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ASPO GROUP INTERIM REPORT JANUARY 1 TO JUNE 30, 2012

Strong growth continued in the east, earnings per share improved
(comparative figures are for January-June 2011)

January-June 2012
- Aspo Group's net sales were on par with the previous year, totaling EUR 231.8 million (EUR 231.3 million)
- Operating profit decreased to EUR 4.1 million (EUR 8.1 million)
- Profit before taxes amounted to EUR 2.6 million (EUR 5.8 million)
- Profit for the period increased to EUR 6.2 million (EUR 4.3 million)
- Earnings per share amounted to EUR 0.20 (EUR 0.15)

April-June 2012
- Aspo Group’s net sales were on par with the previous year, totaling EUR 123.0 million (EUR 124.6 million)
- Operating profit decreased to EUR 3,8 million (EUR 5.2 million)
- Profit for the quarter increased to EUR 3.5 million (EUR 3.2 million)
- Earnings per share stood at EUR 0.11 (EUR 0.11)

- ESL Shipping received a new supramax class vessel, m/s Kumpula, and sold its oldest ship, m/s Hesperia, for a sales gain of EUR 2.4 million.

Aspo changed its full-year outlook estimate for 2012 on August 10, 2012. The revised guidance: Aspo aims for growth in net sales but the operating profit will fall significantly short and earnings per share will fall slightly short of the level of 2011.

KEY FIGURES

	1-6/2012	1-6/2011	1-12/2011
Operating profit, MEUR	4.1	8.1	21.5
Share of net sales, %	1.8	3.5	4.5
Profit before taxes, MEUR	2.6	5.8	17.4
Share of net sales, %	1.1	2.5	3.7
Personnel at the end of period	835	753	814
Earnings per share, EUR	0.20	0.15	0.45
EPS adjusted for dilution, EUR	0.21	0.15	0.45
Equity per share, EUR	2.81	2.72	3.05
Equity ratio, %	27.7	33.7	35.2
Gearing, %	148.4	94.4	94.1

AKI OJANEN, ASPO’S CEO:

”The uncertainty in the global economy has affected key industrial sectors of Aspo’s business operations in the Western markets, which has been seen as a decrease in sales in the EU zone. The general market situation in the Western markets has resulted in a decrease in our expectations for 2012. For this reason, we have amended our guidance for 2012.

In the strategically important Eastern markets, Russia, Ukraine and the other CIS countries accounted for 34% of the Group’s net sales for the second quarter, showing a growth of 46% compared to the previous year. We will continue our strong and profitable growth in the Eastern markets and open new offices while increasing our business offering.

The significant investment scheme to renew the shipping company’s fleet, as a result of which the Group became burdened with debts, has been completed. The fleet now includes two ice-strengthened supramax class vessels of a new size category, and the pusher-barge fleet used by the steel industry has been completely overhauled. Furthermore, the shipping company’s oldest vessels have been sold, with m/s Hesperia sold in June as the last one. As the result of the investments, ESL Shipping can give up the time-chartered vessels with a higher cost structure. The shipping company will not have any need for investing in new vessels in the next few years; instead, it will prepare for future measures pursuant to the EU sulfur dioxide directive 2015. Our own, self-operated fleet provides a good foundation for improving the shipping company’s competitiveness and performance ability.

Aspo aims for growth in net sales during 2012. Our operating profit will fall significantly short of the level of 2011, and we expect our earnings per share to fall slightly short of the level of 2011. In spite of the decrease in operating profit, profit for the period attributable to shareholders increased. The Group’s tax efficiency has improved permanently after the shipping company was included in tonnage taxation.

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

Continued uncertainty of the global economy and the recession of European economies have continued. In particular, the uncertainty has led to currency fluctuations and a drop in interest rates. Energy and raw material prices have decreased as the result of the growth in international demand coming to a halt. The production volumes of basic industry have not developed within the European Union. Customer demand in developing economies in business functions that are important to Aspo has continued to increase.

ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea region. At the end of the period, the company's fleet consisted of 17 vessels, of which the company owned 13 in full. Three were leased and one was partially owned.

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Net sales, MEUR	18.6	26.4	-7.8	38.5	46.9	93.1
Operating profit, MEUR	2.6	3.2	-0.6	1.7	3.6	10.5
Personnel	207	186	21	207	186	211

International dry bulk cargo price levels have been record low during the spring and summer. International cargo price levels have exceptionally strongly been reflected in the Baltic Sea region as well. Normally, ESL Shipping’s long-term cargo contracts account for a considerable share of capacity. During the first half of the year, the company has had too much transport capacity compared to the long-term cargo contracts. The company has reacted to the market situation by discontinuing the time-chartering of two vessels after the end of the reporting period at the end of July and by docking pusher-barge and other barge stock during the reporting period. The suspension of the service of the vessels resulted in costs in the reporting period.

The economic recession has affected the cargo volumes of customer companies. In the steel industry, an important Swedish raw material producer had a shutdown in May and a Swedish steel mill in June. Finnish steel mills have publicly announced lower production volumes. The shutdown of the Koverhar steel mill had no effect on the company’s operations. In the energy market, the price of electricity is low due to high Scandinavian water stock, among other reasons, which has decreased energy coal consumption and transports.

Transport demand in the steel and energy industries, which are important to the company, has decreased in the Baltic Sea region. The cargo volume carried by ESL Shipping in April–June amounted to 2.7 million tons (3.7). The steel industry accounted for 1.3 million tons (2.2) and the energy industry for 1.0 million tons (1.2) of the volume. Other transported cargo amounted to 0.3 million tons. Spot market transports with a low cargo price level had an exceptionally high share of all freight in the reporting period.

Net sales decreased in the second quarter and amounted to EUR 18.6 million (26.4). Operating profit decreased to EUR 2.6 million (3.2), including a sales gain of EUR 2.4 million associated with the sale of m/s Hesperia during the reporting period.

The shipping company took delivery of the second of two ice-strengthened supramax class vessels, m/s Kumpula, from the Korean Hyundai Mipo shipyard during the reporting period.

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.

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Net sales, MEUR	32.3	34.0	-1.7	62.3	63.9	128.2
Operating profit, MEUR	0.5	1.5	-1.0	1.1	3.0	5.7
Personnel	282	235	47	282	235	275

The level of raw material prices in the food industry has remained unchanged during the spring and summer.

The net sales of Leipurin decreased slightly in the second quarter, amounting to EUR 32.3 million (34.0). Net sales and operating profit increased in bakery raw materials. Net sales and operating profit decreased in bakery machinery deliveries and food ingredients, but the order stock for bakery machinery developed well. The integration of Vulganus, acquired at the end of 2011, with the bakery machinery unit has continued. It was decided to shut down the Hausjärvi machinery plant during the third quarter and centralize design and machinery plant operations in Nastola.

Developing markets accounted for an increasing share of both net sales and operating profit. The net sales of Russia, Ukraine, and other CIS countries totaled EUR 9.8 million for the second quarter, or 27% more than the corresponding period the previous year. Operating profit margin in the market area was approximately 5%.

The number of personnel has increased mainly in connection with the Vulganus acquisition and as the result of new recruitments in developing markets.

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, 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.

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Net sales, MEUR	62.5	55.5	7.0	115.5	103.6	211.6
Operating profit, MEUR	2.5	2.2	0.3	4.5	3.9	8.6
Personnel	247	230	17	247	230	230

The prices of raw materials sold decreased with the falling price of oil, which is used as their raw material. Basic demand in industries important to Telko was good.

Net sales grew in the second quarter and amounted to EUR 62.5 million (55.5). The operating profit increased in spite of decreasing selling prices, amounting to EUR 2.5 million (2.2).

The share of developing markets’ net sales increased significantly. Net sales in Russia, Ukraine, and other CIS countries totaled EUR 32.4 million for the second quarter, or 52% more than the corresponding period the previous year, with an operating profit margin of over 5%. During the reporting period, operations were launched in the Czech Republic and Slovakia.

Telko has focused on value-added services for its products and on customer service, among other things, by renewing its organization. As the result of the investment in the Rauma terminal, the number and added value of products supplied to customers can be increased. The number of employees rose to 247 (230). New recruitments in developing markets accounted for the majority of the increase in the number of employees.

Kaukomarkkinat

Kaukomarkkinat specializes in energy efficiency technology, solutions to improve efficiency in the process industry, and security and digital products. 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.

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Net sales, MEUR	9.6	8.7	0.9	15.5	16.9	43.4
Operating profit, MEUR	-0.3	-0.1	-0.2	-0.4	0.3	1.4
Personnel	87	90	-3	87	90	85

Kaukomarkkinat’s net sales increased during the second quarter to EUR 9.6 million (8.7) and operating profit decreased year-on-year, totaling EUR -0.3 million (-0.1) negative. The sales of electronics in Finland and energy efficiency equipment in Poland increased their net sales and improved their profitability. Air-source heat pump sales in the Finnish local energy market decreased from the comparison period due to consumers’ cautiousness and chilly spring. Demand for process industry equipment in Poland and Russia continued to be stable. Project sales in China fell short of the comparison period.

Kaukomarkkinat has invested in developing its operations according to the strategy by recruiting new experts for the Finnish local energy unit. A development director was hired after the end of the reporting period in order to develop clean-tech exports to Russia.

After the reporting period, Kaukomarkkinat acquired the business operations of Somasyr Oy. The acquisition reinforces the offering of Kaukomarkkinat’s local energy solutions with water heater and underfloor heating systems.

Other operations

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

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Net sales, MEUR	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit, MEUR	-1.5	-1.6	0.1	-2.8	-2.7	-4.7
Personnel	12	13	-1	12	13	13

The expenses of other operations were on a par with the previous year, amounting to EUR –1.5 million (-1.6).

NET SALES

January–June

Aspo Group’s net sales for January–June grew by 0.2% to EUR 231.8 million (231.3). Telko’s net sales increased significantly, by EUR 11.9 million. The net sales of ESL Shipping, on the other hand, decreased considerably, by EUR 8.4 million. Leipurin and Kaukomarkkinat decreased their net sales slightly.

April–June

Aspo Group’s net sales decreased by EUR 1.6 million, or 1.3%, to EUR 123.0 million (124.6).

Net sales by segment, MEUR

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
ESL Shipping	18.6	26.4	-7.8	38.5	46.9	93.1
Leipurin	32.3	34.0	-1.7	62.3	63.9	128.2
Telko	62.5	55.5	7.0	115.5	103.6	211.6
Kaukomarkkinat	9.6	8.7	0.9	15.5	16.9	43.4
Other operations	0.0	0.0	0.0	0.0	0.0	0.0
Total	123.0	124.6	-1.6	231.8	231.3	476.3

There is no considerable inter-segment net sales.

Net sales by market area, MEUR

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Finland	39.1	47.7	-8.6	78.7	92.9	181.2
Nordic countries	11.0	15.3	-4.3	20.5	26.2	48.8
Baltic countries	12.0	16.0	-4.0	23.9	27.2	50.6
Russia, Ukraine + other CIS countries	42.2	29.0	13.2	72.5	53.0	122.6
Other countries	18.7	16.6	2.1	36.2	32.0	73.1
Total	123.0	124.6	-1.6	231.8	231.3	476.3

Net sales in the EU countries decreased both during the first half of the year and the reporting period. The decrease in net sales in the Nordic countries is primarily due to the decrease in marine transports by the Scandinavian steel industry. The decrease in net sales in Finland is, for the most part, attributable to a decrease in coal transports to Finland. With regard to market areas outside the EU, Telko and Leipurin in particular have increased their net sales in Russia, Ukraine, Kazakhstan, and Belarus. The significance of the market area is emphasized further when including ESL Shipping’s Russian-originated transports. The net sales for this market area accounted for 40% of the Group’s net sales.

MEUR	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
Russia, Ukraine + other CIS countries	49.8	38.1	11.7	86.6	69.7	157.9

EARNINGS

January–June

Aspo Group’s operating profit in January–June amounted to EUR 4.1 million (8.1). ESL Shipping’s operating profit amounted to EUR 1.7 million (3.6), including a sales gain of EUR 2.4 million associated with the sale of m/s Hesperia. Leipurin’s operating profit was EUR 1.1 million (3.0), and Telko’s EUR 4.5 million (3.9). Kaukomarkkinat's operating profit was EUR -0.4 million (0.3).

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 -2.8 million (-2.7).

The profit after taxes for the reporting period is improved by tonnage taxation, which took effect during the reporting period. In addition to the non-recurring item recognized in the reporting period, it will have a long-term positive effect on the results of ESL Shipping and the Group.

April–June

Aspo Group’s operating profit for April–June amounted to EUR 3.8 million (5.2). ESL Shipping’s operating profit amounted to EUR 2.6 million (3.2), including a sales gain of EUR 2.4 million associated with the sale of m/s Hesperia. Leipurin’s operating profit weakened substantially, amounting to EUR 0.5 million (1.5). Telko’s operating profit, EUR 2.5 million (2.2), improved notably in spite of a decrease in prices, Kaukomarkkinat’s operating profit weakened and amounted to EUR -0.3 million (-0.1).

The operating profit of other operations was negative and amounted to EUR -1.5 million (-1.6).

Operating profit by segment, MEUR

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
ESL Shipping	2.6	3.2	-0.6	1.7	3.6	10.5
Leipurin	0.5	1.5	-1.0	1.1	3.0	5.7
Telko	2.5	2.2	0.3	4.5	3.9	8.6
Kaukomarkkinat	-0.3	-0.1	-0.2	-0.4	0.3	1.4
Other operations	-1.5	-1.6	0.1	-2.8	-2.7	-4.7
Total	3.8	5.2	-1.4	4.1	8.1	21.5

Earnings per share January–June

Earnings per share was EUR 0.20 (0.15) and diluted earnings per share was EUR 0.21 (0.15). Equity per share was EUR 2.81 (2.72).

INVESTMENTS

The Group’s investments in January–June totaled EUR 28.4 million (20.0). Most of the investments consisted of payments for ESL Shipping’s supramax vessel orders and Telko’s investments in the Rauma terminal.

Investments by segment, acquisitions excluded, MEUR

	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	1-12/2011
ESL Shipping	10.8	9.5	1.3	26.4	19.1	38.8
Leipurin	0.1	0.2	-0.1	0.2	0.3	0.9
Telko	0.8	0.2	0.6	1.8	0.4	2.6
Kaukomarkkinat	0.0	0.2	-0.2	0.0	0.2	0.4
Other operations	0.0	0.0	0.0	0.0	0.0	0.0
Total	11.7	10.1	1.6	28.4	20.0	42.7

FINANCING

The Group’s financing position weakened compared with the reference period. The Group’s cash and cash equivalents amounted to EUR 24.6 million (13.5) at period-end. The consolidated balance sheet included a total of EUR 151.9 million (91.6) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 76.7 million (77.2).

Aspo Group’s net gearing was 148.4% (94.4), and the equity ratio was 27.7% (33.7). The shipping company’s newbuilding investments of approximately EUR 26 million and a repayment of capital of approximately EUR 13 million had a negative effect on the financial position in January–June.

The Group’s cash flow from operating activities amounted to EUR -2.2 million (2.2) in January–June. At the end of the period, the change in working capital stood at EUR -8.3 million (-7.8). During the second quarter, cash flow from operations was EUR 5.9 million positive, while for the first quarter it was EUR 8.1 million negative.

Cash flow from investments was EUR -25.1 million (-19.0) in January–June. The last payments related to the delivered vessels increased the cash flow from investments. The investment scheme related to the shipping company’s new ships was completed during the second quarter. The Group’s free cash flow was EUR -27.3 million (-16.8) in January–June.

At the end of the period, the Group had a strong cash position. Furthermore, liquidity was improved by increasing the total amount of revolving credit facilities. During the second quarter, Aspo Plc signed a EUR 40 million revolving credit facility agreement to replace the revolving credit facility agreement maturing at the beginning of 2013.

The amount of Aspo’s binding revolving credit facilities stood at EUR 60 million at the end of the period. At the end of the review period, EUR 8 million of the revolving credit facilities was in use. EUR 33 million of Aspo’s EUR 50 million commercial paper program was in use at the end of the period.

Convertible capital loan

On June 30, 2012, 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 shares in Aspo Plc. 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 January-June 2012, 8,074 new shares were subscribed for with one loan unit.

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

Global economic uncertainty has made it more difficult to evaluate risks in Aspo’s business environment. As the result of the uncertainty, it is considered that the risks have increased, while the realization of risks has been seen in the slower generation of operating profit during the early months of the year. In order to mitigate operational risks, the more expensive bareboat capacity has been reduced, stocks in the Western markets have been reduced and the number of sales personnel has been increased. Follow-up and reporting on the order stock of machinery sales have been increased.

Strategic risks are reduced at Group level by the business being divided into four segments and business being conducted over a wide geographical area. Strategic risks have increased due to the effects of lower marine cargo prices and the difficulties of competing shipping companies on cargo traffic on the Baltic Sea, customers’ own future solutions, investment trends with effects on machinery trade, and changes in retail structures, especially in the Western markets.

Operational risks have increased to some extent due to the uncertainty of the business environment. 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 unutilized opportunities that require a quick response.

The focus of Aspo’s growth is on emerging market areas where growth risks are also affected by factors such as exchange rates, interest rate levels, industrial and commercial investments, customers' liquidity, and changes in legislation and import regulations. Consumer behavior is also reflected in the risks generated through B-to-B customers and the risk levels. Demand in Western countries has not met the expectations and macroeconomic factors of uncertainty keep the risk levels high. The changes in demand in emerging markets show an opposite trend, but these changes are more difficult to predict.

Aspo has succeeded in keeping its exchange rate losses small, and active hedging of currency positions and currency flow has also neutralized the effects of exchange rates. Changes in credit loss risk vary between business areas and customers. However, credit loss risks have generally grown, which has increased the need for customer monitoring.

The quantity and probability of loss risks was extensively assessed towards the end of last year, and insurance policies to cover the risks were put out to tender at the same time. 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.

Goodwill reflects the performance ability of each sector with capital employed, and the related risks are monitored with sector-specific impairment testing at least annually.

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

Personnel by segment, period-end

	1-6/2012	1-6/2011	Change	1-12/2011
ESL Shipping	207	186	21	211
Leipurin	282	235	47	275
Telko	247	230	17	230
Kaukomarkkinat	87	90	-3	85
Other operations	12	13	-1	13
Total	835	754	81	814

At the end of the period, Aspo Group had 835 employees (754).

The changes in the total number of employees are due to Leipurin’s Vulganus acquisition, the increase in the number of ship personnel employed as the result of new vessels, and increases due to organic growth. The number of employees increased the most due to investments in Finland, while organic growth was highest in Russia, Ukraine and other CIS countries, as well as in China.

Rewarding

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

In 2009, Aspo’s Board of Directors decided on a shareholding program for the Group’s key personnel. The program ended on December 31, 2011. In March 2012, a total of 150,638 Aspo shares was transferred as bonus. The proportion paid in cash covered taxes and tax-related costs arising from the bonus. The bonus was based on Aspo Group’s cumulative earnings per share indicator (EPS) over the period of 2009–2011. The shareholding program encompassed 30 persons in Aspo’s management and key personnel.

In 2010, Aspo’s Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price. In addition, Aspo assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. 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 reporting period the loan amounted to

EUR 2,934,750.40. 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.

On February 14, 2012, Aspo’s Board of Directors decided on a new share-based incentive plan for about 30 key 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 key 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.

SHARE CAPITAL AND SHARES

Aspo Plc’s share capital on June 30,2012 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, 0.59% 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-June 2012, a total of 1,613,033 Aspo Plc shares with a market value of EUR 11.2 million were traded on NASDAQ OMX Helsinki, in other words, 5.2% of the stock changed hands. During the period, the stock reached a high of EUR 7.95 and a low of EUR 5.86. The average price was EUR 7.15 and the closing price at period-end was EUR 5.94. At the end of the period, the market value excluding treasury shares was EUR 182.9 million.

The number of Aspo Plc shareholders was 6,377 at period-end. A total of 417,077 shares, or 1.3% of the share capital, were nominee registered or held by non-domestic shareholders.

Flagging announcements

Aspo Plc received a total of three flagging announcements concerning shares in Aspo Plc pursuant to Chapter 2, section 9 of the Finnish Securities Market Act on June 12, 2012 and June 27 2012. According to the announcements, the shares have been transferred to Havsudden Oy Ab, the Nyberg family holding company. Havsudden Oy Ab has announced that the transfers have been made as part of an internal arrangement of the Nyberg family's Aspo ownership, as off-exchange deals.

Havsudden Oy Ab announced on June 12, 2012 that its holdings have exceeded 5% of the share capital in Aspo Plc. The transfer did not imply any changes in voting rights. The amount of shares transferred corresponded to 3.5% of the total number of shares in Aspo Plc.

Henrik Nyberg announced on June 27, 2012 that his holdings have decreased below 5% of the voting rights and share capital of Aspo Plc. The amount of shares transferred corresponded to 1.9% of the total number of shares in Aspo Plc.

Furthermore, Havsudden Oy Ab announced on June 27, 2012 that its holdings have exceeded 10% of the share capital in Aspo Plc and 5% of the number of votes.

Havsudden Oy Ab's holdings in Aspo Plc increased to 10.1% of the share capital and 5.2% of the number of votes. The amount of shares transferred corresponded to 3.3% of the total number of shares in Aspo Plc.

DECISIONS AT THE ANNUAL SHAREHOLDER'S MEETING

Return of capital

The Aspo Plc Annual Shareholders' Meeting on April 3, 2012 adopted the Board of Directors' proposal for payment of a return of capital amounting to EUR 0.42 per share. The payment date was April 17, 2012.

Board of Directors and Auditor

The Annual Shareholders' Meeting of Aspo Plc re-elected Matti Arteva, Esa Karppinen, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel and Risto Salo, to the Board of Directors for one year. Marja-Liisa Kaario was elected as new member to the Board. 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 Marja-Liisa Kaario and Kristina Pentti-von Walzel as committee members.

The authorized public accounting firm PricewaterhouseCoopers Oy will continue as company auditor. Mikko Nieminen, APA, acts as the auditor in charge.

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 no more than 500,000 of the company-held shares using the unrestricted shareholders' equity of the company. The authorization includes the right to accept company-held 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 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 company-held 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 2013 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 company-held shares.

The authorization will supersede the authorization for the acquisition of company-held shares which was granted to the Board of Directors by the Annual Shareholders’ Meeting on April 5, 2011.

Authorization of the Board to decide on a share issue of the company-held shares

The Annual Shareholders´ Meeting authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying the company-held shares. An aggregate maximum amount of 834,529 shares may be conveyed based on the authorization. The authorization will be used for the financing or execution of corporate acquisitions or other transactions, for execution of the company’s share-ownership program or for other purposes determined by the Board.

The authorization includes the right of the Board of Directors to decide on all the terms and conditions of the conveyance and thus also includes the right to convey shares otherwise than in proportion to the holdings of the shareholders, in deviation from the shareholders’ pre-emptive right, if a compelling financial reason exists for the company to do so. The authorization remains in force until September 30, 2015.

Company-held shares may be transferred either against or without payment. Under the Finnish Limited Liability Companies Act, a directed share issue may only be carried out without payment, if there is an especially compelling reason for the same, both for the company and in regard to the interests of all shareholders in the company.

The Board of Directors shall decide on any other matters related to the share issue.

The authorization will supersede the authorization concerning a share issue which was granted to the Board of Directors by the Annual Shareholders’ Meeting on April 5, 2011.

Authorization of the Board to decide on a rights issue

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

The authorization will supersede the authorization concerning a share issue which was granted to the Board of Directors by the Annual Shareholders’ Meeting on April 5, 2011.

EVENTS AFTER THE REPORTING PERIOD

Kaukomarkkinat acquired the business operations of Somasyr Oy. The acquired operations complement the offering of Kaukomarkkinat’s Finnish local energy solutions well. The acquisition has no significant effect on earnings for 2012.

Aspo Plc's Board of Directors decided on August 10, 2012 to change Aspo’s estimated full-year outlook for 2012 announced on February 24, 2012.

OUTLOOK FOR 2012

The difficult financial situation of the international economy and in particular European states has increased the uncertainty in the market. It is difficult to estimate future general economic development and the impacts of the economic situation on the business of customer companies. Raw material prices are not expected to increase during the remainder of the year. We estimate that the Group will continue its growth in the strategically important Eastern growth markets also during the latter half of 2012 unless negative changes take place in the general economic situation.

The Russian Federation has approved the country’s joining the World Trade Organization in July 2012, which is expected to have a positive effect on Aspo Group’s operations in Russia in the next few years.

Aspo aims for growth in net sales but the operating profit will fall significantly short and earnings per share will fall slightly short of the level of 2011.

ESL Shipping

International cargo prices are expected to remain low. The transport volumes of the steel and energy sectors, important to ESL Shipping, have declined. The Scandinavian water stock has increased during the summer and the price of electricity is expected to remain low, which is likely to contribute to a decrease of energy coal consumption and transports in the fall. However, impending winter usually increases transports of energy coal on the Baltic Sea when power plants prepare for energy production during the winter. The steel industry assesses that its production volumes are lower than usual. No new shutdowns have been announced in the Scandinavian steel industry after July.

One of the laid-up pusher-barge systems was re-launched as of the beginning of August and another unit is expected to commence traffic during the fall. The shipping company gave up two time-chartered vessels at the end of July and sold m/s Hesperia in June. As of August, the company’s vessel capacity is more balanced with regard to long-term contracts compared to the winter and summer.

Leipurin

Organic growth is expected to continue. Industrial demand is expected to remain at the current level. International economic uncertainty and new harvest pricing may have effects on the prices of sold raw materials and investments in bakery machinery.

The new offices in the east create a good foundation for several years of growth in sales. The order and delivery stock of bakery machinery sales is good for the rest of the year. Machinery sales are expected to increase, particularly in the Russian market. The profitability of bakery machinery sales during the rest of the year is expected to be on a par with the previous year, while full-year operating profit will fall short of the previous year. Demand for premium-quality bread is expected to continue to increase in Russia, which will increase the sales of bakery raw materials. No significant growth is expected in bakery raw material sales in Finland and the Baltic countries during the rest of the year.

Telko

Organic growth is expected to continue. Industrial demand is estimated to remain at the current good level. The international financial crisis may affect the price levels of raw materials sold as well as demand among of customer companies.

Telko will continue to expand in accordance with its strategy in growth markets. The company will open new offices in major Russian cities. Telko is investigating potential investments in chemical refinery terminals in Western Russia and Ukraine. The terminals would ensure the logistical resources needed for long-term growth in the chemicals business, as well as customer-specific upgrading of products.

Investments in organic growth will be continued in the plastics business. Telko has started operations in the Czech Republic and Slovakia and concluded significant principal agreements in the market area.

Kaukomarkkinat

The uncertainty of the world economy may have an effect on the willingness of private households to invest in energy efficiency products and industrial project sales.

Kaukomarkkinat aims to increase the product range especially of its local energy solutions in Finland. The business operations of Somasyr Oy, acquired during the third quarter, complement the offering of local energy solutions well. Kaukomarkkinat can offer installer companies comprehensive energy solutions, including bio, ground-source heat and air source heat pump systems, heat accumulation, solar energy and solar heat systems and underfloor heating systems. The demand for local energy solutions is expected to increase in the long-term with new energy regulations and forecasted increase in the price of energy.

The order book for project deliveries in the Far East for the fall is better than during the first half of the year. Sales of electronics in Finland are expected to remain unchanged.

Helsinki, August 21, 2012

ASPO Plc

Board of Directors

ASPO GROUP INCOME STATEMENT

	4-6/2012 MEUR	%	4-6/2011 MEUR	%
Net sales	123.0	100.0	124.6	100.0
Other operating income	2.9	2.4	0.1	0.1
Depreciation and write-downs	-2.7	-2.2	-2.0	-1.6
Operating profit	3.8	3.1	5.2	4.2
Financial income and expenses	-0.5	-0.4	-1.0	-0.8
Profit before taxes	3.2	2.6	4.3	3.5
Profit for the period	3.5	2.8	3.2	2.6
Other comprehensive income				
Translation differences	-0.3		0.3	
Cash flow hedges	-0.1		-0.5	
Income tax on other comprehensive income	0.0		0.1	
Other comprehensive income for the period, net of taxes	-0.4		-0.1	
Total comprehensive income	3.1		3.1	
Profit attributable to shareholders	3.5		3.2	
Non-controlling interest	0.0		0.0	
Total comprehensive income attributable to shareholders	3.1		3.1	
Non-controlling interest	0.0		0.0	

	1-6/2012		1-6/2011		1-12/2011	
	MEUR	%	MEUR	%	MEUR	%
Net sales	231.8	100.0	231.3	100.0	476.3	100.0
Other operating income	3.0	1.3	0.2	0.1	1.3	0.3
Depreciation and write-downs	-5.1	-2.2	-4.0	-1.7	-8.2	-1.7
Operating profit	4.1	1.8	8.1	3.5	21.5	4.5
Financial income and expenses	-1.4	-0.6	-2.3	-1.0	-4.0	-0.8
Profit before taxes	2.6	1.1	5.8	2.5	17.4	3.7
Profit for the period	6.2	2.7	4.3	1.9	13.3	2.8
Other comprehensive income						
Translation differences	0.7		0.4		-0.7	
Cash flow hedges	-1.3		-1.3		1.3	
Income tax on other comprehensive income	0.3		0.3		-0.3	
Other comprehensive income for the period, net of taxes	-0.3		-0.6		0.3	
Total comprehensive income	5.9		3.7		13.6	
Profit attributable to shareholders	6.2		4.3		13.3	
Non-controlling interest	0.0		0.0		0.0	
Total comprehensive income attributable to shareholders	5.9		3.7		13.6	
Non-controlling interest	0.0		0.0		0.0	

ASPO GROUP BALANCE SHEET

	6/2012 MEUR	6/2011 MEUR	Change %	12/2011 MEUR
Assets				
Non-current assets				
Intangible assets	15.4	15.7	-1.9	16.1
Goodwill	45.0	40.6	10.8	45.0
Tangible assets	111.9	70.4	58.9	88.8
Available-for-sale assets	0.2	0.2	0.0	0.2
Long-term receivables	1.4	1.6	-12.5	1.6
Shares in associated companies	1.9	1.7	11.8	1.9
Total non-current assets	175.8	130.2	35.0	153.6
Current assets				
Inventories	47.7	46.4	2.8	43.1
Sales and other receivables	66.3	61.5	7.8	57.7
Cash and bank deposits	24.6	13.5	82.2	14.5
Total current assets	138.6	121.4	14.2	115.3
Total assets	314.4	251.6	25.0	268.9
Shareholders' equity and liabilities				
Shareholders’ equity				
Share capital	17.7	17.7	0.0	17.7
Other shareholders’ equity	67.4	64.4	4.7	74.1
Shareholders’ equity attributable to equity holders of the parent	85.1	82.1	3.7	91.8
Non-controlling interest	0.7	0.7	0.0	0.7
Long-term liabilities	120.7	96.5	25.1	108.0
Short-term liabilities	107.9	72.3	49.2	68.4
Total shareholders' equity and liabilities	314.4	251.6	25.0	268.9

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 31.12.2011	17.7	4.3	0.3	26.2	-5.1	-1.1	49.5	91.8	0.7	92.5
Comprehensive income:										
Profit for the period							6.2	6.2		
Translation difference						0.7		0.7		
Cash flow hedge, net of taxes			-1.0					-1.0		
Total comprehensive income			-1.0			0.7	6.2	5.9		
Transactions with owners:										
Repayment of capital				-12.7				-12.7		
Share-based payment				0.2	0.9		-1.0	0.1		
Conversion of convertible bond				0.0						
Total transactions with owners				-12.5	0.9		-1.0	-12.6		
Balance at 30.6.2012	17.7	4.3	-0.7	13.7	-4.2	-0.4	54.7	85.1	0.7	85.8
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							4.3	4.3	0.0	
Translation difference						0.4		0.4		
Cash flow hedge, net of taxes			-1.0					-1.0		
Total comprehensive income			-1.0			0.4	4.3	3.7		
Transactions with owners:										
Dividend payment							-11.1	-11.1		
Share repurchase					-0.1			-0.1		
Share-based payment							0.2	0.2		
Conversion of convertible bond				1.5				1.5		
Rights issue				19.2				19.2		
Total transactions with owners				20.7	-0.1		-10.9	9.7		
Balance at 30.6.2011	17.7	4.3	-1.7	26.1	-4.6	0.0	40.3	82.1	0.7	82.8

ASPO GROUP CASH FLOW STATEMENT

	1-6/2012 MEUR	1-6/2011 MEUR	1-12/2011 MEUR
OPERATIONAL CASH FLOW			
Operating profit	4.1	8.1	21.5
Adjustments to operating profit	2.9	4.5	8.9
Change in working capital	-8.3	-7.8	-3.1
Interest paid	-1.9	-2.3	-4.4
Interest received	0.9	0.3	0.8
Taxes paid	0.1	-0.6	-3.0
Total operational cash flow	-2.2	2.2	20.7
INVESTMENTS			
Investments in tangible and intangible assets	-28.1	-19.0	-41.5
Gains on the sale of tangible and intangible assets	3.2		0.1
Purchases of subsidiary shares	-0.2		-3.3
Total cash flow from investments	-25.1	-19.0	-44.7
FINANCING			
Rights issue		19.2	19.2
Change in short-term borrowings	35.7	-4.2	-5.4
Change in long-term borrowings	14.3	19.5	29.2
Share repurchase		-0.1	-2.0
Share disposal			1.5
Dividends paid		-11.1	-11.1
Repayment of capital	-12.7		
Total financing	37.3	23.3	31.4
Increase / Decrease in liquid funds	10.0	6.5	7.4
Liquid funds in beginning of year	14.5	7.1	7.1
Translation difference	0.1	-0.1	
Liquid funds at period end	24.6	13.5	14.5

KEY FIGURES AND RATIOS

KEY FIGURES AND RATIOS	1-6/2012	1-6/2011	1-12/2011
Earnings per share, EUR	0.20	0.15	0.45
EPS adjusted for dilution, EUR	0.21	0.15	0.45
Equity per share, EUR	2.81	2.72	3.05
Equity ratio, %	27.7	33.7	35.2
Gearing, %	148.4	94.4	94.1

ACCOUNTING PRINCIPLES AND FINANCIAL REPORTING

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting. From April 1, 2012, the internal long-term loans belonging to the Telko segment of Telko’s Ukrainian subsidiary have been reclassified as net investments into international operations under IAS 21. A corresponding principle was applied to the internal long-term loans of Telko’s Belarusian subsidiary as described in the financial statements bulletin for 2011. In other respects, the same accounting principles have been adopted in the interim report as in the Financial Statements on December 31, 2011. The calculation formulas for key indicators are explained in the 2011 financial statements. The information in this report is unaudited.

Helsinki August 21, 2012

ASPO Plc

Aki Ojanen CEO	Arto Meitsalo CFO

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PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Tuesday, August 21, 2012 at 2:00 p.m. at the Akseli Gallen-Kallela cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

FINANCIAL INFORMATION IN 2012

Aspo Plc will publish the following Interim Report in 2012:
for the third quarter on October 25, 2012.

DISTRIBUTION:
NASDAQ OMX Helsinki
Key media
www.aspo.com