Financial Statements 2013

CONTENTS

Financial Statements
54 Report of the Board of Directors

Consolidated Financial Statements, IFRS
63 Consolidated Income Statement
64 Consolidated Balance Sheet
65 Consolidated Cash Flow Statement
66 Statement of Changes in Shareholders' Equity
67 Notes to the Consolidated Financial Statements
97 Key Figures

Parent Company's Financial Statements, FAS
99 Parent Company's Income Statement
100 Parent Company's Balance Sheet
101 Parent Company's Cash Flow Statement
102 Notes to the Parent Company's Financial Statements
108 Shares and Shareholders
110 Distribution of Earnings
111 Auditor's Report
112 Information for Investors

Report of the Board of Directors

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

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

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

Operational performance

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

ESL Shipping

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

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

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

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

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

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

Leipurin

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

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

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

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

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

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

In Ukraine, Kazakhstan and Belarus, changes in local organizations were concluded and their reinforcement was continued. In Russia and the CIS countries, investments were made in developing the

local sourcing channels and the share of local sourcing was increased. The principal base was strengthened in bakery raw materials, and the service range was expanded to raw materials free from additives and E numbers.

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

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

Telko

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

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

Net sales by segment

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

Net sales by market area

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

Operating profit by segment

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

Investments by segment*

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

*excluding business acquisitions

Investments MEUR

Year	MEUR
13	4.9
12	30.5
11	42.7
10	13.2
09	7.4

Return on equity %

Year	%
13	8.9
12	11.8
11	16.4
10	15.2
09	13.0

Equity ratio %

Year	%
13	34.4
12	29.2
11	35.2
10	33.2
09	34.6

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

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

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

Kaukomarkkinat

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

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

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

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

Other operations

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

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

Net sales

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

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

Earnings

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

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

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

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

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

Financial targets

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

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

Investments

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

Financing

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

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

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

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

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

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

Convertible capital loan

On December 31, 2013, Aspo Plc had EUR 10,300,000 in a convertible capital loan issued in 2009. The loan period is from June 30, 2009, to June 30, 2014. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%.

The loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit into 8,074 new shares in Aspo. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014. In 2013, no new shares were subscribed to.

Hybrid instrument

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

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

Related party loans

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

Risks and risk management

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

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

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

in the customer or principal structure or technologies, and due to unutilized opportunities that require a quick response. Strategic risks are reduced at Group level by the business being divided into four segments and business being conducted over a wide geographical area.

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

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

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

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal supervision, internal audits, and risk management systems. The Audit Committee monitors the risk management process and carries out necessary measures to prevent strategic risks in particular. In accordance with the internal supervision principles approved by the Board of Directors, risk management is part of Aspo's internal supervision, and its task is to ensure the implementation of the Group's strategy, development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of the business areas is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational control. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

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

Operational risks

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

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

ESL Shipping

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

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

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

Leipurin

The most significant risks in the Leipurin segment's operating area are associated with exchange rates. If these risks are realized, their impact on prices, particularly in Russia, may cause changes in demand. There are also exchange rate risks in Ukraine, other CIS countries and Poland. The company has managed to keep the direct impacts of foreign exchange rate fluctuations under control. No significant losses have so far occurred. Other operational risks include international food crises and import restrictions. Strategic risks include obstacles related to free trade that could slow down the growth in the Russian trade, and its operational risks relating to potential changes in the markets and consumers' behavior.

Telko

In line with its strategy, Telko grows in the emerging markets (Russia, Ukraine, Belarus, Kazakstan and China). The economic and industrial growth of these countries has a significant impact on Telko's ability to generate profit. Rapid changes in the emerging markets increase Telko's strategic and operational risks. Risks associated with emerging markets may primarily be realized in changes in value through funding granted to subsidiaries and capital investments. Any political instability in Telko's market areas, such as Ukraine, may temporarily reduce sales and profitability.

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

Personnel

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

Average personnel by segment

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

materials. Abruptly decreasing prices may weaken the profitability of stock products and increase the need for write-downs on inventories. Telko monitors the adequacy of its stock products on a regular basis.

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

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

Kaukomarkkinat

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

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

Financial risks

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

Refunding risk

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

Liquidity risk

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

Interest rate risk

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

Credit risks

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

Currency risk

Aspo Group manages currency risk with currency derivatives.

Personnel

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

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

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

Rewarding

Aspo Group has previously applied a profit bonus system, under which part of the Group's profit was paid as a profit bonus to the personnel fund. In the first half of 2013, the rewarding system was reformed. The profit bonus system was discontinued

and the company adopted a performance bonus program which covers the entire Finnish personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2010, Aspo's Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price. In addition, Aspo assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. Aspo Management Oy also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the financial year the loan amounted to EUR 2,934,750.40. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owns a total of 509,612 Aspo shares. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price at the beginning of 2014, 2015, or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan. As a rule, the participants' holding in Aspo Management Oy remains valid until the system is dissolved.

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

Research and development

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

Environment and certification

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

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

ESL Shipping

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

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

Leipurin

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

Telko

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

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

Kaukomarkkinat

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

Management and auditors

Aspo Plc's Annual Shareholders' Meeting re-elected Matti Arteva, Mammu Kaario, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel, and Risto Salo to the Board of Directors for a one-year term. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected to carry on as Chairman of the Board and Matti Arteva as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit

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

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

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

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

Board authorizations

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

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

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

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

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

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

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

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

Authorization of the Board to decide on a rights issue

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

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

Share capital and shares

Aspo Plc's share capital on December 31, 2013 was EUR 17,691,729.57 and the total number of shares was 30,967,450 of which the company held 183,891 shares; that is, 0.6% of the share capital. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on NASDAQ OMX Helsinki Ltd's Mid Cap segment under industrial products and services.

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

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

Events after the financial year

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

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

Outlook for 2014

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

Guidance for 2014: Aspo will improve its operating profit.

ESL Shipping

The international dry bulk freight rates are expected to remain low in 2014. A significant part of the company's transport capacity has been secured in the Baltic Sea region through long-term agreements. The transport volume in the steel industry is expected to be satisfactory, but seasonal variation in demand possibly requires one

pusher-barge system to be laid up for a part of the year, similarly to previous years. The shipping company is discussing opportunities to find additional employment for the pusher-barge fleet in which the shipping company's experience in operating in ice conditions could be utilized year-round. The shipping company will further aim at increasing transport outside the energy and steel industry sectors, such as mining, agricultural and bioenergy products.

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

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

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

Leipurin

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

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

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

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

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

Telko

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

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

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

Kaukomarkkinat

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

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

Legal proceedings

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

Operational risks

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

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

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

Consolidated Income Statement

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

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

Consolidated Balance Sheet

Assets

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

Shareholders’ equity and liabilities

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

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

Consolidated Cash Flow Statement

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

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

Statement of Changes in Shareholders' Equity

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

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

Notes to the Consolidated Financial Statements

Basic information

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

Aspo is a conglomerate that focuses on sectors requiring extensive specialist knowledge. The Group's operations are organized into independent segments – ESL Shipping, Leipurin, Telko and Kaukomarkkinat. Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units.

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

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

Aspo Plc's Board of Directors has approved the financial statements for issue at its meeting on February 13, 2014. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the financial statements at the Annual Shareholders' Meeting held after the issue, or may also decide to modify them.

Accounting principles

Basis of presentation

Aspo Plc's consolidated financial statements have been drawn up in line with International Financial Reporting Standards (IFRS) approved in the EU, applying the standards and interpretations valid on December 31, 2013. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

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

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

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

Principles of consolidation

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

Subsidiaries acquired during the financial year have been consolidated from the time Aspo gained control over them. Divested operations are included up to the time Aspo surrendered control. Acquired subsidiaries are consolidated using the acquisition cost method, which involves recognizing the acquired company's assets and liabilities at fair value at the time of acquisition. Acquisition-related costs are entered as expenses. Any contingent consideration is recognized at fair value upon acquisition and is classified either as a liability or equity. The contingent consideration classified as a liability is measured at fair value on the last day of each reporting period, and the resulting profit or loss is entered with an effect on earnings. The contingent consideration classified as equity is not recognized again. The goodwill acquisition cost is the amount by which the subsidiary acquisition cost exceeds the net fair value of the acquired identifiable assets, liabilities and conditional liabilities.

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

According to IFRS, goodwill is not amortized; instead, it is tested annually for impairment.

Intra-Group transactions, receivables and liabilities and intra-Group profit distribution have been eliminated when preparing the consolidated financial statements.

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

A unit established for a special purpose

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

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

On the basis of the shareholder agreement, Aspo Management Oy is to be merged with Aspo Plc, or alternatively, immediately dissolved after the publica-

tion of financial statements for 2013. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price at the beginning of 2014, 2015 or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. If the terms and conditions to postpone the dissolution materialize, the merging or dissolution will be implemented no later than after the publication of the financial statements for 2016.

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

Foreign currency items and their measurement

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

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

Foreign subsidiaries

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

Segment reporting

Aspo's operating segments are ESL Shipping, Leipurin, Telko and Kaukomarkkinat. The business segments are reported in a manner that is uniform with internal reporting to the operative decision maker of the company. The highest operative decision maker in the company is the Board of Directors that makes strategic decisions. Inter-segment transactions are carried out at market prices.

Tangible assets

Fixed assets are recognized at original acquisition cost net of cumulative depreciation less possible impairment. For newbuildings, financial expenses arising during construction are activated as part of the investment's acquisition cost and are amortized during the economic life of the asset item. Planned depreciation is calculated on a straight-line basis over the estimated useful economic life as follows:

Buildings and structures	15–40 years
Vessels	17–30 years
Pushers	18 years
Machinery and equipment	3–10 years
Piping	5–20 years
Other tangible assets	3–40 years

Land is not depreciated.

A previously recorded write-down on tangible assets is reversed if the estimates used in the determination of the recoverable amount change. Book value increased due to the cancellation of an impairment loss may not exceed the book value that would have been defined for the asset item if no impairment loss had been recognized in previous years. Sales profits and losses arising from the removal from use and disposal of tangible assets are included in other operating income and expenses.

Goodwill and other intangible assets

The acquired subsidiaries are consolidated in the consolidated financial statements using the acquisition cost method. The acquisition cost is matched against assets and liabilities on the basis of their fair value at the time of acquisition. The remaining part of the acquisition cost is goodwill. Goodwill is not amortized; instead, its fair value is tested at least annually using the goodwill impairment test based on the fair market value (see Goodwill impairment test, Note 12).

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

Other intangible assets are measured at original acquisition cost and amortized on a straightline basis during their useful economic life. The amortization periods for other intangible assets are:

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

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

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

An impairment loss is recognized in the income statement if the carrying amount of an asset item is higher than its recoverable amount. Where an impairment loss is recognized for an asset item subject to depreciation, the asset item's useful economic life is re-estimated. An impairment recognized for assets other than goodwill is reversed if the estimates used in the determination of the recoverable amount change to a substantial extent. Book value increased due to the cancellation of an impairment loss may not exceed the book value that would have been defined for the asset item if no impairment loss had been recognized in previous years. An impair-

ment loss recognized for goodwill is not reversed under any circumstances.

Research and development costs

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

Inventories

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

Leasing agreements – Group as lessee

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

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

Employee benefits

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

Share-based payments

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

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

Share capital

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

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

Provisions

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

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

Income taxes

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

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

Income recognition principles

Revenue from the sale of products is recognized when the material risks and benefits associated with the ownership of the goods have transferred to the buyer. Revenue from services is recognized once the services have been rendered. Income and costs from construction contracts built according to individual orders are recognized as revenue

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

Subsidies

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

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

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

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

The results of discontinued operations are recorded as their own item in the consolidated income statement. The assets available for sale, groups of items to be surrendered and liabilities included in the groups of items to be surrendered are recorded in the balance sheet as separate items. In 2012 and 2013, the Group had no operations classified as discontinued.

Accounts receivable

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

Accounts payable

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

Financial assets

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

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

Financial assets available for sale and financial assets recognized at fair value through profit and loss are measured at fair value, using quoted market prices and rates, or an imputed current value. Changes in the fair value of financial assets available for sale are recorded in the fair value reserve under shareholders' equity, taking the tax impact into account. When such an asset is sold or has generated an impairment loss, the accumulated changes in fair value are moved from shareholders' equity to profit or loss. Acquisitions or disposals of financial assets available for sale are recorded on the settlement date. If reliable market value is not available, investments held for trading are recognized at acquisition cost.

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

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

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

Financial liabilities

Financial liabilities are recorded on the settlement date and recognized in the balance sheet at acquisition cost, less transaction costs. Interests are allocated on the maturity of the debt in the income statement, using the effective interest rate method. Financial liabilities are classified as short-term liabilities when they fall payable within twelve (12) months of the end of the reporting period.

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

Cash and cash equivalents

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

Derivatives

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

The Group has applied hedge accounting to protect predicted foreign currency denominated cash flows arising from the acquisition of tangible assets. The change in the fair value of the effective share of hedging is recorded in other comprehensive income and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Profits and losses recorded under shareholders' equity are transferred to the acquisition cost of the asset in question during the financial period when the hedged item is capitalized. Hedge accounting is also applied to interest rate swaps to hedge the future interest rate cash flow as fixed. The change in the fair value of the effective share of hedging is recorded in other comprehensive income and presented in the hedge fund that is included in the fair value reserve under shareholders' equity.

Interest rates realized during the financial year of the interest rate swap are recorded in the financial items. Hedge accounting is not applied to other derivatives.

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

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

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

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

Estimates

When preparing financial statements in compliance with the IFRS practices, the Group's management must make assumptions and estimates that affect the assets and liabilities on the balance sheet at the time of preparation, the reporting of conditional assets and liabilities, and the income and expenses during the financial year. Estimates are used to determine the amounts of items reported in the financial statements, for instance, to determine the goodwill and its expected yields and the useful life of tangible and intangible assets, as well as the validity of inventories and assets and liabilities. The estimates are based on information compiled from the business units, which concerns the respective markets and development of the businesses, the experience of the management, and other justifiable assumptions that constitute the best current assessments of the management, but due to changes in the factors that form the basis for the markets and estimates, it is possible that the final figures may, sometimes significantly, deviate from the assessments used in the financial statements.

Goodwill impairment test

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

Accounting principles requiring exercise of judgment and main sources of insecurity related to estimates

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

Application of new or amended IFRS Standards and IFRIC Applications

As of January 1, 2014, Aspo applies the following amended standards:

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

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

- IFRIC 21 Levies

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

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

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

1. NET SALES AND SEGMENT INFORMATION

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

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

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

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

Kaukomarkkinat specializes in energy efficiency technology, solutions to improve efficiency in the process industry, and professional electronics.

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

The segment structure corresponds with the Group's organizational structure and internal reporting, where evaluation principles of assets and liabilities are in accordance with IFRS. The assessment of each segment's profitability is based on the segment's operating profit. The Board of Directors is responsible for assessing the segments and making resourcing decisions.

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

1.1 Net sales

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

1.2 Business segments

2013

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

2012

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

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

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

1.3 Geographic areas

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

2. ACQUIRED OPERATIONS

Businesses acquired in 2013
No acquisitions were concluded in the 2013 financial period.

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

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

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

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

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

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

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

The fair value of liabilities was EUR -3.6 million.

Acquisition of Vulganus Oy

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

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

3. OTHER OPERATING INCOME

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

4. EMPLOYEE BENEFITS AND PERSONNEL INFORMATION

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

Personnel costs

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

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

Personnel by segment at year-end

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

Personnel by geographic area at year-end

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

5. DEPRECIATION AND IMPAIRMENT

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

6. MATERIALS AND SERVICES

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

7. OTHER OPERATING EXPENSES

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

Auditors' fees

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

8. FINANCIAL INCOME AND EXPENSES

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

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

9. INCOME TAXES

Taxes in the income statement

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

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

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

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

Income tax on other comprehensive income

1 000 EUR	2013	2012
Cash flow hedges	-119	372

10. EARNINGS PER SHARE

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

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

11. OTHER INTANGIBLE ASSETS

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

2013

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

2012

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

12. GOODWILL

Goodwill is allocated to the Group's cash flow generating units by business unit, depending on the level of goodwill monitoring in internal reporting. Every unit represents each of Aspo's operating segments. Goodwill is divided into the segments as follows: ESL Shipping EUR 0.8 million (0.8), Leipurin EUR 27.3 million (27.3), Telko EUR 5.1 million (5.2), and Kaukomarkkinat EUR 12.1 million (12.1).

The useful economic lives of brands included in Leipurin and Telko segments have been estimated to be unlimited. The strong image and history of these brands support the management's view that these brands will affect cash flow generation over an indefinable period. As for impairment, the brands have been tested. According to test results, there are no impairments to be expected.

Impairment testing

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

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

The sales margin is estimated to follow net sales growth.

It is estimated that costs will increase slowly as a result of continuous cost management. Fixed costs are expected to grow as much as the rate of inflation.

The discount rate is determined through the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to the asset items and location of operations. The discount rate is determined before taxes. The discount rate (WACC) used in calculations was 8.04% (7.96) before taxes.

Factors influencing impairment testing and sensitivity analysis

The slow economic growth makes it more difficult to assess the assumptions used in impairment testing. Assumptions are appropriate and tested operations have a sustainable basis. There are no indications of impairment in the business operations' goodwill but the result of future impairment testing depends on the materialization of estimated future cash flows. A substantial negative change in future cash flows, a substantial increase in interest rates or a high tying-up rate of capital may result in a write-down of goodwill. It is the management's view that the estimates of future cash flows and the tying-up rate of capital used in the testing are likely.

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

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

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

Goodwill

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

Allocation of goodwill

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

Brands

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

13. TANGIBLE ASSETS

2013

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

2012

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

13.1 Financial leasing arrangements

2013

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

2012

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

2013

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

2012

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

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

14. INVESTMENTS HELD FOR TRADING

Other items included in long-term receivables

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

15. LONG-TERM RECEIVABLES

Shares in associated companies and joint ventures

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

16. ASSOCIATED COMPANIES AND JOINT VENTURES

ESL Shipping Ltd has a 35% holding in the associated company Credo AB. The carrying amount does not include goodwill. The unlisted Credo AB's registered office is in Donsö, Sweden. The company's net sales for the financial year were EUR 3.7 million, profit EUR 0.0 million, assets EUR 19.5 million, and liabilities EUR 12.2 million. Kaukomarkkinat Ltd has a 50% holding in the joint venture Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland. The company had no net sales for the financial year and the profit was EUR 0.0 million. The company's assets were EUR 0.6 million and liabilities EUR 0.6 million.

17. DEFERRED TAXES

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

The balance sheet includes deferred tax receivables of EUR 3.2 million (2.0) from Finnish companies with a negative result for the financial period 2011, 2012 or 2013. These deferred tax assets are recorded on the basis of the management's profit forecast indicating that the realization of the deferred tax assets in question is probable. The Group had EUR 2.8 million (3.5) in unused taxable losses in foreign subsidiaries, on which no deferred tax receivables had been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before these losses expire. The loss expiry period varies from one country to another. Some losses expire in 2015, while some losses do not have any expiry period set out within the scope of the current legislation. A deferred tax liability of EUR 2.9 million (2.7) has not been recognized from undistributed profit from foreign subsidiaries because the assets are permanently invested in the countries in question.

Deferred tax receivables

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

Deferred tax liabilities

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

Changes in deferred tax receivables

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

Changes in deferred tax liabilities

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

18. INVENTORIES

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

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

19. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

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

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

20. CASH AND CASH EQUIVALENTS

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

21. SHAREHOLDERS' EQUITY

Shares and share capital

On December 31, 2013, Aspo Plc's number of shares was 30,967,450 and the share capital was EUR 17.7 million.

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

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

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

Dividends and repayment of capital

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

Shareholders' equity 2013

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

Shares have no nominal value.

Shareholders' equity 2012

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

Revaluation fund

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

Equity portion of the convertible capital loans

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

Long-term liabilities and used overdraft facilities

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

Short-term liabilities and used overdraft facilities

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

Maturing of financial leasing liabilities

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

22. LOANS

Aspo Plc has a total of EUR 10,300,000 in equity-based convertible capital loan. The loan will be repaid in one instalment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%. The loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit to 8,074 Aspo shares. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

In 2013, no new shares were subscribed to.

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

Other long-term liabilities

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

Accounts payable and other liabilities

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

23. ACCOUNTS PAYABLE AND OTHER LIABILITIES

24. PENSION OBLIGATIONS

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

Pension liabilities in the income statement

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

25. PROVISIONS

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

Provisions

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

26. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

26.1 Financial risk management principles and organization

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

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

The treasury policy also defines the operating principles related to the management of currency risks, interest rate risks, and liquidity and refinancing risks.

Together with the Group Treasurer, the Group CEO is responsible for the implementation of financial risk management

Interest-bearing liabilities by currency

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

Accounts receivable by currency

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

Investments in foreign subsidiaries

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

Cash and bank deposits and unutilized binding credit limit agreements

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

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

26.2 Market risks

Currency risk

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

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

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

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

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

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

Interest rate risk

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

Sensitivity to market risks

Aspo Group has exposure to interest rate and currency risks via financial instruments, such as financial assets and liabilities as well as derivative contracts, included in the balance sheet on the closing date. The currency position varies during the year and, accordingly, the position included in the balance sheet on the closing date does

not necessarily reflect the situation during the financial year. The impact of foreign currency denominated sales and purchase transactions made during the year on the income statement is not taken into account in the sensitivity calculations unless they were hedged through derivatives.

The sensitivity analysis is used to analyze the impact of market trends on measurements. The US dollar has posed the highest currency risk for Aspo Group in previous financial periods due to major vessel investments. After the investment program ended, fluctuation between the Russian ruble and euro is the most significant factor causing currency risks for the Group.

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

- The exchange rate change of +/-10%
- The position includes the ruble-denominated financial assets and liabilities, i.e. deposits, accounts receivable and other receivables, accounts payable, and cash at hand and in banks, of companies that use euro as their home currency, and the euro-denominated financial assets and liabilities of subsidiaries operating in Russia, at the closing date.
- Future cash flows are not taken into account in the position.

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

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

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

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

Sensitivity analysis for foreign currency and interest rate risk

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

Accounts receivables by age

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

Hedge accounting

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

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

26.3 Liquidity and financing risk

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

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

credit facilities granted by selected cooperation banks.

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

Financial covenants associated with significant financial agreements were not breached during the financial year.

26.4 Credit and counterparty risks

The Group has credit risk from accounts receivables. The Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk centers. The amount of accounts receivable decreased in 2013. ESL Shipping's accounts receivable are connected to long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. All segments hedge against credit risks by using, when necessary, payment terms based on advance payments and bank guarantees.

Aspo Group's aim is to have low liquid cash funds. The counterparty risk is managed by selecting known and financially solvent domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. The derivative contract-based counterparty risk is managed by selecting well-known and solvent domestic banks as counterparties.

26.5 Equity management

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

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

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

Maturity analysis

2013

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

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

2012

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

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

Book values of financial assets and liabilities by measurement group

2013

1 000 EUR	Financial assets/ liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets							
Long-term receivables		201					201
Other financial assets				170			170
Short-term financial assets							
Accounts receivable and other receivables		57,060					57,060
Book value by measurement group		57,261		170			57,431
Long-term financial liabilities							
Long-term interest-bearing liabilities					84,264		84,264
Derivative contracts					791	29	820
Other liabilities			568				568
Short-term financial liabilities							
Short-term interest-bearing liabilities					44,896		44,896
Non-interest bearing current liabilities			59,722				59,722
Book value by measurement group			60,290		129,951	29	190,270

2012

1 000 EUR	Financial assets/ liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets							
Long-term receivables		213					213
Other financial assets				198			198
Short-term financial assets							
Accounts receivable and other receivables		64,976					64,976
Book value by measurement group		65,189		198			65,387
Long-term financial liabilities							
Long-term interest-bearing liabilities					83,180		83,180
Derivative contracts					1,013	141	1,154
Other liabilities			1,091				1,091
Short-term financial liabilities							
Short-term interest-bearing liabilities					55,882		55,882
Non-interest bearing current liabilities			68,071				68,071
Book value by measurement group			69,162		140,075	141	209,378

27. DERIVATIVE CONTRACTS

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

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

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

28. CONTINGENT LIABILITIES, ASSETS, AND OTHER COMMITMENTS

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

Collateral for own debt

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

Guarantees given on behalf of associated companies and joint ventures

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

Hybrid instrument

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

Environmental remediation obligation

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

Legal proceedings and other compensation negotiations

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

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

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

29. RELATED PARTIES

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

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

Management benefits

2012 shareholding program

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

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

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

Group companies

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

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

Related party transactions

Associated companies and joint ventures

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

Share-based payments recognized as expenses

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

No share reward was paid during the financial year 2013.

Share-based incentive plan

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

Management's holding company

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

Key management compensation

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

Salaries and benefits of Board members and CEO

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

Pension benefits include both statutory and voluntary pension payments.

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

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

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

Other benefits

The CEO has a payment-based supplementary pension plan in which the pension is determined in accordance with the accumulated insurance savings at the time of retirement. The CEO may retire at the age of 60. The statutory pension cost of the CEO recognized as expenses was EUR 65,851 and the supplementary pension was EUR 67,586. The period of notice applied in the employment relationship of the CEO is six months. If notice is given by the company, severance pay corresponding to 18 months' salary will be paid in addition to the salary for the notice period.

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

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

Management's holding company

In 2010, the Board of Aspo Plc decided on a shareholding program for Aspo Group's management. The purpose of the program is to enable considerable long-term shareholding in Aspo for those involved in the program. For the shareholding, the participants established a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo also assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest bearing loan to finance the share purchase. In 2011, Aspo Management Oy subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the year the loan amounted to EUR 2,934,750.40. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owns a total of 509,612 Aspo shares. The plan will not be dissolved in spring 2014 in line with the original scheme. According to the shareholder agreement, the plan will be extended for one year at a time if Aspo's share price at the beginning of 2014, 2015, or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan. As a rule, the participants' holding in Aspo Management Oy remains valid until the system is dissolved.

30. EVENTS AFTER THE FINANCIAL YEAR

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

Key Figures

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

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

Calculation Principles of Key Figures

Key figure		Formula
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) x 100 / Shareholders' equity + Non-controlling interest
Average number of personnel	=	Average number of personnel at 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 financial year
Shareholders' 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 financial 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
Share issue adjusted repayment of capital/share, EUR	=	Repayment of capital per share paid for the financial year / Share issue multiplier
Repayment of capital/earnings, %	=	Share issue adjusted repayment of capital per share x 100 / Earnings per share
Effective repayment of capital yield, %	=	Share issue adjusted repayment of capital 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.
* When calculating the earnings per share, interest of the hybrid bond, adjusted for tax effect, has been considered as a profit-reducing item.

Parent Company's Income Statement

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

Parent Company's Balance Sheet

Assets

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

Shareholders´ equity and liabilities

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

Parent Company's Cash Flow Statement

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

Notes to the Parent Company's Financial Statements

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

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

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

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

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

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

Leasing
Leasing payments are treated as rent expenses.

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

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

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

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

1.1 OTHER OPERATING INCOME

1 000 EUR	2013	2012
Other operating income, Group	1,071	1,070
Rents, Group	1,223	1,259
Other rents	153	446
Other operating income	36	13
Total	**2,483**	2,788

1.2 NOTES CONCERNING PERSONNEL AND BOARD MEMBERS

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

Personnel costs

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

Management salaries and benefits

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

1.3 DEPRECIATION AND IMPAIRMENT

1 000 EUR	2013	2012
Machinery and equipment	8	10

1.4 OTHER OPERATING EXPENSES

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

Auditors' fees

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

1.5 FINANCIAL INCOME AND EXPENSES

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

1.6 EXTRAORDINARY ITEMS

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

1.7 INCOME TAXES

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

2.1 INTANGIBLE AND TANGIBLE ASSETS

1 000 EUR	Intangible rights	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	539	539	1	467	506	125	1,099
Increases					8		8
Decreases					-6		-6
Acquisition cost, Dec. 31, 2013	**539**	**539**	**1**	**467**	**508**	**125**	**1,101**
Accumulated depreciation, Jan. 1	-539	-539		-466	-498	-52	-1,016
Accumulated depreciation of decreases					5		5
Depreciation during the period				-1	-7		-8
Accumulated depreciation, Dec. 31, 2013	**-539**	**-539**		**-467**	**-500**	**-52**	**-1,019**
Book value, Dec. 31, 2013	**0**	**0**	**1**	**0**	**8**	**73**	**82**
Book value, Dec. 31, 2012	**0**	**0**	**1**	**1**	**8**	**73**	**83**

2.2 INVESTMENTS

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

2.3 RECEIVABLES

Current receivables

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

2.4 SHAREHOLDERS' EQUITY

1 000 EUR	2013	2012
Share capital, Jan. 1	17,692	17,692
Share capital, Dec. 31	**17,692**	17,692
Premium fund, Jan. 1	4,351	4,351
Premium fund, Dec. 31	**4,351**	4,351
Invested unrestricted equity fund, Jan. 1	16,480	29,196
Conversions of convertible capital loan		50
Repayment of capital		-12,928
Share-based payments		162
Invested unrestricted equity fund, Dec. 31	**16,480**	16,480
Retained earnings, Jan. 1	19,970	-1,410
Dividend payment	-12,929	
Share-based payments		932
Retained earnings, Dec. 31	**7,041**	-478
Profit for the period	**14,152**	20,448
Total shareholders' equity	**59,716**	58,493

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

2.5 MANDATORY PROVISIONS

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

2.6 LONG-TERM LIABILITIES

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

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

2.7 SHORT-TERM LIABILITIES

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

Aspo Plc has a total of EUR 10,300,000 in equity-based convertible capital loan. The loan will be repaid in one instalment on June 30, 2014, provided that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%. The loan units can be converted into Aspo shares. Each EUR 50,000 loan unit entitles its holder to convert the loan unit to 8,074 Aspo shares. The conversion rate is EUR 6.19. The loan can be converted annually between January 2 and November 30. The conversion period ends on June 15, 2014.

In 2013, no new shares were subscribed to.

2.8 OTHER NOTES

Unpaid lease payments

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

Other rental liabilities

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

Guarantees on behalf of Group companies

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

Shares and Shareholders

Share capital

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

Shares

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

Dividend

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

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

Authorizations

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

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

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

Major shareholders on December 31, 2013

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

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

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

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

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

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

In 2013, the Board has not used its authorizations.

Share trading and share price development

In 2013, a total of 4,031,520 Aspo Plc shares were traded at EUR 22.9 million; in other words, 13.0% of the shares changed hands. The share reached a high of EUR 6.82 and a low of EUR 5.19 during the year. The average share price was EUR 5.74 and the closing price at year-end was EUR 6.03. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

At year-end, the market value of the share capital excluding the treasury shares was EUR 185.6 million. For the latest trading information, please visit: www.aspo.com.

Share ownership

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

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

On December 31, 2013, ten largest shareholders owned a total of 41.65% of the company's shares and voting rights.

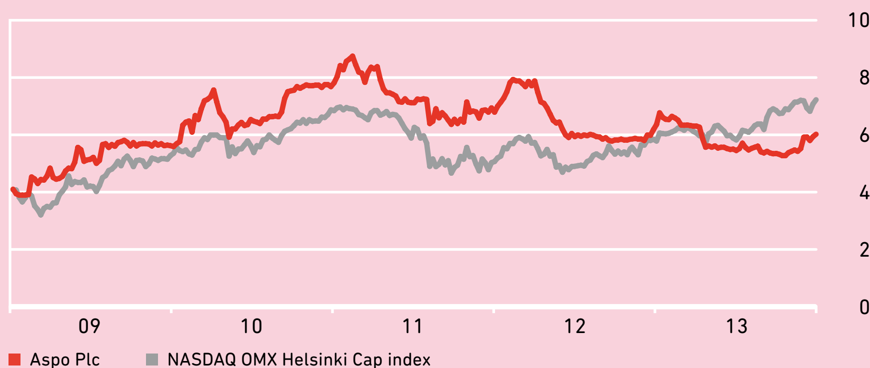
A list of major shareholders with monthly updates is shown on the corporate website at: www.aspo.com.

Shareholding by CEO and Board of Directors

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

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

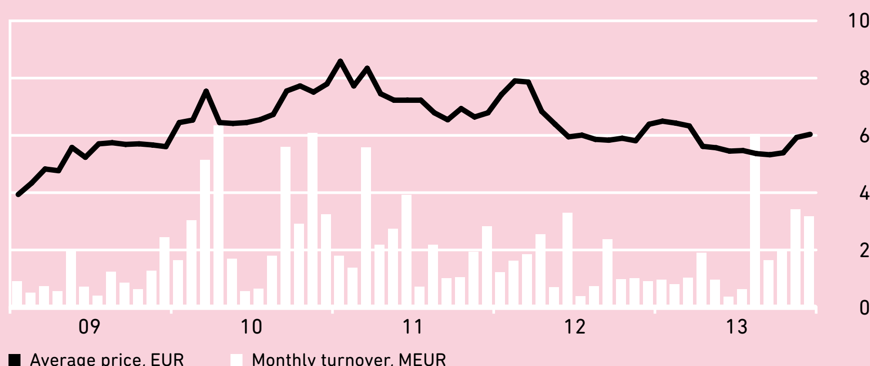
Share price performance EUR



Equity/share EUR

Year	EUR
13	3.39
12	2.95
11	3.05
10	2.49
09	2.46

Share trading and average prices



Number of shareholders

Year	Shareholders
13	7,389
12	6,497
11	6,183
10	5,761
09	5,161

Proposal of the Board for the Distribution of Earnings

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

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

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

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

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

Helsinki, March 3, 2014

Gustav Nyberg

Matti Arteva

Mammu Kaario

Esa Karppinen

Roberto Lencioni

Kristina Pentti-von Walzel

Risto Salo

Aki Ojanen
CEO

Auditor's Report

To the Annual General Meeting of Aspo Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspo Plc for the financial period 1 January–31 December 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Helsinki, March 6, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant Firm

Information for Investors

Basic share information

- Listed on: NASDAQ OMX Helsinki
- Industry sector: Industrials
- Category: Mid Cap
- Trading code: ASU1V
- ISIN code: FI0009008072

Annual Shareholders' Meeting

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

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

- Through Aspo's website, at www.aspo.com
- By e-mail to ilmoittautuminen@aspo.com,
- By telephone on +358 9 521 41 00,
- By fax on +358 9 521 49 99, or
- By letter to Aspo Plc, P.O. Box 70, FI-00501 Helsinki.

In connection with the registration, shareholders are requested to notify the company of any proxies authorized to exercise their voting rights. The proxies should be delivered to the company within the registration period.

Dividend payments

Aspo's dividend policy is to distribute approximately at least half of the year's earnings in dividends. The Board of Directors will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.21 per share be paid for 2013 on shares outstanding and that no dividend be paid for treasury shares.

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

Financial reporting in 2014

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

Aspo's financial information is published on company's website at www.aspo.com, including annual reports, interim reports and stock exchange releases in Finnish and in English. Aspo's printed annual report will be published in Finnish and English. Reports can also be ordered by phone +358 9 521 40 50, by fax +358 9 521 49 99 or by e-mail from jamima.lofstrom@aspo.com.

Further investor information

Aspo's website at www.aspo.com offers also versatile further investor information, such as the latest share information and consensus estimates based on expectations and predictions by the analysts following Aspo.

At the web address www.aspo.com > media > news > news service it is possible to order all stock exchange releases and press releases to your e-mail.

Address changes

Material will be sent to shareholders to the address shown in the shareholder register maintained by Euroclear Finland Ltd. Shareholders are advised to notify changes of address to the bank or brokerage firm where the shareholder has a book-entry account.

Aspo Plc's investor relations

Aspo organizes frequent investor meetings with various stakeholder groups. The target is to provide for versatile information about Aspo and its operations to institutional and private investors, analysts and media representatives.

Aspo observes a three-week silent period preceding the publication of its results. During this time the company's representatives will not comment on the company's financial position.

Contact information

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

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