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ASPO GROUP INTERIM REPORT JANUARY 1 TO SEPTEMBER 30, 2014

Aspo: Operating profit continues strong growth
(Figures from the corresponding period in 2013 are presented in brackets.)

January–September 2014
- Aspo Group's net sales grew slightly to EUR 360.3 million (EUR 356.0 million)
- Operating profit increased significantly to EUR 17.9 million (EUR 7.0 million)
- Profit before taxes totaled EUR 15.0 million (EUR 4.0 million)
- Profit for the period stood at EUR 14.7 million (EUR 4.2 million)
- Earnings per share were EUR 0.46 (EUR 0.14)

July–September 2014
- Aspo Group's net sales grew to EUR 129.6 million (EUR 120.1 million)
- Operating profit increased significantly to EUR 7.8 million (EUR 4.6 million)
- Profit for the quarter stood at EUR 6.8 million (EUR 3.3 million)
- Earnings per share were EUR 0.22 (EUR 0.11)

Aspo amended its guidance on October 17, 2014. The guidance is as follows: Aspo's operating profit will increase significantly in 2014 compared to 2013 and amount to EUR 22–24 million (operating profit for 2013: EUR 10.8 million).

Aspo's new, amended guidance does not include any positive non-recurring items. Aspo announced on June 17, 2014, that it aims to list Leipurin Plc on the NASDAQ OMX Helsinki stock exchange during the fourth quarter of 2014.

The previous guidance was as follows: Aspo's operating profit will increase significantly in 2014 compared to 2013 and amount to EUR 17–20 million (operating profit for 2013: EUR 10.8 million).

KEY FIGURES

	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	360.3	356.0	476.3
Operating profit, MEUR	17.9	7.0	10.8
Share of net sales, %	5.0	2.0	2.3
Profit before taxes, MEUR	15.0	4.0	6.6
Share of net sales, %	4.2	1.1	1.4
Profit for the period, MEUR	14.7	4.2	8.6
Personnel at the end of period	876	833	869
Earnings per share, EUR	0.46	0.14	0.28
EPS adjusted for dilution, EUR	0.46	0.16	0.30
Equity per share, EUR	3.47	2.62	3.39
Equity ratio, %	33.2	26.2	34.4
Gearing, %	110.5	165.6	98.2

AKI OJANEN, ASPO’S CEO:

"Aspo's profitability has been raised to a whole new level in 2014. Our operating result has developed strongly, even though general uncertainty in the EU and Russia has continued. On October 17, 2014, we were able to improve our outlook for 2014, thanks to our result development which was higher than expected. Thorough understanding of our customers' business operations, hard and long-term development work, determined leadership and successful investments are reflected in the improved profitability. Aspo would have reached even better results if the value of the Russian and Ukrainian currencies had not decreased.

The preparations for listing Leipurin Plc as a separate listed company have proceeded as planned. We aim for listing during the fourth quarter of 2014 in accordance with the original schedule. When the listing takes place, Aspo will continue its structural change strategy with the aim of developing the Group strategically. We will invest in the growth of our businesses and continue to develop our business portfolio. We will also invest in our traditional competence areas. We succeed by building our sales, service and expert organizations without making any significant industrial investments. We will continue to operate in Finland, Scandinavia, the Baltic countries and emerging markets, such as Russia, other CIS countries, Ukraine, China and Poland. The shipping company's vessel investments will focus on the best available environmental technology, fuel efficiency and around-the-year capability to operate in ice areas.

Earnings per share have grown even more rapidly than our operating profit. Already in 2012, ESL Shipping was included in the Finnish tonnage taxation, which has decreased the Group's total tax rate significantly. Earnings per share at the end of the third quarter were EUR 0.46 (EUR 0.14 in 2013).

Russia and its customs union partners Belarus and Kazakhstan, as well as Ukraine are significant home markets for us. Despite the political and economic uncertainty, we were able to maintain a high level of profitability, even though exchange rate losses weakened the result. Leipurin's business model is acyclic and, as a result, uncertainty over the Russian economy has not slowed down Leipurin's euro-denominated growth in the area in bakery raw materials where its net sales and profitability have continued to grow strongly. According to our estimates, Russia's ban on food imports or the EU and U.S. sanctions in force for the time being will not have direct immediate impact on Aspo's business functions or Aspo's result.

We are satisfied with Aspo's result development and our operating results over the third quarter. On September 24, 2014, Aspo's Board of Directors issued a stock exchange release, stating its intention to summon an Extraordinary Shareholders’ Meeting. The Board of Directors will propose that the Shareholders’ Meeting authorize the Board to distribute an extra dividend in shares in Leipurin Plc, in cash or a combination of these two during 2014."

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 financial and ICT service center, and a small number of 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

International economic uncertainty has continued, with industrial production being stagnant. The political and economic uncertainty in the Russian, Ukrainian and other CIS markets, which are important for Aspo, has continued. The Russian ruble and the Ukrainian hryvnia, which decreased in value during the first part of the year, continued their decline during the third quarter. The prices of raw materials sold by Aspo have remained unchanged or decreased.

ESL Shipping

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. At the end of the review period, the company's fleet consisted of 15 vessels, of which the company owned 13 in full, one was leased and one was timechartered.

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	21.6	17.5	4.1	62.0	55.7	77.8
Operating profit, MEUR	4.8	1.8	3.0	10.8	3.5	7.6
Personnel	223	199	24	223	199	210

Dry bulk freight rate indices remain at a historical low. During the third quarter, the market freight rates of large Panamax ships in the Atlantic region, in particular, were low due to low freight volumes. However, demand for ESL Shipping's services strengthened significantly during the period under review. In particular, loading of large ocean liners at sea was highly active. During the review period, ESL Shipping's vessels mainly operated in the Baltic Sea, the North Sea, and in international traffic in the Atlantic and arctic regions in Russia. The shipping company's operations in the Baltic Sea are mainly based on long-term contracts and established customer relationships. During the review period, an agreement was signed on transportation in the arctic region in Russia, and the first Supramax vessel was shipped in the Yamal Peninsula in August. Both Supramax vessels have operated in the area. Weather conditions in the Baltic Sea were unusually favorable for operations.

ESL Shipping’s net sales amounted to EUR 21.6 million (17.5) during the third quarter. Thanks to the more effective use of capacity, the savings made, the good operating conditions and the new market areas, profitability improved substantially. Operating profit stood at EUR 4.8 million (1.8). The volume of cargo carried by ESL Shipping in July–September amounted to 3.1 million tons (2.9). In September, the whole capacity of the shipping company was in use, and the company increased its capacity by time-chartering an additional vessel for the rest of the year. The total volume of transportation within the steel industry, which is important for the shipping company, was slightly higher than in the reference period, with both pusher-barge combinations being employed from the end of August. Loading and unloading operations of large ocean liners taking place at sea, which is important for the shipping company's profitability, was significantly more active during the review period than the reference period. The transportation volume within the energy industry was slightly higher than the year before.

During the review period, one pusher-barge combination was docked as planned. At the same time, the modifications required by the sulphur directive were carried out. During the summer, an energy efficiency investment of EUR 0.5 million was made in one ship during regular operations in order to significantly reduce the ship's fuel consumption.

Leipurin

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

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	34.1	34.3	-0.2	98.7	99.8	136.3
Operating profit, MEUR	1.7	2.0	-0.3	3.9	3.9	5.2
Personnel	292	283	9	292	283	300

The prices of central grain-based volume raw materials decreased through the fall harvest season, and the prices of flours, sugar, grease and oil fell from the reference period which decelerated the growth of net sales. Neither the political crisis between Russia and Ukraine nor the decelerated growth of the national economy has significantly affected the operations of Leipurin's customer companies.

The net sales of Leipurin in the third quarter remained at the previous level and stood at EUR 34.1 million (34.3). Operating profit fell slightly to EUR 1.7 million (2.0), while remaining at a good level with the operating profit margin being 5%. The net sales and operating profit of bakery machines decreased as a consequence of seasonal variation characteristic to machine trade, which constitutes regular seasonal variation.The euro-denominated net sales of bakery raw materials in Russia, Ukraine and other CIS countries grew by 13%, and operating profit improved from the reference period, being some 10% despite the decrease in the value of the Russian ruble.

Total growth in Russia, Ukraine and other CIS countries (bakery raw materials, machinery and services) remained at a regular level. Euro-denominated net sales in the area fell slightly from the reference period and stood at EUR 9.9 million (10.3). The euro-denominated growth and profitability was also affected by the decrease in the value of the ruble by 14% from the end of the reference period. The Russian ban on food imports caused interruptions and disturbances in deliveries but did not have any significant impact on the sales volume, net sales or results.

Strong investments in in-store bakery sales within Finnish retail continued during the third quarter, which reduced the sales of industrial bakery products. Leipurin's investments in the Out-of-home sector, i.e. eating outside the home, continued by developing the service range in Finland, the Baltic countries and Poland. In the Out-of-home sector, profitability is higher than in industrial baking. In the Estonian, Latvian and Lithuanian markets, raw material sales continued as targeted.

Investments aimed at increasing the capacity of industrial baking were most significantly realized in the Baltic region, while investments made in Finland were mainly focused on replacement and efficiency investments. The sale of bakery machines remained at a high level in Russia because of the many-year need to upgrade and improve production.

Telko

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

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	61.1	61.7	-0.6	171.1	176.7	230.2
Operating profit, MEUR	2.1	2.2	-0.1	7.1	5.3	5.8
Personnel	254	241	13	254	241	249

The prices of raw materials sold by Telko turned into a decrease during the third quarter. In part, this was also affected by the lowering price of oil which is used as a raw material for products sold by Telko. In the significant Russian and Ukrainian markets, financial growth decelerated as a result of the political crisis, which was also reflected in industrial demand. In Ukraine, profitability improved from the reference period but sales volumes fell due to slower demand. The decrease in volumes was also affected by Telko's risk management-related activities. In Russia, sales fell when denominated in euro but grew when denominated in the local currency. The Russian political situation did not have as significant effect on the sale of plastic raw materials as it did on the sale of industrial chemicals. Currently, the sanctions imposed on Russia have not had any significant impact on the raw materials sold by Telko. Investments in a regional sales organization in Russia have supported sales during the prevailing situation of slower demand. In the western markets, demand and profitability remained at the reference period's level.

Telko's net sales during the third quarter remained at the reference period's level despite the lower sales prices of raw materials and decreased values of currencies, being EUR 61.1 million (61.7). Operating profit for the review period amounted to EUR 2.1 million (2.2). The operating profit was reduced by the exchange rate loss of EUR 0.4 million caused by the decrease in the value of Russian and Ukrainian currencies. Operating profit margin for the period was 3.4% (3.6). Regardless of the decrease in the value of Russian and Ukrainian currencies, the relative share of the emerging markets from Telko's net sales has remained at the previous year's level. Denominated in local currencies, net sales increased significantly. Net sales in Russia, Ukraine, and other CIS countries amounted to EUR 29.9 million (31.8), decreasing by 6.0%. Operating profit in this market area has decreased from the beginning of the year, being less than 5% during the review period, partly due to decreasing exchange rates.

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.

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	12.8	6.6	6.2	28.5	23.8	32.0
Operating profit, MEUR	0.5	-0.5	1.0	0.3	-2.4	-3.6
Personnel	77	78	-1	77	78	80

Kaukomarkkinat continued to improve its profitability significantly year-on-year. Kaukomarkkinat's net sales amounted to EUR 12.8 million (6.6). Operating profit improved to EUR 0.5 million (-0.5). The operating result was reduced by a single credit loss and expense provision of EUR 0.3 million recognized during the third quarter. The improvement of profitability is caused by the efficiency measures carried out in Finland in 2013 and higher demand in Finnish businesses, in particular. In Finland, the sales of energy-efficiency products remained at the planned level despite the weak economic situation in new and repair construction. The hot midsummer increased demand for cooling solutions. However, the economic recession has increased the uncertainty of households over large energy investments. During the review period, delivery volumes of tablet computers intended for professional use were significantly higher than in the reference period. Significant volumes of new IT products were delivered to healthcare customers.

In Russia, a single delivery of EUR 0.5 million was carried out. Project operations in China developed poorly, with operations showing a loss. Kaukomarkkinat continued to review the suitability of foreign operations for its current strategy. As part of this review, the frequency converter business in Poland was sold to Vacon Plc during the review period. The transaction included the import, sales, and maintenance operations of frequency converters and related equipment in Poland. The deal did not have any significant impact on results. Part of the purchase price reduced the goodwill of Kaukomarkkinat. The transaction was completed on September 1, 2014.

Other operations

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

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Net sales, MEUR	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit, MEUR	-1.3	-0.9	-0.4	-4.2	-3.3	-4.2
Personnel	30	32	-2	30	32	30

The operating profit of other operations was negative at EUR -1.3 million (-0.9). The result was reduced by expert expensed related to the current year’s projects.

NET SALES

January–September

Aspo Group's net sales in January–September stood at EUR 360.3 million (356.0).

July–September

Aspo Group's net sales in July–September grew by EUR 9.5 million to EUR 129.6 million (120.1).

Net sales by segment, MEUR

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
ESL Shipping	21.6	17.5	4.1	62.0	55.7	77.8
Leipurin	34.1	34.3	-0.2	98.7	99.8	136.3
Telko	61.1	61.7	-0.6	171.1	176.7	230.2
Kaukomarkkinat	12.8	6.6	6.2	28.5	23.8	32.0
Other operations	0.0	0.0	0.0	0.0	0.0	0.0
Total	129.6	120.1	9.5	360.3	356.0	476.3

There is no considerable inter-segment net sales.

Net sales by market area, MEUR

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
Finland	44.3	37.5	6.8	121.5	114.3	156.7
Scandinavia	12.1	11.0	1.1	35.2	32.9	43.4
Baltic countries	13.3	12.5	0.8	40.0	37.3	49.8
Russia, Ukraine + other CIS countries	41.2	42.1	-0.9	114.0	114.8	153.0
Other countries	18.7	17.0	1.7	49.6	56.7	73.4
Total	129.6	120.1	9.5	360.3	356.0	476.3

During the review period, net sales increased in various market areas, apart from Russia, Ukraine and other CIS countries. Euro-denominated net sales in Russia, Ukraine, and other CIS countries decreased slightly to EUR 41.2 million (42.1).

EARNINGS

January–September

Aspo Group's operating profit in January–September amounted to EUR 17.9 million (7.0). ESL Shipping's operating profit increased to EUR 10.8 million (3.5). The operating profit of Leipurin amounted to EUR 3.9 million (3.9). Telko's operating profit improved to EUR 7.1 million (5.3). Kaukomarkkinat's operating profit improved by EUR 2.7 million to EUR 0.3 million (-2.4). The operating profit of other operations weakened and was negative at EUR -4.2 million (-3.3).

July–September

Aspo Group's operating profit in July–September amounted to EUR 7.8 million (4.6). ESL Shipping's operating profit increased to EUR 4.8 million (1.8). The operating profit of Leipurin amounted to EUR 1.7 million (2.0). Telko's operating profit amounted to EUR 2.1 million (2.2) and Kaukomarkkinat's operating profit improved to EUR 0.5 million (-0.5). The operating profit of other operations was negative and amounted to EUR -1.3 million (-0.9).

Operating profit by segment, MEUR

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
ESL Shipping	4.8	1.8	3.0	10.8	3.5	7.6
Leipurin	1.7	2.0	-0.3	3.9	3.9	5.2
Telko	2.1	2.2	-0.1	7.1	5.3	5.8
Kaukomarkkinat	0.5	-0.5	1.0	0.3	-2.4	-3.6
Other operations	-1.3	-0.9	-0.4	-4.2	-3.3	-4.2
Total	7.8	4.6	3.2	17.9	7.0	10.8

Earnings per share

Earnings per share were EUR 0.46 (0.14) and diluted earnings per share were EUR 0.46 (0.16). Equity per share was EUR 3.47 (2.62).

ASSETS AND LIABILITIES BY SEGMENT

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

Segments’ assets, MEUR

	9/2014	9/2013	12/2013
ESL Shipping	122.8	110.8	112.7
Leipurin	66.3	68.7	64.4
Telko	78.9	79.4	69.0
Kaukomarkkinat	26.6	23.6	22.4
Unallocated items	27.9	26.3	34.0
Total	322.5	308.8	302.5

Segments’ liabilities, MEUR

	9/2014	9/2013	12/2013
ESL Shipping	11.0	8.0	10.7
Leipurin	20.8	20.4	19.6
Telko	29.5	30.5	23.0
Kaukomarkkinat	5.8	6.0	5.6
Unallocated items	149.7	163.9	140.3
Total	216.8	228.8	199.2

INVESTMENTS

The Group's investments stood at EUR 17.2 million (4.3), the majority of which consisted of the acquisition of the m/s Kallio vessel. Other investments comprised investments due to the sulphur directive and regular maintenance investments.

Investments by segment, acquisitions excluded, MEUR

	7-9/2014	7-9/2013	Change	1-9/2014	1-9/2013	1-12/2013
ESL Shipping	1.0	1.4	-0.4	15.4	2.1	2.2
Leipurin	0.1	0.1	0.0	0.4	0.6	0.7
Telko	0.5	0.4	0.1	1.2	1.0	1.3
Kaukomarkkinat	0.1	0.1	0.0	0.2	0.5	0.5
Other operations	0.0	0.0	0.0	0.0	0.1	0.2
Total	1.7	2.0	-0.3	17.2	4.3	4.9

FINANCING

The Group's financing position improved. The Group's cash and cash equivalents amounted to EUR 22.4 million (18.7). The consolidated balance sheet included a total of EUR 139.3 million (151.2) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 77.5 million (77.6).

Aspo Group's gearing decreased year-on-year and was 110.5% (165.6) and its equity ratio improved to 33.2% (26.2).

The Group's cash flow from operations was positive in January–September, totaling EUR 6.2 million (4.3). At the end of the period, the change in working capital compared to the beginning of the year stood at EUR -16.8 million (-6.7). Cash flow from operations during the third quarter was positive, totaling EUR 8.5 million (1.8).

Cash flow from investments was EUR -13.3 million (-3.0), i.e., the Group's free cash flow amounted to EUR -7.1 million (1.3) in the review period. Cash flow from investments is mainly comprised of a vessel investment by the shipping company made during the first quarter.

The amount of binding revolving credit facilities signed between Aspo and its main financing banks stood at EUR 60 million at the end of the review period. On the closing date, EUR 15 million of the revolving credit facilities had been withdrawn. EUR 25 million of Aspo's commercial paper program of EUR 80 million was in use at the end of the review period.

After the period under review, Aspo signed a revolving credit facility agreement of EUR 40 million with a maturity of three years. The agreement replaces the previous agreement of the same size maturing in 2015.

Aspo has hedged its interest rate risk by means of an interest rate swap subject to hedge accounting. Its fair value on September 30, 2014 was EUR -0.9 million. Changes in fair value have been recognized in other comprehensive income, and the financial instrument is at level 2 of the fair value hierarchy.

Hybrid instrument

On November 18, 2013, Aspo issued an EUR 20 million hybrid bond. The coupon rate of the bond is 7% per annum. The bond has no maturity but the company may exercise an early redemption option after three years from the issuing date. The issue was aimed primarily for domestic institutional investors and it was significantly oversubscribed.

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

Related party loans

Aspo Plc has granted a EUR 2.9 million loan to Aspo Management Oy, one of the company's related parties and controlled by the company, as part of a shareholding plan for the Group. The interest on the loan receivable is 3%. The loan receivable falls due on March 31, 2015. 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

During the review period, Aspo's operating environment became more unstable. The growth of Russian economy has decelerated close to zero, which is not yet reflected in Aspo's operations. Changes in Ukraine and Russia and the sanctions imposed on Russia by the United States and the EU, together with their counter-sanctions, have increased strategic, operational, financing, and loss risks. The sanctions used as a means of political pressure have not had much impact on Aspo, but it is difficult to assess their future impact on Aspo's customers and the service range of its principals. The poor economic situation in Europe, combined with the decelerating trade in Russia, keeps the Finnish economy low, and increases strategic and operational risks.

As the prices of products have increased, consumer demand has decreased, and the growth of the economy has slowed down in Russia and declined in Ukraine. As a result of the weakening of the local currencies, the growth of euro-denominated net sales slows down, while euro-denominated costs decrease in Russia and Ukraine, where Aspo has been able to maintain a high level of profitability. The decline in Ukraine is reflected, not only in trade, but also in the country's financial markets and payments. Aspo has reacted to the weakened situation in Ukraine starting from the fall of 2013 when stocks were decreased and the turnover time of trade receivables was reduced. Items denominated in foreign currencies have been converted to euros, and any changes in foreign exchange rates have rapidly been transferred to prices. The situation is being monitored continuously.

The social objective to reduce the use of coal in energy production has raised its head, which may reduce the transportation volumes of Russian coal. As a result, it is difficult to estimate future transportation volumes. This may also reduce the lightening of large vessels. The weakening of the international freight index has increased the uncertainty related to the profitability of shipping companies, and a number of indices for freight rates have dropped to the level of summer 2013 or a preceding level.

Despite the aggravation of the political situation and the alarming direction of economic development, our strategic risks are evened out by the distribution of our business operations over four segments and our engagement in business operations in a broad geographical area.

In addition to the political crisis, strategic risks are caused by the outlook and production solutions of industrial customers. The current decisions on energy production structures affected by the environmental policy and other political choices may cause changes in industry and energy production, which may decrease the use of fossil fuels and increase alternative forms of energy.

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

Operational risks have remained unchanged due to the economic uncertainty in the business environment. These include risks related to supply chains and individuals. The focus of Aspo’s growth is on emerging market areas, where growth risks are affected by factors, such as the level of and changes in the global market prices for raw materials, exchange rates, interest rate levels, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity of the authorities. Any deceleration in economic growth and production may have an impact on demand for raw materials in the eastern markets. Currently, the political instability in Ukraine is disturbing commercial activities and, if the situation continues, Aspo's growth in Ukraine will slow down. There may be a similar trend in Russia if purchasing power decreases. Furthermore, consumer behavior is reflected in the risks generated through B-to-B customers and their risk levels. The growth opportunities presented by emerging markets boost interest among competitors in launching or expanding business in these areas. The challenges posed by emerging markets and the aggravation of the situation in Ukraine have also caused competitors to withdraw, which creates new opportunities for Aspo.

Hedging against exchange rate changes, particularly in emerging markets, is not possible in all situations. Changes in exchange rates may also reduce equity on the balance sheet as a result of translation differences. While changes in credit loss risks vary between business areas and customers, credit loss risks in general have grown, and to some extent they have also been realized.

The quantity and probability of loss risks are assessed regularly. The amounts insured are sufficient in view of the scope of Aspo's operations, but insurance companies may restrict the validity of insurance policies in areas with military operations. The coverage of life and health insurance policies has been increased in Ukraine.

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

	9/2014	9/2013	Change	12/2013
ESL Shipping	223	199	24	210
Leipurin	292	283	9	300
Telko	254	241	13	249
Kaukomarkkinat	77	78	-1	80
Other operations	30	32	-2	30
Total	876	833	43	869

At the end of the period, Aspo Group had 876 employees (833). The number of personnel has increased with the crew of ESL Shipping's new vessel and in the Telko and Leipurin businesses in Aspo's growth areas, particularly in Russia, Ukraine, and other CIS countries.

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 2013, the rewarding system was reformed. The profit bonus system was discontinued and the company adopted a performance bonus program which covers the entire Finnish personnel. Employees may invest the performance bonus in the personnel fund or withdraw the bonus in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

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

In 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The plan will last for three years, but the Board of Directors will decide on the performance criteria and participants each year. The potential reward is based on Aspo Group's earnings per share (EPS) key figure for each performance year of the plan (2012 to 2014). The prerequisite for participation in the plan is that the person acquires Aspo shares, or holds Aspo shares or Aspo Management's shares, up to the number predetermined by the Board of Directors, and undertakes to follow the rules of the plan. No share bonus was paid for the 2012 vesting period since Aspo's result remained below the targeted level. The Aspo Plc has transferred 19,492 Aspo company-held shares to employees included in the share-based incentive plan for the 2013 vesting period.

SHARE CAPITAL AND SHARES

Aspo Plc's share capital on September 30, 2014 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 164,399 shares; that is, 0.5% 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-September 2014, a total of 3,156,011 Aspo Plc shares with a market value of EUR 18.9 million were traded on Nasdaq Helsinki, in other words, 10.2% of the stock changed hands. During the period, the stock reached a high of EUR 6.54 and a low of EUR 5.21. The average price was EUR 5.98 and the closing price at period-end was EUR 6.47. At the end of the period, the market value excluding treasury shares was EUR 199.3 million.

The number of Aspo Plc shareholders was 8,140 at period-end. A total of 573,444 shares, or 1.9% of the share capital, were nominee registered or held by non-domestic shareholders.

Flagging notification

Aatos Vehmas announced on January 23, 2014 that his holdings have decreased below 5% of the voting rights and share capital of Aspo Plc. According to the notification the shares have been transferred as part of an internal arrangement of Vehmas family's ownership.

DECISIONS AT THE ANNUAL SHAREHOLDERS' MEETING

Dividend

The Aspo Plc Annual Shareholders' Meeting on April 3, 2014 adopted the Board of Directors' proposal for payment of a dividend amounting to EUR 0.21 per share. The payment date was April 15, 2014.

Board of Directors and Auditor

The Annual Shareholders’ Meeting of Aspo Plc re-elected Matti Arteva, Mammu Kaario, 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 3, 2014 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'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 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 2015 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 10, 2013.

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

The Annual Shareholders’ Meeting in 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.

Aspo’s Board of Directors has used its authorization during the review period as the company transferred 19,492 treasury shares related to the share-based incentive plan.

Authorization of the Board to decide on a rights issue

The Annual Shareholders' Meeting in 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 REVIEW PERIOD

Aspo Plc has signed a revolving credit facility agreement amounting to EUR 40 million. The credit is being granted by Pohjola Bank plc. The maturity is three years, and the agreement will replace a revolving credit facility agreement of the same amount, which will expire in 2015.

On October 27, 2014 Jukka Nieminen, Managing Director of Kaukomarkkinat Ltd, has announced that he will resign from his position. Kimmo Liukkonen, M.Sc. (Tech.) (age 49) has been appointed as the acting Managing Director of Kaukomarkkinat Ltd until further notice. Kimmo Liukkonen is a board member of Kaukomarkkinat Ltd. The recruitment process for a new Managing Director has commenced.

OUTLOOK FOR 2014

International economic uncertainty has continued. Uncertainty in Europe has been increased by the continued political conflict between Russia and Ukraine, which has significantly increased the regional risks in Russia, Ukraine, and other CIS countries. Economic recession has continued in Finland, which has decreased the volume of industrial production. The Scandinavian and Baltic markets have been normal during the review period. International sea freight rates are expected to remain low during the rest of the year, while freight volumes in the Baltic Sea are expected to increase year-on-year. Despite the challenging economic situation in our market areas, Aspo estimates that customer behavior and volumes related to its businesses will remain at a good level in 2014.

Aspo's operating profit will increase significantly in 2014 compared to 2013 and amount to EUR 22–24 million (operating profit for 2013: EUR 10.8 million).

ESL Shipping

Transportation volumes within the steel industry are estimated to be slightly higher during the final quarter than in the year before. Demand for transportation within the energy industry will be at a good level at the end of 2014. Demand for the loading and unloading service for large vessels taking place at sea is expected to continue at a high level. Under these circumstances during the rest of the year, the utilization rate of the shipping company's capacity will be high, even though the international freight market for large vessels will be relatively poor, particularly in the Panamax class. The company's Supramax vessels will operate in contractual traffic in the Russian arctic region and the Baltic Sea.

By the end of 2014, all of the company's vessels that do not yet meet the provisions of the sulphur directive will be converted according to the provisions through vessel-specific measures. The vessels will be converted to be suitable for low-sulphur diesel fuel, while also retaining the possibility to use heavy oil in regions where this is allowed. At the same time, alterations improving energy efficiency will also be performed. One docking scheduled during the final quarter has been postponed to be carried out at a more suitable time considering demand for transportation.

The shipping company and ABG Shipyard in India have been involved in negotiations concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. The negotiations have not proceeded in the way the shipping company had hoped and, therefore, the shipping company will commence legal proceedings against ABG Shipyard. Preparations for the legal process are underway. It is estimated that this will not have any significant impact on ESL Shipping's results in 2014.

Leipurin

Volumes of bakery raw materials are expected to grow and profitability is expected to improve. Russia's ban on food imports or the EU and U.S. sanctions in force for the time being will not, according to current knowledge, have significant impact on Leipurin's operations. Organic growth is expected to continue, particularly in Russia, Kazakhstan, Belarus and Ukraine. Demand boosted by the healthier and more diverse bread supply and rapidly developing retail will increase sales. The urgent need to modernize the eastern bakery industry will provide opportunities for increasing machine sales over the long term. Total demand will continue at the current level in Finland, the Baltic countries, and Poland. Frozen and packaged bread imported to Finland will continue to reduce the share of Finnish industrially baked bread from the market. The demand for bakery products in other distribution channels, such as in-store bakeries in the retail sector, will increase, and new product innovations are being developed for lunch restaurants, cafeterias and fast food chains, for example. The order book for bakery machines is normal for the period. Leipurin's operating profit will increase year-on-year in 2014.

Telko

The prices of raw materials sold by Telko are expected to fall from the third quarter's level. The falling oil price has put pressure to lower the prices of raw materials sold by Telko in a situation where general demand has slowed down. However, the price development of raw materials is considerably uncertain due to the impact of political crises on oil prices. In Finland, the general economic situation is expected to remain unchanged. Uncertainty over future economic development has continued in Russia, Ukraine, and other CIS countries. Telko will continue its operations in Russia in accordance with its strategy by expanding into new large cities and will considerably increase direct sales to industrial customers in industrial chemicals as well, which will decrease the share of resellers from total sales. Investigations into a logistics terminal investment in the St. Petersburg region has proceeded and will continue as planned. The relative share of technical plastics and industrial lubricants from Telko's overall sales will be sought to be increased in all of Telko's market areas. Telko is investigating expansion opportunities in technical plastics in Poland, the Czech Republic, and Slovakia.

Kaukomarkkinat

Kaukomarkkinat will specify its strategy with regard to the current poor construction cycle in Finland and the poorly developed local energy operations. However, demand for cooling solutions is expected to grow in the future. Short-term construction volumes will be low. According to long-term estimates, the role of energy efficiency will be even more emphasized in building regulations, and the taxable energy price paid by consumers will increase further, which will increase the sale of energy-efficiency equipment. The sale of reinforced computers is expected to remain high during the final quarter. The field of medical IT systems continues to offer potential for growth. Kaukomarkkinat is operating with a more efficient organization in Finland. The suitability of business operations outside Finland for the Kaukomarkkinat strategy will be assessed during 2014.

Helsinki October 28, 2014

ASPO Plc

Board of Directors

ASPO GROUP INCOME STATEMENT

	7-9/2014		7-9/2013	
	MEUR	%	MEUR	%
Net sales	129.6	100.0	120.1	100.0
Other operating income	0.4	0.3	0.0	0.0
Depreciation and write-downs	-2.8	-2.2	-2.6	-2.2
Operating profit	7.8	6.0	4.6	3.8
Financial income and expenses	-0.4	-0.3	-1.2	-1.0
Profit before taxes	7.4	5.7	3.5	2.9
Profit for the period	6.8	5.2	3.3	2.7
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Translation differences	-1.3		-0.8	
Cash flow hedges	0.0		0.0	
Income tax on other comprehensive income	0.0		0.0	
Other comprehensive income for the period, net of taxes	-1.3		-0.8	
Total comprehensive income	5.5		2.5	
Profit attributable to shareholders	6.8		3.3	
Non-controlling interest	0.0		0.0	
Total comprehensive income attributable to shareholders	5.5		2.5	
Non-controlling interest	0.0		0.0	
Earnings per share, EUR	0.22		0.11	
EPS adjusted for dilution, EUR	0.22		0.12	

	1-9/2014		1-9/2013		1-12/2013	
	MEUR	%	MEUR	%	MEUR	%
Net sales	360.3	100.0	356.0	100.0	476.3	100.0
Other operating income	0.6	0.2	0.3	0.1	0.8	0.2
Depreciation and write-downs	-8.4	-2.3	-8.2	-2.3	-10.8	-2.3
Operating profit	17.9	5.0	7.0	2.0	10.8	2.3
Financial income and expenses	-2.9	-0.8	-3.1	-0.9	-4.1	-0.9
Profit before taxes	15.0	4.2	4.0	1.1	6.6	1.4
Profit for the period	14.7	4.1	4.2	1.2	8.6	1.8
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Translation differences	-5.4		-2.0		-2.8	
Cash flow hedges	-0.1		0.3		0.3	
Income tax on other comprehensive income	0.0		-0.1		-0.1	
Other comprehensive income for the period, net of taxes	-5.5		-1.8		-2.6	
Total comprehensive income	9.2		2.4		6.0	
Profit attributable to shareholders	14.7		4.2		8.6	
Non-controlling interest	0.0		0.0		0.0	
Total comprehensive income attributable to shareholders	9.2		2.4		6.0	
Non-controlling interest	0.0		0.0		0.0	
Earnings per share, EUR	0.46		0.14		0.28	
EPS adjusted for dilution, EUR	0.46		0.16		0.30	

ASPO GROUP BALANCE SHEET

	9/2014 MEUR	9/2013 MEUR	Change %	12/2013 MEUR
Assets				
Non-current assets				
Intangible assets	12.4	13.7	-9.5	13.2
Goodwill	44.4	45.3	-2.0	45.3
Tangible assets	112.6	105.0	7.2	103.4
Available-for-sale assets	0.2	0.2	0.0	0.2
Long-term receivables	4.2	3.0	40.0	4.2
Shares in associated companies	0.0	2.0	-100.0	2.2
Total non-current assets	173.8	169.2	2.7	168.5
Current assets				
Inventories	52.6	52.5	0.2	47.8
Sales and other receivables	73.7	68.4	7.7	57.7
Cash and bank deposits	22.4	18.7	19.8	28.5
Total current assets	148.7	139.6	6.5	134.0
Total assets	322.5	308.8	4.4	302.5
Shareholders' equity and liabilities				
Shareholders’ equity				
Share capital	17.7	17.7	0.0	17.7
Other shareholders’ equity	87.3	61.6	41.7	84.9
Shareholders’ equity attributable to equity holders of the parent	105.0	79.3	32.4	102.6
Non-controlling interest	0.7	0.7	0.0	0.7
Long-term liabilities	87.2	100.6	-13.3	93.8
Short-term liabilities	129.6	128.2	1.1	105.4
Total shareholders' equity and liabilities	322.5	308.8	4.4	302.5

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 31.12.2013	17.7	4.3	-0.6	33.7	-4.3	-3.3	55.1	102.6	0.7	103.3
Comprehensive income:										
Profit for the period							14.7	14.7		
Translation difference						-5.4		-5,4		
Cash flow hedge, net of taxes			-0.1					-0.1		
Total comprehensive income			-0.1			-5.4	14.7	9.2		
Transactions with owners:										
Conversion of convertible capital loan				0.0				0.0		
Repayment of convertible capital loan				-1.7			1.7	0.0		
Dividend payment							-6.4	-6.4		
Interest on hybrid instrument,net of taxes							-0.9	-0.9		
Share-based payment					0.2		0.3	0.5		
Total transactions with owners				-1.7	0.2		-5.3	-6.8		
Balance at 30.9.2014	17.7	4.3	-0.7	32.0	-4.1	-8.7	64.5	105.0	0.7	105.7
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							4.2	4.2		
Translation difference						-2.0		-2.0		
Cash flow hedge, net of taxes			0.2					0.2		
Total comprehensive income			0.2			-2.0	4.2	2.4		
Transactions with owners:										
Dividend payment							-12.7	-12.7		
Share-based payment							0.1	0.1		
Total transactions							-12.6	-12.6		
Balance at 30.9.2013	17.7	4.3	-0.6	13.7	-4.2	-2.5	50.9	79.3	0.7	80.0

ASPO GROUP CASH FLOW STATEMENT

	1-9/2014 MEUR	1-9/2013 MEUR	1-12/2013 MEUR
OPERATIONAL CASH FLOW			
Operating profit	17.9	7.0	10.8
Adjustments to operating profit	9.1	8.5	10.9
Change in working capital	-16.8	-6.7	0.3
Interest paid	-3.0	-2.8	-3.8
Interest received	0.2	0.2	0.5
Taxes paid	-1.2	-1.9	-2.7
Total operational cash flow	6.2	4.3	16.0
INVESTMENTS			
Investments in tangible and intangible assets	-16.2	-3.0	-3.6
Gains of the sale of tangible and intangible assets	0.1	0.3	0.4
Gains of the sale of business operations	0.9		
Purchases of subsidiary shares	-0.3	-0.3	-0.3
Disposal of associated companies	2.2		
Total cash flow from investments	-13.3	-3.0	-3.5
FINANCING			
Change in short-term borrowings	2.9	-4.8	-21.0
Change in long-term borrowings	5.2	13.9	8.9
Hybrid instrument			20.0
Share repurchase			-0.1
Dividends paid	-6.4	-12.7	-12.7
Total financing	1.7	-3.6	-4.9
Increase / Decrease in liquid funds	-5.4	-2.3	7.6
Liquid funds in beginning of year	28.5	21.4	21.4
Translation difference	-0.7	-0.4	-0.5
Liquid funds at period end	22.4	18.7	28.5

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 2014, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2013 financial statements. The adoption of these new or amended standards has not had any substantial impact on the reported figures. In this financial period, Aspo has reclassified the internal long-term loans belonging to the Telko segment of Telko's subsidiary in Kazakhstan as net investments into international operations under IAS 21. A corresponding principle has been applied since 2011 to the long-term loans of Telko's Belarusian and Ukrainian subsidiary. In other respects, the same accounting principles have been adopted in the interim report as in the Financial Statements on December 31, 2013. The calculation principles of key figures are explained on page 98 of the 2013 Annual report. The information in this report is unaudited.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Tuesday October 28, 2014 at 14.00 at the Paavo Nurmi cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

Helsinki October 28, 2014

ASPO Plc

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