ASPO Plc HALF YEAR FINANCIAL REPORT August 17, 2016, at 10:00 a.m.

ASPO GROUP HALF YEAR FINANCIAL REPORT, JANUARY 1 TO JUNE 30, 2016

Aspo: Net sales and operating profit turned into an increase
(Figures from the corresponding period in 2015 are presented in brackets.)

January–June 2016

- Aspo's net sales increased to EUR 214.7 (212.2) million.
- Operating profit improved to EUR 8.1 (7.1) million.
- Profit for the period fell to EUR 5.7 (10.3) million. The profit for the comparative period includes a goodwill impairment loss of EUR 1.3 million and a sales gain of EUR 4.9 million recognized in financial items.
- Earnings per share decreased to EUR 0.16 (0.32).

April–June 2016

- Aspo's net sales increased by 5% to EUR 116.2 (110.2) million.
- Operating profit improved by 17% and stood at EUR 4.8 (4.1) million.
- Profit for the quarter increased slightly to EUR 3.4 (3.3) million.
- Earnings per share were EUR 0.09 (0.10).
- The operating profit of ESL Shipping increased to EUR 2.9 (2.5) million. The operating profit of Telko improved notably to EUR 3.0 (2.3) million. The operating profit of Leipurin was low at EUR 0.4 (0.7) million. The operating profit of Kauko decreased to EUR -0.3 (0.1) million.

Aspo issued a new hybrid bond of EUR 25 million and presented a voluntary tender offer for a hybrid bond issued in 2013. The high interest in transactions and their outcome are indications of the trust investors are showing in Aspo's strategy and its expertise in eastern markets.

Kaukomarkkinat Ltd changed its name to Kauko Ltd.

Net sales in Russia, Ukraine and other CIS countries grew by 18%, and the region became the largest market area for Aspo.

Outlook for 2016

The general market development will continue to be poor, and the operating environment remains exceptionally challenging. Dry bulk freight rates remain at a very low level, which also reduces the profitability of ESL Shipping's Supramax vessels. Signs of recovery can be seen in the industrial production of Aspo's customer companies operating in the EU area. The steep decline in the economies of Russia, Ukraine and other CIS countries has decelerated and, because of a slight increase in oil prices and the strengthening of the Russian ruble, for example the decrease in the Russian GDP is expected to have slowed down or GDP is expected to turn to growth. Interest rates are expected to remain at an unusually low level resulting in moderate financial expenses in Aspo.

Aspo’s guidance for 2016 remains unchanged

The guidance will remain unchanged. Aspo's operating profit will be EUR 17–24 (20.6) million in 2016.

KEY FIGURES

	4-6/ 2016	4-6/ 2015	Change %	**1-6/ 2016**	1-6/ 2015	Change %	1-12/ 2015
Net sales, MEUR	**116.2**	110.2	5.4	**214.7**	212.2	1.2	445.8
Operating profit, MEUR *)	**4.8**	4.1	17.1	**8.1**	7.1	14.1	20.6
Operating profit, %	**4.1**	3.7		**3.8**	3.3		4.6
Profit before taxes, MEUR **)	**3.9**	3.6	8.3	**6.5**	11.1	-41.4	21.3
Profit for the period, MEUR **)	**3.4**	3.3	3.0	**5.7**	10.3	-44.7	19.8
Earnings per share, EUR	**0.09**	0.10	-10.0	**0.16**	0.32	-50.0	0.61
Net cash from operating activities, MEUR	**-4.0**	3.3	-221.2	**-11.0**	-4.1	-168.3	25.0
Equity per share, EUR				**3.44**	3.27		3.36
Return on equity, % (ROE)				**11.0**	20.1		19.1
Equity ratio,%				**33.4**	33.7		33.8
Gearing, %				**115.0**	118.6		101.4
ESL Shipping, operating profit, MEUR	**2.9**	2.5	16.0	**5.1**	5.8	-12.1	14.7
Leipurin, operating profit, MEUR	**0.4**	0.7	-42.9	**0.9**	1.2	-25.0	2.4
Telko, operating profit, MEUR *)	**3.0**	2.3	30.4	**5.3**	5.3	0.0	10.4
Kauko, operating profit, MEUR *)	**-0.3**	0.1	-400.0	**-0.6**	-1.9	68.4	-1.2

Items affecting comparability 1–6/2015
*) The operating profit includes an impairment loss of EUR -1.3 million related to Kauko goodwill.
**) The profit includes an impairment loss of EUR -1.3 million related to Kauko goodwill and a sales gain of EUR 4.9 million recognized in financial items.
Items affecting comparability 1–12/2015
*) The operating profit includes an impairment loss of EUR -1.3 million related to Kauko goodwill, and EUR 0.6 million in charges imposed on Telko by Finnish Customs and related advisor fees.
**) The profit includes an impairment loss of EUR -1.3 million related to Kauko goodwill, a sales gain of EUR 4.9 million recognized in financial items, and EUR 2.0 million in charges imposed by Finnish Customs and related advisor fees.

AKI OJANEN, CEO OF ASPO GROUP COMMENTS Q2:

“Aspo's net sales and operating profit have turned into an increase. Aspo has been able to turn the previous decrease in net sales resulting from the general economic situation into growth, while profitability has improved. Compared with the comparative period, the most significant changes have been the strong euro-denominated growth and high profitability in eastern markets. The growth in eastern markets has accelerated, with net sales in Russia, Ukraine and other CIS countries being EUR 38.1 (32.2) million and growth being 18% during the second quarter. The operating profit in the market area was approximately 5%. Russia, Ukraine and other CIS countries now make up our largest market area. The investments of Aspo's businesses in personnel and operational expansion during the difficult market situation have strengthened our position.

The exceptionally difficult market situation still continues in the international dry bulk cargo market, for example, and the situation is Russia has remained challenging. The investments of Aspo's businesses in special expertise and the distinctiveness of services offered to different industries will be rewarded through high profitability, for example, in the operations of ESL Shipping.

The operating profit of ESL Shipping during the second quarter improved from the comparative period, being at a good level considering the market situation and the summer season. Shipping company's ability to produce good results is the result of its unique ice-strengthened fleet and its service packages offered in new markets. In addition to the Baltic Sea, our vessels have operated in the northern regions of Russia and, in July, they started offering transportation services from the Baffinland in the Canadian arctic to Europe.

Telko's net sales increased and operating profit improved. Net sales grew both in the eastern and western markets. The growth rate of operating profit was higher in the western markets than it was in the eastern markets.

The Group's results are not yet at the target level as a whole. Leipurin and Kauko are both undergoing investments and development activities, which was reflected in their producing weaker results during the second quarter. The Group's general administrative costs fell after the Group improved the efficiency of its use of premises and leased out its unnecessary premises. In addition, lower personnel costs produced cost savings. We are expecting the operating result of other operations to improve annually by approximately EUR 1.5 million.

During the first half of the year, net cash from operating activities was unusually low. Working capital has been tied, in particular, to the strong growth of Telko. We are expecting our net cash from operating activities to turn positive during the second half of the year."

ASPO GROUP

NET SALES

Net sales by segment

	4-6/2016	4-6/2015	Change	**1-6/2016**	1-6/2015	Change	1-12/2015
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
ESL Shipping	**16.7**	18.2	-8.2	**32.9**	36.4	-9.6	76.2
Leipurin	**28.8**	29.7	-3.0	**55.0**	58.0	-5.2	117.8
Telko	**62.2**	55.2	12.7	**111.6**	105.2	6.1	215.3
Kauko	**8.5**	7.1	19.7	**15.2**	12.6	20.6	36.5
Other operations	**0.0**	0.0	-	**0.0**	0.0	-	0.0
Total	**116.2**	110.2	5.4	**214.7**	212.2	1.2	445.8

There is no considerable inter-segment net sales.

Net sales by market area

	4-6/2016	4-6/2015	Change	**1-6/2016**	1-6/2015	Change	1-12/2015
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
Finland	**37.7**	38.5	-2.1	**71.8**	73.9	-2.8	147.7
Scandinavia	**12.6**	12.9	-2.3	**23.4**	24.6	-4.9	51.8
Baltic countries	**12.6**	13.3	-5.3	**24.6**	25.0	-1.6	50.4
Russia, Ukraine + other CIS countries	**38.1**	32.2	18.3	**64.7**	58.6	10.4	128.3
Other countries	**15.2**	13.3	14.3	**30.2**	30.1	0.3	67.6
Total	**116.2**	110.2	5.4	**214.7**	212.2	1.2	445.8

Net sales increased the most in the market area of Russia, Ukraine and other CIS countries, growing by 18%. The increased net sales of Telko had a particular impact on the growth in the region. Net sales of the Other countries market area grew by 14%.

EARNINGS

Operating profit by segment

	4-6/2016 MEUR	4-6/2015 MEUR	Change %	**1-6/2016 MEUR**	1-6/2015 MEUR	Change %	1-12/2015 MEUR
ESL Shipping	**2.9**	2.5	16.0	**5.1**	5.8	-12.1	14.7
Leipurin	**0.4**	0.7	-42.9	**0.9**	1.2	-25.0	2.4
Telko	**3.0**	2.3	30.4	**5.3**	5.3	0.0	10.4
Kauko	**-0.3**	0.1	-400.0	**-0.6**	-1.9	68.4	-1.2
Other operations	**-1.2**	-1.5	20.0	**-2.6**	-3.3	21.2	-5.7
Total	**4.8**	4.1	17.1	**8.1**	7.1	14.1	20.6

Earnings per share

Earnings per share were EUR 0.16 (0.32) for the first half of the year. Equity per share was EUR 3.44 (3.27). The result for the comparative period was significantly improved by a sales gain of EUR 4.9 million recognized in financial items through the sale of shares in Alandia Insurance owned by ESL Shipping. Its effect on earnings per share was approximately EUR 0.16.

Financial targets

Aspo's objective is to reach an average return on equity of over 20%, gearing of up to 100% and an operating profit of 7% with the current structure.

The operating profit rate for the first half of the year was 3.8% (3.3), return on equity was 11.0% (20.1), and gearing was 115.0% (118.6).

OUTLOOK FOR 2016

International economic uncertainty has continued, which has reflected particularly strongly in demand for basic raw materials, reduced the prices of raw materials and weakened the international dry bulk freight rates. The economic cycle is expected to remain weak.

General uncertainty and a poor economic situation will continue in eastern growth markets that are important areas for Aspo, even though the general expectation is that the decrease in, for example, the Russian national economy has decelerated or will turn into increase. It is still difficult to estimate the future development of Russia, Ukraine and other CIS countries and the financial impact of general uncertainty. Exchange rates are expected to continue to fluctuate heavily. Inflation will be lower, but it is expected to remain at a higher than usual level in Russia.

The price of oil is expected to remain at a low level, despite the slight increase during the first part of the year. In general, prices of production raw materials are expected to remain low. The Group will continue to increase its market shares profitably in the strategically important eastern growth markets. While international dry bulk freight rates are expected to remain low, the shipping company has secured the use of its capacity mainly through long-term agreements. The operational profitability of Supramax vessels is expected to improve during the second half of the year thanks to the Arctic region agreements.

The guidance for 2016 will remain unchanged. Aspo's operating profit will be EUR 17–24 (20.6) million in 2016.

ASPO’S BUSINESS OPERATIONS

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 14 vessels, of which the company owned 13 in full and one was leased.

	4-6/2016	4-6/2015	Change %	**1-6/2016**	1-6/2015	Change %	1-12/2015
Net sales, MEUR	**16.7**	18.2	-8.2	**32.9**	36.4	-9.6	76.2
Operating profit, MEUR	**2.9**	2.5	16.0	**5.1**	5.8	-12.1	14.7
Operating profit, %	**17.4**	13.7		**15.5**	15.9		19.3

ESL Shipping's vessels have mainly operated in the Baltic Sea and in Europe according to long-term customer agreements and performed loading and unloading operations at sea. Its Supramax vessels have operated in international traffic, while being partly time-chartered. The shipping company's transportation operations in the Baltic Sea and the North Sea are based on long-term customer agreements and established customer relationships. ESL Shipping expanded its operations to the demanding transportation of project cargo in the Russian arctic where one of its vessels operated during the second quarter. The vessel which was time-chartered until the end of the review period and its crew performed excellently in demanding conditions. Three vessels were docked during the second quarter.

ESL Shipping’s net sales in April–June stood at EUR 16.7 (18.2) million. The decrease in net sales was mostly affected by lower fuel prices and the market situation of Supramax vessels which continued to be poor.

Operating profit in April–June increased clearly from the comparative period to EUR 2.9 (2.5) million, representing 17% (14) of net sales. Profitability was especially improved by the management of costs and capacity, as well as the profitable chartering out of one vessel. The chartering balanced the shipping company's vessel capacity in the Baltic Sea during the summer season, which is usually characterized by low transportation volumes, and there was no need to adapt the pusher-barge fleet or marine personnel as during comparative periods.

The shipping company's Supramax vessels still produced a loss during the second quarter; however, the result was better than during the first quarter. The realized cargo price level of Supramax vessels continued to be significantly above the general spot market level during the review period. The profitability of other vessels improved, and the demand for loading and unloading operations at sea remained high.

ESL Shipping transported 2.4 (2.4) million tons of cargo in April–June, i.e. the same amount as in the year before. In the steel and energy industry, transportation volumes were at the previous year's level. Other transportation made up a higher relative share from operating days than in the comparative period. According to its strategy, the shipping company has started the transportation of biofuels in the Baltic Sea, and it has also succeeded in stabilizing and expanding its operations in the Arctic.

The shipping company's project to build the world's first large LNG-fueled dry bulk cargo vessels is proceeding according to plans.

Net sales during the first half of the year stood at EUR 32.9 (36.4) million, while operating profit was EUR 5.1 (5.8) million.

Outlook for ESL Shipping in 2016

International dry bulk cargo prices are expected to remain low. The freight rates of large dry bulk cargo vessels have remained at a low level, regardless of the recent increase in prices. The situation will also be reflected in the market of large ice-strengthened vessels, reducing the market's price levels.

Most of the shipping company's transportation capacity has been secured in the Baltic Sea and Northern Europe through long-term agreements, and the shipping company's capacity utilization is estimated to be high. The shipping company has signed an agreement on the transportation of raw material from Baffinland in the Canadian Arctic to Europe, and at least one of the two Supramax vessels will operate in this transportation during the shipping season until the end of October. ESL Shipping's services are based on the company's ability to operate in the arctic ice region and unload ships at sea.

Total transportation volumes in the energy industry are expected to be a little higher than in the previous year, largely because of an increase in the transportation of bioenergy. The transportation volumes of the steel industry are expected to remain at the comparative period's level. If required, the capacity will be adapted to the demand by chartering additional external capacity.

Demand for the loading and unloading of large vessels at sea is expected to be high. According to its strategy, the shipping company will continue to expand its customer base, in particular, to customer transportation where the company's operating area can be increased, while utilizing the independent load handling capability and the exceptionally high ice strengthening of its vessels. During the latter half of 2016, three vessel units will be docked as planned.

LEIPURIN

Leipurin is a unique provider of solutions for bakery and confectionery products, the food industry and, according to its revised strategy, the out of home (OOH) market. The solutions offered by Leipurin range, for example, from product development, recipes, raw materials, training and equipment all the way to the design of sales outlets. As part of its full-range services, Leipurin designs, delivers and maintains production lines for the baking industry, baking units and other machinery and equipment required in the food industry. Leipurin uses leading international manufacturers as its raw material and machinery supply partners. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Kazakhstan and Belarus.

	4-6/2016	4-6/2015	Change %	**1-6/2016**	1-6/2015	Change %	1-12/2015
Net sales, MEUR	**28.8**	29.7	-3.0	**55.0**	58.0	-5.2	117.8
Operating profit, MEUR	**0.4**	0.7	-42.9	**0.9**	1.2	-25.0	2.4
Operating profit, %	**1.4**	2.4		**1.6**	2.1		2.0

In western markets, the prices of grain-based and other key raw materials have mainly remained at the comparative period's level, apart from the increasing prices of vegetable oils and palm-based raw materials. In Finland, the total number of bakeries continued to decrease due to market consolidation.

The market situation remained unchanged in other EU countries. In the Baltic region, the use of frozen products is increasing, particularly at in-store bakeries.

In Russian retail, sales fell by approximately 7% during the second quarter compared to the comparative period, with the consumption and price level of industrial bread falling along with the general trend. The increasing range of breads of lower price categories offered by in-store bakeries shifted the consumption of bread towards low-cost products. In Russia, the bakery industry has attempted to replace raw materials with less expensive and locally produced materials. Despite the challenging market situation in Russia, various companies in the bakery industry have recently implemented or issued news of investment projects related to local production. In Russia, inflation in food products fell to approximately 6%. In other operating countries of Leipurin in eastern markets, the market situation remained relatively unchanged from the beginning of the year.

Net sales of Leipurin for the second quarter fell from the comparative period, totaling EUR 28.8 (29.7) million. Operating profit stood at EUR 0.4 (0.7) million. The operating profit rate during the quarter was 1.4% (2.4). Costs were higher than normal due to, for example, the change of Managing Director in February and additional investments made to develop the strategy of Leipurin.

During the second quarter, the net sales of Leipurin bakery raw materials remained at the comparative period’s level in the western markets. In Finland, bakery raw materials operations increased in several product groups and customer segments. Sales in the OOH customer segment, associated with the new strategy in Finland, developed positively. Leipurin e-sales were launched in Finland during the review period. In Poland, net sales of Leipurin fell from the comparative period as sales of frozen berries were postponed to the next quarters. Operations in the Baltic region developed positively.

Net sales of bakery raw materials in the eastern markets, i.e. in Russia, Ukraine and other CIS countries, increased by approximately 8% during the second quarter. In Ukraine, net sales grew as a result of an increase in sales volumes. Sales of the range of frozen products launched in the OOH market in Russia have gotten off to a good start. The operating profit of bakery raw materials in Russia decreased from the comparative period, being approximately 8%.

During the second quarter, net sales of Leipurin in Russia, Ukraine and other CIS countries, including machinery sales, fell from the comparative period and stood at EUR 7.7 (8.0) million, with operating profit being approximately 6%.

Machinery and equipment investments remained at a low level in all operating countries of Leipurin during the second quarter. Net sales of machinery operations fell in all main market areas and operations continued to produce a loss. With regard to principal equipment sales, net sales decreased due to the poor investment demand for baking lines. The result of Leipurin’s own production improved significantly, despite the decrease in net sales. The improvement in Leipurin’s own production was affected by earnings improvement programs and the adaptation of resources at the Nastola factory.

Net sales of Leipurin fell by 5% during the first half of the year and stood at EUR 55.0 (58.0) million. Its operating profit fell to EUR 0.9 (1.2) million. Net sales in Russia, Ukraine and other CIS countries fell by 4% to EUR 13.8 (14.3) million.

Outlook for Leipurin for 2016

The market situation is expected to remain challenging in key markets of Leipurin. The market position is expected to remain strong in the industrial baking sector in Finland, the Baltic region and Russia, with growth being especially expected in the OOH sector.

The weakening of economic situation in Russia is estimated to have stopped but inflation to remain high, due to which willingness to invest will be at a low level in Russia. The purchasing power of consumers is expected to decrease further. The local procurement of bakery raw materials has been increased to replace imported raw materials. The purpose is to respond to changes in demand by developing a product range with more competitive prices. The objective is to increase the share of local raw materials above 50%. Local procurement has been decentralized and, currently, there are already dozens of significant partners. Leipurin will maintain its high profitability and strengthen its market position in the area.

The OOH market comprises a significant new operating area for Leipurin and, during the rest of the year, Leipurin will continue its expansion in the OOH market in the form of various product launches, activities and new business models.

Operational re-evaluations will be continued in machine operations, and measures will be taken to improve profitability.

TELKO

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

	4-6/2016	4-6/2015	Change %	**1-6/2016**	1-6/2015	Change %	1-12/2015
Net sales, MEUR	**62.2**	55.2	12.7	**111.6**	105.2	6.1	215.3
Operating profit, MEUR *)	**3.0**	2.3	30.4	**5.3**	5.3	0.0	10.4
Operating profit, %	**4.8**	4.2		**4.7**	5.0		4.8

*) The operating profit 1-12/2015 includes EUR 0.6 million in charges imposed by Finnish Customs and related advisor fees.

During the second quarter, the prices of the plastic raw materials sold by Telko increased sequentially. The price level of industrial chemicals remained low compared with long-term averages. Demand for raw materials in Telko's geographic operating area has not increased notably.

The increase in the net sales of Telko accelerated during the second quarter. Net sales grew by 13% and stood at EUR 62.2 (55.2) million. The operating profit increased to EUR 3.0 (2.3) million. The operating profit rate rose to 4.8% (4.2). With regard to Telko's market areas, the relative share of the eastern markets from Telko's net sales increased, regardless of the ever challenging market conditions in Russia and Ukraine. Net sales in Russia, Ukraine and other CIS countries totaled EUR 28.6 (24.2) million, representing a growth of 18%. The operating profit rate in the market area was less than 5%. Profitability improved in Russia and fell in Ukraine.

During the second quarter, the net sales and operating profit of the chemicals business increased significantly from the comparative period. The net sales of the plastics business improved, but its profitability decreased, in particular, due to lower profitability in Ukraine. Operations involving Castrol's automotive motor oils started in Finland during the second quarter.

Net sales of Telko increased by 6% during the first half of the year and stood at EUR 111.6 (105.2) million. The operating profit remained at the level of the corresponding period in the previous year, being EUR 5.3 (5.3) million. Net sales in Russia, Ukraine and other CIS countries totaled EUR 47.9 (43.5) million, representing an increase of 10%.

Outlook for Telko for 2016

The prices of chemicals and plastics used in the industry are expected to remain low due to low oil prices and industrial demand.

Total demand in Telko's western markets is expected to develop positively. General development in the eastern markets is difficult to evaluate. The steep decline in the Russian national economy is expected to stop and possibly turn to an increase. There will be moderate industrial investments in the eastern markets due to strong fluctuations in exchange rates and high interest rates.

In the eastern markets, the decrease in the total demand for the products supplied by Telko seems to have stopped, but no significant growth is still not to be expected. The main design process for the logistics center to be built in the St. Petersburg region is underway and is expected to be completed by the end of the year. The construction schedule will be decided on later once the permits required for the premises have been obtained. This investment supports Telko’s strategy in Russia and strengthens the company’s future position in the Russian market.

KAUKO

Kauko is a specialist in demanding mobile knowledge work environments. It supplies the best tools, solutions for improving productivity and services for securing effective use for the needs of healthcare services, industries, logistics and the authorities. Kauko solutions combine customized applications, devices and services. Its product range also includes products that improve energy efficiency. Kauko's key market areas are Finland and Germany.

	4-6/2016	4-6/2015	Change %	**1-6/2016**	1-6/2015	Change %	1-12/2015
Net sales, MEUR	**8.5**	7.1	19.7	**15.2**	12.6	20.6	36.5
Operating profit, MEUR *)	**-0.3**	0.1	-400.0	**-0.6**	-1.9	68.4	-1.2
Operating profit, %	**-3.5**	1.4		**-3.9**	-15.1		-3.3

*) In 2015 the operating profit included a EUR 1.3 million goodwill impairment loss recognized in the first quarter.

Kauko’s business operations developed as planned during the second quarter. Kaukomarkkinat changed its name to Kauko and modernized its brand to better respond to the strategy of mobile knowledge work.

Net sales of Kauko grew by 20% in the second quarter, amounting to EUR 8.5 (7.1) million. Its operating result stood at EUR -0.3 (0.1) million.

Net sales of mobile knowledge work were at the comparative period's level, and a significant agreement on hardware sales was signed in Finland during the second quarter. Contractual deliveries will take place during the second half of the year. Orders for the third quarter are at a good level. The company invested in its ability to build total solutions for mobile knowledge work by recruiting new key employees, which increased costs. The first projects associated with total solutions for mobile knowledge work have been started in Finland.

Kauko GmbH, a company established in Germany, will first focus on the healthcare sector and the sale of the mobile workstation developed by Kauko in the healthcare sector in Germany and Central Europe. During the review period, the company recruited new key employees in Germany, which increased costs. Operations in Germany will produce a loss during the initial stages.

Sales of energy-efficiency equipment developed positively compared with the comparative period. The most rapid growth was seen in solar power systems, whereas sales of air source heat pumps were lower than in the comparative period.

Net sales of Kauko in the first half of the year increased by 21% to EUR 15.2 (12.6) million. Its operating result stood at EUR -0.6 (-1.9) million. The operating result was reduced in the comparative period by the sale of the Industrial business, in conjunction with which Aspo assessed the goodwill of the Kauko segment, and recognized an impairment loss of EUR 1.3 million.

Outlook for Kauko for 2016

Kauko modernized its brand and customer communications during the spring by changing its name to Kauko and revising its identity and communications elements in full. According to its new strategy, Kauko continued to recruit key employees and expand its service range during the spring. Kauko will invest in the development and sale of solutions for demanding mobile knowledge work. This requires the recruitment of additional technical and commercial specialists and the further development of internal operating models.

Total solutions for mobile knowledge work and maintenance agreements in accordance with the new strategy are expected to make up larger shares of net sales. Kauko will invest in total solutions that combine customized applications, devices and services. The authorities and the fields of logistics, industry and healthcare, in particular, are expected to show high demand for the mobile knowledge work solutions offered by Kauko, at first in Finland and Germany, followed by other European markets.

The volumes and profitability of energy products are expected to improve, in particular, through the growing demand for solar power systems.

OTHER OPERATIONS

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

	4-6/2016	4-6/2015	Change %	**1-6/2016**	1-6/2015	Change %	1-12/2015
Net sales, MEUR	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0
Operating profit, MEUR	**-1.2**	-1.5	20.0	**-2.6**	-3.3	21.2	-5.7

The operating profit of other operations was EUR -1.2 (-1.5) million for the second quarter and EUR -2.6 (-3.3) million for the first half of the year. This improvement is based on a decrease in fixed costs achieved by improved effiency, for example, in rents and employee benefit expenses.

FINANCING

The Group's cash and cash equivalents totaled EUR 19.3 million (12/2015: EUR 23.9 million). The consolidated balance sheet included a total of EUR 140.4 million in interest-bearing liabilities (12/2015: EUR 127.9 million). The average rate of interest-bearing liabilities was 1.6% at the end of the review period (12/2015: 1.7%). Non-interest-bearing liabilities totaled EUR 72.3 million (12/2015 EUR 74.3 million).

Aspo Group's gearing was 115.0% (12/2015: 101.4%) and its equity ratio was 33.4% (12/2015: 33.8%). At the end of the second quarter of 2015, gearing was 118.6% and the equity ratio was 33.7%. A dividend of EUR 12.5 million was paid in the second quarter.

The Group’s net cash from operating activities in January–June decreased from the comparative period to EUR -11.0 (-4.1) million. During the review period, the change in working capital stood at EUR -22.7 (-16.2) million. Working capital has been tied, in particular, to the strong growth of Telko.

Net cash from investing activities totaled EUR -2.1 (2.6) million. Sales gain from shares had a positive impact on net cash from investing activities during the comparative period. The Group’s free cash flow (net cash from operating activities + net cash from investing activities) was EUR -13.1 (-1.5) million.

The amount of committed revolving credit facilities signed between Aspo and its main financing banks stood at EUR 60 million at the end of the review period. The revolving credit facilities remained fully unused at the end of the review period. During the quarter, a revolving credit facility of EUR 20 million was signed to replace a facility of a similar amount to fall due at the end of 2016. No other significant loan agreements will expire in 2016. EUR 19 million of Aspo’s EUR 80 million commercial paper program were in use.

On May 27, 2016, Aspo issued a new hybrid bond of EUR 25 million. The fixed coupon rate of the bond is 6.75% per annum. The bond has no specified maturity date, but the company may exercise an early redemption option after four years of its issuance date. On May 26, 2016, Aspo announced the result of a voluntary tender offer for a hybrid bond it issued in November 2013. EUR 15.4 million of the total loan capital of EUR 20 million was accepted for purchase by Aspo. Aspo may exercise an early redemption option of the remaining loan capital in November 2016.

Aspo has hedged its interest rate risk by means of an interest rate swap. Its fair value on June 30, 2016 was EUR -0.8 million. The financial instrument is on level 2 of the fair value hierarchy.

Aspo Group has hedged its currency-denominated cash flows associated with the acquisition of new vessels using currency forward agreements, to which hedge accounting is applied. The nominal value of these currency forward agreements is EUR 38.5 million, and their fair value was EUR -0.3 million on June 30, 2016. The financial instrument is on level 2 of the fair value hierarchy.

INVESTMENTS

The Group's investments stood at EUR 1.6 (1.1) million in the second quarter, consisting mainly of maintenance investments.

Investments by segment, acquisitions excluded

	4-6/2016 MEUR	4-6/2015 MEUR	Change %	**1-6/2016 MEUR**	1-6/2015 MEUR	Change %	1-12/2015 MEUR
ESL Shipping	**1.2**	0.7	71.4	**1.6**	1.4	14.3	13.2
Leipurin	**0.1**	0.2	-50.0	**0.1**	0.3	-66.7	0.5
Telko	**0.3**	0.1	200.0	**0.5**	0.5	0.0	1.0
Kauko	**0.0**	0.0	-	**0.0**	0.0	-	0.1
Other operations	**0.0**	0.1	-100.0	**0.0**	0.1	-100.0	0.3
Total	**1.6**	1.1	45.5	**2.2**	2.3	-4.3	15.1

PERSONNEL

Personnel by segment, period-end

	6/2016	6/2015	Change %	12/2015
ESL Shipping	**226**	221	2.3	223
Leipurin	**316**	287	10.1	299
Telko	**268**	259	3.5	265
Kauko	**48**	44	9.1	46
Other operations	**23**	24	-4.2	24
Total	**881**	835	5.5	857

At the end of the review period, Aspo Group had 881 (835) employees. The number of personnel has increased, in particular, in the Russian companies of Leipurin and Telko. The personnel of Kauko has increased as a result of its new operations in Germany.

Rewarding

In 2015, the Board of Directors of Aspo Plc approved a share-based incentive plan for about 30 persons. The plan includes three earnings periods, the calendar years 2015, 2016 and 2017. The Board of Directors will decide on the plan's performance criteria and required performance levels for each criterion at the beginning of each earnings period.

The reward from the earnings period 2015 was based on the Group's earnings per share (EPS). On the basis of the 2015 earnings period, employees included in the plan received 88,970 treasury shares as a share-based reward, as well as cash equaling the value of the shares in order to pay taxes.

The reward from the 2016 earnings period will be based on the Group's earnings per share (EPS). The possible reward from the 2016 earnings period will be paid in 2017, partly in treasury shares and partly in cash to cover any taxes and tax-related costs arising from the reward. At most 112,250 treasury shares will be granted, and the amount paid in cash will correspond at most to the value of the shares on the payment date.

RISKS AND RISK MANAGEMENT

Aspo has operated in an exceptionally challenging business environment. The economic situation continues to be poor in Aspo's operating countries but, during the second quarter, it did not decrease heavily in any country. GNP is growing slowly in western countries and while the decline has decelerated in the east, inflation still remains high. Cargo prices are low, even though they have turned to a slight increase. Despite a slight recovery, the general economic uncertainty maintains risks in all of Aspo's businesses.

The good results of operations in Russia may suffer as a consequence of the general uncertainty in the region and the exceptionally high profitability resulting from the unstable market in Ukraine is returning to normal. In particular the uncertainty in eastern markets and any changes in exchange rates may have an impact on demand for and the competitiveness of products. Growth in eastern and western markets is limited by the low demand for investment assets.

Strategic risks

In addition to the western markets, Aspo is operating in areas where the economy may increase or decrease and, as a result of this development, business preconditions may either improve or weaken significantly.

As a result of an increase in the prices of imported products, consumer demand has slowed down and the economy has contracted in Russia and Ukraine. According to estimates, the Russian economy will turn to growth during the next year. Even though any weakening currencies decelerate euro-denominated growth in net sales, euro-denominated costs will also decrease in Russia and Ukraine. In addition to trade, the decreased economic situation is reflected in financial markets, payments and companies' investments in Russia and Ukraine.

In Russia, the increase in the prices of imported goods and any impact of financial sanctions are reduced through local procurement operations. Raw materials and products produced in Russia having been increasingly entered into production despite the decrease in quality.

A key element in Aspo’s strategy is the implementation of various structural changes. If the current economic situation continues or even weakens, structural changes within Aspo may become more difficult.

Financial sanctions or any other obstacles caused by the current situation in Russia may, in part, reduce coal transportation volumes from Russia, and decrease unloading services for large ocean liners at sea. The social objective to reduce the consumption of coal in energy production has increased in significance, which may reduce the need to transport coal. The need for replacement energy products may correspondingly increase transportation volumes and, for this reason, it is difficult to estimate future volumes. The low level of international freight indices and the increases in international vessels in certain size categories have increased uncertainty over the long-term profitability of shipping companies.

In addition to the internationally poor economic situation and the political atmosphere, strategic risks are caused by the outlook and production solutions of industrial customers. Decisions on energy production structures affected by the environmental policy and other political choices may cause changes in industry and energy production that may decrease the use of fossil fuels and increase the use of alternative forms of energy. The flow of goods in the Baltic Sea may change as a result of steel production, cost structures, changes in the customer structure, such as centralization, or for other reasons. These changes may have negative consequences on operations as the need for transportation decreases, but they can also be seen as significant opportunities. As a result of low cargo prices in global maritime transport, competition for cargo may become more intense in the Baltic Sea area, as well.

Strategic risks are affected by long-term changes in cargo prices, investment trends, and changes in trade structures, especially in western markets. In eastern markets, risks are increased by such factors as political instability, social structures or the lack of any reaction to the difficulties encountered by business operations. The accumulation of investments may cause long-term changes in the competitive situation and customer behavior.

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. Despite the aggravation of the political situation and the alarming direction of economic development, Aspo's strategic risks are evened out by the distribution of business operations over four segments, its engagement in business operations in a broad geographical area, and its ability to react quickly to changing situations.

Operational risks

Even though economic uncertainty in Aspo's operating environment has evened out during the review period, operational risks have remained unchanged. These include risks related to supply chains and persons.

The focus of Aspo's growth has for long been on emerging market areas, where risks decelerating growth are affected by factors such as exchange and interest rates, the level of and changes in the global market prices of raw materials, industrial and commercial investments, customer liquidity, changes in legislation and import regulations, and inactivity by the authorities or corruption.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials in the eastern markets. The political and economic instability in Ukraine is disturbing commercial activities and, if the situation continues, the growth of Aspo's business operations in Ukraine will slow down. There may be a similar trend in Russia and other CIS countries 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 are encouraging interest among competitors in starting or expanding business operations in these areas. The challenging emerging markets and the escalated situation in Ukraine have also caused competitors to withdraw from the area, which has created new potential for Aspo's businesses, increased their market shares and, in some business areas, even improved profitability.

Hedging against exchange rate changes is not possible in all conditions, and especially without interruptions. Changes in exchange rates may also weaken results and reduce equity on the balance sheet as a result of translation differences. Then again, changes in exchange rates may also strengthen the result and balance sheet. As changes in credit loss risks are diversified across businesses and customers, Aspo's businesses have not been subjected to any significant credit losses. However, the limits of credit insurers have become tighter and, in general, credit loss risks have increased and been realized to some extent.

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 as a result of risks increasing for various reasons.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, 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 control principles approved by the Board of Directors, risk management is part of Aspo's internal control, 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 management of operations. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

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

A more detailed account of the risk management policy and the most significant risks has been published in the Year 2015 report and on the company's website. More detailed information on financing risks can be found in the notes to the financial statements.

SHARE CAPITAL AND SHARES

Aspo Plc’s share capital on June 30, 2016 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 390,951 shares; that is, 1.3% 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 Helsinki Oy’s Mid Cap segment under industrial products and services.

During January-June 2016, a total of 1,424,313 Aspo Plc shares with a market value of EUR 9.7 million were traded on Nasdaq Helsinki, in other words, 4.6% of the shares changed hands. During the review period, the share price reached a high of EUR 7.59 and a low of EUR 6.00. The average price was EUR 6.77 and the closing price at period-end was EUR 6.42. At the end of the review period, the market value excluding treasury shares was EUR 196.4 million.

The number of Aspo Plc shareholders was 9,168 at period-end. A total of 648,816 shares, or 2.1% of the share capital, were nominee registered or held by non-domestic shareholders.

Aspo Plc’s new trading code (stock symbol) in Nasdaq Helsinki is ASPO. Previously it was ASU1V. The new trading code was effective on June 27, 2016.

Flagging notification

On May 31, 2016 shareholder Tatu Vehmas informed that Aatos Vehmas and Liisa Vehmas have authorized him to use the voting rights of Aspo shares owned by them so that his share of the voting rights in Aspo Plc has increased above five per cent (5%).

DECISIONS AT THE SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 7, 2016, approved the payment of a dividend totalling EUR 0.41 per share according to the Board’s proposal. The dividend’s payment date was April 18, 2016.

Board of Directors and Auditor

The Annual Shareholders’ Meeting re-elected to the Board of Directors LL.M, MBA Mammu Kaario, LL.M. Roberto Lencioni, B.Sc. (Econ.), eMBA Gustav Nyberg and M.Sc. (Tech.) Risto Salo and M.Sc. (Econ.) Mikael Laine and D.Sc. (Econ.) Salla Pöyry were elected as new members of the Board of Directors. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected as Chairman of the Board and Roberto Lencioni as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit Committee and Mammu Kaario, Mikael Laine and Salla Pöyry as committee members. The authorized public accounting firm Ernst & Young Oy was elected as company auditor.

Shareholders' Nomination Board

The Annual Shareholders' Meeting decided to establish a permanent Shareholders' Nomination Board to prepare proposals to the Annual Shareholders' Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board committees. In addition, the Meeting adopted the Charter of the Shareholders' Nomination Board.

Board authorizations

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

The Annual Shareholders' Meeting on April 7, 2016 authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares using the unrestricted equity of the company. The authorization includes the right to accept treasury shares as a pledge. The authorization will remain in force until the Annual Shareholders' Meeting in 2017 but not more than 18 months from the approval at the Shareholders' Meeting. The Board of Directors has not used the authorization.

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

The Annual Shareholders' Meeting on April 9, 2015, authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization will remain in force until September 30, 2018.

The Board of Directors has used the authorization on March 18, 2016 and granted 88,970 treasury shares to employees included in the earnings period 2015 of the share-based incentive plan 2015-2017.

Authorization of the Board of Directors to decide on a rights issue

The Annual Shareholders' Meeting on April 9, 2015, authorized the Board of Directors to decide on a rights issue for consideration. The authorization is proposed to include the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization will remain in force until September 30, 2018. The Board of Directors has not used the authorization.

ASPO BOARD OF DIRECTOR'S DECISION CONCERNING THE DIVIDENDS STARTING FROM 2017

Following the global trend, the Board of Directors of Aspo Plc has decided to propose to the Annual Shareholders' Meeting that a twice-a-year distribution policy be adopted starting from 2017.

Aspo Board of Directors has also confirmed that Aspo will maintain its current dividend policy, whereby the company distributes in dividends at least half of the annual profit on average.

LEGAL PROCEEDINGS

On February 27, 2015, the Helsinki District Court announced its judgement in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001-2004. According to the judgement, the Finnish State will be required to refund to ESL Shipping approximately EUR 3.0 million in accordance with the company's claim, as well as legal expenses and interest. The State lodged an appeal against the District Court's judgement and, in its ruling issued on August 8, 2016, the Court of Appeal overruled the Helsinki District Court's judgement and dismissed ESL Shipping's legal action as time-barred. The company is considering to apply for a leave to appeal from the Supreme Court.

The shipping company won legal proceedings against Indian ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of ruling will be taken into account in the interim report during the period over which the imposed payment is received.

Helsinki August 17, 2016

ASPO Plc

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4-6/2016		4-6/2015	
	MEUR	%	MEUR	%
Net sales	116.2	100.0	110.2	100.0
Other operating income	0.5	0.4	0.4	0.4
Materials and services	-85.3	-73.4	-79.5	-72.1
Employee benefit expenses	-10.5	-9.0	-9.8	-8.9
Depreciation, amortization and impairment losses	-2.9	-2.5	-2.6	-2.4
Other operating expenses	-13.2	-11.4	-14.6	-13.2
Operating profit	4.8	4.1	4.1	3.7
Financial income and expenses	-0.9	-0.8	-0.5	-0.5
Profit before taxes	3.9	3.4	3.6	3.3
Income taxes	-0.5	-0.4	-0.3	-0.3
Profit for the period	3.4	2.9	3.3	3.0
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	1.8		0.2	
Cash flow hedges	1.0		0.1	
Available-for-sale financial assets			0.0	
Reclassification			0.0	
Income tax on other comprehensive income	-0.1		0.0	
Other comprehensive income for the period, net of taxes	2.7		0.3	
Total comprehensive income	6.1		3.6	
Profit attributable to shareholders	3.4		3.3	
Total comprehensive income attributable to shareholders	6.1		3.6	
Earnings per share, EUR	0.09		0.10	
Diluted earnings per share, EUR	0.09		0.10	

	1-6/2016 MEUR	%	1-6/2015 MEUR	%	1-12/2015 MEUR	%
Net sales	214.7	100.0	212.2	100.0	445.8	100.0
Other operating income	0.6	0.3	0.9	0.4	1.2	0.3
Materials and services	-155.6	-72.5	-150.6	-71.0	-318.2	-71.4
Employee benefit expenses	-20.6	-9.6	-21.1	-9.9	-41.0	-9.2
Depreciation, amortization and impairment losses	-5.7	-2.7	-6.7	-3.2	-12.5	-2.8
Other operating expenses	-25.3	-11.8	-27.6	-13.0	-54.7	-12.3
Operating profit	8.1	3.8	7.1	3.3	20.6	4.6
Financial income and expenses	-1.6	-0.7	4.0	1.9	0.7	0.2
Profit before taxes	6.5	3.0	11.1	5.2	21.3	4.8
Income taxes	-0.8	-0.4	-0.8	-0.4	-1.5	-0.3
Profit for the period	5.7	2.7	10.3	4.9	19.8	4.4
Other comprehensive income Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences	1.5		0.5		-5.8	
Cash flow hedges	-0.7		0.1		0.3	
Available-for-sale financial assets			1.8		1.8	
Reclassification			-4.9		-4.9	
Income tax on other comprehensive income	0.0		0.6		0.6	
Other comprehensive income for the period, net of taxes	0.8		-1.9		-8.0	
Total comprehensive income	6.5		8.4		11.8	
Profit attributable to shareholders	5.7		10.3		19.8	
Total comprehensive income attributable to shareholders	6.5		8.4		11.8	
Earnings per share, EUR	0.16		0.32		0.61	
Diluted earning per share, EUR	0.16		0.32		0.61	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	6/2016 MEUR	6/2015 MEUR	Change %	12/2015 MEUR
Assets				
Other intangible assets	10.1	11.8	-14.4	11.1
Goodwill	42.7	42.7	0.0	42.7
Tangible assets	113.8	108.8	4.6	116.4
Available-for-sale financial assets	0.2	0.2	0.0	0.2
Receivables	3.6	3.8	-5.3	3.8
Total non-current assets	170.4	167.3	1.9	174.2
Inventories	65.7	52.0	26.3	48.4
Accounts receivable and other receivables	62.6	64.1	-2.3	58.3
Cash and cash equivalents	19.3	14.9	29.5	23.9
Total current assets	147.6	131.0	12.7	130.6
Total assets	318.0	298.3	6.6	304.8
Equity and liabilities				
Share capital	17.7	17.7	0.0	17.7
Other equity	87.6	82.1	6.7	84.9
Total equity	105.3	99.8	5.5	102.6
Non-current liabilities	116.3	78.0	49.1	121.1
Current liabilities	96.4	120.5	-20.0	81.1
Total shareholders' equity and liabilities	318.0	298.3	6.6	304.8

ASPO GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Fair value reserve
D = Other reserves
E = Treasury shares
F = Translation differences
G = Retained earnings
H = Total

MEUR	A	B	C	D	E	F	G	H
Equity Jan. 1, 2016	17.7	4.3	-0.3	31.9	-2.7	-21.8	73.5	102.6
Comprehensive income:								
Profit for the period							5.7	5.7
Translation differences						1.5		1.5
Cash flow hedges*			-0.7					-0.7
Total comprehensive income			-0.7			1.5	5.7	6.5
Transactions with owners:								
Dividend payment							-12.5	-12.5
Change in hybrid instruments				9.6			-1.1	8.5
Share-based incentive plan					0.4		-0.2	0.2
Transfer of reserves				0.2			-0.2	0.0
Total transactions with owners				9.8	0.4		-14.0	-3.8
Equity June 30, 2016	17.7	4.3	-1.0	41.7	-2.3	-20.3	65.2	105.3
Equity Jan. 1, 2015	17.7	4.3	1.9	32.0	-3.4	-16.0	67.6	104.1
Comprehensive income:								
Profit for the period							10.3	10.3
Translation differences						0.5		0.5
Cash flow hedges*			0.1					0.1
Available-for-sale financial assets*			-2.5					-2.5
Total comprehensive income			-2.4			0.5	10.3	8.4
Transactions with owners:								
Dividend payment							-12.2	-12.2
Interest on hybrid instrument							-0.7	-0.7
Share-based incentive plan					0.7		-0.5	0.2
Transfer of reserves				-0.1			0.1	0.0
Total transactions with owners				-0.1	0.7		-13.3	-12.7
Equity June 30, 2015	17.7	4.3	-0.5	31.9	-2.7	-15.5	64.6	99.8

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-6/2016 MEUR	1-6/2015 MEUR	1-12/2015 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	8.1	7.1	20.6
Adjustments to operating profit	5.8	7.0	13.4
Change in working capital	-22.7	-16.2	-4.2
Interest paid	-1.7	-1.5	-3.1
Interest received	0.3	0.5	0.6
Income taxes paid	-0.8	-1.0	-2.3
Net cash from operating activities	-11.0	-4.1	25.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intagible assets	-2.1	-2.0	-5.5
Advance payments for vessels			-9.2
Proceeds from sale of tangible assets		0.1	0.1
Proceeds from available-for sale financial assets		4.9	4.9
Subsidiaries acquired, contigent consideration		-0.3	-0.3
Business operations and subsidiaries sold		-0.1	0.1
Net cash from investing activities	-2.1	2.6	-9.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in current loans	17.1	13.5	-21.9
Change in non-current loans	-4.7	-4.4	25.6
Repayments of hybrid instrument	-15.7		
Hybrid instrument, interests	-0.6		-1.4
Proceeds from hybrid instrument issue	24.8		
Dividends distributed	-12.5	-12.2	-12.2
Net cash from financing activities	8.4	-3.1	-9.9
Change in cash and cash equivalents	-4.7	-4.6	5.2
Cash and cash equivalents Jan. 1	23.9	19.3	19.3
Translation differences	0.1	0.2	-0.6
Cash and cash equivalents at period-end	19.3	14.9	23.9

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments' assets, MEUR	6/2016	6/2015	12/2015
ESL Shipping	120.3	121.1	123.8
Leipurin	60.5	62.4	61.8
Telko	90.4	73.5	65.7
Kauko	22.3	21.3	26.8
Unallocated items	24.5	20.0	26.7
Total	318.0	298.3	304.8

Segments' liabilities, MEUR	6/2016	6/2015	12/2015
ESL Shipping	9.4	10.7	11.0
Leipurin	11.4	14.6	14.9
Telko	34.6	25.3	27.1
Kauko	8.5	5.4	12.6
Unallocated items	148.8	142.5	136.6
Total	212.7	198.5	202.2

ACCOUNTING PRINCIPLES

Aspo Plc’s half year financial report report has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2016, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2015 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 consolidated financial statements on December 31, 2015. The information in this report is unaudited.

Aspo Plc has adopted the guidance on alternative key figures issued by the European Securities and Market Authority (ESMA). In addition to IFRS figures, the company releases other commonly used key figures which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the picture drawn by the statement of comprehensive income and balance sheet of Aspo’s financial performance and financial position. The calculation formulas of key figures have been described on page 70 of the Year 2015 report.

SEGMENT REPORTING

Aspo Group’s operational segments are ESL Shipping, Leipurin, Telko and Kauko. Other operations consists of Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by 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.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be arranged today, Wednesday August 17, 2016 at 14.00 at the Paavo Nurmi cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

FINANCIAL INFORMATION IN 2016

Aspo Plc’s Interim Report for the third quarter will be published on October 27, 2016.

Helsinki, August 17, 2016

ASPO Plc

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Aspo is a conglomerate that owns and develops businesses in Northern Europe and growth markets focusing on demanding B-to-B customers. The aim of our strong corporate brands – ESL Shipping, Leipurin, Telko and Kauko – is to be the market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are developed persistently without any predefined schedules.