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ASPO GROUP INTERIM REPORT JANUARY 1 TO JUNE 30, 2013

Comparable operating profit improved, net sales on a par with the previous year
(Comparative figures are for the corresponding period of 2012. The comparable operating profit has been calculated excluding the sales gain of m/s Hesperia from the profit.)

January–June 2013
- Aspo Group's net sales were on a par with the previous year, EUR 235.9 million (EUR 231.8 million)
- Operating profit amounted to EUR 2.4 million (EUR 1.7 million and the sales gain of EUR 2.4 million from m/s Hesperia)
- Profit before taxes amounted to EUR 0.5 million (EUR 2.6 million)
- Profit for the period was EUR 0.9 million (EUR 6.2 million)*
- Earnings per share amounted to EUR 0.03 (EUR 0.20) *

*The profit for the corresponding period in 2012 included EUR 3.4 million, and the earnings per share approximately EUR 0.10, as a retroactive additional portion for the financial year 2011, which was related to tonnage taxation.

April–June 2013
- Aspo Group's net sales were on a par with the previous year, EUR 123.6 million (EUR 123.0 million)
- Operating profit amounted to EUR 1.5 million (EUR 1.4 million and the sales gain of EUR 2.4 million from m/s Hesperia)
- Profit for the quarter amounted to EUR 0.7 million (EUR 3.5 million)
- Earnings per share were EUR 0.02 (EUR 0.11)

The guidance remains unchanged. Aspo aims to increase its operating profit and to achieve the previous year's level in net sales.

KEY FIGURES

	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	235.9	231.8	481.6
Operating profit, MEUR	2.4	4.1	10.6
Share of net sales, %	1.0	1.8	2.2
Profit before taxes, MEUR	0.5	2.6	7.4
Share of net sales, %	0.2	1.1	1.5
Profit for the period, MEUR	0.9	6.2	10.8
Personnel at the end of period	854	835	871
Earnings per share, EUR	0.03	0.20	0.36
EPS adjusted for dilution, EUR	0.04	0.21	0.37
Equity per share, EUR	2.54	2.81	2.95
Equity ratio, %	25.6	27.7	29.2
Gearing, %	170.2	148.4	131.6

AKI OJANEN, CEO OF ASPO:

In spite of the difficult market situation, we were able to improve our operational profitability. Measures aimed at continuously improving profitability in western markets and seeking growth in the east are

Aspo's key objectives. Improved profitability and management of working capital significantly improved the cash flow from operations for the second quarter, which was strong: EUR 13 million.

Of Aspo’s business operations, Leipurin significantly improved its operating profit and ESL Shipping its comparable operating profit. In particular, shipping operations stabilizing and reaching operational profitability as the historically soft market situation continues are important to Aspo. Leipurin has steadily improved its profitability in bakery raw materials, and deliveries of bakery machines also increased net sales and profit during the period under review. Telko's net sales were on a par with the comparison period, but its operating profit decreased as a result of lower prices of sold raw materials and a softening of demand in the EU market. Kaukomarkkinat increased the efficiency of its operations in Finland, which burdened its operations significantly with non-recurring expenses for the period under review. Kaukomarkkinat now has a lean organization, and its operations focus on customer work in accordance with the new strategy.

In June, the financial and ICT organizations of Aspo and its business operations in Finland were transferred into one company, Aspo Services Ltd. This will lower costs and improve the efficiency and reliability of financial and ICT services. A significant facilitator of the change was the harmonization of IT systems.

Operational efficiency measures carried out by the business operations and the renewal of the financial and ICT organizations will decrease annual expenses in Finland by approximately EUR 2 million. The lower cost level will take full effect starting from the first quarter of 2014.

ESL Shipping's cargo volumes are expected to grow in the Baltic Sea before the winter season, and we expect Telko and Leipurin to operate at the previous level, at minimum. Kaukomarkkinat is expected to become profitable at a monthly level following the steps which have been taken. The second half of the year is traditionally better than the first half for Aspo. We are not changing our guidance."

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, the new financial and ICT service center, and other operations that do not belong to the business units.

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

OPERATIONAL PERFORMANCE

The uncertainty in the global economy has continued. The level of uncertainty concerning the development of the national economies in growth markets, such as Russia, Ukraine, other CIS countries, and China, has increased further. Raw material prices declined during the first half of the year. Global prices of dry bulk cargo, which is especially important for the Group, increased slightly, but are still at a low level historically.

ESL Shipping

ESL Shipping is the leading dry bulk cargo company of the Baltic Sea region. At the end of the review period, the company's fleet consisted of 14 vessels, of which the company owned 12 in full. One was leased and one partially owned.

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	18.8	18.6	0.2	38.2	38.5	72.3
Operating profit, MEUR	1.2	2.6	-1.4	1.7	1.7	3.7
Personnel	202	207	-5	202	207	219

Dry bulk freight rates have remained historically low internationally. ESL Shipping's vessels have mainly been operating in the Baltic Sea and in Northern Europe. One of the two Supramax vessels has been operating overseas in the Atlantic Ocean. ESL Shipping's operations in the Baltic Sea are mainly based on long-term contracts and established customer relationships.

ESL Shipping's net sales for the second quarter remained at the level of the previous year, and comparable operating profit increased significantly to EUR 1.2 million (EUR 0.2 million and sales gain of EUR 2.4 million from m/s Hesperia).

The cargo volume carried by ESL Shipping in April–June amounted to 2.9 million tons (2.7). The transport volumes for the steel industry were low due to the development of raw material prices and underutilization of production capacity. One of the two pusher-barge combinations has been laid up since the beginning of May. As regards the energy industry, transport volumes for coal have been satisfactory, and one of the Supramax vessels has mainly been employed in transporting Russian coal departing from the Baltic Sea. Offshore loading of large ocean vessels utilizing the effective crane capacity of the shipping company's vessels increased from the comparison period. The freight rate of both Supramax vessels was satisfactory during the period under review, considering the general market situation.

Particular attention has been paid to minimizing the fuel consumption of the vessels, and measures to lower the fleet's operational expenses have been successful, which has contributed to profitability. One of the shipping company's vessels underwent dry docking as planned during the period under review. As part of preparations for the implementation of the sulphur directive in 2015, the shipping company has applied for subsidies from the government for post-investments to improve the level of environmental protection.

Leipurin

Leipurin serves the baking and other 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.

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	34.9	32.3	2.6	65.5	62.3	131.1
Operating profit, MEUR	1.2	0.5	0.7	1.9	1.1	4.0
Personnel	277	282	-5	277	282	281

The net sales of the Leipurin business increased during the second quarter to EUR 34.9 million (32.3) and operating profit increased significantly to EUR 1.2 million (0.5).

The level of raw material prices has remained unchanged. The development of net sales from bakery raw materials in Russia continued to be good, while other market areas remained at the level of the comparison period. Net sales from bakery machinery increased as predicted, with several project deliveries taking place during the period under review. The order book for bakery machines has been good.

In the strategically important Russian, Ukrainian and other CIS markets, net sales increased by 13% and the operating profit margin was over 5% in the market area.

Leipurin will continue its investments in developing the organization in Russia, Belarus, Ukraine, and Kazakhstan. After the review period, Leipurin's CEO Matti Väänänen was stationed in St. Petersburg, Russia, with the aim of transferring skills and ensuring profitable growth in this market area.

Paul Taimitarha, M.Sc. (Econ.), was appointed as the new CEO of Leipurin Ltd as of August 5, 2013.

Telko

Telko is the leading expert and supplier of plastic raw materials and industrial chemicals in the Baltic Sea region. The company operates in Finland, the Baltic countries, Scandinavia, Poland, the Czech Republic, Slovakia, Ukraine, Russia, Belarus, Kazakhstan, Uzbekistan, 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.

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	61.6	62.5	-0.9	115.0	115.5	237.7
Operating profit, MEUR	1.6	2.5	-0.9	3.1	4.5	8.4
Personnel	251	247	4	251	247	265

The prices of raw materials sold by Telko decreased throughout the first half of 2013, with the fall accelerating during the second quarter. The effect of price fluctuations are more significant in the chemicals business than in plastic raw materials. Cycles are less significant to Telko's plastic raw materials, since most of Telko's plastic raw materials especially in western markets are engineering plastics whose prices fluctuate little with price developments in basic raw materials.

Basic industrial demand decreased in Finland and Sweden as industrial output decreased. In other market areas, sales volumes either increased slightly or remained unchanged. The uncertainty in the global economy has slowed down growth in Russia, Ukraine and other CIS markets.

In spite of the lower prices, Telko's net sales for the second quarter were almost at the previous year's level, amounting to EUR 61.6 million (62.5). Operating profit decreased to EUR 1.6 million (2.5). Telko's business model includes stocking products locally in order to provide good customer service. The decrease in prices during the review period decreased sales margins for the stocked products, which impaired profitability. Telko's cash flow was strongly positive during the second quarter.

Net sales in Russia, Ukraine, and the other CIS countries decreased slightly to EUR 30.5 million

(32.4). The quantities of raw materials sold increased slightly during the review period, but decreasing prices resulted in lower net sales. The decreased price level of stocked products impaired the sales margin, which affected the profitability of the market area. The operating profit margin of the area was under 5%.

Sales of plastic raw materials increased in Finland and Scandinavia. Sales of industrial chemicals, which are sensitive to cyclical trends, decreased significantly from the comparison period due to a decrease in industrial output.

Kaukomarkkinat

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

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	8.3	9.6	-1.3	17.2	15.5	40.5
Operating profit, MEUR	-1.1	-0.3	-0.8	-1.9	-0.4	-0.6
Personnel	87	87	0	87	87	94

Kaukomarkkinat's net sales decreased from the comparison period to EUR 8.3 million (9.6) and profitability weakened, with the company posting a loss of EUR -1.1 million (-0.3) for the period under review. The loss includes approximately EUR 0.4 million of expenses allocated to the period under review in Finland on the basis of co-determination negotiations. The commissioning of the Koskelo center in Espoo, Finland as a center for training and sales continued. A showroom and training facility was opened in Poland and sales activities began in Latvia.

Kaukomarkkinat reformed its entire organization in Finland. The organization became flatter and sales operations were reorganized. Following the restructuring, costs will decrease by approximately EUR 1 million annually in Finland and the number of personnel will decrease by approximately 15.

Sales of air-source heat pumps are expected to have outperformed the market in Finland as a result of active marketing and competitive products. Sales in China were higher than in the comparison period, owing to a project delivery with a low margin. Net sales and profitability decreased in Poland from the comparison period.

Other operations

Other operations include Aspo Group’s administration, the new financial and ICT service center, and other operations that do not belong to the business units.

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Net sales, MEUR	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit, MEUR	-1.4	-1.5	0.1	-2.4	-2.8	-4.9
Personnel	37	12	25	37	12	12

The profit of other operations was on a par with the comparison period, EUR -1.4 million (-1.5). The number of personnel employed by other operations has increased, with financial and ICT professionals transferring from the business units and Group administration to the joint service center. Following the reorganization, the number of personnel in Group administration is seven.

NET SALES

January–June

Aspo Group's net sales for January–June amounted to EUR 235.9 million (231.8), close to the level of the previous year. The net sales of Leipurin and Kaukomarkkinat increased slightly, while those of ESL Shipping and Telko remained unchanged.

April–June

Aspo Group's net sales for April–June were EUR 123.6 million (123.0). During the second quarter, Leipurin increased its net sales while Telko's net sales decreased slightly. ESL Shipping's net sales were on a par with the comparison period and Kaukomarkkinat's net sales decreased.

Net sales by segment, MEUR

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
ESL Shipping	18.8	18.6	0.2	38.2	38.5	72.3
Leipurin	34.9	32.3	2.6	65.5	62.3	131.1
Telko	61.6	62.5	-0.9	115.0	115.5	237.7
Kaukomarkkinat	8.3	9.6	-1.3	17.2	15.5	40.5
Other operations	0.0	0.0	0.0	0.0	0.0	0.0
Total	123.6	123.0	0.6	235.9	231.8	481.6

There is no considerable inter-segment net sales.

Net sales by market area, MEUR

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
Finland	36.1	39.1	-3.0	76.8	78.7	158.9
Scandinavia	11.0	11.0	0.0	21.9	20.5	42.6
Baltic countries	13.0	12.0	1.0	24.8	23.9	49.4
Russia, Ukraine + other CIS countries	41.6	42.2	-0.6	72.7	72.5	157.8
Other countries	21.9	18.7	3.2	39.7	36.2	72.9
Total	123.6	123.0	0.6	235.9	231.8	481.6

Net sales in Russia, Ukraine, and the other CIS countries were almost at the level of the previous year. During the second quarter, Leipurin increased its net sales in the area while Telko's net sales decreased slightly.

EARNINGS

January–June

Aspo Group's operating profit in January–June amounted to EUR 2.4 million (EUR 1.7 million and the sales gain of EUR 2.4 million from m/s Hesperia). ESL Shipping's comparable operating profit increased significantly to EUR 1.7 million (EUR -0.7 million and the sales gain of EUR 2.4 million from m/s Hesperia). Leipurin's operating profit increased to EUR 1.9 million (1.1). Telko's operating profit decreased by EUR 1.4 million to EUR 3.1 million (4.5). Kaukomarkkinat's operating profit was EUR -1.9 million (-0.4).

Other operations include Aspo Group's administration, the financial and ICT service center and a small share of other items not belonging to the business units. The operating profit of other operations improved and amounted to EUR -2.4 million (-2.8).

April–June

Aspo Group's operating profit in April–June amounted to EUR 1.5 million (3.8). ESL Shipping's comparable operating profit improved to EUR 1.2 million (EUR 0.2 million and the sales gain of EUR 2.4 million from m/s Hesperia). Leipurin's operating profit improved substantially to EUR 1.2 million (0.5). Telko's operating profit decreased to EUR 1.6 million (2.5). Kaukomarkkinat's operating profit weakened and was negative, EUR -1.1 million (-0.3 million). The operating profit of other operations was negative and amounted to EUR -1.4 million (-1.5).

Operating profit by segment, MEUR

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
ESL Shipping	1.2	2.6	-1.4	1.7	1.7	3.7
Leipurin	1.2	0.5	0.7	1.9	1.1	4.0
Telko	1.6	2.5	-0.9	3.1	4.5	8.4
Kaukomarkkinat	-1.1	-0.3	-0.8	-1.9	-0.4	-0.6
Other operations	-1.4	-1.5	0.1	-2.4	-2.8	-4.9
Total	1.5	3.8	-2.3	2.4	4.1	10.6

Earnings per share

Earnings per share were EUR 0.03 (0.20) and diluted earnings per share were EUR 0.04 (0.21). Equity per share was EUR 2.54 (2.81).

The amendment to the tonnage taxation act, which became effective on March 1, 2012, and is applied retroactively from the beginning of 2011, improved earnings per share by approximately EUR 0.10 in the comparison period. The positive impact of the tonnage tax can be seen in the profit after taxes for the period.

ASSETS AND LIABILITIES BY SEGMENT

The assets and liabilities of the business segments are presented in the tables below.

Segments' assets, MEUR

	6/2013	6/2012	12/2012
ESL Shipping	111.0	119.1	116.9
Leipurin	67.7	64.6	69.4
Telko	78.1	76.8	71.7
Kaukomarkkinat	26.1	23.2	28.0
Unallocated items	24.6	30.7	25.2
Total	307.5	314.4	311.2

Segments' liabilities, MEUR

	6/2013	6/2012	12/2012
ESL Shipping	8.8	9.9	9.4
Leipurin	19.2	18.7	22.0
Telko	30.0	27.0	24.2
Kaukomarkkinat	7.5	6.5	12.2
Unallocated items	164.5	166.5	153.2
Total	230.0	228.6	221.0

INVESTMENTS

The Group's investments returned to normal maintenance level and amounted to EUR 2.3 million (28.4) in January–June. Most of the investments made in the comparison period consisted of payments for ESL Shipping’s Supramax vessel orders.

Investments by segment, acquisitions excluded, MEUR

	4-6/2013	4-6/2012	Change	1-6/2013	1-6/2012	1-12/2012
ESL Shipping	0.6	10.8	-10.2	0.7	26.4	26.8
Leipurin	0.3	0.1	0.2	0.5	0.2	1.0
Telko	0.4	0.8	-0.4	0.6	1.8	2.3
Kaukomarkkinat	0.2	0.0	0.2	0.4	0.0	0.4
Other operations	0.0	0.0	0.0	0.1	0.0	0.0
Total	1.5	11.7	-10.2	2.3	28.4	30.5

FINANCING

The Group's financing position weakened. The Group's cash and cash equivalents amounted to EUR 19.3 million (24.6). The consolidated balance sheet included a total of EUR 151.2 million (151.9) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 78.8 million (76.7).

Aspo Group’s net gearing was 170.2% (148.4), and the equity ratio was 25.6% (27.7). The most significant factor affecting the financing position negatively was the payment of approximately EUR 13 million in dividends in the second quarter.

The Group’s cash flow from operations was positive in the reporting period, totaling EUR 2.5 million (-2.2). At the end of the period, the change in working capital stood at EUR -3.7 million (-8.3). During the second quarter, cash flow from operations was EUR 13.4 million, while for the first quarter it was EUR -10.9 million. During the reporting period, both the change in the amount of working capital and improved gross margin had positive effects on the cash flow from operations.

Cash flow from investments was EUR -1.4 million (-25.1); thus, the Group's free cash flow amounted to EUR 1.1 million (-27.3) in the review period.

The amount of binding revolving credit facilities signed between Aspo and its main financing banks totaled EUR 60 million at the end of the period. At the end of the review period, the revolving credit facilities remained undrawn. EUR 49 million of Aspo’s EUR 50 million commercial paper program was in use at the end of the period.

No significant loan agreements will expire in 2013. With regard to the refinancing of the convertible capital loan maturing in the second quarter of 2014, Aspo is exploring the issue of a financial instrument to strengthen its capital structure.

Aspo uses an interest rate swap, which is under hedge accounting, to reduce the interest rate risk. On June 30, 2013, the fair value of the interest rate swap was EUR -0.8 million. Changes in fair value have been recognized in other comprehensive items, and the financial instrument is at level 2.

Convertible capital loan

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

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

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

The continuing uncertainty in the global economy has increased Aspo's strategic and operational risks.

Strategic risks have increased, i.a. due to the weaker outlook of metals industry customers and short-term structural solutions in the energy sector. Changes in the flow of goods in the Baltic Sea due to the sulphur directive, changes in customer structure or other causes may result in negative consequences, but they may also present major opportunities. Strategic risks have increased due to the effects of lower marine cargo prices on international cargo traffic, investment trends and changes to retails structures, especially in western markets. Rapid changes in economic structure may cause risks due to changes in the customer or principal structure or technologies, and due to the large amount of unutilized opportunities that require a quick response. Strategic risks are reduced at Group level by the business being divided into four segments and business being conducted over a wide geographical area.

Operational risks have increased further due to the uncertainty in the business environment. These include risks related to supply chains and persons. The focus of Aspo’s growth is on emerging market areas where growth risks are also affected by factors such as the level of the global market prices for raw materials, exchange rates, interest rate levels, industrial and commercial investments, customer 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. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. The challenging environment in the emerging markets has led to some competitors exiting these markets, which creates further opportunities for Aspo. The demand for Aspo's products and services in western countries has decreased in proportion to the emerging markets, and macroeconomic factors of uncertainty are keeping risk levels high. The changes in demand in emerging markets are showing an opposite trend, but these changes are more difficult to predict with the slowdown in growth.

Aspo has succeeded in keeping its net exchange rate losses small. Active hedging of currency positions and currency flows has also mostly neutralized the effects of changes to exchange rates. While changes in credit loss risk vary between business areas and customers, credit loss risks in general have grown, and to some extent risks have also been realized.

The quantity and probability of loss risks is assessed regularly. In order to verify the amounts insured, Aspo reviews and renews its insurance policies annually. The amounts insured are sufficient, considering the extent of Aspo's operations.

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

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

PERSONNEL

Personnel by segment, period-end

	6/2013	6/2012	Change	12/2012
ESL Shipping	202	207	-5	219
Leipurin	277	282	-5	281
Telko	251	247	4	265
Kaukomarkkinat	87	87	0	94
Other operations	37	12	25	12
Total	854	835	19	871

At the end of the period, Aspo Group had 854 employees (835). The number of personnel has increased in Aspo's growth areas, particularly in Russia, Ukraine, and other CIS countries. The number of personnel employed by other operations has increased due to financial and ICT personnel being transferred from the business units to the joint service center, which correspondingly decreased the number of personnel employed by the business units and Group administration.

Rewarding

Aspo Group has previously applied a profit bonus system, under which part of the Group's profit was paid as a profit bonus to the personnel fund. In the first half of the year, the rewarding system was reformed. The profit bonus system was discontinued and the company adopted a performance bonus program which covers the entire Finnish personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2010, Aspo's Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired a company called Aspo Management Oy, whose entire stock they own. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price. In addition, Aspo assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. Aspo Management Oy also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. At the end of the 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 share-based incentive plan for about 30 persons. The plan will last for three years, but the Board of Directors will decide on the performance criteria and participants each year. The potential reward is based on Aspo Group's earnings per share (EPS) key figure for each performance year of the plan (2012 to 2014). The prerequisite for participation in the plan is that the person acquires Aspo shares, or holds Aspo shares or Aspo Management's shares, up to the number predetermined by the Board of Directors, and undertakes to follow the rules of the plan. No share bonus was paid for the 2012 vesting period since Aspo's result remained below the targeted level. The 2013 vesting period is ongoing.

SHARE CAPITAL AND SHARES

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

During January-June 2013, a total of 985,393 Aspo Plc shares with a market value of EUR 6.0 million were traded on NASDAQ OMX Helsinki, in other words, 3.2% of the stock changed hands. During the period, the stock reached a high of EUR 6.82 and a low of EUR 5.38. The average price was EUR 6.12 and the closing price at period-end was EUR 5.43. At the end of the period, the market value excluding treasury shares was EUR 167.2 million.

The number of Aspo Plc shareholders was 6,814 at period-end. A total of 548,549 shares, or 1.8% of the share capital, were nominee registered or held by non-domestic shareholders.

DECISIONS AT THE ANNUAL SHAREHOLDER'S MEETING

Dividend

The Aspo Plc Annual Shareholders' Meeting on April 10, 2013 adopted the Board of Directors' proposal for payment of a dividend amounting to EUR 0.42 per share. The payment date was April 22, 2013.

Board of Directors and Auditor

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

The authorized public accounting firm Ernst & Young Oy was elected as company auditor.

BOARD AUTHORIZATIONS

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

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

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

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

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

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

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

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

Authorization of the Board to decide on a rights issue

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

EVENTS AFTER THE REPORTING PERIOD

Paul Taimitarha, M.Sc. (Econ.) was appointed as the new CEO of Leipurin Ltd and a member of Aspo Group's Management Board as of August 5, 2013. Leipurin's former CEO Matti Väänänen will assume responsibility for developing the strongly growing Leipurin business in the eastern growth markets, stationed in St. Petersburg.

A fire broke out at Telko's plastic and chemicals warehouse in Ukraine on July 23, 2013. The fire is not expected to have a significant impact on Telko's profit or operations.

OUTLOOK FOR 2013

The continuing uncertainty in the global economy and national economies in recession will lower the production output of Aspo's customers. The estimated decrease in industrial output in the EU in 2013 and raw material prices potentially continuing to decrease, or stabilizing at the current level, may slow down the Group's growth. The share of the Group's sales of Russia, Ukraine, and the other CIS countries, as well other growth markets such as Poland and China, will increase. The growth in Aspo's net sales in the eastern growth markets is expected to slow down from the comparison year, while the increase in volume is expected to continue during the rest of the year.

Aspo aims to increase its operating profit and to achieve the previous year's level in net sales.

ESL Shipping

The transport volume in the steel industry is expected to recover from the low level of the early summer, which would make it possible to end the laying up of the other pusher-barge system during the fall. The shipping company is actively exploring opportunities of finding the pusher-barge fleet new use in which the shipping company's experience in operating in ice conditions could be utilized year-round. The amendment to the legislation on shipping subsidies implemented as of the beginning of July may decrease the amount of the manning subsidy for a pusher-barge if the fleet has to be laid up for part of the year due to fluctuations in demand.

As regards the energy industry, the need for coal transport is expected to grow from the previous year since stocks of coal and Scandinavian water are lower than the previous year. However, the price of coal is low globally. Possible long-distance imports may decrease ESL Shipping's coal cargo volumes in the Baltic Sea.

Demand for offshore loading operations for large vessels (vessel to vessel) has been high, and the market is expected to continue to be good at least until the end of the year, although competition will also increase at the same time. One of the two Supramax vessels will operate in contract traffic between Canada and Brazil during the fall/winter season. ESL Shipping will continue its work to expand the company's operating area and decrease the effect of seasonal and industrial cycles on the shipping company. Two of the company's vessels underwent planned dry docking in July. No other dockings are planned for 2013.

ESL Shipping will continue its technical and financial planning in preparation for the sulphur directive, which will be implemented in 2015. Any investment decisions related to environmental investment subsidies from the Finnish state can only be made once the final subsidies are known. Any delay in the subsidy decision by the government will make it more difficult to complete the required modifications within the deadline prescribed by law.

Leipurin

Profitable organic growth is expected to continue. The new offices create a good foundation for several years of profitable growth in bakery raw material and bakery machinery sales. Deliveries of bakery machinery will increase and profitability will improve significantly compared to the previous year. Leipurin has expanded its offering of bakery machinery, paying special attention to the required bakery technology and price competitiveness in eastern growth markets.

In order to improve the efficiency of its operations and to ensure organic growth in Russia, Belarus, Kazakhstan and Ukraine, Leipurin has strengthened its organization in that Matti Väänänen will assume responsibility for profitable growth in the market area and knowledge transfer as Vice President, stationed in St. Petersburg.

Finland, the Baltic countries and Poland were merged into a single market area earlier in the spring, headed by Vice President Johan Zilliacus. Investments in new premises and the ERP system in Finland in 2012 have lowered the company's expenses.

Telko

Telko's net sales growth depends on the prices of raw materials sold and industrial demand. The price levels are associated with some uncertainty, but it has been estimated that the prices of raw materials bottomed out during the summer, and prices are not expected to decrease significantly for the rest of the year. Moderate volume growth is expected to continue in eastern growth markets. Telko continues to expand in line with its strategy in Russia, Ukraine, and the other CIS countries, as well as in China and Poland. The company will open additional offices in major Russian cities.

As concerns raw materials sold by Telko, the company aims to further increase the share of technical plastics.

Telko is focusing on improving the efficiency of its operations in western markets and achieving profitable growth in eastern growth markets. Telko will develop the sales support functions, customer service, and procurement organization in Finland in 2013 in order to make its purchasing operations more efficient and increase its cost efficiency.

Telko will continue to prepare chemical processing and storage terminal investments, with the aim of establishing new western processing terminals in Russia and Ukraine. The investments would improve product safety and increase the added value of the raw materials sold.

Kaukomarkkinat

Kaukomarkkinat will improve its profitability. The restructured organization supplies energy-efficient solutions to builders. Local energy is utilized with air-source heat pumps and solar systems, among others.

In particular, profitable growth is being sought in the renovation sector in Finland, Poland, Latvia, and Russia. Professionals operating under demanding conditions in Finland are provided with tools and systems including rugged computers and messaging devices. Investments in offering combinations of diverse technologies will continue. In particular, industrial customers are being offered cleantech solutions.

Helsinki, August 20, 2013

ASPO Plc

Board of Directors

ASPO GROUP INCOME STATEMENT

	4-6/2013		4-6/2012	
	MEUR	%	MEUR	%
Net sales	123.6	100.0	123.0	100.0
Other operating income	0.0	0.0	2.9	2.4
Depreciation and impairment	-2.8	-2.3	-2.7	-2.2
Operating profit	1.5	1.2	3.8	3.1
Financial income and expenses	-1.1	-0.9	-0.5	-0.4
Profit before taxes	0.4	0.3	3.2	2.6
Profit for the period	0.7	0.6	3.5	2.8
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Translation differences	-1.7		-0.3	
Cash flow hedges	0.3		-0.1	
Income tax on other comprehensive income	-0.1		0.0	
Other comprehensive income for the period, net of taxes	-1.5		-0.4	
Total comprehensive income	-0.8		3.1	
Profit attributable to shareholders	0.7		3.5	
Non-controlling interest	0.0		0.0	
Total comprehensive income attributable to shareholders	-1.0		3.1	
Non-controlling interest	0.0		0.0	

	1-6/2013		1-6/2012		1-12/2012	
	MEUR	%	MEUR	%	MEUR	%
Net sales	235.9	100.0	231.8	100.0	481.6	100.0
Other operating income	0.3	0.1	3.0	1.3	4.1	0.9
Depreciation and write-downs	-5.6	-2.4	-5.1	-2.2	-10.8	-2.2
Operating profit	2.4	1.0	4.1	1.8	10.6	2.2
Financial income and expenses	-1.9	-0.8	-1.4	-0.6	-3.2	-0.7
Profit before taxes	0.5	0.2	2.6	1.1	7.4	1.5
Profit for the period	0.9	0.4	6.2	2.7	10.8	2.2
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Translation differences	-1.2		0.7		0.6	
Cash flow hedges	0.3		-1.3		-1.5	
Income tax on other comprehensive income	-0.1		0.3		0.4	
Other comprehensive income for the period, net of taxes	-1.0		-0.3		-0.5	
Total comprehensive income	-0.1		5.9		10.3	
Profit attributable to shareholders	0.9		6.2		10.8	
Non-controlling interest	0.0		0.0		0.0	
Total comprehensive income attributable to shareholders	-0.3		5.9		10.3	
Non-controlling interest	0.0		0.0		0.0	

ASPO GROUP BALANCE SHEET

	6/2013 MEUR	6/2012 MEUR	Change %	12/2012 MEUR
Assets				
Non-current assets				
Intangible assets	14.2	15.4	-7.8	14.7
Goodwill	45.3	45.0	0.7	45.3
Tangible assets	105.2	111.9	-6.0	108.3
Available-for-sale assets	0.2	0.2	0.0	0.2
Long-term receivables	3.1	1.4	121.4	3.1
Shares in associated companies	2.0	1.9	5.3	2.2
Total non-current assets	170.0	175.8	-3.3	173.8
Current assets				
Inventories	48.7	47.7	2.1	50.8
Sales and other receivables	69.5	66.3	4.8	65.2
Cash and bank deposits	19.3	24.6	-21.5	21.4
Total current assets	137.5	138.6	-0.8	137.4
Total assets	307.5	314.4	-2.2	311.2
Shareholders' equity and liabilities				
Shareholders’ equity				
Share capital	17.7	17.7	0.0	17.7
Other shareholders’ equity	59.1	67.4	-12.3	71.8
Shareholders’ equity attributable to equity holders of the parent	76.8	85.1	-9.8	89.5
Non-controlling interest	0.7	0.7	0.0	0.7
Long-term liabilities	100.8	120.7	-16.5	96.3
Short-term liabilities	129.2	107.9	19.7	124.7
Total shareholders' equity and liabilities	307.5	314.4	-2.2	311.2

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 31.12.2012	17.7	4.3	-0.8	13.7	-4.2	-0.5	59.3	89.5	0.7	90.2
Comprehensive income:										
Profit for the period							0.9	0.9		
Translation difference						-1.2		-1.2		
Cash flow hedge, net of taxes			0.2					0.2		
Total comprehensive income			0.2			-1.2	0.9	-0.1		
Transactions with owners:										
Dividend payment							-12.7	-12.7		
Share-based payment							0.1	0.1		
Total transactions with owners							-12.6	12.6		
Balance at 30.6.2013	17.7	4.3	-0.6	13.7	-4.2	-1.7	47.6	76.8	0.7	77.5
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
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 capital loan				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

ASPO GROUP CASH FLOW STATEMENT

	1-6/2013 MEUR	1-6/2012 MEUR	1-12/2012 MEUR
OPERATIONAL CASH FLOW			
Operating profit	2.4	4.1	10.6
Adjustments to operating profit	6.0	2.9	7.9
Change in working capital	-3.7	-8.3	-6.2
Interest paid	-1.3	-1.9	-4.0
Interest received	0.2	0.9	1.1
Taxes paid	-1.1	0.1	-0.6
Total operational cash flow	2.5	-2.2	8.8
INVESTMENTS			
Investments in tangible and intangible assets	-1.3	-28.1	-29.8
Gains on the sale of tangible and intangible assets	0.2	3.2	4.0
Purchases of subsidiary shares	-0.3	-0.2	-0.2
Purchases of business operations			-0.3
Associated companies acquired			0.1
Total cash flow from investments	-1.4	-25.1	-26.2
FINANCING			
Change in short-term borrowings	-4.2	35.7	42.3
Change in long-term borrowings	14.0	14.3	-5.4
Dividend payment	-12.7		
Repayment of capital		-12.7	-12.7
Total financing	-2.9	37.3	24.2
Increase / Decrease in liquid funds	-1.8	10.0	6.8
Liquid funds in beginning of year	21.4	14.5	14.5
Translation difference	-0.3	0.1	0.1
Liquid funds at period end	19.3	24.6	21.4

KEY FIGURES AND RATIOS	1-6/2013	1-6/2012	1-12/2012
Earnings per share, EUR	0.03	0.20	0.36
EPS adjusted for dilution, EUR	0.04	0.21	0.37
Equity per share, EUR	2.54	2.81	2.95
Equity ratio, %	25.6	27.7	29.2
Gearing, %	170.2	148.4	131.6

ACCOUNTING PRINCIPLES AND FINANCIAL REPORTING

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting. As of 1 January 2013, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2012 financial statements. The adoption of these new or amended standards has not had any substantial impact on the reported figures. In other respects, the same accounting principles have been adopted in the interim report as in the Financial Statements on December 31, 2012. The calculation principles of key figures are explained on page 98 of the 2012 Annual report. The information in this report is unaudited.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Tuesday August 20, 2013 at 14.00 at the Gallen-Kallela cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

FINANCIAL INFORMATION IN 2013

Aspo Plc will publish the third quarter Interim Report 2013 on Thursday October 24, 2013.

Helsinki August 20, 2013

ASPO Plc

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