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ASPO GROUP FINANCIAL STATEMENT RELEASE JANUARY 1 TO DECEMBER 31, 2011

ASPO 2011: Operating profit and net sales grew by 20%
(comparative figures are for the corresponding period in 2010)

- Aspo Group’s net sales grew by 20%, totaling EUR 476.3 million (EUR 395.9 million)
- Operating profit grew by 20% to EUR 21.5 million (EUR 17.9 million)
- Profit before taxes grew by 23% to EUR 17.4 million (EUR 14.1 million)
- Earnings per share were EUR 0.45 (EUR 0.38), up 18%

Aspo October-December 2011
- Aspo Group’s net sales grew by 11%, totaling EUR 121.3 million (EUR 109.1 million)
- Operating profit decreased by -9% to EUR 5.0 million (EUR 5.5 million)
- Profit before taxes grew to EUR 4.8 million (EUR 4.7 million)
- Earnings per share stood at EUR 0.13 (EUR 0.13)

- The Board of Directors proposes a dividend of EUR 0.42 per share to the Annual Shareholders’ Meeting (EUR 0.42; adjusted for rights issue, EUR 0.40).

Guidance for 2012
- Aspo aims for growth in net sales and operating profit.

The comparable key figures presented in this review have been adjusted for the rights issue that has been carried out.

KEY FIGURES

	1-12/2011	1-12/2010
Net sales, MEUR	476.3	395.9
Operating profit, MEUR	21.5	17.9
Share of net sales, %	4.5	4.5
Profit before taxes, MEUR	17.4	14.1
Share of net sales, %	3.7	3.6
Personnel at the end of period	814	712
Earnings per share, EUR	0.45	0.38
EPS adjusted for dilution, EUR	0.45	0.39
Equity per share, EUR	3.05	2.49
Equity ratio, %	35.2	33.2
Gearing, %	94.1	101.5

AKI OJANEN, ASPO’S CEO:

”The year 2011 was challenging in many ways, and we mostly achieved the targets we had set. Despite the economic uncertainty, the Group's net sales and operating profit grew strongly. Earnings per share improved from the previous year, even though the 3.8 million new shares subscribed in the rights issue were excluded from the comparable figures. Our operating profit percentage remained unchanged despite strong net sales growth. The Group's result after tax improved clearly, and operational cash flow more than doubled to EUR 20.7 million. On the other hand, we made significant investments in new vessels and extending the service life of existing fleet. Our business operations have continued to grow strongly, particularly in Russia, Ukraine and other CIS countries where our annual net sales growth was some 40% with net sales totaling more than EUR 120 million. Aspo's operations in eastern markets are more profitable than in the western markets.

The historically harsh ice conditions in spring 2011 weakened ESL Shipping's result, and the shipping company's operating profit fell from the previous year. The other businesses achieved significant net sales growth and improvement in operating profit. On the whole 2011 was another good year of growth for Aspo.

The Finnish shipping and maritime cluster has waited for the Finnish government to amend the Tonnage Tax Act which would bring the shipping companies' operating conditions on par with those in other European maritime countries. On January 26, 2012, the Finnish Ministry of Finance issued a press release in which the government proposed that the Tonnage Tax Act be amended so that the amendment would be applied for the first time in the tax year which began in 2011. The possible amendment to the Tonnage Tax Act is not taken into account in Aspo Group's financial statements. Information on the positive effect on Aspo's result will be published if the amendment takes effect."

ASPO AS A COMPANY

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 and other operations that do not belong to the business units.

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

OPERATIONAL PERFORMANCE

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

ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. At the end of the review period, the company's fleet consisted of 16 vessels, of which the company owned 12 in full. Three were leased and one was partially owned.

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Net sales, MEUR	22.1	19.9	2.2	93.1	79.5
Operating profit, MEUR	2.7	3.0	-0.3	10.5	11.5
Personnel	211	183	28	211	183

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

The cargo volume carried by ESL Shipping in January-December amounted to 13.3 million tons (13.1). The steel industry accounted for 7.9 million tons (9.1) and the energy industry for 4.3 million tons (3.3) of the volume. The cargo volume carried in October-December amounted to 3.2 million tons (3.4). The steel industry accounted for 2.0 million tons (2.3) and the energy industry for 0.9 million tons (0.8) of the volume.

ESL Shipping's net sales grew significantly to EUR 93.1 million (79.5) in January-December. The heavy ice conditions which persisted long into the spring significantly weakened the operating profit in the winter and in the spring. The full-year operating profit fell below the previous year's level, amounting to EUR 10.5 million (11.5). In the fourth quarter, net sales grew by 11% to EUR 22.1 million (19.9), but the operating profit decreased to EUR 2.7 million (3.0).

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

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

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

Leipurin

Leipurin serves the baking and food industry by supplying ingredients, production machinery, and production lines, as well as related expertise. Leipurin operates in Finland, Russia, Poland, the Baltic countries, Ukraine, Belarus, and Kazakhstan. In Russia, Leipurin has operations in several large cities in addition to St Petersburg and Moscow. Procurement operations are international.

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Net sales, MEUR	35.1	30.6	4.5	128.2	108.7
Operating profit, MEUR	1.8	1.4	0.4	5.7	3.6
Personnel	275	226	49	275	226

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

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

In the fourth quarter, net sales grew by 15% to EUR 35.1 million (30.6). Operating profit amounted to EUR 1.8 million (1.4).

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

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

As for market areas, the share of emerging markets increased in both net sales and operating profit. The net sales of Russia, Ukraine and other CIS countries totaled EUR 11.4 million (7.0) in the fourth quarter. Profitability in Russia is above average. Inputs in bakery raw materials and test bakeries in Russia, the establishment of business in Kazakhstan, Ukraine and Belarus, as well as market leadership in Finland and the Baltic countries have enabled stable and profitable growth.

Telko

Telko is the leading expert and supplier of industrial chemicals and plastic raw materials in the Baltic Sea region. It operates in Finland, the Baltic countries, Scandinavia, Poland, 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.

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Net sales, MEUR	52.3	47.9	4.4	211.6	175.2
Operating profit, MEUR	1.3	1.7	-0.4	8.6	6.8
Personnel	230	199	31	230	199

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

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

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

Economic uncertainty did not affect Telko’s operations in the fourth quarter and the business has grown as planned. Net sales grew by 9% in the fourth quarter, amounting to EUR 52.3 million (47.9). Operating profit decreased to EUR 1.3 million (1.7), which was due to the suspension of an investment project being investigated in St. Petersburg and the allocation of costs of EUR 0.3 million to the fourth quarter. Investigation into finding an alternative site is underway.

Emerging markets continued to increase their share of net sales. The fourth-quarter net sales of Russia, Ukraine and other CIS countries totaled EUR 28.3 million (18.3), or 54% of the overall net sales.

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

Kaukomarkkinat

Kaukomarkkinat specializes in energy efficiency technology, solutions to improve efficiency in the process industry, and professional electronics. Operations are based on the products of the best companies in the industry and the ability of the company's own experts to improve the operations and efficiency of customers. Kaukomarkkinat operates in Finland, Poland, Russia, China, and Vietnam.

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Net sales, MEUR	11.8	10.7	1.1	43.4	32.5
Operating profit, MEUR	0.1	0.8	-0.7	1.4	0.6
Personnel	85	91	-6	85	91

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

In the fourth quarter, net sales grew by 10% to EUR 11.8 million (10.7). Operating profit decreased year-over-year to EUR 0.1 million (0.8). No significant projects were recognized as income in China in the fourth period, and seasonal cyclicality decreased sales to the energy industry. In Finland, the net sales of electronics increased year-on-year.

Other operations

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

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Net sales, MEUR	0.0	0.0	0.0	0.0	0.0
Operating profit, MEUR	-0.9	-1.4	0.5	-4.7	-4.6
Personnel	13	13	0	13	13

The efficiency ratio of Group administration improved in 2011. The expenses of other operations in January-December amounted to EUR 4.7 million (4.6). Fourth-quarter expenses decreased to the planned level, amounting to EUR 0.9 million (1.4), as personnel costs and other fixed costs decreased.

NET SALES

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

Net sales by segment, MEUR

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
ESL Shipping	22.1	19.9	2.2	93.1	79.5
Leipurin	35.1	30.6	4.5	128.2	108.7
Telko	52.3	47.9	4.4	211.6	175.2
Kaukomarkkinat	11.8	10.7	1.1	43.4	32.5
Other operations	0.0	0.0	0.0	0.0	0.0
Total	121.3	109.1	12.2	476.3	395.9

There is no considerable inter-segment net sales.

Net sales by market area, MEUR

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Finland	44.5	46.4	-1.9	181.2	167.1
Nordic countries	10.6	12.4	-1.8	48.8	51.9
Baltic countries	8.4	12.6	-4.2	50.6	43.8
Russia, Ukraine + other CIS countries	39.7	25.2	14.5	122.6	88.5
Other countries	18.1	12.5	5.6	73.1	44.6
Total	121.3	109.1	12.2	476.3	395.9

As for market areas, the net sales of Russia, Ukraine and other CIS countries increased by 58% or EUR 39.7 million (25.2) in the fourth quarter. The importance of this market area is emphasized in the Group when ESL Shipping's raw material export transports from Russia are included in the figures. Calculated this way, the region’s fourth-quarter net sales accounted for 39%, or EUR 47.9 million (31.3), of the Group’s overall net sales. Net sales decreased in Finland, Scandinavia and the Baltic countries.

MEUR	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
Russia, Ukraine + other CIS countries	47.9	31.3	16.6	157.9	112.0

EARNINGS

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

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

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

Operating profit by segment, MEUR

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
ESL Shipping	2.7	3.0	-0.3	10.5	11.5
Leipurin	1.8	1.4	0.4	5.7	3.6
Telko	1.3	1.7	-0.4	8.6	6.8
Kaukomarkkinat	0.1	0.8	-0.7	1.4	0.6
Other operations	-0.9	-1.4	0.5	-4.7	-4.6
Total	5.0	5.5	-0.5	21.5	17.9

Earnings per share January–December

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

INVESTMENTS

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

Investments by segment, acquisitions excluded, MEUR

	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010
ESL Shipping	7.8	0.6	7.2	38.8	11.1
Leipurin	0.3	0.1	0.2	0.9	0.3
Telko	1.9	0.2	1.7	2.6	0.9
Kaukomarkkinat	0.1	0.4	-0.3	0.4	0.8
Other operations	0.0	0.0	0.0	0.0	0.1
Total	10.1	1.3	8.8	42.7	13.2

FINANCING

The Group’s financing position improved over the comparable period. Compared with the third quarter, the financing position remained unchanged. Cash and cash equivalents amounted to EUR 14.5 million (7.1) at period-end. The consolidated balance sheet had a total of EUR 101.5 million (77.7) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 74.9 million (65.7).

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

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

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

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

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

Convertible capital loan

Aspo Plc has EUR 10,350,000 in a convertible capital loan issued in 2009. The loan period is from June 30, 2009, to June 30, 2014. The loan will be repaid in one installment on June 30, 2014, assuming that the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms are met. The loan has a fixed interest rate of 7%.

The loan units can be converted into Aspo shares. 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 2011, 284,530 new shares were subscribed for with 37 loan units.

Related party loans

Aspo Plc has granted a EUR 3.1 million loan to Aspo Management Oy, one of the company's related parties and controlled by the company, as part of a shareholding plan for the Group. The interest on the loan receivable is 3%. The loan receivable falls due on March 31, 2014. It can be extended to March 31, 2016 at the latest. Aspo Management Oy may not deposit in pledge or use as security the Aspo Plc shares it holds without Aspo Plc’s written consent. The company has been consolidated in the financial statements. The loan is market-based.

Rights issue

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

RISKS AND RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

PERSONNEL

At the end of the period, the number of employees at Aspo Group was 814 (712) and the average during the fiscal period was 797 (736). The average number of officials during the year was 559 (497) and of employees, 238 (239). The number of personnel in the parent company consisting of officials was 12 (12) at the end of the period and 12 (12) on average during the period.

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

Personnel by segment, year-end

	12/2011	12/2010	Change
ESL Shipping	211	183	28
Leipurin	275	226	49
Telko	230	199	31
Kaukomarkkinat	85	91	-6
Other operations	13	13	0
Total	814	712	102

At the end of the financial year, Aspo Group had 814 employees (712).

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

Rewarding

Aspo Group has a profit bonus system. Part of the Group's profit is paid as a profit bonus to the personnel fund. The personnel fund aims to use most of the profit bonuses for the purchase of shares in Aspo Plc. The long-term goal is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group’s Finnish subsidiaries are members of the personnel fund. Aspo’s business areas pay part of their earnings as bonuses to the personnel. The calculation principles for the bonuses are approved by business area.

In 2009, Aspo’s Board of Directors decided on a shareholding program for the Group's key personnel. The potential gain is based on Aspo Group’s cumulative Earnings Per Share indicator (EPS) over the period of 2009–2011. The potential gain will be paid partly in Aspo shares and partly in cash between January and March 2012. The shareholding program encompasses about 30 persons in Aspo’s management and key personnel.

In 2010, Aspo’s Board decided on a new 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 subscribed to 62,452 shares in Aspo’s rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. The plan is valid until spring 2014, after which it will be dissolved in a manner to be decided upon later. The plan will be extended for one year at a time if Aspo’s share price at the beginning of 2014, 2015, or 2016 is below the average price at which Aspo Management Oy acquired the Aspo shares it owns. There are restrictions on the right of disposal of the shares for the duration of the plan. As a rule, the participants’ holding in Aspo Management Oy remains valid until the system is dissolved.

RESEARCH AND DEVELOPMENT

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

ENVIRONMENT

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

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

MANAGEMENT AND AUDITORS

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

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

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

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

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

Group Executive Committee

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

BOARD AUTHORIZATIONS

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

The Annual Shareholders’ Meeting authorized the Board of Directors to decide on the acquisition of a maximum of 500,000 company-held shares using non-restricted shareholders’ equity. The shares will be purchased through public trading, which means that the purchase will be made irrespective of the shareholders’ holdings, and the price paid for the shares will be the market price of Aspo’s shares at the time of acquisition. The authorization does not exclude the Board’s right to decide on a directed issue. The shares will be used to finance and complete any acquisitions or other transactions, to carry out the company’s incentive programs, or for other purposes to be decided on by the Board of Directors. The Board may not exercise the authorization to acquire company-held shares if, after the acquisition, the company or its subsidiary would possess or have as a pledge more than 10% of the company’s stock. The authorization is valid until the Annual Shareholders’ Meeting of 2012, but no more than 18 months from the approval at the Shareholders’ Meeting.

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

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

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

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

Authorization of the Board to decide on a rights issue:

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

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

SHARE CAPITAL AND SHARES

Aspo Plc’s share capital on December 31, 2011 was EUR 17,691,729.57 and the total number of shares was 30,959,376 of which the company held 334,529 shares; that is, 1.1% of the share capital. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders’ meeting. Aspo’s share is quoted on NASDAQ OMX Helsinki Ltd’s Mid Cap segment under industrial products and services.

During 2011, a total of 3,715,886 Aspo Plc shares with a market value of EUR 27,3 million were traded on NASDAQ OMX Helsinki, in other words, 12.0% of the stock changed hands. During the period, the stock reached a high of EUR 9.30 (EUR 8.82 when adjusted for rights issue) and a low of EUR 6.32. The average price was EUR 7.50 and the closing price at year-end was EUR 6.80. At the end of the financial year, the market value excluding treasury shares was EUR 208.2 million.

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

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

EVENTS AFTER THE FINANCIAL YEAR

The Finnish Tonnage Tax Actis currently in the process of being amended. If the proposed change takes effect, it will affect the 2011 financial statements of Aspo Group’s shipping company ESL Shipping Ltd. According to the government proposal, the amended tonnage tax legislation would be applied to taxation starting from the tax year which began in the calendar year 2011. According to IAS 10, a retrospective amendment to tax legislation is not taken into account in the Group’s financial statements. The eventual amendment would affect Aspo Group’s financial statements in 2012, at which time both its corporate tax lowering effect and the tonnage tax will be recorded for both 2011 and 2012.

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

Leipurin opened a test bakery on the premises of the Moscow State University of Food Production. The Moscow bakery is the company's fourth test bakery in Russia.

DIVIDEND PROPOSAL

The Board of Directors proposes to the 2012 Annual Shareholders’ Meeting that a dividend of EUR 0.42 per share will be paid for the financial year that ended on December 31, 2011, and that no dividend is to be paid on the Aspo shares held by the company.

OUTLOOK FOR 2012

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

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

Aspo aims for growth in net sales and operating profit in 2012.

ESL Shipping

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

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

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

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

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

The eventual amendment to the Tonnage Tax Act will improve the operating conditions of shipping companies and encourage them to maintain and add to a merchant fleet in Finland. The amendment is expected to occur in the first quarter, and to significantly improve ESL Shipping’s result.

Leipurin

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

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

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

Telko

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

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

Kaukomarkkinat

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

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

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

Operational risks

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

A more detailed account of the risk management policy and the main risks has been published in the 2010 annual report and on the company's website. More detailed information on financing risks can be found in the notes to the financial statements.

Helsinki, February 14, 2012

ASPO Plc

Board of Directors

ASPO GROUP INCOME STATEMENT

	10-12/2011		10-12/2010	
	MEUR	%	MEUR	%
Net sales	121.3	100.0	109.1	100.0
Other operating income	0.4	0.3	0.5	0.5
Depreciation and write-downs	-2.1	-1.7	-2.0	-1.8
Operating profit	5.0	4.1	5.5	5.0
Financial income and expenses	-0.1	-0.1	-0.8	-0.7
Profit before taxes	4.8	4.0	4.7	4.3
Profit for the period	4.0	3.3	3.4	3.1
Other comprehensive income				
Translation differences	0.1		0.6	
Cash flow hedges	1.0		0.6	
Income tax on other comprehensive income	-0.3		-0.2	
Other comprehensive income for the period, net of taxes	0.8		1.0	
Total comprehensive income	4.8		4.4	
Profit attributable to shareholders	4.0		3.4	
Non-controlling interest	0.0		0.0	
Total comprehensive income attributable to shareholders	4.8		4.4	
Non-controlling interest	0.0		0.0	

	1-12/2011 MEUR	%	1-12/2010 MEUR	%
Net sales	476.3	100.0	395.9	100.0
Other operating income	1.3	0.3	1.5	0.4
Depreciation and write-downs	-8.2	-1.7	-8.1	-2.0
Operating profit	21.5	4.5	17.9	4.5
Financial income and expenses	-4.0	-0.8	-3.8	-1.0
Profit before taxes	17.4	3.7	14.1	3.6
Profit for the period	13.3	2.8	10.4	2.6
Other comprehensive income				
Translation differences	-0.7		1.2	
Cash flow hedges	1.3		-0.9	
Income tax on other comprehensive income	-0.3		0.2	
Other comprehensive income for the year, net of taxes	0.3		0.5	
Total comprehensive income	13.6		10.9	
Profit attributable to shareholders	13.3		10.3	
Non-controlling interest	0.0		0.1	
Total comprehensive income attributable to shareholders	13.6		10.8	
Non-controlling interest	0.0		0.1	

ASPO GROUP BALANCE SHEET

	12/2011 MEUR	12/2010 MEUR	Change %
Assets			
Non-current assets			
Intangible assets	16.1	15.9	1.3
Goodwill	45.0	40.6	10.8
Tangible assets	88.8	54.4	63.2
Available-for-sale assets	0.2	0.2	0.0
Long-term receivables	1.6	1.3	23.1
Shares in associated companies	1.9	1.7	11.8
Total non-current assets	153.6	114.1	34.6
Current assets			
Inventories	43.1	44.9	-4.0
Sales and other receivables	57.7	46.7	23.6
Cash and bank deposits	14.5	7.1	104.2
Total current assets	115.3	98.7	16.8
Total assets	268.9	212.8	26.4
Shareholders' equity and liabilities			
Shareholders’ equity			
Share capital	17.7	17.7	0.0
Other shareholders’ equity	74.1	51.0	45.3
Shareholders’ equity attributable to equity holders of the parent	91.8	68.7	33.6
Non-controlling interest	0.7	0.8	-12.5
Long-term liabilities	108.0	78.5	37.6
Short-term liabilities	68.4	64.8	5.6
Total shareholders' equity and liabilities	268.9	212.8	26.4

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Share capital
B = Premium fund
C = Fair value fund
D = Other funds
E = Repurchased shares
F = Translation difference
G = Retained earnings
H = Total
I = Non-controlling interest
J = Total shareholders' equity

MEUR	A	B	C	D	E	F	G	H	I	J
Balance at 31.12.2010	17.7	4.3	-0.7	5.4	-4.5	-0.4	46.9	68.7	0.8	69.5
Comprehensive income:										
Profit for the period							13.3		0.0	
Translation difference						-0.7				
Cash flow hedge, net of taxes			1.0							
Total comprehensive income			1.0			-0.7	13.3	13.6	0.0	
Transactions with owners:										
Dividend payment							-11.1			
Share repurchase					-2.0					
Share disposal				0.1	1.4					
Share-based payment							0.4			
Conversion of convertible bond				1.5						
Rights issue				19.2						
Total transactions with owners				20.8	-0.6		-10.7	9.5		
Balance at 31.12.2011	17.7	4.3	0.3	26.2	-5.1	-1.1	49.5	91.8	0.7	92.5
Balance at 31.12.2009	17.7	4.3	0.0	2.8	-3.7	-1.6	47.3	66.8	0.1	66.9
Comprehensive income:										
Profit for the period							10.3		0.1	
Translation difference						1.2				
Cash flow hedge, net of taxes			-0.7							
Total comprehensive income			-0.7			1.2	10.3	10.8	0.1	
Transactions with owners:										
Dividend payment							-10.8			
Share-based payment				0.3	0.1		0.1			
Conversion of convertible bond				2.3						
Shareholding plan for Aspo Management					-0.9				0.7	
Total transactions with owners				2.6	-0.8		-10.7	-8.9	0.7	
Balance at 31.12.2010	17.7	4.3	-0.7	5.4	-4.5	-0.4	46.9	68.7	0.8	69.5

ASPO GROUP CASH FLOW STATEMENT	1-12/2011 MEUR	1-12/2010 MEUR
OPERATIONAL CASH FLOW		
Operating profit	21.5	17.9
Adjustments to operating profit	8.9	8.3
Change in working capital	-3.1	-8.8
Interest paid	-4.4	-4.8
Interest received	0.8	1.2
Taxes paid	-3.0	-4.5
Total operational cash flow	20.7	9.3
INVESTMENTS		
Investments in tangible and intangible assets	-41.5	-11.9
Gains on the sale of tangible and intangible assets	0.1	0.6
Purchases of subsidiary shares	-3.3	
Purchases of business operations		-0.3
Associated companies acquired		0.2
Total cash flow from investments	-44.7	-11.4
FINANCING		
Rights issue	19.2	
Change in short-term borrowings	-5.4	-14.9
Change in long-term borrowings	29.2	24.1
Share repurchase	-2.0	-0.9
Share disposal	1.5	
Dividends paid	-11.1	-10.8
Total financing	31.4	-2.5
Increase / Decrease in liquid funds	7.4	-4.6
Liquid funds in beginning of year	7.1	11.5
Translation difference		0.2
Liquid funds at period end	14.5	7.1

KEY FIGURES AND RATIOS

	1-12/2011	1-12/2010
Earnings per share, EUR	0.45	0.38
EPS adjusted for dilution, EUR	0.45	0.39
Equity per share, EUR	3.05	2.49
Equity ratio, %	35.2	33.2
Gearing, %	94.1	101.5

ASPO GROUP CONTINGENT LIABILITIES	2011 MEUR	2010 MEUR
Securities on group liabilities	152.9	68.6
Leasing liabilities	39.2	45.9
Derivative contracts, fair values, net		
- Currency forwards	1.1	-0.7
- Currency options		-0.1
- Interest rate swaps	-0.8	

ACCOUNTING PRINCIPLES AND FINANCIAL REPORTING

Aspo Plc’s interim report has been compiled in accordance with the principles of IAS 34 Interim Financial Reporting. From October 1, 2011, the internal long-term loans belonging to the Telko segment of Telko’s Belorussian subsidiary have been reclassified as net investments into international operations under IAS 21. Any unrealized foreign exchange gains and losses related to these investments will be recoded directly under shareholder’s equity. In other respects, the same accounting principles have been adopted in the interim report as in the Financial Statements on December 31, 2010. The calculation formulas for key indicators are explained on page 82 of the 2010 financial statements. The comparable key figures presented in this review have been adjusted for the rights issue that has been carried out. The information in this report is unaudited.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Tuesday February 14, 2012 at 13.30 at the Gallen-Kallela cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

ANNUAL SHAREHOLDERS’ MEETING

The Aspo Plc Annual Shareholders’ Meeting is scheduled to be held on Tuesday, April 3, 2012, at 14:00 in the Stock Exchange Building at Fabianinkatu 14, 00100 Helsinki.

FINANCIAL INFORMATION IN 2012

The 2011 Annual Report will be published during week 13 in Finnish and in English. You can read and order the report on our website at www.aspo.com. Aspo Plc will publish three Interim Reports in 2012: for the first quarter on April 27, 2012, for the second quarter on August 21, 2012, and for the third quarter on October 25, 2012.

Helsinki February 14, 2012

ASPO Plc

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