From the Baltic Sea to Siberia.
From Svalbard to the Black Sea.

Annual Report 2010

ASPO

Leading brands in sectors requiring specialist expertise

ESL Shipping

ESL Shipping transports dry bulk cargoes. We provide a year-round supply of raw materials to our customers, even in the most demanding weather conditions.

Customers
Our key customers are companies in the steel industry as well as energy producers. Our vital raw material deliveries make us an essential part of our customers' value chains. We also offer other related services, such as cargo handling at sea or in ports.

Strengths
Our ice-strengthened, self-discharging vessels are designed specifically to operate in demanding Baltic Sea conditions. Our sufficiently large and interchangeable fleet ensures efficient operations and flexible and reliable service for our customers.

LEIPURIN

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

Customers
Our customers include companies in the bakery industry, the confectionery and dairy industries and the meat and convenience food industries. Leipurin offers both raw materials under our own brand, developed through in-house R&D, as well as raw materials and machines from leading international principals.

Strengths
Even globally, Leipurin is one of only a few companies that can supply businesses with both machinery and raw materials. Our end-to-end service also includes assisting our customers with their R&D. They can, for example, tap our expertise in planning new recipes and developing product characteristics.

TELKO

Telko is an expert in the chemicals and plastic raw materials required in industry. Our services cover procurement, distribution, technical support and the development of production processes.

Customers
In plastics, our customers include the packaging industry, electronics and electricity industry and companies manufacturing plastic parts for consumer products. Our chemicals customers include companies in the paint, printing, packaging and chemical industries. We deliver products made by leading international principals.

Strengths
Telko has an extensive product range and robust expertise in the raw materials customers require in their production processes. Our efficient logistics cover global procurements and local warehouses that enable rapid and customized deliveries.

KAUKO MARKKINAT

Kaukomarkkinat specializes in products and services that improve energy efficiency. We help our customers to boost the efficiency of their processes and cut costs.

Customers
Energy product customers include energy utilities, companies in the process industry, construction companies, housing corporations, SMEs, and retailers. We also supply security and digital products for demanding professional use.

Strengths
We rely on the products of the best companies in the industry. Our skilled experts are committed to improving the operations and efficiency of our customers. Our long-lasting relationships with our suppliers are built on strong trust.

Aspo's business operations are carried out by four subsidiaries owned by the Group. Each subsidiary serves demanding business-to-business clients, playing a pivotal role in their value chains. They all seek to be the market leader in their field. Success entails robust expertise and enduring partnerships with our customers.

Key figures

	2010	2009
Net sales, MEUR	**79.5**	63.8
Operating profit, MEUR	**11.5**	14.7
Personnel, Dec. 31	**183**	194

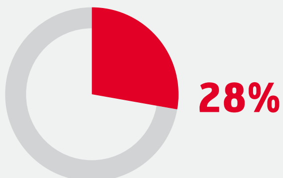
Share of Group net sales

Cargoes by country

Key figures

	2010	2009
Net sales, MEUR	**108.7**	99.3
Operating profit, MEUR	**3.6**	3.2
Personnel, Dec. 31	**226**	218

Share of Group net sales

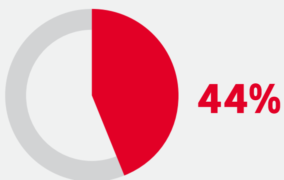


Net sales distribution by country

Key figures

	2010	2009
Net sales, MEUR	**175.2**	128.8
Operating profit, MEUR	**6.8**	3.1
Personnel, Dec. 31	**199**	193

Share of Group net sales

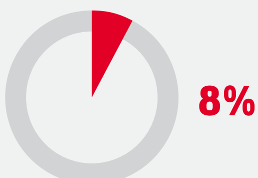


Net sales distribution by country

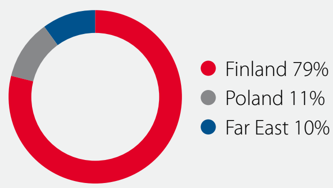
Key figures

	2010	2009
Net sales, MEUR	**32.5**	36.4
Operating profit, MEUR	**0.6**	0.5
Personnel, Dec. 31	**91**	90

Share of Group net sales



Net sales distribution by country



Aspo is a conglomerate that owns and develops the strongest companies in its fields of business. We operate in Northern Europe and the growing markets of the East: from the Baltic Sea to Siberia, from Svalbard to the Black Sea.

Aspo Annual Report 2010

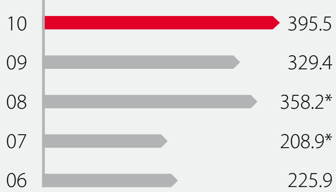
Financial Statements

Aspo owns and develops the strongest companies in its fields of business

Aspo is a conglomerate that owns and develops the strongest companies in its fields of business. Our subsidiaries ESL Shipping, Leipurin, Telko and Kaukomarkkinat operate under their own brands and provide value for their customers. As a Group, Aspo in turn ensures that the whole formed by the subsidiaries is more than the sum of its parts and generates value for Aspo's shareholders.

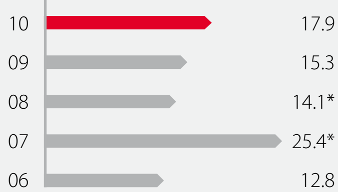
We develop our business operations and Group structure with an eye on the long term, harnessing the Group's strong financial standing and intangible capital. Aspo operates in Northern Europe and eastern growth markets.

Net sales MEUR



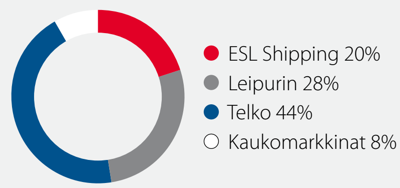
* continuing operations

Operating profit MEUR

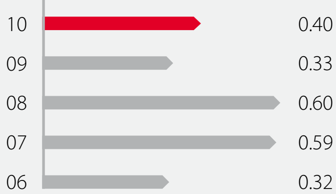


* continuing operations

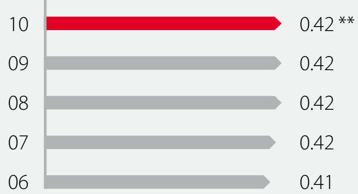
Share of Group net sales



Earnings/share EUR



Dividend/share EUR



** Board's proposal

Share of segments' operating profit

Key figures	2010	2009
Net sales, MEUR	**395.9**	329.4
Operating profit, MEUR	**17.9**	15.3
Share of net sales, %	**4.5**	4.6
Profit before taxes, MEUR	**14.1**	11.7
Share of net sales, %	**3.6**	3.6
Earnings/share, EUR	**0.40**	0.33
Diluted earnings/share, EUR	**0.41**	0.33
Equity/share, EUR	**2.63**	2.59
Return on investment (ROI), %	**12,7**	11.1
Return on equity (ROE), %	**15.2**	13.0
Equity ratio, %	**33.2**	34.6
Gearing, %	**101.5**	87.9
Personnel, December 31	**712**	717

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.**

Conglomerate structure fosters stability and wealth

2010 was a good year for Aspo. We're now reaping the rewards of the successful integration of the business we acquired in 2008. We've achieved the targets we set for the acquisition. Aspo is now better balanced than ever: a real conglomerate whose businesses are all excellently poised to bolster their positions.

Last year's highlights included our focused progress in eastern growth markets and a ship order that will take our shipping company to the next level. Making headway in growth markets requires relatively low capital expenditure. The EUR 60 million ship investment is an example of our vigorous steps to further strengthen our established operations.

In Russia and the other eastern growth markets, we have developed our businesses from a local perspective from day one. Local specialized expertise and transparent operations as a Finnish listed company comprise a very attractive combination for western suppliers. And for our local customers, we represent excellent western expertise and technology. This operating model has been very successful for us.

ESL Shipping temporarily operated with a smaller fleet in 2010. The company had to lease shipping capacity, which raised its expenses. Transports for the steel industry returned to pre-financial crisis levels – and ESL Shipping has now also signed long-term agreements for future raw material transports for this industry.

The new supramax vessels we ordered from Korea and the new Eira class ship that will be completed in early 2011 will raise the shipping company's transport capacity by 50 percent. The future looks bright, as ESL Shipping's net sales and profitability largely follow the trend in capacity.

Leipurin's business surged in growth markets. The company's strategy hinges on test bakeries and the product development that customers carry out in these facilities. This supports sales of bakery raw materials, which performed very well. In the latter half of the year, Leipurin's order book in machinery sales also grew. The company is now the market leader in bakery raw materials in Finland, the Baltic countries and western Russia.

Telko's outlays on its organization, customer relationships and suppliers – which were started before the report year – yielded the desired results. The company also started to vigorously expand into Russian metropolises, harnessing the earlier experiences of Leipurin. Half of Telko's earnings growth came from the rise in raw material prices, and half from greater sales and the higher effectiveness of the company's cost structure. Telko's customer relationships hinged on long-term projects interlinked with the development of customers' operations. This will be a good strategic direction to pursue in the future, too.

Kaukomarkkinat carried out a business acquisition to expand its operations into local energy solutions. Local energy-related products and services that enhance energy efficiency will be a clearer focus of the company's operations going forward. Kaukomarkkinat benefits from the global megatrend for energy-savings.

Deliberations on the Tonnage Tax Act in 2010 were another story. All the experts in the field were certain that the Act would come into force in early 2010 – similar legislation has been in force for years in many other European countries. But at the time of writing, February 2011, the future of the Act still remains unclear. Aspo's profit guidance has not at any time included

assumptions that the Act would come into force.

Cash flows and risks are well diversified

Aspo owns a 100 percent holding in all four subsidiaries. This enables us to take an optimal long-term and systematic approach to the management and development of the companies. We've made great outlays on the continuous development of our management systems. It's important for us to have a clear-cut governance model and effective division of roles because we operate in many fields and markets.

The Boards of Directors of the subsidiaries play a central role in Aspo's management system. A conglomerate has a great deal of specialist knowledge on specific business sectors. For this reason, we've wanted to attach the best external experts to the Boards of the subsidiaries.

As Aspo's CEO, I am the chairman of the subsidiaries' Boards. Working on the Boards provides a clear picture of the Group as a whole, and allows the synergies between the different businesses to be harnessed in full.

At the Group level, we plan projects that tap synergies between two or more business sectors. At the moment, we're zeroing in on developing customer relationships. We've invested in systems and expertise to enable us to further hone the quality and cost-effectiveness of our operations.

A clear-cut management system and information systems that support it improve the efficiency of Group administration. This management model enables us to develop several companies – it's primarily a question of organization. In the Group management, we're continuously looking for ways to increase shareholder value. The development of the Group structure is part of this discussion – and also an integral aspect of Aspo's core nature.

Operating as a conglomerate makes us less sensitive to economic cycles. Aspo's cash flows and risks are now well diversified, thanks to which we can sustain a higher gearing ratio. Our debt is currently in line with our objectives. That said, we constantly monitor and evaluate our capital structure. We also ensure that we're able to invest in line with our strategy – and to acquire companies when necessary.

Focus on developing customer relationships

2010 was a good year – but Aspo has all that it takes to perform even better. We see opportunities for buoyant growth in all our businesses. In addition to pursuing organic growth, we can acquire companies – depending on the situation at hand, acquisitions can be either large or small, tactical or strategic.

Likewise, we wish to increase our operating profit margin and return on both equity and investment. We're not satisfied with them yet. We'll allocate more capital to sectors that provide the best returns and offer us long-term business or Group-level synergies.

One of our Group-level focus areas is developing customer thinking. In all our lines of business, customer relationships culminate in supply chain management. This more often involves transferring information rather than goods. The more up-to-date information we have at our disposal, the better we can work with our customers to optimize critical joint functions. This enables us to forge even closer partnerships.

I would like to thank our personnel, customers, shareholders and other stakeholders for the past year. We all have an effect on each other – and our interests largely converge.

Good employees are the foundation of all we do. They create value for our customers and build the Group's value for our shareholders. Committed personnel, long-term customer relationships and a growing number of shareholders are all signs that we're doing things correctly and heading in the right direction.

Helsinki, February 21, 2011

Aki Ojanen
CEO

Operating as a conglomerate opens up a world of opportunities

Aspo's Extended Executive Committee seeks Group-level synergies and learns from the experiences of others. We invited the Presidents of Aspo and its subsidiaries to discuss the Group's strengths and its future opportunities.

What broader trends impact on the operations of all subsidiaries?

Aki Ojanen: The Confederation of Finnish Industries EK recently pinpointed global trends that are favorable for Finnish companies. Russia, energy efficiency, and wellbeing were at the top of the list. A perfect match for us – we're already strong in all these areas.

Matti Väänänen: Wellbeing and health are at the core of our operations. Leipurin is a pioneer in the development and marketing of healthy bread in Finland, Russia, and other growth markets. The health, ethical, and green trends favor us. Local foods – such as artisan breads – combine all three.

Jari-Pekka Lehmuskoski: Energy efficiency is a key criterion in the investments of almost all of our customers, both in industrial machines and electronics. Furthermore, energy efficiency is a core element in Kaukomarkkinat's strategy. We're implementing this strategy by expanding into local energy solutions. Energy conservation and environmental technology are major growth drivers for us.

Markus Karjalainen: Environmental issues have both a direct and indirect bearing on ESL Shipping's business environment. We're on the cutting edge of ship technology. One good example is m/s Pasila's ballast water cleaning equipment – the first such system installed in a Finnish cargo ship. Environmental decisions also have a great impact on our customers in the energy industry and the raw materials we transport for them.

Russia is one of the growth centers of the global economy. What is its significance to Aspo?

Ojanen: Leipurin and Telko are already in business in numerous Russian metropolises. Russia

is the most important economy in the east. We're also expanding our operations into other attractive growth markets. In 2010, the growing markets of Russia and Ukraine alone generated about 30 percent of Aspo's net sales, when ESL Shipping's raw material transport is included.

Ojanen: In the future, those companies that are no longer dependent on economic trends in their home markets are the ones that will be the most successful. We're engaging in more and more business outside our own home markets. For example, our Russian units can order raw materials directly from China and export them to Kazakhstan. The Aspo Group is truly international.

Kalle Kettunen: Telko is a good example. In 2010, Finland accounted for 34 percent of Telko net sales, while the share of Russia and other eastern growth markets rose to a whopping 37 percent.

Kettunen: For Telko, China and the rest of Asia are rapidly assuming a greater role. The chemical industry is shifting the focus of its investments to the Middle East and Asia. I believe that a few years down the line we'll be procuring substantial volumes of raw materials from the Middle East and Asia. Our operations are already very global.

What is the division of work between the Group and the subsidiaries?

Ojanen: Aspo's business operations are carried out by its subsidiaries, each of which operates under its own brand. The businesses provide value for their customers. As a Group, Aspo in turn ensures that the whole is more than the sum of its parts and generates shareholder value.

How is the whole more than the sum of its parts?

Ojanen: Aspo's present structure is strong and balanced, and risks are well diversified. As a conglomerate, we're also better able to invest in new in-house businesses. Our well-oiled Group administration, joint procurements, and our strong balance sheet and financial position that enable us to make investments also provided added value.

Väänänen: Shared processes – such as the acquisition and deployment of the new ERP – generate clear synergies. Making this investment as a Group was cheaper for us – furthermore, the ERP can be deployed faster, because the companies can draw on each other's experiences.

▲ On Aspo's Extended Executive Committee, Jari-Pekka Lehmuskoski, Markus Karjalainen, Aki Ojanen, Kalle Kettunen and Matti Väänänen seek Group-level synergies.

Karjalainen: Without the backing of the financially stable Group, it would have been tougher for ESL Shipping to invest EUR 60 million in new ships.

Ojanen: Aspo is large and publicly listed – and our cash flow is effectively diversified. That makes it easier for us to acquire funding. Our credit rating is better than that of a lone subsidiary.

What is it like to manage a conglomerate? How is the division of work between the Group and subsidiaries evident in the management systems?

Ojanen: The Extended Executive Committee includes the Group Management and the Presidents of all four companies. The committee does not deal with the affairs of individual businesses. Instead, we prepare new development focuses concerning the entire Group or the synergies between our businesses.

Ojanen: The Boards of Directors of the subsidiaries also play a key role in Aspo's management system. Each of them leads, supports, and monitors the implementation of the strategy of its company. I serve as the Chairman of all four companies, which gives me a clear picture of the whole and enables us to harness the synergies between the different businesses in the best possible way.

What are the clearest synergies between the businesses?

Väänänen: Telko and we have similar business models and we're venturing into the same growth markets. Expansion into Belarus and Kazakhstan is a good example of our hands-on cooperation. We have held joint meetings with important local stakeholders, for instance.

Kettunen: Leipurin has successfully expanded its business into Russian metropolises. This success paved the way for Telko's own strategy in these territories. They've given us a great deal of valuable assistance. Likewise, Kaukomarkkinat's presence and long experience in China helped us launch our own Chinese operations. This shaved at least half a year from the process.

Lehmuskoski: It's much easier to expand into a new market when one of the Group's units is already in business there. It saves us from making many avoidable mistakes.

Ojanen: Although we have a long-term approach to business and carefully consider every new business location, getting up and running fast plays a key role. Setting yourself up in a growth market this year is an entirely different proposition from doing so next year: it has a direct bearing on the angle of the growth curve.

Karjalainen: In the Extended Executive Committee, we seek synergy benefits on a voluntary basis. We exchange good experiences and learn from each other. ESL Shipping's operations differ from those of the other subsidiaries, but we too benefit from the well-rounded picture of trends in different markets that we gain as part of a conglomerate.

What Group-level development projects are ongoing?

Ojanen: We have made major investments in the Group's shared IT systems to allow the subsidiaries to develop their key accounts and enhance their internal processes. The new ERP and the state-of-the-art CRM system that will be built on top of it enable us to take a more systematic approach to developing functions that are important to our customers. These systems provide us with more detailed information on delivery chains, enabling us to optimize our common activities in cooperation with the customer.

Kettunen: In addition, we have an ongoing CRM training program. The idea was floated by Telko, but we saw a clear need for such training at the Group level. This extensive program will also help us to standardize our terminology and thus improve the effectiveness of our internal communications.

Karjalainen: Likewise, we're establishing shared ethical guidelines, a Code of Conduct, for the Group's business countries and cultures. An international working group is pondering these Group-level guidelines.

Kettunen: In many respects, Telko and Leipurin have a similar earnings logic. For this reason, we exchange a great deal of information and experiences.

Väänänen: For example, Telko carried out a successful organizational overhaul. It was interesting to hear about its background and results. We're always considering how our own company could make use of the best practices of other Aspo companies. We engage in such discussions in different countries and at all levels of the organization.

Conglomerates are less sensitive to economic cycles. How is this evident in day-to-day operations?

Kettunen: Telko's chemicals are probably the most cyclical products: during the last recession, demand for them was the first to fall – and their demand was also among the first to pick up.

Karjalainen: The downswing then impacted on raw material deliveries for industry. Of course, our long-term transport agreements and transports for the energy industry ensure that we always have regular cargo to ship.

Väänänen: Consumption of bread and other foods is steady in all business cycles, but when a recession hits, people switch to cheaper brands. However, on the whole, Leipurin balances out the cyclical variations affecting the Group.

Lehmuskoski: Energy efficiency is on everyone's agenda. Business cycles mainly affect the scheduling of investment decisions.

Ojanen: At the Group level, we keep track of certain key indicators. Telko's chemicals trade is a great internal barometer for us. It gives us early indications of increases in optimism and caution alike.

Ojanen: A conglomerate is well in touch with the state of the world. Our broad knowledge of current trends informs discussions not only in our Extended Executive Committee meetings, but also in the Boards of the subsidiaries, whose members are top experts in their fields. The Group's Board of Directors also contributes its views. Every month, we get to hear many well-reasoned expert opinions on where the world is heading. Operating as a conglomerate is a truly great source of strength for us.

"We're establishing a shared Code of Conduct for all the Group's business countries. An international working group is pondering these guidelines."

Markus Karjalainen
ESL Shipping

"Shared processes – such as the acquisition and deployment of the new ERP – generate clear synergies."

Matti Väänänen
Leipurin

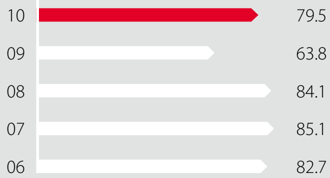
"In many respects, Telko and Leipurin have a similar earnings logic. We exchange experiences and information on many issues."

Kalle Kettunen
Telko

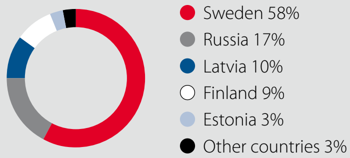
"It's much easier to expand into a new market when one of the Group's units is already in business there."

Jari-Pekka Lehmuskoski
Kaukomarkkinat

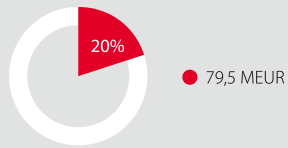
Net sales MEUR



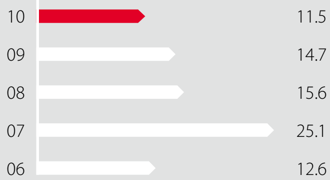
Cargoes by country



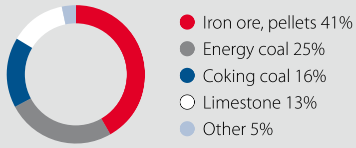
Share of Group net sales



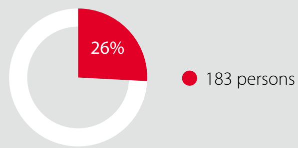
Operating profit MEUR



Transport by product group



Share of Group personnel



ESL Shipping: Back on the high seas

ESL Shipping

ESL Shipping looks to strengthen its position in the Baltic Sea, even open opportunities by acquiring considerably more capacity in the next few years.

In the spring of 2010, ESL Shipping ordered two supramax vessels from Korea. With a dwt of more than 56,000, they are considerably larger than our present ships. They will increase our capacity by over 50% when they go into service in early 2012. The total investment is valued at about EUR 60 million.

"These new ships are the world's only ice-strengthened dry cargo vessels in their size class. This gives us a major competitive edge. We can participate in new projects in which year-round transportation reliability is required," says **Markus Karjalainen**, President of ESL Shipping.

The new vessels are ideal also for open-sea conditions, such as for traffic in the Atlantic.

"In the past, we sailed around the world, but after the sale of m/s Arkadia, we haven't had suitable vessels. Now we're prepared to head out to new markets again. We are able to expand our services and coverage."

In years past, ESL Shipping loaded coal from Svalbard, for instance. Such routes are still highly attractive. The Northern European business environment also offers many other exciting opportunities. For example, numerous mine projects in Lapland are in need of efficient logistics. The mining industry is one of the potential new fields ESL Shipping is watching with interest.

We have the experience required to operate large vessels, and thus the new ship investments do not usher in any radical changes. That said, having two units in the same size class will enable us to operate them flexibly and more efficiently. Transport reliability will also improve substantially.

Correctly timed purchases and sales

Buying and selling vessels at the right time plays a key role in the shipping business. ESL Shipping's previous large vessel, m/s Arkadia, was sold in 2007. Capital gains of more than EUR 10 million were recognized on the sale.

The global economic crisis has lowered the prices of new vessels – now was the right time to make a large new investment to bolster our market position. As a conglomerate, Aspo has more financial latitude to make such major investments than most companies that only engage in shipping operations.

Our capacity will increase once the 20,000 DWT ship ordered from India will be delivered in early 2011. In recent years, ESL Shipping has ordered ships from Japan, China, India, and Korea. Thinking and operating globally is natural for us.

"Our customers make procurements around the world – and that's why we too take a global view," says Karjalainen.

M/s Hesperia is one of ESL Shipping's 15 ships.

We attend to the security of supply

ESL Shipping plays a significant role in Finnish security of supply. Our ships transport a large share of the solid fuels imported to Finland.

Taking care of the security of supply is a public-private partnership that safeguards the critical systems of the state and the business sector. The National Emergency Supply Agency (NESA) coordinates the cooperation.

Energy supply includes, for example, storing reserves of imported fuels such as energy coal. According to NESA, it is vital for the security of supply to ensure that Finland has enough import terminals and ice-strengthened ships. It is the task of NESA's Maritime Transport Pool to ensure the continuity of maritime transport as part of total logistics in all security scenarios.

Safeguarding the security of supply is an important way for ESL Shipping to be a good corporate citizen. It also firms up the cooperation between our energy customers and us.

▲ **ESL Shipping's vessels are ice-strengthened. They can sail in the demanding conditions of the Baltic Sea all-year round.**

"Our customers make procurements around the world – and that's why we too take a global view."

Markus Karjalainen
ESL Shipping

The Baltic Sea – our ever-stronger domestic market

The Baltic Sea is one of the fastest-growing transport markets in the world. Russia alone exports massive amounts of raw materials and imports both consumer goods and industrial products. The need for year-round transport is growing: and thus the new vessels will also mainly operate in the Baltic Sea.

The new capacity will primarily serve the growing and more diverse needs of our present customers. This will also enable us to expand our operations to new cargo types.

"We will review new opportunities with a realistic, longer-term perspective," says Karjalainen.

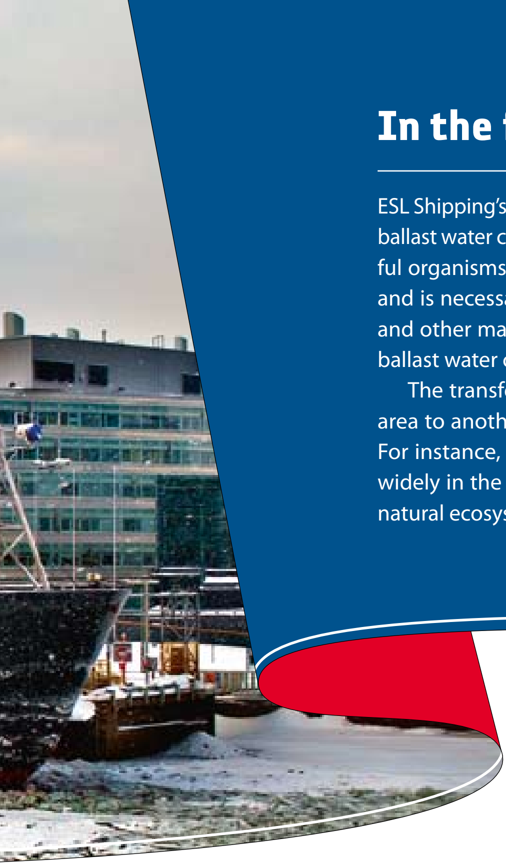
In the next few years, ESL Shipping's core customer segments will still be the steel and energy industries. Russia, for instance, exports tens of millions of tons of coal each year. With the new vessels, we have the chance to expand our market share in coal transports. All our ships are also perfectly suitable for the transport of various bio fuels.

The efficiency of bio fuels is lower than that of coal – and power plants thus require these fuels in greater volumes. If shipping of coal is replaced with pellets, for instance, the transport volumes will rise substantially. ESL Shipping is thus well-poised to serve as a partner to the energy sector, regardless of the fuels in use.

Environmental issues are to the fore in ESL Shipping's business environment. Growing environmental awareness has further strengthened the position of marine transport in recent years. Large cargoes and the ever-smaller emissions of the ships increase the appeal of marine transport. The ongoing trend is to transport more goods by ship rather than by truck.

The environment has also been taken into account in the furnishing of the new vessels. Both are built in the ice class 1A and have, for instance, ballast water cleaning equipment, which helps protect the ecosystem of the Baltic Sea.

"Our customers are increasingly interested in our environmental management and safety systems. They value the tangible actions we have taken with our ships," says Karjalainen.



In the front ranks of environmental technology

ESL Shipping's m/s Pasila is the first Finnish cargo ship to have a ballast water cleaning system installed. The system stops harmful organisms from moving from one water area to another and is necessary when a vessel sails between the Baltic Sea and other marine areas. ESL Shipping also intends to install ballast water cleaning systems in its other ships.

The transfer of foreign flora and fauna from one marine area to another poses a serious threat to the environment. For instance, the American comb jelly has been spreading widely in the Baltic Sea in the past few years, destroying its natural ecosystem.

"With the ballast water cleaning systems, we can do our part to take care of the environment and the health of the Baltic Sea," says Markus Karjalainen, President of ESL Shipping.

The mechanical principle of the system is based on the simultaneous filtering and UV treatment of the ballast water. UV technology is very safe, as it does not employ harmful chemicals.

The International Maritime Organization (IMO) has called for regulations whereby ballast water cleaning systems should be installed in 30,000–40,000 ships during the next 10 years. The regulations are currently being ratified and are expected to come into force gradually as from 2013.

Transporting important raw materials

General

ESL Shipping transports dry bulk cargoes in the Baltic Sea region, specializing in raw materials for industry. Our vital raw material deliveries make us an essential part of our customers' value chains.

Since 1949, ESL Shipping has been building enduring customer relationships based on mutual trust.

ESL Shipping's 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 the cargo handling facilities of ports.

At the end of 2010, ESL Shipping's fleet comprised 15 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.

To provide flexible and reliable service, we have a large, interchangeable fleet. This helps us operate efficiently, enhancing profitability.

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. Long-term contracts help us to manage changes in ship 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.

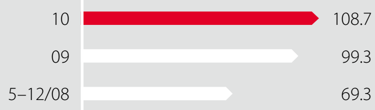
Customers and added value

ESL Shipping's key customers operate in the steel and energy industries. Our main deliveries for the steel industry include iron ore and pellets, coking coal, and limestone. We also supply energy producers with energy coal and the chemical industry with ilmenite and limestone.

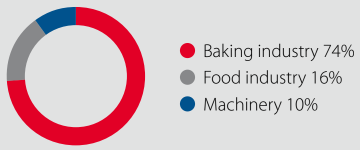
Energy coal volumes generally experience the most fluctuations. Demand is impacted by factors such as the level of activity in energy-intensive industry and wintertime temperature.

ESL Shipping's competitive edge comes from the flexible 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 time-chartered vessels, our ships have Finnish crews and sail under the Finnish flag. ESL Shipping accounts for 16% of the transportation capacity of the entire Finnish merchant navy.

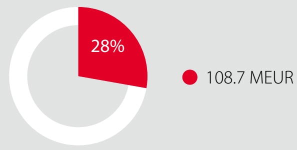
Net sales MEUR



Net sales distribution



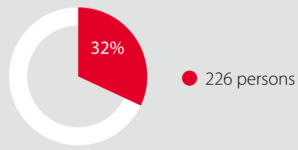
Share of Group net sales



Operating profit MEUR

Net sales distribution by country

Share of Group personnel



Domestic market and internationalization provide mutual support

LEIPURIN

Leipurin racks up slightly over half of its net sales abroad. Russia is the top growth market: our success there also bolsters our position in the Finnish market.

"As we become larger and more international, we can purchase raw materials in greater volumes – and thus become more competitive for our customers. Everyone's a winner," says **Matti Väänänen**, Managing Director of Leipurin.

In addition to volumes, the international market yields a great deal of know-how. This helps us to both grow our existing customer accounts and find new opportunities. Approaching the baking and food industry from more angles enables Leipurin to offer greater added value to its customers. This added value is particularly evident in creative problem solving.

"We seek to step up the creativeness and proactiveness of our service concept. We always seek to improve our understanding of our customer's business as a whole so that we can offer solutions to match. Our solutions comprise both new ideas and recipes and the raw materials and machinery that best serve them. This know-how is a core part of our services and interests food companies of all sizes."

Leipurin employs the same core operating model in all market areas. An extensive product range and efficient logistics are the cornerstones of the company's operations. Our know-how and participation in customers' R&D help us to forge lasting and confidential customer relationships.

"Culture, taste preferences, the state of the economy, and consumer purchasing power all vary from one market area to another. To be a credible local player, we must know these factors well."

Leipurin's end-to-end services are unique in its field: in addition to raw materials, we provide machinery and production know-how. Few other companies can offer all this. Machine technology and the customization of machinery setups will play a major role in the future.

"We'll bolster the role of our own R&D, expertise, and patents – to this end, we won't necessarily have to rely on in-house production. For instance, we're already a world-class player in automation technology. In the future, we'll

Leipurin and Karavay have worked together since 1997. Tatjana Nikulina regularly visits Karavay's bakery in St. Petersburg to meet CEO Nikolay Tutunikov.

Settings sights on Russia-wide coverage

Leipurin has had its own subsidiary in Russia since 1997. **Tatjana Nikulina** has served as Director from day one.

There are 11 metropolises in Russia and the company has offices in six of them.

"Our aim is to have Russia-wide coverage. We expand on a case-by-case basis, either by establishing our own locations or networking with local distributors."

For example, the Novosibirsk location serves as the Siberian hub. There, the company has a test bakery and large warehouse, from where goods are sent to intermediate warehouses in the cities of Omsk, Irkutsk, and Krasnoyarsk.

"We always tailor our operations to local conditions. It's vital to know the regional differences and to offer customers the expertise, raw materials, machinery, and service that best suit their current needs."

▲ **Karavay produces 360 tons of bakery products every day. White bread is still one of the core products, but the share of production accounted for by functional bread has rapidly risen to over 10 percent.**

"Kazakhstan is our gateway to the 'stan countries'. Our local presence there is in a class of its own compared to our competitors."

Matti Väänänen
Leipurin

have to network even more effectively with equipment manufacturers in different price segments so that we can tailor lines for our customers, matching the technology to their current requirements."

In end-to-end services, expertise in the raw materials used by the food industry also provides a competitive edge. In our product range, we focus especially on raw materials for dairy, meat, convenience, children's, and functional foods. Leipurin seeks to expand this business to Russia, the Baltic countries, Ukraine, Belarus, and Kazakhstan in 2011.

"The convenience food industry is surging in our market areas. In Finland, we have a long history of expertise to draw on. Many convenience foods, such as pizzas and pies, are baked. They have clear synergies with our baking industry services."

Global reach for the procurement network

Leipurin's business environment is ever more global. Raw materials have traditionally been sourced from Western Europe due to the similarity of taste preferences. However, more materials are being procured from countries such as China and the United States.

"The procurement network must be global. Multidimensional causes and effects often determine raw material prices in the global market. For this reason, developing the procurement network is a core part of our professional skills."

Leipurin's business presence in Poland – one of the major agricultural countries in Europe, along with France and Germany – serves our procurement expertise. Leipurin's other operations in Poland are tightly focused, mainly on the health benefits of rye bread.

In the Baltic countries, Leipurin has further bolstered its position as the leading player in the market. Among our new market areas, Kazakhstan plays a major strategic role. Operations in that country were started in 2010.

"Kazakhstan is our gateway to the 'stan countries' (Uzbekistan, Turkmenistan, Tajikistan, Azerbaijan). In Kazakhstan's baking market, we introduced all our raw materials from day one. The Novosibirsk test bakery and warehouse in Russia were a tremendous help in this effort. Our local presence is in a class of its own compared to our German competitors, for instance."

Russian bakeries following in the footsteps of the West

"St. Petersburg is the bread capital of Russia. Western trends are typically introduced to Russia through this cultural centre," says **Tatjana Nikulina**, Director for Leipurin Russia.

"When it comes to dining trends, Russia follows on the heels of western countries. Consumers want to have a greater choice of new products and their taste preferences are

Product safety – a key competitive factor

The importance of the health, quality, and safety of foods 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. The Leipurin Group is an expert in monitoring, maintaining, and applying this know-how.

Leipurin pays special attention to the high quality and safety of all its products. The company has been granted the ISO 9001:2000 certificate for its operating model in raw materials. Certification also entails commitment to continuous improvement of operations.

becoming healthier in step with the growth and rising affluence of the middle class. The retail structure is also in transition – the trend is toward larger units."

"All of these changes impact on the baking industry as well as the food industry as a whole. Companies must specialize and overhaul their operations in an ever-faster cycle. There's great demand for our expertise in this," says Nikulina.

"Just five years ago, many stores operated in single outlets – now, even in the St. Petersburg area, there are numerous hypermarket chains with massive bread departments featuring in-store bakeries. Standing out from the competition requires bakeries to engage in continuous R&D."

The growing middle class is placing a greater importance on healthy food. Leipurin has a strong competitive edge in the health arena.

"Russians have a strong association between healthiness and Finnish bread expertise. Rye bread is our spearhead. Consumers and bakeries are also interested in oat- and barley-based products. Finland's well-rounded bread culture and related research and technology are major competitive factors for us."

Leipurin is constantly creating markets for a healthier bread culture. We produce materials to support bakery marketing and provide training at our test bakeries on the health effects of bread for bakery and store staff. The test bakeries are located at universities, which further strengthens Leipurin's image as an expert.

Culinary preferences and the technological level of bakeries differ from one Russian economic zone to another. However, the consolidation of retail requires all bakeries to adopt a new mindset and keep launching innovations.

Leipurin helps customers to innovate

There are about 10,000 bakeries in Russia, of which 1,500 are large players. One of the giants is Karavay, the second largest bakery in the St. Petersburg region, which produces about 360 tons of bakery products daily. The company holds a market share of just under 30 percent in the St. Petersburg region.

After being privatized in the early 1990s, the company began to research the operating models and product ranges of foreign companies. Karavay teamed up with Leipurin in 1997, when Karavay made large investments in slicing and packing machines. Cooperation rapidly expanded into raw materials and researching new recipes.

"Leipurin was the first company with which we engaged in close cooperation. And the first shall always be the first," says **Nikolay Tutunikov**, Managing Director of Karavay.

Leipurin assists Karavay not only in product design and manufacture, but also in influencing consumer attitudes.

"Together, we raise awareness of the health benefits of bread and how it can prevent certain diseases. Functional breads already account for over 10 percent of our production, and consumption in this segment is seeing annual growth of about 15 percent."

Tutunikov emphasizes that even when health benefits are the selling point, the bread must be delicious and of high quality. Leipurin provides major assistance in developing products that satisfy all these requirements.

"Every week, an expert from the Leipurin Group helps us with designing and revising recipes. We work in close cooperation in all stages of R&D."

Strong cultural ties also firm up our partnership.

"The bread cultures of Russia and Finland are similar. People from St. Petersburg visit Finland and sample new breads. When they find something that's to their liking, they also want to buy such products in Russia – and soon. Our similar tastes as consumers bring us closer together."

Leipurin has also helped Karavay to forge relationships with Finnish bakeries. Know-how and experiences are exchanged not only about products, but also about marketing and establishing relations with retail conglomerates – and this also boosts Karavay's competitiveness.

Lenta trusts Leipurin

Lenta is Russia's fourth-largest hypermarket chain. Its net sales in 2010 amounted to some EUR 1.5 billion and it has about 40 stores around the country, 14 of them in St. Petersburg. A typical Lenta hypermarket draws 12,000 customers every weekday. About a third of the customers buy products from the baked goods department and its in-store bakery.

Leipurin has helped Lenta to polish the image of its in-store bakeries as producers of top-notch artisan goods. The in-store bakeries now produce 11 percent of their goods using Leipurin's raw materials.

"Consumers want fresh, warm, and soft bread. The scent of fresh bread and impressive packaging also play an important role. Leipurin has been an excellent partner for us in our development efforts," says **Dmitriy Chtetsov**, CEO of Lenta.

For example, cornbread made from Leipurin ingredients was tailored for Lenta.

"Our oat and flax bread is also very popular. Leipurin has helped us develop other healthy breads as well. Healthy bread serves to raise our profile as a higher-quality outlet."

As part of the partnership, Leipurin has provided training on the health benefits of bread to Lenta's bread department managers. This cooperation is tight, as new products are introduced to the in-store bakeries every couple of months.

End-to-end services all round

New recipes, raw materials, and machinery and production innovations enhance our customers' competitiveness.

General

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 production and operational efficiency.

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

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 and precise view of market trends throughout the food industry, putting the company in an ideal position to improve its customers' competitiveness and find solutions to their challenges.

For example, 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.

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

The Leipurin Group's customers include companies in the bakery industry, the confectionery and dairy industries and the meat and convenience food industries. The company supplies raw materials, machinery, and equipment as well as expertise in preparation and R&D.

Raw materials for the baking industry account for about 74 percent of the Group's net sales. Approximately 16 percent come from

raw materials for other segments of the food industry and 10 percent from 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.

We supply 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. The company's suppliers represent the leading international producers in their sector.

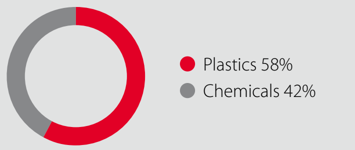
The machinery and equipment that Leipurin supplies to the baking industry cover all stages of production from dough making to product packaging. The company can also deliver entire production lines and in-store bakeries, as well as machinery and equipment required elsewhere in the food industry. Our principals are the highest-profile equipment manufacturers in the business. We also design and manufacture specialized machinery, such as dough makeup lines for rye bread. The product development of our own machines 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 customer' competitiveness, as do more universal innovations in production and logistics. We turn our baking know-how into new products at our test bakeries, which are located in different market areas.

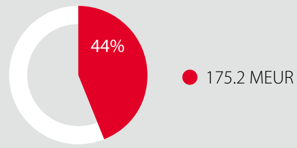
▲ **Bread departments provide an important competitive edge for Lenta's hypermarkets. A third of the 12,000 daily shoppers buy products from the bread department and its in-store bakery.**

Net sales MEUR

Net sales distribution

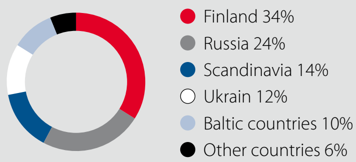


Share of Group net sales

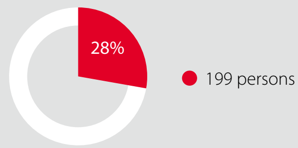


Operating profit MEUR

Net sales distribution by country



Share of Group personnel



International growth – profitably

TELKO

Telko's operations in Russia and Ukraine are already generating greater net sales than its business in Finland – growth markets are very profitable. Telko has new expectations for China, where it has ventured with its western customers.

Telko's Chinese office was established in mid-2010. At year's end, its net sales were on a good growth track and its operations had nearly achieved breakeven level.

In China, Telko is seeking a competitive edge with its technological expertise. In the early phase, the core of the clientele comprises large European companies and the subcontractors that manufacture plastic components for them. Some of the companies manufacture consumer products, others business-to-business products. Telko has engaged in frequent cooperation with them in Europe. We were the natural choice of partner for them when they centralized their production in China.

We mainly provide our customers with engineering plastics from leading western suppliers. In addition to machinery and equipment manufacturers, the telecommunications sector is an important customer segment.

"China offers massive potential. Our subsidiary is located in Shanghai. From there, we serve the major plastic industry hubs of the country. We plan to expand into the industrial areas of Shenzhen and Guangzhou in Southern China," says **Kalle Kettunen**, Managing Director of Telko.

Another key task of the office is to develop procurements from China. The Chinese chemical industry has grown by leaps and bounds. Telko has been exporting these products for several years now, especially to the Russian market. Now we aim to make Chinese raw materials more widely available to our customers.

Partners are playing a growing role in our suppliers' strategy

In addition to China, Telko has attractive markets in territories such as Eastern Europe. The burgeoning automotive industry in the region is making greater use of plastic components. We are actively looking into opportunities to expand into growth markets in line with our strategy.

The construction industry is an important customer group for chemicals in Russia. It grows in step with the country's economy.

Advancing on a broad front in the east

Telko established a subsidiary in Russia in 2000 and in Ukraine in 2005. During the past four years, net sales in these countries have trebled. The raw materials we supply are needed in a vast range of products. And thus the growth of the national economies in this region and the surging retail business are directly evident in Telko's net sales and profitability.

The printing and paint industries are the largest customer groups for chemicals. The construction industry is also a key source of growth. In plastics, the packaging industry and plastic component subcontractors are major customers. We will have a similar customer structure in our new business countries, Kazakhstan and Belarus.

▲ **Eighty percent of the employees of OOO Telko have completed a university degree and staff turnover is exceptionally low. Director Sergey Kolotaev himself has worked for the company since day one.**

"Our goal is that we can solve major challenges for our customers every time we visit them."

Kalle Kettunen
Telko

Expansion into new market areas is supported by changes among suppliers.

"A growing number of our suppliers are focusing more tightly on their core business. In many cases, this has meant engaging solely in industrial production, and such manufacturers have pruned their own sales organizations."

"In recent years, distributors have accordingly been playing a greater role. This trend will most likely continue in the future."

For example, the key suppliers were very pleased when Telko started up operations in Kazakhstan. Few of Telko's suppliers does as yet have distribution channels in that country.

In our new strategy, we give the same care to our suppliers as to our customers. It is important to maintain constant contact and tell suppliers about our expertise – such as product development capabilities – to ensure that our partnership is on a firm foundation.

"Different producers have different information requirements. We must satisfy these needs. This gives us better opportunities to develop and grow our business with each supplier," says Kettunen.

Open operations give a competitive edge in Russia

Suppliers value different things in different markets. In Russia, Telko is a sought-after partner because its operations are very open. Local companies do not typically disclose their key figures – or even their ownership structure. Being part of a Finnish listed company provides clear benefits to OOO Telko.

"Our operations are transparent. And it goes without saying that we comply with all laws and official regulations. This is vital for large western suppliers, international customers, and state-owned companies. Openness and transparency make us a trustworthy partner," says **Sergey Kolotaev**, Director of OOO Telko.

Local customers value Telko's western operating model, top-notch raw materials, and cutting-edge know-how. Suppliers are interested in Telko's strong local expertise.

"Business in Russia involves dealing with reams of local legislation, peculiarities, and bureaucracy related to matters such as imports, customs, and product certification. In practice, it's essential for suppliers to have a local partner."

Thanks to OOO Telko's combination of a western operating model and strong local expertise, its net sales are surging. Its growth rate has been two to three times greater than that of the Russian national economy. In 2010, the share of Telko's net sales accounted for by Russia and other growing eastern markets rose to as much as 37 percent.

Since the first year in operation, the product range has expanded from five to over a thousand: local warehouses always stock more than 200 products. Growth is sought from new

Telko becomes the first quality-assessed distributor in Russia

Telko is the first safety- and quality-assessed chemical industry distributor in Russia. The company's SQAS ESAD assessment was completed in the fall of 2010.

SQAS, Safety and Quality Assessment System, is an impartial assessment system for distributors in the chemical industry, developed by CEFIC, the European Chemical Industry Council, in cooperation with FECC, the European Association of Chemical Distributors. The assessment considers health, safety, environmental, and quality issues.

It also serves as a risk management tool and reduces the need for companies to commission overlapping evaluations of their potential partners. Telko's suppliers and customers have commended SQAS ESAD assessment: it shows our commitment to the continuous improvement of our operations.

product areas and industrial segments. Promising product areas include chemicals for water treatment, agriculture, and oil refining.

There is also plenty of potential in the automotive industry. The Korean company Hyundai recently opened a large new factory in St. Petersburg, as did the Canadian spare parts manufacturer Magna.

"More and more of the metal and rubber parts of cars are being replaced with plastic components made from engineering plastics, which require a great deal of expertise."

Service and close customer contacts

In the fall of 2010, OOO Telko expanded its operations into Samara, a car manufacturing town, and to Yaroslav, home to over a quarter of the country's paint production.

"We're now even closer to our industrial customers. Next, we plan to venture into the Nishi-Novgorod area, a hub for chemical manufacturers. We intend for our operations to cover all the industrialized parts of Russia."

In addition to new product areas, OOO Telko is constantly launching more services for its customers. The most important service comprises expertise in products and how they behave in the customer's production process. Storing, mixing, and packaging liquid chemicals comprise part of efficient logistics.

Financing for customers has also emerged as a major competitive factor in recent years. When interest rates on the money market topped 20 percent, the credit offered by OOO Telko firmed up many customer relationships. Strong local knowledge helped the company assess creditworthiness.

Services are powered by OOO Telko's expert and committed personnel. Eighty percent of the employees have completed a university degree and staff turnover is exceptionally low. Kolotaev himself has worked for the company since day one.

"Each salesperson is usually well-versed in the entire product segment, enabling them to discuss very large product packages with customers. In fact, almost every customer visit also results in new business for us."

New organization boosts efficiency

Although a rising share of Telko's operating profit comes from the eastern growth markets, Kalle Kettunen also sees promising opportunities in the Northern European markets.

"We're still too small in Scandinavia. We have much potential for substantial growth in both plastics and chemicals."

Telko is also seeking growth and efficiency with its new organization, which it has introduced in Finland, Sweden, and Denmark.

"The purchasing organization and customer service each now have clearer roles of their own. We operate more efficiently, which enables us to increase our number of principals."

What's more, combining purchases increases the cost-effectiveness of procurements. For instance, savings of one percent in procurements would yield an earnings improvement of more than one million euros for Telko. In our customer service, we are changing over to an electronic ordering system: this enables the company to sell basic products more efficiently, such as over the Internet. Another focus of development has been logistics, in which Telko has also achieved significant savings.

The Rauma terminal was incorporated toward the end of 2010. Its warehousing, packaging, and logistics services are now sold to customers outside Telko as well. This enables us to make more efficient use of the capacity of the terminal and the capital committed to the buildings.

In line with Telko's strategy, we will also focus more clearly on products and services in which we can offer particularly high value to our customers.

"In practice, this means having highly knowledgeable employees. We must have the kind of competence that customers are ready to pay for – our goal is that we can solve major challenges for our customers every time we visit them," says Kettunen.

Packaging for food and buildings

PO Gubkina, located close to St. Petersburg, manufactures plastic wrapping, bubble wrap, and other packaging materials. Its products are used for packaging consumer goods and foods as well as protecting construction materials. Its customers include both local companies and global corporations such as Heineken.

Gubkina and Telko have worked together since 2002. The raw materials supplied by Telko are used in products such as plastic wrapping, which must fulfill very stringent quality requirements in terms of durability and transparency.

“Higher-quality raw materials are also needed in specialty products such as plastics used to protect construction materials,” says Olga Rozenzweig, Production Manager for Gubkina.

Telko also assists Gubkina in the development of new products. The production of food packaging, in particular, requires not only raw materials that comply with stringent regulations, but also technical expertise. Gubkina has drawn on Telko’s competence and contacts in the design and manufacture of easy-tear packaging, for example.

An expert in industrial raw materials

Thanks to its long-term customer and supplier relationships, Telko has gained robust specialized expertise in the raw materials customers need in their production processes.

General

Telko acts as an expert link between producers of plastic raw materials and industrial chemicals and the companies that use them.

Telko operates in Finland, Sweden, Denmark, Norway, Estonia, Latvia, Lithuania, Russia, Belarus, Kazakhstan, Ukraine, Poland, and China. To ensure efficient logistics, we have a chemical storage terminal in Rauma and numerous local warehouses in our business countries.

Our key suppliers are well-known producers of plastic raw materials and chemicals such as ExxonMobil Chemical, BASF, LyondellBasell, Castrol, EMS, Samsung, LG, Total Petrochemical, AkzoNobel, and Lubrizol. Procurement is international: Telko’s range includes raw materials not only from European producers, but also from many Russian, Chinese, Korean, and Indian companies. Telko is always on the lookout for new suppliers producing high-quality and competitive raw materials.

Thanks to our long-term customer and supplier relationships, we have gained robust specialized expertise in the raw materials our customers need 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 extensive customer service also covers technical support and the development of production processes.

Strategy

Telko’s strategy is to expand, particularly in Russia and other growth markets in the east. In these markets, the growth of the national economies and retail leads to a direct increase in the demand for raw materials and chemicals. The growth strategy is implemented by expanding operations, both geographically and into new customer segments. For example, we already have sales offices in five Russian metropolises. In 2010, we started up operations in China and Kazakhstan. In the early phase, our strategy in China is to mainly serve companies manufacturing plastic components for European customers.

In plastics, Telko's operating model is to provide efficient services to large companies and SMEs. SMEs manufacturing plastic components have to react rapidly 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 reliable link between raw material producers and end-users. Thanks to our robust expertise in logistics, we play a major role in the value chains of the industry.

Customers and added value

Telko supplies both 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. Our customers include companies in the paint, printing, packaging, detergent, cosmetics, construction, and chemical industries. Telko's operations are focusing more on specialty chemicals requiring extensive expertise. Environmental products are also a growing business.

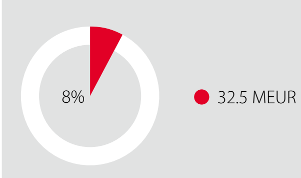
Our product range, expertise, and logistics generate added value for our customers. Telko is a sought-after partner thanks to our operations in exciting eastern growth markets and our strong technical expertise in raw materials and their suitability for various production processes. Efficient logistics 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 made by agreement with our supplier.

▲ New raw material recipes improved the transparency of the packaging plastic manufactured by PO Gubkina. The photo shows Svetlana Khvostikova, Product Manager for Telko (on the left), and Olga Rozenzweig, Production Manager for Gubkina, testing the characteristics of the product.

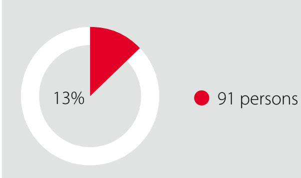
Net sales MEUR

Share of Group net sales

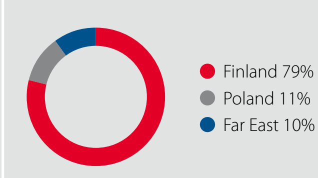


Operating profit MEUR

Share of Group personnel



Net sales distribution by country



Locally produced energy offers great growth potential

KAUKO MARKKINAT

In its new strategy, Kaukomarkkinat has zeroed in on products and services that improve energy efficiency. Integrated local energy solutions will be a major focus of operations.

Energy-efficiency solutions currently account for about 40 percent of Kaukomarkkinat's net sales. However, all of the company's operations seek to boost the efficiency of customers' processes and thereby achieve cost savings.

"Enhancing the efficiency of our customers' processes is our core expertise. Customers have largely similar needs: they want to operate more efficiently while pruning their costs and freeing up capital. This is the common thread that unites energy-efficiency solutions, security and digital products, and services for the process industry," says **Jari-Pekka Lehmuskoski**, Managing Director of Kaukomarkkinat.

In addition, energy efficiency, security, and communications solutions are becoming partly interlinked. Kaukomarkkinat's long-term supplier Panasonic has systematically developed concepts for the homes of the future – these buildings will not just save energy, but will also generate and store it. Panasonic recently acquired Sanyo, which has a very strong position in energy-efficiency products such as solar panels and rechargeable batteries.

"For us, energy efficiency generally involves electronics, such as those used in air-source heat pumps and solar panels. This calls for the kind of specialized expertise that is hard for others to copy – and in which we can offer clear added value to our customers."

Energy efficiency is a global megatrend

In the fall of 2010, Kaukomarkkinat acquired the business operations of KSM-Lämpötekniikka Oy. The company is a strong expert in heating solutions based on solar power and different biofuels.

"The need for energy-efficiency products and services is increasing heavily as Finnish and EU-wide energy-efficiency regulations for greenfield construction and a new national energy policy are adopted, and as energy prices increase. This trend is evident in both renovation and new construction," says Lehmuskoski.

The business acquisition expanded Kaukomarkkinat's range – and especially our expertise in renewable energy.

We now offer local energy solutions on three fronts. Energy-efficiency equipment includes heat pumps for homes and industry, for example, and renewable energy is represented by biomass boilers and pellet power plants. Inex-

The compressors made by Kaukomarkkinat supplier MAN Diesel & Turbo are used in applications such as blast furnace blowers in the steel industry. New solutions can substantially improve the capacity and energy efficiency of customers.

China expertise for the entire Group

Kaukomarkkinat was the first Finnish company to open an office in China – way back in 1953. In addition to engaging in its own business operations, this office also plays a growing role in starting up the functions of the Aspo Group's other subsidiaries in China. The office provides a strategic bridgehead in the world's most interesting growth market.

For instance, our strong expertise in Chinese business and practices helped Telko to venture into the country in the summer of 2010: thanks to Kaukomarkkinat, Telko was able to rapidly kick-start its operations, which is very important in a growth market.

Kaukomarkkinat's Asian expertise is rounded out by our offices in Vietnam and our close partnership with the Japanese company Panasonic, which has now lasted for over 40 years.

We're also active in the growing markets of Russia and Poland. Solutions and services to improve energy efficiency are a key interest in these markets as well. In Poland, Kaukomarkkinat acts as an importer and retailer for Vacon's frequency converters, for example.

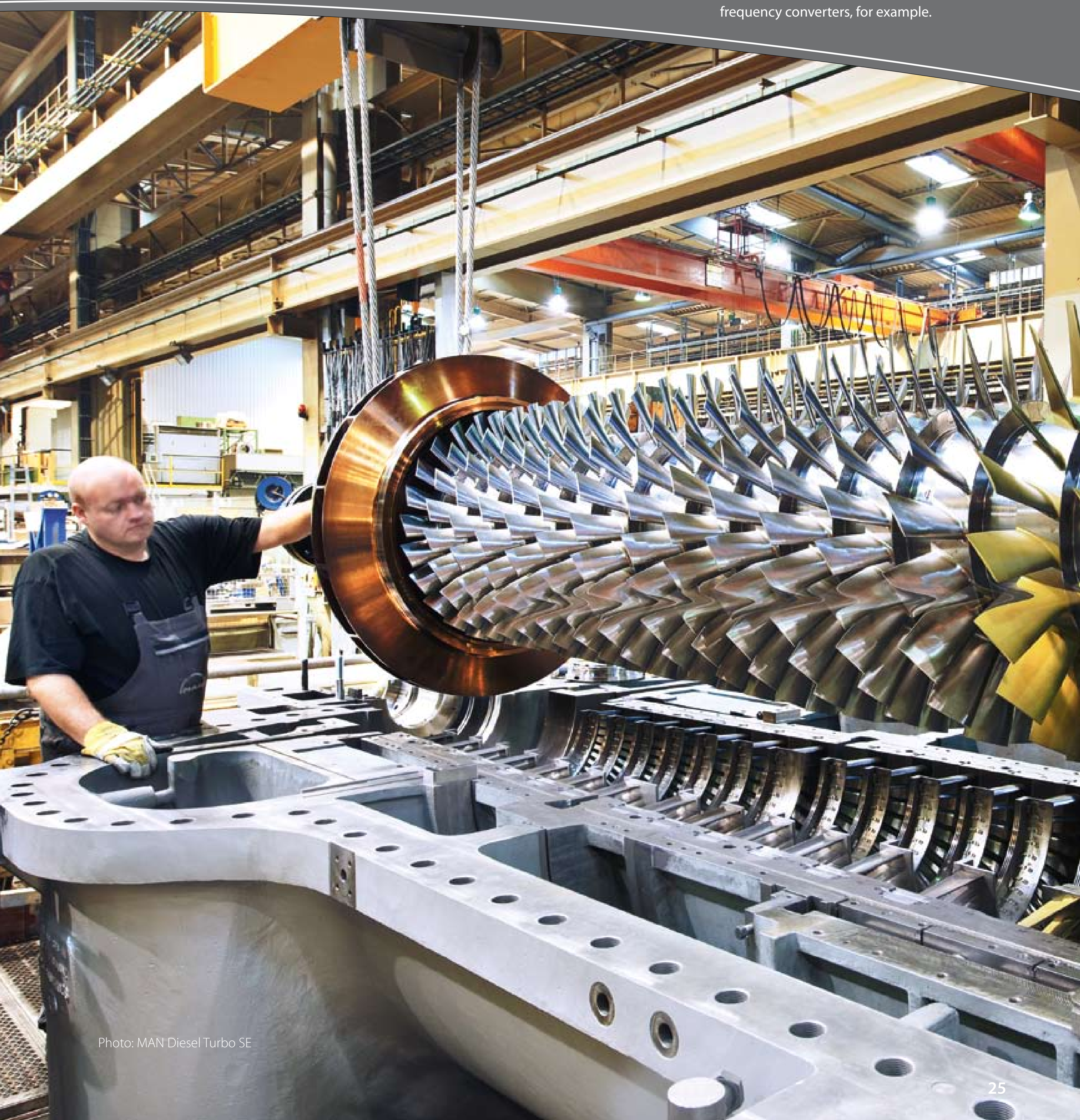


Photo: MAN Diesel Turbo SE

▲ **Next-generation solar collectors are one third more efficient than earlier models. Solar energy can be used to efficiently heat household water, for instance.**

"Energy efficiency is such a massive megatrend that there's demand for expert partners in the market."

Jari-Pekka Lehmuskoski
Kaukomarkkinat

haustible energy means solar collectors and the use of stored solar energy, such as ground and water heat.

Energy efficiency is now ripe with opportunity because the players in the field are fragmented. Energy-policy decisions and changes in the relationships and prices of different biofuels pose challenges in this market. There is great demand for Kaukomarkkinat's robust expertise. We intend to keep increasing our know-how through acquisitions and recruitment.

"We'll definitely see a variety of hybrid solutions that combine products by different manufacturers to create suitable solutions for each application. This emphasizes the importance of seeing the big picture."

Kaukomarkkinat's end-to-end vision hinges on a unique combination of understanding customer needs, long-term supplier relationships based on the open exchange of information, and our own market expertise.

"Thanks to our good relationships with our suppliers, we have in-depth knowledge of the types of new solutions that are being designed and of what will be possible in the future. In addition, it's vital for us to understand when new technology is ripe for commercialization in our own markets. Part of our expertise is to identify the moments of transition when it's best for clients to change over to new technology."

Local energy clientele expands

Kaukomarkkinat has traditionally been a strong player in providing solutions to improve the energy efficiency of both private households and large units, such as power plants and industrial facilities. In recent years, rising energy prices have substantially increased demand for air-source and air-to-water heat pumps for residences. In industrial facilities, heavy-duty heat pumps can utilize waste energy and reduce carbon dioxide emissions.

We're now taking proactive steps to expand our presence in the attractive market that lies between private households and large industrial players. Potential customer groups include housing corporations, industrial halls, large agricultural units, and SMEs.

"Although the customer groups are different, they have similar needs: they want to save time, effort, and money. Furthermore, national and international climate objectives and energy policy solutions create demand for a range of local energy solutions. We can harness our existing customer expertise when venturing into new segments.

"Partnerships with construction companies also offer exciting growth opportunities. Energy efficiency is such a massive megatrend that there's demand for expert partners in the market."

Solar collectors play a key role in local energy solutions

KSM-Lämpötekniikka, which Kaukomarkkinat acquired in the fall of 2010, is a pioneer in the use of solar energy. It was the first company to introduce advanced vacuum tube collectors to Finland. Its next-generation collectors are about one third more efficient than earlier models.

Finland receives a relatively high amount of solar radiation annually, about 1,000 KWh per square meter. In parts of Central Europe, for example, radiation falls short of this.

"Solar energy can currently be used to heat all or part of household water from March to October," says Jari-Pekka Lehmuskoski, President of Kaukomarkkinat.

Water heating is a major application for solar energy, as it accounts for about 30–40 percent of household energy consumption. Solar energy is also excellently suited for use in radiant floor heating systems and to round out property central heating systems.

The energy efficiency of properties can be boosted substantially with solar energy, biomass boilers, and other local energy solutions. For instance, housing corporations can replace their traditional oil boilers with a combined system comprising a pellet boiler, solar collectors, and energy accumulators. Local energy solutions also serve as a good complement to electrical heating. There is a growing market for these solutions in both renovation and new construction.

Products and services to improve energy efficiency

General

Kaukomarkkinat specializes in products and services that improve energy efficiency. We also provide applications to enhance efficiency in the process industry as well as security and digital solutions. We rely on the products of the best companies in the industry. Our skilled experts are committed to improving the operations and efficiency of our customers.

Kaukomarkkinat was established in 1947. It 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. The company operates in Finland, Poland, Russia, China, and Vietnam.

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, energy efficiency, and solutions with a competitive edge.

Firm, long-term partnerships with leading industry suppliers are a fundamental aspect of our strategy.

Customers and added value

Energy efficiency products include industrial-size heat pumps, air-source and air-to-water heat pumps suitable for household use, energy-saving lighting, and frequency converters. Renewable energy products include biomass boilers and pellet power plants. Inexhaustible energy products include solar collectors and solutions for the utilization of stored solar energy.

In energy products, our competitive edge 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, housing corporations, SMEs, and retailers.

For the process industry, we deliver machinery and equipment 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 and digital solutions 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.

Responsible operations increase intellectual capital

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

Aspo is engaged in trade and logistics, which require close cooperation with customers and an understanding of their businesses. This is 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 staff policy. Aspo's value lies in the Group's 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.

For instance, Aspo has made major investments in the Group's shared IT systems to allow subsidiaries to develop their key accounts and enhance their internal processes. The new ERP and the state-of-the-art CRM system that will be built on top of it serve to increase the open flow of information and thereby enable us to take a more systematic approach to developing functions that are important to our customers.

Regular measurement – of, for example, customer satisfaction in different sectors – is also an essential aspect of structural capital.

The Group is currently drafting ethical guidelines that define our shared responsible practices. These guidelines will be used in all our business countries and cultures.

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. We regularly assess personnel satisfaction with their own tasks, quality of management, and Aspo as an employer. The Group is responsible for taking corrective action when necessary.

Investments are made in training and professional development at all organizational levels. Aspo's employees also have the opportunity to further their careers anywhere in the Group. Aspo is currently launching a large-scale personnel training program under which employees can complete vocational qualifications in their respective fields. The program will also facilitate the harmonization of practices in different market areas. Extended customer thinking will be a key element of the training programs of Aspo companies in the near future.

In 2005, an personnel fund was established. Some of the Group's earnings are placed in the personnel fund as a profit bonus. The objective is for the fund to use the majority of the profit bonuses to acquire Aspo shares. Aspo wants it personnel to be a major shareholder group.

Relationship capital comprises expertise in dealing with customers, suppliers, and other stakeholders. Most of Aspo's 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 increasingly important as a competitive factor

A good environmental reputation is another facet of intellectual capital, and one that is conferring an increasingly important competitive edge. Ongoing operational improvement is a core principle of Aspo's environmental policy. Aspo wants to address critical environmental issues beyond the minimum requirements of laws and 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 serves as a foundation on which each business develops its own practices. Each Group company handles its own environmental issues, with the managing director usually holding primary responsibility.

Aspo aims to use technologies that have minimum environmental impact and to avoid hazardous consequences. Our employees are trained and encouraged to work in an environmentally responsible 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, Aspo has 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. We have drawn up detailed action and communication plans for exceptional situations. Aspo also seeks to participate in both national and international environmental projects.

Tangible actions throughout the Group

The Aspo Group's headquarters in Helsinki are located in the Lintulahdenvuori office building, which has been granted a platinum LEED environmental certificate. LEED (Leadership in Energy and Environmental Design) is a global environmental certification for the design, construction, use, and maintenance of buildings.

It is estimated that eco-efficient buildings consume 30–50 percent less energy than ordinary buildings. Their carbon dioxide emissions are lower. Furthermore, eco-efficient construction and use reduce waste volumes. Eco-efficiency also leads to lower building operating costs.

The plot of Aspo's office building was once polluted. The remediation and use of this plot fixed a gap in the urban fabric, improving its cohesion. This is an excellent location for an office building, as it has good access to public transport. Metro, streetcar, and bus stops are close by.

The offices rely on district cooling and the water fixtures have been designed to minimize water consumption. The building gets plenty of sunlight and thus requires less artificial illumination than an ordinary office building, saving on energy.

ESL Shipping's operations and all 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 ships also enhance safety: all of our ships are ice-strengthened. What's more, ESL Shipping's experienced personnel are very familiar with the ports, channels, and conditions of the Baltic Sea.

ESL Shipping's m/s Pasila is the first Finnish cargo ship to have a ballast water cleaning system installed. The system prevents foreign flora and fauna from moving from one water area to another, and thus protects the ecosystem of the Baltic Sea. These systems will also be installed in our other ships and the new large ships we ordered in 2010.

Ships are the most ecological alternative for transporting large cargos. The carbon dioxide emissions of a large cargo ship, in relation to the size of the cargo and the length of the voyage, are 30 percent less than those of heavy articulated vehicles and under three percent of aircraft emissions.

Leipurin pays particular attention to the quality and safety of food ingredients and the environmental impact of its operations. 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 can effectively protect both the company's reputation and the brands of our principals 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. The company has also committed itself 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 has been verified by an external ESAD II assessment. Telko is also the first security- and quality-assessed chemical industry company in Russia. In addition, Telko has signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat provides equipment and services that improve energy efficiency. Its products can use renewable energy such as biofuels and inexhaustible energy such as solar energy. Environmental issues play a highly important role for the company's principals: 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 2010 they owned in total approximately ten per cent 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 October 1, 2010, Aspo follows the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association in 2010. The document is available on the Securities Market Association's website www.cgfinland.fi.

Aspo Plc's separate Corporate Governance Statement has been published on Aspo's website www.aspo.fi. The up-to-date information required by the corporate governance code is presented on the website.

Group structure

The Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki. The main responsibility for Aspo Group's administration and operations lies with Aspo Plc's organs, which are the Shareholders' Meeting, the Board of Directors and the CEO. The highest decision-making power is exercised by the shareholders at the Shareholders' Meeting.

Aspo Plc's task is to own, manage and develop the operations of its subsidiaries and other operational units, centrally administer the Group companies, take care of issues related to financing and strategic planning, and plan and implement financially expedient investments.

The Group's operational business is carried out in the Group companies (ESL Shipping Ltd, Leipurin Ltd, Telko Ltd and Kaukomarkkinat Ltd) and in their subsidiaries in Finland and abroad.

Shareholders' Meeting

The Annual Shareholders' Meeting is arranged every year on a date set by the Board of Directors and it deals the issues that are the Annual Shareholders' Meeting's responsibility as outlined in the Articles of Association, the Board proposals and possible other proposals to the Shareholders' Meeting. The Annual Shareholders' Meeting, for instance, confirms the financial statements, elects the Board members and the auditor, decides on profit distribution and the remuneration of Board members and the auditor.

Shareholders are, according to the Companies Act, entitled to bring issues to be discussed to the Shareholders' Meeting if they demand this in writing from the Board of Directors well in advance so that the issue can be included in the notice of the meeting.

The Board of Aspo Plc calls the Shareholders' Meetings. The notice of the meeting is published in a stock exchange release and in newspapers determined by the Board at the earliest two months before and at the latest 21 days before the meeting. In addition, the notice of the meeting and the following information are published on the company's website 21 days before the Shareholders' Meeting at the latest:

- total number of shares and votes by share class on the date of the notice of the meeting
- documents to be presented to the Shareholders' Meeting
- decision proposal of the Board of Directors or some other competent organ
- any issue that is included in the agenda of the Shareholders' Meeting but for which no decision is proposed

The decisions of the Shareholders' Meeting are published after the meeting in a stock exchange release. The minutes of the Shareholders' Meeting with the voting results and appendices related to the decisions are published on the company's website within two weeks of the Shareholders' Meeting.

Board of Directors

According to the Articles of Association, Aspo Plc's Board of Directors 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. In the 2010 Annual Shareholders' Meeting, six Board members were elected. The term of the members ends at the conclusion of the Annual Shareholders' Meeting following the election.

The Board constitute a quorum when more than half of the members, including either the chairman or vice chairman, are present.

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:

- Aspo Group's 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
- monitoring the financial and financing situation of Aspo Group

The Board carries out an annual self-evaluation of its operations and working methods.

In 2010, the Board of Directors arranged 10 meetings, of which three were teleconferences. The average participation rate was 99%.

Board committees

In 2010, the Board established an Audit Committee with the objective of preparing issues related to the company's financial reporting and monitoring. The Audit Committee does not have independent decision-making authority, but the Board makes the decisions on the basis of preparations by the committee. The Audit Committee consists of the chairperson and at least two members, who the Board appoints from among the Board members for one year at a time. The Board appointed Roberto Lencioni to chair the Audit Committee, with Kristina Pentti-von Walzel and Risto Salo as members. The tasks of the Audit Committee are:

- monitoring the financial statement reporting process
- supervising the financial reporting process
- monitoring the effectiveness of internal control and risk management systems
- handling internal control's plans and reports
- handling the description of the main principles of the financial reporting process related to internal control and risk management systems included in the company's Corporate Governance Statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the audit firm
- assessing the auxiliary services offered by the audit firm
- preparing the decision on the election of the auditor

The Audit Committee will convene regularly at least twice a year. In 2010, the audit committee had three meetings.

Aspo has no other committees besides the Audit Committee.

Remuneration for Board members

The Annual Shareholders' Meeting decides on the remuneration and cost compensation principles for the Board members every year.

In 2010, the Board established an Audit Committee with the objective of preparing issues related to the company's financial reporting and monitoring.

A full-time Board Chairman increases Aspo's competitiveness

Gustav Nyberg acts as the full-time Chairman of the Board of Directors at Aspo. Nyberg was Aspo's CEO in 1999–2008, and was involved in the creation of the company's present organizational structure and strategy.

The chairmanship is a full-time job as utmost responsiveness and swift decision-making are a must in today's operating environment. Together with the Chairman of the Board, the operative management can deal with issues of great importance in a flexible and efficient manner. Therefore, necessary action can be taken as quickly as possible.

Responsiveness is of even greater importance in a conglomerate like Aspo, where there is a wealth of issues and information to be handled without delay. The Chairman of the Board meets actively not only with shareholders and investors, but also with the management of the customers and principals. These meetings provide Aspo with a more versatile picture of the future plans of the key stakeholder groups.

The 2010 Annual Shareholders' Meeting confirmed the chairman of the Board's monthly remuneration to be EUR 15,500 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. It was resolved that the vice chairman be paid a monthly remuneration of EUR 3,000 and the other members of the Board of Directors EUR 2,000 per month. Those Board members who have a full-time job at a company belonging to the Aspo Group do not receive any remuneration.

Travel is compensated for in accordance with Aspo's general travel regulations. In 2010, the Aspo Plc Board members received a total of EUR 373,582 in fees. The members of the Audit Committee did not receive separate remuneration in 2010.

The majority of Aspo's Board members are independent of the company and the its main shareholders. The Board evaluates the independence of its members regularly.

Chairman of the Board

The full-time chairman of the Aspo Plc Board is Gustav Nyberg, B.Sc. (Econ.), eMBA (54). He is, in addition to his Chairman duties, also responsible for the progress of the strategy process and participates in IR operations.

Aspo Plc's Board of Directors elects a chairman from among the Board members, appoints the full-time chairman of the Board, and agrees upon the terms of employment defined in a written executive contract. The full-time chairman does not receive the board member's compensation decided by the Annual Shareholders' Meeting while the executive contract is in force. The total compensation paid to the full-time chairman under the executive contract shall not exceed the compensation for the Chairman of the Board established by the decision of the Annual Shareholder's Meeting.

Gustav Nyberg was CEO of Aspo Plc until December 31, 2008. He was elected as the chairman of Aspo Plc's Board of Directors as of January 1, 2009. In accordance with the CEO agreement, he received salary corresponding with his term as CEO until December 31, 2010.

Chief Executive Officer

The Board of Directors appoints Aspo Plc's CEO. Since January 1, 2009, the CEO of Aspo has been Aki Ojanen, eMBA (50). The CEO is responsible for the management and development of the Group's business 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, and for the company accounting complying with applicable legislation and the reliable arrangement of the company finances. He also serves as the chairman of the Boards of Group companies and acts as the operational supervisor of the managing directors of Group companies. He is also responsible for internal control as the superior of the CFO and for Group risk management, which is coordinated by the CFO.

The terms of the CEO's employment relationship have been agreed in writing in the CEO agreement. 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.

In 2010 the CEO was paid EUR 455,893 in salary, bonuses and fringe benefits. The proportion of bonuses was EUR 88,440 and the proportion of fringe benefits EUR 19,680. In addition, the CEO received 5,000 Aspo shares in 2010 based on the 2006 share ownership plan.

Group Executive Committee

The CEO is assisted by the Group Executive Committee and the Group's Extended Executive Committee.

The Group Executive Committee is responsible for developing the strategic structure of Aspo Group and forecasting the company results, as well as prepares the policies and common practices. In addition to the CEO, the Group Executive Committee consists of Chief Financial Officer, Group Treasurer, Business Development Director and Group Legal Counsel. In 2010, the Group Executive Committee (excl. the CEO) received a total of EUR 610,573 in salaries, bonuses and fringe benefits. The share of bonuses was EUR 85,381 and the share of fringe benefits was EUR 32,140. In addition, the members of the Group Executive Committee received 6,250 Aspo shares in 2010 based on the 2006 share ownership plan.

The task of the Extended Executive Committee is to ensure cooperation between different business areas and utilize synergy, as well to prepare common development projects and policies. The Group's Extended Executive Committee consists of, in addition to the members of Aspo Plc's Group Executive Committee, the managing directors for the business areas and the persons responsible for IT administration and communication.

Pension insurance agreements

The CEO and the Chairman of the Board of Directors at Aspo Plc are eligible for a payment-based group pension insurance scheme. The retirement age is 60 whereupon the payment of contribution ends. The receiving of a pension ends at the age of 70. The pension is determined in accordance with the accrued insurance savings at the time of retirement. The receiving of a pension can be postponed, at most, until the age of 70. In that case, the pension is determined on the basis of insurance savings adjusted in accordance with the value development of related investment objects.

If employment ends before the contractual retirement age as a result of a notice given by the employer due to production and financial reasons, the person is entitled to a paid-up policy – a paid-up insurance that corresponds to insurance savings accrued by the end of the person's employment. The person is always entitled to a paid-up policy that corresponds to his or her own share of contribution.

In 2010, the costs of the group pension insurance scheme totaled EUR 67,799 or 28% of the annual salary on the part of Aspo Plc's Chairman of the Board, and EUR 55,951 or 12% of the annual salary on the part of the CEO, which adds up to a total of EUR 123,750.

Rewarding

The Aspo Plc management bonus scheme consists of the employees' fixed monthly salary, a short-term bonus paid on the impact of their tasks on the company result, and long-term rewards including 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 bonus of Aspo Plc's CEO and the other management of the company may differ according to the impact of their tasks on the company result, up to a sum equivalent to three to eight months of the employee's salary. The maximum bonus of the CEO is a sum equivalent to eight months' salary. The criteria used in the bonus scheme include Group-level result requirements and the development preconditions of the area for which the executive has responsibility. The fulfilling of the bonus scheme criteria is monitored annually. The payments paid according to the bonus system must be approved by Aspo Plc's Board of Directors. Bonuses recognized annually are paid after the completion of the annual financial statements.

In addition to the bonus scheme, Aspo Plc's Board of Directors has decided on a share-ownership plan for the key personnel of Aspo Group. The plan's earning period started on January 1, 2009, and will end on December 31, 2011. Participation in the plan and rewards require that the key employee obtains a number of Aspo Plc shares specified in advance by the Board of Directors. The potential gain is based on a 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.

In March 2010, 43,130 Aspo shares held by the company were issued to employees included in the 2006 share-ownership plan. The right to dispose the shares further was restricted until October 1, 2010.

In October 2010, the Board of Aspo decided on a new shareholding plan for the management of Aspo Group. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For the shareholding, the participants established a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo transferred 322,637 shares at market price to the company in a directed share issue. The plan is valid until the spring of 2014, when it will be dissolved in a manner that will be decided on later. The plan will be extended for one year at a time if the share price of Aspo at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan.

Aspo does not have a separate stock option plan. More detailed information on rewards and the bonus scheme can be found at www.aspo.fi.

Auditing

According to the Articles of Association, the Annual Shareholders' Meeting elects the auditor, which must be an auditing firm approved by the Central Chamber of Commerce. The elected auditor is also responsible for internal audits when applicable. The term of the auditor ends at the conclusion of the Annual Shareholders' Meeting following the election.

The auditor elected by the Shareholders' Meeting is responsible for instructing and coordinating the auditing work throughout the Group. The auditor provides the company's shareholders with the auditor's report in connection with the annual report, in accordance with legislation. The members of the Board also receive the auditor's interim auditing reports.

The 2010 Annual Shareholders' Meeting elected the APA firm PricewaterhouseCoopers Oy as the auditor, with APA Jan Holmberg as the principal auditor. In 2010, companies belonging to the PricewaterhouseCoopers chain in Finland and abroad were paid a total of EUR 249,882 in compensation for performing audits for Aspo Group. In addition, other services were acquired for EUR 168,312.

Achieving the set targets is followed on a monthly basis with the reporting system. In addition to actual and comparison figures, it provides up-to-date forecasts.

Internal control

Aspo's internal control includes the control that is built in to the business processes, the Group's management system and financial reporting covering the entire Group. Internal control is an integral part of the company's management, risk management and administration.

The aim of internal control is to create sufficient certainty of goals and objectives being reached in the following issues:

- operational profitability and efficiency and capital control
- reliability and completeness of financial and operational information
- compliance with laws, regulations and agreements, as well as ethical principles and social responsibility
- securing and responsible management of assets and brands

The responsibility to arrange the control lies with the Board and the CEO both at Group level and in the different business areas. The Group's Board is responsible to the shareholders and the CEO to the Board. The chain of responsibility continues throughout the organization so that each Aspo employee is responsible to his/her superior for control. Group company controllers have supervision responsibility concerning compliance with legislation and Group instructions. As well as the sector management, they also report to the CFO. The CFO reports to the CEO and Board on possible findings. The internal control functions support the Group management in their control task and the aim is to offer the Group management sufficient surety that the control is working.

Financial reporting

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

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 Aspo's internal accounting regulations. Separate companies may have their own accounting framework, but all information is consolidated on the basis of a common framework to the business area level, where their reliability is assessed and then transferred to Group level. Aspo Group's information is 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 on both monthly and quarterly bases.

The systems required for financial reporting are decentralized and used according to the principles of internal control of Aspo Group. Achieving the set targets is followed on a 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 assesses 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 2010, the Group continued to update and integrate the reporting systems in order to improve the level of internal control.

Besides 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 the efficiency of risk management, control, management 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 as part of internal control. The Group CFO is responsible for internal auditing, and reports the findings to the CEO and the Board of Directors. Internal auditing 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 of assets.

Risk management

The target of risk management is to ensure the fulfillment of Group strategy, development of financial results, shareholder value, dividend payment capability and business continuity. The operational management of the business areas is responsible for risk management. The management is responsible for defining sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of normal operational control. Risk management is coordinated by the Group's CFO, who 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 ensure that sufficient risk assessment and reporting procedures are incorporated into the processes they are responsible for. In terms of risks, the risk management principles and main content have been defined in Group-level policies and guidelines. The Group management is responsible for Group-level insurance policies.

Risk management is essentially based on the aforementioned procedures of internal controls, where the chain of responsibility extends 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 control. Characteristic risks in each business area are identified in the business units, assessed in the business unit management teams, and reported to the units' Boards and, if need be, also to the Aspo Board of Directors or the Audit Committee. The Group CEO acts as the chairman of the Boards of Group companies.

Risks are continuously assessed and their management is discussed in the business unit executive teams. Risk assessments are updated according to Aspo's management policy and the most noteworthy findings are presented in the quarterly 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.

Financial risks and the management principles and organization of financial risks are presented in the Notes to the Financial Statements, on page 74.

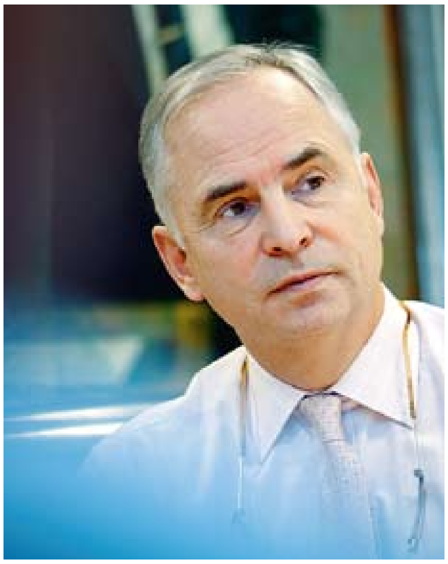
Insider management

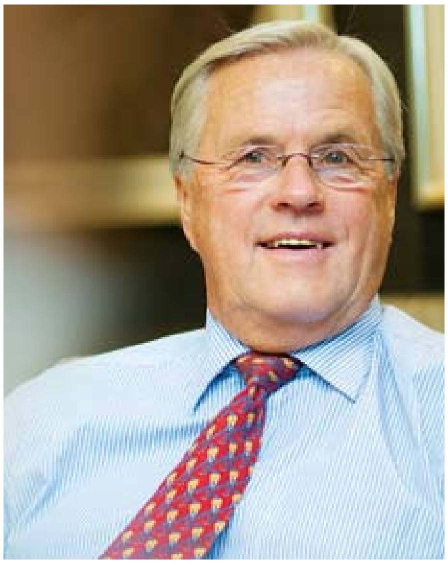
Aspo Group follows NASDAQ OMX Helsinki Oy's insider instructions. Aspo's Board has also confirmed insider regulations for Aspo Plc, including instructions for permanent insiders and project-specific insiders. Aspo Plc's public insiders include the Board members, the CEO, the members of the Group Executive Committee and the auditor. In addition, Aspo Plc's permanent insiders include the presidents and vice presidents of subsidiaries, people responsible for Group finances and financing and other persons who, due to their work, regularly receive insider information. In addition a project-specific insider register is kept on persons participating in the preparation of insider projects.

Permanent insiders are not allowed to trade in securities issued by the company for 21 days before the publication of interim reports or annual reports, nor on the day of publication.

The Group's CFO is responsible for the control and monitoring of insider issues. The holdings of members of the public insiders and changes to these holdings are published on the company's website at www.aspo.com. Aspo Plc's insider register is maintained by Euroclear Finland Ltd.

The target of risk management is to ensure the fulfilment of Group strategy, development of financial results, shareholder value, dividend payment capability and business continuity.





Board Members on December 31, 2010

GUSTAV NYBERG
born 1956, full-time 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 Dec. 31, 2010: 591,085 or 2.20% of the total number of shares
In addition voting rights attached to 500,000 shares, or 1.86% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2010: EUR 241,582

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

Holdings and Fees
Shareholdings in Aspo on Dec. 31, 2010: 183,704 or 0.68% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2010: EUR 36,000

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 Dec. 31, 2010: Berling Capital Oy 794,850 or 2.96% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2010: EUR 24,000

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 Dec. 31, 2010: 9,288 or 0.03% of the total number of shares
Aspo's convertible capital loan 2009: 2 shares
No holdings or rights based on a share price-related compensation system.
Fees in 2010: EUR 24,000

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, Foundation for Economic Education
Council Member: Stiftelsen Svenska handelshögskolan

Holdings and Fees
Shareholdings in Aspo on Dec. 31, 2010: 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 2010: EUR 24,000

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
Management positions, 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 Dec. 31, 2010: 9,910 or 0.04% of the total number of shares; Hollming Oy 399,848 or 1.49% of the total number of shares, Ratius Oy 130,000 or 0.48% of the total number of shares
Aspo's convertible capital loan 2009: Hollming Oy 20 shares, Ratius Oy 2 shares
No holdings or rights based on a share price-related compensation system.
Fees in 2010: EUR 24,000

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

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
Chairman of the Committee: Federation of Finnish Commerce, Trade Policy Committee
Member of the Committee: Confederation of Finnish Industries EK: Trade Policy Committee
Member of the Board: 3 Step IT Group Oy, SGN Group Oy, the Association of Finnish Technical Traders, Finland-China Trade Association
Holdings
Shareholdings in Aspo on Dec. 31, 2010: 28.57% of the shares owned by Aspo Management Oy: 437,160 shares; 1.63% of the total number of shares

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

Key Work Experience
Acting President, Kauko-Telko Ltd, 2008
CFO, Kauko-Telko Ltd, 2007
Director, Kaukomarkkinat Ltd, 2005–2007
Group Controller, Kaukomarkkinat Ltd, 2002–2005
Financial Accountant, Bank of Finland, 1993–2002
Financial Accountant, Kaukomarkkinat Ltd, 1989–1993
Key Positions of Trust
Member of the Board: Kaukomarkkinat Ltd
Member of the Committee: Federation of Finnish Commerce, Finance Committee
Holdings
Shareholdings in Aspo on Dec. 31, 2010: 4,500 or 0.017% of the total number of shares personally and 14.29% of the shares owned by Aspo Management Oy: 437,160 shares; 1.63% of the total number of shares

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
Key Positions of Trust
Member of the Board: Kaukomarkkinat Ltd
Holdings
Shareholdings in Aspo on Dec. 31, 2010: 15,000 or 0.056% of the total number of shares personally and 14.29% of the shares owned by Aspo Management Oy: 437,160 shares; 1.63% 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 Ltd, 2006–2008
Corporate Credit Manager, Kaukomarkkinat Ltd, 1999–2006
Holdings
Shareholdings in Aspo on Dec. 31, 2010: 2,000 or 0.007% 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
Holdings
Shareholdings in Aspo on Dec. 31, 2010: 17,690 or 0.066% of the total number of shares personally and 14.29% of the shares owned by Aspo Management Oy: 437,160 shares; 1.63% 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
Harri Sivula	member
Paul Taimitarha	member

Matti Väänänen, Managing Director
Johan Zilliacus, Deputy Managing Director

Telko Ltd

Aki Ojanen	chairman
Kari Blomberg	member
Johan von Knorring	member
Timo Petäjä	member

Kalle Kettunen, Managing Director

Kaukomarkkinat Ltd

Aki Ojanen	chairman
Arto Meitsalo	member
Pekka Piiroinen	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 2010 releases

In 2010, Aspo Plc published a total of 23 stock exchange releases of which four were interim reports. The stock exchange releases are available on the company's website www.aspo.com. The information in the releases may partially be out of date.

Stock exchange releases

January 7, Aspo Group's Leipurin Ltd grows in Latvia
Leipurin SIA, a subsidiary of Aspo Group's Leipurin Ltd, has acquired the entire share capital of the Latvian company Raugs un citas preces SIA (RCP). RCP sells and markets ingredients for the bakery and food industry in Latvia.

January 13, Aspo's Capital Markets Day on January 19, 2010
Aspo organizes a Capital Markets Day for institutional investors, bankers and media representatives on January 19, 2010, in Helsinki.

January 15, Aspo signs financing contracts of EUR 35 million
The Aspo Group has signed financing contracts totaling approximately EUR 35 million with its partner banks.

January 19, Aspo's Capital Markets Day on January 19, 2010
Aspo Plc will today, January 19, arrange a Capital Markets Day. Aspo Group's strategy and financial targets will remain unchanged. The outlook for 2009 issued by Aspo in its interim report for January to September will remain unchanged. During the event, the business units will present their strategies and the focus areas for future operational development. In the future, Aspo's business operations will focus on growth in the developing markets of Russia and the CIS.

February 15, Aspo Group's Financial Statement Release
The Group's net sales in 2009 were EUR 329.4 million. Operating profit totaled EUR 15.3 million. Profit before taxes amounted to EUR 11.7 million and profit after taxes to EUR 8.6 million. Earnings per share were EUR 0.33. Proposed dividends amounted to EUR 0.42.

February 15, Invitation to the Aspo Annual Shareholders' Meeting
The shareholders of Aspo Plc are invited to attend the Annual Shareholders' Meeting to be held on Wednesday, April 7, 2010.

March 25, Transfer of own shares
The Aspo Plc Board of Directors has decided to transfer 43,130 Aspo shares held by the company to employees included in the share-ownership plan of 2006. The transfer is based on the share issue authorization of the Annual Shareholders' Meeting held on March 31, 2009. The shares will be transferred according to the share-ownership plan without compensation. A total of 25 Aspo Group executives included in the share-ownership plan have acquired Aspo shares in 2006.

March 29, Aspo Annual Report and Corporate Governance Statement 2009 published
Aspo's Annual Report 2009, comprising the financial statements, the Report of the Board of Directors and the Auditors' report is published in Finnish, English and Swedish. Aspo Plc's Corporate Governance Statement 2009 is published on the company website.

April 7, Decisions of the Aspo Annual Shareholders' Meeting
The Annual Shareholders' Meeting of Aspo Plc on April 7, 2010, approved the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from the liability for fiscal 2009. The shareholders approved the payment of a dividend totaling EUR 0.42 per share. The Annual Shareholders' Meeting approved the Board's proposals on new Articles of Association, on the buyback of Aspo shares and authorized the Board to decide on a share issue.

April 28, Aspo Group Interim Report, January 1–March 31, 2010
Aspo Group's net sales in January–March amounted to EUR 83.4 million; operating profit was EUR 2.1 million. Profit before tax amounted to EUR 1.0 million and earnings per share stood at EUR 0.02.

May 10, Largest vessel order in Aspo ESL Shipping's history
ESL Shipping Ltd, a subsidiary of Aspo Plc, has ordered two new ice-strengthened dry bulk cargo vessels from the Korean Hyundai Mipo Dockyard Co. Ltd, which is one of the world's leading shipbuilders. The new vessels are clearly bigger than ESL Shipping's existing vessels, 56,150 dwt supramax class vessels. The total value of the investment is about EUR 60 million. The vessels, which meet the ice class 1A, have been tailored for ESL Shipping and will be delivered in the first half of 2012.

May 12, New shares in Aspo Plc entered into the Trade Register
Eight loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 61,520 new shares in Aspo Plc. The new shares have been entered into the Trade Register today on May 12, 2010.

August 12, ESL Shipping signs EUR 25 million loan agreement
ESL Shipping Ltd, part of Aspo Group, has signed a ship financing agreement with Pohjola Bank plc totalling EUR 25 million. The maturity of the loan is 12 years.

August 24, Aspo Group Interim Report, January 1–June 30, 2010
Aspo Group's net sales in January–June amounted to EUR 182.6 million and operating profit to EUR 6.4 million. Profit before tax amounted to EUR 4.5 million and earnings per share stood at EUR 0.13

September 3, New shares in Aspo Plc entered into the Trade Register
Four loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 30,760 new shares in Aspo Plc. The new shares have been entered into the Trade Register today on September 3, 2010.

September 13, Aspo improves its outlook for 2010
The favourable profit development reported by Aspo Group during the first two quarters has continued also during the third quarter. The growth of net sales has continued, and costs have remained at the planned decreasing level. Based on the current development, Aspo Plc's Board of Directors has decided to modify the full-year outlook issued in Aspo's interim report for January–June published on August 24, 2010. The justifications of the outlook continue to be the same as in the interim report published on August 24, 2010.

New 2010 outlook published on September 13, 2010: Aspo will increase its net sales significantly and improve its earnings per share.

October 26, Aspo Group Interim Report, January 1–September 30, 2010
Aspo Group's net sales in January–September amounted to EUR 286.8 million. Comparable operating profit grew by 65% to EUR 12.4 million. Profit before tax amounted to EUR 9.4 million. Earnings per share stood at EUR 0.27.

October 26, Aspo Plc's management invests in Aspo shares
The Board of Directors of Aspo Plc has today decided on a new shareholding plan directed to the management of the Aspo Group (Participants). The purpose of the plan is to enable the Participants to acquire a considerable long-term shareholding in Aspo. Through this plan, the Participants personally invest a considerable amount of their own funds in Aspo shares. The Participants finance their investments partly themselves and partly by a loan provided by Aspo. The actual owner risk will be carried out personally by the Participants for the part of their personal investment in the plan. For the purpose of the share ownership, the Participants will acquire a limited liability company named Aspo Management Oy, whose entire share capital they own.

November 1, New shares in Aspo Plc entered into the Trade Register
Twenty-seven loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 207,630 new shares in Aspo Plc. The new shares have been entered into the Trade Register today on November 1, 2010.

November 9, Transfer of own shares
Aspo Plc has on November 9, 2010 transferred a total of 322,637 shares (ASU1V) in a directed share issue decided by the Board of Directors on October 26, 2010, as a part of the shareholding plan of the Aspo Group management. The transfer price is EUR 7.93 per share.

November 26, Aspo signs EUR 20 million loan agreement
Today on November 26, 2010, Aspo Plc has signed a loan agreement amounting to EUR 20 million. The credit is being granted by Merchant Banking, Skandinaviska Enskilda Banken AB (publ).

December 15, Aspo's financial information in 2011
The Aspo Group Annual Accounts Bulletin for 2010 will be released on Monday, February 14, 2011. The Annual Report will be published during week 13 at the latest. Aspo will publish three Interim Reports in 2011: May 3, August 18, and October 26. The Annual Shareholders' Meeting is tentatively scheduled for Tuesday, April 5, 2011, in Helsinki.

December 22, New shares in Aspo Plc entered into the Trade Register
Seventeen loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 130,730 new shares in Aspo Plc. The new shares have been entered into the Trade Register today on December 22, 2010.

Press releases

May 5, Harri Sivula appointed Board member of Leipurin Ltd
Harri Sivula, M.Sc.(Admin.), has been appointed as a member of the Board of Directors in Leipurin Ltd, part of Aspo Group.

September 1, First ballast water treatment system in Finland installed in m/s Pasila
The dry bulk carrier m/s Pasila, owned by ESL Shipping, a part of the Aspo Group, has been fitted with the first ballast water treatment system in Finland. The cleaning system is used to stop harmful organisms from moving from one sea area to another.

September 8, New cargo ship christened m/s Alppila
A bulk carrier, ordered from Indian ABG Shipyard by ESL Shipping, part of Aspo Group, has been named. At the christening ceremonies arranged in India, she was given the name m/s Alppila. The vessels of ESL Shipping have traditionally been named after the districts of Helsinki, and this newbuilding is the fourth one in the company's history having the name m/s Alppila.

October 11, Telko first safety and quality assessed chemical industry distributor in Russia
Telko Ltd, part of Aspo Group, is the first SQAS ESAD assessed distributor in the chemical industry in Russia. SQAS, Safety and Quality Assessment System, is a European-wide impartial assessment system for distributors in the chemical industry, developed by CEFIC, the European Chemical Industry Council, in cooperation with FECC, the European Association of Chemical Distributors.

November 1, Kaukomarkkinat acquires the business of KSM-Lämpötekniikka Oy
Kaukomarkkinat Ltd, part of Aspo Group, has today, November 1, 2010, acquired the business of KSM-Lämpötekniikka Oy based in Kankaanpää, Finland. The business of KSM-Lämpötekniikka comprises, among other things, the import, sales and installation of biofuel equipment and solar power systems. The company is a strong expert in heating solutions based on solar power and different biofuels.

November 5, Aspo investor presentations during the autumn
Aspo presents itself for investors during 2010 in investment evenings arranged by Pörssisäätiö and at the fare Sijoitus-Invest in Helsinki. The Aspo Story will be presented on television as part of the documentary series Key to Success (Menestyksen takana).

December 2, Johan von Knorring appointed as a Board Member of Telko Ltd
From December 1, 2010, Johan von Knorring (M.Sc.) will begin serving as a member of the Board of Directors in Telko Ltd, part of Aspo Group.

Financial Statements 2010

Contents

Report of the Board of Directors

Operational Performance

General uncertainty decreased on the markets and the prices of raw materials sold stabilized. The transportation volumes of raw materials important to Aspo increased.

In Aspo's operating areas, national economies and purchasing power have improved. General uncertainty in the financial markets continued, and it is still difficult to estimate future developments.

The EU commission continues to handle the tonnage tax. The financial statement does not include a possible change to the tonnage tax legislation that would be applied retrospectively.

ESL Shipping

The shipping company's operating environment was challenging in early 2010. The difficult ice conditions increased costs, which weakened operating profit in the first quarter.

ESL Shipping exceeded last year's net sales level, but operating profit was below the 2009 level, which included a EUR 2.9 million non-recurring sales gain from m/s Kontula.

The cargo volumes for the steel industry were normal in 2010 and increased considerably from 2009. The cargo volume carried by ESL Shipping amounted to 13.1 million tons (10.7). Steel industry's share of the volume was 9.1 million tons (5.7). The cargo volume in the energy industry was below last year's and the forecasted amounts. The energy industry's share was 3.3 million tons (4.5). The international recession decreased sea freight prices, which exceptionally increased long-distance imports of coal and affected ESL Shipping's coal cargo volumes.

The shipping company time charted m/s Princenborg until June 2010 and m/s Nassauborg and m/s Beatrix throughout the entire year. The time chartering of the two latter vessels continues until the summer of 2011. The 18,800 dwt vessel ordered from India was named m/s Alppila and will be completed in the spring of 2011. Two 56,150 dwt ice-strengthened dry cargo supramax class vessels have been ordered from the Korean Hyundai Mipo's Vinashi shipyard. The first vessel will possibly be completed already 2011 and the other in the spring of 2012. When the new vessels are completed, the shipping company's capacity will grow by 50 percent.

Leipurin

The raw material prices in the food industry decreased in the first half of 2010, and made an upturn in the fall due to a global increase in the demand for agricultural products.

Leipurin reached record net sales and operating profit in 2010. The growth in net sales and operating profit was in particular due to an increase in bakery raw material sales in Russia's new offices.

Leipurin is the market leader in Finland and in all the Baltic countries. The share of Russia, the Ukraine and the CIS markets was approximately 22% of Leipurin Group's total net sales in 2010.

The operations and profitability in bakery raw material sales developed well. Business operations were launched in Kazakhstan and Belarus in late 2010. Due to a low order book in early 2010, the operating profit from the machinery department was clearly below last year's result. Some of the project deliveries for bakery production lines agreed on in the summer were delivered in the fourth quarter and the rest will be delivered in 2011. Other food business operations showed moderate growth.

Telko

Telko's operating environment improved considerably compared to 2009. The result was affected both by price increases in sold raw materials and a recovery in demand from 2009.

Telko reached record net sales and operating profit in 2010. The 2009 operating profit included a EUR 3.2 million non-recurring sales gain from the divestment of Hamina Terminal Services Oy's operations and EUR 2.3 million in non-recurring costs from storage loss and reorganization.

The restructuring that started in 2009 continued by shifting to an operational organization that supports cost-efficient operational growth in the future. The considerable net sales and operating profit growth in 2010 is proof of successful changes and cost efficiency.

Investments in new principals' products and in improving the service for key customers were particularly visible as considerable growth in the plastics business. Investments were made in growth markets by launching operations in Kazakhstan and Belarus, by establishing operations in the metropolises of Yaroslavl, Samara and Nizhny Novgorod in Russia and by launching operations in China. The share of Russia, the Ukraine and CIS countries was EUR 63.5 million (36.8) of total net sales in 2010.

In Finland and Scandinavia, Telko implemented a new ERP system in 2010.

Kaukomarkkinat

In 2010, Kaukomarkkinat's net sales and comparable operating profit decreased. The 2009 operating profit included a non-recurring EUR -0.5 million sales loss from a divestment. Towards year-end, the order book of industrial product deliveries improved, but net sales and profitability decreased from the 2009 level.

At the beginning of the year, the sales and profitability of energy efficiency products was weak due to a harsh winter and decreased demand. The test success in heating and energy efficiency of Panasonic's air heat pumps represented by Kaukomarkkinat, the product expansion in the fall through the acquisition of KSM-Lämpötekniikka's operations to pellet plants and solar energy increased sales in the second half of the year.

In Finland, Kaukomarkkinat implemented a new ERP system at the beginning of 2011.

Other operations

Other operations include Aspo Group's administration and other operations not belonging to the business units.

Net Sales

Aspo Group's net sales grew by EUR 66.5 million or 20.2% to EUR 395.9 million (329.4).

The weakening of euro against other currencies in Aspo's main market areas had a favorable effect on Aspo's performance ability. During the fiscal period, currencies of the growth areas strengthened from 5% to over 10% against euro, which contributed to the growth in euro-denominated net sales and earnings. The strengthening of the currencies also increased the demand for imported products in the market areas in question.

Net sales grew strongly in Russia, the Ukraine and the CIS countries. Net sales growth in the market area was 57%. When ESL Shipping's raw material exports from Russia are included in the net sales figures, the importance of the area is emphasized further in Aspo's business operations. Calculated like this, the share of the market area of overall net sales is nearly 30%.

Earnings

Aspo Group's operating profit for the period was EUR 17.9 million (15.3). The operating profit does not include any non-recurring costs or income. The 2009 operating profit included EUR 6.1 million

Net sales by segment

	2010 MEUR	2009 MEUR	Change MEUR	Change %
ESL Shipping	**79.5**	63.8	15.7	24.6
Leipurin	**108.7**	99.3	9.4	9.5
Telko	**175.2**	128.8	46.4	36.0
Kaukomarkkinat	**32.5**	36.4	-3.9	-10.7
Other operations	**0.0**	1.1	-1.1	-100.0
Total	**395.9**	329.4	66.5	20.2

Net sales by market area

	2010 MEUR	2009 MEUR	Change MEUR	Change %
Finland	**167.1**	151.8	15.3	10.1
Nordic countries	**51.9**	30.0	21.9	73.0
Baltic countries	**43.8**	37.0	6.8	18.4
Russia + other CIS countries	**88.5**	56.2	32.3	57.5
Other countries	**44.6**	54.4	-9.8	-18.0
Total	**395.9**	329.4	66.5	20.2

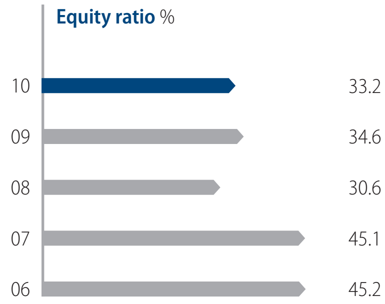
Operating profit by segment

	2010 MEUR	2009 MEUR	Change MEUR	Change %
ESL Shipping	**11.5**	14.7	-3.2	-21.8
Leipurin	**3.6**	3.2	0.4	12.5
Telko	**6.8**	3.1	3.7	119.4
Kaukomarkkinat	**0.6**	0.5	0.1	20.0
Other operations	**-4.6**	-6.2	1.6	25.8
Total	**17.9**	15.3	2.6	17.0

Investments by segment*

	2010 MEUR	2009 MEUR	Change MEUR
ESL Shipping	**11.1**	3.1	8.0
Leipurin	**0.3**	0.5	-0.2
Telko	**0.9**	2.5	-1.6
Kaukomarkkinat	**0.8**	0.6	0.2
Other operations	**0.1**	0.7	-0.6
Total	**13.2**	7.4	5.8

*without business acquisitions



in sales gains, EUR -0.5 million in sales losses, and non-recurring costs from reorganization and storage losses in Telko of EUR 2.3 million.

ESL Shipping's operating profit was EUR 11.5 million (EUR 11.8 million, plus EUR 2.9 million sales gain from m/s Kontula). Leipurin's operating profit was EUR 3.6 million (3.2). Telko's operating profit grew by EUR 3.7 million to EUR 6.8 million (EUR 3.1 million including non-recurring costs of EUR 2.3 million and a non-recurring sales gain of EUR 3.2 million from Hamina Terminal Services' operations). Kaukomarkkinat's operating profit was EUR 0.6 million (EUR 0.5 million including a sales loss of EUR -0.5 million from Metex Deutschland).

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 negative, and amounted to EUR -4.6 million (-6.2). Administration costs have decreased considerably since the fourth quarter in 2009.

Earnings per share was EUR 0.40 (0.33) and diluted earnings per share was EUR 0.41 (0.33). Equity per share was EUR 2.63 (2.59).

Aspo's financial targets are to achieve a return on investment and equity of over 20%, and an operating profit as percentage of net sales of over 5%. It also aims at distributing at least half of the annual profit in dividends on average. The targets set for the return on investment (ROI) and the return on equity (ROE) were not achieved in 2010 but both of them were on the increase. The return on investment was 12.7% (11.1) and the return on equity was 15.2% (13.0). The operating profit as percentage of net sales was 4.5% (4.6). When assessed on the basis of the Board's proposal on the distribution of dividends, the dividend payment target would be within reach. In that case, dividend/earnings would be 106.2% (126.6). Effective dividend yield would be 5.1% (7.1), using the share closing price valid on the last day of the year.

Investments

Group investments amounted to EUR 13.2 million (7.4) which mainly consists of ESL Shipping's advance payments for the vessels that are being built and docking of existing vessels. Other investments include the purchase of the Group's ERP system and maintenance investments.

Financing

The Group's financing position remained unchanged during the year. The 2010 financing position was affected by the good profitability and strong operational cash flow, as well as the new vessel investments. For its part, the 2009 financial position was affected by considerable capital gains from business operation and vessel deals, as well as compensation from the cancellation of a vessel order from India.

The Group's liquidity was good and the amount of cash and cash equivalents on the closing date was EUR 7.1 million (11.5). There was a total of EUR 77.7 million (70.3) in interest-bearing liabilities on the consolidated balance sheet on the closing date. Interest-free liabilities totaled EUR 65.7 million (57.6).

Aspo Group's gearing was 101.5% (87.9) and the equity ratio was 33.2% (34.6).

The Group's cash flow from operations still remained strong. The Group reached a good operating profit level but working capital was tied up in operational growth. The cash flow for January–December was EUR 9.6 million (13.0). At the end of the period the change in working capital stood at EUR -8.5 million (6.8).

The Group's free cash flow was EUR -1.8 million (33.9). ESL Shipping's first payments for the vessel investments lowered free cash flow in 2010.

The amount of binding revolving credit facilities signed between Aspo and its main financing banks stood at EUR 50 million (80) at the end of the period. At the end of the period, the binding revolving credit facilities remained fully unused. Aspo has a EUR 50 million commercial paper program of which EUR 5 million was in use at the end of the period. ESL Shipping signed a EUR 25 million credit agreement as part of the overall financing of approximately EUR 30 million of the first supramax vessel ordered from the Korean Hyundai Mipo's Vinashi shipyard.

Convertible Capital Loan

Aspo Plc has EUR 12,200,000 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 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%.

The loan units can be converted into Aspo shares. Each EUR 50,000 subscription of the loan entitles the loan unit holder to convert the loan unit into 7,690 Aspo Plc shares. The conversion rate is EUR 6.50. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014. During 2010, 430,640 new shares were subscribed with 56 loan units.

Related Party Loans

Aspo Plc has granted a EUR 2.8 million loan to Aspo Management Oy, one of the company's related parties and controlled by the company, as part of a new shareholding plan for the Group. The interest of the loan receivable is 3%. The loan receivable falls due on March 31, 2014 and it can be extended to March 31, 2016 at the latest. Aspo Plc's shares are used as collateral. The company has been consolidated in the financial statements. The loan is market-based.

Risks and Risk Management

During 2010 the economic recession began to turn around slowly which lowered the risk levels in all sectors. The risks caused by the recession have been closely monitored in Aspo throughout the year and the materialization of the main risks has been prevented through different measures.

At the Group level, strategic risks are decreased by the fact that business operations are divided into four segments and operations are carried out in a wide geographical area. Operative risks have decreased and the likelihood of materialization is lower, but the changes in the market as an aftermath to the recession are constantly monitored. Quick positive changes in financial structures could also cause risks, as the customer or principal structure or technologies could change, and possibilities that require fast reaction could go unutilized. The recognition and handling of strategic and operative risks has been centralized in Aspo thanks to the establishment of an Audit Committee in April 2010.

Aspo is growing in emerging markets where growth risks are also affected by industrial and commercial investments, interest rate levels, exchange rates and customers' liquidity, as well as changes in legislation and import regulations. Consumer behavior is also reflected in the risks generated through business-to-business customers and the risk levels. Industrial demand in Western countries has improved as the economy has recovered and risk levels have decreased in general. The demand changes in emerging markets show a similar trend, but these changes are more difficult to predict.

The Group has avoided considerable exchange rate losses due to active hedging of currency positions and currency flow. Credit loss risks have stabilized, but as an aftermath of the recession Aspo still keeps a close eye on its customers. The most significant credit loss provision made in the last quarter of 2009 was dissolved as the situation normalized in 2010.

The risks caused by the aftermath of the economic recession were monitored closely in Aspo. The business areas still continued carrying out risk analyses controlled by external assessors and making continuity plans. In order to ensure insurance coverage, the company reviewed the potential amounts of operating risks and loss risks, and made necessary corrections to the amount insured.

One of the tasks of the Audit Committee established by Aspo's Board of Directors is to monitor the efficiency of the Group's internal supervision, internal audits and risk management systems. The Audit Committee monitors the risk management process and carries out necessary measures in particular to prevent strategic risks. In accordance with the internal supervision principles approved by the Board of Directors in 2009, 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 is responsible for risk management. The management is responsible for defining sufficient measures, implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational control. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

The goodwill reflects the performance ability of each segment with capital employed, and the related risks are monitored with segment-specific impairment testing at least annually. In 2010, there was no need to make changes to goodwill.

Operational Risks

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.

The main emphasis in the operational risks of the near future relate to the aftermath of the global economic recession, visible also as structural market changes. Particular attention is paid to credit loss risks and stability in working capital across the whole Group.

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, ESL Shipping has been able to manage its risks successfully.

As a result of the exceptionally harsh early winter in 2010, ice and wind conditions caused operational risks to transportation but diminished strategic risks, thus strengthening ESL Shipping's position as a good cooperation partner for customers and principals.

A delay in the delivery of the 18,800 dwt vessel, currently under construction in India, had an adverse impact on the sufficiency of capacity. The lack of capacity was compensated by using time-charter vessels. However, two 56,150 dwt vessels ordered from a Korean company are expected to be completed on schedule.

Leipurin

In Leipurin's operating area, the biggest risks relate to exchange rate risks and impacts of their materialization on the prices, especially in Russia; exchange rate risks are also recognized in the Baltics and Poland. The company has managed to keep the direct impacts of foreign exchange rate fluctuations under control. No significant losses have so far occurred. Other operational risks include international food crises and import restrictions. Strategic risks relate to barriers that could slow down the growth in the Russian trade, and its operational risks relating to potential changes in the markets and consumers' behavior. Leipurin has been successful in its risk management.

Telko

In line with its strategy, Telko grows in the emerging markets (Russia, Ukraine, Belarus and China). The economic and industrial growth of these countries has a significant impact on Telko's ability to generate profit. Rapid changes in the emerging markets increase Telko's strategic and operational risks.

Risks are also caused by rapid fluctuations in the world market prices of raw materials. Abruptly decreasing prices may weaken the profitability of stock products and increase the need for write-downs on inventories. Telko monitors the adequacy of its stock products on a regular basis.

The insecure situation in the financing sector may increase both credit loss and exchange rate risks in all of Telko's market areas. Telko has given up most of its credit insurance.

Other potential business-related risks include acquisitions between raw material suppliers, reorganization of distribution channels and changes in the legislation concerning the chemical industry. Their impacts may be either strategic or operational.

Kaukomarkkinat

A decrease in customers' domestic market or export sales is a risk for Kaukomarkkinat. Selling of products based on energy saving technology may suffer if energy prices change. The main exchange rate risks are connected to the strengthening of the Japanese yen and rising import prices. In China, the economic situation and exchange rate fluctuations may affect customers' willingness to invest. Risk management has been successful; exchange rate fluctuations have not had a significant effect on earnings. The economic situation and competitiveness of the principals as well as the structural changes regarding the principals, will undoubtedly also effect on Kaukomarkkinat.

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 712 (717) and the average during the fiscal period was 736 (723). The average number of officials during the year was 497 (492) and of employees was 239 (231). The number of personnel in the parent company consisting of officials was 12 (12) at the end of the period and 12 (15) on average during the period.

Of Aspo Group's personnel, 54% (59) work in Finland, 4% (4) in other Nordic countries, 10% (10) in Baltic countries, 22% (18) in Russia and other CIS countries, and 10% (9) in other countries. Men make up 62% (64) and women 38% (36) of employees. Of Aspo Group's employment contracts, 99% (99) are full time. During the financial year, 83 (30) new employment contracts were signed. The cost of all employment benefits within the Group in 2010 amounted to EUR 34.3 million (36.4).

Rewarding

Aspo Group has a profit bonus system. Part of the Group's profit is paid as a profit bonus to the personnel fund. The aim is that the personnel fund uses the majority of the profit bonuses to purchase Aspo Plc shares. The long-term goal is that the personnel will become a considerable shareholder group in the company. All persons working at Aspo Group's Finnish subsidiaries are members of the personnel fund. Aspo's business areas pay part of their earnings as bonuses to the personnel. The calculation principals for the bonuses are decided on by business area.

In 2009, Aspo's Board decided to continue the 2006 management shareholding program by granting the people included in the plan the possibility to receive Aspo shares in the spring of 2010. On March 25, 2010, the Board decided to transfer 43,130 Aspo shares held by the company to employees included in the shareholding program.

In addition, in 2009 Aspo's Board of Directors made a decision on a shareholding program for the Group's key personnel. The potential gain is based on continuation of the key employees' employment relationships 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 management shareholding program encompasses about 30 persons in Aspo's management and key personnel.

On October 26, 2010, the Board of Aspo decided on a new shareholding plan for the management

Average personnel by segment

ESL Shipping	2010	2009
Office staff	**30**	32
Crew members	**156**	167
	186	199
Leipurin		
Office staff	**174**	164
Non-office workers	**60**	32
	234	196
Telko		
Office staff	**197**	177
Non-office workers	**16**	24
	213	201
Kaukomarkkinat		
Office staff	**83**	94
Non-office workers	**7**	8
	90	102
Other operations		
Office staff	**13**	25
Total	**736**	723

of Aspo Group. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For the shareholding, the participants established a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo also assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. The plan is valid until the spring of 2014, when it will be dissolved in a manner that will be decided on later. The plan will be extended for one year at a time if the share price of Aspo at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan. The participants' holding in Aspo Management Oy will principally remain valid until the system is dissolved.

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 its operations, Aspo supports 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. Aspo wants to be a pioneer in all of its operations and also anticipates future developments in environmental regulations.

ESL Shipping

ESL Shipping's operations and all 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). The certificate involves annual audits. ESL Shipping also has ISO 14001 environmental certification. The fleet has switched over to low-sulfur fuels.

ESL Shipping's m/s Pasila was the first Finnish cargo ship to have a ballast water cleaning system installed in 2010. The system prevents foreign flora and fauna from moving from one water area to another, and thus protects the ecosystem of the Baltic Sea. ESL Shipping intends to continue installing ballast water cleaning systems in its fleet.

Leipurin

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

Telko

Telko adheres to industry regulations and recommendations in all of its operations, whether it is a question of the environment, products, or personnel. Telko is ISO 9001 certified. It has also committed itself 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 has been verified by an external ESAD II assessment. Telko is also the first security- and quality-assessed chemical industry company in Russia. In addition, Telko has signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat

Kaukomarkkinat provides equipment and services that improve energy efficiency. Its products can use renewable energy such as biofuels and inexhaustible energy such as solar energy. Environmental issues play a highly important role for the company's suppliers: their commitment to sustainable development is evident in all their operations, all the way from product design and manufacture to recycling.

Management and Auditors

Aspo Plc's Annual Shareholders' Meeting on April 7, 2010 re-elected Matti Arteva, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel, and Risto Salo to the Board of Directors for a one-year term. Gustav Nyberg has acted as the full-time Chairman of the Board and Matti Arteva as the Vice Chairman.

In 2010, the Board of Directors arranged ten meetings, of which three were teleconferences. The average participation rate was 99%.

In its meeting after the Shareholders' Meeting, the Board decided to form an Audit Committee and elected Roberto Lencioni as the Chairman of the Committee and Kristina Pentti-von Walzel and Risto Salo as Committee members. In 2010, the Audit Committee arranged three meetings.

eMBA Aki Ojanen has acted as the CEO of the company.

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 share capital on December 31, 2010, was EUR 17,691,729.57, and the total number of shares was 26,836,703, of which the company held 254,233 shares, i.e. 0.95% of the share capital. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on NASDAQ OMX Helsinki Ltd's medium-sized companies group under industrial products and services.

During 2010, a total of 5,144,587 Aspo Plc shares were traded at EUR 38.7 million or 19.2% of the shares changed owners. During the period, the stock reached a high of EUR 8.31 and a low of EUR 5.91. The average share price was EUR 7.44 and the closing price at year-end was EUR 8.26. At the end of the financial year, the market capitalization excluding treasury shares was EUR 219.6 million.

At the end of the period, the number of Aspo Plc shareholders was 5,761. A total of 681,444 shares, or 2.5% of the total share capital, were nominee registered or held by non-domestic shareholders.

Board Authorizations

The 2010 Annual Shareholders' Meeting authorized the Board to use funds included in distributable profit to repurchase a maximum of 500,000 company shares. The shares will be purchased through public trading, which means that the purchase will be made irrespective of the shareholders' holdings and the price paid for the shares will be the market price of Aspo's shares 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 acquired to finance and complete any acquisitions or other transactions, for the balancing of the financial risk in the company's share-ownership program, 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% of the company's stock. The Board of Directors has not utilized the authorizations granted for the acquisition of company-held shares in 2010.

The Annual Shareholders' Meeting also authorized the Board of Directors to decide on a share issue, through one or several installments, by treasury shares. An aggregate maximum amount of 1,120,000 shares may be conveyed on the basis of the authorization. The shares will be used to finance and complete any acquisitions or other transactions, to carry out the company's share-ownership program, 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, and thus also the right to decide on a directed share issue deviating from the shareholders' pre-emptive right on conditions laid down by law.

The authorizations are valid until the Annual Shareholders' Meeting of 2011, but no more than 18 months from the approval at the Shareholders' Meeting.

Based on the authorization by the 2010 Annual Shareholders' Meeting, the Board decided on a share issue directed at Aspo Management Oy, which is a company owned by Aspo Group's management. In the issue, 322,637 of Aspo's own shares were transferred as part of the share-ownership plan for Aspo Group's management. The transfer price of the shares was EUR 7.93 per share.

In addition, the Board decided based on the authorization by the 2009 Annual Shareholders' Meeting to transfer 43,130 Aspo shares held by the company to employees included in the 2006 share-ownership program.

Events after the Financial Year

ESL Shipping Ltd has signed a new, long-term contract with Rautaruukki Corporation for the marine transport of raw materials on the Baltic Sea.

Outlook for 2011

Aspo Group's current structure creates a good basis for operational growth. The Group seeks organic growth in particular in Russia and other CIS countries, as well as in the Ukraine and China. The business units also seek growth through acquisitions.

Aspo's aim is to improve its operating profit margin.

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

ESL Shipping

The shipping company's capacity will grow thanks to m/s Alppila which will be completed this spring in India and a supramax vessel that will possibly be completed before year-end. Several vessels will be docked in 2011. In order to ensure winter traffic and dockings, the time charters of m/s Beatrix and m/s Nassauborg will continue until next summer, for the time being. A considerable share of the transportation capacity of 2011 has been covered with long-term agreements. Cargo volumes in the steel industry are expected to reach 2010 levels and cargo volumes in the energy sector will grow further from 2010 levels.

The change to the tonnage legislation that has been handled at the EU commission since the beginning of 2010 would, if applied, have a considerable effect on ESL Shipping's profit after taxes, and if investments are materialized in the balance sheet, it would have a non-recurring effect on the profit for the period.

Leipurin

Organic growth is expected to continue. During 2011, Leipurin will continue its establishment in emerging markets and will further develop its new units in Kazakhstan, Belarus and the Ukraine. The new offices create a good foundation for several years of growth in bakery raw material sales. Bakery machine sales are expected to surpass last year's level. The launch of raw material sales to the other food industry (meat, dairy and soft drink industry) outside Finland that began in 2010 is expected to have a positive effect on net sales and profitability in 2011.

Telko

Telko's current cost efficiency and expansion to new principals and new market areas create a good basis for continued profitable growth in 2011. The company will continue expanding in Russia, the Ukraine and the CIS countries, in accordance with its strategy. Additional new offices will be opened in major cities in Russia. The new units established in China, Kazakhstan and Belarus in 2010 will expand their operations.

Kaukomarkkinat

During 2011, Kaukomarkkinat will expand its operations in local energy solutions where solar energy equipment as inexhaustible sources of energy, pellet boilers and plants as renewable energy solutions, and water, air and ground heat source pumps as energy efficient solutions become emphasized. In Finnish electronic operations, the product selection and services in data, AV and security products are developed. The order book for Far East project sales is higher than last year.

Operational risks

The general economic situation is affecting industrial demand in northern Europe and the growth markets. It is difficult to foresee whether the growth in demand in Aspo's market areas will continue, or whether there will be any other sudden changes in business preconditions. Changes in the financial markets and in the value of currencies may have an effect on the Group's future profit development.

A more detailed account of the risk management policy and the main risks has been published on the company's website. More detailed information on financing risks can be found in the notes to the financial statements.

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

Consolidated Income Statement

1 000 EUR	Notes	2010	2009
Net sales	1	**395 932**	329 405
Other operating income	3	**1 309**	9 934
Change in inventory of finished goods and work in progress +/–	6	**8 990**	-3 600
Share of associated companies' profit or loss	17	**196**	569
Materials and services	6	**-286 967**	-222 502
Personnel costs	4	**-34 288**	-36 415
Depreciation	5	**-8 113**	-8 863
Other operating expenses	7	**-59 165**	-53 276
Operating profit		**17 894**	15 252
Financial income	8	**1 501**	1 679
Financial expenses	8	**-5 328**	-5 254
Total financial expenses		**-3 827**	-3 575
Profit before taxes		**14 067**	11 677
Income taxes	9	**-3 681**	-3 062
Net profit for the period		**10 386**	8 615
Other comprehensive income			
Translation differences		**1 247**	-150
Cash flow hedges		**-884**	357
Net result recognized directly to equity			203
Income tax on other comprehensive income		**230**	-92
Other comprehensive income for the year, net of taxes		**593**	318
Total comprehensive income		**10 979**	8 933
Profit of the year attributable to			
Parent company shareholders		**10 339**	8 553
Non-controlling interest		**47**	62
Total comprehensive income attributable to			
Parent company shareholders		**10 932**	8 871
Non-controlling interest		**47**	62
Earnings per share to parent company shareholders, EUR	10		
Earnings per share		**0.40**	0.33
Diluted earnings per share		**0.41**	0.33

The notes presented on pages 54–82 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

Assets

1 000 EUR	Notes	2010	2009
Non-current assets			
Other intangible assets	11	**15 937**	16 642
Goodwill	12	**40 587**	40 224
Tangible assets	13	**54 420**	50 111
Investments held for trading	14	**204**	206
Receivables	15	**603**	211
Shares in associated companies	16	**1 705**	1 556
Deferred tax receivable	17	**689**	412
Total non-current assets		**114 145**	109 362
Current assets			
Inventories	18	**44 905**	29 246
Accounts receivable and other receivables	19	**44 757**	43 307
Income tax receivables for the period		**1 873**	1 423
Cash and cash equivalents	20	**7 148**	11 525
Total current assets		**98 683**	85 501
Total assets		**212 828**	194 863

Shareholders' equity and liabilities

1 000 EUR	Notes	2010	2009
Shareholders' equity			
Share capital	21	**17 692**	17 692
Premium fund	21	**4 351**	4 351
Treasury shares	21	**-4 532**	-3 778
Translation differences	21	**266**	-383
Revaluation fund	21	**-654**	
Invested unrestricted equity fund	21	**2 859**	274
Equity portion of the convertible bond	21	**2 572**	2 572
Retained earnings	21	**35 826**	37 554
Net profit for the period		**10 339**	8 553
Total shareholders' equity belonging to shareholders		**68 719**	66 835
Non-controlling interest		**750**	62
Total shareholders' equity		**69 469**	66 897
Long-term liabilities			
Deferred tax liability	17	**13 233**	13 538
Loans	22	**64 619**	43 407
Other liabilities	23	**703**	183
Total long-term liabilities		**78 555**	57 128
Short-term liabilities			
Provisions	25	**226**	174
Loans and overdraft facilities	22	**13 074**	26 925
Accounts payable and other liabilities	23	**51 190**	43 399
Income tax liabilities for the period		**314**	340
Total short-term liabilities		**64 804**	70 838
Total liabilities		**143 359**	127 966
Total shareholders' equity and liabilities		**212 828**	194 863

Consolidated Cash Flow Statement

1 000 EUR	2010	2009
Operational cash flow		
Operating profit	**17 894**	15 252
Adjustments to operating profit		
Depreciation and impairment	**8 113**	8 863
Sales gains and losses from fixed assets and investments	**-20**	-5 780
Accrued personnel costs	**709**	-852
Share of associated companies' profit or loss	**-455**	-569
Change in working capital		
Inventories	**-15 509**	4 696
Current receivables	**-778**	1 054
Non-interest bearing current liabilities	**7 746**	1 045
Interest paid	**-4 779**	-5 509
Interest received	**1 158**	235
Dividends received	**1**	2
Taxes paid	**-4 509**	-5 479
Operational cash flow	**9 571**	12 958
Cash flow from investments		
Investments in tangible and intangible assets	**-2 047**	-1 349
Advance payments for vessels	**-9 894**	-2 337
Gains on the sale of tangible and intangible assets	**591**	13 774
Gains on the sale of business operations		11 050
Subsidiaries acquired less the cash flow at time of acquisition		-1 204
Business operations acquired	**-349**	
Subsidiaries sold		1 000
Associated companies acquired	**260**	
Cash flow from investments	**-11 439**	20 934
Cash flow from financing		
Repurchase of shares	**-938**	
Repayments of short-term loans	**-15 969**	-36 663
New short-term loans	**1 116**	3 950
New long-term loans	**25 965**	28 555
Repayments of long-term loans	**-1 835**	-20 000
Dividends distributed	**-10 848**	-10 830
Cash flow from financing	**-2 509**	-34 988
Change in liquid funds	**-4 377**	-1 096
Liquid funds Jan. 1	**11 525**	12 621
Liquid funds at year-end	**7 148**	11 525

The notes presented on pages 54–82 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	Non-controlling interest	Total share-holders' equity
Shareholder's equity January 1, 2010		**17 692**	**4 351**	**0**	**274**	**2 572**	**-3 778**	**-383**	**46 107**	**66 835**	**62**	**66 897**
Comprehensive income												
Profit for the period	21								10 339	10 339	47	10 386
Other comprehensive income, net of taxes												
Cash flow hedge				-654						-654		-654
Translation difference	21				4			649	594	1 247		1 247
Total comprehensive income				-654	4			649	10 933	10 932	47	10 979
Transactions with owners												
Dividend payment									-10 848	-10 848		-10 848
Conversion of convertible capital loan					2 298					2 298		2 298
Share-based incentive system					283		183		-27	439		439
Shareholding plan for Aspo Management							-937			-937	703	-234
Change in non-controlling interest											-62	-62
Total transactions with owners					**2 581**		**-754**		**-10 875**	**-9 048**	**641**	**-8 407**
Shareholder's equity December 31, 2010		**17 692**	**4 351**	**-654**	**2 859**	**2 572**	**-4 532**	**266**	**46 165**	**68 719**	**750**	**69 469**
Shareholder's equity January 1, 2009		**17 692**	**4 351**	**-265**	**248**	**220**	**-3 778**	**-81**	**47 570**	**65 957**	**13**	**65 970**
Comprehensive income												
Profit for the period	21								8 553	8 553	62	8 615
Other comprehensive income, net of taxes												
Cash flow hedge				265						265		265
Net result recognized directly to equity									203	203		203
Translation difference	21							-302	152	-150		-150
Total comprehensive income				265				-302	8 908	8 871	62	8 933
Transactions with owners												
Dividend payment									-10 830	-10 830		-10 830
Equity portion of convertible capital loan, net of taxes						2 352				2 352		2 352
Share-based incentive system									547	547		547
Transfer of funds					26				-26			
Change in non-controlling interest									-62		-13	-13
Total transactions with owners					**26**	**2 352**			**-10 371**	**-7 993**	**-13**	**-8 006**
Shareholder's equity December 31, 2009		**17 692**	**4 351**	**0**	**274**	**2 572**	**-3 778**	**-383**	**46 107**	**66 835**	**62**	**66 897**

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 Ltd.

Aspo is a conglomerate that focuses on sectors requiring extensive specialist knowledge. The Group's operations are organized into independent segments – ESL Shipping, Leipurin, Telko and Kaukomarkkinat. Other operations include Aspo Group's administration and other functions not belonging to the business units.

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 14, 2011. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the financial statements at the Annual Shareholders' Meeting held after the issue, or 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, 2010. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

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

As of January 1, 2010, the Group has adopted the following new and revised standards and interpretations:

- IFRS 3 (revised): Business Combinations and IAS 27 (revised): Consolidated and Separate Financial Statements. Significant changes relate to the accounting related recognition of conditional compensations and amortized acquisitions. These changes had no significant effect on the Group's profit or loss for the period or financial position.

As of January 1, 2010, the Group has applied the following standards, amendments and interpretations with no significant effect on reported information:

- IFRIC 12: Service Concession Arrangements.
- IFRIC 15: Agreements for the Construction of Real Estate.
- IFRIC 16: Net Investment in a Foreign Operation.
- IFRIC 17: Distribution of Non-Cash Assets to Owners.
- IFRIC 18: Transfers of Assets from Customers.
- IFRIC 9 and IAS 39 (amendment): Reassessment of Embedded Derivatives on Reclassification.
- IAS 39 (amendment): Eligible Hedged Items.
- IFRS 2 (amendment): Share-Based Payments – Group Cash-Settled Share-Based Payment Transactions.

IASB published changes to 12 standards in April 2009 as part of annual improvements to IFRS. These changes and interpretations have no significant effect on the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the parent company Aspo Plc and all its subsidiaries. The term "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 undertakes to fulfill the associated companies' obligations. Unrealized profits between the Group and an associated company are eliminated in accordance with the Group's ownership.

Subsidiaries acquired during the fiscal year have been consolidated from the time Aspo gained control over them. Divested operations are included up to the time Aspo surrendered control. Acquired subsidiaries are 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.

According to 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 when preparing the consolidated financial statements.

The income statement shows the distribution of the fiscal year's profit between the parent company's shareholders and non-controlling shareholders. The interest that belongs to non-controlling shareholders is presented as a separate item under the Group's shareholders' equity.

A unit established for a special purpose

Aspo Management Oy was established to allow participants to have a major long-term shareholding in Aspo Plc. It was consolidated in the same way as subsidiaries in the consolidated financial statements. Aspo Plc has control over Aspo Management Oy through shareholder and loan contracts. As a result of this, Aspo Management Oy was consolidated in Aspo's consolidated financial statements. The control results from the application of contractual terms and conditions, such as the prohibition of transfer and pledge of Aspo Plc's shares managed by the company, and the voting restriction.

Aspo Management Oy's Articles of Association enable the participants to hold only securities issued by Aspo Plc or obtained on the basis of them. All transactions carried out by the company require a written permit from Aspo Plc. Aspo Plc or the companies under its control don't have a holding in the company. The company's income statement and balance sheet have been consolidated in the consolidated financial statements from the start of the arrangement. The consolidated financial statements deal with the investment made by the management in Aspo Management Oy as a portion of the non-controlling shareholders. Aspo Plc's shares held by Aspo Management Oy have been deducted from the Group's shareholders' equity in the consolidated financial statements.

On the basis of the shareholder contract, Aspo Management Oy is to be merged with Aspo Plc, or alternatively, immediately dissolved after the publication of financial statements for 2013. If the terms and conditions to postpone the dissolution materialize, the merging or dissolution will be implemented no later than after the publication of the financial statements for 2016.

Accounting Principles provide additional information about the treatment of share-based incentive schemes in accounting in connection with share-based payments.

Foreign currency items and their measurement

Foreign currency denominated transactions are recorded at the exchange rates valid on the transaction date. Foreign currency denominated receivables and liabilities outstanding at the end of the fiscal year will be measured using the rates of the closing date. The losses and gains arisen from foreign currency denominated transactions and the conversion of monetary items have been recorded in the income statement. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit. Foreign exchange gains and losses arisen 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 are translated into euro using the average rate of the fiscal year. Balance sheet items are translated into euro using the exchange rates valid 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 in the income statement as part of the sales profit or loss.

Segment reporting

Aspo's operating segments are ESL Shipping, Leipurin, Telko and Kaukomarkkinat.

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 are 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	17–30 years
Pushers	13 years
Machinery and equipment	3–10 years
Piping	5–20 years
Other tangible assets	3–40 years

Land is not depreciated.

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

Goodwill and other intangible assets

The acquired subsidiaries are consolidated in the consolidated financial statements 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 the fair market value (see Goodwill Impairment Test on page 66).

No depreciation is recognized for intangible assets with unlimited useful economic lives, but they are tested annually for impairment. The useful lives of the brands that belong to the Leipurin and Telko segments are estimated to be unlimited. The strong image and history of the brands support the management's view that the brands will affect cash flow generation over an indefinable 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 programs and software licenses.

The Group assesses the balance sheet value of goodwill and other intangible assets annually, or more often if there are any signs of potential impairment. If such signs exist, 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 the fair value less costs to sell, or the use value, if higher. The cash flow based use value is determined by calculating the discounted current value of predicted cash flows. The discount rate of the calculations is based on the 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 item is higher than its recoverable amount. Where an impairment loss is recognized for an asset item subject to depreciation, the asset item's useful economic life is re-estimated. An impairment recognized for assets other than goodwill is reversed if the estimates used in the determination of the recoverable amount change to a substantial extent. However, the post-reversal value must not exceed the value the asset had before the 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 their occurrence. However, development costs arising from the design of new products are capitalized in the balance sheet as intangible assets from the date when the product is technically and commercially feasible and expected to generate financial benefits in the future. Capitalized research and development costs will be amortized over their useful economic life.

Inventories

Inventories are measured at acquisition cost or net realizable value, if lower. The 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 agreement are recorded in the balance sheet in the amount equaling the fair value of the leased asset at the start of the agreement or a current value of minimum leases, if lower. Leasing payments are divided into financial expenses and loan repayment. Corresponding leasing liabilities, less financial expenses, are included in other longer-term interest-bearing liabilities. The interest of finance is recognized in the income statement during the leasing period so that the interest rate for the remaining debt is 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 in the income statement 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, the 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 schemes for the management, where part of the bonus is paid as shares and the rest in cash. Note 29 shows more information on share-based arrangements. Options rights and assigned shares are valued at fair value at the time of assignment and recognized in the income statement as costs divided into even installments between the time the right is generated and the end of the validity of the incentive scheme. 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 the right is generated. A contra entry of the cost is recorded under the shareholders' equity for proportions to be paid in shares, and proportions to be paid in cash are recognized as debts. The fair value for the proportion to be paid in cash is revalued on each reporting day.

Aspo Management Oy was established for the Group's share-ownership arrangements. It has been consolidated in the consolidated financial statements. Black & Scholes' model is used in the calculation of the fair value for ownership arrangements. The proportion of the fair value belonging to the past fiscal period was recognized in the consolidated financial statements.

Share capital

Ordinary shares are presented as the share capital. Transaction costs directly resulting from the issuance of new shares or options are recorded, after adjusting their tax effects, as a reduction of achieved payments under the shareholders' equity.

When the company buys its own shares, the compensation paid for the shares and the procurement related costs are recognized as a reduction in the shareholders' equity. When the shares are sold, the compensation, less direct transaction costs and the possible effect of income taxes, is recognized under the shareholders' equity.

Provisions

A provision is entered into the balance sheet if the Group has, as a result of a past event, 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 closing date. Warranty provisions are determined on the basis of historical experience.

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 are recorded in accordance with the tax rate valid in each country. Deferred tax liabilities or receivables are calculated from the temporary differences between accounting and taxation in accordance with the tax rate in force on the closing date or on the estimated tax payment date. Elements resulting in temporary differences include provisions, depreciation differences and confirmed losses. Deferred tax receivables are recognized 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 is 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 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 is reliably assessable. The percentage of completion is determined by applying the proportion of the work-induced cost incurred by the time of review to the total estimated project cost. When it is likely that the project will generate losses, they will be expensed immediately. During the fiscal year, Aspo had no long-term projects under way. Government subsidies granted to compensate for costs incurred are recognized as income in the income statement, while costs related to the target of subsidy are expensed.

Long-term assets classified as available for sale and discontinued operations

Long-term asset items as well as 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 its continued use. The preconditions for classifying an item as available for sale are met when the sale is very likely and the management is committed to the sale.

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

The results of discontinued operations are recorded as their own item in the consolidated income statement. The assets available for sale, groups of items to be surrendered and liabilities included in the groups of items to be surrendered are recorded in the balance sheet as separate items. In 2009 and 2010, the Group had no operations classified as such that will be discontinued.

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 recognized at acquisition cost and treated as short-term liabilities if they expire within one year.

Financial assets

Financial assets are 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 in connection with the initial acquisition.

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. Changes in the fair value of financial assets available for sale are recorded in the fair value reserve under shareholders' equity, taking the tax impact into account. When such an asset is sold 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 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 in the balance sheet at acquisition cost, less transaction costs. Interests are allocated on the maturity of the debt in the income statement, using the effective interest rate method.

The fair value of the share in debt of a convertible capital loan is determined by 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 completely amortized by converting the loan into stock. The remainder of the money received – in other words, the share of equity less the effect of tax – is recorded under shareholders' 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 are 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 further measured at fair value.

The Group has applied hedge accounting to protect predicted foreign currency denominated cash flows arising from the acquisition of fixed assets. The change in the fair value of the effective share of hedging is recorded in other comprehensive income items and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Profits and losses recorded under shareholders' equity are transferred to the acquisition cost of the asset in question during the fiscal period when the hedged item is capitalized. Hedge accounting is not applied to other derivatives.

The relation between hedging instruments and hedged objects is documented at the start of hedging. Likewise, documents will be prepared for risk management targets and strategies used as guidelines when launching different hedging actions. At the start of hedging and continuously after this action, the Group prepares an estimate whether the derivatives used in hedging effectively abolish the changes in fair values of the hedged objects or in cash flows. The profit or loss relating to an inefficient share is immediately recognized as financial items of the income statement. When the hedging instrument expires or is sold or when hedging does not meet the preconditions set for the application of hedge accounting, retained profits and losses included at that time in the shareholders' equity remain in the shareholders' equity, and are transferred to the income statement only after recording the predicted transaction in the income statement. If the predicted transaction is not anymore expected to realize, the retained profit or loss presented under shareholders' equity is immediately transferred to financial items of the income statement.

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 options' value measurement models.

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

Estimates

When preparing financial statements in compliance with the IFRS practices, the Group's management must make assumptions and estimates 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 are used, for instance, to determine the amounts of items reported in the financial statements, to determine the goodwill and its expected yields and the useful life of tangible and intangible assets, as well as the validity of inventories and assets and liabilities. The estimates are based on experience and other well-founded assumptions that constitute the best current assessments of the management, but due to changes in the factors that form the basis for the markets and estimates, it is possible that the final figures may, sometimes significantly, 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 signs 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 in which the management monitors goodwill in their internal reporting. The unit's recoverable amount is calculated on the basis of use value calculations. The cash flow based use value is determined by calculating the discounted current value of predicted cash flows. The discount rate of the calculations is determined through 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 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 immediately recognized in the income statement if the asset's carrying value is higher than its recoverable amount.

Accounting principles requiring exercise of judgment and 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 closing date. The estimates are based on past experience and assumptions regarding the future development of the Group's financial operating environment and its effect on the Group's net sales and cost level. In the Group management's view, the role of assumptions and estimates is the most significant in goodwill impairment testing. Goodwill and its testing are discussed in more detail in Note 12.

Application of new or amended IFRS Standards and IFRIC Applications

As of January 1, 2011, Aspo applies the following revised or amended standards:

- IAS 24 (revised): Related Party Disclosures in Financial Statements.
- IAS 32 (amendment): Classification of Rights Issues.
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments.
- IFRIC 14 (amendment): Prepayments of a Minimum Funding Requirement.

In the July of 2010, IASB published improvements to seven standards or interpretations as part of the annual improvements to IFRS project. The Group will adopt the amendments in 2011.

In 2012 or later, the Group will adopt the following standards, interpretations and amendments made to existing standards:

- IFRS 9: Financial Assets – Classification of Financial Assets.
- IFRS 7 (amendment): Disclosures – Transfers of Financial Assets.
- IAS 12 (amendment): Deferred Tax.

1. Net Sales and Segment Information

Aspo's operating 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 energy efficiency technology, solutions to improve efficiency in the process industry, and security and digital products.

Other operations include Aspo Group's administration and other functions 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 in accordance with IFRS.

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 tangible 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

2010

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales outside the Group	79 572	108 647	175 227	32 474	12	395 932
Inter-segment sales		47	7	72	32	
Net sales	79 572	108 694	175 234	32 546		395 932
Share of profit in associated companies	196					196
Operating profit	11 526	3 545	6 756	640	-4 573	17 894
Net financial expenses						-3 827
Profit before taxes						14 067
Income taxes						-3 681
Net profit for the period						**10 386**
Depreciation on tangible assets	4 811	476	593	267	172	6 319
Depreciation on intangible assets	34	562	820	348	30	1 794
Segment's assets	57 190	57 661	60 964	24 294	11 014	211 123
Shares in associated companies	1 705					1 705
Total assets	58 895	57 661	60 964	24 294	11 014	**212 828**
Segment's liabilities	8 300	13 461	22 038	6 427	93 133	143 359
Total liabilities	8 300	13 461	22 038	6 427	93 133	**143 359**
Investments	11 150	265	889	782	63	**13 149**

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						**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**

1.2 Geographic areas

The Group monitors its net sales in accordance with the following geographical division: Finland, the Nordic countries, the Baltics, Russia and other CIS countries (including Ukraine), and other countries. Net sales of the geographical regions is presented as per customer location and their assets as per location. Sales income from foreign customers is defined in accordance with IFRS regulations.

	Net sales		Assets*	
1 000 EUR	2010	2009	2010	2009
Finland	**167 155**	151 841	**111 407**	105 860
Nordic countries	**51 860**	30 030	**42**	1 797
Baltic countries	**43 815**	36 986	**1 419**	737
Russia + other CIS countries	**88 519**	56 124	**494**	430
Other countries	**44 583**	54 424	**94**	126
Total	**395 932**	329 405	**113 456**	108 950

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

2. Acquired Operations

Acquisition of operations in 2010

On November 1, 2010, Kaukomarkkinat acquired the operations of KSM Lämpötekniikka Oy, which is located in Kankaanpää, Finland. The acquisition generated goodwill of EUR 0.2 million. Net sales of these operations are estimated to total approximately EUR 1 million for the first operational year. The acquisition of these operations has no significant effect on the Group's results or financial position.

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 goodwill of EUR 0.5 million based on the expected synergy benefits as a result of 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.

3. Other Operating Income

1 000 EUR	2010	2009
Total gains from the sale of fixed assets	20	3 166
Total gains from the sale of business operations		3 171
Overdue, suspension and insurance compensations	213	2 070
Total rents and related remunerations	309	279
Changes in values of FX forward contracts		348
Other income	767	900
Total	**1 309**	9 934

4. Employee Benefits and Personnel Information

At the end of the period, the number of employees at Aspo Group was 712 (717) and the average during the fiscal period was 736 (723). The average number of officials was 497 (492) and that of employees 239 (231).

Personnel costs

1 000 EUR	2010	2009
Wages and salaries	28 681	30 152
Pension costs, contribution plans	2 854	3 586
Option arrangements paid for in cash	737	771
Other indirect personnel costs	2 016	1 906
Total	**34 288**	36 415

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

Personnel by segment at year-end

	2010	2009
ESL Shipping	183	194
Leipurin	226	218
Telko	199	193
Kaukomarkkinat	91	90
Other operations	13	22
Total	**712**	717

Personnel by geographic area at year-end

	2010	2009
Finland	387	423
Nordic countries	26	29
Baltic countries	69	72
Russia + other CIS countries	159	129
Other countries	71	64
Total	**712**	717

5. Depreciation and Impairment

1 000 EUR	2010	2009
Intangible assets	1 794	1 743
Buildings	148	820
Vessels	4 707	4 842
Machinery and equipment	1 464	1 458
Total	**8 113**	8 863

6. Materials and Services

1 000 EUR	2010	2009
Purchases during the period		
ESL Shipping	**15 769**	10 381
Leipurin	**87 497**	78 394
Telko	**150 494**	101 477
Kaukomarkkinat	**24 532**	23 861
Other operations	**7**	1 000
Total	**278 299**	215 113
Change in inventories	**-8 990**	3 600
Outsourced services		
Leipurin	**4 732**	3 866
Telko	**3 373**	3 019
Kaukomarkkinat	**562**	491
Other operations	**1**	13
Total	**8 668**	7 389
Total materials and services	**277 977**	226 102

7. Other Operating Expenses

1 000 EUR	2010	2009
Rents	**7 156**	6 969
ESL Shipping	**36 906**	28 579
Leipurin	**4 409**	4 017
Telko	**5 364**	6 696
Kaukomarkkinat	**2 838**	3 085
Other operations	**2 492**	2 696
Fair value valuation of currency forwards, not included in hedge accounting		675
Loss from assignment in tangible assets		559
Total	**59 165**	53 276

Auditors' fees

1 000 EUR	2010	2009
Auditing	**250**	312
Tax advice	**69**	66
Other services	**99**	114
Total	**418**	492

8. Financial Income and Expenses

1 000 EUR	2010	2009
Dividend income from investments held for trading	**2**	2
Interest income from loans and other receivables	**531**	1 181
Foreign exchange gains	**968**	496
Total financial income	**1 501**	1 679
Interest rate expenses	**-4 049**	-4 802
Foreign exchange losses	**-1 279**	-452
Total financial expenses	**-5 328**	-5 254
Total financial income and expenses	**-3 827**	-3 575

The items above operating profit include EUR 0.1 million (-2.3) in exchange rate differences for 2010. Interest expenses include EUR 0.2 million (0.2) in fluctuating rents recognized as costs arisen from finance leasing agreements during the fiscal period.

9. Income Taxes

Taxes in the income statement

1 000 EUR	2010	2009
Taxes for the period	**-4 029**	-4 037
Change in deferred taxes and tax receivables	**353**	1 098
Taxes from previous fiscal periods	**-5**	-123
Total	**-3 681**	-3 062

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

1 000 EUR	2010	2009
Profit before taxes	**14 067**	11 677
Taxes calculated using the parent company's tax rate	**-3 657**	-3 036
Impact of foreign subsidiaries' tax rates	**616**	-68
Taxes from previous fiscal periods	**-5**	-123
Other items	**-635**	165
Taxes in the income statement	**-3 681**	-3 062
Effective tax rate	**26%**	26%

Income tax on other comprehensive income

1 000 EUR	2010	2009
Cash flow hedges	**230**	92

10. Earnings per Share

Earnings per share are 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 capital loan.

1 000 EUR	2010	2009
Undiluted		
Profit belonging to the shareholders of the company	**10 339**	8 553
Average number of shares during period (1,000)	**25 892**	25 786
Earnings per share, EUR	**0.40**	0.33
Earnings per share excluding sales gain, EUR		0.16
Diluted		
Profit belonging to the shareholders of the company	**10 339**	8 553
Interest of the convertible capital loan (adjusted by tax effect)	**958**	581
Conversion of convertible capital loan into shares (1,000)	**1 876**	2 307
Average number of shares during period adjusted by the dilution effect from the convertible capital loan (1,000)	**27 768**	28 093
Diluted earnings per share, EUR	**0.41**	0.33

11. Other Intangible Assets

Intangible rights mainly consist of corporate brands described in Note 12, and also computer software programs and their licenses that are amortized on a straight-line basis over a period of three to five years. Refurbishment costs of premises and supplier relationships acquired in business combinations are included in other intangible assets.

2010

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	9 956	11 971	21 927
Translation difference	2	60	62
Increases	102		102
Decreases	-223		-223
Acquisition cost, Dec. 31	**9 837**	**12 031**	**21 868**
Accumulated depreciation, Jan. 1	-4 179	-2 186	-6 365
Translation difference	-2	5	3
Accumulated depreciation from decreases and transfers	219		219
Depreciation during the period	-291	-1 233	-1 524
Accumulated depreciation, Dec. 31	**-4 253**	**-3 414**	**-7 667**
Book value, Dec. 31	**5 584**	**8 617**	**14 201**

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**

12. Goodwill

Goodwill is allocated to the Group's cash flow generating units by business unit, depending on the level of goodwill monitoring in internal reporting. Every unit represents each of Aspo's operating segments. Goodwill is divided into the segments as follows: ESL Shipping EUR 0.8 million (0.8), Leipurin EUR 22.9 million (22.9), Telko EUR 5.1 million (5.0), and Kaukomarkkinat EUR 11.8 million (11.6).

The useful economic lives of brands included in Leipurin and Telko segments 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. As for impairment, the brands have been tested. According to test results, there are no impairments to be expected.

Goodwill

1 000 EUR	2010	2009
Acquisition cost, Jan. 1	**40 224**	40 351
Acquired operations	**200**	479
Divested operations		-626
Translation difference	**163**	20
Acquisition cost, Dec. 31	**40 587**	40 224

Allocation of goodwill

1 000 EUR	2010	2009
ESL Shipping	**790**	790
Leipurin	**22 884**	22 873
Telko	**5 110**	4 955
Kaukomarkkinat	**11 767**	11 570
Other operations	**36**	36
Total	**40 587**	40 224

Brands

1 000 EUR	2010	2009
Leipurin	**3 148**	3 148
Telko	**2 155**	2 155
Total	**5 303**	5 303

Impairment testing

Recoverable cash flows in impairment calculations are determined on the basis of the fair market value. Predicted cash flows are based on financial plans approved by the Group's management. Estimates regarding cash flows cover three years using conservative growth expectations, and subsequently, the cash flow is estimated cautiously, assuming even growth. The company has used growth assumptions of 1–3% as terminal values. These growth assumptions are based on a growth rate equal to inflation at the minimum. No impairment is recognized for the fiscal period and no impairment occurred according to 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 estimated to follow net sales growth.

Due to continuous cost management, the costs are estimated to increase moderately as a result of the gradually weakening recession. Fixed costs are expected to grow as much as the rate of inflation.

The discount rate is determined through 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 calculations was 8.19% (9.05) before taxes.

Factors influencing impairment testing and sensitivity analysis

The gradual upturn in the economy after the recession strengthens the validity of assumptions used in impairment testing. Assumptions are appropriate and tested operations have a sustainable basis. There are no indications of impairment in the business operations' goodwill but the result of future impairment testing depends on the materialization of estimated future cash flows. A substantial negative change in future cash flows, a substantial increase in interest rates or a high tying-up rate of capital may result in a write-down of goodwill. It is the management's view that the estimates of future cash flows and the tying-up rate of capital used in the testing are likely.

Each unit has undergone a sensitivity analysis in which the values used as basic assumptions in the testing were lowered. As a result of this, the corporate value of the segment has become weaker. The changes and their effects are:

- WACC was raised to a maximum value of 20%, effect 17–20% (14–18).
- EBIT was cut down by 10%, effect approximately 7–10% (2).
- Sales growth was cut down by 10% annually, effect 13–17% (0–4).

The sensitivity analysis shows that there are no future impairment losses to be expected.

13. Tangible Assets

2010

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	60	4 869	7 019	166 119	558	115	178 740
Translation difference		5	81				86
Increases			755	1 152		9 579	11 486
Decreases		-1 040	-901	-500	-152	-115	-2 708
Acquisition cost, Dec. 31	**60**	**3 834**	**6 954**	**166 771**	**406**	**9 579**	**187 604**
Accumulated depreciation, Jan. 1		-3 685	-5 795	-122 500	-422		-132 402
Translation difference		-4	-9				-13
Accumulated depreciation from decreases and transfers		1 040	818		152		2 010
Depreciation during the period		-148	-626	-4 707	-2		-5 483
Accumulated depreciation, Dec. 31		**-2 797**	**-5 612**	**-127 207**	**-272**		**-135 888**
Book value, Dec. 31	**60**	**1 037**	**1 342**	**39 564**	**134**	**9 579**	**51 716**

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**

13.1 Financial leasing arrangements

2010

1 000 EUR	Other intangible assets	Advance payments of intangible assets	Machinery and equipment	Total
Acquisition cost, Jan. 1	94	991	4 707	5 792
Increases	1 410	528	299	2 237
Decreases	-21	-991	-1 028	-2 040
Acquisition cost, Dec. 31	**1 483**	**528**	**3 978**	**5 989**
Accumulated depreciation, Jan. 1	-5		-934	-939
Depreciation during the period	-270		-836	-1 106
Depreciation accumulated in decreases			496	496
Accumulated depreciation, Dec. 31	**-275**		**-1 274**	**-1 549**
Book value, Dec. 31	**1 208**	**528**	**2 704**	**4 440**

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**

14. Investments Held for Trading

2010

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	206
Decreases	-2
Acquisition cost, Dec. 31	**204**
Book value, Dec. 31	**204**

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**

15. Long-term Receivables

Other items included in long-term receivables

1 000 EUR	2010	2009
Long-term loan receivables	206	211
Long-term derivatives	397	
Total	**603**	211

16. Associated Companies

ESL Shipping Ltd has a 35% holding in the 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 22.2 million, and liabilities EUR 16.5 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	2010	2009
Acquisition cost, Jan. 1	1 556	925
Share of associated companies' profit or loss	196	569
Effect from exchange rate	-47	62
Acquisition cost, Dec. 31	**1 705**	1 556

17. Deferred Taxes

Changes in deferred taxes

On December 31, 2010, the Group had a total of EUR 1.6 million of confirmed losses (0.5), 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. Deferred tax liability of a total EUR 2.2 million (1.6) of the retained earnings were not recognized, since the funds are permanently invested in the countries in question.

Deferred tax receivables

1 000 EUR	2010	2009
Cash flow hedges	230	
Employee benefits	92	171
Other temporary differences	367	241
Total	**689**	412

Deferred tax liabilities

1 000 EUR	2010	2009
Depreciation in excess of plan	8 141	8 933
Convertible capital loan	1 467	880
Tangible and intangible assets	3 566	3 714
Other	59	11
Total	**13 233**	13 538

Changes in deferred tax receivables

1 000 EUR	2010	2009
Deferred tax receivables, Jan. 1	412	896
Items recorded in the income statement		
Measurement of derivatives	30	-80
Unutilized tax losses		-169
Employee benefits	-79	149
Other temporary differences	96	-270
Items recorded in the comprehensive income statement	230	
Items recorded in shareholders' equity		-114
Deferred tax receivables, Dec. 31	**689**	412

Changes in deferred tax liabilities

1 000 EUR	2010	2009
Deferred tax liabilities, Jan. 1	**13 538**	13 971
Items recorded in the income statement		
Depreciation in excess of plan	**-792**	46
Intangible and tangible assets	**-148**	-1 003
Other	**48**	-396
Items recorded in shareholders´ equity, convertible capital loan	**587**	857
Acquisition		63
Deferred tax liabilities, Dec. 31	**13 233**	13 538

18. Inventories

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

1 000 EUR	2010	2009
Materials and supplies	**3 806**	3 090
Finished goods	**39 373**	25 468
Other inventories	**1 726**	688
Total	**44 905**	29 246

19. 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. A total of EUR 0.3 million (0.6) were recognized as impairment loss from accounts receivable..

1 000 EUR	2010	2009
Accounts receivable	**39 213**	33 385
Refund from the Ministry of Transport and Communications	**1 790**	1 743
Advance payments	**232**	564
VAT receivable	**414**	1 076
Other deferred receivables	**3 108**	6 539
Total	**44 757**	43 307

20. Cash and Cash Equivalents

1 000 EUR	2010	2009
Commercial papers	**2**	
Bank accounts	**7 146**	11 525
Total	**7 148**	11 525

21. Shareholders' Equity

Shares and share capital

On December 31, 2010, Aspo Plc's number of shares was 26,836,703 and the share capital was EUR 17.7 million.

The equity portion of Aspo's convertible capital loan is included in the 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, revalutaion fund, translation difference, invested unrestricted equity fund, and retained earnings. Share subscriptions based on the convertible bond that were issued during the validity of the old Companies Act (29.9.1978/734) were recognized in the premium fund. The invested unrestricted equity fund includes other equity-type investments and share subscription price to the extent that it is not recognized in the share capital in accordance with a separate agreement. The revaluation fund includes the changes in the fair value of instruments involved in hedge accounting.

Dividends

After the closing date, the Board of Directors has proposed that a dividend of EUR 0.42 per share be distributed for 2010. A dividend of EUR 0.42 per share was distributed for 2009 (EUR 0.42 for 2008).

Shareholders' equity 2010

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**	**274**	**-3 778**	**18 539**
Conversion of convertible capital loan	431			2 298		2 298
Share-based incentive system	43			283	183	466
Shareholding plan for Aspo management	-115				-937	-937
Translation difference				4		4
December 31	**26 145**	**17 692**	**4 351**	**2 859**	**-4 532**	**20 370**
Own shares held by the Group	691					
Total number of shares	**26 836**					

Shareholders' equity 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 Group	620					
Total number of shares	**26 406**					

Revaluation fund

1 000 EUR	2010	2009
Cash flow hedge fund	**-654**	

Appropriations

1 000 EUR	2010	2009
Accumulated depreciation in excess of plan	**31 368**	34 405
Deferred taxes on excess depreciation	**-8 141**	-8 934
Total	**23 227**	25 471

Equity portion of the convertible capital loan

1 000 EUR	2010	2009
Equity portion of the convertible capital loan	**2 572**	2 572

22. Loans

Aspo Plc has a total of EUR 12,200,000 in equity-based convertible bonds. The loan will be repaid in one installment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 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 share of the loan, worth EUR 50,000, entitles the loan shareholder to convert the loan share into 7,690 shares in Aspo Plc. 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.

A total of 430,640 new shares corresponding to 56 loan shares, were subscribed in 2010.

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

Long-term liabilities

1 000 EUR	2010	2009
Loans	**45 583**	21 049
Pension loans	**9 000**	10 404
Convertible capital loan	**10 036**	11 954
Total	**64 619**	43 407

Short-term liabilities and used overdraft facilities

1 000 EUR	2010	2009
Loans	**9 902**	22 021
Used overdraft facilities	**1 768**	4 097
Pension loans	**1 404**	807
Total	**13 074**	26 925

Maturing of financial leasing liabilities

1 000 EUR	2010	2009
Financial leasing liabilities – total amount of minimum rents		
Within one year	**1 263**	1 181
After one year and within five years	**3 673**	4 168
Total	**4 936**	5 349
Current value of minimum rents in financial leasing liabilities		
Within one year	**995**	1 087
After one year and within five years	**3 418**	3 916
Total	**4 413**	5 003
Financial expenses accumulated in the future	**523**	345

23. Accounts Payable and Other Liabilities

Other long-term liabilities

1 000 EUR	2010	2009
Share-based incentive system	**321**	171
Long-term derivatives	**382**	
Financial leasing liabilities		12
Total	**703**	183

Accounts payable and other liabilities

1 000 EUR	2010	2009
Accounts payable	**31 949**	25 348
Advances received	**3 759**	1 392
Salaries and social contributions	**5 271**	3 004
Employer contributions	**1 084**	1 839
Accrued interest	**749**	860
VAT liability	**3 956**	2 335
Share-based incentive system		102
Other short-term deferred liabilities	**4 422**	8 519
Total	**51 190**	43 399

24. Pension Obligations

Pension liabilities in the income statement

1 000 EUR	2010	2009
Contribution plans	**2 854**	3 586

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

25. Provisions

1 000 EUR	Warranty and other provisions
Dec. 31, 2009	174
Provisions in use	52
Dec. 31, 2010	**226**

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.

26. Financial Risks and Financial Risk Management

26.1 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 to develop the predictability of the results, future cash flows, and capital structure, and continuously adapt its 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 Aspo Group. The treasury policy defines general risk management objectives, the relationship between the Group's parent company and business units, the division of responsibility, and risk management-related reporting requirements. The treasury policy also defines the operating principles related to the management of currency risks, interest rate risks, and liquidity and refinancing risks.

Together with the Group Treasurer, the Group CEO 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.

26.2 Market risks

Currency risk

Aspo Group has subsidiaries, for example, in Scandinavia, the Baltics, as well as Russia and other CIS-countries (including Ukraine). All of Aspo Group's 14 operating countries used their own currency in 2010. Aspo Group's currency risk consists of foreign currency denominated receivables, liabilities, estimated currency flows, derivative agreements, and translation risks relating to the results and capital. Aspo Group's aim is to reduce the uncertainty related to fluctuations in results, cash flows, and balance sheet items.

In line with Aspo's strategy, an increasingly significant proportion of the operational volume of the Telko and Leipurin segments comes from Russia. Therefore, the main currency risks of these segments relate to the Russian ruble. Net sales and operating profit generated from Russia by the Telko and Leipurin segments would decrease if the Russian ruble weakened against the euro. ESL Shipping's exchange rate risks are mainly connected to dollar denominated investments. In 2010, ESL Shipping made the largest vessel investment in its history. The total investment is worth about USD 80 million. Cash flows arising from the investment are scheduled for the period from 2010 to 2012. The company has protected investment related cash flows mainly with derivative contracts. On the closing date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities, and currency derivatives.

The Aspo Group has investments in foreign subsidiaries. On the closing date of December 31, 2010, the Group's equity investments in foreign subsidiaries totaled EUR 28.0 million (22.5). Since these investments do not have a significant impact on the whole Group's shareholders' equity, the Group has not found it justifiable to hedge the investment related 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, 2010, the Group's interest-bearing liabilities totaled EUR 77.7 million (70.3) and cash and cash equivalents EUR 7.1 million (11.5). Aspo Group's loan portfolio is reviewed on the basis of the average interest rate, average maturity, and the ratio between fixed rate and variable rate loans. On the closing date, the average interest rate of interest-bearing liabilities was 2.9% (3.4), the average maturity 4.1 years (2.7) and the share of fixed-rate loans 36% (44).

Sensitivity to market risks

Aspo Group has exposure to interest rate and currency risks via financial instruments, such as financial assets and liabilities as well as derivative contracts, 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 were hedged through derivatives.

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

Interest-bearing liabilities by currency

1 000 EUR	2010	2009
EUR	**74 522**	66 236
Other	**3 171**	4 096
Total	**77 693**	70 332

Accounts receivable by currency

1 000 EUR	2010	2009
USD	**1 196**	1 837
EUR	**19 457**	14 753
SEK	**919**	424
DKK	**1 016**	814
EEK	**2 470**	1 453
RUB	**5 856**	7 602
UAH	**1 703**	1 028
Other	**6 596**	5 474
Total	**39 213**	33 385

Investments in foreign subsidiaries

1 000 EUR	Shareholders' equity 2010	Shareholders' equity 2009
SEK	**2 437**	2 040
DKK	**6 632**	6 008
EEK	**4 183**	3 003
RUB	**10 981**	7 534
NOK	**101**	89
LVL	**1 000**	1 794
LTL	**879**	677
UAH	**372**	-351
PLN	**1 381**	2 006
BYR	**35**	
CNY	**470**	203
KZT	**6**	
EUR	**-484**	-458
Total	**27 993**	22 545

Cash and bank deposits and unutilized binding credit limit agreements

1 000 EUR	2010	2009
Cash and bank deposits	**7 148**	11 525
Credit limits	**50 000**	80 000
Total	**57 148**	91 525

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

- The exchange rate change of +/-10%.

- The position includes dollar denominated financial assets and liabilities, such as 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 position.

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

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

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

Hedge accounting

In 2010, cash flows relating to the vessel investment by ESL Shipping are mainly protected with derivative contracts. These derivative contracts fall within the scope of hedge accounting and their valuation differences are recognized under Aspo Group's equity. Effective shares of the changes in the fair values of derivatives within the scope of hedging, after adjusting their tax effects, amount to EUR -0.7 million (0.3), which is recognized in other comprehensive income items. Hedged, very likely transactions are estimated to take place in 2011 and 2012. The interest component in hedged currency forwards and the time-value of hedged options are recognized in the financial items of the income statement.

26.3 Liquidity and refinancing risks

Aspo Group's objective 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 financial agreements and sufficient maturity ensure Aspo Group's current and near future financing needs. During the 2010 fiscal year, the main focus in financing was on the extending of the maturity distribution.

Risks based on financial instruments

1 000 EUR	2010 Income statement	2010 Shareholders' equity	2009 Income statement	2009 Shareholders' equity
+10% in the EUR/USD exchange rate	**-220**	**-2 768**		
–10% in the EUR/USD exchange rate	**220**	**2 768**		
Change of +100 basic points in the market interest rates	**-500**		-115	
Change of -100 basic points in the market interest rates	**500**		115	

Accounts receivables by age

1 000 EUR	2010	2009
Not matured	**28 769**	24 313
Matured 1–30 days ago	**7 305**	7 224
Matured 31–60 days ago	**2 663**	1 076
Matured more than 60 days ago	**476**	772
Total	**39 213**	33 385

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

At the end of 2010, Aspo Group's liquid cash funds totaled EUR 7.1 million (11.5). On the closing date, Aspo Plc had a domestic commercial paper program, worth EUR 50 million, of which EUR 5 million was in use. On the closing date, Aspo Plc also had revolving credit facilities granted by selected cooperation banks in the amount of EUR 50 million, which were unutilized in full. A binding financial agreement was signed for the vessel ordered from India by ESL Shipping. It is estimated to be completed in the spring of 2011. A long-term financial agreement was signed for the first of two supramax vessels ordered by ESL Shipping in 2010.

All considerable financial agreements include a financial covenant which is based on the equity ratio. Some significant financial agreements also include a financial covenant which is based on the ratio of the operating margin to net liabilities. The limits of financial covenants were not exceeded during the fiscal year.

26.4 Credit and counterparty risks

The Group has credit risk from accounts receivables. The Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk centers. 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, when necessary, payment terms based on advance payments and bank guarantees.

Aspo Group's aim is to have low liquid cash funds. The counterparty risk is managed by selecting known and financially solvent 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 well-known and solvent banks are selected as granters of bank guarantees given as collateral for the repayment of the advance payments. The derivative contract-based counterparty risk is managed by selecting well-known and solvent domestic banks as counterparties.

26.5 Management of capital structure

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

Potential reorganizations within Aspo Group, Aspo Plc's dividend policy, ESL Shipping's vessel investments, and the profitability of the subsidiaries' operations are the main factors that may affect the capital structure.

The development of Aspo Group's capital structure is mainly monitored through the equity ratio and net gearing. On December 31, 2010, the Group's equity ratio was 33.2% (34.6) and net gearing 101.5% (87.9).

Maturity analysis

2010

1 000 EUR	Balance sheet value Dec 31, 2010	Cash flow 2011[1]	2012	2013	2014	2015-
Loans	-50 107	-9 792	-26 721	-1 628	-1 610	-13 839
Convertible capital loan	-10 036	-865	-865	-865	-13 065	
Pension loans	-10 404	-1 748	-2 285	-2 218	-2 151	-3 101
Overdraft facility	-2 733	-1 768	-965			
Financial leasing liabilities	-4 413	-1 263	-1 992	-1 090	-590	-1
Accounts payable, other liabilities	-51 893	-51 190	-703			
Derivative instruments						
Currency derivatives						
In hedge accounting						
Cash flows to be paid		-529	-182			
Not in hedge accountig						
Cash flows to be paid		-21				

[1]Repayments in 2011 are included in short-term items.

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.

Book values of financial assets and liabilities by measurement group

2010

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	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets							
Long-term receivables		206					206
Derivative contracts						397	397
Other financial assets				204			204
Short-term financial assets							
Accounts receivable and other receivables		44 668				89	44 757
Book value by measurement group		44 874		204		486	45 564
Long-term financial liabilities							
Long-term interest-bearing liabilities					64 619		64 619
Short-term financial liabilities							
Short-term interest-bearing liabilities					13 074		13 074
Derivative contracts	20					708	728
Non-interest bearing current liabilities			50 462				50 462
Book value by measurement group	20		50 462		77 693	708	128 883

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	Derivatives in hedge accounting	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

27. Derivative Contracts

Available market rates and prices are used to calculate fair values.

1 000 EUR	Face values 2010	Fair values, net 2010	Face values 2009	Fair values, net 2009
Currency derivatives				
Currency forwards (level 2)*	**-765**	**-21**	-478	-671
In hedge accounting				
Currency forwards (level 2)*	**-30 381**	**-711**		
Currency options (level 2)*	**-6 334**	**-117**		
Total		**-849**		-671

*The fair value of financial instruments not traded on a functional market is determined by means of measurement methods. These measurement methods use verifiable information, if available, as much as possible, and company-specific estimates as little as possible. If all essential information needed in the determination of the fair value for an instrument is verifiable, the instrument is at level 2.

28. 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	2010	2009
Mortgages given	**27 454**	37 500
Bank guarantees	**41 095**	33 553
Other contingent liabilities	**73**	1 378
Other leasing liabilities		
Within one year	**8 846**	3 112
After one year and within five years	**21 542**	8 132
After five years	**15 493**	5 635
Total	**114 503**	89 310

Guarantees given on behalf of associated companies

1 000 EUR	2010	2009
Guarantees	**50**	50

Guarantees given on behalf of others

1 000 EUR	2010	2009
Guarantees	**15**	206

Group companies

Company	Country of incorporation	Holding %
Aspo Plc, parent company	Finland	
Aspo Management Oy*	Finland	0.00
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 Oy	Finland	100.00
Hamina Terminal Services Oy	Finland	100.00
ZAO Kauko	Russia	100.00
Kaukomarkkinat Oy	Finland	100.00
Kaukomarkkinat Shanghai Ltd.	China	100.00
OOO Kauko Rus	Russia	100.00
Kauko Time AB	Sweden	100.00
Laivanisännistöyhtiö Proomu 342	Finland	90.00
Laivanisännistöyhtiö Proomu 343	Finland	90.00
OOO Leipurien Tukku	Russia	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurin Oy	Finland	100.00
LLC Leipurin	Ukraine	100.00
SIA Leipurin	Latvia	100.00
TOO Leipurin	Kazakhstan	100.00
UAB Leipurin	Lithuania	100.00
Leipurin Estonia AS	Estonia	100.00
Leitok Oy	Finland	100.00
Molub-Alloy AB	Sweden	100.00
Opas Baltic AS	Estonia	100.00
Rauma Terminal Services Oy	Finland	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Telko Oy	Finland	100.00
FLLC Telko	Belarus	100.00
LLC Telko	Ukraina	100.00
OOO Telko	Russia	100.00
Telko UAB	Liettua	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
Telko Shanghai Ltd.	China	100.00
Oy Troili Ab	Finland	100.00
Wilfert Chemical Denmark A/S	Denmark	100.00
Wilfert Chemical Nordic A/S	Denmark	100.00
Wilfert Chemical Norway AS	Norway	100.00
Wilfert Chemical Sweden AB	Sweden	100.00

* The company has been established only for the purpose of managing Aspo Plc's shareholding arrangement. Aspo Plc is contractually entitled to exercise control in the company and in its decision-making.

29. Related Parties

Group companies

Information on associated companies is presented in Note 16.

Management benefits

A Follow-on plan for the 2006 program

Aspo's Board of Directors decided in 2009 to continue the 2006 share-based incentive program for key persons and granted the involved persons the possibility to receive Aspo shares in the spring of 2010. The follow-on plan of the 2006 shareholding program was completed in the spring of 2010.

The 2006 shareholding program covers about 30 people. When the program ended, the persons involved were granted a total of 43,130 shares in Aspo Plc. According to the terms and conditions of the follow-on plan, those who received the shares were paid in cash a sum that covers taxes and tax-related costs arising from the value of the shares.

The 2009 program

In March 2009, Aspo Plc's Board of Directors decided on a new shareholding program for Aspo Group's key personnel. The program's earning period started on January 1, 2009, and will end on December 31, 2011. Participation in the program and rewarding requires that the key employee acquires a number of Aspo Plc shares specified in advance by the Board of Directors.

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

The program covers approximately 30 persons. The total of bonuses paid on the basis of the program corresponds at most with the value of 950,000 shares in Aspo Plc, including the portion paid in cash.

Management's holding company

On October 26, 2010, the Board of Aspo Plc decided on a new shareholding program for Aspo Group's management. The purpose of the program is to enable considerable long-term shareholding in Aspo for those involved in the program. For the shareholding, the participants established a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo also assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy an interest-bearing loan, worth EUR 2,800,000, to finance the share purchase. The program is valid until the spring of 2014. After that, it will be dissolved in a manner to be decided upon at a later date. The program will be extended for one year at a time if the share price of Aspo at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the program. As a rule, the participants' holding in Aspo Management Oy remains valid until the arrangement is dissolved.

Other benefits

The retirement age of the CEO is 60. The CEO has a payment-based pension plan in which the pension is determined in accordance with the accumulated insurance savings 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.

Related party transactions
Associated companies

1 000 EUR	2010	2009
Services	**4 073**	3 611
Receivables	**201**	201
Liabilities	**18**	
Total	**4 292**	3 812

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

Holding company of Aspo Management Oy

	Grant date	Number of shares invested in the company	Market value of share on grant date, EUR
Year 2010	**October 26, 2010**	437 160	8.10

Share bonuses exercised during the fiscal year

	Transfer date	Number of shares transferred	Exercise price, weighted average, EUR
Year 2006 continued program	**March 25, 2010**	43 130	7.76

Management benefits

1 000 EUR	2010	2009
CEO, salaries	**456**	349
CEO, share-based incentive system	**39**	
CEO, bonuses	**88**	85
Members of the Board of Directors	**374**	398
Total	**957**	832

Key Figures

	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
Net sales, MEUR	**395.9**	329.4	358.2*	208.9*	225.9
Operating profit, MEUR	**17.9**	15.3	14.1*	25.4*	12.8
Share of net sales, %	**4.5**	4.6	3.9	12.1	5.7
Profit before taxes, MEUR	**14.1**	11.7	9.5*	24.3*	11.1
Share of net sales, %	**3.6**	3.6	2.7	11.6	4.9
Group					
Return on investment (ROI), %	**12.7**	11.1	18.5	25.7	14.9
Return on equity (ROE), %	**15.2**	13.0	24.1	25.4	14.1
Equity ratio, %	**33.2**	34.6	30.6	45.1	45.2
Equity ratio excluding deferred tax liabilities, %	**39.6**	41.6	37.1	51.8	51.7
Gearing, %	**101.5**	87.9	124.9	32.4	35.7
Gross investments in fixed assets, EUR million	**13.2**	7.4	21.1	11.0	10.2
Share of net sales, %	**3.3**	2.2	5.8	4.1	4.5
Personnel, Dec. 31	**712**	717	827	699	694
Average number of personnel	**736**	723	882	691	693
Share-specific indicators					
Earnings/share (EPS), EUR, Continued	**0.40**	0.33	0.27	0.71	
Earnings/share (EPS), EUR, Discontinued			0.33	-0.12	
Earnings/share (EPS), EUR, Group	**0.40**	0.33	0.60	0.59	0.32
Diluted earnings/share, EUR, Continued	**0.41**	0.33	0.26	0.67	
Diluted earnings/share, EUR, Discontinued			0.30	-0.11	
Diluted earnings/share, EUR, Group	**0.41**	0.33	0.56	0.56	0.31
Group					
Equity/share, EUR	**2.63**	2.59	2.56	2.43	2.26
Nominal dividend/share, EUR (2010 proposed by Board of Directors)	**0.42**	0.42	0.42	0.42	0.41
Share issue adjusted dividend/share, EUR	**0.42**	0.42	0.42	0.42	0.41
Dividend/earnings, %	**106.2**	126.6	70.1	71.3	128.9
Effective dividend yield, %	**5.1**	7.1	10.4	6.5	6.0
Price/earnings ratio (P/E)	**20.7**	17.8	6.7	10.9	21.1
Diluted price/earnings ratio (P/E)	**20.3**	18.1	7.2	11.6	21.8
Share price development					
average price, EUR	**7.44**	5.43	5.81	6.97	6.96
lowest price, EUR	**5.91**	3.94	3.57	6.30	5.75
highest price, EUR	**8.31**	6.20	6.90	7.80	8.62
Closing price on the last day of trading during the fiscal year, EUR	**8.26**	5.90	4.03	6.44	6.80
Market cap, Dec. 31, MEUR	**221.7**	155.8	106.4	170.0	177.1
excluding treasury shares, MEUR **	**216.0**	152.1	103.9	166.8	174.7
Development of share turnover, 1,000	**5 145**	2 262	3 404	5 060	6 044
Development of share turnover, %	**19.2**	8.6	12.9	19.2	23.2
Total share trading, EUR 1,000	**38 703**	12 259	19 764	35 320	41 934
Total number of shares, Dec. 31, 1,000	**26 837**	26 406	26 406	26 399	26 048
outstanding	**26 145**	25 786	25 786	25 908	25 690
outstanding, average	**25 892**	25 786	25 827	25 807	25 368
diluted number of shares, average	**27 768**	28 093	28 433	28 421	28 332

* Continued operations
** Treasury shares include the shares of Aspo Management Oy.

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 + Non-controlling interest (average)
Equity ratio, %	=	Shareholders' equity + Non-controlling interest x 100 / Balance sheet total – Advances received
Gearing, %	=	Interest-bearing liabilities – Liquid funds / Shareholders' equity + Non-controlling 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 – Non-controlling 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	2010	2009
Other operating income	1.1	**2 465**	1 718
Personnel costs	1.2	**-2 550**	-3 095
Depreciation and impairment	1.3	**-48**	-95
Other operating expenses	1.4	**-4 548**	-4 001
Operating loss		**-4 681**	-5 473
Financial income and expenses	1.5	**-1 675**	3 800
Loss before extraordinary items		**-6 356**	-1 673
Extraordinary items	1.6	**14 955**	15 630
Profit before appropriations and taxes		**8 599**	13 957
Income taxes	1.7	**-2 351**	-2 132
Profit for the period		**6 248**	11 825

Parent Company's Balance Sheet

Assets

1 000 EUR	Notes	2010	2009
Non-current assets			
Intangible assets	2.1	**6**	37
Tangible assets	2.1	**106**	123
Investments	2.2	**12 967**	12 967
Total non-current assets		**13 079**	13 127
Current assets			
Long-term receivables	2.3		75
Current receivables	2.3	**103 352**	133 506
Cash and bank deposits		**7**	3 407
Total current assets		**103 359**	136 988
Total assets		**116 438**	150 115

Shareholders´ equity and liabilities

1 000 EUR	Notes	2010	2009
Shareholders' equity			
Share capital	2.4	**17 692**	17 692
Premium fund	2.4	**4 351**	4 351
Invested unrestricted equity fund	2.4	**5 889**	248
Retained earnings	2.4	**6 071**	5 095
Profit for the period		**6 248**	11 825
Total shareholders' equity		**40 251**	39 211
Mandatory provisions	2.5	**397**	288
Liabilities			
Long-term liabilities			
Loans from financial institutions	2.6	**25 965**	5 000
Convertible capital loan	2.6	**12 200**	15 000
Loans from Group companies	2.6	**9 000**	10 000
Total long-term liabilities		**47 165**	30 000
Short-term liabilities			
Loans from financial institutions	2.7	**5 000**	20 000
Debts to Group companies	2.7	**22 116**	59 158
Accounts payable	2.7	**257**	24
Other liabilities	2.7	**54**	58
Deferred liabilities	2.7	**1 198**	1 376
Total short-term liabilities		**28 625**	80 616
Total liabilities		**75 790**	110 616
Total shareholders' equity and liabilities		**116 438**	150 115

Parent Company's Cash Flow Statement

1 000 EUR	2010	2009
Operational cash flow		
Operating loss	**-4 681**	-5 473
Adjustments to operating loss	**198**	428
Change in working capital	**166**	305
Interest paid	**-2 756**	-3 796
Interest received	**175**	1 434
Dividends received	**5 805**	4
Taxes paid	**-34**	-4 198
Operational cash flow	**-1 127**	-11 296
Cash flow from investments		
Investments in tangible and intangible assets		-36
Cash flow from investments		-36
Cash flow from financing		
Disposal of treasury shares	**2 841**	
New long-term loans	**20 000**	15 000
Change in short-term receivables	**15 421**	69 771
Change in short-term liabilities	**-46 282**	-60 481
Convertible capital loan		15 000
Loans from financial institutions, Cash pool accounts	**965**	
Convertible capital loan amortized		-15 513
Group contributions received	**22 300**	
Group contributions paid	**-6 670**	
Dividends distributed	**-10 848**	-10 830
Cash flow from financing	**-2 273**	12 947
Change in liquid funds	**-3 400**	1 615
Liquid funds Jan. 1	**3 407**	1 792
Liquid funds Dec. 31	**7**	3 407

Notes to the Parent Company's Financial Statements

Accounting principles
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 must, in accordance with valid regulations and good accounting practice, 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
Foreign currency denominated transactions are recorded at the exchange rates valid on the transaction date. On the closing date, the receivables and liabilities on the balance sheet are valued at the exchange rates of the closing date. Outstanding hedging instruments for foreign currency denominated items are valued at the rate of the 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. Financing related foreign exchange gains and losses are recognized in financial income and expenses.

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

Receivables
Receivables are valued at acquisition cost or probable value, if lower.

Non-current assets and depreciations
Non-current assets are recognized in the balance sheet at direct acquisition 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 tangible assets	5–40 years

Leasing
Leasing payments are treated as rent expenses.

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

Mandatory provisions
Mandatory provisions on the balance sheet include items that are either based on contracts or otherwise binding obligations, but have not yet 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 was made in the financial statements. The dividends are only taken into account after the decision by the Annual Shareholders' Meeting.

1.1 Other Operating Income

1 000 EUR	2010	2009
Gains on the disposal of fixed assets		2
Other operating income, Group	900	905
Rents, Group	1 342	810
Other rents	221	
Other operating income	2	1
Total	**2 465**	1 718

1.2 Notes Concerning Personnel and Board Members

Personnel costs

1 000 EUR	2010	2009
Salaries and benefits	1 703	1 876
Share-based incentive system	289	270
Profit bonus paid to the personnel fund	3	-17
Pension costs	428	759
Other personnel costs	127	207
Total	**2 550**	3 095

Management salaries and benefits

1 000 EUR	2010	2009
CEO, salaries	456	349
CEO, share-based incentive system	39	
CEO, bonuses	88	85
Members of the Board of Directors	374	398
Total	**957**	832

1.3 Depreciation and Impairment

1 000 EUR	2010	2009
Machinery and equipment	17	29
Intangible assets	31	66
Total	**48**	95

1.4 Other Operating Expenses

1 000 EUR	2010	2009
Rents	2 069	1 438
Other expenses	2 479	2 563
Total	**4 548**	4 001
Auditors' fees		
Auditing	41	40
Tax advice	37	41
Other services	35	90
Total	**113**	130

1.5 Financial Income and Expenses

1 000 EUR	2010	2009
Dividend income		
From Group companies		5 800
From others	**5**	4
Income from long-term investments	**5**	5 804
Other interest and financial income		
From Group companies	**954**	1 410
From others	**4**	24
Total interest and other financial income	**958**	1 434
Interest expenses and other financial expenses		
To Group companies	**-368**	-545
To others	**-2 270**	-2 893
Total interest and other financial expenses	**-2 638**	-3 438
Total financial income and expenses	**-1 675**	3 800

1.6 Extraordinary Items

1 000 EUR	2010	2009
Income		
Group contributions	**14 955**	22 300
Expenses		
Group contributions		-6 670
Total	**14 955**	15 630

1.7 Income Taxes

1 000 EUR	2010	2009
Taxes from previous fiscal period	**3**	-7
Income taxes on extraordinary items	**3 888**	4 064
Change in deferred taxes	**-75**	75
Income taxes on ordinary activities	**-1 465**	-2 000
Total	**2 351**	2 132

2.1 Intangible and Tangible Assets

1 000 EUR	Intangible rights	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	539	539	1	467	506	125	1 099
Acquisition cost, Dec. 31, 2010	**539**	**539**	**1**	**467**	**506**	**125**	**1 099**
Accumulated depreciation, Jan. 1	-502	-502		-466	-458	-52	-976
Depreciation during the period	-31	-31			-17		-17
Accumulated depreciation, Dec. 31, 2010	**-533**	**-533**		**-466**	**-475**	**-52**	**-993**
Book value, Dec. 31, 2010	**6**	**6**	**1**	**1**	**31**	**73**	**106**
Book value, Dec. 31, 2009	**37**	**37**	**1**	**1**	**48**	**73**	**123**

2.2 Investments

1 000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	12 809	158	12 967
Acquisition cost, Dec. 31, 2010	**12 809**	**158**	**12 967**
Acquisition cost, Dec. 31, 2009	**12 809**	**158**	**12 967**

2.3 Receivables

Long-term receivables

1 000 EUR	2010	2009
Deferred tax receivable		75

Current receivables

1 000 EUR	2010	2009
Receivables from Group companies		
Dividend receivables		5 800
Group contribution receivables	**14 955**	22 390
Cash pool accounts	**709**	437
Loan receivables	**87 507**	102 442
Deferred receivable	**24**	35
	103 195	131 104
Other receivables		26
Deferred receivables*)	**157**	2 376
Total current receivables	**103 352**	133 506
*) Main item		
Tax receivable	**30**	2 272

The deferred tax receivable from mandatory provision and from the temporary difference between accounting and tax depreciations have not been recognized. The deferred tax receivable from 2009 has been reversed as its utilization is unlikely in the next few years. The deferred tax receivable left unrecognized totals EUR 127,436.98.

2.4 Shareholders' Equity

Aspo Plc has a total of EUR 12,200,000 in equity-based convertible bonds. The loan will be repaid in one installment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 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 share of the loan, worth EUR 50,000, entitles the loan shareholder to convert the loan share into 7,690 shares in Aspo Plc. 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.

A total of 430,640 new shares corresponding to 56 loan shares were subscribed in 2010.

1 000 EUR	2010	2009
Share capital, Jan. 1	17 692	17 692
Share capital, Dec. 31	**17 692**	17 692
Premium fund, Jan. 1	4 351	4 351
Premium fund, Dec. 31	**4 351**	4 351
Invested unrestricted equity fund, Jan. 1	248	248
Conversions of convertible capital loan	2 800	
Disposal of treasury shares	2 841	
Invested unrestricted equity fund, Dec. 31	**5 889**	248
Retained earnings, Jan. 1	16 919	15 925
Dividend payment	-10 848	-10 830
Retained earnings, Dec. 31	**6 071**	5 095
Profit for the period	**6 248**	11 825
Total shareholders' equity	**40 251**	39 211

Distributable unrestricted equity totals EUR 18,208,529.57 (17,167,926.09).

2.5 Mandatory Provisions

1 000 EUR	2010	2009
Share-based incentive system	397	288

2.6 Long-Term Liabilities

1 000 EUR	2010	2009
Convertible capital loan	12 200	15 000
Total	**12 200**	15 000
Loans from financial institutions	25 965	5 000
Loans from Group companies	9 000	10 000
Total	**34 965**	15 000
Total long-term liabilities	**47 165**	30 000

2.7 Short-Term Liabilities

1 000 EUR	2010	2009
Loans from financial institutions	**5 000**	20 000
Unpaid dividend 2004–2009	**8**	8
Accounts payable	**257**	24
Other liabilities	**54**	58
Deferred liabilities*	**1 190**	1 368
Total	**6 509**	21 458
Debts to Group companies		
Group contributions		6 670
Cash pool accounts	**22 115**	52 327
Deferred liabilities	**1**	161
Total	**22 116**	59 158
Total short-term liabilities	**28 625**	80 616
* Main items		
Accrued interests	**483**	601
Accrued salaries	**650**	548

2.8 Other Notes

Unpaid lease payments

1 000 EUR	2010	2009
Payable in the next fiscal year	**274**	331
Payable later	**429**	662
Total	**703**	993
Remainder value liabilities	**176**	194
Total leasing liabilities	**879**	1 187

Other rental liabilities

1 000 EUR	2010	2009
Payable in the next fiscal year	**1 449**	1 379
Payable later	**10 141**	11 035
Total	**11 590**	12 414

Guarantees on behalf of Group companies

1 000 EUR	2010	2009
Guarantees	**51 418***	35 020

Guarantees on behalf of associated companies

1 000 EUR	2010	2009
Guarantees	**50**	50

* Including the guarantee of EUR 5 000 000 in use on December 31, 2010. Total limit of the guarantee is EUR 25 000 000.

Shares and Shareholders

Share capital

On December 31, 2010, Aspo Plc's registered share capital totaled EUR 17,691,729.57 (2009: 17,691,729.57), consisting of 26,836,703 shares (26,406,063). During the fiscal year, a total of 430,649 shares were subscribed on the basis of the loan shares in the convertible capital loan. At the end of the fiscal year, the company's own shareholding was 254,233 shares (620,000); in other words, 0.95% (2.35) of the share capital.

Shares

Aspo Plc has one share series. Each share entitles the shareholder to one vote at the Shareholders' Meeting. The company shares are quoted on NASDAQ OMX Helsinki Ltd 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 distribution policy, the goal of which is to distribute, on average, at least half of the company's annual earnings to shareholders.

Aspo Plc's Board of Directors proposes to the Annual Shareholders' Meeting that a dividend of EUR 0.42 per share be paid for the fiscal year 2010, representing 106.2% of the Group's earnings.

Authorizations

The 2010 Annual Shareholders' Meeting authorized the Board to decide on an acquisition of a maximum of 500,000 company-held shares by means of the unrestricted shareholders' equity of the company. The shares will be acquired through public trading, which means that the acquisition will be made irrespective of the shareholders' holdings, and the price paid for the shares will be the market price of Aspo's shares 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 acquired to finance and complete 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 upon 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% of the company's stock. The Board of Directors has not utilized the authorizations entitling the company to acquire its own shares in 2010.

Moreover, the Annual Shareholders' Meeting authorized the Board of Directors to decide on a share issue, through one or several installments, by

Major shareholders on December 31, 2010

	Number of shares	Share of stock and voting rights %	Less own shares %
Nyberg H.B.	2 000 000	7.45	7.52
Vehmas A.E.	1 471 680	5.48	5.54
Vehmas Tapio	1 212 598	4.52	4.56
Ilmarinen Mutual Pension Insurance Co.	1 127 526	4.20	4.24
Vehmas Liisa	1 078 250	4.02	4.06
Berling Capital Oy	794 850	2.96	2.99
Estlander Henrik	622 752	2.32	2.34
Nyberg Gustav	591 085	2.20	2.22
Investment fund Nordea Nordic Small Cap	508 763	1.90	1.91
Mutual Employee Pension Insurance Co, Varma	463 236	1.73	1.74
Ten major shareholders, total	**9 870 740**	**36.78**	**37.13**
Nominee registrations	280 906	1.06	
Other shares	16 430 824	61.81	
Total shares outstanding	**26 582 470**	**99.05**	
Own shares	254 233	0.95	
Shares, total	**26 836 703**	**100.0**	

Distribution of ownership on December 31, 2010, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock %	Less own shares %
1 – 100	705	12.24	48 995	0.18	0.18
101 – 500	2 025	35.15	620 308	2.31	2.33
501 – 1 000	1 146	19.89	920 801	3.43	3.46
1 001 – 5 000	1 462	25.38	3 312 317	12.34	12.46
5 001 – 10 000	230	3.99	1 655 382	6.17	6.23
10 001 – 50 000	135	2.34	2 824 404	10.52	10.63
50 001 – 100 000	14	0.24	954 823	3.56	3.59
100 001 – 500 000	35	0.61	7 087 705	26.41	25.71
500 001 –	9	0.16	9 407 504	35.06	35.39
Total in joint accounts			4 464	0.02	0.02
Total	**5 761**	**100.0**	**26 836 703**	**100.0**	**100.0**

Distribution of ownership on December 31, 2010, by owner groups

%	Ownerships	Shares
1. Households	93.1	65.3
2. Companies	5.1	16.3
3. Financial and insurance institutions	0.4	5.4
4. Non-profit organizations	1.0	5.1
5. Public organizations	0.1	6.5
6. Non-domestic	0.3	1.5

treasury shares. An aggregate maximum amount of 1,120,000 shares may be conveyed on the basis of the authorization. The shares will be used to finance and complete any acquisitions or other transactions, to carry out the company's share-based incentive plan, 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, and thus also the right to decide on a directed share issue deviating from the shareholders' pre-emptive right on conditions laid down by law.

The authorizations are valid until the Annual Shareholders' Meeting for 2011, but no later than 18 months from the approval at the Shareholders' Meeting.

On the basis of the authorization by the 2010 Annual Shareholders' Meeting, the Board decided on a share issue directed at Aspo Management Oy, which is a company owned by Aspo Group's management. In the issue, 322,637 of Aspo's own shares were transferred to Aspo Group's management, as part of the shareholding program. The transfer price of the shares was EUR 7.93 per share.

In addition, the Board decided, on the basis of the authorization by the 2009 Annual Shareholders' Meeting, to transfer 43,130 company-held shares to employees included in the 2006 shareholding program without any compensation.

Share trading and share price development

In 2010, a total of 5,144,587 Aspo Plc shares were traded at EUR 38.7 million; in other words, 19.2% of the shares changed owners. The share reached a high of EUR 8.31 and a low of EUR 5.91 during the period. The average share price was EUR 7.44 and the closing price at year-end was EUR 8.26. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

At year-end, the market value of the share capital, less the company's own shares, was EUR 219.6 million. For the latest trading information, please visit: www.aspo.com.

Share ownership

Aspo's shares are included in the book-entry system maintained by Euroclear Finland Ltd (formerly Finnish Central Securities Depository Ltd).

No major changes occurred in Aspo Plc's ownership. At the end of 2010, the number of shareholders at Aspo totaled 5,761. Of these, 99.0% represented direct shareholding and 1.0% nominee registrations. A total of 1.5% of the shares was held by foreign entities.

On December 31, 2010, ten largest shareholders owned a total of 36.78% of the company's shares and voting rights.

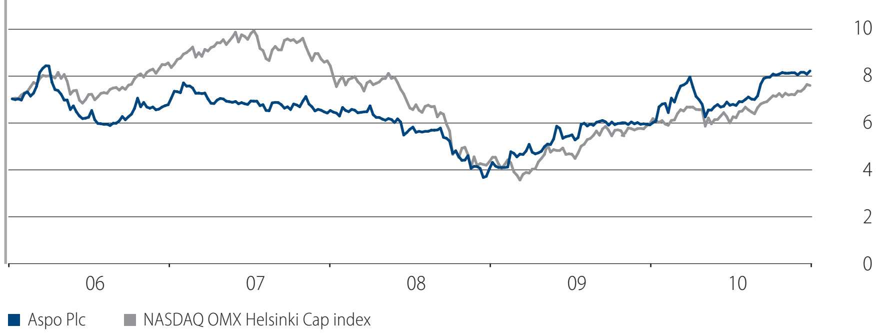
A list of major shareholders with monthly updates is shown on the corporate website at: www.aspo.com.

Shareholding by CEO and Board of Directors

On December 31, 2010, the total number of shares owned by the members of Aspo Plc's Board of Directors with their related parties was 2,125,685 shares, which represents 7.9% of the shares and voting rights. In addition, the Chairman of the Board had voting rights attached to a total of 500,000 shares, which corresponds to 1.86% of the share capital.

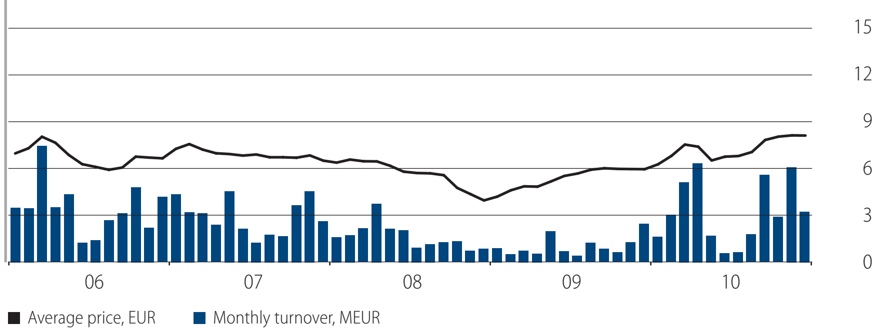
Six persons from the Group's management established Aspo Management Oy, one of the company's related parties and controlled by the company, and own its entire share capital. On December 31, 2010, Aspo Management Oy owned a total of 437,160 shares, which represents 1.63% of the share capital. The CEO at Aspo Plc accounted for 28.57% of Aspo Management Oy's shares.

Share price performance EUR



Equity/share EUR

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 18,208,529.57 with the fiscal year´s earnings totaling EUR 6,247,765.56.

The company´s registered share capital on December 31, 2010 was 26,836,703 shares, of which the company held 254,233. After the financial year the Convertible Capital Loan units have been converted into 215,320 new shares. The company´s registered share capital on March 4, 2011 is 27,052,023 shares.

The board proposes that the company´s earnings be distributed as follows:

– A dividend of EUR 0.42 per share be paid out on 26,797,790 shares	EUR 11,255,071.80
– to be held in shareholders´ equity	EUR 6,953,457.77
	EUR 18,208,529.57

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 4, 2011

Gustav Nyberg

Matti Arteva

Esa Karppinen

Roberto Lencioni

Kristina Pentti-von Walzel

Risto Salo

Aki Ojanen
CEO

Auditor's 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 Plc for the period 1 January–31 December 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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 8 March 2011

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 Tuesday, April 5, 2011 at 10:00 a.m.

The record date of the Annual Shareholders' Meeting is March 24, 2011. Shareholders should register for the meeting no later than on March 31, 2011 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 2010 on shares outstanding and that no dividend be paid for treasury shares.

- Ex-dividend date April 6, 2011
- Dividend record date April 8, 2011
- Dividend payment date April 15, 2011

Financial reporting in 2011

- Financial Statements Bulletin February 14, 2011
- Annual Report for 2010 week 13
- Interim Report January–March May 11, 2011
- Interim Report January–June August 18, 2011
- Interim Report January–September October 26, 2011

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

Aki Ojanen, CEO
Tel. +358 9 521 40 10
aki.ojanen@aspo.com

Harri Seppälä, Group Treasurer
Tel. +358 9 521 40 35
harri.seppala@aspo.com

Arto Meitsalo, CFO
Tel. +358 9 521 40 20
arto.meitsalo@aspo.com

Aspo Plc

P.O. Box 70, Lintulahdenkuja 10
FI-00501 Helsinki, Finland
Tel +358 9 5211
Fax +358 9 521 4999
www.aspo.com