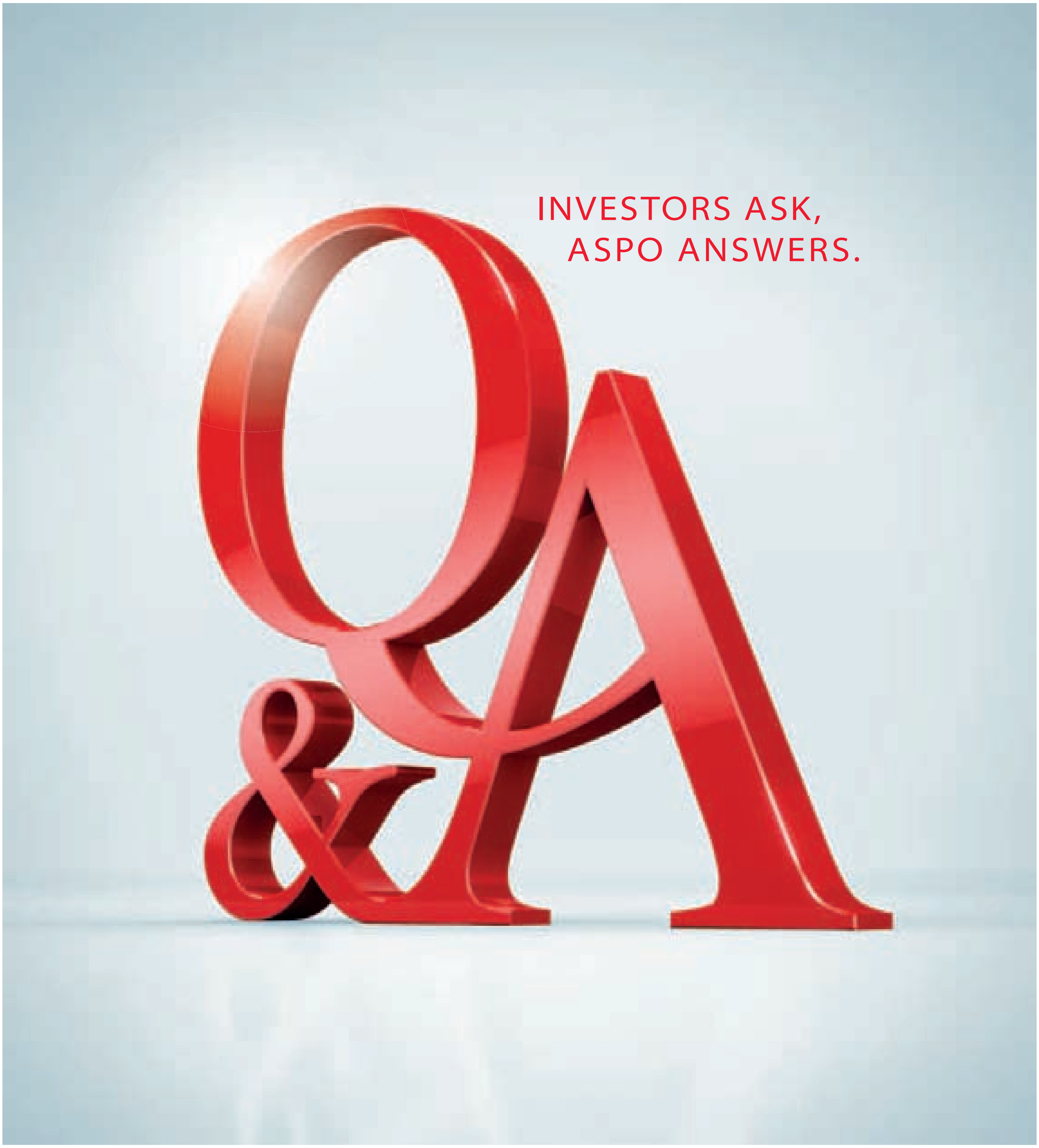
ASPO

ANNUAL REPORT 2011



Leading brands in sectors requiring specialist expertise

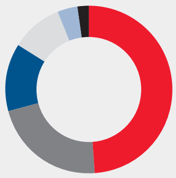
		CUSTOMERS	STRENGTHS
ESL Shipping ESL Shipping transports dry bulk cargoes. We provide a year-round supply of raw materials to our customers, even in the most demanding weather conditions.		Our key customers are companies in the steel industry as well as energy producers. Our vital raw material deliveries 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 Baltic Sea conditions. Our sufficiently large and interchangeable fleet ensures efficient operations and flexible and reliable service for our customers.
LEIPURIN Leipurin supplies raw materials and machinery to the food industry and provides services for all stages of customers' production processes, from R&D to boosting operational efficiency.		Our customers include companies in the bakery industry, the confectionery and dairy industries and the meat and convenience food industries. Leipurin offers both raw materials under our own brand, developed through in-house R&D, as well as raw materials and machines from leading international principals.	Even globally, Leipurin is one of only a few companies that can supply businesses with both machinery and raw materials. Our end-to-end service also includes assisting our customers with their R&D. They can, for example, tap our expertise in planning new recipes and developing product characteristics.
TELKO Telko is an expert in the chemicals and plastic raw materials required in industry. Our services cover procurement, distribution, technical support and the development of production processes.		In plastics, our customers include the packaging industry, electronics and electricity industry and companies manufacturing plastic parts for consumer products. Our chemicals customers include companies in the paint, printing, packaging and chemical industries. We deliver products made by leading international principals.	Telko has an extensive product range and robust expertise in the raw materials customers require in their production processes. Our efficient logistics cover global procurements and local warehouses that enable rapid and customized deliveries.
KAUKO MARKKINAT Kaukomarkkinat specializes in products and services that improve energy efficiency. We help customers to boost and develop their operations.		Energy product customers include energy utilities, construction companies, contractors, distributors, housing corporations, and retailers. We also supply process industry products and professional electronics.	The operations of Kaukomarkkinat are based on the products of the best companies in the industry, and the willingness and skills of internal experts to improve the operations and efficiency of the customers. Our long-lasting relationships with our suppliers are built on strong trust.

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

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

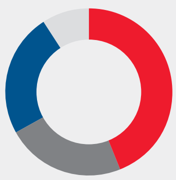
20%

Cargoes by country



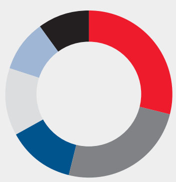
	2011	2010
Net sales, MEUR	**93.1**	79.5
Operating profit, MEUR	**10.5**	11.5
Personnel, Dec. 31	**211**	183

27%



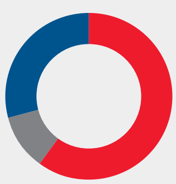
	2011	2010
Net sales, MEUR	**128.2**	108.7
Operating profit, MEUR	**5.7**	3.6
Personnel, Dec. 31	**275**	226

44%



	2011	2010
Net sales, MEUR	**211.6**	175.2
Operating profit, MEUR	**8.6**	6.8
Personnel, Dec. 31	**230**	199

9%



	2011	2010
Net sales, MEUR	**43.4**	32.5
Operating profit, MEUR	**1.4**	0.6
Personnel, Dec. 31	**85**	91

This Annual Report has been implemented in cooperation with Aspo's shareholders.

On the next pages, the members of Aspo's Group Executive Committee answer topical questions posed by investors.

Thank you for your questions!

Aspo Annual Report 2011

Financial Statements

Aspo operates in 14 countries.

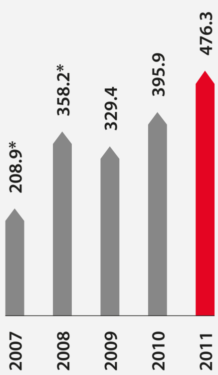
ASPO

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

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

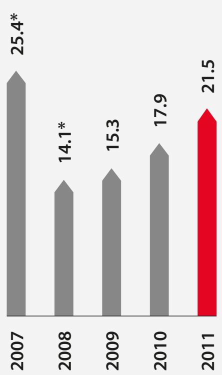
We develop our business operations and Group structure with an eye on the long term, harnessing the Group's strong financial standing and intangible capital. Aspo operates in Northern Europe and Eastern growth markets.

Net sales MEUR



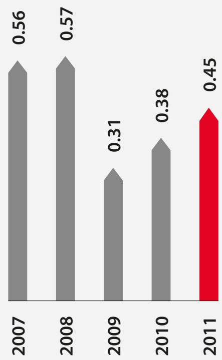
* continuing operations

Operating profit MEUR

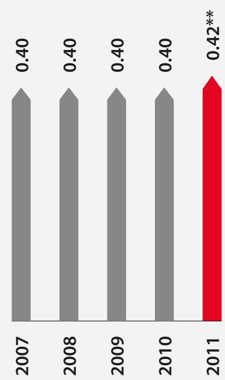


* continuing operations

Earnings/share EUR

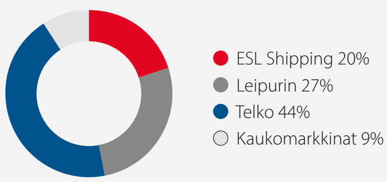


Dividend/share EUR

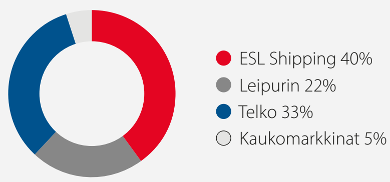


** Board's proposal

Share of Group net sales



Share of segments' operating profit



Key figures	2011	2010
Net sales, MEUR	**476.3**	395.9
Operating profit, MEUR	**21.5**	17.9
Share of net sales, %	**4.5**	4.5
Profit before taxes, MEUR	**17.4**	14.1
Share of net sales, %	**3.7**	3.6
Earnings/share, EUR	**0.45**	0.38
Diluted earnings/share, EUR	**0.45**	0.39
Equity/share, EUR	**3.05**	2.49
Return on investment (ROI), %	**12.5**	12.7
Return on equity (ROE), %	**16.4**	15.2
Equity ratio, %	**35.2**	33.2
Gearing, %	**94.1**	101.5
Personnel, December 31	**814**	712

Aspo's financial targets

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


On steady course towards growth
Growth of net sales
20.3 %
Growth of operating profit
20.1 %
ASPO

In 2011, Aspo again achieved significant growth and clearly improved its result, as we have done for the past few years. We are on a steady growth course, without any impediments in sight. Our strategy has been good. We have pursued it deliberately.

The past year was quite dramatic, even if our figures do not show it. We started the year with confidence, but global economic uncertainty increased once again in the spring. We immediately improved our capacity to respond. We tightened procurement and customer credit guidelines. Moreover, we reworked our management model, emphasizing reaction speed and efficiency of strategy implementation. Regardless of the continuing uncertainty, the second half of the year was good. It has given us confidence for the future.

Despite fluctuations in the global economy, we look at the business environment from the long-term perspective, beyond business cycles. So 2011 included establishments in our growing Eastern markets, reinforcing our competitive position with an acquisition, receiving of a new vessel, and financing opportunities for future growth through a successful rights issue.

Investments in growth throughout Aspo

For ESC Shipping, 2011 was a volatile year, it only achieved a satisfactory result. The cold winter with exceptionally heavy storms in the first half of the year complicated operations, thus weakening profitability. In addition, ESL Shipping temporarily operated with a smaller fleet forcing us to use rental vessels for transport. The end of the year also included expenses related to receiving and outfitting of the new vessel.

In 2011, we laid the foundation for the future growth of ESL Shipping. The significant agreements, renewed with steel industry customers, allowed us to act long-term, to modernize our pusher barge fleet, and at the beginning of 2012, to receive the first of the two new supramax class vessels. The shipping company is now excellently positioned to increase its market share and find new customer segments.. Our new fleet raises profitability expectations for the coming years.

The President of the Republic of Finland has just approved and signed the Tonnage Tax Act. This act has been long in the making. The decision is good for Aspo: it will be reflected in our result. In particular it will provide a foundation for the long-term development of our shipping company.

Leipurin developed strongly and met the expectations we placed in the company by markedly improving its operating profit. The systematic efforts made in establishing new outlets in Russia has yielded results, as did the development of new customer segments in Finland, such as the development of in-store bakeries, including machinery.

At the end of 2011, Leipurin reinforced its expertise in machinery and manufacturing lines through the acquisition of Vulganus, an important player in this sector. Thanks to the acquisition, Leipurin is now even better positioned in the challenging Eastern machinery markets as well. Last year was unquestionably good: the investments made led to growth, profitability and improved competitiveness.

The global economic uncertainty hit Telko harder than it hit Aspo's other operations. Raw material prices decreased, and the demand for raw materials declined in some markets. The year also showed that Telko can deliver results even with steadily declining prices, thanks to its increasingly agile organization and the new ERP system which supports management.

Telko developed its operations, but in terms of profit, it can still improve its performance. Both Telko and Leipurin are profiling themselves more and more as service companies, not as wholesalers or distributors. Therefore we also expect them to achieve a better operating profit percentage in the future.

Kaukomarkkinat gained forward momentum last year. The company has clarified Its direction, broadened its way of thinking and displayed a passion to get things done. All this promises well for the future, as the company already possesses a wealth of expertise and know-how.

Developing business operations around locally produced energy and energy efficiency is a target Aspo has set for Kaukomarkkinat. The strategy is in place, so the next few years will be a time of investments and putting plans into action. The company has excellent opportunities for developing new business, since its traditional business operations are in good shape. For example, Kaukomarkkinat is looking at ways in which it could utilize Aspo's strong expertise in Russia and the geographical presence of the Group's other divisions in other countries.

Systematic progress in the Eastern home market

In some ways, the past year was a gap year for many of our divisions, yet the Group's result was good. This is an indication of the potential Aspo has to increase the net sales and profit of all of its subsidiaries.

We will continue our systematic progress in the Eastern growth markets. From the start we have built our operations from the local perspective and with local personnel. We do not speak of export trade – instead, we speak of 14 home markets. There is a major difference of attitude between these approaches, which also shows in our success.

Making headway in growth markets requires relatively low capital expenditure. Although Leipurin is already present in ten cities in Russia, and Telko in seven, we have barely scratched the surface with regard to the opportunities available in the growth markets.

Aspo will achieve its strongest growth in the Eastern markets. Our Finnish operations have successfully improved their result in recent years and we have also developed our Scandinavian operations. Global trade also offers access to many other interesting markets.

Over the past few years, Aspo has developed into a genuine conglomerate: Leipurin and Telko have grown to parallel ESL Shipping as profit-makers. Our conglomerate structure brings us both stability and prosperity. At the same time, we seek further synergies from our conglomerate structure. This is one of the tasks of the new Group Executive Committee established last fall.

The past year showed that Aspo's owners are extremely loyal and interested in the company's future. The rights offering carried out in the spring was oversubscribed, and Aspo raised capital for financing its future growth. A very warm thank you to all of our shareholders.

Although there are uncertainties in our operating environment, we face the future with confidence. We thank our personnel, customers and other stakeholders for helping us make our future. Our excellent, committed personnel are dedicated to finding solutions to the challenges our customers are facing and will face. This is the kind of capital that will ensure our success in all markets and conditions.

Helsinki, February 27, 2012

Aki Ojanen
CEO

Harri Seppälä
Group Treasurer

Development of business functions and group structure

The Group Executive Committee includes CEO Aki Ojanen, CFO Arto Meitsalo, Group Treasurer Harri Seppälä, and the respective Managing Directors of Aspo's subsidiaries. Aspo executives answer questions from investors.

Aki Ojanen
CEO

Arto Meitsalo
CFO

How can a conglomerate be run effectively?

Aki Ojanen: According to its strategy, Aspo owns and manages the business functions and is responsible for the development of the group structure. Our new Group Executive Committee has been created on this basis. As members of the Committee, the Managing Directors of the business operations address the major questions of the Group and establish a shared view and shared solution models. This makes implementation highly effective.

Harri Seppälä: All Executive Committee members are also Aspo shareholders. They are very willing to develop the operations of the entire Group.

How many business operations can belong to Aspo – are you perhaps planning to acquire or divest companies?

Ojanen: Two companies is not quite a conglomerate yet, but three is. We have a very interesting entity at the moment. All four subsidiaries have a good opportunity to substantially increase their operations.

Seppälä: The long-term development of the Group structure is entered in the Aspo strategy. Our existing management structure also makes it possible to develop a large entity. When required, we can obtain capital and talented people to implement good ideas.

What guides the Group structure development? What kind of entity are you looking for?

Ojanen: About five years ago, Aspo started actively looking for a sector that would be less cycle-oriented. In 2008, we carried out a major corporate acquisition, established Leipurin in its current form and powerfully took it to the Eastern market. We now have our intended, well-balanced portfolio that decentralizes cash flow and geographical risk. Operating as a conglomerate provides us with stability – and we do not have to compromise on growth.

Arto Meitsalo: We have changed our Group structure as we promised in 2008. Previously, we were in practice evaluated as a shipping company, but now the value of the entity is seen in a totally different way.

Ojanen: We must also always have a business that is taking the first steps in its development. This is exactly where Kaukomarkkinat is, and it operates in a very interesting growth sector in locally produced energy.

Have the corporate acquisitions and Group structure development resulted in value?

Ojanen: The 2008 corporate acquisition is a prime example of this. It also involved its

specific risks at the time. From the entity acquired, we divested units that were unsuitable for us, which reduced the theoretical contract price. From the acquisition, we retained the majority of Telko, as well as Kaukomarkkinat and Leipurin. Based on its profit and general coefficients of the food sector, Leipurin alone is now more valuable than the full theoretical contract price. In addition, the operating profit for Telko exceeds eight million euros, whereas the best profit achieved by its predecessor in Aspo was about three million euros. In addition, we reduced annual administrative costs by more than four million euros after the acquisition. No corporate acquisition creates value on its own: the main thing is how well we can refine the acquired functions.

Seppälä: We have a good strategy that has been implemented effectively. This shows in our profit, payment of dividend, and Aspo's market value. They all indicate that we have successfully created a lot of added value.

When will the new strategy of Kaukomarkkinat show in its figures?

Ojanen: Kaukomarkkinat is shifting its focus to become a supplier of system solutions related to local energy. In 2012, we will already see new product solutions and services, but the new strategy will only have a profit impact in the next few years. We must carry out investments first and success will only follow after this build-up. As is typical of Aspo, in 2012, Kaukomarkkinat will also get a new Board that will consist of external experts.

What is the more general role of energy in Aspo's operations?

Meitsalo: Energy always has an interesting role for Aspo: we benefit from the sector's trends without being an energy company ourselves. ESL Shipping has a strong role in energy coal transport and many opportunities in biofuel transport. Kaukomarkkinat benefits from the general trend that emphasizes energy efficiency.

Do not the operations in Russia and other Eastern locations involve big risks? How do you prepare for risks?

Meitsalo: The Eastern growth market, particularly in small countries, involves specific risks. Such countries often have an underdeveloped banking system, interest rates are high, and the value of currencies may fluctuate by tens of percentages. In addition, political uncertainty often has an impact on macro economy, such as currencies and customs tariffs.

Seppälä: We have taken small steps in risky countries and grown organically there. Our operations require a relatively small amount of capital and they are very decentralized. Here also, risk and profit go hand in hand: the Eastern market has provided us with excellent growth and profitability.

Ojanen: You need to be persistent in growth markets. When the financial crisis hit Ukraine in 2008 and the currency was devalued, Telko posted an operating loss there. We had competent and enthusiastic staff in the country and did not close down our operations. The economy of Ukraine saw an upswing and in 2011, Telko Ukraine was one of the Group's best units.

Is it difficult to operate in Russia, e.g. in regard to laws and regulations?

Ojanen: Even if Russia has only had a market economy for 20 years, its legislation has developed and corporate taxation is at a competitive level. Russia's WTO membership will harmonize the operating methods to an even greater extent. Of course, finding success there requires strong local competence, just like in any other market.

Ojanen: In the growth markets, the commitment of the local staff is one of our advantages. We do not have glass ceilings, to the contrary. Our goal is to have local management for different businesses in every country. For example, the Russian subsidiary of Telko is led by the same people who were involved in establishing the company right from the start. They have been trustworthy and also are genuinely proud of their company.

Do you intend to expand to other growth markets, such as South America?
Ojanen: No. This is a strategic choice. Our growth is in the Eastern market and in China, for example. We already have related know-how there and we can obtain synergy from our functions, and there is still huge growth potential in the market. Of course, we carry out sourcing around the globe.

What is the impact of Finland on your operations?
Ojanen: Very important. There is intense competition in the domestic market, and doing well here is a requirement for success abroad. Finland is also a good place for developing new services before taking them to bigger markets.

Aspo has a lot of debt. Should you be invested in?
Ojanen: We approve a higher leverage because it is an inexpensive way of growing. We can make capital provide good profits, which means that at an interest rate level as low as this, it is, on the other hand, smart to not capitalize the company too much.
Seppälä: Being a conglomerate provides several opportunities for generating cash flow. The businesses are making good profit, and Aspo has previously successfully freed up cash flow and capital by divesting businesses or the shipping company's ships, for example. We also have owners who show their faces and commitment, which was seen in the rights issue of spring 2011, for example.

You organized a rights issue even though you distributed dividend. Why?
Seppälä: The rights issue dealt with funding Aspo's growth and investments – we wanted to let this important matter be decided on by each owner on their own. If we had not paid dividend we would have made the decision on behalf of the owners.

How will the Tonnage Tax Act affect the Group's tax rate?
Meitsalo: It is expected to decline. The operations of ESL Shipping will become almost tax-free – the Group will benefit from it according to how much profit ESL Shipping and other Finnish subsidiaries make. This means that the Group's tax rate may vary by year. The Group's tax rate will be decreased by shifting from income taxation to tonnage taxation, but the Group will also benefit from tonnage taxation through a decrease in the deferred tax.

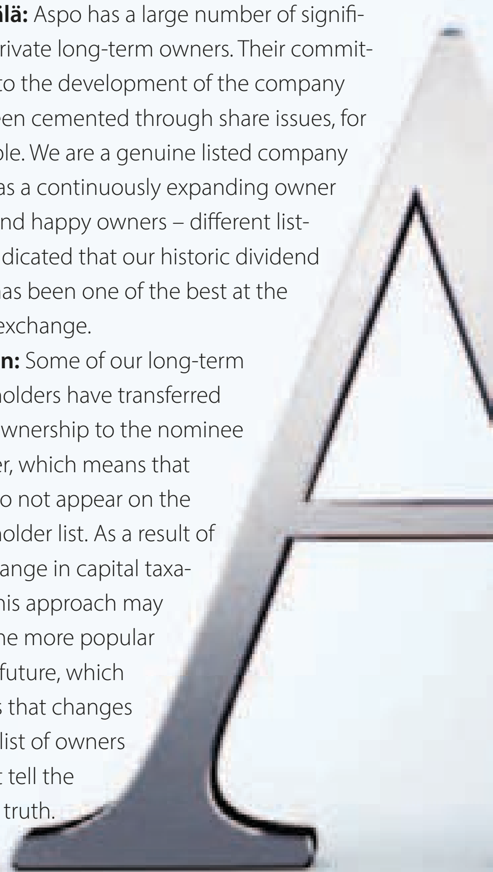
What kind of covenants do the loans granted to Aspo involve?
Seppälä: A covenant is a credit agreement term: if the term is violated, funding becomes more expensive and difficult to obtain. Our funding agreements include covenants based on the equity ratio, and to the relation between gross margin and net debt. None of these has been at risk of being violated – that would require a substantial decrease in profitability and increase in indebtedness.

What kind of re-funding risk will Aspo's loans involve in 2012?
Seppälä: None. No significant funding agreements fall due in 2012.

Have you prepared for the collapse of the Eurozone?
Meitsalo: Not really. Aspo purchases quite a lot in euros and sells in more than ten different currencies. The rouble is a key currency in the financial statements. In addition, ship investments are made in dollars. However, all significant currency flows are hedged. The collapse of the euro would introduce more currency pairs and bureaucracy which would naturally have a negative impact on global economy.

Is it possible for investors to be involved in the company's decision-making as an advisory body, for example?
Ojanen: The Annual Shareholders' Meeting serves this purpose – the discussion at the meetings has traditionally been quite lively. We also meet with the owners at different investor events. You can also freely contact us, we will also be happy to discuss with private investors.

Have there been changes in Aspo owners and their commitment to the company?
Seppälä: Aspo has a large number of significant private long-term owners. Their commitment to the development of the company has been cemented through share issues, for example. We are a genuine listed company that has a continuously expanding owner base and happy owners – different listings indicated that our historic dividend yield has been one of the best at the stock exchange.
Ojanen: Some of our long-term shareholders have transferred their ownership to the nominee register, which means that they do not appear on the shareholder list. As a result of the change in capital taxation, this approach may become more popular in the future, which means that changes in the list of owners do not tell the whole truth.



ESL Shipping

ESL Shipping vessels can be identified by the company logo on their chimneys.

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

Transporting important raw materials

General

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

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

ESL Shipping's geared vessels are especially designed to operate in the demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to enter even the shallowest ports fully laden safely. Bow thrusters and onboard cranes reduce our dependence on tugboats and port cargo handling facilities. Fast and cost-effective port visits are the result.

At the end of 2011, ESL Shipping's fleet comprised 16 vessel units with a combined total tonnage of about 210,000 tons. The shipping company owned 12 of them in full, one in part; two vessels were time-chartered and one was leased. The first of the new Supramax vessels was received in January 2012.

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

The shipping company has joined the tonnage tax system: the system will be applied as of the beginning of the 2011 accounting period.

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 customerships are based on long-term agreements. During 2011, new extension agreements were signed for marine transports with both Rautaruukki and SSAB. Long-term agreements make it possible to develop operations while giving the shipping company an opportunity to renew its fleet.

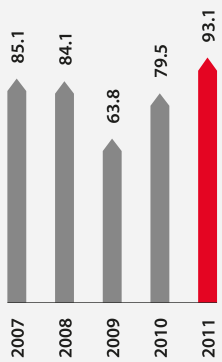
Share of Group net sales

20 %

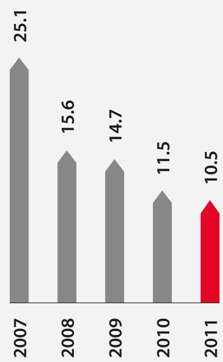
Share of Group personnel

26 %

Net sales MEUR

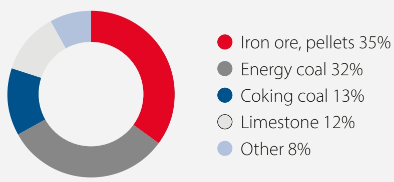


Operating profit MEUR



Cargoes by country

Transport by product group



Effective vessel operation improves profitability

ESL Shipping's ice-strengthened vessels operate in the demanding conditions of the Baltic Sea throughout the year.

Effective vessel operation is the core of ESL Shipping's profitability, and it is supported by the shipping company's long-term transport contracts.

The steel industry's long-term transport contracts are the foundation of vessel operation. In addition to iron ore and pellets, steel manufacture requires coking coal and limestone. ESL Shipping has set up an efficient Nordic transport route network for these cargoes. For example, a vessel can transport ore from Luleå to SSAB's steel mill located in Oxelösund, which is to the south of Stockholm. From there, she can head to Gotland, which is near-by, and take on a cargo of limestone for Rautaruukki's mill in Raahe. Distances as long as these are always operated with full cargo, which serves customers and increases the profitability of the shipping company.

During 2012, the capacity of ESL Shipping will increase by over 50% as both of the two new 56,000 dwt Supramax vessels are delivered. The vessels are mutually interchangeable, which enables more flexible and effective operation. At the same time, it improves transportation reliability.

Delivery reliability in all conditions is one of ESL Shipping's sharpest competitive edges. This is emphasized in the steel industry because customers' stocks of raw material are relatively small.

Strategy

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

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

Globally speaking, the Baltic Sea is a relatively stable market area: fluctuations in raw material demand are controlled and customer relationships are long-standing. Changes in ocean freight have a delayed and less significant impact on the region. Long-term contracts help us to manage changes in ship fuel prices. If necessary, we also use futures markets to protect ourselves from price risks. Due to these precautions, changes in fuel prices and currency exchange rates do not have a major impact on the company's earnings.

The shipping company owns most of its vessels. This is cost effective and gives latitude for organizing operations: in case of a deep recession, it enables vessel lay-up, which reduces costs. ESL Shipping has also utilized bareboat agreements by which the shipping company leases vessels for a fixed term. This arrangement does not depress the balance sheet and does not accumulate any capital expenditure. ESL Shipping flexibly utilizes different forms of ownership. In all cases, the shipping company is always itself responsible for vessel operation.

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.

Of products transported by ESL Shipping, energy coal is the one where the quantity may vary the most extensively. Demand is impacted by factors such as the level of activity in energy-intensive industry and temperature in winter.

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 vessels, the vessels sail under the Finnish flag. ESL Shipping accounts for 17% of the transportation capacity of the entire Finnish merchant navy.

The shipping company's vessels have their own cranes, making the vessels less dependent on loading and unloading equipment of ports.

Increased capacity opens up new markets

”The new vessels are tailored for the demanding conditions of the Baltic Sea. They provide a unique competitive edge for the shipping company.”

The shipping company has just acquired new large vessels, and the general financial development is insecure. Was the investment decision correct?

A few years back, we sold our vessels Arkadia and Kontula in a good market situation, and we purchased our new vessels at a competitive price. Ship investments involve a time span of 20 to 30 years, so short-term financial cycles are not significant. The market may even be difficult for a while, but we regard the future very positively.

One must also remember that the vessels we have ordered are unique – such vessels do not exist in the market for time-chartering, for example. The two 56,000 dwt Supramax vessels are the world’s only ice-strengthened dry bulk carriers in their class. They are specifically tailored for the difficult conditions in the Baltic Sea, and therefore provide us with a unique competitive edge.

Why did you invest in vessels of this size?

They help us serve our existing customers better and more effectively. At the same time, increased capacity gives us the opportunity to expand into new markets. We can now actively look for new customers and perhaps also new cargo segments.

This is not the first time the shipping company has had large vessels: as a result of the new vessels, our offering will return to the level of the middle of the last decade. The large vessels also enable us to operate outside the Baltic Sea, which the shipping company is already familiar with.

You have forecast that the dry bulk market in the Baltic Sea will increase by over 40% by 2030. What is that growth based on?

According to an estimate by Baltic Transport Outlook, the market will increase from the current level of approximately 180 million tons to more than 250 million tons. By comparison, the transport volume of ESL Shipping was about 13 million tons in 2011.

That growth is boosted most extensively by Russia and the raw materials – coal in particular – exported from there. The transport of fertilizers and extractive industries are also increasing in the region. In the future, the transport of dry biofuel may have an important role. Regarding biofuels, the first industrial stock exchange has recently been opened for pellet. So far, Sweden and Denmark are the major users of pellets, and there is production all around the Baltic Sea region, such as in the vicinity of Vyborg.

If energy companies stop using coal, what will the impact of this be on the shipping company’s operations?

If marine transport of coal is replaced with pellets, for instance, the transport volumes will rise substantially. The efficiency of biofuels is lower than that of coal and power plants thus require these fuels in greater volumes. The shipping company’s vessels are also perfectly suitable for the transport of biofuels. We have a good position as a partner of energy companies, regardless of what fuel they use at their power plants.

In addition, the decision by Germany to give up nuclear power means that more coal plants will be built. Germany has invested extensively in testing of carbon dioxide capture, which is intended to control coal plant emissions. The Germans are actively seeking solutions for increasing the use of coal without causing harm to the environment.

ESL Shipping delivers raw materials efficiently to its customers.

What factors have an impact on the energy industry's transport?
Energy coal transport is affected by many factors that deal with both the supply and demand of energy. Such factors are, for example, industry's energy consumption, whether winters are cold or mild, and what the price of energy is, the volume of hydropower resources, the status of other power plants, and the price of emission rights. There are many variables, which is why the transport quantities of energy coal also vary by year.

The steel industry is your major customer. To what extent can ESL Shipping's demand be evaluated based on production changes notified by your customers?
Their production has a direct impact on raw material transport. If a furnace is out of use at a steel mill, the mill does not need the related quantity of raw materials either. And when production volume increases, there is more transport.

What kind of cargo level development do you expect?
The Baltic Sea has always been a market of its own. This means that the cargo level of the global market shows here with a delay, and the changes are not that drastic. The freight level in 2011 was lower than in 2010. The freight level at the start of 2012 is relatively low, and it is hard to believe that the decline will continue much more.

What is the impact of the new tonnage tax system on the shipping company's operations?
The operations preconditions for Finnish shipping companies are finally at the same level as in competitor countries. The system introduces stability and perseverance in the operations, which makes ship investment planning easier, for example. At a more general level, the decision increases the share of Finnish tonnage in Finland's import and export transport, and therefore also improves the security of supply.

What kind of impact does the EU sulfur directive have on your operations?
With regard to the operations, the sulfur directive does not involve any major drama: it has the same impact on all shipping companies operating in the EU zone. In practice, we will switch to low-sulfur fuels or will acquire sulfur washers or other technology for the vessels. We will monitor the progress of the directive and will see what the most sensible course of action for each vessel of ours is.

What is the profit impact of ship fuel price changes?
The changes do not have a significant impact. Long-term transport contracts have a fuel clause that defines a specific comparison price for fuel. If the fuel costs exceed that, the charterer will pay us the difference. If the fuel costs are smaller than that, we will pay them.

Aspo's interim reports often state that operations has been successful. What is the meaning of this?
Operations are successful when ships operate with cargo to their maximum extent. Operations seeks route combinations that minimize the occurrence of routes operated with no cargo. The next cargo must be located as near as possible. This is particularly emphasized in areas with longer distances between different port alternatives. The ports we visit in the Gulf of Finland are near each other: we load coal from Russia and transport it to Helsinki.

Markus Karjalainen
President, ESL Shipping

LEIPURIN

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

Leipurin has developed low-carb bread with more protein and less flour.

A service concept that combines raw materials and machinery

General

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

Leipurin operates in Finland, Russia, Belarus, Kazakhstan, Poland, Ukraine, Estonia, Latvia, and Lithuania. In Russia, it has offices and warehouses in St. Petersburg, Moscow, Chelyabinsk, Yekaterinburg, Ufa, Kazan, Novosibirsk, Krasnoyarsk, Rostov and Nizhny Novgorod.

Position in the 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 brand.

In raw materials, the product range comprises both volume products and technical products. Examples of volume products are flour and fat. Volume products involve opportunities for new accounts and large volumes help improve the efficiency of logistics. Examples of technical products are enzyme-based bread enhancements which give bread a good look, size and structure. Technical products require special expertise and introduce more added value in the entire value chain.

Leipurin supplies machinery and full manufacturing lines for all stages of the production process, from dough making to product packaging. The machinery is either manufactured by Leipurin, or by significant international principals. In addition to bakery customers, machinery is also supplied to customers in the meat and processed food industry.

Strategy

End-to-end service is the key to Leipurin's competitiveness. Even globally, Leipurin is one of only a few companies that can supply the baking industry with both machinery and raw materials. Expertise

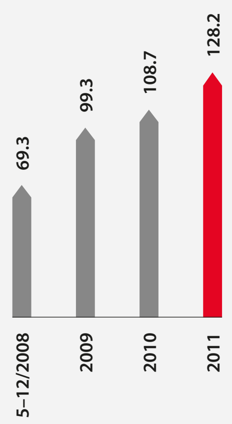
Share of Group net sales

27 %

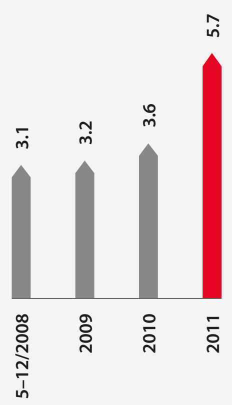
Share of Group personnel

34 %

Net sales MEUR

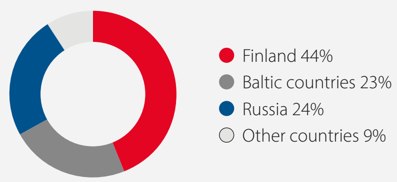


Operating profit MEUR



Net sales distribution

Net sales distribution by country



Test bakeries solve customers' challenges

Master bakers Hannu Ahonen and Thomas Silfverberg carry out product development in Espoo.

The know-how related to the recipes, raw materials, and machinery of Leipurin is concretized by eleven test bakeries located in many of the company's market areas.

The four test bakeries in Russia are situated in state universities of food science, which is also the case with the test bakery in Ukraine. The arrangement benefits both parties. The universities provide access to facilities and a connection to sector-related research, teachers and students – influential people in the Russian baking industry in the future , whilst Leipurin supplies them with machinery and new international trends in bread baking.

Test bakeries have three tasks. Firstly, they carry out product development in cooperation with customers, design new recipes and test them in practice. Test bakeries proactively design new solutions and solve the product development needs of customers. For example, a test bakery has designed low-carb bread where the raw materials comprise more proteins and less flour.

Secondly, test bakeries provide training for the company sales staff so that they know the products as well as possible and are ready to solve customer concerns. Thirdly, test bakeries are responsible for the product testing of the company's own raw materials. The end products' taste, structure, shelf-life, handling features, slicing and packing features, for example, are carefully tested before the final information is supplied to the manufacturer to produce the raw materials.

The test bakeries also arrange for the introduction of machinery from many manufacturers. Leipurin's test bakery in Espoo, Finland, will have a complete bakery shop line installed in the in spring of 2012. Such lines are used in the bakery departments in hypermarkets.

The master bakers and master confectioners who work at the Finnish test bakery have a background in both artisan bakeries and large industrial bakeries. In fact, the test bakeries serve all customer segments.

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

For example, Leipurin can improve the cost-effectiveness of its customers and help them get their products onto store shelves. Global procurements and efficient logistics maintain customers' raw material costs at a competitive level. 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 to its customers, and the most desired partner to its own suppliers.

Customers and added value

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

Of the net sales of Leipurin, about 71% is raw materials for the baking industry, 15% raw materials for other food industry sectors, and 14% is machinery.

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

Leipurin supplies the baking industry with all the raw materials, preparations, frozen foods, and other equipment it needs. Other sectors of the food industry are also supplied with raw materials, flavorings, and structural ingredients. There is also mutual synergy between the raw materials of bakeries and those of other food industry sectors. Many convenience foods, for example, are based on baking, and bakeries have expanded their product ranges to include seasoned dry bread, for example.

Machinery and equipment are delivered for all phases of the baking industry's production process. The company also delivers full manufacturing lines and baking points, as well as machinery and equipment for other food industry purposes. Leipurin's principals are the highest-profile equipment manufacturers in the business. In addition, Leipurin designs and manufactures special machinery, and spiral systems used in the cooling, freezing and leavening processes. 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 cooperation with our customers.

Expert consulting, R&D, and customer training are also core services of Leipurin. New recipes, raw materials, and machinery enhance our customers' competitiveness, as do more universal innovations in production and logistics. This baking know-how is translated into new products at eleven test bakeries, which are located in different market areas. Test baking of new products, for example, is carried out at the test bakeries.

Technical ingredients enhance pastry size, structure, and appearance.

Comprehensive services is a competitive edge in the East and the West

”There are already four test bakeries connected with universities in Russia. The test bakeries help establish our expert image.”

What is the competitive situation of the Russian market? How are your operations different from those of your competitors?
All significant competitors operate in Russia. We stand out from the crowd through our comprehensive concept. In practice, we are the only actor in Russia with this strong a position in both raw materials and machinery.

We have a wide range of special products and our staff are highly educated. We have almost 100 employees already, and most of them are in customer service: they consult and develop customer operations and sell new ideas and solutions.

The competitors lack a test bakery network of a similar size. We have already four test bakeries in Russia, and all of them are located in conjunction with universities. This further strengthens our expert image.

In addition, being Finnish is an advantage in Russia. Finnish bread know-how is extensively linked with healthiness. In addition to rye bread, consumers are interested in oat and barley based products.

Matti Väänänen
Managing Director, Leipurin

How many customers do you have in Russia?
There are about 10,000 bakery companies in Russia, and about 1,500 of them are bakeries that carry out industrial serial production and are included in our target group. Our registers contain about 1,000 customers, which means that we have contact with a significant section of industrial manufacturers. In addition, the in-store bakeries of hypermarkets are a growing group of customers. Our main focus is on Russia’s major cities where the consumption of Western bread is experiencing the most rapid rise.

Bread consumption in Finland has declined and bakeries have faced difficulties. How does this affect you? Will your operations in Finland decrease?
The operations will not decrease, but there will be limited growth. The bakery sector can be divided in three parts: in Finland, there are two national actors, about 20 mid-sized bakeries and about 500 local artisan bakeries. All of them are significant customers to us:

we provide them with both technical raw materials and machinery. Mid-sized companies find success through specialization, and small-scale bakeries have grown due to the local food trend. There is a demand for our know-how, which is indicated by continuous moderate growth. However, the market in the East involves the most rapid growth.

How does the low-carb trend affect your operations?

The low-carb diet trend has been one reason for the decline in bread consumption. The baking industry has quickly taken on this challenge: low-carb bread entered the market rapidly, and we have been closely involved in developing them.

We monitored the popularization of the low-carb trend and requested our principals to supply us with low-carb raw materials. We carried out product development with our customers and principals, and we tested different recipes at our test bakery. We are strongly involved in low-carb bread in Finland, the Baltic Countries and Russia.

It is interesting that the low-carb boom has not shown up in cake and pastry sales. On the contrary, their sales have been on the rise. Perhaps this also indicates that trends only last for so long.

What other trends affect your operations?

In addition to low-carb products, there is a demand for Clean Label products with as few e-numbers as possible. This is a global trend related to all food products. We have a good product range to meet this demand.

The demand for organic products is also on the rise, and bread is one of the largest target groups for organic customers. Functional bread is also on the rise, with an emphasis on fiber-based ingredients such as rye and oats.

Take-away is another significant trend. This is also a segment where the baking and ready meal food industry share many interfaces. Many convenience foods, such as pizzas and pies, are baked. In addition, the number of in-store bakeries continues to increase: they are important customers for us.

How does Leipurin address different trends?

The winners are those who are capable of quickly addressing different trends. This requires solid special expertise, which is at the core of our operating model. We particularly sell our expertise: in-depth knowledge related to raw materials, machinery and the entire bread baking process.

If a loaf of bread costs one euro apiece in a store in Finland, what is your share of it?

Detailed calculations are not available, but our average share of a loaf of bread that costs one euro apiece is about ten cents. There are major product-specific differences. In some end products, we are the comprehensive main supplier of raw materials for bakeries, but in some we supply individual special products.

What does "setting up production operations in Russia", mentioned in the annual report last year, mean in practice?

We do not manufacture any raw materials ourselves and will not manufacture them in the future. But we seek different production partners in Russia. They use recipes developed by us to manufacture raw materials which we market and distribute under the Leipurin brand. Some partnerships may be joint ventures. It is essential that we do not act as just an import vendor but we also offer products of our own, manufactured locally – and at the local cost level.

You do not manufacture raw materials but you have recently reinforced machinery manufacturing through a corporate acquisition. Why?

Machinery is a key part of our service. In machinery, manufacturing of our own,

The demand for functional bread containing fiber-based ingredients is on the rise.

particularly in specific areas selected by us, is a strategic advantage. As a result of the Vulganus transaction, we can now provide our customers with more comprehensive solutions that combine expertise in raw materials and recipes with the technical process and related machinery required for baking bread. Through the transaction, we also have the opportunity to deliver machinery to the meat and processed food industry.

The transaction significantly strengthens our position as a machinery and manufacturing line provider in Finland, the Baltic countries and Russia. The transaction also opens up new markets for us in Central Europe.

Machine sales tend to be cycle-based. Will the entire company now be more cycle-based?

Of course, machine sales tend to be more cycle-based, but being larger than before, we will also be a stronger actor during slower periods. In machinery, we now have more extensive competence and geographical position. This gives us many new opportunities. At the same time, we will integrate machinery and raw material competence more closely in order to cater to customer needs as comprehensively as possible.

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.

Many consumer products require solid technical expertise and raw materials that meet strict regulations.

Expertise in industrial raw materials

General

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

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

Thanks to its long-term customer and principal relationships, Telko has gained robust 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 partner that provides real 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 principals 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 principals 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 is 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.

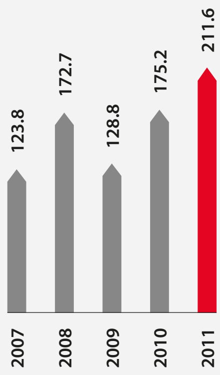
Share of Group net sales

44 %

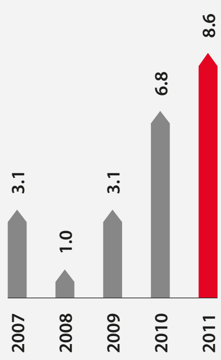
Share of Group personnel

28 %

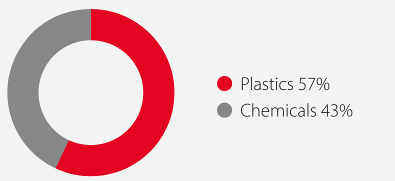
Net sales MEUR



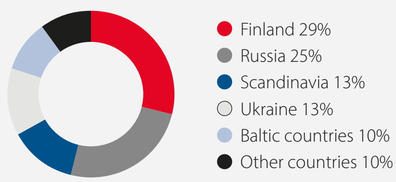
Operating profit MEUR



Net sales distribution



Net sales distribution by country



A partner for production and product development

Heli Vesanto cooperates closely with suppliers and clients.

Telkos technical competence can be clearly seen in the international experts of the company's technical team. One of them is Heli Vesanto who has extensive experience in product development projects in the plastic industry. She is also preparing a dissertation on ”pin hole formation in injection overmolding polyester film”. The dissertation can particularly be applied to the development of production processes in the packaging industry.

Heli Vesanto cooperates closely with principals and clients. In her work, she must have in-depth understanding of the different characteristics of plastic raw materials and the purpose and method of raw material use by the clients.

Typical client projects focus on the design of new products or improving product features.

”The earlier we are involved in product design, the more extensively the client may use our material know-how and the more we can influence the functionality of the end product – and of course the technical and commercial success of the product.”

”When a client has a new project, we discuss with the principals what raw materials would be optimal for the production. Once the materials have been specified, the principals prepare their own production plans based on the schedules and material needs we have issued. On a more general level, we discuss new technology and how we can contribute to promoting the strategic goals of our principals.”

Heli Vesanto and other Telko technical experts also coach salespeople working in different market areas of the company.

”We annually gather to a conference of our own, where we share know-how and best practices. A lot of information is also exchanged through daily interaction and joint customer visits. Extensive know-how is a very significant resource and competitive factor for us.”

The paint industry is a significant client sector of Telko.

In chemicals, Telko acts as 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, such as the remote monitoring of the customer's stock status.

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. For example, Telko already operates in seven Russian metropolises. During 2011, Telko opened new offices in Russia and China, and expanded its operations in Kazakhstan and Ukraine. The operations in the Nordic countries were re-organized.

Telko's product and principal 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 industrial, specialty, and automotive chemicals, as well as lubricants. 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.

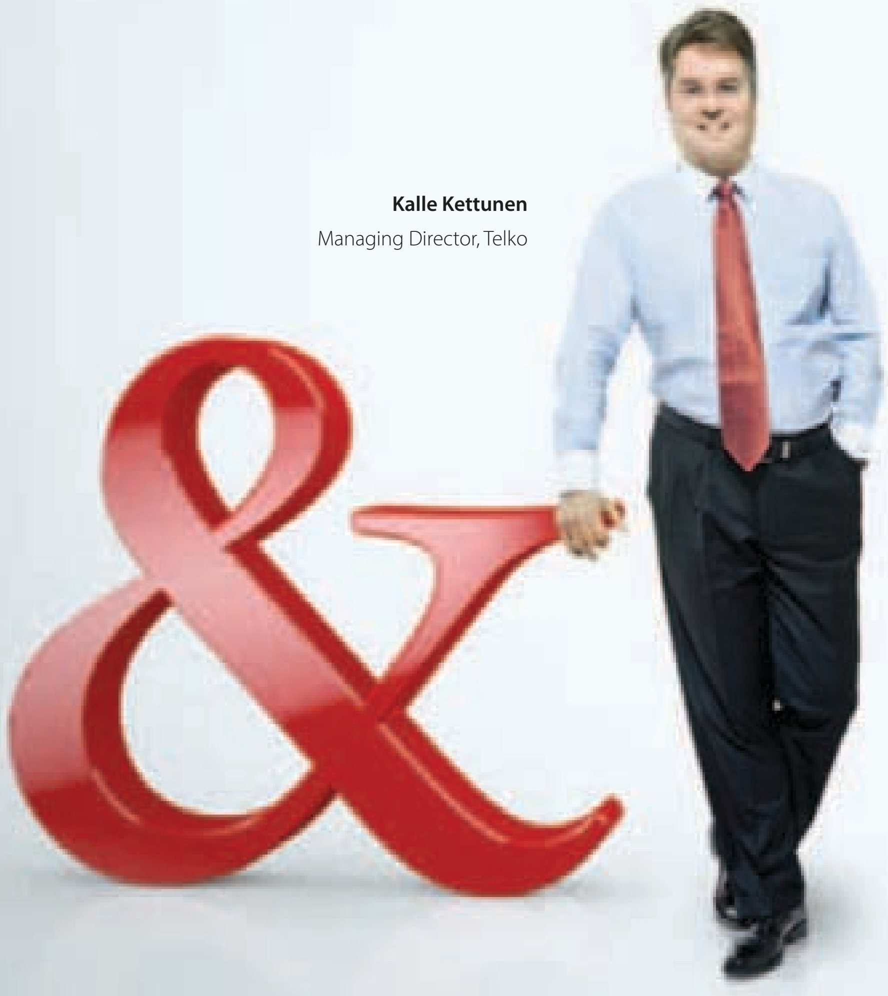
Telko's product range, expertise, and logistics generate added value for our customers. Telko is highly a sought-after partner thanks to our operations in exciting Eastern growth markets and our strong technical expertise in raw materials and their suitability for various production processes. Efficient 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.

Telko delivers products made by its principals. Telko's own production is limited to automotive chemicals and tailored products. Airplane de-icing fluids are manufactured by agreement with the supplier.

Technical know-how brings a competitive edge

”We cooperate closely with our customers in product development. This also promotes the competiveness of our principals.”

Kalle Kettunen
Managing Director, Telko



What is Telko needed for – why do not raw material manufacturers take care of delivery themselves?
We are a strong local expert for raw material manufacturers. We take care of each market's customer relations, understand our customers' production challenges and develop their competences. Each operating country is a domestic market to us. Our local logistics are very effective.

We cooperate closely with our customers in product development, for example. As a result, we can tell our suppliers what features should be developed in their raw materials. This approach promotes the competitiveness of our customers, suppliers and Telko.

How does Telko stand out from competitors?
Through what we offer. Our operations are based on technical competence: we help our customers develop their products and services. We have leading professionals who understand essential competitive factors to the customer's business. Our extensive product range is tailored to cater to the needs of the industry in each of our operating sectors. Our large size enables effective global procurement – but we always operate locally and in an agile way in all markets.

How does your technical competence show in practice?
Our salespeople have a great deal of product knowledge. They are supported by technical experts who are capable of resolving very advanced problems and helping customers in designing new products, for example.

In 2011, we clearly reinforced our technical team. Our technical experts visit customers based in different countries to resolve problems related to raw materials and production processes. The work is particularly productive when the customer launches new projects: they know that Telko is a partner whose competence provides them with clear added value. Our technical competence helps to both create and strengthen business relations.

Raw material prices have declined. What actions have you taken to prevent the price decline from causing storage loss?

In spring 2011, prices were as high as before the rapid downswing in 2008. At the time, we launched our own enhanced working capital project: we paid systematic attention to storage rotation speed and decreasing the storage levels.

Prices have declined in a controlled way, and as a result of our systems, we have also operated profitably in this environment. We have purchased smaller batches of raw materials to control the risks. The main thing is that customers can rely on our price competitiveness in all situations.

We have taken our product range in a direction that is based more on special products. Their price fluctuations are not as drastic as those of volume products.

In the interim report, you said that the efficiency of supply chain management can still be improved. What does that really mean?

We develop product management, for example: we coordinate better than before and that we sell as much of the same product types to different market areas. We have established an organization that develops the supply chain and that includes experts in purchasing operations, logistics, and customer service.

Effective procurement has big leverage. If the efficiency of purchasing can be improved by 1%, this will improve the result by almost two million euros.

What is Telko's market share in Russia?

It is difficult to calculate the direct market share but we have grown all the time in Russia more quickly than Russia's GNP. In 2011, the share of Russia, Ukraine and other CIS countries in Telko's net sales increased to 43%. We have a unique position in Russia: local clients appreciate our Western way of doing things and our know-how, whereas principals are interested in our solid local expertise.

The terminal investment in Russia has been discussed for many years now. What is its status?

The project involves a lot of things that need to be worked on. In Russia, land acquisition, zoning and construction projects are more challenging than usual. An additional challenge for us is that the terminal is for storing and refining chemical products.

We have progressed in the matter and have a well-defined view on future steps. We have keen determination: we want to have our own chemicals terminal in Russia.

How is Telko going to perform in China?

We went to China with a very clear concept, i.e. to serve our familiar European clients in advanced technical plastic raw materials. This has been worked well, and we currently have a very promising position in China.

In becoming established for the Chinese market, it was also important to develop procurement from there. Our raw material purchases from China are growing strongly which has contributed to promoting our development in other market areas too. Raw materials have been exported from China to Russia in particular – China is Russia's biggest trading partner by far.

Telko intends to expand to the Czech Republic and Slovakia. Why?

We have monitored the market for a long time now. There is extensive vehicle industry manufacturing in the countries. Many vehicle parts that used to be made of metal or rubber are being replaced by plastic ones. Technical plastic raw materials required for manufacturing them are exactly what lies at the core of our competence.

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

The Rauma terminal has been incorporated. Does this indicate that the terminal is going to be sold?

Rauma is not going to be sold. We see a lot of potential there and continue to develop its operations. It has a key role in our services, such as liquid chemicals storage, mixing and logistics. Our on-going investments also enable us to tailor new customer-specific products.

Plastic products are not deemed ecological. How does this affect your operations?

New innovative raw materials are continuously being introduced in our selections. For example, the natural fiber composite developed by UPM is made of pulp fiber and pure plastic polymers. Depending on the end product, the share of fiber may be up to 60%. The composite can be injection molded and used just like ordinary plastic. When using this raw material, the product's carbon footprint is significantly smaller than that of ordinary plastic raw materials. Our selection also includes corn starch based and other oil-free plastic raw materials.

KAUKO MARKKINAT

Solar energy is used for, among other applications, heating of domestic water.

Kaukomarkkinat specializes in products and services that improve energy efficiency. We help customers to boost and develop their operations.

Products and services to improve energy efficiency

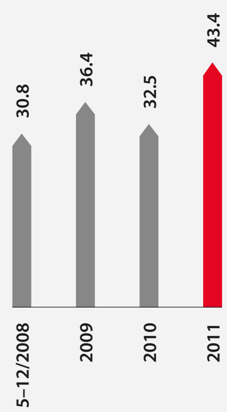
Share of Group net sales

9 %

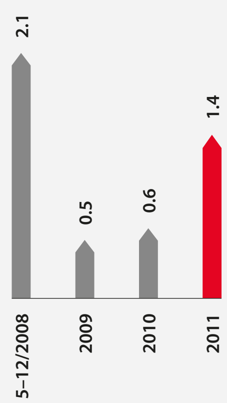
Share of Group personnel

10 %

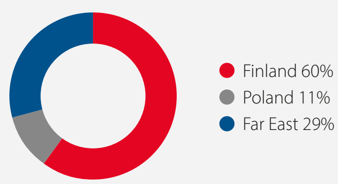
Net sales MEUR



Operating profit MEUR



Net sales distribution by country



General

Kaukomarkkinat specializes in products and services that improve energy efficiency. It also provides machinery and solutions and professional electronics to improve efficiency in the process industry. The operations are based on the products of the best companies in the industry, and the willingness and skills of internal experts to improve the operations and efficiency of the customers.

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 operates in Finland, Poland, Russia, China, and Vietnam.

Jukka Nieminen, MSc (Tech.), took over as the new CEO of Kaukomarkkinat on August 8, 2011.

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 compile an appropriate package of products and technology solutions that match the needs.

The role of the system supplier is emphasized when there are several different products and technology solutions available on the market. The abundance of products and information creates a demand for well-planned and conceptualized total solutions. Particularly in local energy products, there is an extensive global offering. Expertise is needed for northern conditions, finding optimal equipment and systems for Finnish construction, and for the conceptual definition of well-functioning total solutions.

Kaukomarkkinat provides both customers and principals with added value. The company offers distributors a competitive product range – the distributors, for their part, are responsible for the products' national availability and customer service. As partners of Kaukomarkkinat, mechanics and contractors can increase their own business. Principals receive valuable feedback on what kind of

Local energy for single-family houses and business premises

In addition to energy-efficiency, consumers appreciate comfortable living. The popularization of air cooling is a prime example of this.

In practice, local energy can be used in all buildings. The applications can be for single-family houses or business premises, new buildings, renovated property or houses supplied by manufacturers of prefabricated homes.

The systems supplied by Kaukomarkkinat today have mostly targeted single-family houses. These systems include standard solutions and hybrid solutions based on different sources of energy.

A comprehensive solution for the energy efficiency of a single-family house covers heat generation, distribution, and the minimization of heat loss. Heat generation can be based on heat pumps, solar collectors or a biofuel boiler, for example. Heat distribution comprises energy accumulators and floor heating, among other things. The goal of Kaukomarkkinat is to provide cost effective, flexible total solutions that cater to customer needs.

Comprehensive solutions help improve energy efficiency. Domestic water heating, for example, constitutes 30–40% of household energy consumption. With solar energy, domestic water can be heated in full or partially from March to October even in Finland. The property's oil boiler can be replaced with a combination of solar energy, an air-to-water heat pump and an energy accumulator.

In addition to improved energy efficiency, new solutions improve housing comfort – the popularization of air cooling is a concrete example of this. Improved insulation as a result of tighter construction rules increase the need for energy efficient air cooling.

Installation of more extensive packages is offered via a network of local energy installers. This supports the goal of Kaukomarkkinat of being the field's leading player, which the public recognizes as being an advocate of individual local energy solutions and the entire industry.

features and compatibility are required from different pieces of equipment.

Strategy

The strategy of Kaukomarkkinat is to act as a comprehensive system supplier of local energy solutions. The operations focus is shifting more and more towards identifying customer needs and tailoring packages that cater to them. This requires a product-independent approach, which means that the network of suppliers must be extensive enough.

The network of suppliers, comprising the best-known manufacturers in their respective sectors, is an essential advantage for Kaukomarkkinat. The supplier relations are based on long-term, confidential cooperation. As a result, the company knows what kind of products and technology solutions will enter the market in the next few years.

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

We are constantly looking for synergies within the competence areas of Kaukomarkkinat. The competence areas are particularly combined in property technology: in future buildings, energy efficiency, safety and a variety of digital communications solutions will function more seamlessly together.

Customers and added value

Systems that improve energy efficiency are delivered to single-family houses, business premises and heavy industry. Typical products include air-to-air and air-to-water heat pumps, industrial-scale heat pumps, energy saving lights, biomass boilers, solar thermal collectors and solar power solutions.

In energy products, the competitive advantages of Kaukomarkkinat include understanding the customers' needs, providing expert service, representing leading manufacturers in the sector and their know-how, as well as supplying a wide range of solutions. The customer base includes energy utilities, process industry companies, construction companies, contractors, distributors, hardware stores and wholesalers, housing corporations and retailers.

The process industry receives machinery and equipment from the best-known manufacturers. Reliable products, robust expertise, and decades of experience in customer and principal relationships give Kaukomarkkinat a competitive edge. Technical support as well as spare part and maintenance services are important elements of operations.

Professional electronics includes cameras and displays suitable for television broadcasting production purposes, wireless and fixed communications systems, and computers and surveillance cameras intended for advanced professional use. Customers include public institutions, service companies, operators, and retailers.

Panasonic Toughbook computers are an example of professional electronics intended for advanced use.

A system provider of local energy solutions

”We will also be more comprehensively involved in the housing technology of business premises and energy solutions at the local level, such as in residential blocks.”

In the presentation given at Aspo’s Capital Markets Day, you said that you are a system provider of local energy solutions. What does this mean in practice?

Based on equipment by different manufacturers, a system provider tailors a package that optimally caters to the customer’s needs. This means a change in our mindset. We do not try to sell just an individual product or a specific method of producing local energy. Instead, we approach our customers via their needs and build more extensive packages for them on the basis of our expertise. The packages can consist of equipment from different suppliers. In this way, we look for customer relationships that are more comprehensive and more long-term.

What does the system supplier’s role require from you?

In more extensive projects, we work with numerous parties, such as architects, HVAC designers, building developers and end users. Project sales is more demanding than sales of individual products, but is also more rewarding. It also enables the conceptual definition of different services, such as preliminary design or training packages.

Building technology designers in particular are a new target group for us. We will provide them with initial design information. We have already reinforced our organization with experts in the field, and my own background lies in this kind of business. We have strong confidence in the high demand for an expert system supplier.

What do your suppliers think of your new approach? Does it not erode their special position?

The role of a system supplier requires independence and therefore several principals in different sectors. This is not a problem for the principals, they think that a company which can resolve the problems of the end customer is more successful than the rest. At the same time, we can provide our principals with valuable feedback on what kind of features and compatibilities their products are expected to have. In this way, we help the principals develop their offering.

Jukka Nieminen
Managing Director, Kaukomarkkinat

In addition, our principals share our views on the development of the market for local energy solutions. Essentially, we know what kind of products they will introduce in the next few years, which contributes to supporting our new strategy.

You have talked about the 'network for local energy'. What is it?
Kaukomarkkinat is Finland's leading supplier of air-source heat pumps: already more than 100,000 of them have been installed. Our partners include a large number of active and experienced installers. Through this network, we want to provide them with a more extensive product range and larger packages. The network is entrepreneur-led, and Kaukomarkkinat is in the background, providing training and marketing support. However, we do not participate in contracting. For the customers, the activities of the network guarantee competence, quality and reliability.

What trends are there behind the local energy strategy?
The price of energy will increase, which shortens the payback period of energy efficiency investments. Price is the main driver, but in addition to that, many customers are interested in local energy because they find it a responsible choice.

Changes in the traditional balance of the energy sector are caused by many factors. The production of district heating utilises biofuels, the air cooling needs of property are on the rise, and there is an increasing demand for different kinds of decentralized solutions. Customers are looking for alternative energy solutions which are independent of each other: they will continue to be connected to the electrical network, but they also want to utilize solar power or ground-source heat alongside it. Technology investments are needed for producing electricity in a flexible way.

What is the clientele of your energy solutions like?
The customer potential is large. We already have a strong position in the local energy solutions of single-family houses. The client base also includes municipal energy utilities to which we particularly provide large heat pumps that utilize the lost heat of waste water, for example.

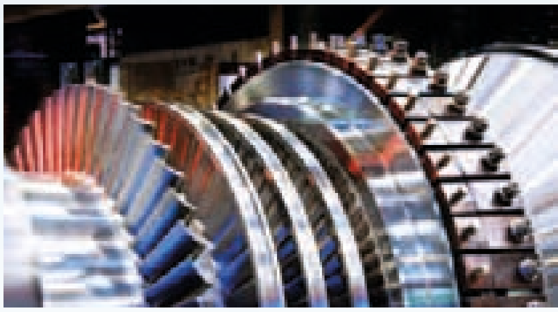
Both customer segments still include a lot of growth opportunities. We will also be more comprehensively involved in the building technology of business premises and different energy solutions at the neighbourhood level, such as in residential blocks.

The new strategy focuses on local energy. What is the status of other business areas?
Professional electronics products gained wide success in 2011. We have established our position as a provider of full systems to central corporations of commerce, for example. At the same time, the share of different value-added services, such as consulting, has increased.

In process industry machinery and equipment, we had many successful projects in China, South-East Asia and Poland. Our customers are interested in the products of our new principals and we are more extensively involved in business that improves environmental and energy efficiency.

Both have a strong position, which is also indicated by their profit level.

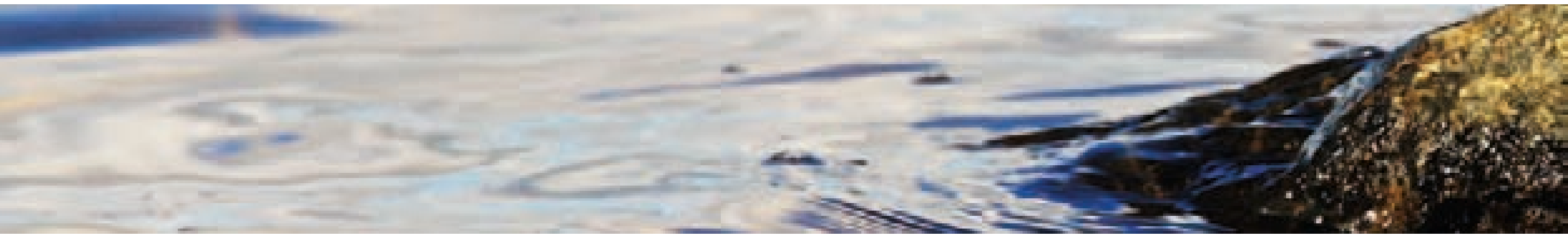
Is there any synergy in your business areas?
We have three business areas which have taken a joint direction. We no longer think of our organization on a product-specific basis, but rather through competence areas and the client base. We have had sales of radiophones or batteries, but from now on we will have competence in wireless communications or in the recharging of energy.



Kaukomarkkinat and MAN Diesel & Turbo cooperate to improve the energy efficiency of steam turbines and compressors.

In building technology concepts of the future, the control of heating, air cooling, lighting, safety and communications has a key role. We are thinking of ways to control heating systems and other housing technology in a centralized way. Kaukomarkkinat has a rare position, as we can provide buildings with display technology and experiences created with it. Different operating areas of ours also have surprising synergies. This is a very interesting future scenario and it involves many opportunities.

Kaukomarkkinat was the first Finnish company to go to China. Has this history been of help today?
Our staff have extensive understanding of the business practices in China and we have good relationships with our customers there. In addition, China is a very interesting market with regard to energy efficiency. The Chinese are becoming more conscious of energy consumption and environmental issues caused by industrial activity. On the other hand, China has leading companies in wind and solar power. Massive series enable very competitive product prices. In addition, the first Chinese companies are just about to go global with their own products and brands. We see a lot of new opportunities here.



Responsible operations create intellectual capital

Much of Aspo's value lies in its intellectual capital, which is increased through responsible operations and honed by our personnel and environmental policies. Staff operations are also guided by Aspo's code of conduct.

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

Structural capital consists of the structures, systems, and processes we use to ensure that vital expertise is not tied to any individual, but is as widely available as possible in the Group.

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 CRM system that is built on top of it serve to increase the open flow of information and thereby enable us to take a more systematic approach to developing functions that are important to our customers.

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

Human capital covers personnel matters, such as competence and personal development, job satisfaction, recreational activities, and rewards. Aspo does everything in its power to promote professional development and create a supportive working environment. We regularly assess personnel satisfaction with their own tasks, quality of management, and Aspo. The Group is responsible for taking corrective action when necessary.

Investments are made in training and professional development at all organizational levels. Our employees also have the opportunity to further their careers anywhere in the Group. Aspo is carrying out a large-scale personnel training program under which employees can complete vocational qualifications in their respective fields. The program will also facilitate the harmonization of practices in different market areas.

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

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.

Aspo's Board of Directors has approved **Aspo Group's code of conduct**. The code of conduct describes the norms that the Group staff is expected to abide by in their operations. They also provide instructions for matters where the staff must make personal and ethical decisions.

Each employee of Aspo must follow the code of conduct. The management and the supervisors have particular responsibility for communicating, monitoring and following the code of conduct in their organizations.

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

Environmental reputation is a significant competitive edge

A good environmental reputation is another facet of intellectual capital, and one that is conferring an important competitive edge. 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 cooperated with the Keep the Archipelago Tidy Association and the John Nurminen Foundation's Clean Baltic Sea project.

Aspo is prepared for – and is constantly seeking ways to be even better prepared for – changes in environmental issues. We have drawn up detailed action and communication plans for exceptional situations. Aspo also seeks to participate in both national and international environmental projects.

Responsibility shows in action

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

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

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

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

ESL Shipping's m/s Pasila is the first Finnish cargo ship to have a ballast water cleaning system installed. The system prevents foreign flora and fauna from moving from one water area to another, and thus protects the ecosystem of the Baltic Sea. The system has also been installed in Aspo's new, large Supramax vessels.

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

Leipurin pays particular attention to the quality and safety of food ingredients and the environmental impact of its operations. Leipurin's operational manual is ISO 9001 certified. Certification has also committed the company to continually improving its operations. Our goal is to take environmental issues into account when choosing our suppliers.

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 our suppliers and customers.

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products, or personnel. Telko is ISO 9001 certified. We have also committed ourselves to the chemical industry-oriented version of the Responsible Care program. This program is committed to continual, voluntary improvements to environmental and health- and safety-related issues. Commitment has been verified by an external ESAD II assessment. Telko is also the first security- and quality-assessed chemical industry company in Russia. In addition, Telko has signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

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

Corporate Governance

Every member in the Aspo Board of Directors and in the Group Executive Committee is also a shareholder in the company. They own in total approximately ten per cent of the Aspo stock.

Aspo's decision-making and administration comply with the Finnish Companies Act, securities market legislation, other regulations concerning public limited companies, Aspo Plc's Articles of Association, and the rules and regulations of NASDAQ OMX Helsinki Ltd. Aspo follows the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association in 2010. The document is available on the Securities Market Association's website www.cgfinland.fi.

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

Group structure

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

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

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

Shareholders' Meeting

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

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

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

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

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

Board of Directors

According to the Articles of Association, Aspo Plc's Board of Directors comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the Shareholders' Meeting, where its members are also elected. The members of the Board of Directors elect a chairman and a vice chairman from amongst themselves. In the 2011 Annual Shareholders' Meeting, six Board members were elected. The term of the members ends at the conclusion of the Annual Shareholders' Meeting following the election.

The Board 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 2011, the Board of Directors arranged 12 meetings, of which four were teleconferences. The average participation rate was 99%.

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 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 2011, the audit committee had four 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 2011 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 2011, the Aspo Plc Board members received a total of EUR 269,589 in fees.

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

Chairman of the Board

The full-time chairman of the Aspo Plc Board is Gustav Nyberg, B.Sc. (Econ.), eMBA (55). 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. Since January 1, 2009, the CEO of Aspo has been Aki Ojanen, eMBA (51). 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 2011 the CEO was paid EUR 448,491 in salary, bonuses and fringe benefits. The proportion of bonuses was EUR 152,896 and the proportion of fringe benefits EUR 17,890.

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 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 consists of CEO Arto Meitsalo, Group Treasurer Harri Seppälä as well as Markus Karjalainen, Managing Director of ESL Shipping Ltd, Kalle Kettunen, Managing Director of Telko Ltd, Jukka Nieminen, Managing Director of Kaukomarkkinat Ltd and Matti Väänänen, Managing Director of Leipurin Ltd. In 2011, the Group Executive Committee (excl. the CEO) received a total of EUR 1,078,052 in salaries, bonuses and fringe benefits. The share of bonuses was EUR 206,662 and the share of fringe benefits was EUR 102,565.

Pension insurance agreements

The CEO and the Chairman of the Board of Directors at Aspo Plc are eligible for a payment-based group pension insurance scheme. The retirement age is 60 whereupon the payment of contribution ends. The receiving of a pension ends at the age of 70. The pension is determined in accordance with the accrued insurance savings at the time of retirement. The receiving of 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 2011, on the part of the Chairman of the Board the cost of the group pension insurance scheme totaled EUR 72,206 and it is included in his total remuneration. On the part of the CEO the cost of the group pension insurance scheme totaled EUR 59,588 or 12% of the annual salary. The costs totaled EUR 131,794.

Rewarding

The Aspo Plc management bonus scheme consists of the employees' fixed monthly salary, a short-term bonus paid on the impact of their tasks on the company result, and long-term rewards including management pension benefits and a share-ownership plan.

Aspo Plc's Board of Directors makes decisions on the salaries, other financial benefits, and the basis of the bonus scheme for the Group's CEO and the Group Executive Committee members.

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

In addition to the bonus scheme, Aspo Plc's Board of Directors has decided on a share-ownership incentive plan for the key personnel of Aspo Group. The plan's earning period started on January 1, 2009, and ended on December 31, 2011. Participation in the plan and rewards required that the key employee obtained a number of Aspo Plc shares specified in advance by the Board of Directors. The gain was based on a continuation of the key employee's employment relationship and Aspo Group's cumulative earnings per share indicator (EPS) in 2009–2011. The gain will be paid partly in Aspo shares and partly in cash on March 2012.

In addition, the Board of Aspo has decided on a shareholding plan for the management of Aspo Group. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For the shareholding, the participants established a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo transferred 322,637 shares at market price to the company in a directed share issue. Aspo Management Oy subscribed to 62,452 shares in Aspo´s rights issue 2011. After that Aspo Management Oy owns 499,612 Aspo shares. The plan is valid until the spring of 2014, when it will be dissolved in a manner that will be decided on later. The plan will be extended for one year at a time if the share price of Aspo at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan.

Aspo does not have a separate stock option plan. Remuneration statement can be found at www.aspo.fi.

Auditing

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

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

The 2011 Annual Shareholders' Meeting elected the APA firm PricewaterhouseCoopers Oy as the auditor, with APA Jan Holmberg as the principal auditor. In 2011, companies belonging to the PricewaterhouseCoopers chain in Finland and abroad were paid a total of EUR 239 467 in compensation for performing audits for Aspo Group. In addition, other services were acquired for EUR 139 414.

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 FAS standards. Each separate company complies with the legislature of the country where it is located, but reports based on the Aspo's internal accounting regulations. Separate companies may have their own accounting framework, but all information is consolidated on the basis of a common framework to the business area level, where their reliability is assessed and then transferred to Group level. Aspo Group's information is verified, and assessed on monthly basis. At each phase the unit responsible for the quality and generation of information will assess its reliability. The Group-level inspection and balancing mechanisms are used on both monthly and quarterly bases.

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

In 2011, the Group continued to update and integrate the reporting systems in order to improve the level of internal control.

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

Internal auditing

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

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

Risk management

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

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. The Group management is responsible for Group-level insurance policies.

Risk management is essentially based on the aforementioned procedures of internal controls, where the chain of responsibility extends throughout the Group. The most important factors in business risk management are a profound understanding of the business and command of the tools which are used for daily business operations and their control. Characteristic risks in each business area are identified in the business units, assessed in the business unit management teams, and reported to the units' Boards and, if need be, also to the Aspo Board of Directors or the Audit Committee. The Group CEO acts as the Chairman of the Boards of Group companies.

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

Financial risks and the management principles and organization of financial risks are presented in the notes to the financial statements, on page 81.

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.

Board Members on December 31, 2011

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

Full-time chairman of the Board since 2009
Member of the Board since 2008

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

Key Positions of Trust
Member of the Board: Foundation for Economic Education, Stiftelsen Svenska handelshögskolan
Member of the Negotiation body: The Finnish Lifeboat Institution
Member of the Consultative Committee: Sinisen Reservin säätiö

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: 635,305 or 2.05% of the total number of shares
In addition voting rights attached to 500,000 shares, or 1.62% of the total number of shares
No holdings or rights based on a share price-related compensation system
Fees in 2011: EUR 183,695 (including pension insurance scheme)

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

Vice Chairman of the Board since 2000
Member of the Board since 1999

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

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

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: 200,000 or 0.65% of the total number of shares
No holdings or rights based on a share price-related compensation system
Fees in 2011: EUR 41,400

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

Member of the Board since 2005

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

Key Positions of Trust
Member of the Board: Taaleritehtaan Omistusyhteisö Oy, Oy Hotel Regatta Ab

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: Berling Capital Oy 874,400 or 2.82% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2011: EUR 27,600

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

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

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

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: 10,687 or 0.03% of the total number of shares
Aspo's convertible capital loan 2009: 2 shares
No holdings or rights based on a share price-related compensation system.
Fees in 2011: EUR 29,700

Updated information on changes in the shareholding of public insiders is available on the company's website www.aspo.com.

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

Member of the Board since 2009
Member of the Audit Committee since 2010

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

Key Positions of Trust
Member of the Board: Lemminkäinen Corporation, The Finnish Family Firms Association, CMI Crisis Management Initiative, Foundation of Economic Education
Council Member: Stiftelsen Svenska handelshögskolan

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: 8,000 or 0.03% of the total number of shares
No holdings or rights based on a share price-related compensation system
Fees in 2011: EUR 29,700

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

Member of the Board since 2008
Member of the Audit Committee since 2010

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

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

Holdings and Fees
Shareholdings in Aspo on December 31, 2011: 11,326 or 0.04% of the total number of shares; Hollming Oy 456,969 or 1.48% of the total number of shares, Ratius Oy 148,572 or 0.48% of the total number of shares
Aspo's convertible capital loan 2009: Hollming Oy 20 shares, Ratius Oy 2 shares
No holdings or rights based on a share price-related compensation system.
Fees in 2011: EUR 29,700

Group Executive Committee on December 31, 2011

The Group Executive Committee seeks Group-level synergies and promotes effective execution. Subsidiary boards lead, support and control the implementation of the strategy of the company in question.

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
Vice Chairman of the Board: the Association of Finnish Technical Traders
Member of the Board: 3 Step IT Group Oy, SGN Group Oy, Finland-China Trade Association
Chairman of the Committee: Federation of Finnish Commerce, Trade Policy Committee
Member of the Committee: Confederation of Finnish Industries EK: Trade Policy Committee

Holdings
Shareholdings in Aspo on December 31, 2011:
2/7 of the shares owned by Aspo Management Ltd: 499,612 shares; 1.61% of the total number of shares

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

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 Board: Kaukomarkkinat Ltd
Member of the Committee: the Association of Finnish Technical Traders, Finance Committee

Holdings
Shareholdings in Aspo on December 31, 2011: 5,143 or 0.02% of the total number of shares personally and 1/7 of the shares owned by Aspo Management Ltd: 499,612 shares; 1.61% 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, 2011: 30,217 or 0.10% of the total number of shares personally and 1/7 of the shares owned by Aspo Management Ltd: 499,612 shares; 1.61% of the total number of shares

MARKUS KARJALAINEN
born 1961, Master Mariner
Managing Director,
ESL Shipping Ltd, 2006–

Key Work Experience
Senior Vice President,
Finnlines Plc, 2005–2006
Vice President, Neste Oil Plc,
Shipping, 2001–2005
General Manager, Fortum Oil
and Gas Ltd, 1998–2001
General Manager,
Neste Ltd, 1996–1998
Manager, Sea Personnel,
Neste Ltd, 1993–1996

Key Positions of Trust
Member of the Board:
Oy Bomanship Ab, Credo Ab,
Finnish Shipowners' Association,
Finnish Coal Info Hiilitieto ry,
The Finnish Lifeboat Institution

Holdings
Shareholdings in Aspo on December 31, 2011: 1/7 of the shares owned by Aspo Management Ltd: 499,612 shares; 1.61% of the total number of shares

KALLE KETTUNEN
born 1964 , M.Sc. (Eng), 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

Key Positions of Trust
Member of the Board: Biohit Plc

Holdings
Shareholdings in Aspo on December 31, 2011: 1/7 of the shares owned by Aspo Management Ltd: 499,612 shares; 1.61% of the total number of shares

JUKKA NIEMINEN
born 1969 , M.Sc. (Eng)
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, 2011: 500 or 0.002% of the total number of shares

MATTI VÄÄNÄNEN
born 1957 , M.Sc.
Managing Director,
Leipurin Ltd, 2008–

Key Work Experience
Director, Kauko-Telko Oy,
2005–2008
Managing Director, LT-Tukku Oy,
1994–2004
Managing Director, MattiTuo Oy,
1993–1994
Managing Director, Lihan Vienti
Oy, 1985–1993

Holdings
Shareholdings in Aspo on December 31, 2011: 10,000 or 0.03% of the total number of shares

Updated information on changes in the shareholding of public insiders is available on the company's website www.aspo.com.

Board Members and Managing Directors in Group companies

ESL Shipping Ltd

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

Markus Karjalainen, Managing Director
Tom Blomberg, Deputy Managing Director

Leipurin Ltd

Aki Ojanen	chairman
Matti Lappalainen	member
Harri Sivula	member
Paul Taimitarha	member

Matti Väänänen, Managing Director
Johan Zilliacus, Deputy Managing Director

Telko Ltd

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

Kalle Kettunen, Managing Director

Kaukomarkkinat Ltd

Aki Ojanen	chairman
Pekka Piiroinen	member
Arto Meitsalo	member

Jukka Nieminen, Managing Director

Summary of releases 2011

In 2011, Aspo Plc published a total of 36 stock exchange releases of which four were interim reports. The stock exchange releases are available on the company's website www.aspo.com. The information in the releases may partially be out of date.

Stock exchange releases

Feb 11, Aspo and Rautaruukki sign a long-term contract for sea transport
ESL Shipping Ltd has signed a new, long-term contract with Rautaruukki Corporation for the marine transport of raw materials on the Baltic Sea. ESL Shipping will also have the opportunity to update its fleet. The fleet of pusher barges, particularly used for transporting the raw materials of the steel industry, will be docked and vessels will be modernized during the summer of 2011.

Feb 14, Aspo Group's Financial Statement Release
The Group's net sales in 2010 were EUR 395.9 million. Comparable operating profit totaled EUR 17.9 million. Profit before taxes amounted to EUR 14.1 million. Earnings per share was EUR 0.40. Proposed dividends amounted to EUR 0.42.

Feb 21, New shares in Aspo Plc entered into the Trade Register
Twenty-eight loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 215,320 new shares in Aspo Plc.

Mar 4, ESL Shipping signs EUR 25 million loan agreement for ship financing
ESL Shipping Ltd has signed a ship financing agreement with Pohjola Bank plc totaling EUR 25 million. The maturity of the loan is 10 years. The agreement now signed will be used to finance the second EUR 30 million supramax vessel the company has ordered from the Korean Hyundai Mipo Dockyard Co. Ltd.

Mar 14, Invitation to the Aspo Annual Shareholders' Meeting
The shareholders of Aspo Plc are invited to attend the Annual Shareholders' Meeting to be held on Tuesday, April 5, 2011 in Helsinki.

Mar 14, Aspo prepares a rights offering of up to EUR 20 million
The Board of Directors of Aspo Plc has decided to begin preparations of a rights offering of up to EUR 20 million.

Mar 14, New date for Aspo's first quarter 2011 Interim Report
Aspo has decided to change the publication date for its first quarter interim report in 2011. The new date is May 11, 2011. All other dates remain unchanged.

Mar 28, Aspo Annual Report and Corporate Governance Statement 2010 published
Aspo's Annual Report 2010, comprising the financial statements, the Report of the Board of Directors and the Auditors' report is published in Finnish, English and Swedish. Aspo Plc's Corporate Governance Statement 2010 is published on the company website.

Apr 1, New shares in Aspo Plc entered into the Trade Register
Nine loan units of Aspo Plc's Convertible Capital Loan 2009 have been converted into 69,210 new shares in Aspo Plc. After the Trade Register entry of the new shares, the number of the Company's shares is 27,121,233 shares.

Apr 4, New Managing Director for Kaukomarkkinat Ltd
Jukka Nieminen, M. Sc. (Tech), has been appointed as the new Managing Director of Kaukomarkkinat Ltd as of August 8, 2011. He succeeds Jari-Pekka Lehmuskoski who will continue as Managing Director until August 8, 2011, when he will start as Business Director of the electronics division.

Apr 5, Decisions of the Aspo Annual Shareholders' Meeting
The Annual Shareholders' Meeting of Aspo Plc on April 5, 2011, approved the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from the liability for fiscal 2010. The shareholders approved the payment of a dividend totaling EUR 0.42 per share. The Annual Shareholders' Meeting approved the Board's proposals on the acquisition of company-held shares, a share issue of the company-held shares, and a rights issue.

Apr 5, The Board of Directors of Aspo has decided on a rights offering and its terms and conditions
Based on the authorization given by the Annual General Meeting on April 5, 2011, the Aspo Board has decided to offer up to 3,838,143 new shares for subscription with pre-emptive rights to existing shareholders. Subscription period April 13, 2011, to April 29, 2011. Subscription price is EUR 5.20 per share.

Apr 8, Aspo Plc's prospectus for rights offering published
Finnish Financial Supervisory Authority has today, April 8, 2011, approved Aspo Plc's prospectus relating to Aspo's rights offering published on April 5, 2011.

Apr 12, Advance information about Aspo Group's net sales and operating profit in January–March 2011
Based on initial information, Aspo Group's net sales in the first quarter of 2011 would increase by about 28% from the first quarter in the previous year and would be approximately EUR 107 million. Aspo estimates the increase of operating profit in the first quarter of 2011 as approximately 38% and operating profit as approximately EUR 2.9 million.

Apr 12, Aspo Plc supplements the prospectus for the rights offering
Aspo Plc has supplemented the prospectus published on April 11, 2011 relating to the rights offering with advance financial information announced separately earlier today and with auditors' statement on the profit estimate for the first quarter of year 2011. The Finnish Financial Supervisory Authority has approved the supplement.

May 2, Aspo Plc's rights offering oversubscribed
The subscription period of Aspo Plc's rights offering of approximately EUR 20 million ended on April 29, 2011. A total of approximately 3.8 million new shares were offered for subscription. Preliminary, a total of approximately 4.6 million shares were subscribed for representing a total subscription level of approximately 120.8%.

May 5, Invitation to Aspo's first quarter press conference
Aspo Plc's Interim Report for January–March 2011 will be published on May 11, 2011, at about 10.00 a.m. An analyst and press conference will be held at 14.00 in Helsinki.

May 5, Final outcome of Aspo Plc's rights offering
The final outcome of Aspo Plc's rights offering shows that 3,785,900 shares, representing 98.6% of the total number of shares offered in the rights offering, were subscribed for with subscription rights. The remaining 52,243 shares were subscribed for without subscription rights.

May 11, Aspo Group Interim Report, January 1–March 31, 2011
Aspo Group's net sales in January–March amounted to EUR 106.7 million; operating profit was EUR 2.9 million. Profit before tax amounted to EUR 1.5 million and earnings per share stood at EUR 0.04.

May 25, 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 Nordea Bank Finland Plc. The loan maturity is four years, and the agreement will replace loans for the same amount taken out from an insurance company in spring 2009. The loan has been taken to meet the Group's general financing needs.

Jun 13, Aspo to purchase its own shares
The Aspo Board of Directors has decided to acquire a maximum of 500,000 of the company's own shares through public trading on the NASDAQ OMX Helsinki at the current market price at the time of acquisition. The repurchases will commence on June 20, 2011, at the earliest.

Aug 10, Invitation to Aspo's press conference
Aspo Plc's Interim Report for January–June 2011 will be published on August 18, 2011, at about 10.00 a.m. An analyst and press conference will be held at 13.30 in Helsinki.

August 18, Aspo Group Interim Report, January 1–June 30, 2011
Aspo Group's net sales in January–June amounted to EUR 231.3 million and operating profit to EUR 8.1 million. Profit before tax amounted to EUR 5.8 million and earnings per share stood at EUR 0.15.

Aug 26, ESL Shipping takes delivery of a new vessel in India
ESL Shipping Ltd has taken delivery of a new, approximately 20,000 dwt vessel from ABG Shipyard Ltd in India. The vessel is owned by SEB Leasing Oy, which has leased her to ESL Shipping under a long-term charter agreement. The new vessel is a self-unloading dry cargo ship specially built for Baltic Sea operations and to the highest ice class (1A Super). Length 156 meters and maximum draft with a full cargo 9.4 meters.

Aug 31, Aspo to establish a new Group Executive Committee
Aspo is establishing a new Group Executive Committee that, as a part of the management system, is responsible for the introduction and effective implementation of the strategies of Aspo Group and the business areas. As of September 1, 2011, the Group Executive Committee will include Chairman Aki Ojanen, and the members Markus Karjalainen, Kalle Kettunen, Arto Meitsalo, Jukka Nieminen, Harri Seppälä, and Matti Väänänen. The new Group Executive Committee will replace Aspo Plc's current Executive Committee and the Group's Extended Executive Committee as of September 1, 2011.

Sep 16, Aspo will arrange a Capital Markets Day on December 8, 2011
Aspo Plc will arrange a Capital Markets Day for analysts, financiers and media in Helsinki on December 8, 2011.

Oct 18, Invitation to Aspo's press conference
Aspo Plc's Interim Report for January–September 2011 will be published on October 26, 2011, at about 10.00 a.m. An analyst and press conference will be held at 14.00 in Helsinki.

Oct 19, Aspo signs EUR 20 million loan 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 by this agreement Aspo will be refunding loans that mature in 2012. The agreed loan has been taken to meet the Group's general financing needs.

Oct 26, Aspo Group Interim Report, January 1–September 30, 2011

Aspo Group's net sales in January–September amounted to EUR 355.0 million. Operating profit amounted to EUR 16.5 million. Profit before tax amounted to EUR 12.6 million. Earnings per share stood at EUR 0.32.

Nov 7, Aspo to purchase its own shares

The Board of Directors of Aspo Plc has decided to acquire a tranche of 183,000 of the company's own shares in a directed acquisition. The acquisition of shares will be carried out today, Monday, November 7, 2011.

Nov 29, Aspo to extend the loan period of loan agreement

Aspo Plc has signed an agreement that extends the loan period of a EUR 20 million loan agreement that would otherwise mature on November 26, 2012. The new date of maturity is November 29, 2013. The signed agreement also includes an option for extending the loan period by two years at the maximum. The credit was granted by Merchant Banking, Skandinaviska Enskilda Banken AB (publ). No significant credit agreements of Aspo will mature in 2012.

Dec 1, Aspo and SSAB EMEA AB make a long-term agreement for marine transport

ESL Shipping Ltd has made a new agreement with the Swedish-based SSAB EMEA AB (SSAB) for the marine transport of ingredients on the Baltic Sea. The agreement is valid until the end of March 2014.

Dec 7, Aspo's financial information in 2012

The Aspo Group Annual Accounts Bulletin for 2011 will be released on February 14, 2012. The Annual Report will be published during week 13 at the latest. Aspo will publish three Interim Reports in 2012: April 27, August 21, and October 25. The Annual Shareholders' Meeting is scheduled for Tuesday, April 3, 2012, in Helsinki.

Dec 8, Aspo Group's Leipurin acquires Vulganus

Leipurin Ltd has acquired the entire share capital of Vulganus Oy, a manufacturer of bakery machinery. Vulganus is particularly specialized in manufacturing spiral systems for cooling, freezing and leavening processes. The estimated net sales for Vulganus in 2011 are more than EUR 7 million, and the company has 30 employees. The production facilities of Vulganus are based in Nastola, Finland.

Dec 8, Aspo specifies its outlook for 2011

Aspo Plc's Board of Directors has decided to specify the full-year outlook issued in the interim report for January-September published on October 26, 2011. The justifications for the outlook continue to be the same as in the interim report published on October 26, 2011. Any amendment to the tonnage tax legislation has not been taken into account in the outlook estimate.

New 2011 outlook published on December 8, 2011: Aspo will increase its net sales and operating profit by approximately 20%. Outlook published in the interim report on October 26, 2011: Aspo's net sales will increase by 10–20% and operating profit will improve.

Dec 8, Aspo's Capital Markets Day on December 8, 2011

Aspo will today, December 8, 2011, arrange a Capital Markets Day in Helsinki. Finnish presentation material will be available on the company's website.

Aspo has today specified its outlook for 2011. Aspo Group's strategy – its key strengths being diversity, operating in the eastern growth market and the ability to implement structural reorganization – will remain unchanged. Furthermore, financial objectives have not undergone any changes. The respective strategies and earning logic of different business operations will be introduced at the event. In addition, special current topics, such as investments and Aspo's new management system, will also be covered.

Press releases

Nov 7, Aspo will involve investors in its Annual report process

Aspo's Annual Report 2011will be implemented in cooperation with Aspo's shareholders. The report will include answers by the Group Executive Committee members to questions posed by investors.

Nov 16, Telko launches resale of UPM ForMi composite

UPM and Telko have signed a distribution agreement for UPM's new composite product UPM ForMi. Telko will sell the natural fiber composite developed by UPM through its global distribution network to the furniture, vehicle and electronics industries and to plastic companies that manufacture consumer products.

Nov 25, The new ice-strengthened Supramax vessel christened m/s Arkadia

The first of the two dry cargo ships ordered from Hyundai Mipo by ESL Shipping has been named. The vessel was christened m/s Arkadia in a ceremony organized in Vietnam. The 56,000 ton vessel belongs to the supramax class. It has built-in cranes, and it is the only ice-strengthened vessel in its class, classified under the Finnish ice class 1A. The vessel will be ready for handover at the turn of the year.

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Report of the Board of Directors

Operational Performance

General uncertainty about the global economy continued, and led especially to currency fluctuations and a drop in interest rates. Energy and raw material prices decreased moderately. In Aspo's market area, the production of basic industry continued to be at almost normal levels in western markets and increased in the eastern growth markets. The prices of raw materials sold decreased moderately.

ESL Shipping

The dry bulk cargo price level decreased worldwide in the fall. The Baltic Sea cargo markets have remained stable. ESL Shipping's long-term cargo contracts account for a considerable share of capacity. The transport demand from the steel and energy industries, both important to the shipping company, remained normal for ESL Shipping. The fleet was in full use.

The cargo volume carried by ESL Shipping amounted to 13.3 million tons (13.1). The steel industry accounted for 7.9 million tons (9.1) and the energy industry for 4.3 million tons (3.3) of the volume.

ESL Shipping's net sales grew significantly to EUR 93.1 million (79.5). The heavy ice conditions which persisted long into the spring significantly weakened the operating profit in the winter and in the spring. The operating profit fell below the previous year's level, amounting to EUR 10.5 million (11.5).

In the fall, the shipping company took delivery of m/s Alppila, a vessel of approximately 20,000 dwt built in India. The Eira-class vessel is registered under the Finnish flag and is of ice class 1A Super. She is owned by SEB Leasing Oy, which has leased her to ESL Shipping under a long-term charter agreement. Overhauling of the pusher-barge fleet took place in the summer and early fall, which extends the service life of vessels and pushers by some ten years. New long-term contracts were signed on the marine transport of raw materials for the steel industry with Rautaruukki and SSAB.

M/s Alppila entered service on the Baltic Sea in the fourth quarter. The outfitting of the vessel and docking resulted in significant expenses and weakened the fourth-quarter result by EUR 0.5 million.

Two 1A ice-strengthened Supramax vessels have been ordered from the Korean Hyundai Mipo shipyard. ESL Shipping took delivery of the first vessel, m/s Arkadia, on January 5, 2012. The second vessel will be completed in the second quarter 2012. The vessels will be used in the company's normal charter services. The outfitting of the vessels and their transfer to the Baltic Sea will result in significant expenses.

Leipurin

There were no essential changes to the raw material prices in the food industry. The prices for oil-based raw materials decreased slightly.

Net sales increased to EUR 128.2 million (108.7). The strongest growth in net sales occurred in Russia. Operating profit improved to EUR 5.7 million (3.6). The net sales of Leipurin's baking industry operations grew and profitability improved clearly.

In the fourth quarter Leipurin acquired the entire share capital of Vulganus Oy, a manufacturer of bakery machinery. The acquisition is in line with Leipurin's core strategy as it expands the product range and improves the competitiveness of bakery machinery, particularly in the growth markets in Russia. The acquisition had a positive effect on the fourth-quarter operating profit.

During the year, Leipurin launched business operations in a number of major cities in Russia and opened a test bakery in Yekaterinburg. An agreement was signed with MP-Maustepalvelu on the sale of spices and spice mixes in Finland, the Baltic countries and Russia.

As for market areas, the share of emerging markets increased in both net sales and operating profit. Profitability in Russia is above average. Inputs in bakery raw materials and test bakeries in Russia, the establishment of business in Kazakhstan, Ukraine and Belarus, as well as market leadership in Finland and the Baltic countries have enabled stable and profitable growth.

Telko

The prices of raw materials sold decreased in 2011. Basic demand in industries important to Telko continued to be good in the western markets and continued to grow in the eastern markets.

Despite the lower price levels, Telko's net sales grew to EUR 211.6 million (175.2) Strong growth at the rate of 41% was seen in Russia, Ukraine and other CIS countries. Operating profit improved to EUR 8.6 million (6.8). The operating profit in the eastern growth market was above average.

Telko's business consists of separate sales activities in plastic raw materials and industrial chemicals. Sales developed well in both areas.

Telko has continued its investments into growing market areas, such as Ukraine and China, as well as into growth in Russian metropolises. The Rauma terminal investment, which will be completed in early 2012, continued. The investment will enable the Finnish chemicals unit to increase the number and added value of products supplied to customers.

Kaukomarkkinat

Kaukomarkkinat´s net sales increased and amounted to EUR 43.4 million (32.5) and operating profit improved to EUR 1.4 million (0.6). The highest net sales growth and profitability improvement was seen in the project sales in China. In the energy industry operations, net sales grew by 15%. The energy industry operations are characterized by heavy seasonal fluctuation, with net sales usually peaking in the third quarter. The sales of heat pumps, industrial solutions and frequency converters developed well. The sales of bio and solar power systems increased moderately. In terms of geographical area, the highest growth in profitability and net sales was seen in China and Poland.

Other operations

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

The efficiency ratio of Group administration improved in 2011. The expenses of other operations amounted to EUR 4.7 million (4.6).

Net Sales

Aspo Group's net sales grew by EUR 80.4 million or 20% to EUR 476.3 million (395.9).

An increase in the value of the euro in comparison to other currencies in Aspo's main market areas slowed down export in the early part of the financial year and hiked import prices in the target countries. Correspondingly, the weakening of the euro during the rest of the year did not have time to even out the big picture to the benefit of Aspo.

Earnings

Aspo Group's operating profit for the period was EUR 21.5 million (17.9). The operating profit does not include any non-recurring costs or income.

ESL Shipping's operating profit was EUR 10.5 million (11.5). The operating profit was negatively affected by exceptionally harsh ice conditions in the beginning of the year and the docking of m/s Alppila for outfitting in the fourth quarter. Leipurin's operating profit improved to EUR 5.7 million (3.6) as a result of the sales growth in bakery raw materials and bakery machinery. Telko's operating profit increased by EUR 1.8 million to EUR 8.6 million (6.8). Growth was driven by both the plastics and chemicals businesses. Kaukomarkkinat's operating profit improved to EUR 1.4 million (0.6), particularly due to project deliveries in China.

Other operations include Aspo Group's administration and a small share of other items not belonging to the business units. The operating profit of other operations was negative and amounted to EUR -4.7 million (-4.6).

Earnings per share (EPS) was EUR 0.45 (0.38) and diluted EPS amounted to EUR 0.45 (0.39). Equity per share was EUR 3.05 (2.49).

Aspo´s financial targets are to achieve a return on investment and equity of over 20% and an operating profit as percentage of net sales of over 5%. It also aims at distributing at least half of the annual profit in dividends on average. The targets set for return on investment (ROI) and the return on equity (ROE) were not achieved in 2011. In the long term, high targets for return on capital can also be achieved through structural changes in accordance with Aspo's strategy. The return on investment (ROI) was 12.5% (12.7) and the return on equity (ROE) was 16.4% (15.2). The operating profit as percentage of net sales was 4.5% (4.5). The Board´s proposal on the distribution of dividends will meet the objectives. In that case, dividend/earnings would be 95.2% (106.2). Effective dividend yield would be 6.2% (5.1), using the share closing price valid on the last day of the year.

Investments

Group investments amounted to EUR 42.7 million (13.2). Most of the investments consisted of advance payments for ESL Shipping's Supramax vessel orders and of the overhaul of the pusher-barge fleet. Telko invested in the refinery terminal in Rauma, and Leipurin and Kaukomarkkinat invested in new ERP systems.

Financing

The Group's financing position improved over the comparable period. Cash and cash equivalents amounted to EUR 14.5 million (7.1) at year-end. The consolidated balance sheet had a total of EUR 101.5 million (77.7) in interest-bearing liabilities.

Net sales by segment

	2011 MEUR	2010 MEUR	Change MEUR	Change %
ESL Shipping	**93.1**	79.5	13.6	17.1
Leipurin	**128.2**	108.7	19.5	17.9
Telko	**211.6**	175.2	36.4	20.8
Kaukomarkkinat	**43.4**	32.5	10.9	33.5
Other operations	**0.0**	0.0	0.0	
Total	**476.3**	395.9	80.4	20.3

Net sales by market area

	2011 MEUR	2010 MEUR	Change MEUR	Change %
Finland	**181.2**	167.1	14.1	8.4
Nordic countries	**48.8**	51.9	-3.1	-6.0
Baltic countries	**50.6**	43.8	6.8	15.5
Russia, Ukraine + other CIS countries	**122.6**	88.5	34.1	38.5
Other countries	**73.1**	44.6	28.5	63.9
Total	**476.3**	395.9	80.4	20.3

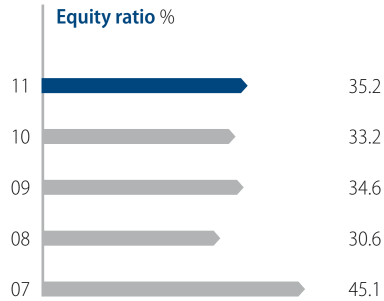
Operating profit by segment

	2011 MEUR	2010 MEUR	Change MEUR	Change %
ESL Shipping	**10.5**	11.5	-1.0	-8.7
Leipurin	**5.7**	3.6	2.1	58.3
Telko	**8.6**	6.8	1.8	26.5
Kaukomarkkinat	**1.4**	0.6	0.8	133.3
Other operations	**-4.7**	-4.6	-0.1	-2.2
Total	**21.5**	17.9	3.6	20.1

Investments by segment*

	2011 MEUR	2010 MEUR	Change MEUR
ESL Shipping	**38.8**	11.1	27.7
Leipurin	**0.9**	0.3	0.6
Telko	**2.6**	0.9	1.7
Kaukomarkkinat	**0.4**	0.8	-0.4
Other operations	**0.0**	0.1	-0.1
Total	**42.7**	13.2	29.5

*without business acquisitions



Non-interest-bearing liabilities totaled EUR 74.9 million (65.7).

Aspo Group's net gearing was 94.1% (101.5), and equity ratio was 35.2% (33.2). Aspo's financing position was positively affected by the financial year's strong cash flow from operating activities, as well as the rights issue carried out. Vessel investments and dividends paid had a negative effect.

The Group's cash flow from operating activities totaled EUR 20.7 million (9.3). Cash flow from operating activities doubled over the comparable period. At the end of the year the change in working capital stood at EUR -3.1 million (-8.8).

Cash flow from investments totaled EUR -44.7 million (-11.4). The growth was affected by advance payments for vessels under construction and the overhaul of the pusher-barge fleet. The Group's free cash flow amounted to EUR -24.0 million (-2.1).

The amount of binding revolving credit facilities signed between Aspo and its main financing banks stood at EUR 40 million at the end of the year. The binding revolving credit facilities remained fully unused at the year-end. EUR 5 million of Aspo's EUR 50 million commercial paper program had been used at the end of the year.

In 2011, Aspo signed a revolving credit facility agreement amounting to EUR 20 million as well as a EUR 20 million loan agreement. The signed agreements changed the company's loan portfolio maturity so that no significant credit agreements will mature in 2012.

Convertible capital loan

Aspo Plc has EUR 10,350,000 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. In connection to the rights issue, Aspo´s board decided to amend the terms and conditions of the convertible capital loan so that each EUR 50,000 loan unit entitles its holder to convert the loan unit into 8,074 new shares in Aspo. The conversion rate changed from EUR 6.50 to EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

In 2011, 284,530 new shares were subscribed for with 37 loan units.

Related party loans

Aspo Plc has granted a EUR 3.1 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. 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. The loan is market-based.

Rights issue

Aspo's Board of Directors used the authorization given to it by the Annual Shareholders' Meeting and decided to issue a maximum of 3,838,143 new shares in a rights issue based on the pre-emptive rights of shareholders. According to the final result of the issue, a total of 3,785,900 shares (98.6% of the offered shares) were subscribed for using the subscription right. The remaining 52,243 shares, corresponding to 1.4% of all the shares offered, were subscribed to without subscription rights. The share subscription percentage was 120.8%. As a result of the issue, the number of Aspo shares rose by 3,838,143 to 30,959,376. The Group collected over EUR 19 million in new equity through the rights issue.

Risks and Risk Management

Economic growth continued in the first half of 2011, reducing risk levels in the main market areas of all of Aspo's segments. After the summer, the general economy and expectations weakened rapidly, which partly kept inflation expectations in check and lowered interest rates. The uncertainty of the global economy increases strategic and operational risks in Aspo's business areas.

Strategic risks are reduced by the Group's business being divided into four segments and business being conducted over a wide geographical area, with customers from corporations representing many different fields of industry. The consolidation of principals and either increased or decreased interest in different market areas raise strategic risks but also create opportunities for Aspo's companies.

Aspo is growing in emerging market areas where growth risks are also affected by industrial and commercial investments, interest rate levels, exchange rates, and customers' liquidity, as well as by changes in legislation and import regulations. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. Increasing local competition and consolidation of corporations increases the risks. Consumer behavior is also reflected in the risks generated through B-to-B customers and the risk levels.

Industrial demand in Western countries has remained unchanged in the past 12 months. However, economic uncertainty makes it more difficult to predict the demand and business of corporate customers and to assess risks. Demand in emerging markets has increased. Potential downward changes in the global economy may affect the demand for Aspo's products and services and push risk levels higher. The uncertainty over the general economy may lead to rapid changes in raw material prices and demand. Aspo has prepared for this by diversifying its segments and ensuring the organization can react rapidly. The capacity for risk management has been increased by additional recruitment in the growth markets.

The increased likelihood of operational risks and their realization will be met with proactive measures and constant monitoring of market changes resulting from the uncertain economic outlook.

As prices decrease, rapid changes in inventory values may cause price risks. Rapid positive changes in financial structures may also cause risks due to changes in the customer or principal structure or technologies, and due to the fact that possibilities that require fast reaction remain unutilized.

Aspo has avoided considerable exchange rate losses due to active hedging of currency positions and currency flow. Credit loss risks may increase as the general economy weakens.

Aspo's risk management is based on a well-functioning organization and the expertise of its staff, which ensure the operation of the risk management functions included in business processes. Risk analyses of the Group's segments form the foundation for the continuity plan of each segment. The company reviews insurance coverage, complete with its risk levels, on a continuous basis in order to minimize loss risks. The Group's insurance policies were put out to tender at the end of the financial year.

One of the tasks 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 charges management with measures needed 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 Group management is responsible for risk management. The management of the business areas are 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.

Goodwill reflects the performance ability of each sector, including capital employed, and their related risks are monitored under sector-specific impairment testing at least once a year. Additional impairment tests were not carried out in 2011.

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

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

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

ESL Shipping

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

Early winter in 2011 was exceptionally harsh; even harder than in 2010. Ice and wind conditions caused operational risks to transportation but diminished strategic risks, thus strengthening ESL Shipping's position as a good cooperation partner for customers and suppliers.

The sufficiency of capacity has been influenced by the delay in the delivery of a 20,000 dwt vessel built in India. The vessel was received in the fall and introduced to traffic in the Baltic Sea at the latter part of the year. During the year, the capacity of the vessel was compensated for with time-chartered vessels. The two Supramax vessels, ordered from a Korea-based company, are expected to be completed on schedule.

Leipurin

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

Telko

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

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

The insecure situation in the financing sector may increase both credit loss and exchange rate risks in all of Telko's market areas. During the year, the currency of Belarus, for example, was devalued twice, and it lost most of its external value. Telko has given up most of its credit insurance.

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

Kaukomarkkinat

A possible demand decline due to the uncertain financial situation is the main risk for Kaukomarkkinat. The possible insolvency of customers may cause credit loss. Selling of products based on energy saving may suffer if energy prices or taxation changes. The main exchange rate risks are connected to the strengthening of the Japanese yen and rising import prices. In China, the economic situation and currency value changes may affect customers' willingness to invest. Risk management has been successful. Exchange rate fluctuations have not had a significant effect on earnings. The competitiveness of suppliers' products and changes in the operations of suppliers have an essential impact on Kaukomarkkinat.

Financial Risks

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

Refunding risk

Refunding risk is managed by diversifying interest-bearing debt with respect to the counterparty, instrument, 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 employees at Aspo Group was 814 (712) and the average during the fiscal period was 797 (736). The average number of officials during the year was 559 (497) and of employees, 238 (239). The number of personnel in the parent company consisting of officials was 12 (12) at the end of the year and 12 (12) on average during the year.

Of Aspo Group's personnel, 55% (54) work in Finland, 2% (4) in other Nordic countries, 9% (10) in Baltic countries, 25% (22) in Russia, Ukraine and other CIS countries, and 9% (10) in other countries. Men make up 62% (62) and women 38% (38) of the workforce. Of Aspo Group's employment contracts, 99% (99) are full time. During the financial year, 151 (83) new employment contracts were signed. The cost of all employment benefits within the Group in 2011 amounted to EUR 37.5 million (34.3).

Changes in the total number of employees result from the increase caused by organic growth, the effect of new ships, and seasonal fluctuation in the number of ship personnel employed. The number of employees increased due to an acquisition in Finland, while organic growth was highest in Russia, Ukraine and other CIS countries, as well as in China.

Rewarding

Aspo Group has a profit bonus system. Part of the Group's profit is paid as a profit bonus to the personnel fund. The personnel fund aims to use most of the profit bonuses for the purchase of shares in Aspo Plc. The long-term goal 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. Aspo's business areas pay part of their earnings as bonuses to the personnel. The calculation principles for the bonuses are approved by business area.

In 2009, Aspo's Board of Directors decided on a shareholding program for the Group's key personnel. The gain was based on Aspo Group's cumulative earnings per share indicator (EPS) over the period of 2009–2011. The earning period ended on December 31, 2011 and the Board of Directors decided to transfer 150,638 Aspo shares to the key persons included in the shareholding program. The gain will be paid partly in Aspo shares and partly in cash in March 2012. The shareholding program encompassed about 30 persons in Aspo's management and key personnel.

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. 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. The plan is valid until spring 2014, after which it will be dissolved in a manner to be decided upon later. 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.

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 operational costs and are not itemized.

Environment

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

Aspo looks after the environment by taking initiatives and continuously monitoring the laws and recommendations connected to its operation and any revisions to these. Aspo wants to be a pioneer in all of its operations and also anticipates future developments in environmental regulations.

ESL Shipping

ESL Shipping's operations and all its vessels are certified in accordance with the International Maritime Organization's International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM). ESL Shipping also has ISO 14001 environmental certification. Well-equipped

Average personnel by segment

ESL Shipping	2011	2010
Office staff	**29**	30
Crew members	**161**	156
	190	186
Leipurin		
Office staff	**214**	174
Non-office workers	**58**	60
	272	234
Telko		
Office staff	**222**	197
Non-office workers	**12**	16
	234	213
Kaukomarkkinat		
Office staff	**81**	83
Non-office workers	**7**	7
	88	90
Other operations		
Office staff	**13**	13
Total	**797**	736

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

ESL Shipping's m/s Pasila is the first Finnish cargo ship to have a ballast water cleaning system installed. The system prevents foreign flora and fauna from moving from one water area to another, and thus protects the ecosystem of the Baltic Sea. The system has also been installed in Aspo's new, large Supramax vessels.

Leipurin

Leipurin pays particular attention to the quality and safety of food ingredients and the environmental impact of its operations. Leipurin's operational manual is ISO 9001 certified. Certification has also committed the company to continually improving its operations. We strive to take environmental issues into account when choosing our suppliers, too.

Telko

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products, or personnel. Telko is ISO 9001 certified. We have also committed ourselves to the chemical industry-oriented version of the Responsible Care Program. This program is committed to continual, voluntary improvements to environmental and health- and safety-related issues. Commitment has been verified by an external ESAD II assessment. Telko is also the first security- and quality-assessed chemical industry company in Russia. In addition, Telko has signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat

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

Management and Auditors

Aspo Plc's Annual Shareholders' Meeting on April 5, 2011 re-elected Matti Arteva, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel, and Risto Salo to the Board of Directors for a one-year term.

In its meeting after the Shareholders' Meeting, the Board elected Gustav Nyberg as the Chairman of the Board and Matti Arteva as the Vice Chairman. In its meeting the Board also re-elected Roberto Lencioni as the Chairman of the Audit Committee and Kristina Pentti-von Walzel and Risto Salo as Committee members.

In 2011, the Board of Directors arranged 12 meetings, of which four were teleconferences. The average participation rate was 99%.

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

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

Group Executive Committee

Aspo renewed its executive committee in 2011. The new Group Executive Committee, established on September 1, 2011, replaced the Extended Executive Committee and Aspo Plc's Executive Committee. The reform will enable the Group to react faster to the surrounding economic and market environment and to carry out efficient synergistic development between its business areas. The managing directors of the different business areas can also be involved in the development of Group structures at an earlier stage. The new Group Executive Committee is chaired by Aki Ojanen, CEO of Aspo Plc, and its members are Markus Karjalainen, Managing Director of ESL Shipping Ltd; Kalle Kettunen, Managing Director of Telko Ltd; Arto Meitsalo, CFO of Aspo Plc; Jukka Nieminen, Managing Director of Kaukomarkkinat Ltd; Harri Seppälä, Group Treasurer of Aspo Plc; and Matti Väänänen, Managing Director of Leipurin Ltd.

Board Authorizations

Authorization of the Board to decide on the acquisition of company-held shares

The Annual Shareholders' Meeting 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 shares will be purchased through public trading, which means that the purchase will be made irrespective of the shareholders' holdings, and the price paid for the shares will be the market price of Aspo's shares at the time of acquisition. The authorization does not exclude the Board's right to decide on a directed issue. The shares will be used to finance and complete any acquisitions or other transactions, to carry out the company's incentive programs, or for other purposes to be decided on by the Board of Directors. The Board may not exercise the authorization to acquire company-held shares if, after the acquisition, the company or its subsidiary would possess or have as a pledge more than 10% of the company's stock. The authorization is valid until the Annual Shareholders' Meeting of 2012, but no more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors has used its authorization, and the company acquired 297,987 of its own shares in 2011.

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

The shareholders 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 754,233 shares may be transferred on the basis of the authorization. The authorization will be used to finance or execute any acquisitions or other transactions, to carry out the company's shareholding program, or for other purposes determined by the Board of Directors. The authorization gives the Board the right to decide on the terms and conditions applicable to the rights issue, and thus also the right to decide on a directed share issue deviating from the shareholders' pre-emptive right, as provided by law. The authorization is valid until the Annual Shareholders' Meeting of 2012, but no more than 18 months from the approval at the Shareholders' Meeting.

The Board has used its authorization and, in connection with the acquisition of Vulganus by Leipurin Ltd, transferred 217,691 of shares held by Aspo in a directed share issue. The transfer price was EUR 6.8905 per share.

Authorization of the Board to decide on a rights issue

The shareholders authorized the Board to decide on a rights issue, whereby shareholders have the right to subscribe to new Aspo shares in proportion to their previous shareholdings. The total number of new shares to be offered for subscription may not exceed 5,500,000. The Board was authorized to decide on other terms and conditions governing the rights issue. The authorization is valid until the Annual Shareholders' Meeting of 2012, but no more than 18 months from the approval at the Shareholders' Meeting. The authorization does not invalidate the authorization given to the Board to decide on a share issue involving the transfer of company-held shares.

The Board of Directors has used its authorization and decided on a rights issue based on the shareholders' pre-emptive right in which 3,838,143 new shares were issued.

Share Capital and Shares

Aspo Plc's share capital on December 31, 2011 was EUR 17,691,729.57 and the total number of shares was 30,959,376 of which the company held 334,529 shares; that is, 1.1% 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 2011, a total of 3,715,886 Aspo Plc shares with a market value of EUR 27,3 million were traded on NASDAQ OMX Helsinki, in other words, 12.0% of the stock changed hands. During the period, the stock reached a high of EUR 9.30 (EUR 8.82 when adjusted for rights issue) and a low of EUR 6.32. The average price was EUR 7.50 (EUR 7.39 when adjusted for rights issue) and the closing price at year-end was EUR 6.80. At the end of the financial year, the market value excluding treasury shares was EUR 208.2 million.

The number of Aspo Plc shareholders was 6,183 at the year-end. A total of 756,427 shares, or 2.4% of the share capital, were nominee registered or held by non-domestic shareholders.

Based on the authorization given by the Annual Shareholders' Meeting, Aspo Plc initiated a repurchase program and had acquired a total of 297,987 company-held shares through public trading on NASDAQ OMX Helsinki by the end of the financial year.

Events after the Financial Year

An amendment to the Finnish Tonnage Tax Act has been approved, and ESL Shipping Ltd will apply the act to its financial statements for the 2011 financial period. Changes in accordance with the amended Tonnage Tax Act will be applied for the first time in taxation executed for the tax year that started in the 2011 calendar year. According to IAS 10, a retrospective amendment to tax legislation is not taken into account in the Group's financial statements. The amendment will affect Aspo Group's financial statements in 2012, at which time both its corporate tax lowering effect and the tonnage tax will be recorded for both 2011 and 2012. Effects of the Tonnage Tax Act on Aspo Group´s figures is presented in Note 30.

ESL Shipping took delivery of m/s Arkadia, the first of the two vessels ordered from the Korean Hyundai Mipo shipyard, on January 5, 2012. The second vessel will be completed in the second quarter 2012.

Leipurin opened its fourth test bakery in Russia in the premises of the Moscow State University of Food Production.

The Aspo Plc Board of Directors has decided to transfer 150,638 Aspo shares held by the company to employees included in the share-ownership plan of 2009. The transfer is based on the share issue authorization of the Annual Shareholders' Meeting held on April 5, 2011.

The Board of Directors of Aspo Plc has resolved on a new share-based incentive plan for the Group key personnel. The new plan includes three performance periods, calendar years 2012, 2013 and 2014. The target group of the plan consists of approximately 30 people. The rewards to be paid on the basis of the plan correspond to an approximate maximum total of 936,000 Aspo Plc shares.

Outlook for 2012

Aspo's current structure creates a good basis for long-term growth. ESL Shipping's capacity will increase substantially in the first half of the year. Telko and Leipurin have invested in the eastern growth markets and established new offices. Kaukomarkkinat has revised its strategy, focusing primarily on local energy solutions and solutions improving industrial energy efficiency.

The uncertainty of economic development in the European Economic Area is expected to continue in 2012.

The new tonnage taxation will improve the Group´s earnings per share (EPS). Aspo specified its guidance on February 24, 2012:

Aspo aims for growth in net sales and operating profit, and will improve earnings per share (EPS).

ESL Shipping

Activities in the Baltic Sea transport market are estimated to remain at the current satisfactory level or to weaken. International cargo prices are expected to remain low.

The shipping company's vessel capacity will increase substantially in the first half of the year. The first Supramax class vessel was handed over at the beginning of 2012, and according to the schedule, the second vessel will be handed over in the second quarter of 2012. The vessels will be used in the company's normal charter services. The outfitting of the new vessels and their transfer to the Baltic Sea will result in significant additional expenses in the first half of the year. Both vessels were financed with a bank loan.

To secure the increasing transport volumes in the Baltic Sea and the transport needs of multi-year contracts, the shipping company voyage-chartered external vessels in 2011 for some EUR 10 million. The operating profit of these chartering activities was poor. The new vessels becoming available will allow the shipping company to considerably reduce the chartering of external vessels.

The time chartering of m/s Beatrix and m/s Nassauborg will end in the summer of 2012.

A considerable share of the capacity for 2012 has been handled through long-term price and transport agreements. The steel industry's and energy sector's transport volumes are expected to remain at the level of 2011.

The amendment to the Tonnage Tax Act will improve the operating conditions of shipping companies and encourage them to maintain and add to a merchant fleet in Finland. The amendment took effect on March 1, 2012, and it will significantly improve ESL Shipping's result.

Leipurin

Organic growth is expected to continue. Food industry demand and prices are expected to remain at their currently good level.

The offices that were established in Russia, Ukraine, and Kazakhstan provide a good foundation for several years of growth in bakery raw material sales. Bakery machinery sales are predicted to grow from 2011. In Finland, the restructuring of the bakery industry is expected to continue in such a way as to increase the outfitting of bakeries in shopping centers and supermarkets as well as the baking activities in them. The share of new solutions, such as low-carbohydrate, high-protein bread raw materials, is also expected to increase in the Finnish raw materials market. Raw material sales to other food industry players are expected to remain unchanged or to grow.

Leipurin implemented a new ERP system on January 1, 2012. The company will intensify its enterprise resource planning in 2012 as well as prepare for new logistics solutions in Finland.

Telko

Organic growth is expected to continue. The offices set up in Russia, Kazakhstan, and China provide a good foundation for several years of growth. However, the future trend in the industry sector's demand is difficult to forecast.

Telko continues to expand in line with its strategy in Russia, Ukraine, other CIS countries, and China. The company will open new offices in major Russian cities in 2012. Telko is looking into a potential investment in a chemicals handling terminal in Western Russia. The terminal would ensure the logistical resources needed for long-term growth in the chemicals business, as well as customer-specific upgrading of products in Russia. The Rauma terminal investment has progressed as planned and will be completed in early 2012. In 2012, the company will intensify its sourcing operations and supply chain management as well as improve the cost-efficiency of its logistics operations.

Kaukomarkkinat

Kaukomarkkinat specified its strategy in December 2011. The company aims to increase the product range of its local energy solutions, especially in Finland. The demand for these products and services is expected to grow due to a long-term increase in energy prices and the new EU directives aimed at generating energy savings.

The sales of solar energy systems, biofuel power plants, and air-source heat pump solutions are expected to remain at least at the present level. Industrial energy efficiency projects are expected to increase from the 2011 level.

The order book for Chinese project sales will remain at the previous year's level.

Operational risks

The general economic situation may negatively 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 in the value of currencies may have an effect on the Group's future profit development.

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

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

Consolidated Income Statement

1 000 EUR	Notes	2011	2010
Net sales	1	**476 278**	395 932
Other operating income	3	**1 053**	1 309
Change in inventory of finished goods and work in progress +/–	6	**-3 329**	8 990
Share of associated companies' profit or loss	16	**207**	196
Materials and services	6	**-336 409**	-286 967
Personnel costs	4	**-37 506**	-34 288
Depreciation and impairment	5	**-8 223**	-8 113
Other operating expenses	7	**-70 608**	-59 165
Operating profit		**21 463**	17 894
Financial income	8	**1 484**	1 501
Financial expenses	8	**-5 516**	-5 328
Total financial expenses		**-4 032**	-3 827
Profit before taxes		**17 431**	14 067
Income taxes	9	**-4 136**	-3 681
Net profit for the period		**13 295**	10 386
Other comprehensive income			
Translation differences		**-635**	1 247
Cash flow hedges		**1 249**	-884
Income tax on other comprehensive income		**-319**	230
Other comprehensive income for the year, net of taxes		**295**	593
Total comprehensive income		**13 590**	10 979
Profit of the year attributable to			
Parent company shareholders		**13 295**	10 339
Non-controlling interest			47
Total comprehensive income attributable to			
Parent company shareholders		**13 590**	10 932
Non-controlling interest			47
Earnings per share to parent company shareholders, EUR	10		
Earnings per share		**0.45**	0.38
Diluted earnings per share		**0.45**	0.39

The notes presented on pages 60–90 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

Assets

1 000 EUR	Notes	2011	2010
Non-current assets			
Other intangible assets	11	**16 132**	15 937
Goodwill	12	**45 039**	40 587
Tangible assets	13	**88 823**	54 420
Investments held for trading	14	**205**	204
Receivables	15	**206**	603
Shares in associated companies	16	**1 922**	1 705
Deferred tax receivable	17	**1 269**	689
Total non-current assets		**153 596**	114 145
Current assets			
Inventories	18	**43 129**	44 905
Accounts receivable and other receivables	19	**55 251**	44 757
Income tax receivables for the period		**2 431**	1 873
Cash and cash equivalents	20	**14 505**	7 148
Total current assets		**115 316**	98 683
Total assets		**268 912**	212 828

Shareholders' equity and liabilities

1 000 EUR	Notes	2011	2010
Shareholders' equity			
Share capital	21	**17 692**	17 692
Premium fund	21	**4 351**	4 351
Treasury shares	21	**-5 103**	-4 532
Translation differences		**-514**	266
Revaluation fund	21	**276**	-654
Invested unrestricted equity fund	21	**23 654**	2 859
Equity portion of the convertible bond	21	**2 572**	2 572
Retained earnings	21	**35 559**	35 826
Net profit for the period		**13 295**	10 339
Total shareholders' equity belonging to shareholders		**91 782**	68 719
Non-controlling interest		**703**	750
Total shareholders' equity		**92 485**	69 469
Long-term liabilities			
Deferred tax liability	17	**12 937**	13 233
Loans	22	**92 772**	64 619
Other liabilities	23	**2 349**	703
Total long-term liabilities		**108 058**	78 555
Short-term liabilities			
Provisions	25	**201**	226
Loans and overdraft facilities	22	**8 724**	13 074
Accounts payable and other liabilities	23	**55 991**	51 190
Income tax liabilities for the period		**3 453**	314
Total short-term liabilities		**68 369**	64 804
Total liabilities		**176 427**	143 359
Total shareholders' equity and liabilities		**268 912**	212 828

Consolidated Cash Flow Statement

1 000 EUR	2011	2010
Operational cash flow		
Operating profit	**21 463**	17 894
Adjustments to operating profit		
Depreciation and impairment	**8 223**	8 113
Sales gains and losses from fixed assets and investments	**-10**	-20
Accrued personnel costs	**909**	709
Share of associated companies' profit or loss	**-207**	-455
Change in working capital		
Inventories	**3 373**	-15 509
Current receivables	**-7 853**	-1 030
Non-interest bearing current liabilities	**1 355**	7 746
Interest paid	**-4 427**	-4 779
Interest received	**868**	1 158
Dividends received	**3**	1
Taxes paid	**-2 986**	-4 509
Operational cash flow	**20 711**	9 319
Cash flow from investments		
Investments in tangible and intangible assets	**-12 920**	-2 047
Advance payments for vessels	**-28 608**	-9 894
Gains on the sale of tangible and intangible assets	**69**	591
Subsidiaries acquired less the cash flow at time of acquisition	**-3 295**	
Business operations acquired		-349
Associated companies acquired		260
Cash flow from investments	**-44 754**	-11 439
Cash flow from financing		
Rights issue	**19 152**	
Repurchase of shares	**-1 995**	-938
Disposal of shares	**1 498**	
Repayments of short-term loans	**-5 390**	-15 969
New short-term loans		1 116
New long-term loans	**45 423**	25 965
Repayments of long-term loans	**-16 202**	-1 835
Dividends distributed	**-11 101**	-10 848
Cash flow from financing	**31 385**	-2 509
Change in liquid funds	**7 342**	-4 629
Liquid funds Jan. 1	**7 148**	11 525
Translation differences	**15**	252
Liquid funds at year-end	**14 505**	7 148

The notes presented on pages 60–90 form an integral part of the consolidated financial statements.

Statement of Changes in Shareholders' Equity

1 000 EUR	Notes	Share capital	Premium fund	Revalua-tion fund	Invested unre-stricted equity fund	Other funds	Treasury shares	Trans-lation differ-ences	Retained earnings	Total	Non-controlling interest	Total share-holders' equity
Shareholders´ equity January 1, 2011	21	**17 692**	**4 351**	**-654**	**2 859**	**2 572**	**-4 532**	**266**	**46 165**	**68 719**	**750**	**69 469**
Comprehensive income												
Profit for the period									13 295	13 295		13 295
Other comprehensive income, net of taxes												
Cash flow hedge				930						930		930
Translation difference					2			-780	143	-635		-635
Total comprehensive income				**930**	**2**			**-780**	**13 438**	**13 590**		**13 590**
Transactions with owners												
Dividend payment									-11 101	-11 101		-11 101
Repurchase of shares							-1 995			-1 995		-1 995
Disposal of shares					74		1 424			1 498		1 498
Conversion of convertible capital loan					1 535					1 535		1 535
Share-based incentive system									373	373		373
Rights issue					19 152					19 152		19 152
Transfer of funds					32				-32			
Shareholding plan for Aspo Management									11	11		11
Change in non-controlling interest											-47	-47
Total transactions with owners					**20 793**		**-571**		**-10 749**	**9 473**	**-47**	**9 426**
Shareholders´ equity December 31, 2011		**17 692**	**4 351**	**276**	**23 654**	**2 572**	**-5 103**	**-514**	**48 854**	**91 782**	**703**	**92 485**
Shareholders´ equity January 1, 2010	21	**17 692**	**4 351**		**274**	**2 572**	**-3 778**	**-383**	**46 107**	**66 835**	**62**	**66 897**
Comprehensive income												
Profit for the period									10 339	10 339	47	10 386
Other comprehensive income, net of taxes												
Cash flow hedge				-654						-654		-654
Translation difference					4			649	594	1 247		1 247
Total comprehensive income				**-654**	**4**			**649**	**10 933**	**10 932**	**47**	**10 979**
Transactions with owners												
Dividend payment									-10 848	-10 848		-10 848
Conversion of convertible capital loan					2 298					2 298		2 298
Share-based incentive system					283		183		-27	439		439
Shareholding plan for Aspo Management							-937			-937	703	-234
Change in non-controlling interest											-62	-62
Total transactions with owners					**2 581**		**-754**		**-10 875**	**-9 048**	**641**	**-8 407**
Shareholders´ equity December 31, 2010		**17 692**	**4 351**	**-654**	**2 859**	**2 572**	**-4 532**	**266**	**46 165**	**68 719**	**750**	**69 469**

Notes to the Consolidated Financial Statements

Basic Information

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

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

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

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

Aspo Plc's Board of Directors has approved the financial statements for issue at its meeting on February 14, 2012. 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, 2011. 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, 2011, the Group has adopted the following new and revised standards and interpretations:

- IAS 24 (revised), Related Party Disclosures. The revised standard simplifies and clarifies the definition of a related party. These changes did not have a material impact on the result or the financial position of the Group.

As of January 1, 2011, the Group has applied the following standards, amendments and interpretations with no significant effect on reported information:

- IAS 32 (amendment) Financial Instruments: Presentation – Classification of Rights Issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement

IASB published changes to seven standards or interpretations in July 2010 as part of annual improvements to IFRS. These changes have no significant effect on the consolidated financial statements.

Principles of consolidation

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

Subsidiaries acquired during the fiscal year have been consolidated from the time Aspo gained control over them. Divested operations are included up to the time Aspo surrendered control. Acquired subsidiaries are consolidated using the acquisition cost method, which involves 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 fiscal year's profit between the parent company's shareholders and non-controlling shareholders. The interest that belongs to non-controlling shareholders is presented as a separate item under the Group's shareholders' equity.

A unit established for a special purpose

Aspo Management Oy was established to allow participants to have a major long-term shareholding in Aspo Plc. It 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 participants to hold only securities issued by Aspo Plc or obtained on the basis of them. All transactions carried out by the company require a written permit from Aspo Plc. Aspo Plc or the companies under its control 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 contract, Aspo Management Oy is to be merged with Aspo Plc, or alternatively, immediately dissolved after the publication of financial statements for 2013. If the terms and conditions to postpone the dissolution materialize, the merging or dissolution will be implemented no later than after the publication of the financial statements for 2016.

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

Foreign currency items and their measurement

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

From October 1, 2011, the internal long-term loans belonging to the Telko segment of Telko's Belorussian subsidiary have been reclassified 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 fiscal year. Balance sheet items are translated into euro using the exchange rates valid on the closing date. Translation differences are presented as a separate item under shareholders' equity. When the holding in a subsidiary is divested in its entirety or in part, the accumulated translation differences are recognized in the income statement as part of the sales profit or loss.

Segment reporting

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

The business segments are reported in a manner that is uniform with internal reporting to the operative decision maker of the company. The highest operative decision maker in the company is the Group's Board of Directors that makes strategic decisions. Inter-segment transactions are carried out at market prices.

Tangible assets

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

Buildings and structures	15–40 years
Vessels	17–30 years
Pushers	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. However, the post-reversal value must not exceed the value the asset had before the write-down in previous years. Sales profits and losses arising from the removal from use and disposal of tangible assets are included in other operating income and expenses.

Goodwill and other intangible assets

The acquired subsidiaries are consolidated in the consolidated financial statements using the acquisition cost method. The acquisition cost is matched against assets and liabilities on the basis of their fair value at the time of acquisition. The remaining part of the acquisition cost is goodwill. Goodwill is not amortized; instead, its fair value is tested at least annually using the goodwill impairment test based on the fair market value (see Goodwill Impairment Test on page 73).

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. Other intangible assets include software programs and software licenses.

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

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

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

Research and development costs

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

Inventories

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

Leasing agreements – Group as lessee

Fixed asset leasing agreements where the Group assumes an essential part of the risks and benefits inherent in ownership are classified as financial leasing agreements. Assets acquired through financial leasing agreement are recorded in the balance sheet in the amount equaling the fair value of the leased asset at the start of the agreement or a current value of minimum leases, if lower. Leasing payments are divided into financial expenses and loan repayment. Corresponding leasing liabilities, less financial expenses, are included in other 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. Payments towards defined-contribution pension schemes are recognized as expenses in the income statement during the relevant fiscal year.

Share-based payments

The Group has share-based incentive schemes for the management, where part of the bonus is paid as shares and the rest in cash. Note 29 shows more information on share-based arrangements. Options rights and assigned shares are valued at fair value at the time of assignment and recognized in the income statement as costs divided into even installments during the validity of the incentive scheme. The effects of other than market based terms (e.g. profitability and profit growth target) are not included in the fair value but taken into account in the amount of options or shares to which a right is assumed to be generated, by the end of the period in which the right is generated. A contra entry of the cost is recorded under the shareholders' equity for proportions to be paid in shares, and proportions to be paid in cash are recognized as debts. The fair value for the proportion to be paid in cash is revalued on each reporting day.

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

Share capital

Ordinary shares are presented as the share capital. Transaction costs directly resulting from the issuance of new shares or options are recorded, after adjusting their 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 fiscal year, adjustment of taxes from previous fiscal years and changes in deferred taxes. Income taxes are recorded in accordance with the tax rate valid in each country. Deferred tax liabilities or receivables are calculated from the temporary differences between accounting and taxation in accordance with the tax rate in force on the closing date or on the estimated tax payment date. Elements resulting in temporary differences include provisions, depreciation differences and confirmed losses. Deferred tax receivables are recognized from confirmed losses and other temporary differences to the extent that it is likely that they may be utilized in the future. The share of associated companies' profits or losses presented in the income statement is calculated from net profit or loss, and it includes the impact of taxes.

Income recognition principles

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

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

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

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

The results of discontinued operations are recorded as their own item in the consolidated income statement. The assets available for sale, groups of items to be surrendered and liabilities included in the groups of items to be surrendered are recorded in the balance sheet as separate items. In 2010 and 2011, the Group had no operations classified as such that will be discontinued.

Accounts receivable

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

Accounts payable

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

Financial assets

Financial assets are classified into loans and other receivables, investments held to maturity, financial assets available for sale, and financial assets recognized at fair value through profit and loss. The classification takes place in connection with the initial acquisition.

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

Financial assets available for sale and financial assets recognized at fair value through profit and loss are measured at fair value, using quoted market prices and rates, or an imputed current value. Changes in the fair value of financial assets available for sale are recorded in the fair value reserve under shareholders' equity, taking the tax impact into account. When such an asset is sold or has generated an impairment loss, the accumulated changes in fair value are moved from shareholders' equity to profit or loss. Acquisitions or disposals of financial assets available for sale are recorded on the settlement date. 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.

The fair value of the share in debt of a convertible capital loan is determined by using the market interest rate of a corresponding debt on the date of issue. The share in debt is recognized at amortized cost, until it is completely amortized by converting the loan into stock. The remainder of the money received – in other words, the share of equity less the effect of tax – is recorded under shareholders' equity.

Cash and cash equivalents

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

Derivatives

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

The Group has applied hedge accounting to protect predicted foreign currency denominated cash flows arising from the acquisition of fixed assets. The change in the fair value of the effective share of hedging is recorded in other comprehensive income items and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Profits and losses recorded under shareholders' equity are transferred to the acquisition cost of the asset in question during the fiscal period when the hedged item is capitalized. Hedge accounting is 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 items and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Interest rates realized during the fiscal 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 fiscal year. Estimates are used, for instance, to determine the amounts of items reported in the financial statements, to determine the goodwill and its expected yields and the useful life of tangible and intangible assets, as well as the validity of inventories and assets and liabilities. The estimates are based on information compiled from the business functions, 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, 2012, Aspo applies the following revised or amended standards:

- IFRS 7 (amendment) Financial instruments: Disclosures – Derecognition
- IAS 12 (amendment) Income taxes – Deferred tax

In 2013 or later, the Group will adopt – after EU approval – the following standards, interpretations and amendments made to existing standards:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities
- IFRS 13 Fair value measurement
- IAS 27 (revised 2011) Separate financial statements
- IAS 28 (revised 2011) Associates and joint ventures
- IAS 1 (amendment) Presentation of financial statement – other comprehensive income
- IAS 19 (amendment) Employee benefits
- IFRS 9 Financial instruments
- IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities
- IFRS 7 (amendment) Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

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 and other functions not belonging to the business units. The segment structure corresponds with the Group's organizational structure and internal reporting, where evaluation principles of assets and liabilities are in accordance with IFRS.

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

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

1.1 Business segments

2011

1 000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales outside the Group	93 151	128 150	211 574	43 403		476 278
Inter-segment sales		42	7	81		
Net sales	93 151	128 192	211 581	43 484		476 278
Share of associated companies' profit or loss	207					207
Operating profit	10 520	5 683	8 599	1 391	-4 730	21 463
Net financial expenses						-4 032
Profit before taxes						17 431
Income taxes						-4 136
Net profit for the period						**13 295**
Depreciation on tangible assets	4 989	389	507	246	146	6 277
Depreciation on intangible assets	42	531	945	422	6	1 946
Segment's assets	97 832	65 206	61 082	23 808	19 062	266 990
Shares in associated companies	1 922					1 922
Total assets	99 754	65 206	61 082	23 808	19 062	**268 912**
Segment's liabilities	9 242	18 502	20 462	7 883	120 338	176 427
Total liabilities	9 242	18 502	20 462	7 883	120 338	**176 427**
Investments	38 802	882	2 560	429		**42 673**

2010

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

1.2 Geographic areas

The Group monitors its net sales in accordance with the following geographical division: Finland, the Nordic countries, the Baltics, 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 income from foreign customers is defined in accordance with IFRS regulations.

	Net sales		Assets*	
1 000 EUR	2011	2010	2011	2010
Finland	**181 218**	167 155	**150 412**	111 407
Nordic countries	**48 798**	51 860	**2**	42
Baltic countries	**50 619**	43 815	**1 229**	1 419
Russia, Ukraine + other CIS countries	**122 590**	88 519	**619**	494
Other countries	**73 053**	44 583	**65**	94
Total	**476 278**	395 932	**152 327**	113 456

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

2. Acquired Operations

Businesses acquired in 2011

On December 7, 2011, Leipurin Ltd acquired the entire stock of Vulganus Oy at an initial price of EUR 5.1 million. The transaction price is increased by the contingent consideration in accordance with the sales margin that will accumulate during the next three years. The consideration is estimated to be EUR 1.5 million. Through the acquisition of Vulganus Oy, the Leipurin segment modernizes its bakery machine production, improves design, and increases its sales in the Russian market in particular. Spiral systems manufactured by Vulganus are used for cooling, freezing and leavening processes.

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 goodwill is not tax deductible.

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.

The costs related to the acquisition are included in other operating expenses of the Leipurin segment's income statement in 2011.

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

The fair value of liabilities is EUR -3.7 million.

As part of the transaction arrangements, the sellers purchased a total of 217,691 company-held shares from Aspo. The share transaction was implemented upon a decision by Aspo Plc's Board of Directors as a special issue under the authorization granted by the Annual Shareholders' Meeting on April 5, 2011. The transfer price was EUR 6.8905 per share.

Vulganus Oy's net sales, which is included in the Group's income statement as of December 1, 2011, was EUR 2.2 million. It resulted in EUR 0.7 million of operating profit for the Group during the period in question.

If Vulganus Oy would have been consolidated as of January 1, 2011, the net sales in the consolidated income statement would have increased by EUR 4.8 million, to EUR 481.1 million, and operating profit by EUR 0.2 million, to EUR 21.7 million.

Consideration

1 000 EUR	2011
Cash	5 127
Contingent consideration	1 540
Total consideration	**6 667**

Recognized amounts of identifiable assets acquired and liabilities assumed

1 000 EUR	2011
Tangible assets	246
Technology (included in intangible assets)	809
Inventories	1 676
Accounts receivable and other receivables	1 723
Cash and cash equivalents	1 419
Total assets	5 873
Loans	63
Accounts payable and other liabilities	3 330
Deferred tax liabilities	262
Total liabilities	3 655
Net assets acquired	**2 218**
Goodwill	**4 449**
Total	**6 667**

Businesses acquired in 2010

On November 1, 2010, Kaukomarkkinat acquired the operations of KSM Lämpötekniikka Oy, which is located in Kankaanpää, Finland. The acquisition generated goodwill of EUR 0.2 million. The acquisition of these operations had no significant effect on the Group's results or financial position.

3. Other Operating Income

1 000 EUR	2011	2010
Total gains from the sale of fixed assets	**17**	20
Insurance compensations	**573**	213
Total rents and related remunerations	**254**	309
Other income	**209**	767
Total	**1 053**	1 309

4. Employee Benefits and Personnel Information

At the end of the period, the number of employees at Aspo Group was 814 (712) and the average during the fiscal period was 797 (736). The average number of officials was 559 (497) and that of employees 238 (239).

Personnel costs

1 000 EUR	2011	2010
Wages and salaries	**30 597**	28 681
Pension costs, contribution plans	**3 644**	2 854
Option arrangements paid for in cash	**934**	737
Other indirect personnel costs	**2 331**	2 016
Total	**37 506**	34 288

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

Personnel by segment at year-end

	2011	2010
ESL Shipping	**211**	183
Leipurin	**275**	226
Telko	**230**	199
Kaukomarkkinat	**85**	91
Other operations	**13**	13
Total	**814**	712

Personnel by geographic area at year-end

	2011	2010
Finland	**450**	387
Nordic countries	**19**	26
Baltic countries	**69**	69
Russia, Ukraine + other CIS countries	**207**	159
Other countries	**69**	71
Total	**814**	712

5. Depreciation and Impairment

1 000 EUR	2011	2010
Intangible assets	**1 946**	1 794
Buildings	**145**	148
Vessels	**4 920**	4 707
Machinery and equipment	**1 212**	1 464
Total	**8 223**	8 113

6. Materials and Services

1 000 EUR	2011	2010
Purchases during the period		
ESL Shipping	**20 681**	15 769
Leipurin	**98 325**	87 497
Telko	**177 645**	150 494
Kaukomarkkinat	**30 205**	24 532
Other operations		7
Total	**326 856**	278 299
Change in inventories	**3 329**	-8 990
Outsourced services		
Leipurin	**5 249**	4 732
Telko	**3 405**	3 373
Kaukomarkkinat	**899**	562
Other operations		1
Total	**9 553**	8 668
Total materials and services	**339 738**	277 977

7. Other Operating Expenses

1 000 EUR	2011	2010
Rents	**6 899**	7 156
ESL Shipping	**46 607**	36 906
Leipurin	**5 337**	4 409
Telko	**6 322**	5 364
Kaukomarkkinat	**3 102**	2 838
Other operations	**2 334**	2 492
Loss from assignment in tangible assets	**7**	
Total	**70 608**	59 165

Auditors’ fees

1 000 EUR	2011	2010
Auditing	**239**	250
Tax advice	**45**	69
Other services	**95**	99
Total	**379**	418

8. Financial Income and Expenses

The items above operating profit include EUR -1.0 million (0.1) in exchange rate differences for 2011. Interest expenses include EUR 0.2 million (0.2) in fluctuating rents recognized as costs arisen from finance leasing agreements during the fiscal period.

1 000 EUR	2011	2010
Dividend income from investments held for trading	**2**	2
Interest income from loans and other receivables	**176**	531
Foreign exchange gains	**1 306**	968
Total financial income	**1 484**	1 501
Interest rate expenses	**-3 865**	-4 049
Foreign exchange losses	**-1 651**	-1 279
Total financial expenses	**-5 516**	-5 328
Total financial income and expenses	**-4 032**	-3 827

9. Income Taxes

Taxes in the income statement

1 000 EUR	2011	2010
Taxes for the period	**-5 469**	-4 029
Change in deferred taxes and tax receivables	**1 430**	353
Taxes from previous fiscal periods	**-97**	-5
Total	**-4 136**	-3 681

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

1 000 EUR	2011	2010
Profit before taxes	**17 431**	14 067
Taxes calculated using the parent company's tax rate	**-4 532**	-3 657
Impact of foreign subsidiaries' tax rates	**840**	616
Losses for which no deferred income tax asset was recognized	**-404**	-138
Re-measurement of deferred tax rate*	**700**	
Taxes from previous fiscal periods	**-97**	-5
Other items	**-643**	-497
Taxes in the income statement	**-4 136**	-3 681
Effective tax rate	**24%**	26%

* The Finnish corporate tax rate decreased to 24.5% on January 1, 2012.

Income tax on other comprehensive income

1 000 EUR	2011	2010
Cash flow hedges	**319**	**230**

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 fiscal year. When calculating the diluted earnings per share, the average number of shares was adjusted with the dilutive effect of the equity-based convertible capital loan and the shareholding plan for Aspo Management.

1 000 EUR	2011	2010
Undiluted		
Profit belonging to the shareholders of the company	**13 295**	10 339
Average number of shares during period (1,000)	**29 507**	27 316
Earnings per share, EUR	**0.45**	0.38
Diluted		
Profit belonging to the shareholders of the company	**13 295**	10 339
Interest of the convertible capital loan (adjusted by tax effect)	**815**	958
Conversion of convertible capital loan into shares (1,000)	**1 672**	1 979
Shareholding plan for Aspo Management (1,000)	**80**	
Average number of shares during period adjusted by the dilution effect from the convertible capital loan and the shareholding plan for Aspo Management (1,000)	**31 259**	29 295
Diluted earnings per share, EUR	**0.45**	0.39

11. Other Intangible Assets

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

2011

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	9 837	12 031	21 868
Translation difference	-12	-123	-135
Increases	145	7	152
Increases, business combination	36	778	814
Acquisition cost, Dec. 31	**10 006**	**12 693**	**22 699**
Accumulated depreciation, Jan. 1	-4 253	-3 414	-7 667
Translation difference	12	50	62
Depreciation during the period	-156	-1 236	-1 392
Accumulated depreciation, Dec. 31	**-4 397**	**-4 600**	**-8 997**
Book value, Dec. 31	**5 609**	**8 093**	**13 702**

2010

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

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 (22.9), Telko EUR 5.1 million (5.1), and Kaukomarkkinat EUR 11.8 million (11.8).

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. Predicted cash flows are based on financial plans approved by the Group's management. Estimates regarding cash flows cover three years using conservative growth expectations, and subsequently, the cash flow is estimated cautiously, assuming even growth. The company has used growth assumptions of 1–3% as terminal values. These growth assumptions are based on a growth rate equal to inflation at the minimum. No impairment is recognized for the fiscal period and no impairment occurred according to impairment tests. The goodwill resulting from the acquisition of Vulganus Oy was not tested as part of the goodwill impairment test because the acquisition cost calculation was preliminary.

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 7.56% (8.19) before taxes.

Goodwill

1 000 EUR	2011	2010
Acquisition cost, Jan. 1	**40 587**	40 224
Acquired operations	**4 449**	200
Translation difference	**3**	163
Acquisition cost, Dec. 31	**45 039**	40 587

Allocation of goodwill

1 000 EUR	2011	2010
ESL Shipping	**790**	790
Leipurin	**27 332**	22 884
Telko	**5 114**	5 110
Kaukomarkkinat	**11 767**	11 767
Other operations	**36**	36
Total	**45 039**	40 587

Brands

1 000 EUR	2011	2010
Leipurin	**3 148**	3 148
Telko	**2 155**	2 155
Total	**5 303**	5 303

Factors influencing impairment testing and sensitivity analysis

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

Each 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 corporate value of the segment has become weaker. The changes and their effects are:

- WACC was raised by 20% at the maximum, effect 17–23% (17–20).
- EBIT was cut down by 10%, effect approximately 8–10% (7–10).
- Sales growth was cut down by 10% annually, effect 14–43% (13–17).

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

13. Tangible Assets

2011

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	60	3 834	6 954	166 771	406	9 579	187 604
Translation difference			-105				-105
Increases			628	9 808		30 981	41 417
Increases, business combination			241				241
Decreases		-132	-111	-189		-144	-576
Acquisition cost, Dec. 31	**60**	**3 702**	**7 607**	**176 390**	**406**	**40 416**	**228 581**
Accumulated depreciation, Jan. 1		-2 797	-5 612	-127 207	-272		-135 888
Translation difference			71				71
Accumulated depreciation of decreases and transfers		109	52				161
Depreciation during the period		-145	-584	-4 920	-2		-5 651
Accumulated depreciation, Dec. 31		**-2 833**	**-6 073**	**-132 127**	**-274**		**-141 307**
Book value, Dec. 31	**60**	**869**	**1 534**	**44 263**	**132**	**40 416**	**87 274**

2010

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

13.1 Financial leasing arrangements

2011

1 000 EUR	Other intangible assets	Advance payments of intangible assets	Machinery and equipment	Total
Acquisition cost, Jan. 1	1 483	528	3 978	5 989
Increases	1 012	704		1 716
Decreases		-468	-1 191	-1 659
Acquisition cost, Dec. 31	**2 495**	**764**	**2 787**	**6 046**
Accumulated depreciation, Jan. 1	-275		-1 274	-1 549
Depreciation during the period	-554		-626	-1 180
Accumulated depreciation of decreases			662	662
Accumulated depreciation, Dec. 31	**-829**		**-1 238**	**-2 067**
Book value, Dec. 31	**1 666**	**764**	**1 549**	**3 979**

2010

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

14. Investments Held for Trading

2011

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	204
Increases	1
Acquisition cost, Dec. 31	**205**
Book value, Dec. 31	**205**

2010

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

15. Long-term Receivables

Other items included in long-term receivables

1 000 EUR	2011	2010
Long-term loan receivables	**206**	206
Long-term derivatives		397
Total	**206**	603

16. Associated Companies

ESL Shipping Ltd has a 35% holding in the associated company Credo AB. The carrying amount does not include goodwill. The unlisted Credo AB's registered office is in Donsö, Sweden. The company's net sales for the fiscal year were EUR 3.8 million, assets EUR 21.8 million, and liabilities EUR 15.2 million. Kaukomarkkinat Oy has a 33.3% holding in associated company Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland.

Shares in associated companies

1 000 EUR	2011	2010
Balance, Jan. 1	**1 705**	1 556
Share of associated companies' profit or loss	**207**	196
Effect from exchange rate	**10**	-47
Balance, Dec. 31	**1 922**	1 705

17. Deferred Taxes

Changes in deferred taxes

On December 31, 2011, the Group had a total of EUR 1.2 million of confirmed losses (1.6), on which no deferred tax receivables had been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before the losses expire. Deferred tax liability of a total EUR 2.9 million (2.2) of the retained earnings were not recognized, since the funds are permanently invested in the countries in question.

Deferred tax receivables

1 000 EUR	2011	2010
Cash flow hedges	**198**	230
Employee benefits	**172**	92
Losses for which deferred income tax asset was recognized	**484**	
Other temporary differences	**415**	367
Total	**1 269**	689

Deferred tax liabilities

1 000 EUR	2011	2010
Depreciation in excess of plan	**7 561**	8 141
Convertible capital loan	**1 759**	1 467
Tangible and intangible assets	**3 312**	3 566
Cash flow hedges	**288**	
Other temporary differences	**17**	59
Total	**12 937**	13 233

Changes in deferred tax receivables

1 000 EUR	2011	2010
Deferred tax receivables, Jan. 1	**689**	412
Items recorded in the income statement		
Measurement of derivatives	**-17**	30
Unutilized tax losses	**484**	
Employee benefits	**80**	-79
Other temporary differences	**65**	96
Items recorded in the comprehensive income statement	**-32**	230
Deferred tax receivables, Dec. 31	**1 269**	689

Changes in deferred tax liabilities

1 000 EUR	2011	2010
Deferred tax liabilities, Jan. 1	**13 233**	13 538
Items recorded in the income statement		
Depreciation in excess of plan	**-580**	-792
Intangible and tangible assets	**-516**	-148
Convertible capital loan	**292**	587
Other temporary differences	**-42**	48
Items recorded in the comprehensive income statement	**288**	
Acquisition	**262**	
Deferred tax liabilities, Dec. 31	**12 937**	13 233

18. Inventories

An expense of EUR 0.8 million (1.1) was recognized for the past fiscal year for a write-down of inventories to net realizable value.

1 000 EUR	2011	2010
Materials and supplies	**1 321**	3 806
Finished goods	**39 144**	39 373
Other inventories	**2 664**	1 726
Total	**43 129**	44 905

19. Accounts Receivable and Other Receivables

The carrying amount is considered to be close to fair value. Accounts receivable do not involve significant credit loss risks. A total of EUR 0.2 million (0.3) were recognized as impairment loss from accounts receivable.

1 000 EUR	2011	2010
Accounts receivable	**43 830**	39 213
Refund from the Ministry of Transport and Communications	**1 928**	1 790
Advance payments	**4 017**	232
VAT receivable	**591**	414
Other deferred receivables	**4 885**	3 108
Total	**55 251**	44 757

20. Cash and Cash Equivalents

1 000 EUR	2011	2010
Commercial papers	**2**	2
Bank accounts	**14 503**	7 146
Total	**14 505**	7 148

21. Shareholders' Equity

Shares and share capital

On December 31, 2011, Aspo Plc's number of shares was 30,959,376 and the share capital was EUR 17.7 million. In the fiscal year, Aspo Plc implemented a rights issue, and consequently the number of Aspo shares increased by 3,838,143. The subscription price adjusted with the transaction costs, totaling EUR 19.2 million, is entered in the invested unrestricted equity fund.

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

Shareholders' equity consists of the share capital, premium fund, 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

After the closing date, the Board of Directors has proposed that a dividend of EUR 0.42 per share be distributed for 2011. A dividend of EUR 0.42 per share (adjusted for rights issue 0.40) was distributed for 2010 (EUR 0.42 for 2009, adjusted for rights issue 0.40).

Shareholders' equity 2011

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**26 145**	**17 692**	**4 351**	**2 859**	**-4 532**	**20 370**
Conversion of convertible capital loan	284			1 535		1 535
Rights issue	3 776			19 152		19 152
Repurchase of shares	-298				-1 995	-1 995
Disposal of shares	218			74	1 424	1 498
Transfer to fund				32		32
Translation difference				2		2
December 31	**30 125**	**17 692**	**4 351**	**23 654**	**-5 103**	**40 594**
Own shares held by the Group	834					
Total number of shares	**30 959**					

Shareholders' equity 2010

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**25 786**	**17 692**	**4 351**	**274**	**-3 778**	**18 539**
Conversion of convertible capital loan	431			2 298		2 298
Share-based incentive system	43			283	183	466
Shareholding plan for Aspo Management	-115				-937	-937
Translation difference				4		4
December 31	**26 145**	**17 692**	**4 351**	**2 859**	**-4 532**	**20 370**
Own shares held by the Group	691					
Total number of shares	**26 836**					

Revaluation fund

1 000 EUR	2011	2010
Cash flow hedge fund	**276**	-654

Appropriations

1 000 EUR	2011	2010
Accumulated depreciation in excess of plan	**30 970**	31 368
Deferred taxes on excess depreciation	**-7 561**	-8 141
Total	**23 409**	23 227

Equity portion of the convertible capital loan

1 000 EUR	2011	2010
Equity portion of the convertible capital loan	**2 572**	2 572

22. Loans

Aspo Plc has a total of EUR 10,350,000 in equity-based convertible capital loan. The loan will be repaid in one installment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%. The capital notes can be converted into Aspo stock. Upon the rights issue, the Board of Aspo decided to change the terms of the convertible capital loan with regard to the number of shares received in the conversion so that each loan unit of EUR 50,000 entitles its possessor to exchange the loan unit to 8,074 Aspo shares. Thus, the conversion rate changed from EUR 6.50 to EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

A total of 284,530 new shares corresponding to 37 loan units, were subscribed in 2011.

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

Long-term liabilities

1 000 EUR	2011	2010
Loans	**83 838**	45 583
Pension loans		9 000
Convertible capital loan	**8 934**	10 036
Total	**92 772**	64 619

Short-term liabilities and used overdraft facilities

1 000 EUR	2011	2010
Loans	**8 724**	9 902
Used overdraft facilities		1 768
Pension loans		1 404
Total	**8 724**	13 074

Maturing of financial leasing liabilities

1 000 EUR	2011	2010
Financial leasing liabilities – total amount of minimum rents		
Within one year	**1 155**	1 263
After one year and within five years	**2 289**	3 673
Total	**3 444**	4 936
Current value of minimum rents in financial leasing liabilities		
Within one year	**1 061**	995
After one year and within five years	**2 215**	3 418
Total	**3 276**	4 413
Financial expenses accumulated in the future	**168**	523

23. Accounts Payable and Other Liabilities

Other long-term liabilities

1 000 EUR	2011	2010
Share-based incentive system		321
Long-term derivatives	**809**	382
Other liabilities	**1 540**	
Total	**2 349**	703

Accounts payable and other liabilities

1 000 EUR	2011	2010
Accounts payable	**30 714**	31 949
Advances received	**6 028**	3 759
Salaries and social contributions	**5 810**	5 271
Employer contributions	**1 316**	1 084
Accrued interest	**532**	749
VAT liability	**3 494**	3 956
Share-based incentive system	**870**	
Other short-term deferred liabilities	**7 227**	4 422
Total	**55 991**	51 190

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	2011	2010
Contribution plans	**3 644**	2 854

25. Provisions

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

1 000 EUR	Warranty and other provisions
Dec. 31, 2010	226
Provisions in use	-25
Dec. 31, 2011	**201**

26. Financial Risks and Financial Risk Management

26.1 Financial risk management principles and organization

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

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

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

Interest-bearing liabilities by currency

1 000 EUR	2011	2010
EUR	**99 946**	74 522
Other	**1 550**	3 171
Total	**101 496**	77 693

Accounts receivable by currency

1 000 EUR	2011	2010
USD	**569**	1 196
EUR	**23 471**	21 927
SEK	**587**	919
DKK	**1 109**	1 016
LTL	**2 182**	2 154
LVL	**1 613**	1 790
PLN	**2 406**	2 002
RUB	**6 880**	5 856
UAH	**4 030**	1 703
Other	**983**	650
Total	**43 830**	39 213

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 divests 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 the Leipurin business 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 of Telko and Leipurin segments would decrease. In 2011, the Russian ruble was relatively stable, and slightly strengthened against the euro in the latter part of the year. Compared to the previous year, changes in the Russian ruble against the euro did not have a significant impact on the net sales and operating profit for 2011.

The currency risks of ESL Shipping were mainly related to dollar-denominated investments. In 2011, ESL Shipping paid a substantial part of a vessel investment totaling about USD 80 million. With derivative contracts, the company has hedged investment cash flows, all of which take place during 2010–2012. At the closing date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities, and currency derivatives.

The Aspo Group has investments in foreign subsidiaries. In addition, the equity of foreign subsidiaries increases through profitable business. Total equity of the Group's foreign subsidiaries at the closing date was EUR 30.6 million (28.0). Ruble-denominated investments, EUR 14.2 million (11.0) in subsidiaries operating in Russia were the biggest investment in regard to the currency amount. The Group has not deemed it necessary to hedge the translation position related to the equity of foreign subsidiaries. The table below 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 Belarus subsidiary have been classified as a long-term net investment in foreign business.

Investments in foreign subsidiaries

1 000 EUR	Shareholders' equity 2011	Shareholders' equity 2010
SEK	**-189**	2 437
DKK	**6 667**	6 632
RUB	**14 208**	10 981
NOK	**174**	101
LVL	**1 380**	1 000
LTL	**1 070**	879
UAH	**997**	372
PLN	**1 545**	1 381
BYR	**-711**	35
CNY	**868**	470
KZT	**-127**	6
EUR	**4 764**	3 699
Total	**30 646**	27 993

Cash and bank deposits and unutilized binding credit limit agreements

1 000 EUR	2011	2010
Cash and bank deposits	**14 505**	7 148
Credit limits	**40 000**	50 000
Total	**54 505**	57 148

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 incoming cash flows caused by a possible increase in short-term market interest rates. The Group's interest-bearing liabilities on December 31, 2011 was EUR 101.5 million (77.7) and cash funds EUR 14.5 million (7.1). Aspo Group's credit portfolio is reviewed in regard to average interest rate, the average fixed interest rate period, average loan maturity, and proportion of fixed-rate and floating rate liabilities. At the closing date, the average interest rate of interest-bearing liabilities was 3.0% (2.9), the average fixed interest rate period was 1.0 years (1.6), average loan maturity 5.5 years (4.1) and the share of fixed-rate loans was 24% (36). In 2011, the amount of the Group's interest-bearing liabilities increased, and average loan maturity lengthened. The average interest rate of interest-bearing liabilities remained unchanged, the average fixed interest rate period, and the proportion of fixed-rate liabilities decreased.

Sensitivity to market risks

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

The sensitivity analysis is used to analyze the impact of market trends on measurements. The sensitivity calculation regarding changes in the euro/dollar exchange rate is based on the following assumptions:

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

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

- The interest level changes by one percentage point.

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

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

Hedge accounting

Cash flows related to the vessel investment launched by ESL Shipping in 2010 have been hedged with derivative contracts. Said derivative contracts are subject to hedge accounting, and their valuation differences are entered in Aspo Group's equity. The effective shares of the changes in the fair values of currency derivatives subject to hedge accounting (adjusted with the tax impact) EUR 1.5 million (-0.7) are recorded in other comprehensive items. The hedged business operations will take place during 2012. Hedging currency forwards' interest rate part, and the time value of hedging options are recorded in the financial items of the income statement.

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. The hedging relation between the loan hedged in 2011 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 with the tax impact) EUR 0.6 million are recorded in other comprehensive items.

26.3 Liquidity and financing risk

The objective of Aspo Group is to ensure sufficient funding for operations in all situations and market conditions. In accordance with the treasury policy, the sources of funding are spread 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 2011 fiscal year, the main focus of financing was on extending the maturity distribution.

Risks based on financial instruments

1 000 EUR	2011 Income statement	2011 Shareholders' equity	2010 Income statement	2010 Shareholders' equity
+ 10% strengthening of euro against USD	**-64**	**-1 598**	-220	-2 049
- 10% weakening of euro against USD	**64**	**1 598**	220	2 049
Change of +100 basic points in the market interest rates	**-792**	**365**	-500	
Change of -100 basic points in the market interest rates	**792**	**-365**	500	

Accounts receivables by age

1 000 EUR	2011	2010
Not matured	**31 272**	28 769
Matured 1–30 days ago	**8 815**	7 305
Matured 31–60 days ago	**2 665**	2 663
Matured more than 60 days ago	**1 078**	476
Total	**43 830**	39 213

Aspo Group's most significant financing needs in 2011 were related to the vessel investments by ESL Shipping. The main financing source of Telko, Leipurin and Kaukomarkkinat is the cash flow from their operations. Liquidity is ensured through cash funds, 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 2011 fiscal year were EUR 14.5 million (7.1). At the closing date, Aspo Plc had a EUR 50 million domestic commercial paper program, of which EUR 5 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 40 million, which were unutilized in full. A long-term ship financing contract has been signed for both Supramax vessels ordered by ESL Shipping in 2010.

All considerable facility contracts include a financial covenant that is based on the equity ratio. Some significant facility contracts also involve a financial covenant that is based on the relation between gross margin and net debt. Financial covenants have not been exceeded during the fiscal year, and exceeding them would require a substantial decrease in profitability and increase in indebtedness.

26.4 Credit and counterparty risks

The Group has credit risk from accounts receivables. The Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk centers. ESL Shipping's accounts receivable are connected to long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. All segments hedge against credit risks by using, when necessary, payment terms based on advance payments and bank guarantees.

Aspo Group's aim is to have low liquid cash funds. The counterparty risk is managed by selecting known and financially solvent domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. ESL Shipping's vessel investments also include advance payments made to the shipyard. Only well-known and solvent banks are selected as granters of bank guarantees given as collateral for the repayment of the advance payments. The derivative contract-based counterparty risk is managed by selecting well-known and solvent domestic banks as counterparties.

26.5 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 2011, the capital structure of Aspo Group was also affected by the rights issue carried out.

The development of the Group's capital structure is mainly monitored through the equity ratio and net gearing. On December 31, 2011, the equity ratio was 35.2% (33.2) and net gearing was 94.1% (101.5). The capital structure of Aspo Group improved during fiscal year 2011.

Maturity analysis

2011

1 000 EUR	Balance sheet value Dec 31, 2011	Cash flow 2012[1]	2013	2014	2015	2016-
Loans	-88 863	-10 633	-25 517	-4 982	-19 654	-39 562
Convertible capital loan	-8 934	-735	-735	-11 085		
Overdraft facility	-423			-423		
Financial leasing liabilities	-3 276	-1 155	-1 617	-671	-1	
Accounts payable, other liabilities	-58 340	-56 740	-704	-845	-116	
Derivative instruments						
Interest rate swaps						
In hedge accounting						
Cash flows to be paid		-291	-160	-242	-116	
Currency derivatives						
In hedge accounting						
Cash flows to be paid		-23 363				
Cash flows to be received		24 464				
Not in hedge accounting						
Cash flows to be paid		-39				
Cash flows to be received		41				

[1] Repayments in 2012 are included in short-term items.

2010

1 000 EUR	Balance sheet value Dec 31, 2010	Cash flow 2011[1]	2012	2013	2014	2015-
Loans	-50 107	-9 792	-26 721	-1 628	-1 610	-13 839
Convertible capital loan	-10 036	-865	-865	-865	-13 065	
Pension loans	-10 404	-1 748	-2 285	-2 218	-2 151	-3 101
Overdraft facility	-2 733	-1 768	-965			
Financial leasing liabilities	-4 413	-1 263	-1 992	-1 090	-590	-1
Accounts payable, other liabilities	-51 893	-51 190	-703			
Derivative instruments						
Currency derivatives						
In hedge accounting						
Cash flows to be paid		-21 291	-9 090			
Cash flows to be received		20 762	8 908			
Not in hedge accounting						
Cash flows to be paid		-765				
Cash flows to be received		744				

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

Book values of financial assets and liabilities by measurement group

2011

1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets							
Long-term receivables		206					206
Other financial assets				205			205
Short-term financial assets							
Derivative contracts	2					1 174	1 176
Accounts receivable and other receivables		54 075					54 075
Book value by measurement group	2	54 281		205		1 174	55 662
Long-term financial liabilities							
Long-term interest-bearing liabilities					92 772		92 772
Derivative contracts						809	809
Other liabilities			1 540				1 540
Short-term financial liabilities							
Short-term interest-bearing liabilities					8 724		8 724
Derivative contracts						74	74
Non-interest bearing current liabilities			55 917				55 917
Book value by measurement group			57 457		101 496	883	159 836

2010

1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets							
Long-term receivables		206					206
Derivative contracts						397	397
Other financial assets				204			204
Short-term financial assets							
Accounts receivable and other receivables		44 668				89	44 757
Book value by measurement group		44 874		204		486	45 564
Long-term financial liabilities							
Long-term interest-bearing liabilities					64 619		64 619
Short-term financial liabilities							
Short-term interest-bearing liabilities					13 074		13 074
Derivative contracts	20					708	728
Non-interest bearing current liabilities			50 462				50 462
Book value by measurement group	20		50 462		77 693	708	128 883

27. Derivative Contracts

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

1 000 EUR	Face values 2011	Fair values, net 2011	Face values 2010	Fair values, net 2010
Currency derivatives				
Currency forwards (level 2)*	**-39**	**2**	-765	-21
In hedge accounting				
Currency forwards (level 2)*	**-23 363**	**1 101**	-30 381	-711
Currency options (level 2)*			-6 334	-117
Interest rate derivatives				
Interest rate swaps (level 2)*	**15 000**	**-809**		
Total		**294**		-849

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

28. Guarantees and Commitments

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

Collateral for own debt

1 000 EUR	2011	2010
Mortgages given	**28 859**	27 454
Guarantees	**59 567**	41 095
Other contingent liabilities *	**64 473**	73
Other leasing liabilities		
Within one year	**6 955**	8 846
After one year and within five years	**18 317**	21 542
After five years	**13 928**	15 493
Total	**192 099**	114 503

Guarantees given on behalf of associated companies

1 000 EUR	2011	2010
Guarantees	**50**	50

Guarantees given on behalf of others

1 000 EUR	2011	2010
Guarantees		15

* Other contingent liabilities are mainly related to ship funding agreements for vessels to be received in 2012.

Group companies

Company	Country of incorporation	Holding %
Aspo Plc, parent company	Finland	
Aspo Management Oy*	Finland	0.00
Aspokem AB	Sweden	100.00
Aspokem International B.V.	The Netherlands	100.00
Aspotel Oy	Finland	100.00
Oy Bomanship Ab	Finland	100.00
ESL Shipping Oy	Finland	100.00
Hamina Terminal Services Oy	Finland	100.00
ZAO Kauko	Russia	100.00
Kaukomarkkinat Oy	Finland	100.00
Kaukomarkkinat Shanghai Ltd.	China	100.00
OOO Kauko Rus	Russia	100.00
OOO Leipurien Tukku	Russia	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurin Oy	Finland	100.00
LLC Leipurin	Ukraine	100.00
SIA Leipurin	Latvia	100.00
TOO Leipurin	Kazakhstan	100.00
UAB Leipurin	Lithuania	100.00
Leipurin Estonia AS	Estonia	100.00
Leitok Oy	Finland	100.00
Opas Baltic AS	Estonia	100.00
Rauma Terminal Services Oy	Finland	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Telko Oy	Finland	100.00
FLLC Telko	Belarus	100.00
LLC Telko	Ukraine	100.00
OOO Telko	Russia	100.00
Telko UAB	Lithuania	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

1 000 EUR	2011	2010
Services sold	**57**	
Services charged	**3 790**	4 073
Receivables	**213**	201
Liabilities		18
Total	**4 003**	4 292

29. Related Parties

Group companies

Information on associated companies is presented in Note 16.

Management benefits

2009 shareholding program

In March 2009, Aspo Plc's Board of Directors decided on a shareholding program for Aspo Group's key personnel. The program's earning period started on January 1, 2009, and ended on December 31, 2011. Key employees would have had to acquire the number of Aspo shares specified beforehand by the Board of Directors to take part in the program, thus to earn benefits from it.

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

The program covered approximately 30 persons. The total of bonuses paid on the basis of the program corresponds with the value of approximately 300,000 shares in Aspo Plc, including the portion paid in cash. The number of shares to be transferred is 150,638.

2012 shareholding program

On February 14, 2012, the Board of Directors of Aspo Plc resolved on a new share-based incentive plan for the Group key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them a competitive reward plan based on long-term shareholding in the company.

The new plan includes three performance periods, calendar years 2012, 2013 and 2014. The prerequisite for participation in the plan and for receipt of reward on the basis of performance period 2012 is that a key person acquires Aspo shares, or holds Aspo shares or Aspo Management Oy's shares, up to the number predetermined by the Board of Directors.

The Aspo Board of Directors will decide on the plan's performance criteria and on targets to be established for the performance criteria at the beginning of each performance period. The potential reward from the plan for the performance period 2012 will be based on the Aspo Group's key figure earnings per share (EPS), and it will be paid partly in the company's shares and partly in cash in 2013. The aim is that the proportion to be paid in cash will cover taxes and tax-related costs arising from the reward to a key person. No reward will be paid if a key person's employment or service ends before the reward payment.

The shares paid on the basis of the performance period may not be transferred during the restriction period, which will end two years from the end of the performance period. If a key person's employment or service ends during the restriction period, he or she must gratuitously return the shares given as reward to the company.

The target group of the plan consists of approximately 30 persons. The rewards to be paid on the basis of the plan correspond to an approximate maximum total of 936,000 Aspo Plc shares (including also the proportion to be paid in cash).

Share bonuses granted

	Grant date	Number of shares awarded	Market value of share on grant date, EUR
Year 2009	**March 10, 2009**	150 638	4.69

Management's holding company

	Grant date	Number of shares invested in the company	Market value of share on grant date, EUR
Year 2010	**October 26, 2010**	437 160	8.10
Year 2011, rights issue	**May 6, 2011**	62 452	7.48

Management benefits

1 000 EUR	2011	2010
CEO, salaries	**296**	328
CEO, remunerations	**23**	39
CEO, bonuses	**129**	88
Members of the Board of Directors	**270**	374
Total	**718**	829

Management's holding company

On October 26, 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 an interestbearing loan, worth EUR 2,800,000, 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. The program is valid until the spring of 2014. After that, it will be dissolved in a manner to be decided upon at a later date. The program will be extended for one year at a time if the share price of Aspo at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the program. As a rule, the participants' holding in Aspo Management Oy remains valid until the arrangement is dissolved.

Other benefits

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

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

30. Events After the Closing Date

Tonnage taxation

The Finnish Parliament approved the new Tonnage Tax Act at the second processing on February 21, 2012. The act took effect on March 1, 2012. Aspo's ESL Shipping Ltd will apply the new Tonnage Tax Act retroactively from January 1, 2011.

In tonnage taxation, shipping operations will shift from the taxation of business income to taxes paid on the basis of tonnage.

In the first quarter of 2012, Aspo Group will rectify ESL Shipping's income tax entered in 2011 financial statements and will enter the tonnage tax for 2011 as a new item.

As earnings per share, the tonnage tax impact for 2011 to be entered for the first quarter of 2012 is expected to be about 0.10 euros per share.

The depreciation difference (deducted by the imputed tax liability) of about EUR 23.3 million entered in the balance sheet of ESL Shipping Ltd will be entered in ESL Shipping's distributable capital immediately, and the corresponding imputed tax liability of about EUR 7.6 million will be entered as Aspo Group's operating profit as equal installments for 2012–2020.

The Accounting Board has been requested to submit a statement on processing tonnage tax in accounting. The statement may have an impact on the final processing of the installments in the income statement and balance sheet of both ESL Shipping Ltd and Aspo Group.

Key Figures

	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Net sales, MEUR	**476.3**	395.9	329.4	358.2*	208.9*
Operating profit, MEUR	**21.5**	17.9	15.3	14.1*	25.4*
Share of net sales, %	**4.5**	4.5	4.6	3.9	12.1
Profit before taxes, MEUR	**17.4**	14.1	11.7	9.5*	24.3*
Share of net sales, %	**3.7**	3.6	3.6	2.7	11.6
Group					
Return on investment (ROI), %	**12.5**	12.7	11.1	18.5	25.7
Return on equity (ROE), %	**16.4**	15.2	13.0	24.1	25.4
Equity ratio, %	**35.2**	33.2	34.6	30.6	45.1
Equity ratio excluding deferred tax liabilities, %	**40.1**	39.6	41.6	37.1	51.8
Gearing, %	**94.1**	101.5	87.9	124.9	32.4
Gross investments in fixed assets, MEUR	**42.7**	13.2	7.4	21.1	11.0
Share of net sales, %	**9.0**	3.3	2.2	5.8	4.1
Personnel, Dec. 31	**814**	712	717	827	699
Average number of personnel	**797**	736	723	882	691
Share-specific indicators					
Earnings/share (EPS), EUR, Continued	**0.45**	0.38	0.31	0.26	0.68
Earnings/share (EPS), EUR, Discontinued				0.31	-0.12
Earnings/share (EPS), EUR, Group	**0.45**	0.38	0.31	0.57	0.56
Diluted earnings/share, EUR, Continued	**0.45**	0.39	0.31	0.25	0.63
Diluted earnings/share, EUR, Discontinued				0.28	-0.10
Diluted earnings/share, EUR, Group	**0.45**	0.39	0.31	0.53	0.53
Group					
Equity/share, EUR	**3.05**	2.49	2.46	2.42	2.30
Nominal dividend/share, EUR (2011 proposed by Board of Directors)	**0.42**	0.42	0.42	0.42	0.42
Share issue adjusted dividend/share, EUR	**0.42**	0.40	0.40	0.40	0.40
Dividend/earnings, %	**95.2**	106.2	126.6	70.1	71.3
Effective dividend yield, %	**6.2**	5.1	7.1	10.4	6.5
Price/earnings ratio (P/E)	**15.1**	20.7	17.8	6.7	10.9
Diluted price/earnings ratio (P/E)	**15.1**	20.3	18.1	7.2	11.6
Share price development					
average price, EUR	**7.39**	7.05	5.15	5.51	6.61
lowest price, EUR	**6.32**	5.60	3.73	3.38	5.97
highest price, EUR	**8.82**	7.88	5.88	6.54	7.39
Closing price on the last day of trading during the fiscal year, EUR	**6.80**	7.83	5.59	3.82	6.10
Market cap, Dec. 31, MEUR	**210.5**	221.7	155.8	106.4	170.0
excluding treasury shares, MEUR **	**204.9**	216.0	152.1	103.9	166.8
Development of share turnover, 1,000	**3 716**	5 145	2 262	3 404	5 060
Development of share turnover, %	**12.0**	19.2	8.6	12.9	19.2
Total share trading, EUR 1,000	**27 334**	38 703	12 259	19 764	35 320
Registered share capital, number of shares, Dec 31, 1,000	**30 959**	26 837	26 406	26 406	26 399
Total number of shares, adjusted,1,000	**30 959**	28 313	27 858	27 858	27 850
outstanding, Dec. 31	**30 125**	27 583	27 204	27 204	27 324
outstanding, average	**29 507**	27 316	27 204	27 247	27 226
diluted number of shares, average	**31 259**	29 295	29 638	29 996	29 984

* Continued operations
** Treasury shares include the shares of Aspo Management Oy.
The key figures for the comparison years have been adjusted for rights issue. The rights issue factor is 1.054997.

Calculation Principles of Key Figures

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

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

Parent Company's Income Statement

1 000 EUR	Notes	2011	2010
Other operating income	1.1	**2 429**	2 465
Personnel costs	1.2	**-2 728**	-2 550
Depreciation and impairment	1.3	**-19**	-48
Other operating expenses	1.4	**-4 301**	-4 548
Operating loss		**-4 619**	-4 681
Financial income and expenses	1.5	**627**	-1 675
Loss before extraordinary items		**-3 992**	-6 356
Extraordinary items	1.6	**3 540**	14 955
Profit/loss before appropriations and taxes		**-452**	8 599
Income taxes	1.7	**2**	-2 351
Profit/loss for the period		**-450**	6 248

Parent Company's Balance Sheet

Assets

1 000 EUR	Notes	2011	2010
Non-current assets			
Intangible assets	2.1		6
Tangible assets	2.1	**93**	106
Investments	2.2	**12 967**	12 967
Total non-current assets		**13 060**	13 079
Current assets			
Current receivables	2.3	**103 439**	103 352
Cash and bank deposits		**4 038**	7
Total current assets		**107 477**	103 359
Total assets		**120 537**	116 438

Shareholders´ equity and liabilities

1 000 EUR	Notes	2011	2010
Shareholders' equity			
Share capital	2.4	**17 692**	17 692
Premium fund	2.4	**4 351**	4 351
Invested unrestricted equity fund	2.4	**29 196**	5 889
Retained earnings	2.4	**-960**	6 071
Profit/loss for the period		**-450**	6 248
Total shareholders' equity		**49 829**	40 251
Mandatory provisions	2.5	**774**	397
Liabilities			
Long-term liabilities			
Loans from financial institutions	2.6	**35 000**	25 965
Convertible capital loan	2.6	**10 350**	12 200
Loans from Group companies	2.6		9 000
Total long-term liabilities		**45 350**	47 165
Short-term liabilities			
Loans from financial institutions	2.7	**5 000**	5 000
Debts to Group companies	2.7	**18 379**	22 116
Accounts payable	2.7	**92**	257
Other liabilities	2.7	**50**	54
Deferred liabilities	2.7	**1 063**	1 198
Total short-term liabilities		**24 584**	28 625
Total liabilities		**69 934**	75 790
Total shareholders' equity and liabilities		**120 537**	116 438

Parent Company's Cash Flow Statement

1 000 EUR	2011	2010
Operational cash flow		
Operating loss	**-4 619**	-4 681
Adjustments to operating loss	**397**	198
Change in working capital	**-262**	166
Interest paid	**-2 866**	-2 756
Interest received	**452**	175
Dividends received	**1 756**	5 805
Taxes paid	**-2 184**	-34
Operational cash flow	**-7 326**	-1 127
Cash flow from investments	**0**	0
Cash flow from financing		
Rights issue	**19 958**	
Repurchase of shares	**-1 995**	
Disposal of treasury shares	**1 499**	2 841
New long-term loans	**15 000**	20 000
Repayments of long-term loans	**-14 000**	
Change in short-term receivables	**-8 073**	15 421
Change in short-term liabilities	**-3 738**	-46 282
Loans from financial institutions, Cash pool accounts	**-965**	965
Group contributions received	**14 955**	22 300
Group contributions paid		-6 670
Dividends distributed	**-11 284**	-10 848
Cash flow from financing	**11 357**	-2 273
Change in liquid funds	**4 031**	-3 400
Liquid funds Jan. 1	**7**	3 407
Liquid funds Dec. 31	**4 038**	7

Notes to the Parent Company's Financial Statements

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

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

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

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

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

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

Leasing
Leasing payments are treated as rent expenses.

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

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

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

Dividends
No recognition of the dividend proposed by the Board of Directors to the Annual Shareholders' Meeting was made in the financial statements. The dividends are only taken into account after the decision by the Annual Shareholders' Meeting.

1.1 Other Operating Income

1 000 EUR	2011	2010
Other operating income, Group	**902**	900
Rents, Group	**1 295**	1 342
Other rents	**230**	221
Other operating income	**2**	2
Total	**2 429**	2 465

1.2 Notes Concerning Personnel and Board Members

Personnel costs

1 000 EUR	2011	2010
Salaries and benefits	**1 708**	1 703
Share-based incentive system	**377**	289
Profit bonus paid to the personnel fund	**3**	3
Pension costs	**546**	428
Other personnel costs	**94**	127
Total	**2 728**	2 550

Management salaries and benefits

1 000 EUR	2011	2010
CEO, salaries	**296**	328
CEO, remunerations	**23**	39
CEO, bonuses	**129**	88
Members of the Board of Directors	**270**	374
Total	**718**	829

1.3 Depreciation and Impairment

1 000 EUR	2011	2010
Machinery and equipment	**12**	17
Intangible assets	**7**	31
Total	**19**	48

1.4 Other Operating Expenses

1 000 EUR	2011	2010
Rents	**2 182**	2 069
Other expenses	**2 119**	2 479
Total	**4 301**	4 548

Auditors' fees

1 000 EUR	2011	2010
Auditing	**50**	41
Tax advice	**21**	37
Other services	**81**	35
Total	**152**	113

1.5 Financial Income and Expenses

1 000 EUR	2011	2010
Dividend income		
From Group companies	**1 750**	
From others	**6**	5
Income from long-term investments	**1 756**	5
Other interest and financial income		
From Group companies	**1 640**	954
From others	**6**	4
Total interest and other financial income	**1 646**	958
Interest expenses and other financial expenses		
To Group companies	**-234**	-368
To others	**-2 541**	-2 270
Total interest and other financial expenses	**-2 775**	-2 638
Total financial income and expenses	**627**	-1 675

1.6 Extraordinary Items

1 000 EUR	2011	2010
Income		
Group contributions	**3 540**	14 955
Total	**3 540**	14 955

1.7 Income Taxes

1 000 EUR	2011	2010
Taxes from previous fiscal period	**-2**	3
Income taxes on extraordinary items	**920**	3 888
Change in deferred taxes		-75
Income taxes on ordinary activities	**-920**	-1 465
Total	**-2**	2 351

2.1 Intangible and Tangible Assets

1 000 EUR	Intangible rights	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	539	539	1	467	506	125	1 099
Acquisition cost, Dec. 31, 2011	**539**	**539**	**1**	**467**	**506**	**125**	**1 099**
Accumulated depreciation, Jan. 1	-532	-532		-466	-476	-52	-994
Depreciation during the period	-7	-7			-12		-12
Accumulated depreciation, Dec. 31, 2011	**-539**	**-539**		**-466**	**-488**	**-52**	**-1 006**
Book value, Dec. 31, 2011			**1**	**1**	**18**	**73**	**93**
Book value, Dec. 31, 2010	**6**	**6**	**1**	**1**	**31**	**73**	**106**

2.2 Investments

1 000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	12 809	158	12 967
Acquisition cost, Dec. 31, 2011	**12 809**	**158**	**12 967**
Acquisition cost, Dec. 31, 2010	**12 809**	**158**	**12 967**

2.3 Receivables

The deferred tax receivable from mandatory provision and from the temporary difference between accounting and tax depreciations have not been recognized. The deferred tax receivable left unrecognized totals EUR 206,016.11.

Current receivables

1 000 EUR	2011	2010
Receivables from Group companies		
Group contribution receivables	**3 540**	14 955
Cash pool accounts	**1 307**	709
Loan receivables	**96 176**	87 507
Deferred receivables	**18**	24
	101 041	103 195
Deferred receivables*)	**2 398**	157
Total current receivables	**103 439**	103 352
*) Main item		
Tax receivable	**2 217**	30

2.4 Shareholders' Equity

Aspo Plc has a total of EUR 10,350,000 in equity-based convertible capital loan. The loan will be repaid in one installment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%. The capital notes can be converted into Aspo stock. Upon the rights issue, the Board of Aspo decided to change the terms of the convertible capital loan with regard to the number of shares received in the conversion so that each loan unit of EUR 50,000 entitles its possessor to exchange the loan unit to 8,074 Aspo shares. Thus, the conversion rate changed from EUR 6.50 to EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

A total of 284,530 new shares corresponding to 37 loan units were subscribed in 2011.

1 000 EUR	2011	2010
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	5 889	248
Conversions of convertible capital loan	1 850	2 800
Rights issue	19 958	
Disposal of treasury shares	1 499	2 841
Invested unrestricted equity fund, Dec. 31	**29 196**	5 889
Retained earnings, Jan. 1	12 319	16 919
Repurchase of shares	-1 995	
Dividend payment	-11 284	-10 848
Retained earnings, Dec. 31	**-960**	6 071
Profit/loss for the period	**-450**	6 248
Total shareholders' equity	**49 829**	40 251

Distributable unrestricted equity totals EUR 27,786,442.11 (18,208,529.57).

2.5 Mandatory Provisions

1 000 EUR	2011	2010
Share-based incentive system	774	397

2.6 Long-Term Liabilities

1 000 EUR	2011	2010
Convertible capital loan	10 350	12 200
Total	**10 350**	12 200
Loans from financial institutions	35 000	25 965
Loans from Group companies		9 000
Total	**35 000**	34 965
Total long-term liabilities	**45 350**	47 165

2.7 Short-Term Liabilities

1 000 EUR	2011	2010
Loans from financial institutions	**5 000**	5 000
Unpaid dividend 2005–2010	**8**	8
Accounts payable	**92**	257
Other liabilities	**50**	54
Deferred liabilities*	**1 055**	1 190
Total	**6 205**	6 509
Debts to Group companies		
Cash pool accounts	**18 378**	22 115
Deferred liabilities	**1**	1
Total	**18 379**	22 116
Total short-term liabilities	**24 584**	28 625
* Main items		
Accrued interests	**412**	483
Accrued salaries	**608**	650

2.8 Other Notes

Unpaid lease payments

1 000 EUR	2011	2010
Payable in the next fiscal year	**262**	274
Payable later	**426**	429
Total	**688**	703
Remainder value liabilities	**76**	176
Total leasing liabilities	**764**	879

Other rental liabilities

1 000 EUR	2011	2010
Payable in the next fiscal year	**1 500**	1 449
Payable later	**8 999**	10 141
Total	**10 499**	11 590

Guarantees on behalf of Group companies

1 000 EUR	2011	2010
Guarantees	**68 957***	51 418

Guarantees on behalf of associated companies

1 000 EUR	2011	2010
Guarantees	**50**	50

* Including the guarantee of EUR 35 000 000 in use on December 31, 2011.
Total limit of the guarantee is EUR 50 000 000.

Shares and Shareholders

Share capital

On December 31, 2011, Aspo Plc's registered share capital totaled EUR 17,691,729.57 (2010: 17,691,729.57), consisting of 30,959,376 shares (26,836,703). During the fiscal year, a total of 284,530 shares were subscribed on the basis of the loan units in the convertible capital loan. At the end of the fiscal year, the company's own shareholding was 334,529 shares (254,233); in other words, 1.1% (0.9) 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 0.42 per share be paid for the fiscal year 2011, representing 95.2% of the Group's earnings.

Authorizations

The Annual Shareholders' Meeting in 2011 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 Board of Directors has used its authorization, and the company acquired 297,987 of its own shares in 2011.

The shareholders 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 754,233 shares may be transferred on the basis of the authorization. The Board has used its authorization and, in connection with the acquisition of Vulganus by Leipurin Ltd, transferred 217,691 of shares held by Aspo in a directed share issue. The transfer price was EUR 6.8905 per share.

The shareholders authorized the Board to decide on a rights issue, whereby shareholders have the right to subscribe to new Aspo shares in proportion to their previous shareholdings. The total number of new shares to be offered for subscription may not exceed 5,500,000. The Board of Directors has used its authorization and decided on a rights issue

Major shareholders on December 31, 2011

	Number of shares	Share of stock and voting rights %	Less own shares %
Nyberg H.B.	2 000 000	6.46	6.53
Vehmas A.E.	1 703 394	5.50	5.56
Vehmas Tapio	1 385 827	4.48	4.53
Ilmarinen Mutual Pension Insurance Co	1 288 601	4.16	4.21
Vehmas Liisa	1 230 693	3.98	4.02
Berling Capital Oy	874 400	2.82	2.86
Havsudden Oy Ab	822 941	2.66	2.69
Estlander Henrik	711 717	2.30	2.32
Investment fund Nordea Nordic Small Cap	700 145	2.26	2.29
Nyberg Gustav	635 305	2.05	2.07
Ten major shareholders, total	**11 353 023**	**36.67**	**37.08**
Nominee registrations	353 436	1.14	
Other shares	18 918 388	61.11	
Total shares outstanding	**30 624 847**	**98.92**	
Own shares	334 529	1.08	
Shares, total	**30 959 376**	**100.0**	

Distribution of ownership on December 31, 2011, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock %	Less own shares %
1 – 100	607	9.82	34 745	0.11	0.11
101 – 500	2 085	33.72	562 735	1.82	1.84
501 – 1 000	1 128	18.24	802 853	2.59	2.62
1 001 – 5 000	1 870	30.24	3 909 918	12.63	12.77
5 001 – 10 000	250	4.04	1 731 929	5.59	5.66
10 001 – 50 000	178	2.88	3 422 616	11.06	11.18
50 001 – 100 000	17	0.28	1 153 698	3.73	3.77
100 001 – 500 000	37	0.60	7 453 983	24.08	23.25
500 001 –	11	0.18	11 882 435	38.38	38.79
Total in joint accounts			4 464	0.01	0.01
Total	**6 183**	**100.0**	**30 959 376**	**100.0**	**100.0**

Distribution of ownership on December 31, 2011, by owner groups

%	Ownership	Shares
1. Households	93.5	64.1
2. Companies	4.8	17.3
3. Financial and insurance institutions	0.4	5.8
4. Non-profit organizations	0.9	5.0
5. Public organisations	0.1	6.5
6. Non-domestic	0.3	1.3

based on the shareholders' pre-emptive right in which 3,838,143 new shares were issued.

Rights issue
Aspo's Board of Directors decided to issue a maximum of 3,838,143 new shares in a rights issue based on the pre-emptive rights of shareholders. According to the final result of the issue, a total of 3,785,900 shares (98.6% of the offered shares) were subscribed for using the subscription right. The remaining 52,243 shares, corresponding to 1.4% of all the shares offered, were subscribed to without subscription rights. The share subscription percentage was 120.8%. As a result of the issue, the number of Aspo shares rose by 3,838,143 to 30,959,376. The Group collected over EUR 19 million in new equity through the rights issue.

Share trading and share price development
In 2011, a total of 3,715,886 Aspo Plc shares were traded at EUR 27.3 million; in other words, 12.0%´of the shares changed owners. The share reached a high of EUR 9.30 (EUR 8.82 when adjusted for rights issue) and a low of EUR 6.32 during the period. The average share price was EUR 7.50 (EUR 7.39 when adjusted for rights issue) and the closing price at year-end was EUR 6.80. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

At year-end, the market value of the share capital, less the company's own shares, was EUR 208.2 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.

No major changes occurred in Aspo Plc's ownership. At the end of 2011, the number of shareholders at Aspo totaled 6,183. Of these, 98.9% represented direct shareholding and 1.1% nominee registrations. A total of 1.3% of the shares was held by foreign entities.

On December 31, 2011, ten largest shareholders owned a total of 36.67% 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.

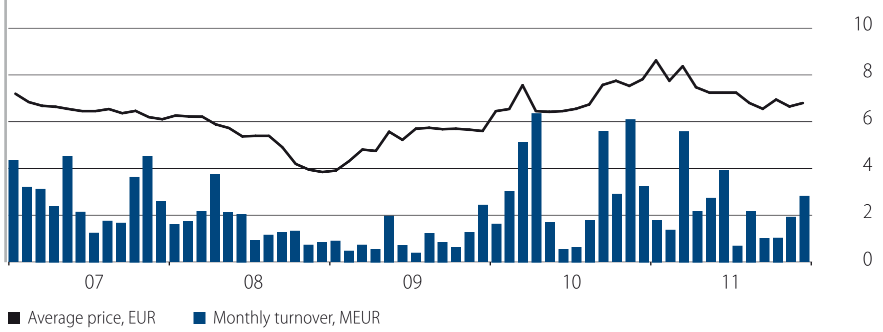
Shareholding by CEO and Board of Directors
On December 31, 2011, the total number of shares owned by the members of Aspo Plc's Board of Directors with their related parties was 2,345,259 shares, which represents 7.57% of the shares and voting rights. In addition, the Chairman of the Board had voting rights attached to a total of 500,000 shares, which corresponds to 1.62% of the share capital.

In 2010, six persons from the Group's management established Aspo Management Oy, one of Aspo's related parties and controlled by the company. These six persons own the entire share capital of Aspo Management Oy. On December 31, 2011, Aspo Management Oy owned a total of 499,612 shares, which represents 1.61% of the share capital. The CEO at Aspo Plc accounted for 28.57% of Aspo Management Oy's shares.

Share price performance EUR

Equity/share EUR

Share trading and average prices



Number of shareholders

Proposal of the Board for the Distribution of Earnings

The parent company´s distributable earnings totaled EUR 27,786,442.11 with the loss for the fiscal year totaling EUR 449,632.30.

The company´s registered share capital on December 31, 2011 was 30,959,376 shares, of which the company held 334,529. After the financial year the Board of Directors has decided to transfer an amount of 150,638 Aspo shares held by the company. After the financial year no convertible capital loan units have been converted into new shares. The company´s registered share capital on March 5, 2012 is 30,959,376 shares, of which 183,891 are held by the company.

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

– A dividend of EUR 0.42 per share be paid out on 30,775,485 shares	EUR 12,925,703.70
– To be held in shareholders´ equity	EUR 14,860,738.41
	EUR 27,786,442.11

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

Helsinki, March 5, 2012

Gustav Nyberg

Matti Arteva

Esa Karppinen

Roberto Lencioni

Kristina Pentti-von Walzel

Risto Salo

Aki Ojanen
CEO

Auditor's Report

To the Annual General Meeting of Aspo Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspo Plc for the period 1 January–31 December 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

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

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

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

Helsinki, 7 March 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

(Translation from the Finnish original)

Information for Investors

Basic share information

- Listed on: NASDAQ OMX Helsinki
- Industry sector: Industrials
- Category: Mid Cap
- Trading code: ASU1V
- ISIN code: FI0009008072

Annual Shareholders' Meeting

The Aspo Plc Annual Shareholders' Meeting will be held in the Stock Exchange Building at Fabianinkatu 14, 00100 Helsinki on Tuesday, April 3, 2012 at 14:00 p.m. The record date of the Annual Shareholders' Meeting is March 22, 2012.

Shareholders intending to participate in the Annual Shareholders' Meeting should register for the meeting no later than on March 29, 2012 by 16:00 p.m. Please register:

- Through Aspo's website, at www.aspo.com
- By e-mail to ilmoittautuminen@aspo.fi,
- 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 0.42 per share be paid for 2011 on shares outstanding and that no dividend be paid for treasury shares.

- Ex-dividend date April 4, 2012
- Dividend record date April 10, 2012
- Dividend payment date April 17, 2012

Financial reporting in 2012

- Financial Statements Bulletin February 14, 2012
- Annual Report for 2011 week 13
- Interim Report January–March April 27, 2012
- Interim Report January–June August 21, 2012
- Interim Report January–September October 25, 2012

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. An Annual Review will be published in Russian. 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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