of the currencies sold, converting the discounted cash flows at the exchange rates on the closing date, and calculating the difference between the discounted cash flows. The fair values of interest options are determined using commonly adopted option measurement models.

Estimates

When preparing financial statements in compliance with the international financial reporting standards, assumptions and estimates have to be made that affect the assets and liabilities on the balance sheet at the time of preparation, the reporting of conditional assets and liabilities, and the income and expenses during the fiscal year. Estimates have been used, e.g., to determine the amounts of items reported in the financial statements, to determine goodwill and the useful life of tangible and intangible assets. Since the estimates are based on the best current assessments of the management, the final figures may deviate from the assessments used in the financial statements.

Goodwill Impairment Test

The Group tests the balance sheet value of goodwill annually or more often if there are any indications of potential impairment. An impairment loss recognized for goodwill is not reversed under any circumstances. Goodwill is allocated to the Group's cash flow generating units, the identification of which depends on in which business units the management monitors goodwill in their internal reporting. The unit's recoverable amount is calculated from value in use calculations. Cash flow based value in use is determined by calculating the discounted current value of predicted cash flows. The discount rate of the calculations is determined based on the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to the asset items and location of operations. The weighted average cost of capital reflects the Group's average long-term financial structure. An impairment loss is recognized in the income statement immediately if the asset's carrying value is higher than its recoverable amount.

Accounting Principles Requiring Exercise of Judgment and the Main Sources of Insecurity Related to Estimates

The estimates made when preparing the financial statements are based on the management's best assessment on the balance sheet date. The estimates are based on historical experiences and assumptions regarding the future development of the Group's financial operating environment in terms of net sales and cost level. In the Group management's view, the role of assumptions and estimates is the most significant as regards goodwill impairment testing. Goodwill and its testing is discussed in more detail in section 13.

Application of New or Amended IFRS Standards and IFRIC Applications

As of January 1, 2010, Aspo will apply the following new or amendment standards and interpretations to existing standards:

- IFRS 3 (Revised), Business combinations. The amendments will mainly impact the accounting of transaction costs, step acquisitions, goodwill and non-controlling interests.
- IAS 27 (Revised), Consolidated and separate financial statements. The amendments to IAS 27 require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control.

In addition to the new standards and interpretations presented in the annual financial statements for 2008, the following standards, interpretations and amendments to existing standards and interpretations issued during the year 2009 will be adopted by the Group in 2010:

- IFRIC 18, Transfers of Assets from Customers
- IFRIC 9 and IAS 39 (Amendment), Reassessment of embedded derivatives on reclassification
- IFRS 2 (Amendment), Share-based Payment – Group Cash-settled Share-based Payment Transactions

IASB published changes to 12 standards or interpretations in April 2009 as part of the annual Improvements to IFRS project. Management is assessing the impact of these changes and interpretations on the financial statements of the Group.

The following standards, interpretations and amendments will be adopted in 2011 or later:

- IAS 32 (Amendment), Financial Instruments: Presentation – Classification of Rights Issues
- IAS 24 (Revised), Related Party Disclosures
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (Amendment), Prepayments of a Minimum Funding Requirement
- IFRS 9, Financial Assets – Classification and Measurement

1. Net Sales and Segment Information

From January 1, 2009, Aspo's business segments are ESL Shipping, Leipurin, Telko and Kaukomarkkinat.

ESL Shipping handles sea transportation of energy sector and industrial raw materials and offers related services.

Leipurin serves the baking and other food industry by supplying ingredients, production machinery and production lines, as well as bakery industry related expertise.

Telko acquires and supplies plastic raw materials and chemicals to industry. Its extensive customer service also covers technical support and the development of production processes.

Kaukomarkkinat specializes in electronics and industrial machinery sales.

Other Operations include Aspo Group's administration and other operations not belonging to the business units. The segment structure corresponds with the Group's organizational structure and internal reporting, where evaluation principles of assets and liabilities are IFRS accordant.

The assessment of each segment's profitability is based on the segment's operating profit. The Group's Board of Directors is responsible for assessing the segments and making resourcing decisions.

The segment's assets and liabilities are items that the segment uses in its business operations or that can be reasonably allocated to the segment. Items that are not allocated to the segments include tax and financing items and joint Group items, which are mainly a result of the Group's centralized financing. Investments consist of increases in fixed assets and intangible assets that will be used in more than one fiscal year. Pricing between segments is based on fair market prices.

1.1 Business segments

2009

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales outside the Group	63 830	99 363	128 794	36 303	1 115	329 405
Inter-segment sales		41	10	83		
Net sales	63 830	99 404	128 804	36 386		329 405
Share of profit in associated companies	574			-5		569
Operating profit	14 661	3 213	3 104	530	-6 256	15 252
Net financial expenses						-3 575
Profit before taxes						11 677
Income taxes						-3 062
Net profit for the period from continuing operations						**8 615**
Net profit for the period from discontinued operations						
Net profit for the period						**8 615**
Depreciation on tangible assets	4 926	447	1 110	430	207	7 120
Depreciation on intangible assets	45	533	750	345	70	1 743
Segment's assets	51 675	55 775	44 728	23 013	18 116	193 307
Shares in associated companies	1 556					1 556
Total assets	53 231	55 775	44 728	23 013	18 116	**194 863**
Segment's liabilities	7 714	14 119	15 130	3 735	87 268	127 966
Total liabilities	7 714	14 119	15 130	3 735	87 268	**127 966**
Investments	3 078	542	2 479	568	670	**7 337**

2008

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales outside the Group	84 125	69 293	172 686	30 759	1 370	358 233
Inter-segment sales			11	2		
Net sales	84 125	69 293	172 697	30 761		358 233
Operating profit	15 575	3 031	1 038	2 139	-7 706	14 077
Net financial expenses						-4 540
Profit before taxes						9 537
Income taxes						-2 545
Net profit for the period from continuing operations						**6 992**
Net profit for the period from discontinued operations						**8 528**
Net profit for the period						**15 520**
Depreciation on tangible assets	7 546	123	960	178	601	9 408
Depreciation on intangible assets	49	297	224	64	780	1 414
Segment's assets	65 409	49 050	53 621	22 502	27 221	217 803
Shares in associated companies	919			6		925
Total assets						**218 728**
Segment's liabilities	7 731	19 792	20 876	6 173	98 186	152 758
Total liabilities						**152 758**
Investments	18 779	99	399	61	1 223	**20 561**

1.2 Geographic areas

The Group monitors its net sales on the basis of the following geographical division: Finland, the Nordic countries, the Baltic countries, Russia and other CIS countries (including Ukraine), and other countries. The turnover of the geographical regions is presented based on customer location and their assets are presented based on location. Sales income from foreign customers are defined based on IFRS regulations.

	Net sales		Assets*	
1 000 EUR	2009	2008	2009	2008
Finland	**151 841**	165 919	**105 860**	122 882
Nordic countries	**30 030**	47 505	**1 797**	2 221
Baltic countries	**36 986**	32 819	**737**	867
Russia + other CIS countries	**56 124**	61 149	**430**	388
Other countries	**54 424**	50 841	**126**	1 491
Total	**329 405**	358 233	**108 950**	127 849

* Long term assets other than financial assets and assets related to taxes.

2. Acquired Operations

Acquisitions in 2009

On December 30, 2009 Leipurin acquired the entire stock of the Latvian company Raugs un citas preces SIA (RCP). The deal price was EUR 1.4 million and it had no significant effect on the Group's financial position. The acquisition cost also included EUR 0.1 million in legal and other expert fees.

The acquisition generated EUR 0.5 million in goodwill based on the synergy benefits expected to be achieved from the RCP acquisition. According to the management, the goodwill is connected to the utilization of Leipurin's joint sales and marketing network in the Baltic region.

Acquisitions in 2008

The Group acquired the entire stock of Kauko-Telko Oy on April 30, 2008. The deal price was EUR 96 million and the deal was mainly financed with loans. The acquisition cost also included EUR 1.7 million in legal and other expert fees.

The acquisition generated EUR 37.4 million in goodwill based on the synergy benefits expected to be achieved from the Kauko-Telko acquisition. According to the management, the goodwill is connected to the personnel and the utilization of a joint sales and marketing network.

Kauko-Telko Group's eight-month net sales totaling EUR 154.5 million and result of EUR 3.2 million, is included in Aspo Group's 2008 income statement. Aspo Group's net sales would have been EUR 484 million and the operating profit would have been EUR 17 million if the business acquisition carried out during the fiscal year would have been consolidated in the consolidated financial statements from the beginning of 2008. The value of the acquired assets and liabilities received on the day of acquisition were:

2008

Acquisition of Kauko-Telko Group 1 000 EUR	**Fair values recorded in combination**	**Book value before combination**
Tangible fixed assets	12 622	8 882
Other intangible assets	3 842	3 842
Brands (included in other intangible assets)	5 303	
Supplier contracts (included in other intangible assets)	8 728	
Investments	55	55
Inventories	23 934	23 134
Accounts receivable and other receivables	30 448	30 448
Cash and cash equivalents	20 670	20 670
Total assets	**105 602**	**87 031**
Deferred tax liabilities	6 147	1 319
Financial Liabilities	7 121	7 121
Other liabilities	33 533	33 533
Total liabilities	**46 801**	**41 973**
Net assets	58 801	
Acquisition cost	96 164	
Goodwill	37 363	
Sale price paid in cash	96 164	
Overdraft limits and liquid funds of the acquired corporation	-17 961	
Cash flow effect	**78 203**	

3. Discontinued Operations

Group had no discontinued operations in 2009.

In 2008, Aspo Plc and Gilbarco Veeder-Root signed an agreement by which Aspo Plc sold the entire stock of Oy Autotank Ab to Gilbarco Veeder-Root. Autobank Group was included in the Aspo Systems segment in Aspo Group. Autotank offers systems and equipment related to automatic payments for gas stations and related maintenance services. At the time of the divestment the company employed 350 people.

In 2008, the Group divested the following operations belonging to other operations: Kauko-Telko's procurement operations unit was sold to Nikolai Sourcing Oy and Kauko-Telko's packaging operations in Finland were sold to Telpak Oy and in Sweden to Conti Investments B.V.

Profit from discontinued operations

1 000 EUR	2008
Income	45 170
Expenses	-45 724
Profit before taxes	-554
Taxes	-193
Profit after taxes	**-747**
Profit from surrender of discontinued operations before tax	9 389
Taxes	-114
Profit from surrender of discontinued operations after tax	9 275
Net profit for the period from discontinued operations	**8 528**

Cash flow from discontinued operations

1 000 EUR	2008
Operational cash flow	1 392
Cash flow from investments	-299
Cash flow from financing	1 221
Total cash flow	**2 314**

Effect of sales from discontinued operations on the Group's financial position

1 000 EUR	2008
Tangible fixed assets	2 018
Goodwill	6 662
Other intangible assets	1 082
Receivables	11 644
Inventories	8 695
Cash and cash equivalents	6 526
Financial liabilities	-27 978
Other liabilities	-10 398
Total assets and liabilities	**259**
Compensation received in cash	35 362
Liquid assets of surrendered operations	6 526
Cash flow effect	**28 836**

Assets classified as held for sale

1 000 EUR	2008
Inventories	50
Accounts receivable and other receivables	629
Total assets classified as held for sale	**679**

Liabilities classified as held for sale

1 000 EUR	2008
Accounts payable and other liabilities	498

4. Other Operating Income

1 000 EUR	2009	2008
Total gains from the sale of fixed assets	**3 166**	69
Total gains from the sale of business operations	**3 171**	
Overdue and suspension compensations	**2 070**	705
Total rents and related remunerations	**279**	200
Changes in values of FX forward contracts	**348**	142
Other income	**900**	469
Total	**9 934**	1 585

5. Employee Benefits and Personnel Information

At the end of the period the number of employees at Aspo Group was 717 (827) and the average during the fiscal period was 723 (882). The average number of officials during the year was 492 (553) and of employees was 231 (329).

Personnel costs

1 000 EUR	2009	2008
Wages and salaries	**30 152**	26 652
Pension costs, contribution plans	**3 586**	2 142
Option arrangements paid for in cash	**771**	-19
Other indirect personnel costs	**1 906**	4 152
Total	**36 415**	32 927

Information regarding the employee benefits of senior management is presented in the Related parties section.

Personnel by business division at year-end

	2009	2008
ESL Shipping	**194**	240
Leipurin	**218**	168
Telko	**193**	230
Kaukomarkkinat	**90**	100
Other operations	**22**	83
Total	**717**	821

Personnel by geographic area at year-end

	2009	2008
Finland	**423**	526
Nordic countries	**29**	33
Baltic countries	**72**	49
Russia + other CIS countries	**129**	115
Other countries	**64**	98
Total	**717**	821

6. Depreciation and Impairment

1 000 EUR	2009	2008
Intangible assets	**1 743**	1 414
Buildings	**820**	834
Vessels	**4 842**	7 531
Machinery and equipment	**1 458**	1 043
Total	**8 863**	10 822

7. Materials and Services

1 000 EUR	2009	2008
Purchases during the period		
ESL Shipping	**10 381**	17 458
Leipurin	**78 394**	57 196
Telko	**101 477**	140 845
Kaukomarkkinat	**23 861**	20 011
Other operations	**1 000**	1 239
Total	**215 113**	236 749
Change in inventories	**3 600**	2 951
Outsourced services		
Leipurin	**3 866**	2 842
Telko	**3 019**	6 745
Kaukomarkkinat	**491**	329
Other operations	**13**	76
Total	**7 389**	9 992
Total materials and services	**226 102**	249 692

8. Other Operating Expenses

1 000 EUR	2009	2008
Rents	**6 969**	5 592
ESL Shipping	**28 579**	32 625
Leipurin	**4 017**	3 624
Telko	**6 696**	6 324
Kaukomarkkinat	**3 085**	2 912
Other operations	**2 696**	858
Fair value valuation of currency forwards, not included in hedge accounting	**675**	340
Loss from assignment in tangible assets	**559**	11
Total	**53 276**	52 286

Auditor’s fees, Group

1 000 EUR	2009	2008
Auditing	**312**	175
Tax advice	**66**	17
Other services	**114**	509
Total	**492**	701

9. Financial Income and Expenses

The items above operating profit include EUR 2.3 million (1.3) in exchange rate losses in 2009. Other financial expenses include EUR 0.2 million (0.1) in fluctuating rents recognized as costs from finance lease agreements.

1 000 EUR	2009	2008
Dividend income from investments held for trading	**2**	7
Interest income from loans and other receivables	**1 181**	697
Foreign exchange gains	**496**	312
Total financial income	**1 679**	1 016
Interest rate expenses	**-4 802**	-4 567
Foreign exchange losses	**-452**	-989
Total financial expenses	**-5 254**	-5 556
Total financial income and expenses	**-3 575**	-4 540

10. Income Taxes

Taxes in the income statement

1 000 EUR	2009	2008
Taxes for the period	**-4 037**	-3 961
Change in deferred taxes and tax receivables	**1 098**	1 421
Taxes from previous fiscal periods	**-123**	-5
Total	**-3 062**	-2 545

Balancing calculation of the tax expense in the income statement and taxed calculated using the Group's parent company's tax rate (26%).

1 000 EUR	2009	2008
Profit before taxes	**11 677**	9 537
Taxes calculated using the parent company's tax rate	**-3 036**	-2 480
Impact of foreign subsidiaries' tax rates	**-68**	327
Taxes from previous fiscal periods	**-123**	-5
Other items	**165**	-387
Taxes in the income statement	**-3 062**	-2 545
Effective tax rate	**26%**	27%

Income tax on other comprehensive income

1 000 EUR	2009	2008
Cash flow hedges	**92**	226

11. Earnings per Share

Undiluted earnings per share have been calculated by dividing the profit or loss belonging to the parent company's shareholders by the weighted average number of outstanding shares during the fiscal year. When calculating the diluted earnings per share, the average number of shares was adjusted with the dilutive effect of the equity-based convertible bond.

1 000 EUR	2009	2008
Undiluted		
Profit belonging to the shareholders of the company, continued operations	**8 553**	6 979
Profit belonging to the shareholders of the company, discontinued operations		8 528
Total	**8 553**	15 507
Average number of shares during period (1,000)	**25 786**	25 826
Earnings per share, EUR continued operations	**0.33**	0.27
Earnings per share, EUR discontinued operations		0.33
Total, EUR	**0.33**	0.60
Earnings per share from continued operations excluding sales gain, EUR	**0.16**	0.27
Diluted		
Profit belonging to the shareholders of the company, continued operations	**8 553**	6 979
Profit belonging to the shareholders of the company, discontinued operations		8 528
Total	**8 553**	15 507
Interest of the convertible capital loan (adjusted by tax effect)	**581**	515
Conversion of convertible capital loan into shares (1,000)	**2 307**	2 606
Average number of shares during period adjusted by the dilution effect from the convertible capital loan (1,000)	**28 093**	28 432
Diluted earnings per share, EUR continued operations	**0.33**	0.26
Diluted earnings per share, EUR discontinued operations		0.30
Total, EUR	**0.33**	0.56

12. Other Intangible Assets

Intangible rights mainly consist of corporate brands which are described in Note 13, and also computer software and their licenses that are amortized on a straight-line basis over a five-year period. Refurbishment costs of premises and supplier relationships acquired in business combinations are included in other intangible assets.

2009

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	13 421	9 188	22 609
Translation difference	8	177	185
Increases	77		77
Increases, business combination	12	185	197
Decreases	-667	-167	-834
Decreases, business divestments	-307		-307
Transfers between items	-2 588	2 588	
Acquisition cost, Dec. 31	**9 956**	**11 971**	**21 927**
Accumulated depreciation, Jan. 1	-4 690	-905	-5 595
Transfers between items	191	-191	
Accumulated depreciation from decreases and transfers	548	167	715
Decreases, business divestments	253		253
Depreciation during the period	-481	-1 257	-1 738
Accumulated depreciation, Dec. 31	**-4 179**	**-2 186**	**-6 365**
Book value, Dec. 31	**5 777**	**9 785**	**15 562**

2008

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	2 124	2 276	4 400
Translation difference		-47	-47
Increases	517	1	518
Increases, business combination	12 384	8 728	21 112
Decreases	-772		-772
Decreases, business divestments	-832	-1 770	-2 602
Acquisition cost, Dec. 31	**13 421**	**9 188**	**22 609**
Accumulated depreciation, Jan. 1	-1 262	-527	-1 789
Translation difference	4	8	12
Business combination	-3 390	-46	-3 436
Accumulated depreciation from decreases and transfers	514		514
Decreases, business divestments	325	393	718
Depreciation during the period	-881	-733	-1 614
Accumulated depreciation, Dec. 31	**-4 690**	**-905**	**-5 595**
Book value, Dec. 31	**8 731**	**8 283**	**17 014**

13. Goodwill

Goodwill is allocated to cash flow-generating units depending on the level of goodwill monitoring in internal reporting. Every unit represent each of Aspo´s business segments. Goodwill is divided into the segments as follows: ESL Shipping EUR 0.8 (0.8) million, Leipurin EUR 22.9 (22.4) million, Telko EUR 5.0 (5,5) million and Kaukomarkkinat EUR 11.6 (11.6) million.

The useful lives of the brands of Leipurin and Telko have been estimated to be unlimited. The strong image and history of these brands support the management's view that these brands will affect cash flow generation over an indefinable period.

Impairment Testing

Future cash flows used in impairment calculations are based on financial plans approved by Group Management. Estimates regarding cash flows cover three years using conservative growth expectations, and subsequently cash flow is estimated cautiously assuming even growth. No impairment has been recognized for the fiscal period and no impairment has occurred according to the impairment tests.

When estimating net sales, the assumption is that current operations can be maintained and net sales will grow in a controlled manner at the rate estimated in financial plans.

The sales margin is assumed to follow net sales growth.

Due to more efficient internal functions and the economic recession, the fixed costs are expected to increase moderately at the rate of inflation.

The discount rate is determined based on the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to the asset items and location of operations. The discount rate is determined before taxes. The discount rate (WACC) used in the calculations was 9.05% (10.19%) before taxes.

Goodwill

1 000 EUR	2009	2008
Acquisition cost, Jan. 1	**40 351**	10 114
Decreases		-282
Acquired operations	**479**	37 363
Divested operations	**-626**	-6 662
Translation difference	**20**	-182
Acquisition cost, Dec. 31	**40 224**	40 351

Allocation of goodwill

1 000 EUR	2009	2008
ESL Shipping	**790**	790
Leipurin	**22 873**	22 417
Telko	**4 955**	5 526
Kaukomarkkinat	**11 570**	11 582
Other operations	**36**	36
Total	**40 224**	40 351

Brands

1 000 EUR	2009	2008
Leipurin	**3 148**	3 148
Telko	**2 155**	2 155
Total	**5 303**	5 303

Factors Influencing Impairment Testing and Sensitivity Analysis

Despite the fast economic recession, the assumptions used in impairment testing are appropriate and the tested business operations have a sustainable basis. There are no indications of impairment in the business operations' commercial value but the result of future impairment testing will depend on the materialization of the estimated future cash flow. A substantial negative change in future cash flows may result in a write-down of goodwill. It is the management's view that the estimates of future cash flows presented above are likely.

A sensitivity analysis has been carried out for each unit by lowering the values used as the basic assumption of the testing and as a result the corporate value of the segment becomes weaker. The changes and their effects are:

- WACC was at most raised to 20%, effect 14–18%
- EBIT was cut by 10%, effects approximately 2%
- Sales growth was cut by 10% annually, effect 0–4%

Based on the sensitivity analysis no future impairment losses are expected.

14. Tangible Assets

2009

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	212	23 885	10 665	163 782	1 872	9 863	210 279
Translation difference		-15	-45		-20		-80
Increases		47	493	2 337	1	689	3 567
Increases, business combination			176				176
Decreases			-2 581		-1	-10 305	-12 887
Decreases, business divestments	-152	-19 048	-1 689		-1 294	-132	-22 315
Acquisition cost, Dec. 31	**60**	**4 869**	**7 019**	**166 119**	**558**	**115**	**178 740**
Accumulated depreciation, Jan. 1		-15 581	-9 011	-117 658	-926		-143 176
Translation difference		15			21		36
Accumulated depreciation from decreases and transfers		12 701	3 802		575		17 078
Depreciation during the period		-820	-586	-4 842	-92		-6 340
Accumulated depreciation, Dec. 31		**-3 685**	**-5 795**	**-122 500**	**-422**		**-132 402**
Book value, Dec. 31	**60**	**1 184**	**1 224**	**43 619**	**136**	**115**	**46 338**

2008

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	61	2 593	8 952	147 318	590	8 116	167 630
Translation difference		13	3		-14	-61	-59
Increases		621	444	16 464		2 285	19 814
Increases, business combination	211	21 322	8 800		1 477		31 810
Decreases		-404	-3 157		-6	-75	-3 642
Decreases, business divestments	-60	-260	-4 377		-175	-402	-5 274
Acquisition cost, Dec. 31	**212**	**23 885**	**10 665**	**163 782**	**1 872**	**9 863**	**210 279**
Accumulated depreciation, Jan. 1		-1 823	-7 986	-110 127	-414		-120 350
Translation difference			62				62
Business combination		-13 049	-7 571		-555		-21 175
Accumulated depreciation from decreases and transfers		140	7 252		149		7 541
Depreciation during the period		-849	-768	-7 531	-106		-9 254
Accumulated depreciation, Dec. 31		**-15 581**	**-9 011**	**-117 658**	**-926**		**-143 176**
Book value, Dec. 31	**212**	**8 304**	**1 654**	**46 124**	**946**	**9 863**	**67 103**

14.1 Financial Leasing Arrangements

2009

1 000 EUR	Other intangible assets	Advance payments of intangible assets	Machinery and equipment	Total
Acquisition cost, Jan. 1			3 069	3 069
Increases	94	991	3 947	5 032
Decreases			-2 309	-2 309
Acquisition cost, Dec. 31	**94**	**991**	**4 707**	**5 792**
Accumulated depreciation, Jan. 1			-1 064	-1 064
Depreciation during the period	-5		-780	-785
Depreciation accumulated in decreases			910	910
Accumulated depreciation, Dec. 31	**-5**		**-934**	**-939**
Book value, Dec. 31	**89**	**991**	**3 773**	**4 853**

2008

1 000 EUR	Machinery and equipment	Total
Acquisition cost, Jan. 1		
Increases, business combination	2 922	2 922
Increases	985	985
Decreases	-838	-838
Acquisition cost, Dec. 31	**3 069**	**3 069**
Accumulated depreciation, Jan. 1		
Business combination	-985	-985
Depreciation during the period	-331	-331
Depreciation accumulated in decreases	252	252
Accumulated depreciation, Dec. 31	**-1 064**	**-1 064**
Book value, Dec. 31	**2 005**	**2 005**

15. Investments Held for Trading

2009

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	193
Increase, business combination	13
Acquisition cost, Dec. 31	**206**
Book value, Dec. 31	**206**

2008

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	160
Increase, business combination	33
Acquisition cost, Dec. 31	**193**
Book value, Dec. 31	**193**

16. Long-term Receivables

Other items included in long-term receivables

1 000 EUR	2009	2008
Long-term loan receivables	**211**	175
Long-term derivatives		83
Total long-term accounts receivable and other receivables	**211**	258

17. Associated Companies

ESL Shipping Ltd has a 35% holding in associated company Credo AB. The carrying amount does not include goodwill. The unlisted Credo AB's registered office is in Donsö, Sweden. The company's net sales for the fiscal year were EUR 3.8 million, assets EUR 20.7 million and liabilities EUR 15.6 million. Kaukomarkkinat Oy has a 33.3% holding in associated company Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland.

Shares in associated companies

1 000 EUR	2009	2008
Acquisition cost, Jan. 1	**925**	1 250
Share of associated companies' profit or loss	**569**	-138
Increases, business combination		20
Effect from exchange rates	**62**	-207
Acquisition cost, Dec. 31	**1 556**	925

18. Deferred Taxes

Changes in Deferred Taxes

On December 31, 2009, the Group had EUR 0.5 million confirmed losses, on which no deferred tax receivables had been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before the losses expire. EUR 1.6 million of the retained earnings by the foreign subsidiaries in 2009 are not recognized in deferred taxes, since the funds are permanently invested in the countries in question.

Deferred tax receivables

1 000 EUR	2009	2008
Unutilized tax losses		169
Items recorded in shareholders' equity		114
Employee benefits	**171**	22
Other temporary differences	**241**	591
Total	**412**	896

Deferred tax liabilities

1 000 EUR	2009	2008
Depreciation in excess of plan	**8 933**	8 887
Convertible capital loan	**880**	23
Valuation of intangible and tangible assets at fair value in business combination	**3 135**	4 075
Other	**590**	986
Total	**13 538**	13 971

Changes in deferred tax receivables

1 000 EUR	2009	2008
Deferred tax receivables, Jan. 1	**896**	2 353
Items recorded in the income statement		
Measurement of derivatives	**-80**	11
Unutilized tax losses	**-169**	
Employee benefits	**149**	
Other temporary differences	**-270**	56
Items recorded in shareholders' equity	**-114**	-204
Acquisition of associates		624
Sales of associates		-1 944
Deferred tax receivables, Dec. 31	**412**	896

Changes in deferred tax liabilities

1 000 EUR	2009	2008
Deferred tax liabilities, Jan. 1	**13 971**	9 239
Items recorded in the income statement		
Depreciation in excess of plan	**46**	-668
Intangible and tangible assets	**-1 003**	
Other	**-396**	-133
Items recorded in shareholders´ equity, capital loan	**857**	-31
Acquisition	**63**	5 564
Deferred tax liabilities, Dec. 31	**13 538**	13 971

19. Inventories

An expense of EUR 1.1 (1.7) million was recognized for the past fiscal year for a write-down of inventories to net realizable value.

1 000 EUR	2009	2008
Materials and supplies	**3 090**	2 091
Finished goods	**25 468**	30 492
Other inventories	**688**	835
Total	**29 246**	33 418

20. Accounts Receivable and Other Receivables

The carrying amount is considered to be close to fair value. Accounts receivable do not involve significant credit loss risks. EUR 0.6 million (0.2) has been recognized as impairment loss on accounts receivable.

1 000 EUR	2009	2008
Accounts receivable	**33 385**	36 155
Refund from the Ministry of Transport and Communications	**1 743**	2 348
Advance payments	**564**	189
VAT receivable	**1 076**	1 125
Other deferred receivables	**6 539**	2 469
Total	**43 307**	42 286

21. Cash and Cash Equivalents

1 000 EUR	2009	2008
Commercial papers		222
Bank accounts	**11 525**	12 399
Total	**11 525**	12 621

22. Shareholders' Equity

Shares and Share Capital

On December 31, 2009, Aspo Plc's number of shares was 26,406,063 and the share capital was EUR 17.7 million.

The equity portion of Aspo's convertible bond is included in shareholders' equity. Own shares held by the company are recognized as a decrease in shareholders' equity.

Shareholders' equity consists of the share capital, premium fund, translation difference, invested unrestricted equity fund and retained earnings. Share subscriptions based on the convertible bond issued during the validity of the old Companies Act (29.9.1978/734) are recognized in the premium fund. The invested unrestricted equity fund includes other equity-type investments and share subscription prices to the extent that they are not based on a separate agreement included in the share capital. The revaluation fund includes the changes in the fair value of instruments included hedge accounting.

Dividends

Since the closing date, the Board of Directors has proposed that a dividend of EUR 0.42 per share be distributed for 2009. A dividend of EUR 0.42 per share was distributed in 2008 (EUR 0.42 in 2007).

Share capital and premium fund 2009

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**25 786**	**17 692**	**4 351**	**248**	**-3 778**	**18 513**
Transfer to fund				26		26
December 31	**25 786**	**17 692**	**4 351**	**274**	**-3 778**	**18 539**
Own shares held by the company	620					
Total number of shares	**26 406**					

Share capital and premium fund 2008

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**25 899**	**17 687**	**4 311**	**229**	**-3 036**	**19 191**
Conversion of convertible bonds to shares in 2008	8	5	40			45
Sale of repurchased shares in 2008	14			19	62	81
Shares repurchased in 2008	-135				-804	-804
December 31	**25 786**	**17 692**	**4 351**	**248**	**-3 778**	**18 513**
Own shares held by the company	620					
Total number of shares	**26 406**					

Revaluation fund

1 000 EUR	2009	2008
Cash flow hedge fund		-265

Voluntary provisions

1 000 EUR	2009	2008
Accumulated depreciation in excess of plan	**34 405**	31 671
Deferred taxes on excess depreciation	**-8 934**	-8 887
Total	**25 471**	22 784

Equity portion of the convertible bond

1 000 EUR	2009	2008
Equity portion of the convertible bond	**2 572**	220

23. Loans

The balance sheet values of interest-bearing liabilities do not deviate significantly from their fair values. The equity-based convertible capital loan has a fixed 7% interest rate (loan period June 30, 2009–June 30, 2014).

Aspo Plc has EUR 15,000,000 in equity-based convertible capital loan. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 5 of the Finnish Companies Act and the loan terms are met. The capital notes can be converted into Aspo stock. Each EUR 50,000 share of the loan entitles the loan shareholder to convert the loan share to 7,690 Aspo Plc shares. The conversion price for the share is EUR 6.50. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

The convertible capital loan is divided between equity-based and external financing in the financial statement. The share of the equity-based component is EUR 2.4 million.

The convertible capital loan issued in 2004 of EUR 15,512,500 was repaid on June 4, 2009 in accordance with the loan terms.

Long-term liabilities

1 000 EUR	2009	2008
Loans	**21 049**	35 090
Pension loans	**10 404**	1 212
Convertible capital loan	**11 954**	
Total	**43 407**	36 302

Short-term liabilities and used overdraft facilities

1 000 EUR	2009	2008
Loans	**22 021**	39 435
Convertible capital loan		14 209
Used overdraft facilities	**4 097**	4 278
Pension loans	**807**	807
Total	**26 925**	58 729

Maturing of financial leasing liabilities

1 000 EUR	2009	2008
Financial leasing liabilities – total amount of minimum rents		
Within one year	**1 181**	447
After one year and within five years	**4 168**	1 734
Total	**5 349**	2 181
Current value of minimum rents in financial leasing liabilities		
Within one year	**1 087**	368
After one year and within five years	**3 916**	1 656
Total	**5 003**	2 024
Financial expenses accumulated in the future	**345**	157

24. Accounts Payable and Other Liabilities

Other long-term liabilities

1 000 EUR	2009	2008
Share-based incentive system	171	
Financial leasing liabilities	12	
Total	183	

Accounts payable and other liabilities

1 000 EUR	2009	2008
Accounts payable	**25 348**	21 487
Advances received	**1 392**	3 003
Salaries and social contributions	**3 004**	6 688
Employer contributions	**1 839**	1 502
Accrued interest	**860**	1 354
VAT liability	**2 335**	3 521
Share-based incentive system	**102**	50
Other short-term deferred liabilities	**8 519**	4 266
Total	**43 399**	41 871

25. Pension Obligations

The Group has provided for statutory pension cover by taking out insurance with pension insurance companies. In foreign units, pension cover is arranged in accordance with local legislation and social security regulations. The Group's pension plans are treated in the financial statements as defined-contribution plans.

Pension liabilities in the income statement

1 000 EUR	2009	2008
Contribution plans	**3 586**	2 142

26. Provisions

The recorded provisions are based on best estimates on the closing date. Warranty provisions are primarily connected to the Group's product warranties and other provisions to pension and rent provisions.

1 000 EUR	Warranty and other provisions
Dec. 31, 2008	201
Provisions in use	-27
Dec. 31, 2009	**174**

27. Financial Risks and Financial Risk Management

27.1 Financial Risk Management Principles and Organization

The function of Aspo Group's financial risk management is to protect the operating margin and cash flows, and effectively manage fund-raising and liquidity. Aspo Group aims at developing the predictability of future cash flows and continuously adapting its business operations to changes in the operating environment.

Financial risk management is based on the treasury policy approved by the Board of Directors, which defines the main principles for financial risk management in the Aspo Group. The treasury policy defines the general objectives of risk management, the relationship between the Group's parent company and business units, the division of responsibility and reporting requirements related to risk management. The treasury policy also defines the operating principles related to the management of exchange rate risks, interest rate risks and liquidity and refinancing risks.

The Group CEO, together with the Group Treasurer, is responsible for the implementation of financial risk management in accordance with the treasury policy approved by the Board of Directors. The business units are responsible for recognizing their own financial risks and managing them together with the parent company in accordance with the Group's treasury policy and more detailed instructions provided by the parent company.

27.2 Market Risks

Exchange Rate Risk

Aspo Group has subsidiaries, inter alia, in Scandinavia, the Baltic countries, as well as Russia and other CIS-countries (including Ukraine). All these countries of operation use their own currency. The Group's exchange rate risk consists of foreign currency-denominated receivables, liabilities, estimated currency flows, derivative agreements and translation risks related to results and capital. The aim of the Group is to decrease the uncertainty related to fluctuations in results, cash flows and balance sheets.

A large proportion of the operational volume of the Telko and Leipurin segments comes from Russia. The main currency risks of these segments pertain therefore to the Russian ruble. ESL Shipping's exchange rate risks are mainly connected to dollar-denominated investments and operational cash flow. At the closing date, Aspo Group's currency position in accordance with IFRS 7 mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities, and currency derivatives. Aspo Group's 2009 financial statements do not include significant exchange rate losses or gains in accordance with IAS 32 and IAS 21.

The Group has investments in foreign subsidiaries, which have an impact on the Group's shareholders' equity and involve a translation risk. The Group's equity investments in foreign subsidiaries on the closing date, December 31, 2009, amounted to EUR 22.5 million. Since these investments do not have a significant impact on the Group's shareholder's equity, the Group has not found it justifiable to hedge the translation position. The table below shows the Group's share in the subsidiaries' equity by currency.

Interest Rate Risk

The effects of changes in the interest rate levels on Aspo Group's cash flow and earnings generate an interest rate risk. On December 31, 2009, the Group's interest-bearing liabilities amounted to EUR 70.3 million and cash and cash equivalents to EUR 11.5 million. The Group's loan portfolio is reviewed based on the average interest rate, average maturity and the ratio between fixed rate and variable rate loans. At the closing date, the average interest rate of interest-bearing liabilities was 3.4%, average maturity 2.7 years and the share of fixed rate loans was 44%.

Sensitivity to Market Risks

The Aspo Group has exposure to interest rate and currency risks via the financial instruments, i.e. financial assets and liabilities and derivatives, included in the balance sheet on the closing date. The currency position varies during the year and, accordingly, the position included in the balance sheet on the closing date does not necessarily reflect the situation during the fiscal year. The impact of foreign currency-denominated sales and purchase transactions made during the year on the income statement is not taken into account in the sensitivity calculations unless they have been hedged through derivatives.

The sensitivity analysis is used to analyze the impact of market trends on measurements.

The sensitivity calculation regarding changes in the euro/dollar rate is based on the following assumptions:

- The exchange rate changes +/-10%.
- The position includes dollar-denominated financial assets and liabilities, i.e. deposits, accounts receivable and other receivables, accounts payable, cash at hand and in banks, and derivatives.
- Future cash flows in dollars are not taken into account in the positions.

Interest-bearing liabilities by currency

1 000 EUR	2009	2008
EUR	**66 236**	91 991
Other	**4 096**	3 040
Total	**70 332**	95 031

Accounts receivable by currency

1 000 EUR	2009	2008
USD	**1 837**	1 482
EUR	**14 753**	22 270
SEK	**424**	1 174
DKK	**814**	1 228
EEK	**1 453**	1 569
RUB	**7 602**	4 496
UAH	**1 028**	536
Other	**5 474**	3 400
Total	**33 385**	36 155

Investments in foreign subsidiaries

1 000 EUR	Shareholders' equity 2009	Shareholders' equity 2008
SEK	**2 040**	2 798
DKK	**6 008**	5 043
EEK	**3 003**	2 667
RUB	**7 534**	5 512
NOK	**89**	25
LVL	**1 794**	979
LTL	**677**	454
UAH	**-351**	-751
PLN	**2 006**	2 131
BYR		10
CNY	**203**	523
EUR	**-458**	1 487
Total	**22 545**	20 878

Cash and bank deposits and unutilized binding credit limit agreements

1 000 EUR	2009	2008
Cash and bank deposits	**11 525**	12 621
Credit limits	**80 000**	81 500
Total	**91 525**	94 121

The sensitivity calculation regarding changes in interest rates is based on the following assumptions:

- The interest level changes by one percentage point.
- The position includes interest-bearing financial liabilities and receivables, and interest rate swaps.
- The calculation is based on balance sheet values on the closing date, and changes in capital during the year have not been taken into account.

Market risks also have an impact on the Aspo Group through items other than financial instruments. The oil price risk has an impact on the Group's performance through freight costs, which have been hedged against by means of contractual clauses. The fluctuations in raw material prices for chemicals and food also affect the Group's financial performance.

Risks based on financial instruments

1 000 EUR	2009 Income statement	2009 Share-holders' equity	2008 Income statement	2008 Share-holders' equity
+10% in the EUR/USD exchange rate			-436	-1 411
–10% in the EUR/USD exchange rate			436	1 411
Change of +100 basic points in the market interest rates	**-115**		-824	
Change of -100 basic points in the market interest rates	**115**		824	

Accounts receivables by age

1 000 EUR	2009	2008
Not matured	**24 313**	26 134
Matured 1–30 days ago	**7 224**	7 269
Matured 31–60 days ago	**1 076**	1 550
Matured more than 60 days ago	**772**	1 202
Total	**33 385**	36 155

Hedge Accounting

Currency forwards related to the vessel acquisition by ESL Shipping classified to fall within the scope of hedge accounting in the 2006 fiscal year have been reversed during 2009. On the closing date, the Group had no currency forwards within the scope of hedge accounting.

27.3 Liquidity and Financing Risk

The objective of Aspo Group is to ensure sufficient financing for operations in all situations and market conditions. In accordance with the treasury policy, the sources of financing are spread among a sufficient number of counterparties and different loan instruments. The sufficient number of binding financing agreements and sufficient maturity ensure the Group's current and near future financing needs. During the 2009 fiscal year, the main focus was on sufficient diversification of financing sources and on extending the maturity distribution.

Aspo Group's main financing needs are related to parent company Aspo Plc's corporate reorganization and ESL Shipping's vessel investments. The main financing source of Telko, Leipurin and Kaukomarkkinat is the cash flow from their operations. Aspo Group's liquidity is ensured through cash funds, issuing of commercial papers and binding account limits, as well as revolving credit facilities granted by selected cooperation banks.

Aspo Group's liquid cash funds at the end of the 2009 fiscal year were EUR 11.5 million. Aspo Plc had an unused EUR 50 million domestic commercial paper program on the day of closing. At the closing date, Aspo Plc also had revolving credit facilities granted by selected cooperation banks in the amount of EUR 80 million, which were unutilized in full. At the closing date, all of the revolving credit facilities were agreements that mature in less than 12 months. A binding financing agreement has been signed for the vessel ordered from India by ESL Shipping. The building is estimated to be completed in the spring of 2010. The Group's aim was to make the maturity structure of its financing more long-term during 2009.

All considerable financial limit contracts include a financial covenant that is based on the equity ratio. On the closing date, Aspo Group's equity ratio was 34.6%. When calculating the financial covenant subordinated loans are included in equity. The fair value of currency forwards is calculated by discounting the predicted cash flows from the agreements in accordance with the interest rates of the currencies sold, converting the discounted cash flows at the exchange rates on the closing date, and calculating the difference between the discounted cash flows.

27.4. Credit and Counterparty Risk

Aspo Group has credit risk from accounts receivables. Telko and Leipurin have an international and highly diversified customer base and no considerable customer risk centers exist. The 2009 financial statements included EUR 0.4 million in write downs from Telko's sales receivables. ESL Shipping's accounts receivable are connected to long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. All segments hedge against credit risks by using payment terms based on advance payments and bank guarantees as necessary.

The Group's aim is to have low liquid cash funds. The credit risk is managed by selecting known and financially sound domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. ESL Shipping's vessel investments also include advance payments made to the shipyard. Only known and solvent banks have been selected as granters of bank guarantees given as collateral for the repayment of the advance payments. At the closing date, there was no bank guarantees related to advance payments, due to the cancellation of ESL Shipping's vessel order from India. The counterparty risk based on derivative agreements is small due to the limited number of counterparties and agreements.

27.5 Management of Capital Structure

The objective of the Group is to achieve an optimal capital structure with which Aspo Group can ensure the operational framework for short and long-term operations.

The main factors affecting the capital structure are possible reorganizations within Aspo Group, Aspo Plc's dividend policy, the vessel investments of the shipping operations and the profitability of the subsidiaries' operations.

The development of Aspo Group's capital structure is mainly monitored through the equity ratio and net gearing. On December 31, 2009, the Group's equity ratio was 34.6% (30.6) and gearing 87.9% (124.9).

Maturity analysis

2009

1 000 EUR	Balance sheet value Dec. 31, 2009	Cash flow 2010[1]	2011	2012	2013	2014-
Loans	-38 066	-21 730	-1 294	-6 213	-1 125	-10 033
Convertible capital loan	-11 954	-1 065	-1 065	-1 065	-1 062	-16 073
Pension loans	-11 211	-1 190	-1 748	-2 285	-2 218	-5 252
Overdraft facility	-4 097	-4 097				
Financial leasing liabilities	-5 003	-1 181	-1 919	-1 156	-740	-353
Accounts payable, other liabilities	-43 573	-43 573				
Derivative instruments						
Currency derivatives						
Not in hedge accounting						
Cash flows to be paid		-675				
Cash flows to be received		2				

[1]Repayments in 2010 are included in short-term items.

2008

1 000 EUR	Balance sheet value Dec. 31, 2008	Cash flow 2009[1]	2010	2011	2012	2013-
Loans	-34 000	-2 554	-21 551	-1 160	-1 145	-11 158
Convertible capital loan	-14 209	-15 000				
Credit limits	-38 500	-38 500				
Pension loans	-2 018	-895	-855	-413		
Overdraft facility	-4 278	-4 278				
Financial leasing liabilities	-2 024	-447	-1 003	-513	-218	
Accounts payable, other liabilities	-41 800	-41 800				
Off-balance-sheet commitments[2]			-6 160			
Derivative instruments						
In hedge accounting						
Cash flows to be paid	-439	-439				
Cash flows to be received	83		83			
Not in hedge accounting						
Cash flows to be paid	-311	-311				
Commodity derivatives						
Not in hedge accounting						
Cash flows to be paid	-7	-7				

[1]Repayments in 2009 are included in short-term items.
[2]Off-balance-sheet commitments are related to advance payments for vessels under construction.

Book values of financial assets and liabilities by measurement group

2009 1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Book values of balance sheet items
Long-term financial assets						
Long-term receivables		211				211
Derivative contracts	2					2
Other financial assets				206		206
Short-term financial assets						
Accounts receivable and other receivables		43 305				43 305
Book value by measurement group	2	43 516		206		43 724
Long-term financial liabilities						
Long-term interest-bearing liabilities					43 407	43 407
Short-term financial liabilities						
Short-term interest-bearing liabilities					26 925	26 925
Derivative contracts	675					675
Non-interest bearing current liabilities			42 724			42 724
Book value by measurement group	675		42 724		70 332	113 731

2008 1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Book values of balance sheet items
Long-term financial assets						
Long-term receivables		175				175
Derivative contracts	83					83
Other financial assets				193		193
Short-term financial assets						
Accounts receivable and other receivables		42 286				42 286
Book value by measurement group	83	42 461		193		42 737
Long-term financial liabilities						
Long-term interest-bearing liabilities					36 313	36 313
Short-term financial liabilities						
Short-term interest-bearing liabilities					58 729	58 729
Derivative contracts	757					757
Non-interest bearing current liabilities			41 043			41 043
Book value by measurement group	757		41 043		95 042	136 842

28. Derivative Contracts

Available market rates and prices are used to calculate the fair value.

1 000 EUR	Face values 2009	Fair values, net 2009	Face values 2008	Fair values, net 2008
Currency derivatives				
Currency forwards (level 2)	-478	-671	-17 810	-667
Commodity derivatives (level 2)			620	-7
Total		**-671**		**-674**

29. Guarantees and Commitments

As part of their ordinary business activities, the Group and some of its subsidiaries sign different agreements under which financial or performance guarantees are offered to third parties on behalf of these subsidiaries. These agreements are primarily made in order to support or improve Group companies' creditworthiness, which makes it easier to find sufficient financing.

Collateral for own debt

1 000 EUR	2009	2008
Mortgages given	**37 500**	37 500
Bank guarantees	**33 553**	39 758
Other contingent liabilities	**1 378**	1 760
Other leasing liabilities		
Within one year	**3 112**	4 404
Over a year and five years at most	**13 767**	5 546
Total	**89 310**	88 968

Guarantees given on behalf of associated companies

1 000 EUR	2009	2008
Guarantees	**50**	

Guarantees given on behalf of others

1 000 EUR	2009	2008
Guarantees	**206**	

30. Insiders

Group Companies

Information on associated companies is presented in Note 17.

Group companies:

Company	Country of incorporation	Holding %
Aspo Plc, parent company	Finland	
Aspokem AB	Sweden	100.00
Aspokem Eesti AS	Estonia	100.00
Aspokem International B.V.	The Netherlands	100.00
Aspotel Oy	Finland	100.00
Oy Bomanship Ab	Finland	100.00
ESL Shipping Ltd	Finland	100.00
Hamina Terminal Services Ltd	Finland	100.00
ZAO Kauko	Russia	100.00
OOO Kauko Rus	Russia	100.00
Kaukomarkkinat Ltd	Finland	100.00
Kaukomarkkinat Shanghai Ltd.	China	100.00
Kauko Time AB	Sweden	100.00
Leipurin Ltd	Finland	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurien Tukku AS	Estonia	100.00
OOO Leipurien Tukku	Russia	100.00
LLC Leipurin	Ukraine	100.00
SIA Leipurin	Latvia	100.00
UAB Leipurin	Lithuania	100.00
Leitok Oy	Finland	100.00
Master Oil AB	Sweden	100.00
Molub-Alloy AB	Sweden	100.00
Opas Baltic AS	Estonia	100.00
OptiKem Ltd	Finland	100.00
Raugs un citas preces SIA	Latvia	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Telko Ltd	Finland	100.00
LLC Telko	Ukraine	100.00
OOO Telko	Russia	100.00
Telko UAB	Lithuania	100.00
Telko Denmark A/S	Denmark	100.00
Telko Latvia SIA	Latvia	100.00
Telko Norway AS	Norway	100.00
Telko Plast & Gummi AB	Sweden	100.00
Telko-Poland Sp. z o.o.	Poland	100.00
Oy Troili Ab	Finland	100.00
Wilfert Chemical Denmark A/S	Denmark	100.00
Wilfert Chemical Finland Oy	Finland	100.00
Wilfert Chemical Nordic A/S	Denmark	100.00
Wilfert Chemical Norway AS	Norway	100.00
Wilfert Chemical Sweden AB	Sweden	100.00

Management Benefits

In March, Aspo Plc's Board of Directors decided on a shareholding program for Aspo Group's key personnel.

The plan earning period started on January 1, 2009, and will end on December 31, 2011. Participation in the plan and rewarding requires that the key employee obtains a number of Aspo Plc shares specified by the Board of Directors in advance.

The potential gain is based on continuation of the key employee's employment relationship and Aspo Group's cumulative Earnings per Share indicator (EPS) in 2009–2011. The potential gain will be paid partly in Aspo shares and partly in cash between January and March 2012. The proportion to be paid in cash will cover taxes and tax-related costs arising from the bonus.

The program covers approximately 40 people. The bonuses paid based on the program will in total correspond at most with the value of 950,000 Aspo Plc shares including the portion paid in cash.

In addition, the Board of Directors decided to continue the 2006 shareholding program by granting all the people involved the possibility to get company shares in the spring of 2010. The possible bonus will be paid in part as shares and in part as cash. The proportion to be paid in cash will cover taxes and tax-related costs arising from the bonus. The employee must retain ownership of the shares until October 1, 2010. If the employment relationship ends before this date, the shares received as reward must be returned to the company without any compensation. The 2006 shareholding program covers approximately 30 people and the amount of the gross bonus to be paid in the spring of 2010 corresponds at most with the value of 90,000 Aspo Plc shares.

Year 2008

In January 2006, the Board of Directors decided to introduce a share-ownership plan linked to share price development for management including about 30 executives and key employees chosen by the Board of Directors. Each person covered by the plan purchased an agreed number of Aspo Plc shares in May 2006. The requirement for receiving the bonus involved is that the person retains ownership of the shares until the plan expires in August 2009.

The plan is based on granting share units to key personnel. A share unit is a benefit to be defined in July 2009. The share unit's value will be the trade-weighted average quotation of the Aspo share between January 1, 2009, and June 30, 2009, less the trade-weighted average quotation of the Aspo share in May 2006 (EUR 6.89). The dividends per share distributed between May 1, 2006, and June 30, 2009, will be added to the difference thus calculated. However, the value of the share unit will not be more than EUR 10/share unit. The bonus will be paid in cash between August and December 2009, provided that the employment relationship is still effective and the person owns the Aspo shares purchased. A further condition for receiving the value of the share units is that the person uses 20% of the gross income from the share units to purchase Aspo shares.

The retirement age of the CEO is 60. The CEO has a payment-based pension plan in which the pension is determined based on the accumulated insurance saving at the time of retirement. The period of notice applied in the employment relationship of the CEO is six months. If notice is given by the company, severance pay corresponding to 18 months' salary will be paid in addition to the salary for the notice period.

Information on convertible bonds subscribed by the insiders is presented in the Corporate Governance section.

Share bonuses granted

	Grant date	Maximum number of shares awarded	Market value of share on grant date, EUR
Year 2009	**March 10, 2009**	425 000	4.69
Year 2006 continued program	**March 10, 2009**	43 150	4.69

Assumptions used in determining fair value

	2008
Expected volatility	29%
Expected validity of option when granted (years)	3.25
Risk-free interest	4%
Fair value of instrument determined when granted	0.27

Management benefits

1 000 EUR	**2009**	**2008**
CEO and Deputy CEO, salaries	**349**	457
CEO and Deputy CEO, bonuses	**85**	146
Members of the Board of Directors	**398**	131
Total	**832**	734

Key Figures

	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Net sales, EUR million	**329.4**	358.2*	208.9*	225.9	204.9
Operating profit, EUR million	**15.3**	14.1*	25.4*	12.8	17.3
% of net sales	**4.6**	3.9	12.1	5.7	8.4
Profit before tax, EUR million	**11.7**	9.5*	24.3*	11.1	15.8
% of net sales	**3.6**	2.7	11.6	4.9	7.7
Group					
Return on investment, % (ROI)	**11.1**	18.5	25.7	14.9	20.6
Return on equity, % (ROE)	**13.0**	24.1	25.4	14.1	19.9
Equity ratio, %	**34.6**	30.6	45.1	45.2	47.2
Equity ratio excluding deferred tax liabilities, %	**41.6**	37.1	51.8	51.7	54.9
Gearing, %	**87.9**	124.9	32.4	35.7	23.6
Gross investments in fixed assets, EUR million	**7.4**	21.1	11.0	10.2	5.8
% of net sales	**2.2**	5.8	4.1	4.5	2.8
Number of personnel, Dec. 31	**717**	827	699	694	681
Average number of personnel	**723**	882	691	693	688
Share-specific indicators					
Earnings/share (EPS), EUR, Continued	**0.33**	0.27	0.71		
Earnings/share, EUR, Discontinued		0.33	-0.12		
Earnings/share (EPS), EUR, Group	**0.33**	0.60	0.59	0.32	0.45
Diluted earnings/share, EUR, Continued	**0.33**	0.26	0.67		
Diluted earnings/share, EUR, Discontinued		0.30	-0.11		
Diluted earnings/share, EUR, Group	**0.33**	0.56	0.56	0.31	0.43
Group					
Equity/share, EUR	**2.59**	2.56	2.43	2.26	2.30
Nominal dividend/share, EUR (proposed by Board of Directors)	**0.42**	0.42	0.42	0.41	0.40
Share issue adjusted dividend/share, EUR	**0.42**	0.42	0.42	0.41	0.40
Dividend/earnings, %	**126.6**	70.1	71.3	128.9	87.9
Effective dividend yield, %	**7.1**	10.4	6.50	6.00	5.80
Price/earnings ratio (P/E)	**17.8**	6.7	10.9	21.1	15.2
Diluted price/earnings ratio (P/E)	**18.1**	7.2	11.6	21.8	16.2
Share price development					
average price, EUR	**5.43**	5.81	6.97	6.96	6.64
lowest price, EUR	**3.94**	3.57	6.30	5.75	5.05
highest price, EUR	**6.20**	6.90	7.80	8.62	7.83
Closing price on the last day of trading during the fiscal year, EUR	**5.90**	4.03	6.44	6.80	6.90
Market cap, Dec. 31, EUR million	**155.8**	106.4	170.0	177.1	177.2
excluding treasury shares, EUR million	**152.1**	103.9	166.8	174.7	174.7
Development of share turnover, 1,000	**2 262**	3 404	5 060	6 044	7 598
Development of share turnover, %	**8.6**	12.9	19.2	23.2	29.6
Total share trading, EUR 1,000	**12 259**	19 764	35 320	41 934	71 909
Total number of shares, Dec. 31, 1,000	**26 406**	26 406	26 399	26 048	25 683
outstanding	**25 786**	25 786	25 908	25 690	25 317
outstanding, average	**25 786**	25 827	25 807	25 368	25 391
diluted number of shares, average	**28 093**	28 433	28 421	28 332	28 720

* Continued operations

Calculation Principles of Key Figures

Return on investment, % (ROI)	=	Profit before taxes + Interest and other financial expenses x 100 / Balance sheet total – Interest-free liabilities (average)
Return on equity, % (ROE)	=	Profit before taxes – Taxes x 100 / Shareholders' equity + Minority interest (average)
Equity ratio, %	=	Shareholders' equity + Minority interest x 100 / Balance sheet total – Advances received
Gearing, %	=	Interest-bearing liabilities – Liquid funds / Shareholders' equity + Minority interest
Average number of personnel	=	Average number of personnel as the end of each month
Earnings per share (EPS), EUR	=	Profit before taxes –Income taxes on ordinary activities – Minority interest / Adjusted average number of shares during the fiscal year
Shareholder's equity per share, EUR	=	Shareholders' equity / Adjusted number of shares on balance sheet date
Adjusted dividend per share, EUR	=	Dividend per share paid for the fiscal year / Share issue multiplier
Dividend / earnings, %	=	Adjusted dividend per share x 100 / Earnings per share
Effective dividend yield, %	=	Adjusted dividend per share x 100 / Average share price on closing day weighted with trading volume
Price / earnings ratio (P/E)	=	Adjusted average share price on closing day / Earnings per share
Market value of shares, EUR	=	Number of shares outside the Group x Average share price on closing day weighted with trading volume

The impact of own shares has been eliminated in the calculation of key figures.

Parent Company's Income Statement

1 000 EUR	Notes	2009	2008
Other operating income	1.1	**1 718**	1 014
Personnel costs	1.2	**-3 095**	-2 392
Depreciation and impairment	1.3	**-95**	-134
Other operating expenses	1.4	**-4 001**	-3 103
Operating loss		**-5 473**	-4 615
Financial income and expenses	1.5	**3 800**	-1 487
Loss before extraordinary items		**-1 673**	-6 102
Extraordinary items	1.6	**15 630**	18 212
Profit before appropriations and taxes		**13 957**	12 110
Income taxes	1.7	**-2 132**	-2 307
Profit for the period		**11 825**	9 803

Parent Company's Balance Sheet

Assets

1 000 EUR	Notes	2009	2008
Non-current assets			
Intangible assets	2.1	**37**	104
Tangible Assets	2.1	**123**	146
Investments	2.2	**12 967**	12 967
Total non-current assets		**13 127**	13 216
Current assets			
Long-term receivables	2.3	**75**	
Current receivables	2.3	**133 506**	173 106
Cash and bank deposits		**3 407**	1 792
Total current assets		**136 988**	174 897
Total assets		**150 115**	188 113

Liabilities

1 000 EUR	Notes	2009	2008
Shareholders' equity			
Share capital	2.4	**17 692**	17 692
Premium fund	2.4	**4 351**	4 351
Invested unrestricted equity fund	2.4	**248**	248
Retained earnings	2.4	**5 095**	6 122
Profit for the period		**11 825**	9 803
Total shareholders' equity		**39 211**	38 216
Mandatory provisions	2.5	**288**	19
Liabilities			
Long-term liabilities	2.6	**30 000**	20 000
Short-term liabilities	2.7	**80 616**	129 878
Total liabilities		**110 616**	149 878
Total liabilities		**150 115**	188 113

Parent Company's Cash Flow Statement

1 000 EUR	2009	2008
Operational cash flow		
Operating loss	**-5 473**	-4 615
Adjustments to operating loss	**428**	98
Change in working capital	**305**	7
Interest paid	**-3 796**	-5 770
Interest received	**1 434**	4 745
Dividends received	**4**	5
Taxes paid	**-4 198**	-2 431
Operational cash flow	**-11 296**	-7 961
Cash flow from investments		
Investments in tangible and intangible assets	**-36**	-65
Other investments		-3
Gains on the sale of other investments		5 060
Cash flow from investments	**-36**	4 992
Cash flow from financing		
Disposal of shares		92
Share repurchases		-861
New long-term loans	**15 000**	20 000
Change in short-term receivables	**69 771**	-73 246
Change in short-term liabilities	**-60 481**	62 415
Convertible capital loan	**15 000**	1 500
Convertible capital loan amortized	**-15 513**	
Dividends distributed	**-10 830**	-10 838
Cash flow from financing	**12 947**	-938
Change in liquid funds	**1 615**	-3 907
Liquid funds Jan. 1	**1 792**	5 699
Liquid funds Dec. 31	**3 407**	1 792

Notes to the Parent Company's Financial Statements

Accounting Principles of the Financial Statement

Aspo Plc's financial statements have been compiled in accordance with FAS. The accounting principles have not changed from the previous year. When compiling the financial statements, the management of the company has, in accordance with value regulations and good accounting practice, to make estimates and assumptions that affect the valuation and allocation of financial statement items. The actual figures may differ from the estimates.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates of the transaction date. On the closing date, the receivables and liabilities in the balance sheet are valued at the exchange rates of the closing date. The hedging instruments for foreign currency denominated items are valued at the rate of day taking into account interest rates. Foreign exchange gains and losses related to business operations are recognized as net sales and operational expense adjustment items. Foreign exchange gains and losses related to financing are recognized in financial income and expenses.

Pensions

The company's pension coverage is arranged through pension insurance.

Research and Development Costs

R&D costs are recognized as costs in the financial period in which they are generated.

Receivables

Receivables are valued at the lower of purchase cost or probable value.

Non-current Assets and Depreciations

Non-current assets are recognized in the balance sheet at direct purchase cost less depreciations made. The depreciation periods for non-current assets are:

- Other long-term costs 3–10 years
- Buildings 15–40 years
- Machinery and equipment 3–8 years
- Other material goods 5–40 years

Leasing

Leasing payments are treated as rent expenses.

Incidental Income and Expenses

Incidental income and expenses include items outside actual business operations such as group contributions.

Mandatory Provisions

Mandatory provisions in the balance sheet include items that are either based on contracts or otherwise binding obligations but that have not materialized. Changes to mandatory provisions are included in the income statement.

Income Taxes

The income taxes in the income statement include taxes calculated on profit for the period based on Finnish tax legislation and adjustment of taxes from previous financial periods.

Dividends

No recognition of the dividend proposed by the Board of Directors to the Annual Shareholders' Meeting has been made in the financial statements, the dividend is only accounted for after the decision by the Annual Shareholders' Meeting.

1.1 Other Operating Income

1 000 EUR	2009	2008
Gains on the disposal of fixed assets	2	9
Other operating income, group	905	583
Rents and related remunerations	810	417
Other operating income	1	5
Total	**1 718**	1 014

1.2 Notes Concerning Personnel and Board Members

Personnel costs

1 000 EUR	2009	2008
Salaries and benefits	1 876	1 642
Share-based incentive system	270	-45
Profit bonus paid to the personnel fund	-17	19
Pension costs	759	669
Other personnel costs	207	107
Total	**3 095**	2 392

Management salaries and benefits

1 000 EUR	2009	2008
CEO and Deputy CEO, salaries	349	457
CEO and Deputy CEO, bonuses	85	146
Members of the Board of Directors	398	131
Total	**832**	734

1.3 Depreciation and Impairment

1 000 EUR	2009	2008
Depreciation on tangible and intangible assets	95	134

1.4 Other Operating Expenses

1 000 EUR	2009	2008
Rents	1 438	747
Other expenses	2 563	2 355
Total	**4 001**	3 103
Auditor's fees		
Auditing fees	40	52
Other fees	90	409
Total	**130**	461

1.5 Financial Income and Expenses

1 000 EUR	2009	2008
Dividend income		
From Group companies	**5 800**	
From outside the Group	**4**	5
Income from long-term investments	**5 804**	5
Other interest and financial income		
From Group companies	**1 410**	4 513
From others	**24**	232
Total interest and other financial income	**1 434**	4 745
Interest expenses and other financial expenses		
To Group companies	**-545**	-1 759
To others	**-2 893**	-4 478
Total interest and other financial expenses	**-3 438**	-6 237
Total financial income and expenses	**3 800**	-1 487

1.6 Extraordinary Items

1 000 EUR	2009	2008
Income		
Sales gain from fixed asset shares		3 319
Group contributions	**22 300**	18 535
Expenses		
Group contributions	**-6 670**	-3 642
Total extraordinary items	**15 630**	18 212

1.7 Income Taxes

1 000 EUR	2009	2008
Taxes from previous fiscal period	**-7**	4
Income taxes on extraordinary items	**4 064**	4 735
Change in deferred taxes	**75**	
Income taxes on ordinary activities	**-2 000**	-2 433
Total	**2 132**	2 307

2.1 Intangible and Tangible Assets

1 000 €	Intangible rights	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	539	539	1	467	500	125	1 093
Increases					36		36
Decreases					-30		-30
Acquisition cost, Dec. 31, 2009	**539**	**539**	**1**	**467**	**506**	**125**	**1 099**
Accumulated depreciation, Jan. 1	-435	-435		-465	-430	-52	-947
Depreciation during the period	-67	-67		-1	-28		-29
Accumulated depreciation, Dec. 31, 2009	**-502**	**-502**		**-466**	**-458**	**-52**	**-976**
Book value, Dec. 31, 2009	**37**	**37**	**1**	**1**	**48**	**73**	**123**
Book value, Dec. 31, 2008	**104**	**104**	**1**	**1**	**70**	**73**	**145**

2.2 Investments

1 000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	12 809	158	12 967
Acquisition cost, Dec. 31, 2009	**12 809**	**158**	**12 967**
Acquisition cost, Dec. 31, 2008	**12 809**	**158**	**12 967**

2.3 Receivables

Long-term receivables

1 000 EUR	2009	2008
Deferred tax receivable	**75**	

Current receivables

1 000 EUR	2009	2008
Receivables from Group companies		
Dividend receivables	**5 800**	3 510
Group contribution receivables	**22 390**	54 500
Group cash account receivable	**437**	
Loan receivables	**102 442**	114 731
Deferred receivable	**35**	
	131 104	172 741
Other receivables	**26**	26
Deferred receivables*)	**2 376**	339
Total current receivables	**133 506**	173 106
*) Main item		
Tax receivable	**2 272**	224

2.4 Shareholders' Equity

Aspo Plc has EUR 15,000,000 in equity-based convertible capital loan. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 5 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%. The capital notes can be converted into Aspo stock. Each EUR 50,000 share of the loan entitles the loan shareholder to convert the loan share to 7,690 Aspo Plc shares. The conversion price for the share is EUR 6.50. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

The convertible capital loan issued in 2004 of EUR 15,512,500 was repaid on June 4, 2009 in accordance with the loan terms.

1 000 EUR	2009	2008
Share capital, Jan. 1	**17 692**	17 687
Increase in share capital		5
Share capital, Dec. 31	**17 692**	17 692
Premium fund, Jan. 1	**4 351**	4 311
Conversions		40
Premium fund, Dec. 31	**4 351**	4 351
Invested unrestricted equity fund, Jan. 1	**248**	229
Sales gain from selling repurchased shares		19
Invested unrestricted equity fund, Dec. 31	**248**	248
Retained earnings, Jan. 1	**15 925**	17 702
Dividend payment	**-10 830**	-10 838
Share repurchases		-804
Disposal of shares		62
Retained earnings, Dec. 31	**5 095**	6 122
Profit for the period	**11 825**	9 803
Total shareholders' equity	**39 211**	38 216

Distributable unrestricted equity totals EUR 17,167,926.09 (16,173,319.28).

2.5 Mandatory Provisions

1 000 EUR	2009	2008
Share-based incentive system	**288**	19

2.6 Long-Term Liabilities

1 000 EUR	2009	2008
Convertible capital loan	**15 000**	
Total capital loan	**15 000**	
Loans from Group companies	**10 000**	
Loans from financial institutions	**5 000**	20 000
	15 000	20 000
Total long-term liabilities	**30 000**	20 000

2.7 Short-Term Liabilities

1 000 EUR	2009	2008
Capital loan, Group		1 050
Convertible capital loan		18 765
Conversions		-4 303
Total capital loan		15 513
Loans from financial institutions	**20 000**	38 500
Unpaid dividend 2003–2008	**8**	8
Accounts payable	**24**	82
Other liabilities	**58**	93
Deferred liabilities	**1 368**	1 344
Total	**21 458**	40 026
Debts to Group companies	**6 670**	3 752
Cash pool accounts	**52 327**	70 556
Deferred liabilities	**161**	31
Total	**59 158**	74 339
Total short-term liabilities	**80 616**	129 878

2.8 Other Notes

Unpaid lease payments

1 000 EUR	2009	2008
Payable in the next fiscal year	**331**	144
Payable later	**662**	187
Total	**993**	331
Remainder value liabilities	**194**	187
Total leasing liabilities	**1 187**	518

Other rental liabilities

1 000 EUR	2009	2008
Payable in the next fiscal year	**1 379**	
Payable later	**11 035**	
Total	**12 414**	

Guarantees on behalf of Group companies

1 000 EUR	2009	2008
Guarantees	**35 020**	27 580

Guarantees on behalf of associated companies

1 000 EUR	2009	2008
Guarantees	**50**	

Derivative contracts

1 000 EUR	2009	2008
Derivative contracts, sales		-105
Derivative contracts, purchases		-560
Total		-665

Shares and Shareholders

Share Capital

On December 31, 2009 the registered share capital of Aspo Plc was EUR 17,691,729.57, consisting of 26,406,063 shares. The company's own shareholding was 620,000 shares, accounting for 2.35% of Aspo Plc's stock.

Shares

Aspo Plc has one share series. Each share entitles its holder to one vote at the Annual Shareholders' Meeting. The company shares are quoted on NASDAQ OMX Helsinki in the medium-sized companies category and under the GICS classification Industrials. The trading code of the share is ASU1V.

Dividend

Aspo Plc has an active, cash flow based dividend policy, the goal of which is to distribute on average at least half of the company's annual earnings to shareholders.

The Board of Directors of Aspo Plc will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.42 per share be paid for fiscal 2009, representing 126.6% of the Group's earnings.

Authorizations

Authorization to purchase and dispose of the company's own shares

The Annual Shareholders' Meeting of 2009 authorized the Board of Directors to decide on a share issue, through one or several installments, by treasury shares. An aggregate maximum amount of 1,020,000 shares may be conveyed on the basis of the authorization.

The shares will be used to finance any acquisitions or other transactions, or for other purposes to be decided on by the Board of Directors. The authorization includes the right for the Board to decide on the terms and conditions applicable to the share issue, as well as the right to decide on a directed share issue deviating from the shareholders' pre-emptive right on conditions laid down by law.

The Annual Shareholders' Meeting also authorized the Board to use funds included in distributable profit to repurchase a maximum of 400,000 company shares. The shares will be purchased through public trading, which means that the purchase will not be made irrespective of the shareholders' holdings and the price paid for the shares will be the market price of Aspo's share at the time of the acquisition. The authorization does not exclude the Board's right to decide on a directed issue. The shares will be purchased

Major shareholders on December 31, 2009

	Number of shares	Share of stock and voting rights %	Less own shares %
Nyberg H.B.	1 800 000	6.82	6.98
Vehmas A.E.	1 410 920	5.34	5.47
Vehmas Tapio	1 181 838	4.48	4.58
Vehmas Liisa	999 090	3.78	3.87
Berling Capital Oy	794 850	3.01	3.08
Nyberg Gustav	656 285	2.48	2.54
Estlander Henrik	622 752	2.36	2.42
Stadigh Kari	574 856	2.18	2.23
Lawhill Ab	510 000	1.93	1.98
Mutual Employee Pension Insurance Co. Varma	463 236	1.75	1.80
10 major shareholders, total	**9 013 627**	**34.13**	**34.95**
Nominee registrations	315 078	1.19	
Other shares	16 457 358	62.32	
Total shares outstanding	**25 786 063**	**97.65**	
Own shares	620 000	2.35	
Total shares	**26 406 063**	**100.0**	

Distribution of ownership December 31, 2009, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock	Less own shares
1 – 100	560	10.85	39 122	0.15	0.15
101 – 500	1 689	32.73	518 448	1.96	2.01
501 – 1 000	1 064	20.62	856 977	3.25	3.32
1 001 – 5 000	1 415	27.42	3 235 502	12.25	12.54
5 001 – 10 000	230	4.46	1 651 522	6.25	6.40
10 001 – 50 000	147	2.85	3 004 862	11.38	11.65
50 001 – 100 000	13	0.25	931 798	3.53	3.61
100 001 – 500 000	33	0.64	6 992 977	26.48	27.12
500 001 –	10	0.19	9 170 391	34.73	33.18
Total in joint accounts			4 464	0.02	0.02
Total	**5 161**	**100.0**	**26 406 063**	**100.0**	**100.0**

Distribution of ownership December 31, 2009, by owner groups

%	Ownership	Shares
1. Households	92.8	67.7
2. Companies	5.3	17.8
3. Financial and insurance institutions	0.4	4.5
4. Non-profit organizations	1.0	5.0
5. Public organizations	0.1	3.1
6. Non-domestic	0.4	1.9

through public trading organized by NASDAQ OMX Helsinki under the terms stated in the regulations of NASDAQ OMX Helsinki.

The shares will be acquired to finance any acquisitions or other transactions, for the balancing of the financial risk in the company's share-based incentive plan or for other purposes to be decided on by the Board of Directors. The Board may not exercise the authorization if, after the acquisition, the company or its subsidiary were to possess or have as a pledge more than 10 percent of the company's stock.

The authorizations are valid until the Annual Shareholders' Meeting of 2010, but no more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors has not exercised the authorizations granted by the Annual Shareholders' Meeting.

The Extraordinary Shareholders' Meeting held on June 8, 2009 authorized the Board of Directors to decide on an issue of shares and special rights entitling to shares. A maximum of 2,600,000 shares may be issued on the basis of the authorization. The authorization will be used for a convertible capital loan to be issued by Aspo Plc, directed to a limited group of investors. The authorization will not supersede the authorization to decide on a share issue given to the Board of Directors by the Annual Shareholders' Meeting.

The Board of Directors exercised the authorization granted by the Extraordinary Shareholders" Meeting on June 8, 2009, and decided to offer a convertible capital loan of a maximum of EUR 15,000,000 for subscription by a limited group of selected investors.

Share Trading and Share Price Development

During 2009, a total of 2,262,316 Aspo Plc shares were traded on NASDAQ OMX Helsinki at EUR 12.2 million, or 8.6% of the shares changed owners. The share reached a high of EUR 6.20 and a low of EUR 3.94 during the period. The average price was EUR 5.43 and the closing price was EUR 5.90. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

The market value of the share capital at the year-end, less treasury shares, was EUR 152.1 million. For the latest trading information, please visit www.aspo.com.

Share Ownership

Aspo Plc's shares are included in the book-entry system maintained by Euroclear Finland Ltd.

No major changes have occurred in Aspo Plc ownership. At the end of 2009 the number of shareholders totaled 5,161. Of these 96.9% represented direct shareholding and 1.2% nominee registrations. A total of 1.9% of the shares was held by foreign entities. On December 31, 2009, the ten largest shareholders owned 34.1% of the company's shares and voting rights.

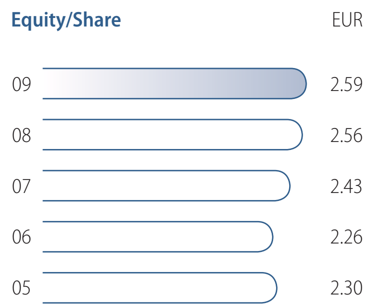
A list of major shareholders is shown with monthly updates on the company website at www.aspo.com.

Share Ownership by the CEO and the Board of Directors

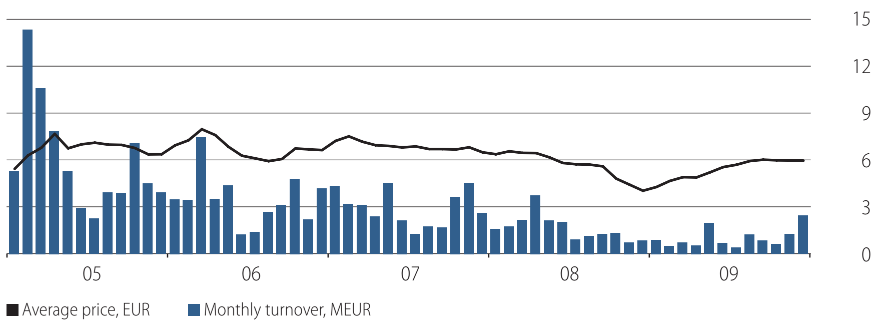
The total number of shares held by the CEO and the members of the Board of Directors of Aspo Plc with their related parties on December 31, 2009 was 2,242,228, which represents 8.5% of the shares and voting rights outstanding.

Share Price Performance

Equity/Share



Share Trading and Average Prices



Number of Shareholders

Proposal of the Board for the Distribution of Earnings

The parent company's distributable earnings totaled EUR 17,167,926.09 with the fiscal year's earnings totalling EUR 11,824,753.27.

The company's registered share capital on December 31, 2009, was 26,406,063 shares, of which the company held 620,000.

The Board proposes that the company's earnings be distributed as follows:	
– A dividend of EUR 0.42 per share be paid out on 25,786,063 shares	EUR 10,830,146.46
– to be held in shareholders' equity	EUR 6,337,779.63
	EUR 17,167,926.09

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

Helsinki, March 5, 2010

Gustav Nyberg	Matti Arteva
Esa Karppinen	Roberto Lencioni
Kristina Pentti-von Walzel	Risto Salo
	Aki Ojanen CEO

Auditors' Report

To the Annual General Meeting of Aspo Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspo Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

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

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 9, 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

(Translation from the Finnish original.)

Information for Investors

Basic Share Information

- Listed on: NASDAQ OMX Helsinki
- Industry sector: Industrials
- Category: Mid Cap
- Trading code: ASU1V
- ISIN code: FI0009008072

Annual Shareholders' Meeting

The Aspo Plc Annual Shareholders' Meeting will be held in the Stock Exchange Building at Fabianinkatu 14, 00100 Helsinki on Wednesday, April 7, 2010 at 2:00 p.m.

The record date of the Annual Shareholders' Meeting is March 24, 2010. Shareholders should register for the meeting no later than on March 31, 2010 by 4 p.m. by telephone on +358 9 521 41 00, by fax on +358 9 521 49 99, by e-mail to ilmoittautuminen@aspo.fi or by letter to Aspo Plc, P.O. Box 70, FI-00501 Helsinki.

In connection with the registration, shareholders are requested to notify the company of any proxies authorized to exercise their voting rights. The proxies should be delivered to the company within the registration period.

Dividend Payments

Aspo's dividend policy is to distribute approximately at least half of the year's earnings in dividends. The Board of Directors will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.42 per share be paid for 2009 on shares outstanding and that no dividend be paid for treasury shares.

- Ex-dividend date April 8, 2010
- Dividend record date April 12, 2010
- Dividend payment date April 19, 2010

Financial Reporting in 2010

- Financial Statements Bulletin
  February 15, 2010
- Annual Report for 2009
  Week 13
- Interim Report January–March
  April 28, 2010
- Interim Report January–June
  August 24, 2010
- Interim Report January–September
  October 26, 2010

Aspo's financial information is published on company's website at www.aspo.com, including annual reports, interim reports and stock exchange releases in Finnish and in English. Aspo's printed annual report will be published in Finnish, Swedish and English. Reports can also be ordered by phone +358 9 521 40 50, by fax +358 9 521 49 99 or by e-mail from jamima.lofstrom@aspo.com.

Further Investor Information

Aspo's website at www.aspo.com offers also versatile further investor information, such as the latest share information and consensus estimates based on expectations and predictions by the analysts following Aspo.

At the web address www.aspo.com > news > news service it is possible to order all stock exchange releases and press releases to your e-mail.

Address Changes

Material will be sent to shareholders to the address shown in the shareholder register maintained by Euroclear Finland Ltd. Address changes should be notified to the manager of the shareholders' own book-entry account.

Aspo Plc's Investor Relations

Aspo organizes frequent investor meetings with various stakeholder groups. The target is to provide for versatile information about Aspo and its operations to institutional and private investors, analysts and media representatives.

Aspo observes a three-week silent period preceding the publication of its results. During this time the company's representatives will not comment on the company's financial position.

For any further information concerning Aspo's investor relations issues, please contact

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