ASPO PLC HALF YEAR FINANCIAL REPORT August 15, 2017, at 10:00 a.m.

ASPO GROUP HALF YEAR FINANCIAL REPORT, JANUARY 1 TO JUNE 30, 2017

Aspo: increased net sales and operating profit
(Figures from the corresponding period in 2016 are presented in brackets.)

January–June 2017

- Aspo’s net sales amounted to EUR 242.8 (214.7) million
- Operating profit stood at EUR 9.5 (8.1) million.
- The operating profit of ESL Shipping stood at EUR 6.1 (5.1) million, the operating profit of Leipurin was EUR 1.0 (0.9) million, the operating profit of Telko amounted to EUR 4.7 (5.3) million, and the operating profit of Kauko stood at EUR -0.4 (-0.6) million. The operating profit of other operations stood at EUR -1.9 (-2.6) million.
- Profit for the period stood at EUR 8.0 (5.7) million.
- Earnings per share increased by 31% and were EUR 0.21 (0.16).

- The net cash from operating activities during the first half of the year was EUR 3.5 (-11.0) million.

April–June 2017

- Aspo's net sales increased to EUR 123.8 (116.2) million.
- Operating profit improved and stood at EUR 5.1 (4.8) million.
- Profit for the quarter stood at EUR 4.1 (3.4) million.
- The operating profit of ESL Shipping increased to EUR 3.1 (2.9) million. The operating profit of Telko decreased to EUR 2.4 (3.0) million. The operating profit of Leipurin improved to EUR 0.6 (0.4) million. The operating profit of Kauko improved to EUR 0.1 (-0.3) million.
- Earnings per share were EUR 0.08 (0.09).

- The first installment of the EUR 0.42 dividend decided by the Annual Shareholders’ Meeting, EUR 0.21 per share, was paid. The second installment will be paid in November.

- The first of the two most environmentally friendly dry cargo vessels in the world was named ms Viikki. The vessel will start operating in the Baltic Sea during the first half of 2018.

- The euro-denominated net sales in eastern markets have continued to increase: Telko grew by 6% and the Leipurin bakery raw materials by 17%.

- Leipurin celebrated its 100 years of operation in June. The profitability of Leipurin improved in the second quarter.

Aspo specifies its guidance for 2017

New guidance: Aspo's operating profit will be EUR 23–26 (20.4) million in 2017.
Previous guidance: Aspo's operating profit will be EUR 22–27 (20.4) million in 2017.

KEY FIGURES

	4-6/ 2017	4-6/ 2016	Change %	**1-6/ 2017**	1-6/ 2016	Change %	1-12/ 2016
Net sales, MEUR	**123.8**	116.2	6.5	**242.8**	214.7	13.1	457.4
Operating profit, MEUR	**5.1**	4.8	6.3	**9.5**	8.1	17.3	20.4
Operating profit, %	**4.1**	4.1		**3.9**	3.8		4.5
Profit before taxes, MEUR	**4.4**	3.9	12.8	**8.6**	6.5	32.3	17.4
Profit for the period, MEUR	**4.1**	3.4	20.6	**8.0**	5.7	40.4	15.9
Earnings per share, EUR	**0.08**	0.09	-11.1	**0.21**	0.16	31.3	0.49
Net cash from operating activities, MEUR	**6.7**	-4.0	267.5	**3.5**	-11.0	131.8	16.2
Equity per share, EUR				**3.41**	3.44		3.75
Return on equity, % (ROE)				**14.6**	11.0		14.6
Equity ratio,%				**32.9**	33.4		37.4
Gearing, %				**113.7**	115.0		89.8
ESL Shipping, operating profit, MEUR	**3.1**	2.9	6.9	**6.1**	5.1	19.6	12.6
Leipurin, operating profit, MEUR	**0.6**	0.4	50.0	**1.0**	0.9	11.1	2.0
Telko, operating profit, MEUR	**2.4**	3.0	-20.0	**4.7**	5.3	-11.3	10.1
Kauko, operating profit, MEUR	**0.1**	-0.3	133.3	**-0.4**	-0.6	33.3	-0.1

General outlook for 2017

General uncertainty in the markets has decreased. Industrial production is expected to increase in the main market areas of Aspo's business operations during 2017. Raw material prices are expected to remain low. In Russia, the national economy and industrial production have turned into growth. Political risks have, however, increased, which may have a rapid impact on the operating environment or weaken free trade in the long term.

AKI OJANEN, CEO OF ASPO GROUP:

"I'm pleased with how Aspo's net sales have grown and operating profit improved in the second quarter.

Aspo is a conglomerate that gathers its earnings from operations that serve industrial clients. The positive economic trend that began in fall 2016 has continued, which has so far particularly benefited ESL Shipping and Telko's western markets. Companies are usually getting benefit from early stage of cycle.

The turn of the eastern markets and the positive trend that began in the Russian economy in 2017 have initially been reflected in the value of the ruble, which is stronger than in the comparative period. The turn has a particularly positive impact on the long-term expectations of Telko and Leipurin. The strong growth in our volumes in the eastern markets is a good sign of our future performance potential.

The net sales of ESL Shipping increased, and profitability improved from the comparative period. The the transportation capacity utilization of Supramax vessels has been ensured for the rest of the year with new contracts for the Canadian Arctic, among other things. The transportation volumes continue to grow in the Baltic Sea, and the shipping company has signed renewable bioenergy transportation contracts.

Leipurin improved its profitability. The earlier reported turn in the profitability of the bakery machine operations shows already in the figures for the second quarter, but the return to normal profitability will not be fully visible until the second half of the year. We expect the profitability of Leipurin to improve further towards the target level during the second half of the year.

Kauko achieved positive operating profit in the second quarter, with all of the earnings generated in Finland. The new contracts for the application operations within mobile knowledge work, are proof of the success of earlier investments, and of development that is in line with the strategy.

Telko's net sales continued to grow particularly in the eastern markets, despite the decrease in prices. Relative profitability in the east decreased due to factors such as changes in exchange rates. The profitability improvement measures that have been launched, such as the enhancement of the logistics network and improvement of cost-efficiency, particularly in Russia, already showed results by the end of the period under review. The full impact will be visible in the fourth quarter.

Costs not included in the Group's business operations have decreased to the target level in accordance with the set objectives.

During the first half of the year, earnings per share increased by 31% and were EUR 0.21 (0.16). We have succeeded in generating growth and improving the efficiency of operations.

Aspo expects the positive trend to continue. As a result of better visibility, we specify our guidance from the previous operating profit estimate of EUR 22–27 million to the new operating profit estimate of EUR 23–26 million (20.4).”

ASPO GROUP

NET SALES

Net sales by segment

	4-6/2017	4-6/2016	Change	**1-6/2017**	1-6/2016	Change	1-12/2016
	MEUR	MEUR	%	**MEUR**	MEUR	%	MEUR
ESL Shipping	**19.5**	16.7	16.8	**38.4**	32.9	16.7	71.4
Leipurin	**30.1**	28.8	4.5	**59.5**	55.0	8.2	112.7
Telko	**65.7**	62.2	5.6	**129.3**	111.6	15.9	240.3
Kauko	**8.5**	8.5	0.0	**15.6**	15.2	2.6	33.0
Other operations	**0.0**	0.0	-	**0.0**	0.0	-	0.0
Total	**123.8**	116.2	6.5	**242.8**	214.7	13.1	457.4

There is no considerable inter-segment net sales.

Net sales by market area

	4-6/2017 MEUR	4-6/2016 MEUR	Change %	**1-6/2017 MEUR**	1-6/2016 MEUR	Change %	1-12/2016 MEUR
Finland	**40.5**	37.7	7.4	**80.7**	71.8	12.4	149.4
Scandinavia	**13.1**	12.6	4.0	**26.1**	23.4	11.5	47.5
Baltic countries	**14.0**	12.6	11.1	**26.8**	24.6	8.9	50.4
Russia, Ukraine + other CIS countries	**40.1**	38.1	5.2	**79.4**	64.7	22.7	145.6
Other countries	**16.1**	15.2	5.9	**29.8**	30.2	-1.3	64.5
Total	**123.8**	116.2	6.5	**242.8**	214.7	13.1	457.4

In the second quarter, net sales increased in all Aspo’s market areas. Absolute growth in euros was the highest in Finland, while relative growth was highest in the Baltic region. Net sales in Finland were accelerated by the increased sales of solar energy equipment by Kauko and the positive development in the sales of other operating segments. In the Baltic region, the sales were increased by machine deliveries by Leipurin and the steady increase of sales in other operating segments. Increased sales of Telko’s chemicals and the stronger ruble resulted in higher sales in Russia, Ukraine and other CIS countries.

EARNINGS

Operating profit by segment

	4-6/2017 MEUR	4-6/2016 MEUR	Change %	**1-6/2017 MEUR**	1-6/2016 MEUR	Change %	1-12/2016 MEUR
ESL Shipping	**3.1**	2.9	6.9	**6.1**	5.1	19.6	12.6
Leipurin	**0.6**	0.4	50.0	**1.0**	0.9	11.1	2.0
Telko	**2.4**	3.0	-20.0	**4.7**	5.3	-11.3	10.1
Kauko	**0.1**	-0.3	133.3	**-0.4**	-0.6	33.3	-0.1
Other operations	**-1.1**	-1.2	8.3	**-1.9**	-2.6	26.9	-4.2
Total	**5.1**	4.8	6.3	**9.5**	8.1	17.3	20.4

Earnings per share

Earnings per share of the first half of the year were EUR 0.21 (0.16). Equity per share was EUR 3.41 (3.44).

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 by 2020.

The operating profit rate for the second quarter 2017 was 4.1% (4.1), return on equity was 14.6% (11.0), and gearing was 113.7% (115.0).

OUTLOOK FOR 2017

The growth of global economy is expected to continue in 2017. The general uncertainty and poor economic situation in eastern growth markets that are important to Aspo have been replaced by a positive economic trend. However, it is difficult to predict future development in Russia, Ukraine and other CIS countries. Exchange rates are expected to continue to fluctuate heavily.

The price of oil is likely to remain at the current level. In general, the prices of production raw materials are expected to remain low. The Group aims to continue to increase its market shares profitably in the strategically important eastern growth markets. Industrial production is expected to increase in the main market areas of Aspo's business operations during 2017. While international dry cargo prices are expected to remain low, the shipping company has secured its capacity utilization through long-term agreements. The capacity utilization of the Supramax vessels has been ensured for 2017, with one of the vessels operating in the Baltic Sea and the other in the Canadian Arctic. The result of the Leipurin machine operations is positive, and it is returning to the normal level.

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.

	4-6/2017	4-6/2016	Change %	**1-6/2017**	1-6/2016	Change %	1-12/2016
Net sales, MEUR	**19.5**	16.7	16.8	**38.4**	32.9	16.7	71.4
Operating profit, MEUR	**3.1**	2.9	6.9	**6.1**	5.1	19.6	12.6
Operating profit, %	**15.9**	17.4		**15.9**	15.5		17.6

ESL Shipping's service range is based on the company's ability to operate efficiently and reliably in the arctic ice regions and to load and unload vessels at sea. During the second quarter, the company's vessels have mainly operated in contract traffic in the Baltic Sea and in Northern Europe, and also performed loading and unloading operations at sea. Transportation operations in the Baltic Sea and the North Sea are mainly based on long-term customer agreements and established customer relationships.

The general market prices of dry bulk cargo saw a decrease nearly throughout the second quarter, but turned up at the end of the review period. In the long term evaluation the cargo prices are still on a low level.

Net sales of ESL Shipping for April-June increased significantly to EUR 19.5 (16.7) million. The biggest reasons for the acceleration of net sales were the improved contract coverage and the resulting efficient operating model, and the overall revival of industrial demand that has allowed efficient operation of all vessels. Transportation volumes increased in all customer segments compared to the comparative period. The cargo volume carried by ESL Shipping in the second quarter amounted to 2.8 (2.4) million tons.

Operating profit for April-June increased from the comparative period to EUR 3.1 (2.9) million. The operating profit rate was good at 16% (17). The contracts signed by the shipping company for Supramax vessels on the transportation of raw materials of steel industry from Finland to the Central European market, together with the demand that has picked up since the previous year, allowed the efficient operation of these vessels in a region best suited for them. In the second quarter, Supramax vessels' operations were clearly profitable despite the scheduled dockage of one of the two vessels.

Two vessel units underwent scheduled dockage in the second quarter. Loading and unloading of large ocean liners at sea was more active than in the previous year, and operation succeeded well.

At the end of the period under review, the first of the two most environmentally friendly bulk cargo vessels in the world was named ms Viikki. The name continues the shipping company's tradition of naming their vessels after Helsinki districts. The 160-meter LNG vessel of 26,000 dwt produces more than 50% less carbon dioxide emissions than the previous vessel generation. Together with Macgregor, part of Cargotec, the shipping company is developing and testing an autonomous cargo processing solution for the vessels to further improve the safety and efficiency of operations at port.

Construction of the sister vessel of ms Viikki continues according to schedule, and the vessel will be named in September. The vessels begin operations in the Baltic Sea in the first half of the next year. As was previously stated, the vessels will further improve the profitability of the shipping company. Cooperation with Sinotrans & CSC Jinling Shipyard has progressed well. The vessel-building project is part of the Bothnia Bulk project, partly funded by the EU, which aims to reduce the environmental impacts of the existing sea route between Luleå, Oxelösund and Raahe. The EU supports energy-efficiency and environmental investments in ships. The vessels have been designed in Finland, and European suppliers deliver approximately 60% of their equipment.

The shipping company has negotiated the manning of its new vessels and the possibility to have the vessels under the Finnish flag with shipping trade unions. The parties have negotiated an agreement that enables at least the first vessel to be registered in Finland. In order to secure competitiveness in the long term and the availability of a competent crew, the company has also agreed to expand the mixed crews of its current vessels through natural employee turnover and the new job opportunities offered by the new vessels. The agreed arrangement is expected to improve cost competitiveness in stages, already during this year. In the period under review, one vessel had mixed crew in accordance with the agreement.

Net sales of ESL Shipping in the first half of the year increased by 17% to EUR 38.4 (32.9) million. Operating profit increased nearly 20% to EUR 6.1 (5.1) million.

Outlook for ESL Shipping for 2017

Market cargo prices of large dry cargo vessels are at a higher level than in the previous year, but remain low over the long term. Market forecasts for the cargo levels of the rest of the year depend on the price development of raw materials. The positive economic trend prevailing in the shipping company’s main market area is expected to reflect positively to the demand of transportation.

Not many new dry cargo vessels have been ordered since 2015, which is expected to improve the balance between demand and supply in the coming years. In the future, the trend will be accelerated by the tighter environmental regulations set for shipping operations, which may reduce the use of older vessels. However, many older orders will be delivered to the market this year, particularly in the Supramax class.

Most of the shipping company's transportation capacity utilization has been secured in the Baltic Sea and Northern Europe through long-term agreements. The profitable employment of one of the two shipping company's Supramax vessels in the Baltic Sea until the end of this year has been secured through an agreement covering this year. During the second half of the year, the company continues operations in the Arctic similarly to the previous years, with one of the Supramax vessels transporting ore from Baffinland, Canada, to Europe.

Transportations for the steel industry are expected to continue on a positive trend or remain at the same level, but annual maintenance outages and the increased need of customers to optimize their inventory levels may affect the transportation volumes during the final part of the year.

In the fall, the shipping company will continue biofuel transportation to Stockholm as in the previous years. The biofuel transportation market in the Baltic Sea is expected to grow significantly in the next few years, and the shipping company is currently negotiating several related projects. In the second half of the year, total transportation volumes for the energy industry are expected to be higher than during the previous year due to the increased demand for the transportation of both biofuels and coal. Coal is mainly used in combined heat and power production.

Demand for the loading and unloading of large vessels at sea is expected to be at a normal level.

In 2017, one vessel will be docked in the third quarter as planned in addition to the two vessel units already docked.

The shipping company is investigating the possibility of launching new operations in the Baltic Sea during the fall in a smaller vessel class. In the operating model that is new to the shipping company, vessels will be leased from the market and included in the transportation volume of ESL Shipping. The volumes particularly sought after include renewable bioenergy, recycling raw materials such as recycled fuel or steel, wood-based products and grain. The new operating model will allow the company to expand into new vessel classes with no major capital investments.

LEIPURIN

Leipurin is a unique provider of solutions for bakery and confectionery products, the food industry and 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.

	4-6/2017	4-6/2016	Change %	**1-6/2017**	1-6/2016	Change %	1-12/2016
Net sales, MEUR	**30.1**	28.8	4.5	**59.5**	55.0	8.2	112.7
Operating profit, MEUR	**0.6**	0.4	50.0	**1.0**	0.9	11.1	2.0
Operating profit, %	**2.0**	1.4		**1.7**	1.6		1.8

The consumer price level for food products in Finland evened out during the second quarter, but the price level has gone up in the eastern markets. For example in Russia, the prices of bread and bakery products increased by approximately 4%. The prices of raw materials important to Leipurin have increased slightly from the comparative period.

The market of industrial packed bread continues to decrease in the west, whereas the market of in-store bakeries and baking units has continued to increase. In the eastern market, the demand for products in the higher price categories remains lower than in the previous years. The snack product market is increasing in all market areas. The Russian national economy, which is important for Leipurin, has turned to an upward trend, and the decline of consumer purchasing power has stopped.

Net sales of Leipurin for April-June increased from the comparative period to EUR 30.1 (28.8) million. Growth was strongest in the eastern markets and in the machine operations. Operating profit increased from the comparative period to EUR 0.6 (0.4) million. The operating profit rate 2.0% (1.4) for the quarter did not achieve the target level. Profitability was improved particularly by the machine operations.

Net sales of bakery raw materials in Russia, Ukraine and other CIS countries increased in the second quarter by 17% to EUR 7.7 (6.6) million. The operating profit rate was 7% (7). Net sales in the eastern markets, including machine sales, increased by approximately 6% to EUR 8.1 (7.7) million. The operating profit rate was 6% (6).

Net sales of the machine operations increased by 30% as a result of deliveries of the company's own machine production and the operations were clearly profitable. Net sales of principal equipment decreased, but the operations were more profitable than in the comparative period due to the high proportion of commission-based sales. At the end of the period under review, the order book for 2017 was at a good level.

In the Finnish raw material sales, net sales to artisan and OOH customers continued to grow, while sales to industrial sectors decreased mostly due to lower sales volumes in the meat industry sector. On the whole, net sales of bakery raw materials in Finland remained below the comparative period's level. In the Baltic region and Poland, sales to large industrial customers decreased from the comparative period. Despite increased sales to artisan and OOH customers, net sales remained below the comparative period's level.

Despite the decreased net sales in the western markets, the profitability for bakery raw materials improved from the comparative period. Investments in growth and new business operations slowed down the development of the operating profit. During the period under review, a cafeteria in test baking operations was opened in Tapiola, shopping center Ainoa, to support OOH operations. After the period under review, the fresh ice cream bar G'lato Fresco was opened in Helsinki, in the shopping center Forum. The two sites act as conceptual model sites for the entire operating area of Leipurin.

The Russian economic crisis at the end of 2014 cut off machine sales to Russia. Leipurin turned to new market areas in Europe and outside Europe. At the beginning of 2017, the order book for Leipurin's own production reached a record level, and the machine operations has achieved stable profitability with increasing delivery volumes.

Net sales of Leipurin increased by 8% during the first half of the year to EUR 59.5 (55.0) million. The operating profit increased compared to the corresponding period in the previous year, being EUR 1.0 (0.9) million. Net sales in Russia, Ukraine and other CIS countries increased by 19% to EUR 16.4 (13.8) million. Profitability in this market area remained at the comparative period's level and was 6% (6).

Outlook for Leipurin for 2017

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, Russia and the Baltic countries. The net sales and operating profit of Leipurin are expected to increase in 2017.

The weakening of economic situation in Russia is estimated to have stopped, and the purchase power of consumers is expected to gradually improve. The local procurement of bakery raw materials has been increased in Russia to replace imported raw materials. The purpose is to respond to changes in demand by developing a product range with more competitive prices, and to respond to the domestic food campaign currently in progress in Russia. The aim is to increase the proportion of local raw materials. Local procurement has been decentralized and, currently, there are already dozens of significant regional production partners. Leipurin will maintain high profitability in the region, strengthen its market position, and look for growth in the bread and pastry sectors.

The OOH market is a significant operating area for Leipurin, and the company will continue to grow in the OOH market, particularly in Finland and western markets, where Leipurin will respond to increased demand from chain clients such as cafés.

In machine operations, investments in machinery and equipment are expected to increase in Finland and the Baltic countries. In addition, a moderate increase in investments is expected in Russia. Leipurin's machine operations will continue to strengthen the agent network in Western Europe and the Middle East. Leipurin will continue to develop the productivity and production processes of the bakery machinery manufacturing operations. As a result of the improved competitiveness of machine operations and the redirection of sales, the order book of machine operations is at a good level, extending to spring 2018 in some areas. The improved order book ensures that the profitability of machine operations will improve in 2017.

TELKO

Telko is a leading expert and supplier of plastic raw materials and industrial chemicals. Business is based on representation of the best international principals and on the expertise of the personnel. Telko has subsidiaries in Finland, the Baltic countries, Scandinavia, Poland, Russia, Belarus, Ukraine, Kazakhstan, Azerbaijan and China.

	4-6/2017	4-6/2016	Change %	**1-6/2017**	1-6/2016	Change %	1-12/2016
Net sales, MEUR	**65.7**	62.2	5.6	**129.3**	111.6	15.9	240.3
Operating profit, MEUR	**2.4**	3.0	-20.0	**4.7**	5.3	-11.3	10.1
Operating profit, %	**3.7**	4.8		**3.6**	4.7		4.2

Due to the overall improvement in the economy and the positive turn of the national economy in Russia, the market environment has improved from the comparative period in the countries where Telko operates. Of Telko's markets, the turn of economic trends has been particularly prominent in the western markets for example in Finland, and has resulted in new customer relationships and higher production volumes of existing customers.

In the second quarter, the price of oil went down, which also decreased the prices of the raw materials sold by Telko compared to the previous quarter. The price level of industrial chemicals also decreased from the previous quarter, but remained above the level of the comparative period.

In April-June, net sales of Telko increased from the comparative period to EUR 65.7 (62.2) million. The growth of sales was limited by decreasing sales prices.

The operating profit decreased in the second quarter to EUR 2.4 (3.0) million. The operating profit rate 3.7% (4.8) did not achieve the target level. Profit was undermined by weakened profitability in the eastern markets, brought about by the increased costs resulting especially from the stronger value of the Russian ruble. Of the market areas, the eastern markets increased their relative proportion of Telko's net sales. The Russian economy shows an increasing amount of signs of recovery. Net sales in Russia, Ukraine and other CIS countries increased by 6% to EUR 30.4 (28.6) million. The operating profit rate in this market area was below 5%, which is below the target level.

Compared to the comparative period, the stronger value of the ruble increased the Russian company’s euro-denominated fixed costs. The stronger ruble also affected negatively the sales margin during the second quarter, particularly in the area of warehouse sales, as some inventory raw materials sold had been bought at a weaker rate of ruble. Telko's relative profitability in the eastern market improved compared to the first quarter. In the second quarter, Telko launched a program to lower the fixed costs and to improve efficiency in its Russian operations. The cost savings will be in full effect starting from the fourth quarter.

The net sales of the chemicals business increased, and its profitability remained at the level of the comparative period. Due to decreasing prices, net sales of the plastics business decreased slightly compared to the comparative period, and profitability weakened.

Net sales of Telko increased by 16% during the first half of the year to EUR 129.3 (111.6) million. The operating profit decreased compared to the corresponding period in the previous year, being EUR 4.7 (5.3) million. Net sales in Russia, Ukraine and other CIS countries increased from the previous year by 23% to EUR 59.1 (47.9) million. Profitability for this area decreased; however, Telko’s profitability improved in the western markets.

Outlook for Telko for 2017

The Russian economy has taken a turn to the positive, and industrial production has turned onto an upward trend. The price of oil, which is the main raw material used in the production of the raw materials that Telko sells, has decreased and remains at a low level. The price of oil is not expected to increase to any significant extent in 2017. The economic development in Finland and other western markets is expected to continue on a positive trend, which is estimated to reflect positively to the demand for the raw materials sold by Telko. In Denmark, Telko’s important Korean plastics raw material principal is currently in the process of acquiring one of Telko's important clients as its direct client. The change will weaken Telko’s result in Denmark considerably. If no agreement can be reached with the principal, Telko will replace it with another raw material supplier.

As announced previously, Telko has looked into the potential of launching operations in the Middle East. Iran has extensive petrochemical industry, but the market lacks many special products. Significant distribution business opportunities exist in the sale of these products. Telko has investigated the prerequisites for operating in Iran, as well as limitations to operations and the trade sanctions in force. According to a survey, Telko has good prerequisites for operating in Iran in raw material procurement and sales to local industry. Registration of Telko's company in Iran was completed in July, and a country manager has been hired to launch operations in Tehran. The operations in Iran will have no significant impact on Telko's business performance in 2017. Telko believes, however, that significant potential for the future exists.

Telko will expand its cooperation with BP-Castrol, and starts the representation of Marine lubricants for shipping companies in Finland in the third quarter of the year.

The profitability program launched in Russia is expected to lower fixed costs while retaining regional presence and local operations at all Russian sites. The profitability program will improve Telko's profitability starting from the fourth quarter of the year.

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 industries, logistics, healthcare sector and the authorities. Kauko solutions combine customized applications, devices and services. Its product range also includes products that improve energy efficiency. Kauko has companies in Finland and Germany.

	4-6/2017	4-6/2016	Change %	**1-6/2017**	1-6/2016	Change %	1-12/2016
Net sales, MEUR	**8.5**	8.5	0.0	**15.6**	15.2	2.6	33.0
Operating profit, MEUR *)	**0.1**	-0.3	133.3	**-0.4**	-0.6	33.3	-0.1
Operating profit, %	**1.2**	-3.5		**-2.6**	-3.9		-0.3

*) 1-6/2017 includes a EUR 0.3 million impairment loss of receivables related to previously divested business operations

Kauko's net sales remained at the level of the comparative period and were EUR 8.5 million (8.5). The operating profit for the second quarter was positive at EUR 0.1 (-0.3) million.

The net sales and profitability of Kauko's main businesses improved significantly compared to the comparative period. Net sales of mobile knowledge work, including information technology deliveries to the health care sector, increased compared to the comparative period. In Germany, Kauko introduced a computer that it designed for the health care sector. First customer deliveries took place in June. The German business continued to make a loss. Application operation’s contract base grew.

Net sales of energy-efficiency equipment increased significantly despite the delivery difficulties of solar energy equipment suppliers, which forced Kauko to postpone customer deliveries to the next quarter. Profitability of air source heating products decreased compared to the comparative period. No income was recognized from project deliveries to China during the second quarter, unlike during the comparative period. A new project delivery agreement was signed in China during the period under review. Revenue from the agreement will be recognized in the second half of the year.

Net sales of Kauko in the first half of the year increased by 3% to EUR 15.6 (15.2) million. The operating result was EUR -0.4 million (-0.6), which included a EUR -0.3 million impairment of commission receivables, related to the previously divested Industrial business.

Outlook for Kauko for 2017

The net sales and profitability of total solutions for mobile knowledge work are expected to improve. Kauko is a provider of integrated and customized total solutions, combining application, hardware and other services. The number of orders for application business is expected to increase. In the application business, the revenue is only recognized after the total delivery; an average delivery takes 6–8 months.

Service operations will be expanded by shifting more focus on total solutions. In the long-term market estimate for rugged computers, sales of laptops are expected to decrease, while the sales of rugged tablets are expected to increase. Kauko holds a particularly strong market position in the sector of rugged tablet computers for demanding environments.

Kauko provides the healthcare sector with various mobile IT solutions to improve the efficiency of the nursing staff’s work. The new computer introduced by Kauko for the healthcare sector enables the start of sales to other OEM channels outside Kauko's regular market area.

In the energy sector, solar energy is expected to show strong growth. The rapid development of the Finnish market has resulted in delays also in Kauko's deliveries as component suppliers have not been able to deliver.

In 2015, Kauko divested its Industrial operations in Shanghai, China, among others. Kauko will consider the future development of its current Chinese operations during fall 2017.

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.

	4-6/2017	4-6/2016	Change %	**1-6/2017**	1-6/2016	Change %	1-12/2016
Net sales, MEUR	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0
Operating profit, MEUR	**-1.1**	-1.2	8.3	**-1.9**	-2.6	26.9	-4.2

The operating profit of other operations was negative and amounted to EUR -1.1 (-1.2) million. The operating profit was improved by increased cost efficiency of other operations.

FINANCING

The Group's cash and cash equivalents amounted to EUR 18.4 million (12/2016: EUR 22.6 million). The consolidated balance sheet included a total of EUR 137.0 million in interest-bearing liabilities (12/2016: EUR 125.4 million). The average interest rate of interest-bearing liabilities was 1.8% at the end of the review period (12/2016:1.8%). Non-interest-bearing liabilities totaled EUR 82.4 million (12/2016: EUR 69.8 million).

Aspo Group's gearing was 113.7% (12/2016: 89.8%) and its equity ratio was 32.9% (12/2016: 37.4%). At the end of the second quarter of 2016, gearing was 115.0% and the equity ratio was 33.4%. In the second quarter, equity was decreased by dividend of EUR 12.9 million, of which EUR 6.4 million was distributed.

The Group’s net cash from operating activities in January–June increased from the comparative period to EUR 3.5 (-11.0) million. During the review period, the change in net working capital was EUR -9.4 (-22.7) million. Net cash from investing activities totaled EUR -11.2 (-2.1) million. Net cash from investing activities was for the most part related to advance payments for vessels. The Group’s free cash flow was EUR -7.7 (-13.1) million.

The total amount of committed revolving credit facilities signed between Aspo and its main financing banks was EUR 40 million at the end of the review period. The revolving credit facilities remained fully unused at the end of the review period. Aspo’s commercial paper program of EUR 80 million remained fully unused at the end of the review period. In 2017, a financing agreement of EUR 20 million will fall due.

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.

Aspo has hedged its interest rate risk by means of interest rate swaps. Their fair value on June 30, 2017 was EUR -0.5 (-0.8) million. The financial instruments are 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 was EUR 29.3 million, and their fair value was EUR -0.7 (-0.3) million on June 30, 2017. The financial instruments are on level 2 of the fair value hierarchy.

INVESTMENTS

The Group's investments were EUR 4.7 (1.6) million, consisting mainly of advance payments for new vessels ordered by ESL Shipping, and dockings to be capitalized.

Investments by segment, acquisitions excluded

	4-6/2017 MEUR	4-6/2016 MEUR	Change %	**1-6/2017 MEUR**	1-6/2016 MEUR	Change %	1-12/2016 MEUR
ESL Shipping	**4.6**	1.2	283.3	**11.2**	1.6	600.0	5.0
Leipurin	**0.1**	0.1	0.0	**0.2**	0.1	100.0	0.3
Telko	**0.0**	0.3	-100.0	**0.3**	0.5	-40.0	1.4
Kauko	**0.0**	0.0	-	**0.1**	0.0	-	0.0
Other operations	**0.0**	0.0	-	**0.0**	0.0	-	0.2
Total	**4.7**	1.6	193.8	**11.8**	2.2	436.4	6.9

PERSONNEL

Personnel by segment, period-end

	6/2017	6/2016	Change %	12/2016
ESL Shipping	**236**	226	4.4	226
Leipurin	**323**	316	2.2	322
Telko	**286**	268	6.7	280
Kauko	**47**	48	-2.1	42
Other operations	**25**	23	8.7	25
Total	**917**	881	4.1	895

At the end of the period, Aspo Group had 917 employees (881). The number of personnel has increased in ESL Shipping operations, in Telko’s companies in Russia, Ukraine and other CIS countries, and Leipurin test cafeterias in Finland. The number of personnel in other operations has been increased, for example, to build digitalization solutions.

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). In 2016, 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, at most, in order to pay taxes.

In accordance with the rules of incentive plans a total of 5,275 treasury shares, originally granted on the basis of share-based incentive plans, were returned to Aspo due to ended contracts of employment in 2016.

The reward from the 2016 earnings period was based on the Group's earnings per share (EPS). In March 2017, on the basis of the 2016 earnings period, employees included in the plan received 25,740 treasury shares as a share-based reward, as well as cash equaling the value of the shares, at most, in order to pay taxes.

The reward from the 2017 earnings period will be based on the Group's earnings per share (EPS). The possible reward from the 2017 earnings period will be paid in 2018, partly in treasury shares and partly in cash to cover any taxes and tax-related costs arising from the reward. At most 112,000 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

Uncertainty of the global economic outlook has decreased, and financial risks in Aspo’s market areas have continued to reduce. Global political risks are estimated to have increased. Operating conditions have stabilized, and improved in some areas. National economies in western countries are growing, and the economy of Finland, Aspo's important home market, is growing strongly. Eastern economies have stopped their decline and, in Russia, the increase in oil prices has supported economic recovery. In Russia, inflation has continued to slow down, and consumption demand and investments are growing. Cargo prices increased during the first quarter, but returned to their previous level in the second quarter.

The turn for the better can be seen as lower risks in all of Aspo's businesses. Uncertainties are increased by potential additional economic sanctions by the USA. They are not, however, expected to have a direct impact on Aspo’s businesses. However, any rapid changes in international politics, exchange rates or commodities markets may have an impact on the demand and competitiveness of the products of Aspo's companies. Growth in eastern and western markets was still strained by low demand for investment assets. However, there are signs of an increase. Investments have increased in Russia, although the majority of them are targeted at the energy sector.

Strategic risks

In addition to western markets, Aspo operates in areas where economic trends may quickly become negative or positive, as a result of which there may be significant changes in business preconditions.

Russian import and export operations have increased significantly in the first part of the year. In Ukraine, the consumers’ confidence in the economy has improved, and consumption demand has turned onto an upward trend after a period of strong decline. The Russian economy has also stabilized and inflation has continued to decelerate. According to estimates, the Russian economy will increase during this year. Deteriorated consumption demand has affected all trade, but the increase of nominal wages and the improved confidence of consumers predict a rise in consumption. No signs of decrease were visible any more in the financing market and payments in Russia and Ukraine. Companies are more willing to make investments, even though the sale of investment assets has still slowed down by the buyers’ caution.

The promotion of local production has increased the volume of raw materials and items produced in Russia in industrial production, despite the decrease in quality. This may reduce the position of imported raw materials in the value chain and lower the margin level, but an increase in import volumes may add to the demand of foreign raw materials and, correspondingly, reduce related risks for Aspo.

Political uncertainty within the Eurozone has decreased, but global political risks have increased, which may have a rapid impact on Aspo's operating environment or weaken free trade in the long term. The economic and political situation in Aspo's market areas may have made it more difficult to make structural changes as part of Aspo's strategy. The situation may continue unchanged, but, as the economic and political pressure alleviates, it may change completely and rapidly.

Economic sanctions or other obstacles arising from the economic or political situation in Russia may, in part, reduce transportation volumes originating from Russia and the demand for unloading services for large ocean liners at sea may reduce. In Finland and the rest of Europe, social pressures to reduce the use of coal in energy production have increased, which will reduce coal transportation volumes in the future. Correspondingly, the transportation volumes of replacement energy products will increase. Due to this change, it is difficult to estimate their future transportation volumes. The low level of international freight indices and the global increase in the number of vessels, particularly in large size categories, have increased uncertainty over the long-term profitability of shipping companies. Nevertheless, there are signs of a slight increase in freight indices and of a decrease in the number of vessels in the long term.

Strategic risks may be caused by deterioration of global economic conditions, the political atmosphere, and the outlook and production choices 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 of ownership, 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 international shipping, competition over cargoes may also become fiercer in the Baltic Sea. Mild and iceless winters may also increase competition. In order to improve its competitive position, ESL Shipping is building new low-emission vessels with a higher fuel economy for this region and customer base.

Strategic risks are influenced by long-term changes in cargo prices, the building of new ships and the removal of others from the markets, 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 their lack of reaction to the difficulties encountered by business operations. The accumulation and discharge of investments may cause long-term changes in the competitive situation and customer behavior. Trade in eastern and western markets may suffer from restrictions on free trade, as a result of which there may be a decrease in sales of goods and services.

Rapid changes in economic structures may cause risks due to changes in the customer or principal structure or technologies, and due to unused opportunities that require a quick response. Disruptive changes may be very rapid. 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

Economic uncertainty in Aspo's operating environment has decreased during the review period. However, 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 the inactivity, lack of neutrality or corruption of public authorities.

Economic growth and, alternatively, any decrease in production may have an impact on demand for raw materials. Political and economic instability is disturbing commercial activities and, if the situation continues, the growth of Aspo’s business operations may slow down. Consumer behavior and confidence are also reflected in risks associated with 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 these markets, which has created new potential for Aspo's businesses, increased their market shares and, in some business areas, even improved profitability temporarily.

Hedging against exchange rate changes is not possible in all conditions and, especially, at all times. Changes in exchange rates may lower the results and 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 related to their customers, even though credit loss risks have increased. Principal risks have materialized through unreceived commission returns.

Sales margins may be reduced and financial claims related to deliveries may emerge if Aspo’s products are not suited for the customers’ production processes or don’t have the right technical properties. Operative risks have also been increased by computer-related crime, malware and the increased number of fraud attempts. If realized, these risks may mean financial losses for Aspo. Aspo has appropriate information security and internal training arrangements, but individual cases may occur due to the decentralized structure of operations.

The quantity and probability of the Group’s loss risks are regularly assessed. A bidding process was arranged for general insurance policies and the amounts insured were updated in 2016. 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, such as military operations.

Internal control and risk management

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 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 businesses 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 update for the Group has been carried out within a year. 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.

A more detailed account of the risk management policy and the most significant risks has been published 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, 2017 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 370,486 shares; that is, 1.2% 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 2017, a total of 1,699,284 Aspo Plc shares with a market value of EUR 14.9 million were traded on Nasdaq Helsinki, in other words, 5.5% of the stock changed hands. During the review period, the share price reached a high of EUR 9.16 and a low of EUR 8.20. The average price was EUR 8.80 and the closing price at period-end was EUR 9.05. At the end of the review period, the market value excluding treasury shares was EUR 277.0 million.

The number of Aspo Plc shareholders was 9,135 at period-end. A total of 914,454 shares, or 3.0% of the share capital, were nominee registered or held by non-domestic shareholders.

DECISIONS AT THE SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc on April 5, 2017, approved the payment of a dividend totalling EUR 0.42 per share in accordance with the Board of Directors' proposal.

The dividend will be paid in two installments. The payment date for the first installment of EUR 0.21 per share was April 18, 2017.

The second installment of EUR 0.21 per share will be paid in November 2017 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date. At its meeting to be held on October 26, 2017, the Board of Directors will decide on the record and payment dates of the second installment, in accordance with the rules of the Finnish book-entry securities system. According to the current system, the dividend record date would be October 30, 2017 and the payment date would be November 6, 2017.

Board of Directors and Auditor

The Annual Shareholders’ Meeting re-elected LL.M., MBA Mammu Kaario, M.Sc. (Econ.) Mikael Laine, LL.M. Roberto Lencioni, B.Sc. (Econ.), eMBA Gustav Nyberg, D.Sc. (Econ.) Salla Pöyry and M.Sc. (Tech.) Risto Salo to 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 Mammu Kaario Chairman of the Audit Committee and Mikael Laine, Salla Pöyry and Risto Salo as committee members.

The Authorized Public Accountant 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 5, 2017 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 representing about 1.6% of all the shares in the company. The authorization includes the right to accept treasury shares as a pledge.

The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the share ownership of the shareholders and the consideration paid for the shares shall be the market price of the Aspo's share in public trading at Nasdaq Helsinki Ltd at the time of the acquisition. 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 the acquisition. In connection with the acquisition of the treasury shares, derivative, share lending, or other agreements that are normal within the framework of capital markets may take place in accordance with legislative and regulatory requirements.

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 decision to acquire or redeem treasury shares or to accept them as pledge shall not be made so that the shares of the company in the possession of, or held as pledges by the company and its subsidiaries would exceed 10% of all shares. The authorization will remain in force until the Annual Shareholders' Meeting in 2018 but not more than 18 months from the approval at the Shareholders' Meeting.

The Board of Directors shall decide on any other matters related to the acquisition of treasury shares and/or accepting them as a pledge.

The authorization supersedes the authorization for the acquisition of treasury shares and/or accepting them as a pledge which was granted to the Board of Directors by the Annual Shareholders' Meeting on April 7, 2016.

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 instalments, 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 in 2016 and granted 88,970 treasury shares to employees included in the earnings period 2015 of the share-based incentive plan 2015-2017. On March 27, 2017 the Board of Directors granted 25,740 treasury shares to employees included in the earnings period 2016.

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.

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 has applied 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 during the financial year over which the imposed payment is received.

Helsinki August 15, 2017

ASPO PLC

Board of Directors

ASPO GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4-6/2017		4-6/2016	
	MEUR	%	MEUR	%
Net sales	123.8	100.0	116.2	100.0
Other operating income	0.7	0.6	0.5	0.4
Materials and services	-91.6	-74.0	-85.3	-73.4
Employee benefit expenses	-10.6	-8.6	-10.5	-9.0
Depreciation, amortization and impairment losses	-3.0	-2.4	-2.9	-2.5
Other operating expenses	-14.2	-11.5	-13.2	-11.4
Operating profit	5.1	4.1	4.8	4.1
Financial income and expenses	-0.7	-0.6	-0.9	-0.8
Profit before taxes	4.4	3.6	3.9	3.4
Income taxes	-0.3	-0.2	-0.5	-0.4
Profit for the period	4.1	3.3	3.4	2.9
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-2.7		1.8	
Cash flow hedges	-1.9		1.0	
Income tax on other comprehensive income	0.1		-0.1	
Other comprehensive income for the period, net of taxes	-4.5		2.7	
Total comprehensive income	-0.4		6.1	
Profit attributable to shareholders	4.1		3.4	
Total comprehensive income attributable to shareholders	-0.4		6.1	
Earnings per share, EUR	0.08		0.09	
Diluted earnings per share, EUR	0.08		0.09	

	1-6/2017		1-6/2016		1-12/2016	
	MEUR	%	MEUR	%	MEUR	%
Net sales	242.8	100.0	214.7	100.0	457.4	100.0
Other operating income	1.0	0.4	0.6	0.3	1.2	0.3
Materials and services	-179.7	-74.0	-155.6	-72.5	-334.7	-73.2
Employee benefit expenses	-20.9	-8.6	-20.6	-9.6	-40.0	-8.7
Depreciation, amortiziation and impairment losses	-6.0	-2.5	-5.7	-2.7	-11.6	-2.5
Other operating expenses	-27.7	-11.4	-25.3	-11.8	-51.9	-11.3
Operating profit	9.5	3.9	8.1	3.8	20.4	4.5
Financial income and expenses	-0.9	-0.4	-1.6	-0.7	-3.0	-0.7
Profit before taxes	8.6	3.5	6.5	3.0	17.4	3.8
Income taxes	-0.6	-0.2	-0.8	-0.4	-1.5	-0.3
Profit for the period	8.0	3.3	5.7	2.7	15.9	3.5
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Translation differences	-1.4		1.5		3.2	
Cash flow hedges	-2.5		-0.7		1.4	
Income tax on other comprehensive income	0.1		0.0		-0.1	
Other comprehensive income for the period, net of taxes	-3.8		0.8		4.5	
Total comprehensive income	4.2		6.5		20.4	
Profit attributable to shareholders	8.0		5.7		15.9	
Total comprehensive income attributable to shareholders	4.2		6.5		20.4	
Earnings per share, EUR	0.21		0.16		0.49	
Diluted earnings per share, EUR	0.21		0.16		0.49	

ASPO GROUP CONSOLIDATED BALANCE SHEET

	6/2017 MEUR	6/2016 MEUR	Change %	12/2016 MEUR
Assets				
Intangible assets	8.7	10.1	-13.9	9.4
Goodwill	42.0	42.7	-1.6	42.6
Tangible assets	119.4	113.8	4.9	113.3
Available-for-sale financial assets	0.2	0.2	0.0	0.2
Receivables	3.7	3.6	2.8	4.9
Total non-current assets	174.0	170.4	2.1	170.4
Inventories	62.2	65.7	-5.3	56.7
Accounts receivable and other receivables	68.2	62.6	8.9	60.0
Cash and cash equivalents	18.4	19.3	-4.7	22.6
Total current assets	148.8	147.6	0.8	139.3
Assets classified as held for sale	0.9			
Total assets	323.7	318.0	1.8	309.7
Equity and liabilities				
Share capital	17.7	17.7	0.0	17.7
Other equity	86.6	87.6	-1.1	96.8
Total equity	104.3	105.3	-0.9	114.5
Loans and overdraft facilities	125.8	111.0	13.3	116.6
Other liabilities	4.5	5.3	-15.1	4.6
Total non-current liabilities	130.3	116.3	12.0	121.2
Loans and overdraft facilities	11.2	29.4	-61.9	8.8
Accounts payable and other liabilities	77.9	67.0	16.3	65.2
Total current liabilities	89.1	96.4	-7.6	74.0
Total equity and liabilities	323.7	318.0	1.8	309.7

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, 2017	17.7	4.3	1.0	37.0	-2.3	-18.6	75.4	114.5
Comprehensive income:								
Profit for the period							8.0	8.0
Translation differences						-1.4		-1.4
Cash flow hedges*			-2.4					-2.4
Total comprehensive income			-2.4			-1.4	8.0	4.2
Transactions with owners:								
Dividend payment							-12.9	-12.9
Interest on hybrid instrument							-1.8	-1.8
Share-based incentive plan					0.2		0.1	0.3
Total transactions with owners					0.2		-14.6	-14.4
Equity June 30, 2017	17.7	4.3	-1.4	37.0	-2.1	-20.0	68.8	104.3
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

* net of taxes

ASPO GROUP CONSOLIDATED CASH FLOW STATEMENT

	1-6/2017 MEUR	1-6/2016 MEUR	1-12/2016 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	9.5	8.1	20.4
Adjustments to operating profit	7.2	5.8	11.6
Change in working capital	-9.4	-22.7	-10.6
Interest paid	-3.2	-1.7	-3.7
Interest received	0.6	0.3	0.4
Income taxes paid	-1.2	-0.8	-1.9
Net cash from operating activities	3.5	-11.0	16.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in tangible and intagible assets	-2.1	-2.1	-5.0
Advance payments for vessels	-9.4		-1.3
Proceeds from sale of tangible assets	0.1		0.2
Proceeds from sale of available-for-sale financial assets	0.2		
Net cash from investing activities	-11.2	-2.1	-6.1
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in current loans	2.4	17.1	-3.5
Proceeds from non-current loans	15.6	0.2	7.2
Repayments of non-current loans	-6.2	-4.9	-6.7
Repayments of hybrid instrument		-15.7	-20.3
Hybrid instrument, interests	-1.7	-0.6	-0.9
Proceeds from hybrid instrument issue		24.8	24.8
Dividends distributed	-6.4	-12.5	-12.5
Net cash from financing activities	3.7	8.4	-11.9
Change in cash and cash equivalents	-4.0	-4.7	-1.8
Cash and cash equivalents Jan. 1	22.6	23.9	23.9
Translation differences	-0.2	0.1	0.5
Cash and cash equivalents at period-end	18.4	19.3	22.6

ASPO GROUP ASSETS AND LIABILITIES BY SEGMENT

Segments’ assets, MEUR	6/2017	6/2016	12/2016
ESL Shipping	128.6	120.3	121.1
Leipurin	61.2	60.5	62.8
Telko	87.9	90.4	78.1
Kauko	22.4	22.3	20.0
Unallocated items	23.6	24.5	27.7
Total	323.7	318.0	309.7

Segments’ liabilities, MEUR	6/2017	6/2016	12/2016
ESL Shipping	9.7	9.4	9.2
Leipurin	14.6	11.4	14.3
Telko	37.8	34.6	32.0
Kauko	7.4	8.5	5.4
Unallocated items	149.9	148.8	134.3
Total	219.4	212.7	195.2

ACCOUNTING PRINCIPLES

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 *Interim Financial Reporting*. As of January 1, 2017, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2016 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 as in the consolidated financial statements on December 31, 2016. The information in this report is unaudited.

Aspo Plc adopts 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 2016 report.

Aspo will continue to prepare for the adoption of the new IFRS 15 and IFRS 9 standards, starting from January 1, 2018. The expected impact of these standards on consolidated financial statements is described in more detail in the financial statements on pages 40–41 of the Year 2016 report. As the project proceeds, Aspo will specify its evaluation on the impact later during 2017.

SEGMENT REPORTING

Aspo Group's operating 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, Tuesday August 15, 2017 at 14.00 at the Akseli Gallen-Kallela cabinet at Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki.

FINANCIAL INFORMATION IN 2017

Aspo Plc will publish the next financial report:
- interim report for January-September on Thursday, October 26, 2017.

Helsinki, August 15, 2017

ASPO PLC

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CEO	CFO

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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.