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ASPO GROUP INTERIM REPORT, JANUARY 1 TO SEPTEMBER 30, 2016

Aspo: Net sales increased, operating profit remained at the comparative period's level, EUR 14.1 (14.4) million
(Figures from the corresponding period in 2015 are presented in brackets.)

January–September 2016

- Aspo's net sales amounted to EUR 332.9 (323.7) million.
- Operating profit stood at EUR 14.1 million (EUR 14.4 million including a goodwill impairment loss of EUR 1.3 million).
- Profit for the period was EUR 10.7 (16.1) million. The profit for the comparative period includes a goodwill impairment loss of EUR 1.3 million and a sales gain of EUR 4.9 million recognized in financial items.
- Earnings per share were EUR 0.32 (0.50).

July–September 2016

- Aspo's net sales amounted to EUR 118.2 (111.5) million.
- Operating profit stood at EUR 6.0 (7.3) million.
- Profit for the quarter was EUR 5.0 (5.8) million.
- Earnings per share were EUR 0.16 (0.18).
- The operating profit of ESL Shipping stood at EUR 3.4 (4.4) million. The operating profit of Leipurin was EUR 0.4 (0.8) million. The operating profit of Telko stood at EUR 2.3 (3.2) million and the operating profit of Kauko was EUR 0.5 (0.1) million.

Outlook for 2016

The general market development will continue to be poor, and the operating environment remains challenging. Dry bulk freight rates remain at a low level, which also reduces the profitability of ESL Shipping's Supramax vessels. Signs of recovery can be seen in the industrial production of Aspo's customer companies operating in the EU area. The steep decline in the economies of Russia, Ukraine and other CIS countries has decelerated. Because of a slight increase in oil prices the Russian ruble has strengthened and the decrease in the Russian GDP is expected to have slowed down or turn to growth. Interest rates are expected to remain at an unusually low level resulting in moderate financial expenses in Aspo.

Aspo specifies its guidance

New guidance: Aspo's operating profit will be approximately EUR 19-22 (20.6) million in 2016.
Previous guidance: Aspo's operating profit will be EUR 17–24 (20.6) million in 2016.

KEY FIGURES

	7-9/ 2016	7-9/ 2015	Change %	**1-9/ 2016**	1-9/ 2015	Change %	1-12/ 2015
Net sales, MEUR	**118.2**	111.5	6.0	**332.9**	323.7	2.8	445.8
Operating profit, MEUR *)	**6.0**	7.3	-17.8	**14.1**	14.4	-2.1	20.6
Operating profit, %	**5.1**	6.5		**4.2**	4.4		4.6
Profit before taxes, MEUR **)	**5.2**	6.3	-17.5	**11.7**	17.4	-32.8	21.3
Profit for the period, MEUR **)	**5.0**	5.8	-13.8	**10.7**	16.1	-33.5	19.8
Earnings per share, EUR	**0.16**	0.18	-11.1	**0.32**	0.50	-36.0	0.61
Net cash from operating activities, MEUR	**8.5**	14.8	-42.6	**-2.5**	10.7	-123.4	25.0
Equity per share, EUR				**3.59**	3.34		3.36
Return on equity, % (ROE)				**13.4**	20.8		19.1
Equity ratio,%				**35.6**	33.5		33.8
Gearing, %				**103.8**	104.5		101.4
ESL Shipping, operating profit, MEUR	**3.4**	4.4	-22.7	**8.5**	10.2	-16.7	14.7
Leipurin, operating profit, MEUR	**0.4**	0.8	-50.0	**1.3**	2.0	-35.0	2.4
Telko, operating profit, MEUR *)	**2.3**	3.2	-28.1	**7.6**	8.5	-10.6	10.4
Kauko, operating profit, MEUR *)	**0.5**	0.1	400.0	**-0.1**	-1.8	94.4	-1.2

Items affecting comparability 1–9/2015
*) The operating profit includes an impairment loss of EUR 1.3 million related to Kauko goodwill.
**) The profit includes an impairment loss of EUR 1.3 million related to Kauko goodwill and a sales gain of EUR 4.9 million recognized in financial items.
Items affecting comparability 1–12/2015
*) The operating profit includes an impairment loss of EUR 1.3 million related to Kauko goodwill, and EUR 0.6 million in charges imposed on Telko by Finnish Customs and related advisor fees.
**) The profit includes an impairment loss of EUR 1.3 million related to Kauko goodwill, a sales gain of EUR 4.9 million recognized in financial items, and EUR 2.0 million in charges imposed by Finnish Customs and related advisor fees.

AKI OJANEN, CEO OF ASPO GROUP COMMENTS ON THE THIRD QUARTER AND CLARIFIES THE GUIDANCE

“The increased net sales and the operation profit generated at Aspo can be considered a good achievement. In spite of the difficult operating environment, the operating profit for the third quarter was, as expected, significantly better than the operating profit for the first or second quarter, even if it fell short of the comparative period’s figure. After the third quarter, our operating profit amounts to EUR 14.1 million which is almost at the comparative period’s level (14.4). The operating profit guidance given earlier for 2016 had a large range of variation, EUR 17–24 million. We are now able to give a more specific guidance because the time period for forecasting the market uncertainty has become shorter towards the end of the year. We are specifying our guidance by reducing the range of variation of operating profit and now expect operating profit to amount to approximately EUR 19–22 million in 2016 (20.6).

The weak net cash from operating activities during the first half of the year was caused by working capital tied in the growth of Telko. During the third quarter part of the working capital was released and the net cash from operating activities turned positive. We expect the positive cash flow to continue during the rest of the year.

The growth of Leipurin in Russia and the positive development of profitability in bakery raw materials, the strong overall growth of Telko, the development of Kauko into a mobile knowledge work company and the decrease of general administrative costs in the Group to the target level can be considered as particular successes in the quarter.

The operating profit of ESL Shipping continued to be strong in its line of business. The new LNG-fueled dry bulk carriers are built at Sinotrans' Jinlingin shipyard and will be ready to sail in 2018. The new vessels will improve the profitability of ESL Shipping.

Telko's net sales is growing, although particularly the sales prices of plastic raw materials decreased considerably in the third quarter. Telko operates as a regional stockpiling company and that is why the decreasing prices weakened the sales margin particularly in the eastern growth markets causing a temporary decrease of the operating profit rate in the eastern market. Telko's net sales in the eastern markets increased by 16% from the comparative period.

The machinery operations of Leipurin made a loss. A local agreement has been concluded with the entire personnel at the Nastola plant regarding flexible working hours. The order book of Leipurin's own production is growing, and the long period of loss-making in the machinery operations is now expected to be behind.

Kauko grew and turned out a good result for the third quarter. We expect the positive development of Kauko to continue, but the result will still vary from one quarter to the next.

The Groups' general administrative costs are now at the target level of EUR 4 million per year and approximately 0.8 % of net sales. In the future, further improvement of efficiency will materialize through the Group's increased net sales and operating profit."

ASPO GROUP

NET SALES

Net sales by segment

	7-9/2016	7-9/2015	Change	**1-9/2016**	1-9/2015	Change	1-12/2015
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
ESL Shipping	**17.9**	19.9	-10.1	**50.8**	56.3	-9.8	76.2
Leipurin	**27.0**	28.3	-4.6	**82.0**	86.3	-5.0	117.8
Telko	**63.8**	56.5	12.9	**175.4**	161.7	8.5	215.3
Kauko	**9.5**	6.8	39.7	**24.7**	19.4	27.3	36.5
Other operations	**0.0**	0.0	-	**0.0**	0.0	-	0.0
Total	**118.2**	111.5	6.0	**332.9**	323.7	2.8	445.8

There is no considerable inter-segment net sales.

Net sales by market area

	7-9/2016 MEUR	7-9/2015 MEUR	Change %	1-9/2016 MEUR	1-9/2015 MEUR	Change %	1-12/2015 MEUR
Finland	**38.9**	35.0	11.1	**110.7**	108.9	1.7	147.7
Scandinavia	**12.0**	15.6	-23.1	**35.4**	40.2	-11.9	51.8
Baltic countries	**13.1**	12.8	2.3	**37.7**	37.8	-0.3	50.4
Russia, Ukraine + other CIS countries	**38.9**	35.0	11.1	**103.6**	93.6	10.7	128.3
Other countries	**15.3**	13.1	16.8	**45.5**	43.2	5.3	67.6
Total	**118.2**	111.5	6.0	**332.9**	323.7	2.8	445.8

The largest growth of net sales in relative terms was achieved in the Other countries market area, where the increased net sales of Telko in Poland was a particular growth factor. During the comparative period, the Scandinavian steel industry invoicing was bigger than normal at ESL Shipping.

EARNINGS

Operating profit by segment

	7-9/2016 MEUR	7-9/2015 MEUR	Change %	1-9/2016 MEUR	1-9/2015 MEUR	Change %	1-12/2015 MEUR
ESL Shipping	**3.4**	4.4	-22.7	**8.5**	10.2	-16.7	14.7
Leipurin	**0.4**	0.8	-50.0	**1.3**	2.0	-35.0	2.4
Telko	**2.3**	3.2	-28.1	**7.6**	8.5	-10.6	10.4
Kauko	**0.5**	0.1	400.0	**-0.1**	-1.8	94.4	-1.2
Other operations	**-0.6**	-1.2	50.0	**-3.2**	-4.5	28.9	-5.7
Total	**6.0**	7.3	-17.8	**14.1**	14.4	-2.1	20.6

Earnings per share

Earnings per share were EUR 0.32 (0.50) for January-September. Equity per share was EUR 3.59 (3.34). The result for the comparative period was significantly improved by a sales gain of EUR 4.9 million recognized in financial items through the sale of shares in Alandia Insurance owned by ESL Shipping. Its effect on earnings per share was approximately EUR 0.16.

Financial targets

Aspo's objective is to reach an average return on equity of over 20%, gearing of up to 100% and an operating profit of 7% with the current structure.

The operating profit rate for January-September was 4.2% (4.4), return on equity was 13.4% (20.8), and gearing was 103.8% (104.5).

OUTLOOK FOR THE REST OF THE YEAR 2016

The international economic uncertainty has continued which has reflected particularly strongly in the demand for basic raw materials and kept their prices low. The international dry bulk freight rates of vessels have been particularly low. The economic cycle is expected to remain weak for at least the rest of the year.

General uncertainty will continue in the eastern growth markets that are important for Aspo, even though the general expectation is that the decline of the national economy in Russia has slowed down and will turn to growth in 2017. It is difficult to estimate the future development of Russia, Ukraine and other CIS countries and the financial impact of general uncertainty. Historically, the developments in other CIS countries have followed the economic development in Russia. The currency exchange rates have been more stable in 2016 than in previous years, but even major changes may be seen in exchange rates in the future.

Industrial production in the western markets has picked up slightly, and this development is expected to continue during the rest of the year.

The price of oil will probably remain low despite a slight increase. In general, prices of production raw materials are expected to remain low. The Group will continue increasing its market shares profitably in the strategically important eastern growth markets. While international dry bulk freight rates are expected to remain low, the shipping company has secured the use of its capacity during the rest of the year through long-term agreements.

Aspo specifies its guidance. New guidance: Aspo's operating profit will be approximately EUR 19-22 (20.6) million in 2016.

ASPO’S BUSINESS OPERATIONS

ESL SHIPPING

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. At the end of the review period, the company's fleet consisted of 14 vessels, of which the company owned 13 in full and one was leased.

	7-9/2016	7-9/2015	Change %	**1-9/2016**	1-9/2015	Change %	1-12/2015
Net sales, MEUR	**17.9**	19.9	-10.1	**50.8**	56.3	-9.8	76.2
Operating profit, MEUR	**3.4**	4.4	-22.7	**8.5**	10.2	-16.7	14.7
Operating profit, %	**19.0**	22.1		**16.7**	18.1		19.3

The services of ESL Shipping are based on the company's ability to operate efficiently and reliably in the arctic ice regions and load and unload ships at sea. During the third quarter, the company’s vessels have mainly operated in the Baltic Sea and in Europe and performed loading and unloading operations at sea. The transportation operations in the Baltic Sea and the North Sea are mainly based on long-term customer agreements and established customer relationships.

The cargo traffic and freight volumes in the Baltic sea have been at normal levels. Apart from the Supramax vessels, the company’s fleet has operated in the Baltic Sea and the North Sea. Throughout the third quarter, the Supramax vessels have operated in international traffic between third countries, part of the time time-chartered. One of the two Supramax vessels has carried raw materials from Baffinland in the arctic ice regions of Canada to Europe. Due to difficult loading and unloading conditions, the vessel’s profitability was weaker than expected. The import license regulations regarding Norwegian crushed stone aggregate have for their part prevented aggregate transports in the arctic regions of Russia. One vessel was docked as planned during the third quarter.

ESL Shipping’s net sales in July–September stood at EUR 17.9 (19.9) million. The decrease in net sales was due to the market situation of Supramax vessels being weaker than in the comparative period. Profitability of the shipping company’s other vessels improved from the comparative period.

Given the challenging market situation of the large vessels, the shipping company's relative profitability was satisfactory, and operating profit for July-September amounted to EUR 3.4 (4.4) million, 19% (22) of net sales. The Supramax vessel class made a loss during the third quarter in spite of the fact that the actual freight rate level of the vessels was significantly better than the prevailing general spot market level of freight rates.

ESL Shipping transported 2.8 (3.0) million tons of cargo in July–September. The freight volumes declined since the Supramax vessels sailed longer distant routes than in the previous year. In the Baltic Sea traffic, the freight volumes increased slightly from the comparative period. The steel industry freight volumes were at the previous year's level. The freight volumes of energy industry increased, and almost all transports were destined to CHP plants. Other transportation made up a higher relative share from operating days than in the comparative period. In line with its strategy, the shipping company has succeeded in establishing its position in the transportation of biofuels in the Baltic Sea and in expanding its operations to the Canadian arctic area.

The shipping company and Sinotrans & CSC Shipbuilding Industry Corporation have agreed to an amendment in which the energy efficient LNG-fueled dry bulk carriers of ESL Shipping will be built at the Jinling main shipyard located in Nanjing, China. The amendment will ensure the timely delivery and high quality of the vessels and has no effect on the contract price.

ESL Shipping's net sales for January–September stood at EUR 50.8 (56.3) million and its operating profit was EUR 8.5 (10.2) million.

Outlook for ESL Shipping in 2016

International dry bulk freight rates are expected to remain low. The market freight rates of large dry cargo vessels have remained at a low level, regardless of the recent stabilization in prices. During the open water period of the rest of the year, the situation will also weaken the price levels of large ice-strengthened vessels, and the market situation will remain challenging for the company's Supramax vessels. The other Supramax vessel is likely to operate in the Baltic Sea traffic while the other is in international traffic, and the two vessels' profitability is expected to be good taking into account the international level of freight rates.

Most of the shipping company's transportation capacity has been secured in the Baltic Sea and Northern Europe through long-term agreements, and the shipping company's capacity utilization is estimated to be high. Total transportation volumes in the energy industry are expected to be higher than in the previous year because of the transportation of both biofuels and coal. Transportation volumes of steel industry are expected to develop positively during the rest of the year. If required, the capacity will be adapted according to the demand by chartering additional external capacity. Demand for the loading and unloading of large vessels at sea is expected to be high.

According to its strategy, the shipping company will continue to expand its customer base, in particular, to customer transportation where both the company's range of different cargos and its operating area can be expanded, while utilizing the independent load handling capability and the exceptionally high ice strengthening of its vessels. During the last quarter of 2016, two vessel units will be docked as planned.

LEIPURIN

Leipurin is a unique provider of solutions for bakery and confectionery products, the food industry and, according to its revised strategy, the out of home (OOH) market. The solutions offered by Leipurin range, for example, from product development, recipes, raw materials, training and equipment all the way to the design of sales outlets. As part of its full-range services, Leipurin designs, delivers and maintains production lines for the baking industry, baking units and other machinery and equipment required in the food industry. Leipurin uses leading international manufacturers as its raw material and machinery supply partners. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Kazakhstan and Belarus.

	7-9/2016	7-9/2015	Change %	**1-9/2016**	1-9/2015	Change %	1-12/2015
Net sales, MEUR	**27.0**	28.3	-4.6	**82.0**	86.3	-5.0	117.8
Operating profit, MEUR	**0.4**	0.8	-50.0	**1.3**	2.0	-35.0	2.4
Operating profit, %	**1.5**	2.8		**1.6**	2.3		2.0

The prices of sugar and dairy-based products are increasing in the western markets. When compared with the comparative period, the prices of vegetable oil-based products have also increased. The prices of grain-based and other major raw materials have mainly remained at the comparative period's level. In Finland, the market for bakery products has been growing slightly, thanks to the OOH market, pastries and confectionery products. In Estonia, the market for bakery products has declined, particularly due to decreased exports. The market situation remained unchanged in other EU countries where Leipurin operates. In the Baltic region, the use of frozen products is increasing, particularly at in-store bakeries.

In Russia, retail sales have fallen by approximately 6% compared to the comparative period, with the consumption and price level of industrial bread falling along with the general trend. The increasing range of breads of lower price categories offered by in-store bakeries has shifted the consumption of bread towards low-cost products. In Russia, the bakery industry has attempted to replace raw materials with less expensive and locally produced materials. In the Russian OOH sector, the change in consumer behavior regarding consumption of bakery products has contributed to the general growth of the sector. Inflation in food products has slowed down in Russia and was approximately 7% during the early part of the year. In other eastern market operating countries of Leipurin, the general market situation has improved from the beginning of the year.

Net sales of Leipurin for the third quarter fell from the comparative period, totaling EUR 27.0 (28.3) million. Operating profit stood at EUR 0.4 (0.8) million. The operating profit rate during the quarter was 1.5% (2.8). The raw material operations of Leipurin improved its results from the comparative period both in the western and eastern markets. Due to the timing of machinery sales and the challenging market situation, sales of machinery was extremely weak during the third quarter, and consequently the result of the machinery operations was clearly below the comparative period and loss-making. In addition, the Leipurin business incurred higher costs due to increased investments for developing Leipurin’s OOH strategy.

During the third quarter, the net sales of bakery raw materials fell slightly short of the comparative period’s figure in the western markets. In Finland, net sales of bakery raw materials remained at the comparative period’s level, and sales in the OOH customer segment, associated with the new strategy, continued to grow. In addition to the test bakery business, Leipurin has opened a pilot cafeteria to test the consumer behavior in the OOH customer segment. With this cafeteria, Leipurin can develop and test its OOH offering for its entire operational area.

Net sales of bakery raw materials in the eastern markets, i.e. in Russia, Ukraine and other CIS countries, increased by approximately 13% during the third quarter. Sales of the range of frozen products launched in the OOH market in Russia continued its rapid growth. The operating profit of bakery raw materials in Russia improved from the comparative period, being approximately 10%. In the Baltic countries, net sales remained at the level of the comparative period.

During the third quarter, net sales in Russia, Ukraine and other CIS countries, including machinery sales, amounted to EUR 7.2 (7.1) million, with operating profit rate being approximately 7% (7).

Machinery and equipment investments remained at a low level in all operating countries of Leipurin during the third quarter. Net sales of the machinery operations remained at a low level in all main markets, and resulted in a clearly negative operating profit while the business had made a positive operating profit in the comparative period. With regard to principal equipment sales, net sales decreased due to the poor investment demand for large baking lines in the core market areas, and the result of principal equipment sales was negative. Net sales of own production decreased and made a loss in spite of earnings improvement programs and adaptation of resources. The order book has improved, and deliveries will take place during the fourth quarter and 2017.

Leipurin's net sales for January–September stood at EUR 82.0 (86.3) million and its operating profit was EUR 1.3 (2.0) million. Net sales from Russia, Ukraine and other CIS countries totaled EUR 20.9 (21.4) million.

Outlook for Leipurin for 2016

The market situation is expected to remain challenging in key markets of Leipurin. The market position is expected to remain strong in the industrial baking sector in Finland, the Baltic region and Russia, with growth being expected in the OOH sector in all market areas.

Leipurin will significantly improve its profitability during the fourth quarter. The weakening of economic situation in Russia is estimated to have stopped but inflation to remain high due to which willingness to invest will be at a low level in Russia. The consumers' purchasing power is expected to gradually stop weakening. The local procurement of bakery raw materials has been increased to replace imported raw materials. The purpose is to respond to changes in demand by developing a product range with more competitive prices. The objective is to increase the share of local raw materials above 50%. Local procurement has been decentralized and, currently there are already dozens of significant regional production partners. In the fourth quarter, Leipurin will start its own industrial production in Russia, initially with the small scale production of fillings and jams for the bakery industry. Leipurin will maintain its high profitability and strengthen its market position in the area.

The OOH market comprises a significant new operating area for Leipurin, and during the rest of the year, Leipurin will continue its expansion in the OOH market.

Machinery operations will continue developing its operations, an example of which is the local agreement concluded with the entire personnel at the Nastola plant regarding flexible working hours. Operating profit for the last quarter is expected to be clearly positive due to the fact that many deliveries are scheduled for that period.

TELKO

Telko is a leading expert and supplier of plastic raw materials and industrial chemicals. Business is based on representation of the best international principals and on the expertise of the personnel. Telko operates mainly through its subsidiaries in the western markets of Finland, the Baltic countries, Scandinavia, Poland, the Czech Republic and Slovakia, as well as in its eastern markets of Russia, Belarus, Ukraine, Kazakhstan, Azerbaijan, Georgia and China.

	7-9/2016	7-9/2015	Change %	**1-9/2016**	1-9/2015	Change %	1-12/2015
Net sales, MEUR	**63.8**	56.5	12.9	**175.4**	161.7	8.5	215.3
Operating profit, MEUR *)	**2.3**	3.2	-28.1	**7.6**	8.5	-10.6	10.4
Operating profit, %	**3.6**	5.7		**4.3**	5.3		4.8

*) The operating profit 1-12/2015 includes EUR 0.6 million in charges imposed by Finnish Customs and related advisor fees.

The prices of plastic raw materials took a downward turn in June, and the decline continued during the third quarter. The prices of volume plastics fell by 5-8%. The price level of industrial chemicals remained clearly below the previous year’s level and long-term average levels, mainly due to the continuing low level of oil prices. The decline of Russian national economy has levelled out, but investments in industrial production have continued to decrease. Inflation has slowed down but is still approximately 7%.

Net sales of Telko grew by 13% in the third quarter, amounting to EUR 63.8 (56.5) million. Net sales of the eastern markets grew by 16%, and its relative share of Telko’s total net sales was 49%. The growth of net sales in the eastern market was mainly due to new customers.

Operating profit for the third quarter was EUR 2.3 (3.2) million. Operating profit rate decreased to 3.6% (5.7%). Operating profit increased considerably in the western markets. In the eastern markets, operating profit decreased considerably and operating profit rate fell clearly short of 5%. The main reasons for the poor profitability in the eastern markets are the relatively higher share of volume products of net sales and the decrease of their prices. In addition, the changes in currency exchange rates between the sale and procurement dates of products sold during the period weakened the profitability of products sold in the eastern markets.

Chemicals, plastics and lubricants all increased their respective net sales, with the growth being strongest in chemicals. The relative profitability of chemical business remained close to the level of the comparative period. The profitability of plastics business decreased. Transfer of the Castrol automotive motor oil customer accounts to Telko in Finland progressed as planned during the third quarter.

Telko’s net sales for January–September amounted to EUR 175.4 (161.7) million. Operating profit decreased to EUR 7.6 (8.5) million. Net sales in Russia, Ukraine and other CIS countries increased by 12% to EUR 79.3 (70.6) million.

Outlook for Telko for 2016

The prices of oil and oil-based raw materials sold by Telko are not expected to significantly increase in spite of the fact that the prices of chemical raw materials and plastic raw materials are at a low level. The future development of market prices is difficult to forecast.

Telko will increase its sales in the western markets. Forecasting the development of sales in the eastern markets remains a challenge. Telko believes that the weaker-than-normal profitability in the eastern markets during the third quarter was a temporary phenomenon, caused by a decrease of sales prices.

In the eastern markets, the decline in industrial demand for products supplied by Telko seems to have stopped. There is no significant increase of industrial demand in the horizon, and Telko’s growth will continue to be mainly based on increasing its market shares. No final investment decision has been made regarding the logistics terminal planned by Telko for St. Petersburg due to permit negotiations between the owner of the building plot and local authorities which will continue at least until the second quarter of 2017. In Finland, the transfer of Castrol automotive lubricant customer accounts to Telko will be completed by the end of 2016, which will increase net sales and improve relative profitability in Finland.

KAUKO

Kauko is a specialist in demanding mobile knowledge work environments. It supplies the best tools, solutions for improving productivity and services for securing effective use for the needs of healthcare services, industries, logistics and the authorities. Kauko solutions combine customized applications, devices and services. Its product range also includes products that improve energy efficiency. Kauko's key market areas are Finland and Germany.

	7-9/2016	7-9/2015	Change %	**1-9/2016**	1-9/2015	Change %	1-12/2015
Net sales, MEUR	**9.5**	6.8	39.7	**24.7**	19.4	27.3	36.5
Operating profit, MEUR *)	**0.5**	0.1	400.0	**-0.1**	-1.8	94.4	-1.2
Operating profit, %	**5.3**	1.5		**-0.4**	-9.3		-3.3

*) In 2015 the operating profit included a EUR 1.3 million goodwill impairment loss recognized in the first quarter.

The business operations of Kauko developed as planned during the third quarter. Net sales grew by 40% and stood at EUR 9.5 (6.8) million. Operating profit stood at EUR 0.5 (0.1) million. Net sales and profitability have developed positively both in mobile knowledge work and energy-efficiency equipment.

Net sales of mobile knowledge work grew strongly compared with the comparative period, particularly as a result of agreements concluded in the second quarter, their deliveries mainly taking place during the third quarter. New key employees have been recruited for mobile knowledge work. The German business concentrating on health technology is making a loss due to its start-up phase.

The sales of energy-efficiency equipment developed positively compared with the comparative period, and its profitability improved. Solar power systems experienced the fastest growth. The air source heat pump business grew as planned.

Net sales of Kauko for January–September increased by 27% to EUR 24.7 (19.4) million. Operating profit stood at EUR -0.1 (-1.8) million. The operating result was reduced in the comparative period by the sale of the Industrial business, in conjunction with which Aspo assessed the goodwill of the Kauko segment, and recognized an impairment loss of EUR 1.3 million.

Kauko's outlook for 2016

In Finland, the development of mobile knowledge work and energy-efficiency markets is at an interesting stage. Kauko will invest in the development and sale of solutions for demanding mobile knowledge work. Several new business development projects have been initiated for further developing the operations. These require the additional recruitment of technical and commercial professionals and the further development of internal operating models.

Total solutions for mobile knowledge work and maintenance agreements in accordance with the new strategy are expected to make up larger shares of net sales. Kauko will invest in total solutions which combine customized applications, devices and services. The authorities and the fields of logistics, industry and healthcare, in particular, are expected to show high demand for the mobile knowledge work solutions offered by Kauko, at first in Finland and Germany, followed by other European markets.

The volumes and profitability of energy products are expected to improve, in particular, through the growing demand for solar power systems. The order book for 2017 is very good.

Kauko GmbH, a company established in Germany, will first focus on the healthcare sector and the sales of the mobile workstation developed by Kauko in the healthcare sector in Germany. The computer designed by Kauko for the healthcare sector is undergoing a certification process and expected to be ready during the fourth quarter. The operations in Germany will produce a loss during the initial stages, but they are expected to become profitable in 2017.

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.

	7-9/2016	7-9/2015	Change %	**1-9/2016**	1-9/2015	Change %	1-12/2015
Net sales, MEUR	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0
Operating profit, MEUR	**-0.6**	-1.2	50.0	**-3.2**	-4.5	28.9	-5.7

The operating profit of other operations was EUR -0.6 (-1.2) million for the third quarter and EUR -3.2 (-4.5) million for January-September.

FINANCING

The Group's cash and cash equivalents totaled EUR 18.6 million (12/2015: EUR 23.9 million). The consolidated balance sheet included a total of EUR 132.6 million in interest-bearing liabilities (12/2015: EUR 127.9 million). The average rate of interest-bearing liabilities was 1.7% at the end of the review period (12/2015: 1.7%). Non-interest-bearing liabilities totaled EUR 68.9 million (12/2015: EUR 74.3 million).

Aspo Group's gearing was 103.8% (12/2015: 101.4%) and its equity ratio was 35.6% (12/2015: 33.8%). At the end of the third quarter of 2015, gearing was 104.5% and the equity ratio was 33.5%.

The Group's net cash from operating activities was negative in January–September, totaling EUR -2.5 (10.7) million. During the review period, the change in working capital stood at EUR -21.6 (-10.3) million. Working capital has been tied, in particular, to the strong growth of Telko. Net cash from investing activities totaled EUR -3.1 (0.3) million. Sales gain from shares had a positive impact on net cash from investing activities during the comparative period. The Group’s free cash flow (net cash from operating activities + net cash from investing activities) was EUR -5.6 (11.0) million.

The amount of committed revolving credit facilities signed between Aspo and its main financing banks stood at EUR 60 million at the end of the review period. The revolving credit facilities remained fully unused at the end of the review period. No significant credit agreements will mature during 2016. EUR 12 million of Aspo’s EUR 80 million commercial paper program were in use.

On May 27, 2016, Aspo issued a new hybrid bond of EUR 25 million. The fixed coupon rate of the bond is 6.75% per annum. The bond has no specified maturity date, but the company may exercise an early redemption option after four years of its issuance date. On May 26, 2016, Aspo announced the result of a voluntary tender offer for a hybrid bond it issued in November 2013. EUR 15.4 million of the total loan capital of EUR 20 million was accepted for purchase by Aspo. On October 17, 2016, Aspo announced that it will redeem the outstanding loan capital on November 18, 2016 in compliance with the terms and conditions of the loan.

Aspo has hedged its interest rate risk by means of an interest rate swap. Its fair value on September 30, 2016 was EUR -0.7 million. The financial instrument is on level 2 of the fair value hierarchy.

Aspo Group has hedged its currency-denominated cash flows associated with the acquisition of new vessels using currency forward agreements, to which hedge accounting is applied. The nominal value of these currency forward agreements is EUR 38.5 million, and their fair value was EUR -0.5 million on September 30, 2016. The financial instrument is on level 2 of the fair value hierarchy.

INVESTMENTS

The Group's investments stood at EUR 1.5 (2.4) million in the third quarter, consisting mainly of maintenance and replacement investments.

Investments by segment, acquisitions excluded

	7-9/2016 MEUR	7-9/2015 MEUR	Change %	**1-9/2016 MEUR**	1-9/2015 MEUR	Change %	1-12/2015 MEUR
ESL Shipping	**1.0**	2.1	-52.4	**2.6**	3.5	-25.7	13.2
Leipurin	**0.0**	0.1	-100.0	**0.1**	0.4	-75.0	0.5
Telko	**0.3**	0.1	200.0	**0.8**	0.6	33.3	1.0
Kauko	**0.0**	0.1	-100.0	**0.0**	0.1	-100.0	0.1
Other operations	**0.2**	0.0	-	**0.2**	0.1	100.0	0.3
Total	**1.5**	2.4	-37.5	**3.7**	4.7	-21.3	15.1

PERSONNEL

Personnel by segment, period-end

	9/2016	9/2015	Change %	12/2015
ESL Shipping	**225**	222	1.4	223
Leipurin	**320**	286	11.9	299
Telko	**269**	258	4.3	265
Kauko	**51**	44	15.9	46
Other operations	**23**	24	-4.2	24
Total	**888**	834	6.5	857

At the end of the period, Aspo Group had 888 employees (834). The number of personnel has increased, particularly in the Leipurin and Telko companies in Russia and other CIS countries. The personnel of Kauko has increased as a result of its new operations in Germany.

Rewarding

In 2015, the Board of Directors of Aspo Plc approved a share-based incentive plan for about 30 persons. The plan includes three earnings periods, the calendar years 2015, 2016 and 2017. The Board of Directors will decide on the plan's performance criteria and required performance levels for each criterion at the beginning of each earnings period.

The reward from the earnings period 2015 was based on the Group's earnings per share (EPS). On the basis of the 2015 earnings period, employees included in the plan received 88,970 treasury shares as a share-based reward, as well as cash equaling the value of the shares in order to pay taxes.

The reward from the 2016 earnings period will be based on the Group's earnings per share (EPS). The possible reward from the 2016 earnings period will be paid in 2017, partly in treasury shares and partly in cash to cover any taxes and tax-related costs arising from the reward. At most 112,250 treasury shares will be granted, and the amount paid in cash will correspond at most to the value of the shares on the payment date.

In accordance with the rules of incentive plans, a total of 5,275 treasury shares, originally granted on the basis of share-based incentive plans, were returned during January–September due to ended contracts of employment.

RISKS AND RISK MANAGEMENT

Aspo has operated in an exceptionally challenging business environment throughout the year. The basic premises of economy continue to be poor in Aspo's operating countries, but during the third quarter they only weakened slightly or even improved in certain countries. The GNP is growing slowly in western countries and while the decline has decelerated in the east, inflation remains high. Freight rates are low, even though they have taken a slight upward turn. Despite a modest turn for the better, the general economic uncertainty maintains risks in all of Aspo's businesses.

The results of operations in Russia may suffer as a consequence of the general uncertainty in the region and the exceptionally high profitability resulting from the unstable market in Ukraine has returned to normal. Particularly the uncertainty in eastern markets and any changes in exchange rates may have an impact on demand for and the competitiveness of products. Growth both in eastern and western markets is limited by the slow demand for investment assets.

Strategic risks

In addition to the western markets, Aspo is operating in areas where the economy may increase or decrease and, as a result of this development, business preconditions may either improve or weaken significantly.

As a result of an increase in the prices of imported products, consumer demand has slowed down and the economy has contracted in Russia and Ukraine. According to estimates, the Russian economy will turn to growth during the next year. Even though any weakening currencies decelerate euro-denominated growth in net sales, euro-denominated costs will also decrease in Russia and Ukraine. Weaker consumption demand affects trade, in addition to which the weakened economic situation is reflected in the financial markets, payments and the companies' investment willingness in Russia and Ukraine.

In Russia, the increase in the prices of imported goods and any impact of sanctions are reduced through local procurement and production operations. Raw materials and products made in Russia are increasingly used in industrial production despite poorer quality. This may reduce the position of imported raw materials in the value chain and lower the margin level.

A key element in Aspo’s strategy is the implementation of various structural changes. If the current economic situation continues, structural changes within Aspo may become more difficult.

Financial sanctions or any other obstacles caused by the current situation in Russia may, in part, reduce transportation volumes from Russia, and decrease unloading services for large ocean liners at sea. The social objective to reduce the consumption of coal in energy production has increased in significance, which may reduce the need to transport coal. The need for replacement energy products may correspondingly increase transportation volumes and, for this reason, it is difficult to estimate future volumes. The low level of international freight indices and the increases in international vessels in particularly in large size categories have increased uncertainty over the long-term profitability of shipping companies.

In addition to the internationally poor economic situation and the political atmosphere, strategic risks are caused by the outlook and production solutions of industrial customers. Decisions on energy production structures affected by the environmental policy and other political choices may cause changes in industry and energy production that may decrease the use of fossil fuels and increase the use of alternative forms of energy. The flow of goods in the Baltic Sea may change as a result of steel production, cost structures, changes in the customer structure, such as centralization of ownership, or for other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they can also be seen as significant opportunities. As a result of low cargo prices in global maritime transport, competition for cargo may become more intense in the Baltic Sea area, as well.

Strategic risks are affected by long-term changes in cargo prices, investment trends, and changes in trade structures, especially in western markets. In eastern markets, risks are increased by such factors as political instability, social structures or their lack of reaction to the difficulties encountered by business operations. The accumulation and discharge of investments may cause long-term changes in the competitive situation and customer behavior.

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. Despite the aggravation of the political situation and the alarming direction of economic development, Aspo’s strategic risks are evened out by the distribution of business operations over four segments, its engagement in business operations in a broad geographical area, and its ability to react quickly to changing situations.

Operational risks

Even though economic uncertainty in Aspo's operating environment has decreased during the review period, operational risks have remained unchanged. These include risks related to supply chains and persons.

The focus of Aspo’s growth has for long been on emerging market areas, where risks decelerating growth are affected by factors such as exchange and interest rates, the level of and changes in the global market prices of raw materials, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and the inactivity, lack of neutrality or corruption of public authorities.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials in the eastern markets. The political and economic instability is disturbing commercial activities and, if the situation continues, the growth of Aspo’s business operations in Ukraine will slow down. There may be a similar trend in Russia and other CIS countries if purchasing power decreases. 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 are encouraging interest among competitors in starting or expanding business operations in these areas. The challenging emerging markets and the escalated situation in Ukraine have also caused competitors to withdraw from the area, which has created new potential for Aspo's businesses, increased their market shares and, in some business areas, even improved profitability. Some normalization of competition has already taken place in Ukraine, for example.

Hedging against exchange rate changes is not possible in all conditions, and especially without interruptions. Changes in exchange rates may also weaken results and reduce equity on the balance sheet as a result of translation differences. Then again, changes in exchange rates may also strengthen the result and balance sheet. As changes in credit loss risks are diversified across businesses and customers, Aspo's businesses have not been subjected to any significant credit losses. However, the limits of credit insurers have become tighter and, in general, credit loss risks have increased and been realized to some extent.

The quantity and probability of the Group's loss risks are regularly assessed. The amounts insured are sufficient in view of the scope of Aspo's operations, but insurance companies may restrict the validity of insurance policies as a result of risks increasing for various reasons.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, 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 control principles approved by the Board of Directors, risk management is part of Aspo's internal control, 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 management of operations. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

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

A more detailed account of the risk management policy and the most significant risks has been published in the Year 2015 report and on the company's website. More detailed information on financing risks can be found in the notes to the financial statements.

SHARE CAPITAL AND SHARES

Aspo Plc's share capital on September 30, 2016 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 396,226 shares; that is, 1.3% 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 Helsinki Oy's Mid Cap segment under industrial products and services.

During January-September 2016, a total of 1,867,994 Aspo Plc shares with a market value of EUR 12.7 million were traded on Nasdaq Helsinki, in other words, 6.0% of the shares changed hands. During the review period, the share price reached a high of EUR 7.59 and a low of EUR 6.00. The average price was EUR 6.81 and the closing price at period-end was EUR 7.01. At the end of the review period, the market value excluding treasury shares was EUR 214.4 million.

The number of Aspo Plc shareholders was 9,230 at period-end. A total of 659,013 shares, or 2.1% of the share capital, were nominee registered or held by non-domestic shareholders.

Aspo Plc's new trading code (stock symbol) in Nasdaq Helsinki is ASPO. Previously it was ASU1V.

The new trading code was effective on June 27, 2016.

Flagging notification

On May 31, 2016 shareholder Tatu Vehmas informed that Aatos Vehmas and Liisa Vehmas have authorized him to use the voting rights of Aspo shares owned by them so that his share of the voting rights in Aspo Plc has increased above five per cent (5%).

EVENTS AFTER THE REVIEW PERIOD

On October 17, 2016, Aspo decided to redeem the outstanding share of the EUR 20 million hybrid bond. The outstanding share amounts to EUR 4.58 million. The bond was issued in November 2013. The redemption will be made on November 18, 2016 in accordance with the terms and conditions of the hybrid bond. Due to the subordinate nature of the hybrid bond, the outstanding share is recognized in the equity of Aspo Group until the redemption.

SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 7, 2016, approved the payment of a dividend totalling EUR 0.41 per share according to the Board’s proposal. The dividend’s payment date was April 18, 2016.

Board of Directors and Auditor

The Annual Shareholders’ Meeting re-elected to the Board of Directors LL.M, MBA Mammu Kaario, LL.M. Roberto Lencioni, B.Sc. (Econ.), eMBA Gustav Nyberg and M.Sc. (Tech.) Risto Salo and M.Sc. (Econ.) Mikael Laine and D.Sc. (Econ.) Salla Pöyry were elected as new members of the Board of Directors. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected as Chairman of the Board and Roberto Lencioni as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit Committee and Mammu Kaario, Mikael Laine and Salla Pöyry as committee members. The authorized public accounting firm Ernst & Young Oy was elected as company auditor.

Shareholders’ Nomination Board

The Annual Shareholders’ Meeting decided to establish a permanent Shareholders’ Nomination Board to prepare proposals to the Annual Shareholders’ Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees. In addition, the Meeting adopted the Charter of the Shareholders’ Nomination Board.

In October, the following members have been appointed to Aspo's Shareholders' Nomination Board: Veronica Timgren, Member of the Board, Oy Havsudden Ab; Reima Rytsölä, Executive Vice-President, Varma Mutual Pension Insurance Company; Tatu Vehmas, Student of Economics, Vehmas family and Mikko Mursula, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company. In addition, Gustav Nyberg, Chairman of Aspo Board of Directors, acts as an expert member of the Nomination Board. The Nomination Board elects a Chairman from among its members.

The Shareholders' Nomination Board prepares and presents to the Annual Shareholders’ Meeting proposals on the remuneration, number and members of the Board of Directors. The Nomination Board will forward its proposals for the 2017 Annual Shareholders’ Meeting to the Board of Directors by January 1, 2017.

Board authorizations

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

The Annual Shareholders' Meeting on April 7, 2016 authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted equity of the company. The authorization includes the right to accept treasury shares as a pledge. The authorization will remain in force until the Annual Shareholders' Meeting in 2017 but not more than 18 months from the approval at the Shareholders' Meeting. The Board of Directors has not used the authorization.

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

The Annual Shareholders' Meeting on April 9, 2015, authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization will remain in force until September 30, 2018.

The Board of Directors has used the authorization on March 18, 2016 and granted 88,970 treasury shares to employees included in the earnings period 2015 of the share-based incentive plan 2015-2017.

Authorization of the Board of Directors to decide on a rights issue

The Annual Shareholders' Meeting on April 9, 2015, authorized the Board of Directors to decide on a rights issue for consideration. The authorization is proposed to include the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization will remain in force until September 30, 2018. The Board of Directors has not used the authorization.

ASPO BOARD OF DIRECTOR’S DECISION CONCERNING THE DIVIDENDS STARTING FROM 2017

Following the global trend, the Board of Directors of Aspo Plc has decided to propose to the Annual Shareholders’ Meeting that a twice-a-year distribution policy be adopted starting from 2017.

Aspo Board of Directors has also confirmed that Aspo will maintain its current dividend policy, whereby the company distributes in dividends at least half of the annual profit on average.

LEGAL PROCEEDINGS

On February 27, 2015, the Helsinki District Court announced its judgement in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001-2004. According to the judgement, the Finnish State will be required to refund to ESL Shipping approximately EUR 3.0 million in accordance with the company’s claim, as well as legal expenses and interest. The State lodged an appeal against the District Court’s judgement and, in its ruling issued on August 8, 2016, the Court of Appeal overruled the Helsinki District Court’s judgement and dismissed ESL Shipping’s legal action as time-barred. The company has applied for a leave to appeal from the Supreme Court.

The shipping company won legal proceedings against Indian 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. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of ruling will be taken into account in the interim report during the period over which the imposed payment is received.

Helsinki October 27, 2016

ASPO Plc

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9/2016 MEUR	%	7-9/2015 MEUR	%
Net sales	118.2	100.0	111.5	100.0
Other operating income	0.3	0.3	0.1	0.1
Materials and services	-88.1	-74.5	-78.9	-70.8
Employee benefit expenses	-9.3	-7.9	-9.5	-8.5
Depreciation, amortization and impairment losses	-2.9	-2.5	-2.9	-2.6
Other operating expenses	-12.2	-10.3	-13.0	-11.7
Operating profit	6.0	5.1	7.3	6.5
Financial income and expenses	-0.8	-0.7	-1.0	-0.9
Profit before taxes	5.2	4.4	6.3	5.7
Income taxes	-0.2	-0.2	-0.5	-0.4
Profit for the period	5.0	4.2	5.8	5.2
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-0.4		-3.5	
Cash flow hedges	-0.1		0.0	
Available-for-sale financial assets			0.0	
Reclassification			0.0	
Income tax on other comprehensive income	0.0		0.0	
Other comprehensive income for the period, net of taxes	-0.5		-3.5	
Total comprehensive income	4.5		2.3	
Profit attributable to shareholders	5.0		5.8	
Total comprehensive income attributable to shareholders	4.5		2.3	
Earnings per share, EUR	0.16		0.18	
Diluted earnings per share, EUR	0.16		0.18	

	1-9/2016 MEUR	%	1-9/2015 MEUR	%	1-12/2015 MEUR	%
Net sales	332.9	100.0	323.7	100.0	455.8	100.0
Other operating income	0.9	0.3	1.0	0.3	1.2	0.3
Materials and services	-243.7	-73.2	-229.5	-70.9	-318.2	-71.4
Employee benefit expenses	-29.9	-9.0	-30.6	-9.5	-41.0	-9.2
Depreciation, amortization and impairment losses	-8.6	-2.6	-9.6	-3.0	-12.5	-2.8
Other operating expenses	-37.5	-11.3	-40.6	-12.5	-54.7	-12.3
Operating profit	14.1	4.2	14.4	4.4	20.6	4.6
Financial income and expenses	-2.4	-0.7	3.0	0.9	0.7	0.2
Profit before taxes	11.7	3.5	17.4	5.4	21.3	4.8
Income taxes	-1.0	-0.3	-1.3	-0.4	-1.5	-0.3
Profit for the period	10.7	3.2	16.1	5.0	19.8	4.4
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences	1.1		-3.0		-5.8	
Cash flow hedges	-0.8		0.1		0.3	
Available-for-sale financial assets			1.8		1.8	
Reclassification			-4.9		-4.9	
Income tax on other comprehensive income	0.0		0.6		0.6	
Other comprehensive income for the period, net of taxes	0.3		-5.4		-8.0	
Total comprehensive income	11.0		10.7		11.8	
Profit attributable to shareholders	10.7		16.1		19.8	
Total comprehensive income attributable to shareholders	11.0		10.7		11.8	
Earnings per share, EUR	0.32		0.50		0.61	
Diluted earnings per share, EUR	0.32		0.50		0.61	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	9/2016 MEUR	9/2015 MEUR	Change %	12/2015 MEUR
Assets				
Other intangible assets	9.7	11.3	-14.2	11.1
Goodwill	42.6	42.7	-0.2	42.7
Tangible assets	112.8	108.7	3.8	116.4
Available-for-sale financial assets	0.2	0.2	0.0	0.2
Receivables	3.7	3.7	0.0	3.8
Total non-current assets	169.0	166.6	1.4	174.2
Inventories	59.4	52.8	12.5	48.4
Accounts receivable and other receivables	64.3	58.0	10.9	58.3
Cash and cash equivalents	18.6	32.5	-42.8	23.9
Total current assets	142.3	143.3	-0.7	130.6
Total assets	311.3	309.9	0.5	304.8
Equity and liabilities				
Share capital	17.7	17.7	0.0	17.7
Other equity	92.1	84.1	9.5	84.9
Total equity	109.8	101.8	7.9	102.6
Non-current liabilities	114.6	98.2	16.7	121.1
Current liabilities	86.9	109.9	-20.9	81.1
Total shareholders' equity and liabilities	311.3	309.9	0.5	304.8

ASPO GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Fair value reserve
D = Other reserves
E = Treasury shares
F = Translation differences
G = Retained earnings
H = Total

MEUR	A	B	C	D	E	F	G	H
Equity Jan. 1, 2016	17.7	4.3	-0.3	31.9	-2.7	-21.8	73.5	102.6
Comprehensive income:								
Profit for the period							10.7	10.7
Translation differences						1.1		1.1
Cash flow hedges*			-0.8					-0.8
Total comprehensive income			-0.8			1.1	10.7	11.0
Transactions with owners:								
Dividend payment							-12.5	-12.5
Change in hybrid instruments				9.6			-1.1	8.5
Share-based incentive plan					0.4		-0.2	0.2
Transfer of reserves				0.1			-0.1	0.0
Total transactions with owners				9.7	0.4		-13.9	-3.8
Equity Sept. 30, 2016	17.7	4.3	-1.1	41.6	-2.3	-20.7	70.3	109.8
Equity Jan. 1, 2015	17.7	4.3	1.9	32.0	-3.4	-16.0	67.6	104.1
Comprehensive income:								
Profit for the period							16.1	16.1
Translation differences						-3.0		-3.0
Cash flow hedges*			0.1					0.1
Available-for-sale financial assets*			-2.5					-2.5
Total comprehensive income			-2.4			-3.0	16.1	10.7
Transactions with owners:								
Dividend payment							-12.2	-12.2
Interest on hybrid instrument							-1.0	-1.0
Share-based incentive plan					0.7		-0.5	0.2
Transfer of reserves				-0.1			0.1	0.0
Total transactions with owners				-0.1	0.7		-13.6	-13.0
Equity Sept. 30, 2015	17.7	4.3	-0.5	31.9	-2.7	-19.0	70.1	101.8

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-9/2016 MEUR	1-9/2015 MEUR	1-12/2015 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	14.1	14.4	20.6
Adjustments to operating profit	8.7	10.2	13.4
Change in working capital	-21.6	-10.3	-4.2
Interest paid	-2.7	-2.5	-3.1
Interest received	0.3	0.6	0.6
Income taxes paid	-1.3	-1.7	-2.3
Net cash from operating activities	-2.5	10.7	25.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intagible assets	-3.1	-4.3	-5.5
Advance payments for vessels	-0.1		-9.2
Proceeds from sale of tangible assets	0.1	0.1	0.1
Proceeds from available-for sale financial assets		4.9	4.9
Subsidiaries acquired, contigent consideration		-0.3	-0.3
Business operations and subsidiaries sold		-0.1	0.1
Net cash from investing activities	-3.1	0.3	-9.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in current loans	10.8	-1.2	-21.9
Change in non-current loans	-6.6	15.9	25.6
Repayments of hybrid instrument	-15.7		
Hybrid instrument, interests	-0.6		-1.4
Proceeds from hybrid instrument issue	24.8		
Dividends distributed	-12.5	-12.2	-12.2
Net cash from financing activities	0.2	2.5	-9.9
Change in cash and cash equivalents	-5.4	13.5	5.2
Cash and cash equivalents Jan. 1	23.9	19.3	19.3
Translation differences	0.1	-0.3	-0.6
Cash and cash equivalents at period-end	18.6	32.5	23.9

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments' assets, MEUR

	9/2016	9/2015	12/2015
ESL Shipping	120.2	116.3	123.8
Leipurin	59.9	62.2	61.8
Telko	83.2	75.0	65.7
Kauko	23.4	21.4	26.8
Unallocated items	24.6	35.0	26.7
Total	311.3	309.9	304.8

Segments' liabilities, MEUR

	9/2016	9/2015	12/2015
ESL Shipping	9.3	9.9	11.0
Leipurin	12.3	15.1	14.9
Telko	32.0	27.3	27.1
Kauko	7.6	7.4	12.6
Unallocated items	140.3	148.4	136.6
Total	201.5	208.1	202.2

ACCOUNTING PRINCIPLES

Aspo Plc's interim report report has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2016, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2015 financial statements. The adoption of these new or amended standards has not had any substantial impact on the reported figures. In other respects, the same accounting principles have been adopted in the interim report as in the consolidated financial statements on December 31, 2015. The information in this report is unaudited.

Aspo Plc has adopted the guidance on alternative key figures issued by the European Securities and Market Authority (ESMA). In addition to IFRS figures, the company releases other commonly used key figures which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the picture drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation formulas of key figures have been described on page 70 of the Year 2015 report.

SEGMENT REPORTING

Aspo Group's operational segments are ESL Shipping, Leipurin, Telko and Kauko. Other operations consists of Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

The Group reports its net sales on the basis of the following geographical division: Finland; Scandinavia; the Baltic countries; Russia, Ukraine and other CIS countries; and other countries.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Thursday October 27, 2016 at 14.00 at the Paavo Nurmi cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

Helsinki, October 27, 2016

ASPO Plc

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Aspo is a conglomerate that owns and develops businesses in Northern Europe and growth markets focusing on demanding B-to-B customers. The aim of our strong corporate brands – ESL Shipping, Leipurin, Telko and Kauko – is to be the market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are developed persistently without any predefined schedules.