Financial Statements 2014

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Report of the Board of Directors

Aspo is a conglomerate that owns and develops business operations in northern Europe and growth markets, focusing on demanding b-to-b customers. Aspo's strong company brands – ESL Shipping, Leipurin, Telko and Kaukomarkkinat – aim to be market leaders in their sectors. They are responsible for their own operations and customer relationships, and the development of these. Together they generate Aspo's goodwill. Aspo's Group structure and business operations are continually developed without any predefined schedule.

Aspo's operating segments are: ESL Shipping, Leipurin, Telko, and Kaukomarkkinat. Other operations consist of Aspo Group's administration, the financial and ICT service center, and a small number of other operations that do not belong to the business units.

During the financial period, Aspo planned to list Leipurin Plc on the stock exchange list of the NASDAQ OMX Helsinki Ltd. However, the public offering was interrupted on December 3, 2014, and the listing process was canceled for the time being. The cancelation was caused by the collapse of the external value of the Russian ruble and the resulting uncertainty among investors over the development of companies operating in Russia.

Operational performance

The development of industrial production in Europe and in Finland continued to be poor throughout 2014. The crisis between Russia and Ukraine continued to escalate. Financial sanctions imposed by the EU and the USA, and Russia's counter-sanctions weakened the overall financial situation, particularly during the latter half of the year. The currencies of Russia, Ukraine, Kazakhstan and Belarus fell steeply. At the end of 2014, the price of oil fell into a speedy decline, reaching a historically low level. Interest rates remained low in 2014.

ESL Shipping

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

International dry bulk freight rates remained low in 2014. During the year, both of ESL Shipping's Supramax vessels operated, not only in the Baltic Sea, but also largely in special markets in the Canadian and Russian arctic. Other ships operated in the Baltic Sea and in European traffic, and offered unloading and loading services at sea. ESL Shipping's operations in the Baltic Sea are mainly based on long-term contracts and established customer relationships.

ESL Shipping's net sales increased to EUR 85.2 million (77.8). The shipping company continued to significantly improve its efficiency and fuel economy, and increased transportation volumes of new highly profitable customers outside the Baltic Sea region. The shipping company's operating profit improved significantly in 2014 to EUR 16.0 million (7.6). The volume of cargo carried by ESL Shipping in January–December amounted to 12.1 million tons (11.6). The shipping company fully purchased m/s Kallio, previously owned jointly with a Swedish shipping company.

The improvement of profitability has been affected, not only by the increase in transportation volume and capacity, but also by the shipping company's investments in fuel economy and energy savings. Furthermore, other operational costs associated with the fleet and the company have been reduced further.

Leipurin

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

Prices of bakery raw materials fell clearly in 2014, reducing net sales. The prices of main grain-based volume raw materials continued their decrease through the fall harvest season, and the prices of flours, sugar, grease and oil decreased from the reference period, which had an impact on the level of net sales, particularly towards the end of the year.

Net sales of Leipurin fell slightly in 2014 and stood at EUR 134.9 million (136.3). Operating profit decreased to EUR 4.4 million (5.2). Euro-denominated net sales of operations in Russia, Ukraine and other CIS countries grew by approximately 6% to EUR 41.4 million (39.2) despite the challenging market situation and the steep decline of the ruble. In Russia, ruble-denominated net sales increased by 29%. The operating profit margin remained at a normal level in eastern growth markets despite exchange rate losses, being more than 5%. Euro-denominated net sales of bakery raw materials increased in the eastern market area by approximately 7% to EUR 32.4 million (30.4). The high profitability of bakery raw materials remained at the previous year's level. The profitability of machine sales fell.

The heavy fall of the ruble, a significant increase in interest rates, and the rapidly deteriorating economic situation in Russia caused orders to be postponed, because of which the order book for 2015 is below the reference period. The objective of Leipurin to increase local purchasing operations within the Russian Customs Union succeeded, and the share of local purchasing from all purchases made in Russia grew significantly, being close to 40% of all raw material purchases.

In Finland, more emphasis was placed on the Out-of-home market. In the Baltic region, profitability went up from the reference period.

Telko

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

The cyclical dependency of Telko on changes in economy or oil prices has decreased. This is based on long-term investments in product development when working with customers, and the increase in the total sales of technical plastics and demanding industrial lubricants.

The prices of raw materials sold by Telko fell in 2014, which reduced net sales. As a result of the significant decrease in oil prices, the fall of raw material sales prices accelerated towards the end of the year. Decreasing raw material prices typically reduce Telko's net sales and profitability. Uncertainty in eastern markets continued throughout the year. The fall of Russian and Ukrainian currencies increased uncertainties, while improving the competitiveness of local production compared to imported raw materials. The decline in currencies in Russia, Belarus, Kazakhstan and Ukraine reduced euro-denominated costs, which in turn improved profitability. The fall of industrial production continued in western markets.

Net sales of Telko fell slightly in 2014 and stood at EUR 226.8 million (230.2). Regardless of the decrease in oil prices and the crisis between Russia and Ukraine, Telko's operating profit was record high in 2014.

Euro-denominated net sales in Russia, Ukraine and other CIS countries fell by 5% in 2014, but regarding local currencies, net sales increased significantly. Net sales in this market area amounted to EUR 106.9 million (113.1). The ruble-denominated net sales in Russia grew by 15%. Net sales in western markets increased slightly. The sales volume of plastics remained at the previous year's level in all market areas, whereas the volume of industrial chemicals decreased.

Operating profit improved significantly, being EUR 9.9 million (5.8). The operating profit rate increased in both eastern and western markets. The operating profit rate exceeded 5% in Russia, Ukraine and other CIS countries. The improvement of profitability in western markets was affected by previously implemented cost savings. In eastern markets, the increase was substantially affected by both the good management of currency positions in the middle of a challenging market situation, and the utilization of Telko's strong market position.

Kaukomarkkinat

Kaukomarkkinat supplies products and systems that improve efficiency for the real estate and industrial sectors, as well as tools for professionals. The goal is to increase the energy efficiency, process efficiency and safety of our customers, as well as the profitability of their operations. The business is based on an in-depth understanding of customer needs, an extensive

Net sales by segment

	2014 MEUR	2013 MEUR	Change MEUR	Change %
ESL Shipping	**85.2**	77.8	7.4	9.5
Leipurin	**134.9**	136.3	-1.4	-1.0
Telko	**226.8**	230.2	-3.4	-1.5
Kaukomarkkinat	**36.0**	32.0	4.0	12.5
Other operations	**0.0**	0.0	0.0	
Total	**482.9**	476.3	6.6	1.4

Net sales by market area

	2014 MEUR	2013 MEUR	Change MEUR	Change %
Finland	**162.0**	156.7	5.3	3.4
Scandinavia	**47.9**	43.4	4.5	10.4
Baltic countries	**55.7**	49.8	5.9	11.8
Russia, Ukraine + other CIS countries	**153.0**	153.0	0.0	0.0
Other countries	**64.3**	73.4	-9.1	-12.4
Total	**482.9**	476.3	6.6	1.4

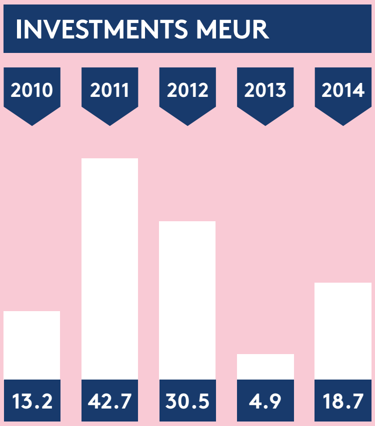
Operating profit by segment

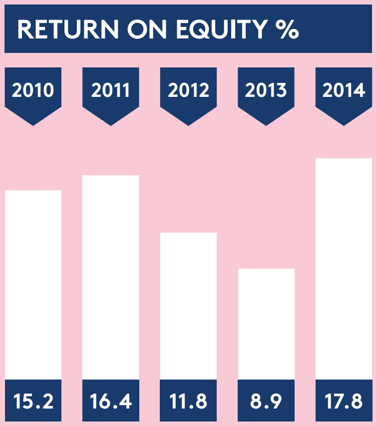
	2014 MEUR	2013 MEUR	Change MEUR	Change %
ESL Shipping	**16.0**	7.6	8.4	110.5
Leipurin	**4.4**	5.2	-0.8	-15.4
Telko	**9.9**	5.8	4.1	70.7
Kaukomarkkinat	**0.1**	-3.6	3.7	102.8
Other operations	**-7.0**	-4.2	-2.8	-66.7
Total	**23.4**	10.8	12.6	116.7

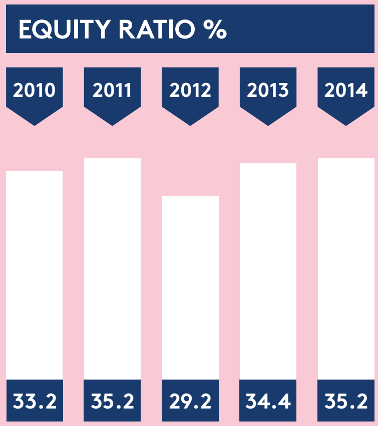
Investments by segment*

	2014 MEUR	2013 MEUR	Change MEUR
ESL Shipping	**16.0**	2.2	13.8
Leipurin	**0.7**	0.7	0.0
Telko	**1.8**	1.3	0.5
Kaukomarkkinat	**0.2**	0.5	-0.3
Other operations	**0.0**	0.2	-0.2
Total	**18.7**	4.9	13.8

* excluding business acquisitions







network of principals, and the ability to combine products and systems into functional entities. Kaukomarkkinat operates in Finland, Poland, Latvia, Russia, China, and Vietnam.

The objective of Kaukomarkkinat was to stabilize operations into black figures after the loss-producing year 2013. Net sales increased to EUR 36.0 million (32.0). The operating profit was positive and amounted to EUR 0.1 million (-3.6). The company was able to improve its profitability in Finland by focusing on its basic competence areas and by improving the efficiency of the organization. The personnel's expertise and products designed for demanding conditions produced better profitability. Tablets and laptops for special conditions, special IT equipment for the healthcare sector and a more compact product range offered in the local energy sector showed the strongest growth. In local energy equipments, the overall market fell in Finland due to the uncertain economic situation and the decrease in electricity prices. Operations outside Finland and their suitability for Kaukomarkkinat were re-evaluated. Frequency converter operations were sold in Poland.

Managing Director Jukka Nieminen resigned on October 27, 2014, after which Kimmo Liukkonen has been the acting Managing Director.

Other operations

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

Operating profit of other operations decreased by EUR 2.8 million from the previous year and amounted to EUR -7,0 million negative (-4,2). The significant decline was caused, in particular, by the Leipurin listing project and other expert costs arising from other projects carried out during the year, totaling approximately EUR 1.5 million. The 2014 allocated cost of the share-based incentive plan calculated on the basis of Aspo's results was higher than the year before.

Net sales

Aspo Group's net sales were at the previous year's level, being EUR 482.9 million (476.3). Net sales of ESL Shipping and Kaukomarkkinat increased, whereas net sales of Telko and Leipurin fell from the reference period.

Net sales improved in all of Aspo's market areas in the EU in 2014. Net sales in Russia, Ukraine and other CIS countries were at the previous year's level. The ruble-denominated net sales in Russia grew by 20%.

Earnings

Aspo Group's operating profit amounted to EUR 23.4 million (10.8). ESL Shipping's operating profit increased to EUR 16.0 million (7.6). The operating profit of Leipurin fell to EUR 4.4 million (5.2). Telko's operating profit improved by EUR 4.1 million to EUR 9.9 million (5.8). The operating profit of Kaukomarkkinat amounted to EUR 0.1 million (-3.6).

The operating profit of other operations weakened and was negative at EUR -7.0 million (-4.2).

Through the change in the company form of the insurance company Försäkringsaktiebolaget Alandia, ESL Shipping received shares in the new insurance company on the basis of its insurance premiums. Within Aspo Group, the shares were recognized at their fair value. The recognition did not have any impact on the consolidated profit for the year but it reinforced the Group's equity by approximately EUR 2.5 million.

Earnings per share were EUR 0.57 (0.28). Equity per share was EUR 3.42 (3.39).

Financial targets

Aspo is aiming at an operating profit level which is closer to 10% than 5%, an average return on equity of over 20%, and gearing of up to 100%.

In 2014, the operating profit rate was 4.8% (2.3), return on equity was 17.8% (8.9), and gearing was 101.0% (98.2).

Investments

The Group's investments stood at EUR 18.7 million (4.9), the majority of which consisted of the acquisition of the m/s Kallio vessel. Of investments made in the reference period, the majority consisted of the dockages of ESL Shipping's vessels.

Financing

The Group's financial position remained at a good level in 2014. The Group's cash and cash equivalents amounted to EUR 19.3 million (28.5). The consolidated balance sheet included a total of EUR 124.4 million (130.0) in interest-bearing liabilities. Non-interest-bearing liabilities totaled EUR 69.8 million (69.2).

Aspo Group's gearing was 101.0% (98.2) and equity ratio was 35.2% (34.4). In 2014, the most significant factors affecting the financial position were the acquisition of the m/s Kallio vessel at EUR 13 million in January, and the dividend of EUR 6.4 million paid in April.

The Group's operational cash flow improved, totaling EUR 22.0 million (16.0). The significant improvement of operational profitability increased the cash flow. The change in working capital was negative at year-end, being EUR -8.1 million (0.3).

Cash flow from investments during the financial period was EUR -14.5 million (-3.5), i.e., the Group's free cash flow amounted to EUR 7.5 million (12.5).

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 financial period. At year-end, EUR 3 million of the revolving credit facilities and EUR 23 million of the commercial paper program of EUR 80 million were in use.

In 2015, a term loan of EUR 15 million will fall due. No other significant loan agreements will expire in 2015.

Aspo has hedged its interest rate risk by means of an interest rate swap subject to hedge accounting. Its fair value on December 31, 2014 was EUR -0.8 million. Changes in fair value have been recognized in other comprehensive income, and the financial instrument is at level 2 of the fair value hierarchy.

Convertible capital loan

In 2009, Aspo Plc issued a EUR 15 million convertible capital loan. The loan period was from June 30, 2009, to June 30, 2014. The loan was repaid in one installment on June 30, 2014, since the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms were met. The loan had a fixed interest rate of 7%.

A total of EUR 4.75 million of loan units were converted into Aspo shares during the loan maturity period. The amount of repayable principal was EUR 10.25 million on the date of maturity.

Hybrid instrument

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

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

Related party loans

Aspo Plc has granted a EUR 2.9 million loan to Aspo Management Oy, which was established in 2010 as part of a shareholding plan for the key management. The interest on the loan receivable is 3% and the loan is market-based. The commitment arrangement was dissolved in November 2014 through a share swap so that Aspo Management Oy is currently a subsidiary wholly owned by Aspo Plc. The company has been consolidated in the financial statements during the commitment period.

Risks and risk management

During the review period, Aspo's operating environment became more unstable. The poor global economy spanning several years has not recovered as expected. Of large economies, the recent development in the USA has been positive, and growth in China has decelerated, while the prices of basic raw materials have gone down. The decrease in the price of oil has reduced the Russian economy, and the many-year difficulties faced by the EMU, together with the financial crisis in Greece and the slump within industrial production, have deteriorated the financial operating conditions of European companies. The poor global economic situation, combined with the decelerating trade in Russia, keeps the Finnish economy low, and increases strategic and operational risks. Changes in the operating environment in Ukraine and Russia, and the sanctions imposed on Russia by the United States and the EU, together with counter-sanctions, have increased strategic, operational, financing, and loss risks. Currently, the direct impact of the sanctions on Aspo has remained minor but their subsequent impact on economic stability, together with the global market prices of raw materials and rapid and strong fluctuations in exchange rates, has increased uncertainty within Aspo's most rapidly growing markets and risks within all risk categories.

Strategic risks

The future impact of financial sanctions on Aspo's customer base and its principals' service range is difficult to estimate. However, an increase in raw material prices and the prices of end products caused by fluctuations in exchange rates alone may reduce demand for Aspo's products in Russia, Ukraine and other CIS countries. As a result of an increase in the prices of imported products, consumer demand has slowed down and the economy has started to decelerate trade in Russia and the Ukraine. Even though the weakening currencies decelerate euro-denominated growth in net sales, euro-denominated costs will also decrease in Russia and Ukraine where Aspo's profitability has remained at a good level.

The deteriorating economic situation is reflected, not only in trade, but also in the financing markets and payments in Russia and Ukraine. Aspo has reacted to the weakened situation in the Ukraine starting from the fall of 2013 when stocks were decreased and the turnover time of trade receivables was reduced. Aspo will take similar action in Russia. Items denominated in foreign currencies have been converted into euros, and any changes in exchange rates have rapidly been transferred to prices. The situation is being monitored continuously.

A key element in Aspo's strategy is the implementation of various structural changes. The listing of Leipurin operations on the Helsinki stock exchange that was started at the end of 2013 was nearing completion, until the situation in Russia came to a head and halted its progess. As investors reduced their risks in Russia and the value of the ruble fell, the Board of Directors of Aspo stated that the listing was no longer possible and the initial public offering process was interrupted. If the current Russian situation continues or weakens, structural changes within Aspo may become more difficult as was the case in the Leipurin listing process.

Financial sanctions or any other obstacles caused by the current situation in Russia may, in part, reduce coal transportation volumes, resulting in a decrease in 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 Russian coal. As a result, it is more difficult to estimate future transportation volumes. A decrease in international freight indices and an increase in international vessels in specific size categories have increased uncertainty over the profitability of shipping companies.

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

Strategic risks are affected by changes in cargo prices, investment trends, and changes in retail 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. 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

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

Hedging against exchange rate changes, particularly in emerging markets, is not possible in all situations, and especially without interruptions. Changes in exchange rates may also reduce equity on the balance sheet as a result of translation differences. While changes in credit loss risks vary between business areas and customers, credit loss risks in general have grown, and to some extent they have also been realized.

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

Business risks

Considering probability and impact, the most significant short-term operation risks are associated with business operations and, in particular, customer permanence, the correct volume of capacity, the maintenance of the sales margin level, secured growth, and key personnel. Risk management comprises a significant part of Aspo's continuous operations and operational processes. It is supplemented by sufficient insurance cover against loss risks.

Short-term business risks are associated with the consequences of the global economic slump that can also be seen as structural changes in the markets. The Group pays continuous attention to credit loss and exchange rate risks, and the sufficiency of working capital.

ESL Shipping

The main business risks for ESL Shipping are unfavorable changes in demand and competitive position, changes in material flows, cyclic variation in energy production, labor conflicts, optimizing capacity and shipments, and an emergency or accident at sea. With long-term customer contracts and the constant monitoring and development of operations, ESL Shipping has been able to manage its risks moderately.

The international dry bulk cargo market will remain a highly challenging one. The imbalance between supply and demand is increasing competition and may keep cargo prices at a historical low. The transport needs of energy industry customers in 2015 depend on the competitiveness of coal prices, winter's energy demand, the market price of electricity, and the volume of Nordic water reserves. Demand for transportation varies from year to year, and may be lower than in the year before, focusing more on the latter half of the year. In the steel industry, overall production is expected to improve slightly from 2014, but structural changes and the global market may cause rapid changes in the situation. Transportation volumes to other industrial fields are expected to remain unchanged. ESL Shipping has prepared to serve its customers through having sufficient capacity.

Fuel price fluctuations are taken into consideration in long-term contracts. Where necessary, forwards are employed in foreign exchange transactions in order to protect against changes in exchange rates.

Leipurin

The most significant risks in the Leipurin segment's operating area are associated with exchange rates. If these risks are realized, their impact on prices, particularly in Russia, may cause changes in demand. There are also exchange rate risks in Ukraine, other CIS countries and Poland. Drastic changes in exchange rates have short-term effects on profitability. It is possible to react to the direct effects of exchange rate changes through price increases in exported products and by developing local purchasing operations. Other operational risks include international food crises and import restrictions. Strategic risks include obstacles related to free trade that could slow down the growth in the Russian trade, and its operational risks relating to potential changes in the markets and consumers' behavior.

Telko

In line with its strategy, Telko grows in the emerging markets (Russia, Ukraine, Belarus, Kazakstan, Uzbekistan and China). The economic and industrial growth of these countries has a significant impact

Personnel

	2014	2013	2012
Average personnel during the financial year	**882**	878	858
Total salaries and benefits during the financial year, MEUR	**36.6**	33.9	33.1

Average personnel by segment

ESL Shipping	**2014**	**2013**
Office staff	**22**	22
Crew members	**200**	190
	222	212
Leipurin		
Office staff	**254**	267
Non-office workers	**45**	42
	299	309
Telko		
Office staff	**224**	220
Non-office workers	**17**	18
	241	238
Kaukomarkkinat		
Office staff	**85**	86
Non-office workers	**4**	4
	89	90
Other operations		
Office staff	**31**	29
Total	**882**	878

on Telko's ability to generate profit. Rapid changes in the emerging markets increase Telko's strategic and operational risks. Risks associated with emerging markets may primarily be realized in changes in value through funding granted to subsidiaries and capital investments. Any political instability in Telko's market areas, such as Ukraine and Russia, may temporarily reduce sales and profitability.

The insecure situation in the financing sector may increase both credit loss and exchange rate risks in all of Telko's market areas.

Risks are also caused by rapid fluctuations in the world market prices of raw materials. Abruptly decreasing prices may weaken the profitability of stock products and increase the need for write-downs on inventories. Telko monitors the adequacy of its stock products on a regular basis.

Other potential business-related risks include acquisitions between raw material suppliers, reorganization of distribution channels and changes in the legislation concerning the chemical industry.

Kaukomarkkinat

The business operations of Kaukomarkkinat involve normal commercial risks and risks related to overseas operations. The operation of Kaukomarkkinat consists of several product groups, customer segments and market areas that diversify risks. As a reseller Kaukomarkkinat represents a number of suppliers independent of each other, the largest of which play a significant role.

Changes in demand are the most significant risk for Kaukomarkkinat. Selling of products based on energy conservation may suffer if energy prices change or due to public sector actions. The most significant exchange rate risks are associated with an increase in import prices in Finland and other operating countries. In China, the economic situation and currency value changes may affect customers' willingness to invest.

Financial risks

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

Refinancing risk

Refinancing risk is managed by decentralizing interest-bearing debt with respect to the counterparty, the form of financing, and maturity.

Liquidity risk

Liquidity risk is managed by securing the Group's sufficient cash funds together with binding revolving credit facilities and other financing reserves.

Interest rate risk

The company hedges against interest rate changes by binding interest-bearing debt partly to floating rate loans and partly to fixed rate loans. In addition, interest rate derivatives are used for hedging against interest rate risks.

Credit risks

The Group uses terms of payment based on advance payments and bank guarantees to hedge against credit risks.

Currency risk

Within Aspo Group, the currency risk is primarily controlled through customer and supplier agreements at the business level, and secondarily using currency derivatives.

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 supervision principles approved by the Board of Directors, risk management is part of Aspo's internal supervision, and its task is to ensure the implementation of the Group's strategy, development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of the business areas is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational control. Risk management is coordinated by Aspo's CFO, who reports to the Group CEO.

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

Personnel

At the end of the period, the number of personnel at Aspo Group was 879 (869) and the average during the period was 882 (878). The average number of officials was 616 (624) and of employees, 266 (254). The number of personnel in the parent company consisting of officials was 7 (7) at year-end and 7 (10) on average during the period.

Of Aspo Group's personnel, 51% (50) work in Finland, 2% (3) in Scandinavia, 7% (7) in Baltic countries, 33% (31) in Russia, Ukraine and other CIS countries, and 7% (9) in other countries. Men make up 61% (61) and women 39% (39) of the workforce. Of Aspo Group's employment contracts, 97% (96) are full time. During the financial year, 113 (156) new employment contracts were signed. The cost of all employment benefits within the Group in 2014 amounted to EUR 43.5 million (41.0).

The number of personnel has increased in Aspo's growth areas, particularly in Russia, Ukraine and other CIS countries, with a growth of approximately 6%. ESL Shipping's personnel increased due to the manning of the new vessel.

Rewarding

Aspo Group applies a profit bonus system which was adopted in 2013. The profit bonus system applied to Finnish personnel is linked with the personnel fund so that the bonus can be invested in the personnel fund or withdrawn in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund.

In 2010, Aspo's Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan was to enable considerable long-term ownership in Aspo for those involved in the plan. For shareholding purposes, the participants acquired a company called Aspo Management Oy, whose entire stock they owned. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price. In addition, Aspo assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest-bearing loan to finance the share purchase. Aspo Management Oy also subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases. In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owned a total of 509,612 Aspo shares. After the system reached its objective in terms of long-term ownership, a decision to dissolve the system was made in October 2014. The system was dissolved through a directed share issue without consideration where a total of 100,626 treasury shares in Aspo Plc were directed at shareholders and, through the share swap, Aspo Plc received all shares in Aspo Management Oy.

In 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The plan lasted for three years, but the Board of Directors decided on the performance criteria and participants each year. The potential reward was based on Aspo Group's earnings per share (EPS) indicator for each earnings period of the plan (2012 to 2014). The prerequisite for participation in the plan was that the person acquired Aspo shares, or held Aspo shares or Aspo Management's shares, up to the number predetermined by the Board of Directors, and undertook to follow the rules of the plan. No reward was paid for the 2012 earnings period since Aspo's result remained below the targeted level. Aspo Plc has transferred 19,492 treasury shares to employees included in the share-based incentive plan for the 2013 earnings period. On the basis of the 2014 earnings period, individuals covered by the system will receive 95,140 shares held by the company as a share-based reward, as well as money equaling the value of the shares at most in order to pay taxes.

Research and development

Aspo Group's R&D focuses mainly on developing operations, procedures and production technology without a separate organization, which means that the development investments are included in normal operational costs and are not itemized.

Environment and certification

Aspo Group's operations do not have any significant environmental impact. The Group companies follow Aspo's environmental policy with the main principle of continuously improving operations. Throughout its operations, Aspo supports the principles of sustainable development.

Aspo looks after the environment by taking initiatives and continuously monitoring the laws and recommendations connected to its operation and any revisions to these. Aspo wants to be a pioneer in all of its operations and also anticipates future developments in environmental regulations.

ESL Shipping

In all of its operations, ESL Shipping complies with national and international laws, regulations and agreements. Environmental responsibility and safety comprise significant parts of ESL Shipping's operations. The shipping company invests in long-term development, combining a high level of expertise with an understanding of the environmental impact caused by its operations. Its operations are supported by ISM and ISPS systems audited regularly by the authorities, and the ISO 14001 environmental management system, audited by Bureau Veritas.

ESL Shipping has worked systematically in order to improve the energy-efficiency of its fleet. The entire personnel of the shipping company have taken part in training events and operational development activities. As a result, the shipping company succeeded in reducing its carbon footprint by approximately 5% of carbon dioxide in 2014, despite the increasing transportation volume and mileage. During the financial year, the shipping company completed the ship-specific modifications required by the Sulphur Directive for all of its vessels. Now the vessels can use light marine diesel oil, new low-sulphur heavy oil mixes meeting the Sulphur Directive or heavy fuel oil, depending on the navigation area and availability.

Leipurin

Leipurin paid particular attention to the quality and safety of food ingredients and the environmental impact of its operations. In Finland, Leipurin's operational manual is ISO 9001 certified for both raw materials and machines. Certification also has committed the company to continually improving its operations. Leipurin takes environmental issues into account when choosing its suppliers, too.

Telko

Telko's good environmental reputation is a key factor in its success. Strict quality standards ensure that Telko can effectively protect both the company's reputation and that of its suppliers and customers.

Telko has a certified quality system complying with the ISO 9001 standard. In addition, Telko is committed to complying with the chemical industry-oriented Responsible Care Program. Due to the program, Telko is committed to the continued voluntary improvement of environmental, health and safety issues. The company's commitment has been verified by an external ESAD assessment. Telko is also the first security- and quality-assessed chemical industry company in Russia. Telko has signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat

Kaukomarkkinat provides equipment and services that improve energy efficiency. Its products can use renewable energy such as solar energy. Environmental issues play a highly important role for the company's suppliers: their commitment to sustainable development is evident in all their operations, all the way from product design and manufacture to recycling.

Management and auditors

Aspo Plc's Annual Shareholders' Meeting re-elected Matti Arteva, Mammu Kaario, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel, and Risto Salo to the Board of Directors for a one-year term. Esa Karppinen was not available for a further board membership. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected to carry on as Chairman of the Board and Matti Arteva as Vice-Chairman. At the meeting the Board also decided to appoint Roberto Lencioni Chairman of the Audit Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee members.

In 2014, the Board of Directors arranged 17 meetings, of which six were teleconferences. The average participation rate was 99%.

eMBA Aki Ojanen has acted as the CEO of the company.

The authorized public accountant firm Ernst & Young Oy has been the company's auditor. Harri Pärssinen, APA, has acted as the auditor in charge.

Decisions at shareholders' meetings

Dividend

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

An Extraordinary Shareholders' Meeting of Aspo Plc was organized on December 11, 2014. The Board of Directors of Aspo Plc proposed, in the notice of the meeting, that it be authorized, according to its discretion, to pay an additional dividend to shareholders in Leipurin shares, cash or a combination of the two. However, the Board of Directors decided to discontinue the listing process of Leipurin Plc, cancel the application for trading on Leipurin Plc shares on the stock exchange list of NASDAQ OMX Helsinki Ltd for the time being, and cancel its proposal to the Extraordinary Shareholders' Meeting regarding the authorization to pay an extra dividend. At the Extraordinary Shareholders' Meeting, the cancellation of the authorization was approved, and no extra dividend was paid.

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

The Annual Shareholders' Meeting on April 3, 2014 authorized the Board of Directors to decide on the acquisition of no more than 500,000 treasury shares using the unrestricted shareholders' equity of the company. The authorization includes the right to accept treasury shares as a pledge.

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

The Board may not exercise the authorization to acquire treasury shares or to accept them as a pledge if after the acquisition the company or its subsidiary would possess or have as a pledge in total more than ten (10) percent of the company's stock. The authorization is valid until the Annual Shareholders' Meeting in 2015 but not more than 18 months from the approval at the Shareholders' Meeting.

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

The authorization will supersede the authorization for the acquisition of treasury shares which was granted to the Board of Directors by the Annual Shareholders' Meeting on April 10, 2013.

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

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

In 2014, the Aspo Board of Directors has used its authorization as the company transferred 19,492 treasury shares related to the share-based incentive plan. In October 2014, the Aspo Board of Directors decided on a directed share issue in which Aspo transferred, in deviation from the shareholders' pre-emptive subscription rights, 100,626 Aspo shares held by the company to the shareholders of Aspo Management Oy, in order to acquire the whole share stock of Aspo Management Oy to Aspo Plc.

Authorization of the Board to decide on a rights issue

The Annual Shareholders' Meeting in 2012, authorized the Board to decide on a rights issue. The authorization also includes the right to decide on a directed share issue.

The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until September 30, 2015.

Share capital and shares

Aspo Plc's share capital on December 31, 2014 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company directly or indirectly held 573,385 shares; that is, 1.9% of the share capital. Of these treasury shares a total of 509,612 were held by the subsidiary Aspo Management Oy. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on NASDAQ OMX Helsinki Ltd's Mid Cap segment under industrial products and services.

During January-December 2014, a total of 4,871,593 Aspo Plc shares with a market value of EUR 30.2 million were traded on Nasdaq Helsinki, in other words, 15.7% of the stock changed hands. During the year, the stock reached a high of EUR 7.52 and a low of EUR 5.21. The average price was EUR 6.20 and the closing price at year-end was EUR 5.69. At the end of the year, the market value excluding treasury shares was EUR 173.0 million.

The number of Aspo Plc shareholders was 8,150 at year-end. A total of 531,165 shares, or 1.7% of the share capital, were nominee registered or held by non-domestic shareholders.

Flagging notification

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

Events after the financial year

On February 27, 2015, ESL Shipping received a judgement from the Helsinki District Court regarding the refund of the fairway dues. 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 (more information on "Legal proceedings"). The judgement is not yet final.

On February 23, 2015, Kaukomarkkinat signed an agreement on the sale of its Industrial business line specializing in machine and equipment sales for paper, process and energy industries to NiJuPe Oy, in which the management of the business to be sold holds significant ownership. Business operations have been carried out in Finland, China, Vietnam, Russia, Poland, Latvia and Kazakhstan.

The annual net sales of the divested business is approximately EUR 4 million, of which commission income makes up a significant part. Through the transaction, 23 employees will be transferred to the service of the buyer. Of the international operations of Kaukomarkkinat, project operations in Beijing and an affiliate in Kunshan, China, will not be included in the transaction.

In connection with the transaction, Aspo has evaluated the goodwill of the Kaukomarkkinat segment and will reduce it. As a result, the negative profit effect of the transaction on the Aspo Group is EUR 1.3 million, however resulting in a positive cash flow.

Outlook for 2015

The slow growth in global economy and industry within the EU will continue. Uncertainty will continue in eastern growth markets that are important areas for Aspo, and any future development and resulting financial impacts are difficult to evaluate. Currencies are expected to remain volatile, while inflation will increase significantly. Russia's GDP is expected to fall substantially. Oil prices are expected to remain low, even if the price moved slightly higher. In general, the prices of raw materials will remain at a low level. The Group will continue to increase its market shares in the strategically important eastern growth markets after some of its competitors have withdrawn from the markets. International dry bulk freight rates are expected to remain low.

Our 2015 estimate is based on industrial production in Finland and the EU continuing to show a downward trend, and the continuation of the crisis between Russia and the Ukraine. Our experience and expertise in financial crises have usually strengthened our market position in the east.

We expect the operating environment for Aspo's business operations to remain stable. However, risks in the operating environment on the eastern markets have increased due to the crisis between Russia and the Ukraine, and therefore we will be prepared, for example, for notable currency fluctuation, possible problems in the Russian banking system, and the deepening of the financial crisis. Aspo's euro-denominated costs are forecast to decrease significantly due to the tight cost control in Russia, the Ukraine, and the other CIS countries as well as due to the devaluation of the local currencies. In Finland, we estimate our annual costs to decrease by about EUR 2.5 million.

Guidance: Aspo expects to reach a good result.

ESL Shipping

International dry bulk freight rates are expected to remain low in 2015. In particular, the market freight prices of large vessels are at a historical low, and make the market situation of standard non-ice-strengthened vessels a challenging one. A significant part of the company's transportation capacity has been secured in the Baltic Sea through long-term contracts. The strong decline in the value of the Russian ruble in relation to US dollar and the euro improves the international competitiveness of raw materials exported from Russia, and transportation volumes from Russia are expected to grow or remain unchanged.

Transportation volumes within the steel industry are expected to be higher than the year before, while the heavy season variation in demand forces the capacity of the pusher system to be adapted during the open water season as in previous years. The need for transportation within the energy industry in 2015 depends on the competitiveness of coal, demand for energy during the winter, the market price of electricity, and the size of the Nordic water supply. Demand for unloading and loading services for large ocean liners at sea has been high, and is expected to continue at the same level. The shipping company is negotiating over possibilities to discover new optional market areas and applications for its pusher fleet, for example, from the transportation of biofuels in the Baltic Sea. The shipping company will continue to expand its customer base outside the energy and steel sectors, particularly towards the transportation of mining, agricultural and bioenergy products where the independent load handling capacity and ice-strengthening of the vessels can be utilized. The company will also expand its operating area and reduce the impact of seasonal and industrial cycles.

Entered into force at the beginning of 2015, the Sulphur Directive may reduce the number of ships operating in the Baltic Sea.

In 2015, four ship units will be docked as planned.

Leipurin

The prices of bakery and other food raw materials are estimated to remain stable until the 2015 harvest season. The prices of vegetable oil-based raw materials are expected to remain low or rise slightly.

The operating environment in Russia is difficult to evaluate. The strong decline in the value of the Russian ruble at the end of 2014 raised the prices of imported raw materials and, in the short-term, may steer demand towards cheaper local products. Leipurin has strongly developed its local purchasing. Its objective is to increase the current share of 40% to 50% by summer 2015. Locally acquired products include Leipurin branding products where the sales margin is higher than among imported raw materials. The strong decline in the external value of the ruble has reduced the euro-denominated cost structure of Leipurin in Russia, which in turn improves the weakened profitability.

The order book involving project deliveries in machine sales is lower than in the reference period. The situation dealing with sales and ordering decisions will be improved by identifying and developing customer-specific financing solutions. In the long-term, the structural change within the Russian bakery industry and trade offers good opportunities to increase machine sales. Demand for high-quality healthy bread is expected to grow in Russia. The long-term outlook on bakery raw materials and machine sales has remained unchanged.

Investments made by the bakery sector in frozen bakery products are expected to continue in Europe, which creates opportunities for the sale of spiral freezers to increase within the machine manufacturing operations of Leipurin.

No significant changes are expected in the volumes of bakery raw materials in Finland and the Baltic region. In Finland, Leipurin is planning on improving the efficiency of its operations. Cost savings in Finland are expected to be EUR 0.7 million annually starting from summer 2015.

Telko

In western markets, industrial fields important to Telko are not expected to grow significantly in 2015. Growth in industrial demand is estimated to remain low or decrease in Russia and the Ukraine. The volatility of the raw materials sold by Telko and the fluctuations in the exchange rates of eastern currencies are expected to continue. Oil prices are estimated to remain low. The future development of raw material prices has an impact on the development of net sales. Declining eastern currencies reduce Telko's euro-denominated costs, which in part improves profitability. The share of technical plastics from Telko's net sales has increased, which has reduced the cyclical nature of operations and improved profitability. In Finland and Scandinavia, the efficiency of operations has been improved further, which will reduce cost levels and improve profitability in 2015.

Telko will continue its strategic expansion in growth markets. It will open new units in large metropolises in Russia. Telko will continue to investigate a logistics terminal investment in Russia. The heavy fall of the ruble has reduced the euro-denominated price of the planned investment. The terminal would allow Telko to serve new industrial fields through new products.

In plastic raw materials and industrial lubricants, investments in organic growth will be continued.

Kaukomarkkinat

The objective of Kaukomarkkinat is to develop the range of energy-efficient building systems in Finland. Kaukomarkkinat offers heating solutions through a diverse range of heat pumps and solar power, and systems for the recovery, distribution and control of heat. Demand for cooling solutions will grow, even though general construction volumes have decreased. Demand for energy efficiency solutions will increase in the near future through new energy regulations.

IT solutions based on special expertise in demanding working environments connected to wireless communications will grow. Kaukomarkkinat is looking for growth in rugged computers, special IT equipment within the healthcare sector, and demanding AV solutions. Kaukomarkkinat will operate with an effective organization in Finland. Lower costs and productive sales enable a significant improvement in profitability.

The suitability of international operations for Kaukomarkkinat will be evaluated in 2015.

Legal proceedings

ESL Shipping has been seeking, through legal proceedings, a refund from the State of Finland for fairway dues charged before 2006. According to ESL Shipping, Finland has not complied with the EU's fairway dues legislation. The requirement concerned fairway dues charged in 2001–2004. The Helsinki District Court announced its judgement in the case on February 27, 2015. 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 judgement is not yet final. If the judgement becomes final, it will affect Aspo Group's result for 2015 positively with a corresponding amount. A possible reimbursement is not included in the consolidated financial statements.

The shipping company and ABG Shipyard in India have been involved in negotiations concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. The negotiations have not proceeded in the way the shipping company had hoped and, therefore, the shipping company has commenced legal proceedings against ABG Shipyard.

Aspo Plc's Corporate Governance Statement 2014 is published on the company's website on www.aspo.com.

Consolidated Statement of Comprehensive Income

1,000 EUR	Notes	Jan. 1–Dec. 31, 2014	Jan. 1–Dec. 31, 2013
Net sales	1	**482,862**	476,348
Other operating income	3	**841**	792
Share of associated companies' and joint ventures' profit or loss	16		55
Materials and services	6	**-352,278**	-352,762
Change in inventories +/–	6	**6,956**	-1,778
Employee benefit expenses	4	**-43,483**	-40,971
Depreciation, amortization and impairment	5	**-11,212**	-10,830
Other operating expenses	7	**-60,294**	-60,086
Operating profit		**23,392**	10,768
Financial income	8	**413**	760
Financial expenses	8	**-4,797**	-4,879
Total financial expenses		**-4,384**	-4,119
Profit before taxes		**19,008**	6,649
Income taxes	9	**-595**	1,926
Net profit for the period		**18,413**	8,575
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		**-12,728**	-2,835
Cash flow hedges		**28**	335
Available-for-sale financial assets	14	**3,098**	
Income tax on other comprehensive income	9	**-626**	-119
Other comprehensive income for the year, net of taxes		**-10,228**	-2,619
Total comprehensive income		**8,185**	5,956
Profit for the year attributable to			
Parent company shareholders		**18,413**	8,575
Non-controlling interest			
Total comprehensive income attributable to			
Parent company shareholders		**8,185**	5,956
Non-controlling interest			
Earnings per share to parent company shareholders, EUR	10		
Earnings per share		**0.57**	0.28
Diluted earnings per share		**0.57**	0.30

The notes presented on pages 64–94 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

Assets

1,000 EUR	Notes	Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Other intangible assets	11	**12,283**	13,232
Goodwill	12	**44,412**	45,285
Tangible assets	13	**111,398**	103,396
Available-for-sale financial assets	14	**3,259**	170
Receivables	15		201
Shares in associated companies and joint ventures	16		2,156
Deferred tax receivable	17	**3,960**	3,989
Total non-current assets		**175,312**	168,429
Current assets			
Inventories	18	**47,315**	47,825
Accounts receivable and other receivables	19	**56,208**	57,060
Income tax receivables for the period		**205**	685
Cash and cash equivalents	20	**19,258**	28,474
Total current assets		**122,986**	134,044
Total assets		**298,298**	302,473

Shareholders' equity and liabilities

1,000 EUR	Notes	Dec. 31, 2014	Dec. 31, 2013
Shareholders' equity			
Share capital	21	**17,692**	17,692
Premium fund	21	**4,351**	4,351
Revaluation fund	21	**1,844**	-656
Invested unrestricted equity fund	21	**12,021**	11,151
Other funds	21	**20,000**	22,572
Treasury shares	21	**-3,425**	-4,224
Translation differences		**-16,066**	-3,328
Retained earnings		**49,289**	46,470
Net profit for the period		**18,413**	8,575
Total shareholders' equity attributable to shareholders		**104,119**	102,603
Non-controlling interest			703
Total shareholders' equity		**104,119**	103,306
Long-term liabilities			
Deferred tax liability	17	**6,435**	8,116
Loans and overdraft facilities	22	**76,614**	85,055
Other liabilities	23	**228**	597
Total long-term liabilities		**83,277**	93,768
Short-term liabilities			
Provisions	25	**742**	547
Loans and overdraft facilities	22	**47,836**	44,896
Accounts payable and other liabilities	23	**61,912**	59,722
Income tax liabilities for the period		**412**	234
Total short-term liabilities		**110,902**	105,399
Total liabilities		**194,179**	199,167
Total shareholders' equity and liabilities		**298,298**	302,473

The notes presented on pages 64–94 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

1,000 EUR	Jan. 1–Dec. 31, 2014	Jan. 1–Dec. 31, 2013
Operational cash flow		
Operating profit	**23,392**	10,768
Adjustments to operating profit		
Depreciation, amortization and impairment	**11,212**	10,830
Gains and losses on sale of tangible assets and investments	**-49**	-188
Gains and losses on sale of business operations	**-104**	
Employee benefits	**940**	90
Change in provisions	**598**	263
Gains on change in fair value of contingent consideration	**-294**	-181
Unrealized foreing exchange gains and losses on operating activities	**366**	168
Share of associated companies' and joint ventures' profit or loss		-55
Change in working capital:		
Inventories	**-6,814**	2,958
Current receivables	**-6,276**	8,077
Non-interest-bearing current liabilities	**4,980**	-10,663
Interest paid	**-4,002**	-3,789
Interest received	**319**	467
Income taxes paid	**-2,252**	-2,708
Operational cash flow	**22,016**	16,037
Cash flow from investments		
Investments in tangible and intangible assets	**-17,470**	-3,657
Proceeds from sale of tangible and intangible assets	**222**	305
Proceeds from sale of available-for-sale financial assets		73
Dividends received	**1**	1
Subsidiaries acquired, payment of the contingent consideration	**-339**	-265
Business operations sold	**904**	
Associated companies sold	**2,156**	
Cash flow from investments	**-14,526**	-3,543
Cash flow from financing		
Repurchase of treasury shares		-53
Repayments of short-term loans	**-12,307**	-20,990
New long-term loans	**11,082**	15,626
Repayments of long-term loans	**-5,803**	-6,760
Hybrid instrument	**-1,400**	20,000
Dividends distributed	**-6,363**	-12,719
Cash flow from financing	**-14,791**	-4,896
Change in liquid funds	**-7,301**	7,598
Liquid funds Jan. 1	**28,474**	21,398
Translation differences	**-1,915**	-522
Liquid funds at year-end	**19,258**	28,474

The notes presented on pages 64–94 form an integral part of the consolidated financial statements.

Statement of Changes in Shareholders’ Equity

1,000 EUR	Notes	Share capital	Premium fund	Revaluation fund	Invested unrestricted equity fund	Other funds	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interest	Total shareholders’ equity
Shareholders’ equity January 1, 2014	21	**17,692**	**4,351**	**-656**	**11,151**	**22,572**	**-4,224**	**-3,328**	**55,045**	**102,603**	**703**	**103,306**
Comprehensive income												
Profit for the period									18,413	18,413		18,413
Other comprehensive income, net of taxes												
Cash flow hedges				22						22		22
Available-for-sale financial assets	14			2,478						2,478		2,478
Translation differences					10			-12,738		-12,728		-12,728
Total comprehensive income				**2,500**	**10**			**-12,738**	**18,413**	**8,185**		**8,185**
Transactions with owners												
Dividend payment									-6,363	-6,363		-6,363
Conversion of convertible capital loan					47					47		47
Repayment of convertible capital loan					826	-2,572			1,746	0		0
Hybrid instrument									-1,594	-1,594		-1,594
Share-based incentive plan							130		408	538		538
Transfer of funds					-13				13	0		0
Change in non-controlling interest							669		34	703	-703	0
Total transactions with owners					**860**	**-2,572**	**799**		**-5,756**	**-6,669**	**-703**	**-7,372**
Shareholders’ equity December 31, 2014		**17,692**	**4,351**	**1,844**	**12,021**	**20,000**	**-3,425**	**-16,066**	**67,702**	**104,119**	**0**	**104,119**
Shareholders’ equity January 1, 2013	21	**17,692**	**4,351**	**-872**	**11,147**	**2,572**	**-4,171**	**-493**	**59,241**	**89,467**	**703**	**90,170**
Comprehensive income												
Profit for the period									8,575	8,575		8,575
Other comprehensive income, net of taxes												
Cash flow hedges				216						216		216
Translation differences								-2,835		-2,835		-2,835
Total comprehensive income				**216**				**-2,835**	**8,575**	**5,956**		**5,956**
Transactions with owners												
Dividend payment									-12,719	-12,719		-12,719
Repurchase of treasury shares							-53			-53		-53
Hybrid instrument						20,000			-101	19,899		19,899
Share-based incentive plan									42	42		42
Transfer of funds					4				-4	0		0
Shareholding plan for Aspo Management Oy									11	11		11
Total transactions with owners					**4**	**20,000**	**-53**		**-12,771**	**7,180**		**7,180**
Shareholders’ equity December 31, 2013		**17,692**	**4,351**	**-656**	**11,151**	**22,572**	**-4,224**	**-3,328**	**55,045**	**102,603**	**703**	**103,306**

Notes to the Consolidated Financial Statements

Basic Information

Aspo Plc is a Finnish public corporation domiciled in Helsinki. Aspo Plc's shares are listed on NASDAQ OMX Helsinki Ltd.

Aspo is a conglomerate that focuses on sectors requiring extensive specialist knowledge. The Group's operations are organized into independent segments – ESL Shipping, Leipurin, Telko and Kaukomarkkinat. Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other operations not covered by business units.

The Group's parent company is Aspo Plc. The parent company is domiciled in Helsinki and its registered address is Lintulahdenkuja 10, FI-00500 Helsinki, Finland.

A copy of the consolidated financial statements is available in Aspo Plc's head office at Lintulahdenkuja 10, FI-00500 Helsinki, Finland.

Aspo Plc's Board of Directors has approved the consolidated financial statements for issue at its meeting on February 11, 2015. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the financial statements at the Annual Shareholders' Meeting held after the issue, or may also decide to modify them.

Accounting Principles

Basis of accounting

Aspo Plc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU, applying the standards and interpretations valid on December 31, 2014. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

All figures in these consolidated financial statements are presented in EUR thousands and based on original acquisition costs of transactions, unless otherwise stated in the Accounting Principles.

Starting from January 1, 2014, the Group has applied the following standards, amendments and interpretations that have no significant effect on reported information:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- Amendments to IFRS 10, IFRS 11, IFRS 12 Transition Guidelines
- Amendments to IFRS 10, IFRS 12, IAS 27 Consolidation of Investment Entities
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures
- IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities
- IAS 36 (amendment) Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (amendment) Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 Levies

Principles of consolidation

The consolidated financial statements include the parent company Aspo Plc and all its subsidiaries. The term "subsidiary" refers to a company in which the Group exercises control. The Group's associated companies include companies in which the Group owns 20%–50% of voting rights and at least a 20% holding, or in which the Group otherwise holds significant influence. Joint ventures are companies where the Group exercises joint control with other parties on the basis of an agreement. Associated companies and joint ventures have been consolidated using the equity method. If the Group's share of losses in an associated company or a joint venture exceeds the carrying amount, losses in excess of the carrying amount will not be consolidated unless the Group undertakes to fulfill the obligations of the associated company or joint venture. Unrealized profits between the Group and associated companies and joint ventures are eliminated in accordance with the Group's ownership.

Subsidiaries acquired during the financial year have been consolidated from the time Aspo gained control over them. Divested operations are included up to the time Aspo loses control. Acquired subsidiaries are consolidated using the acquisition method. Consideration and the acquired company's assets and liabilities are measured at fair value at the time of acquisition. Acquisition-related costs are entered as expenses. Any contingent consideration is recognized at fair value upon acquisition and is classified either as a liability or equity. The contingent consideration classified as a liability is measured at fair value on the last day of each reporting period, and the resulting gain or loss is entered with an effect on earnings. The contingent consideration classified as equity is not remeasured. The goodwill acquisition cost is the amount by which the subsidiary acquisition cost exceeds the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. Acquisitions prior to January 1, 2010 have been recognized in compliance with the regulations valid at the time.

According to IFRS, goodwill is not amortized; instead, it is tested annually for impairment.

Intra-Group transactions, receivables and liabilities and intra-Group profit distribution have been eliminated when preparing the consolidated financial statements.

The statement of comprehensive income presents the distribution of the financial year's profit between the parent company's shareholders and non-controlling shareholders. The interest that belongs to non-controlling shareholders is presented as a separate item under the Group's shareholders' equity.

A unit established for a special purpose

In the consolidated financial statements, Aspo Management Oy has been recognized as a subsidiary on December 31, 2014, and as an entity similar to a subsidiary in 2010–2013. It was established in 2010 to enable significant long-term shareholding within Aspo Plc among participants. Aspo Plc acquired all shares in Aspo Management Oy through a share swap on November 3, 2014. Before the share swap, Aspo Plc held control over Aspo Management Oy through a shareholder and loan contract. On the basis of this, Aspo Management Oy was consolidated in Aspo's consolidated financial statements. The control was a result of the application of contractual terms and conditions, such as the prohibition of transfer and pledge of Aspo Plc's shares managed by the company, and the voting restriction.

Aspo Management Oy's Articles of Association enable participants to only hold securities issued by Aspo Plc or obtained on the basis of them. All transactions carried out by the company required a written permit from Aspo Plc. The company's income statement and balance sheet have been consolidated in the consolidated financial statements from the start of the arrangement. Before the share swap, the consolidated financial statements handled the investment made by the management in Aspo Management Oy as a portion of the non-controlling shareholders. Aspo Plc's shares held by Aspo Management Oy have been deducted from the Group's shareholders' equity in the consolidated financial statements.

After Aspo Plc acquired all shares in Aspo Management Oy, it is able to merge the company with itself, dissolve the company or retain it as its subsidiary.

Accounting principles provide additional information about the treatment of share-based incentive plans in accounting in connection with share-based payments.

Foreign currency items and their measurement

Foreign currency denominated transactions are recorded at the exchange rates valid on the transaction date. Foreign currency denominated receivables and liabilities outstanding at the end of the year will be measured using the rates of the closing date. The losses and gains arisen from foreign currency denominated transactions and the conversion of monetary items have been recorded in the consolidated statement of comprehensive income. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit. Foreign exchange gains and losses arisen from foreign currency denominated loans are included in financial income and expenses.

Aspo has classified the internal long-term loans of Telko's Belarusian and Ukrainian subsidiaries belonging to the Telko segment as net investments in international operations under IAS 21. In the financial year 2014, the classification was expanded to cover the long-term loans of Telko's Kazakhstani subsidiary. Any unrealized foreign exchange gains and losses related to these investments will be recorded in other comprehensive income.

Foreign subsidiaries

Figures for the performance and financial position of the Group's units are measured in the main currency of the unit's business environment ("functional currency"). The consolidated financial statements are presented in euro, the parent company's functional and presentation currency. In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euro using the average rate of the financial year. Balance sheet items are translated into euro using the exchange rates valid on the closing date. Translation differences are presented as a separate item under shareholders' equity. When the holding in a subsidiary is divested in its entirety or in part, the accumulated translation differences are recognized in the consolidated statement of comprehensive income as part of the sales gain or loss.

Segment reporting

Aspo's operating segments are ESL Shipping, Leipurin, Telko and Kaukomarkkinat. The operating segments are reported in a manner that is uniform with internal reporting to the chief operating decision maker of the company. The Board of Directors has been designated as the chief operating decision maker. It is responsible for the allocation of resources to operating segments and the evaluation of their results. Inter-segment transactions are carried out at market prices.

Tangible assets

Tangible assets are recognized at original acquisition cost net of cumulative depreciation less possible impairment. For newbuildings, financial expenses arising during construction are capitalized as part of the investment's acquisition cost and are amortized during the useful life of the asset item. Depreciation is calculated on a straight-line basis over the estimated useful life as follows:

Buildings and structures	15–40 years
Vessels	17–30 years
Pushers	18 years
Machinery and equipment	3–10 years
Piping	5–20 years
Other tangible assets	3–40 years

Land is not depreciated.

A previously recorded impairment on tangible assets is reversed if the estimates used in the determination of the recoverable amount change. Carrying amount increased due to the reversal of an impairment loss may not exceed the carrying amount that would have been defined for the asset item if no impairment loss had been recognized in previous years. Sales gains and losses arising from the removal from use and disposal of tangible assets are included in other operating income and expenses.

Goodwill and other intangible assets

Acquired subsidiaries are consolidated in the consolidated financial statements using the acquisition method. The acquisition cost is matched against assets and liabilities on the basis of their fair value at the time of acquisition. The remaining part of the acquisition cost is goodwill. Goodwill is not amortized; instead, its fair value is tested at least annually using the goodwill impairment test based on the value in use (see Goodwill impairment test, Note 12).

No amortization is recognized for intangible assets with indefinite useful lives, but they are tested annually for impairment. The useful lives of the brands that belong to the Leipurin and Telko segments are estimated to be indefinite. The strong image and history of the brands support the management's view that the brands will affect cash flow generation over an indefinable period.

Other intangible assets are measured at original acquisition cost and amortized on a straightline basis during their useful life. The amortization periods for other intangible assets are:

- Software and associated licenses	3–5 years
- Refurbishment costs from premises	5–10 years
- Principal relationships and technology acquired through business combinations	10 years

The Group assesses the balance sheet values of tangible and intangible assets annually, or more often if there are any signs of potential impairment. If such signs exist, the recoverable amount of the asset in question is determined. Impairment is assessed at the level of cash-generating units.

The recoverable amount is the fair value less costs to sell, or the value in use, if higher. The cash-flow-based value in use is determined by calculating the discounted present value of predicted cash flows. The discount rate of the calculations is based on the average cost of capital (WACC), which reflects the market's view of the time value of money and the risks involved in Aspo's business operations.

An impairment loss is recognized in the income statement if the carrying amount of an asset item is higher than its recoverable amount. Where an impairment loss is recognized for an asset item subject to depreciation, the asset item's useful life is re-estimated. An impairment recognized for assets other than goodwill is reversed if the estimates used in the determination of the recoverable amount change to a substantial extent. Carrying amount increased due to the reversal of an impairment loss may not exceed the carrying amount that would have been defined for the asset item if no impairment loss had been recognized in previous years. An impairment loss recognized from goodwill is not reversed under any circumstances.

Research and development costs

As a rule, research and development costs are recognized as expenses at the time of their occurrence. Development costs arising from the design of new products are capitalized in the balance sheet as intangible assets from the date when the product is technically and commercially feasible and expected to generate financial benefits in the future. Capitalized development costs will be amortized over their useful life. Other development costs are recognized as expenses upon their realization. Any development costs recognized earlier as expenses will not be capitalized during later periods. Aspo Group's R&D focuses, according to the nature of each segment, on developing operations, procedures and products as part of customer-specific operations, which means that development investments are included in normal operational costs and are not itemized.

Inventories

Inventories are measured at acquisition cost or net realizable value, if lower. The acquisition cost is determined using the FIFO (first-in, first-out) method. The acquisition cost of finished goods and work in progress includes raw material purchase costs, direct manufacturing wages, other direct manufacturing costs, and a share of manufacturing overheads (based on regular operating capacity), borrowing costs excluded. Net realizable value is the actual sales price in the ordinary course of business, less costs from the completion of the product, and sales costs.

Leasing agreements – Group as lessee

Leasing agreements where the Group assumes an essential part of the risks and benefits inherent in ownership are classified as financial leasing agreements. Assets acquired through financial leasing agreement are recorded in the balance sheet in the amount equaling the fair value of the leased asset at the start of the agreement or the present value of minimum leases, if lower. Leasing payments are divided into financial expenses and loan repayment. Corresponding leasing liabilities, less financial expenses, are included in other long-term interest-bearing liabilities. The interest of finance is recognized in the income statement during the leasing period so that the interest rate for the remaining liability is the same for each financial year. Assets leased under financial leasing agreements will be depreciated either over their useful life or over the term of the leasing agreement, if shorter. Financial leasing agreements include lease agreements on the acquisition of machinery and equipment, IT software and vehicles.

Leasing agreements in which the material part of risks and benefits inherent in ownership remain with the lessor are classified as other leases (operational leasing), the rents of which are recognized in the income statement as expenses in equal amounts over the leasing period.

Employee benefits

Statutory pension cover is provided for by taking out insurance with pension insurance companies. In foreign units, the pension cover is arranged in accordance with local legislation and social security regulations. The Group only has defined contribution pension schemes, with any associated payments being entered in the income statement over the financial period to which each specific charge applies.

Share-based payments

The Group has share-based incentive plans for the management, where part of the reward is paid as shares and the rest in cash. Note 29 shows more information on share-based arrangements. Options rights and assigned shares are measured at fair value at the time of assignment and recognized in the income statement as costs divided into even instalments during the validity of the incentive plan. The effects of other than market based terms (e.g. profitability and profit growth target) are not included in the fair value but taken into account in the amount of options or shares to which a right is assumed to be generated, by the end of the period in which the right is generated. A contra entry of the cost is recorded under the shareholders' equity for proportions to be paid in shares, and proportions to be paid in cash are recognized as liabilities. The fair value for the proportion to be paid in cash is remeasured on each reporting day.

Aspo Management Oy was established for the Group's share-ownership arrangement. The company has been consolidated in the consolidated financial statements throughout the arrangement. The Black & Scholes model has been used to calculate the fair value of the ownership arrangement. The proportion of the fair value belonging to each financial period has been recognized in consolidated financial statements. The arrangement was dissolved in the financial year 2014.

Share capital

Ordinary shares are presented as the share capital. Transaction costs directly resulting from the issuance of new shares or options are recorded, after adjusting their potential tax effects, as a reduction of achieved payments under the shareholders' equity.

When the company buys treasury shares, the compensation paid for the shares and the acquisition related costs are recognized as a reduction in the shareholders' equity. When the shares are sold, the compensation, less direct transaction costs and the possible effect of income taxes, is recognized under the shareholders' equity.

Provisions

A provision is entered into the balance sheet if the Group has, as a result of a past event, a present legal or constructive obligation that will probably have to be fulfilled, and the amount of the obligation can be reliably estimated. Warranty provisions include the cost of product repair or replacement if the warranty period is still effective on the closing date. Warranty and maintenance obligations usually extend over 1–2 years. Warranty provisions are determined on the basis of historical experience.

The amount recorded in provisions is the present value of the costs that are expected to occur when fulfilling the obligation.

Income taxes

The Group's taxes include taxes based on the Group companies' profits for the financial year, adjustment of taxes from previous financial years and changes in deferred taxes. Income taxes are recorded in accordance with the tax rate valid in each country. Deferred tax liabilities or receivables are calculated from the temporary differences between accounting and taxation in accordance with the tax rate in force on the closing date or on the estimated tax payment date. Elements resulting in temporary differences include provisions, depreciation differences and tax losses. Deferred tax receivables are recognized from taxable losses and other temporary differences to the extent that it is likely that they may be utilized in the future. The share of profits or losses of associated companies or joint ventures presented in the comprehensive income statement is calculated from net profit or loss, and it includes the impact of taxes.

ESL Shipping was included in tonnage taxation retroactively from January 1, 2011. In tonnage taxation, shipping operations shifted from taxation of business income to tonnage-based taxation.

Income recognition principles

Revenue from the sale of products is recognized when the material risks and benefits associated with the ownership of the goods have transferred to the buyer. Revenue from services is recognized once the services have been rendered. Income and costs from constuction contracts built according to individual orders are recognized as revenue and expenses on the basis of the percentage of completion method when the outcome of the project is reliably assessable. The stage of completion is defined as the share of realized production and installation hours accumulated by the time of review from the project's estimated production and installation hours. Costs associated with a project, for which no revenue has been recorded, are recognized in inventories under incomplete construction contracts. When it is likely that the project will generate losses, they will be expensed immediately. Aspo Group applies the recognition principle of construction contracts to Leipurin's own machine manufacturing, which comprises only a small part of the Group's operations.

Subsidies

Public subsidies granted to compensate for incurred costs are recognized through profit or loss in the same way as the expenses related to the object of the subsidy are expensed. Subsidies received are presented as net deductions from generated costs. Subsidies related to the acquisition of tangible assets have been recognized as adjustments to acquisition costs. Subsidies are entered as income during the period of use of the asset item in the form of smaller depreciation.

Long-term assets classified as held for sale and discontinued operations

Long-term asset items as well as assets and liabilities related to discontinued operations are classified as held for sale if the amount corresponding to their carrying amount is mainly accumulated from the sale of the asset instead of its continued use. The preconditions for classifying an item as held for sale are met when the sale is highly probable and the management is committed to the sale.

Immediately prior to classification as held for sale, the asset items in question or disposal groups comprising assets and liabilities are measured in accordance with applicable IFRS standards. From the point of classification onwards, the asset items held for sale are measured at carrying amount or at a fair value, if lower, less the costs to sell.

The results of discontinued operations are recorded as a separate item in the consolidated statement of comprehensive income. The assets held for sale and disposal groups comprising assets and liabilities are recorded in the balance sheet as separate items. In 2013 and 2014, the Group had no operations classified as discontinued.

Accounts receivable

Accounts receivable are recognized at acquisition cost. The Group writes down receivables if there is objective evidence that the receivable cannot be collected in full.

Accounts payable

Accounts payable are recognized at acquisition cost and treated as short-term liabilities if they expire within one year.

Financial assets

Financial assets are classified into loans and other receivables, investments held to maturity, financial assets available for sale, and financial assets recognized at fair value through profit and loss. The classification takes place in connection with the initial acquisition.

Loans and other receivables are recorded on the settlement date, and presented on the balance sheet at amortized cost using the effective interest rate method. Transaction costs are included in the original acquisition cost. Financial assets and liabilities recognized at fair value through profit and loss are recorded on the settlement date and measured at fair value.

Financial assets available for sale and financial assets recognized at fair value through profit and loss are measured at fair value, using quoted market prices and rates, or an imputed present value. Changes in the fair value of financial assets available for sale are recorded in other comprehensive income and presented in the fair value reserve, taking the tax impact into account. When such an asset is sold or impaired, the accumulated changes in fair value are reclassified from shareholders' equity to profit or loss. Acquisitions or disposals of financial assets available for sale are recorded on the settlement date. If reliable market value is not available, available-for-sale financial assets are recognized at acquisition cost.

Investments in shares are classified as financial assets available for sale.

Financial assets are derecognized when the Group has lost the contractual right to cash flows, or materially moved risks and rewards away from the Group.

An impairment is recognized in liabilities and receivables when the balance sheet value is higher than the recoverable amount.

Financial liabilities

Financial liabilities are recorded on the settlement date and recognized in the balance sheet at fair value, less transaction costs. Interests are allocated on the maturity of the debt in the income statement, using the effective interest rate method. Financial liabilities are classified as current when they fall payable within twelve (12) months of the end of the reporting period

The fair value of the share in debt of a convertible capital loan is determined by using the market interest rate of a corresponding debt on the date of issue. The share in debt is recognized at amortized cost, until it is completely amortized by converting the loan into shares. The remainder of the money received – in other words, the share of equity less the effect of tax – is recorded under shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents include cash funds, bank deposits and other highly liquid short-term (no more than three months) investments. Overdraft facilities used are presented under other short-term liabilities.

Derivatives

Derivatives are originally booked at fair value on the day the Group becomes a contracting party, and are subsequently further measured at fair value.

The Group has applied hedge accounting to protect predicted foreign currency denominated cash flows arising from the acquisition of tangible assets. The change in the fair value of the effective share of hedging is recorded in other comprehensive income and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Profits and losses recorded under shareholders' equity are transferred to the acquisition cost of the asset in question during the financial period when the hedged item is capitalized. Hedge accounting is also applied to interest rate swaps to hedge the future interest rate cash flow as fixed. The change in the fair value of the effective share of hedging is recorded in other comprehensive income and presented in the hedge fund that is included in the fair value reserve under shareholders' equity. Interest rates realized during the financial year of the interest rate swap are recorded in the financial items. Hedge accounting is not applied to other derivatives.

The relation between hedging instruments and hedged objects is documented at the start of hedging. Likewise, documents will be prepared for risk management targets and strategies used as guidelines when launching different hedging actions. At the start of hedging and continuously after this action, the Group prepares an estimate whether the derivatives used in hedging effectively abolish the changes in fair values of the hedged objects or in cash flows. The gain or loss relating to an inefficient share is immediately recognized as financial items of the consolidated statement of comprehensive income. When the hedging instrument expires or is sold or when hedging does not meet the preconditions set for the application of hedge accounting, retained gains and losses included at that time in the shareholders' equity remain in the shareholders' equity, and are transferred to the comprehensive income statement only after recording the predicted transaction in the income statement. If the predicted transaction is not anymore expected to realize, the retained gain or loss presented under shareholders' equity is immediately transferred to financial items of the comprehensive income statement.

Changes in the fair value of derivatives associated with financial items are recorded in financial income and expenses. Changes in the fair value of other derivatives are recorded under other operating income and expenses.

Fair value is determined on the basis of quoted market prices and rates, the discounting of cash flows and options' value measurement models.

The fair value of currency forwards is calculated by discounting the predicted cash flows from the agreements in accordance with interest rates of the currencies sold, converting the discounted cash flows at the exchange rates valid on the closing date, and calculating the difference between the discounted values. Fair values of currency options are determined using commonly adopted option measurement models. The fair value of interest rate swaps is calculated by discounting the predicted cash flows from the agreements by using the market prices valid upon valuation.

Estimates

When preparing consolidated financial statements in compliance with IFRS, the Group's management must make assumptions and estimates that affect the assets and liabilities on the balance sheet at the time of preparation, the reporting of contingent assets and liabilities, and the income and expenses during the financial year. Estimates are used, for instance, to determine the amounts of items reported in the consolidated financial statements, to determine the goodwill and its expected yields and the useful life of tangible and intangible assets, as well as the validity of inventories and assets and liabilities. The estimates are based on information compiled from the business functions, which concerns the respective markets and development of the businesses, the experience of the management, and other justifiable assumptions that constitute the best current assessments of the management, but due to changes in the factors that form the basis for the markets and estimates, it is possible that the final figures may, sometimes significantly, deviate from the assessments used in the consolidated financial statements.

Goodwill impairment test

The Group tests the balance sheet value of goodwill annually or more often if there are any signs of potential impairment. An impairment loss recognized for goodwill is not reversed under any circumstances. Goodwill is allocated to the Group's cash-generating units in which the management monitors goodwill in their internal reporting. The unit's recoverable amount is calculated on the basis of value-in-use calculations. The cash-flow-based value in use is determined by calculating the discounted present value of predicted cash flows. The discount rate of the calculations is determined through the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to asset items and location of operations. The weighted average cost of capital reflects the Group's average long-term financial structure. An impairment loss is immediately recognized in the income statement if the asset's carrying value is higher than its recoverable amount.

Accounting principles requiring exercise of judgment and main sources of insecurity related to estimates

The estimates made when preparing the consolidated financial statements are based on the management's best assessment on the closing date. The estimates are based on past experience and assumptions regarding the future development of the Group's financial operating environment and its effect on the Group's net sales and cost level. According to the Group's management, goodwill impairment testing, deferred tax receivables and available-for-sale financial assets involve the most significant estimates and assumptions. Goodwill and its testing are discussed in more detail in Note 12.

Application of new or amended IFRS Standards and IFRIC Applications

From the beginning of 2015, the Group applies the following amended standards and interpretations:

- Amendment to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRS Standards 2010–2012 and Annual Improvements to IFRS Standards 2011–2013

The adoption of the standards and interpretations is not expected to have any material impact on the reported figures.

In 2016 or later, the Group will adopt the following standards, interpretations and amendments made to existing standards after their approval by the EU:

- IFRS 11 (amendment) Joint Arrangements. Accounting for Acquisitions of Interest in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Annual Improvements to IFRS Standards 2012–2014

The Group is currently evaluating the probable impact of these standards, interpretations and amendments on future financial statements.

1. NET SALES AND SEGMENT INFORMATION

Aspo's operating segments are ESL Shipping, Leipurin, Telko, and Kaukomarkkinat.

ESL Shipping handles sea transportation of energy sector and industrial raw materials, and offers related services.

Leipurin serves the bakery and other food industry by supplying ingredients, production machinery, and production lines, as well as bakery industry related expertise.

Telko acquires and supplies plastic raw materials and chemicals to industry. Its extensive customer service also covers technical support and the development of production processes.

Kaukomarkkinat specializes in energy efficiency technology, solutions to improve efficiency in the process industry, and professional electronics.

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

The segment structure corresponds with the Group's organizational structure and internal reporting, where evaluation principles of assets and liabilities are in accordance with IFRS. The assessment of each segment's profitability is based on the segment's operating profit and net sales to external customers. The Board of Directors is responsible for assessing the segments and making resourcing decisions.

The segment's assets and liabilities are items that the segment uses in its business operations or that can be reasonably allocated to the segment. Items not allocated to segments consist of income statement and balance sheet items associated with income taxes and centralized financing. Investments consist of increases in tangible assets and intangible assets that will be used in more than one financial year. Pricing between segments is based on fair market prices.

1.1 Net sales

1,000 EUR	2014	2013
Sale of goods	**391,492**	394,328
Sales of services	**88,336**	81,619
Accrued income from construction contracts	**3,034**	401
Total	**482,862**	476,348

1.2 Operating segments
2014

1,000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales to external customers	85,210	134,856	226,789	36,007		482,862
Inter-segment sales		3	124	14		
Net sales	85,210	134,859	226,913	36,021		482,862
Operating profit	15,960	4,429	9,949	62	-7,008	23,392
Net financial expenses						-4,384
Profit before taxes						19,008
Income taxes						-595
Net profit for the period						**18,413**
Depreciation on tangible assets	7,475	368	631	176	100	8,750
Amortization on intangible assets	25	798	1,088	533	18	2,462
Segment's assets	119,446	63,708	68,317	19,433	27,394	298,298
Total assets	119,446	63,708	68,317	19,433	27,394	**298,298**
Segment's liabilities	12,190	17,658	25,282	4,910	134,139	194,179
Total liabilities	12,190	17,658	25,282	4,910	134,139	**194,179**
Investments	15,993	728	1,758	245	18	**18,742**

2013

1,000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales to external customers	77,782	136,263	230,245	32,058		476,348
Inter-segment sales			82	12		
Net sales	77,782	136,263	230,327	32,070		476,348
Share of associated companies' and joint ventures' profit or loss	55					55
Operating profit	7,598	5,208	5,848	-3,677	-4,209	10,768
Net financial expenses						-4,119
Profit before taxes						6,649
Income taxes						1,926
Net profit for the period						**8,575**
Depreciation on tangible assets	7,008	349	697	230	121	8,405
Amortization on intangible assets	38	751	1,093	530	13	2,425
Segment's assets	110,577	64,402	69,034	22,383	33,921	300,317
Shares in associated companies and joint ventures	2,156					2,156
Total assets	112,733	64,402	69,034	22,383	33,921	**302,473**
Segment's liabilities	10,718	19,567	22,981	5,630	140,271	199,167
Total liabilities	10,718	19,567	22,981	5,630	140,271	**199,167**
Investments	2,189	735	1,254	550	161	**4,889**

1.3 Geographic areas

The Group monitors its net sales in accordance with the following geographical division: Finland, Scandinavia, the Baltic countries, Russia, Ukraine and other CIS countries, and other countries. Net sales of the geographical regions is presented as per customer location and their assets as per location. Sales to external customers is defined in accordance with IFRS regulations.

	Net sales		Assets*	
1,000 EUR	**2014**	**2013**	**2014**	**2013**
Finland	**161,937**	156,725	**169,947**	162,943
Scandinavia	**47,924**	43,405	**18**	26
Baltic countries	**55,736**	49,780	**499**	520
Russia, Ukraine + other CIS countries	**153,007**	153,061	**844**	844
Other countries	**64,258**	73,377	**44**	106
Total	**482,862**	476,348	**171,352**	164,439

* Long-term assets other than financial assets and assets related to taxes.

2. ACQUIRED OPERATIONS

Businesses acquired in 2013 and 2014

No new businesses were acquired in financial years 2013 and 2014.

Contingent considerations from previous financial years

On December 7, 2011, Leipurin Ltd acquired the entire stock of Vulganus Oy at a price of EUR 4.9 million. The transaction price is increased by contingent consideration in accordance with the sales margin that will accumulate during 2012–2014. At the time of acquisition the compensation was estimated to be EUR 1.5 million.

Through the acquisition of Vulganus Oy, the Leipurin segment modernized its bakery machine production and improved its competitiveness in bakery machine operations. Through the transaction, the Group expected to not only obtain sales growth but also cost savings. The goodwill arisen from the acquisition is based on modernizing the operating approach, the expanding market area, competent staff, and savings caused by synergy.

The table below provides the changes in the contingent consideration.

Changes in the fair value of the contingent consideration result from an additional acquisition price lower than expected. The changes have been recognized as other operating income.

According to the contingent consideration arrangement, Leipurin Plc is obligated to pay the former owners of Vulganus Oy 10.5% of the sales margin that accumulates during 2012, 2013, and 2014. The non-discounted amount of payments, which the Group could be required to make according to this arrangement, was evaluated to be EUR 1.6 million. The fair value of the contingent consideration arrangement has been determined with a 2% discounting interest rate base. According to the terms of the contingent consideration, no minimum or maximum values have been determined for the payable consideration.

Contingent consideration

1,000 EUR	2014	2013
Contingent consideration, January 1	931	1,377
Payment of the contigent consideration	-339	-265
Fair value adjustment	-294	-181
Contingent consideration, December 31	**298**	931

3. OTHER OPERATING INCOME

1,000 EUR	2014	2013
Gains on the sale of tangible assets	52	145
Insurance compensations	96	5
Rents and related remunerations	19	173
Change in fair value of contingent consideration	294	181
Gains on sale of business operations	104	
Other income	276	288
Total	**841**	792

4. EMPLOYEE BENEFITS AND PERSONNEL INFORMATION

At the end of the year, the number of employees at Aspo Group was 879 (869) and the average during the year was 882 (878). The average number of office staff was 616 (624) and that of non-office workers 266 (254).

Employee benefit expenses

1,000 EUR	2014	2013
Wages and salaries	**35,533**	33,846
Pension expenses, defined contribution plans	**4,149**	4,265
Share-based payments	**1,038**	90
Other employee benefit expenses	**2,763**	2,770
Total*	**43,483**	40,971
*Expenses are decreased by the state subsidy received from the Ministry of Transport and Communications.	**5,039**	4,605

Information regarding the employee benefits of key management personnel is presented in the Related parties section.

Personnel by segment at year-end

	2014	2013
ESL Shipping	**226**	210
Leipurin	**297**	300
Telko	**258**	249
Kaukomarkkinat	**69**	80
Other operations	**29**	30
Total	**879**	869

Personnel by geographic area at year-end

	2014	2013
Finland	**444**	431
Scandinavia	**19**	23
Baltic countries	**65**	66
Russia, Ukraine + other CIS countries	**289**	272
Other countries	**62**	77
Total	**879**	869

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

1,000 EUR	2014	2013
Intangible assets	**2,462**	2,425
Buildings	**211**	210
Vessels	**7,447**	6,971
Machinery and equipment	**1,062**	1,193
Other tangible assets	**30**	31
Total	**11,212**	10,830

6. MATERIALS AND SERVICES

1,000 EUR	2014	2013
Purchases during the period		
ESL Shipping	**15,331**	18,228
Leipurin	**106,262**	104,042
Telko	**195,902**	197,044
Kaukomarkkinat	**25,662**	24,594
Total	**343,157**	343,908
Change in inventories	**-6,956**	1,778
Outsourced services		
Leipurin	**3,922**	4,032
Telko	**4,471**	4,239
Kaukomarkkinat	**728**	583
Total	**9,121**	8,854
Total materials and services	**345,322**	354,540

7. OTHER OPERATING EXPENSES

1,000 EUR	2014	2013
Rents	**8,282**	8,535
ESL Shipping	**32,158**	32,559
Leipurin	**7,042**	6,432
Telko	**6,137**	7,011
Kaukomarkkinat	**3,160**	3,484
Other operations	**3,512**	2,064
Loss on sale of tangible assets and investments	**3**	1
Total	**60,294**	60,086

Auditors’ fees

1,000 EUR	2014	2013
Auditing	**233**	197
Tax advice	**21**	66
Other services	**621**	39
Total	**875**	302

8. FINANCIAL INCOME AND EXPENSES

The items above operating profit include EUR -2.3 million (-1.1) in exchange rate differences for 2014. Interest expenses include EUR 0.1 million (0.1) in contingent rents recognized as costs arisen from finance leasing agreements during the financial year.

1,000 EUR	2014	2013
Dividend income from available-for-sale financial assets	1	1
Interest income from loans and other receivables	137	183
Foreign exchange gains	275	576
Total financial income	**413**	760
Interest rate expenses	-3,812	-3,898
Foreign exchange losses	-985	-981
Total financial expenses	**-4,797**	-4,879
Total financial income and expenses	**-4,384**	-4,119

9. INCOME TAXES

Taxes in the income statement

1,000 EUR	2014	2013
Taxes for the period	-2,914	-2,065
Change in deferred tax receivables and liabilities	2,316	4,049
Taxes from previous financial years	3	-58
Total	**-595**	1,926

Reconciliation of the tax expense in the income statement and taxes calculated using the Group's parent company's tax rate 20% (24.5)

1,000 EUR	2014	2013
Profit before taxes	19,008	6,649
Taxes calculated using the parent company's tax rate	-3,802	-1,629
Impact of foreign subsidiaries' tax rates	334	689
Impact of tonnage taxation	3,509	2,347
Losses for which no tax receivable was recognized	-1,963	-379
Utilisation of previously unrecognised tax losses	37	
Re-measurement of deferred tax rate*		944
Taxes from previous financial years	3	-58
Repayment of convertible capital loan	941	
Tax at source	-29	-141
Timing differences, tax-free and non-deductible items	375	153
Taxes in the income statement	**-595**	1,926
Effective tax rate	3 %	-29 %

*The Finnish corporate tax rate decreased to 20% on January 1, 2014

Income tax on other comprehensive income

1,000 EUR	2014	2013
Cash flow hedges	-6	-119
Available-for-sale financial assets	-620	
Total	**-626**	-119

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit or loss belonging to the parent company's shareholders by the weighted average number of outstanding shares during the financial year. When calculating the earnings per share, interest of the hybrid bond, adjusted for tax effect, has been considered as a profit-reducing item. When calculating the diluted earnings per share, the average number of shares was adjusted with the dilutive effect of the equity-based convertible capital loan and the shareholding plan for Aspo Management Oy. At the end of 2014, there were no diluting items.

1,000 EUR	2014	2013
Undiluted		
Profit of the year attributable to parent company shareholders	**18,413**	8,575
Interest of the hybrid bond (adjusted by tax effect)	**-1,255**	-129
Average number of shares during period (1,000)	**30,312**	30,282
Earnings per share, EUR	**0.57**	0.28
Diluted		
Profit of the year attributable to parent company shareholders	**18,413**	8,575
Interest of the hybrid bond (adjusted by tax effect)	**-1,255**	-129
Interest of the convertible capital loan (adjusted by tax effect)		993
Conversion of convertible capital loan into shares (1,000)		1,664
Shareholding plan for Aspo Management Oy (1,000)		0
Average number of shares during period adjusted by the dilution effect from the convertible capital loan and the shareholding plan for Aspo Management Oy (1,000)	**30,312**	31,945
Diluted earnings per share, EUR	**0.57**	0.30

11. OTHER INTANGIBLE ASSETS

Intangible rights mainly consist of corporate brands described in Note 12. Intangible assets also include software and associated licenses, refurbishment costs from the repair of premises as well as principal relationships and new technology acquired in business combinations.

2014

1,000 EUR	Intangible rights	Other intangible assets	Advance payments of intangible assets	Total
Acquisition cost, Jan. 1	10,041	17,639		27,680
Translation difference	-2	-59		-61
Increases	147	1,270	114	1,531
Decreases	-174			-174
Acquisition cost, Dec. 31	**10,012**	**18,850**	**114**	**28,976**
Accumulated amortization, Jan. 1	-4,438	-10,010		-14,448
Translation difference	2	42		44
Accumulated amortization of decreases	173			173
Amortization for the period	-59	-2,403		-2,462
Accumulated amortization, Dec. 31	**-4,322**	**-12,371**		**-16,693**
Book value, Dec. 31	**5,690**	**6,479**	**114**	**12,283**

2013

1,000 EUR	Intangible rights	Other intangible assets	Advance payments of intangible assets	Total
Acquisition cost, Jan. 1	10,019	16,757		26,776
Translation difference	-4	-35		-39
Increases	26	917		943
Acquisition cost, Dec. 31	**10,041**	**17,639**		**27,680**
Accumulated amortization, Jan. 1	-4,351	-7,693		-12,044
Translation difference	2	19		21
Amortization for the period	-89	-2,336		-2,425
Accumulated amortization, Dec. 31	**-4,438**	**-10,010**		**-14,448**
Book value, Dec. 31	**5,603**	**7,629**		**13,232**

Intangible assets leased under finance lease are included in intangible assets as follows

Other intangible assets

1,000 EUR	2014	2013
Acquisition cost, Jan. 1	**4,780**	3,882
Increases	**1,258**	898
Acquisition cost, Dec. 31	**6,038**	4,780
Accumulated amortization, Jan. 1	**-2,731**	-1,714
Amortization for the period	**-1,073**	-1,017
Accumulated amortization, Dec. 31	**-3,804**	-2,731
Book value, Dec. 31	**2,234**	2,049

12. GOODWILL

Goodwill is allocated to the Group's cash-generating units by business unit, depending on the level of goodwill monitoring in internal reporting. Every unit represents each of Aspo's operating segments. Goodwill is divided into the segments as follows: ESL Shipping EUR 0.8 million (0.8), Leipurin EUR 27.3 million (27.3), Telko EUR 5.1 million (5.1), and Kaukomarkkinat EUR 11.3 million (12.1).

The useful lives of brands included in Leipurin and Telko segments have been estimated to be indefinite. The strong image and history of these brands support the management's view that these brands will affect cash flow generation over an indefinable period. As for impairment, the brands have been tested. According to test results, there are no impairments to be expected.

Impairment testing

Recoverable cash flows in impairment calculations have been defined on the basis of value in use. Cash flow estimates are based on three-year financial plans approved by the Board of Directors. In testing, cash flow estimates are prepared for five years, after which the cash flow is assumed to grow steadily. With regard to units dependent on Russia, Ukraine and other CIS countries, cash flows cover decreased cash flow expectations. This means that the impact of this region is not reflected in the discount rate used in testing. The terminal value is a growth assumption of 1% (1), apart from the Telko segment for which a value of 1.5% (3) has been used. Telko's growth assumption is based on its operational development being focused on growth markets. The recoverable amount indicated by the tests clearly exceeds the carrying amount of goodwill in each segment. The share of the terminal value varied from 78% to 88% from the recoverable amount, being highest in the Kaukomarkkinat segment. The goodwills of ESL Shipping and other operations are not significant compared to the recoverable amount. No impairment is recognized for the financial year and no impairment occurred according to impairment tests.

When estimating net sales, the assumption is that current operations can be maintained, and net sales will grow in a controlled manner at the rate estimated in financial plans.

The sales margin is estimated to follow net sales growth.

It is estimated that costs will increase slowly as a result of continuous cost management. Fixed costs are expected to grow as much as the rate of inflation at the most.

The discount rate is determined through the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to the asset items and location of operations. The discount rate is determined before taxes. The decrease in the discount rate from the previous year is mainly caused by a decrease in the risk-free rate. The discount rate (WACC) used in calculations was 6.59% (8.04) before taxes.

Factors influencing impairment testing and sensitivity analysis

Slow economic growth, changes in exchange rates and heavy fluctuation in the operating environment make it more difficult to evaluate the assumptions used in impairment testing. Assumptions are appropriate and tested operations have a sustainable basis. There are no indications of impairment in the business operations' goodwill but the result of future impairment testing depends on the materialization of estimated future cash flows. A substantial negative change in future cash flows, a significant increase in interest rates or a high tying-up rate of capital may result in an impairment of goodwill. It is the management's view that the estimates of future cash flows and the tying-up rate of capital used in the testing are likely.

Each segment has undergone a sensitivity analysis in which the values used as basic assumptions in the testing were lowered. As a result of this, the value of segment´s future cash flows has become weaker. The changes and their effects are:

- WACC was raised by 20%, effect 19–22% (18–23).
- EBIT was cut down by 10%, effect approximately 8–13% (7–13).
- Sales growth was cut down by 10% annually, effect 12–23% (14–25).

The sensitivity analysis shows that there are no future impairment losses to be expected.

Goodwill

1,000 EUR	2014	2013
Acquisition cost, Jan. 1	45,285	45,324
Decreases	-800	
Translation difference	-73	-39
Acquisition cost, Dec. 31	**44,412**	45,285

Allocation of goodwill

1,000 EUR	2014	2013
ESL Shipping	790	790
Leipurin	27,281	27,281
Telko	5,054	5,127
Kaukomarkkinat	11,251	12,051
Other operations	36	36
Total	**44,412**	45,285

Brands

1,000 EUR	2014	2013
Leipurin	3,148	3,148
Telko	2,155	2,155
Total	**5,303**	5,303

13. TANGIBLE ASSETS

2014

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	54	5,514	10,771	218,842	843	0	236,024
Translation difference			-754				-754
Increases		321	863	15,948		79	17,211
Decreases		-463	-1,612		-52		-2,127
Acquisition cost, Dec. 31	**54**	**5,372**	**9,268**	**234,790**	**791**	**79**	**250,354**
Accumulated depreciation, Jan. 1		-2,486	-7,513	-122,307	-322		-132,628
Translation difference			514				514
Accumulated depreciation of decreases		460	1,396		52		1,908
Depreciation for the period		-211	-1,062	-7,447	-30		-8,750
Accumulated depreciation, Dec. 31		**-2,237**	**-6,665**	**-129,754**	**-300**		**-138,956**
Book value, Dec. 31	**54**	**3,135**	**2,603**	**105,036**	**491**	**79**	**111,398**

2013

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	60	5,685	10,420	216,690	555	216	233,626
Translation difference			-190				-190
Increases		24	1,370	2,152	288	113	3,947
Transfers between classes		119	210			-329	0
Decreases	-6	-314	-1,039				-1,353
Acquisition cost, Dec. 31	**54**	**5,514**	**10,771**	**218,842**	**843**	**0**	**236,024**
Accumulated depreciation, Jan. 1		-2,503	-7,240	-115,336	-291		-125,370
Translation difference			142				142
Accumulated depreciation of decreases and transfers		227	778				1,005
Depreciation for the period		-210	-1,193	-6,971	-31		-8,405
Accumulated depreciation, Dec. 31		**-2,486**	**-7,513**	**-122,307**	**-322**		**-132,628**
Book value, Dec. 31	**54**	**3,028**	**3,258**	**96,535**	**521**	**0**	**103,396**

Tangible assets leased under finance lease are included in tangible assets as follows

Machinery and equipment

1,000 EUR	2014	2013
Acquisition cost, Jan. 1	**1,650**	1,764
Increases	**14**	335
Transfers between classes		185
Decreases	**-171**	-634
Acquisition cost, Dec. 31	**1,493**	1,650
Accumulated depreciation, Jan. 1	**-1,035**	-1,095
Accumulated depreciation of decreases	**117**	441
Depreciation for the period	**-275**	-381
Accumulated depreciation, Dec. 31	**-1,193**	-1,035
Book value, Dec. 31	**300**	615

14. FINANCIAL ASSETS AVAILABLE FOR SALE

2014

1,000 EUR	Unlisted shares
Acquisition cost, Jan. 1	170
Increases*	3,097
Decreases	-8
Acquisition cost, Dec. 31	**3,259**
Book value, Dec. 31	**3,259**

*Alandia

2013

1,000 EUR	Unlisted shares
Acquisition cost, Jan. 1	198
Increases	8
Decreases	-36
Acquisition cost, Dec. 31	**170**
Book value, Dec. 31	**170**

Through the change in the corporate form of Försäkringsaktiebolaget Alandia insurance company, ESL Shipping Oy obtained 6,775 new shares on the basis of insurance premiums. The shares obtained are intended for temporary ownership and have been classified under available-for-sale financial assets in the consolidated financial statements. The shares are recognized at their fair value (level 3) in other comprehensive income adjusted by the tax impact. The definition of the fair value is based on a valuation conducted by an external expert, on the basis of which the fair value of the shares has been calculated by discounting the net asset value by the liquidity risk.

Other available-for-sale financial assets are unlisted shares. Because their fair value cannot be reliably determined, they have been recognized at their acquisition cost less possible impairment.

15. LONG-TERM RECEIVABLES

Other items included in long-term receivables

1,000 EUR	2014	2013
Long-term loan receivables		201

16. ASSOCIATED COMPANIES AND JOINT VENTURES

Shares in associated companies and joint ventures

1,000 EUR	2014	2013
Balance, Jan. 1	**2,156**	2,170
Sale of associated companies	**-2,156**	
Share of associated companies' and joint ventures' profit or loss		55
Translation difference		-69
Balance, Dec. 31		2,156

ESL Shipping Ltd had a 35% holding in the associated company Credo AB. The company was sold in January 2014 at the carrying amount, and the transaction had no impact on the result. The carrying amount did not include goodwill. The unlisted Credo AB's registered office is in Donsö, Sweden. Kaukomarkkinat Ltd has a 50% holding in the joint venture Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland. The company had no net sales for the financial year and the profit was EUR 0.0 million. The company's assets were EUR 0.6 million and liabilities EUR 0.6 million. Due to the loss produced by the company and its subsidiary, the financial statements do not include any consolidated portion of the joint venture's loss.

17. DEFERRED TAXES

Deferred tax on the transition to tonnage taxation is relieved through annual state subsidies during the validity of the Tonnage Tax Act if the preconditions for such relief are met. The amount of tax relief was EUR 0.6 million in 2014, and EUR 2.3 million in 2011–2013.

The balance sheet includes deferred tax receivables of EUR 3.2 million (3.2) from Finnish companies with a negative result for the financial years 2011, 2012 or 2013. These deferred tax assets are recorded on the basis of the management's profit forecast indicating that the realization of the deferred tax assets in question is probable. No deferred tax receivables were recognized on the taxable losses of EUR 8.1 million incurred by Finnish companies in 2014. The utilization period of these taxable losses is 10 years.

The Group had EUR 3.7 million (2.8) in unused taxable losses in foreign subsidiaries, on which no deferred tax receivables had been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before these losses expire. The loss expiry period varies from one country to another. Some losses expire in 2015, while some losses do not have any expiry period set out within the scope of the current legislation. A deferred tax liability of EUR 0.7 million (2.9) has not been recognized from the retained earnings of foreign subsidiaries because they are permanently invested in the countries in question.

Deferred tax receivables

1,000 EUR	2014	2013
Cash flow hedges	159	164
Employee benefits	83	13
Losses available for offsetting against future taxable income	3,355	3,229
Other temporary differences	363	583
Total	3,960	3,989

Deferred tax liabilities

1,000 EUR	2014	2013
Depreciation in excess of plan	199	171
Deferred tax liability due to tonnage taxation	3,706	4,323
Convertible capital loan		1,445
Tangible and intangible assets	1,900	2,163
Available-for-sale financial assets	620	
Other temporary differences	10	14
Total	6,435	8,116

Changes in deferred tax receivables

1,000 EUR	2014	2013
Deferred tax receivables, Jan. 1	3,989	2,865
Items recorded in the statement of comprehensive income		
Unutilized tax losses	126	1,184
Employee benefits	70	8
Other temporary differences	-194	26
Items recorded in other comprehensive income	-6	-119
Items recorded directly to equity	-25	25
Deferred tax receivables, Dec. 31	3,960	3,989

Changes in deferred tax liabilities

1,000 EUR	2014	2013
Deferred tax liabilities, Jan. 1	8,116	10,949
Items recorded in the statement of comprehensive income		
Depreciation in excess of plan	28	4
Deferred tax liability due to tonnage taxation	-617	-1,729
Intangible and tangible assets	-263	-780
Convertible capital loan	-1,445	-324
Other temporary differences	-4	-4
Items recorded in other comprehensive income	620	
Deferred tax liabilities, Dec. 31	6,435	8,116

18. INVENTORIES

1,000 EUR	2014	2013
Materials and supplies	**828**	1,852
Finished goods	**44,596**	43,339
Other inventories	**1,891**	2,634
Total	**47,315**	47,825

An expense of EUR 0.7 million (0.8) was recognized during the financial year for a write-down of inventories to net realizable value.

19. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

1,000 EUR	2014	2013
Accounts receivable	**44,189**	45,976
Accounts receivable on construction contracts*	**690**	207
Refund from the Ministry of Transport and Communications	**2,814**	2,110
Advance payments	**3,844**	3,728
VAT receivable	**687**	402
Other deferred receivables	**3,984**	4,637
Total	**56,208**	57,060

***Aggregated items related to construction contracts:**	2014	2013
Accrued income according to the stage of completion	**3,034**	401
Advances received related to construction contracts	**-2,344**	-194
Accounts receivable on construction contracts	690	207

The carrying amount is considered to be close to fair value. Accounts receivable do not involve significant credit loss risks. A total of EUR 0.9 million (0.9) were recognized as impairment loss from accounts receivable.

20. CASH AND CASH EQUIVALENTS

1,000 EUR	2014	2013
Bank accounts	**19,258**	28,474

21. SHAREHOLDERS' EQUITY

On December 31, 2014, Aspo Plc's number of shares was 30,975,524 and the share capital was EUR 17.7 million.

The equity portion of Aspo's convertible capital loan is presented under shareholders' equity. The convertible capital loan was repaid on June 30, 2014. Treasury shares held by Aspo Plc and its subsidiary have been recognized as a decrease in shareholders' equity.

On November 18, 2013, Aspo issued a EUR 20 million hybrid bond. The coupon rate of the bond is 7% per annum. The bond has no maturity but the company may exercise an early redemption option after three years. An interest payment obligation is set up if the Annual Shareholders' Meeting decides to distribute dividends. If no dividend is distributed, the company can decide upon the payment of interest separately. A hybrid bond is an instrument which is subordinated to the company's other debt obligations. In the consolidated financial statements, the loan has been recognized as equity, and interest paid is presented in equity according to its nature. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the shareholders.

Shareholders' equity consists of the share capital, premium fund, revaluation fund, translation differences, invested unrestricted equity fund, other funds, and retained earnings. Share subscriptions based on the convertible capital loan that were issued during the validity of the old Companies Act (29.9.1978/734) were recognized in the premium fund. The invested unrestricted equity fund includes other equity-type investments and share subscription price to the extent that it is not recognized in the share capital in accordance with a separate agreement. The revaluation fund includes accumulated changes in the fair value of instruments under hedge accounting and the recognition of available-for-sale financial assets at fair value.

Dividends

After the closing date, the Board of Directors has proposed that a dividend of EUR 0.40 per share be distributed for 2014. A dividend of EUR 0.21 was distributed for 2013 (EUR 0.42 per share for 2012).

Shareholders' equity 2014

1,000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Hybrid instrument	Total
January 1	**30,274**	**17,692**	**4,351**	**11,151**	**-4,224**	**20,000**	**48,970**
Conversion of convertible capital loan	8			47			47
Repayment of convertible capital loan				826			826
Disposal of shares	101				669		669
Share-based incentive plan	19				130		130
Translation differences				10			10
Transfer from fund				-13			-13
December 31	**30,402**	**17,692**	**4,351**	**12,021**	**-3,425**	**20,000**	**50,639**
Own shares held by the Group	573						
Total number of shares	**30,976**						

Shares have no nominal value.

Shareholders' equity 2013

1,000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Hybrid instrument	Total
January 1	**30,284**	**17,692**	**4,351**	**11,147**	**-4,171**		**29,019**
Repurchase of shares	-10				-53		-53
Hybrid bond						20,000	20,000
Transfer to fund				4			4
December 31	**30,274**	**17,692**	**4,351**	**11,151**	**-4,224**	**20,000**	**48,970**
Own shares held by the Group	693						
Total number of shares	**30,967**						

Revaluation fund

1,000 EUR	2014	2013
Available-for-sale financial assets	**2,478**	
Cash flow hedges	**-634**	-656
Total	**1,844**	-656

Equity portion of the convertible capital loans

1,000 EUR	2014	2013
Equity portion of the convertible capital loans		2,572

Long-term loans and overdraft facilities

1,000 EUR	2014	2013
Loans	73,718	83,241
Used overdraft facilities	2,896	1,814
Total	76,614	85,055

Short-term loans and overdraft facilities

1,000 EUR	2014	2013
Loans	43,417	32,925
Used overdraft facilities	4,419	1,975
Convertible capital loan		9,996
Total	47,836	44,896

Maturing of financial leasing liabilities

1,000 EUR	2014	2013
Financial leasing liabilities – total amount of minimum rents		
Within one year	834	1,317
After one year and within five years	1,876	1,508
Total	2,710	2,825
Present value of minimum rents in financial leasing liabilities		
Within one year	775	1,276
After one year and within five years	1,813	1,467
Total	2,588	2,743
Future financial expenses	122	82

22. LOANS

In 2009, Aspo Plc issued a EUR 15 million convertible capital loan. The loan period was from June 30, 2009, to June 30, 2014. The loan was repaid in one installment on June 30, 2014, since the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms were met. The loan had a fixed interest rate of 7%. A total of EUR 4.75 million of loan units were converted into Aspo shares during the loan maturity period. The amount of repayable principal was EUR 10.25 million on the date of maturity.

A total of 8,074 new shares corresponding to one EUR 50,000 loan unit, were subscribed in 2014.

The convertible capital loan was divided between equity-based and external financing in the consolidated financial statements. The share of the equity-based component is presented in Note 21.

Other long-term liabilities

1,000 EUR	2014	2013
Long-term derivatives	228	29
Contingent consideration		568
Total	228	597

Accounts payable and other liabilities

1,000 EUR	2014	2013
Accounts payable	36,924	38,073
Advances received, construction contracts	271	469
Advances received, others	1,940	2,088
Salaries and social security contributions	6,783	5,634
Employer contributions	1,339	1,134
Accrued interest	378	595
VAT liability	3,427	3,153
Share-based incentive plan	456	38
Other short-term deferred liabilities	10,394	8,538
Total	61,912	59,722

23. ACCOUNTS PAYABLE AND OTHER LIABILITIES

24. PENSION OBLIGATIONS

The Group has provided for statutory pension cover by taking out insurance with pension insurance companies. In foreign units, the pension cover is arranged in accordance with local legislation and social security regulations. The Group's pension schemes are treated as defined contribution plans in the financial statements.

Pension expenses in the income statement

1,000 EUR	2014	2013
Defined contribution plans	4,149	4,265

25. PROVISIONS

The recorded provisions are based on best estimates on the closing date. Warranty provisions are mainly associated with the Group's product warranties, rent provisions to vacant office premises, and pension provisions to direct pension liabilities granted by the Group. Tax provisions are based on any increased expenses arising from ongoing tax inquires.

Provisions

1,000 EUR	Warranties and maintenance services	Rental agreements	Pension commit-ments	Tax charges	Total
December 31, 2013	365	144	38		547
Increase in provisions	80	72		45	197
Decrease in provisions			-2		-2
December 31, 2014	**445**	**216**	**36**	**45**	**742**

26. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

26.1 Financial risk management principles and organization

The function of Aspo Group's financial risk management is to protect the operating margin and cash flows, and effectively manage fund-raising and liquidity. Aspo Group aims to develop the predictability of the results, future cash flows, and capital structure, and continuously adapt its operations to changes in the operating environment.

Financial risk management is based on the treasury policy approved by the Board of Directors, which defines the main principles for financial risk management in Aspo Group. The treasury policy defines general risk management objectives, the relationship between the Group's parent company and business units, the division of responsibility, and risk management-related reporting requirements.

The treasury policy also defines the operating principles related to the management of currency risks, interest rate risks, and liquidity and refinancing risks.

Together with the Group Treasurer, the Group CEO is responsible for the imple-

Interest-bearing liabilities by currency

1,000 EUR	2014	2013
EUR	120,961	126,232
USD	2,581	1,521
RUB	415	
Other	493	2,198
Total	**124,450**	129,951

Accounts receivable by currency

1,000 EUR	2014	2013
EUR	27,303	26,384
SEK	814	816
DKK	1,071	649
LTL	2,096	2,059
PLN	1,383	2,071
RUB	4,951	7,346
UAH	3,578	3,608
USD	2,173	1,687
Other	820	1,356
Total	**44,189**	45,976

Investments in foreign subsidiaries

1,000 EUR	Shareholders' equity 2014	Shareholders' equity 2013
SEK	-964	-837
DKK	4,840	4,676
RUB	13,456	16,380
NOK	98	147
LTL	1,563	1,360
UAH	-649	1,548
PLN	2,328	1,654
BYR	-687	-501
CNY	-494	-257
KZT	35	-508
EUR	2,985	10,176
Total	**22,511**	**33,838**

Cash and cash equivalents and unutilized committed revolving credit facilities

1,000 EUR	2014	2013
Cash and cash equivalents	19,258	28,474
Revolving credit facilities	57,000	50,000
Total	**76,258**	**78,474**

mentation of financial risk management in accordance with the treasury policy approved by the Board of Directors. The business units are responsible for recognizing their own financial risks and managing them together with the parent company in accordance with the Group's treasury policy and more detailed instructions provided by the parent company.

26.2 Market risks

Currency risk

The business operations of Aspo Group are decentralized in 14 countries, and the operations take place in 11 different currencies. Aspo Group's currency risk consists of foreign currency-denominated internal and external receivables, liabilities, estimated currency flows, derivative contracts and translation risks related to results and capital. The target of Aspo Group is to decrease the uncertainty related to fluctuations in results, cash flows and balance sheet items.

At the business unit level, currency risk mainly occurs when a unit sells products and services with its domestic currency but the costs are realized in a foreign currency.

In compliance with Aspo's strategy, an increasingly significant part of the net sales of Telko and Leipurin originates from Russia. In addition, a considerable part of Telko's net sales comes from Ukraine. Therefore, their most extensive currency risks are related to the Russian ruble. If the ruble weakened against the euro, the Russian net sales and result denominated in euro of the Telko and Leipurin segments would decrease. In 2014, the Russian ruble fell clearly from the previous year, and changes between the values of the ruble and the euro reduced the 2014 euro-denominated net sales and result.

The currency risks of ESL Shipping are mainly related to dollar-denominated investments. The shipping company did not have any dollar-denominated vessel investments in 2014. At the closing date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities denominated in foreign currency.

Aspo Group's interest-bearing liabilities decreased in 2014. Interest-bearing liabilities are mainly denominated in euro.

Most of Aspo Group's accounts receivable are denominated in euro. Because a significant part of Telko and Leipurin operations comes from Russia, accounts receivable from this market area comprise the second largest item. Ruble-denominated accounts receivable in Russia increased in the local currency but, as a result of devaluation, decreased when denominated in euro.

The Aspo Group has investments in foreign subsidiaries. In addition, the equity of foreign subsidiaries increases through profitable business. The total equity of the Group's foreign subsidiaries at the closing date was EUR 22.5 million (33.8). Ruble-denominated investments of EUR 13.5 million (16.4) in subsidiaries operating in Russia were the biggest investment in regard to the currency amount. The devaluation of the ruble reduced the euro-denominated equity of subsidiaries operating in Russia. Despite the significant share of equity being denominated in the Russian ruble, the Group deems that diversifying is at a sufficient level, and there is no need to hedge the translation position associated with the equities of its foreign subsidiaries. The table above shows the Group's share in the subsidiaries' equity by currency.

In addition, long-term intra-Group loan receivables (included in the Telko segment) from Telko's Belarusian, Ukranian and Kazakhstani subsidiaries have been classified as long-term net investments in foreign business.

Interest rate risk

To fund its operations, Aspo Group uses both fixed-rate and floating-rate liabilities that cause an interest rate risk in Aspo Group's cash flow and profit as a result of changes in the interest rate level. In addition to fixed-rate liabilities, Aspo Group uses interest rate derivatives to decrease a possible growth in future cash flows caused by an increase in short-term market interest rates. The Group's interest-bearing liabilities on December 31, 2014 was EUR 124.4 million (130.0) and cash and cash equivalents stood at EUR 19.3 million (28.5). Aspo Group's credit portfolio is reviewed with regard to average interest rate, the average interest maturity, average loan maturity, and relation between fixed-rate and floating-rate liabilities. At the closing date, the average interest rate on interest-bearing liabilities was 1.5% (2.1), the average interest maturity was 1.6 years (1.9), the average loan maturity was 3.4 years (4.0), and the share of fixed-rate liabilities was 30% (37). In 2014, the average maturity of interest-bearing loans and interest-tying period shortened, and the portion of fixed-rate debts decreased.

Sensitivity to market risks

Aspo Group has exposure to interest rate and currency risks via financial instruments, such as financial assets and liabilities including derivative contracts, included in the balance sheet on the closing date. The currency position varies during the year and, accordingly, the position included in the balance sheet on the closing date does not necessarily reflect the situation during the financial year. The impact of foreign currency denominated sales and purchase transactions made during the year on the income statement is not taken into account in the sensitivity calculations unless they were hedged through derivatives.

The sensitivity analysis is used to analyze the impact of market trends on measurements. The US dollar has posed the highest currency risk for Aspo Group in previous financial periods due to major vessel investments. At present fluctuation between the Russian ruble and euro is the most significant factor causing currency risks for the Group.

The sensitivity calculation regarding changes in the euro/Russian ruble exchange rate is based on the following assumptions:

- The exchange rate change of +/-30%.
- The position includes the ruble-denominated financial assets and liabilities of companies that use the euro as their functional currency and the euro-denominated financial assets and liabilities of subsidiaries operating in Russia, i.e. accounts receivable and other receivables, loans and overdraft facilities used, accounts payable and other liabilities, as well as cash and cash equivalents on the closing date.
- Future cash flows are not taken into account in the position.

The sensitivity calculation resulting from changes in interest rates is based on the following assumptions:

- The interest level changes by one percentage point.
- The position includes floating-rate interest-bearing financial liabilities and assets.
- The calculation is based on balance sheet values on the closing date, and changes in capital during the year are not taken into account.

In the sensitivity analysis, the effects of the income statement are calculated as profit before taxes. The equity sensitivity analysis covers the capital invested in the subsidiary with regard to the currency risk and the items subject to hedge accounting with regard to the interest risk.

Market risks also have an impact on Aspo Group through items other than financial instruments. The oil price has an impact on Aspo Group's performance through transportation costs. The Group has hedged against this risk by means of contractual clauses. The fluctuations in raw material prices for chemicals and food also affect the Group's financial performance.

Hedge accounting

The floating interest rate of the term loan that was withdrawn by Aspo Plc in 2011 and that will fall due in 2015 is hedged with an interest rate swap throughout the validity of the loan contract. Said interest rate swap is subject to hedge accounting, and changes in fair value are entered in Aspo Group's equity. In 2014, the hedging relation between the loan hedged and the hedging instrument has been effective. The effective shares of the changes in the fair value of interest rate derivatives subject to hedge accounting (adjusted by the tax impact) of EUR -0.6 million (-0.7) are recorded in other comprehensive income.

Sensitivity analysis for foreign currency and interest rate risk

1,000 EUR	2014 Income statement	2014 Shareholders' equity	2013 Income statement	2013 Shareholders' equity
Currency risk				
+ 30 % strengthening of euro against RUB	-543	-3,105	-1,254	-3,780
- 30 % weakening of euro against RUB	1,009	5,767	2,328	7,020
Interest rate risk				
Change of +100 basic points in the market interest rates	-889	347	-825	491
Change of -100 basic points in the market interest rates	882	-27	825	-495

Ageing analysis of accounts receivable

1,000 EUR	2014	2013
Not matured	32,564	33,380
Matured 1–30 days ago	7,130	7,960
Matured 31–60 days ago	1,861	2,104
Matured more than 60 days ago	2,634	2,532
Total	44,189	45,976

26.3 Liquidity and refinancing risk

The objective of Aspo Group is to ensure sufficient financing for operations in all situations and market conditions. In accordance with the treasury policy, the sources of financing are diversified among a sufficient number of counterparties and different loan instruments. The sufficient number of binding financing agreements and sufficient maturity ensure Aspo Group's current and near-future financing needs.

Aspo Group's most significant financing needs in 2014 were related to the vessel investments by ESL Shipping. ESL Shipping signed a EUR 10 million ship financing agreement. The main financing source of Telko, Leipurin and Kaukomarkkinat is the cash flow from their operations. Liquidity is ensured through cash funds, the issuing of commercial papers and binding overdraft facilities, as well as revolving credit facilities granted by selected cooperation banks. Aspo Plc signed a revolving credit facility agreement of EUR 40 million, which replaced the expiring agreement of the same amount.

The Group's cash and cash equivalents at the end of the financial year were EUR 19.3 million (28.5). At the closing date, Aspo Plc had a EUR 80 million domestic commercial paper program, of which EUR 23 million was in use. At the closing date, Aspo Plc also had revolving credit facilities granted by selected cooperation banks in the amount of EUR 60 million of which EUR 57 million remained unutilized.

Financial covenants associated with significant financial agreements were not breached during the financial year.

26.4 Credit and counterparty risks

The Group has credit risk from accounts receivables. The Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk centers. ESL Shipping's accounts receivable are connected to long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. All segments hedge against credit risks by using, when necessary, payment terms based on advance payments and bank guarantees.

Aspo Group's aim is to have low liquid cash funds. The counterparty risk is managed by selecting well-known and financially solvent domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. The derivative contract-based counterparty risk is managed by selecting well-known and solvent domestic banks as counterparties.

26.5 Capital management

The objective of the Group is to achieve an optimal capital structure, with which Aspo Group can ensure the operational framework for short- and long-term operations, and a sufficient return on equity.

The main factors affecting the capital structure are possible acquisitions and divestments, Aspo Plc's dividend policy, the vessel investments of ESL Shipping and the profitability of the subsidiaries' operations.

The development of the Group's capital structure is mainly monitored through the equity ratio and gearing. On December 31, 2014, the equity ratio was 35.2% (34.4) and gearing was 101.0% (98.2). During the financial year 2014, Aspo Group's capital structure remained unchanged compared with the previous year.

Maturity analysis

2014

1,000 EUR	Balance sheet value Dec. 31, 2014	Cash flow 2015[1]	2016	2017	2018	2019-
Loans	-114,547	-44,281	-20,726	-5,429	-19,903	-28,749
Overdraft facilities	-7,315	-4,435	-2,896			
Financial leasing liabilities	-2,588	-834	-763	-622	-353	-138
Accounts payable, other liabilities	-62,140	-61,912	-161	-67		
Derivative instruments						
Interest rate swaps						
In hedge accounting						
Cash flows to be paid		-329	-331	-134		

[1] Repayments in 2015 are included in short-term items.

2013

1,000 EUR	Balance sheet value Dec. 31, 2013	Cash flow 2014[1]	2015	2016	2017	2018-
Loans	-113,423	-33,615	-21,123	-20,660	-5,331	-38,704
Convertible capital loan	-9,996	-11,031				
Overdraft facilities	-3,789	-1,975	-1,814			
Financial leasing liabilities	-2,743	-1,317	-527	-525	-368	-88
Accounts payable, other liabilities	-60,319	-59,722	-615	-12	-5	
Derivative instruments						
Interest rate swaps						
In hedge accounting						
Cash flows to be paid		-299	-275	-198	-55	

[1] Repayments in 2014 are included in short-term items.

Book values of financial assets and liabilities by measurement category

2014

1,000 EUR	Financial assets/ liabilities recognized at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets						
Other financial assets			3,259			3,259
Short-term financial assets						
Accounts receivable and other receivables		46,667				46,667
Cash and cash equivalents		19,258				19,258
Book value by measurement category		65,925	3,259			69,184
Long-term financial liabilities						
Long-term interest-bearing liabilities				76,050		76,050
Derivative contracts					792	792
Short-term financial liabilities						
Short-term interest-bearing liabilities				47,836		47,836
Non-interest bearing current liabilities	298			42,775		43,073
Book value by measurement category	298			166,661	792	167,751

2013

1,000 EUR	Financial assets/ liabilities recognized at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities recognized at amortized cost	Derivatives in hedge accounting	Book values of balance sheet items
Long-term financial assets						
Long-term receivables		201				201
Other financial assets			170			170
Short-term financial assets						
Accounts receivable and other receivables		48,416				48,416
Cash and cash equivalents		28,474				28,474
Book value by measurement category		77,091	170			77,261
Long-term financial liabilities						
Long-term interest-bearing liabilities				84,264		84,264
Derivative contracts					820	820
Other liabilities	568					568
Short-term financial liabilities						
Short-term interest-bearing liabilities				44,896		44,896
Non-interest bearing current liabilities	363			42,880		43,243
Book value by measurement category	931			172,040	820	173,791

27. DERIVATIVE CONTRACTS

1,000 EUR	Nominal value 2014	Fair values, net 2014	Nominal value 2013	Fair values, net 2013
Interest rate derivatives				
Interest rate swaps (level 2)	15,000	-792	15,000	-820
Total		-792		-820

Group classifies the fair value measurement hierarchy as follows:

Level 1: The fair values of financial instruments are based on quoted prices on active markets. A market may be considered active when quoted prices are available on a regular basis and the prices represent the instrument's actual value in liquid trading.

Level 2: The financial instruments are not traded on active and liquid markets. The value of the financial instrument can be determined on the basis of market value and possibly a partially derived determination of value. If the factors influencing the instrument's fair value are nevertheless available and verifiable, the instrument belongs to level 2.

Level 3: The valuation of the financial instrument is not based on verifiable market information. Nor are other factors that affect the instrument's fair value available or verifiable.

28. CONTINGENT LIABILITIES, ASSETS, AND OTHER COMMITMENTS

As part of their ordinary business activities, the Group and some of its subsidiaries sign different agreements under which guarantees are offered to third parties on behalf of these subsidiaries. These agreements are primarily made in order to support or improve Group companies' creditworthiness, and through them it is easier to find sufficient financing.

Collateral for own debt

1,000 EUR	2014	2013
Mortgages given	104,454	91,454
Guarantees	17,430	16,100
Other contingent liabilities	684	2,004
Total	122,568	109,558

Guarantees given on behalf of associated companies and joint ventures

1,000 EUR	2014	2013
Guarantees	199	3,585
Total	199	3,585

Operating lease rentals payable

1,000 EUR	2014	2013
Within one year	7,450	8,253
After one year and within five years	18,310	18,482
After five years	3,539	8,017
Total	29,299	34,752

Hybrid instrument

On November 18, 2013, Aspo issued a EUR 20 million hybrid bond. The bond has no maturity but the company may exercise an early redemption option after three years. The coupon rate of the bond is 7% per annum.

Environmental remediation obligation

Rauma Terminal Services Oy, a company within the Aspo Group, is obligated, with regard to land areas leased from the Town of Rauma to restore the land areas so that they are in the same condition as before the lease. The scope of the obligation covers the dismantling of the buildings built by the company, including their foundations, and leveling the dismantled area. The review also includes regular environmental responsibilities from which no costs arise according to the company's understanding. The area has long-term lease agreements, and the Town of Rauma has not expressed any intention to change the area's purpose of use. As a result, the obligation has been treated as a contingent liability in the financial statements, and no separate recognitions have been made in the income statement or on the balance sheet.

Legal proceedings

ESL Shipping has been seeking, through legal proceedings, a refund from the State of Finland for fairway dues charged before 2006. According to ESL Shipping, Finland has not complied with the EU's fairway dues legislation. The requirement concerned fairway dues charged in 2001–2004. The Helsinki District Court announced its judgement in the case on February 27, 2015. 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 judgement is not yet final. If the judgement becomes final, it will affect Aspo Group's result for 2015 positively with a corresponding amount. A possible reimbursement is not included in the consolidated financial statements.

ESL Shipping and ABG Shipyard in India have been involved in negotiations concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. The negotiations have not proceeded in the way the shipping company had hoped and, therefore, the shipping company has commenced legal proceedings against ABG Shipyard.

Aspo Group's companies are parties to some legal proceedings and disputes associated with regular business operations. The financial impact of these proceedings and disputes cannot be estimated for certain but, on the basis of the information available and taking into account the existing insurance cover and provisions made, Aspo Group believes that they do not have any material adverse impact on the Group's financial position.

29. RELATED PARTIES

Information on subsidiaries within Aspo Group's related parties is presented in the attached table. Information on associated companies and joint ventures within Aspo Group's related parties is presented in Note 16. The related parties also include key management personnel, i.e. members of the Board of Directors and the Group Executive Committee, and any entities under their control.

Information about the members of the Board and the Group Executive Committee is available in the Corporate Governance section of the annual report.

Management employee benefits

2012 shareholding program

In 2012, Aspo Plc's Board of Directors decided on a share-based incentive plan for about 30 persons. The aim of the plan is to combine the objectives of shareholders and those within the plan in order to increase the company's value, to commit the persons to the company and to offer them a competitive incentive plan based on a long-term holding of the company's shares.

The plan included three earnings periods, i.e. the calendar years 2012, 2013 and 2014. Participation in the plan and obtaining a reward for each earnings period required that the person acquired Aspo's shares or held the number of shares in Aspo or Aspo Management Oy up to the number predetermined by the Board of Directors.

The Board of Directors decided on the plan's performance criteria and their objectives at the beginning of each period. No payable reward was accumulated in 2012. The reward for the 2013 earnings period was based on the Aspo Group's earnings per share (EPS) indicator, and was paid in 2014, partly in company shares and partly in cash. The amount of transferred shares was 19,492, corresponding to EUR 103 thousand calculated at the closing rate, and the amount paid in cash was 98 thousand euro. The proportion to be paid in cash will cover taxes and tax-related payments on the reward. The reward defined for the 2014 earnings period was based on Aspo Group's earnings per share (EPS) indicator, and the

Group companies

Company	Domicile	Holding %
Aspo Plc, parent company	Finland	
Aspo Management Oy	Finland	100.00
Aspo Palvelut Ltd	Finland	100.00
Aspokem AB	Sweden	100.00
Oy Bomanship Ab	Finland	100.00
ESL Shipping Ltd	Finland	100.00
Hamina Terminal Services Oy	Finland	100.00
Kaukomarkkinat Ltd	Finland	100.00
Kaukomarkkinat Shanghai Ltd.	China	100.00
OOO Kauko Rus	Russia	100.00
OOO Leipurien Tukku	Russia	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurin Plc	Finland	100.00
FLLC Leipurin	Belarus	100.00
LLC Leipurin	Ukraine	100.00
SIA Leipurin	Latvia	100.00
TOO Leipurin	Kazakhstan	100.00
UAB Leipurin	Lithuania	100.00
Leipurin Estonia AS	Estonia	100.00
Leipurin Poland Sp. z o.o.	Poland	100.00
Rauma Terminal Services Oy	Finland	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Telko Ltd	Finland	100.00
FLLC Telko	Belarus	100.00
LLC Telko	Ukraine	100.00
OOO Telko	Russia	100.00
Telko UAB	Lithuania	100.00
LLC Telko Central Asia	Kazakhstan	100.00
Telko Estonia OÜ	Estonia	100.00
Telko Denmark A/S	Denmark	100.00
Telko Latvia SIA	Latvia	100.00
Telko Norway AS	Norway	100.00
Telko-Poland Sp. z o.o.	Poland	100.00
Telko Shanghai Ltd.	China	100.00
Telko Sweden AB	Sweden	100.00
Oy Troili Ab	Finland	100.00
Vulganus Oy	Finland	100.00

Related party transactions

Associated companies and joint ventures

1,000 EUR	2014	2013
Purchases from joint ventures	**39**	224
Services sold to joint ventures	**10**	22
Services charged by associated companies		3,909
Receivables from joint ventures	**3**	208
Liabilities to joint ventures	**7**	19

Share-based payments recognized as expenses

1,000 EUR	2014	2013
Total expenses in the statement of comprehensive income	1,038	90
Accrued expenses in the balance sheet liabilities related to the proportion paid in cash	456	38

In the financial year 2014, 19,492 shares, equal to the value of EUR 103 thousand at the closing rate of the transfer date, were transferred based on the 2013 profit. The proportion paid in cash amounted to EUR 98 thousand.

Share-based incentive plan

	Grant date	Transfer date	Number of shares granted	Market value of share on grant date, EUR	Market value of share on transfer date, EUR
Covers years 2012–2014	Feb. 14, 2012			7.90	
the share of the year 2012			0		
the share of the year 2013	Feb. 13. 2014	Mar. 26, 2014	19,492	5.78	5.29
the share of the year 2014	Feb. 11. 2015		95,140	6.96	

Key management personnel compensation

1,000 EUR	2014	2013
Salaries and other short-term employee benefits	1,604	1,899
Post-employment benefits	424	497
Share-based payments	692	61
Total	2,720	2,457

Salaries and benefits of Board members and CEO

1,000 EUR	2014 Salaries and remu-nerations	2014 Pensions	2013 Salaries and remu-nerations	2013 Pensions
Ojanen Aki, CEO		167		133
CEO, salaries	343		320	
CEO, remunerations	167		51	
CEO, share-based payments	39			
Nyberg Gustav, Chairman of the Board	99	105	103	101
Members of the Board of Directors:				
Arteva Matti, Vice Chairman of the Board	43		43	
Kaario Mammu	34		32	
Karppinen Esa	7		29	
Lencioni Roberto	34		32	
Pentti-von Walzel Kristina	34		32	
Salo Risto	29		29	
Total	829	272	671	234

Pension benefits include both statutory and voluntary pension payments.

Board of Directors decided, at its meeting on February 11, 2015, that the reward corresponds to 95,140 shares and at most, the amount paid in cash equaling the value of the shares in order to pay taxes. If a person's employment or service contract ends before the reward is paid, no reward will be paid to the person. The cost evaluated in the 2014 consolidated financial statements totaled EUR 932 thousand. Of this, EUR 476 thousand were recognized as equity and EUR 456 thousand as liabilities. The reward defined by the Board of Directors exceeds the estimate by EUR 359 thousand. Of this, EUR 186 thousand is included in equity and EUR 173 thousand in liabilities calculated at the closing rate.

The shares received during the earnings periods cannot be transferred during the commitment period, which ends within two years of the earnings period. If a person's employment or service contract ends during the commitment period, the person must gratuitously return any shares received as reward to the company.

The estimated amount of rewards paid on the basis of the Board's original decision would have corresponded with the value of 936,000 shares in Aspo Plc (including the proportion paid in cash). No reward was accumulated over 2012, and the 2013 reward in shares and in cash corresponds to 38,511 shares. The maximum reward over the 2014 earnings period corresponds to 190,000 Aspo Plc shares, the portion paid in cash included, meaning that approximately one-fourth of the original estimate was realized over the entire three-year period.

2015 shareholding program

The Board of Directors of Aspo Plc has in its meeting on February 11, 2015, approved a share-based incentive plan directed to approximately 30 persons. The aim of the plan is to combine the objectives of the shareholders and those within the plan in order to increase the value of the company, to commit the participants to the company, and to offer them a competitive incentive plan based on a long-term holding of the company's shares.

The plan includes three earnings periods, calendar years 2015, 2016 and 2017. The prerequisite for participation in the plan and for receipt of reward on the basis of each earnings period is that the person acquires Aspo's shares, or holds the company's shares, up to the number predetermined by the Board of Directors.

Aspo's 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 potential reward of the plan from the earnings period 2015 will be based on the Group's earnings per share (EPS) indicator. The potential reward will be paid partly in Aspo Plc's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the person.

As a rule, no reward will be paid, if a person's employment or service contract ends before the reward payment. The shares received as reward may not be transferred during the commitment period, which will end two years from the end of the earnings period. Should a person's employment or service contract end during the commitment period, as a rule, he or she must gratuitously return the shares given as reward.

The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 900,000 Aspo Plc shares (including also the proportion to be paid in cash).

Other benefits

The CEO has a supplementary defined contribution pension plan in which the pension is determined in accordance with the accumulated insurance savings at the time of retirement. The CEO may retire at the age of 60. The statutory pension cost of the CEO recognized as expenses was EUR 94,849 and the additional pension was EUR 71,979. The period of notice applied in the employment relationship of the CEO is six months. If notice is given by the company, severance pay corresponding to 18 months' salary will be paid in addition to the salary for the notice period.

The Chairman of the Board has a supplementary defined contribution pension plan in which the pension is determined based on the accumulated insurance saving at the time of retirement. The Chairman may retire at the age of 60. The statutory pension cost of the Chairman recognized as expenses was EUR 17,721 and the additional pension was EUR 87,220.

Information on Aspo's hybrid bond subscribed by the related parties is presented in the Corporate Governance section.

Management's holding company

In 2010, the Board of Aspo Plc decided on a shareholding program for Aspo Group's management. The purpose of the program was to enable considerable long-term shareholding in Aspo for those involved in the program. For the shareholding, the participants acquired the entire stock of a company called Aspo Management Oy. Aspo Management Oy acquired 114,523 Aspo shares from the participants at market price and Aspo also assigned 322,637 shares at EUR 7.93 per share to the company in a directed share issue. As part of the arrangement, the Board decided to grant Aspo Management Oy a EUR 2,800,000 interest bearing loan to finance the share purchase. Aspo Management Oy subscribed to 62,452 shares in Aspo's rights issue and raised an additional loan of EUR 324,750.40 from Aspo to finance the purchases.

In October 2013, Aspo Management Oy purchased 10,000 Aspo Plc shares, after which the company owned a total of 509,612 Aspo shares. After the system reached its objective in terms of long-term ownership, a decision to dissolve the system was made in October 2014. The system was dissolved through a directed share issue without consideration where a total of 100,626 treasury shares in Aspo were directed to shareholders, with Aspo Plc obtaining all shares in Aspo Management Oy through the share swap. As a result of the exchange, the portion of non-controlling interests recognized as liabilities on the consolidated balance sheet was transferred to the Group's retained earnings as presented in the statement of changes in shareholders´equity.

30. EVENTS AFTER THE FINANCIAL YEAR

Legal proceeding on fairway dues

On February 27, 2015, ESL Shipping received a judgement from the Helsinki District Court regarding the refund of fairway dues. 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. If the judgement becomes final, it will affect Aspo Group's result for 2015 positively with a corresponding amount.

Sale of business

On February 23, 2015, Kaukomarkkinat signed an agreement on the sale of its Industrial business line specializing in machine and equipment sales for paper, process and energy industries to NiJuPe Oy, in which the management of the business to be sold holds significant ownership. Business operations have been carried out in Finland, China, Vietnam, Russia, Poland, Latvia and Kazakhstan.

The annual net sales of the divested business is approximately EUR 4 million, of which commission income makes up a significant part. Through the transaction, 23 employees will be transferred to the service of the buyer. Of the international operations of Kaukomarkkinat, project operations in Beijing and a joint venture in Kunshan, China, will not be included in the transaction.

In connection with the transaction, Aspo has evaluated the goodwill of the Kaukomarkkinat segment and will reduce it. As a result, the negative profit effect of the transaction on the Aspo Group is EUR 1.3 million, however resulting in a positive cash flow.

Key Figures

	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Net sales, MEUR	**482.9**	476.3	481.6	476.3	395.9
Operating profit, MEUR	**23.4**	10.8	10.6	21.5	17.9
Share of net sales, %	**4.8**	2.3	2.2	4.5	4.5
Profit before taxes, MEUR	**19.0**	6.6	7.4	17.4	14.1
Share of net sales, %	**3.9**	1.4	1.5	3.7	3.6
Return on investment (ROI), %	**9.9**	4.6	5.4	12.5	12.7
Return on equity (ROE), %	**17.8**	8.9	11.8	16.4	15.2
Equity ratio, %	**35.2**	34.4	29.2	35.2	33.2
Equity ratio excluding deferred tax liabilities, %	**37.3**	37.2	32.7	40.1	39.6
Gearing, %	**101.0**	98.2	131.6	94.1	101.5
Gross investments in tangible and intangible assets, MEUR	**18.7**	4.9	30.5	42.7	13.2
Share of net sales, %	**3.9**	1.0	6.3	9.0	3.3
Personnel, Dec. 31	**879**	869	871	814	712
Average number of personnel	**882**	878	858	797	736
Share-specific indicators					
Earnings/share (EPS), EUR	**0.57**	0.28	0.36	0.45	0.38
Diluted earnings/share, EUR	**0.57**	0.30	0.37	0.45	0.39
Equity/share, EUR	**3.42**	3.39	2.95	3.05	2.49
Nominal dividend/share, EUR (2014 proposed by Board of Directors)	**0.40**	0.21	0.42		0.42
Share issue adjusted dividend/share, EUR					0.40
Dividend/earnings, %	**70.3**	75.3	117.9		106.2
Effective dividend yield, %	**7.0**	3.5	6.6		5.1
Repayment of capital/share, EUR				0.42	
Share issue adjusted repayment of capital/share, EUR				0.42	
Repayment of capital/earnings, %				95.2	
Effective repayment of capital yield, %				6.2	
Price/earnings ratio (P/E)	**10.0**	21.6	17.9	15.1	20.7
Diluted price/earnings ratio (P/E)	**10.0**	20.4	17.4	15.1	20.3
Share price development					
average price, EUR	**6.20**	5.74	6.63	7.39	7.05
lowest price, EUR	**5.21**	5.19	5.70	6.32	5.60
highest price, EUR	**7.52**	6.82	7.95	8.82	7.88
Closing price on the last day of trading during the financial year, EUR	**5.69**	6.03	6.39	6.80	7.83
Market value of shares, Dec. 31, MEUR	**176.3**	186.7	197.9	210.5	221.7
excluding treasury shares, MEUR *	**173.0**	182.6	193.5	204.9	216.0
Development of share turnover, 1,000	**4,872**	4,032	2,704	3,716	5,145
Development of share turnover, %	**15.7**	13.0	8.7	12.0	19.2
Total share trading, EUR 1,000	**30,222**	22,917	17,625	27,334	38,703
Registered share capital, number of shares, Dec 31, 1,000	**30,976**	30,967	30,967	30,959	26,837
Total number of shares, adjusted, 1,000	**30,976**	30,967	30,967	30,959	28,313
outstanding, Dec. 31	**30,402**	30,274	30,284	30,125	27,583
outstanding, average	**30,312**	30,282	30,255	29,507	27,316
diluted number of shares, average	**30,312**	31,945	31,974	31,259	29,295

* Treasury shares include the shares of Aspo Plc owned by Aspo Management Oy.
The key figures for the comparison years have been adjusted for rights issue. The rights issue was in 2011 and the rights issue factor is 1.054997.

Calculation Principles of Key Figures

Return on investment, % (ROI)

$$= \frac{\text{(Profit before taxes + Interest and other financial expenses) x 100}}{\text{Balance sheet total – Interest-free liabilities (average)}}$$

Return on equity, % (ROE)

$$= \frac{\text{(Profit before taxes – Taxes) x 100}}{\text{Shareholders' equity + Non-controlling interest (average)}}$$

Equity ratio, %

$$= \frac{\text{(Shareholders' equity + Non-controlling interest) x 100}}{\text{Balance sheet total – Advances received}}$$

Gearing, %

$$= \frac{\text{(Interest-bearing liabilities – Liquid funds) x 100}}{\text{Shareholders' equity + Non-controlling interest}}$$

Average number of personnel = Average number of personnel at the end of each month

Earnings per share (EPS), EUR*

$$= \frac{\text{Profit before taxes – Income taxes on ordinary activities – Non-controlling interest}}{\text{Adjusted average number of shares during the financial year}}$$

Shareholders' equity per share, EUR

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on balance sheet date}}$$

Adjusted dividend per share, EUR

$$= \frac{\text{Dividend per share paid for the financial year}}{\text{Share issue multiplier}}$$

Dividend / earnings, %*

$$= \frac{\text{Adjusted dividend per share x 100}}{\text{Earnings per share}}$$

Effective dividend yield, %

$$= \frac{\text{Adjusted dividend per share x 100}}{\text{Average share price on closing day weighted with trading volume}}$$

Share issue adjusted repayment of capital/share, EUR

$$= \frac{\text{Repayment of capital per share paid for the financial year}}{\text{Share issue multiplier}}$$

Repayment of capital/earnings, %

$$= \frac{\text{Share issue adjusted repayment of capital per share x 100}}{\text{Earnings per share}}$$

Effective repayment of capital yield, %

$$= \frac{\text{Share issue adjusted repayment of capital per share x 100}}{\text{Average share price on closing day weighted with trading volume}}$$

Price / earnings ratio (P/E)*

$$= \frac{\text{Adjusted average share price on closing day}}{\text{Earnings per share}}$$

Market value of shares, EUR = Number of shares outside the Group x Average share price on closing day weighted with trading volume

The impact of treasury shares has been eliminated in the calculation of key figures.
* When calculating the earnings per share, interest of the hybrid bond, adjusted for tax effect, has been considered as a profit-reducing item.

Parent Company's Income Statement

1,000 EUR	Notes	Jan. 1–Dec. 31, 2014	Jan. 1–Dec. 31, 2013
Other operating income	1.1	**1,923**	2,483
Staff expenses	1.2	**-2,789**	-2,019
Depreciation and impairment	1.3	**-7**	-8
Other operating expenses	1.4	**-6,165**	-4,528
Operating loss		**-7,038**	-4,072
Financial income and expenses	1.5	**10,742**	16,394
Profit before extraordinary items		**3,704**	12,322
Extraordinary items	1.6	**1,630**	1,830
Profit before appropriations and taxes		**5,334**	14,152
Income taxes	1.7	**0**	0
Profit for the period		**5,334**	14,152

Parent Company's Balance Sheet

Assets

1,000 EUR	Notes	Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Tangible assets	2.1	**79**	82
Investments	2.2	**83,755**	83,743
Total non-current assets		**83,834**	83,825
Current assets			
Current receivables	2.3	**66,971**	71,804
Cash and bank deposits		**6,375**	10,499
Total current assets		**73,346**	82,303
Total assets		**157,180**	166,128

Shareholders' equity and liabilities

1,000 EUR	Notes	Dec. 31, 2014	Dec. 31, 2013
Shareholders' equity			
Share capital	2.4	**17,692**	17,692
Premium fund	2.4	**4,351**	4,351
Invested unrestricted equity fund	2.4	**16,530**	16,480
Retained earnings	2.4	**14,826**	7,041
Profit for the period		**5,334**	14,152
Total shareholders' equity		**58,733**	59,716
Mandatory provisions	2.5	**626**	177
Liabilities			
Long-term liabilities			
Loans from financial institutions	2.6	**15,000**	30,000
Perpetual bond	2.6	**20,000**	20,000
Total long-term liabilities		**35,000**	50,000
Short-term liabilities			
Loans from financial institutions	2.7	**41,000**	27,000
Convertible capital loan	2.7		10,300
Debts to Group companies	2.7	**20,183**	17,625
Accounts payable	2.7	**513**	201
Other liabilities	2.7	**137**	136
Deferred liabilities	2.7	**988**	973
Total short-term liabilities		**62,821**	56,235
Total liabilities		**97,821**	106,235
Total shareholders' equity and liabilities		**157,180**	166,128

Parent Company's Cash Flow Statement

1,000 EUR	Jan. 1–Dec. 31, 2014	Jan. 1–Dec. 31, 2013
Operational cash flow		
Operating loss	**-7,038**	-4,073
Adjustments to operating loss	**455**	155
Change in working capital	**378**	-483
Interest paid	**-3,628**	-2,289
Interest received	**570**	454
Dividends received	**1,503**	18,203
Operational cash flow	**-7,760**	11,967
Investments in tangible and intangible assets	**-4**	-8
Investments on other shares	**-11**	-1,687
Gains on the sale of other shares		46
Cash flow from investments	**-15**	-1,649
Cash flow from financing		
New long-term loans		15,000
Change in short-term receivables	**16,880**	-14,172
Change in short-term liabilities	**1,558**	-18,471
Perpetual bond		20,000
Repayment of convertible capital loan	**-10,250**	
Group contributions received	**1,830**	2,470
Dividends distributed	**-6,367**	-12,929
Cash flow from financing	**3,651**	-8,102
Change in liquid funds	**-4,124**	2,216
Liquid funds Jan. 1	**10,499**	8,283
Liquid funds Dec. 31	**6,375**	10,499

Notes to the Parent Company's Financial Statements

Accounting principles
Aspo Plc's financial statements have been compiled in accordance with FAS. The accounting principles have not changed from the previous year. When compiling the financial statements, the management of the company must, in accordance with valid regulations and good accounting practice, make estimates and assumptions that affect the valuation and allocation of financial statement items. The actual figures may differ from the estimates.

Foreign currency transactions
Foreign currency denominated transactions are recorded at the exchange rates valid on the transaction date. On the closing date, the receivables and liabilities on the balance sheet are valued at the exchange rates of the closing date. Outstanding hedging instruments for foreign currency denominated items are valued at the rate of the day, taking into account interest rates. Foreign exchange gains and losses related to business operations are recognized as net sales and operational expense adjustment items. Financing related foreign exchange gains and losses are recognized in financial income and expenses.

Pensions
The company's pension coverage is arranged through pension insurance.

Receivables
Receivables are valued at acquisition cost or probable value, if lower.

Non-current assets and depreciations
Non-current assets are recognized in the balance sheet at direct acquisition cost, less depreciations made. The depreciation periods for non-current assets are:
- Other long-term costs 3–10 years
- Buildings 15–40 years
- Machinery and equipment 3–8 years
- Other tangible assets 5–40 years

Leasing
Leasing payments are treated as rent expenses.

Extraordinary items
Extraordinary income and expenses include items outside actual business operations, such as group contributions.

Mandatory provisions
Mandatory provisions on the balance sheet include items that are either based on contracts or otherwise binding obligations, but have not yet materialized. Changes to mandatory provisions are included in the income statement.

Income taxes
The income taxes in the income statement include taxes calculated on profit for the period based on Finnish tax legislation and adjustment of taxes from previous financial years. Income taxes on extraordinary items are presented in the Notes.

Dividends
No recognition of the dividend proposed by the Board of Directors to the Annual Shareholders' Meeting was made in the financial statements. The dividends are only taken into account after the decision by the Annual Shareholders' Meeting.

1.1 OTHER OPERATING INCOME

1,000 EUR	2014	2013
Other operating income, Group	634	1,071
Rents, Group	1,222	1,223
Other rents		153
Other operating income	67	36
Total	1,923	2,483

1.2 NOTES CONCERNING PERSONNEL AND BOARD MEMBERS

The chairman of the Board of Directors and the CEO have a voluntary retirement age of 60 years.

Staff expenses

1,000 EUR	2014	2013
Salaries and benefits	1,733	1,299
Share-based payments	410	33
Profit bonus paid to the personnel fund	35	
Pension expenses	537	561
Other social security expenses	74	126
Total	2,789	2,019

Management salaries and benefits

1,000 EUR	2014	2013
CEO, salaries	343	320
CEO, remunerations	167	51
CEO, share-based payments	39	
Members of the Board of Directors, remunerations	280	300
Total	829	671

1.3 DEPRECIATION AND IMPAIRMENT

1,000 EUR	2014	2013
Machinery and equipment	7	8

1.4 OTHER OPERATING EXPENSES

1,000 EUR	2014	2013
Rents	2,080	2,121
Other expenses	4,085	2,407
Total	6,165	4,528

Auditor's fees

1,000 EUR	2014	2013
Auditing	20	20
Tax advice	14	58
Other services	518	10
Total	552	88

1.5 FINANCIAL INCOME AND EXPENSES

1,000 EUR	2014	2013
Dividend income		
From Group companies	**13,500**	18,200
From others	**3**	3
Income from long-term investments	**13,503**	18,203
Other interest and financial income		
From Group companies	**618**	515
From others	**1**	
Total interest and other financial income	**619**	515
Interest expenses and other financial expenses		
To Group companies	**-30**	-15
To others	**-3,350**	-2,309
Total interest and other financial expenses	**-3,380**	-2,324
Total financial income and expenses	**10,742**	16,394

1.6 EXTRAORDINARY ITEMS

1,000 EUR	2014	2013
Income		
Group contributions	**1,630**	1,830

1.7 INCOME TAXES

1,000 EUR	2014	2013
Income taxes on extraordinary items	**326**	448
Income taxes on ordinary activities	**-326**	-448
Total	**0**	0

2.1 INTANGIBLE AND TANGIBLE ASSETS

1,000 EUR	Intangible rights	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	539	539	1	467	508	125	1,101
Increases					4		4
Decreases	-192	-192		-455	-433	-52	-940
Acquisition cost, Dec. 31, 2014	**347**	**347**	**1**	**12**	**79**	**73**	**165**
Accumulated depreciation, Jan. 1	-539	-539		-467	-500	-52	-1,019
Accumulated depreciation of decreases	192	192		455	433	52	940
Depreciation for the period					-7		-7
Accumulated depreciation, Dec. 31, 2014	**-347**	**-347**		**-12**	**-74**	**0**	**-86**
Book value, Dec. 31, 2014	**0**	**0**	**1**	**0**	**5**	**73**	**79**
Book value, Dec. 31, 2013	**0**	**0**	**1**	**0**	**8**	**73**	**82**

2.2 INVESTMENTS

1,000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	83,568	175	83,743
Increases	11		11
Acquisition cost, Dec. 31, 2014	**83,579**	**175**	**83,754**
Acquisition cost, Dec. 31, 2013	**83,568**	**175**	**83,743**

2.3 CURRENT RECEIVABLES

1,000 EUR	2014	2013
Receivables from Group companies		
Dividend receivables	**12,000**	
Group contribution receivables	**1,630**	1,830
Cash pool accounts	**158**	4,502
Loan receivables	**52,693**	65,181
Deferred receivables	**15**	15
Total	**66,496**	71,528
Other receivables	**378**	65
Deferred receivables	**97**	211
Total	**475**	276
Total current receivables	**66,971**	71,804

2.4 SHAREHOLDERS' EQUITY

1,000 EUR	2014	2013
Share capital, Jan. 1	17,692	17,692
Share capital, Dec. 31	**17,692**	17,692
Premium fund, Jan. 1	4,351	4,351
Premium fund, Dec. 31	**4,351**	4,351
Invested unrestricted equity fund, Jan. 1	16,480	16,480
Conversions of convertible capital loan	50	
Invested unrestricted equity fund, Dec. 31	**16,530**	16,480
Retained earnings, Jan. 1	21,193	19,970
Dividend payment	-6,470	-12,929
Share-based payments	103	
Retained earnings, Dec. 31	**14,826**	7,041
Profit for the period	**5,334**	14,152
Total shareholders' equity	**58,733**	59,716

Distributable funds of unrestricted equity total EUR 36,690,325.55 (37,673,081.32).

2.5 MANDATORY PROVISIONS

1,000 EUR	2014	2013
Share-based incentive plan	365	33
Provision for vacant premises	216	144
Provision for tax charges	45	
Total mandatory provisions	**626**	177

2.6 LONG-TERM LIABILITIES

On November 18, 2013, Aspo Plc issued a EUR 20 million hybrid bond. The bond has no maturity but the company may exercise an early redemption option after three years. The coupon rate of the bond is 7% per annum.

1,000 EUR	2014	2013
Perpetual bond	20,000	20,000
Loans from financial institutions	15,000	30,000
Total	**35,000**	50,000
Total long-term liabilities	**35,000**	50,000

1,000 EUR	2014	2013
Loans from financial institutions	**41,000**	27,000
Convertible capital loan		10,300
Unpaid dividend	**7**	8
Accounts payable	**513**	201
Other liabilities	**136**	136
Deferred liabilities*	**982**	965
Total	**42,638**	38,610
Debts to Group companies:		
Cash pool accounts	**20,183**	17,617
Deferred liabilities		8
Total	**20,183**	17,625
Total short-term liabilities	**62,821**	56,235
* Main items:		
Accrued interests	**231**	445
Accrued salaries	**654**	410

2.7 SHORT-TERM LIABILITIES

In 2009, Aspo Plc issued a EUR 15 million convertible capital loan. The loan period was from June 30, 2009, to June 30, 2014. The loan was repaid in one installment on June 30, 2014, since the repayment conditions outlined in Chapter 12 of the Finnish Companies Act and the loan terms were met. The loan had a fixed interest rate of 7%. A total of EUR 4.75 million of loan units were converted into Aspo shares during the loan maturity period. The amount of repayable principal was EUR 10.25 million on the date of maturity.

In 2014, 8,074 new shares were subscribed for with one EUR 50,000 loan unit.

Unpaid lease payments

1,000 EUR	2014	2013
Payable in the next financial year	**138**	228
Payable later	**146**	193
Total	**284**	421
Residual value liabilities	**2**	2
Total leasing liabilities	**286**	423

Other rental liabilities

1,000 EUR	2014	2013
Payable in the next financial year	**1,582**	1,569
Payable later	**4,745**	6,277
Total	**6,327**	7,846

Guarantees on behalf of Group companies

1,000 EUR	2014	2013
Guarantees	**75,686**	92,715

2.8 OTHER NOTES

Shares and Shareholders

Share capital

On December 31, 2014, Aspo Plc's registered share capital totaled EUR 17,691,729.57 (17,691,729.57), consisting of 30,975,524 shares (30,967,450). During the financial year, 8,074 new shares were subscribed for with the convertible capital loan units. At the end of the year, the company's direct and indirect own shareholding was 573,385 shares (183,891); in other words, 1.9% (0.6) of the share capital. Of the treasury shares, a total of 509,612 shares were held by the subsidiary Aspo Management Oy.

Shares

Aspo Plc has one share series. Each share entitles the shareholder to one vote at the Shareholders' Meeting. The company shares are quoted on NASDAQ OMX Helsinki Ltd in the medium-sized companies category and under the GICS classification Industrials. The trading code of the share is ASU1V.

Dividend

Aspo Plc has an active, cash-flow-based dividend distribution policy, the goal of which is to distribute, on average, at least half of the Group's annual profit to shareholders.

Aspo Plc's Board of Directors proposes to the Annual Shareholders' Meeting that a dividend of EUR 0.40 per share be paid for the financial year 2014, representing 70.3% of the Group's earnings per share.

Authorizations

The Annual Shareholders' Meeting in 2014 authorized the Board of Directors to decide on the acquisition of a maximum of 500,000 treasury shares using non-restricted shareholders' equity. The authorization is valid until the Annual Shareholders' Meeting in 2015.

The shareholders authorized the Board of Directors in 2012 to decide on a share issue involving one or more installments, carried out through the transfer of treasury shares. A maximum of 834,529 shares may be transferred on the basis of the authorization. The authorization is valid until September 30, 2015. In 2014, the Aspo Board of Directors has used its authorization as the company transferred 19,492 treasury shares related to the share-based incentive plan. In October 2014, the Aspo Board of Directors decided on a directed share issue in which Aspo transferred, in deviation

Major shareholders on December 31, 2014

	Number of shares	Share of stock and voting rights %
Havsudden Oy Ab	3,142,941	10.15
Varma Mutual Pension Insurance Company	1,438,412	4.64
Vehmas Tapio	1,375,827	4.44
Vehmas A.E.	1,043,394	3.37
Ilmarinen Mutual Pension Insurance Co	1,000,676	3.23
Vehmas Tatu	943,900	3.05
Vehmas Liisa	930,693	3.00
Mandatum Life Unit-Linked	733,688	2.37
Investment fund Nordea Nordic Small Cap	721,040	2.33
Estlander Henrik	711,717	2.30
Ten major shareholders, total	**12,042,288**	**38.88**
Nominee registrations	466,700	1.51
Other shares	17,893,151	57.76
Total shares outstanding	**30,402,139**	**98.15**
Own shares	573,385	1.85
Shares total	**30,975,524**	**100.0**

Distribution of ownership on December 31, 2014, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock %
1–100	1,122	13.77	67,187	0.22
101–500	2,947	36.16	832,599	2.69
501–1,000	1,522	18.67	1,159,386	3.74
1,001–5,000	2,045	25.09	4,438,952	14.33
5,001–10,000	282	3.46	2,022,775	6.53
10,001–50,000	181	2.22	3,512,868	11.34
50,001–100,000	16	0.20	1,081,688	3.49
100,001–500,000	22	0.27	4,602,181	14.86
500,001–	12	0.15	13,253,424	42.79
Total in joint accounts	1	0.01	4,464	0.01
Total	**8,150**	**100.0**	**30,975,524**	**100.0**

Distribution of ownership on December 31, 2014, by owner groups

%	Ownership	Shares
1. Households	94.2	60.8
2. Companies	4.5	19.4
3. Financial and insurance institutions	0.2	6.8
4. Non-profit organizations	0.8	4.6
5. Public organisations	0.1	8.2
6. Non-domestic	0.2	0.2

from the shareholders' pre-emptive subscription rights, 100,626 treasury shares to the shareholders of Aspo Management Oy, in order to acquire the whole share stock of Aspo Management Oy to Aspo Plc.

The shareholders authorized the Board in 2012 to decide on a rights issue. The authorization also includes the right to decide on a directed share issue. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until September 30, 2015. The Board has not used its authorization in 2014.

Share trading and share price development

In 2014, a total of 4,871,593 Aspo Plc shares were traded at EUR 30.2 million; in other words, 15.7% of the shares changed hands. The share reached a high of EUR 7.52 and a low of EUR 5.21 during the year. The average share price was EUR 6.20 and the closing price at year-end was EUR 5.69. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

At year-end, the market value of the share capital excluding the treasury shares was EUR 173.0 million. For the latest trading information, please visit: www.aspo.com.

Share ownership

Aspo's shares are included in the book-entry system maintained by Euroclear Finland Ltd.

At the end of 2014, the number of shareholders at Aspo totaled 8,150. Of these, 98.3% represented direct shareholding and 1.7% nominee registrations. A total of 0.2% of the shares was held by foreign entities.

On December 31, 2014, the ten largest shareholders owned a total of 38.88% of the company's shares and voting rights.

A list of major shareholders with monthly updates is shown on the corporate website at: www.aspo.com.

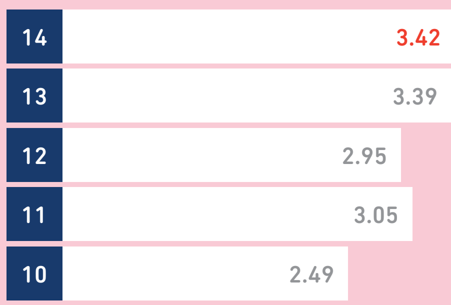
Shareholding by the Group Executive Committee and the Board of Directors

On December 31, 2014, the total number of shares owned by the members of Aspo Plc's Board of Directors with entities under their control was 4,512,853 shares, which represents 14.57% of the shares and voting rights.

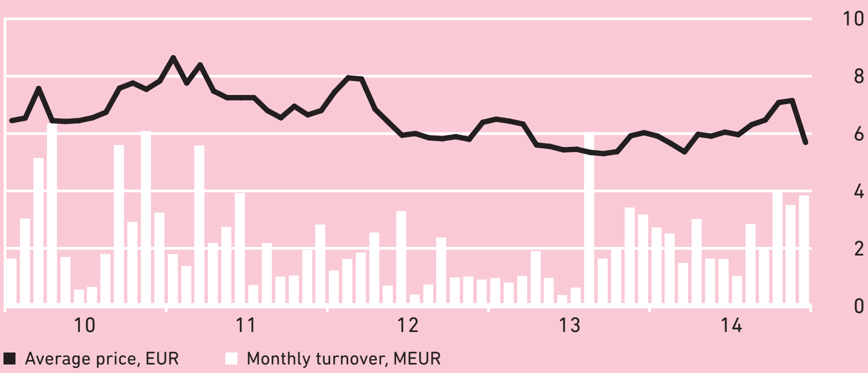
On December 31, 2014, Aspo Plc's CEO and the other members of the Group Executive Committee held a total of 189,620 shares, which represents 0.6% of the shares and voting rights.

Share price performance EUR

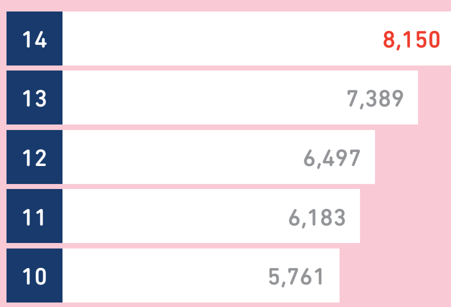
Equity/share EUR



Share trading and average prices



Number of shareholders



Dividend Proposal of the Board

The parent company's distributable funds totaled EUR 36,690,325.55 with the profit for the financial year totaling EUR 5,334,319.94.

The company's registered number of shares on December 31, 2014 was 30,975,524, of which the company held directly or indirectly 573,385.

The Board of Directors proposes that the company's distributable funds be distributed as follows:

– A dividend of EUR 0.40 per share be paid out on 30,402,139 shares	EUR 12,160,855.60
– to be retained in shareholders' equity	EUR 24,529,469.95
	EUR 36,690,325.55

No dividend is paid to the treasury shares held by Aspo Plc or its subsidiaries.

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

Helsinki, March 4, 2015

Gustav Nyberg

Matti Arteva

Mammu Kaario

Roberto Lencioni

Kristina Pentti-von Walzel

Risto Salo

Aki Ojanen
CEO

Auditor's Report

To the Annual General Meeting of Aspo Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspo Plc for the financial period 1 January–31 December 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 5, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant

Information for Investors

Basic share information

- Listed on: NASDAQ OMX Helsinki Ltd
- Industry sector: Industrials
- Category: Mid Cap
- Trading code: ASU1V
- ISIN code: FI0009008072

Annual Shareholders' Meeting

The Aspo Plc Annual Shareholders' Meeting will be held at the Stock Exchange Building, Fabianinkatu 14, FI-00100 Helsinki, Finland on Thursday, April 9, 2015 at 14:00 p.m. The record date of the Annual Shareholders' Meeting is March 26, 2015.

Shareholders intending to participate in the Annual Shareholders' Meeting should register for the meeting no later than on April 2, 2015 by 16:00 p.m. Please register:

- Through Aspo's website, at www.aspo.com
- By e-mail to ilmoittautuminen@aspo.com,
- By telephone on +358 9 521 41 00,
- By fax on +358 9 521 49 99, or
- By letter to Aspo Plc, P.O. Box 70, FI-00501 Helsinki.

In connection with the registration, shareholders are requested to notify the company of any proxies authorized to exercise their voting rights. The proxies should be delivered to the company within the registration period.

Dividend payments

Aspo's dividend policy is to distribute approximately at least half of the Group's annual profit in dividends. The Board of Directors will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.40 per share be paid for 2014 on shares outstanding and that no dividend be paid for treasury shares held by the company or its subsidiaries.

- Ex-dividend date April 10, 2015
- Dividend record date April 13, 2015
- Dividend payment date April 20, 2015

Financial reporting in 2015

- Financial Statements Release February 12, 2015
- Annual Report for 2014 week 14
- Interim Report January–March on May 6, 2015
- Interim Report January–June on August 13, 2015
- Interim Report January–September on October 28, 2015

Aspo's financial information is published on company's website at www.aspo.com, including annual reports, interim reports and stock exchange releases in Finnish and in English. Aspo's printed annual report will be published in Finnish and English. Reports can also be ordered by phone +358 9 521 40 50, by fax +358 9 521 49 99 or by e-mail from jamima.lofstrom@aspo.com.

Further investor information

Aspo's website at www.aspo.com offers also versatile further investor information, such as the latest share information and consensus estimates based on expectations and predictions by the analysts following Aspo.

At the web address www.aspo.com > media > news > news service it is possible to order all stock exchange releases and press releases to your e-mail.

Address changes

Material will be sent to shareholders to the address shown in the shareholder register maintained by Euroclear Finland Ltd. Shareholders are advised to notify changes of address to the bank or brokerage firm where the shareholder has a book-entry account.

Aspo Plc's investor relations

Aspo organizes frequent investor meetings with various stakeholder groups. The target is to provide for versatile information about Aspo and its operations to institutional and private investors, analysts and media representatives.

Aspo observes a three-week silent period preceding the publication of its results. During this time the company's representatives will not comment on the company's financial position.

Contact information

For any further information concerning Aspo's investor relations issues, please contact

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