ASPO

2013

ANNUAL REPORT

BALANCED DIVERSITY

In a conglomerate, cash flows are diversified by business unit and geography.

EFFICIENT OPERATION

Fuel-efficient operation is one of the success factors of ESL Shipping.

GROWTH IN RUSSIA

Long-term commitment creates strong customer relationships.

Structural changes add value for shareholders

ASPO'S GOAL IS PUBLIC LISTING OF LEIPURIN ON THE HELSINKI STOCK EXCHANGE

PAGE 2

CEO's Review

PAGE 16

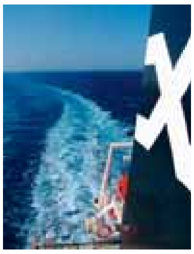
◆ Leipurin

PAGE 4

Aspo's Strategy and Value Creation

PAGE 24

◆ Telko

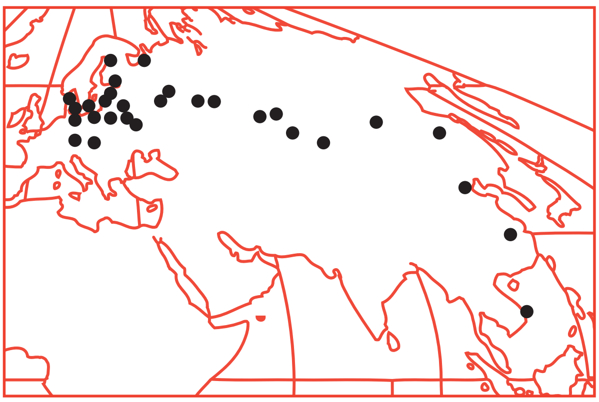


PAGE 8

◆ ESL Shipping

PAGE 32

◆ Kaukomarkkinat



Aspo operates in 16 countries.

Aspo is a conglomerate that owns the leading brands in their fields of business

COMPANY	CUSTOMERS	STRENGTHS
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 conditions.	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.	Our ice-strengthened, self-discharging vessels are designed specifically to operate in demanding 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 bakery and other food industry. We provide services for all stages of customers' production processes, from R&D to boosting operational efficiency.	Our customers include bakeries, the food industry and the HORECA business. Leipurin supplies raw materials based on in-house product development, machines developed in-house, and raw materials and machines from leading international suppliers.	Leipurin is one of only a few companies globally that can supply the baking industry 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.	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 suppliers.	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 is a specialist in solutions that improve the energy efficiency of buildings and in environmental technology systems.	Building systems customers include housing companies, contractors, construction companies, hardware stores and wholesalers, as well as retailers. Kaukomarkkinat also supplies professional electronics for demanding applications and sustainable solutions to industrial customers.	Kaukomarkkinat's in-depth understanding of customer needs, extensive network of suppliers, and strong technological expertise combined with the best products of leading-edge suppliers are the basis for our operations.

ASPO IS A CONGLOMERATE THAT OWNS THE SUBSIDIARIES ESL SHIPPING, LEIPURIN, TELKO, AND KAUKOMARKKINAT IN FULL. OUR SUBSIDIARIES OPERATE UNDER THEIR OWN BRANDS AND PROVIDE VALUE FOR THEIR CUSTOMERS. ASPO ENSURES THAT THE GROUP FORMED BY THE SUBSIDIARIES GENERATES VALUE FOR ASPO'S SHAREHOLDERS.

ALL SUBSIDIARIES SERVE 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.

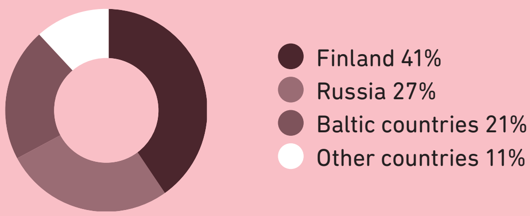
SHARE OF GROUP NET SALES | NET SALES DISTRIBUTION BY COUNTRY | KEY FIGURES

16%

Cargoes by country

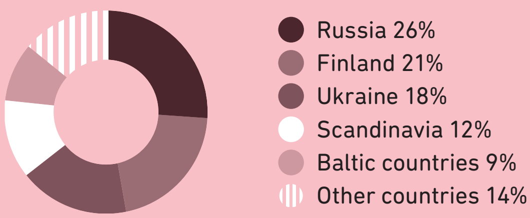
	2013	2012
Net sales, MEUR	77.8	72.3
Operating profit, MEUR	7.6	3.7
Personnel Dec. 31	210	219

29%



	2013	2012
Net sales, MEUR	136.3	131.1
Operating profit, MEUR	5.2	4.0
Personnel Dec. 31	300	281

48%



	2013	2012
Net sales, MEUR	230.2	237.7
Operating profit, MEUR	5.8	8.4
Personnel Dec. 31	249	265

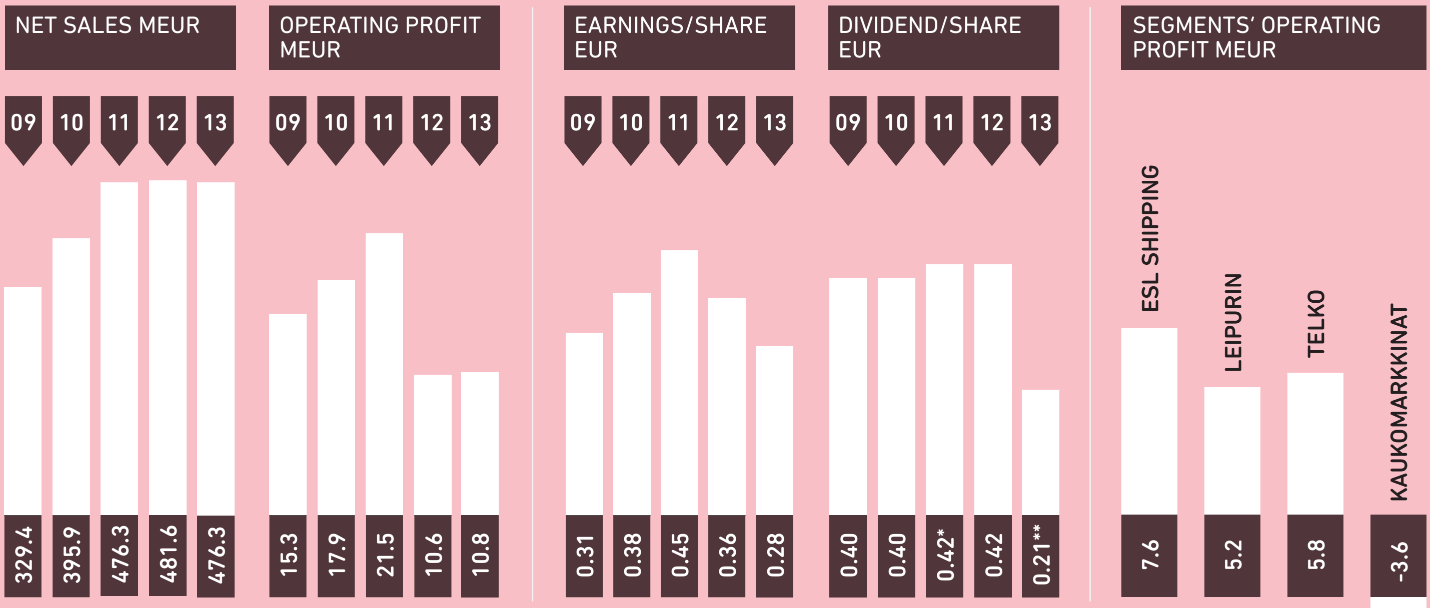
7%

	2013	2012
Net sales, MEUR	32.0	40.5
Operating profit, MEUR	-3.6	-0.6
Personnel Dec. 31	80	94

ASPO DEVELOPS ITS BUSINESS OPERATIONS AND GROUP STRUCTURE

Aspo is a conglomerate that owns, leads and develops its business units and Group structure for the long term without any predefined schedules. Aspo operates in Northern Europe and eastern growth markets. We are engaged in trade and logistics.

As a conglomerate, Aspo forms a balanced portfolio with diversified cash flows according to business and geographical region. This structure also evens out any economic fluctuations because different subsidiaries follow different economic cycles. The conglomerate structure also offers an excellent platform for acquisitions and divestments of business functions, and other structural changes.



* REPAYMENT OF CAPITAL
** BOARD'S PROPOSAL

KEY FIGURES

	2013	2012
Net sales, MEUR	**476.3**	481.6
Operating profit, MEUR	**10.8**	10.6
Share of net sales, %	**2.3**	2.2
Profit before taxes, MEUR	**6.6**	7.4
Share of net sales, %	**1.4**	1.5
Profit for the period, MEUR	**8.6**	10.8
Earnings/share, EUR	**0.28**	0.36
Diluted earnings/share, EUR	**0.30**	0.37
Equity/share, EUR	**3.39**	2.95
Return on investment, % (ROI)	**4.6**	5.4
Return on equity, % (ROE)	**8.9**	11.8
Equity ratio, %	**34.4**	29.2
Gearing, %	**98.2**	131.6
Personnel, December 31	**869**	871

ASPO'S FINANCIAL TARGETS

- OPERATING PROFIT LEVEL CLOSER TO 10% THAN 5%.
- AVERAGE RETURN ON EQUITY OF OVER 20%.
- GEARING OF UP TO 100%.

ASPO'S DIVIDEND POLICY

- AT LEAST HALF OF THE ANNUAL PROFIT DISTRIBUTED IN DIVIDENDS ON AVERAGE.

Moving ahead in strategic areas

ASPO'S STRATEGY IS TO OWN, LEAD AND DEVELOP ITS BUSINESS UNITS AND GROUP STRUCTURE FOR THE LONG TERM. IN 2013, WE MADE PROGRESS IN ALL STRATEGIC AREAS AS THE TIME WAS RIPE FOR VALUE-PRODUCING STRUCTURAL CHANGES.

As a conglomerate, Aspo can carry out structural changes that increase the value of the Group. We have acquired business operations and increased their value by developing them, while releasing capital by selling off functions.

In 2008, we completed a significant acquisition: as part of the process, we formed the current Leipurin business and took it with determination to the eastern growth markets. Leipurin has now reached the point in growth, profitability and structure where we are reviewing the preconditions for separating it into a listed company of its own. We believe that Leipurin is attractive to investors.

We also believe that listing it is the best option for the Leipurin business and the Aspo Group. Leipurin would best finance its future growth as a listed company independent of Aspo. At the same time, Aspo could take the next step forward. We can strongly develop our current brands and, if required, invest in new business operations.

One third of our net sales already comes from the rapidly growing eastern markets. Despite the negative impact on Aspo's result in 2013, caused by falling currencies and decelerating economic growth in Russia and other eastern markets, our operations in Russia were still profitable. We have strong customer relationships and our expertise is at a high level.

The significant growth potential of the eastern markets has not disappeared. Russia still has enormous raw material and oil reserves, the country's industrial structure is developing, and the purchasing power of Russia's citizens is climbing. Our long-term success in the eastern markets lies in our own hands and rests on our actions.

As a conglomerate, Aspo has spread the Group's cash flows and geographical risks. Because we have low business risks, we can take higher financial risks. We have systematically taken out loans because, thanks to the current low interest rates, it has been an efficient way to invest in future growth. ESL Shipping's significant vessel investments are a good example. They have raised the shipping company's capacity to a whole new level, while noticeably improving its profitability.

We pay close attention to capital efficiency. We insist upon having resources available to carry out strategic measures or structural changes that improve the Group's value. We will maintain this readiness in the future so that we can take advantage of any opportunities opening up in the markets.

Aspo continues to pursue its strongest growth in the eastern markets, whereas cost efficiency is emphasized in the west. We continuously develop our operations so that we can produce results in every operating environment.

Improved operational efficiency

In 2013, ESL Shipping clearly improved its operational efficiency. Improving fuel economy produced good results, offering many future opportunities to improve operational efficiency even further. At the same time, the shipping company opened up new prospects in sea areas new to ESL Shipping, thus strengthening its international customer base and expertise. The shipping company has been invested in strongly in recent years, and it has showed highly promising development.

Leipurin continued its steady development. Raw material and machine sales already go hand in hand. Moreover, machine operations are better prepared to perform large delivery packages in Russia and other eastern markets. Leipurin strengthened its management in the eastern markets: its key objective is to develop local sourcing and lift the company to a whole new level.

Telko increased its customer and principal base. In recent years, the company has focused strongly on technical plastics requiring high levels of expertise. This strategy has turned out to be the right one. As a result, the company's success rests more on expertise and services than it does on fluctuations in raw material prices.

Though we cannot be satisfied with the result of Kaukomarkkinat, we still believe in the company's strategy and growth in demand for local energy solutions that improve energy efficiency. Within Aspo Group, Kaukomarkkinat is still in the initial stage of its development path.

Aspo's subsidiaries are in different stage of development so they play different roles within the Group. Perceiving the essence of the conglomerate may be difficult for investors. They need to delve deeper into the logic of several businesses and the relationships between them, and understand the sum of these parts. We believe that this work is rewarding. This unique expertise in several fields is what makes Aspo what it is. In this Annual Report, we discuss Aspo's diversified strategy and value generation through concrete examples.

As a conglomerate, Aspo develops single business functions and the structure of the entire Group.

The development of business functions starts from good management. A key part of Aspo's diversified strategy is our company's management system, in which external experts constitute the Boards of Directors of Aspo subsidiaries. Last year, the importance of these Boards increased. The more rapidly the world changes and the more risks and possibilities are associated with those changes, the more benefit we derive from the extensive expertise offered by our subsidiary Boards.

Structural changes to come

Business development demands our attention daily; structural changes much less often. We only carry out structural changes after we have thoroughly studied whether they produce added value for Aspo's shareholders. We believe that listing Leipurin will improve shareholder value.

Structural change belongs to Aspo strategy. Our objective is to utilize our capital as efficiently as possible, as we continuously explore new opportunities to develop our structure. We have strong expertise in demanding technical wholesaling and extensive knowledge of the eastern markets. With all that, we look to build new success stories.

I wish to extend my thanks for the past year to our personnel, customers, principals, and stakeholder groups. A very warm thank you to all of our shareholders. As a listed company, our purpose is to increase shareholder value. This principle guides all of our actions. We are known as a shareholder-friendly company, seen in the continuous increase in the number of shareholders. So, we are doing the right things; our strategy is good, and we have implemented it efficiently.

Helsinki, February 17, 2014

Aki Ojanen, CEO

Aspo's strategy aims at a long-term increase in the shareholder value

ASPO IS A CONGLOMERATE THAT OWNS, LEADS AND DEVELOPS ITS BUSINESS OPERATIONS AND GROUP STRUCTURE FOR THE LONG TERM WITHOUT ANY PREDEFINED SCHEDULES.

Aspo's strategic foundation blocks are:

- Aspo is a conglomerate that owns, leads and develops its business operations and Group structure for the long term without any predefined schedules. Aspo's subsidiaries operate under their own brands and produce value for their customers. Aspo is responsible for the Group as a whole, thus producing value for Aspo's shareholders.

- As a conglomerate, Aspo has balanced its portfolio by diversifying cash flows across business operations and geographical regions. This structure also evens out any economic fluctuations because the subsidiaries follow different economic cycles. The conglomerate structure also offers an excellent platform for mergers, acquisitions,and other restructuring arrangements.

- Aspo operates in trade and logistics. All business operations have strong positions based on expertise in the value chains of demanding b-to-b customers, and the objective of each business is to strengthen its position in the rapidly growing eastern markets. In our conglomerate, subsidiaries easily learn and benefit from one another's experiences.

Ownership is reflected in leadership

Aspo typically **owns** its business operations in full. Full ownership produces synergies and offers the best possible starting point to develop each business over the long term. Similarly, funding is easier to obtain and optimize.

As owner, Aspo obtains and allocates capital, and decides on investments made by its subsidiaries. Aspo also defines the market areas in which each subsidiary operates. Furthermore, the Group decides upon the acquisitions of its subsidiaries and any divestments on different business areas. The Group views operations more objectively from the owner's point of view.

The conglomerate structure is reflected in Aspo's **leadership**: the management system, emphasizing the role of the Board of Directors of each subsidiary, comprises a significant part of the Aspo strategy.

In the Aspo management system, subsidiaries have their own Boards of Directors, consisting of experts from outside the Group. Aspo's CEO is the Chairman of each subsidiary's Board of Directors which promotes development at the Group level.

The role of the subsidiary Boards has been strengthened, and shifted from mere performance monitoring to continuous monitoring and forecasting operating environments and to react to any opportunities presented by changes therein. Most importantly, the Boards are responsible for planning the subsidiary strategies and selecting management for the subsidiary. These selections also largely determine how Aspo succeeds as a whole.

Aspo's Executive Committee develops the synergies between the Group and its subsidiaries. The Group Management and Managing Directors of all subsidiaries sit on this committee. It prepares new development focuses that either concern the entire Group or at least two of the businesses and their synergies.

Development at all levels

Aspo **develops** its businesses and the entire Group structure.

Each *business* has its own strategy that has been approved by the subsidiary's Board of Directors and is presented in this Annual Report under each business unit.

Aspo develops the Group made up of the businesses it owns, thus Aspo decides which business makes investments, which produces cash flow and which builds new operations. Aspo's businesses are typically at different stages of development: the company usually has one business which is in the initial stage.

The Group structure is also developed by making *structural changes*. Throughout its history, Aspo has acquired and sold several businesses, listed a single company, and divided one into two independent listed companies. The objective of each structural change is to increase the company's value. No structural change has a predefined schedule.

When developing its structure, Aspo always focuses on strengthening the opportunities of current businesses for growth and on what new potential suitable for the Group's strengths exist in the market. Aspo has a fine track record in businesses that require special expertise in technical b-to-b trading, logistics, value chains, and eastern markets. In addition, services must have a significant role in new businesses. Similarly, they need to be able to utilize any global changes within their industry.

Aspo develops both its business units and its Group structure.

The Group's efficient utilization of capital is associated with the fulfillment of its strategy. The Group ensures that it always has the resources required to carry out strategic measures that increase shareholder value.

Creating shareholder value is the basis of all operations at Aspo. Its conglomerate structure has proven to be an excellent strategy for increasing shareholder value over the long term. So regardless of changes in focus among businesses or in Group structure, Aspo remains Aspo.

A unique conglomerate

Aspo differs from investment and development companies, as well as from traditional conglomerates.

Traditional conglomerates usually have several business divisions without any separate Boards of Directors. We clearly produce more value for our subsidiaries; they, in turn make up Aspo value. This strategic choice makes it easier to carry out structural changes that increase the Group's value: the value of a subsidiary operating under its own brand is usually higher than that of a single division.

What separates Aspo from investment companies is that Aspo is not committed to any predefined timetables in developing the operation. Instead, Aspo continuously evaluates the Group's added value to its subsidiaries. Is Aspo the best possible owner and can it increase subsidiary value?

Aspo differs from development companies in that Aspo takes an active role in the operations of its subsidiaries. In addition to providing capital, Aspo perceives the competence Group businesses and their management needs. We limit the number of companies we own. While we consider three subsidiaries to constitute a conglomerate, Aspo's present structure still has room to lead and develop several more above the four we have now.

Strong expertise in subsidiary Boards

The Board of each subsidiary consists of external expert members, a key Aspo feature. Typically, Board members have a variety of backgrounds that are all associated with business operations or stakeholders significant for the business unit.

For example, Leipurin strengthened its Board in early 2014. Expertise in the food and bakery industry is represented by Matti Lappalainen, who has formerly acted as the Group CEO of Vaasan&Vaasan, and Kaisa Poutanen, VTT academy professor specializing in grain technology and the health effects of grain products.

Matti Tikkakoski, former CEO of Atria and the current Board Chairman of Altia, and Jukka Havia, CFO of Tikkurila, have expertise in international business operations and Russian trade.

In the fall of 2013, Leipurin also bolstered its management team for the eastern markets. Matti Väänänen, the company's former Managing Director, now sits in St. Petersburg to be in charge of the development of operations in Russia, Ukraine, Kazakhstan and Belarus. Paul Taimitarha, who sat on the Board of Directors, was selected as the new Managing Director. He has previously worked as the Managing Director of Fazer Bakeries and Fazer Amica.

Aki Ojanen, CEO of the Aspo Group, is the Board Chairman for each of Aspo's subsidiaries. He represents the Group's perspective, while taking care that Aspo takes full advantage of the synergies among subsidiaries.

Structural changes increase the value of Aspo

AS A CONGLOMERATE, ASPO PRODUCES VALUE BY DEVELOPING ITS BUSINESS OPERATIONS, MAKING STRUCTURAL CHANGES, AND OPTIMIZING ITS CAPITAL EFFICIENCY.

The Aspo value is the sum of its business operations. Aspo's earnings potential is made up of the profit-making capabilities of its functions, the synergy Aspo produces, Aspo's strategic views, and its efficient and small Group administration.

Aspo leads and develops its business operations for the long term. For example, Leipurin and Telko have operated in the eastern markets since the 1990s. They continue there in spite of the strong economic fluctuations, typical to emerging markets, the area has experienced. GDP in Russia fell by more than eight per cent in 2009, only to return to a growing trend over the next two years.

The strong customer and principal relationships we have built in these markets substantiates our long-term commitment to them. Trust has reinforced the position of Aspo business operations in the growing eastern markets. The total net sales of Aspo's business operations in Russia, Ukraine and other CIS countries was EUR 32 million in 2007. In six years net sales have risen to EUR 160 million. Operations are profitable, producing positive cash flow.

Our businesses play their own roles within Aspo: the aim is to develop Aspo value steadily over the long term. One business is at the typical initial stages of development and its investments are financed by the cash flow from other more stable business operations. Our conglomerate structure forms a solid base for developing new operations and building new growth.

Subsidiary value grows both organically and through business acquisitions. For example, Leipurin has grown organically by expanding its operations across Russian economic areas and other eastern growth markets. It has also become a market leader in Latvia and Lithuania through business acquisitions, and similarly strengthened its expertise in demanding bakery machines in Finland. All of these actions have sped up the company's development, thus increasing the value of the entire Aspo Group.

The value of business operations lies in their current and future profit-making capability. Aspo businesses are mainly in trading and logistics; they are significant links in the customers' value chains: their operations embody close customer relationships and thorough understanding of their customers' business operations. So, the lion's share of Aspo's value lies in Aspo expertise, in our customer and principal relationships and in stable business processes. We improve on these intangible assets continuously.

The development of business operations starts from management. Here, selecting the right Boards of Directors and acting management for each subsidiary suitable for their individual development stage is essential.

Many ways to structural change

The Group shows a long-term perspective in its structural changes. Structural change occurs only when it increases the Aspo shareholder value. The latest major structural change occurred in 2008 when Aspo acquired Kauko-Telko and sold Autotank. This arrangement added two business sectors to Aspo, significantly strengthening the current Telko. This transaction clearly increased Aspo's value.

Value-adding structural changes may include the purchase or sale of companies or business operations, the listing of a single business, or other market operations.

In November 2013, Aspo announced that it would review the preconditions for listing Leipurin on the Helsinki Stock Exchange. The type of structural changes made always depends on what is the best option for Aspo's shareholder value. Leipurin, for example, is at a point, in its growth, profitability and structure, where listing is the best option strategically. Access to capital markets would speed up growth, thus enabling business acquisitions that support the company's business objectives. What's more, Aspo believes that an independent Leipurin would be attractive to investors.

Aspo believes that listing Leipurin Ltd would benefit also Leipurin's different stakeholders. One of the company's strengths is its extensive principal base: an industrial owner could expel some of these principals. Similarly, short-term capital investors would not be suitable owners of a business function that emphasizes traditional long-term customer relationships. The best option is that Leipurin will be even more independent with its own access to capital markets.

The Group continuously investigates new opportunities for structural changes. For example, technical trading is full of potential for value-adding consolidations. Over the years, Aspo has gained much expertise in business acquisitions and successfully managed the takeover of companies acquired.

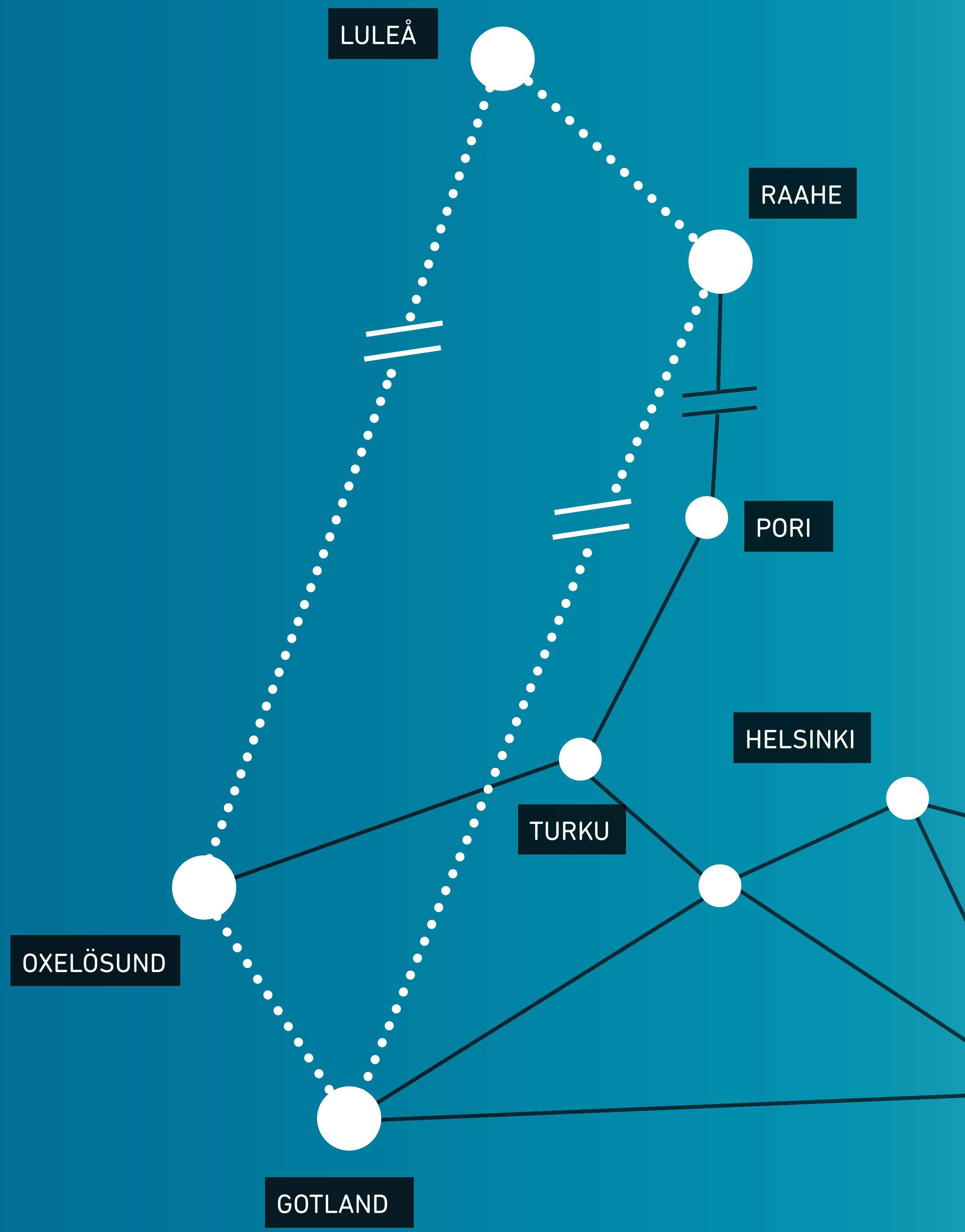
Long-term investments in growth and improved profitability also make up part of the Aspo strategy for structural changes. Aspo decided to invest EUR 70 million in ESL Shipping in 2010 to upgrade its vessel capacity. Industrial investment is always an investment in future competitiveness.

Capital efficiency as part of added value

Utilizing capital efficiently is part of Aspo's aim to increase value. We have efficiently used the capital market in terms of share issues and capital loans. In recent years, as monitoring the capital efficiency of company investments has become even more important, our abilities in this respect have improved.

Aspo has taken advantage of low interest rates to speed up its growth. As a conglomerate, Aspo has diversified its operational risks. Because our operational risks are lower, the company can take more financial risks and utilize the capital markets as efficiently as possible. Aspo has shown that it can produce added value through structural arrangements and, therefore, obtain funding at competitive prices.

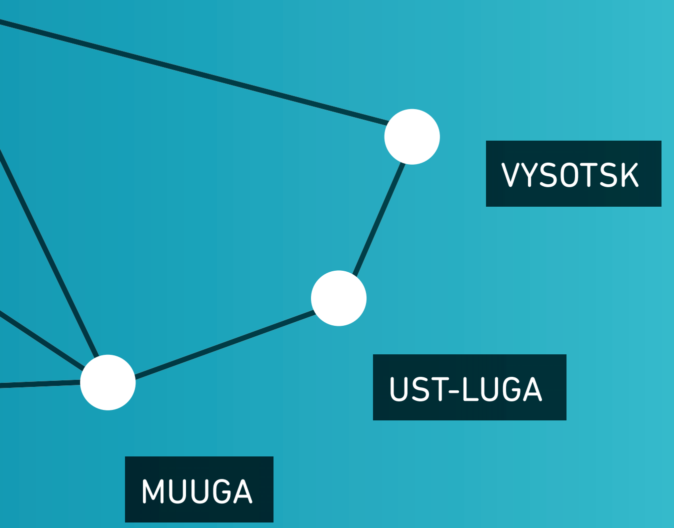
Aspo also takes care of its capital structure so that it can develop its business operations without any predefined schedules. The company must always have sufficient capabilities for value-adding operations. This also means that Aspo never faces any necessity from the outside to sell or organize its businesses.


LULEÅ
RAAHE
PORI
HELSINKI
TURKU
OXELÖSUND
GOTLAND

ESL SHIPPING

pp. 8—15

STEEL MANUFACTURE REQUIRES IRON ORE, AND COKING COAL AND LIMESTONE. ESL SHIPPING HAS SET UP AN EFFICIENT TRANSPORT ROUTE NETWORK FOR THESE CARGOES. VESSELS CAN DELIVER ORE FROM LULEÅ TO SSAB'S STEEL MILL IN OXELÖSUND, NAVIGATE TO GOTLAND AND TRANSPORT A LIMESTONE CARGO TO THE RAUTARUUKKI MILL IN RAAHE. LONG DISTANCES ARE ALWAYS OPERATED WITH FULL CARGO, WHICH SERVES CUSTOMERS AND INCREASES THE PROFITABILITY OF THE SHIPPING COMPANY.



Efficient, versatile and agile

ESL SHIPPING FOCUSES IN ITS STRATEGY ON SIGNIFICANTLY REDUCING ITS OPERATIONAL COSTS, EXPANDING ITS CUSTOMER BASE AND GEOGRAPHICAL OPERATING AREA, AND IMPROVING ITS OPERATIONAL AGILITY.

Notable development measures have already been carried out in all strategic areas, which can also be seen in the shipping company's results.

Significant efforts have been made in lowering fuel costs. As fuel costs make up nearly 25 per cent of the shipping company's net sales, reducing them is by far the best way to improve operational efficiency.

One ton of shipping fuel costs some USD 600. This is four times higher than ten years ago. Otherwise, the daily cost levels have remained relatively unchanged: crew expenses have increased slowly and capital costs have even reduced. Currently, fuel may be more expensive than all other ship expenses on a daily level.

The speed of a ship is the most important factor considering fuel economy. According to an old rule of thumb, the final knot costs as much as all the other knots combined. Consumption falls rapidly when speed is reduced, for example, from 14 to 12 knots. For m/s Alppila, this signifies a reduction in daily fuel consumption from 20 to 14 tons.

"We face many situations where we can navigate more slowly without having any impact on the level of our customer service. What is the point of getting to port in a hurry if we need to stay there and wait? However, speed optimization needs to be considered thoroughly according to the situation in order to avoid losing the start of each shift," says **Mikki Koskinen**, Managing Director of ESL Shipping.

ESL Shipping is currently developing tools for more real-time monitoring of fuel consumption and indexes to support optimization decisions.

"We need to reduce our fuel consumption further considering the distance and each freight ton carried. We also need to consider differences between vessels. It is important to understand that optimization depends on several factors, such as the vessel's age, seasons and market situations," Koskinen says.

Fuel efficiency into a success factor

The significance of fuel economy will be emphasized further as fuel prices continue to rise. By becoming more economical, the shipping company can also better respond to the challenges presented by the upcoming sulphur directive.

"In public discussion, the impact of the sulphur directive has been exaggerated but it will slightly increase the costs of our customers. We will do our best to control this rising trend

"Fuel efficiency is one of the shipping company's success factors," says Mikki Koskinen.

by investing more in fuel efficiency. This will serve us, our customers, and the environment better," Koskinen says.

From the beginning of 2015, ships must use fuels with a sulphur content of less than 0.1%. Alternatively, vessels can be equipped with a sulphur scrubber. All vessels of ESL Shipping will meet the requirements set out by the directive by the deadline.

It is probable that only part of the vessels operating currently on the Baltic Sea will carry out the changes required by the sulphur directive. Instead of making investments, they will be relocated to areas where the directive does not apply. As a result, the tonnage operating on the Baltic Sea is expected to be smaller at the beginning of 2015. As fewer services will be available, freight rates may rise significantly.

New cargoes and customers

ESL Shipping's largest customers come from industrial sectors that purchase raw materials, the energy industry and Nordic steel industry in particular. Nowadays, raw materials are shipped more and more by raw materials traders.

"Our objective is to work more closely with these types of operators, such as large raw material agents," Koskinen says.

The largest operators supply several different raw materials, which allows the shipping company to carry a larger variety of materials. For example, fertilizers, grain and mining products are all suitable for the current fleet.

"We want to decentralize our operations in terms of customers and geographical regions. We are already making good progress as the share of customer groups other than energy producers and the Nordic steel industry has increased by close to one-third. In 2011, the share was only 8 per cent," Koskinen says.

Flexible operating models

Koskinen, who started as ESL Shipping's Managing Director in May 2013, sees many promising opportunities in the shipping company's future.

"We have a good possibility to act as an operator that is responsible for the large-scale transportation of major international customers and the functionality of the transportation chain. If needed, we can lease the capacity required from subcontractors," Koskinen says.

The shipping company aims to be more agile in its operations. Customers plan their purchases in the short-term, emphasizing the importance of flexibility. The use of leased vessels is one way to improve agility.

"Our existing fleet is excellent for the current volumes but we may need different types of vessels for entirely new service concepts. Through flexible vessel leasing, we can quickly utilize the opportunities offered by different market situations," says Koskinen.

Another objective is to increase the share of various special services, such as loading and unloading at sea. Currently, these comprise some 10 per cent of the shipping company's net sales and, because of the special expertise required, offer a better sales margin than on average.

Raw materials delivered efficiently and reliably by sea

ESL SHIPPING TRANSPORTS DRY BULK CARGOES IN THE BALTIC SEA REGION AS WELL AS IN OTHER SELECTED SEA ICE REGIONS, SPECIALIZING IN RAW MATERIALS FOR INDUSTRY. OUR VITAL RAW MATERIAL DELIVERIES MAKE US AN ESSENTIAL PART OF OUR CUSTOMERS' LOGISTICS CHAIN.

In January 2014, ESL Shipping purchased m/s Credo in full. With the transaction, the vessel was renamed m/s Kallio and transferred from under the Swedish flag to the Finnish Register of Ships.

Typical customer relationships are long-term and based on mutual trust. The shipping operations were launched in 1949.

ESL Shipping's geared vessels are specifically designed to operate in demanding conditions. Our ice-strengthened and shallow draft ships safely enter the shallowest of ports fully laden. Bow thrusters and onboard cranes reduce our dependence on tugboats and the cargo handling facilities of ports. This results in fast and cost-effective port visits.

At the beginning of 2014, ESL Shipping's fleet consisted of 15 vessel units, including the new Kallio vessel, with a combined tonnage of about 287,000 tons. Of the vessels, 13 were owned by the shipping company, one was leased and one was time-chartered. In 2013, the vessels made some 2,000 port calls.

A detailed presentation of the vessels is available at www.eslshipping.com. In addition to our shipping services, ESL Shipping also offers other related services, such as cargo handling at sea or in ports.

The shipping company has joined the Finnish tonnage tax system.

Position in the value chain

ESL Shipping transports raw materials that industry needs for production purposes. Customer companies in the steel industry, for example, do not have extensive raw material stocks, which means that well-timed and reliable raw material deliveries have a key role for them. This means that ESL Shipping has a pivotal position in the value chain of its customers.

ESL Shipping's key customer accounts are based on long-term agreements that allow the company to develop its operations and systematically upgrade its fleet.

In addition to industry, ESL Shipping's customers include various raw material suppliers and other raw material carriers.

Strategy

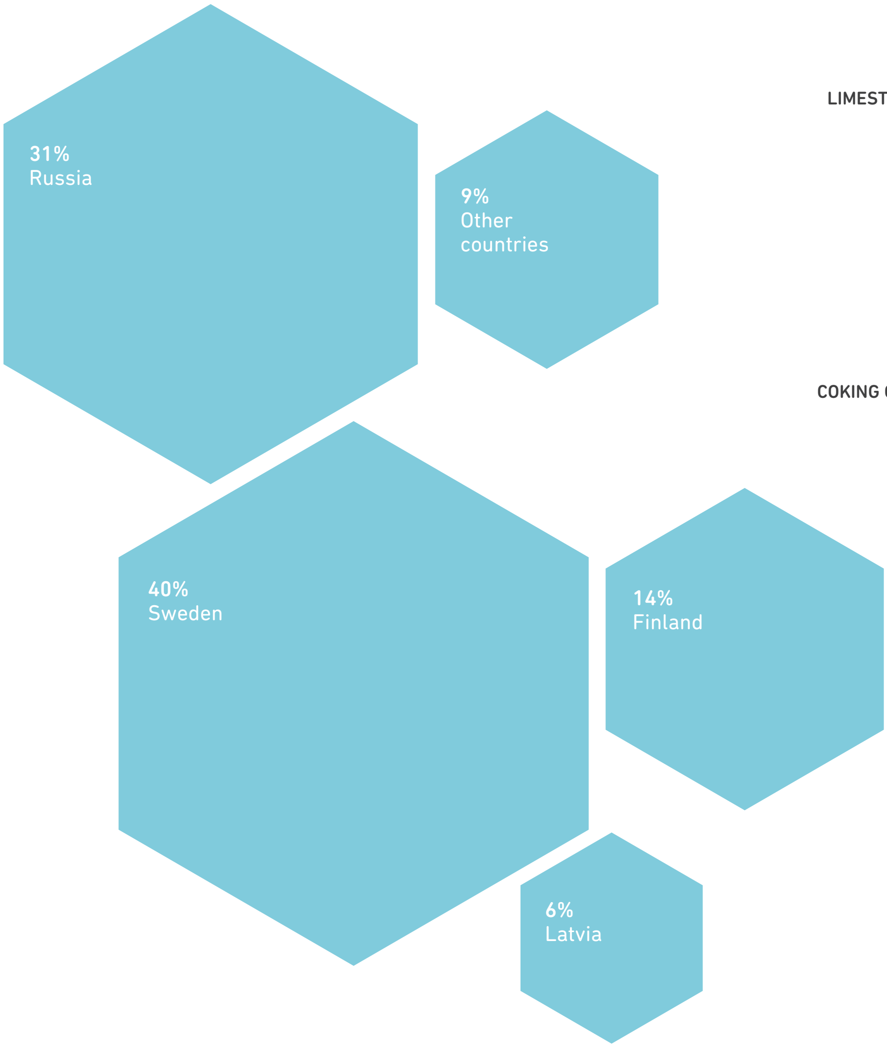
ESL Shipping's strategy focuses on ensuring the year-round supply of raw materials to industry and the energy sector, especially in demanding weather conditions. We are known for reliable, on-time deliveries and cultivating firm partnerships based on mutual trust.

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

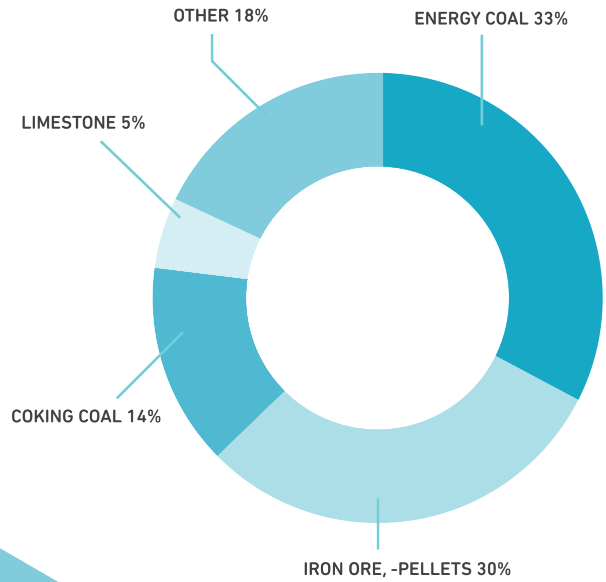
Compared with the rest of the world, the Baltic Sea region is a relatively stable market area where any variations in demand for raw materials are more controlled and customer relationships are longer. Changes in ocean freight rates have a delayed and less significant impact on the region. Long-term 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 currency exchange rates do not have a major impact on the company's earnings.

As a rule, ESL Shipping is responsible for the operations of all its vessels. Although the company owns most of its vessels, we also flexibly utilize other forms of chartering.

CARGOES BY COUNTRY

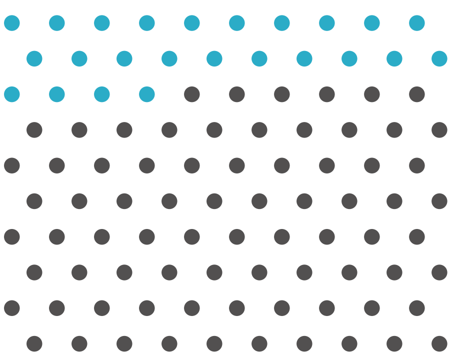


TRANSPORT BY PRODUCT GROUP

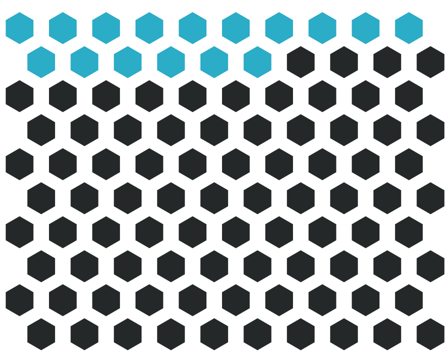


NET SALES MEUR

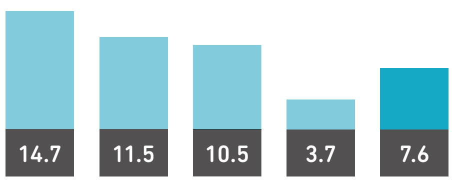
SHARE OF GROUP PERSONNEL 24%



SHARE OF GROUP NET SALES 16%



OPERATING PROFIT MEUR



ESL Shipping's modern fleet is able to operate in challenging conditions.

Customers and added value

ESL Shipping's key customers operate in the steel, energy, and chemicals 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 chemicals industry with ilmenite and limestone.

The number of coal shipments varies from one year to the next. Demand for energy coal is impacted by factors such as the level of activity in energy-intensive industry and the temperature in winter. In general, no major changes are expected in the use of coal in the near future. The shipping company's fleet is also suitable for the transportation of dry biofuels, such as pellets.

Our 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 vessel, the vessels sail under the Finnish flag. ESL Shipping accounts for 29 per cent of the transportation capacity of the entire Finnish merchant fleet.

Arctic regions offer a promising market area

Arctic regions give ESL Shipping the opportunity to utilize its ice-strengthened vessels throughout the year. The Northern Sea Route and many routes in Arctic regions in North America are open from June–July to October–November.

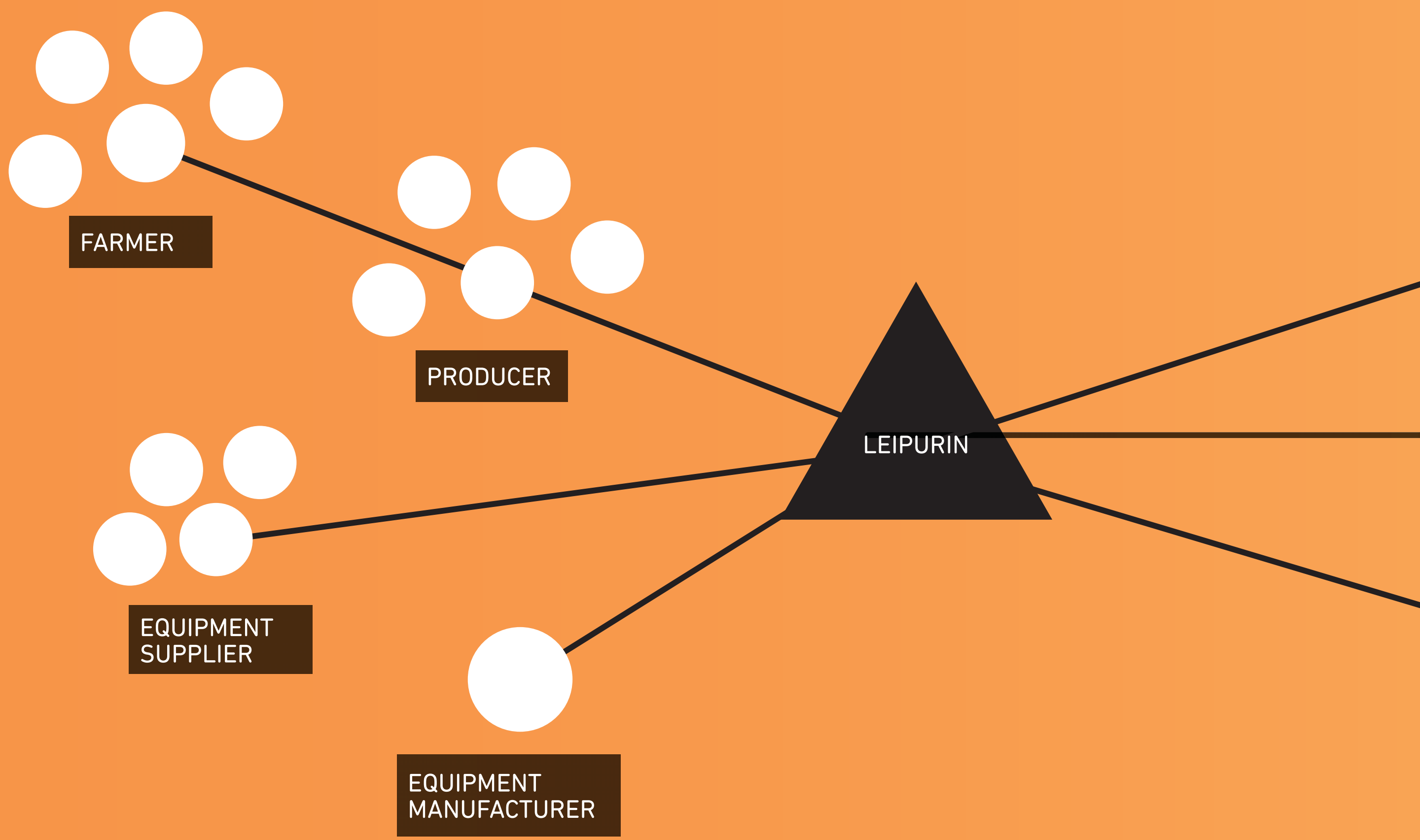
Arkadia and Kumpula, ESL Shipping's Supramax vessels, are the world's first ice-strengthened dry cargo vessels in their class. They have navigated the Canadian ice regions since 2012, delivering bauxite and aluminum oxide to industrial plants located in the St. Lawrence Bay area.

The most potential lies in the North American ice regions. The market is a developed one and offers significant transportation volumes. For example, large mining projects are underway in the Baffinland region in Canada. An advantage of ESL Shipping is that the same sulphur content regulations as those governing the Baltic Sea region will be applied to the eastern coast of North America from the beginning of 2015.

"Currently, we are investigating business opportunities and any risks associated with Arctic regions. There is old sea ice that differs from the first-year sea ice of the Baltic Sea region. Otherwise, we have expertise in winter navigation and cold conditions. Furthermore, our vessels are designed for demanding conditions. Therefore, we are better prepared than many other shipping companies. We will offer our expertise whenever suitable situations arise," says Mikki Koskinen, Managing Director of ESL Shipping.

The Northern Sea Route offers interesting potential, and three of the shipping company's vessels have already obtained the navigation licenses required from Russian authorities. The route is not currently viable, with the availability of return cargoes posing a challenge. What is important is that all transportation is profitable.

The shipping company's vessels are designed for winter navigation.


FARMER
PRODUCER
LEIPURIN
EQUIPMENT SUPPLIER
EQUIPMENT MANUFACTURER

LEIPURIN

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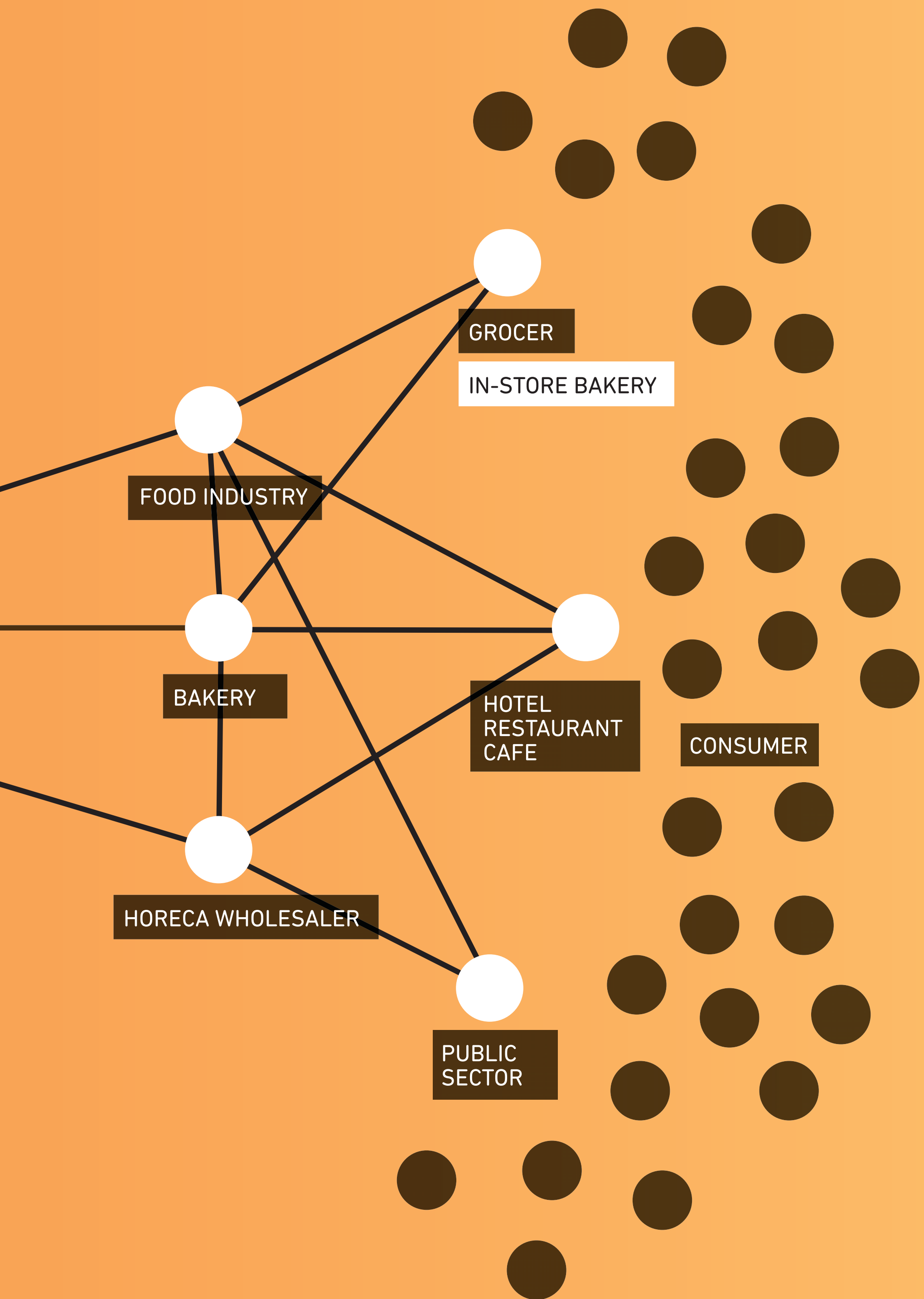


THE STRATEGY OF LEIPURIN EMPHASIZES END-TO-END SERVICE. THE COMPANY PROVIDES ITS CUSTOMERS WITH RAW MATERIALS, RECIPES, MACHINES, AFTER-SALES SERVICE, AND KNOW-HOW THAT COVERS THE PROCESS AS A WHOLE. END-TO-END CUSTOMER SERVICE PROMOTES SALES OF RAW MATERIALS, MACHINES, AND KNOW-HOW ALIKE.

Competitive advantage from exhaustive product range

LEIPURIN'S STRATEGY IS INTEGRATING RAW MATERIALS, MACHINERY, AND SERVICES INTO COMPREHENSIVE PRODUCT SOLUTIONS. THIS MAKES THE COMPANY AN ATTRACTIVE PARTNER TO LARGE INDUSTRIAL OPERATORS AND SMALLER BAKERIES – IN BOTH EAST AND WEST.

Leipurin carried out many measures to strengthen its position further in the rapidly growing eastern markets in 2013. The markets of Russia, Ukraine, Belarus and Kazakhstan make up the new Leipurin East. **Matti Väänänen**, the company's former Managing Director, will now direct its development from St. Petersburg.

Behind the growth in Russia and in other eastern markets is major structural change. As the demand for healthy, high-quality breads from the emerging middle class grows, the industry looks to respond to that demand by upgrading production and product development. Leipurin takes advantage of this change. Because Leipurin has the latest, most advanced raw materials, machines and products, we are in a unique position to provide our customers all the technology and services industry needs to improve production.

”This unique service package has proven to be a significant competitive advantage. With a higher operating profit we see that the strategy works,” says **Paul Taimitarha**, Managing Director of Leipurin Ltd.

Leipurin takes advantage of the structural change in the East

”Our growth is strongest in the eastern markets. We have strengthened our presence so that we can benefit from the unique structural change to the full,” Taimitarha says.

One key objective in Russia is to grow local sourcing operations. Thanks to its extensive distribution network covering the whole of Russia, Leipurin is an attractive partner for local raw material manufacturers.

”With our help, manufacturers can grow into nationwide operators. Similarly, they can deliver their products to the Customs Union of Russia, Kazakhstan and Belarus. We already have significant sales and distribution power in Russia, and can utilize it to create interesting partnerships. The quality of local production is constantly improving,” Taimitarha says.

Leipurin has also signed strategic partnerships in the eastern markets with smaller machine manufacturers specializing in various areas of food industry. Leipurin delivers their machines as parts of total solution packages.

Test bakeries at the heart of services

Leipurin has further strengthened the integration of its business functions. Raw material sales, machine trade and various services work together even better.

”Full service means that we produce new earning opportunities for our customers throughout the value chain: we help in creating new products and developing quality, we offer the correct raw materials for products, we think of the best way to manufacture products, we take part in planning and implementing meaningful machine investments, and we help in installing production lines and training the staff,” Taimitarha says.

The company's eleven test bakeries operating in different countries are at the heart of the service concept. They serve customers' product development and help customers create

"The test bakeries serve customers in product development and design of new recipes," says Paul Taimitarha.

new recipes. In addition, they illustrate and demonstrate the benefits presented by machine investments.

”Customers want seamless service packages. We have the expertise to build an efficient production line using machines from various manufacturers. We also have more and more projects in which our principals want us and our special machines as part of the lines they sell - demanding rye dough machines, for example. The share of machines we manufacture is clearly rising." Taimitarha says.

Traditional principal relationships have, in many ways, become equal partnerships where business is done in both directions. This applies not only to machines, but also to raw materials: besides efficient distribution, Leipurin can use its know-how to help raw material manufacturers in their product development.

Demand for experts in full service

Leipurin's organization into East and West units reflects the division of the markets: the eastern market is a fast growing market, while efficiency has replaced growth as the main focus in the western market.

Of course, there are new prospects in the West, as well. For example, Leipurin is benefiting from the growing trend of eating outside the home. Of the company's customer segments, the HORECA sector (hotels, restaurants and catering companies) involves many new operators for which Leipurin, through its full services, is an attractive partner.

”We already have started projects with these customers where we have delivered and installed full production lines and helped in their activation. In addition, we have been involved in coming up with and developing new products, delivered the raw materials required and trained the personnel. We have been able to get these projects thanks to our full services," Taimitarha says.

Leipurin also benefits from other consumer trends, such as the demand for nature-friendly Clean Label products. The more special expertise is needed, the better Leipurin's competitive position is.

”For example, products with advanced nutritional properties, an attractive appearance or with a long shelf life but no additives require a high level of expertise and highly advanced production technology. There is growing demand for this know-how," Taimitarha says.

Customers appreciate Leipurin's overall concept, putting raw materials, machines, and services together. Integrating all the elements up and down the baking process requires expertise and mastery, both commodities today in demand. Leipurin looks to reinforce its position as a total systems supplier integrating diverse product and service components.

”In particular, margins in traditional wholesale operations and logistics in western markets face pressures, and the important thing is to be efficient. Services are increasing in significance; our future success will rely more and more on our superior expertise and ability to manage full service packages," Taimitarha says.

Integrate raw materials, machines and services – our model

LEIPURIN DELIVERS RAW MATERIALS FOR THE BAKERY AND OTHER FOOD INDUSTRY, PROCUTION MACHINERY AND SERVICES ASSOCIATED WITH PRODUCT DEVELOPMENT AND MANUFACTURE. THEREFORE, THE COMPANY IS ABLE TO SERVE ITS CUSTOMERS AT ALL PRODUCTION STAGES.

Leipurin is showing its strongest growth in Russia and other rapidly developing eastern economies. Demand for western-style bread is increasing in those regions, pushing industry to upgrade production and product development. This ongoing structural change offers great opportunities for Leipurin. We look to exploit those opportunities through our regional organizations, Leipurin East and Leipurin West.

Leipurin operates in nine countries. Russia, Kazakhstan, Belarus and Ukraine form the Leipurin East unit. In Russia, the company has offices and warehouses in 13 cities, covering all the economic areas of the country. Finland, Estonia, Latvia, Lithuania and Poland make up the Leipurin West unit.

Position in value chain

Leipurin is positioned between raw material producers and the food industry in the value chain. The company provides bakeries and other food industry with branded products by different raw material producers, as well as raw materials which are based on the company's own product development and recipes, and are marketed under the Leipurin product brand.

Leipurin delivers all the raw materials needed in the bakery industry. Its product range comprises both volume products and technical products. Examples of volume products include flour, fat and starch. Volume products involve opportunities for new accounts and large volumes help improve the efficiency of logistics. Examples of technical products include enzyme-based bread enhancements and other mixes which give bread a good appearance, size and structure. Technical products require special expertise and add value throughout the value chain.

All in all, Leipurin has about 250 principals. Many of these manufacture products for very narrow specialist areas. For them, Leipurin is an important partner as it operates in several markets and has a strong distribution network.

Leipurin supplies machinery and full manufacturing lines for all stages of the production process, from making dough to product packaging. The machinery is either manufactured by Leipurin, or by significant international suppliers. The Leipurin unit in Nastola, Finland specializes in designing and manufacturing machines.

Strategy

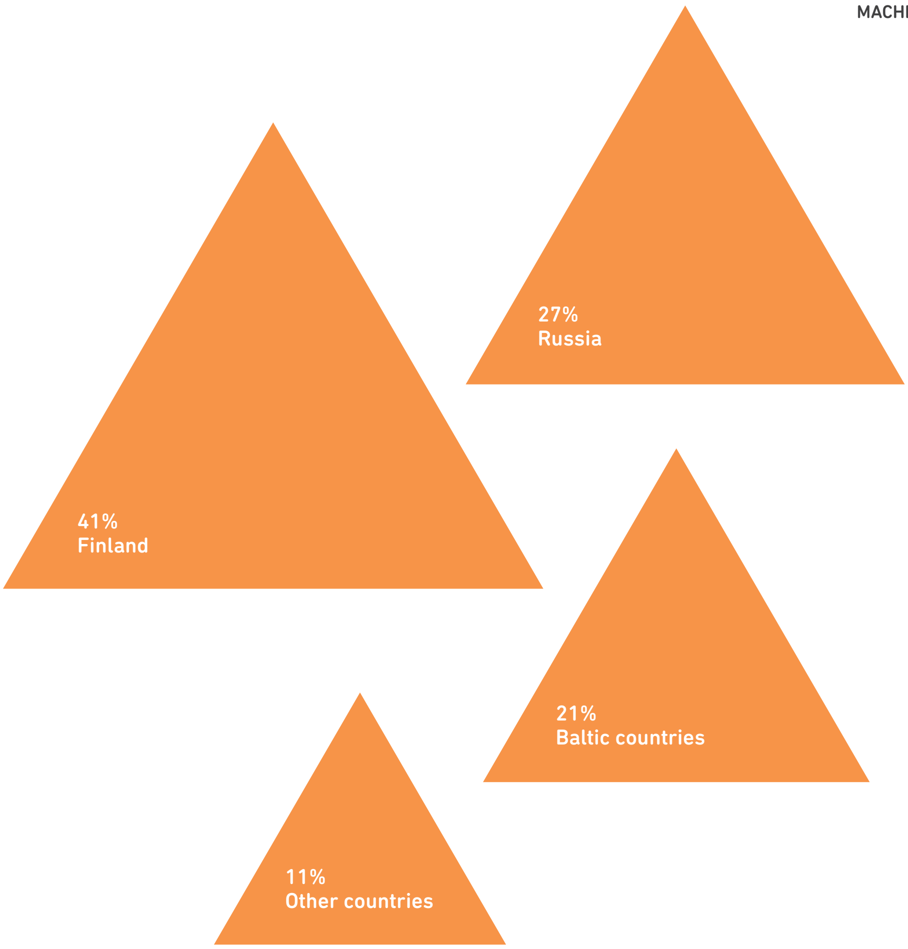
End-to-end service is the key to the Leipurin's competitiveness. Even globally, Leipurin is one of only a few companies that can supply the baking industry with both raw materials and machinery. Expertise in all stages of the production chain gives the company a unique and precise view of market trends 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 procurement and efficient logistics help to maintain customers' raw material costs at a competitive level. Leipurin draws on its expertise to assist customers in making even more appealing products that consumers will love.

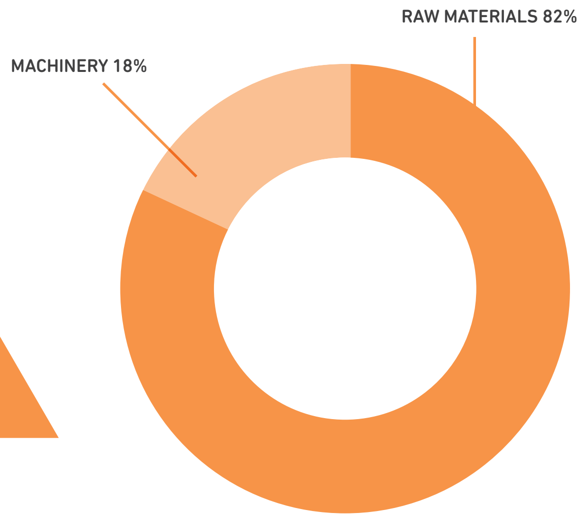
Leipurin seeks to be a leading local expert and supplier for its customers, and the most desired partner for its own suppliers.

Leipurin delivers all the raw materials needed in industrial baking.

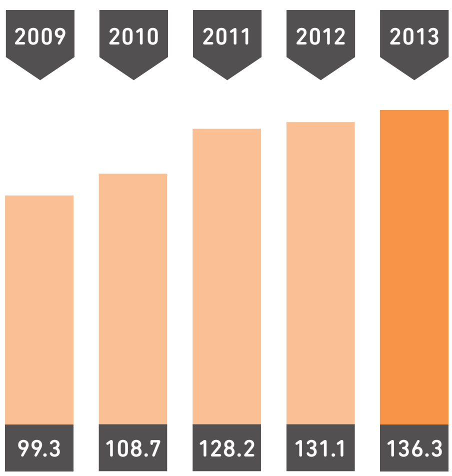
NET SALES DISTRIBUTION BY COUNTRY



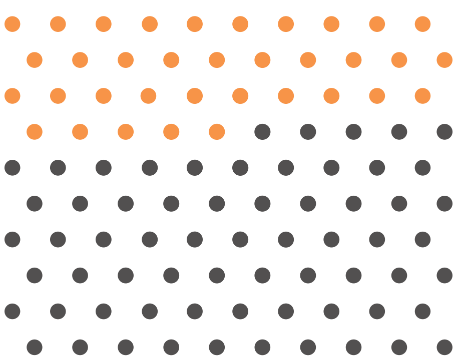
NET SALES DISTRIBUTION



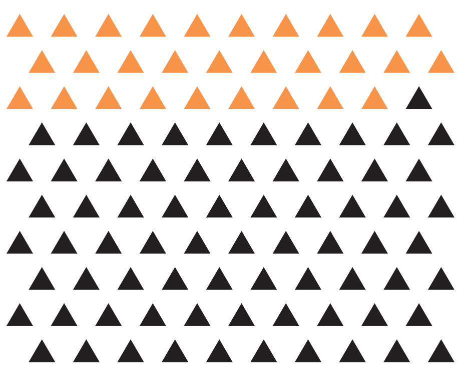
NET SALES MEUR



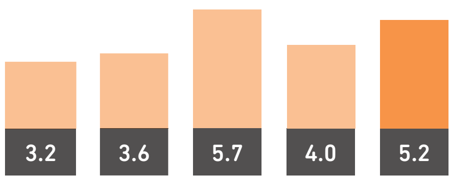
SHARE OF GROUP PERSONNEL 35%



SHARE OF GROUP NET SALES 29%



OPERATING PROFIT MEUR



Customers and added value

Leipurin's customers include bakeries, in-shop bakeries in retail shops, the food industry and the HORECA business or hotels, restaurants, and catering companies.

The company supplies raw materials, machinery, and equipment as well as expertise in preparation and R&D. About 82 percent of the net sales come from raw materials, and 18 percent from machinery.

First-class customer service is the company's competitive advantage in raw material sales. Customers are offered the highest possible quality, safe products competitively priced, a comprehensive product range, the industry's leading suppliers, and reliable, cost-effective logistics. The product range is tailored according to local taste preferences in different market areas. This is one of the company's competitive advantages.

Leipurin delivers machinery and equipment for all phases of the baking industry's production process. The company also delivers entire production lines and baking units. Leipurin's suppliers are the highest-profile equipment manufacturers in the business. Leipurin also designs and manufactures special machinery, and spiral systems for the cooling, freezing and leavening processes throughout the food industry. Their advantages include reliability, energy efficiency and a high level of hygiene. The product development of our own machines is often carried out in close collaboration with our customers.

Expert consulting, R&D and customer training are core services of Leipurin. New recipes, raw materials and machinery enhance our customer's competitiveness, as do more universal innovations in production and logistics. This baking know-how is translated into new products at eleven test bakeries in different market areas, which do test baking, among other things.

Leipurin supplies machines for all phases of the production process.

Leipurin assists its customers in creating new products and developing quality.

Strong growth in Russia

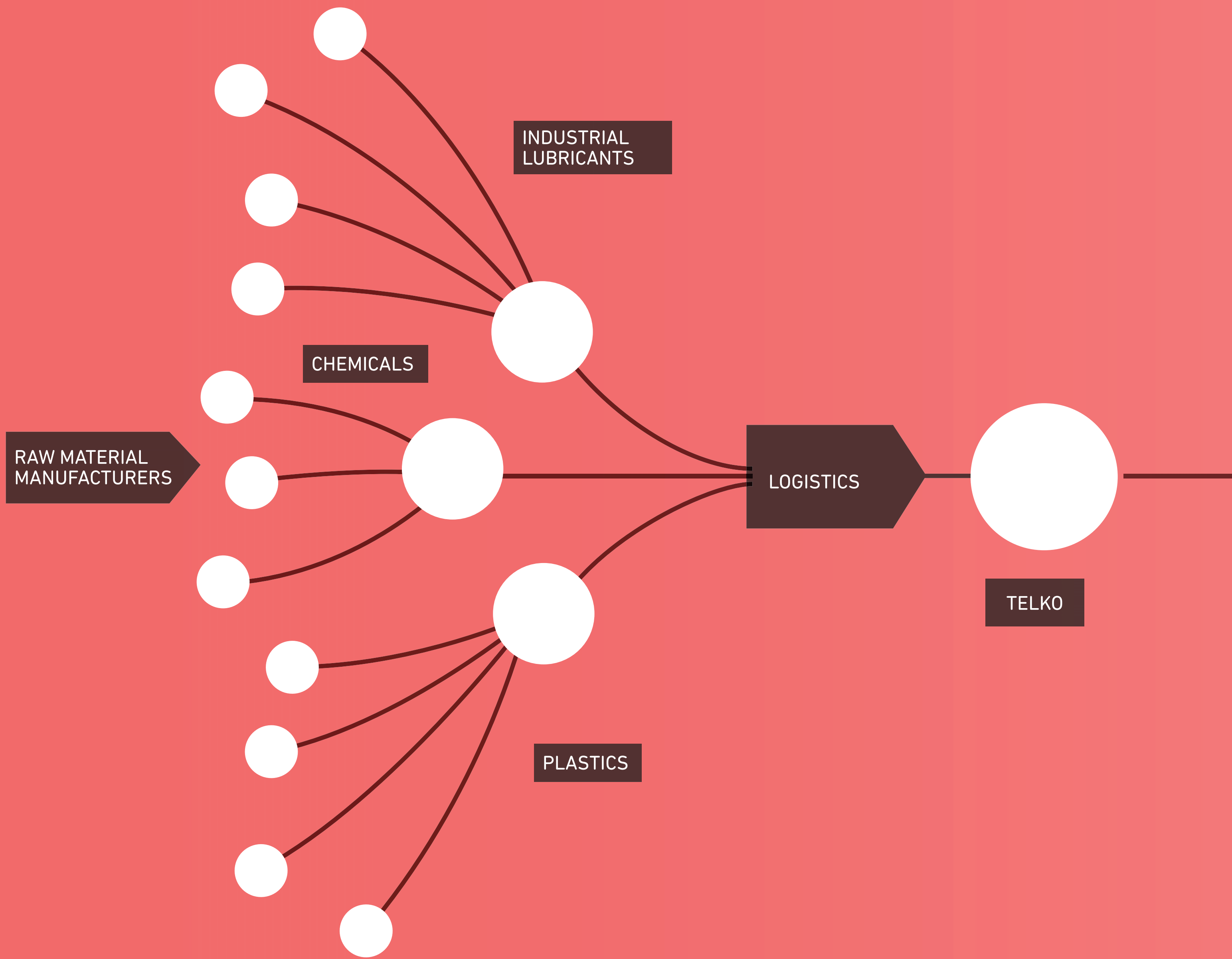
Leipurin continues to invest strongly in profitable growth in eastern markets. In fall 2013, Matti Väänänen, the company's former Managing Director, was appointed to St. Petersburg to develop the Leipurin East organization, covering the rapidly growing markets of Russia, Ukraine, Belarus and Kazakhstan.

Leipurin East net sales have grown annually by some 30 percent. There is still enormous potential in the Russian market. Bread consumption is high, with the share of western bread in overall consumption continuously increasing. Western-style bread makes up 25 percent of total bread consumption in St. Petersburg and 15–20 percent in Moscow.

The bakery market in Russia totals some 10 billion euros. Processed raw materials make up about 10 percent of that market, 1 billion euros. Machine investments make up 5 percent, 500 million euros annually. The share of investments is even higher in Russia's 15 largest metropolises. The country is home to some 300 large industrial bakeries – of which Leipurin reaches up to 95 percent.

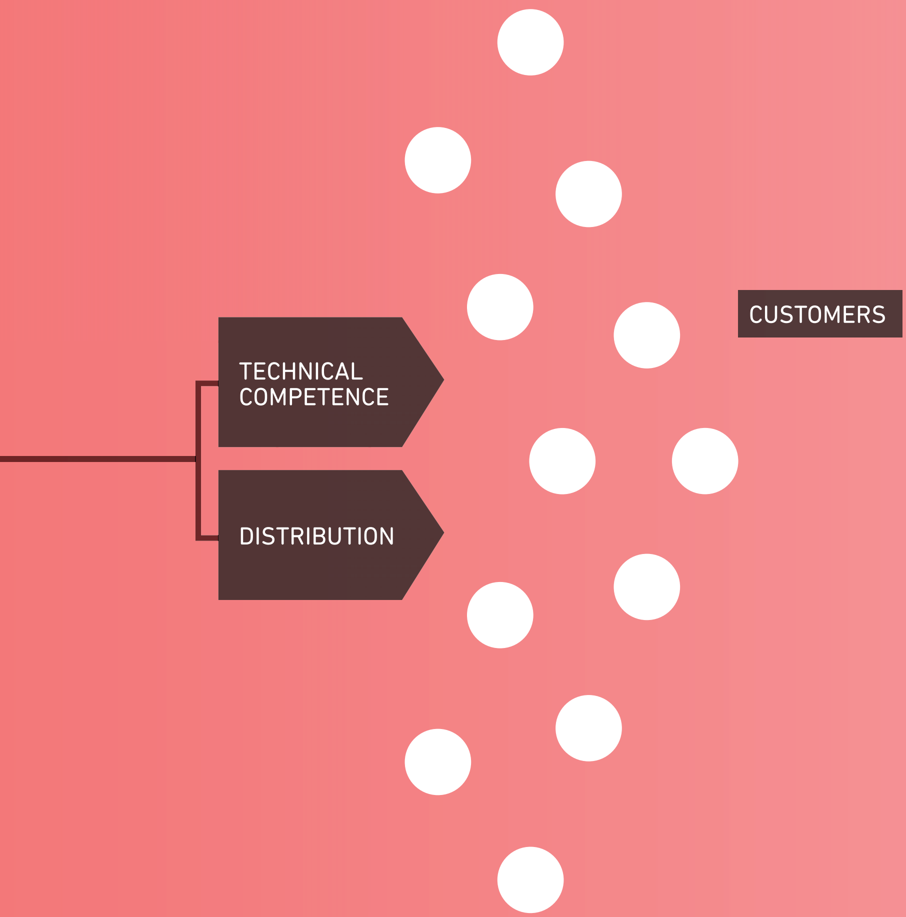
In the eastern markets there is great need for modernization in the bakery industry. This is being accelerated by changes in trade as supermarket chains and their own bakery services become widespread, along with the changing tastes and health preferences of the consumers. They demand products containing more advanced raw materials. At the same time, the industry is looking to automate production to meet the demand. Leipurin is well-positioned to take advantage of those developments.

Leipurin is working to become the market leader in processed raw materials, and in machinery and equipment deliveries in Russia. The company intends to achieve average annual organic growth of 20 percent there in 2014–2018.


INDUSTRIAL LUBRICANTS
CHEMICALS
RAW MATERIAL MANUFACTURERS
LOGISTICS
TELKO
PLASTICS

TELKO

pp. 24—31



TELKO ACTS AS AN EXPERT LINK BETWEEN PRODUCERS OF PLASTIC RAW MATERIALS AND INDUSTRIAL CHEMICALS AND THE COMPANIES THAT USE THEM. TELKO'S TECHNICAL EXPERTISE IN RAW MATERIALS AND PRODUCTION PROCESSES HELPS CUSTOMERS DESIGN EVEN BETTER AND MORE COMPETITIVE PRODUCTS. THIS MAKES TELKO A DESIRED AND RESPECTED PARTNER.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Accelerating growth in Russia

TELKO'S STRATEGY FOCUSES ON EASTERN GROWTH MARKETS. THE COMPANY IS ALREADY THE LARGEST WESTERN DISTRIBUTOR IN RUSSIA. NEW REGIONAL SALES ORGANIZATIONS WILL ADD TO GROWTH.

”We will build stronger sales offices with better resources in many Russian economic areas. These offices will be more clearly responsible for their own areas; thus, they have greater incentive to maximize sales within their areas," says **Kalle Kettunen**, Managing Director of Telko.

The new organizational structure will speed up expansion. Telko's visibility will increase, allowing it to reach an even larger group of customers. In 2013, a large Central Russian sales office opened in Moscow, and sales offices for other new economic areas will open in 2014–2015.

"We will be even closer to our customers. The better we know our customers and their local needs, the more added value we can produce and the more help we can offer in production and product development. The importance of expertise grows especially in demanding technical plastic raw materials," Kettunen says.

The largest Russian office is located in St. Petersburg, employing about 60 people. Its purpose is to use its technical expertise to support the operations of the regional sales offices as well. In this respect, Telko has copied the successful operating model of Leipurin.

Eastern growth in Telko's own hands

The growth estimates of Russian GDP have been lowered recently. According to Kettunen, Telko's measures are more important for the company's future than the general growth of GDP.

"The future lies in our own hands. What we do is much more important considering our growth and results than whether the GDP grows by one percent or three percent. We operate in an enormous market where we also have enormous opportunities," Kettunen says.

Telko has succeeded in finding a successful operating model: local customers appreciate Telko's western way of working and excellent technical expertise, whereas suppliers are interested in its strong local knowledge. Telko's long-term objective is to strengthen its position as a leading western operator in the entire eastern market.

"Major global distributors are looking for growth in Asia and Latin America rather than in Eastern Europe. For distributors from Western Europe, the eastern market is more attractive because their home markets are already fairly centralized.

“We build increasingly strong sales offices in many Russian economic areas,” says Kalle Kettunen.

However, we have a unique position because we have been operating there for nearly 20 years,” Kettunen says.

In addition to strengthening its regional presence in Russia, Telko’s growth strategy in the eastern markets includes the construction of chemical terminals. Through logistics terminals, Telko will offer more comprehensive management of chemical raw materials to its customers.

“We have worked long and hard to build these terminals. In Russia, we have narrowed down the number of potential locations. Our aim is to start the construction projects as soon as possible,” Kettunen says.

New suppliers and product areas

Telko is growing in the East. In the West, it is focusing on maintaining its market share and increasing its operating profit percentage. Its operations emphasize cost-efficiency and fast turnover of capital.

“We are looking for growth from new principals and industrial sectors. For example, the mining industry needs a number of high-tech products,” Kettunen says.

One promising product area is industrial lubricants, in which Telko represents Castrol, the world’s leading manufacturer within the industry. Telko holds exclusive rights to Castrol’s products in Russia. Lubricants are used everywhere in heavy industry. In addition, cutting fluids included in the same product group are used in the metal industry. Both of these areas offer high potential in Russia.

New principal partnerships are also signed steadily – Telko’s expertise and reputation help create new contacts. Efficiently organizing the sale of products from new principals is essential for growth.

“We have good experiences from the operating model, in which Telko appoints a person responsible for the new principal. Through internal organization, we have also improved our customer service. Our new organization has also improved customer service. Currently, teams in charge of receiving orders are also in charge of the acquisition and delivery of products,” Kettunen says.

Technical plastics offer opportunities

Kettunen is confident when talking about Telko’s future. There is much to be happy about, and different market and product areas offer many promising opportunities.

“Our Chinese operations have got off to a good start. We entered the country together with major western corporations and started working with injection molding operators of their choosing. During the last three years these injection molding operators have got to know us. They appreciate our expertise; they have included us to take part in their own projects. We work with nearly 20 injection molding operators and our project list is constantly growing,” Kettunen says.

In products, plastic properties, in particular, have improved continuously so that plastics can be used to replace other materials. In addition, plastics have completely new applications, such as 3D printing, which has raised much attention.

There can be remarkable profits in plastic products, such as various medical products, that require a very high level of expertise. All in all, the proportion of technical plastic raw materials in Telko’s sales margin is higher than its proportion of net sales. Therefore, the company is working to further increase the share of demanding technical plastics. Their price development is relatively stable, which makes operations easier to predict.

Telko tailors plastic raw materials of a desired color for its clients.

Industrial raw materials expert

TELKO IS THE 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, Czech Republic, Slovakia, and China. To ensure efficient logistics, we have a refinery terminal in Rauma in Finland and numerous local warehouses in our business countries.

Thanks to its long-term customer and supplier relationships, Telko has gained specialized expertise in the raw materials 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 real partner that provides added value. Our extensive customer service also covers technical support and the development of production processes.

Position in the value chain

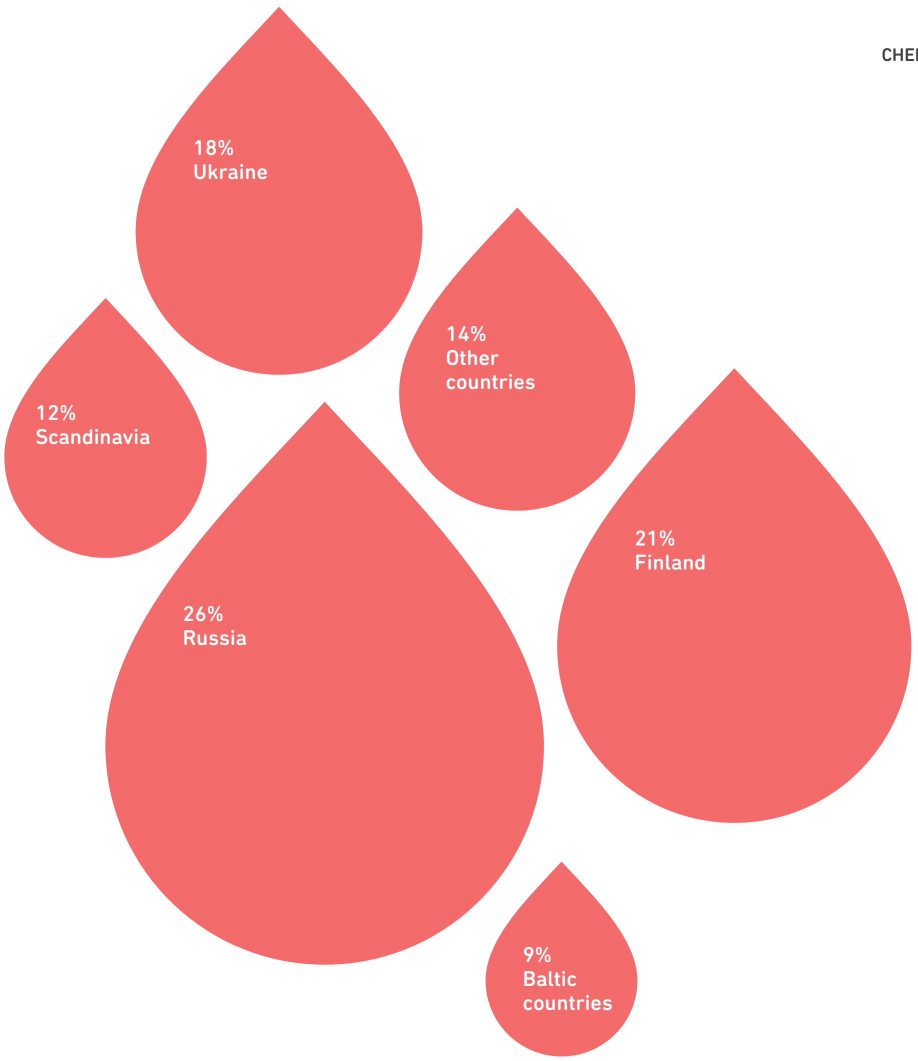
In the value chain, Telko operates between raw material manufacturers and the industry that uses the raw materials. Telko's role has strengthened in many respects, as raw material manufacturers have focused on industrial production and given up their own regional sales and marketing operations.

The company's key suppliers are well-known producers of plastic raw materials and chemicals such as ExxonMobil Chemical, BASF, LyondellBasell, BP 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.

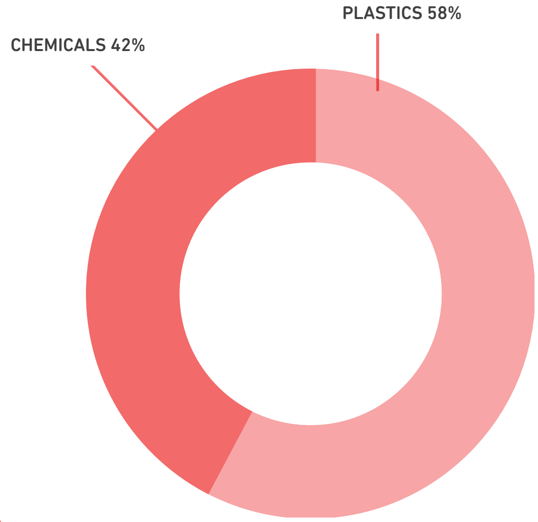
In plastics, Telko's operating model is to provide efficient services to large companies and SMEs. SMEs manufacturing plastic components have to react rapidly to their own customers' requirements. For this reason, it's vital for them to be able to rely on a flexible and local distributor like Telko. Telko's technical expertise helps customers design and develop even better and more competitive products.

In chemicals, Telko is a reliable logistics link between raw material producers and end-users. Telko also creates added value through technical competence, customer-specific product tailoring and different kinds of services.

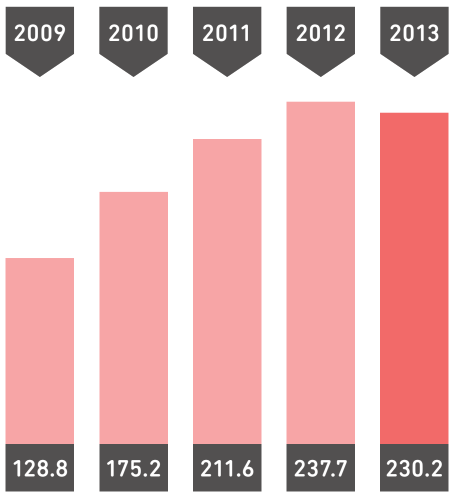
NET SALES DISTRIBUTION BY COUNTRY



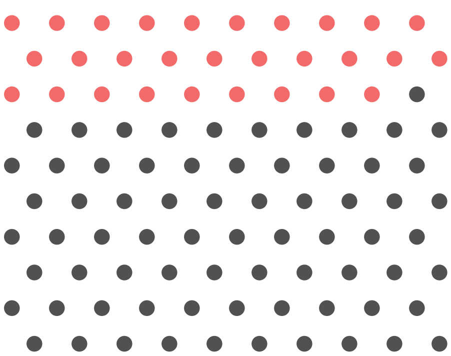
NET SALES DISTRIBUTION



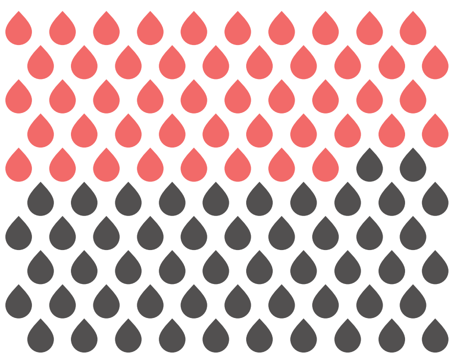
NET SALES MEUR



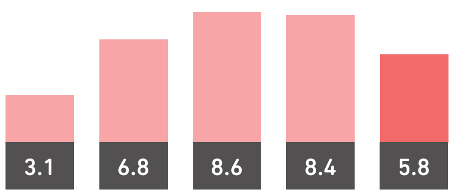
SHARE OF GROUP PERSONNEL 29%



SHARE OF GROUP NET SALES 48%



OPERATING PROFIT MEUR



Telko's technical know-how is reflected in expertise related to raw materials and production processes.

Strategy

Telko's strategy is to expand, particularly in Russia and other growth markets in the East. The growth of the national economies and retail in those markets has led 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. Telko is now the largest western distributor on the eastern markets.

Telko's product and supplier management focuses on products that require technical competence, such as special chemicals and raw materials for technical plastics. Technical competence is a clear competitive edge for Telko. It is demonstrated through our expertise related to raw materials and customers' production processes. Added value is also created through customer-specific product tailoring and product-related services. Tailored products are marketed under the Telko brand.

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. Telko's customers include companies in the paint, printing, packaging, detergent, cosmetics, construction, and chemical industries. Telko's operations are focusing more on special chemicals. Environmental products are also a growing business.

All in all, Telko has about 3,500 customers. Telko's product range, expertise, and logistics generate added value for our customers. Telko is highly 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.

Industrial development in Russia opens the door

Telko's sales of plastic to the Russian automotive industry tripled in 2013. The automotive industry is using more and more technical plastics that can replace components previously manufactured from metal. A medium-sized car has some 250 kg of plastic parts.

Telko's growth is based on growth in Russian manufacturing in general, as seen in the automotive industry and many other industrial fields.

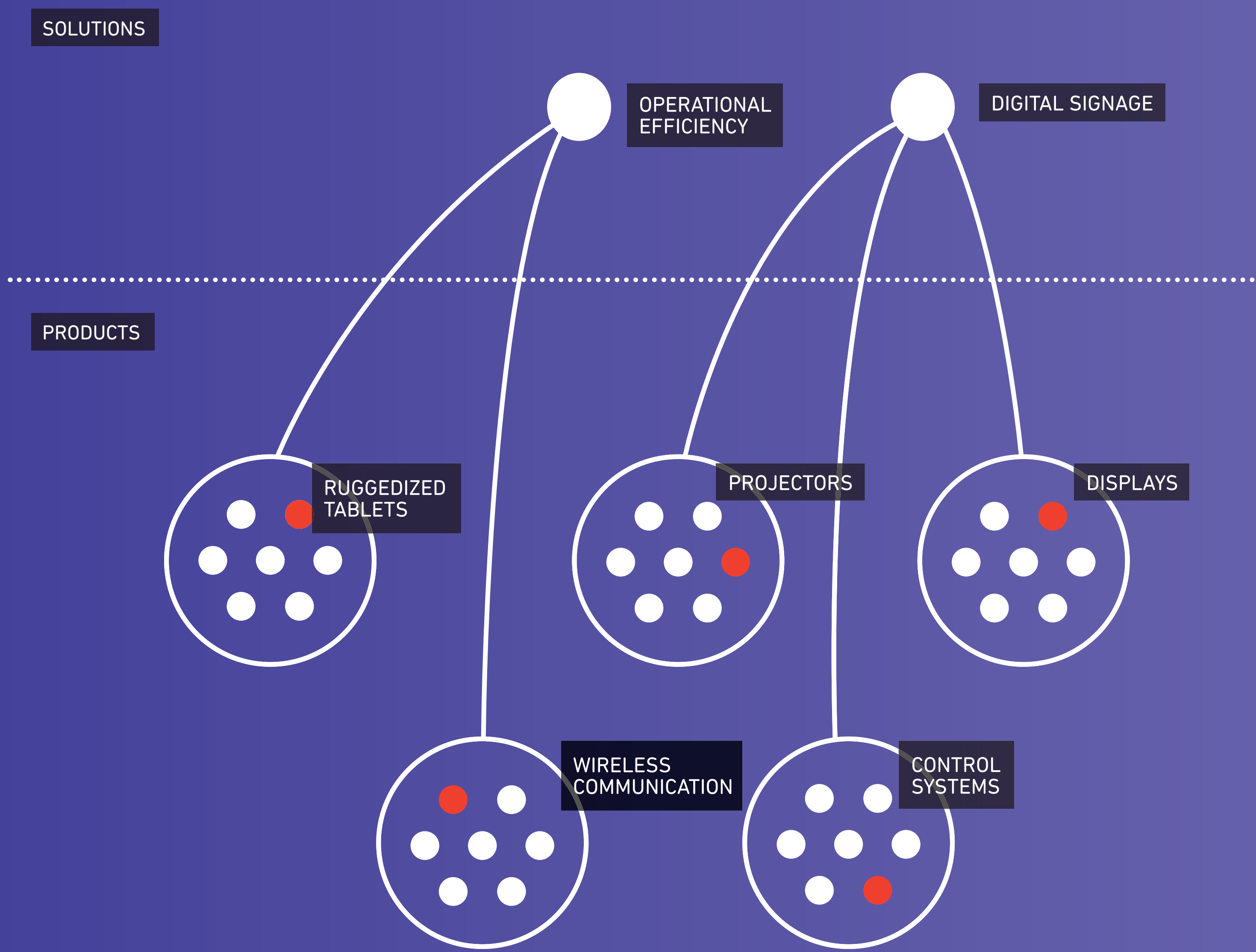
"Russia is determined to grow its industrial manufacturing. As a result, the automotive industry is building more parts locally," says Kalle Kettunen, Managing Director of Telko.

Foreign car companies are manufacturing more cars in Russia. Sales of these cars are growing more rapidly than sales of imported cars. In addition, there is strong growth in car sales overall. Increasing local manufacturing helps subcontractors that manufacture car parts. They are important customers for Telko.

This trend can also be seen on a larger scale: the development of small and medium-sized industry in the eastern markets opens new opportunities for Telko, which in turn helps this particular sector to grow even more rapidly.

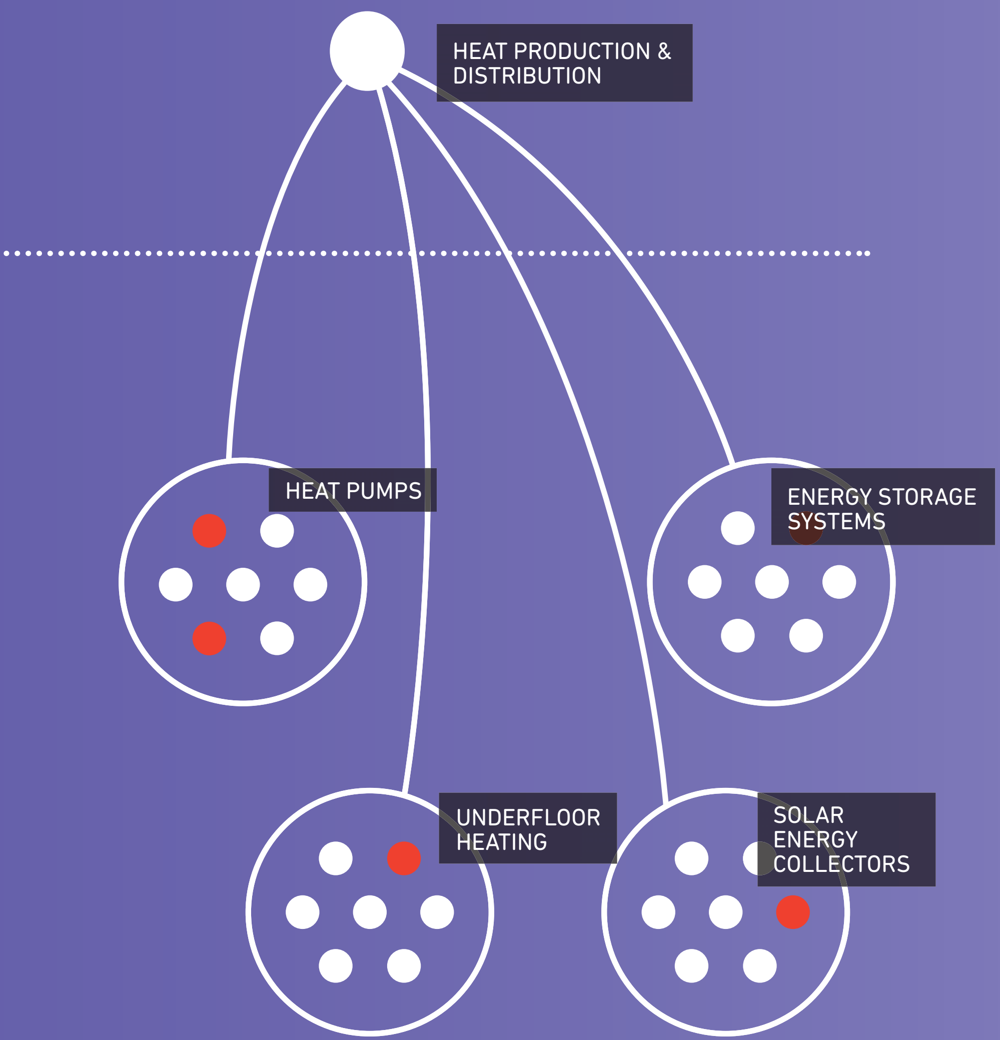
In large western industrialized countries, the proportion of small and medium-sized companies' contribution to GDP is an average of 60 percent. In Russia, this share has increased from 10 percent at the beginning of the 21st century to some 25 percent now. Small and medium-sized companies that manufacture plastic parts through subcontracting are key customers groups for Telko.

In plastics, Telko's operating model is to provide efficient services to large companies and SMEs.


SOLUTIONS
OPERATIONAL EFFICIENCY
DIGITAL SIGNAGE
PRODUCTS
RUGGEDIZED TABLETS
PROJECTORS
DISPLAYS
WIRELESS COMMUNICATION
CONTROL SYSTEMS

KAUKO-MARKKINAT

pp. 32—39



KAUKOMARKKINAT IS CAPABLE OF BUILDING HYBRID SOLUTIONS OUT OF DIFFERENT PRODUCTS TAILORED FOR DIFFERENT END USES AND CUSTOMER NEEDS. THE COMPANY HAS AN EXTENSIVE UNDERSTANDING OF CUSTOMER NEEDS, THE INDUSTRY'S LEADING MANUFACTURERS AND ITS LARGE-SCALE RANGE OF SOLUTIONS. USING THE EXPERTISE OF KAUKOMARKKINAT, CUSTOMERS CAN SELECT THE MOST SUITABLE SOLUTION.

"In Kaukomarkkinat's technical building services center in the Koskelo area of Espoo, we can present our technical building services and professional electronics solutions to installers and other retailers," says Jukka Nieminen.

From single products to multi-product packages

ACCORDING TO ITS STRATEGY, KAUKOMARKKINAT WILL ACT AS A SELLER AND COORDINATOR OF LARGER SOLUTION PACKAGES. LOCAL ENERGY SOLUTIONS WILL BECOME KEY DRIVERS OF GROWTH.

The strategic roadmap of Kaukomarkkinat consists of three phases: stabilizing operations, growing in the home market, and internationalizing concepts proven in the home market.

"Stabilization measures boost productivity, which in turn enables the long-term development of the company," says **Jukka Nieminen**, Managing Director of Kaukomarkkinat.

As a result of measures already taken, Kaukomarkkinat has an organization based on independent business lines. Personnel expenses have been reduced by one million euros per year.

Stabilization measures also include streamlining both our product offering and our supplier base, as well as introducing online sales channels for current and future corporate customers.

"We will develop our product range so that we can offer large functional solution packages for our customers in all of our business lines. We want to rise from the product level to the system and solution level. Solutions require special expertise, that an expert organization like Kaukomarkkinat can provide," Nieminen says.

Of the Kaukomarkkinat business lines, Living, which specializes in local energy solutions for buildings, has already launched several concepts for improving energy efficiency. Working, which supplies professional electronics for demanding conditions, and Creation Crew, which specializes in audiovisual systems, have also added various services and training to their offering.

The product range of Industrial business line, which specializes in industrial equipment, will be directed more towards products and services from the Cleantech sector. Such products and systems help improve e.g. energy efficiency, or productivity. We are constantly looking for closer collaboration among our operating countries.

Added value from larger solutions

Kaukomarkkinat is looking for growth in its home market by offering more comprehensive systems to its customers. The company will also expend additional effort to acquire new customers.

Our biggest expectations lie in promoting energy efficiency in buildings. For example, Kaukomarkkinat now offers a variety of local energy solutions for many types of detached houses, combining equipment best suited for them.

"A solution seller understands the needs of end customers and thus knows how to put together most suitable systems. We also act as a solution coordinator, in which case we combine systems with the contractors required for their installation," Nieminen says.

Kaukomarkkinat does not offer installation services, but it trains HVAC experts in the solutions created by the company and in the benefits they provide.

"In 2013, we trained hundreds of installers, contractors and designers in our local energy and digital solutions. As a result, we help our network partners sell our systems and improve their business results. This training also serves our product distributors, such as hardware store chains and wholesalers, who may appoint a trained, skilled installer for their end customers," Nieminen says.

Promising potential in local energy

Kaukomarkkinat is a reliable supplier offering energy efficiency solutions independent of products and technologies. The market size is sufficient for growth. There are more than 200,000 oil-heated detached houses and some half a million electrically heated houses in Finland, in which e.g. heat pumps can significantly help reduce the energy bill.

"This is a wonderful opportunity for us. In addition, there is much to do in the renovation sector, even though there is currently less construction of new houses than before," Nieminen says.

According to Nieminen, solution sales make up 20 percent of the net sales of Kaukomarkkinat. The target for 2015 is that at least half of all sales will come from productized systems and related solutions.

Solutions proven in the home market may later be introduced to international markets. For example, the Baltic region and Russia offer a significant market for improving the energy efficiency in detached houses and, therefore, good opportunities for sustainable international growth for Kaukomarkkinat.

Market trends in line with the business operations

Kaukomarkkinat improve the operations and efficiency of its customers. Their need for energy-efficient operations is one of the current major trends which call upon the expertise of all the company's business areas.

"Demand for our local energy solutions is driven by the rising price of energy, increasing environmental awareness, ever-tightening building regulations, and consumers' willingness to be more self-sufficient with regard to energy production," Nieminen says.

The trend to streamline organizations is an opportunity for Kaukomarkkinat's Working unit. For example, more and more industrial maintenance professionals work on their own and need to cover a large area. Considering safety and efficiency, it is necessary to equip these individuals with the best possible tools. In recent years, sales of ruggedized computers and tablets, as well as related services and operational training, have increased significantly.

"When increasing efficiency in their own organizations, customers find they lack the resources for building functional systems from single products themselves. Therefore they turn to partners like us who shoulder more responsibility for such systems," Nieminen says.

The key trend among principals is to reduce the number of separate country organizations in smaller market areas, such as Finland. This offers opportunities for expert partners. Mere product sellers do not have any significant foothold in the era of global e-commerce, while there is ample demand for product expertise and the supply of large systems.

Solutions improving efficiency

KAUKOMARKKINAT SPECIALIZES IN PRODUCTS, SYSTEMS AND SOLUTIONS THAT IMPROVE EFFICIENCY. ITS BUSINESS LINES INCLUDE LIVING FOR LOCAL ENERGY SOLUTIONS, WORKING FOR PROFESSIONAL ELECTRONIC EQUIPMENT, AND CREATION CREW FOR DIGITAL SIGNAGE. THE INDUSTRIAL BUSINESS LINE PROVIDES EFFICIENCY-IMPROVING INDUSTRIAL SOLUTIONS.

Kaukomarkkinat delivered a solar electricity system of more than 40kW to SRV's Derby Business Park in Espoo, Finland.

The business is based on an in-depth understanding of customer needs, an extensive network of principals, and solid expertise in a variety of technologies. The packages the company supplies utilize the best products from cutting-edge suppliers.

Kaukomarkkinat was established in 1947. It was the first Finnish company to open an office in China and also the first to start importing Japanese products. The company has operations in Finland, Poland, Latvia, Russia, China, and Vietnam.

Position in the value chain

A system supplier such as Kaukomarkkinat operates between equipment manufacturers and distributors or contractors. The distributors serve the end customers. The system supplier understands the needs of the end customer and has the competence to tailor the package of products and technology solutions the customer needs.

Especially when the market offers a variety of products and technologies does the system supplier's role grow. The abundance of products and information creates a demand for well-planned and conceptualized total solutions. There is an extensive global offering, particularly in building systems. Expertise in Nordic conditions is needed to find the optimal equipment and systems for Finnish construction conditions.

Kaukomarkkinat produces added value for all of its stakeholders. Technical wholesalers, retailers and installers are all important customers that, together with Kaukomarkkinat, can improve their business results. Suppliers receive valuable feedback on the kinds of features and compatibilities the equipment requires.

Strategy

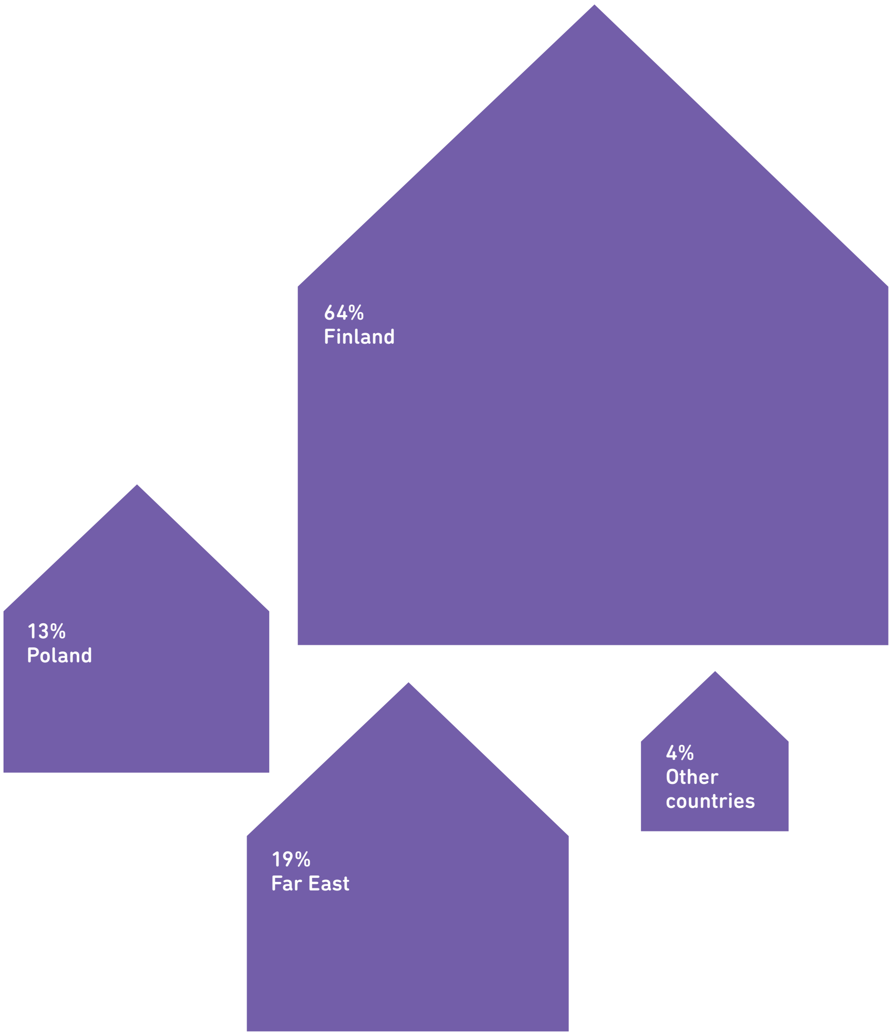
Kaukomarkkinat's strategy is to act as a comprehensive system supplier. Identifying customer needs and tailoring suitable packages to meet them form the essence of Kaukomarkkinat's operations. Putting the package together requires an approach which does not depend on a product or on a technology.

Our network of suppliers, comprising the most competitive manufacturers in their respective sectors, is a core advantage for Kaukomarkkinat. Our relations with suppliers are based on long-term collaboration and trust. As a result, the company is well aware of what kind of products and technology solutions will enter the market in the future.

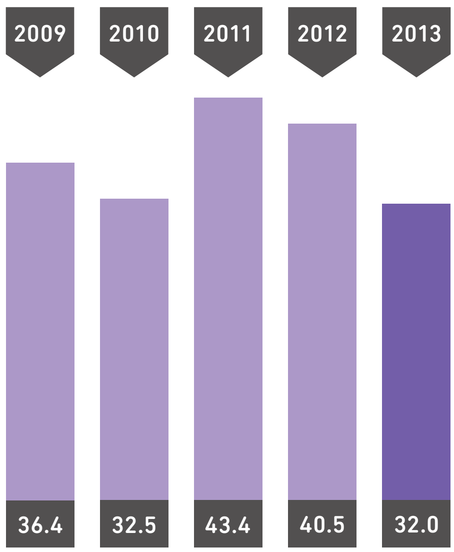
In all its business areas, Kaukomarkkinat delivers products and services that help customers enhance their processes and boost operational efficiency. Customers get faster and more efficient production processes, cost savings, energy efficiency, and solutions with a competitive edge.

Kaukomarkkinat finds synergies within its diverse business areas. Such synergies exist in building technology: in future buildings, energy efficiency, safety and different digital communication solutions will function more seamlessly together.

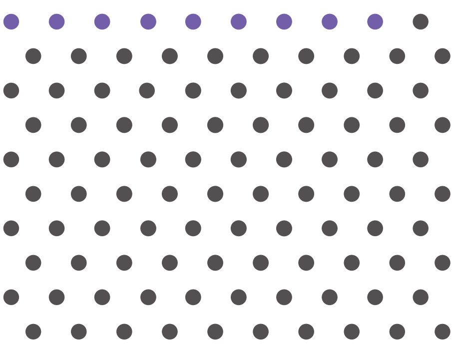
NET SALES DISTRIBUTION BY COUNTRY



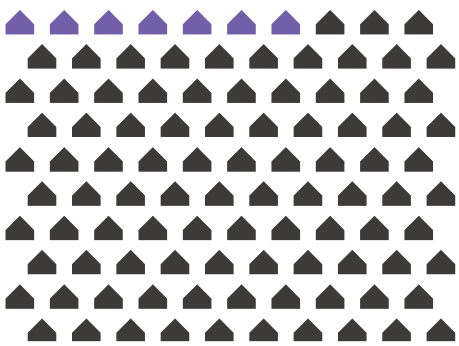
NET SALES MEUR



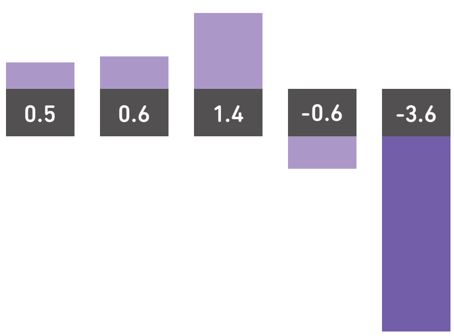
SHARE OF GROUP PERSONNEL 9%



SHARE OF GROUP NET SALES 7%



OPERATING PROFIT MEUR



Customers and added value

The *Living* business line of Kaukomarkkinat offers local energy solutions for residential and commercial buildings. Customers include contractors, hardware store chains and wholesalers, as well as retailers. The products and systems include various heat pumps, solar energy collection systems and photovoltaic solutions, energy storage systems and solutions associated with heat distribution and building automation. The competitive advantages include an understanding of customer needs, expert service, leading manufacturers in the sector and their know-how, as well as a wide range of solutions. Kaukomarkkinat is capable of providing hybrid systems tailored for a variety of end uses and customer needs.

The *Working* business line offers professional electronics for demanding field conditions. Its solutions are related to wireless communications and ruggedized computing. Customer organizations include public institutions, industrial corporations, service companies, and operators. Its products include rugged computers and tablets, as well as wireless communication devices. The business line also provides product-related services and consultancy. Its solutions help customers improve their productivity and customer service.

The *Creation Crew* business line creates solutions for producing and presenting audiovisual content. Customer companies represent various business fields, with new solutions being developed for e.g. the medical sector. Products include professional video cameras, projectors, displays, surveillance cameras, and special medical equipment. Ease of use and emotional experience are emphasized in the customer benefits.

The *Industrial* business line offers solutions for industrial customers following the principle of sustainable development. Its customers include regional energy companies and other energy producers, as well as customers from the paper and other process industries. Kaukomarkkinat products and solutions include paper machine equipment, turbines, heat pumps for power plants, frequency converters, and industrial water and air treatment solutions. Reliable products, robust expertise, and decades of experience in customer and supplier relationships give Kaukomarkkinat a competitive edge. The business line's offering is developed more and more towards the environmental technology required for process industries, i.e. Cleantech.

Sales of heavy-duty tablets have clearly increased.

A supplier of local energy solutions

Kaukomarkkinat has launched various energy efficiency solutions for many types of detached houses. We have prepared a guide for builders and renovators in Finnish language presenting our diverse equipment solutions (Lähienergian valintaopas). These solutions and their implementation are frequently presented at training events organized for installers and retailers.

Various solutions have been developed for homes heated with oil-fired boilers, and electrically heated detached houses. Kaukomarkkinat also offers solutions based on local energy for new passive houses.

"Through offering complete packages, our systems are easy to re-sell by our business partners: installers, retailers and technical wholesalers. Our objective is to be the leading supplier of energy renovation packages for detached houses," says Jukka Nieminen, Managing Director of Kaukomarkkinat.

The market for energy efficient building systems is expected to grow as consumers shift from direct electric heating and oil heating towards heat pumps. Heat pumps are expected to become more common in renovated houses, in particular.

"The price of energy will be continuously increasing, while consumers may be showing more interest in reducing their energy consumption. There will also be more and more demand for cooling solutions."

Kaukomarkkinat has traditionally had a very strong position in air source heat pumps. In recent years, its product range has been expanded to include systems that utilize geothermal heat and solar energy.

Panasonic's VE air source heat pumps regulate heating and cooling according to sunlight.

Responsibility is central to all operations

WE FOCUS ON RESPONSIBILITY IN ALL ASPO'S BUSINESS UNITS AND ALL OUR COUNTRIES OF OPERATION.

Aspo aims to be a good corporate citizen in all its countries of operation. Among other things, Aspo always pays its taxes to the country where the profit has been made. The Group does not have companies which would be outside its geographical operating area. Our transparent operating model also serves investors and other stakeholders of ours.

Aspo is mainly engaged in trade and logistics, where close customer relationships and understanding their businesses are vitally important. This is why much of Aspo's value lies in the expertise of our personnel and in our customer and supplier relationships. Development of this intellectual capital is one of the key principles of Aspo's personnel management.

Aspo's intangible capital consists of structural capital, relationship capital and human 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 ERP system, and the CRM system that has been 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.

The structural capital also includes different measurements: for example, the customer satisfaction of different businesses is regularly measured.

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

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. A good atmosphere starts with good management. About forty managers from the parent company and business units have participated in Aspo's voluntary manager training program.

Elements such as sensitivity to change, better understanding of the customer experience and international competence have been highlighted in the managers' competence requirements. The businesses of all subsidiaries have become much more international, which is reflected in the knowledge and skills expected of the personnel.

In parallel with the training program, a manager forum is organized, as well. The manager forum provides the participants with an insight into other businesses, and managers can engage in practical experience exchange and discussions on the management culture. One of the key objectives of the manager forum is to promote a culture of dialogue within the Group: this forum allows us to quickly address new development ideas, for example.

We regularly assess personnel satisfaction with their own tasks, the quality of management, and Aspo as an employer. The results of the atmosphere survey are presented to the entire personnel. The managers discuss more detailed results with the employees reporting to them, all the way up to team level. Any problems are quickly addressed. The atmosphere survey produced is also always used to identify new subjects for development.

Aspo has established a personnel fund to provide an incentive for the personnel. All persons working at Aspo Group's Finnish companies are members of the personnel fund. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The objective for the fund is that the personnel will become a major shareholder group in Aspo.

The actions of the personnel are also guided by Aspo's code of conduct. The code of conduct describes the norms that Group personnel are expected to abide by in their activities. They also provide instructions for situations where the personnel must make personal and ethical decisions.

The code of conduct addresses the legality of operations, business relations, personnel and safety and the company's assets and property. The code of conduct is available in full on Aspo's website.

Environmental reputation is a competitive edge

Good environmental reputation is an important facet of intellectual capital. Ongoing operational improvement is a core principle of our 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. Aspo also takes part in a variety of social responsibility projects. All these projects have at least one thing in common – they concern Aspo's operations in the Baltic Sea region. For instance, we have collaborated with the Keep the Archipelago Tidy Association.

Aspo Group's headquarters 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.

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 enhance safety, furthermore, the company's experienced personnel are very familiar with the ports, channels, and conditions of the Baltic Sea.

Ships are the most ecological mode to move large quantities of cargo. Relative to the size of cargo and the distance a large cargo ship travels, the carbon dioxide emissions of a ship is less than 20% of the emissions of tractor-trailers, and less than 1% of the emissions of jet aircraft.

ESL Shipping has worked systematically in order to improve the energy-efficiency of its fleet. As part of this work, measuring devices that monitor consumption more accurately have been installed in vessels, and vessel cruise speed and, therefore, fuel economy has been optimized according to prevailing situations. In 2014, all vessels that do not meet the requirements set out in the EU Sulphur Directive to enter into force in 2015 will be converted according to the requirements through measures tailored for each vessel.

Leipurin has paid particular attention to the quality and safety of food ingredients and the environmental impact of its operations. In Finland, Leipurin's operational manual is 9001 certified for both raw materials and machines. Certification has also committed the company to continually improving its operations. Leipurin takes environmental issues into account when choosing suppliers, too.

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

Telko has a certified quality system complying with the ISO 9001 standard. In addition, Telko is committed to complying with the chemical industry-oriented Responsible Care Program. Due to the program, Telko is committed to the continued voluntary improvement of environmental, health and safety issues. The company's commitment has been verified by an external ESAD assessment. Telko was also the first security- and quality-assessed chemical industry company in Russia. 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.

Board of Directors

From left to right:

MAMMU KAARIO
born 1963
independent of the company and its major shareholders
LL.M, MBA
Investment Manager, Korona Invest Oy, 2011-

Member of the Board since 2012
Member of the Audit Committee since 2012

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

Member of the Board since 1999
Chairman of the Audit Committee since 2010

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

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

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

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

Member of the Board since 2008

KRISTINA PENTTI-VON WALZEL
born 1978
independent of the company and its major shareholders
M.Sc. (Econ.), B.Sc. (Pol. Sc.)
Director, Ajatuspaja Libera 2013–
Member of the Board since 2009
Member of the Audit Committee since 2010

ESA KARPPINEN (not in the picture)
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

Board Members

WORK EXPERIENCE, KEY POSITIONS OF TRUST, HOLDINGS AND FEES

GUSTAV NYBERG

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, Stiftelsen Svenska handelshögskolan, Oy Havsudden Ab
Member of the Negotiation body: The Finnish Lifeboat Institution
Member of the Consultative Committee: Meripuolustussäätiö

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 701,524 or 2.27% of the total number of shares, Oy Havsudden Ab: 3,142,941 shares or 10.15% of the total number of shares.
Aspo´s hybrid bond 2013: 1.0 M€, Oy Havsudden Ab: 1.9 M€
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 185,351 (including voluntary pension insurance scheme)

MATTI ARTEVA

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

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 200,000 or 0.65% of the total number of shares.
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 43,200

MAMMU KAARIO

Key Work Experience
Partner, Unicus Oy, 2005–2010
Member of the Board, Esperi Care Oy, 2005–2010
Director, Conventum Corporate Finance Oy, 1998–2004
Vice President, Prospectus Oy, 1994–1998
Vice President, Kansallis-Osake-Pankki, 1988–1994

Key Positions of Trust
Member of the Board: Ponsse Oyj, Enfo Oyj, Invalidiliiton Asumispalvelut Oy

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 10,000 or 0.03% of the total number of shares.
Aspo´s hybrid bond 2013: 0.1 M€
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 32,300

ESA KARPPINEN

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

Key Positions of Trust
Member of the Board: Taaleritehdas Oyj

Holdings and Fees
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 28,800

ROBERTO LENCIONI

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

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 10,687 or 0.03% of the total number of shares.
Aspo's convertible capital loan 2009: 2 shares.
Aspo´s hybrid bond 2013: 0.2 M€
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 32,300

KRISTINA PENTTI-VON WALZEL

Key Work Experience
Campaign Director/Fundraising, HANKEN School of Economics, 2008–2011
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, CMI Crisis Management Initiative, The Finnish Children and Youth Foundation, Foundation for Economic Education
Council Member: Stiftelsen Svenska handelshögskolan

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 8,000 or 0.03% of the total number of shares.
No holdings or rights based on a share-based incentive plan.
Fees in 2013: EUR 32,300

RISTO SALO

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: Napa Oy
Member of the Consultative Committee: Mutual Pension Insurance Company Varma

Holdings and Fees
Shareholdings in Aspo on December 31, 2013: 165,160 or 0.53% of the total number of shares, Hollming Oy 273,969 or 0.88% of the total number of shares, Ratius Oy 572 or 0.002% 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-based incentive plan.
Fees in 2013: EUR 28,800

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, The Association of Finnish Technical Traders
Vice Chairman of the Board: Finnish Coal info Hiilitieto ry
Member of the Board: 3 Step IT Group Oy, SGN Group Oy, Federation of Finnish Commerce, Finland-China Trade Association

Holdings
Shareholdings in Aspo on December 31, 2013: 22,000 or 0.07% of the total number of shares personally and 2/7 of the shares owned by Aspo Management Oy: 509,612 shares or 1.65% of the total number of shares

ARTO MEITSALO
born 1963, M.Sc. (Econ.)
CFO, Aspo Plc, 2009–
Managing Director, Aspo Services Ltd, 2013–

Key Work Experience
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 Committee: The Association of Finnish Technical Traders, Finance Committee; Federation of Finnish Commerce, Trade Policy Committee

Holdings
Shareholdings in Aspo on December 31, 2013: 16,143 or 0.05% of the total number of shares personally and 1/7 of the shares owned by Aspo Management Oy: 509,612 shares or 1.65% of the total number of shares

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

Key Work Experience
Senior Vice President, Sampo Bank Plc, 2006–2007
First Vice President, Sampo Bank Plc, 1999–2006
Management positions, Postipankki, 1989–1999

Holdings
Shareholdings in Aspo on December 31, 2013: 47,282 or 0.15% of the total number of shares personally and 1/7 of the shares owned by Aspo Management Oy: 509,612 shares or 1.65% of the total number of shares

KALLE KETTUNEN
born 1964, M.Sc. (Tech.), MBA
Managing Director, Telko Ltd, 2009–

Key Work Experience
European Marketing Director, Eka Chemicals Ab, 2007–2009
Managing Director, Eka Chemicals Ltd, 2003–2009
Managing Director, Eka Chemicals Suzhou (China) Ltd, 2001–2002
Sales management Positions, Eka Chemicals Ltd, 1995–2000
Production Manager, Yhtyneet Paperitehtaat Oy, 1990–1995

Holdings
Shareholdings in Aspo on December 31, 2013: 11,000 or 0.04% of the total number of shares personally and 1/7 of the shares owned by Aspo Management Oy: 509,612 shares or 1.65% of the total number of shares

MATTI-MIKAEL KOSKINEN
Born 1972, M.Sc. (Econ.)
Managing Director, ESL Shipping Ltd, as of May 1, 2013

Key Work Experience
Managing Director, Meriaura Ltd, 2007–2013
Chartering Manager, Deputy Managing Director, Meriaura Ltd, 2004-2006
Consultant, World Bank, 2004
Project Researcher, Turku School of Economics, 2003–2004

Key Positions of Trust
Member of the Board: Finnish Shipowners´ Association

Holdings
Shareholdings in Aspo on December 31, 2013: 7,500 or 0.02% of the total number of shares

JUKKA NIEMINEN
born 1969, M.Sc. (Tech.)
Managing Director, Kaukomarkkinat Ltd, 2011–

Key Work Experience
Managing Director, Oy Rehau Ab, 2009–2011
President and CEO, Naps Systems Oy, 2008–2009
Vice President, Land Division, Marioff Corporation Oy, 2002–2008
General Manager, Optical Fiber, Nextrom Oy, 1999–2002
Manager, Nokia-Maillefer Oy (Nextrom Oy), 1995–1999
Purchasing Engineer, Valmet Paper Machinery, 1993–1995

Holdings
Shareholdings in Aspo on December 31, 2013: 7,500 or 0.02% of the total number of shares

PAUL TAIMITARHA
born 1957, M.Sc. (Econ.)
Managing Director, Leipurin Ltd, as of August 5, 2013

Key Work Experience
Managing Partner, Mirror Learning Oy, 2006–2013
Managing Director, Fazer Amica, 2003–2005
Managing Director, Fazer Bakeries, 2000–2004
Director, Unilever Van den Berg Foods, 1988–2000
Sales Director, Paasivaara Oy, 1982–1984

Key Positions of Trust
Chairman of the Board: Potwell Oy
Member of the Board: Oy Halva Ab, Mirror Learning Oy

In addition, in the Group Executive Committee was included in 2013:
Markus Karjalainen, Managing Director, ESL Shipping Ltd (until January 8, 2013)
Matti Väänänen, Managing Director, Leipurin Ltd (until August 4, 2013)

Board Members and Managing Directors in Group companies on March 1, 2014

ESL Shipping Ltd
Aki Ojanen, chairman
Mikko Niini, member
Lasse Rikala, member
Ulla Tapaninen, member

Lasse Rikala, Managing Director (acting) (from January 9 to April 30, 2013)
Matti-Mikael Koskinen, Managing Director (as of May 1, 2013)

Leipurin Ltd
Aki Ojanen, chairman
Jukka Havia, member
Matti Lappalainen, member
Kaisa Poutanen, member
Matti Tikkakoski, member

Matti Väänänen, Managing Director (until August 4, 2013)
Paul Taimitarha, Managing Director (as of August 5, 2013)

Telko Ltd
Aki Ojanen, chairman
Kari Blomberg, member
Johan von Knorring, member
Timo Petäjä, member

Kalle Kettunen, Managing Director

Kaukomarkkinat Ltd
Aki Ojanen, chairman
Pirja Heiskanen, member
Risto Kyhälä, member
Kimmo Liukkonen, member

Jukka Nieminen, Managing Director

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

Corporate Governance

MEMBERS OF THE ASPO BOARD OF DIRECTORS AND THEIR CONTROLLED CORPORATIONS OWN IN TOTAL APPROXIMATELY 17 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. 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 and a separate remuneration statement for 2013 have been published on Aspo's website www.aspo.com.

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, and 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 2013 Annual Shareholders' Meeting, seven Board members were elected. The term of the members ends at the conclusion of the Annual Shareholders' Meeting following the election.

The Board constitutes 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 2013, the Board of Directors arranged 10 meetings, of which three were teleconferences. The average participation rate was 94.

Board committees

The Board has 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 of Directors has appointed Roberto Lencioni chairman of the Audit Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee 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 2013, the audit committee had five 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.

The 2013 Annual Shareholders' Meeting confirmed the chairman of the Board's monthly remuneration to be EUR 15,500. It was resolved that the vice chairman be paid a monthly remuneration of EUR 3,600 and the other members of the Board of Directors EUR 2,400 per month. It was also resolved that EUR 700 per meeting be paid to the members of the Audit Committee. Board members having a full-time position in an Aspo Group company are not paid a fee.

Travel is compensated for in accordance with Aspo's general travel regulations. In 2013, the Aspo Plc Board members received a total of EUR 383,051 in fees (including voluntary pension insurance payment of the Chairman of the Board).

The majority of Aspo's Board members are independent of the company and its major shareholders.

Chairman of the Board

The full-time chairman of the Aspo Plc Board is Gustav Nyberg, B.Sc. (Econ.), eMBA (57). 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 Shareholders' Meeting.

Chief Executive Officer

The Board of Directors appoints Aspo Plc's CEO. The CEO of Aspo is Aki Ojanen, eMBA (53). 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 presidents 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 2013 the CEO was paid EUR 438,158 in salary, bonuses and fringe benefits. The proportion of bonuses for 2012 was EUR 50,748, the proportion of voluntary pension insurance payment was EUR 67,586 and the proportion of fringe benefits EUR 18,930.

The Group Executive Committee

The CEO is assisted by the Group Executive Committee, which is responsible for developing the strategic structure of Aspo Group and its earnings, as well as prepares the policies and shared practices. The Group Executive Committee consists of the Group CEO, Group CFO, Group Treasurer, and the Managing Directors of the Group companies. The Group Executive Committee convenes at least six times a year. The members of the Group Executive Committee are public insiders.

In addition to the CEO, the Group Executive Committee in 2013 consisted of CFO Arto Meitsalo, Group Treasurer Harri Seppälä as well as Markus Karjalainen, Managing Director of ESL Shipping Ltd (until January 8, 2013), Matti-Mikael Koskinen, Managing Director of ESL Shipping Ltd (as of May 1, 2013), Kalle Kettunen, Managing Director of Telko Ltd, Jukka Nieminen, Managing Director of Kaukomarkkinat Ltd, Matti Väänänen, Managing Director of Leipurin Ltd (until August 4, 2013) and Paul Taimitarha, Managing Director of Leipurin Ltd (as of August 5, 2013). In 2013, the Group Executive Committee received a total of EUR 1,719,868 in salaries, bonuses and fringe benefits. The share of bonuses for 2012 was EUR 141,694, the share of voluntary pension insurance payments was EUR 122,309 and the share of fringe benefits was EUR 121,887.

Rewarding

Aspo Group has a personnel fund. All persons working at Aspo Group's Finnish companies are members of the personnel fund. Aspo's business units pay part of their earnings as bonuses to the personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company.

The Aspo Plc management bonus program 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.

Bonus plan based on the company result (short-term incentive program)

Aspo has a result-based incentive plan for the management, including 30 employees in addition to the Group Executive Committee members. The maximum bonus may differ 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 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 are approved by Aspo Plc's Board of Directors. Bonuses recognized annually are paid after the completion of the annual financial statements.

Share-ownership plan (long-term incentive program)

In 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The aim of the plan is to combine the objectives of shareholders and those within the plan in order to increase the company's value, to commit the persons to the company and to offer them a competitive incentive plan based on a long-term holding of the company's shares.

The plan includes three performance periods, i.e. the calendar years 2012, 2013 and 2014. The Board of Directors will decide on the plan's earning criteria and their objectives at the beginning of each period. Participation in the plan and obtaining a reward for 2013 required that the person acquired Aspo's shares or holds the number of shares in Aspo Plc or Aspo Management Oy up to the number predetermined by the Board. The reward over the 2013 earning period was based on the Aspo Group's earnings per share (EPS) indicator.

The shares paid during the earning periods cannot be transferred during the commitment period, which ends within two years of the earning period. If a person's employment or official relationship ends during the commitment period, the person must gratuitously return any shares paid as reward to the company. The estimated amount of rewards paid on the basis of the Board's original decision corresponds with the value of 936,000 shares in Aspo Plc (including the proportion paid in cash). The proportion allocated for 2012, corresponding to one-third of the shares, did not generate any reward. The amount of share bonus for the 2013 vesting period corresponds to approximately 38,511 shares in Aspo Plc on the date of decision. The maximum proportion allocated for 2014 corresponds to approximately 219,500 shares.

Shareholding program (long-term incentive)

Aspo has a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired 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. In addition, Aspo assigned 322,637 shares at market price to the company in a directed share issue. Aspo Management Oy has also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the financial year 2013 the loan amounted to EUR 2,934,750.40. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owns a total of 509,612 Aspo shares. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price 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. Remuneration statement can be found at www.aspo.com.

Supplementary pensions

The Chairman of the Board of Directors, the CEO and two directors of the Group Executive Committee at Aspo Plc are eligible for a payment-based group pension insurance plan. 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 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 2013, on the part of the Chairman of the Board the cost of the group pension insurance plan totaled EUR 81,897 and it is included in his total remuneration. On the part of the CEO the cost of the group pension insurance plan totaled EUR 67,586 or 18% of the annual salary. The costs of the voluntary group pension insurance plans totaled EUR 204,206.

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 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 other possible auditing reports.

The 2013 Annual Shareholders' Meeting elected the APA firm Ernst & Young Oy as the auditor. APA Harri Pärssinen acted as the principal auditor. In 2013, companies belonging to the EY chain in Finland and abroad were paid a total of EUR 108,800 in compensation for performing audits for Aspo Group. In addition, other services were acquired for EUR 28,100.

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 business segment. 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 to the segment 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 Finnish accounting 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 2013, 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.

The Audit Committee, appointed by the Board of Directors, monitors the operations and efficiency of the company's internal supervision in its meetings. The committee also processes the plans and reports of the internal auditing.

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 Group management is responsible for risk management. The operational management of the business areas 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 CFO, who reports to the Group CEO.

The Audit Committee appointed by the Board monitors the efficiency of the risk management systems and processes the plans and reports of the risk management.

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 certain risks, the risk management principles and main content have been defined in Group-level policies and guidelines.

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 Note 26 to the financial statements.

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. Aspo Plc's permanent company-specific insiders include the vice presidents of subsidiaries, secretary to the Board, 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 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.

Summary of 2013 releases

IN 2013, 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. SOME INFORMATION IN THE RELEASES MAY PARTIALLY BE OUT OF DATE.

Jan 8, New Managing Director for ESL Shipping Ltd

Markus Karjalainen, Managing Director of ESL Shipping Ltd., has announced that he will resign from his position. Lasse Rikala, M.Sc. (Econ.) (61), who is a Board member of the company, has been appointed as the acting Managing Director of ESL Shipping Ltd until further notice.

Feb 6, Publication of Aspo Plc's financial statement release and invitation to press conference

Aspo Plc will publish its Financial Statement Release for January 1-December 31, 2012, on Thursday February 14, 2013, at 11.00. A press conference will be held at 13.30.

Feb 14, Aspo Group's Financial Statement Release Jan 1 to Dec 31, 2012

Aspo 2012: The fourth quarter was the best quarter of the year. The Group's net sales in 2012 amounted to EUR 481.6 million. Operating profit was EUR 10.6 million. Profit before taxes amounted to EUR 7.4 million. Earnings per share were EUR 0.36. Proposed dividends amounted to EUR 0.42.

Mar 5, Matti-Mikael Koskinen appointed Managing Director of Aspo's ESL Shipping

Matti-Mikael Koskinen, 41, M.Sc. (Econ.), has been appointed the new Managing Director of ESL Shipping Ltd as of May 1, 2013. He will also serve as a member of the Aspo Group Executive Committee. Lasse Rikala, the acting Managing Director of the company, will continue as a Board member. Koskinen has held the position of Managing Director at Meriaura Ltd since 2007, previous to which he worked as Meriaura's Deputy Managing Director and Chartering Manager.

Mar 7, 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 10, 2013 in Helsinki.

Mar 12, Aspo signs EUR 15 million loan agreement

Aspo Plc has signed a loan agreement amounting to EUR 15 million. The credit is being granted by Danske Bank. The loan maturity is three years, and the agreement will replace short-term loans for the same amount. Through refunding the loans, Aspo Plc will lengthen the maturity of the loan portfolio. The loan has been taken to meet the Group's general financing needs.

Apr 3, Aspo Annual Report and Corporate Governance Statement 2012 published

Aspo's Annual Report 2012 is now available in Finnish and English. Aspo Plc's Corporate Governance Statement 2012 has also been published on the company website www.aspo.com.

Apr 10, Decisions of the Aspo Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Aspo Plc on April 10, 2013, approved the parent company's and consolidated financial statements 2012 and discharged the members of the Board of Directors and the CEO from the liability. The shareholders approved the payment of a dividend totalling EUR 0.42 per share. The Annual Shareholders' Meeting approved the Board's proposal on the acquisition of company-held shares.

Apr 23, Invitation to Aspo's press conference

Aspo Plc's Interim Report for January-March 2013 will be published on Monday, April 29, 2013, at about 10.00. A press conference will be held at 14.30.

Apr 29, Aspo Group Interim Report, Jan 1 – Mar 31, 2013

Net sales in January-March amounted to EUR 112.3 million and operating profit was EUR 0.9 million. Profit before taxes was EUR 0.1 million and earnings per share stood at EUR 0.01. The new tonnage tax act, which took effect on March 1, 2012, improved earnings per share by approximately EUR 0.10 per share in the comparison period.

Jun 6, Leipurin Ltd to invest in emerging markets, Managing Director Matti Väänänen appointed to new position in Russia. Paul Taimitarha will start as the new Managing Director.

Matti Väänänen, Managing Director of Leipurin Ltd, will start in a new position in St. Petersburg to develop Leipurin Group's rapidly growing operations in the eastern emerging markets. In Russia, Tatjana Nikulina will continue as the Managing Director of OOO Leipurien Tukku. She will report to Matti Väänänen.

Paul Taimitarha (55) has been appointed as the Managing Director of Leipurin Ltd and a member of Aspo's Group Executive Committee. He will start in his new position on August 5, 2013. He has been a member of the Board of Directors of Leipurin Ltd since 2009. Paul Taimitarha has worked as the Managing Director of Fazer Bakeries and Fazer Amica, and in managerial tasks at Unilever Finland.

Aug 13, Invitation to the press conference on Aspo's Interim Report

Aspo Plc's Interim Report for January-June 2013 will be published on Tuesday, August 20, 2013, at about 10.00. A press conference will be held at 14.00.

Aug20, Aspo Group Interim Report, Jan 1 – Jun 30, 2012

Comparable operating profit improved, net sales on a par with the previous year. Aspo Group's net sales in January-June amounted to EUR 235.9 million and operating profit to EUR 2.4 million. Profit before taxes amounted to EUR 0.5 million and earnings per share amounted to EUR 0.03.

Sep 20, Aspo to increase its domestic commercial paper program

Aspo Plc has signed a EUR 80 million domestic commercial paper program. The previous contract, signed in 2008, amounted to EUR 50 million.The program supports Aspo's extensive funding base. Within the framework of the program, the company can issue commercial papers having a maturity of less than one year to finance Aspo's working capital and other short-term funding needs.

Oct 3, Aspo to arrange a Capital Markets Day on Nov 27, 2013

Aspo Plc will arrange a Capital Markets Day for analysts, investors and the media on Wednesday, November 27, 2013 in Vantaa. The actual invitation, schedule and registration instructions will be published later.

Oct 16, Invitation to the press conference on Aspo's Interim Report

Aspo Plc's Interim Report for January-September 2013 will be published on Thursday, October 24, 2013, at about 10.00. A press conference will be held at 13.30.

Oct 24, Aspo Group Interim Report, Jan 1 – Sep 30, 2013

Aspo Q3 operating profit grew significantly due to the shipping company and the eastern market. Aspo Group's net sales in January-September amounted to EUR 356.0 million. Operating profit grew to EUR 7.0 million. Profit before taxes amounted to EUR 4.0 million and earnings per share to EUR 0.14.

Oct 25, Aspo signs EUR 20 million loan facility agreement

Aspo Plc has signed a revolving credit facility agreement amounting to EUR 20 million. The credit is being granted by Danske Bank. The loan maturity is three years, and the agreement will replace a loan facility agreement of the same amount, which will expire in 2014. The agreed loan has been taken to meet the Group's general financing needs.

Nov 11, Aspo issues a EUR 20 million hybrid bond

Aspo issues a EUR 20 million hybrid bond, i.e. capital securities. The coupon rate of the bond is 7.00% per annum. The bond has no maturity but the company may exercise an early redemption option after three years. The settlement date of the bond is November 18, 2013. The issue was aimed primarily for domestic institutional investors and it was significantly oversubscribed.

Nov 21, ESL Shipping responds to increased demand by time-chartering a new vessel

ESL Shipping Ltd responds to its increased sea transport demand by time-chartering dry bulk carrier m/s Nassauborg until next summer. The increase in capacity allows the company to serve new clients and also to expand the service range geographically through its entire fleet. At the same time, the future winter transportation of the company's long-term contractual customers can be better secured under ice conditions.

Nov 27, Aspo reviewing preconditions for listing Leipurin on the Helsinki stock exchange

The board of Aspo has decided review the preconditions for listing Leipurin Ltd, fully owned by Aspo, on the Helsinki stock exchange. The goal of Aspo would be to remain the minority owner of Leipurin Ltd. When the results of the review are complete, Aspo will issue a separate stock exchange release on them. If realized, the listing could take place in the next few years, depending on the market situation.

Nov 27, Aspo's Capital Markets Day

Aspo updates its financial targets and keeps its guidance unchanged.

Aspo will arrange a Capital Markets Day in Vantaa today, November 27, 2013. Presentation material in Finnish will be available on the company's website at www.aspo.fi.

Summary: Aspo will update its financial targets. The company is seeking an operating profit level which is closer to 10% than 5%, ROE which is over 20% on average and net gearing of up to 100%.

The guidance for 2013 issued in the interim report for January to September will remain unchanged. Aspo aims to increase its operating profit and to achieve the previous year's level in net sales.

The strategy of Aspo Group remains unchanged. The key factors of the strategy are diversity, operating in the eastern growth markets and the ability to implement structural changes.

Dec 18, Aspo's financial information in 2014

The Aspo Group Annual Accounts Bulletin for 2013 will be released on Thursday, February 13, 2014. The Annual Report will be published on week 13 at the latest. Aspo will publish three Interim Reports in 2014: May 5, August 18, and October 28. The Annual Shareholders' Meeting is scheduled for Thursday, April 3, 2013, in Helsinki.

OTHER RELEASES:

Feb 8, Eminent Aspo shareholder Henrik Nyberg has died

Henrik Nyberg, longtime President of Aspo Group and Chairman of the Board, died on Thursday, February 7, 2013, from a severe illness. Henrik Nyberg was one of Aspo's largest shareholders.

Jul 24, Fire at Telko's plastics and chemicals warehouse in Kiev

A fire occurred at the plastics and chemical warehouse of the Aspo Group company Telko in Kiev, Ukraine in the afternoon of July 23, 2013. The fire was quickly controlled and extinguished. According to current estimates, the accident will have no material effect on Aspo's earnings.

Nov 8, Invitation to Aspo's Capital Markets Day on Nov 27, 2013

Analysts, investors and the media are invited to participate in Aspo Plc Capital Markets Day arranged on Wednesday, November 27, 2013 at Leipurin Ltd's premises in Vantaa.

Financial Statements 2013

CONTENTS

Report of the Board of Directors

Aspo is a conglomerate that owns and develops business operations in northern Europe and growth markets, focusing on demanding b-to-b customers. Aspo's strong company brands – ESL Shipping, Leipurin, Telko and Kaukomarkkinat – aim to be market leaders in their sectors. They are responsible for their own operations and customer relationships, and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are continually developed without any predefined schedule.

Aspo's operating segments are: ESL Shipping, Leipurin, Telko, and Kaukomarkkinat. Other operations consist of Aspo Group's administration, the financial and ICT service center, and a small number of other operations that do not belong to the business units.

Aspo has announced that it is reviewing the preconditions for listing Leipurin Ltd on the Helsinki Stock Exchange's main list. Aspo's target is to remain minority owner of the company. The preliminary IPO readiness assessment of the listing is positive and Aspo's aim is the listing of Leipurin Ltd during 2014.

Operational performance

Industrial production in Europe and Finland continued to develop poorly throughout 2013. Estimates of market growth in Russia and other CIS countries were made even more conservative in the fall. Uncertainty concerning the development of the national economies in growth markets important to Aspo, such as Russia, Ukraine, other CIS countries and China, has continued to increase. The prices of raw materials have remained low, while volatility has increased. The international dry cargo indexes important for the Group rose slightly from their historically low level during 2013.

ESL Shipping

ESL Shipping is the leading dry bulk cargo company of the Baltic Sea region. At the end of the year, the company's fleet consisted of 15 vessels, of which the company owned 12 in full. One was partially owned, one leased and one time-chartered.

In 2013, the international dry bulk freight rates remained low. Typical of seasonal changes, the market freight rates increased during the year, but turned to a decline at the end of the year. ESL Shipping's vessels mainly operated on the Baltic Sea and in European traffic. One of the two Supramax vessels operated in contract traffic in the Canadian ice area. The vessel has proven to be perfect for North American cold conditions. ESL Shipping's operations in the Baltic Sea are mainly based on long-term contracts and established customer relationships.

Markus Karjalainen, Managing Director of ESL Shipping, resigned from his position in January, and Lasse Rikala, member of the company's Board of Directors, was appointed the acting Managing Director until further notice as of January 9, 2013. Matti-Mikael Koskinen, M.Sc. (Econ.), was appointed the company's Managing Director starting from May 1, 2013.

ESL Shipping's net sales increased to EUR 77.8 million (72.3). The shipping company improved its efficiency in fuel economy, in particular, and increased the transportation volumes of new profitable customers outside the Baltic Sea as well, such as in Canadian ice areas. The shipping company´s operating profit improved significantly to EUR 7.6 million (EUR 3.7 million, including EUR 2.6 million in sales gains from vessels). The cargo volume carried by ESL Shipping in 2013 amounted to 11.6 million tons (10.4).

The shipping company has increased capacity by one time-chartered vessel until summer 2014. This allows the company to serve new customers and expand its service range geographically with regard to its entire fleet. At the same time, it can better guarantee winter transportation for its long-standing contractual customers under icy conditions. The company can continue to charter the vessel after the agreed contractual period, depending on prevailing demand.

In addition to growing transport volumes and capacities, the improvement in profitability was strongly affected by the schedule and speed optimization measures for vessels and resulting reductions in fuel consumption. Likewise, other operational costs of the fleet and the entire shipping company have been lowered. In September, the company obtained decisions from the aid authorities, on the basis of which specifying investment calculations will be made and an implementation plan for an exhaust gas scrubber installation will be prepared. As the new round of applications started, the shipping company applied for a state subsidy for its post-investments that improve the level of environmental protection as part of preparations for the entry into force of the sulfur directive. The subsidy is mainly intended for converting vessels suitable for low-sulfur fuel.

Leipurin

Leipurin serves the bakery industry and other food industry by providing product development services, raw materials needed for baking, and equipment from individual machines to full-scale baking lines. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Belarus, and Kazakhstan. In Russia, its operations cover all geographic areas. In its procurement operations, Leipurin operates both internationally and by developing local procurement.

The prices of bakery raw materials and other foodstuffs remained unchanged or lowered in 2013. The 2013 harvest season reduced the price level of grain products in Russia, in particular.

The net sales of Leipurin increased by 4% to EUR 136.3 million (131.1). Operating profit increased by 30% to EUR 5.2 million (4.0), and the operating profit percentage increased from 3.1% to 3.8%.

In 2013, the net sales of operations in Russia, Ukraine and other CIS countries remained at the previous year's level, standing at EUR 39.2 million (40.1). In Russia, net sales denominated in rubles increased by 17%. The operating profit percentage in the eastern growth markets remained at more than 5%. The net sales of bakery raw materials denominated in euros increased in this market area by 10% to EUR 30.4 million (27.5).

The sales margins of bakery raw materials remained at the previous year's level in all market areas. In machine operations, the own manufacturing share of net sales increased in 2013. In own manufacturing, profitability is higher than in machinery trading.

Matti Väänänen, Managing Director of Leipurin Ltd, started in a new position to develop Leipurin operations in eastern growth markets in August, and Paul Taimitarha, M.Sc. (Econ.), was appointed as the new Managing Director from August 5, 2013.

In Ukraine, Kazakhstan and Belarus, changes in local organizations were concluded and their reinforcement was continued. In Russia and the CIS countries, investments were made in developing the local sourcing channels and the share of local sourcing was increased. The principal base was strengthened in bakery raw materials, and the service range was expanded to raw materials free from additives and E numbers.

Leipurin is continuing to develop its overall product range in accordance with its customer promise. Customers' business operations are developed on the basis of product development and training services, new raw materials, an even more developed baking equipment offering, and investment-related planning.

During the financial year, Leipurin switched to income recognition based on the stage of completion in machine manufacturing operations. The net sales of projects that were incomplete at the end of the financial year and recognized partially as income stood at EUR 0.4 million.

Telko

Telko is the leading expert and supplier of plastic raw materials and industrial chemicals in the Baltic Sea region. The company operates in Finland, the Baltic countries, Scandinavia, Poland, the Czech Republic, Slovakia, Ukraine, Russia, Belarus, Kazakhstan, and China. Procurement operations are international. Business is based on representation by the best international principals and on the expertise of the personnel. Telko cooperates with its regional customers to develop their production and competitiveness.

The general uncertainty over the economy increased the volatility of the prices of raw materials sold throughout 2013, and price levels decreased especially during the fourth quarter. Net sales in 2013 decreased slightly and stood at EUR 230.2 million (237.7). Operating profit decreased to EUR 5.8 million (8.4). The decrease in profitability was affected by price volatility, poorer industrial demand for raw materials and changes in exchange rates in the east. Exceptionally net sales denominated in euros did not grow in the eastern growth markets in Russia, Ukraine and other CIS countries, being EUR 113.1 million (117.6). Denominated in the local currency, net sales remained at the previous year's level. The net sales denominated in euros were decreased by the declines in the Russian and Ukrainian currencies. Net sales of industrial chemicals remained at the previous year's level, but grew slightly in the eastern growth markets. Net sales

Net sales by segment

	2013 MEUR	2012 MEUR	Change MEUR	Change %
ESL Shipping	**77.8**	72.3	5.5	7.6
Leipurin	**136.3**	131.1	5.2	4.0
Telko	**230.2**	237.7	-7.5	-3.2
Kaukomarkkinat	**32.0**	40.5	-8.5	-21.0
Other operations	**0.0**	0.0	0.0	
Total	**476.3**	481.6	-5.3	-1.1

Net sales by market area

	2013 MEUR	2012 MEUR	Change MEUR	Change %
Finland	**156.7**	158.9	-2.2	-1.4
Scandinavia	**43.4**	42.6	0.8	1.9
Baltic countries	**49.8**	49.4	0.4	0.8
Russia, Ukraine + other CIS countries	**153.0**	157.8	-4.8	-3.0
Other countries	**73.4**	72.9	0.5	0.7
Total	**476.3**	481.6	-5.3	-1.1

Operating profit by segment

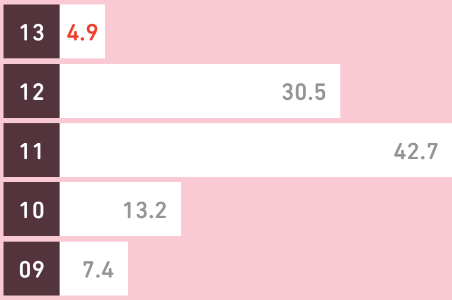
	2013 MEUR	2012 MEUR	Change MEUR	Change %
ESL Shipping	**7.6**	3.7	3.9	105.4
Leipurin	**5.2**	4.0	1.2	30.0
Telko	**5.8**	8.4	-2.6	-31.0
Kaukomarkkinat	**-3.6**	-0.6	-3.0	-500.0
Other operations	**-4.2**	-4.9	0.7	14.3
Total	**10.8**	10.6	0.2	1.9

Investments by segment*

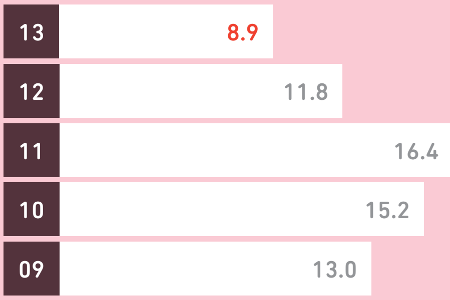
	2013 MEUR	2012 MEUR	Change MEUR
ESL Shipping	**2.2**	26.8	-24.6
Leipurin	**0.7**	1.0	-0.3
Telko	**1.3**	2.3	-1.0
Kaukomarkkinat	**0.5**	0.4	0.1
Other operations	**0.2**	0.0	0.2
Total	**4.9**	30.5	-25.6

*excluding business acquisitions

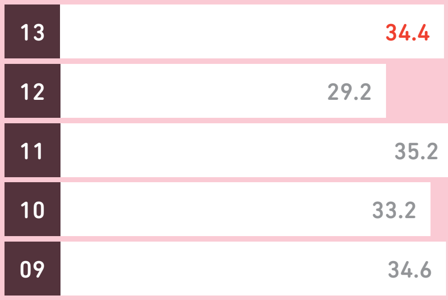
Investments MEUR



Return on equity %



Equity ratio %



of plastics decreased due to measures launched especially in Ukraine during the fourth quarter in order to reduce business volumes and stock levels. The political situation in Ukraine has increased uncertainty over future economic development and the future value of its currency. Because the Ukrainian currency position cannot be hedged using regular currency derivatives, the most efficient way to hedge against declining currency rates is to reduce sales receivables denominated in the local currency and debts denominated in euros and US dollars.

The prices of raw materials sold fell significantly during the fourth quarter. At the end of the year, prices were at the same level as in the comparison period. Basic demand in the industries important to Telko fell in the western market due to the diminished industrial production. In Russia, Ukraine, and other CIS countries, volume growth slowed down due to the economic uncertainty.

Telko has discontinued the preparation of the logistics terminal investment in Ukraine due to the country's political situation and economic uncertainty. Telko has continued to search for an area suitable for a terminal in Russia. Logistics terminals enable the product range to be broadened and produce added value for industrial chemicals. Telko continues to establish new offices in large cities in Russia.

Kaukomarkkinat

Kaukomarkkinat supplies products and systems that improve efficiency for the real estate and industrial sectors, as well as tools for professionals. The goal is to increase the energy efficiency, process efficiency and safety of our customers, as well as the profitability of their operations. The business is based on an in-depth understanding of customer needs, an extensive network of principals, and the ability to combine products and systems into functional entities. Kaukomarkkinat operates in Finland, Poland, Latvia, Russia, China, and Vietnam.

In Finland, the volume of repair and new building continued to develop slowly, which slowed down the development of the market for new energy-efficient products. The improved performance of energy-efficiency equipment in residential buildings, such as heat pumps, helped increase sales from the previous year, regardless of the general uncertainty over consumer demand. According to long-term estimates, the role of energy efficiency will be even more emphasized in building regulations, and the taxable energy price paid by consumers will increase further, which will increase the sale of energy-efficiency equipment.

The net sales of Kaukomarkkinat stood at EUR 32.0 million (40.5). The net sales fell the most in Chinese projects. Operating profit fell and was negative at EUR -3.6 million (-0.6). The net sales of energy-efficiency equipment in Finland grew but operating profit was negative. The profitability of industrial projects in China decreased and the unit produced a negative result.

In the summer, Kaukomarkkinat completed a significant reorganization to reduce expenses by closing down some loss-producing, non-strategic functions, which caused a non-recurring cost entry. The cost savings will have their full impact in the first quarter of 2014 and are estimated to be EUR 1.0 million annually. Even though cost-efficiency improved in Finland thanks to efficiency measures carried out in the summer, operations continued to produce losses.

Other operations

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

The operating profit of other operations improved from the previous year by EUR 0.7 million. In June, Aspo Services Ltd was established to offer financial and ICT services for Aspo Group companies in Finland, which contributed to the improved result. As a result of the change, the number of employees of other operations was increased by the number of employees transferred to the service center from business operations. In addition, five people were transferred to the service center from Group administration, following which the Group administration employs seven people.

Net sales

Aspo Group's net sales stood at EUR 476.3 million (481.6), i.e. at the previous year's level. The net sales of ESL Shipping and Leipurin increased, and the net sales of Telko and Kaukomarkkinat decreased compared with previous year.

The net sales for the area of Russia, Ukraine and other CIS countries were at the previous year's level, even though the value of local currencies in relation to the euro decreased considerably.

Earnings

Aspo Group's operating profit stood at EUR 10.8 million (EUR 10.6 million, including EUR 2.6 million in sales gains from vessels). ESL Shipping's operating profit improved to EUR 7.6 million (EUR 3.7 million, including EUR 2.6 million in sales gains from vessels). Leipurin's operating profit increased to EUR 5.2 million (4.0). Telko's operating profit decreased by EUR 2.6 million to EUR 5.8 million (8.4). Kaukomarkkinat's operating profit amounted to EUR -3.6 million (-0.6).

The operating profit of other operations improved but was negative at EUR -4.2 million (-4.9).

Earnings per share were EUR 0.28 (0.36) and diluted earnings per share were EUR 0.30 (0.37). Equity per share was EUR 3.39 (2.95).

The amendment to the Tonnage Taxation Act, which became effective on March 1, 2012, and was applied retroactively from the beginning of 2011, improved earnings per share by approximately EUR 0.10 in the comparison period. The annual tax relief from 2011 and 2012 was recognized during the comparison period concerning deferred tax liabilities on time of transition to the Tonnage Taxation Act. Earnings were also improved by the cancellation of the accrued income tax expense for the year 2011 calculated according to the Income Tax Act.

During the validity of the Tonnage Tax Act, the positive impact of tonnage taxation can be seen in profit for the period after taxes as an annually recognised tax relief on time of transition if the preconditions entitling to the relief are met.

Financial targets

Aspo updated its financial targets in November 2013. The company is seeking an operating profit level which is closer to 10% than 5%, ROE which is over 20% on average and gearing of up to 100%.

The operating profit percentage totaled 2.3% (2.2), ROE stood at 8.9% (11.8) and gearing at 98.2 (131.6).

Investments

The Group's investments stood at EUR 4.9 million (30.5), consisting mostly of vessel docking. Most of the investments made in the comparison period consisted of payments for ESL Shipping's Supramax vessel orders.

Financing

The Group's financing position in 2013 improved from the comparison period. The Group's cash and cash equivalents amounted to EUR 28.5 million (21.4). The consolidated balance sheet included a total of EUR 130.0 million (140.1) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 69.2 million (80.9).

Aspo Group's gearing was 98.2% (131.6) and its equity ratio 34.4% (29.2). The most significant factor affecting the financing position was the hybrid bond of EUR 20 million during the fourth quarter.

The Group's cash flow from operations improved significantly, totaling EUR 16.0 million (8.8). In addition to business profitability, the cash flow was improved by the efficient management of working capital. At the end of the year, the change in working capital stood at EUR 0.3 million (-6.2).

Cash flow from investments was EUR -3.5 million (-26.2) in the financial period, i.e. the Group's free cash flow amounted to EUR 12.5 million (-17.4).

The amount of binding revolving credit facilities signed between Aspo and its main financing banks stood at EUR 60 million at the end of the year. On the closing date, EUR 10 million of the revolving credit facilities was in use, and EUR 17 million of the commercial paper program of EUR 80 million was in use.

Aspo has hedged its interest rate risk by means of an interest rate swap subject to hedge accounting. Its fair value on December 31, 2013 was EUR -0.8 million. Changes in fair value have been recognized in other comprehensive items, and the financial instrument is at level 2.

Convertible capital loan

On December 31, 2013, Aspo Plc had EUR 10,300,000 in a convertible capital loan issued in 2009. The loan period is from June 30, 2009, to 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 loan unit entitles its holder to convert the loan unit into 8,074 new shares in Aspo. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014. In 2013, no new shares were subscribed to.

Hybrid instrument

On November 11, 2013, Aspo issued a EUR 20 million hybrid bond. The coupon rate of the bond is 7% per annum. The bond has no maturity but the company may exercise an early redemption option after three years. The issue was aimed primarily for domestic institutional investors and it was significantly oversubscribed.

A hybrid bond is an instrument which is subordinated to the company's other debt obligations and which is treated as equity in the IFRS financial statements. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the current shareholders.

Related party loans

Aspo Plc has granted a EUR 2.9 million loan to Aspo Management Oy, one of the company's related parties and controlled by the company, as part of a shareholding plan for the Group. The interest on the loan receivable is 3%. The loan receivable falls due on March 31, 2014. It can be extended to March 31, 2016 at the latest. The loan is market-based. Aspo Management Oy may not deposit in pledge or use as security the Aspo Plc shares it holds without Aspo Plc's written consent. The company has been consolidated in the financial statements.

Risks and risk management

Despite signs of economic recovery at an international level, growth is fragile and associated with many uncertainty factors that also maintain Aspo's strategic and operational risks.

Strategic risks are caused by the outlook of metal industry customers and production solutions, as a result of which there may be a decrease in demand, but also opportunities for new transport combinations. Decisions on energy production structures affected by the environmental policy and other political choices may cause changes in the industry and energy production, due to which there may be changes in strategic risks.

The flows of goods on the Baltic Sea may change as a result of the sulfur directive, changes in the customer structure, or other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they may also be seen as significant opportunities. Despite the increase in the freight rates of global maritime transport, competition for cargo may become more intense in the Baltic Sea area, as well. Strategic risks change due to the effects of cargo prices, investment trends, and changes to retail structures, especially in western markets. In the eastern market, risks are increased by such factors as political instability, social structures or the lack of any reaction to the difficulties encountered by business operations. Rapid changes in economic structures may cause risks due to changes in the customer or principal structure or technologies, and due to unutilized opportunities that require a quick response. Strategic risks are reduced at Group level by the business being divided into four segments and business being conducted over a wide geographical area.

Operational risks have remained unchanged due to the economic uncertainty in the business environment. These include risks related to supply chains and individuals. The focus of Aspo's growth is on emerging market areas, where growth risks are affected by factors, such as the level of and changes in the global market prices for raw materials, exchange rates, interest rate levels, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity by the authorities. Any deceleration in economic growth and production may have a cyclical impact on demand for chemical and plastic raw materials in the eastern markets. Currently, the political instability in Ukraine is disturbing commercial activities and, if the situation continues, Aspo's growth in Ukraine may slow down. Furthermore, consumer behavior is reflected in the risks generated through b-to-b customers and their risk levels. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. The challenging environment in emerging markets has led to some competitors exiting these markets, which creates further opportunities for Aspo. The demand for Aspo's products and services in western countries has decreased in proportion to the emerging markets, and macroeconomic factors of uncertainty are keeping risk levels high. The changes in demand in emerging markets are showing an opposite trend, but these changes are more difficult to predict with the slowdown in growth.

Hedging against changes in exchange rates, particularly in emerging markets, is not always possible, and Aspo aims to minimize any unstable currency positions and keep them open as briefly as possible. While changes in credit loss risks vary between business areas and customers, credit loss risks in general have grown, and to some extent they have also been realized.

The quantity and probability of loss risks is assessed regularly. In order to verify the amounts insured, Aspo has reviewed and renewed its insurance policies for the year 2014. The amounts insured are sufficient, considering the extent of Aspo's operations.

One of the responsibilities of Aspo's Audit Committee 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 to prevent strategic risks in particular. In accordance with the internal supervision principles approved by the Board of Directors, 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 specifying sufficient measures and their 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.

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

Operational risks

Considering probability and impact, the most significant short-term operational risks are associated with business operations and, in particular, customer permanence, the correct volume of capacity, the maintenance of the sales margin level, secured growth, and key personnel. Risk management comprises a significant part of Aspo's continuous operations and operational processes. It is supplemented by sufficient insurance cover against loss risks.

Short-term operational risks are associated with the consequences of the global economic slump that can also be seen as structural changes in the markets. The Group pays continuous attention to credit loss and exchange rate risks, and the sufficiency of working capital.

ESL Shipping

The main business risks for ESL Shipping are unfavorable changes in demand and competitive position, customer mergers, changes in material flows, cyclic variation in energy production, 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 moderately.

The dry cargo market is a challenging one: tonnage in relation to demand has increased competition and kept cargo prices low. Demand for transportation among energy industry customers will probably remain at the previous level in 2014, and focus more strongly on the latter half of the year. Total production within the steel industry is estimated to grow slightly from 2013, but any structural changes in the industry and the global markets may cause rapid changes. Transportation volumes for other industries are estimated to fall slightly. ESL Shipping has prepared for serving its customers with sufficient capacity.

Fuel price fluctuations are taken into consideration in long-term contracts. Where necessary, forwards are employed in foreign exchange transactions in order to protect against changes in exchange rates.

Leipurin

The most significant risks in the Leipurin segment's operating area are associated with exchange rates. If these risks are realized, their impact on prices, particularly in Russia, may cause changes in demand. There are also exchange rate risks in Ukraine, other CIS countries 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 include obstacles related to free trade that could slow down the growth in the Russian trade, and its operational risks relating to potential changes in the markets and consumers' behavior.

Telko

In line with its strategy, Telko grows in the emerging markets (Russia, Ukraine, Belarus, Kazakstan 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 associated with emerging markets may primarily be realized in changes in value through funding granted to subsidiaries and capital investments. Any political instability in Telko's market areas, such as Ukraine, may temporarily reduce sales and profitability.

Risks are also caused by rapid fluctuations in the world market prices of raw

Personnel

	2013	2012	2011
Average personnel during the financial year	878	858	797
Total salaries and benefits during the financial year, MEUR	33.9	33.1	31.5

Average personnel by segment

ESL Shipping	2013	2012
Office staff	22	25
Crew members	190	190
	212	215
Leipurin		
Office staff	267	231
Non-office workers	42	58
	309	289
Telko		
Office staff	220	222
Non-office workers	18	26
	238	248
Kaukomarkkinat		
Office staff	86	87
Non-office workers	4	7
	90	94
Other operations		
Office staff	29	12
Total	878	858

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.

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

The business operations of Kaukomarkkinat involve normal commercial risks and risks related to overseas operations. The operation of Kaukomarkkinat consists of several product groups, customer segments and market areas that diversify risks.

Changes in demand are the most significant risk for Kaukomarkkinat. Selling of products based on energy conservation may suffer if energy prices change or due to public sector actions. The most significant exchange rate risks are associated with an increase in import prices in Finland and other operating countries. In China, the economic situation and currency value changes may affect customers' willingness to invest.

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.

Refunding risk

Refunding risk is managed by decentralizing interest-bearing debt with respect to the counterparty, the form of funding, and maturity.

Liquidity risk

Liquidity risk is managed by securing the Group's sufficient cash funds together with binding revolving credit facilities and other financing reserves.

Interest rate risk

The company hedges against interest rate changes by binding interest-bearing debt partly to floating rate loans and partly to fixed rate loans. In addition, interest rate derivatives are used for hedging against interest rate risks.

Credit risks

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

Currency risk

Aspo Group manages currency risk with currency derivatives.

Personnel

At the end of the year, the number of personnel at Aspo Group was 869 (871) and the average during the period was 878 (858). The average number of officials was 624 (578) and of employees, 254 (281). The number of personnel in the parent company consisting of officials was 7 (12) at year-end and 10 (12) on average during the period.

Of Aspo Group's personnel, 50% (52) work in Finland, 3% (3) in Scandinavia, 7% (8) in Baltic countries, 31% (29) in Russia, Ukraine and other CIS countries, and 9% (8) in other countries. Men make up 61% (62) and women 39% (38) of the workforce. Of Aspo Group's employment contracts, 96% (99) are full time. During the financial year, 156 (155) new employment contracts were signed. The cost of all employment benefits within the Group in 2013 amounted to EUR 41.0 million (39.7).

The number of personnel has increased in Aspo's growth areas, particularly in Russia, Ukraine, and other CIS countries and, correspondingly, decreased in Finland. The number of personnel employed by other operations has increased due to financial and ICT personnel being transferred from the business units to the joint service center, which correspondingly decreased the number of personnel employed by the business units and Group administration.

Rewarding

Aspo Group has previously applied a profit bonus system, under which part of the Group's profit was paid as a profit bonus to the personnel fund. In the first half of 2013, the rewarding system was reformed. The profit bonus system was discontinued and the company adopted a performance bonus program which covers the entire Finnish personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2010, Aspo's Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired 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. In addition, Aspo 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. Aspo Management Oy also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the financial year the loan amounted to EUR 2,934,750.40. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owns a total of 509,612 Aspo shares. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price 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. As a rule, the participants' holding in Aspo Management Oy remains valid until the system is dissolved.

In 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The plan will last for three years, but the Board of Directors will decide on the performance criteria and participants each year. The potential reward is based on Aspo Group's earnings per share (EPS) key figure for each performance year of the plan (2012 to 2014). The prerequisite for participation in the plan is that the person acquires Aspo shares, or holds Aspo shares or Aspo Management's shares, up to the number predetermined by the Board of Directors, and undertakes to follow the rules of the plan. No share bonus was paid for the 2012 vesting period since Aspo's result remained below the targeted level. The amount of bonuses to be paid over the 2013 vesting period corresponds to a total value of 38,511 shares, including the portion paid in cash.

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 and certification

Aspo Group's 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). ESL Shipping also has ISO 14001 environmental certification. Well-equipped ships enhance safety, furthermore, its experienced personnel is very familiar with the ports, channels, and conditions of the Baltic Sea.

ESL Shipping has worked systematically in order to improve the energy-efficiency of its fleet. As part of this work, measuring devices that monitor consumption more accurately have been installed in vessels, and vessel cruise speed and, therefore, fuel economy has been optimized according to prevailing situations. In 2014, all vessels that do not meet the requirements set out in the EU Sulphur Directive to enter into force in 2015 will be converted according to the requirements through measures tailored for each vessel.

Leipurin

Leipurin paid particular attention to the quality and safety of food ingredients and the environmental impact of its operations. In Finland, Leipurin's operational manual is 9001 certified for both raw materials and machines. Certification has also committed the company to continually improving its operations. Leipurin takes environmental issues into account when choosing its suppliers, too.

Telko

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 that of its suppliers and customers.

Telko has a certified quality system complying with the ISO 9001 standard. In addition, Telko is committed to complying with the chemical industry-oriented Responsible Care Program. Due to the program, Telko is committed to the continued voluntary improvement of environmental, health and safety issues. The company's commitment has been verified by an external ESAD assessment. Telko was also the first security- and quality-assessed chemical industry company in Russia. 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 re-elected Matti Arteva, Mammu Kaario, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel, and Risto Salo to the Board of Directors for a one-year term. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected to carry on as Chairman of the Board and Matti Arteva as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit

Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee members.

In 2013, the Board of Directors arranged 10 meetings, of which three were teleconferences. The average participation rate was 94%.

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

The authorized public accounting firm Ernst & Young Oy has been the company's auditor. Harri Pärssinen, APA, has acted as the auditor in charge.

Board authorizations

Authorization of the Board of Directors to decide on the acquisition of treasury shares

The Annual Shareholders' Meeting on April 10, 2013, authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted shareholders' equity of the company. The authorization includes the right to accept treasury shares as a pledge.

The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the holdings of the shareholders and the consideration paid for the shares shall be the market price of the Aspo's share at the time of repurchase. Shares may also be acquired outside public trading for a price which at most corresponds to the market price in public trading at the time of acquisition. The authorization includes the Board's right to resolve on a directed repurchase or the acceptance of shares as a pledge, if there is a compelling financial reason for the company to do so as provided for in Chapter 15, section 6 of the Finnish Limited Liability Companies Act. The shares shall be acquired to be used for the financing or execution of corporate acquisitions or other transactions, for execution of the company's share-ownership programs or for other purposes determined by the Board.

The Board may not exercise the authorization to acquire treasury shares or to accept them as a pledge if after the acquisition the company or its subsidiary would possess or have as a pledge in total more than ten (10) percent of the company's stock. The authorization is valid until the Annual Shareholders' Meeting in 2014 but not more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors shall decide on any other matters related to the acquisition of treasury shares.

The authorization will supersede the authorization for the acquisition of treasury shares which was granted to the Board of Directors by the Annual Shareholders' Meeting on April 3, 2012.

Authorization of the Board to decide on a share issue of the treasury shares

The Annual Shareholders' Meeting on April 3, 2012, authorized the Board of Directors to decide on a share issue involving one or more installments, carried out through the transfer of treasury shares. A maximum of 834,529 shares may be transferred on the basis of the authorization. The authorization is valid until September 30, 2015.

Authorization of the Board to decide on a rights issue

The Annual Shareholders' Meeting on April 3, 2012, authorized the Board to decide on a rights issue. The authorization also includes the right to decide on a directed share issue. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until September 30, 2015.

In 2013, the Board of Directors has not used its authorizations.

Share capital and shares

Aspo Plc's share capital on December 31, 2013 was EUR 17,691,729.57 and the total number of shares was 30,967,450 of which the company held 183,891 shares; that is, 0.6% 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 Mid Cap segment under industrial products and services.

During January-December 2013, a total of 4,031,520 Aspo Plc shares with a market value of EUR 22.9 million were traded on NASDAQ OMX Helsinki, in other words, 13.0% of the stock changed hands. During the year, the stock reached a high of EUR 6.82 and a low of EUR 5.19. The average price was EUR 5.74 and the closing price at period-end was EUR 6.03. At the end of the year, the market value excluding treasury shares was EUR 185.6 million.

The number of Aspo Plc shareholders was 7,389 at period-end. A total of 436,355 shares, or 1.4% of the share capital, were nominee registered or held by non-domestic shareholders.

Events after the financial year

After the financial period, ESL Shipping has acquired in full a previously partially owned dry cargo vessel of 20,000 dwt. The vessel was renamed m/s Kallio and transferred to the Finnish Register of Ships. The transaction enables more cost-effective operations for the vessel. The investment's value was some EUR 13 million and it is estimated to increase ESL Shipping's operating profit by approximately EUR 1.5 million annually. In the same conjunction, ESL Shipping sold its minority shareholding in Credo AB, the company which previously owned the vessel.

Aatos Vehmas announced on January 23, 2014 that his holdings have decreased below 5% of the voting rights and share capital of Aspo Plc.

Outlook for 2014

Uncertainty over the international economy and the development of industry within the EEA will continue. General uncertainty has increased in the eastern growth markets that are important for Aspo, and it is difficult to estimate the general economic development and the impact of the economic situation on the operations of customer companies and exchange rates. According to our estimates, the prices of food raw materials will remain at their current levels until the harvest season and the prices of petrochemical raw materials will remain at a low level. Price fluctuations are expected to continue. The Group will continue to grow in the strategically important eastern growth markets. The dry bulk freight rates in the Baltic Sea region are expected to remain unchanged or rise towards the end of the year as the market starts to prepare for the new sulfur directive coming into force in 2015.

Guidance for 2014: Aspo will improve its operating profit.

ESL Shipping

The international dry bulk freight rates are expected to remain low in 2014. A significant part of the company's transport capacity has been secured in the Baltic Sea region through long-term agreements. The transport volume in the steel industry is expected to be satisfactory, but seasonal variation in demand possibly requires one pusher-barge system to be laid up for a part of the year, similarly to previous years. The shipping company is discussing opportunities to find additional employment for the pusher-barge fleet in which the shipping company's experience in operating in ice conditions could be utilized year-round. The shipping company will further aim at increasing transport outside the energy and steel industry sectors, such as mining, agricultural and bioenergy products.

The transport needs of the energy industry in 2014 depend on the competitiveness of coal prices, this winter's energy demand, the market price of electricity, and the volume of Nordic water reserves. There has also been good demand for offshore loading and unloading operations (ship-to-ship) for large vessels. This demand will probably continue along the same trend. ESL Shipping will continue its work to expand the company's operating area and reduce the effect of seasonal and industrial cycles on the shipping company.

In 2014, all vessels that do not meet provisions of the new sulfur directive will be converted according to the provisions through vessel-specific measures. These will mainly cause additional service stoppages of two to four days per vessel. In 2014, four vessel units will be docked for a fixed term as planned.

The shipping company and ABG Shipyard in India are involved in negotiations concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011.

Leipurin

Organic growth is expected to continue. Demand for the bakery industry will continue to grow in Russia and will remain unchanged in Finland. The prices of bakery and other food raw materials are expected to remain stable until the 2014 harvest season.

The net sales of Leipurin's bakery raw materials will increase and profitability will improve. The relative share of eastern markets in the net sales of bakery raw materials will continue to grow.

Depending on the nature of operations, project deliveries of machine sales will cause a cyclical effect. The share of own manufacturing operations will continue to increase in bakery machine operations. The delivery volumes of bakery machine sales over the first half in 2014 will be higher than in the comparison period last year. Machine sales are expected to grow, especially in the Russian market, as a result of the structural change in the bakery industry and trade.

The new offices in the east create a good foundation for several years of growth in sales. The demand for high-quality, healthy bread is expected to continue to grow in Russia, which will increase the sales of bakery raw materials and machines. No significant changes are expected in the sales of bakery raw materials in Finland and the Baltic countries.

Leipurin Ltd's new Board of Directors started on February 1, 2014. Its members are Jukka Havia (M.Sc. (Econ.)), Matti Lappalainen (M.Sc. (Econ.)), Kaisa Poutanen (D.Sc. (Tech.)), and Matti Tikkakoski (M.Sc. (Econ.)). Aspo Plc's CEO Aki Ojanen will continue as chairman. Aspo is reviewing the preconditions for listing Leipurin Ltd as a separate listed company.

Telko

In the western markets, industrial sectors important for Telko are not expected to grow significantly in 2014. The growth in industrial demand is estimated to remain at a poor level in Russia and Ukraine. The volatility of raw materials sold by Telko and the fluctuation in the exchange rates of eastern currencies are expected to continue. The share of technical plastics from Telko's net sales has increased, which has reduced the cyclical effect on Telko's prices. The efficiency of operations was improved in Finland and Scandinavia in 2013, which will reduce costs and improve profitability in 2014.

Telko will continue to expand in growth markets in accordance with its strategy. The company will open new offices in major Russian cities. Telko will continue to investigate a logistics terminal investment in Russia. The terminal will enable new industrial sectors to be served with new products. The investment is not expected to be realized in 2014.

In plastic operations and industrial lubricants, investments in organic growth will continue.

Kaukomarkkinat

The aim of Kaukomarkkinat is to increase the supply of energy-efficient building technology in Finland. Kaukomarkkinat provides comprehensive solutions for heating with various heat pumps and solar energy, as well as systems for heat recovery, distribution, and heating control. The demand for cooling solutions is expected to grow, even though the general construction volume has declined. The demand for energy-efficiency equipment will increase in the near future through new energy regulations and an increase in the taxable energy price paid by consumers. The sales of reinforced computers will develop positively through the introduction of new competitive products. The field of medical IT systems offers potential for growth. Kaukomarkkinat will operate in Finland with a much more efficient organization. Lower costs and productive sales will allow profitability to improve significantly.

Kaukomarkkinat will utilize Aspo's presence, particularly in the Russian Customs Union region, the Baltic countries and Poland, with the aim of increasing sales of cleantech energy-efficiency products. Efficiency and environmental investments in industry and energy production will open up new opportunities in China, Russia and Poland. The demand for paper machines and equipment will remain at a lower level, while competition will be fiercer.

Legal proceedings

ESL Shipping is seeking, through legal proceedings, a refund from the State of Finland for fairway dues charged before 2006. According to ESL Shipping, Finland has not complied with the EU's fairway dues legislation. The requirement concerns fairway dues charged in 2001–2004, the value of which totals EUR 3.0 million, and related interest and legal fees. The result of the legal proceedings is uncertain and the date of the final decision cannot be estimated. A possible reimbursement is not included in the financial statements.

Operational risks

The overall economic situation may affect industrial demand. It is difficult to foresee whether the growth in demand in Aspo's market areas will continue, or whether there will be any sudden changes in business preconditions. Changes in the financial markets and 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 main risks has been published on the company's website. More detailed information about financing risks can be found in the notes to the financial statements.

Aspo Plc's Corporate Governance Statement 2013 is published on the company's website on www.aspo.com.

Consolidated Income Statement

1 000 EUR	Notes	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
Net sales	1	**476,348**	481,592
Other operating income	3	**792**	3,798
Change in inventory of finished goods and work in progress +/–	6	**-1,778**	1,560
Share of associated companies' and joint ventures' profit or loss	16	**55**	280
Materials and services	6	**-352,762**	-364,775
Personnel costs	4	**-40,971**	-39,675
Depreciation and impairment	5	**-10,830**	-10,758
Other operating expenses	7	**-60,086**	-61,416
Operating profit		**10,768**	10,606
Financial income	8	**760**	1,630
Financial expenses	8	**-4,879**	-4,868
Total financial expenses		**-4,119**	-3,238
Profit before taxes		**6,649**	7,368
Income taxes	9	**1,926**	3,416
Net profit for the period		**8,575**	10,784
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Translation differences		**-2,835**	577
Cash flow hedges		**335**	-1,520
Income tax on other comprehensive income		**-119**	372
Other comprehensive income for the year, net of taxes		**-2,619**	-571
Total comprehensive income		**5,956**	10,213
Profit of the year attributable to			
Parent company shareholders		**8,575**	10,784
Non-controlling interest			
Total comprehensive income attributable to			
Parent company shareholders		**5,956**	10,213
Non-controlling interest			
Earnings per share to parent company shareholders, EUR	10		
Earnings per share		**0.28**	0.36
Diluted earnings per share		**0.30**	0.37

The notes presented on pages 67–98 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

Assets

1 000 EUR	Notes	Dec. 31, 2013	Dec. 31, 2012
Non-current assets			
Other intangible assets	11, 13	**13,232**	14,732
Goodwill	12	**45,285**	45,324
Tangible assets	13	**103,396**	108,256
Investments held for trading	14	**170**	198
Receivables	15	**201**	213
Shares in associated companies and joint ventures	16	**2,156**	2,170
Deferred tax receivable	17	**3,989**	2,865
Total non-current assets		**168,429**	173,758
Current assets			
Inventories	18	**47,825**	50,783
Accounts receivable and other receivables	19	**57,060**	64,976
Income tax receivables for the period		**685**	308
Cash and cash equivalents	20	**28,474**	21,398
Total current assets		**134,044**	137,465
Total assets		**302,473**	311,223

Shareholders' equity and liabilities

1 000 EUR	Notes	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity			
Share capital	21	**17,692**	17,692
Premium fund	21	**4,351**	4,351
Treasury shares	21	**-4,224**	-4,171
Translation differences		**-3,328**	-493
Revaluation fund	21	**-656**	-872
Invested unrestricted equity fund	21	**11,151**	11,147
Equity portion of the convertible capital loan	21	**2,572**	2,572
Hybrid instrument	21	**20,000**	
Retained earnings	21	**46,470**	48,457
Net profit for the period		**8,575**	10,784
Total shareholders' equity belonging to shareholders		**102,603**	89,467
Non-controlling interest		**703**	703
Total shareholders' equity		**103,306**	90,170
Long-term liabilities			
Deferred tax liability	17	**8,116**	10,949
Loans	22	**85,055**	84,193
Other liabilities	23	**597**	1,232
Total long-term liabilities		**93,768**	96,374
Short-term liabilities			
Provisions	25	**547**	284
Loans and overdraft facilities	22	**44,896**	55,882
Accounts payable and other liabilities	23	**59,722**	68,071
Income tax liabilities for the period		**234**	442
Total short-term liabilities		**105,399**	124,679
Total liabilities		**199,167**	221,053
Total shareholders' equity and liabilities		**302,473**	311,223

The notes presented on pages 67–98 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

1 000 EUR	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
Operational cash flow		
Operating profit	**10,768**	10,606
Adjustments to operating profit		
Depreciation and impairment	**10,830**	10,758
Sales gains and losses from fixed assets and investments	**-188**	-2,815
Employee benefits	**90**	165
Change in provisions	**263**	83
Share of associated companies' and joint ventures' profit or loss	**-55**	-280
Change in working capital		
Inventories	**2,958**	-7,681
Current receivables	**7,932**	-10,611
Non-interest bearing current liabilities	**-10,531**	12,143
Interest paid	**-3,789**	-4,006
Interest received	**467**	1,061
Taxes paid	**-2,708**	-601
Operational cash flow	**16,037**	8,822
Cash flow from investments		
Investments in tangible and intangible assets	**-3,657**	-29,886
Gains on the sale of tangible and intangible assets	**305**	4,019
Gains on the investments held for trading	**73**	20
Dividends received	**1**	2
Subsidiaries acquired less the cash flow at time of acquisition	**-265**	-197
Business operations acquired		-283
Associated companies and joint ventures acquired		86
Cash flow from investments	**-3,543**	-26,239
Cash flow from financing		
Repurchase of shares	**-53**	
Repayments of short-term loans	**-20,990**	
New short-term loans		42,348
New long-term loans	**15,626**	15,792
Repayments of long-term loans	**-6,760**	-21,222
Hybrid instrument	**20,000**	
Dividends distributed	**-12,719**	
Repayment of capital		-12,718
Cash flow from financing	**-4,896**	24,200
Change in liquid funds	**7,598**	6,783
Liquid funds Jan. 1	**21,398**	14,505
Translation differences	**-522**	110
Liquid funds at year-end	**28,474**	21,398

The notes presented on pages 67–98 form an integral part of the consolidated financial statements.

Statement of Changes in Shareholders' Equity

1 000 EUR	Notes	Share Capital	Premium fund	Revaluation fund	Invested unrestricted equity fund	Other funds	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Shareholders' equity January 1, 2013	21	**17,692**	**4,351**	**-872**	**11,147**	**2,572**	**-4,171**	**-493**	**59,241**	**89,467**	**703**	**90,170**
Comprehensive income												
Profit for the period									8,575	8,575		8,575
Other comprehensive income, net of taxes												
Cash flow hedge				216						216		216
Translation difference								-2,835		-2,835		-2,835
Total comprehensive income				**216**				**-2,835**	**8,575**	**5,956**		**5,956**
Transactions with owners												
Dividend payment									-12,719	-12,719		-12,719
Repurchase of shares							-53			-53		-53
Hybrid instrument						20,000			-101	19,899		19,899
Share-based incentive system									42	42		42
Transfer of funds					4				-4			
Shareholding plan for Aspo Management Oy									11	11		11
Total transactions with owners					**4**	**20,000**	**-53**		**-12,771**	**7,180**		**7,180**
Shareholders' equity December 31, 2013		**17,692**	**4,351**	**-656**	**11,151**	**22,572**	**-4,224**	**-3,328**	**55,045**	**102,603**	**703**	**103,306**
Shareholders' equity January 1, 2012	21	**17,692**	**4,351**	**276**	**23,654**	**2,572**	**-5,103**	**-1,070**	**49,410**	**91,782**	**703**	**92,485**
Comprehensive income												
Profit for the period									10,784	10,784		10,784
Other comprehensive income, net of taxes												
Cash flow hedge				-1,148						-1,148		-1,148
Translation difference								577		577		577
Total comprehensive income				**-1,148**				**577**	**10,784**	**10,213**		**10,213**
Transactions with owners												
Repayment of capital					-12,718					-12,718		-12,718
Conversion of convertible capital loan					44					44		44
Share-based incentive system					161		932		-958	135		135
Transfer of funds					6				-6			
Shareholding plan for Aspo Management Oy									11	11		11
Total transactions with owners					**-12,507**		**932**		**-953**	**-12,528**		**-12,528**
Shareholders' equity December 31, 2012		**17,692**	**4,351**	**-872**	**11,147**	**2,572**	**-4,171**	**-493**	**59,241**	**89,467**	**703**	**90,170**

The notes presented on pages 67–98 form an integral part of the consolidated financial statements.

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, the financial and ICT service center, and a small number of other functions not covered by 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 13, 2014. 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, 2013. 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 presented in EUR thousands and based on original acquisition costs of transactions, unless otherwise stated in the Accounting Principles.

As of January 1, 2013, the Group has applied the following standards, amendments and interpretations with no significant effect on reported information:

- IAS 1 (amendment): Presentation of Financial Statements
- IAS 12 (amendment): Deferred Tax
- IAS 19 (amendment): Employee Benefits
- IFRS 7 (amendment) Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13: Fair Value Measurement
- Annual Improvements to IFRSs 2009–2011

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. The Group's associated companies include companies in which the Group owns 20%–50% of voting rights and at least a 20% holding, or in which the Group otherwise holds significant control. Joint ventures are companies where the Group exercises control with other parties on the basis of an agreement. Associated companies and joint ventures have been consolidated using the equity method. If the Group's share of losses in an associated company or a joint venture exceeds the carrying amount, losses in excess of the carrying amount will not be consolidated unless the Group undertakes to fulfill the obligations of the associated company or joint venture. Unrealized profits between the Group and associated companies and joint ventures are eliminated in accordance with the Group's ownership.

Subsidiaries acquired during the financial 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 recognizing the acquired company's assets and liabilities at fair value at the time of acquisition. Acquisition-related costs are entered as expenses. Any contingent consideration is recognized at fair value upon acquisition and is classified either as a liability or equity. The contingent consideration classified as a liability is measured at fair value on the last day of each reporting period, and the resulting profit or loss is entered with an effect on earnings. The contingent consideration classified as equity is not recognized again. 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.

Acquisitions prior to January 1, 2010 have been processed in compliance with the regulations valid at the time.

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 financial 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 is 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 is 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 company 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 do not 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 agreement, Aspo Management Oy is to be merged with Aspo Plc, or alternatively, immediately dissolved after the publication of financial statements for 2013. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. 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 plans 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 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.

The internal long-term loans belonging to the Telko segment of Telko's Belorussian and Ukrainian subsidiaries have been classified as net investments into international operations under IAS 21. Any unrealized foreign exchange gains and losses related to these investments will be recorded directly under shareholders' equity.

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 financial 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 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 possible impairment. For newbuildings, financial expenses arising during construction are activated as part of the investment's acquisition cost and are amortized during the economic life of the asset item. 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	18 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. Book value increased due to the cancellation of an impairment loss may not exceed the book value that would have been defined for the asset item if no impairment loss had been recognized 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, Note 12).

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 straightline basis during their useful economic life. The amortization periods for other intangible assets are:

- Software programs and software licenses	3–5 years
- Refurbishment costs of premises	5–10 years
- Principal relationships and technology acquired in business combinations	10 years

The Group assesses the balance sheet value of tangible and 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. Book value increased due to the cancellation of an impairment loss may not exceed the book value that would have been defined for the asset item if no impairment loss had been recognized 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 long-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. Only defined-contribution pension schemes are in use within the Group and payments towards these are recognized as expenses in the income statement during the relevant financial year.

Share-based payments

The Group has share-based incentive plans for the management, where part of the reward 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 instalments during the validity of the incentive plan. 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 financial year 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 potential 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 financial 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 taxable losses and other temporary differences to the extent that it is likely that they may be utilized in the future. The share of profits or losses of associated companies or joint ventures presented in the income statement is calculated from net profit or loss, and it includes the impact of taxes.

ESL Shipping was included in tonnage taxation retroactively from January 1, 2011. In tonnage taxation, shipping operations shifted from taxation of business income to tonnage-based taxation.

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 construction contracts built according to individual orders are recognized as revenue and expenses on the basis of the percentage of completion method when the outcome of the project is reliably assessable. The stage of completion is defined as the share of realized production and installation hours accumulated by the time of review from the project's estimated production and installation hours. Costs associated with an unrecognized project are recognized in inventories as incomplete construction contracts. When it is likely that the project will generate losses, they will be expensed immediately. During the financial period, Aspo Group applied the recognition principle of construction contracts to Leipurin's own machine manufacturing.

Subsidies

Public subsidies granted to compensate for incurred costs are recognized through profit or loss in the same way as the expenses related to the object of the subsidy are expensed. Subsidies received are presented as net deductions from generated costs. Subsidies related to the acquisition of tangible fixed assets have been recognized as adjustments to acquisition costs. Subsidies are entered as income during the period of use of the asset item in the form of smaller depreciation.

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 2012 and 2013, the Group had no operations classified as 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. If reliable market value is not available, investments held for trading are recognized at acquisition cost.

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. Financial liabilities are classified as short-term liabilities when they fall payable within twelve (12) months of the end of the reporting period.

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 tangible assets. The change in the fair value of the effective share of hedging is recorded in other comprehensive income 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 financial period when the hedged item is capitalized. Hedge accounting is also applied to interest rate swaps to hedge the future interest rate cash flow as fixed. The change in the fair value of the effective share of hedging is recorded in other comprehensive income and presented in the hedge fund that is included in the fair value reserve under shareholders' equity.

Interest rates realized during the financial year of the interest rate swap are recorded in the financial items. 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. The fair value of interest rate swaps is calculated by discounting the predicted cash flows from the agreements by using the market prices valid upon valuation.

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 financial year. Estimates are used to determine the amounts of items reported in the financial statements, for instance, 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 information compiled from the business units, which concerns the respective markets and development of the businesses, the experience of the management, and other justifiable 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, 2014, Aspo applies the following amended standards:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities
- Amendments to IFRS 10, IFRS 11, IFRS 12 Transition guidance
- Amendments to IFRS 10, IFRS 12, IAS 27 Consolidation of investment entities
- IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities
- IAS 36 (amendment) Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (amendment) Novation of Derivatives and Continuation of Hedge Accounting

The Group will adopt the interpretation below, provided that it is approved by the EU:

- IFRIC 21 Levies

The adoption of the standards is not expected to have any material impact on the reported figures.

In 2015 or later, the Group will adopt – after EU approval – the following standards, interpretations and amendments made to existing standards:

- IFRS 9 Financial instruments
- Amendment to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010–2012 and Annual Improvements to IFRSs 2011–2013

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 professional electronics.

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by 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 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 assets and intangible assets that will be used in more than one financial year. Pricing between segments is based on fair market prices.

1.1 Net sales

1 000 EUR	2013	2012
Sale of goods	**394,328**	405,157
Sales of services	**81,619**	76,435
Income from construction contracts	**401**	
Total	**476,348**	481,592

1.2 Business segments

2013

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales to external customers	77,782	136,263	230,245	32,058		476,348
Inter-segment sales			82	12		
Net sales	77,782	136,263	230,327	32,070		476,348
Share of associated companies' and joint ventures' profit or loss	55					55
Operating profit	7,598	5,208	5,848	-3,677	-4,209	10,768
Net financial expenses						-4,119
Profit before taxes						6,649
Income taxes						1,926
Net profit for the period						**8,575**
Depreciation on tangible assets	7,008	349	697	230	121	8,405
Depreciation on intangible assets	38	751	1,093	530	13	2,425
Segment's assets	110,577	64,402	69,034	22,383	33,921	300,317
Shares in associated companies and joint ventures	2,156					2,156
Total assets	112,733	64,402	69,034	22,383	33,921	**302,473**
Segment's liabilities	10,718	19,567	22,981	5,630	140,271	199,167
Total liabilities	10,718	19,567	22,981	5,630	140,271	**199,167**
Investments	2,189	735	1,254	550	161	**4,889**

2012

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales to external customers	72,296	131,102	237,719	40,475		481,592
Inter-segment sales		3	10	43		
Net sales	72,296	131,105	237,729	40,518		481,592
Share of associated companies' and joint ventures' profit or loss	280					280
Operating profit	3,684	4,033	8,385	-644	-4,852	10,606
Net financial expenses						-3,238
Profit before taxes						7,368
Income taxes						3,416
Net profit for the period						**10,784**
Depreciation on tangible assets	7,014	351	662	256	106	8,389
Depreciation on intangible assets	52	830	1,013	474		2,369
Segment's assets	114,727	69,425	71,703	28,036	25,162	309,053
Shares in associated companies and joint ventures	2,170					2,170
Total assets	116,897	69,425	71,703	28,036	25,162	**311,223**
Segment's liabilities	9,437	21,963	24,173	12,210	153,270	221,053
Total liabilities	9,437	21,963	24,173	12,210	153,270	**221,053**
Investments	26,843	969	2,349	378		**30,539**

1.3 Geographic areas

The Group monitors its net sales in accordance with the following geographical division: Finland, Scandinavia, the Baltic countries, Russia, Ukraine and other CIS countries, and other countries. Net sales of the geographical regions is presented as per customer location and their assets as per location. Sales to external customers is defined in accordance with IFRS regulations.

	Net sales		Assets*	
1 000 EUR	2013	2012	2013	2012
Finland	**156,725**	158,964	**162,943**	169,529
Scandinavia	**43,405**	42,561	**26**	23
Baltic countries	**49,780**	49,361	**520**	575
Russia, Ukraine + other CIS countries	**153,061**	157,784	**844**	618
Other countries	**73,377**	72,922	**106**	148
Total	**476,348**	481,592	**164,439**	170,893

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

2. ACQUIRED OPERATIONS

Businesses acquired in 2013

No acquisitions were concluded in the 2013 financial period.

Businesses acquired in 2012

On July 1, 2012, Kaukomarkkinat Ltd acquired the business operations of Somasyr Oy. Somasyr's operations consist of the import and sales of energy accumulators and floor heating systems. The acquisition did not have any significant impact on the result or the Group's financial position in 2012. The acquisition generated goodwill of EUR 0.3 million.

Contingent considerations from previous years

On December 7, 2011, Leipurin Ltd acquired the entire stock of Vulganus Oy at a price of EUR 4.9 million. The transaction price is increased by contingent consideration in accordance with the sales margin that will accumulate during 2012-2014. At the time of acquisition the compensation was estimated to be EUR 1.5 million.

Through the acquisition of Vulganus Oy, the Leipurin segment modernized its bakery machine production and improved its competitiveness in bakery machine operations. Through the transaction, the Group expects to not only obtain sales growth but also cost savings. The goodwill created by the acquisition is based on modernizing the operating approach, the expanding market area, competent staff, and savings caused by synergy.

The table below provides a summary of the consideration paid for Vulganus Oy, and of the fair values of the acquired assets and received liabilities upon acquisition and changes in the contingent consideration.

Changes in the fair value of the contingent consideration result from an additional acquisition price lower than expected in 2012 and 2013. The changes have been recognized as other operating income.

According to the contingent consideration arrangement, Leipurin Ltd is obligated to pay the former owners of Vulganus Oy 10.5% of the sales margin that accumulates during 2012, 2013, and 2014. The not-discounted amount of payments, which the Group could be required to make according to this arrangement, was evaluated to be EUR 1.6 million. The fair value of the contingent consideration arrangement has been determined with a 2% discounting interest rate base. According to the terms of the contingent consideration, no minimum or maximum values have been determined for the payable consideration.

The fair value of accounts receivable and other receivables was EUR 1.7 million, which is also the gross value of the receivables. The fair value of immaterial rights that include technology was EUR 0.8 million, that of liquid funds was EUR 1.4 million, and that of inventories was EUR 1.5 million. The fair value of tangible assets was EUR 0.2 million.

The fair value of liabilities was EUR -3.6 million.

Acquisition of Vulganus Oy

Consideration 1 000 EUR		2012
Cash		4,908
Contingent consideration		1,540
Total consideration		6,448
Recognized amounts of identifiable assets acquired and liabilities assumed		
Tangible assets		246
Technology (included in intangible assets)		809
Inventories		1,501
Accounts receivable and other receivables		1,723
Cash and cash equivalents		1,419
Total assets		5,698
Loans		63
Accounts payable and other liabilities		3,323
Deferred tax liabilities		262
Total liabilities		3,648
Net assets acquired		2,050
Goodwill		4,398
Total		6,448

Contingent consideration 1 000 EUR	2013	2012
Contingent consideration, January 1	1,377	1,540
Payment of the contingent consideration for the year 2012	-265	
Fair value adjustment	-181	-163
Contingent consideration, December 31	931	1,377

3. OTHER OPERATING INCOME

1 000 EUR	2013	2012
Total gains from the sale of tangible assets	145	2,639
Insurance compensations	5	380
Total rents and related remunerations	173	471
Other income	469	308
Total	792	3,798

4. EMPLOYEE BENEFITS AND PERSONNEL INFORMATION

At the end of the year, the number of employees at Aspo Group was 869 (871) and the average during the year was 878 (858). The average number of officials was 624 (578) and that of employees 254 (281).

Personnel costs

1 000 EUR	2013	2012
Wages and salaries	33,846	32,729
Pension costs, contribution plans	4,265	4,122
Share-based payments	90	333
Other indirect personnel costs	2,770	2,491
Total*	40,971	39,675
*Costs are decreased by the state subsidy received from the Ministry of Transport and Communications	4,605	3,969

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

Personnel by segment at year-end

	2013	2012
ESL Shipping	210	219
Leipurin	300	281
Telko	249	265
Kaukomarkkinat	80	94
Other operations	30	12
Total	869	871

Personnel by geographic area at year-end

	2013	2012
Finland	431	457
Scandinavia	23	25
Baltic countries	66	67
Russia, Ukraine + other CIS countries	272	250
Other countries	77	72
Total	869	871

5. DEPRECIATION AND IMPAIRMENT

1 000 EUR	2013	2012
Intangible assets	2,425	2,369
Buildings	210	228
Vessels	6,971	6,965
Machinery and equipment	1,193	1,179
Other tangible assets	31	17
Total	10,830	10,758

6. MATERIALS AND SERVICES

1 000 EUR	2013	2012
Purchases during the period		
ESL Shipping	**18,228**	19,825
Leipurin	**104,042**	100,643
Telko	**197,044**	202,668
Kaukomarkkinat	**24,594**	30,060
Total	**343,908**	353,196
Change in inventories	**1,778**	-1,560
Outsourced services		
Leipurin	**4,032**	6,038
Telko	**4,239**	5,084
Kaukomarkkinat	**583**	457
Total	**8,854**	11,579
Total materials and services	**354,540**	363,215

7. OTHER OPERATING EXPENSES

1 000 EUR	2013	2012
Rents	**8,535**	8,097
ESL Shipping	**32,559**	33,641
Leipurin	**6,432**	6,656
Telko	**7,011**	6,697
Kaukomarkkinat	**3,484**	3,694
Other operations	**2,064**	2,602
Loss from assignment in tangible assets and investments	**1**	29
Total	**60,086**	61,416

Auditors' fees

1 000 EUR	2013	2012
Auditing	**197**	229
Tax advice	**66**	37
Other services	**39**	33
Total	**302**	299

8. FINANCIAL INCOME AND EXPENSES

1 000 EUR	2013	2012
Dividend income from investments held for trading	1	2
Interest income from loans and other receivables	183	294
Foreign exchange gains	576	1,334
Total financial income	760	1,630
Interest rate expenses	-3,898	-4,021
Foreign exchange losses	-981	-847
Total financial expenses	-4,879	-4,868
Total financial income and expenses	-4,119	-3,238

The items above operating profit include EUR -1.1 million (-0.6) in exchange rate differences for 2013. Interest expenses include EUR 0.1 million (0.1) in fluctuating rents recognized as costs arisen from finance leasing agreements during the financial year.

9. INCOME TAXES

Taxes in the income statement

1 000 EUR	2013	2012
Taxes for the period	-2,065	-2,611
Change in deferred taxes and tax receivables	4,049	3,223
Taxes from previous fiscal periods	-58	2,804
Total	1,926	3,416

Balancing calculation of the tax expense in the income statement and taxes calculated using the Group's parent company's tax rate 24.5%

1 000 EUR	2013	2012
Profit before taxes	6,649	7,368
Taxes calculated using the parent company's tax rate	-1,629	-1,805
Impact of foreign subsidiaries' tax rates	689	797
Impact of tonnage taxation	2,347	2,129
Losses for which no deferred income tax asset was recognized	-379	-415
Re-measurement of deferred tax rate*	944	
Taxes from previous fiscal periods	-58	2,804
Other items	12	-94
Taxes in the income statement	1,926	3,416
Effective tax rate	-29 %	-46 %

*The Finnish corporate tax rate decreased to 20% as of January 1, 2014.

Income tax on other comprehensive income

1 000 EUR	2013	2012
Cash flow hedges	-119	372

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit or loss belonging to the parent company´s shareholders by the weighted average number of outstanding shares during the financial year. When calculating the earnings per share, the unrecognized interest of the hybrid bond has been considered as a profit-reducing item. 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 and the shareholding plan for Aspo Management Oy.

1 000 EUR	2013	2012
Undiluted		
Profit of the year attributable to parent company shareholders	**8,575**	10,784
Interest of the hybrid bond (adjusted by tax effect)	**-129**	
Average number of shares during period (1,000)	**30,282**	30,255
Earnings per share, EUR	**0.28**	0.36
Diluted		
Profit of the year attributable to parent company shareholders	**8,575**	10,784
Interest of the hybrid bond (adjusted by tax effect)	**-129**	
Interest of the convertible capital loan (adjusted by tax effect)	**993**	947
Conversion of convertible capital loan into shares (1,000)	**1,664**	1,664
Shareholding plan for Aspo Management Oy (1,000)	**0**	55
Average number of shares during period adjusted by the dilution effect from the convertible capital loan and the shareholding plan for Aspo Management Oy (1,000)	**31,945**	31,974
Diluted earnings per share, EUR	**0.30**	0.37

11. OTHER INTANGIBLE ASSETS

Intangible rights mainly consist of corporate brands described in Note 12, and also software programs and their licenses. Refurbishment costs of premises and principal relationships as well as new technology acquired in business combinations are included in other intangible assets.

2013

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	10,019	12,875	22,894
Translation difference	-4	-35	-39
Increases	26	19	45
Acquisition cost, Dec. 31	**10,041**	**12,859**	**22,900**
Accumulated depreciation, Jan. 1	-4,351	-5,979	-10,330
Translation difference	2	19	21
Depreciation during the period	-89	-1,319	-1,408
Accumulated depreciation, Dec. 31	**-4,438**	**-7,279**	**-11,717**
Book value, Dec. 31	**5,603**	**5,580**	**11,183**

2012

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	10,006	12,693	22,699
Translation difference	9	110	119
Increases	105	72	177
Transfers between items	108		108
Decreases	-209		-209
Acquisition cost, Dec. 31	**10,019**	**12,875**	**22,894**
Accumulated depreciation, Jan. 1	-4,397	-4,600	-8,997
Translation difference	-5	-53	-58
Accumulated depreciation of decreases	209		209
Depreciation during the period	-158	-1,326	-1,484
Accumulated depreciation, Dec. 31	**-4,351**	**-5,979**	**-10,330**
Book value, Dec. 31	**5,668**	**6,896**	**12,564**

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 27.3 million (27.3), Telko EUR 5.1 million (5.2), and Kaukomarkkinat EUR 12.1 million (12.1).

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.

Impairment testing

Recoverable cash flows in impairment calculations are determined on the basis of the fair market value. Cash flow estimates are based on three-year financial plans approved by the Board of Directors. In testing, cash flow estimates are prepared for five years, after which the cash flow is assumed to grow steadily. The terminal value is a growth assumption of 1%, apart from the Telko segment for which a value of 3% has been used. Telko's growth assumption is based on its operational focus on growth markets. Growth assumptions are based on an increase following the rate of inflation. The recoverable amount in the Leipurin, Telko and Kaukomarkkinat segments indicated by the tests totaled EUR 188.4 million, which clearly exceeds the book value in each segment. The share of the terminal value varied from 63% to 92% from the recoverable amount, being highest in the Kaukomarkkinat segment. The goodwills of ESL Shipping and other operations are not significant compared to the recoverable amount. No impairment is recognized for the financial year 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.

It is estimated that costs will increase slowly as a result of continuous cost management. 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 8.04% (7.96) before taxes.

Factors influencing impairment testing and sensitivity analysis

The slow economic growth makes it more difficult to assess the 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 segment has undergone a sensitivity analysis in which the values used as basic assumptions in the testing were lowered. As a result of this, the value of segment's future cash flows has become weaker. The changes and their effects are:

- WACC was raised by 20% at the maximum, effect 18–23% (18–24).
- EBIT was cut down by 10%, effect approximately 7–13% (7–10).
- Sales growth was cut down by 10% annually, effect 14–25% (13–51).

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

Goodwill

1 000 EUR	2013	2012
Acquisition cost, Jan. 1	**45,324**	45,039
Acquired operations		284
Decreases		-51
Translation difference	**-39**	52
Acquisition cost, Dec. 31	**45,285**	45,324

Allocation of goodwill

1 000 EUR	2013	2012
ESL Shipping	**790**	790
Leipurin	**27,281**	27,281
Telko	**5,127**	5,166
Kaukomarkkinat	**12,051**	12,051
Other operations	**36**	36
Total	**45,285**	45,324

Brands

1 000 EUR	2013	2012
Leipurin	**3,148**	3,148
Telko	**2,155**	2,155
Total	**5,303**	5,303

13. TANGIBLE ASSETS

2013

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	60	5,685	8,656	216,690	555	216	231,862
Translation difference			-190				-190
Increases		24	1,035	2,152	288	113	3,612
Transfers between items		119	25			-329	-185
Decreases	-6	-314	-405				-719
Acquisition cost, Dec. 31	**54**	**5,514**	**9,121**	**218,842**	**843**	**0**	**234,374**
Accumulated depreciation, Jan. 1		-2,503	-6,145	-115,336	-291		-124,275
Translation difference			142				142
Accumulated depreciation of decreases and transfers		227	337				564
Depreciation during the period		-210	-812	-6,971	-31		-8,024
Accumulated depreciation, Dec. 31		**-2,486**	**-6,478**	**-122,307**	**-322**		**-131,593**
Book value, Dec. 31	**54**	**3,028**	**2,643**	**96,535**	**521**	**0**	**102,781**

2012

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	60	3,702	7,607	176,390	406	40,416	228,581
Translation difference			83				83
Increases		235	1,206	11,522	138	16,608	29,709
Transfers between items		2,306	674	53,750	11	-56,808	-67
Decreases		-558	-914	-24,972			-26,444
Acquisition cost, Dec. 31	**60**	**5,685**	**8,656**	**216,690**	**555**	**216**	**231,862**
Accumulated depreciation, Jan. 1		-2,833	-6,073	-132,127	-274		-141,307
Translation difference			-72				-72
Accumulated depreciation of decreases and transfers		558	751	23,756			25,065
Depreciation during the period		-228	-751	-6,965	-17		-7,961
Accumulated depreciation, Dec. 31		**-2,503**	**-6,145**	**-115,336**	**-291**		**-124,275**
Book value, Dec. 31	**60**	**3,182**	**2,511**	**101,354**	**264**	**216**	**107,587**

13.1 Financial leasing arrangements

2013

1 000 EUR	Other intangible assets	Machinery and equipment	Total
Acquisition cost, Jan. 1	3,882	1,764	5,646
Increases	898	335	1,233
Transfers between items		185	185
Decreases		-634	-634
Acquisition cost, Dec. 31	**4,780**	**1,650**	**6,430**
Accumulated depreciation, Jan. 1	-1714	-1,095	-2,809
Accumulated depreciation of decreases		441	441
Depreciation during the period	-1,017	-381	-1,398
Accumulated depreciation, Dec. 31	**-2,731**	**-1,035**	**-3,766**
Book value, Dec. 31	**2,049**	**615**	**2,664**

2012

1 000 EUR	Other intangible assets	Advance payments of intangible assets	Machinery and equipment	Total
Acquisition cost, Jan. 1	2,495	764	2,787	6,046
Increases	1,387			1,387
Transfers between items			-41	-41
Decreases		-764	-982	-1,746
Acquisition cost, Dec. 31	**3,882**	**0**	**1,764**	**5,646**
Accumulated depreciation, Jan. 1	-829		-1,238	-2,067
Accumulated depreciation of decreases			571	571
Depreciation during the period	-885		-428	-1,313
Accumulated depreciation, Dec. 31	**-1,714**		**-1,095**	**-2,809**
Book value, Dec. 31	**2,168**		**669**	**2,837**

14. INVESTMENTS HELD FOR TRADING

2013

1 000 EUR	Unlisted shares*
Acquisition cost, Jan. 1	198
Increases	8
Decreases	-36
Acquisition cost, Dec. 31	**170**
Book value, Dec. 31	**170**

2012

1 000 EUR	Unlisted shares*
Acquisition cost, Jan. 1	205
Increases	1
Decreases	-8
Acquisition cost, Dec. 31	**198**
Book value, Dec. 31	**198**

* The financial assets available for sale are unlisted shares. Because their fair value cannot be reliably determined, they are recorded at acquisition cost less possible impairment.

15. LONG-TERM RECEIVABLES

Other items included in long-term receivables

1 000 EUR	2013	2012
Long-term loan receivables	201	213

16. ASSOCIATED COMPANIES AND JOINT VENTURES

Shares in associated companies and joint ventures

1 000 EUR	2013	2012
Balance, Jan. 1	2,170	1,922
Repayment of capital		-111
Share of associated companies' and joint ventures' profit or loss	55	280
Translation difference	-69	79
Balance, Dec. 31	**2,156**	2,170

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 financial year were EUR 3.7 million, profit EUR 0.0 million, assets EUR 19.5 million, and liabilities EUR 12.2 million. Kaukomarkkinat Ltd has a 50% holding in the joint venture Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland. The company had no net sales for the financial year and the profit was EUR 0.0 million. The company's assets were EUR 0.6 million and liabilities EUR 0.6 million.

17. DEFERRED TAXES

Deferred tax on the transition to tonnage taxation is relieved through annual state subsidies during the validity of the Tonnage Tax Act if the preconditions for such relief are met. The amount of tax relief was EUR 0.8 million in 2013, and EUR 1.4 million in 2011–2012.

The balance sheet includes deferred tax receivables of EUR 3.2 million (2.0) from Finnish companies with a negative result for the financial period 2011, 2012 or 2013. These deferred tax assets are recorded on the basis of the management's profit forecast indicating that the realization of the deferred tax assets in question is probable. The Group had EUR 2.8 million (3.5) in unused taxable losses in foreign subsidiaries, 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 these losses expire. The loss expiry period varies from one country to another. Some losses expire in 2015, while some losses do not have any expiry period set out within the scope of the current legislation. A deferred tax liability of EUR 2.9 million (2.7) has not been recognized from undistributed profit from foreign subsidiaries because the assets are permanently invested in the countries in question.

Deferred tax receivables

1 000 EUR	2013	2012
Cash flow hedges	164	283
Employee benefits	13	5
Losses available for offsetting against future taxable income	3,229	2,045
Other temporary differences	583	532
Total	3,989	2,865

Deferred tax liabilities

1 000 EUR	2013	2012
Depreciation in excess of plan	171	167
Deferred tax liability due to tonnage taxation	4,323	6,052
Convertible capital loan	1,445	1,769
Tangible and intangible assets	2,163	2,943
Other temporary differences	14	18
Total	8,116	10,949

Changes in deferred tax receivables

1 000 EUR	2013	2012
Deferred tax receivables, Jan. 1	2,865	1,269
Items recorded in the income statement		
Measurement of derivatives		-18
Unutilized tax losses	1,184	1,561
Employee benefits	8	-167
Other temporary differences	26	135
Items recorded in the comprehensive income statement	-119	85
Items recorded directly to equity	25	
Deferred tax receivables, Dec. 31	3,989	2,865

Changes in deferred tax liabilities

1 000 EUR	2013	2012
Deferred tax liabilities, Jan. 1	10,949	12,937
Items recorded in the income statement		
Depreciation in excess of plan	4	-7,394
Deferred tax liability due to tonnage taxation	-1,729	6,052
Intangible and tangible assets	-780	-369
Convertible capital loan	-324	10
Other temporary differences	-4	1
Items recorded in the comprehensive income statement		-288
Deferred tax liabilities, Dec. 31	8,116	10,949

18. INVENTORIES

1 000 EUR	2013	2012
Materials and supplies	1,852	3,247
Finished goods	43,339	45,755
Other inventories	2,634	1,781
Total	47,825	50,783

An expense of EUR 0.8 million (0.7) was recognized for the past financial year for a write-down of inventories to net realizable value.

19. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

1 000 EUR	2013	2012
Accounts receivable	45,976	54,631
Accounts receivable on construction contracts*	207	
Refund from the Ministry of Transport and Communications	2,110	1,979
Advance payments	3,728	3,545
VAT receivable	402	475
Other deferred receivables	4,637	4,346
Total	57,060	64,976

*Aggregated items related to construction contracts:	2013
Accrued income according to the stage of completion	401
Advances received related to construction contracts	-194
Accounts receivable on construction contracts	207

The carrying amount is considered to be close to fair value. Accounts receivable do not involve significant credit loss risks. A total of EUR 0.9 million (0.8) were recognized as impairment loss from accounts receivable.

20. CASH AND CASH EQUIVALENTS

1 000 EUR	2013	2012
Bank accounts	28,474	21,398

21. SHAREHOLDERS' EQUITY

Shares and share capital

On December 31, 2013, Aspo Plc's number of shares was 30,967,450 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.

On November 11, 2013, Aspo issued a EUR 20 million hybrid bond. The coupon rate of the bond is 7% per annum. The bond has no maturity but the company may exercise an early redemption option after three years. An interest payment obligation is set up if the Annual Shareholders' Meeting decides to distribute dividends. If no dividend is distributed, the company can decide upon the payment of interest separately. A hybrid bond is an instrument which is subordinated to the company's other debt obligations. In the consolidated financial statements, the bond has been recognized as equity and interest paid is presented in equity according to its nature. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the shareholders.

Shareholders' equity consists of the share capital, premium fund, revaluation fund, translation difference, invested unrestricted equity fund, and retained earnings. Share subscriptions based on the convertible capital loan 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 and repayment of capital

After the closing date, the Board of Directors has proposed that a dividend of EUR 0.21 per share be distributed for 2013. A dividend of EUR 0.42 was distributed for 2012 (a repayment of capital of EUR 0.42 per share was distributed for 2011).

Shareholders' equity 2013

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Hybrid instrument	Total
January 1	**30,284**	**17,692**	**4,351**	**11,147**	**-4,171**		**29,019**
Repurchase of shares	-10				-53		-53
Hybrid bond						20,000	20,000
Transfer to fund				4			4
December 31	**30,274**	**17,692**	**4,351**	**11,151**	**-4,224**	**20,000**	**48,970**
Own shares held by the Group	693						
Total number of shares	**30,967**						

Shares have no nominal value.

Shareholders' equity 2012

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**30,125**	**17,692**	**4,351**	**23,654**	**-5,103**	**40,594**
Conversion of convertible capital loan	8			44		44
Repayment of capital				-12,718		-12,718
Transfer to fund				6		6
Share-based incentive system	151			161	932	1,093
December 31	**30,284**	**17,692**	**4,351**	**11,147**	**-4,171**	**29,019**
Own shares held by the Group	683					
Total number of shares	**30,967**					

Revaluation fund

1 000 EUR	2013	2012
Cash flow hedge fund	**-656**	-872

Equity portion of the convertible capital loans

1 000 EUR	2013	2012
Equity portion of the convertible capital loans	**2,572**	2,572

Long-term liabilities and used overdraft facilities

1 000 EUR	2013	2012
Loans	**83,241**	73,573
Used overdraft facilities	**1,814**	1,207
Convertible capital loan		9,413
Total	**85,055**	84,193

Short-term liabilities and used overdraft facilities

1 000 EUR	2013	2012
Loans	**32,925**	53,854
Used overdraft facilities	**1,975**	2,028
Convertible capital loan	**9,996**	
Total	**44,896**	55,882

Maturing of financial leasing liabilities

1 000 EUR	2013	2012
Financial leasing liabilities – total amount of minimum rents		
Within one year	**1,317**	1,276
After one year and within five years	**1,508**	1,981
Total	**2,825**	3,257
Current value of minimum rents in financial leasing liabilities		
Within one year	**1,276**	1,185
After one year and within five years	**1,467**	1,927
Total	**2,743**	3,112
Financial expenses accumulated in the future	**82**	145

22. LOANS

Aspo Plc has a total of EUR 10,300,000 in equity-based convertible capital loan. The loan will be repaid in one instalment 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 loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit to 8,074 Aspo shares. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

In 2013, no new shares were subscribed to.

The convertible capital loan is divided between equity-based and external financing in the financial statements. The share of the equity-based component is presented in Note 21.

Other long-term liabilities

1 000 EUR	2013	2012
Long-term derivatives	**29**	141
Contingent consideration	**568**	1,091
Total	**597**	1,232

Accounts payable and other liabilities

1 000 EUR	2013	2012
Accounts payable	**38,073**	48,123
Advances received, construction contracts	**469**	
Advances received, others	**2,088**	2,354
Salaries and social contributions	**5,634**	5,240
Employer contributions	**1,134**	1,147
Accrued interest	**595**	504
VAT liability	**3,153**	3,215
Share-based incentive system	**38**	
Other short-term deferred liabilities	**8,538**	7,488
Total	**59,722**	68,071

23. ACCOUNTS PAYABLE AND OTHER LIABILITIES

24. PENSION OBLIGATIONS

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.

Pension liabilities in the income statement

1 000 EUR	2013	2012
Contribution plans	4,265	4,122

25. PROVISIONS

The recorded provisions are based on best estimates on the closing date. Warranty provisions are mainly associated with the Group's product warranties, rent provisions to vacant office premises, and pension provisions to direct pension liabilities granted by the Group.

Provisions

1 000 EUR	Warranties and maintenance services	Rental agreements	Pension commitments	Total
Dec. 31, 2012	241		43	284
Increase in provisions	124	144		268
Decrease in provisions			-5	-5
Dec. 31, 2013	**365**	**144**	**38**	**547**

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

Interest-bearing liabilities by currency

1 000 EUR	2013	2012
EUR	126,232	136,840
Other	3,719	3,235
Total	**129,951**	**140,075**

Accounts receivable by currency

1 000 EUR	2013	2012
EUR	24,848	28,471
SEK	816	2,069
DKK	649	1,308
LTL	2,059	2,161
LVL	1,536	2,023
PLN	2,071	1,787
RUB	7,346	8,402
UAH	3,608	5,189
USD	1,687	2,085
Other	1,356	1,136
Total	**45,976**	**54,631**

Investments in foreign subsidiaries

1 000 EUR	Shareholders' equity 2013	Shareholders' equity 2012
SEK	**-837**	-879
DKK	**4,676**	4,769
RUB	**16,380**	17,275
NOK	**147**	178
LVL	**2,716**	1,965
LTL	**1,360**	912
UAH	**1,548**	1,690
PLN	**1,654**	2,092
BYR	**-501**	-500
CNY	**-257**	-29
KZT	**-508**	-187
EUR	**7,460**	6,366
Total	**33,838**	33,652

Cash and bank deposits and unutilized binding credit limit agreements

1 000 EUR	2013	2012
Cash and bank deposits	**28,474**	21,398
Credit limits	**50,000**	40,000
Total	**78,474**	61,398

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

The business operations of Aspo Group are decentralized in 14 countries, and the operations take place in 12 different currencies. Aspo Group's currency risk consists of foreign currency-denominated internal and external receivables, liabilities, estimated currency flows, derivative contracts and translation risks related to results and capital. The target of Aspo Group is to decrease the uncertainty related to fluctuations in results, cash flows and balance sheet items.

At the business unit level, currency risk mainly occurs when a unit sells products and services with its domestic currency but the costs are realized in a foreign currency.

In compliance with Aspo's strategy, an increasingly significant part of the net sales of Telko and Leipurin originates from Russia. Therefore, their most extensive currency risks are related to the Russian ruble. If the ruble weakened against the euro, the Russian net sales and operating profit denominated in euro of the Telko and Leipurin segments would decrease. In 2013, the Russian ruble fell from the previous year's level and changes between the rates of the ruble and euro reduced the 2013 net sales and result.

The currency risks of ESL Shipping are mainly related to dollar-denominated investments. New investments in Supramax vessels in 2010–2012 have been completed, and the shipping company did not have any significant vessel investments in 2013. At the closing date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities denominated in foreign currency.

The Aspo Group has investments in foreign subsidiaries. In addition, the equity of foreign subsidiaries increases through profitable business. The total equity of the Group's foreign subsidiaries at the closing date was EUR 33.8 million (33.7). Ruble-denominated investments of EUR 16.4 million (17.3) in subsidiaries operating in Russia were the biggest investment in regard to the currency amount. Despite the significant share of equity being denominated in the Russian ruble, the Group deems that diversifying is at a sufficient level, and there is no need to hedge the translation position associated with the equities of its foreign subsidiaries. The table above shows the Group's share in the subsidiaries' equity by currency.

In addition, long-term Group-internal loan receivables (included in the Telko segment) from Telko's Belorussian and Ukranian subsidiaries have been classified as long-term net investments in foreign business.

Interest rate risk

To fund its operations, Aspo Group uses both fixed-rate and floating-rate liabilities that cause an interest rate risk in Aspo Group's cash flow and operating profit as a result of changes in the interest rate level. In addition to fixed-rate liabilities, Aspo Group uses interest rate derivatives to decrease growth in future cash flows caused by a possible increase in short-term market interest rates. The Group's interest-bearing liabilities on December 31, 2013 was EUR 130.0 million (140.1) and liquid funds stood at EUR 28.5 million (21.4). Aspo Group's credit portfolio is reviewed with regard to average interest rate, the average interest maturity, average loan maturity, and fixed-rate and floating-rate liabilities. At the closing date, the average interest rate on interest-bearing liabilities was 2.1% (1.8), the average interest maturity was 1.9 years (0.8), the average loan maturity was 4.0 years (4.7), and the share of fixed-rate liabilities was 37% (18). In 2013, the amount of the Group's interest-bearing liabilities decreased, and the average interest rate increased. The average loan maturity of interest-bearing liabilities shortened, the average interest maturity and the share of fixed-rate liabilities increased.

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 financial 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. The US dollar has posed the highest currency risk for Aspo Group in previous financial periods due to major vessel investments. After the investment program ended, fluctuation between the Russian ruble and euro is the most significant factor causing currency risks for the Group.

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

- The exchange rate change of +/-10%
- The position includes the ruble-denominated financial assets and liabilities, i.e. deposits, accounts receivable and other receivables, accounts payable, and cash at hand and in banks, of companies that use euro as their home currency, and the euro-denominated financial assets and liabilities of subsidiaries operating in Russia, at the closing date.
- Future cash flows 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.

In the sensitivity analysis, the effects of the income statement are calculated as profit before taxes. The equity sensitivity analysis covers the capital invested in the subsidiary with regard to the currency risk and the items subject to hedge accounting with regard to the interest risk.

Market risks also have an impact on Aspo Group through items other than financial instruments. The oil price 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.

Sensitivity analysis for foreign currency and interest rate risk

1 000 EUR	2013 Income statement	2013 Shareholders' equity	2012 Income statement	2012 Shareholders' equity
Currency risk				
+ 10% strengthening of euro against RUB	**-494**	**-1,489**	-150	-1,570
- 10% weakening of euro against RUB	**604**	**1,820**	183	1,919
Interest rate risk				
Change of +100 basic points in the market interest rates	**-825**	**491**	-1,163	482
Change of -100 basic points in the market interest rates	**825**	**-495**	1,163	-487

Accounts receivables by age

1 000 EUR	2013	2012
Not matured	**33,380**	41,226
Matured 1–30 days ago	**7,960**	8,543
Matured 31–60 days ago	**2,104**	1,822
Matured more than 60 days ago	**2,532**	3,040
Total	**45,976**	**54,631**

Hedge accounting

Cash flows related to the vessel investment launched by ESL Shipping in 2010 were hedged with derivative contracts. The derivative contracts were subject to hedge accounting and their valuation differences were recognized in the Aspo Group's equity and other comprehensive income. Hedged transactions were realized in 2012 when the profit and loss recognized at equity were transferred to the vessel acquisition cost.

The floating interest rate of the term loan that was withdrawn by Aspo Plc in 2011 and that will fall due in 2015 is hedged with an interest rate swap throughout the validity of the loan contract. Said interest rate swap is subject to hedge accounting, and its valuation differences are entered in Aspo Group's equity. In 2013, the hedging relation between the loan hedged and the hedging instrument has been effective. The effective shares of the changes in the fair value of interest rate derivatives subject to hedge accounting (adjusted by the tax impact) of EUR -0.7 million (-0.9) are recorded in other comprehensive income.

26.3 Liquidity and financing risk

The objective of Aspo Group is to ensure sufficient financing for operations in all situations and market conditions. In accordance with the treasury policy, the sources of financing are diversified among a sufficient number of counterparties and different loan instruments. The sufficient number of binding financing agreements and sufficient maturity ensure Aspo Group's current and near-future financing needs. During the 2013 financial year, the main focus of financing was on securing a sufficient distribution of maturity.

Aspo Group's most significant financing needs in 2013 were related to the Group's general financing needs. ESL Shipping did not have any significant vessel investments in 2013, and no new vessel funding agreements were signed. The main financing source of Telko, Leipurin and Kaukomarkkinat is the cash flow from their operations. Liquidity is ensured through cash funds, the issuing of commercial papers and binding overdraft facilities, as well as revolving credit facilities granted by selected cooperation banks.

The Group's liquid cash funds at the end of the year were EUR 28.5 million (21.4). At the closing date, Aspo Plc had a EUR 80 million domestic commercial paper program, of which EUR 17 million was in use. At the closing date, Aspo Plc also had revolving credit facilities granted by selected cooperation banks in the amount of EUR 60 million, where EUR 50 million remained unutilized.

Financial covenants associated with significant financial agreements were not breached during the financial 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. The amount of accounts receivable decreased in 2013. 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. The derivative contract-based counterparty risk is managed by selecting well-known and solvent domestic banks as counterparties.

26.5 Equity management

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

The main factors affecting the capital structure are possible acquisitions and divestments, Aspo Plc's dividend policy, the vessel investments of ESL Shipping and the profitability of the subsidiaries' operations. In 2013, Aspo strengthened its capital structure by issuing a EUR 20 million hybrid bond.

The development of the Group's capital structure is mainly monitored through the equity ratio and gearing. On December 31, 2013, the equity ratio was 34.4% (29.2) and gearing was 98.2% (131.6). In 2013, Aspo Group's capital structure was strengthened compared with the previous year.

Maturity analysis

2013

1 000 EUR	Balance sheet value Dec 31, 2013	Cash flow 2014[1]	2015	2016	2017	2018-
Loans	-113,423	-33,615	-21,123	-20,660	-5,331	-38,704
Convertible capital loan	-9,996	-11,031				
Overdraft facility	-3,789	-1,975	-1,814			
Financial leasing liabilities	-2,743	-1,317	-527	-525	-368	-88
Accounts payable, other liabilities	-60,319	-59,722	-615	-12	-5	
Derivative instruments						
Interest rate swaps						
In hedge accounting						
Cash flows to be paid		-299	-275	-198	-55	

[1] Repayments in 2014 are included in short-term items.

2012

1 000 EUR	Balance sheet value Dec 31, 2012	Cash flow 2013[1]	2014	2015	2016	2017-
Loans	-124,315	-53,559	-5,888	-20,620	-5,418	-43,417
Convertible capital loan	-9,413	-731	-11,031			
Overdraft facility	-3,235	-2,028	-1,207			
Financial leasing liabilities	-3,112	-1,276	-1,236	-295	-293	-157
Accounts payable, other liabilities	-69,303	-68,644	-625	-32	-39	-19
Derivative instruments						
Interest rate swaps						
In hedge accounting						
Cash flows to be paid		-241	-183	-262	-315	-154

[1] Repayments in 2013 are included in short-term items.

Book values of financial assets and liabilities by measurement group

2013

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		201					201
Other financial assets				170			170
Short-term financial assets							
Accounts receivable and other receivables		57,060					57,060
Book value by measurement group		57,261		170			57,431
Long-term financial liabilities							
Long-term interest-bearing liabilities					84,264		84,264
Derivative contracts					791	29	820
Other liabilities			568				568
Short-term financial liabilities							
Short-term interest-bearing liabilities					44,896		44,896
Non-interest bearing current liabilities			59,722				59,722
Book value by measurement group			60,290		129,951	29	190,270

2012

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		213					213
Other financial assets				198			198
Short-term financial assets							
Accounts receivable and other receivables		64,976					64,976
Book value by measurement group		65,189		198			65,387
Long-term financial liabilities							
Long-term interest-bearing liabilities					83,180		83,180
Derivative contracts					1,013	141	1,154
Other liabilities			1,091				1,091
Short-term financial liabilities							
Short-term interest-bearing liabilities					55,882		55,882
Non-interest bearing current liabilities			68,071				68,071
Book value by measurement group			69,162		140,075	141	209,378

27. DERIVATIVE CONTRACTS

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

1 000 EUR	Face values 2013	Fair values, net 2013	Face values 2012	Fair values, net 2012
Interest rate derivatives				
Interest rate swaps (level 2)*	**15,000**	**-820**	15,000	-1,154
Total		**-820**		-1,154

* 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. CONTINGENT LIABILITIES, ASSETS, AND OTHER COMMITMENTS

As part of their ordinary business activities, the Group and some of its subsidiaries sign different agreements under which 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, and through them it is easier to find sufficient financing.

Collateral for own debt

1 000 EUR	2013	2012
Mortgages given	**91,454**	91,454
Guarantees	**16,100**	29,029
Other contingent liabilities	**2,004**	1,744
Other leasing liabilities		
Within one year	**8,253**	11,598
After one year and within five years	**18,482**	30,127
After five years	**8,017**	10,875
Total	**144,310**	174,827

Guarantees given on behalf of associated companies and joint ventures

1 000 EUR	2013	2012
Guarantees	**3,585**	4,111
Other contingent liabilities		25
Total	**3,585**	4,136

Hybrid instrument

On November 11, 2013, Aspo issued a EUR 20 million hybrid bond. The bond has no maturity but the company may exercise an early redemption option after three years. The coupon rate of the bond is 7% per annum. Interest is entered in the financial statements only after an interest payment obligation arises. The amount of accumulated interest not entered in the financial statements is EUR 171,111.12.

Environmental remediation obligation

Rauma Terminal Services Oy, a company within the Aspo Group, is obligated, with regard to land areas leased from the Town of Rauma to restore the land areas so that they are in the same condition as before the lease. The scope of the obligation covers the dismantling of the buildings built by the company, including their foundations, and leveling the dismantled area. The review also includes regular environmental responsibilities from which no costs arise according to the company's understanding. The area has long-term lease agreements, and the Town of Rauma has not expressed any intention to change the area's purpose of use. As a result, the obligation has been handled as a contingent liability in the financial statements, and no provisions have been made in the income statement or on the balance sheet.

Legal proceedings and other compensation negotiations

ESL Shipping is seeking, through legal proceedings, a refund from the State of Finland for fairway dues charged before 2006. According to ESL Shipping, Finland has not complied with the EU's fairway dues legislation. The requirement concerns fairway dues charged in 2001–2004, the value of which totals EUR 3.0 million, and related interest and legal fees. The result of the legal proceedings is uncertain and the date of the final decision cannot be estimated. A possible reimbursement is not included in the financial statements.

ESL Shipping is negotiating with India-based ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. Some of the warranty repair claim is included as receivables in the financial statements.

Aspo Group's companies are parties to some legal proceedings and disputes associated with regular business operations. The financial impact of these proceedings and disputes cannot be estimated for certain but, on the basis of the information available and taking into account the existing insurance cover and provisions made, Aspo Group believes that they do not have any material adverse impact on the Group's financial standing.

29. RELATED PARTIES

Information on subsidiaries within Aspo Group's related parties is presented in the attached table. Information on associated companies and joint ventures within Aspo Group's related parties is presented in Note 16. The related parties also include key management personnel, i.e. members of the Board of Directors and the Group Executive Committee.

Information about the members of the Board and the Group Executive Committee is available in the Corporate Governance section of the annual report.

Management benefits

2012 shareholding program

In 2012, Aspo Plc's Board of Directors decided on a share-based incentive plan for about 30 persons. The aim of the plan is to combine the objectives of shareholders and those within the plan in order to increase the company's value, to commit the persons to the company and to offer them a competitive incentive plan based on a long-term holding of the company's shares.

The plan includes three performance periods, i.e. the calendar years 2012, 2013 and 2014. Participation in the plan and obtaining a reward for each earning period requires that the person acquires Aspo Plc's shares or holds the number of shares in Aspo Plc or Aspo Management Oy up to the number predetermined by the Board of Directors.

The Board of Directors will decide on the plan's earning criteria and their objectives at the beginning of each period. No payable reward was accumulated in 2012. The reward for the 2013 earnings period is based on the Aspo Group's earnings per share (EPS) indicator, and will be paid in 2014, partly in company shares and partly in cash. In its meeting held on February 13, 2014, the Board of Directors decided upon a reward, equaling 38,511 Aspo shares at the closing rate of Board decision day. The proportion to be paid in cash will cover taxes and tax-related payments on the reward. No reward will be paid if a person's employment or service ends before the reward payment. The expense estimated in the financial statements totaled EUR 80 thousand, corresponding to 13,218 shares. Of

Group companies

Company	Country of incorporation	Holding %
Aspo Plc, parent company	Finland	
Aspo Management Oy*	Finland	0.00
Aspo Services Ltd	Finland	100.00
Aspokem AB	Sweden	100.00
Oy Bomanship Ab	Finland	100.00
ESL Shipping Ltd	Finland	100.00
Hamina Terminal Services Oy	Finland	100.00
Kaukomarkkinat Ltd	Finland	100.00
Kaukomarkkinat Shanghai Ltd.	China	100.00
OOO Kauko Rus	Russia	100.00
OOO Leipurien Tukku	Russia	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurin Ltd	Finland	100.00
FLLC Leipurin	Belarus	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
Opas Baltic AS	Estonia	100.00
Rauma Terminal Services Oy	Finland	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Telko Ltd	Finland	100.00
FLLC Telko	Belarus	100.00
LLC Telko	Ukraine	100.00
OOO Telko	Russia	100.00
Telko UAB	Lithuania	100.00
LLC Telko Central Asia	Kazakhstan	100.00
Telko Estonia OÜ	Estonia	100.00
Telko Denmark A/S	Denmark	100.00
Telko Latvia SIA	Latvia	100.00
Telko Norway AS	Norway	100.00
Telko-Poland Sp. z o.o.	Poland	100.00
Telko Shanghai Ltd.	China	100.00
Telko Sweden AB	Sweden	100.00
Oy Troili Ab	Finland	100.00
Vulganus Oy	Finland	100.00
Wilfert Chemical Norway AS	Norway	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.

Related party transactions

Associated companies and joint ventures

1 000 EUR	2013	2012
Purchases from joint ventures	224	
Services sold to joint ventures	22	7
Services charged by associated companies	3,909	3,937
Receivables from joint ventures	208	204
Liabilites to joint ventures	19	

Share-based payments recognized as expenses

1 000 EUR	2013	2012
Total expenses in the income statement	**90**	333
Accrued expenses in the balance sheet related to the proportion paid in cash	**38**	

No share reward was paid during the financial year 2013.

Share-based incentive plan

	Grant date	Maximum reward payable, number of shares	Market value of share on grant date, EUR
Covers years 2012–2014	February 14, 2012		7.90
the share of the year 2012		0	
the share of the year 2013	February 13, 2014	38,511	5.78
the share of the year 2014	February 13, 2014	219,500	5.78

Management's holding company

	Investment date	Number of shares invested in the company	Market value of share on investment date, EUR
Year 2010	October 26, 2010	437,160	8.10
Year 2011, rights issue	May 6, 2011	62,452	7.48
Year 2013, additional investment	October 25, 2013	10,000	5.35

Key management compensation

1 000 EUR	2013	2012
Salaries and other short-term employee benefits	**1,899**	2,547
Post-employment benefits	**497**	499
Share-based payments		1,185
Total	**2,396**	4,231

Salaries and benefits of Board members and CEO

1 000 EUR	2013 Salaries and remu-nerations	2013 Pensions	2012 Salaries and remu-nerations	2012 Pensions
Ojanen Aki, CEO		**133**		146
CEO, salaries	**320**		320	
CEO, remunerations	**51**		147	
CEO, share-based payments			339	
Nyberg Gustav, Chairman of the Board	**103**	**101**	106	96
Members of the Board of Directors:				
Arteva Matti, Vice Chairman of the Board	**43**		43	
Kaario Mammu	**32**		24	
Karppinen Esa	**29**		29	
Lencioni Roberto	**32**		32	
Pentti-von Walzel Kristina	**32**		32	
Salo Risto	**29**		30	
Total	**671**	**234**	1,102	242

Pension benefits include both statutory and voluntary pension payments.

this, EUR 42 thousand were recognized as equity and EUR 38 thousand as liabilities. The reward defined by the Board of Directors exceeds the estimate by EUR 143 thousand. Of this, EUR 72 thousand belongs to equity and EUR 71 thousand to liabilities calculated at the closing rate of Board decision day.

The shares paid during the earning periods cannot be transferred during the commitment period, which ends within two years of the earning period. If a person's employment or official relationship ends during the commitment period, the person must gratuitously return any shares paid as reward to the company.

The estimated amount of rewards paid on the basis of the Board's original decision would have corresponded with the value of 936,000 shares in Aspo Plc (including the proportion paid in cash). Because no reward was accumulated over 2012 and the 2013 reward corresponds to 38,511 shares, the total reward pertaining to the program has reduced. The amount of maximum rewards payable for 2014 corresponds with the value of a maximum of 219,500 Aspo Plc shares, including the proportion paid in cash.

Other benefits

The CEO has a payment-based supplementary pension plan in which the pension is determined in accordance with the accumulated insurance savings at the time of retirement. The CEO may retire at the age of 60. The statutory pension cost of the CEO recognized as expenses was EUR 65,851 and the supplementary pension was EUR 67,586. 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.

The Chairman of the Board of Directors has a payment-based supplementary pension plan in which the pension is determined based on the accumulated insurance saving at the time of retirement. The Chairman may retire at the age of 60. The statutory pension cost of the Chairman recognized as expenses was EUR 18,384 and the supplementary pension was EUR 81,897.

Information on hybrid bond and convertible capital loan subscribed by the insiders is presented in the Corporate Governance section.

Management's holding company

In 2010, the Board of Aspo Plc decided on a 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 a EUR 2,800,000 interest bearing loan to finance the share purchase. In 2011, Aspo Management Oy subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the year the loan amounted to EUR 2,934,750.40. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owns a total of 509,612 Aspo shares. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price 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. As a rule, the participants' holding in Aspo Management Oy remains valid until the system is dissolved.

30. EVENTS AFTER THE FINANCIAL YEAR

After the financial period, ESL Shipping has acquired in full a previously partially owned dry cargo vessel of 20,000 dwt. The vessel was renamed m/s Kallio and transferred to the Finnish Register of Ships. The transaction enables more cost-effective operations for the vessel. The investment's value was some EUR 13 million. In the same conjunction, ESL Shipping sold its minority shareholding in Credo AB, the company which previously owned the vessel.

Key Figures

	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Net sales, MEUR	**476.3**	481.6	476.3	395.9	329.4
Operating profit, MEUR	**10.8**	10.6	21.5	17.9	15.3
Share of net sales, %	**2.3**	2.2	4.5	4.5	4.6
Profit before taxes, MEUR	**6.6**	7.4	17.4	14.1	11.7
Share of net sales, %	**1.4**	1.5	3.7	3.6	3.6
Return on investment (ROI), %	**4.6**	5.4	12.5	12.7	11.1
Return on equity (ROE), %	**8.9**	11.8	16.4	15.2	13.0
Equity ratio, %	**34.4**	29.2	35.2	33.2	34.6
Equity ratio excluding deferred tax liabilities, %	**37.2**	32.7	40.1	39.6	41.6
Gearing, %	**98.2**	131.6	94.1	101.5	87.9
Gross investments in tangible and intangible assets, MEUR	**4.9**	30.5	42.7	13.2	7.4
Share of net sales, %	**1.0**	6.3	9.0	3.3	2.2
Personnel, Dec. 31	**869**	871	814	712	717
Average number of personnel	**878**	858	797	736	723
Share-specific indicators					
Earnings/share (EPS), EUR	**0.28**	0.36	0.45	0.38	0.31
Diluted earnings/share, EUR	**0.30**	0.37	0.45	0.39	0.31
Equity/share, EUR	**3.39**	2.95	3.05	2.49	2.46
Nominal dividend/share, EUR (2013 proposed by Board of Directors)	**0.21**	0.42		0.42	0.42
Share issue adjusted dividend/share, EUR				0.40	0.40
Dividend/earnings, %	**75.3**	117.9		106.2	126.6
Effective dividend yield, %	**3.5**	6.6		5.1	7.1
Repayment of capital/share, EUR			0.42		
Share issue adjusted repayment of capital/share, EUR			0.42		
Repayment of capital/earnings, %			95.2		
Effective repayment of capital yield, %			6.2		
Price/earnings ratio (P/E)	**21.6**	17.9	15.1	20.7	17.8
Diluted price/earnings ratio (P/E)	**20.4**	17.4	15.1	20.3	18.1
Share price development					
average price, EUR	**5.74**	6.63	7.39	7.05	5.15
lowest price, EUR	**5.19**	5.70	6.32	5.60	3.73
highest price, EUR	**6.82**	7.95	8.82	7.88	5.88
Closing price on the last day of trading during the financial year, EUR	**6.03**	6.39	6.80	7.83	5.59
Market cap, Dec. 31, MEUR	**186.7**	197.9	210.5	221.7	155.8
excluding treasury shares, MEUR *	**182.6**	193.5	204.9	216.0	152.1
Development of share turnover, 1,000	**4,032**	2,704	3,716	5,145	2,262
Development of share turnover, %	**13.0**	8.7	12.0	19.2	8.6
Total share trading, EUR 1,000	**22,917**	17,625	27,334	38,703	12,259
Registered share capital, number of shares, Dec 31, 1,000	**30,967**	30,967	30,959	26,837	26,406
Total number of shares, adjusted,1,000	**30,967**	30,967	30,959	28,313	27,858
outstanding, Dec. 31	**30,274**	30,284	30,125	27,583	27,204
outstanding, average	**30,282**	30,255	29,507	27,316	27,204
diluted number of shares, average	**31,945**	31,974	31,259	29,295	29,638

* Treasury shares include the shares of Aspo Plc owned by Aspo Management Oy.
The key figures for the comparison years have been adjusted for rights issue. The rights issue was in 2011 and the rights issue factor is 1.054997.

Calculation Principles of Key Figures

Return on investment, % (ROI)	=	$\frac{\text{(Profit before taxes + Interest and other financial expenses) x 100}}{\text{Balance sheet total – Interest-free liabilities (average)}}$
Return on equity, % (ROE)	=	$\frac{\text{(Profit before taxes – Taxes) x 100}}{\text{Shareholders' equity + Non-controlling interest (average)}}$
Equity ratio, %	=	$\frac{\text{(Shareholders' equity + Non-controlling interest) x 100}}{\text{Balance sheet total – Advances received}}$
Gearing, %	=	$\frac{\text{(Interest-bearing liabilities – Liquid funds) x 100}}{\text{Shareholders' equity + Non-controlling interest}}$
Average number of personnel	=	Average number of personnel at the end of each month
Earnings per share (EPS), EUR*	=	$\frac{\text{Profit before taxes –Income taxes on ordinary activities – Non-controlling interest}}{\text{Adjusted average number of shares during the financial year}}$
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on balance sheet date}}$
Adjusted dividend per share, EUR	=	$\frac{\text{Dividend per share paid for the financial year}}{\text{Share issue multiplier}}$
Dividend / earnings, %*	=	$\frac{\text{Adjusted dividend per share x 100}}{\text{Earnings per share}}$
Effective dividend yield, %	=	$\frac{\text{Adjusted dividend per share x 100}}{\text{Average share price on closing day weighted with trading volume}}$
Share issue adjusted repayment of capital/share, EUR	=	$\frac{\text{Repayment of capital per share paid for the financial year}}{\text{Share issue multiplier}}$
Repayment of capital/earnings, %	=	$\frac{\text{Share issue adjusted repayment of capital per share x 100}}{\text{Earnings per share}}$
Effective repayment of capital yield, %	=	$\frac{\text{Share issue adjusted repayment of capital per share x 100}}{\text{Average share price on closing day weighted with trading volume}}$
Price / earnings ratio (P/E)*	=	$\frac{\text{Adjusted average share price on closing day}}{\text{Earnings per share}}$
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.
* When calculating the earnings per share, interest of the hybrid bond, adjusted for tax effect, has been considered as a profit-reducing item.

Parent Company's Income Statement

1 000 EUR	Notes	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
Other operating income	1.1	**2,483**	2,788
Personnel costs	1.2	**-2,019**	-2,624
Depreciation and impairment	1.3	**-8**	-10
Other operating expenses	1.4	**-4,528**	-4,717
Operating loss		**-4,072**	-4,563
Financial income and expenses	1.5	**16,394**	23,090
Profit before extraordinary items		**12,322**	18,527
Extraordinary items	1.6	**1,830**	1,920
Profit before appropriations and taxes		**14,152**	20,447
Income taxes	1.7		1
Profit for the period		**14,152**	20,448

Parent Company's Balance Sheet

Assets

1 000 EUR	Notes	Dec. 31, 2013	Dec. 31, 2012
Non-current assets			
Tangible assets	2.1	**82**	83
Investments	2.2	**83,743**	82,071
Total non-current assets		**83,825**	82,154
Current assets			
Current receivables	2.3	**71,804**	58,040
Cash and bank deposits		**10,499**	8,283
Total current assets		**82,303**	66,323
Total assets		**166,128**	148,477

Shareholders´ equity and liabilities

1 000 EUR	Notes	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity			
Share capital	2.4	**17,692**	17,692
Premium fund	2.4	**4,351**	4,351
Invested unrestricted equity fund	2.4	**16,480**	16,480
Retained earnings	2.4	**7,041**	-478
Profit for the period		**14,152**	20,448
Total shareholders' equity		**59,716**	58,493
Mandatory provisions	2.5	**177**	
Liabilities			
Long-term liabilities			
Loans from financial institutions	2.6	**30,000**	15,000
Perpetual bond	2.6	**20,000**	
Convertible capital loan	2.6		10,300
Total long-term liabilities		**50,000**	25,300
Short-term liabilities			
Loans from financial institutions	2.7	**27,000**	48,000
Convertible capital loan	2.7	**10,300**	
Debts to Group companies	2.7	**17,625**	15,096
Accounts payable	2.7	**201**	404
Other liabilities	2.7	**136**	107
Deferred liabilities	2.7	**973**	1,077
Total short-term liabilities		**56,235**	64,684
Total liabilities		**106,235**	89,984
Total shareholders' equity and liabilities		**166,128**	148,477

Parent Company's Cash Flow Statement

1 000 EUR	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
Operational cash flow		
Operating loss	-4,073	-4,563
Adjustments to operating loss	155	182
Change in working capital	-483	511
Interest paid	-2,289	-2,456
Interest received	454	341
Dividends received	18,203	22,755
Taxes paid		2,217
Operational cash flow	11,967	18,987
Investments in tangible and intangible assets	-8	
Investments on other shares	-1,687	-39
Gains on the sale of other shares	46	20
Cash flow from investments	-1,649	-19
Cash flow from financing		
Disposal of treasury shares		686
New long-term loans	15,000	
Repayments of long-term loans		-20,000
Change in short-term receivables	-14,172	-25,426
Change in short-term liabilities	-18,471	39,405
Perpetual bond	20,000	
Group contributions received	2,470	3,540
Dividends distributed	-12,929	
Repayment of capital		-12,928
Cash flow from financing	-8,102	-14,723
Change in liquid funds	2,216	4,245
Liquid funds Jan. 1	8,283	4,038
Liquid funds from merger		1
Liquid funds Dec. 31	10,499	8,283

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. Income taxes on extraordinary items are presented in the Notes.

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	2013	2012
Other operating income, Group	1,071	1,070
Rents, Group	1,223	1,259
Other rents	153	446
Other operating income	36	13
Total	**2,483**	**2,788**

1.2 NOTES CONCERNING PERSONNEL AND BOARD MEMBERS

The Chairman of the Board of Directors and the CEO have a voluntary retirement age of 60 years.

Personnel costs

1 000 EUR	2013	2012
Salaries and benefits	1,299	1,818
Share-based payments	33	101
Profit bonus paid to the personnel fund		1
Pension costs	561	615
Other personnel costs	126	89
Total	**2,019**	**2,624**

Management salaries and benefits

1 000 EUR	2013	2012
CEO, salaries	320	320
CEO, remunerations	51	147
CEO, share-based payments		339
Members of the Board of Directors, remunerations	300	296
Total	**671**	**1,102**

1.3 DEPRECIATION AND IMPAIRMENT

1 000 EUR	2013	2012
Machinery and equipment	8	10

1.4 OTHER OPERATING EXPENSES

1 000 EUR	2013	2012
Rents	2,121	2,195
Other expenses	2,407	2,522
Total	**4,528**	**4,717**

Auditors' fees

1 000 EUR	2013	2012
Auditing	20	61
Tax advice	58	26
Other services	10	27
Total	**88**	**114**

1.5 FINANCIAL INCOME AND EXPENSES

1 000 EUR	2013	2012
Dividend income		
From Group companies	**18,200**	22,750
From others	**3**	5
Income from long-term investments	**18,203**	22,755
Other interest and financial income		
From Group companies	**515**	922
From merger		1,819
From others		1
Total interest and other financial income	**515**	2,742
Interest expenses and other financial expenses		
To Group companies	**-15**	-1
To others	**-2,309**	-2,406
Total interest and other financial expenses	**-2,324**	-2,407
Total financial income and expenses	**16,394**	23,090

1.6 EXTRAORDINARY ITEMS

1 000 EUR	2013	2012
Income		
Group contributions	**1,830**	1,920

1.7 INCOME TAXES

1 000 EUR	2013	2012
Taxes from previous fiscal period		-1
Income taxes on extraordinary items	**448**	470
Income taxes on ordinary activities	**-448**	-470
Total	**0**	-1

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
Increases					8		8
Decreases					-6		-6
Acquisition cost, Dec. 31, 2013	**539**	**539**	**1**	**467**	**508**	**125**	**1,101**
Accumulated depreciation, Jan. 1	-539	-539		-466	-498	-52	-1,016
Accumulated depreciation of decreases					5		5
Depreciation during the period				-1	-7		-8
Accumulated depreciation, Dec. 31, 2013	**-539**	**-539**		**-467**	**-500**	**-52**	**-1,019**
Book value, Dec. 31, 2013	**0**	**0**	**1**	**0**	**8**	**73**	**82**
Book value, Dec. 31, 2012	**0**	**0**	**1**	**1**	**8**	**73**	**83**

2.2 INVESTMENTS

1 000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	81,881	190	82,071
Increases	1,687		1,687
Decreases		-15	-15
Acquisition cost, Dec. 31, 2013	**83,568**	**175**	**83,743**
Acquisition cost, Dec. 31, 2012	**81,881**	**190**	**82,071**

2.3 RECEIVABLES

Current receivables

1 000 EUR	2013	2012
Receivables from Group companies		
Group contribution receivables	**1,830**	2,470
Cash pool accounts	**4,502**	3,792
Loan receivables	**65,181**	51,657
Deferred receivables	**15**	15
	71,528	57,934
Deferred receivables	**276**	106
Total current receivables	**71,804**	58,040

2.4 SHAREHOLDERS' EQUITY

1 000 EUR	2013	2012
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	16,480	29,196
Conversions of convertible capital loan		50
Repayment of capital		-12,928
Share-based payments		162
Invested unrestricted equity fund, Dec. 31	16,480	16,480
Retained earnings, Jan. 1	19,970	-1,410
Dividend payment	-12,929	
Share-based payments		932
Retained earnings, Dec. 31	7,041	-478
Profit for the period	14,152	20,448
Total shareholders' equity	59,716	58,493

Distributable funds total EUR 37,673,081.32 (36,450,487.45).

2.5 MANDATORY PROVISIONS

1 000 EUR	2013	2012
Share-based incentive program	33	
Provision for vacant premises	144	
Total mandatory provisions	177	

2.6 LONG-TERM LIABILITIES

On November 11, 2013, Aspo Plc issued a EUR 20,000,000 hybrid bond. The bond has no maturity but the company may exercise an early redemption option after three years. The coupon rate of the bond is 7% per annum. Interest is entered in the financial statements only after an interest payment obligation arises. The amount of accumulated interest not entered in the income statement is EUR 171,111.12.

1 000 EUR	2013	2012
Convertible capital loan		10,300
Total		10,300
Perpetual bond	20,000	
Loans from financial institutions	30,000	15,000
Total	50,000	15,000
Total long-term liabilities	50,000	25,300

1 000 EUR	2013	2012
Loans from financial institutions	27,000	48,000
Convertible capital loan	10,300	
Unpaid dividend	8	8
Accounts payable	201	404
Other liabilities	136	107
Deferred liabilities*	965	1,069
Total	38,610	49,588
Debts to Group companies		
Cash pool accounts	17,617	15,088
Deferred liabilities	8	8
Total	17,625	15,096
Total short-term liabilities	56,235	64,684
* Main items		
Accrued interests	445	391
Accrued salaries	410	628

2.7 SHORT-TERM LIABILITIES

Aspo Plc has a total of EUR 10,300,000 in equity-based convertible capital loan. The loan will be repaid in one instalment 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 loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit to 8,074 Aspo shares. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

In 2013, no new shares were subscribed to.

2.8 OTHER NOTES

Unpaid lease payments

1 000 EUR	2013	2012
Payable in the next financial year	228	239
Payable later	193	265
Total	421	504
Remainder value liabilities	2	13
Total leasing liabilities	423	517

Other rental liabilities

1 000 EUR	2013	2012
Payable in the next financial year	1,569	1,546
Payable later	6,277	7,730
Total	7,846	9,276

Guarantees on behalf of Group companies

1 000 EUR	2013	2012
Guarantees	92,715	98,392

Shares and Shareholders

Share capital

On December 31, 2013, Aspo Plc's registered share capital totaled EUR 17,691,729.57 (17,691,729.57), consisting of 30,967,450 shares (30,967,450). During the financial year, no convertible capital loan unit has been converted into new shares. At the end of the year, the company's own shareholding was 183,891 shares (183,891); in other words, 0.6% (0.6) 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 Group's annual earnings to shareholders.

Aspo Plc's Board of Directors proposes to the Annual Shareholders' Meeting that a dividend of EUR 0.21 per share be paid for the financial year 2013, representing 75.3% of the Group's earnings per share.

Authorizations

The Annual Shareholders' Meeting in 2013 authorized the Board of Directors to decide on the acquisition of a maximum of 500,000 company-held shares using non-restricted shareholders' equity. The authorization is valid until the Annual Shareholders' Meeting in 2014.

The shareholders authorized the Board of Directors in 2012 to decide on a share issue involving one or more installments, carried out through the transfer of treasury shares. A maximum of 834,529 shares may be transferred on the basis of the authorization. The authorization is valid until September 30, 2015.

The shareholders authorized the Board in 2012 to decide on a rights issue. The

Major shareholders on December 31, 2013

	Number of shares	Share of stock and voting rights %
Havsudden Oy Ab	3,142,941	10.15
Vehmas A.E.	1,643,394	5.31
Varma Mutual Pension Insurance Company	1,444,412	4.66
Vehmas Tapio	1,375,827	4.44
Vehmas Liisa	1,230,693	3.97
Ilmarinen Mutual Pension Insurance Co	1,200,676	3.88
Mandatum Life Unit-Linked	725,188	2.34
Investment fund Nordea Nordic Small Cap	721,040	2.33
Estlander Henrik	711,717	2.30
Nyberg Gustav	701,524	2.27
Ten major shareholders, total	**12,897,412**	**41.65**
Nominee registrations	357,548	1.16
Other shares	17,528,599	56.60
Total shares outstanding	**30,783,559**	**99.41**
Own shares	183,891	0.59
Shares total	**30,967,450**	**100.0**

Distribution of ownership on December 31, 2013, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock %
1 – 100	916	12.40	55,387	0.18
101 – 500	2,598	35.16	731,631	2.36
501 – 1,000	1,379	18.66	1,035,379	3.34
1,001 – 5,000	1,985	26.87	4,276,062	13.81
5,001 – 10,000	284	3.84	2,019,940	6.52
10,001 – 50,000	176	2.38	3,449,553	11.14
50,001 – 100,000	16	0.22	1,123,604	3.63
100,001 – 500,000	23	0.31	4,864,406	15.71
500,001 –	11	0.15	13,407,024	43.29
Total in joint accounts	1	0.01	4,464	0.01
Total	**7,389**	**100.0**	**30,967,450**	**100.0**

Distribution of ownership on December 31, 2013, by owner groups

%	Ownership	Shares
1. Households	93.9	59.1
2. Companies	4.7	20.1
3. Financial and insurance institutions	0.3	6.7
4. Non-profit organizations	0.8	4.7
5. Public organisations	0.1	9.1
6. Non-domestic	0.3	0.3

authorization also includes the right to decide on a directed share issue. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until September 30, 2015.

In 2013, the Board has not used its authorizations.

Share trading and share price development

In 2013, a total of 4,031,520 Aspo Plc shares were traded at EUR 22.9 million; in other words, 13.0% of the shares changed hands. The share reached a high of EUR 6.82 and a low of EUR 5.19 during the year. The average share price was EUR 5.74 and the closing price at year-end was EUR 6.03. 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 excluding the treasury shares was EUR 185.6 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.

At the end of 2013, the number of shareholders at Aspo totaled 7,389. Of these, 98.8% represented direct shareholding and 1.2% nominee registrations. A total of 0.3% of the shares was held by foreign entities.

On December 31, 2013, ten largest shareholders owned a total of 41.65% 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.

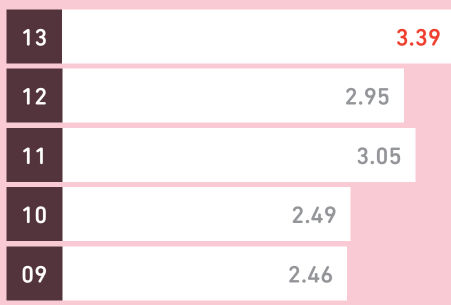
Shareholding by CEO and Board of Directors

On December 31, 2013, the total number of shares owned by the members of Aspo Plc's Board of Directors with their related parties was 4,512,853 shares, which represents 14.57% of the shares and voting rights.

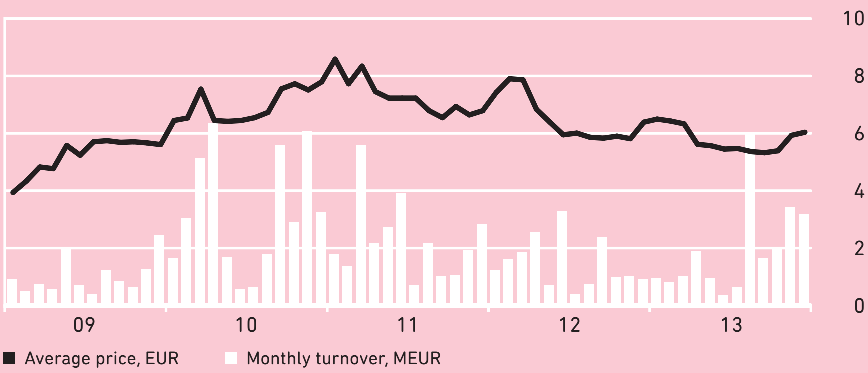
In 2010, six persons from the Group's management established Aspo Management Oy, one of the Aspo's related parties and controlled by the company. These six persons own its entire share capital. On December 31, 2013, Aspo Management Oy owned a total of 509.612 shares, which represents 1.65% of the share capital. The CEO at Aspo Plc accounted for 28.57% of Aspo Management Oy's shares.

Share price performance EUR

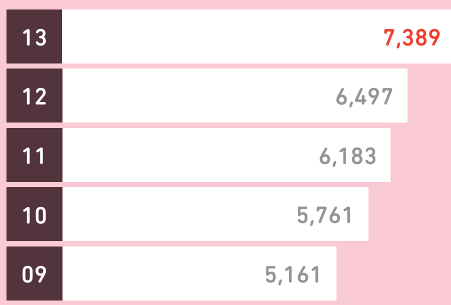
Equity/share EUR



Share trading and average prices



Number of shareholders



Proposal of the Board for the Distribution of Earnings

The parent company´s distributable funds totaled EUR 37,673,081.32 with the profit for the financial year totaling EUR 14,151,688.65.

The company´s registered share capital on December 31, 2013 was 30,967,450 shares, of which the company held 183,891. After the financial year one convertible capital loan unit has been converted into 8,074 new shares. The company´s registered share capital on March 3, 2014 is 30,975,524 shares, of which 183,891 are held by the company.

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

– A dividend of EUR 0.21 per share be paid out on 30,791,633 shares	EUR 6,466,242.93
– to be held in shareholders´ equity	EUR 31,206,838.39
	EUR 37,673,081.32

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 3, 2014

Gustav Nyberg

Matti Arteva

Mammu Kaario

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 financial period 1 January–31 December 2013. The financial statements comprise the consolidated statement of financial position, 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 or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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, March 6, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant Firm

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 at Scandic Marina Congress Center at Katajanokanlaituri 6, 00160 Helsinki, on Thursday, April 3, 2014 at 14:00 p.m. The record date of the Annual Shareholders' Meeting is March 24, 2014.

Shareholders intending to participate in the Annual Shareholders' Meeting should register for the meeting no later than on March 31, 2014 by 16:00 p.m. Please register:

- Through Aspo's website, at www.aspo.com
- By e-mail to ilmoittautuminen@aspo.com,
- By telephone on +358 9 521 41 00,
- By fax on +358 9 521 49 99, 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 0.21 per share be paid for 2013 on shares outstanding and that no dividend be paid for treasury shares.

- Ex-dividend date April 4, 2014
- Dividend record date April 8, 2014
- Dividend payment date April 15, 2014

Financial reporting in 2014

- Financial Statements Release February 13, 2014
- Annual Report for 2013 week 13
- Interim Report January–March on May 5, 2014
- Interim Report January–June on August 18, 2014
- Interim Report January–September on October 28, 2014

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 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 > media > 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. Shareholders are advised to notify changes of address to the bank or brokerage firm where the shareholder has a 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.

Contact information

For any further information concerning Aspo's investor relations issues, please contact

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