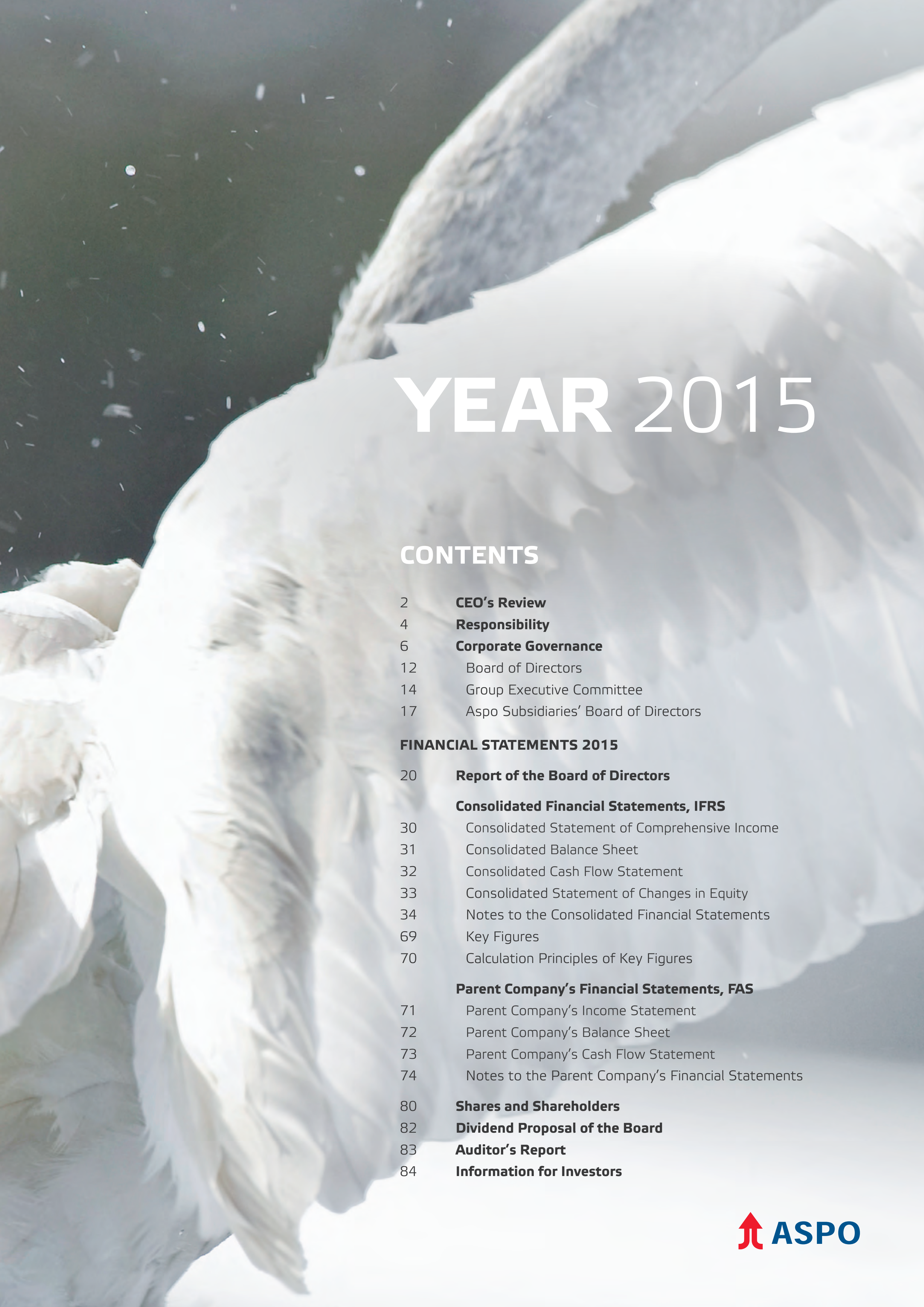
YEAR 2015

ASPO



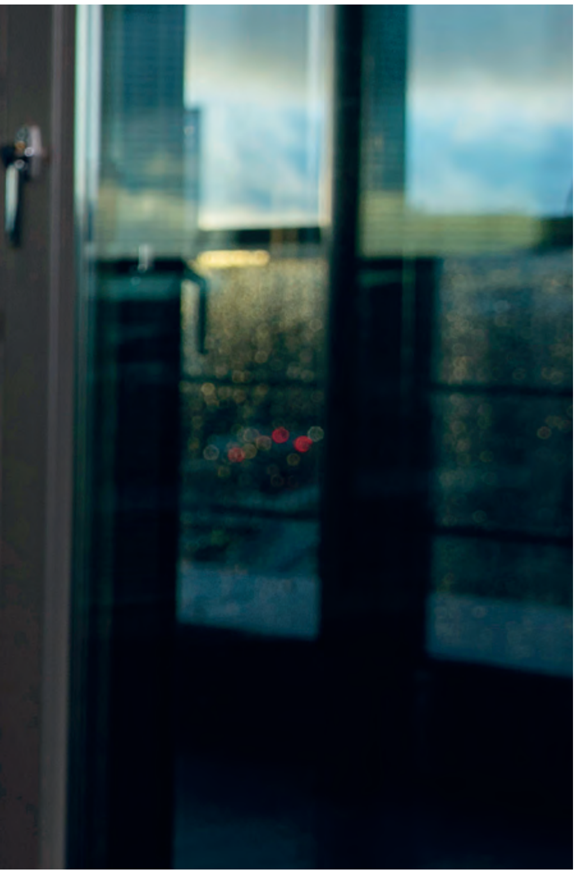
YEAR 2015

CONTENTS

ASPO

OUR DIRECTION IS UPWARDS

IN 2015, ASPO WAS ABLE TO REACH AN EXCELLENT RESULT IN A CHALLENGING ECONOMIC SITUATION. THE COMPANY'S SUCCESS IS BASED ON DETERMINED WORK AND CORRECT STRATEGIC CHOICES.



Last year was fairly challenging in Aspo's main market areas. The situation in Russia, in particular, was uncertain due to the country's political crisis and the plummeting value of the ruble. In Finland, industrial production continued its decline for the fourth year in succession. Additionally, the deceleration of the global economy, which started in Asia, has dropped raw material prices to a historically low level.

Considering these factors, Aspo can be very satisfied with its performance in 2015. Return on equity has nearly reached our long-term target of more than 20 percent. This is an excellent result considering the currently low interest rates. Our earnings per share also remained high in 2015, and we are still able to hold on to our position as a productive and stable dividend payer.

Challenging times in markets such as Russia also offer opportunities and significant growth potential for companies that have feet firmly planted on the ground and an advanced strategic understanding. Aspo has been able to control its risks and determinedly strengthened its position in the eastern markets. Both Telko and Leipurin have been able to maintain profitable business operations and a positive cash flow. We have succeeded in our recruitments in the region and expanded our service range so that our new concept will create new growth, also in the future.

Cornerstones of our success include determination and the central expert role we have achieved in the value chains of several of our customers. The long-term strategic guideline of ESL Shipping is to invest in long-lasting complete partnerships. Together with our customer companies, we are committed to developing our processes for years to come, so that they best respond to our customers' future needs. An essential part of this is the modernization of our fleet, in terms of which the year 2015 was a true breakthrough for Aspo.

In November, we issued a long-term contract on the sea transportation of raw material for the steel industry and, as a result, ESL Shipping will build two completely new energy-efficient vessels. The new vessels, which are innovative and cost-effective in terms of technology, will improve Aspo's profitability and raise dry cargo transportation by sea to a whole new level when it comes to environmental impact.

Furthermore, the newly defined strategies of Leipurin and Kaukomarkkinat support Aspo's objective of more straightforward growth and higher profitability. In addition to the traditional bread market, Leipurin will focus more heavily on other baking and Out-of-Home markets. Kaukomarkkinat will seek growth by specializing in added value services tailored around mobile knowledge work.

All in all, I am very satisfied with Aspo's performance last year. Even though our largest businesses ESL Shipping and Telko succeeded well, Leipurin and Kaukomarkkinat still have room for improvement. I wish to thank all of our employees and stakeholders for our good performance in a demanding operating environment. In the 2010s, Aspo has been able to increase its operating profit, and we have reached a level from where we can jump even higher towards new financial targets. Our investments made last year, our long-term partnerships and the changes we have made to our strategy are factors that help us continue to grow profitably, also in the future.

Helsinki, February 17, 2016
Aki Ojanen, CEO

SUSTAINABILITY REQUIRES CONCRETE ACTIONS

Being a good corporate citizen means, for example, that Aspo always pays its taxes in the country in which it has made its profit. The transparent operating model serves both investors and other stakeholders.

Aspo's Code of Conduct describes the rules that the personnel of Aspo Group are expected to follow in their work. In 2015, Aspo built an online training course on questions related to ethics which every Aspo employee must complete. The material is based on questions and answers related to situations where the personnel must make personal and ethical decisions.

The Code of Conduct covering all of Aspo's operating countries discusses the legality of operations, business relationships, personnel, safety, and the company's assets and property.

ENVIRONMENTAL REPUTATION AS A COMPETITIVE FACTOR

Sustainability is reflected in Aspo's decisions and the concrete actions it takes for the good of the environment. Continuous operational improvement is the core principle of Aspo's environmental policy. Aspo always aims to address critical environmental issues beyond the minimum requirements of laws and regulations.

A good environmental reputation is also an increasingly important competitive factor for the company. In 2015, Aspo took a new significant leap towards more sustainable and environmentally friendly sea transportation. ESL Shipping has ordered two ice-strengthened vessels that will be the world's first large LNG-fueled dry bulk cargo vessels. The carbon dioxide emissions of the significantly more energy-efficient vessels per transported cargo ton will be more than 50% lower compared with current vessels.

A smaller but equally concrete environmental action is Aspo's personnel car policy which was revised last year. According to the revised policy, employees will be entitled to a discount for their car deduction if they select an option, the emissions of which fall below the average value of all cars offered by the company. The objective is that this arrangement reduces the following year's average emissions.

The company's environmental responsibility is also advanced by Aspo Group's head office, which is located in an office building that has been granted a platinum LEED environmental certificate. The energy-efficient building consumes 30–50% less energy than a regular building.

RESPONSIBILITY FOR THE WELLBEING OF PERSONNEL

The advancement of sustainable operations throughout the Group requires good leadership. Aspo does everything in its power to create a supportive working environment and to promote professional development. Aspo regularly assesses personnel satisfaction concerning individual tasks, the quality of management, and Aspo as an employer by conducting an atmosphere survey. Annually-repeated questions offer comparable information to supervisors who discuss the results of the survey within their teams to identify areas of development.

ASPO ACTS AS A GOOD CORPORATE CITIZEN IN ALL OF ITS OPERATING COUNTRIES. THE GROUP'S CODE OF CONDUCT AND ENVIRONMENTAL POLICY FORM A COMMON SET OF RULES FOR ALL BUSINESSES.

The year 2015 was a special theme year for Telko in terms of taking the significance of personnel resources into account. The company invested in training offered to its management and sales organization and the development of its operating models. For example, all sales and customer service employees were trained in negotiation skills in all operating countries.

To motivate the personnel, Aspo has set up a personnel fund, with every employee of the Finnish companies within Aspo Group being its members. Employees may invest their bonuses in the personnel fund or withdraw them in cash. The goal is that the personnel will become a significant shareholder group in the company.

CONTINUOUS IMPROVEMENT OF BUSINESSES

ESL Shipping's operations and all of its vessels are certified in accordance with the requirements of the International Maritime Organization's International Safety Management code. In addition, the shipping company has the ISO 14001 environmental certificate.

Ships are the most ecological alternative for transporting large cargo. Last year, in addition to the new vessel investment, ESL Shipping announced its intention to enter the market of renewable energy as it started to transport biofuels to the new Värtahamnen energy port in Stockholm for AB Fortum Värme.

Of Aspo's businesses, Leipurin also pays special attention to the high level of quality and safety of all of its products. It requires its partners and suppliers to follow environmental and operational systems that fulfill tight quality criteria. In Finland, the Leipurin operating model has been granted the ISO 9001:2000 certificate. The certification has committed the company to continually improve its operations.

Telko also considers the proper management of environmental issues to be an important success factor, with tight quality criteria guiding the company's operations. Continuous development is the key principle in Telko's environmental strategy. The company has been granted the ISO 9001 certificate, and it is also committed to following the trade version of the Responsible Care program of the chemical industry. Accordingly, Telko is committed to continuously and voluntarily developing issues related to the environment, safety and health. This commitment has been verified in an external SQAS/ESAD audit. Telko has also signed the Ethical and Business Principles of the European Association of Chemical Distributors FECC.

Kaukomarkkinat offers solutions for mobile knowledge work and energy products, which means that environmental issues are highly important to the company's principals. Commitment to sustainable development is evident in all operations, all the way from product design and manufacturing to recycling.

CORPORATE GOVERNANCE

MEMBERS OF THE ASPO BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE AND THEIR CONTROLLED CORPORATIONS OWN IN TOTAL APPROXIMATELY 15 PERCENT OF ASPO'S SHARES.

Aspo's decision-making and administration comply with the Finnish Companies Act, securities market legislation, other regulations concerning public limited companies, Aspo Plc's Articles of Association, and the rules and regulations of Nasdaq Helsinki Ltd. As of 2016 Aspo follows the Finnish Corporate Governance Code that came into force on January 1, 2016. In 2015 Aspo followed the Finnish Corporate Governance Code for listed companies that came into force in October 2010. The code is available on the Securities Market Association's website www.cgfinland.fi.

Aspo Plc's separate Corporate Governance Statement and a remuneration statement for 2015 have been published on Aspo's website www.aspo.com.

GROUP STRUCTURE

The Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki. The main responsibility for Aspo Group's administration and operations lies with Aspo Plc's governing bodies, which are the Shareholders' Meeting, the Board of Directors and the CEO. The highest decision-making power is exercised by the shareholders at the Shareholders' Meeting.

Aspo Plc's task is to own, lead and develop the operations of its subsidiaries and other Group companies, centrally administer the Group companies, take care of issues related to financing and strategic planning, and plan and implement financially expedient investments.

The Group's operational business is carried out in the Group companies, ESL Shipping Ltd, Leipurin Plc, Telko Ltd and Kaukomarkkinat Ltd, and in their subsidiaries in Finland and abroad.

SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is arranged every year on a date set by the Board of Directors and it deals with the issues that are the Annual Shareholders' Meeting's responsibility as outlined in the Articles of Association, the Board proposals and possible other proposals to the Shareholders' Meeting. The Annual Shareholders' Meeting, for instance, approves the financial statements, elects the Board members and the auditor, and decides on profit distribution and the remuneration of the Board members and the auditor.

Shareholders are, according to the Companies Act, entitled to bring issues falling within the domain of the Shareholders' Meeting to be dealt with at the Shareholders' Meeting if they demand this in writing from the Board of Directors well in advance so that the issue can be included in the notice of the meeting.

The Board of Aspo Plc convenes the Shareholders' Meetings. The notice of the meeting is published in a stock exchange release and in newspapers determined by the Board at the earliest two months before and at the latest 21 days before the meeting. In addition, the notice of the meeting and the following information are published on the company's website 21 days before the Shareholders' Meeting at the latest:

- total number of shares and votes by share class on the date of the notice of the meeting
- documents to be presented to the Shareholders' Meeting
- decision proposal of the Board of Directors or some other competent body
- any issue that is included in the agenda of the Shareholders' Meeting but for which no decision is proposed

The decisions of the Shareholders' Meeting are published after the meeting in a stock exchange release. The minutes of the Shareholders' Meeting with the voting results and appendices related to the decisions are published on the company's website within two weeks of the Shareholders' Meeting.

BOARD OF DIRECTORS

According to the Articles of Association, Aspo Plc's Board of Directors comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the Shareholders' Meeting, where its members are also elected. The members of the Board of Directors elect a chairman and a vice chairman from amongst themselves. In the 2015 Annual Shareholders' Meeting, six Board members were elected. The term of the members ends at the conclusion of the Annual Shareholders' Meeting following the election.

The Board constitutes a quorum when more than half of the members, including either the chairman or vice chairman, are present. The duties and responsibilities of the Board of Directors are set out in the Articles of Association, the Finnish Companies Act and other applicable legislation. Aspo Plc's Board of Directors has confirmed written standing orders which state that the matters to be dealt with by the Board include, but are not limited to:

- Aspo Group's strategic guidelines and divisional strategies
- Group structure
- matters to be presented to Shareholders' Meetings
- interim reports and consolidated financial statements
- Group business plans, budgets and investments
- expanding and scaling back operations, acquisitions/divestments of companies or operations
- Group risk management, insurance and treasury policies
- Group environmental policy
- management remuneration and incentive plans
- appointment of the CEO
- monitoring the financial and financing situation of Aspo Group

The Board carries out an annual self-evaluation of its operations and working methods. In 2015, the Board of Directors arranged 15 meetings, of which eight were teleconferences. The average participation rate was 99.

BOARD COMMITTEES

The Board has established an Audit Committee with the objective of preparing issues related to the company's financial reporting and monitoring. The Audit Committee does not have independent decision-making authority, but the Board makes the decisions on the basis of preparations by the committee. The Audit Committee consists of the chairperson and at least two members, whom the Board appoints from among the Board members for one year at a time. In 2015, Roberto Lencioni acted as the chairman of the Audit Committee and Mammu Kaario and Kristina Pentti-von Walzel as committee members.

The tasks of the Audit Committee are:

- monitoring the financial statements reporting process
- control of the financial reporting process
- monitoring the effectiveness of internal control, internal audit and risk management systems
- review of internal audit's plans and reports
- review of the description of the main principles related to the internal control and risk management systems over financial reporting process included in the company's Corporate Governance Statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the audit firm
- assessing the auxiliary services offered by the audit firm
- preparing the decision on the election of the auditor

The Audit Committee will convene regularly at least twice a year. In 2015, the audit committee had four meetings.

Aspo has no other committees besides the Audit Committee.

REMUNERATION FOR BOARD MEMBERS

The Annual Shareholders' Meeting decides on the remuneration and cost compensation principles for the Board members every year.

The 2015 Annual Shareholders' Meeting confirmed the Chairman of the Board's monthly remuneration to be EUR 15,500. It was resolved that the Vice Chairman be paid a monthly remuneration of EUR 3,600 and the other members of the Board of Directors EUR 2,400 per month. It was also resolved that EUR 700 per meeting be paid to the members of the Audit Committee. Board members having a full-time position in an Aspo Group company are not paid a fee. Travel is compensated for in accordance with Aspo's travel policy.

In 2015, the Aspo Plc Board members received a total of EUR 370,170 in fees (including both statutory and voluntary pension payments of the Board Chairman).

The majority of Aspo's Board members are independent of the company and its main shareholders.

CHAIRMAN OF THE BOARD

The full-time Chairman of the Aspo Plc Board is Gustav Nyberg, B.Sc. (Econ.), eMBA (59). He is, in addition to his Chairman duties, also responsible for the progress of the strategy process and participates in IR activities.

Aspo Plc's Board of Directors elects a chairman from among the Board members, appoints the full-time Chairman of the Board, and agrees upon the terms of employment defined in a written executive contract. The full-time chairman does not receive the board member's compensation decided by the Annual Shareholders' Meeting while the executive contract is in force. The total compensation paid to the full-time chairman under the executive contract shall not exceed the compensation for the Chairman of the Board established by the decision of the Annual Shareholders' Meeting.

CHIEF EXECUTIVE OFFICER

The Board of Directors appoints Aspo Plc's CEO. The CEO of Aspo is Aki Ojanen, eMBA (55). The CEO is responsible for the management and development of the Group's business in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO is responsible for the company accounting complying with applicable legislation and for the reliable arrangement of the company finances. He also serves as the Chairman of the Boards of Group companies and acts as the operational supervisor of the Managing Directors of Group companies. He is also responsible for internal control as the superior of the CFO and for Group risk management, which is coordinated by the CFO.

The terms of the CEO's employment relationship have been agreed in writing in the CEO agreement. The period of notice applied to 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.

In 2015 the CEO was paid EUR 1,051,269 in salary, bonuses and fringe benefits. The share of bonuses for 2014 was EUR 217,650, the share of share-based payments was EUR 279,321, the share of statutory pension insurance payments was EUR 106,785 and the share of voluntary pension insurance payments was EUR 76,658.

GROUP EXECUTIVE COMMITTEE

The CEO is assisted by the Group Executive Committee, which is responsible for developing the strategic structure of Aspo Group and its earnings, as well as prepares the policies and shared practices. The Group Executive Committee consists of Aspo's CEO, Group CFO, Group Treasurer, and the Managing Directors of the Group companies. The Group Executive Committee convenes at least six times a year. The members of the Group Executive Committee are public insiders.

In addition to the CEO, the Group Executive Committee in 2015 consisted of CFO Arto Meitsalo, Group Treasurer Harri Seppälä as well as Matti-Mikael Koskinen, Managing Director of ESL Shipping Ltd, Kalle Kettunen, Managing Director of Telko Ltd, Sami Koskela, Managing Director of Kaukomarkkinat Ltd, and Paul Taimitarha, Managing Director of Leipurin Plc. In 2015, the Group Executive Committee received a total of EUR 3,076,432 in salaries, bonuses and fringe benefits. The share of bonuses for 2014 was EUR 395,351, the share of share-based payments was EUR 861,241, the share of statutory pension payments was EUR 317,456 and the share of voluntary pension insurance payments was EUR 138,726.

REWARDING

Aspo Group has a personnel fund and all persons working at Aspo Group's Finnish companies are members of the fund. Aspo's business units pay part of their earnings as bonuses to the personnel. Employees may invest the bonus in the personnel fund or withdraw it in cash. The long-term goal of the funding system is that the personnel will become a significant shareholder group in the company.

Aspo Plc's management remuneration consists of the person's fixed monthly salary, a short-term bonus paid on the basis of the position's impact on the company result, and long-term rewards including management pension benefits and a share-based incentive plan.

Aspo Plc's Board of Directors makes decisions on the salaries, other financial benefits, and the basis of the bonus scheme for Aspo's CEO and the Group Executive Committee members.

Bonus plan based on the company result (short-term incentive program)

Aspo has a result-based incentive plan for the management, including about 30 employees in addition to the Group Executive Committee members. The maximum bonus may differ up to a sum equivalent to three to eight months of the employee's salary. The maximum bonus of the CEO is a sum equivalent to eight months' salary. The criteria used in the bonus scheme include Group-level requirements and the development preconditions of the area for which the person has responsibility. The fulfilling of the bonus plan criteria is monitored annually. The criteria and payments paid according to the criteria are approved by Aspo Plc's Board of Directors. Bonuses recognized annually are paid after the completion of the annual financial statements.

Share-based incentive plan 2012–2014 (long-term incentive program)

In 2012, Aspo'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. The Board of Directors decided on the plan's performance criteria and their objectives at the beginning of each period. Participation in the plan and obtaining a reward for 2014 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. The reward over the 2014 earnings period was based on the Aspo Group's earnings per share (EPS) indicator.

In 2015, Aspo granted 94,786 shares to employees included in the share-based incentive plan for the 2014 earnings period as well as cash equaling the value of the shares at most in order to pay taxes.

Share-based incentive plan 2015–2017 (long-term incentive program)

The Board of Directors of Aspo Plc approved on February 11, 2015, a share-based incentive plan. 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 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 includes three earnings periods, the calendar years 2015, 2016 and 2017. The prerequisite for participation in the plan and for receipt of reward on the basis of earnings period 2015 was that a person acquired the company's shares, or held 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.

Remuneration statement can be found at www.aspo.com.

SUPPLEMENTARY PENSIONS

The Chairman of the Board of Directors, the CEO and two members of the Group Executive Committee at Aspo Plc are eligible for a defined contribution pension insurance plan. The retirement age is 60 whereupon the payment of contribution ends. The receiving of a pension ends at the age of 70. The pension is determined in accordance with the accumulated insurance savings at the time of retirement. The start of receiving the pension can be postponed, at most, until the age of 70. In that case, the pension is determined on the basis of insurance savings adjusted in accordance with the value development of related investment objects.

If employment ends before the contractual retirement age as a result of a notice given by the employer due to production and financial reasons, the person is entitled to a paid-up policy – a paid-up insurance that corresponds to insurance savings accumulated by the end of the person´s employment. The person is always entitled to a paid-up policy that corresponds to his or her own share of contribution.

In 2015, on the part of the Chairman of the Board the cost of the group pension insurance plan totaled EUR 92,890 and it is included in his total remuneration. On the part of the CEO the cost of the group pension insurance plan totaled EUR 76,658 or 7% of the annual employee benefit expense. The costs of the voluntary group pension insurance plans totaled EUR 231,616.

AUDIT

According to the Articles of Association, the Annual Shareholders' Meeting elects the auditor, which must be an auditing firm approved by the Central Chamber of Commerce. The term of the auditor ends at the conclusion of the Annual Shareholders' Meeting following the election.

The auditor elected by the Shareholders' Meeting is responsible for instructing and coordinating the auditing work throughout the Group. The auditor provides the company's shareholders with the auditor's report in connection with the annual report, in accordance with legislation. The Board also receives other possible auditing reports.

The 2015 Annual Shareholders' Meeting elected the APA firm Ernst & Young Oy as the auditor. APA Harri Pärssinen acted as the principal auditor. In 2015, companies belonging to the EY chain in Finland and abroad were paid a total of EUR 210,000 in compensation for performing audits for Aspo Group. In addition, other services were acquired for EUR 73,000.

INTERNAL CONTROL

Aspo's internal control includes the control that is built in to the business processes, the Group's management system and financial reporting covering the entire Group. Internal control is an integral part of the company's management, risk management and administration.

The aim of internal control is to create sufficient certainty of goals and objectives being reached in the following issues:

- operational profitability and efficiency, and capital management
- reliability and integrity of financial and operational information
- compliance with laws, regulations and agreements, as well as ethical principles and social responsibility
- safeguarding and responsible management of assets and brands

The responsibility to arrange the control lies with the Board of Directors and the CEO both at Group and business unit level. The Group's Board is responsible to the shareholders and the CEO to the Board. The chain of responsibility continues throughout the organization so that each Aspo employee is responsible to his/her superior for control over his/her responsibility area. Group company controllers have control responsibility concerning compliance with legislation and Group instructions. As well as to the segment management, they also report to the CFO. The CFO reports to the CEO and Board on possible findings. The internal audit function supports the Group management in their control task and the aim is to offer the Group management sufficient assurance that the control is working.

FINANCIAL REPORTING

The control of financial reporting is based on monitoring of business processes. The information for financial reporting is created as business processes progress, and the responsibility for correct information is shared by all participants in the process. The financial reporting process is decentralized and monitored by the Audit Committee.

The financial statements of the Group are compiled according to the IFRS standards; those of the parent company and Finnish subsidiaries according to the Finnish accounting standards. Each separate company complies with the legislature of the country where it is located, but reports based on Aspo's internal accounting instructions. Separate companies may have their own chart of accounts, but all information is consolidated on the basis of a common chart of accounts to the unit level, where their reliability is assessed before the information is transferred to the Group level. Aspo Group's financial information is verified and assessed on monthly basis. At each phase the unit responsible for the quality and preparation of information will assess its reliability. The Group-level monitoring and reconciliation mechanisms are used on both monthly and quarterly bases.

The systems required for financial reporting are decentralized and used according to the principles of internal control. Achieving the set targets is followed on a monthly basis with the reporting system. In addition to actual and comparative figures, it provides up-to-date forecasts. The reports are provided to the Aspo Board of Directors monthly. The Board of Directors assesses the Group's position and future based on the provided information. The Board of Directors is responsible for the contents and publication of the financial statements.

In 2015, the Group continued to update and integrate the reporting systems in order to improve the level of internal control.

Besides the Audit Committee, the reliability of reporting and processes are assessed by an independent, external audit firm.

INTERNAL AUDIT

The purpose of internal audit is to support assessment and assurance of the Group to verify the efficiency of risk management, control, management and administration. Internal audit assists the Board of Directors and the organization in achieving the Group targets and in ensuring and developing the control system.

The Board of Directors approves the principles of internal audit as part of internal control. The Group CFO is responsible for internal audit, and reports the findings to the CEO, the Audit Committee and the Board of Directors. Internal audit is organized corresponding to the size of the Group. Additional resources and special skills will be purchased for demanding assessments if needed. The target is to perform two or three risk-based audits annually. The audits are based on risk assessment as defined in the risk analyses of individual business units. The objects of the audit assessment and assurance are profitability and efficiency of activities, reliability of financial and operational reporting, compliance issues and safeguarding of assets.

The Audit Committee monitors the operations and efficiency of the company's internal audit in its meetings. The committee also reviews the plans and reports of the internal audit.

RISK MANAGEMENT

The target of risk management is to ensure the implementation of Group strategy, development of financial results, shareholder value, dividend payment ability and business continuity. The operational management of the business units is responsible for risk management. They are also responsible for determining sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of daily management of operations. Risk management is coordinated by the Group CFO, who reports to the CEO.

The Audit Committee monitors the efficiency of the risk management systems and processes the plans and reports of the risk management.

Each business unit has a separate risk management program. Business risks and their management are dealt with in the business unit management teams. The functions common to the whole Group will ensure that sufficient risk assessment and reporting procedures are incorporated into the processes they are responsible for. In terms of certain risks, the risk management principles and main content have been defined in Group-level policies and guidelines. Group management is responsible for Group-level insurance plans.

Risk management is essentially based on the aforementioned procedures of internal control, where the chain of responsibility extends throughout the Group. The most important factors in business risk management are a profound understanding of the business and command of the tools which are used for daily business operations and their management. Characteristic risks in each business area are identified in the business units, assessed in the business unit management teams, and reported to the units' Boards and, if need be, also to the Aspo Board of Directors or the Audit Committee. Aspo's CEO acts as the Chairman of the Boards of Group companies.

Risks are continuously assessed and their management is discussed in the business unit management teams. Risk assessments are updated according to Aspo's management policy and the most noteworthy findings are presented in the quarterly interim reports. Larger projects always include a separate risk analysis. The most significant risks for the Group are assessed once a year and the results are presented in the annual report.

Financial risks, their management principles and related organization are presented in the notes to the financial statements.

INSIDER MANAGEMENT

Aspo Group follows Nasdaq Helsinki Ltd's insider instructions. Aspo's Board has also confirmed insider regulations for Aspo Plc, including instructions for permanent insiders and project-specific insiders. Aspo Plc's public insiders include the Board members, the CEO, the members of the Group Executive Committee and the auditor. Aspo Plc's permanent company-specific insiders include the vice presidents of subsidiaries, secretary to the Board, persons responsible for Group finance and financing and other persons who, due to their work, regularly receive insider information. In addition, a project-specific insider register is kept on persons participating in the preparation of insider projects.

Permanent insiders are not allowed to trade in securities issued by the company for 21 days before the publication of interim reports or financial statements releases, nor on the day of publication.

The Group CFO is responsible for the control and monitoring of insider issues. The holdings of the public insiders and changes to these holdings are published on the company's website at www.aspo.com. Aspo Plc's insider register is maintained by Euroclear Finland Ltd.

BOARD OF DIRECTORS

DECEMBER 31, 2015

GUSTAV NYBERG
Full-time Chairman of the Board since 2009
Member of the Board since 2008
B.Sc. (Econ.), eMBA
Born 1956

Dependent on the company and its major shareholders

Key Work Experience
CEO, Aspo Plc, 1999–2008
Management positions, Elfa International Ab, 1985–1995
Management positions, Finnboard, 1979–1984

Key Positions of Trust
Member of the Board: Foundation for Economic Education, Stiftelsen Svenska handelshögskolan, Oy Havsudden Ab
Member of the Negotiation body: The Finnish Lifeboat Institution
Member of the Consultative Committee: Meripuolustussäätiö

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 581,524 or 1.88% of the total number of shares, Oy Havsudden Ab: 3,142,941 shares or 10.15% of the total number of shares.
Aspo´s hybrid bond 2013: MEUR 1.0, Oy Havsudden Ab: MEUR 1.9
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 185,980 (including voluntary pension insurance)

MATTI ARTEVA
Member of the Board since 1999
Vice Chairman of the Board 2000–2014
Engineer
Born 1945

Independent of the company and its major shareholders

Key Work Experience
Senior Adviser, Rautaruukki Oyj, 2005
President, Rautaruukki Oyj Metal Products, 2003–2004
CEO, Asva Oy, 1993–2003
Marketing and management positions, Aspo Oy, 1975–1993
Manager, Oy Telko Ab, 1970–1975

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 200,000 or 0.65% of the total number of shares.
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 33,600

MAMMU KAARIO
Member of the Board since 2012
Member of the Audit Committee since 2012
LL.M, MBA
Born 1963

Independent of the company and its major shareholders
Managing Director, Partnera Oy, 2016–

Key Work Experience
Investment Manager, Korona Invest Oy, 2011–2015
Partner, Unicus Oy, 2005–2010
Member of the Board, Esperi Care Oy, 2005–2010
Director, Conventum Corporate Finance Oy, 1998–2004
Vice President, Prospectus Oy, 1994–1998
Vice President, Kansallis-Osake-Pankki, 1988–1994

Key Positions of Trust
Chairman of the Board: SstatzZ Oy
Member of the Board: Ponsse Plc, Sibelius-Akatemian tukisäätiö

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 10,000 or 0.03% of the total number of shares.
Aspo´s hybrid bond 2013: MEUR 0.1
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 31,600

ROBERTO LENCIONI
Member of the Board since 1999
Vice Chairman of the Board since 2015, Chairman of the Audit Committee since 2010
LL.M., Born 1961

Independent of the company and its major shareholders
Managing Director, Oy Gard (Baltic) Ab, 2003–

Key Work Experience
Management positions, Oy Baltic Protection Ab, 1990–2002
Managing Director, Oy Baltic Insurance Brokers Ab, 1994–2001
Sales Manager, Aspocomp Oy, 1988–1990
Group Lawyer, Aspo Group, 1986–1987

Key Positions of Trust
Member of the Board: VR-Group Ltd

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 10,687 or 0.03% of the total number of shares.
Aspo´s hybrid bond 2013: MEUR 0.2
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 42,400

KRISTINA PENTTI-VON WALZEL
Member of the Board since 2009
Member of the Audit Committee since 2010
M.Sc. (Econ.), B.Sc. (Pol. Sc.)
Born 1978

Independent of the company and its major shareholders
Entrepreneur, 2016–

Key Work Experience
Director, Ajatuspaja Libera, 2013–2015
Campaign Director/Fundraising, HANKEN School of Economics, 2008–2011
Work experience placements in the Ministry for Foreign Affairs, various positions in personnel management and the financial services industry for companies such as Mandatum Stockbrokers Ltd and Fortum Corporation, 1999–2006

Key Positions of Trust
Member of the Board: Lemminkäinen Corporation, CMI Crisis Management Initiative, Foundation for Economic Education
Council Member: Stiftelsen Svenska handelshögskolan

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 8,000 or 0.03% of the total number of shares.
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 30,900

RISTO SALO
Member of the Board since 2008
M.Sc. (Tech.)
Born 1951

Independent of the company and its major shareholders
Chairman of the Board, Hollming Ltd, 2005–

Key Work Experience
President, Hollming Oy, 1992–2005
Management positions, Finnyards Oy, 1992
Management positions, Hollming Ltd, 1977–1991

Key Positions of Trust
Member of the Consultative Committee: Varma Mutual Pension Insurance Company

Holdings and Remuneration
Shareholdings in Aspo on December 31, 2015: 165,160 or 0.53% of the total number of shares, Hollming Ltd 273,969 or 0.88% of the total number of shares, Ratius Ltd 572 or 0.002% of the total number of shares.
No holdings or rights based on share-based incentive plans.
Remuneration in 2015: EUR 31,600

Updated information on changes in the shareholding of public insiders is available on the company's website www.aspo.com.

GROUP EXECUTIVE COMMITTEE

MARCH 1, 2016

AKI OJANEN
CEO, Aspo Plc, 2009–
eMBA
Born 1961

Key Work Experience
COO, Aspo Plc, 2007–2008
General Director, Itella Logistics Oy, 2005–2007
CEO, Kuusakoski Oy, 2003–2005
Management positions, Kuusakoski Oy, 1999–2003
General Manager, Canon North-East Oy, 1996–1998
Management positions, Canon Oy, 1988–1996

Key Positions of Trust
Chairman of the Board: ESL Shipping Ltd, Leipurin Plc, Telko Ltd, Kaukomarkkinat Ltd, The Association of Finnish Technical Traders
Member of the Board: 3Step IT Group Oy, Federation of Finnish Commerce, Finnish Coal info Hiilitieto ry, East Office of Finnish Industries, 4client Oy

Holdings
Shareholdings in Aspo on December 31, 2015: 54,481 or 0.18% of the total number of shares

KALLE KETTUNEN
Managing Director, Telko Ltd, 2009–
M.Sc. (Tech.), MBA
Born 1964

Key Work Experience
Managing Director, Eka Chemicals Ltd, 2003–2009
Marketing Director Europe, Eka Chemicals Ab, 2007–2009
Managing Director, Eka Chemicals Suzhou (China) Ltd, 2001–2002
Sales management positions, Eka Chemicals Ltd, 1995–2000
Production Manager, Yhtyneet Paperitehtaat Oy, 1990–1995

Key Positions of Trust
Deputy member of the Board: East Office of Finnish Industries

Holdings
Shareholdings in Aspo on December 31, 2015: 20,254 or 0.07% of the total number of shares

SAMI KOSKELA
Managing Director, Kaukomarkkinat Ltd, 2015–
M.Sc. (Tech.)
Born 1979

Key Work Experience
Director, Operative Product Management, Microsoft / Nokia Plc, China, 2012–2014
Head of Operative Product Management, Nokia Plc, Taiwan, 2011–2012
Lead Product Manager, Nokia Plc, USA, 2010–2011
Senior Product Manager, Nokia Plc, 2008–2010
Manager, Strategy Planning, Nokia Plc, 2005–2007
Product Specialist, Nokia Plc, 2003–2005

Holdings
Shareholdings in Aspo on December 31, 2015: 6,500 or 0.02% of the total number of shares

MATTI-MIKAEL KOSKINEN
Managing Director, ESL Shipping Ltd, 2013–
M.Sc. (Econ.)
Born 1972

Key Work Experience
Managing Director, Meriaura Ltd, 2007–2013
Chartering Manager, Deputy Managing Director, Meriaura Ltd, 2004–2006
Consultant, The World Bank, 2004
Project researcher, Turku School of Economics and Business Administration, 2003–2004

Key Positions of Trust
Vice Chairman of the Board: Finnish Shipowners´ Association
Member of the Board: Finnish Coal info Hiilitieto ry, Finnish Waterway Association

Holdings
Shareholdings in Aspo on December 31, 2015: 16,754 or 0.05% of the total number of shares

MIKKO LAAVAINEN
Managing Director, Leipurin Plc, 2016–
M.Sc. (Marketing)
Born 1973

Key Work Experience
Management positions, Raisio plc, 2006–2015
Marketing Director, Danone Group, 2002–2005
Brand Manager, Hackman Group, Iittala, 2000–2002
Assistant Nordic Brand Manager, Unilever, Van den Bergh Foods Nordic, 1998–1999

ARTO MEITSALO
CFO, Aspo Plc, 2009–
Managing Director, Aspo Services Ltd, 2013–
M.Sc. (Econ.)
Born 1963

Key Work Experience
President, Kauko-Telko Ltd, 2008
CFO, Kauko-Telko Ltd, 2007
Director, Kaukomarkkinat Ltd, 2005–2007
Group Controller, Kaukomarkkinat Ltd, 2002–2005
Financial Accountant, Bank of Finland, 1993–2002
Financial Accountant, Kaukomarkkinat Ltd, 1989–1993

Key Positions of Trust
Chairman of the Committee: The Association of Finnish Technical Traders, Finance Committee
Member of the Committee: Federation of Finnish Commerce, Trade Policy Committee
Member of the Board: Silmäsäätiö

Holdings
Shareholdings in Aspo on December 31, 2015: 39,772 or 0.13% of the total number of shares

HARRI SEPPÄLÄ
Group Treasurer, Aspo Plc, 2008–
eMBA
Born 1964

Key Work Experience
Senior Vice President, Sampo Bank Plc, 2006–2007
First Vice President, Sampo Bank Plc, 1999–2006
Management positions, Postipankki, 1989–1999

Holdings
Shareholdings in Aspo on December 31, 2015: 60,000 or 0.19% of the total number of shares

In additon, in the Group Executive Committee was included in 2015:
Paul Taimitarha, Managing Director, Leipurin Plc until February 29, 2016

ASPO SUBSIDIARIES' BOARD OF DIRECTORS

MARCH 1, 2016

ESL SHIPPING LTD

Aki Ojanen
Chairman of the Board since 2009

Mikko Niini
M.Sc. (Tech.)
Member of the Board since 2012
Managing Director, Aker Arctic Technology Inc, 2005–2014

Kimmo Nordström
Member of the Board since March 1, 2016
Chairman of the Board, Containerships Ltd Oy

Ulla Tapaninen
Ph.D., docent
Member of the Board since 2012
Senior Advisor, City of Helsinki

LEIPURIN PLC

Aki Ojanen
Chairman of the Board since 2009

Jukka Havia
M.Sc. (Econ.)
Member of the Board since 2014
Chief Financial Officer, Tikkurila Oyj

Matti Lappalainen
M.Sc. (Econ.)
Member of the Board since 2009
CEO, Vaasan & Vaasan Oy, 2003–2008
Chairman of the Board, Apetit Plc, 2010–2013

Kaisa Poutanen
D.Sc. (Tech.)
Member of the Board since 2014
Research Professor, Research Manager, VTT Technical Research Centre of Finland

Harri Sivula
M.Sc. (Admin.)
Member of the Board 2010–2013 and since 2014
Managing Director, GS1 Finland
Managing Director, Restel Ltd., 2010–2014

TELKO LTD

Aki Ojanen
Chairman of the Board since 2009

Kari Blomberg
M.Sc. (Tech.)
Member of the Board since 2009
Managing Director, SKS Group Oy

Johan von Knorring
M.Sc. (Tech.)
Member of the Board since 2010
Managing Director, Ab Nanol Technologies Oy

Timo Petäjä
eMBA
Member of the Board since 2009
Chairman of the Board, ILP-Group LTD Oy

KAUKOMARKKINAT LTD

Aki Ojanen
Chairman of the Board since 2009

Pirja Heiskanen
M.Sc. (Tech.), Ph.D.
Member of the Board since 2012
Vice President, Futurice Ltd

Hanna-Mari Parkkinen
MBA
Member of the Board since 2015
Group Business Design Director, Fjord Design and Innovation from Accenture Interactive

Juha Pankakoski
M.Sc. (Eng.), eMBA
Member of the Board since 2015
Chief Digital Officer, CIO, Konecranes Plc

FINANCIAL STATEMENTS 2015

REPORT OF THE BOARD OF DIRECTORS 2015

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

OPERATIONAL PERFORMANCE

The development of industrial production in Europe and in Finland continued to be poor throughout 2015. As a consequence of the crisis between Russia and Ukraine, the structure of commerce changed both in internal trade and foreign trade. The economic sanctions and the significant decrease in oil prices affected the demand in Russian trade in particular during 2015. The price of oil has sunk to a historical low. The currencies of Russia, Ukraine, Kazakhstan and Belarus fell steeply. Interest rates remained low in 2015.

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

ESL Shipping's vessels have mainly operated in the Baltic Sea and Europe, and offered loading and unloading services at sea. ESL Shipping's operations in the Baltic Sea and the North Sea are mainly based on long-term agreements and established customer relationships. General market rates of dry bulk cargo continued to fall at the end of 2015, being at a historically low level.

At the end of the year, the shipping company entered into a long-term framework agreement on the sea transportation of raw materials with steel manufacturer SSAB and ordered the world's first large LNG-fueled bulk cargo carriers. The carbon dioxide emissions of the new vessels per transported ton of cargo will be more than 50% lower than those of current vessels, which makes them the most energy effective in the world in their size class. In addition, the shipping company entered into a significant transportation agreement with energy company Fortum, signifying its first entry into the growing market of renewable energy.

ESL Shipping was able to maintain a high profitability in 2015 despite the challenging market environment, and its operating profit stood at EUR 14.7 (16.0) million. However, the shipping company's net sales decreased to EUR 76.2 (85.2) million. The decrease in net sales was mainly affected by the steeply declining ship fuel price which affects cargo rates via fuel clauses. The decrease in net sales was also affected by the lower transportation volume of energy coal and the decreased transportation capacity of one vessel compared with the previous year. Five of the company's own vessels were docked during the year. The volume of cargo carried by ESL Shipping in 2015 amounted to 11.1 (12.1) million tons.

This shipping company has continued to invest heavily in the development of energy efficiency. In 2015, the company's carbon footprint fell by 7.7% from the previous year. The Sulfur Directive which entered into force at the beginning of 2015 has not had any impact on the general availability of vessel capacity in the Baltic Sea or the North Sea.

Leipurin

Leipurin serves the bakery and food industry and the Out-of-Home eating market by offering total solutions. Leipurin provides its customers with the best concepts for bakery and confectionery products. These range from the development of products to recipes, raw materials, training and equipment and all the way to the design of sales units. As part of its total solutions, Leipurin also designs, supplies and maintains bakery manufacturing lines, bake-off units, and other machinery and equipment needed in the food industry. Partners that supply Leipurin raw materials and machines are leading international manufacturers within their field. Leipurin operates in Finland, Russia, the Baltic countries, Poland, Ukraine, Kazakhstan and Belarus.

The decrease in grain-based and other central raw materials, continuing for the third year, evened out through the fall harvest season. Overall demand for Finnish bakery products has decreased, having been partly replaced by foreign frozen products; thus, reducing purchases of the Finnish industry. The Russian economic crisis has reduced the purchasing power of consumers and heavily accelerated inflation, which is more than 20% when it comes to food products. In Russia, demand for bakery products has shifted towards affordable products, and raw materials have been replaced by locally produced low cost materials. No significant changes have occurred in the Baltic markets.

In 2015, machinery and equipment investments remained at a low level in the Leipurin operating countries. Machinery operations showed a loss due to the unfavorable development of the Russian market.

The net sales of Leipurin stood at EUR 117.8 (134.9) million, and operating profit was EUR 2.4 (4.4) million. Net sales in Russia, Ukraine and other CIS countries fell by 26% to EUR 30.6 (41.4) million. Operating profit in the market area decreased, while profitability remained at approximately 7%.

Telko

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

Telko's success is based on correct strategic decisions, such as the increased share of plastics operations, an excellent success in eastern markets, and profitable growth in Scandinavia and Poland.

The decrease in the prices of raw materials sold by Telko, which first started in the summer, also continued later in the year. The low level of oil prices accelerated the decline in sales prices of raw ma-

NET SALES BY SEGMENT

	2015 MEUR	2014 MEUR	Change MEUR	Change %
ESL Shipping	**76.2**	85.2	-9.0	-10.6
Leipurin	**117.8**	134.9	-17.1	-12.7
Telko	**215.3**	226.8	-11.5	-5.1
Kaukomarkkinat	**36.5**	36.0	0.5	1.4
Other operations	**0.0**	0.0	0.0	
Total	**445.8**	482.9	-37.1	-7.7

NET SALES BY MARKET AREA

	2015 MEUR	2014 MEUR	Change MEUR	Change %
Finland	**147.7**	162.0	-14.3	-8.8
Scandinavia	**51.8**	47.9	3.9	8.1
Baltic countries	**50.4**	55.7	-5.3	-9.5
Russia, Ukraine + other CIS countries	**128.3**	153.0	-24.7	-16.1
Other countries	**67.6**	64.3	3.3	5.1
Total	**445.8**	482.9	-37.1	-7.7

OPERATING PROFIT BY SEGMENT

	2015 MEUR	2014 MEUR	Change MEUR	Change %
ESL Shipping	**14.7**	16.0	-1.3	-8.1
Leipurin	**2.4**	4.4	-2.0	-45.5
Telko	**10.4**	9.9	0.5	5.1
Kaukomarkkinat	**-1.2**	0.1	-1.3	-1,300.0
Other operations	**-5.7**	-7.0	1.3	18.6
Total	**20.6**	23.4	-2.8	-12.0

INVESTMENTS BY SEGMENT EXCLUDING BUSINESS ACQUISITIONS

	2015 MEUR	2014 MEUR	Change MEUR
ESL Shipping	**13.2**	16.0	-2.8
Leipurin	**0.5**	0.7	-0.2
Telko	**1.0**	1.8	-0.8
Kaukomarkkinat	**0.1**	0.2	-0.1
Other operations	**0.3**	0.0	0.3
Total	**15.1**	18.7	-3.6

terials towards the end of the year, which reduced net sales. Uncertainty in the eastern markets continued throughout the year. In addition, the decline in the values of the Russian and Ukrainian currencies during the year increased uncertainty and improved the competitiveness of local raw materials compared with imported raw materials. The devaluation of currencies in Russia, Belarus, Kazakhstan and Ukraine reduced euro-denominated expenses further, which in part improved profitability. Despite the continuing poor demand for industrial production in western markets, Telko was able to increase its net sales in Poland and Scandinavia.

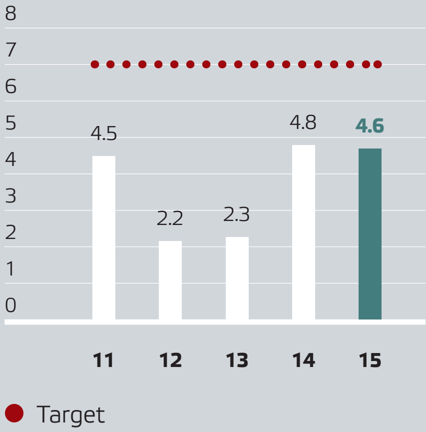
In 2015, Telko's net sales fell by 5% from the previous year to EUR 215.3 (226.8) million. This was caused by the decrease of exchange rates in eastern markets. Growth denominated in local currencies continued at good level. Despite the decrease in oil prices and the uncertainty of the Russian and Ukrainian markets, Telko was able to improve its profitability from the year before. In 2015, net sales in Russia, Ukraine and other CIS countries fell by approximately 10% when denominated in euro, but grew significantly when denominated in local currencies. Telko's net sales in eastern markets stood at EUR 95.5 (106.9) million. Net sales denominated in local currencies grew by 14% in Russia and by more than 40% in Ukraine. In western markets, net sales remained at the previous year's level.

In 2015, sales volumes of plastics decreased in Russia, Ukraine and other CIS countries, but increased in western markets. Sales volumes of chemicals grew both in the east and the west.

Telko's operating environment was a challenging one in 2015. Despite the difficult market situation, Telko achieved a record high operating profit of EUR 10.4 (9.9) million. Non-recurring items that reduce the operating profit include the provision of EUR 0.2 million for the tax increase imposed by Finnish Customs in relation to material batches imported by Telko in 2013 and 2014, and the related advisor fees of EUR 0.4 million. Telko considers the charges imposed by Finnish Customs to be unfounded.

The operating profit rate increased significantly in eastern markets and remained at the previous year's level in western markets. The operating profit

OPERATING PROFIT
%



RETURN ON EQUITY
%

GEARING
%

rate in Russia, Ukraine and other CIS countries exceeded 8%. In eastern markets, the increase in profitability was caused by the previous expansion to metropolises, the improved market position and increased cost effectiveness.

Kaukomarkkinat
Kaukomarkkinat is the expert in demanding mobile working environments. It provides the best tools and solutions improving productivity as well as services ensuring efficiency of healthcare, logistics, industry and authorities. It also operates in energy sector. Kaukomarkkinat operates in Finland and China.

Kaukomarkkinat completed its reorganization and strategy process in fall 2015. Sami Koskela, new Managing Director, revised the strategy which was released at the Aspo Capital Markets Day in November. Reorganization pertaining to the new strategy was implemented by the end of the year.

Kaukomarkkinat sold its loss-making Industrial business which was engaged in the sale of industrial machinery and equipment in Poland, Russia, China, and Vietnam in February 2015. In connection with the divestment of the Industrial business, Aspo assessed the goodwill of the Kaukomarkkinat segment and recognized a non-recurring impairment loss of EUR 1.3 million.

Kaukomarkkinat reached a positive operational result as its profitability improved towards the end of the year, with operating profit excluding goodwill impairment loss being EUR 0.1 (0.1) million. The energy efficiency industry showed a loss in 2015 due to the poor general market situation and insufficient sales work. Kaukomarkkinat changed the sales management of its energy operations in fall 2015.

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.

The operating profit of other operations stood at EUR -5.7 (-7.0) million. During the comparative period, the operating profit was reduced by expert costs associated with the Leipurin listing project and other special projects, totaling approximately EUR 1.5 million.

NET SALES
Aspo Group's net sales decreased from the previous year, being EUR 445.8 million (482.9).

EARNINGS
Aspo Group's operating profit amounted to EUR 20.6 million (23.4). ESL Shipping's operating profit decreased to EUR 14.7 million (16.0). The operating profit of Leipurin fell to EUR 2.4 million (4.4). Telko's operating profit increased to EUR 10.4 million (9.9). The operating profit of Kaukomarkkinat amounted to EUR -1.2 million (0.1). The operating profit of other operations increased and was negative at EUR -5.7 million (-7.0).

Earnings per share were EUR 0.61 (0.57). Equity per share was EUR 3.36 (3.42). The result was significantly improved by the sales gain of EUR 4.9 million recognized in financial items through the sale of shares in Alandia. The result was reduced by the interest provision of EUR 1.4 million recognized in financial items related to the tax increase imposed by Finnish Customs in relation to materials imported by Telko in 2013 and 2014.

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

The operating profit rate for the financial year was 4.6% (4.8), return on equity was 19.1% (17.8), and gearing was 101.4% (101.0).

INVESTMENTS
In 2015, the Group's investments stood at EUR 15.1 (18.7) million, consisting of advance payments for the LNG-fueled dry bulk cargo vessels ordered by ESL Shipping, the scheduled docking of its current vessels which was performed earlier, as planned, and maintenance investments related to equipment and software.

FINANCING
The Group's cash and cash equivalents

amounted to EUR 23.9 (19.3) million. The consolidated balance sheet included a total of EUR 127.9 (124.4) million in interest-bearing liabilities. The average interest rate of interest-bearing liabilities was 1.7% (1.5). Non-interest-bearing liabilities totaled EUR 74.3 (69.8) million.

Aspo Group's gearing was 101.4% (101.0) and its equity ratio was 33.8% (35.2). The most significant factors affecting the financing position in 2015 were the approximately EUR 10 million advance payment in December relating to the shipping company's vessel investment and the dividend of approximately EUR 12 million paid in April.

The Group's cash flow from operating activities improved to a total of EUR 25.0 (22.0) million. The change in working capital was negative at EUR -4.2 (-8.1) million.

Cash flow from investing activities during the financial year totaled EUR -9.9 (-14.5) million. The cash flow from investing activities was positively affected by gain on sale of Alandia shares of EUR 4.9 million. The Group's free cash flow was EUR 15.1 (7.5) million.

The amount of committed revolving credit facilities signed between Aspo and its main financing banks stood at EUR 60 million at the end of the year. On the reporting date, the revolving credit facilities remained wholly unused, and EUR 3 million of the commercial paper program of EUR 80 million were in use.

During the financial year, non-current loans were repaid by EUR 30 million of which EUR 15 million was renewed. In addition, a term loan of EUR 25 million and a TyEL pension loan of EUR 10 million were withdrawn and a bond of EUR 11 million was issued during the financial year. These financial arrangements extended the average maturity of Aspo Group's loan portfolio.

A revolving credit facility of EUR 20 million will fall due in 2016. No other significant loan agreements will fall due payable in 2016.

On November 18, 2013, Aspo issued a hybrid bond of EUR 20 million. The coupon rate of the bond is 7% per annum. The bond has no maturity, but the company may exercise an early redemption option in 2016 after three years from the issuing date.

Aspo has hedged its interest rate risk by means of an interest rate swap subject to hedge accounting. Its fair value on December 31, 2015, was EUR -0.7 million. Changes in its fair value were recognized in other comprehensive income. After the loan restructuring made in spring 2015, changes in the fair value of the interest rate swap are recognized through profit or loss. The loss of EUR 0.6 million accumulated in the equity reserve is recognized in profit or loss in accordance with the original forecast transaction by 2019.

Aspo Group has hedged its currency-denominated cash flows associated with the acquisition of new vessels using currency forward agreements, to which hedge accounting is applied. The nominal value of these currency forward agreements is EUR 38.5 million, and their fair value was EUR 0.1 million on December 31, 2015.

CHANGES IN GROUP STRUCTURE

During the financial year Aspo Management Oy has been merged into the parent company and Hamina Terminal Services Ltd was liquidated.

RISKS AND RISK MANAGEMENT

The increasing financial and political uncertainty will continue in Aspo's operating environment, increasing risks associated with all of Aspo's businesses in its main market areas. The economy has not started to recover in Finland and industrial production is recovering slowly in the EU. Factors affecting the Russian economy deteriorated during the period under review; investments, consumption and industrial production have slowed down, while inflation has remained high and the value of the ruble has decreased. Russian imports and exports have fallen below the 2010 level. The Ukrainian economy continues to decline. The economic situation is more stable in the Baltic region, Scandinavia and other operating countries of Aspo, apart from other CIS countries.

Strategic risks

Aspo's eastern strategy has proven to be a functional one, even under difficult financial conditions. However, risks have increased following the declining economies of Russia, Ukraine and other CIS countries. As the value of eastern currencies has decreased, for example, due to low oil prices, inflation has reduced purchasing power and the industry, particularly in Russia, has entered cheaper local raw materials into production, even though their quality is usually lower than that of imported raw materials. While replacement products are increasing the risk of permanent loss of market shares, Aspo's businesses are independently looking for new solutions from the internal market to replace imported products.

As Russia is allocating its financial resources to segments significant to it, it will be more difficult to obtain funding for other segments in the economy, reducing operations or decelerating growth. The declining value of the ruble principally causes euro-denominated sales to decline, while also reducing ruble-based costs. In addition to trade, the deteriorated economic situation will also be reflected in the financing market and payments in Russia and Ukraine. The decline in the economy and currencies may cause far-reaching changes in the structures of trade and increase risks, particularly in eastern markets.

As investors and industrial operators are attempting to avoid the political and business environment in Russia if its current situation extends, it may be difficult to carry out the structural changes defined in Aspo's strategy.

Coal transportation volumes originating from Russia and unloading services for large vessels at sea may decrease as a result of financial sanctions or other obstacles caused by the current situation in Russia. In Finland, the social objective of reducing the consumption of coal in energy production has increased in significance, which reduces the need to transport coal. Correspondingly, the transportation of energy products used to replace coal, such as bioenergy, may increase. The historically low levels of international freight indices and the increases in international vessels in some size categories have increased uncertainty over the profitability of shipping companies.

Strategic risks are caused not only by the international political atmosphere, but also by the future outlook of industrial customers, production-related solutions and consolidation. The environmental policy and other political decisions regarding the structures of energy production will cause changes in the industry and energy production that may reduce the use of fossil fuels and increase alternative sources of energy. Flows of goods in the Baltic Sea may change as a result of cost structures, general demand, 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 the changes in the cargo prices of global sea transportation, competition for cargo may become more intense in the Baltic Sea area, as well.

Strategic risks are affected by long term changes in cargo prices, investment trends, and changes in trading 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. Actions taken by the authorities, tighter interpretations and poor predictability cause uncertainty, which is reflected in the lack of companies' willingness to invest, also in Finland, and in the increased willingness to seek other operating environments.

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 increased due to the deteriorating economic situation. These include for example risks associated with supply chains and persons. The focus of growth for Aspo's businesses is on emerging market areas, where growth may be 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 by the authorities. Similar risks are also increasingly faced in western markets where changes in procedures and standard practices of the authorities may cause financial risks for all of Aspo's businesses and administration. The declining economy and deceleration, contraction or centralization of production on a few production plants alone, may have an impact on demand for raw materials.

Currently, the political instability in Ukraine is disturbing commercial activities and, if the situation continues, the growth of Aspo's businesses in Ukraine may slow down. As purchasing power is decreasing, there may be a similar trend in Russia. Furthermore, consumer behavior also affects the risks generated through B-to-B customers and their risk levels. The future growth opportunities expected in emerging markets may boost interest among competitors in launching or expanding business in these areas. The challenges in emerging markets and the escalated situation in Ukraine have also caused competitors to withdraw from these areas, which has presented new opportunities for Aspo's businesses, increased their market shares and, in some areas, even improved profitability.

Hedging against exchange rate changes in emerging markets is not possible or reasonable in all situations, and on a continuous basis. Changes in exchange rates may also reduce profitability and equity on the balance sheet as a result of translation differences. As changes in credit loss risks are diversified across businesses and customers, Aspo's businesses have not been subjected to any significant credit losses. However, the limits of credit insurers have become even tighter and, in general, credit loss risks have increased and been realized to some extent.

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

Business risks

Considering probability and impact, the most significant short-term business risks are associated with business operations and, in particular, customer retention, the correct volume of capacity, the maintenance of the sales margin level, securing growth, and key personnel. Risk management is an integral part of Aspo's ongoing 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, challenges in 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 2016 depend on the competitiveness of coal prices, winter's energy demand, the market price of electricity, and the volume of Nordic water reserves. The use of coal in energy production will decrease as a consequence of environmental policy decisions. Demand for transportation varies from year to year, and may be lower than in the year before. In the steel industry, it is difficult to estimate the overall production, 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, currency forwards are employed in foreign exchange transactions in order to hedge 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,

PERSONNEL

	2015	2014	2013
Average personnel during the financial year	**862**	882	878
Wages, salaries and share-based payments during the financial year, MEUR	**33.9**	36.6	33.9

AVERAGE PERSONNEL BY SEGMENT

ESL Shipping	**2015**	**2014**
Office staff	**24**	22
Crew members	**202**	200
	226	222
Leipurin		
Office staff	**252**	254
Non-office workers	**40**	45
	292	299
Telko		
Office staff	**249**	224
Non-office workers	**15**	17
	264	241
Kaukomarkkinat		
Office staff	**45**	85
Non-office workers	**7**	4
	52	89
Other operations		
Office staff	**28**	31
Total	**862**	882

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 related operational risks regarding the changes in the markets and consumers' behavior.

Telko

In line with its strategy, Telko grows in the emerging markets (Russia, Ukraine, Belarus, Kazakhstan and China). The economic and industrial growth of these countries has a significant impact 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 inventory products and increase the need for write-downs on inventories. Telko monitors the recoverability of its inventories 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 principals independent of each other, the largest of which play a significant role.

Changes in demand are the most significant risk for Kaukomarkkinat. The sales of mobile knowledge work may suffer from structural or mental obstacles to introducing new solutions. 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 and cash equivalents together with committed 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 managed through customer and supplier agreements at the business level, and secondarily using currency derivatives.

Additional information on the financial risks on the Financial Statements' Note 26.

Internal control and risk management

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

PERSONNEL

At the end of the year, Aspo Group had 857 employees (879). The number of personnel has decreased mainly as a result of the divestment of the Industrial business of Kaukomarkkinat. The number of personnel in other operations decreased as a result of the outsourcing for ledger operations made in 2014.

Of Aspo Group's personnel, 51% (51) work in Finland, 2% (2) in Scandinavia, 8% (7) in Baltic countries, 34% (33) in Russia, Ukraine and other CIS countries, and 5% (7) in other countries. Men make up 60% (61) and women 40% (39) of the workforce. Of Aspo Group's employment contracts, 97% (97) are full-time. During the financial year, 89 (113) new employment contracts were signed. The cost of all employee benefits within the Group in 2015 amounted to EUR 41.0 million (43.5).

Rewarding

Aspo Group applies a result-based bonus plan which was adopted in 2013. The result-based bonus plan 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 2012, Aspo's Board of Directors decided on a share-based incentive plan for about 30 persons. The plan included three earnings periods, the calendar years 2012, 2013, and 2014. The reward was based on Aspo Group's earnings per share (EPS) indicator for each earnings period of the plan. No reward was paid for the 2012 earnings period. Aspo granted as reward 19,492 treasury shares to employees included in the share-based incentive plan for the 2013 earnings period and 94,786 shares for the 2014 earnings period during the financial year. In accordance with the terms of the incentive plan a total of 1,322 shares granted as share-based incentives were returned to Aspo in 2015 as the employment ended. A total of 222 shares of these was from the earnings period 2013 and 1,100 shares from the earnings period 2014.

In 2015, the Board of Directors of Aspo Plc approved a new share-based incentive plan for about 30 persons. The plan includes three earnings periods, the calendar years 2015, 2016 and 2017. The Board of Directors will decide on the plan's performance criteria and required performance levels for each criterion at the beginning of each earnings period. The reward from the earnings period 2015 was based on the Group's earnings per share (EPS). On the basis of the 2015 earnings period, employees included in the plan will receive 91,020 shares as a share-based reward, as well as cash 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.

Leipurin
Leipurin's operations do not have any significant environmental impact. Aspo Group is committed to compliance with the ICC Business Charter for Sustainable Development. Leipurin Plc has a certified quality system complying with the ISO 9001 standard, audited by Bureau Veritas.

Telko
Telko Oy has a certified quality system complying with the ISO 9001:2000 standard. In addition, the company is committed to the chemical industry-oriented Responsible Care – Vastuu huomisesta program that complies with the cooperation agreement between Kemianteollisuus ry and the Chemical Section of the Association of Finnish Technical Traders. The company's situation in health, safety, environmental and quality issues has been verified in SQAS Distributor / ESAD II (European Single Assessment Document) assessments. The SQAS Distributor / ESAD II assessment was developed together by CEFIC and FECC, trade associations for chemical manufacturers and distributors. The assessment is carried out by an outside assessment body with the help of a broad set of questions.

Kaukomarkkinat
Kaukomarkkinat provides equipment and services for mobile knowledge work. It also 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 principals: their commitment to sustainable development is evident in all their operations, all the way from product design and manufacture to recycling.

MANAGEMENT AND AUDITORS

The Annual Shareholders' Meeting of Aspo Plc re-elected Matti Arteva, Mammu Kaario, Roberto Lencioni, Gustav Nyberg, Kristina Pentti-von Walzel and Risto Salo to the Board of Directors for a one-year term. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Gustav Nyberg was elected as Chairman of the Board and Robert Lencioni 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 2015, the Board of Directors arranged 15 meetings, of which eight were teleconferences. The average participation rate was 99%.

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

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

DECISIONS AT SHAREHOLDERS' MEETING

Dividend

The Annual Shareholders' Meeting of Aspo Plc held on April 9, 2015 decided, according to the Board of Directors' proposal, to pay a dividend of EUR 0.40 per share. The payment date was April 20, 2015.

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

The Annual Shareholders' Meeting authorized the Board of Directors to decide on the acquisition of no more than 500,000 treasury shares using the unrestricted equity of the company. The authorization will remain in force until the Annual Shareholders' Meeting in 2016.

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

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

Authorization of the Board to decide on a rights issue

The Annual Shareholders' Meeting authorized the Board of Directors to decide on a rights issue for consideration. 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 will remain in force until September 30, 2018.

The Board has not used its authorizations.

SHARE CAPITAL AND SHARES

Aspo Plc's share capital on December 31, 2015 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 479,921 shares; that is, 1.5% of the share capital. Aspo Management Oy, has on September 30, 2015 merged into Aspo Plc. Due to the merger 477,612 Aspo shares owned by Aspo Management Oy have transferred to direct ownership of Aspo Plc. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on Nasdaq Helsinki Ltd's Mid Cap segment under industrial products and services.

During January–December 2015, a total of 4,885,628 Aspo Plc shares with a market value of EUR 35.3 million were traded on Nasdaq Helsinki, in other words, 15.8% of the shares changed hands. During the financial year, the share price reached a high of EUR 8.16 and a low of EUR 5.92. The average price was EUR 7.23 and the closing price at year-end was EUR 7.50. At the end of the year, the market value of shares excluding treasury shares was EUR 228.7 million.

The number of Aspo Plc shareholders was 8,929 at year-end. A total of 774,984 shares, or 2.5% of the share capital, were nominee registered or held by non-domestic shareholders.

Additional information on shareholding in Shares and Shareholders section.

EVENTS AFTER THE FINANCIAL YEAR

Managing Director Paul Taimitarha, Leipurin Plc, has left the company on February 29, 2016. Mikko Laavainen, M.Sc. (Marketing), has been appointed the new Managing Director of Leipurin Plc and a member of the Group Executive Committee starting from March 1, 2016.

OUTLOOK FOR 2016

The slow growth of the international economy and the industrial production within the EEA will continue. General uncertainty and a poor economic situation will continue in eastern growth markets that are important areas for Aspo. It is particularly difficult to estimate the future development of Russia, Ukraine and other CIS countries and the financial impact of general uncertainty. The exchange rates of local currencies are expected to fluctuate heavily, while inflation will remain high in Russia and the Russian GDP will continue its decline.

Oil prices will remain at low level. In general, prices of commodities are expected to remain low. The Group will continue to increase its market shares profitably in the strategically important eastern growth markets as some of its western competitors have exited from the market. While international dry bulk cargo prices are expected to remain low, the shipping company has secured the use of its capacity mainly through long-term agreements. Its Supramax vessels will also need to operate in international low-profitability spot markets during 2016.

Guidance for 2016: Aspo's operating profit will be EUR 17–24 (20.6) million in 2016.

ESL Shipping

Most of the shipping company's transportation capacity has been secured in the Baltic Sea and Northern Europe through long-term agreements. The significant devaluation of the Russian ruble in relation to the US dollar and euro supports the international competitiveness of raw materials exported from Russia, and ESL Shipping's transportation volumes from Russia are expected to increase or remain unchanged.

International dry bulk cargo rates are expected to remain very low. The market freight rates of large dry bulk cargo vessels are lower than ever before since 1985 when the current Baltic Dry Index was introduced. The most significant reason for this situation is the lower demand for raw materials in China and the simultaneous oversupply of tonnage. The same situation will also be reflected in the market of large ice-strengthened vessels, making it more challenging than in the previous year. Supramax vessels will also need to operate in international low-profitability spot markets during 2016.

Transportation volumes in the steel industry are expected to be slightly lower than the year before, while the effectiveness of operations is estimated to be higher. The seasonal variation in demand requires that the capacity of the pusher-barge system be adapted in the spring and summer, similarly to previous years.

Transportation volumes in the energy industry are expected to be higher in total than in the previous year. Agreements on the transportation of bioenergy in the Baltic Sea and the resulting experiences will allow operations to be expanded in the future.

Demand for loading and unloading services for large ocean liners at sea will continue to be high. The shipping company will continue to expand its customer base outside the energy and steel sectors, in particular, to customer segments where the company's operating area can be increased while utilizing the independent load handling capability of its vessels and the exceptionally high ice strengthening. In 2016, five vessel units will be docked as planned.

Leipurin

The market situation is expected to remain challenging in the key markets of Leipurin. The economic situation in Russia is estimated to remain poor and inflation to remain high, due to which the willingness to make investments in Russia will be at a low level. The purchasing power of consumers is expected to decrease. Leipurin will maintain its high profitability and strengthen its market position in the area. In Russia, Leipurin has developed the range and distribution of its frozen bread products, and its intention is to start the outsourced manufacturing of frozen bread products during 2016. The product range will be built together with European and local frozen bread producers. The local procurement of bakery raw materials has been increased to replace imported raw materials, and the objective is to increase the share of local raw materials to more than 50%. Local procurement has been diversified and, currently, there are already dozens of significant partners.

Leipurin develops more full-range solutions for its customers. The Out-of-Home eating market is a significant new operating area for Leipurin. The company's market position is expected to remain strong in the industrial baking sector in Finland and the Baltic region. Machinery operations will improve their profitability.

Telko

In western markets, industrial sectors important for Telko are not expected to grow significantly in 2016. In Russia and Ukraine, industrial demand is expected to grow slowly or even decrease. Variation in the prices of raw materials sold by Telko and the significant exchange rate fluctuations in eastern currencies are expected to continue. Oil prices will remain low. The future development of raw material prices will have an impact on the development of net sales. The decreased eastern currencies will reduce Telko's euro-denominated costs in 2016, which will contribute to improving profitability. Technical plastics account for a significant part of Telko's net sales, which has reduced the cyclicality of operations and improved profitability.

At the end of the year, Telko signed an agreement with Castrol on the representation of its full range of automotive motor oil products in the Finnish market area. This agreement will have a positive impact on net sales and operating profit in Finland and lubricant operations, starting from the second quarter in 2016. In addition, Telko has continued the implementation of its terminal project in Russia and initiated a process to acquire land in the St. Petersburg region. The objective is to start construction during 2016 in order to be able to open the terminal in 2017. The terminal will enable the offering of new services in the Russian market and secure long-term growth.

Telko will continue to expand in growth markets in accordance with its strategy. Its objective is to increase its market share in western markets and expand in eastern Central Europe through business acquisitions. All of Telko's operations will continue to invest in organic growth. During 2016, Telko will establish a subsidiary in Azerbaijan.

Kaukomarkkinat

The organizational structure has been revised to support the new strategy. Kaukomarkkinat will continue to invest in the development and sales of solutions for demanding mobile knowledge work. This requires that technical and commercial experts be recruited and internal operating models be developed further.

Deliveries of total solutions for mobile knowledge work pursuant to the revised strategy are expected starting from the second quarter. Kaukomarkkinat will invest even more heavily in total solutions that combine customized applications, devices and services. The authorities and the fields of logistics, industry and healthcare, in particular, are expected to show high demand for the mobile knowledge work solutions offered by Kaukomarkkinat.

The volume and profitability of energy products are expected to grow through a more focused product range resulting from the new sales strategy and organization. In particular, solar power solutions are expected to grow steeply.

Legal proceedings

On February 27, 2015, the Helsinki District Court announced its judgment in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001–2004. According to the judgment, the Finnish State will be required to refund to ESL Shipping approximately EUR 3.0 million in accordance with the company's claim, as well as legal expenses and interest. The State has appealed against the judgment. If the district court judgment becomes final, it will affect Aspo Group's result positively with an amount corresponding to these items. The possible repayment of fairway dues is not included in the financial statements.

The shipping company won legal proceedings against Indian ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of the ruling is not included in the financial statements, and will be recognized during the period over which the imposed payment is received.

Aspo Plc's Corporate Governance Statement 2015 is published on the company's website on www.aspo.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	Notes	Jan 1–Dec 31, 2015	Jan 1–Dec 31, 2014
Net sales	1	**445,828**	482,862
Other operating income	3	**1,222**	841
Materials and services	6	**-318,234**	-345,322
Employee benefit expenses	4	**-40,990**	-43,483
Depreciation, amortization and impairment losses	5	**-12,455**	-11,212
Other operating expenses	7	**-54,732**	-60,294
Operating profit		**20,639**	23,392
Financial income	8	**5,827**	413
Financial expenses	8	**-5,204**	-4,797
Total financial income and expenses		**623**	-4,384
Profit before taxes		**21,262**	19,008
Income taxes	9	**-1,506**	-595
Profit for the period		**19,756**	18,413
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		**-5,752**	-12,728
Cash flow hedges		**308**	28
Available-for-sale financial assets	14	**1,814**	3,098
Reclassification		**-4,912**	
Income tax on other comprehensive income	9	**581**	-626
Other comprehensive income for the period, net of taxes		**-7,961**	-10,228
Total comprehensive income		**11,795**	8,185
Profit for the period attributable to			
Parent company shareholders		**19,756**	18,413
Total comprehensive income attributable to			
Parent company shareholders		**11,795**	8,185
Earnings per share attributable to parent company shareholders, EUR	10		
Earnings per share		**0.61**	0.57
Diluted earnings per share		**0.61**	0.57

The notes presented on pages 34–70 form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

1,000 EUR	Notes	Dec 31, 2015	Dec 31, 2014
Non-current assets			
Other intangible assets	11	**11,053**	12,283
Goodwill	12	**42,694**	44,412
Tangible assets	13	**116,407**	111,398
Available-for-sale financial assets	14	**172**	3,259
Receivables	15	**74**	
Deferred tax assets	17	**3,797**	3,960
Total non-current assets		**174,197**	175,312
Current assets			
Inventories	18	**48,442**	47,315
Accounts receivable and other receivables	19	**57,967**	56,208
Current tax assets		**310**	205
Cash and cash equivalents	20	**23,888**	19,258
Total current assets		**130,607**	122,986
Total assets		**304,804**	298,298

EQUITY AND LIABILITIES

1,000 EUR	Notes	Dec 31, 2015	Dec 31, 2014
Equity attributable to parent company shareholders			
Share capital	21	**17,692**	17,692
Share premium	21	**4,351**	4,351
Invested unrestricted equity reserve	21	**11,929**	12,021
Fair value reserve	21	**-365**	1,844
Other reserves	21	**20,000**	20,000
Translation differences		**-21,844**	-16,066
Retained earnings		**70,812**	64,277
Total equity		**102,575**	104,119
Non-current liabilities			
Deferred tax liabilities	17	**4,978**	6,435
Loans and overdraft facilities	22	**115,586**	76,614
Other liabilities	23	**510**	228
Total non-current liabilities		**121,074**	83,277
Current liabilities			
Provisions	25	**520**	742
Loans and overdraft facilities	22	**12,321**	47,836
Accounts payable and other liabilities	23	**67,773**	61,912
Current tax liabilities		**541**	412
Total current liabilities		**81,155**	110,902
Total liabilities		**202,229**	194,179
Total equity and liabilities		**304,804**	298,298

The notes presented on pages 34–70 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

1,000 EUR	Jan 1–Dec 31, 2015	Jan 1–Dec 31, 2014
Cash flows from operating activities		
Operating profit	**20,639**	23,392
Adjustments to operating profit:		
Depreciation, amortization and impairment losses	**12,455**	11,212
Gains and losses on sale of tangible assets	**-34**	-49
Gains and losses on sale of business operations	**-16**	-104
Employee benefits	**403**	940
Change in provisions	**16**	598
Change in fair value of contingent consideration	**-16**	-294
Unrealized foreign exchange gains and losses on operating activities	**566**	366
Change in working capital:		
Inventories	**-4,052**	-6,814
Current receivables	**-4,469**	-6,276
Non-interest-bearing current liabilities	**4,238**	4,980
Interest paid	**-3,108**	-4,002
Interest received	**627**	319
Income taxes paid	**-2,260**	-2,252
Net cash from operating activities	**24,989**	22,016
Cash flows from investing activities		
Investments in tangible and intangible assets	**-5,539**	-17,470
Advance payments on vessels	**-9,154**	
Proceeds from sale of tangible assets	**114**	222
Proceeds from sale of available-for-sale financial assets	**4,912**	
Dividends received	**1**	1
Subsidiaries acquired, payment of the contingent consideration	**-282**	-339
Sale of business operations and subsidiaries, net of cash disposed of	**49**	904
Sale of associated companies		2,156
Net cash from investing activities	**-9,899**	-14,526
Cash flows from financing activities		
Repayments of current loans	**-21,943**	-12,307
Proceeds from non-current loans	**61,000**	11,082
Repayments of non-current loans	**-35,326**	-5,803
Hybrid instrument	**-1,400**	-1,400
Dividends distributed	**-12,199**	-6,363
Net cash from financing activities	**-9,868**	-14,791
Change in cash and cash equivalents	**5,222**	-7,301
Cash and cash equivalents Jan 1	**19,258**	28,474
Translation differences	**-592**	-1,915
Cash and cash equivalents at year-end	**23,888**	19,258

The notes presented on pages 34–70 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1,000 EUR	Notes	Share capital	Share premium	Invested unrestricted equity reserve	Fair value reserve	Other reserves	Translation differences	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity January 1, 2015	21	**17,692**	**4,351**	**12,021**	**1,844**	**20,000**	**-16,066**	**-3,425**	**67,702**	**104,119**		**104,119**
Comprehensive income												
Profit for the period									19,756	19,756		19,756
Other comprehensive income, net of taxes												
Cash flow hedges					269					269		269
Available-for-sale financial assets	14				-2,478					-2,478		-2,478
Translation differences				26			-5,778			-5,752		-5,752
Total comprehensive income				**26**	**-2,209**		**-5,778**		**19,756**	**11,795**		**11,795**
Transactions with owners												
Dividend payment									-12,199	-12,199		-12,199
Hybrid instrument									-1,400	-1,400		-1,400
Share-based incentive plan								674	-414	260		260
Transfer of reserves				-118					118	0		0
Total transactions with owners				**-118**				**674**	**-13,895**	**-13,339**		**-13,339**
Equity December 31, 2015		**17,692**	**4,351**	**11,929**	**-365**	**20,000**	**-21,844**	**-2,751**	**73,563**	**102,575**		**102,575**
Equity January 1, 2014	21	**17,692**	**4,351**	**11,151**	**-656**	**22,572**	**-3,328**	**-4,224**	**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				**10**	**2,500**		**-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 reserves				-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**
Equity December 31, 2014		**17,692**	**4,351**	**12,021**	**1,844**	**20,000**	**-16,066**	**-3,425**	**67,702**	**104,119**	**0**	**104,119**

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 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 the 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, 2016. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the consolidated 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, 2015. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards and Company legislation.

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

Starting from January 1, 2015, the Group has applied the following new or amended standards, and interpretations that had no significant effect on the reported information:

Annual Improvements to IFRS Standards 2010–2012 Cycle and Annual Improvements to IFRS Standards 2011–2013 Cycle: The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards.

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 the 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 are 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 at the reporting date, and the resulting gain or loss is entered in profit or loss. The contingent consideration classified as equity is not remeasured. The cost of goodwill 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.

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

Distribution of the financial year's profit between the parent company's shareholders and non-controlling shareholders is presented in the face of the statement of comprehensive income. The potential interest attributable to the non-controlling shareholders is presented as a separate item under the consolidated equity.

Aspo Management 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 which the company was included in Aspo's consolidated financial statements also during 2010–2013. Before the share swap, the management's investment in Aspo Management Oy was treated as a non-controlling interest in the consolidated financial statements. Aspo Plc's shares held by Aspo Management Oy were deducted from the consolidated equity. In 2015 Aspo Management Oy was merged with Aspo Plc.

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

Items denominated in foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates at the transaction dates. Receivables and liabilities denominated in foreign currencies and outstanding at the end of the financial year are translated using the exchange rates at the reporting date. The gains and losses arisen from foreign currency denominated transactions and the translation of monetary items are recognized in profit or loss. 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 loans denominated in foreign currencies are included in financial income and expenses.

Aspo has classified the internal non-current loans within Telko segment to Telko's Belarusian, Ukrainian and Kazakhstani subsidiaries as net investments in foreign operations under IAS 21 standard. Any unrealized foreign exchange gains and losses related to these net investments will be recognized in other comprehensive income.

Subsidiaries abroad

Results and financial position of the Group's units are measured in the primary currency of the unit's economic 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 subsidiaries abroad are translated into euro using the average rate of the financial year. Balance sheet items are translated into euro using the exchange rates at the reporting date. Translation differences are presented as a separate item under equity. When an interest in a subsidiary is divested in its entirety or partially such that control is lost, the accumulated translation differences are reclassified to profit or loss 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 identified as the chief operating decision maker. It is responsible for the allocation of resources to the operating segments and the assessment of their results. Intersegment transactions are carried out at market prices.

Tangible assets

Tangible assets are recognized at cost net of cumulative depreciation less possible impairment. For new constructions of vessels, financial expenses arising during construction are capitalized as part of the cost and depreciated over the useful life of the asset item. There were no capitalized financial expenses during 2014 or 2015.

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
- Dockings 2–3 years
- Machinery and equipment 3–10 years
- Piping 5–20 years
- Refurbishment costs from premises 5–10 years
- Other tangible assets 3–40 years

Land is not depreciated.

A previously recognized impairment loss 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. 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 using the acquisition method. Goodwill arising on a business combination is recognized at the acquisition date at an amount representing the excess of the consideration transferred in the acquisition over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized, but is tested at least annually using the testing 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 Leipurin and Telko segments' brands 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 cost and amortized on a straight-line basis over their useful lives. The amortization periods for other intangible assets are:

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

The Group assesses the carrying amounts of tangible and intangible assets annually, or more often if there is any indication of potential impairment. If such indication exists, 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 statement of comprehensive income if the carrying amount of the asset 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 loss 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 determined 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. There were no capitalized development costs in 2014 and 2015.

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 inputs are included in normal operational costs and are not itemized.

Inventories

Inventories are measured at cost or net realizable value, if lower. The cost is determined using the FIFO (first-in, first-out) principle. The 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 normal operating capacity), borrowing costs excluded. Net realizable value is the actual sales price in the ordinary course of business, less the product's costs of completion and sale.

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 recognized in the balance sheet at an amount equaling the fair value of the leased asset at the start of the agreement or at the present value of minimum lease payments, if lower. Lease payments are divided into financial expenses and loan repayment. Corresponding leasing liabilities, less financial expenses, are included in interest-bearing liabilities. The interest of finance is recognized in profit or loss over 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 are depreciated either over their useful lives or over the term of the leasing agreement, if shorter. Financial leasing agreements include leasing agreements 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 operating leases, the leasing payments of which are recognized in profit or loss as expenses over the leasing period.

Employee benefits

Statutory pension cover is provided for by taking out insurance with pension insurance companies. In Aspo's 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 profit or loss over the financial year to which each specific charge applies to.

Share-based payments

The Group has share-based incentive plans for the management, where part of the reward is settled in shares and the rest in cash. Note 29 shows more information on the share-based arrangements. Assigned shares are measured at fair value at the time of assignment and recognized in profit or loss as costs over the validity of the incentive plan. The effects of other than market-based conditions (e.g. profitability and profit growth target) are not included in the fair value but taken into account in the amount of shares to which a right is assumed to be generated by the end of the vesting period. Having recognized a share-based payment expense, the other side of the entry is to equity for the proportion to be settled in shares, and to liabilities for the proportion to be settled in cash. The fair value for the proportion to be settled in cash is remeasured at each reporting date.

Aspo Management Oy, a company established for the Group's share-ownership arrangement, was included in the consolidated financial statements until September 2015 at which time it was merged with Aspo Plc. The share-ownership arrangement had been dissolved in the financial year 2014. Prior to that, the Black & Scholes model was used to calculate the fair value of the ownership arrangement and the proportion of the fair value attributable to each financial period was recognized in the consolidated financial statements.

Share capital

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

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

Provisions

A provision is recognized in 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 settled, 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 at the reporting date. Warranty and maintenance obligations usually extend over 1–2 years. Warranty provisions are determined on the basis of historical experience.

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

Income taxes

The Group's income 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 recognized in accordance with the tax rate valid in each country. Deferred tax assets and liabilities are calculated from the temporary differences between accounting and taxation in accordance with the tax rate in force at the reporting date or at the estimated tax payment date. Elements resulting in temporary differences include provisions, depreciation differences and tax losses. Deferred tax assets are recognized from tax 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 statement of comprehensive income is calculated from entity's profit or loss, and it includes the impact of taxes.

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

Revenue recognition principles

Most of the Group's net sales arise from the sales of products. Revenue from the sales of products is recognized in connection with delivery, when the material risks and benefits associated with the ownership of goods have transferred to the buyer according to the pre-defined international contract terms. Apart from ESL Shipping, only a small share of the operating segments' net sales arises from the sale of services, from which revenue is recognized once the services have been rendered. Most other services provided by the segments are considered to be part of the customer service as they relate for example to the development and planning of product concepts and tailored solutions. The revenue from ESL Shipping's services is recognized when the services have been rendered according to the transportation or other service contracts. At the end of the reporting period the revenue from ESL Shipping's uncompleted or in transit services is recognized based on the share of days completed to date of the estimated total length of time for performing the service.

Income and costs from construction 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 planning, production and installation hours accumulated by the time of review from the project's estimated planning, 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 applies the recognition principle of construction contracts to Leipurin's own machine manufacturing, which comprises only a small part of the Group's net sales.

Subsidies

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

Non-current assets classified as held for sale and discontinued operations

Non-current 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 continuing 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 classification onwards, the asset items held for sale are measured at their carrying amount or at fair value less the costs to sell, if lower.

The results from discontinued operations are presented as a separate item in the statement of comprehensive income. The assets held for sale and disposal groups comprising assets and liabilities are presented in the balance sheet as separate items. In 2014 and 2015, the Group had no operations classified as discontinued operations or held for sale.

Financial assets

Aspo classifies the financial assets into loans and other receivables, financial assets available for sale, and financial assets at fair value through profit or loss. The classification takes place in connection with the initial acquisition.

Loans and other receivables are recognized at the settlement date and measured initially at fair value added with any transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method.

Financial assets at fair value through profit or loss include potential derivatives, to which hedge accounting is not applied. They are recognized at fair value at the settlement date and are subsequently remeasured at fair value at the end of each financial year.

Financial assets available for sale include investments in shares. They 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 recognized in other comprehensive income and presented in the fair value reserve in equity, taking the tax impact into account. When such an asset is sold or impaired, the accumulated changes in fair value are reclassified from equity to profit or loss as financial items. Acquisitions or disposals of financial assets available for sale are recognized on the settlement date. If reliable market value is not available, available-for-sale financial assets are recognized at cost.

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

The Group writes down receivables if there is objective evidence that the receivable cannot be collected in full.

Financial liabilities

Group's financial liabilities recognized at fair value through profit or loss include derivatives, to which hedge accounting is not applied, and the contingent consideration liability in the comparative year. They are recognized at the settlement date and measured at fair value at the end of each financial year.

Other financial liabilities are recognized at the settlement date and measured at amortized cost, less transaction costs. Interest expenses are recognized in the statement of comprehensive income over the contractual term of the loan using the effective interest method. Financial liabilities are classified as current when they fall payable within twelve months of the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly liquid no more than three months' investments. Overdraft facilities in use are presented under current and non-current liabilities.

Derivatives

Derivatives are initially recognized at fair value on the day the Group becomes a contractual counterparty, and are subsequently measured at fair value.

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

When applying hedge accounting, the relation between the hedging instruments and hedged items is documented at the start of hedging, as well as the 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 or cash flows of the hedged objects. The gain or loss relating to an inefficient portion is immediately recognized in profit or loss as financial items. When the hedging instrument expires or is sold or when hedging does not meet the criteria of hedge accounting, the accumulated gains and losses retained in equity at that time remain in equity, and are reclassified to profit or loss only after the forecast transaction affects profit or loss. If the forecast transaction is no longer expected to occur, the accumulated gain or loss retained under equity is immediately reclassified to profit or loss as financial items.

Changes in the fair value of derivatives, to which the hedge accounting is not applied, associated with financial items are recognized in financial income and expenses. Changes in the fair value of other derivatives are recognized in other operating income and expenses.

Fair value of derivatives is determined on the basis of quoted market prices and rates, the discounting of cash flows and option valuation 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, translating the discounted cash flows at the exchange rates at the reporting date, and calculating the difference between the discounted values. Fair values of currency options are determined using commonly adopted option valuation 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.

Fair value hierarchy

Preparing the consolidated financial statements requires the measurement of fair values, for both financial and non-financial assets and liabilities. 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 partially on the basis of 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.

Management judgment and use of estimates

When preparing the consolidated financial statements in accordance with IFRS, the Group management must use judgments including the recognition of transactions, selection and application of relevant IFRS standard or accounting principle, determination of the appropriate financial statement presentation, and estimates and assumptions the recognition of items is based on. This judgment affects the amounts and presentation of assets and liabilities in the balance sheet at the time of preparation, the reporting of contingent assets and liabilities, and the amounts and presentation of income and expenses during the financial year.

Estimates are used, for instance, to determine the carrying amounts of goodwill and brands and their expected yields, the useful lives of tangible and intangible assets, as well as the recoverable amounts of inventories and assets and liabilities. The estimates are based on the information compiled from the business units related to the respective markets and development of the businesses and their impact on the Group's net sales and cost level; the experience of the management; and other justifiable assumptions that constitute the best current assessments of the management. Due to changes in the factors that form the basis for estimates, it is possible that final figures may, sometimes significantly, deviate from the assessments used in the consolidated financial statements.

According to the Group management, goodwill and brand impairment testing, recognition of deferred tax assets, and regarding the comparative year, the measurement of available-for-sale financial assets, involve the most significant estimates and assumptions. Other judgment used in the financial year includes the selection of accounting principles related to recognition of the income from construction contracts, interest rate swap and leasing agreements. This selection didn't have a material impact on the Group's financial statements.

Goodwill and brand impairment testing

The Group tests the carrying amounts of goodwill and brands annually or more often if there is any indication of potential impairment. Goodwill is allocated to the Group's cash-generating units identified on the basis in which the management monitors goodwill in the internal management 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 cash flows include, among others projections of future sales, profitability and maintenance capital expenditures. The discount rate of the calculations is determined through the weighted average cost of capital (WACC) that depicts the overall costs of 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 non-current financial structure. Different estimates and assumptions could significantly affect the amounts of goodwill and brands reported in the consolidated financial statements. An impairment loss is immediately recognized in profit or loss if the asset's carrying amount is higher than its recoverable amount. An impairment loss recognized for goodwill is not reversed under any circumstances. Goodwill, brands and their impairment testing are discussed in more detail in Note 12.

Deferred tax assets

At the end of each financial year, the Group estimates if it is sufficiently probable that taxable profit will be available in the future against which the tax losses can be utilized. The estimates are based on management projections on future results. The amount of deferred tax assets in the consolidated financial statements would be impacted if, for example, future taxable income deviated from the management projections or related tax legislation changed.

Adoption of new or amended IFRS standards and interpretations

From the beginning of 2016, the Group adopts the following amended standards:

- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after January 1, 2016). The amendments are designed to encourage companies to apply judgment in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept.
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after January 1, 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied.
- Annual Improvements to IFRSs (2012–2014 cycle) (effective for financial years beginning on or after January 1, 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover four standards. Their impacts on the consolidated financial statements vary standard by standard.

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

In 2018 or later, the Group will adopt the following new standards:

- New IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after January 1, 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The assessment of the standard's impact on the consolidated financial statements is still ongoing. The standard will increase the level of notes regarding net sales.
- New IFRS 9 Financial Instruments* (effective for financial years beginning on or after January 1, 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently assessing the probable impact of these standards on future financial statements.
- IFRS 16 Leases* (effective for annual periods beginning on or after January 1, 2019): IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements on leases. The standard provides a single lessee accounting model, requiring lessees to recognize an asset and a liability for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard will have a significant impact on the consolidated financial statements including the notes.

* Not yet endorsed for use by the European Union.

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 as well as Out-of-Home eating market by providing raw materials, production machinery, production lines including design and maintenance as well as baking 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 is the expert in demanding working environments, mobile knowledge work, energy efficiency 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 measurement 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 items associated with income taxes and centralized financing in statement of comprehensive income and balance sheet. 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. There is no considerable inter-segment net sales.

NET SALES

1,000 EUR	2015	2014
Sale of goods	**362,695**	387,111
Sales of services	**78,748**	88,336
Construction contract revenue	**4,385**	7,415
Total	**445,828**	482,862

Revenue recognized by reference to the stage of completion from open construction contracts	**2,391**	3,034

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.

GEOGRAPHICAL AREAS

	Net sales		Non-current assets*	
1,000 EUR	**2015**	**2014**	**2015**	**2014**
Finland	**147,729**	161,937	**159,639**	169,947
Scandinavia	**51,753**	47,924	**13**	18
Baltic countries	**50,391**	55,736	**466**	499
Russia, Ukraine + other CIS countries	**128,347**	153,007	**988**	844
Other countries	**67,608**	64,258	**9,294**	44
Total	**445,828**	482,862	**170,400**	171,352

* Non-current assets other than financial assets and assets related to taxes.

OPERATING SEGMENTS 2015

1,000 EUR	ESL Shipping	Leipurin	Telko	Kauko-markkinat	Unallocated items	Group total
Sales to external customers	76,214	117,792	215,272	36,550		445,828
Inter-segment sales		1	29	86		
Net sales	76,214	117,793	215,301	36,636		445,828
Operating profit	14,674	2,422	10,445	-1,192	-5,710	20,639
Net financial expenses						623
Profit before taxes						21,262
Income taxes						-1,506
Profit for the period						**19,756**
Depreciation on tangible assets	7,865	335	660	92	24	8,976
Amortization on intangible assets	57	833	824	398	20	2,132
Segment's assets	123,751	61,761	65,720	26,760	26,812	**304,804**
Segment's liabilities	11,023	14,863	27,081	12,606	136,656	**202,229**
Investments	13,192	493	985	116	276	**15,062**

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
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**
Segment's liabilities	12,190	17,658	25,282	4,910	134,139	**194,179**
Investments	15,993	728	1,758	245	18	**18,742**

2. Divested and Acquired Businesses

BUSINESS TRANSACTIONS IN 2015 AND 2014

In February 2015, Kaukomarkkinat Ltd sold its Industrial business line specializing in machine and equipment sales for paper, process and energy industries to NiJuPe Oy, in which the previous management of the divested business owns a significant share. At the time of the transaction, the Industrial business had operations in Finland, China, Vietnam, Russia, Poland, Latvia and Kazakhstan.

The annual net sales of the divested business have been approximately EUR 4 million, of which commission income has made up a significant part. Through the transaction, 23 employees were transferred to the buyer's employment. The transaction also involved the transfer of subsidiaries Kaukomarkkinat Shanghai Ltd and OOO Kauko Rus to the buyer. Of the international operations of Kaukomarkkinat, project operations in Beijing and a joint venture in Kunshan, China, were excluded from the scope of the transaction.

In connection with the transaction, Aspo assessed the goodwill of the Kaukomarkkinat segment and reduced it by EUR 1.3 million.

In 2014, Kaukomarkkinat Ltd sold its frequency converter business to Vacon Plc. The business included the import and sale of frequency converters and associated equipment, as well as maintenance operations in Poland. Kaukomarkkinat and its subsidiary had been Vacon's partners and retailers in Poland since 1994.

In January 2014, ESL Shipping Ltd sold its 35% holding of the Swedish company Credo AB at the carrying amount, which meant that the transaction did not have any impact on profit. The carrying amount did not include goodwill.

No new businesses were acquired in financial years 2014 and 2015.

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 was increased by contingent consideration in accordance with the sales margin accumulated during 2012–2014. At the time of acquisition, the compensation was estimated to be EUR 1.5 million. The actual contingent consideration for 2012–2014 totaled EUR 0.9 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 achieve growth in sales and cost savings. The goodwill arisen in the acquisition was 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 the related payments being lower than expected. The changes have been recognized as other operating income.

According to the contingent consideration arrangement, Leipurin Plc was 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 have been required to make according to this arrangement, was estimated to be EUR 1.6 million. The fair value of the contingent consideration arrangement had been determined with a 2% discounting interest rate base. According to the terms of the contingent consideration, no minimum or maximum values had been determined for the payable consideration.

CONTINGENT CONSIDERATION FROM VULGANUS OY'S ACQUISITION

1,000 EUR	2015	2014
Contingent consideration, January 1	**298**	931
Payment of the contingent consideration	**-282**	-339
Fair value adjustment	**-16**	-294
Contingent consideration, December 31	**0**	298

3. Other Operating Income

OTHER OPERATING INCOME

1,000 EUR	2015	2014
Gains on sale of tangible assets	**34**	52
Insurance compensations	**501**	96
Rents and related remunerations	**88**	19
Change in fair value of contingent consideration	**16**	294
Gains on sale of business operations and subsidiaries	**16**	104
Transition period services to international operations sold	**158**	
Leasing agreement related compensation	**157**	
Other income	**252**	276
Total	**1,222**	841

4. Employee Benefits and Personnel Information

At the end of the financial year, the number of employees of Aspo Group was 857 (879), while the average during the financial year was 862 (882). The average number of office staff was 598 (616) and that of non-office workers 264 (266).

EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2015	2014
Wages and salaries	**33,271**	35,533
Pension expenses, defined contribution plans	**4,263**	4,149
Share-based payments	**671**	1,038
Other employee benefit expenses	**2,785**	2,763
Total*	**40,990**	43,483
*Expenses are decreased by the government subsidy for merchant vessels from the Ministry of Transport and Communications, according to which ESL Shipping receives withholding taxes and social security expenses related to seafarers' pays as refunds	**4,534**	5,039

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

PERSONNEL BY SEGMENT AT YEAR-END

	2015	2014
ESL Shipping	**223**	226
Leipurin	**299**	297
Telko	**265**	258
Kaukomarkkinat	**46**	69
Other operations	**24**	29
Total	**857**	879

PERSONNEL BY GEOGRAPHICAL AREA AT YEAR-END

	2015	2014
Finland	**418**	444
Scandinavia	**20**	19
Baltic countries	**72**	65
Russia, Ukraine + other CIS countries	**302**	289
Other countries	**45**	62
Total	**857**	879

5. Depreciation, Amortization and Impairment Losses

1,000 EUR	2015	2014
Depreciation and amortization		
Intangible assets	**2,132**	2,462
Buildings	**235**	211
Vessels	**7,861**	7,447
Machinery and equipment	**850**	1,062
Other tangible assets	**30**	30
Total	**11,108**	11,212
Impairment losses		
Goodwill	**1,347**	
Total depreciation, amortization and impairment losses	**12,455**	11,212

6. Materials and Services

1,000 EUR	2015	2014
Purchases during the period		
ESL Shipping	**12,519**	15,331
Leipurin	**92,604**	106,262
Telko	**179,612**	195,902
Kaukomarkkinat	**29,530**	25,662
Total	**314,265**	343,157
Change in inventories	**-3,784**	-6,956
Outsourced services		
Leipurin	**3,174**	3,922
Telko	**4,118**	4,471
Kaukomarkkinat	**461**	728
Total	**7,753**	9,121
Total materials and services	**318,234**	345,322

7. Other Operating Expenses

1,000 EUR	2015	2014
Rents	**7,424**	8,282
ESL Shipping	**27,968**	32,158
Leipurin	**6,879**	7,042
Telko	**7,174**	6,140
Kaukomarkkinat	**2,193**	3,160
Other operations	**3,094**	3,512
Total	**54,732**	60,294

AUDITORS' FEES

1,000 EUR	2015	2014
Auditing	**295**	233
Tax advice	**69**	21
Other services	**135**	621
Total	**499**	875

8. Financial Income and Expenses

The items above operating profit include EUR -0.7 million (-2.3) in exchange rate differences for 2015. 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	2015	2014
Dividend income from available-for-sale financial assets	**1**	1
Interest income from loans and other receivables	**182**	137
Foreign exchange gains	**732**	275
Gains on sale of available-for-sale financial assets	**4,912**	
Total financial income	**5,827**	413
Interest rate expenses	**-4,389**	-3,812
Foreign exchange losses	**-815**	-985
Total financial expenses	**-5,204**	-4,797
Total financial income and expenses	**623**	-4,384

9. Income Taxes

TAXES IN THE STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	2015	2014
Taxes for the period	**-2,320**	-2,914
Change in deferred tax assets and liabilities	**777**	2,316
Taxes from previous financial years	**37**	3
Total	**-1,506**	-595

RECONCILIATION OF THE TAX EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME AND TAXES CALCULATED USING THE GROUP´S PARENT COMPANY´S TAX RATE 20%

1,000 EUR	2015	2014
Profit before taxes	**21,262**	19,008
Taxes calculated using the parent company's tax rate	**-4,252**	-3,802
Impact of foreign subsidiaries' tax rates	**297**	334
Impact of tonnage taxation	**3,317**	3,509
Losses for which no deferred tax asset was recognized	**-1,388**	-1,963
Utilization of previously unrecognized tax losses	**96**	37
Taxes from previous financial years	**37**	3
Repayment of convertible capital loan		941
Withholding taxes	**-25**	-29
Timing differences, tax-free and non-deductible items	**412**	375
Taxes in the statement of comprehensive income	**-1,506**	-595
Effective tax rate	**7%**	3%

INCOME TAX ON OTHER COMPREHENSIVE INCOME

1,000 EUR	2015	2014
Cash flow hedges	**-39**	-6
Available-for-sale financial assets	**620**	-620
Total	**581**	-626

10. Earnings per Share

Earnings per share is calculated by dividing the profit or loss attributable 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 in previous years, 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 and 2015, there were no diluting components.

1,000 EUR	2015	2014
Undiluted		
Profit for the period attributable to parent company shareholders	**19,756**	18,413
Interest of the hybrid bond (adjusted by tax effect)	**-1,120**	-1,255
Average number of shares during period (1,000)	**30,479**	30,312
Earnings per share, EUR	**0.61**	0.57
Diluted		
Diluted earnings per share, EUR	**0.61**	0.57

11. Other Intangible Assets

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

2015

1,000 EUR	Intangible rights	Other intangible assets	Advance payments of intangible assets	Total
Acquisition cost, Jan 1	10,012	18,850	114	28,976
Translation differences	-2	5		3
Increases	182	374	433	989
Decreases	-101	-2,815		-2,916
Transfers between classes	-42	-88		-130
Acquisition cost, Dec 31	**10,049**	**16,326**	**547**	**26,922**
Accumulated amortization, Jan 1	-4,322	-12,371		-16,693
Translation differences		-4		-4
Accumulated amortization of decreases	101	2,810		2,911
Accumulated depreciation of transfers	-3	52		49
Amortization for the period	-99	-2,033		-2,132
Accumulated amortization, Dec 31	**-4,323**	**-11,546**		**-15,869**
Carrying amount, Dec 31	**5,726**	**4,780**	**547**	**11,053**

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 differences	-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 differences	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**
Carrying amount, Dec 31	**5,690**	**6,479**	**114**	**12,283**

INTANGIBLE ASSETS LEASED UNDER FINANCIAL LEASES ARE INCLUDED IN INTANGIBLE ASSETS AS FOLLOWS

Other intangible assets

1,000 EUR	**2015**	**2014**
Acquisition cost, Jan 1	**6,038**	4,780
Increases	**374**	1,258
Decreases	**-2,802**	
Acquisition cost, Dec 31	**3,610**	6,038
Accumulated amortization, Jan 1	**-3,804**	-2,731
Accumulated amortization of decreases	**2,802**	
Amortization for the period	**-729**	-1,073
Accumulated amortization, Dec 31	**-1,731**	-3,804
Carrying amount, Dec 31	**1,879**	2,234

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 allocated to 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 9.5 million (11.3).

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.

The brands have been tested for impairment. According to test results, there is no need for impairment.

IMPAIRMENT TESTING

Future 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. The lower cash flows expected from units dependent on Russia, Ukraine and other CIS countries were taken into account in the cash flow figures. This means that the impact of the region is not reflected in the discount rate used in testing. The terminal value has been caluculated by using a growth assumption of 1% (1.5% for Telko in 2014, 1% for others). 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 74% to 79% of the recoverable amount and was highest in the Kaukomarkkinat segment. The goodwills of ESL Shipping and other operations are not significant compared to the recoverable amount. The impairment tests indicate that no impairment has occurred, but in connection with the divestment of the Industrial business of Kaukomarkkinat Aspo assessed the goodwill of the Kaukomarkkinat segment and reduced it by EUR 1.3 million. No other impairment losses were recognized for the financial year.

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 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 discount rate (WACC) used in the calculations was 10.14% (6.59) 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. The management believes the assumptions to be appropriate and that 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 realization of estimated future cash flows. A substantial negative change in future cash flows, a significant increase

GOODWILL

1,000 EUR	2015	2014
Acquisition cost, Jan 1	**44,412**	45,285
Decreases	**-400**	-800
Translation differences	**29**	-73
Acquisition cost, Dec 31	**44,041**	44,412
Accumulated impairment losses, Jan 1		
Impairment loss in connection with the sale of business operations	**-1,347**	
Accumulated impairment losses, Dec 31	**-1,347**	
Carrying amount, Dec 31	**42,694**	

ALLOCATION OF GOODWILL

1,000 EUR	2015	2014
ESL Shipping	**790**	790
Leipurin	**27,281**	27,281
Telko	**5,083**	5,054
Kaukomarkkinat	**9,504**	11,251
Other operations	**36**	36
Total	**42,694**	44,412

BRANDS

1,000 EUR	2015	2014
Leipurin	**3,148**	3,148
Telko	**2,155**	2,155
Total	**5,303**	5,303

in interest rates or a high tying-up rate of capital may result in an impairment loss 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 decreased. The changes and their effects are:

- WACC was raised by 20%, effect 19–21% (19–22).
- EBIT was cut down by 10%, effect approximately 9–13% (8–13).
- Sales growth was cut down by 10% annually, effect 8–24% (12–23).

The sensitivity analysis shows that there is no need for impairment.

13. Tangible Assets

2015

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan 1	54	5,372	9,268	234,790	791	79	250,354
Translation differences			-274			-5	-279
Increases		133	700	3,841		9,402	14,076
Decreases		-90	-1,654		-70		-1,814
Transfers between classes		85	80	45		-80	130
Acquisition cost, Dec 31	**54**	**5,500**	**8,120**	**238,676**	**721**	**9,396**	**262,467**
Accumulated depreciation, Jan 1		-2,237	-6,665	-129,754	-300		-138,956
Translation differences			181				181
Accumulated depreciation of decreases		90	1,580		70		1,740
Accumulated depreciation of transfers		-49					-49
Depreciation for the period		-235	-850	-7,861	-30		-8,976
Accumulated depreciation, Dec 31		**-2,431**	**-5,754**	**-137,615**	**-260**		**-146,060**
Carrying amount, Dec 31	**54**	**3,069**	**2,366**	**101,061**	**461**	**9,396**	**116,407**

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 differences			-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 differences			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**
Carrying amount, Dec 31	**54**	**3,135**	**2,603**	**105,036**	**491**	**79**	**111,398**

TANGIBLE ASSETS LEASED UNDER FINANCIAL LEASES ARE INCLUDED IN TANGIBLE ASSETS AS FOLLOWS

Machinery and equipment

1,000 EUR	2015	2014
Acquisition cost, Jan 1	**1,493**	1,650
Increases	**5**	14
Decreases	**-1,059**	-171
Acquisition cost, Dec 31	**439**	1,493
Accumulated depreciation, Jan 1	**-1,193**	-1,035
Accumulated depreciation of decreases	**1,059**	117
Depreciation for the period	**-110**	-275
Accumulated depreciation, Dec 31	**-244**	-1,193
Carrying amount, Dec 31	**195**	300

14. Financial Assets Available for Sale

Through the change in the corporate form of Försäkringsaktiebolaget Alandia insurance company in 2014, ESL Shipping Oy obtained 6,775 new company's shares on the basis of insurance premiums. The shares obtained were intended for temporary ownership and were classified under financial assets available for sale in the consolidated financial statements. The shares were recognized in 2014 at fair value (level 3) in other comprehensive income, adjusted for the tax impact. When determining the fair value, a valuation conducted by an external expert was utilized, on the basis of which the fair value of the shares was calculated by discounting the net asset value by the liquidity risk. The shares were sold in 2015. The capital gain is included in financial items in the statement of comprehensive income.

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 impairments.

2015

1,000 EUR	Unlisted shares
Acquisition cost, Jan 1	3,259
Increases	10
Decreases*	-3,097
Acquisition cost, Dec 31	**172**
Carrying amount, Dec 31	**172**

2014

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

* Alandia

15. Non-Current Receivables

1,000 EUR	2015	2014
Derivative contracts	**74**	

16. Associated Companies and Joint Ventures

Kaukomarkkinat Ltd has a 50% interest 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 result was EUR 0.0 million. The company's assets were EUR 0.0 million and liabilities EUR 0.7 million. Due to the loss produced by the company and its subsidiary, the consolidated financial statements do not include any share of the joint venture's loss. Associated company Credo AB was sold in January 2014 at the carrying amount, and the transaction had no impact on the Group's result.

SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

1,000 EUR	2015	2014
Balance, Jan 1		2,156
Sale of associated companies		-2,156
Balance, Dec 31		

17. Deferred Taxes

Deferred tax liability 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 2015, and EUR 2.9 million in 2011–2014.

The balance sheet includes deferred tax assets of EUR 3.1 million (3.2) from Finnish companies with a negative result for the financial years 2011, 2012 or 2013. These deferred tax assets are recognized 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 assets were recognized on the taxable losses of EUR 13.3 million incurred by Finnish companies in 2014 and 2015. The utilization period of these taxable losses is 10 years.

The Group had EUR 4.3 million (3.7) in unused taxable losses in subsidiaries abroad, on which no deferred tax assets have 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 2016, while some losses do not have any expiry period set out within the scope of the current legislation. A deferred tax liability of EUR 0.9 million (0.7) has not been recognized from the retained earnings of subsidiaries abroad because they are permanently invested in the countries in question.

DEFERRED TAX ASSETS

1,000 EUR	2015	2014
Derivatives	**151**	159
Employee benefits	**35**	83
Losses available for utilization against future taxable income	**3,273**	3,355
Other temporary differences	**338**	363
Total	**3,797**	3,960

DEFERRED TAX LIABILITIES

1,000 EUR	2015	2014
Depreciation in excess of plan	**216**	199
Deferred tax liability due to tonnage taxation	**3,088**	3,706
Tangible and intangible assets	**1,641**	1,900
Available-for-sale financial assets		620
Other temporary differences	**33**	10
Total	**4,978**	6,435

CHANGES IN DEFERRED TAX ASSETS

1,000 EUR	2015	2014
Deferred tax assets, Jan 1	**3,960**	3,989
Items recognized in the statement of comprehensive income		
Unutilized tax losses	**-82**	126
Employee benefits	**-48**	70
Other temporary differences	**-25**	-194
Items recognized in other comprehensive income	**-8**	-6
Items recognized directly in equity		-25
Deferred tax assets, Dec 31	**3,797**	3,960

CHANGES IN DEFERRED TAX LIABILITIES

1,000 EUR	2015	2014
Deferred tax liabilities, Jan 1	**6,435**	8,116
Items recognized in the statement of comprehensive income		
Depreciation in excess of plan	**17**	28
Deferred tax liability due to tonnage taxation	**-618**	-617
Tangible and intangible assets	**-259**	-263
Convertible capital loan		-1,445
Other temporary differences	**23**	-4
Items recognized in other comprehensive income	**-620**	620
Deferred tax liabilities, Dec 31	**4,978**	6,435

18. Inventories

An expense of EUR 0.6 million (0.7) was recognized during the financial year for a write-down of inventories to net realizable value.

1,000 EUR	2015	2014
Materials and supplies	**928**	828
Finished goods	**45,575**	44,596
Other inventories	**1,939**	1,891
Total	**48,442**	47,315

19. Accounts Receivable and Other Receivables

Accounts receivable do not involve significant credit loss risks. A total of EUR 0.6 million (0.9) were recognized as impairment loss from accounts receivable.

1,000 EUR	2015	2014
Accounts receivable	**47,163**	44,189
Accounts receivable on construction contracts*	**263**	690
Refund from the Ministry of Transport and Communications	**2,421**	2,814
Advance payments	**3,406**	3,844
VAT receivable	**545**	687
Derivative contracts	**9**	
Other deferred receivables	**4,160**	3,984
Total	**57,967**	56,208

*Aggregated items related to construction contracts:	2015	2014
Accrued income according to the stage of completion	**2,391**	3,034
Advances received related to construction contracts	**-2,128**	-2,344
Accounts receivable on construction contracts	**263**	690

20. Cash and Cash Equivalents

1,000 EUR	2015	2014
Bank accounts and deposits	**23,888**	19,258

21. Equity

On December 31, 2015, 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 was presented under equity. The convertible capital loan was repaid on June 30, 2014. Treasury shares held by Aspo Plc and other Group companies have been recognized as a decrease in 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 from the issuing date. 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 classified 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.

Equity consists of the share capital, share premium, fair value reserve, translation differences, invested unrestricted equity reserve, other reserves, 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 share premium. The invested unrestricted equity reserve 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 resolution. The fair value reserve includes accumulated changes in the fair value of derivative instruments under hedge accounting and the recognition of available-for-sale financial assets at fair value.

DIVIDENDS

After the reporting date, the Board of Directors has proposed that a dividend of EUR 0.41 per share be distributed for 2015. A dividend of EUR 0.40 was distributed for 2014.

EQUITY 2015

1,000 EUR	In 1,000s	Share capital	Share premium	Invested unrestricted equity reserve	Hybrid instrument	Treasury shares	Total
January 1, 2015	**30,402**	**17,692**	**4,351**	**12,021**	**20,000**	**-3,425**	**50,639**
Share-based incentive plan	94					674	674
Translation differences				26			26
Transfer from the reserve				-118			-118
December 31, 2015	**30,496**	**17,692**	**4,351**	**11,929**	**20,000**	**-2,751**	**51,221**
Treasury shares held by the Group	480						
Total number of shares	**30,976**						

EQUITY 2014

1,000 EUR	In 1,000s	Share capital	Share premium	Invested unrestricted equity reserve	Hybrid instrument	Treasury shares	Total
January 1, 2014	**30,274**	**17,692**	**4,351**	**11,151**	**20,000**	**-4,224**	**48,970**
Conversion of convertible capital loan	8			47			47
Repayment of convertible capital loan				826			826
Disposal of treasury shares	101					669	669
Share-based incentive plan	19					130	130
Translation differences				10			10
Transfer from the reserve				-13			-13
December 31, 2014	**30,402**	**17,692**	**4,351**	**12,021**	**20,000**	**-3,425**	**50,639**
Treasury shares held by the Group	573						
Total number of shares	**30,976**						

Shares have no nominal value.

FAIR VALUE RESERVE

1,000 EUR	2015	2014
Available-for-sale financial assets		2,478
Cash flow hedges	**-365**	-634
Total	**-365**	1,844

22. Loans

On September 22, 2015, Aspo Plc issued a EUR 11 million unsecured private placement bond. The bond pays fixed interest rate and matures on September 29, 2022.

NON-CURRENT LOANS AND OVERDRAFT FACILITIES

1,000 EUR	2015	2014
Loans	**91,699**	71,341
Pension loans	**8,571**	
Bond	**10,911**	
Financial leasing liabilities	**1,555**	1,813
Derivative contracts		564
Overdraft facilities in use	**2,850**	2,896
Total	**115,586**	76,614

CURRENT LOANS AND OVERDRAFT FACILITIES

1,000 EUR	2015	2014
Loans	**7,642**	42,642
Pension loans	**1,429**	
Financial leasing liabilities	**834**	775
Overdraft facilities in use	**2,416**	4,419
Total	**12,321**	47,836

MATURING OF FINANCIAL LEASING LIABILITIES

1,000 EUR	2015	2014
Financial leasing liabilities – total amount of minimum lease payments		
Within one year	**879**	834
After one year and within five years	**1,595**	1,876
Total	**2,474**	2,710
Financial leasing liabilities – present value of minimum lease payments		
Within one year	**834**	775
After one year and within five years	**1,555**	1,813
Total	**2,389**	2,588
Future financial expenses	**85**	122

23. Accounts Payable and Other Liabilities

OTHER NON-CURRENT LIABILITIES

1,000 EUR	2015	2014
Derivative contracts	**510**	228

ACCOUNTS PAYABLE AND OTHER LIABILITIES

1,000 EUR	2015	2014
Accounts payable	**40,155**	36,924
Advances received, construction contracts	**301**	271
Advances received, others	**1,030**	1,940
Salaries and social security contributions	**6,097**	6,783
Employer contributions	**1,357**	1,339
Accrued interest	**2,202**	378
Derivative contracts	**235**	
VAT liability	**3,900**	3,427
Contingent consideration		298
Share-based incentive plan	**580**	456
Other current deferred liabilities	**11,916**	10,096
Total	**67,773**	61,912

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 consolidated financial statements.

PENSION EXPENSES IN THE STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	2015	2014
Defined contribution plans	**4,264**	4,149

25. Provisions

The recognized provisions are based on best estimates on the reporting 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 were based on any increased expenses arising from ongoing tax inquires.

1,000 EUR	Warranties and maintenance services	Rental agreements	Pension commitments	Tax charges	Total
December 31, 2014	445	216	36	45	742
Decrease in provisions	-155		-22	-45	-222
December 31, 2015	**290**	**216**	**14**	**0**	**520**

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. The 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, Aspo's CEO is responsible for the implementation 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

Aspo Group has companies and affiliates in 14 countries, and the operations take place in 10 different currencies. The 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 accordance 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. Aspo's 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 2015, the Russian ruble fell clearly from the previous year, and changes between the values of the ruble and the euro reduced the 2015 euro-denominated net sales and result.

The currency risks of ESL Shipping are mainly related to dollar-denominated investments. In 2015, the shipping company signed a contract for having two

INTEREST-BEARING LIABILITIES BY CURRENCY

1,000 EUR	2015	2014
EUR	**123,676**	120,961
USD	**2,850**	2,581
RUB		415
Other	**1,381**	493
Total	**127,907**	124,450

ACCOUNTS RECEIVABLE BY CURRENCY

1,000 EUR	2015	2014
EUR	**35,620**	29,399
SEK	**1,665**	814
DKK	**1,315**	1,071
PLN	**939**	1,383
RUB	**2,744**	4,951
UAH	**2,384**	3,578
USD	**1,647**	2,173
Other	**849**	820
Total	**47,163**	44,189

ACCOUNTS PAYABLE AND ADVANCES RECEIVED BY CURRENCY

1,000 EUR	2015	2014
EUR	**35,443**	33,376
SEK	**1,047**	217
DKK	**91**	52
PLN	**145**	446
RUB	**474**	502
UAH	**343**	731
USD	**3,331**	2,446
Other	**311**	1,365
Total	**41,185**	39,135

new ships built. The total value of the investment is approximately EUR 60 million, and the related cash flows will occur in the years 2015–2018. Part of the future cash flows related to the contract are dollar-denominated, and they have been hedged in their entirety by currency forward contracts.

At the reporting date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities denominated in foreign currency.

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.

Aspo Group has made investments in subsidiaries abroad. In addition, the equity of subsidiaries abroad increases through profitable business. The total equity of the Group's subsidiaries abroad at the reporting date was EUR 25.5 million (22.5). Ruble-denominated investments of EUR 15.5 million (13.5) in subsidiaries operating in Russia were the biggest investment in regard to the currency amount. Despite the devaluation of the ruble the euro-denominated equity of subsidiaries operating in Russia increased. 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 subsidiaries abroad. The table above shows the Group's share in the subsidiaries' equity by currency.

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

INVESTMENTS IN FOREIGN SUBSIDIARIES

1,000 EUR	Equity 2015	Equity 2014
SEK	**-1,422**	-964
DKK	**5,201**	4,840
RUB	**15,477**	13,456
NOK	**17**	98
UAH	**129**	-649
PLN	**1,624**	2,328
BYR	**-804**	-687
CNY	**-1,159**	-494
KZT	**-412**	35
EUR	**6,808**	4,548
Total	**25,459**	22,511

CASH AND CASH EQUIVALENTS AND UNUTILIZED COMMITTED REVOLVING CREDIT FACILITIES

1,000 EUR	2015	2014
Cash and cash equivalents	**23,888**	19,258
Revolving credit facilities	**60,000**	57,000
Total	**83,888**	76,258

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. On December 31, 2015, the Group's interest-bearing liabilities totaled EUR 127.9 million (124.4) and cash and cash equivalents stood at EUR 23.9 million (19.3). Aspo Group's credit portfolio is reviewed with regard to average interest rate, the duration of interest rate position, average loan maturity, and relation between fixed-rate and floating-rate liabilities. On the balance sheet date, the average interest rate on interest-bearing liabilities was 1.7% (1.5), the duration of interest rate position was 2.4 years (1.6), the average loan maturity was 4.4 years (3.4), and the share of fixed-rate liabilities was 39% (30). In 2015, the average maturity of interest-bearing loans and the duration of interest rate position lengthened, and the portion of fixed-rate debts increased.

Sensitivity to market risks

Aspo Group is exposed 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 reporting date. The currency position varies during the financial year and, accordingly, the position included in the balance sheet on the reporting date does not necessarily reflect the situation during the financial year. The impact of foreign currency denominated sales and purchase transactions made during the financial year on the statement of comprehensive income is not taken into account in the sensitivity analysis unless they were hedged through derivatives.

The sensitivity analysis is used to analyze the impact of market trends on measurements. The US dollar poses a significant currency risk for Aspo Group due to vessel investments. Cash flows related to the investment have been hedged by currency forwards. The fluctuation between the Russian ruble and euro is the most significant factor causing currency risks to the Group.

The sensitivity analysis 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 reporting 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 reporting date, and changes in capital during the year are not taken into account.

In the sensitivity analysis, the effects in the statement of comprehensive income 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 financial 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.

SENSITIVITY ANALYSIS FOR FOREIGN CURRENCY AND INTEREST RATE RISK

	2015		2014	
1,000 EUR	Statement of comprehensive income	Equity	Statement of comprehensive income	Equity
Currency risk				
+ 30% strengthening of euro against RUB	**367**	**-3,572**	-543	-3,105
- 30% weakening of euro against RUB	**-682**	**6,633**	1,009	5,767
Interest rate risk				
Change of +100 basic points in the market interest rates	**-503**		-889	347
Change of -100 basic points in the market interest rates	**470**		882	-27

AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

1,000 EUR	2015	2014
Not matured	**32,778**	32,564
Matured 1–30 days ago	**7,772**	7,130
Matured 31–60 days ago	**2,432**	1,861
Matured more than 60 days ago	**4,181**	2,634
Total	**47,163**	44,189

Hedge accounting

The floating interest rate of the term loan taken out by Aspo Plc in 2011 and matured in 2015 was hedged with an interest rate swap throughout the validity of the loan agreement. The said interest rate swap was subject to hedge accounting, and changes in its fair value were entered in other comprehensive income. The hedging relation between the loan hedged and the hedging instrument was effective. The said term loan, matured in 2015, was renewed with the same amount, and hedging of the variable interest of the renewed term loan was continued with an interest swap, but hedge accounting was discontinued in connection with the renewal due to its partial ineffectiveness, and changes in fair value have since been recognized through profit or loss. The loss of EUR 0.6 million accumulated in equity is entered in profit or loss in accordance with the original forecast transaction, still expected to occur by 2019. On December 31, 2015, the fair value of the Group's interest rate derivatives amounted to EUR -0.7 (-0.8) million.

The future US dollar-denominated cash flows related to the ESL Shipping's vessel investments have been hedged with currency forwards. Total capital of the currency forwards is approximately USD 43 million. The currency forwards are subject to hedge accounting, and the effective part of changes in their fair value are recognized in the hedging reserve under the fair value reserve of Aspo Group's equity. The effective part of the changes in fair value of currency forwards, EUR 0.1 million, was recognized in other comprehensive income, while the interest portion of the currency forwards was recognized in the financial items of the statement of comprehensive income.

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 committed financing agreements and sufficient maturity ensure Aspo Group's current and near-future financing needs.

Aspo Group's most significant financing needs in 2015 were related to the vessel investments by ESL Shipping. ESL Shipping made an advance payment of approximately EUR 10 million related to the ship investments. The main financing source of Telko, Leipurin and Kaukomarkkinat is the cash flow from their operations. Liquidity is ensured through cash and cash equivalents, the issuing of commercial papers and committed overdraft limits, as well as revolving credit facilities granted by selected cooperation banks.

The Group's cash and cash equivalents at the end of the financial year were EUR 23.9 million (19.3). At the reporting date, Aspo Plc had a EUR 80 million domestic commercial paper program, of which EUR 3 million was in use. At the reporting date, Aspo Plc also had revolving credit facilities granted by selected cooperation banks in the amount of EUR 60 million which were fully 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

MATURITY ANALYSIS 2015

1,000 EUR	Balance sheet value Dec 31, 2015	Cash flow 2016	2017	2018	2019	2020–
Loans	-120,252	-11,202	-8,122	-22,646	-21,690	-66,919
Overdraft facilities	-5,266	-2,416	-2,850			
Financial leasing liabilities	-2,389	-879	-794	-485	-239	-77
Accounts payable and other liabilities	-47,614	-47,614				
Derivative instruments						
Interest rate swaps						
Hedge accounting not applied						
Cash flows to be paid		-235	-233	-199	-78	
Currency forwards						
Hedge accounting applied						
Cash flows to be paid		-2,308	-9,163	-26,999		
Cash flows to be received		2,318	9,190	27,045		

MATURITY ANALYSIS 2014

1,000 EUR	Balance sheet value Dec 31, 2014	Cash flow 2015	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 and other liabilities	-42,068	-42,068				
Derivative instruments						
Interest rate swaps						
Hedge accounting applied						
Cash flows to be paid		-329	-331	-134		

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 cash and cash equivalents. 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' business operations.

The development of the Group's capital structure is mainly monitored through the equity ratio and gearing. On December 31, 2015, the equity ratio was 33.8% (35.2) and gearing was 101.4% (101.0). During the financial year 2015, Aspo Group's capital structure remained unchanged compared with the previous year.

FINANCIAL ASSETS AND LIABILITIES 2015

1,000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets recognized in other compre-hensive income	Other financial liabilities	Derivatives in hedge accounting recognized in other compre-hensive income	Derivatives outside hedge accounting recognized trough profit and loss	Carrying amount
Financial assets measured at fair value							
Non-current financial assets							
Available-for-sale financial assets			172				172
Non-current receivables					74		74
Current financial assets							
Accounts receivable and other receivables					9		9
Total			**172**		**83**		**255**
Financial assets measured at amortized cost							
Current financial assets							
Accounts receivable and other receivables*		47,708					47,708
Cash and cash equivalents		23,888					23,888
Total		**71,596**					**71,596**
Financial liabilities measured at fair value							
Non-current financial liabilities							
Other non-current liabilities						510	510
Current financial liabilities							
Accounts payable and other liabilities						235	235
Total						**745**	**745**
Financial liabilities measured at amortized cost							
Non-current financial liabilities							
Loans and overdraft facilities				115,586			115,586
Current financial liabilities							
Loans and overdraft facilities				12,321			12,321
Accounts payable and other liabilities*				47,614			47,614
Total				**175,521**			**175,521**

*Comprises only financial assets or financial liabilities included in the corresponding balance sheet item.

As described in the Accounting Principles, the Group classifies the determining of fair values of financial assets and liabilities on different levels in the fair value hierarchy. Group's derivatives include interest rate swaps and currency forwards and they fall into level 2 in the fair value hierarchy. Available-for-sale financial assets fall into hierarchy level 3. The changes in level 3 mainly relate to Alandia shares which were received on the basis of insurance premiums in 2014 and were sold in 2015. Contingent consideration liability measured at fair value through profit or loss was also included in level 3 in 2014. The arrangement was related to the Vulganus acquisition and expired in 2015.

Financial assets and liabilities not measured at fair value fall into hierarchy level 2. Their fair values are not materially different from their carrying amounts. The fair values of non-current loans are based on discounted future cash flows taking into account Aspo's credit margin.

FINANCIAL ASSETS AND LIABILITIES 2014

1,000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets recognized in other comprehensive income	Other financial liabilities	Derivatives in hedge accounting recognized in other comprehensive income	Derivatives outside hedge accounting recognized trough profit and loss	Carrying amount
Financial assets measured at fair value							
Non-current financial assets							
Available-for-sale financial assets			3,259				3,259
Total			**3,259**				**3,259**
Financial assets measured at amortized cost							
Current financial assets							
Accounts receivable and other receivables*		44,876					44,876
Cash and cash equivalents		19,258					19,258
Total		**64,134**					**64,134**
Financial liabilites measured at fair value							
Non-current financial liabilities							
Loans and overdraft facilities					564		564
Other non-current liabilities					228		228
Current financial liabilities							
Accounts payable and other liabilities	298						298
Total	**298**				**792**		**1,090**
Financial liabilities measured at amortized cost							
Non-current financial liabilities							
Loans and overdraft facilities				76,050			76,050
Current financial liabilities							
Loans and overdraft facilities				47,836			47,836
Accounts payable and other liabilities*				42,068			42,068
Total				**165,954**			**165,954**

*Comprises only financial assets or financial liabilities included in the corresponding balance sheet item.

27. Derivative Contracts

	2015		2014	
1,000 EUR	**Nominal value**	**Fair values, net**	**Nominal value**	**Fair values, net**
Currency derivatives				
Currency forwards	**-38,470**	**83**		
Interest rate derivatives				
Interest rate swaps	**15,000**	**-745**	15,000	-792
Total		**-662**		-792

28. Contingent Assets and Liabilities, and Other Commitments

CONTINGENT LIABILITIES

As part of their ordinary business activities, Aspo 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.

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 from the issuing date on November 2016. 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 consolidated financial statements, and no separate transactions have been entered in the statement of comprehensive income or on the balance sheet.

COLLATERAL FOR OWN DEBT

1,000 EUR	2015	2014
Mortgages given	**104,454**	104,454
Guarantees	**45,889**	17,430
Other commitments*	**37,248**	684
Total	**187,591**	122,568

GUARANTEES GIVEN ON BEHALF OF JOINT VENTURES

1,000 EUR	2015	2014
Guarantees	**212**	199
Total	**212**	199

OPERATING LEASE RENTALS PAYABLE

1,000 EUR	2015	2014
Within one year	**6,843**	7,824
After one year and within five years	**16,607**	19,433
After five years	**1,399**	3,539
Total	**24,849**	30,796

* Other commitments in 2015 are mainly related to new vessels contracts.

LEGAL PROCEEDINGS

On February 27, 2015, the Helsinki District Court announced its judgment in the case between ESL Shipping and the Finnish State regarding fairway dues levied during the years 2001–2004. According to the judgment, the Finnish State will be required to refund to ESL Shipping approximately EUR 3.0 million in accordance with the company's claim, as well as legal expenses and interest. The State has appealed against the judgment. If the district court judgment becomes final, it will affect Aspo Group's result positively with an amount corresponding to these items. The possible repayment of fairway dues is not included in the financial statements.

The shipping company won legal proceedings against Indian ABG Shipyard concerning the compensation payable for repairs made to m/s Alppila during the warranty period. The vessel was delivered to ESL Shipping in 2011. According to the ruling of the arbitration court, ABG Shipyard was required to refund the repair expenses and interest to ESL Shipping according to the company's claims. The impact of the ruling is not included in the financial statements, and will be recognized during the period over which the imposed payment is received.

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 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.

GROUP COMPANIES

Company	Domicile	Holding %
Aspo Plc, parent company	Finland	
Aspo Palvelut Ltd	Finland	100.00
Aspokem AB	Sweden	100.00
Oy Bomanship Ab	Finland	100.00
Bomanship Europe Unipessoal Lda	Portugal	100.00
ESL Shipping Ltd	Finland	100.00
Kaukomarkkinat Ltd	Finland	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

MANAGEMENT EMPLOYEE BENEFITS

Share-based incentive plan 2012–2014

In 2012, Aspo Plc's Board of Directors decided on a share-based incentive plan for about 30 persons. The aim of the plan was 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 reward was paid for the year 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 shares granted was 19,492, equal to the value of EUR 103 thousand at the transfer date rate, and the amount paid in cash was 98 thousand euro. The proportion paid in cash covered taxes and tax-related payments on the reward.

The reward for the 2014 earnings period was based on Aspo Group's earnings per share (EPS) indicator, and was paid in 2015, partly in company shares and partly in cash. The amount of shares granted was 94,786, equal to the value of EUR 716 thousand calculated at the transfer date rate, and the amount paid in cash was EUR 674 thousand. The proportion paid in cash covered taxes and tax-related payments on the reward.

In 2015, a total of 1,322 shares granted as share-based incentives returned to Aspo as treasury shares in accordance with the terms of the incentive plan as the employment ended. A total of 222 of these shares were granted from the earnings period 2013 and 1,100 shares from the earnings period 2014.

The shares received during the earnings periods cannot be sold 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 corresponded to 38,511 shares. The reward over the 2014 earnings period corresponded to approximately 182,000

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.

Share-based incentive plan 2015–2017

The Board of Directors of Aspo Plc approved in its meeting on February 11, 2015, 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 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 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 sold during the commitment period, which will end two years from the end of the earnings period. If a person's employment or service contract ends during the commitment period, the person must gratuitously return the shares received as a reward.

The reward for the 2015 earnings period was based on Aspo Group's earnings per share (EPS) indicator. The share-based cost of rewards was on the balance sheet date estimated at in total of EUR 1,208 thousand. It will be accrued over the years 2015–2017 on the basis of the rules of the incentive plan.

On February 11, 2016, the Board of Directors decided that the reward for the 2015 earnings period will be 91,020 shares and cash corresponding at most to the value of the shares for covering taxes, i.e. an amount corresponding to the value of approximately 182,000 shares.

SHARE-BASED PAYMENTS RECOGNIZED IN THE PERIOD

1,000 EUR	2015	2014
Total expenses recognized in employee benefit expenses	**671**	1,038
Accrued expenses in the balance sheet liabilities related to the proportion paid in cash	**580**	456

A new share-based incentive plan 2015–2017 commenced in 2015. The share-based expense for 2015 will be recognized over three years based on the rules of the plan.

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 2015–2017	Feb 11, 2015				
the share of the year 2015	Mar 13, 2015		91,020	7.72	
Covers years 2012–2014	Feb 14, 2012			7.90	
the share of the year 2012			0		
the share of the year 2013	Mar 15, 2013	Mar 26, 2014	19,270	6.35	5.29
the share of the year 2014	Feb 28, 2014	Mar 10, 2015	93,686	5.65	7.56

SALARIES AND BENEFITS OF BOARD MEMBERS AND CEO

	2015		2014	
1,000 EUR	Salaries and remunerations	Pensions	Salaries and remunerations	Pensions
Ojanen Aki, CEO		**183**		167
CEO, salaries	**371**		343	
CEO, bonuses	**218**		167	
CEO, share-based payments	**279**		39	
Nyberg Gustav, Chairman of the Board	**93**	**110**	99	105
Members of the Board of Directors:				
Arteva Matti, Vice Chairman of the Board (in 2014)	**34**		43	
Kaario Mammu	**32**		34	
Karppinen Esa			7	
Lencioni Roberto, Vice Chairman of the Board (in 2015)	**42**		34	
Pentti-von Walzel Kristina	**31**		34	
Salo Risto	**29**		29	
Total	**1,129**	**293**	829	272

Pension benefits include both statutory and voluntary pension payments.

The Board of Directors decided that the maximum reward for the 2016 earnings period will be 112,250 shares and cash corresponding at most to the value of the shares for covering taxes i.e. an amount corresponding to the value of approximately 224,500 shares. When the decision regarding the 2015–2017 plan was taken the rewards to be paid corresponded to the approximate maximum total value 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 106,785 and the voluntary pension cost was EUR 76,658. The period of notice applied to 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 16,891 and the voluntary pension cost was EUR 92,890.

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

KEY MANAGEMENT PERSONNEL COMPENSATION

1,000 EUR	2015	2014
Salaries and other short-term employee benefits	**1,759**	1,604
Post-employment benefits	**456**	424
Share-based payments	**471**	692
Total	**2,686**	2,720

JOINT VENTURES

1,000 EUR	2015	2014
Purchases from joint ventures		39
Services sold to joint ventures		10
Receivables from joint ventures		3
Liabilities to joint ventures		7

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 in 2011 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 on the consolidated balance sheet was transferred to the Group's retained earnings as presented in the statement of changes in equity. Aspo Management Oy was merged with Aspo Plc in 2015.

30. Events After the Financial Year

There have been no material events after the end of the financial year.

KEY FIGURES

	2015	2014	2013	2012	2011
Net sales, MEUR	**445.8**	482.9	476.3	481.6	476.3
Operating profit, MEUR	**20.6**	23.4	10.8	10.6	21.5
Share of net sales, %	**4.6**	4.8	2.3	2.2	4.5
Profit before taxes, MEUR	**21.3**	19.0	6.6	7.4	17.4
Share of net sales, %	**4.8**	3.9	1.4	1.5	3.7
Return on investment (ROI), %	**11.2**	9.9	4.6	5.4	12.5
Return on equity (ROE), %	**19.1**	17.8	8.9	11.8	16.4
Equity ratio, %	**33.8**	35.2	34.4	29.2	35.2
Equity ratio excluding deferred tax liabilities, %	**35.4**	37.3	37.2	32.7	40.1
Gearing, %	**101.4**	101.0	98.2	131.6	94.1
Gross investments in tangible and intangible assets, MEUR	**15.1**	18.7	4.9	30.5	42.7
Share of net sales, %	**3.4**	3.9	1.0	6.3	9.0
Personnel, Dec 31	**857**	879	869	871	814
Average number of personnel	**862**	882	878	858	797
Share-specific indicators					
Earnings/share (EPS), EUR	**0.61**	0.57	0.28	0.36	0.45
Diluted earnings/share, EUR	**0.61**	0.57	0.30	0.37	0.45
Equity/share, EUR	**3.36**	3.42	3.39	2.95	3.05
Nominal dividend/share, EUR (2015 proposed by Board of Directors)	**0.41**	0.40	0.21	0.42	
Dividend/earnings, %	**67.1**	70.3	75.3	117.9	
Effective dividend yield, %	**5.5**	7.0	3.5	6.6	
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)	**12.3**	10.0	21.6	17.9	15.1
Diluted price/earnings ratio (P/E)	**12.3**	10.0	20.4	17.4	15.1
Share price development					
average price, EUR	**7.23**	6.20	5.74	6.63	7.39
lowest price, EUR	**5.92**	5.21	5.19	5.70	6.32
highest price, EUR	**8.16**	7.52	6.82	7.95	8.82
Closing price on the last day of trading, EUR	**7.50**	5.69	6.03	6.39	6.80
Market value of shares, Dec 31, MEUR	**232.3**	176.3	186.7	197.9	210.5
excluding treasury shares, MEUR*	**228.7**	173.0	182.6	193.5	204.9
Development of share turnover, 1,000	**4,886**	4,872	4,032	2,704	3,716
Development of share turnover, %	**15.8**	15.7	13.0	8.7	12.0
Total share trading, EUR 1,000	**35,340**	30,222	22,917	17,625	27,334
Registered share capital, number of shares, Dec 31, 1,000	**30,976**	30,976	30,967	30,967	30,959
outstanding, Dec 31	**30,496**	30,402	30,274	30,284	30,125
outstanding, average	**30,479**	30,312	30,282	30,255	29,507
diluted number of shares, average	**30,479**	30,312	31,945	31,974	31,259

* Shares in Aspo Plc owned by Aspo Management Oy were included in treasury shares between 2010 and 2014. Aspo Management Oy was merged with Aspo Plc in 2015.

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) =

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

Equity ratio, % =

$$\frac{\text{Equity + Non-controlling interest) x 100}}{\text{Balance sheet total – Advances received}}$$

Gearing, % =

$$\frac{\text{(Interest-bearing liabilities – Cash and cash equivalents) x 100}}{\text{Equity + Non-controlling interest}}$$

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

Earnings per share (EPS), EUR* =

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

Equity per share, EUR =

$$\frac{\text{Equity}}{\text{Adjusted number of shares on balance sheet date}}$$

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, 2015	Jan 1–Dec 31, 2014
Other operating income	1.1	**1,814**	1,923
Staff expenses	1.2	**-2,930**	-2,789
Depreciation	1.3	**-2**	-7
Other operating expenses	1.4	**-5,058**	-6,165
Operating loss		**-6,176**	-7,038
Financial income and expenses	1.5	**10,067**	10,742
Profit before extraordinary items		**3,891**	3,704
Extraordinary items	1.6	**4,550**	1,630
Profit before taxes		**8,441**	5,334
Income taxes	1.7	**0**	0
Profit for the period		**8,441**	5,334

PARENT COMPANY'S BALANCE SHEET

ASSETS

1,000 EUR	Notes	Dec 31, 2015	Dec 31, 2014
Non-current assets			
Intangible assets	2.1	**277**	
Tangible assets	2.1	**164**	79
Investments	2.2	**83,437**	83,755
Total non-current assets		**83,878**	83,834
Current assets			
Current receivables	2.3	**58,344**	66,971
Cash and cash equivalents		**8,408**	6,375
Total current assets		**66,752**	73,346
Total assets		**150,630**	157,180

EQUITY AND LIABILITIES

1,000 EUR	Notes	Dec 31, 2015	Dec 31, 2014
Equity			
Share capital	2.4	**17,692**	17,692
Share premium	2.4	**4,351**	4,351
Invested unrestricted equity reserve	2.4	**16,579**	16,530
Retained earnings	2.4	**5,657**	14,826
Profit for the period		**8,441**	5,334
Total equity		**52,720**	58,733
Provisions	2.5	**700**	626
Liabilities			
Non-current liabilities			
Loans from Group companies	2.6	**8,572**	
Bond	2.6	**11,000**	
Loans from financial institutions	2.6	**40,000**	15,000
Perpetual bond	2.6	**20,000**	20,000
Deferred liabilities	2.6	**510**	
Total non-current liabilities		**80,082**	35,000
Current liabilities			
Loans from financial institutions	2.7	**3,000**	41,000
Liabilities to Group companies	2.7	**12,347**	20,183
Accounts payable	2.7	**226**	513
Other liabilities	2.7	**133**	137
Deferred liabilities	2.7	**1,422**	988
Total current liabilities		**17,128**	62,821
Total liabilities		**97,210**	97,821
Total equity and liabilities		**150,630**	157,180

PARENT COMPANY'S CASH FLOW STATEMENT

1,000 EUR	Jan 1–Dec 31, 2015	Jan 1–Dec 31, 2014
Cash flows from operating activities		
Operating loss	**-6,176**	-7,038
Adjustments to operating loss	**77**	455
Change in working capital	**-2,607**	378
Interest paid	**-2,832**	-3,628
Interest received	**821**	570
Dividends received	**13,004**	1,503
Net cash from operating activities	**2,287**	-7,760
Cash flows from investing activities		
Investments in tangible and intangible assets	**-364**	-4
Investments in other shares	**-10**	-11
Net cash from investing activities	**-374**	-15
Cash flows from financing activities		
Proceeds from non-current loans from Group companies	**10,000**	
Proceeds from non-current loans	**25,000**	
Change in current receivables	**11,916**	16,880
Change in current liabilities	**-47,303**	1,558
Issue of bond	**11,000**	
Repayment of convertible capital loan		-10,250
Group contributions received	**1,630**	1,830
Dividends distributed	**-12,199**	-6,367
Acquisition of treasury shares	**-242**	
Net cash from financing activities	**-198**	3,651
Change in cash and cash equivalents	**1,715**	-4,124
Cash and cash equivalents Jan 1	**6,375**	10,499
Cash and cash equivalents from mergers	**318**	
Cash and cash equivalents at year-end	**8,408**	6,375

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 measurement and accruing 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 reporting date, the receivables and liabilities on the balance sheet are measured at the exchange rates of the reporting date. Hedging instruments for open foreign currency denominated items are measured at the rate of the reporting date, 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 measured at acquisition cost or at probable value, if lower.

NON-CURRENT ASSETS AND DEPRECIATIONS
Non-current assets are recognized in the balance sheet at acquisition cost, less depreciations. The depreciation periods for non-current assets are:

- Other long-term expenditure 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 ordinary business operations, such as group contributions.

PROVISIONS
Provisions in the balance sheet include items that are either based on contracts or otherwise binding obligations, but have not yet realized. Changes to 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
The dividend proposed by the Board of Directors to the Annual Shareholders' Meeting was not yet recognized in the financial statements. The dividends are only taken into account after the decision by the Annual Shareholders' Meeting.

MEASUREMENT OF FINANCIAL INSTRUMENTS
Fair value measurement compliant with Chapter 5, section 2a of the Accounting Act is applied to the accounting treatment of financial derivatives, and changes in their fair value were entered in the income statement. Financial derivatives were measured at the market prices of the balance sheet date.

1.1 Other Operating Income

1,000 EUR	2015	2014
Other operating income, Group	**431**	634
Rental income, Group	**1,136**	1,222
Other rental income	**88**	
Other operating income	**159**	67
Total	**1,814**	1,923

1.2 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	2015	2014
Salaries and remunerations	**1,626**	1,733
Share-based payments	**670**	410
Profit bonus paid to the personnel fund	**52**	35
Pension expenses	**478**	537
Other social security expenses	**104**	74
Total	**2,930**	2,789

MANAGEMENT SALARIES AND BENEFITS

1,000 EUR	2015	2014
CEO, salaries	**371**	343
CEO, bonuses	**218**	167
CEO, share-based payments	**279**	39
Members of the Board of Directors, remunerations	**260**	280
Total	**1,128**	829

1.3 Depreciation

1,000 EUR	2015	2014
Machinery and equipment	**2**	7

1.4 Other Operating Expenses

1,000 EUR	2015	2014
Rents	**2,022**	2,080
Other expenses	**3,036**	4,085
Total	**5,058**	6,165

AUDITOR'S FEES

1,000 EUR	2015	2014
Auditing	**39**	20
Tax advice	**33**	14
Other services	**61**	518
Total	**133**	552

1.5 Financial Income and Expenses

1,000 EUR	2015	2014
Dividend income		
From Group companies	**13,000**	13,500
From others	**4**	3
Income from non-current investments	**13,004**	13,503
Other interest and financial income		
From Group companies	**820**	618
From others	**1**	1
Total interest and other financial income	**821**	619
Interest expenses and other financial expenses		
To Group companies	**-80**	-30
To others	**-3,678**	-3,350
Total interest and other financial expenses	**-3,758**	-3,380
Total financial income and expenses	**10,067**	10,742

1.6 Extraordinary Items

1,000 EUR	2015	2014
Income		
Group contributions	**4,550**	1,630

1.7 Income Taxes

1,000 EUR	2015	2014
Income taxes on extraordinary items	**910**	326
Income taxes on ordinary activities	**-910**	-326
Total	**0**	0

2.1 Intangible and Tangible Assets

1,000 EUR	Intangible rights	Advance payments	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments	Total tangibles
Acquisition cost, Jan 1	347		347	1	12	79	73		165
Increases		277	277					87	87
Acquisition cost, Dec 31, 2015	**347**	**277**	**624**	**1**	**12**	**79**	**73**	**87**	**252**
Accumulated depreciation, Jan 1	-347		-347		-12	-74			-86
Depreciation for the period						-2			-2
Accumulated depreciation Dec 31, 2015	**-347**		**-347**		**-12**	**-76**			**-88**
Carrying amount, Dec 31, 2015	**0**	**277**	**277**	**1**	**0**	**3**	**73**	**87**	**164**
Carrying amount, Dec 31, 2014	**0**	**0**	**0**	**1**	**0**	**5**	**73**	**0**	**79**

2.2 Investments

1,000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan 1	83,579	175	83,754
Increases		10	10
Decreases	-327		-327
Acquisition cost, Dec 31, 2015	**83,252**	**185**	**83,437**
Acquisition cost, Dec 31, 2014	**83,579**	**175**	**83,754**

2.3 Current Receivables

1,000 EUR	2015	2014
Receivables from Group companies		
Dividend receivables	**12,000**	12,000
Group contribution receivables	**4,550**	1,630
Cash pool accounts	**835**	158
Loan receivables	**40,100**	52,693
Deferred receivables	**429**	15
Total	**57,914**	66,496
Other receivables	**392**	378
Deferred receivables	**38**	97
Total	**430**	475
Total current receivables	**58,344**	66,971

2.4 Equity

1,000 EUR	2015	2014
Share capital, Jan 1	**17,692**	17,692
Share capital, Dec 31	**17,692**	17,692
Share premium, Jan 1	**4,351**	4,351
Share premium, Dec 31	**4,351**	4,351
Invested unrestricted equity reserve, Jan 1	**16,530**	16,480
Share-based payments	**49**	
Conversions of convertible capital loan		50
Invested unrestricted equity reserve, Dec 31	**16,579**	16,530
Retained earnings, Jan 1	**20,160**	21,193
Dividend payment	**-12,199**	-6,470
Share-based payments	**646**	103
Structural changes in Group	**-2,950**	
Retained earnings, Dec 31	**5,657**	14,826
Profit for the period	**8,441**	5,334
Total equity	**52,720**	58,733

Distributable funds under unrestricted equity total EUR 30,677,374.83 (36,690,325.55).

2.5 Provisions

1,000 EUR	2015	2014
Share-based incentive plan	**484**	365
Provision for vacant premises	**216**	216
Provision for tax charges		45
Total	**700**	626

2.6 Non-Current Liabilities

1,000 EUR	2015	2014
Loans from Group companies	**8,572**	
Bond	**11,000**	
Perpetual bond	**20,000**	20,000
Loans from financial institutions	**40,000**	15,000
Total non-current loans	**79,572**	35,000
Measurement of interest rate swap	**510**	
Total deferred liabilities	**510**	
Total non-current liabilities	**80,082**	35,000
Loans maturing after five years		
Loans from Group companies	**2,857**	
Bond	**11,000**	

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

On September 22, 2015, Aspo Plc issued a EUR 11 million unsecured private placement bond. The bond pays a fixed interest rate and matures on September 29, 2022.

2.7 Current Liabilities

1,000 EUR	2015	2014
Loans from financial institutions	**3,000**	41,000
Unpaid dividend	**6**	7
Accounts payable	**226**	513
Other liabilities	**133**	136
Deferred liabilities*	**1,416**	982
Total	**4,781**	42,638
Liabilities to Group companies		
Cash pool accounts	**10,880**	20,183
Other liabilities	**1,467**	
Total	**12,347**	20,183
Total current liabilities	**17,128**	62,821
* Main items		
Accrued interests	**357**	231
Accrued salaries	**690**	654

2.8 Other Notes

FUTURE LEASE PAYMENTS

1,000 EUR	2015	2014
Payable within one year	**79**	138
Payable later	**89**	146
Total	**168**	284
Residual value liabilities	**0**	2
Total leasing liabilities	**168**	286

OTHER RENTAL LIABILITIES

1,000 EUR	2015	2014
Payable within one year	**1,950**	1,956
Payable later	**3,900**	5,868
Total	**5,850**	7,824

GUARANTEES ON BEHALF OF GROUP COMPANIES

1,000 EUR	2015	2014
Guarantees	**100,205**	75,686
Total	**100,205**	75,686

DERIVATIVE CONTRACTS

1,000 EUR	2015	2014
Interest rate swap		
Nominal value	**15,000**	15,000
Fair value	**-745**	-792

SHARES AND SHAREHOLDERS

SHARE CAPITAL

Aspo Plc's share capital on December 31, 2015 was EUR 17,691,729.57 and the total number of shares was 30,975,524 of which the company held 479,921 shares; that is, 1.5% of the share capital. Aspo Management Oy has on September 30, 2015 merged into Aspo Plc. Due to the merger 477,612 Aspo shares owned by Aspo Management Oy were transferred to direct ownership of Aspo Plc.

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 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 0.41 per share be paid for the financial year 2015, representing 67% of the Group's earnings per share.

AUTHORIZATIONS

The Annual Shareholders' Meeting on April 9, 2015, authorized the Board of Directors to decide on the acquisition of no more than 500,000 of treasury shares using the unrestricted equity of the company. The authorization is valid until the Annual Shareholders' Meeting in 2016.

The Annual Shareholders' Meeting authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying the treasury shares. A maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization is valid until September 30, 2018.

Furthermore, the Annual Shareholders' Meeting authorized the Board of Directors 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, 2018.

MAJOR SHAREHOLDERS ON DECEMBER 31, 2015

	Number of shares	% of shares 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 Aatos	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
Investment fund Nordea Nordic Small Cap	721,040	2.33
Mandatum Life Unit-Linked	689,200	2.22
Nyberg Gustav	581,524	1.88
Ten major shareholders, total	**11,867,607**	**38.31**
Nominee registrations	710,806	2.30
Other shares	17,917,190	57.84
Total shares outstanding	**30,495,603**	**98.45**
Treasury shares	479,921	1.55
Shares total	**30,975,524**	**100.00**

DISTRIBUTION OF OWNERSHIP ON DECEMBER 31, 2015, BY NUMBER OF SHARES

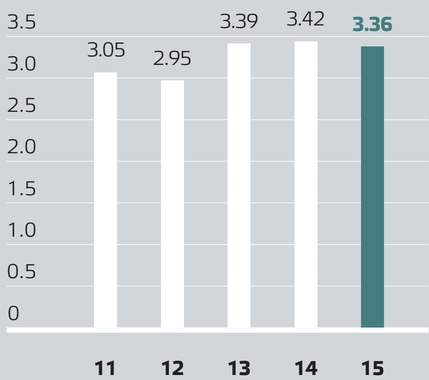
Number of shares	Number of owners	Share of owners %	Total shares	% of shares
1–100	1,375	15.40	84,573	0.27
101–500	3,390	37.98	954,064	3.08
501–1,000	1,605	17.98	1,221,957	3.95
1,001–5,000	2,044	22.89	4,418,991	14.27
5,001–10,000	283	3.17	1,995,480	6.44
10,001–50,000	177	1.98	3,370,857	10.88
50,001–100,000	17	0.19	1,090,533	3.52
100,001–500,000	26	0.29	5,966,998	19.26
500,001–	10	0.11	11,867,607	38.31
Total in joint accounts	2	0.01	4,464	0.01
Total	**8,929**	**100.00**	**30,975,524**	**100.00**

DISTRIBUTION OF OWNERSHIP ON DECEMBER 31, 2015, BY OWNERSHIP GROUPS

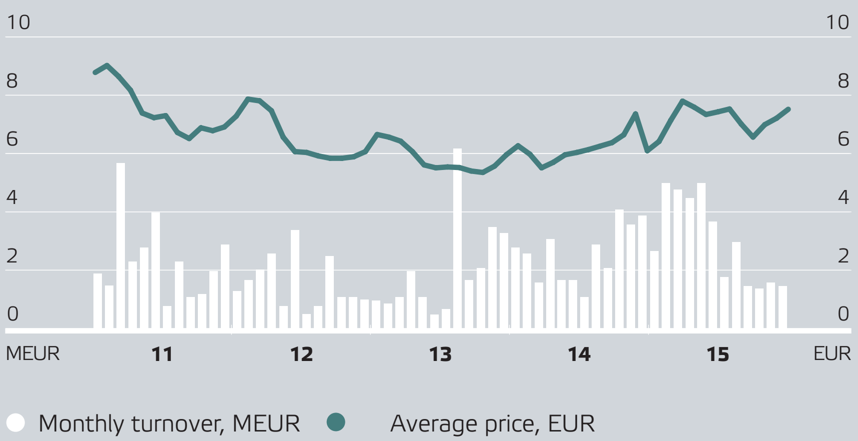
%	Ownership	Shares
1. Households	94.5	60.8
2. Companies	4.2	18.9
3. Financial and insurance institutions	0.2	7.4
4. Non-profit organizations	0.7	4.4
5. Public organizations	0.1	8.2
6. Non-domestic	0.3	0.3

SHARE PRICE PERFORMANCE
EUR

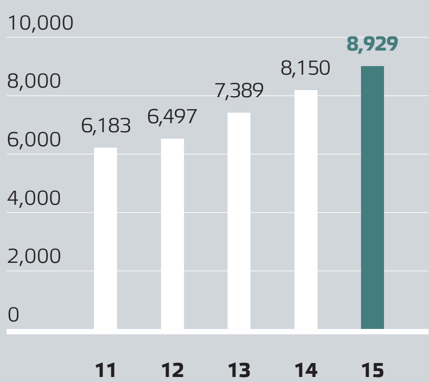
EQUITY/SHARE
EUR



SHARE TRADING AND AVERAGE PRICES



NUMBER OF SHAREHOLDERS



The Board has not used its authorizations.

SHARE TRADING AND SHARE PRICE DEVELOPMENT

In 2015, a total of 4,885,628 Aspo Plc shares with a market value of EUR 35.3 million were traded on Nasdaq Helsinki, in other words, 15.8% of the stock changed hands. During the financial year, the share price reached a high of EUR 8.16 and a low of EUR 5.92. The average price was EUR 7.23 and the closing price at year-end was EUR 7.50. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

At year-end, the market value of the shares excluding the treasury shares was EUR 228.7 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 2015, the number of shareholders at Aspo totaled 8,929. Of these, 97.7% represented direct shareholding and 2.3% nominee registrations. A total of 0.3% of the shares was held by foreign entities. On December 31, 2015, the ten largest shareholders owned a total of 38.3% of the company's shares and voting rights.

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

SHAREHOLDING BY THE GROUP EXECUTIVE COMMITTEE AND THE BOARD OF DIRECTORS

On December 31, 2015, the total number of shares owned by the members of Aspo Plc's Board of Directors with entities under their control was 4,192,853 shares, which represents 13.8% of the shares and voting rights.

On December 31, 2015, Aspo Plc's CEO and the other members of the Group Executive Committee held a total of 212,961 shares, which represents 0.7% of the shares and voting rights.

DIVIDEND PROPOSAL OF THE BOARD

The parent company's distributable funds on December 31, 2015 totaled EUR 30,677,374.83 with the profit for the financial year totaling EUR 8,441,318.18.

The company's registered number of shares on December 31, 2015 was 30,975,524, of which the company held 479,921.

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

• A dividend of EUR 0.41 per share be paid out on 30,495,603 shares	EUR 12,503,197.23
• to be retained in equity	EUR 18,174,177.60
	EUR 30,677,374.83

No dividend is paid to the treasury shares held by Aspo Plc or the Group companies.

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, 2016

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 OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Aspo Oyj for the year ended 31 December, 2015. 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 and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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 10, 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant

INFORMATION FOR INVESTORS

BASIC SHARE INFORMATION

- Listed on: Nasdaq 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 Scandic Marina Congress Center, Katajanokanlaituri 6, FI-00160 Helsinki, Finland on Thursday, April 7, 2016 at 10:00 p.m. The record date of the Annual Shareholders' Meeting is March 24, 2016.

Shareholders intending to participate in the Annual Shareholders' Meeting should register for the meeting no later than on April 4, 2016 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 20 770 6887,
- 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 0.41 per share be paid for 2015 and that no dividend be paid for treasury shares held by the company or the Group companies.

- Ex-dividend date April 8, 2016
- Dividend record date April 11, 2016
- Dividend payment date April 18, 2016

FINANCIAL REPORTING IN 2016

- Financial Statements Release February 11, 2016
- Financial Statements 2015 will be published on March 17, 2016 at the latest
- Interim Report January–March on April 28, 2016
- Interim Report January–June on August 17, 2016
- Interim Report January–September on October 27, 2016

Aspo's financial information is published on the company's website at www.aspo.com, including financial statements, interim reports and stock exchange releases in Finnish and in English. Reports can also be ordered by phone +358 9 521 41 00, by fax +358 9 521 49 99, or by e-mail from viestinta@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 has adopted a silent period of 21 days prior to the publication of results. During this period, no comments on the financial situation, company's outlook or estimates will be made. During this period, the company does not meet investors, analysts or media in events where these issues are discussed.

CONTACT INFORMATION

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

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