ASPO

Annual Report 2008

New Aspo.

New era.

New

Aspo Annual Report 2008

Contents

Leading brands in selected sectors

Aspo is a conglomerate focusing on sectors that require extensive, specialist knowledge. We own some of the strongest corporate brands in carefully chosen specialized sectors. These market leaders hold a key position in our customers' value chains. All our brands serve demanding business-to-business customers and have a strong presence in growing Eastern markets. Aspo's corporate brands are ESL Shipping, Leipurin, Telko, and Kaukomarkkinat.

By harnessing the Aspo Group's strong financial and intellectual capital, we can help your company hone its operations. Our comprehensive services, long-term investments, and strategic vision generate added value. As a conglomerate, Aspo can take the experience and best practices gleaned from one sector and harness them in other sectors and new markets.

Diverse operations are a strategic choice. They balance out the ups and downs of the business cycle and enable us to develop promising new business concepts. We seek long-term growth, aiming to increase the value of our company from one generation to the next. Success requires enduring partnerships and the ability to offer our customers the top expertise in their industries. And we believe this is the best way to increase shareholder value, too.

Our operations are centered on the Baltic region. Aspo is on a growth track in emerging Eastern markets, Russia in particular.

Key figures

	2008	**2007**	**Change**
Net sales, MEUR *	**358.2**	208.9	71.5%
Operating profit, MEUR *	**14.1**	25.4	-44.3%
Share of net taxes, %	**3.9**	12.1	
Profit before taxes. MEUR *	**9.5**	24.3	
Share of net sales, %	**2.7**	11.6	
Earnings per share, EUR, continuing operations	**0.27**	0.71	
Earnings per share, EUR, discontinued operations	**0.33**	-0.12	
Earnings per share, EUR, total	**0.60**	0.59	
EPS adjusted for dilution, EUR, continuing operations	**0.26**	0.67	
EPS adjusted for dilution, EUR, discontinued operations	**0.30**	-0.11	
EPS adjusted for dilution, EUR, total	**0.56**	0.56	
Equity/share, EUR	**2.56**	2.43	
Equity ratio, %	**30.6**	45.1	
Gearing, %	**124.9**	32.4	
Personnel, December 31 *	**821**	390	

* continuing operations

Aspo's financial targets:

- Operating profit as percentage of net sales closer to ten than five
- An average return on investment and equity of over 20%
- To distribute approximately half of the annual profit in dividends

Net Sales MEUR

* continuing operations

Operating Profit MEUR

* continuing operations
** continuing operations, including a sales gain of EUR 10.2 million on Ms Arkadia

Earnings/Share EUR

Dividend/Share EUR

ASPO – the strongest brands in the industry

ESL Shipping –
reliable raw material
transports for industry

Leipurin –
support in all
stages of production

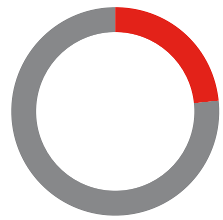
Telko – an extensive
product range and
efficient logistics

Kaukomarkkinat – focus
on energy saving and
operational efficiency

The right place at the right time

ESL Shipping transports dry bulk cargoes in the Baltic Sea region. We specialize in providing a year-round transport of raw materials to energy producers and industry, even in demanding weather conditions. We are known for guaranteed, on-time deliveries and cultivating firm partnerships based on mutual trust. We own the kind of large, interchangeable fleet required for providing flexible and reliable service. This also helps us operate efficiently, enhancing profitability. ESL Shipping's self-discharging vessels are designed specifically to operate in the demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to enter safely even the shallowest ports fully loaded.

Share of Group Net Sales

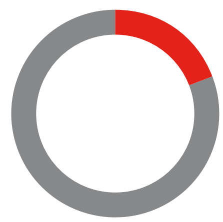


ESL Shipping 24%

A partner from R&D to production

Leipurin supplies raw materials and machinery to the food industry. Our end-to-end service is the key to our competitiveness: we support our customers throughout the entire production process from R&D to boosting operational efficiency. Expertise in all stages of the production chain gives us a unique view of trends throughout the food industry. First-class customer service is our strength: we offer the highest quality, safest and most competitively priced products, a comprehensive product range, and reliable, cost-effective logistics. Leipurin offers both its own brand raw materials and products from other leading suppliers.

Share of Group Net Sales



Leipurin 19%

Raw materials and related services

Telko procures and markets chemicals and plastic raw materials. Our customer services also offer technical support and production process development. Telko's strength lies in its long-term customer and supplier relationships. Through these relationships we have gained specialized expertise in the raw materials our customers use in their production processes. Our extensive product range and diverse customer base provide a comprehensive view of our markets and their key factors. This generates genuine added value and enables us to help our partners meet their business challenges. Our suppliers are world-leading manufacturers of petrochemical products with whom we have a long history of cooperation.

Share of Group Net Sales

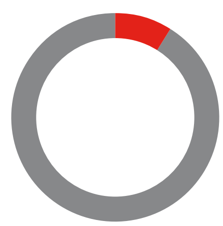
Telko 48%

A global market and brand expert

Kaukomarkkinat focuses on the trade in electronics and industrial machinery. We offer products and services in both sectors, and, in particular, those aimed at increasing energy savings and improving profitability. For our customers, this means faster and more efficient production processes, cost savings, and solutions with a competitive edge. Close, long-term partnerships with leading industry suppliers are a fundamental aspect of how we do business – we have already been cooperating with the electronics company Panasonic for over 40 years. The industrial machinery unit seeks to maintain enduring supplier partnerships in all market areas.

*Kaukomarkkinat is reported as part of other operations.

Share of Group Net Sales



Other operations 9%*

The new Aspo has four robust corporate brands. They are being developed along increasingly independent lines. All of the companies have a long and successful history.

A new era, a new Aspo – 2008's major structural reorganization

In 2008, Aspo carried out one of the largest structural reorganizations in its history. This included two major transactions: the acquisition of Kauko-Telko and the divestment of Autotank. The new Aspo is now even stronger and more balanced, as well as being more decentralized in terms of risks.

Aspo acquired the entire share capital of Kauko-Telko Oy from the Kesko Corporation for a debt-free sale price of EUR 79 million. The transaction was concluded on 30 April 2008.

Aspo sold the Autotank Group to the US company Gilbarco Veeder-Root on 26 June 2008, recognizing EUR 8 million in non-recurring capital gains on a debt-free sale price of EUR 28 million.

During the summer and fall of 2008, Aspo divested a number of Kauko-Telko's smaller businesses that did not fit our new strategy. Aspo recognized capital gains of just over EUR 1 million on these sales.

The successful and correctly timed sale of Autotank formed an essential element in our organizational restructuring. We would have had to make substantial investments to keep up with industry trends and beat competition from major companies, but thanks to Autotank's extensive market area and profound expertise, several buyers had already been showing interest for some time. Divesting Autotank was not, however, a viable option until Aspo had acquired replacement business in new sectors.

Aspo only entered into negotiations on the sale of Autotank as the Kauko-Telko acquisition progressed. We received an excellent sale price for the company, and the transaction enabled us to rapidly reduce both our risks and the debt arising from the Kauko-Telko acquisition. The final decision was also influenced by buyer Gilbarco Veeder-Root's determined approaches, industry expertise, and long-term commitment to business development.

Nurturing our strong brands

Aspo also reorganized its business operations, breaking away from the former division into business sectors. Instead, Aspo now owns four strong corporate brands: ESL Shipping, Leipurin, Telko and Kaukomarkkinat. All these companies have long, successful histories and are leading brands in their industries. Under our new strategy, each brand will now be developed independently of the others.

The new brand hierarchy makes it easier to understand the make-up of the Aspo Group and the key relationships between its businesses. It is each industry's corporate brands that mean most to our customers and they deal directly with our Group companies. Each brand has its own distinctive visual identity. All our brands do, however, benefit from our ownership and Group-level expertise. Aspo is featured in their communications. And this also has advantages for Aspo's communications: having several leading corporate brands makes investors and other interest groups aware of the Aspo Group's greater size and more focused strategy.

As well as sharing a long history of supporting Finnish industry, all the companies owned by Aspo have two things in common – they operate in sectors requiring extensive, specialist knowledge and hold a key position in their customers' value chains. All our brands serve demanding business-to-business customers and have a strong presence in growing Eastern markets.

Aspo helps companies develop by harnessing the Group's strong financial and intellectual capital. The added value we generate is evident in our comprehensive services, long-term investments and strategic vision. As a conglomerate, Aspo can take the experience and best practices gleaned from one sector and transfer them to other sectors and new markets. This is an exceptionally valuable advantage when it comes to expanding into Eastern markets.

A more diverse yet more balanced package

Aspo's structural reorganization was driven by a desire to increase the company's shareholder value. An excellent market position and strong balance sheet enabled us to grow in size, diversify our structure, and thereby also decentralize our risks.

When Kauko-Telko came up for sale, we saw that plenty of its businesses fitted the Aspo profile. An acquisition would move our chemicals and plastic raw materials business into a new size category, thereby enabling us to benefit from the ability to make substantial global purchases. Leipurin was also appealing, as Aspo had long been searching for a business that manufactures vital consumer goods – a business that was, according to Aspo's management, 'as low as possible on the Maslow hierarchy of needs'. The fact that Kauko-Telko also included the great potential afforded by Kaukomarkkinat's energy saving business made it an ideal prospect.

The Kauko-Telko acquisition was well timed, as the general economic climate had reduced company sale prices without yet causing any problems with financing.

Aspo's new structure is optimal for the current, weak economic climate. Aspo is stronger than ever with regard to cyclical operations: for example, Leipurin's food products will be needed no matter what.

Aspo adapts to its environment and customers

Gustav Nyberg's decade as Aspo's CEO came to an end at the turn of the year. Nyberg took up the position of full-time Chairman of the Board, and Aki Ojanen, the company's deputy CEO since 2007, took the reins as CEO. The pair have already seen through one of the largest structural reorganizations in Aspo's history. Their next challenge is to hone our businesses into tip-top condition.

Aspo has changed a lot during the past year, and it seems as if the company has been able to renew itself on a regular basis. Is change an integral part of the way Aspo works?

Gustav Nyberg: "Yes, I believe it is. Mikko Kosonen, Executive Vice President of Sitra, has said that companies end up in difficulty if they stick to outdated principles for too long. Aspo has always been able to adapt in time – we've been on the ball for almost 80 years.

"The ability to change is embedded in Aspo's collective memory. When new Board members familiarize themselves with the company's history, they notice that a lot has happened over the years. It makes us think boldly and choose unbiased directors. When management is favorably disposed towards change, it affects how the whole organization operates.

"Aspo also treats its personnel well, even in difficult times. That creates a feeling of security and a belief in what we are doing. Even if we are forced to make painful decisions, they're always made with the best intentions and not in pursuit of rapid gains. This is how we've forged the Aspo company spirit."

Aki Ojanen: "After the acquisition of Kauko-Telko, we conducted a workplace atmosphere survey during the most difficult phase of the integration process. The results were exceptionally good, which told us that Aspo's way

that are less sensitive to changes in the business climate, and this confers greater stability. Our new structure is also far more adaptable to both current and future times – in fact, our structure is optimal for the current business climate."

What added value is generated by Aspo's new structure?

Ojanen: "The reorganization was, of course, fuelled by a desire to increase efficiency, and that's why certain operations, such as financing, logistics, ERPs, premises and IT investments, have been integrated at the Group level. Wise use of Aspo's shared purse is an essential feature of Group-level planning. We work in several currency regions, so it's vital to have a clear understanding of trends in various currencies – and particularly in the current challenging climate. When shared matters are handled efficiently, our businesses can focus on developing their own operations in peace.

"You could describe Aspo as a 'small large company': its businesses can work rapidly and efficiently with a light administrative structure, but also benefit from the size and support that being part of Aspo confers. Strategic business planning and brainstorming are an essential aspect of this support.

"We also have a new extended executive committee, in which the presidents of the businesses can discuss where synergy is required. For example, as we expand into new market areas, experience gained in one business sector can be harnessed to benefit others. We avoid making the same mistakes and are able to duplicate our successes."

The Group's intellectual capital is being used more productively then?

Ojanen: "We don't have production facilities – we operate in trade and logistics. Our personnel therefore need to understand our customers' businesses and the challenges facing them. It's crucial that this expertise and human capital is available throughout the Group. That's why we also need structural capital: systems and processes to ensure that the experience gleaned from customer relations is

of working also appeals to our new employees. Aspo personnel are pragmatic – concrete action taken by the industry's best and most committed people."

How has the integration gone in practical terms?

Ojanen: "A lot has been done and no doubt a lot still remains to be done. Things have, however, gotten off to an extremely smooth start. The integration has mainly involved granting increased freedom to our businesses and encouraging them to think about their own business concepts, working methods, and employees' development potential. That independence has been very well received."

Nyberg: "I see similarities with 1999, when Aspo spun off its electronics business. Other operations had been overshadowed by electronics, and so the change immediately re-emphasized their importance. Likewise, the businesses we've acquired had been marginal operations for their previous owners – now they have become primary businesses in which we want to invest, even during these difficult times. This affects the personnel and operational intensity in a whole new way. I believe it's a key factor in why this acquisition will be seen as exceptionally successful."

Could you summarize the key benefits of the structural reorganization?

Nyberg: "The acquisition put Aspo into a larger size category, which enables more efficient global procurements and more vigorous expansion into Russian and other Eastern European markets. The new Aspo is also more balanced and more decentralized with respect to risks. We now operate in several industries

Aki Ojanen

at everyone's disposal. Much of our value lies in our customer and supplier relationships. In order to develop this relationship capital, we must also systematically measure it. That's why we will continue to conduct even more regular monitoring of customer needs and satisfaction in all of our business sectors.

"We should aim to be the market leader in everything we do. We should make ourselves the first choice for customers who are considering developing or boosting the efficiency of their businesses. That's a good position to be in."

The essence of the new Aspo is 'nurturing our strong brands'. Does that mean we'll be seeing more divestments and corporate acquisitions in the future?

Ojanen: "Aspo's current structure is what we were aiming for with the reorganization. Now is the time to engage in close cooperation and develop all of our businesses with an eye to the future."

Nyberg: "Although the new brand hierarchy does naturally present us with the opportunity to link Aspo to other strong brands, there are no such plans on the immediate horizon. We have committed to nurturing our brands – we are not short-term investors.

"Corporate brands are in the spotlight, as customers deal directly with them. We also want our new brand hierarchy to underline the successful, prominent businesses that are part of the new Aspo. They all have long histories and play a central role in their customers' lives."

How many businesses can Aspo own? Are there any plans to expand into new sectors?

Nyberg: "Our current concept requires us to own more than just a couple of businesses – a conglomerate must have a sufficient range of different businesses. When we were planning the recent acquisition, we knew that our new administrative structure and increased efficiency would enable us to manage this larger package, while also achieving direct cost savings.

"We have no intention of acquiring any new businesses at the moment; there seems to be more potential in diversifying the existing ones. Our customers have expressed a desire for a number of additional services, and so we are growing in step with them abroad. This type of growth can easily equal that gained from the total net sales of a single new business sector."

Ojanen: "As a conglomerate, we are better able to invest in developing any internal opportunities that come to our attention. We should always have developments in the pipeline, as some of these could grow into the industries of the future–this is what has happened throughout Aspo's history."

How has the debt incurred by the acquisition affected Aspo's earnings and dividends?

Nyberg: "Aspo's balance sheet has been used to good effect. The changes in the balance sheet structure have been well managed and do not involve any major risks.

"When we decided to make the acquisition, we carefully considered what sort of cash flow we were going to be able to generate – even in unfavorable market conditions – how quickly to pay off our debt, and how all this would impact on our ability to pay dividends. One of our primary criteria was that the acquisition should not jeopardize our dividend policy. We want to continue being known as a good dividend payer."

Ojanen: "Our primary goals concern improving profitability. After the acquisition, our operating profit fell to under five percent, and raising this is our main objective. That's why we're now focusing on honing our business concepts and boosting efficiency.

"We need sufficient size to be profitable. Thanks to the acquisition, we now have a critical mass that can be harnessed in both procurements and logistics. We'll also be able to maintain sufficient geographical coverage. And we're now strong enough to exert more control over the planning of our operations – we won't be forced into certain decisions, as many others will be in the current market situation."

Aspo has centered on the Baltic Sea region and has made substantial investments in Russia in recent years. How has the economic crisis affected the role of Eastern markets?

Nyberg: "The economic crisis will not affect our commitment to Eastern markets. It has simply shown that our method of advancing step by step has been the correct one. We have been aware of the risks inherent in all these countries from the outset, and have made sure that these risks were in proportion to the scope of our operations. I believe that the economic crisis can only strengthen our relative position in Eastern markets."

Ojanen: "Russia is always judged as being either stronger or weaker than it really is, and the current forecast is far too gloomy. You also have to remember that business in Russia is akin to an endurance sport – you can't go in thinking in quarters. The potential of the East has not vanished with the economic crisis; it's just viewed in a different light."

You both took up new positions at the turn of the year. How will the new setup benefit Aspo?

Nyberg: "I'm very confident about our future cooperation, as it's already been tested in practice. We've been working together at Aspo for just over a year now, and before that we were also on the Aspokem Board of Directors for a couple of years."

"It's an Aspo tradition for the Chairman of the Board to have had a career within the company and to have played a part in creating its structure and strategy. We need to be on the ball at the moment, as the markets are changing rapidly, and having a CEO who has day-to-day contact with the Board is an advantage. He can prepare matters with the chairman to ensure that they do not come as a surprise to the Board. This enables the CEO to make better use of his time and take more rapid action."

Ojanen: "There is an immense amount of information available these days. Before you can discuss where the world is headed and how Aspo can benefit from these trends, you first have to sift through all this information and pick out the essentials. Having the support of the Board and a full-time chairman is a great advantage. It helps us ensure that we have a true, detailed and shared view of the kinds of solutions that Aspo should implement now and in the future."

Gustav Nyberg

What's the most important task of your new position?

Nyberg: "In order to keep our strategy as clear as possible, we need to know and understand how our major customers and suppliers think. Meeting them is not normally part of the CEO's job, and an external chairman hasn't got the time. I will be handling these relationships, and also those with other interest groups, such as owners and investors. It could also be fruitful to meet the owners of our competitors: plenty of structural changes are bound to occur in many industries during and after the recession.

"It's also the chairman's task to ensure that the Board continues to recruit good, expert, visionary and bold members."

Ojanen: "Aspo changed a lot in 2008, and now that change has to be taken to our businesses. Aspo's CEO cooperates with the presidents of its businesses. Our key task is to gather together the best possible Boards to support our businesses and discuss industry trends, opportunities and threats. As Aspo's CEO, I'm also chairman of the operational Boards of our Group companies."

And what is the new CEO's management style–what has the future got to offer?

Ojanen: "Management is based on both Aspo's strategy and operational models that have been agreed on with the Board and our businesses. Your own personality and way of working come third. I personally want to understand our customers' wishes, so that we have a clearer view of the factors contributing to our own success. It's also vital to understand that those wishes are constantly changing and we must be able to change with them.

"I'm really enthusiastic about my new position and the future. Enthusiasm is vital, as nothing has any meaning without it. You need to have passion for your work – that's the only way to inspire others."

ESL Shipping
Reliable raw material transports for industry

ESL Shipping

Experience is an asset in difficult times

In spite of the current economic crisis, the Baltic Sea remains one of the world's fastest growing transport markets. Uncertainty is, however, evident in the value now being placed on experience and close cooperation. ESL Shipping's 60 years of experience are a clear competitive advantage.

"Dramatic changes in the economy increase general cautiousness, which in turn increases the value of reliable partnerships. Genuine partnerships are a significant asset in crisis situations. Our customers know that we have been in this business for 60 years, and that we have experienced and survived deep recessions before. This increases their confidence in us and has a favorable impact on our operations. I believe that when the economy starts to recover, we'll be in a much stronger relative position than now," says Markus Karjalainen, President of ESL Shipping.

A number of new speculative players typically spring up during lengthy economic booms, but their businesses run on debt financing and tend to last only as long as the boom. The industry is currently experiencing a tonnage

60 years of successful operations

New vessel to hit the waves at the end of 2009

Russia accounts for **34%** of cargo volume

ESL Shipping makes up **15%** of the Finnish merchant navy

glut, and will soon see bankruptcies, mergers, and acquisitions. For a company with a solid balance sheet, like ESL Shipping, the current market situation can offer interesting opportunities for corporate acquisitions and affordable fleet purchases.

Our corporate culture seeks to boost efficiency

"2009 will be a challenging year operationally, but we'll make it through unscathed. The volumes required by our existing customers are falling, so we're seeking new customers in the Baltic and North Sea regions. There is also, for example, demand for Russian coal deliveries elsewhere in Europe, and such dry bulk cargoes suit our fleet," says Karjalainen.

"The majority of our fleet will be operational during 2009, but we will have to sail longer distances and this will lower the number of the cargoes that we can transport. We will also be operating more in spot markets. This means it will take us longer to find cargoes."

Hard work helps in hard times. Karjalainen believes that ESL Shipping's strength lies in its entrepreneurial attitude and the organization-wide commercial thinking that comes with it.

"Commercial thinking will be underlined in all our activities, not just those responsible for freight and shipping operations. Costs will be cut, but safety is not an area in which we will compromise."

ESL Shipping has no lack of experience, expertise, and determination. A shortage of capacity during the boom has already led the company to raise the usage rate of its fleet. Its largest ship, Ms Arkadia, was sold in 2007, and Ms Tali was under repairs for six months in 2008 after running aground. Continually boosting operations is therefore a fundamental part of our corporate culture.

Expanding into new customer segments

Alongside the daily running of its fleet, ESL Shipping is always thinking about potential improvements and innovations. And there are always opportunities to expand into new customer segments.

ESL Shipping's largest customer groups are currently in the steel and energy industries. Demand in the steel industry depends on activity in its customer sectors, such as construction. The economic crisis has only had a minor impact on the demand for energy coal. The cause-effect relationships are more complicated – demand for coal is affected by factors such as activity in energy-intensive industries

"I believe that when the economy starts to recover, we'll be in a much stronger relative position than now," says Markus Karjalainen, President of ESL Shipping.

and cold/mild winters. Supply is likewise influenced by the availability of alternative forms of energy, such as hydroelectric power. In practice, there are no major or rapid changes expected in the demand for coal. For example, about half of the district heating in Helsinki is generated from coal.

ESL Shipping's enduring success is not, however, dependent on a single customer sector, but on the way the company operates: first-class customer service, efficient operations, a suitably optimized fleet, and correctly timed purchases and sales. ESL Shipping also knows how to operate in the Baltic Sea, and this know-how can be used to good advantage in a variety of customer relationships and for different types of cargo.

"We will continue to expand our range of cargoes with new products. These may only be in small volumes at first, but they will play an increasingly larger role with time. There is no doubt that in five years' time, we will once again have expanded into significant new customer segments."

Ownership equals freedom

The economic crisis has had an impact on different cargoes in different ways. ESL Shipping has specialized in dry bulk cargoes, which are not as sensitive to changes in the business climate as, for example, container traffic. The Baltic Sea is also a relatively stable market area that doesn't experience the major ups and downs of the global transportation market.

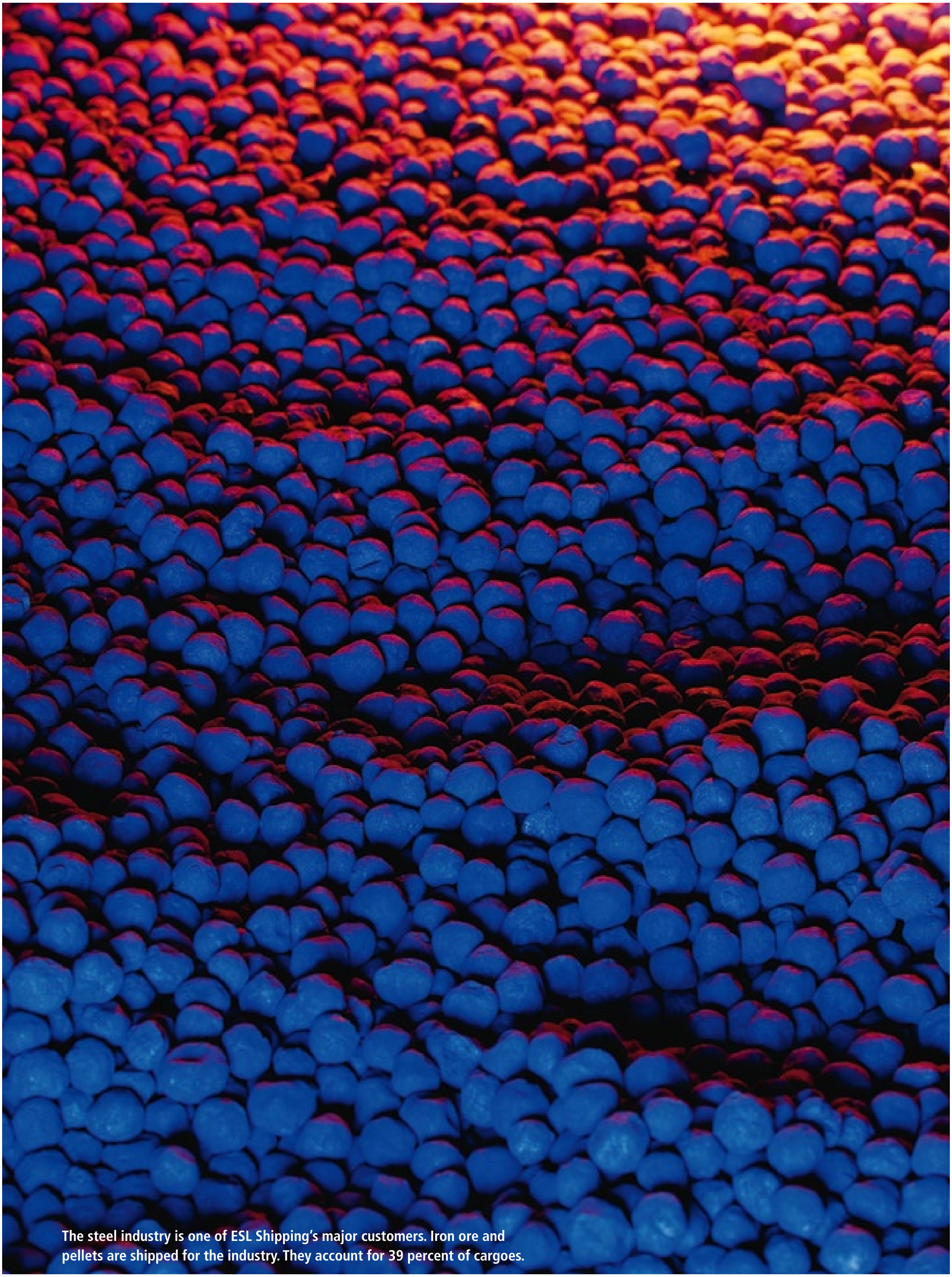
In recent years, however, there has been an oversupply of capacity in the Baltic Sea, which naturally increases competition and decreases freights, especially in the open water season. Winter conditions in the Baltic Sea limit competition. ESL Shipping's fleet is comprised of ice-strengthened ships – of which there are only a limited amount in the world – and the company's traffic plays an important role in the winter operations of several Baltic Sea ports.

ESL Shipping acquired Ms Eira in 2008. The ship has been in the company's fleet since she was built, but had up until then been leased under a so-called bareboat agreement.

A shipping company has much greater operational flexibility when it owns the majority of its fleet and has these assets in its balance sheet. If a deep, prolonged recession looms, there is always the option to significantly reduce fixed costs by temporarily removing a ship from service.

ESL Shipping had ordered a new Eira-class ship from India before the height of the last boom. This latest addition to the fleet will be completed at the end of 2009, just in time for the expected upturn in the economy.

"The Baltic Sea region is currently experiencing a period of readjustment, but it is still one of the world's fastest growing shipping markets and offers plenty of potential. Russia, for example, is exporting substantial volumes of raw materials, while also importing both industrial products and consumer goods. Continued growth is expected in Russian raw material deliveries as the country's port infrastructure improves."



The steel industry is one of ESL Shipping's major customers. Iron ore and pellets are shipped for the industry. They account for 39 percent of cargoes.

Reliable deliveries in demanding conditions

ESL Shipping transports dry bulk cargoes in the Baltic Sea region, specializing in raw materials for industry.

Since 1949, ESL Shipping has been building enduring customer relationships based on mutual trust. Our vital raw material deliveries make us an essential part of our customers' value chains.

ESL Shipping operates throughout the Baltic region. Our geared vessels have been especially designed to operate in the demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to enter safely even the shallowest ports fully laden. Bow thrusters and onboard cranes reduce our dependence on tugboats and cargo handling facilities of the ports.

At the end of 2008, ESL Shipping's fleet comprised 17 units. A detailed presentation of our vessels is available at www.eslshipping.com. ESL Shipping also offers other related services, such as cargo handling at sea or in ports.

Strategy

ESL Shipping's strategy focuses on ensuring a year-round supply of raw materials to industry and the energy sector, even in demanding weather conditions. We are known for reliable, on-time deliveries and cultivating firm partnerships based on mutual trust.

We have the kind of large, interchangeable fleet required for providing flexible and reliable service. This also helps us operate efficiently, enhancing profitability.

Customers and added value

ESL Shipping's key customers operate in the energy, steel and chemical industries. Our main deliveries for the steel industry include iron ore and pellets (39% of cargoes), coking coal (13%) and limestone (12%). We also supply energy producers with energy coal (28%). Other deliveries account for 8% of cargoes.

Our competitive edge comes from the versatile and efficient services we can provide thanks to our expert staff, close and enduring customer relationships, good reputation, and a sufficiently large and modern fleet of different sized vessels. Except for one time-chartered vessel, all our ships have Finnish crews and sail under the Finnish flag. ESL Shipping accounts for 15% of the transportation capacity of the entire Finnish merchant navy.

2008

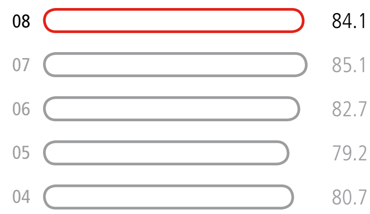
ESL Shipping's net sales contracted slightly in 2008 due to a decline in transport volumes. This fall was influenced by several factors: Ms Arkadia was sold in 2007, Ms Tali ran aground in early 2008, and one long-time time-charter ended in the spring of 2008. Our operating result did, however, slightly exceed last year's level.

Factors affecting earnings

Globally speaking, the Baltic Sea is a relatively stable market area: fluctuations in raw material demand are controlled and customer relationships are long standing. Changes in ocean freights have a delayed and less significant impact on the region. Energy coal volumes generally experience the most fluctuation. The delicate balance between electricity generation and consumption will, however, maintain coal consumption at current levels at least.

Long-term contracts help us to manage changes in fuel prices. If necessary, we also use futures markets to protect ourselves from price risks. Thanks to these precautions, changes in fuel prices and currency exchange rates do not have a major impact on the company's earnings.

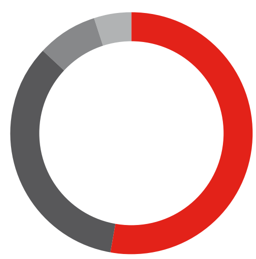
Net Sales MEUR



Operating Profit MEUR

* including a sales gain of EUR 10.2 million on Ms Arkadia

Cargoes by Country



Sweden 53%
Russia 34%
Finland 8%
Other 5%

Transports by Product Group

Iron ore, pellets 39%
Energy coal 28%
Coking coal 13%
Limestone 12%
Other 8%

Leipurin
Support in all stages of production

LEIPURIN

End-to-end service builds closer partnerships

Leipurin boasts a unique service offering. The company supplies both raw materials and machinery, and also helps its customers with product and production development. Leipurin will pursue vigorous growth with its end-to-end services: one of its targets is to become the number one baking industry supplier in Russia.

Demand in the food industry does not collapse even during a major economic downturn, which makes Leipurin a source of extra stability for the Aspo Group as a whole. Whether major changes occur in the industry or not, a business founded on consumers' basic needs increases predictability.

"The operational environment in the food industry is becoming increasingly more complex. We work in several sectors, which gives us a more precise view of overall trends in the market. This enables us to react quickly and help our customers with their central challenges," says Matti Väänänen, President of Leipurin.

Hiring a labor force accounts for a large proportion of the costs incurred in the baking industry, and the price of raw materials also rose sharply throughout the food industry in 2008. Several factors were behind these

Nearly half
of net sales
from abroad

Local offices in
6 Russian cities

R&D in own
test bakeries

Operations to be **launched in Ukraine** in the spring of 2009

exceptional price changes, including increased consumption in emerging economies, higher meat consumption, and a rise in the production of plant-based fuels.

It is very difficult for the manufacturing industry to transfer increased costs to product prices, so an efficient raw material and machinery supplier can improve its customers' competitiveness, thereby building even closer partnerships. Success entails offering the best price-quality ratios and helping customers to develop their operations.

Own brands are a competitive edge

Leipurin can keep its customers' total costs at a competitive level by making major global purchases and employing efficient logistics. A sufficiently extensive supplier base helps ensure that the best possible products are available to our customers.

"We don't intend to be a sales channel for just one supplier. We have varying numbers of suppliers in each product area, and the expertise conferred by long-term partnerships is an advantage. This expertise is something our competitors simply cannot copy," says Väänänen.

Leipurin's own branded products, which offer all the basic raw materials required by bakeries, also boost our price competitiveness. Products sold in all market areas are produced by leading European suppliers and use recipes that are developed by Leipurin. Traditions in the food industry go back a long way, and manufacturers have long produced private label products alongside their own brands.

We aim to generate about 20 percent of sales from our own-brand products. This will enable us to focus on both our own-brand products and the raw materials of our suppliers.

"When producing our own-brand products, we can benefit from substantial purchase volumes and maintain a competitive price-quality ratio for our customers. We also gain valuable visibility for the Leipurin brand as a whole and create an image of the company as an extensive player in the industry. This is of particular value in, for example, Eastern markets."

Test bakeries are part of our customer service

Another major challenge facing producers in the food industry is the increasing difficulty of getting their products into store ranges. This is due to retail consolidation – which is also ongoing in emerging markets.

The more appealing a product is to the end customer, the easier it is to get it onto the shelves. Price is not the only factor – taste, freshness, safety, healthiness and product image also play a role in how attractive a product is. Leipurin can put expertise in all these areas at your disposal.

"We're able to help our customers with their R&D, which gives us a distinct competitive edge. We can boost the efficiency of our customers' production processes and enhance the end products – or even help invent completely new products."

Our test bakeries are where we turn our expertise into finished products. In addition to test baking and R&D, our test bakeries also organize both general and tailor-made courses and seminars for various customer groups.

"Our products and know-how encompass our customers' entire production chain. We can bring added value to recipes and raw materials, supply machinery for everything from dough making to packing, and help hone all stages of production. And all this is tied together in an accurate overview of how each aspect relates to the others. Investing in new machinery can, for example, also boost operational efficiency and improve the quality of your end product.

"We have a single shared goal in all our operations and customer segments: we want to help our customers solve their problems and overcome their challenges. That will also safeguard our own future," says Väänänen.

"Test bakeries are part of our customer service – we carry out R&D and the test baking of new products," says Matti Väänänen, President of Leipurin.

Western bread appeals to Russians
About half of Leipurin's net sales are generated abroad. The greatest growth has been seen in Russia, where Leipurin established a subsidiary in 1997. Net sales in Russia have risen by about 20–30 percent per annum in recent years. We currently have operations in four metropolises, and will be expanding into two more cities during 2009 – Novosibirsk, Siberia and Kazan, Tatarstan.

"We aim to cover the entire Russian Federation within a year or two. Joining the Aspo Group has accelerated our plans," says Väänänen.

Russians' changing tastes are fueling growth: Western style bread accounts for an increasing percentage of consumption, and the healthy properties of bread are becoming an ever more winning sales argument. Fresh bread is arriving in large supermarkets, which are investing in in-store bakeries.

"Russians are big on bread and traditions go back a long way. Good, clean Finnish ingredients bring added value to communications highlighting bread's healthy properties. We have a good foundation on which to achieve our goal of becoming the number one baking industry supplier in Russia," says Väänänen.

Russian customers value Leipurin's end-to-end service: they are keen to purchase both raw materials and machinery and production lines from a single supplier. Our solid foothold in these substantial Eastern markets is also appealing to our suppliers, and our extensive supplier network enables us to offer a sufficiently diverse product range.

The global economic crisis and the weakening of the Russian ruble have increased precautionary measures in Eastern trade. The Aspo Group handles country-specific risks and their management from a Group-level perspective, so that all Group companies are kept up to date with the current situation and best practices. Success in Russia does, however, require a committed presence in the country.

"We are fully committed to our business in Russia. We are integral to our customers' value chains and processes. We bake every day, and every day we need warehoused goods that are paid for in local currency. That's why there will always be inherent risks in such operations."

Growth throughout the Baltic region
Leipurin intends to continue growing and strengthening its market position in Finland and, in particular, the Baltic region. Our aim is double net sales within five years, with an operating profit of at least five percent.

Leipurin is just opening a new office in Ukraine. Two new market areas currently under scrutiny are Belarus and Moldova.

"There are currently many mergers and acquisitions occurring among suppliers in the food industry, and some machinery manufacturers have also gone bankrupt. Our operating environment and partners may therefore change rapidly. We are, however, in an excellent position, as our extensive presence in the Baltic countries and Russia makes us a very appealing and desired partner to major suppliers.

"Food producers are undergoing consolidation. For example, the number of bakeries in Finland has been falling by about 50 per year. We have recently been focusing on medium-sized and traditional bakeries, and have succeeded in becoming their preferred supplier. In Finland and Russia, we have also earned the trust of major customers, and supply many of them with both raw materials and machinery."

Demand for raw materials in the food industry remains relatively stable. Although demand for machinery is more cyclical, aging equipment and, in particular, a continual need to boost efficiency means there is also a need for regular investments. Consumers' thirst for new products also increases demand. New food products are continually being developed.

Väänänen believes that there is still much to be harnessed from the synergy between machinery and raw material supply. Modernizing older equipment also opens up new opportunities for updating recipes and raw material ranges – which will lead to ever-closer partnerships.

Consumption of Western-style bread is surging in Russia. Fresh bread is arriving in large supermarkets, which are investing in bake-off stations.

A partner from R&D to production

Leipurin supplies raw materials and machinery to the food industry and provides services for all stages of its customers' production processes, from R&D to boosting operational efficiency.

Leipurin has units in Finland, Russia, Poland, Ukraine, Estonia, Latvia, and Lithuania. In Russia, it has offices and warehouses in St. Petersburg, Moscow, Chelyabinsk, Yekaterinburg, Kazan, and Novosibirsk.

Leipurin was established by bakers: the company began life in 1920 as a joint purchasing firm for privately owned bakeries.

Strategy

End-to-end service is the key to the Leipurin's competitiveness. Even globally, Leipurin is one of only a few companies that can supply businesses with both machinery and raw materials. Expertise in all stages of the production chain gives the company a unique view of trends throughout the food industry, putting the company in an ideal position to improve its customers' competitiveness and find solutions to their challenges.

Leipurin seeks to be a leading local expert and supplier to its customers, and the most desired partner to its own suppliers.

Customers and added value

Leipurin supplies raw materials, machinery, equipment, and preparation and R&D expertise to companies in the baking, confectionery and dairy, and meat and ready-meal industries.

Raw materials for the baking industry account for about 72 percent of Leipurin's net sales. Approximately 17 percent come from raw materials for the meat, ready-meal, confectionery, and dairy industries, and the final 11 percent from machinery. Sales in Finland account for about half the total net sales of both raw materials and machinery.

First-class customer service in raw materials is a competitive advantage. Customers are offered the highest quality, safest and most competitively priced products, a comprehensive product range, the industry's leading suppliers, and reliable, cost-effective logistics.

Leipurin supplies the baking industry with all the raw materials, preparations, frozen foods, and other equipment it needs. Other sectors of the food industry are also supplied with raw materials, flavorings, and constitutional ingredients.

Leipurin delivers raw materials both under its own brand and from leading global manufacturers. Leipurin's products use recipes developed through its own R&D.

The machinery and equipment that Leipurin supplies to the baking industry cover all stages of production from dough making to product packaging. The company can also deliver entire production lines and bake-off stations, as well as machinery and equipment required elsewhere in the food industry. Our suppliers are the highest-profile equipment manufacturers in the business. We also cooperate closely with our customers to design and manufacture specialized machinery, such as dough makeup lines for rye bread.

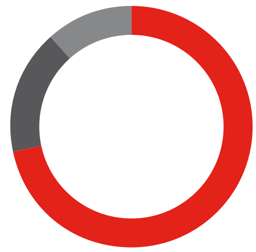
Expert consulting, R&D, and customer training are core services. New recipes, raw materials and machinery enhance our customers' competitiveness, as do more universal innovations in production and logistics. Our test bakeries are where we turn our expertise into finished products.

2008

Net sales for May-December totaled EUR 69.3 million and earnings were EUR 3.1 million. Net sales increased in all business operations and market areas.

Leipurin's growth was organic. Sales increased in all customer-size categories, and new distribution contracts were signed in all market areas. Just under half of 2008's growth originated in general price increases in the industry. Global prices of raw materials soared in early 2008, but have since leveled out and, in some cases, fallen. Successful procurements and new suppliers made 2008 a strong year. The business climate in the machinery trade remained favorable right up to the end of the year. 2008 was in fact a record-breaking year for Leipurin's own machine production. Weakened currencies in Russia and Poland reduced earnings by about 3 percent.

Net Sales Distribution

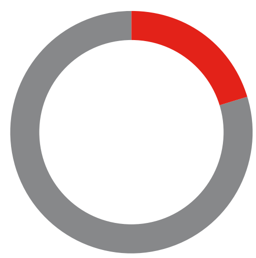


- Baking industry 72%
- Food industry 17%
- Machinery 11%

Net Sales Distribution by Country

- Finland 53%
- Baltic countries and Poland 30%
- Russia 17%

Share of Group Personnel



- Leipurin 20%

Telko

An extensive product range and efficient logistics

Telko bolsters its position in the Baltic region

Telko is a new company, created through the merger of Aspokem and Kauko-Telko's raw material operations. Its new size category brings increased stability and predictability. The merger has also enabled expansion into new business areas, putting us in a better position to benefit from rapid fluctuations in the world economy.

Telko's expanded geographical coverage, coupled with the now equally strong position of its Plastics and Chemicals divisions, has brought increased stability. The merger sought a stronger and more balanced corporate structure. This proved to be the right strategy in the current economic climate.

"We have a solid network of local offices throughout the Baltic region. Different trends prevail in the economies of each country, giving us rays of light even in darker times," says Jari Ranne, President of Telko.

Telko is experiencing its greatest growth in Eastern markets, and operations in Russia in particular have been increasing both rapidly and profitably in recent years. The merger has bolstered our position in Scandinavia and Finland, while also expanding operations into Poland. Finland remains the largest market for both Plastics and Chemicals. Our position in

Suppliers interested in increasingly **larger market areas**

Operations expand into **Poland**

Plastics and **Chemicals** in equally strong positions

Net sales in Russia up **35%**

plastics is robust, helping us maintain profitability through difficult times.

The new Telko has a strong presence in a total of 13 countries in the Baltic region.

"Our unique geographical coverage has awakened a lot of interest and has led to several new suppliers. Our solid position in growing Eastern markets has also been noted, and several Far Eastern raw material manufacturers have approached us concerning potential cooperation," says Ranne.

Growing new product segments

New product segments are also increasing our appeal. The merger added to our range with products and expertise in the paper and electronics industries. The mining industry also offers growth opportunities in chemicals.

"We supply the paper industry with raw materials and lubricants, and we also have extensive expertise in the development of paper and pulp production processes. Our specialized know-how in plastics for the electronics industry is harnessed in the manufacture of cell phones."

"The mining industry is also a promising new segment, especially in Finland and Russia. There has, for example, been a manifold increase in the use of certain chemicals at the Talvivaara mine in Finland. The mining industry uses many of the chemicals that suit our operational model, that is, chemicals for which expertise and customer service is more important than price."

Expertise increases throughout the organization

The Telko merger also provided a boost to our expertise, as the new company benefits from the combined strengths of Aspokem and Kauko-Telko's raw material operations. Integrating these two corporate cultures has been a major process that will continue well into 2009. The new Telko has, however, already managed to combine the main advantages of both companies.

"Even though we have grown quite a bit in size, we have succeeded in maintaining an open and straightforward culture based on teamwork. We have also learned a lot from Kauko-Telko's successful project work and their way of building and honing long-term customer relationships. We have now achieved a good balance between long-term and short-term trade. We need both, as different methods of doing business are better suited to different product segments, and wider ranging expertise also opens new doors," says Ranne.

A joint organization sprang up fairly quickly in Finland, with the new Plastics and Chemicals divisions getting off to a brisk start. There were no practical overlaps in operations in Russia, Ukraine and Poland, and therefore no major

"Our competitive factors are efficient logistics and a versatile warehousing system," says Jari Ranne, President of Telko, who visited the Hamina terminal.

changes were implemented. Operations in the Baltic countries are now more centered on Estonia and Latvia. The majority of changes were carried out in Scandinavia, as existing organizations were geographically separate, but the new Scandinavian organization is now up and running and ready for business.

Part of the integration process has involved honing Telko's product range. In automotive chemicals, for example, greater operational efficiency has been achieved by discontinuing less significant items and focusing on several core products.

Customers value expertise

Both customers and suppliers have given Telko a warm welcome. The most important thing for many of our partners has been uninterrupted cooperation with no major changes. Telko's customers value not only reliability and efficient deliveries, but also the customer service we can provide for products and production processes. Services that generate this kind of added value are a definite bonus when competition heats up.

Thanks to Telko's larger size and wider geographical coverage, we have become an even more appealing partner in many market areas. Fully harnessing this potential is the next step in the integration process.

A large-scale merger also brings a number of supplier conflicts. We were aware of partners supplying overlapping products when the merger was decided upon, and these lost suppliers have been compensated for through increased cooperation with selected partners.

Although Telko's customers are located in the Baltic Sea region, products are increasingly being sourced globally. A new unit for analyzing business opportunities has been set up to serve those customers who have, for example, noticed price and quality problems in products sold by other distributors. Alternative suppliers are then sought on the basis of this feedback. Telko already procures raw materials from manufacturers in countries such as China and India.

Experience is an asset

The global economic crisis is also fueling changes in our customer and supplier bases. Bankruptcies are expected among competitors and raw material producers who have funded growth with debt. The entrance of new, overpoweringly price-competitive Middle Eastern players into the market has forced many European raw material producers to change their

strategies and focus on specialized products.

"We have experienced mergers among our suppliers in previous years. It's generally fifty-fifty whether their impact is favorable or not: either one of our existing partners acquires another company and brings us additional business, or we lose a partner to someone else. What's vital is that we know what's happening in the market at all times, and that we are able to react rapidly and appropriately to any developments," says Ranne.

Telko also took speedy action at the first signs of the current economic crisis. We were extremely cautious in Eastern markets in particular: credit insurance procedures were strictly observed, there was zero tolerance for late payments, no long-term agreements were entered into in local currencies, and current assets were reduced.

Rapid reaction to changing markets requires a thorough knowledge of the industry and the ability to detect a wide range of faint signals. This further underlines the advantages conferred by experience.

"We have decades of experience in the industry, and that gives us an understanding of how different factors influence each other. We also have a sufficient number of personnel who are familiar with dramatic downturns and who know how to handle transactions in markets that are experiencing falling prices. Our experience is a major asset to us in these turbulent times."

In plastics, Telko's primary strategy is to serve SMEs manufacturing plastic components. The components shown here are used in central vacuum cleaners.

A partner to raw material producers and end-users

Telko procures and distributes industrial chemicals and plastic raw materials. Our service portfolio also includes technical support and production process development. Telko is the result of the 2008 merger of Aspokem and Kauko-Telko's raw materials operations. It has two divisions: Plastics and Chemicals. Plastics accounts for just over half of total net sales, and Chemicals accounts for just under half.

Telko operates in 13 countries: the Nordic and Baltic countries, Poland, Russia, Ukraine, and other emerging Eastern economies. We have terminals in Hamina and Rauma, as well as numerous local warehouses in our business countries. Thanks to our strong presence in all market areas, we are familiar with local customers and practices.

Telko's strength lies in its long-term customer and supplier relationships. Through these relationships, we have gained specialized expertise in the raw materials our customers use in their production processes. Our extensive product range and diverse customer base provide a comprehensive view of our markets and their key factors.

Our suppliers are major producers of chemicals and plastic raw materials. We typically have a long history of cooperation with them.

Strategy

In plastics, Telko's primary strategy is to serve SMEs manufacturing plastic components. Our flexibility and local distributors are vital, as many of our customers work as subcontractors and must be able to react quickly to their own customers' requirements. In chemicals, we act as a link between raw material producers and end-users. Thanks to our superior expertise in logistics and our profound know-how in chemical products and their processing, we are able to assume responsibility for part of both the producer and end-user businesses.

Customers and added value

Telko's Plastics division supplies engineering and commodity plastics to companies in the packaging, construction, electricity, and electronics industries, as well as to plastics industry companies producing consumer products.

A diverse product range, efficient logistics, and customized deliveries direct to customers' production facilities give us a competitive edge in the plastics business. Telko has extensive expertise in a range of plastic raw materials. This means that we can engage in close cooperation at all stages of our customers' production processes. Our technical expertise can also benefit your R&D.

Telko's Chemicals division supplies lubricants and industrial, specialty and automotive chemicals to companies in the coatings, inks, process, feed, pulp & paper, chemical, and pharmaceutical industries. An extensive product range, efficient logistics, and the most versatile warehousing system in the industry give us a competitive edge. Broad-ranging expertise in raw materials and their suitability for use in various production processes is another key element in Telko's customer service.

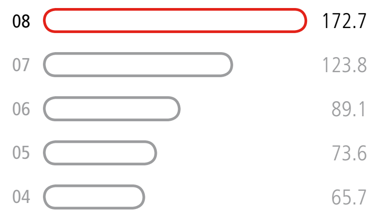
The automotive chemicals unit manufactures branded products from its own raw materials, and the lubricants unit sells industrial products that are specifically geared towards the Nordic climate and particular industrial requirements.

2008

Telko's net sales totaled EUR 172.7 million and the earnings were EUR 1.0 million. The acquired business is included in Telko's figures as of May. 2008 was a year in two parts. Up until September, earnings were excellent in Russia and Ukraine, Finland was well on the way to showing a firm improvement, and the Baltic countries maintained the same level as in 2007. Towards the end of the year, demand halted in Ukraine, and while net sales in Russia remained at a good level until November, customers began to experience financial difficulties and attempts were made to cancel previously agreed deliveries. In Finland, the situation in major customer industries, such as the paint and coatings industry, deteriorated very quickly. The prices of commodity plastics and bulk chemicals slumped.

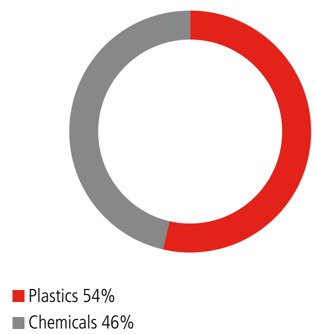
Rapid fluctuations in the prices of raw materials underlined the need for correctly timed purchases. In the EU countries, the new European chemical regulation REACH could, at worst, result in the chemicals industry relocating its operations outside the EU area. Telko expects the biggest growth in the next few years in the Eastern markets, especially in Russia and Ukraine.

Net Sales MEUR

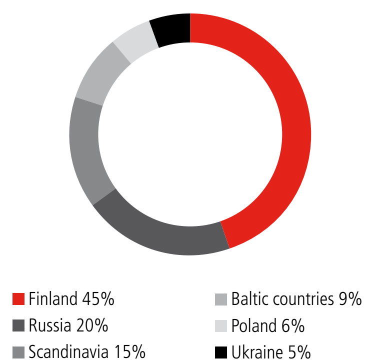


Operating Profit MEUR

Net Sales Distribution



Net Sales Distribution by Country



Kaukomarkkinat
Focus on energy saving and operational efficiency

Kaukomarkkinat harnesses investments in energy efficiency

Kaukomarkkinat has several businesses with major growth potential. A need to increase energy efficiency and improve process industry profitability are common denominators in the electronics and industrial machinery sectors.

During 2008, we restructured Kaukomarkkinat to best harness the growth potential afforded by our operating environment. We began developing a new strategy, which involved discontinuing our sourcing services and tape business. The last divestments were made in December.

"Our new strategy focuses on offering products and services aimed at the process industry and improving energy efficiency. Safety and communications is our third main sector," says Kaukomarkkinat's President Jari-Pekka Lehmuskoski.

Energy efficiency in particular is a mega trend that is currently not only fueling growth, but also connecting Kaukomarkkinat's Electronics and Industrial Machinery sectors.

"Both sectors are, for example, notable heat pump suppliers. Our Electronics unit offers Panasonic air-source heat pumps for homes, Air-source pump **sales up 13%**

40-year partnership with Panasonic

New joint venture **in China**

Even wider **service packages** for customers

and the rising price of energy has increased demand despite a fall in new construction," adds Lehmuskoski.

The Industrial Machinery unit supplies heat pumps to industrial plants and energy producers. Helsinki Energy's heat pump plant generates both its district heating and cooling using the same process. Although it is one of the largest such plants in the world, its carbon dioxide emissions are less than five times that of alternative generation methods.

"Waste energy can be similarly harnessed in the paper industry. Our mission is to help customers boost the efficiency of their processes, while at the same time generating new applications for our suppliers' products," says Kaukomarkkinat's Executive Vice President Immo Nykänen.

Kaukomarkkinat's Industrial Machinery unit also offers many other energy-saving products. In Poland, for example, we act as an importer and retailer for Vacon frequency converters. Companies are constantly seeking to make their industrial processes more environmentally friendly, which also generates new business for us.

Meeting the challenges of the economic crisis

Our customers' current and future needs drive our new strategy. The economic crisis has further underlined our customers' desire to cut costs, boost process efficiency and increase cash flow. Kaukomarkkinat's products and services are designed to meet these needs.

In practice, we have already sold this year's production capacity at Metex, a company in the Industrial Machinery sector. Metex specializes in modernizing and refurbishing old roll grinding machines, and also supplies overhauled machines to the global metal and paper industry.

"Hiring Metex to refurbish older machinery costs less than buying comparable new products. And in practice, older machine frames are often more durable than newer ones. Modernizing existing machinery also boosts our customers' processes by, for example, removing bottlenecks in production or enabling the manufacture of new grades of paper," says Nykänen.

Reducing costs does not simply mean a lower price, but actually reducing total costs. A good example is Panasonic's Toughbook computer, which has been developed to withstand extreme conditions. It costs five times that of a standard consumer laptop, but the potential cost of lost data and broken computers makes the Toughbook a viable option for corporate customers.

"Helsinki Energy's heat pump plant uses heat pumps made by our supplier," says Jari-Pekka Lehmuskoski, President of Kaukomarkkinat.

"Investing in the next generation of cameras also cuts operating costs for TV companies, as they can now distribute electronic files instead of video tapes. In practice, we sell fewer and fewer technical features and more and more solutions," says Lehmuskoski.

Extensive services for moving goods

Kaukomarkkinat is generally moving away from supplying goods to developing comprehensive service concepts and boosting customers' operational efficiency.

Our brand-new Creation Crew represents added value for customers in the electronics industry. The Creation Crew is a technical advertising agency that uses products offered by Kaukomarkkinat's suppliers to build large plasma displays and interactive technology solutions for trade fairs and exhibitions. It is an independent business that also promotes the electronic device trade.

Financing systems are also used to promote the Industrial Machinery unit's services. Kaukomarkkinat's Beijing office handles projects that benefit from government credit instruments, such as interest subsidy loans and NIB credits. These loans at a low interest rate can provide financing for investments in, for example, environmental protection and healthcare.

We are also expecting great things from our new joint venture in China. This new company was established with two long-term suppliers and will be serving paper mills in China from the beginning of 2009. The company manufactures equipment and provides on-site roller repair and modernization. This joint venture also aims to open up local procurement channels for Kaukomarkkinat's other suppliers and, for example, SMEs in the Finnish metal industry.

A strong brand leads to success

Although Kaukomarkkinat is the smallest of Aspo's companies, it maintains a good level of net sales and is an expert in the industry's major trends, such as energy efficiency. Its net sales do not give an immediate picture of its scope of operations, as Kaukomarkkinat in a large scale acts as an agent. Electronics and Industrial Machinery account for an equal proportion of Kaukomarkkinat's total operating profit.

Kaukomarkkinat has a substantial amount of valuable intellectual capital. We have a long

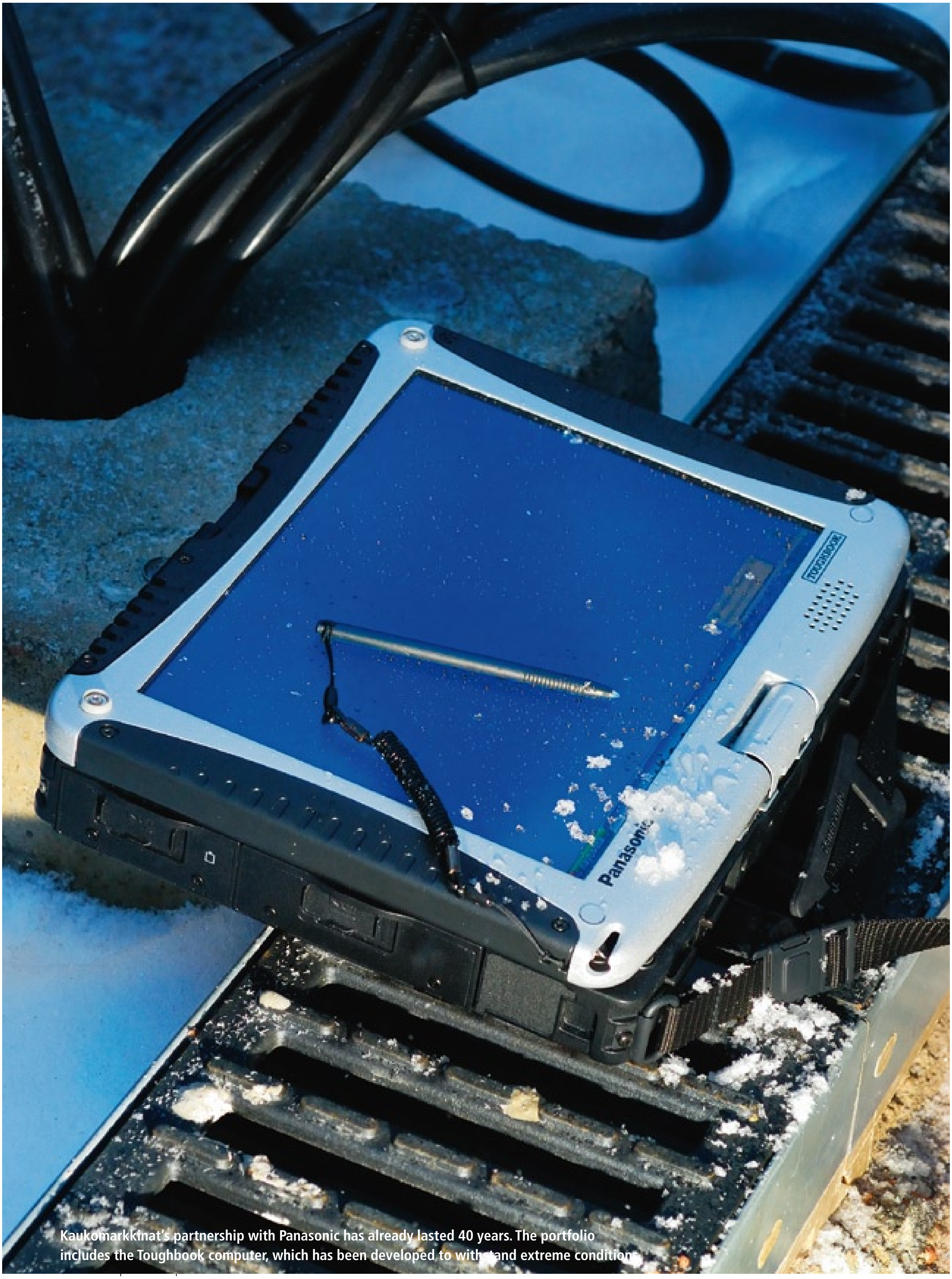
history in the business, firm supplier partnerships, and products and services that deliver added value by enhancing the efficiency of our customers' operations. Kaukomarkkinat is a strong brand, and that is why Aspo wants to use both this time-honored name and the trademark.

"Most of our global customers have welcomed the change. They respect Aspo's history, because long-term operations and enduring customer relationships hold a great deal of weight in Far Eastern markets in particular," says Lehmuskoski.

Kaukomarkkinat has a long history in dealing both with the Chinese and the Japanese. We were the first Finnish company to establish an office in China – in Beijing in the early 1950s – and several years later, we were the first Finnish company to start importing Japanese products. Our partnership with Panasonic has already lasted 40 years.

"Our strength lies in our long history and our committed personnel. Our major global suppliers have gradually gained a competitive advantage due to our company's integral position in Finnish society. That kind of expertise cannot be built up in a second, and neither can it be copied."

Supplier expertise is another form of intellectual capital. We have to be able to gather a suitable combination of different sized suppliers and also generate added value for them. In recent years, we have balanced our supplier base to offer the most competitive range possible.



Kaukomarkkinat's partnership with Panasonic has already lasted 40 years. The portfolio includes the Toughbook computer, which has been developed to withstand extreme conditions.

A global market and brand expert

Kaukomarkkinat, originally established in 1947, focuses on the electronics and industrial machinery trade.

The Electronics sector is divided into professional and industrial electronics. The Industrial Machinery sector's customers are companies in the paper, process and energy industries. Electronics accounts for about two-thirds of net sales and Industrial Machinery for about one-third.

In 1953, Kaukomarkkinat became the first Finnish company to open an office in China, and was also the first to start importing Japanese products. The Industrial Machinery unit currently operates in China, Vietnam, Poland, Germany, Russia and Finland.

Strategy

Kaukomarkkinat's strategy is to deliver products and services that help customers enhance their processes and boost operational efficiency. For our customers, this means faster and more efficient production processes, cost savings, and solutions with a competitive edge.

Close, long-term partnerships with leading industry suppliers are a fundamental aspect of our strategy – we have already been cooperating with the electronics company Panasonic for over 40 years. The industrial machinery unit seeks to maintain enduring supplier partnerships in all market areas.

Customers and added value

Our competitive edge in Electronics comes from our leading suppliers and brand products, a broad product range, and expert services for our products. Our most extensive range of electronics is offered by our main supplier, the Japanese company Panasonic.

Our professional electronics customers are public institutions, service companies, operators and retailers. We supply them with, for example, production video and monitoring technology, and fixed and wireless communications solutions. We are also the market leader in air-source heat pumps and IT professional video cameras.

Our industrial electronics customers include companies in the electronics and forestry industries and research and R&D units. We supply them with, for example, production automation machinery, testing and measuring equipment, and automation, electronics and fiber optic components.

Industrial Machinery sells machinery and equipment from leading industry suppliers to the paper, process and energy industries. Customers in the paper industry account for about 80 percent of net sales. Our reliable products, profound expertise and enduring – often decades long – partnerships give us a competitive edge. Technical support, spare parts and maintenance services are also an important aspect of our offering.

In China, we deliver machinery and equipment from leading industry supplies to the paper and cardboard industry. We can offer new machines, parts for the modernization of older machinery, and all the necessary components, spare parts and consumables. We also operate a joint venture specializing in assembly and maintenance services, which offers additional subcontractor services to the mechanical engineering industry outside China. Our Beijing office ensures that we benefit from government credit instruments in, for example, environmental or healthcare projects.

Our German subsidiary Metex specializes in the modernization of roll grinding machines and delivers equipment worldwide. In Poland, we deliver machinery and equipment to the paper and pulp industry, and also act as a retailer and importer for a frequency converter manufacturer. We market machinery and equipment for the chemical wood processing industry in Russia and Vietnam.

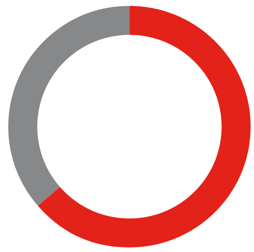
2008

Kaukomarkkinat's comparable net sales and earnings grew in 2008. Kaukomarkkinat is incluced in Aspo's other operations from the beginning of May.

Favorable trends were seen in sales of electronics, with particular growth in air-source pumps, professional video cameras, Toughbook computers and wireless communications. It was an excellent year for the Industrial Machinery sector.

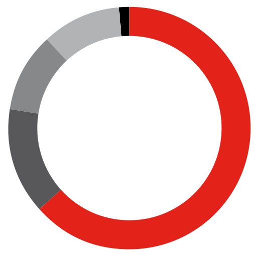
The high price of energy increased household demand for air-source pumps. The rise of the euro against the yen led to price increase pressures on Japanese products.

Net Sales Distribution



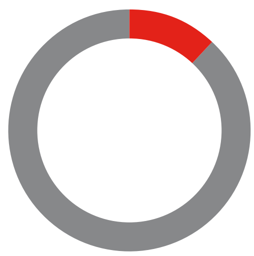
Electronics 64%
Industrial Machinery 36%

Net Sales Distribution by Country



Finland 64%
Far East 14%
Germany 11%
Poland 11%
Russia 1%

Share of Group Personnel



Kaukomarkkinat 12%

A good environmental reputation is another facet of intellectual capital, and one that is conferring an increasingly important competitive edge. Ongoing improvement is a core principle of our environmental policy.

Honing intellectual capital increases value

Much of Aspo's value lies in its intellectual capital, which is built up through responsible operations and honed by our personnel and environmental policies.

Aspo is engaged in trade and logistics, which require close cooperation with customers and an understanding of their businesses. This is why a large part of Aspo's value lies in the expertise of its personnel and in its customer and supplier relationships. Nurturing, enhancing and increasing this intellectual capital is one of the key principles of Aspo's personnel management. Our value lies in our structural, human and relationship capital.

Structural capital consists of the structures, systems and processes we use to ensure that vital expertise is not tied to any individual, but is as widely available as possible in the Group. Customer Relationship Management systems help improve customer service, and regular measurement – of, for example, customer satisfaction in different sectors – is also an essential aspect of structural capital.

Human capital covers personnel matters, such as competence and personal development, job satisfaction, recreational activities, and rewards. Aspo does everything in its power to create a supportive working environment and promote professional development. Investments are made in training and professional skills at all organizational levels. Our employees also have the opportunity to further their careers anywhere in the Group.

In 2005, an incentive fund was established. Some of the Group's earnings are placed in the personnel fund as a profit bonus. The objective is for the fund to use the majority of the profit bonuses to acquire Aspo Plc shares and make the personnel one of the company's key shareholder groups.

Relationship capital is expertise in dealing with customers, suppliers and other interest groups. Most of our customer relationships are very long-standing partnerships based on mutual trust. The same goes for our supplier partnerships, many of which have also lasted for decades.

Environmental reputation is a key competitive factor

A good environmental reputation is another facet of intellectual capital, and one that is conferring an increasingly important competitive edge. Ongoing operational improvement is a core principle of our environmental policy. Aspo wants to address critical environmental issues beyond the minimum requirement of laws and regulations. We conduct environmental impact evaluations and product life cycle and risk analyses to predict and prevent any harmful impact on the environment.

Aspo has integrated environmental issues into its strategic process. The Group's environmental policy acts as a foundation on which each business develops its own practices. Each Group company handles its own environmental issues, with the President usually holding primary responsibility.

Aspo seeks to minimize the environmental impact of its operations by using the best possible technology and avoiding harmful actions. Our employees are trained and encouraged to work in an environmentally friendly way. We promote environmental issues by, for example, encouraging our personnel to use public transport and switching to more fuel-economic company cars. Aspo also takes part in a variety of social responsibility projects, such as cooperation with the Keep the Archipelago Tidy Association.

Aspo is prepared for – and is constantly seeking ways to be even better prepared for – changes in environmental issues. A detailed action and communications plan has been drawn up in case of emergencies. Aspo also participates in both Finnish and international environmental projects.

ESL Shipping's operations and all of its vessels are certified in accordance with the International Maritime Organization's International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM). ESL Shipping also has ISO 14001 environmental certification. Well-equipped vessels also enhance safety: all of our ships are ice-strengthened. Our experienced personnel are also very familiar with the harbors, channels and conditions in the Baltic Sea.

Ships are an ecological freight option. In relation to their size and the distances traveled, the carbon dioxide emissions of large ships are 30 percent less than those of heavy articulated vehicles and under three percent of aircraft emissions.

Leipurin pays particular attention to the quality, safety and environmental impact of its foodstuff raw materials. All raw material suppliers are ISO 9001:2000 certified. Certification has also committed the company to continually improving its operations. We take environmental issues into account when choosing our suppliers, too.

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

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products or personnel. Telko is ISO 9001 certified. We have also committed ourselves to the chemical industry-oriented version of the Responsible Care program. This program is committed to continued voluntary improvements to environmental, health and safety related issues. Commitment is evaluated using an external ESAD II analysis.

Corporate Governance

At the end of 2008, the members of Aspo's Board of Directors – Risto Salo, Kari Stadigh, Esa Karppinen, Gustav Nyberg, Roberto Lencioni and Matti Arteva – owned a total of 9.9 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 OMX Helsinki Ltd. Aspo follows the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association on October 20, 2008, with the exception of the recommendation concerning committees. In view of the number of members on the Board of Directors, the company has not deemed it necessary to set up committees; instead, the entire Board participates in the preparation of all matters.

Group structure

The Aspo Group's parent company, Aspo Plc, is a Finnish public company domiciled in Helsinki. The highest authority for the administration and operations of the Aspo Group is held by the statutory bodies of Aspo Plc, which are the Annual Shareholders' Meeting, the Board of Directors and the Chief Executive Officer. The ultimate decision-making power is vested in the shareholders at the Shareholders' Meeting.

It is the task of Aspo Plc to own and control assets, oversee the operations of subsidiaries and other business units, centrally manage issues relating to the administration, financing and strategic planning of all Group companies, and to plan and implement financially viable investments.

The line operations of the Group are carried out by the Group companies, which are ESL Shipping Ltd, Leipurin Ltd, Telko Ltd and Kaukomarkkinat Ltd with their subsidiaries.

Shareholders' Meeting

The Annual Shareholders' Meeting is held once a year on the date set by the Board of Directors. Meetings deal with the matters specified as being the business of Annual Shareholders' Meetings and deliberate on Board proposals and any other proposals made to the meeting.

Aspo Plc

- **ESL Shipping**
- **Leipurin**
- **Telko**
- **Kaukomarkkinat**

The Annual Shareholders' Meeting approves the financial statements, elects the members of the Board of Directors and the auditor, decides on the distribution of earnings, and sets the fees of the Board of Directors and the auditor. The company may also convene Extraordinary Shareholders' Meetings if necessary.

In accordance with the Companies Act, shareholders have the right to have items that are the business of Shareholders' Meetings included in the agenda of a Shareholders' Meeting, provided that they submit a request in writing to the Board of Directors early enough that the item can be included in the Notice of Meeting. Shareholders must provide reasons why the item should be included in the agenda or propose draft resolutions. Such letters are to be sent to Aspo Plc, P.O. Box 17, 00581 Helsinki. Draft resolutions put forth by shareholders are published on the company's Internet site.

Shareholders' Meetings are called by Aspo's Board of Directors. Notices of Meeting are published not earlier than two (2) months and not later than seventeen (17) days prior to the meeting as stock exchange bulletins and in national newspapers chosen by the Board of Directors. In addition, the Notice of Meeting and the following information will be published on the company's Internet site no later than twenty-one (21) days prior to the meeting:

- total number of shares and votes by share class on the release date of the Notice
- documents to be presented to the meeting
- draft resolutions of the Board of Directors or other competent body

- an item on the agenda of the meeting with no proposal for a resolution

Any decisions made at the Shareholders' Meeting will be disclosed in a stock exchange bulletin after the meeting. The minutes of the meeting, complete with voting results and attachments concerning the decisions, will be posted on the company's Internet site within two weeks of the meeting.

Board of Directors

According to the Articles of Association, the Board of Directors of Aspo Plc comprises no fewer than five and no more than eight members. The number of members of the Board is determined at the Annual 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. Six members were elected at the Annual Shareholders' Meeting of 2008. The members' term of office ends at the conclusion of the Annual Shareholders' Meeting following their election.

More than half of the members present, including either the chairman or the vice chairman of the Board, constitute a quorum. The Board has not set up committees; instead, the entire Board participates in the preparation of matters.

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 handled by the Board include, but are not limited to:

- Group strategic policies 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/divestitures of companies or operations
- Group risk management, insurance and financial policies
- Group environmental policy
- management remuneration and incentive systems
- appointment of the CEO

As the company does not have an Audit Committee, the tasks of the Board also include:

- monitoring the economic and financial situation of the Aspo Group
- monitoring the financial statement reporting process
- supervising the financial reporting process
- monitoring the effectiveness of internal control and risk management systems
- monitoring the statutory audit of the financial statements and consolidated financial statements
- assessing the independence of the audit firm
- preparing the decision on the election of the auditor

The Board performs an annual self-assessment of its activities and working methods.

In 2008, the Board of Directors held 13 meetings, six of which were teleconferences. Average attendance was 99%.

Board membership fees

The Annual Shareholders' Meeting approves Board membership fees and reimbursement guidelines annually. Board membership fees are paid in cash.

The 2008 Annual Shareholders' Meeting approved a monthly fee of EUR 4,000 for the chairman and EUR 2,000 for the other members. Board members with a full-time position in an Aspo Group company are not paid a fee. Travel expenses will be reimbursed in accordance with Aspo's general travel guidelines. In 2008, Aspo Plc Board members were paid a total of EUR 130,500 in fees.

Independence

The majority of Aspo's Board members are independent of the company and its major shareholders. The Board of Directors evaluates the independence of its members on a regular basis.

Committees

In view of the scope of the company's business operations and the size of the Board of Directors, Aspo Plc's Board has not deemed it necessary to set up committees; instead, the entire Board participates in the preparation of matters.

Chief Executive Officer

The Board of Directors appoints the Chief Executive Officer of Aspo Plc. The CEO is responsible for the management and development of the Group's business and for operational management in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. He serves as the chairman of the operational Boards of Group companies and acts as the operational supervisor of the presidents of the subgroups. He is also responsible for the internal audit as the CFO's supervisor. The CFO reports the findings of the internal audit to the CEO and the Board of Directors. The CEO is responsible for the Group's risk management, which is coordinated by the CFO.

The terms and conditions of the CEO's employment are written into an executive employment contract.

Gustav Nyberg (52), B.Sc. (Econ.), eMBA, served as Aspo's CEO until December 31, 2008. Aki Ojanen (48), eMBA, has been the CEO as from January 1, 2009.

In 2008, the CEO was paid a total of EUR 309,671 in salary, bonuses and fringe benefits. Bonuses accounted for EUR 95,885 and fringe benefits for EUR 17,786.

The CEO's retirement age is 60 years and the full pension is 60% of the retirement salary.

The period of notice applied to the CEO's term of employment is 6 months. If the company terminates the employment contract, the CEO is entitled to salary for the notice period and a severance payment corresponding to 18 months' salary.

Group Executive Committee

The CEO is assisted by the Group Executive Committee, which is responsible for developing the strategic structure of the Aspo Group and its earnings as well as prepares policies and shared practices. The Group Executive

Board Members

Gustav Nyberg
born 1956, Chairman; not independent of the company, independent of its major shareholders
B.Sc. (Econ.), eMBA

Full-time chairman of Aspo's Board of Directors since 2009, member of the Board since 2008

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

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 736,085 or 2.79% of the total number of shares
Participates in the Aspo Group's share price-related compensation system approved in 2006.
No fees paid in 2008.

Matti Arteva
born 1945, Vice Chairman; independent of the company and its major shareholders
Engineer

Vice Chairman of the Board since 2000, member of the Board since 1999

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

Key Positions of Trust:
Chairman of the Board: Europress Group Oy
Member of the Board: Komas Oy and Mesera Corporation

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 225,324 or 0.85% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2008: EUR 21,900

Esa Karppinen
born 1952, independent of the company and its major shareholders
LL.M.
President and CEO, Berling Capital Oy, 1986 –

Member of the Board since 2005

Key Work Experience:
Vice President and CFO, Oy Expaco Ab 1983 – 1986

Key Positions of Trust:
Chairman of the Board: Amanda Capital Plc and Amanda Advisors Oy
Member of the Board: Taaleritehtaan Omistusyhtiö Oy

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 794,850 (Berling Capital Oy) or 3.01% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2008: EUR 21,900

Roberto Lencioni
born 1961, independent of the company and its major shareholders
LL.B.
Managing Director, Oy Gard (Baltic) Ab, 2003 –

Member of the Board since 1999

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

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 9,288 or 0.04% of the total number of shares
Aspo's convertible capital loan: EUR 155,000
No holdings or rights based on a share price-related compensation system.
Fees in 2008: EUR 21,900

Risto Salo
born 1951, independent of the company and its major shareholders
M.Sc. (Eng.)
Chairman of the Board, Hollming Ltd, 2005 –

Member of the Board since 2008

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

Key Positions of Trust:
Member of the Board: The Federation of Finnish Technology Industries; Member of the Consultative Committee: Mutual Pension Insurance Company Varma

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 53,218 or 0.20% of the total number of shares; Ratius Oy 59,115 or 0.22% of the total number of shares, Hollming Ltd 399,848 or 1.51% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2008: EUR 18,000

Kari Stadigh
born 1955, independent of the company and its major shareholders
M.Sc. (Eng.), BBA
Deputy CEO, Sampo Plc, 2001 –

Member of the Board since 1999, Chairman of the Board from 2000 – 2008

Key Work Experience:
President, Sampo Life Insurance Company Limited, 1999 – 2000
President, Nova Life Insurance Company Ltd, 1996 – 1998
President and COO, Jaakko Pöyry Group, 1991 – 1996
President, JP-Finance Oy, 1985 – 1991

Key Positions of Trust:
Chairman of the Board: Alma Media Corporation, If Skadeförsäkring Holding AB (publ), Mandatum Life Insurance Company Ltd and Kaleva Mutual Insurance Company

Holdings and Fees:
Shareholdings in Aspo on December 31, 2008: 730,000 or 2.76% of the total number of shares
No holdings or rights based on a share price-related compensation system.
Fees in 2008: EUR 42,900

Updated information on changes in the holdings of shares is available on the company's website www.aspo.com.

Group Executive Committee

Aki Ojanen
born 1961
eMBA
CEO, Aspo Plc, 2009 –

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 Oy, Leipurin Oy, Telko Oy and Kaukomarkkinat Oy
Member of the Board: 3 Step IT Group Oy and the Association of Finnish Technical Traders

Holdings:
Shareholdings in Aspo on December 31, 2008: 6,833 or 0.03% of the total number of shares

Arto Meitsalo
born 1963
M.Sc. (Econ.)
CFO, Aspo Plc, 2009 –

Key Work Experience:
President, Kauko-Telko Oy, 2008

CFO, Kauko-Telko Oy, 2007
Director, Kaukomarkkinat Oy, 2005 – 2007
Group Controller, Kaukomarkkinat Oy, 2002 – 2005
Financial Accountant, Bank of Finland, 1993 – 2002
Financial Accountant, Kaukomarkkinat Oy, 1989 – 1993

Holdings:
Shareholdings in Aspo on December 31, 2008: 2,500 or 0.01% of the total number of shares

Harri Seppälä
born 1964
eMBA
Group Treasurer, Aspo Plc, 2008 –

Key Work Experience:
Senior Vice President, Institutional and Corporate Banking, Sampo Bank Plc, 2006 – 2007
First Vice President, Institutional and Corporate Banking, Sampo Bank Plc, 1999 – 2006
Management positions, Postipankki, 1989 – 1999

Key Positions of Trust:
Member of the Board: Tehosähkö Oy, 2008 –

Holdings:
Shareholdings in Aspo on December 31, 2008: 20,000 or 0.08% of the total number of shares

Pekka Piiroinen
born 1969
M.Sc. (Econ.), MBA
VP Business Development, Aspo Plc, 2001 –

Key Work Experience:
Management Consultant, Manager, KPMG Consulting Oy Ab, 1995 – 2001
Strategic Planning Analyst, AT&T Microelectronics, USA, 1991

Holdings:
Shareholdings in Aspo on December 31, 2008: 16,250 or 0.06% of the total number of shares

Toni Santalahti
born 1971
LL.M.
Group Legal Counsel and Secretary to the Board, Aspo Plc, 2009 –

Key Work Experience:
Administration Manager, Kauko-Telko Oy, 2006 – 2008
Corporate Credit Manager, Kaukomarkkinat Oy, 1999 – 2006

Holdings:
Shareholdings in Aspo on December 31, 2008: –

Updated information on changes in the holdings of shares is available on the company's website www.aspo.com.

Committee convenes at least twice a month. The members of the Group Executive Committee are public insiders.

In addition to the CEO, as of January 1, 2009, the Group Executive Committee includes CFO Arto Meitsalo, Group Treasurer Harri Seppälä, VP Business Development Pekka Piiroinen and Group Legal Counsel Toni Santalahti.

The Group also has an extended executive committee comprising the members of the Group Executive Committee as well as the presidents of the businesses and persons in charge of IT administration and communications. The task of the extended executive committee is to ensure cooperation between business functions, harness synergies and prepare joint development projects and policies.

Management incentive system

Aspo Plc's Board of Directors approved a share-performance-based management incentive system for the Aspo Group's management and key employees in 2006. Bonuses are based on the yield of the company share. No bonuses were paid on the basis of the plan in 2008. Aspo does not have a separate stock option program.

Audit

According to the Articles of Association, the Annual Shareholders' Meeting elects an auditor that shall be an audit firm approved by the Central Chamber of Commerce. The elected auditor is also responsible for internal audits, where applicable. The auditor's term of office ends at the conclusion of the Annual Shareholders' Meeting following the election.

The auditor elected at the Annual Shareholders' Meeting is responsible for the guidelines and coordination of auditing throughout the Group. The auditor submits the statutory auditing report to the company's shareholders with the annual financial statements. Members of the Board are also provided with interim auditing reports.

The 2008 Annual Shareholders' Meeting elected PricewaterhouseCoopers Oy as the company's auditor. Jan Holmberg, CPA, is the principal auditor. In 2008, PricewaterhouseCoopers companies in Finland and abroad were paid a total of EUR 175,000 in audit fees for the audit of Aspo Group companies. Other services purchased amounted to EUR 526,000.

Internal control, internal audit and risk management

Aspo Group has the reporting systems required for internal control. An operational reporting system that covers the whole Group is used to monitor the achievement of objectives on a monthly basis. In addition to actual and comparison figures, it provides up-to-date forecasts. The reports are provided to the Board of Directors monthly.

Internal auditing is part of the Group's financial management. The controller of each Group company is responsible for ensuring compliance with legislation and the Group's policies and procedures. They report to the CFO. The CFO reports the findings of the internal audit to the CEO and the Board of Directors.

When necessary, the internal audit can be enhanced with externally purchased services.

Risk management is part of Aspo Group's internal control system and is geared towards identifying, analyzing and containing any operational threats and risks. Any required action is determined on the basis of risk identification, classification and systematic assessment.

Risks have been classified into different categories based on the probability and impact of exposure. This classification offers guidelines for prioritizing risk management actions and establishes a consistent approach to risk assessment within the entire Group.

The operational management is responsible for risk management in accordance with their specified areas of responsibility. Management is responsible for determining and implementing sufficient measures and for supervising their implementation as part of ordinary operational management.

For certain risks, the risk management principles and key contents are defined in Group level policies and instructions. Liability risks are covered by the appropriate insurance policies. Risk management is coordinated by Aspo Plc's CFO, who reports to the CEO.

Risks, risk management and business risks are presented in the Report of the Board of Directors on pages 46 – 47.

For more information on financial risks, the principles of financial risk management and the administrative model, see Notes to the consolidated financial statements (note 27), on page 76.

Insider regulations

Aspo Group follows the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd. The Aspo Plc Board has adopted insider guidelines that include instructions for both permanent and project-specific insiders. Aspo Plc's public insiders include the members of the Board, the CEO, the members of the Group Executive Committee and the auditor. In addition, Aspo Plc's permanent insiders include the presidents and vice presidents of subsidiaries, the heads of the Group's finance and treasury, and other persons who regularly receive inside information during the performance of their duties. The company also maintains registers of project-specific insiders.

Permanent insiders are not allowed to trade in securities issued by the company in the 14 days preceding the publication of an interim report or financial statements.

The Group's CFO is in charge of the management and supervision of insider issues. Public insiders' holdings and any changes therein are disclosed on the company's website, www.aspo.com. Aspo Plc's insider register is maintained by Euroclear Finland Ltd.

Summary of 2008 Releases

Stock Exchange Bulletins

January 23, Kari Haavisto issued public reprimand by FIN-FSA
At the Board meeting on June 26, 2007, the Board decided on a purchase of the Company's own shares. Before the decision was disclosed by Aspo Plc Mr. Haavisto had already given a purchase order to his broker.

February 14, Aspo Group financial performance for 2008
Aspo Group's net sales amounted to EUR 266.6 million (EUR 225.9 million). Operating profit totaled EUR 23.8 million (EUR 12.8 million) and the profit before taxes was EUR 21.4 million (EUR 11.1 million). Earnings per share totaled EUR 0.59 (EUR 0.32). The dividend proposal is for EUR 0.42 (EUR 0.41).

February 28, Aspo acquires Kauko-Telko from Kesko
Aspo Plc acquires the entire stock portfolio of Kauko-Telko Oy from Kesko Corporation. The debt-free acquisition price is approximately EUR 76 million (including EUR 1.8 million of leasing liabilities), financed through a bank loan.

March 5, Harri Seppälä appointed Group Treasurer of Aspo
Harri Seppälä, eMBA (43), has been appointed Group Treasurer of Aspo Plc, starting from April 1, 2008.

March 14, Invitation to the Aspo Annual Shareholders' Meeting
The shareholders of Aspo Plc are invited to attend the Annual Shareholders' Meeting to be held on Thursday, April 10, 2008 at 2:00 p.m.

April 1, Disposal of company-held shares
Aspo Plc has today decided to sell 1,500 Aspo Plc shares to Group Treasurer Harri Seppälä within the context of the company's management incentive program.

April 3, Aspo Annual Report 2007
Aspo's Annual Report 2007 comprising the financial statements, the report of the Board of Directors and the Auditors' report is now available in Finnish, English and Swedish.

April 10, Decisions of the Aspo Annual Shareholders' Meeting
The Annual Shareholders' Meeting of Aspo Plc on April 10, 2008, approved the parent and consolidated financial statements and discharged the members of the Board of Directors and the CEO from the liability for fiscal 2007. The shareholders approved the payment of a dividend totaling EUR 0.42 per share. The shareholders authorized the Board to decide on a share issue and acquisition of company-held shares.

April 29, Aspo Interim Report January–March 31, 2008
Aspo Group's net sales in January-March were EUR 65.2 million (EUR 63.1 million). The operating profit totaled EUR 2.5 million (EUR 3.0 million) and the profit before taxes was EUR 1.7 million (EUR 2.4 million). Earnings per share were EUR 0.05 (EUR 0.07).

April 30, Aspo's Kauko-Telko acquisition completed
On February 28, 2008, Aspo Plc announced that it will acquire the entire stock of Kauko-Telko Oy from Kesko Corporation. All the approvals required by the competition authorities have been received and the transaction was closed today, April 30, 2008.

May 5, Aspo becomes the owner and developer of leading corporate brands
Aspo has reorganized its operational group structure. The new Aspo owns three leading corporate brands in their sectors: ESL Shipping handles marine raw material transport and related services for the energy and heavy industry sectors; Leipurin serves the bakery industry by supplying raw materials, machinery, production lines and bakery-related know-how; Telko markets plastics and chemicals for industrial customers and assists its customers in product development and product processing.

May 7, Increase in Aspo's share capital
An increase in the share capital of Aspo Plc totaling EUR 3,939.60 resulting from the exercise of subscription rights on 5,880 shares from the convertible capital loan issued in 2004 was registered today.

May 14, Aspo signs Finnish commercial paper program
Aspo Plc has signed a domestic EUR 50 million commercial paper program, under which Aspo can issue commercial papers having a maturity of less than one year. The funds will be used to finance Aspo's net working capital and other short-term funding needs.

June 6, Disposal of company-held shares
Under the authorization granted at the Annual Shareholders' Meeting, the Board of Directors has today decided to sell 13,130 Aspo Plc shares to Group key personnel within the context of the company's management incentive program.

June 29, Aspo to sell Autotank Group to Gilbarco Veeder-Root
Aspo Plc will sell the Autotank Group, a part of Aspo Ventures Unit, to the US based Gilbarco Veeder-Root. Gilbarco Veeder-Root will acquire the shares of Autotank at an enterprise value (cash and debt-free) of EUR 28 million.

August 11, Aspo's ESL Shipping repurchases Ms Eira
ESL Shipping Ltd, part of the Aspo Group, has today signed an agreement with SEB Leasing Ltd to repurchase the Ms Eira for a price of EUR 14.7 million. The transaction ensures that the ship will remain a long-term part of ESL Shipping's fleet and improves the company's operating profit as well as cash flow. The deal is being financed by a long-term bank loan.

August 19, Aspo concludes sale of the Autotank Group to Gilbarco Veeder-Root
The entire share capital of Autotank Ltd was transferred to Gilbarco Veeder-Root today. Gilbarco and Aspo signed the agreement on the sale on June 26, 2008. The deal will result in a non-recurring gain of approximately EUR 9 million, which will be recorded in the result of Aspo's discontinued operations.

August 19, Aspo to divest Kaukomarkkinat's sourcing services

Aspo Plc divests the Sourcing Services of its Kaukomarkkinat Unit to Kaukopartio Oy. The deal will result in a non-recurring gain of approximately one million euros, which will be recorded for the second half upon completion of the change of ownership.

August 21, Aspo Interim Report January 1– June 30, 2008

Net sales for Aspo Group's continuing operations in January-June amounted to EUR 140.8 million (EUR 102.7 million). Operating profit totaled EUR 7.0 million (EUR 17.7 million, including a sales gain of EUR 10.2 million). The profit before taxes amounted to EUR 5.4 million (EUR 17.1 million). Earnings per share for continuing operations were EUR 0.14 (EUR 0.50 with the sales gain representing EUR 0.29). Kauko-Telko's figures for May-June are consolidated in Aspo Group's figures.

August 21, Aspo to purchase its own shares

The Board of Directors of Aspo Plc has decided to acquire a maximum of 400,000 of the Company's own shares through public trading on the OMX Nordic Exchange Helsinki at the current market price at the time of acquisition according to the terms stated in the regulations of the OMX Nordic Exchange Helsinki. The repurchases will commence on August 28, 2008, at the earliest.

September 8, Aspo to divest Kaukomarkkinat's Finnish tape business

Aspo Plc will sell the Finnish tape business of the Kaukomarkkinat unit to Oy Telpak Ab. Oy Telpak Ab is owned by Ralf Klärich and Styrbjörn Sumelius. The deal will result in a sales gain of approximately EUR 0.2 million, which will be recorded for the third quarter upon completion of the change of ownership.

October 3, Aspo is streamlining its administrative structure

Following the Kauko-Telko acquisition, Aspo is reorganizing its operations. As part of the reorganization, Kauko-Telko Ltd will be divided into Telko Ltd, Leipurin Ltd, Hamina Terminal Services Ltd and Kaukomarkkinat Ltd. Kauko-Telko's centralized administration will be dissolved and appropriate parts of it will be transferred to operating activities and Group administration by the end of the year.

Due to the planned reorganization, Aspo will initiate statutory negotiations with personnel representatives, as required under the Act on Co-Operation Within Undertakings, concerning all Kauko-Telko's administrative personnel groups and no more than 50 people. The potential reduction in personnel due to the reorganization of operations is estimated at 10 to 15 persons.

October 23, Aspo Interim Report January 1–September 30, 2008

Net sales for Aspo Group's continuing operations in January-September amounted to EUR 258.0 million (EUR 154.7 million). Operating profit totaled EUR 12.9 million (EUR 11.3 million and a sales gain of EUR 10.2 million in addition) and the profit before taxes amounted to EUR 9.9 million (EUR 10.4 and a sales gain of EUR 10.2 million in addition). Earnings per share for continuing operations were EUR 0.26 (EUR 0.31 and the sales gain representing EUR 0.29).

October 25, Changes to Aspo's top management January 1, 2009

The Aspo Plc Board of Directors has appointed the current COO, Aki Ojanen, eMBA, (47), the CEO of Aspo Plc from January 1, 2009. In connection with this the Chairman of the Board of Directors, Kari Stadigh, announced that he will leave his position as the Chairman of the Aspo Plc Board at the end of 2008, and will continue as a member of the Board. The Board of Directors has decided to elect Aspo Plc's current CEO, Gustav Nyberg as the new Chairman of the Board starting January 1, 2009, Nyberg will thus resign as the CEO.

Kauko-Telko Oy's CFO and acting President, Arto Meitsalo, M.Sc. (Econ.), (45), has been appointed CFO of Aspo Plc from January 1, 2009.

October 30, Change of the LP market making provider for Aspo's share

Aspo Plc has terminated the market making agreement for Aspo's shares concluded with Kaupthing Bank hf., Finnish Branch, which fulfilled the requirements of NASDAQ OMX Helsinki Ltd's Liquidity Providing (LP) operation. Aspo Plc ja Nordea Bank Finland Plc have concluded a new LP market making agreement regarding the Aspo Plc shares.

November 26, The Aspo employee negotiations concluded

Kauko-Telko Ltd, which belongs to the Aspo Group, has concluded the employee negotiations in accordance with the Act on Co-operation that were initiated on October 9, 2008. As a result of the negotiations, 16 man-years will be eliminated from the company. The reorganization will not generate any non-recurring expenses.

December 1, Aspo concludes sale of Kaukomarkkinat's sourcing services

Kauko-Telko Oy, a part of the Aspo Group, is divesting the Sourcing Services of its Kaukomarkkinat Unit to Nikolai Sourcing Ltd (former Kaukopartio Oy).

December 4, Aspo to divest Kaukomarkkinat's Swedish tape business

Aspo will sell the entire stock of ASM Sweden AB, engaged in the packaging and tape business in Sweden, to the Dutch Conti Investments B.V.

December 9, Aspo's financial information in 2009

The Aspo Group Annual Accounts Bulletin for 2008 will be released on Tuesday, February 10, 2009. The Annual Report will be published latest on week 13. Aspo will publish three Interim Reports in 2009: April 27,2009; August 24, 2009; and October 26, 2009.

December 29, Increase in Aspo's share capital

An increase in the share capital of Aspo Plc totaling EUR 1,125.60 resulting from the exercise of subscription rights on 1,680 shares from the convertible capital loan issued in 2004 was registered today.

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Report of the Board of Directors

Operational Overview

The year 2008 was diverse. The strong increase in prices and demand seen in early 2008 collapsed in the fall as a result of an international economic crisis with a steep decline in oil and other petrochemical products. The raw material prices for food industry also peaked during spring but the decrease has been less dramatic. Sea freight prices on the Baltic Sea made a downturn during the fall. Even though ESL Shipping has run on short capacity all year due to the sale of a vessel, its annual operational result remained at last year's level. Leipurin and Kaukomarkkinat, which have been included in Aspo's figures since May, increased their net sales and improved their profitability. Telko's result development was good until the steep drop in oil prices caused by the financial crisis. Demand decreased heavily in all of Telko's market areas in the last quarter. The company was also forced to record non-recurring foreign currency losses from Ukraine and Russia and make write-downs of inventories.

The acquisition of Kauko-Telko in the spring enabled a target-oriented reorganization. The acquisition lifted Aspo to a new size class, the chemical and plastics business was strengthened and traditional food industry companies formed a new business. The acquisition enabled the disposal of Autotank Group generating a sales gain of EUR 8.2 million. The organization was renewed and grouped into independent business areas: ESL Shipping, Leipurin, Telko and Kaukomarkkinat. The Finnish and Swedish adhesive tape operations and Far Eastern sourcing services were divested because they do not fit the new organization. A sales gain of EUR 1.2 million was recorded from the divestments. In order to strengthen its fleet, ESL Shipping repurchased M/S Eira for EUR 14.7 million. The ship has been built for Baltic Sea conditions and has been leased by ESL Shipping since its completion, with a so-called bareboat agreement.

The Group's overall costs in 2008 were unusually high. The result was burdened by costs related to corporate reorganization, integration and rationalization of overlapping operations. The increase in interest-bearing liabilities as a result of financing the acquisition led to an increase in interest expenditure. Despite the exceptional foreign currency losses in late 2008, the Group reached last year's earnings per share of EUR 0.59. The strong operational cash flow has enabled stable debt repayment and strengthening of equity since the acquisition.

ESL Shipping

The year was challenging for the shipping company and due to decreased capacity it was not realistic to expect its result to reach the 2007 level. Ms Arkadia was sold in 2007, Ms Tali was docked until July due to an average in February, and Ms Mazdy's long-term time-charter agreement ended in March. Thanks to skilful tonnage operation; ESL Shipping still managed to reach an excellent result. Due to hedging in accordance with our operating model, the changes in fuel prices did not have a significant effect on the result.

The change in the general market situation in the fall affected particularly the cargo volume for steel industry. Our strong position in Russian coal transports has so far been able to compensate for the decreased volumes in steel industry.

Leipurin

Leipurin was formed by merging the traditional Leipurien Tukku (LT-Tukku), LT-Kone and LT-Telko. It focuses on flavor and textured development for the baking, meat and dairy industries and on raw material and machinery deliveries for the baking industry. Leipurin operates in Finland, Poland, the Baltic countries and Russia.

The raw material prices in food industry rose to record levels in 2008 but also made a downturn in the fall. Machinery deliveries to bakeries focused on Finland, Russia and Estonia.

Leipurin reached better than estimated operating result. The result for the last quarter was good despite the foreign currency loss caused by the Russian ruble.

Telko

Aspokem and Kauko-Telko's industrial raw material operations were combined at the beginning of May 2008. Since the acquisition, Telko's position has strengthened in Northern Europe in particular in engineering plastics that have higher unit prices. In addition to Finland, Telko operates in Scandinavia, the Baltic countries, Poland, Ukraine and Russia. The Hamina terminal that specializes in logistics services for Russian liquid chemicals has strengthened Telko's position further on the Russian markets. In Finland and Scandinavia operations suffered from a steep decline in volumes and prices in the last quarter.

Telko's loss in the last quarter was caused by lower volumes, storage losses caused by price decreases and foreign currency losses.

Other Operations/Kaukomarkkinat

Other operations include Aspo's Group administration and Kaukkomarkkinat business. Kaukomarkkinat focuses on improving energy efficiency and project sales for process industry. The high energy price and the demands to increase efficiency in energy use have boosted the overall markets and strengthened Kaukomarkkinat's position on the Finnish heat pump markets. The Chinese unit made several project deliveries and generated a good result. Kaukomarkkinat's sourcing services and packaging and adhesive tape business were sold during the year.

Kaukomarkkinat increased its net sales and improved its profitability.

Net Sales

The net sales of Aspo Group's continuing operations increased by EUR 149.3 million (71.5%) to EUR 358.2 million (208.9). The Group's direct exports together with the net sales of foreign subsidiaries amounted to EUR 173.7 million (131.7).

The net sales of ESL Shipping decreased by 1.2% to EUR 84.1 million (85.1). The net sales of Leipurin, which became part of Aspo as a result of the Kauko-Telko acquisition, amounted to EUR 69.3 million for May-December. Telko's net sales increased by 39.5% to EUR 172.7 million (123.8) mostly thanks to the business acquisition at the beginning of the year.

Earnings

The operating profit for Aspo Group's continuing operations was EUR 14.1 million (EUR 25.3 million including a EUR 10.2 million sales gain). The operating profit includes EUR 1.1 million in non-recurring costs.

The operating profit of ESL Shipping totaled EUR 15.6 million (EUR 25.1 million including a sales gain of EUR 10.2 million). The comparable operating profit grew by EUR 0.7 million.

Leipurin's operating profit amounted to EUR 3.1 million clearly exceeding the estimate. Leipurin is included in Aspo Group's figures from the beginning of May.

Telko's operating profit decreased by EUR 2.1 million to EUR 1.0 million (3.1). The operating profit was depressed by a heavy decrease in demand in late 2008 and the subsequent drop in market prices and rapid devaluation of currencies in the main market areas outside the euro area. The operating profit is mainly generated in Russia. The acquired operations are included in Telko's figures from the beginning of May.

Other operations include Kaukomarkkinat and Aspo's Group administration. The operating profit for other operations was EUR 5.6 million negative, the figure includes EUR 7.7 million in administrative costs. Nearly half of the additional costs were generated as a result of the acquisition and overlapping in organizations and operations.

The depreciation on continuing operations recognized by the Group grew by one million euro to EUR 10.8 million. ESL Shipping recorded EUR 7.6 million in depreciation, Leipurin EUR 0.4 million and Telko EUR 1.2 million.

The net financial expenses of the Group's continuing operations totaled 1.3% of net sales, or EUR 4.6 million (1.0).

Earnings before taxes for the Group's continuing operations amounted to EUR 9.5 million (EUR 24.3 million including a sales gain of EUR 10.2 million). Earnings for the fiscal year totaled EUR 7.0 million (EUR 18.5 million including a sales gain of EUR 10.2 million). The Group's direct taxes and the change in deferred tax liabilities for the continuing operations amounted to EUR 2.5 million (5.9).

Net Sales by Division

	2008 MEUR	2007 MEUR	Change MEUR	Change %
ESL Shipping	**84.1**	85.1	-1.0	-1.2
Leipurin	**69.3**		69.3	
Telko	**172.7**	123.8	48.9	39.5
Other operations	**32.1**		32.1	
Continuing operations total	**358.2**	208.9	149.3	71.5
Discontinued operations	**45.1**	57.7	-12.6	-21.7
Total	**403.3**	266.6	136.7	51.3

Net Sales by Market Area

	2008 MEUR	2007 MEUR	Change MEUR	Change %
Finland	**191.1**	127.7	63.4	49.6
Nordic countries	**47.5**	33.0	14.5	43.9
Baltic countries	**32.8**	15.9	16.9	106.3
Russia, etc.	**86.8**	32.3	54.5	168.7
Continuing operations total	**358.2**	208.9	149.3	71.5
Discontinued operations	**45.1**	57.7	-12.6	-21.7
Total	**403.3**	266.6	136.7	51.3

Operating Profit by Division

	2008 MEUR	2007 MEUR	Change MEUR	Change %
ESL Shipping	**15.6**	25.1	-9.5	-37.8
Leipurin	**3.1**		3.1	
Telko	**1.0**	3.1	-2.1	-67.7
Other operations	**-5.6**	-2.9	-2.7	-93.1
Continuing operations total	**14.1**	25.3	-11.2	44.3
Discontinued operations	**9.6**	-1.5	11.2	746.7
Total	**23.7**	23.8	-0.1	0.0

Investments

The investments of the Group's continuing operations amounted to EUR 116.7 million (9.6). Of this, the acquisition of Kauko-Telko Oy's stock represented EUR 96.2 million. This is the largest investment the Group has ever made. The acquisition price includes EUR 18.0 million in cash. A majority of the remaining investments, EUR 19.7 million, was used to repurchase ESL Shipping's M/S Eira from SEB Leasing Oy and advance payments for vessel acquisitions.

Financing

The Group's financing position changed considerably during the year. The purchase of Kauko-Telko Oy's entire stock and the repurchase of the Eira vessel increased the amount of interest-bearing debt. Divestment of the Autotank Group and other smaller operations together with the strong operational cash flow enabled repayment of some interest-bearing debt in late 2008. At the end of the period the Group had EUR 12.6 million (13.1) in liquid assets. There was a total of EUR 95.0 million (33.6) in interest-bearing liabilities on the consolidated balance sheet at the end of the period. Interest-free liabilities totaled EUR 43.6 million (34.0).

Aspo Group's net gearing was 124.9% (32.4), return on equity was 24.1% (25.4) and the equity ratio adjusted for deferred tax liabilities was 30.6% (45.1).

The Group's cash flow strengthened considerably towards the end of the year. In January–September the operational net cash flow was EUR 17.6 million and in January–September it was EUR 30.9 million. Aspo Plc and its key financing banks have signed binding financial limits for a total of EUR 120 million. Credit withdrawn within the framework of these financial limits amounted to EUR 38.5 million at the end of the period.

Risks and Risk Management

The rapid and deep economic recession in late 2008 caused widespread risks in our market areas. The best tool in risk management is Aspo's healthy business and its broad expertise in processes. The economic recession in our neighboring areas and in particular the rapid weakening in the economic basis in several countries caused risks as exchange rates turned unfavorable for us, the global market prices of products weakened and customers' solvency decreased. Losses were recorded from exchange rates and value loss in inventories but no major credit losses were generated.

Risk management is part of Aspo's internal supervision. The aim is to detect, analyze and limit the operational threats and risks. All internal and external factors that affect Aspo's ability to reach operational targets and profitability have been determined as risks.

Risks are mapped, categorized and assessed systematically and decisions on required actions are made. In terms of risks, the risk management principles and main content have been defined in Group level policies

Investments by Division*

	2008 MEUR	2007 MEUR
ESL Shipping	**18.8**	3.8
Leipurin	**0.1**	
Telko	**0.4**	5.7
Other operations	**1.2**	0.1
Continuing operations total	**20.5**	9.6
Discontinued operations	**0.6**	1.4
Total	**21.1**	11.0

*acquisitions excluded

Average Personnel by Division

	2008	2007
ESL Shipping		
Office staff	**30**	28
Crew members	**199**	211
	229	239
Leipurin		
Office staff	**98**	
Non-office workers	**26**	
	124	
Telko		
Office staff	**187**	122
Non-office workers	**17**	10
	204	132
Other operations		
Office staff	**138**	11
Non-office workers	**2**	
	140	11
Discontinued operations		
Office staff	**100**	166
Non-office workers	**85**	143
	185	309
Total	**882**	691

and guidelines. Accident risks are covered with appropriate insurance policies.

Risks were constantly monitored and particularly in connection with the acquisition when operations were integrated into Aspo Group. No significant risks were detected in this area.

Business Risks

The near-term operational risks focus on the effects of the global economic recession. Particular attention is paid to maintaining customer relationships and the validity of contracts.

In operational risks, the main risks in terms of likelihood and effect are connected to the permanence of customer relationships, equipment sufficiency, maintaining the balance level and key personnel. Therefore, risk management in Aspo does not simply mean maintaining sufficient insurance coverage but it is an integral part of continuous operations and is built into all operational processes.

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

Leipurin
In the business areas of Leipurin, the biggest risks are exchange rate risks and the strengthening of the euro as a factor affecting pricing, especially in Russia; exchange rate risks are also recognized in the Baltic countries and Poland. The recession may affect the demand for bakery machines as the willingness to invest decreases. Other operational risks are international food crises and import restrictions. Leipurin has been successful in its risk management. The direct effects from foreign exchange rate fluctuations have been controlled and no significant losses have occurred.

Telko
Telko's result is affected in particular by the general lack of demand caused by the economic recession. Exchange rate risks and the weakening of the customer company's solvency are also an outcome of the recession. Other essential business risks with a potential impact on operations include mergers and acquisitions between raw material suppliers, reorganization of distribution channels, and changes in the chemical industry and legislation. Telko has recorded exchange rate losses and value decreases on inventories.

Kaukomarkkinat
A decrease in customers' domestic market or export sales is a risk for Kaukomarkkinat. Selling of products based on energy conservation may suffer if energy prices decrease. The main exchange rate risks are connected to the strengthening of the Japanese yen and rising import prices. In China, the economic situation and a slowdown in growth may affect customers' willingness to invest. Risk management has been successful; exchange rate fluctuations have not had a significant effect on earnings.

Financial Risks

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

Interest Rate Risks
Aspo hedges against interest rate risks by binding interest-bearing debt partly to floating rate loans and partly to fixed rate loans. The company also uses interest rate derivatives.

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

Exchange Rate Risks
Aspo Group's hedging measures include forwards and intra-Group currency transactions.

Personnel

At year-end, the Aspo Group employed 827 (699) personnel and an average of 882 (691) during the year. Office staff represented 553 (327) and non-office workers 329 (364) of the total. The parent company employed 14 (11) office staff at year-end and 13 (11) on average during the year.

Of Aspo Group personnel, 64% (57) work in Finland, 4% (29) in other Nordic countries, 6% (5) in the Baltic countries, 14% (6) in Russia and 12% (3) in other countries. Men represented 67% (70) and women 33% (30) of total personnel. In the Aspo Group, 99% (99) of employment contracts were full-time. During the year, 66 (86) new employment contracts were signed. Total wages and salaries paid to personnel in 2008 amounted to EUR 35,443,649 (27,219,384).

Rewards and Incentives

The Aspo Group has introduced a profit-sharing plan and a personnel fund, which at this point cover all of Aspo Group personnel working in Finnish subsidiaries. Part of the Group's earnings is placed in the personnel fund as a profit bonus. The objective is for the fund to use the majority of the profit bonuses to acquire Aspo Plc shares. The long-term objective is to make the personnel one of the company's key shareholder groups. Aspo's business areas pay part of their earnings as bonuses to the personnel. The calculation principles for the bonuses are decided on by business area.

In January 2006, Aspo Plc's Board of Directors decided to introduce a share price-linked incentive program for key personnel, in which any bonus is based on the performance of the company's share in the next three years. The plan covers approximately 30 Aspo Group executives and key employees.

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

Aspo Group's regular 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 our operations we support 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. We want to be pioneers in all of our operations and also anticipate future developments in environmental regulations.

ESL Shipping

The operations of ESL Shipping and all vessels have been certified in accordance with the requirements of the International Safety Management (ISM) Code of the International Maritime Organization IMO. The purpose of the ISM Code is to provide an international standard for the safe operation of ships and for pollution prevention. The certificate involves annual audits. ESL Shipping also has ISO 14001 environmental certification. The fleet has switched over to low-sulfur fuels.

Leipurin

Leipurin pays particular attention to the quality, safety and environmental impact of its foodstuff raw materials. All raw material suppliers are ISO 9001:2000 certified. Environmental issues are also taken into account when choosing the suppliers.

Telko

Telko adheres to industry regulations and recommendations in all of its operations, whether it's a question of the environment, products or personnel. Telko is also involved in a version of the Responsible Care program that concentrates on chemicals trade. One element of the program is commitment to the continued voluntary improvement of environmental, health and safety affairs. Telko has also been awarded the ISO 9001 quality certificate.

Management and Auditors

At Aspo Plc's Annual Shareholders' Meeting held on April 10, 2008, Matti Arteva, Esa Karppinen, Roberto Lencioni and Kari Stadigh were re-elected to the Board of Directors for a term of one year. Risto Salo and Gustav Nyberg were elected as new members to the Board of Directors. Kari Stadigh has acted as the Chairman and Matti Arteva as Vice-Chairman of the Board.

In 2008, the Board of Directors held 13 meetings, 6 of which were teleconferences. The average participation rate was 99%.

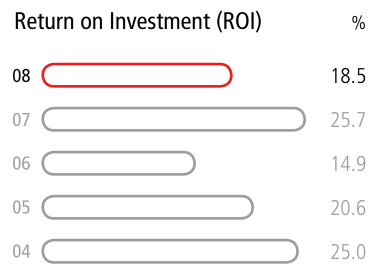
Gustav Nyberg has acted as the company's CEO since October 1999, Aki Ojanen as the COO and Deputy CEO since October 1, 2007.

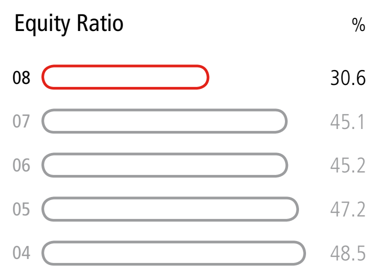
The company auditor is PricewaterhouseCoopers Oy, an authorized public accountant firm with Jan Holmberg as the auditor in charge.

Shares and Shareholders

Aspo Plc's registered share capital on December 31, 2008, was EUR 17,691,729.57 and the total number of shares was 26,406,063. The company's own shareholding was 620,000 shares, accounting for 2.35 percent of Aspo Plc's stock.

Aspo Plc has one share series. Each share entitles its holder to one vote at the Annual Shareholders' Meeting. The company's shares are quoted on NASDAQ OMX Helsinki in the medium-sized companies' category and under the GICS classification Industrials.





During 2008, a total of 3,403,573 Aspo Plc shares were traded on NASDAQ OMX Helsinki at EUR 19.8 million, or 12.9% of the shares changed owners. The share reached a high of EUR 6.90 and a low of EUR 3.57 during the period. The average price was EUR 5.81 and the closing price was EUR 4.03. The market value of the share capital at the year-end, less treasury shares, was EUR 103.9 million.

At Aspo Plc's Annual Shareholders' Meeting held on April 10, 2008, the Board of Directors was authorized to decide on a share issue by transferring an aggregate maximum number of 1,158,250 treasury shares. The shareholders further authorized the Board to use funds included in distributable profit to repurchase a maximum of 400,000 company shares.

The authorizations are valid until the Annual Shareholders' Meeting of 2009, but no more than 18 months from the approval at the Shareholders' Meeting.

Under the authorization granted at the Shareholders' Meeting, during fiscal 2008, the Board of Directors decided to dispose of 14,630 Aspo Plc shares within the context of the company's management incentive program. The disposal price was the fair value at the time of disposal based on public trading.

In its meeting on August 21, 2008, the Board of Directors decided to repurchase a maximum of 400,000 shares through public trading on NASDAQ OMX Helsinki at the current market price at the time of acquisition according to the terms stated in the regulations of NASDAQ OMX Helsinki. A total of 144,390 shares were repurchased during the fiscal period. The average purchase price of the shares was EUR 5.64. The total purchasing cost of EUR 861,363.49 was deducted from the unrestricted equity account.

Convertible Capital Notes

Aspo Plc has issued Convertible Capital Notes worth EUR 15,512,500. The validity period for the notes runs from June 4, 2004 to June 4, 2009. The notes will be repaid in a single instalment on June 4, 2009 provided that the repayment conditions specified in chapter 5 of the Companies Act and in the terms and conditions of the Convertible Capital Notes are met. The notes carry a fixed 5% interest rate. Aspo is entitled to extend the loan period by a maximum of five years. If the loan period is extended, the fixed interest rate for the loan is 8%.

If the loan is not repaid on the due date, interest will be paid on the unpaid principal at a total of two percentage points above the confirmed annual interest rate.

The capital notes can be converted into Aspo stock. Each EUR 500 note entitles the holder to convert the note into 84 Aspo Plc shares. The conversion rate is EUR 5.95.

During the year, convertible capital notes were used to subscribe for 7,560 shares, and the share capital was correspondingly increased by EUR 5,065.20.

Events after the Reporting Period

Group Management

Aki Ojanen, eMBA, who has worked as Aspo Plc's COO since October 1, 2007 started working as Aspo Plc's CEO on January 1, 2009. Simultaneously, Gustav Nyberg, B.Sc. (Econ.), eMBA, who has worked as Aspo's CEO since 1999, became the full-time Chairman of Aspo's Board of Directors.

Arto Meitsalo, M.Sc. (Econ.) started working as Aspo Plc's CFO on January 1, 2009. He previously worked as Kauko-Telko Oy's CFO and acting CEO.

Flagging

Henrik B. Nyberg announced on January 19, 2009, that his share of Aspo Plc's share capital and votes fell below 10%.

Outlook for 2009

The general economic uncertainty in the Baltic Sea region continues. The basic industrial demand is expected to be lower than in 2008. Consumers' confidence in their own economy has weakened, which is expected to increase the demand for basic food products.

Aspo Group's new structure creates a good basis for growth in continuing operations. Administrative costs are expected to be clearly lower than in 2008. The targeted level in cost efficiency will be reached in the last quarter as the Finnish operations move into joint premises.

Aspo Group's aim is to improve its profitability and the Group has the prerequisites to improve the result of continuing operations.

ESL Shipping

The shipping company's capacity has decreased since 2007. We expect that the first of the vessels ordered from India will be completed in the fall of 2009. A majority of the 2009 transport capacity has been covered with long-term agreements, but the transport volumes of the steel and construction industry customers in particular will decrease from 2008. The Baltic Sea freight prices made a downturn in the fall of 2008. It is not realistic to expect that ESL Shipping's result would reach the 2008 level.

Leipurin

Organic growth is expected to continue. Leipurin will continue to establish itself in Russian megalopolis and possibly in Ukraine during 2009. The new offices create a good basis for several years of growth. We expect Leipurin to generate a good result.

Telko

Telko will focus on improving its result and profitability without any net sales target. If Telko is successful in directing its operations, the result is expected to improve from 2008.

Kaukomarkkinat

The main target of the operation is to grow at least as much as general market growth in the Finnish air-source heat pump markets. Project sales are expected to remain at last year's level. Audio-visual and giant screens operations are developed as a new growth area, but its earnings effect will not be substantial in 2009.

Operational Risks

The general economic situation affects the industrial demand in the Baltic Sea region. Of customer segments, basic industry especially has announced that it will reduce production from 2008. Changes in demand in developing markets are more difficult to estimate. We expect that in Russia, in particular, markets will, despite the recession, develop so that Russia's share of Aspo Group's operations will remain intact, or increase. The risk of a recession in the financial markets and the economy is reflected in the exchange rates in our neighboring areas (Russia, Ukraine, the Baltic region and Poland) and possibly also in customers' solvency.

Proposal of the Board for the Distribution of Earnings

The parent company's distributable earnings totaled EUR 16,173,319.28 with the fiscal year's earnings totaling EUR 9,803,258.34.

The company's registered share capital on December 31, 2008 was 26,406,063 shares, of which the company held 620,000.

The Board proposes that the company's earnings be distributed as follows: A dividend of EUR 0.42 per share to be paid out on 25,786,063 shares, totaling EUR 10,830,146.46 and EUR 5,343,172.82 to be held in shareholders' equity.

The company's financial position has not changed substantially since the end of the fiscal year. The company's liquidity is good and, in the Board of Directors' view, not endangered by the proposed distribution of profit.

Helsinki, on February 9, 2009

Aspo Plc
Board of Directors

Consolidated Income Statement

1 000 EUR	Note	2008	2007
Net sales	1	**358 233**	208 867
Other operating income	4	**1 585**	10 417
Change in inventory of finished goods and work in progress +/-		**-1 545**	1 103
Share of associated companies' profit or loss	17	**-14**	
Materials and services	7	**-248 147**	-125 992
Personnel costs	5	**-32 927**	-17 254
Depreciation	6	**-10 822**	-9 355
Other operating expenses	8	**-52 286**	-42 413
Operating profit		**14 077**	25 373
Financial income	9	**1 016**	412
Financial expenses	9	**-5 556**	-1 432
Total financial expenses		**-4 540**	-1 020
Profit before taxes		**9 537**	24 353
Income taxes	10	**-2 545**	-5 850
Net profit for the period from continuing operations		**6 992**	18 503
Discontinued operations			
Net profit for the period from discontinued operations		**8 528**	-3 138
Profit to parent company shareholders		**15 507**	15 235
Minority interest		**13**	129
Earnings per share to parent company shareholders, EUR			
Undiluted earnings per share			
From continuing operations	11	**0.27**	0.71
From discontinued operations	11	**0.33**	-0.12
Total, EUR		**0.60**	0.59
Diluted earnings per share			
From continuing operations	11	**0.26**	0.67
From discontinued operations	11	**0.30**	-0.11
Total, EUR		**0.56**	0.56

Consolidated Balance Sheet

Assets

1 000 EUR	Note	2008	2007
Non-current assets			
Other intangible assets	12	**17 014**	2 611
Goodwill	13	**40 351**	10 114
Tangible assets	14	**69 108**	47 281
Investments held for trading	15	**193**	160
Receivables	16	**258**	134
Shares in associated companies	17	**925**	1 126
Deferred tax receivable	18	**896**	2 353
Total non-current assets		**128 745**	63 779
Current assets			
Inventories	19	**33 418**	24 040
Accounts receivable and other receivables	20	**42 286**	39 784
Income tax receivables for the period		**979**	278
Cash and cash equivalents	21	**12 621**	13 146
		89 304	
Non-current assets classified as available for sale.	3	**679**	
Total current assets		**89 983**	77 249
Total assets		**218 728**	141 028

Shareholders' equity and liabilities

1 000 EUR	Note	2008	2007
Shareholders' equity			
Share capital	22	**17 692**	17 687
Premium fund	22	**4 351**	4 311
Treasury shares	22	**-3 778**	-3 036
Translation differences	22	**-81**	41
Revaluation fund	22	**-265**	-904
Invested unrestricted equity fund	22	**248**	229
Retained earnings		**32 063**	29 067
Net profit for the period		**15 507**	15 235
Equity portion of the convertible bond	22	**220**	220
Total shareholders' equity belonging to shareholders		**65 957**	62 851
Minority interest		**13**	162
Total shareholders' equity		**65 970**	63 013
Long-term liabilities			
Provisions	26		63
Deferred tax liability	18	**13 971**	9 239
Loans	23	**34 278**	14 972
Other liabilities	24	**2 024**	1 219
Pension liabilities	25		174
Total long-term liabilities		**50 273**	25 667
Short-term liabilities			
Provisions	26	**201**	1 044
Loans and overdraft facilities	23	**58 729**	18 570
Accounts payable and other liabilities	24	**41 871**	32 326
Income tax liabilities for the period		**1 186**	409
		101 987	52 349
Liabilities related to non-current assets classified as held for sale	3	**498**	
Total short-term liabilities		**102 485**	52 349
Total liabilities		**152 758**	78 016
Total shareholders' equity and liabilities		**218 728**	141 028

The notes presented on pages 54 – 83 form an integral part of the consolidated income statements.

Consolidated Cash Flow Statement

1 000 EUR	2008	2007
Operational cash flow		
Operating profit	**23 717**	23 824
Adjustments to operating profit		
Depreciation and impairment	**11 199**	9 775
Sales gains and losses from fixed assets and investments	**-9 466**	-10 496
Accrued personnel costs	**-474**	233
Change in working capital		
Inventories	**7 298**	-6 367
Current receivables	**17 586**	-5 729
Interest-free current liabilities	**-10 468**	4 610
Other change	**507**	114
Interest paid	**-6 047**	-3 173
Interest received	**1 025**	502
Dividends received	**7**	179
Taxes paid	**-3 972**	-4 867
Operational cash flow	**30 912**	8 605
Cash flow from investments		
Investments in tangible and intangible assets	**-19 765**	-3 311
Advance payments for vessels	**-2 285**	-2 395
Gains on the sale of tangible and intangible assets	**757**	11 155
Gains on the sale of other investments	**-34**	-1
Subsidiaries acquired less liquid funds at time of acquisition	**-78 202**	-4 718
Subsidiaries sold	**28 836**	
Cash flow from investments	**-70 693**	730
Cash flow from financing		
Repurchase of shares	**-804**	-1 598
Disposal of shares	**62**	34
Repayments of short-term loans	**-34 480**	-245
New short-term loans	**51 434**	8 455
New long-term loans	**34 000**	
Repayments of long-term loans		-1 305
Profit distribution to minorities	**-118**	-79
Dividends distributed	**-10 838**	-10 574
Cash flow from financing	**39 256**	-5 312
Change in liquid funds	**-525**	4 023
Liquid funds, January 1	**13 146**	9 123
Liquid funds at year-end	**12 621**	13 146

The notes presented on pages 54 – 83 form an integral part of the consolidated income statements.

Statement of Changes in Shareholders' Equity

1 000 EUR	Note	Share capital	Premium fund	Re-valuation fund	Invested un-restricted equity fund	Other funds	Treasury shares	Translation differences	Retained earnings	Total	Minority interest	Total share-holders' equity
Shareholders' equity January 1, 2008		**17 687**	**4 311**	**-904**	**229**	**220**	**-3 036**	**58**	**44 286**	**62 851**	**162**	**63 013**
Translation differences								-139	-1 367			
Profit for the period									15 507		13	
Transfer at the original value of hedged items				904								
Increase in hedging reserve	22			-357								
Share of deferred taxes				92								
Dividend payment	22								-10 838			
Repurchase of shares							-804					
Disposal of shares					19		62					
Net profit recorded directly in shareholders' equity									-18			
Conversion of convertible bond	22	5	40									
Change in minority interest											-162	
Shareholders' equity December 31, 2008		**17 692**	**4 351**	**-265**	**248**	**220**	**-3 778**	**-81**	**47 570**	**65 957**	**13**	**65 970**
Shareholders' equity January 31, 2007		**17 452**	**2 459**	**-42**		**220**	**-1 828**	**94**	**39 702**	**58 056**	**113**	**58 170**
Translation differences								-36	-78		8	
Profit for the period									15 235		129	
Transfer at the original value of hedged items				42								
Increase in hedging reserve	22			-1 222								
Share of deferred taxes				318								
Dividend payment	22								-10 574		-88	
Repurchase of shares					-83		-1 656					
Disposal of shares					312		448					
Conversion of convertible bond	22	235	1 852									
Shareholders' equity December 31, 2007		**17 687**	**4 311**	**-904**	**229**	**220**	**-3 036**	**58**	**44 286**	**62 851**	**162**	**63 013**

Notes to the Consolidated Financial Statements

Basic Information

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

Aspo is a conglomerate focusing on sectors that require extensive specialist knowledge. The Group's operations are organized into independent business areas – ESL Shipping, Leipurin, Telko and Kaukomarkkinat, which is reported as part of the Group's other operations.

The Group's parent company is Aspo Plc. The parent company is domiciled in Helsinki and its registered address is Lautatarhankatu 8 B, FI-00580 Helsinki, Finland.

A copy of the consolidated financial statements is available from Aspo Plc's head office at Lautatarhankatu 8 B, FI-00580 Helsinki, Finland.

Aspo Plc's Board of Directors has approved the financial statements for issue at its meeting on February 9,2009. Pursuant to the Finnish Companies Act, shareholders may either adopt or reject the financial statements at an Annual Shareholders' Meeting held after the issue, and may also decide to modify them.

Accounting Principles

Basis of presentation

Aspo Plc's consolidated financial statements have been drawn up in line with International Financial Reporting Standards (IFRS) approved in the EU, applying the standards and interpretations valid on December 31, 2008. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

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

Principles of Consolidation

The consolidated financial statements include the parent company Aspo Plc and all of its subsidiaries. Subsidiary refers to a company in which the parent company, directly or indirectly, owns more than 50% of the voting rights or in which it otherwise exercises control. Associated companies, in which the Group owns 20 to 50% of the voting rights and at least a 20% holding or in which it otherwise exercises significant control, have been consolidated using the equity method. If the Group's share of the associated company's losses exceeds the carrying amount, losses in excess of the carrying amount will not be consolidated unless the Group has undertaken to fulfill the associated companies' obligations. Unrealized profits between the Group and an associated company have been eliminated in accordance with the Group's ownership.

Subsidiaries acquired during the year have been consolidated from the time Aspo gained control. Divested operations are included up to the time Aspo surrendered control. Acquired subsidiaries have been consolidated using the acquisition cost method, which involves measuring the acquired company's assets and liabilities at fair value at the time of acquisition. The goodwill acquisition cost is the amount by which the subsidiary acquisition cost exceeds the net fair value of the acquired identifiable assets, liabilities and conditional liabilities. As allowed by IFRS 1, acquisitions made before the adoption of IFRS have not been adjusted to comply with IFRS principles; instead, they remain at the FAS-compliant values.

In the IFRS, goodwill is not amortized; instead, it is tested annually for impairment.

Intra-Group transactions, receivables and liabilities and intra-Group profit distribution have been eliminated in the consolidation.

The distribution of the fiscal year's profit between the parent company shareholders and minorities is shown in the income statement. Minority interest is presented as a separate item under the Group's shareholders' equity.

Foreign currency items and their measurement

Transactions in foreign currencies are recorded at the exchange rates of the transaction date. Foreign currency receivables and liabilities open at the end of the fiscal year have been measured using the rates of the closing date. The losses and gains from foreign currency denominated transactions and conversion of monetary items are recorded in the income statement. Foreign exchange gains and losses related to business operations have been recognized in the corresponding items above the operating profit. Foreign exchange gains and losses from foreign currency denominated loans are included in financial income and expenses.

Foreign subsidiaries

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

However, as allowed by IFRS 1, translation differences arising prior to January 1, 2004 were recognized under retained earnings when IFRS was adopted and will not be recognized on the income statement in connection with any divestment of the subsidiaries. Translation differences that have arisen through consolidation since the adoption date are presented as a separate item under shareholders' equity. Since January 1, 2004, goodwill arising from the acquisition of foreign business units and adjustments to the fair values of these units' assets and liabilities upon acquisition have been treated as assets and liabilities of the foreign units and translated into euro using the exchanges rates on the closing date. Goodwill and fair value adjustments related to acquisitions made prior to January 1, 2004 have been posted in euro.

Segment reporting

The business divisions represent primary segments and geographic areas represent secondary segments. The products and services of each business segment involve different risks and profitability elements. Business segments are based on the Group's internal organizational structure and its financial reporting. Secondary segments are key market areas in which the risks and profitability related to products and services differ from the risks and profitability inherent in the financial environment of other geographic segments.

Sales are shown according to the customer's geographic location while assets and investments are shown according to their own geographic location.

Inter-segment transactions are carried out at market prices.

Tangible assets

Fixed assets have been recognized at original acquisition cost net of cumulative depreciation less impairment. Planned depreciation is calculated on a straight-line basis over the estimated useful economic life as follows:

Buildings and structures	15 – 40 years
Vessels	16 – 25 years
Pushers	8 – 10 years
Machinery and equipment	3 – 8 years
Piping	5 – 20 years
Other tangible assets	5 – 40 years

Land is not depreciated.

A previously recorded write-down on tangible assets will be reversed if the estimates used to determine the recoverable amount change. However, the post-reversal value may not exceed the value the asset had before write-down in previous years. Sales profits and losses arising from removal from use and disposals of tangible assets are included in other operating income and expenses.

Goodwill and other intangible assets

The acquired subsidiaries have been consolidated using the acquisition cost method. The acquisition cost is matched against assets and liabilities on the basis of their fair value at the time of acquisition. The remaining part of the acquisition cost is goodwill. Goodwill is not amortized; instead, its fair value is tested at least annually using the goodwill impairment test based on fair market value (see Goodwill Impairment Test on page 67).

No depreciation is recognized on intangible assets with unlimited useful economic lives, they are tested annually for impairment. The useful economic lives for the brands belonging to Leipurin and Telko segments have been assessed as unlimited. The fact that the brands are well-known and have a strong history supports the management's view that the brands affect accumulation of cash flow for an undefined period.

Other intangible assets are measured at original acquisition cost and amortized on a straight-line basis during their useful economic life. Other intangible assets include software and software licenses.

The Group assesses goodwill and other intangible assets annually or more often if there are any indications of potential impairment. If indications are present, the recoverable amount of the asset in question is determined. Impairment is assessed at the level of cash-flow generating units.

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

An impairment loss is recognized in the income statement if the carrying amount of an asset is higher than its recoverable amount. Where an impairment loss is recognized for an asset subject to depreciation, the asset's useful economic life is re-estimated. An impairment recognized for assets other than goodwill is reversed if the estimates used to determine the recoverable amount change substantially. However, the post-reversal value may not exceed the value the asset had before write-down in previous years. An impairment loss recognized for 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 occurrence. However, development costs arising from the design of new products are capitalized in the balance sheet as intangible assets from the point when the product is technically and commercially feasible and expected to generate future economic benefit. Capitalized research and development costs will be amortized over their useful economic life.

Inventories

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

Leasing agreements – Group as lessee

Fixed asset 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 are recorded on the balance sheet in the amount equaling the fair value of the asset at the start of the agreement or a lower current value of minimum leases. The leasing payments are divided into financial expenses and loan repayment. The corresponding leasing liabilities less financial expenses are included in other longer-term interest-bearing liabilities. The interest on finance is recognized in the income statement during the leasing period so that the interest rate for the remaining debt will be the same for each financial year. Assets leased under financial leasing agreements will be depreciated either over their useful economic life or over the term of the leasing agreement if shorter.

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

Employee benefits

Statutory pension cover is provided for by taking out insurance with pension insurance companies. In foreign units, pension cover is arranged in accordance with local legislation and social security regulations. Payments towards defined-contribution pension schemes are recognized as expenses in the income statement during the relevant fiscal year.

Share-based payments

In January 2006 the Board of Directors decided to set up a management incentive plan based on share price performance for about 30 Aspo Plc executives and key employees selected by the Board of Directors. The payments under the plan are settled in cash.

Costs arising from the plan are measured at fair value and expensed in equal installments in the income statement over the incentive earning period. Fair value is determined on the basis of the Black-Scholes stock option pricing model. The expenditure determined on the granting date is based on a Group estimate as to the number of option rights vested at end of the vesting period. The Group updates the estimate on the final number of options on each closing date. Cash-settled payment plans are recognized at fair value in the financial statements, and changes in the debt's fair value are recognized in the income statement.

Treasury shares

The acquisition cost of Aspo Plc's own shares is recorded as a reduction of shareholders' equity.

Provisions

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

Environmental provisions are recorded when the Group has a present obligation under environmental legislation or the Group's environmental responsibility principles related to the decommissioning of a production plant, environmental rehabilitation and restoration, or relocating equipment.

A provision for restructuring is recognized when the Group has prepared a detailed restructuring plan and restructuring has either commenced or the plan has been announced in an appropriate manner.

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

Income taxes

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

Income recognition principles

Revenue from the sale of products is recognized when the material risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue from services is recognized once the services have been rendered. Income and costs from long-term projects are recognized as revenue and expenses on the basis of the percentage of completion when the outcome of the project can be reliably assessed. The percentage of completion is determined on the basis of the share of costs of the work carried out by the time of review of the project's estimated total costs. When it is likely that the project will generate losses, losses will be expensed immediately. Aspo had no long-term projects under way during the fiscal year. Government subsidies granted to compensate costs incurred are recognized as income, while costs related to the target of subsidy are expensed.

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

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

Immediately prior to classification as available for sale, the assets in question or the assets and liabilities of the group to be surrendered are measured based on the applicable IFRS standards. From the point of measurement onwards, the assets available for sale are measured at book value or at a lower fair value less the costs accumulated from the sale.

The result of discontinued operations is presented as its own item in the consolidated income statement. Assets available for sale, groups of items to be surrendered and the liabilities included in the groups of items to be surrendered are included in other items in the balance sheet.

Accounts receivable

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

Accounts payable

Accounts payable are originally recognized at fair value and later measured at amortized cost using the effective interest method.

Financial assets and liabilities

The classification of financial assets and liabilities, their measurement and the recognition of derivatives have been performed in accordance with IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement).

Financial assets

Financial assets have been classified into loans and other receivables, investments held to maturity, financial assets available for sale, and financial assets recognized at fair value through profit and loss. The classification takes place upon initial recognition.

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

Financial assets available for sale and financial assets recognized at fair value through profit and loss are measured at fair value using quoted market prices and rates or an imputed current value. Unlisted shares for which fair value cannot be reliably determined are recorded at acquisition cost less impairment. Changes in the fair value of financial assets available for sale are recorded in the fair value fund under shareholders' equity, taking the tax impact into account. When such an asset is sold or otherwise realized or has generated an impairment loss, the accumulated changes in fair value are moved from shareholders' equity to profit or loss. Acquisitions or disposals of financial assets available for sale are recorded on the settlement date.

Investments in shares, fixed-income securities and convertible bonds are classified as financial assets available for sale.

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

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

Financial liabilities

Financial liabilities are recorded on the settlement date and recognized on the balance sheet at acquisition cost less transaction costs. Interest is allocated on the maturity of the debt using the effective interest rate method.

The fair value of the share in debt of a convertible bond has been determined using the market interest rate of a corresponding debt on the date of issue. The share in debt is recognized at amortized cost until it is amortized completely by converting the loan into stock. The remainder of the money received and the share of equity, less associated taxes, has been recorded under equity.

Cash and cash equivalents

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

Derivatives

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

The Group has applied hedge accounting in accordance with IAS 39 to protect predicted foreign currency cash flow in the acquisition of fixed assets. The change in the fair value of the effective share of hedging is recorded directly in the hedge fund included in the fair value reserve under equity. Profits and losses recorded under equity are transferred to the acquisition cost of the asset during the fiscal period the hedged item is capitalized. Hedge accounting has not been applied to other derivatives.

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

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

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

Estimates

When preparing financial statements in compliance with the international financial reporting standards, assumptions and estimates have to be made that affect the assets and liabilities on the balance sheet at the time of preparation, the reporting of conditional assets and liabilities, and the income and expenses during the fiscal year. Estimates have been used, e.g., to determine the amounts of items reported in the financial statements, to determine goodwill and the useful life of tangible and intangible assets. Since the estimates are based on the best current assessments of the management, the final figures may deviate from the assessments used in the financial statements.

Goodwill impairment test

The Group tests the balance sheet value of goodwill annually or more often if there are any indications of potential impairment. An impairment loss recognized for goodwill is not reversed under any circumstances. Goodwill is allocated to the Group's cash flow-generating units, the identification of which depends on which business unit's management monitors goodwill in their internal reporting. The unit's recoverable amount is calculated from value in use calculations. Cash flow-based value in use is determined by calculating the discounted current value of predicted cash flows. The discount rate used in the calculations is based on the weighted average cost of capital employed in the Group's business operations that is applied in the currency area in which the cash flow-generating unit is considered to be located (business area). The weighted average cost of capital reflects the Group's average long-term financial structure. An impairment loss is immediately recognized in the income statement if the asset's carrying value is higher than its recoverable amount.

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

The estimates made when preparing the financial statements are based on the management's best assessment on the balance sheet date. The estimates are based on historical experiences and assumptions regarding the future development of the Group's financial operating environment in terms of net sales and cost level. In the Group management's view, the role of assumptions and estimates is the most significant as regards goodwill impairment testing.

Application of new or amended IFRS standards and IFRIC applications

IASB has published the following standards and interpretations that become mandatory in 2009 or subsequently. The Group has decided not to apply these standards and interpretations prematurely and will adopt them in future fiscal years.

- IAS 1 (Revised), Presentation of Financial Statements. The revision affects the presentation of consolidated financial statements.
- IFRS 8, Operating segments. The Group's reported segments will remain the same as in accordance with the IAS 14 standard, except that Kaukomarkkinat will in future be presented as a separate segment and not included in other operations. The presentation of segment information will be changed to correspond with the company's internal reporting

The following standards and interpretations are not expected to have a significant effect on the Group's financial statements:

- IAS 23 (Revised), Borrowing costs. The revision to the standard does not change the Group's accounting principles and thus has no effect on the Group's financial statements.
- IAS 32 (Revised), Financial instrument: presentation and IAS 1 (Revised), Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation.
- IFRS 2, Share-based payments. The revision of the standard is not expected to have considerable effect on the Group's financial statements.
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions
- IFRIC 13, Customer loyalty programmes
- IFRIC 14, IAS 19 – The limit on a defined benefit asset minimum funding requirements and their interaction
- IFRIC 15, Agreements for the construction of real estate
- IFRIC 16, Hedges of a net investment in a foreign operation

In 2010, the Group will adopt the following standards and interpretations published by IASB:

- IFRS 3 (Revised), Business combinations
- IAS 27 (Revised), Consolidated and separate financial statements
- IFRS 5 (Revised), Non-current assets held for sale and discontinued operations (and the related IFRS 1 revision "First-time adoption of international financial reporting standards").

The Group management is analyzing the effect of the above-mentioned standards on the Group's financial statements.

The following standards and interpretations are not expected to have a significant effect on the Group's financial statements:

- IAS 39 (Revised), Financial instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 17, Distributions of Non-cash Assets to Owners
- IFRIC 12, Service Concession Arrangements
- IFRIC 18, Transfers of Assets from Customers

1. Net Sales and Segment Information

Aspo's main reporting segments are its business segments, i.e. ESL Shipping, Leipurin, Telko and other operations. Other operations include Kaukomarkkinat and Group administration. Secondary reporting covers geographic segments based on key market areas. Net sales are shown according to the customer's geographic location, while assets and investments are shown according to their own geographic location.

1.1 Business segments
The segment's assets and liabilities are items the segment uses in its business operations or that can be reasonably allocated to the segment. Non-allocated items include taxes and financial items and Group items. Investments consist of increases in fixed assets and intangible assets that will be used in more than one fiscal year.

2008

1 000 EUR	ESL Shipping	Leipurin	Telko	Other operations	Elim.	Group
Sales outside the Group	84 125	69 293	172 686	32 129		358 233
Intra-Group sales	702		9 745	2	-10 449	
Net sales	84 827	69 293	182 431	32 131	-10 449	358 233
Operating profit	15 575	3 031	1 038	-5 567		14 077
Net financial expenses						-4 540
Profit before taxes						9 537
Income taxes						-2 545
Net profit for the period from continuing operations						**6 992**
Net profit for the period from discontinued operations						**8 528**
Net profit for the period						**15 507**
Depreciation on tangible assets	7 546	123	960	779		9 408
Depreciation on intangible assets	49	297	224	844		1 414
Segment's assets	66 575	49 050	53 621	23 185		192 431
Shares in associated companies	919			5		924
Non-allocated funds						25 373
Total assets						**218 728**
Segment's liabilities	7 731	19 792	20 876	4 620		53 019
Non-allocated liabilities						99 739
Total liabilities						**152 758**
Investments	18 779	99	399	1 284		**20 561**

2007

1 000 EUR	ESL Shipping	Leipurin	Telko	Other operations	Elim.	Group
Sales outside the Group	85 084		123 783			208 867
Intra-Group sales	691		9 160		-9 851	
Net sales	85 775		132 943			208 867
Operating profit	25 051		3 136	-2 814		25 373
Net financial expenses						-1 020
Profit before taxes						24 353
Income taxes						-5 850
Net profit for the period from continuing operations						**18 503**
Net profit for the period from discontinued operations						**-3 138**
Net profit for the period						**15 365**
Depreciation on tangible assets	8 686		385	24		9 095
Depreciation on intangible assets	50		130	80		260
Segment's assets	54 610		38 443	1 108		94 161
Shares in associated companies	1 126					1 126
Non-allocated funds						15 665
Total assets						**110 952**
Segment's liabilities	9 232		11 811	1 038		22 081
Non-allocated liabilities						43 187
Total liabilities						**65 268**
Investments	3 749		5 654	155		**9 558**

1.2 Geographic areas

1 000 EUR	Net sales 2008	Net sales 2007	Investments 2008	Investments 2007	Assets 2008	Assets 2007
Finland	**191 097**	127 686	**20 276**	6 168	**143 998**	73 525
Nordic countries	**47 505**	32 994	**15**	3 217	**17 159**	8 251
Baltic countries	**32 819**	15 888	**49**	63	**9 119**	5 012
Russia, etc.	**86 812**	32 299	**221**	110	**22 155**	7 373
Total	**358 233**	208 867	**20 561**	9 558	**192 431**	94 161

2. Acquired Operations

Acquisitions in 2008

The Group acquired the entire stock of Kauko-Telko Oy on April 30, 2008. The deal price was EUR 96 million and the deal was mainly financed with loans. The acquisition cost also included EUR 1.7 million in legal and other expert fees.

The acquisition generated EUR 37.4 million in goodwill based on the synergy benefits expected to be achieved from the Kauko-Telko acquisition. According to the management, the goodwill is connected to the personnel and the utilization of a joint sales and marketing network.

Kauko-Telko Group's eight-month net sales totaling EUR 154.5 million and result of EUR 3.2 million are included in Aspo Group's 2008 income statement. Aspo Group's net sales would have been EUR 484 million and the operating profit would have been EUR 17 million if the business acquisition carried out during the fiscal year would have been consolidated in the consolidated financial statements from the beginning of 2008.

Acquisitions in 2007

In March 2007, Aspokem Ltd acquired the entire stock of the Danish Wilfert Chemical Nordic A/S, resulting in net sales growth and improved earnings for the Chemicals division. The total purchase price was EUR 4.4 million, including expert fees of EUR 0.1 million. EUR 0.7 million of the acquisition price was paid in Aspo Plc shares. Client relationships measured at EUR 0.5 million were recognized in intangible assets. The EUR 1.8 million of goodwill was influenced by the company's market position in plastic raw materials and the chance to utilize its distribution network. The impact of the purchase price on cash flow was approximately EUR 4.4 million. Wilfert markets plastic raw materials in Denmark, Sweden, Norway and Finland. The company was established in 1984 and employed 11 people. Its net sales totaled about EUR 21 million in 2006, and operating profit stood at EUR 0.6 million. The business operations were immediately transferred to the buyer and have been included in Aspokem's figures from the beginning of 2007.

In September 2007, Autotank AS acquired the entire stock of the Norwegian Bård Andersen AS. The size of the corporate acquisition was not material. Its impact on cash flow was approximately EUR 0.2 million.

2008 **Acquisition of Kauko Telko Group** **1 000 EUR**	**Fair values recorded in combination**	**Book value before combination**
Tangible fixed assets	12 622	8 882
Other intangible assets	3 842	3 842
Brands (included in other intangible assets)	5 303	
Client contracts (included in other intangible assets)	8 728	
Investments	55	55
Inventories	23 934	23 134
Accounts receivable and other receivables	30 448	30 448
Cash and cash equivalents	20 670	20 670
Total assets	**105 602**	**87 031**
Deferred tax liabilities	6 147	1 319
Financial liabilities	7 121	7 121
Other liabilities	33 533	33 533
Total liabilities	**46 801**	**41 973**
Net assets	58 801	
Acquisition cost	96 164	
Goodwill	37 363	
Sale price paid in cash	96 164	
Overdraft limits and liquid funds of the acquired corporation	-17 961	
Cash flow effect	**78 203**	

2007 **Wilfert acquisition** **1 000 EUR**	**Fair values recorded in combination**	**Book value before combination**
Tangible fixed assets	41	41
Intangible assets	533	
Inventories	2 424	2 424
Accounts receivable and other receivables	3 496	3 496
Total assets	**6 494**	**5 961**
Long-term liabilities	407	407
Short-term liabilities	3 542	3 542
Total liabilities	**3 949**	**3 949**
Net assets	2 545	2 012
Acquisition cost	4 350	
Goodwill	1 805	
Sale price paid in cash	3 682	
Overdraft limits of the acquired corporation	761	
Cash flow effect	**4 443**	

3. Discontinued Operations

In June 2008, Aspo Plc and Gilbarco Veeder-Root signed an agreement by which Aspo Plc sold the entire stock of Autotank Ltd to Gilbarco Veeder-Root. Autobank Group was included in the Aspo Systems segment in Aspo Group. Autotank offers systems and equipment related to automatic payments for gas stations and related maintenance services. At the time of the divestment the company employed 350 people. Autotank's result up to the time of divestment is included in the figures for discontinued operations in Aspo Group's financial statements.

In August 2008, the Group signed an agreement to sell Kauko-Telko's sourcing services unit to Kaukopartio Oy (now called Nikolai Sourcing Oy). The divestment of the sourcing services also included business operations in Shanghai and Beijing, China, and a subsidiary in Hong Kong. Key clientele consists of companies engaged in speciality consumer goods, textile, shoe and furniture trading. The deal was completed in December 2008. In the deal, 17 employees were transferred to the new owner.

In September 2008, Aspo Plc and Telpak Oy signed an agreement to sell Kauko-Telko Oy's packaging services to Telpak Oy. The packaging services include the inventories and organization of retail trade and industrial packaging materials sold in Finland, including tapes, binding straps and packing plastics. In the deal, 10 employees were transferred. The sales gain generated is included in other operating income under discontinued operations.

In December 2008, Aspo Plc and Conti Investments B.V. signed an agreement by which Aspo Plc sold a company called ASM Sweden AB to Conti Investments B.V. ASM provides packaging and adhesive tape services in Sweden. In the deal, 13 employees were transferred. The sales had no significant effect on company earnings. ASM's result prior to the divestment is included in discontinued operations.

Profit from discontinued operations

1 000 EUR	2008	2007
Income	**45 170**	58 132
Expenses	**-45 724**	-61 087
Profit before taxes	**-554**	-2 955
Taxes	**-193**	-184
Profit after taxes	**-747**	-3 139
Profit from surrender of discontinued operations before tax	**9 389**	
Taxes	**-114**	
Profit from surrender of discontinued operations after tax	**9 275**	
Net profit for the period from discontinued operations	**8 528**	

Cash flow from discontinued operations

1 000 EUR	2008	2007
Operational cash flow	**1 392**	-5 407
Cash flow from investments	**-299**	-1 287
Cash flow from financing	**1 221**	8 449
Total cash flow	**2 314**	1 755

Effect of sales from discontinued operations on the Group's financial position

1 000 EUR	2008
Tangible fixed assets	**2 018**
Goodwill	**6 662**
Other intangible assets	**1 082**
Receivables	**11 644**
Inventories	**8 695**
Cash and cash equivalents	**6 526**
Financial Liabilities	**-27 978**
Other liabilities	**-10 398**
Total assets and liabilities	**259**
Compensation received in cash	**35 362**
Liquid assets of surrendered operations	**6 526**
Cash flow effect	**28 836**

Assets classified as held for sale

1 000 EUR	2008
Inventories	**50**
Accounts receivable and other receivables	**629**
Total assets classified as held for sale	**679**

Liabilities classified as held for sale

1 000 EUR	2008
Accounts payable and other liabilities	**498**
Total liabilities classified as held for sale	**498**

4. Other Operating Income

Other operating income

1 000 EUR	2008	2007
Total gains from the sale of fixed assets	**69**	10 212
Suspension compensations	**705**	
Total rents and related remunerations	**200**	65
Other income	**611**	140
Total	**1 585**	10 417

5. Employee Benefits and Personnel Information

1 000 EUR	2008	2007
Wages and salaries	**26 652**	14 208
Pension costs, contribution plans	**2 142**	1 537
Pension costs, defined-benefit plans		-314
Option arrangements paid for in cash	**-19**	91
Other indirect personnel costs	**4 152**	1 734
Total	**32 927**	17 254

Information regarding the management benefits is presented in the Inner Circle section.

Personnel by division at year-end, continuing operations

	2008	2007
ESL Shipping	**240**	239
Leipurin	**168**	
Telko	**230**	132
Other	**183**	10
Total	**821**	381

Personnel by geographic area at year-end, continuing operations

	2008	2007
Finland	**526**	305
Nordic countries	**31**	11
Baltic countries	**50**	18
Russia, etc.	**214**	51
Total	**821**	385

6. Depreciation and Impairment

1 000 EUR	2008	2007
Intangible assets	**1 414**	259
Buildings	**834**	67
Vessels	**7 531**	8 670
Machinery and equipment	**1 043**	360
Total	**10 822**	9 355

7. Materials and Services

Materials and services

1 000 EUR	2008	2007
Purchases during the period		
ESL Shipping	**17 458**	14 587
Leipurin	**57 196**	
Telko	**140 845**	110 520
Other operations	**21 250**	
Total	**236 749**	125 107
Change in inventories	**1 406**	-2 113
Outsourced services		
Leipurin	**2 842**	
Telko	**6 745**	2 997
Other operations	**405**	
Total	**9 992**	2 997
Total materials and services	**248 147**	125 992

8. Other Operating Expenses

Other operating expenses

1 000 EUR	2008	2007
Rents	**5 592**	2 178
ESL Shipping	**32 625**	35 596
Leipurin	**3 624**	
Telko	**6 324**	3 261
Other operations	**3 770**	1 229
Fair value valuation of currency forwards, not included in hedge accounting	**340**	134
Loss from assignment in tangible assets	**11**	15
Total	**52 286**	42 413

Auditor’s fees, Group

1 000 EUR	2008	2007
Auditing	**175**	298
Tax advice	**17**	
Other services	**509**	119
Total	**701**	417

9. Financial Income and Expenses

Foreign exchange gains and losses include gains and losses from deposits and loans. In 2007, financial income and expenses included adjustments to the interest income and expenses from the interest rate swap and interest option used to manage the interest rate risk involved in a long-term loan. These derivatives were not included within the scope of hedge accounting.

Iterms above operating profit include exchange rate losses in the amount of EUR 1.3 (0.1) million.

1 000 EUR	2008	2007
Dividend income from investments held for trading	**7**	6
Interest income from loans and other receivables	**697**	358
Interest rate derivatives		37
Foreign exchange gains	**312**	11
Total financial income	**1 016**	412
Interest rate expenses	**-4 567**	-1 139
Interest rate derivatives		-23
Foreign exchange losses	**-989**	-270
Total financial expenses	**-5 556**	-1 432
Total financial income and expenses	**-4 540**	-1 020

10. Income Taxes

Taxes in the income statement

1 000 EUR	2008	2007
Taxes for the period	**-3 961**	-5 090
Change in deferred taxes and tax receivables	**1 421**	-760
Taxes from previous fiscal periods	**-5**	1
Total	**-2 545**	-5 850

Balancing calculation of the tax expense in the income statement and taxes calculated using the Group’s parent company’s tax rate (26%)

1 000 EUR	2008	2007
Profit before taxes	**9 537**	24 353
Taxes calculated using the parent company's tax rate	**-2 480**	-6 332
Impact of foreign subsidiaries' tax rates	**327**	491
Taxes from previous fiscal periods	**-5**	1
Other items	**-387**	-10
Taxes in the income statement	**-2 545**	-5 850
Effective tax rate	**27%**	24%

11. Earnings per Share

Undiluted earnings per share have been calculated by dividing the parent company's profit or loss belonging to the shareholders by the weighted average number of outstanding shares during the fiscal year. When calculating the diluted earnings per share, the average number of shares was adjusted with the dilutive effect of the equity-based convertible bond.

1 000 EUR	2008	2007
Undiluted		
Profit belonging to the shareholders of the company, continuing operations	**6 992**	18 503
Profit belonging to the shareholders of the company, discontinued operations	**8 528**	-3 138
Total	**15 520**	15 365
Average number of shares during period (1,000)	**25 826**	25 807
Earnings per share, EUR, continuing operations	**0.27**	0.71
Earnings per share, EUR, discontinued operations	**0.33**	-0.12
Total, EUR	**0.60**	0.59
Profit of continuing operations excluding sales gain from Arkadia		8 322
Earnings per share, continuing operations excluding sales gain, EUR	**0.27**	0.42
Diluted		
Profit belonging to the shareholders of the company, continuing operations	**6 992**	18 503
Profit belonging to the shareholders of the company, discontinued operations	**8 528**	-3 138
Total	**15 520**	15 365
Interest of the convertible bond (adjusted by tax effect)	**515**	564
Conversion of convertible bond into shares (1,000)	**2 606**	2 614
Average number of shares during period adjusted by the dilution effect from the convertible bond (1,000)	**28 432**	28 421
Diluted earnings per share, EUR, continuing operations	**0.26**	0.67
Diluted earnings per share, EUR, discontinued operations	**0.30**	-0.11
Total, EUR	**0.56**	0.56

12. Other Intangible Assets

Intangible rights mainly consist of corporate brands related to the acquisition of Kauko-Telko, which are described in Note 13, and also computer software and their licenses that are amortized on a straight-line basis over a five-year period. Refurbishment costs of premises and customer relationships acquired in business combinations are included in other intangible assets.

Intangible assets 2008

1 000 EUR	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan. 1	2 124	2 276	4 400
Increases	517	1	518
Increases, business combination	8 994	8 728	17 722
Decreases	-772		-772
Decreases, business divestments	-832	-1 770	-2 602
Acquisition cost, Dec. 31	**10 031**	**9 235**	**19 266**
Accumulated depreciation, Jan. 1	-1 262	-527	-1 789
Translation difference	4	21	25
Accumulated depreciation from decreases and transfers	514		514
Decreases, business divestments	325	287	612
Depreciation during the period	-881	-733	-1 614
Accumulated depreciation, Dec. 31	**-1 300**	**-952**	**-2 252**
Book value, Dec. 31	**8 731**	**8 283**	**17 014**

Intangible assets 2007

1 000 EUR	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost, Jan. 1	1 354	459	777	2 591
Translation differences			-16	-16
Increases	441	1 015		1 456
Increases, business combination		533		533
Decreases	-5			-5
Transfers between items	334	269	-762	-159
Acquisition cost, Dec. 31	**2 124**	**2 276**		**4 400**
Accumulated depreciation, Jan. 1	-1 026	-395		-1 421
Accumulated depreciation from decreases and transfers	5	1		6
Depreciation during the period	-241	-132		-373
Accumulated depreciation, Dec. 31	**-1 262**	**-527**		**-1 788**
Book value, Dec. 31	**862**	**1 749**		**2 611**

13. Goodwill

Goodwill is allocated to cash flow-generating units by country or by business unit on the basis of the unit's location and depending on the level of goodwill monitoring in internal reporting. Goodwill is divided into the segments as follows: Telko EUR 5.5 (2.8) million, Shipping EUR 0.8 (0.8) million, Leipurin EUR 22.4 million and other operations EUR 11.6 million.

Future cash flows used in impairment calculations are based on budgets approved by Group management. Estimates regarding cash flows cover three years using cautious growth expectations; subsequently, cash flow is estimated cautiously assuming zero growth. The discount rate (WACC) used in the calculations was 10.19% before taxes.

Impairment testing
No impairment has been recognized for the fiscal period and no impairment has occurred according to the impairment calculation. The future cash flows used in the impairment calculations are based on the economic plans for the next three years approved by the Group management. The cash flow for subsequent years has been estimated cautiously with an assumption of growth in accordance with inflation at most.

Assumptions used in impairment testing

Net sales
When estimating net sales, the assumption is that current operations can be maintained and net sales will grow at the same rate as inflation. The Kauko-Telko acquisition increases the stability of the Group's net sales and supports cautious growth.

Sales margin
The sales margin is assumed to follow net sales growth.

Fixed costs
Due to more efficient internal functions and the economic recession, the fixed costs are expected to increase at the rate of inflation at most.

Goodwill

1 000 EUR	2008	2007
Acquisition cost, Jan. 1	**10 114**	8 212
Decreases	**-282**	
Acquired operations	**37 363**	1 969
Divested operations	**-6 662**	
Translation difference	**-182**	-67
Acquisition cost, Dec. 31	**40 351**	10 114

Allocation of goodwill

1 000 EUR	2008	2007
ESL Shipping	**790**	790
Leipurin	**22 417**	
Telko	**5 526**	2 780
Other operations	**11 618**	6 544
Total	**40 351**	10 114

Brands

1 000 EUR	2008	2007
Leipurin	**3 148**	
Telko	**2 155**	
Total	**5 303**	

Discount rate
The discount rate is determined based on the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities, taking into account the particular risks related to the asset items and location of operations. The discount rate is determined before tax.

Factors influencing impairment testing
Despite the fast economic recession, the assumptions used in impairment testing are appropriate and the tested business operations have a sustainable basis. There are no indications of impairment in the business operations' commercial value but the result of future impairment testing will depend on the materialization of the estimated future cash flow. A substantial negative change in future cash flows may result in a write-down of goodwill. It is the management's view that the estimates of future cash flows presented above are likely.

14. Tangible Assets

Tangible assets 2008

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	61	2 593	8 952	147 318	590	8 116	167 630
Translation difference		13	3			-61	-45
Increases		621	527	16 464		2 285	19 897
Increases, business combination	211	8 273	1 229		922		10 635
Decreases		-404	-2 045		-6	-75	-2 530
Decreases, business divestments	-60	-260	-4 377		-175	-402	-5 274
Acquisition cost, Dec. 31	**212**	**10 836**	**4 289**	**163 782**	**1 331**	**9 863**	**190 313**
Accumulated depreciation, Jan. 1		-1 823	-7 986	-110 127	-414		-120 350
Translation difference			62		-2		60
Accumulated depreciation from decreases and transfers		140	6 057		137		6 334
Depreciation during the period		-849	-768	-7 531	-106		-9 254
Accumulated depreciation, Dec. 31		**-2 532**	**-2 635**	**-117 658**	**-385**		**-123 210**
Book value, Dec. 31	**212**	**8 304**	**1 654**	**46 124**	**946**	**9 863**	**67 103**

Tangible assets 2007

1 000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan. 1	223	4 300	8 401	146 021	578	5 719	165 242
Translation difference			-101		3	-21	-119
Increases		22	662	1 297	13	2 470	4 463
Increases, business combination			299				299
Decreases	-162	-1 775	-683		-4		-2 623
Transfers between items		46	374			-51	368
Acquisition cost, Dec. 31	**61**	**2 593**	**8 952**	**147 318**	**590**	**8 116**	**167 631**
Accumulated depreciation, Jan. 1	-17	-1 950	-6 997	-101 457	-375		-110 796
Translation difference			77				77
Accumulated depreciation from decreases and transfers	17	217	-489		1		-254
Depreciation during the period		-89	-578	-8 670	-40		-9 377
Accumulated depreciation, Dec. 31		**-1 823**	**-7 986**	**-110 127**	**-414**		**-120 350**
Book value, Dec. 31	**61**	**770**	**966**	**37 191**	**176**	**8 116**	**47 281**

14.1 Financial leasing arrangements

2008

1 000 EUR	Machinery and equipment	Total
Acquisition cost, Jan. 1		
Increase acquisitions	1 937	1 937
Increases	399	399
Acquisition cost, Dec. 31	**2 336**	**2 336**
Accumulated depreciation, Jan. 1		
Depreciation during the period	-331	-331
Accumulated depreciation, Dec. 31	**-331**	**-331**
Book value, Dec. 31	**2 005**	**2 005**

2007

1 000 EUR	Land	Buildings	Total
Acquisition cost, Jan. 1	145	1 789	1 934
Decrease	-145	-1 789	-1 934
Acquisition cost, Dec. 31			
Accumulated depreciation, Jan. 1		-253	-253
Depreciation accumulated in decreases		253	253
Accumulated depreciation, Dec. 31			
Book value, Dec. 31			

15. Investments Held for Trading

Investments held for trading 2008

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	160
Increase, business combination	33
Acquisition cost, Dec. 31	**193**
Book value, Dec. 31	**193**

Investments held for trading 2007

1 000 EUR	Unlisted shares
Acquisition cost, Jan. 1	160
Acquisition cost, Dec. 31	**160**
Book value, Dec. 31	**160**

16. Long-term Receivables

Other items included in long-term receivables

1 000 EUR	2008	2007
Long-term loan receivables	**175**	4
Long-term derivatives	**83**	130
Total long-term accounts receivable and other receivables	**258**	134

17. Shares in Associated Companies

ESL Shipping Ltd has a 35% holding in associated company Credo AB. The carrying amount does not include goodwill. The unlisted Credo AB's registered office is in Donsö, Sweden. The company's net sales for the fiscal year were EUR 3.6 million, assets EUR 20.3 million and liabilities EUR 16.2 million. The company did not show a profit for the fiscal year. Kauko-Telko Oy had a 33.3% holding in associated company Roll Systems Oy. The unlisted Roll Systems Oy's registered office is in Valkeakoski, Finland.

Shares in associated companies

1 000 EUR	2008	2007
Acquisition cost, Jan. 1	**1 250**	1 250
Increases, business combination	**20**	
Effect from exchange rates	**-207**	
Acquisition cost, Dec. 31	**1 063**	1 250
Share of associated companies' profit or loss	**-138**	-124
Equity adjustments, Dec. 31	**-138**	-124
Book value, Dec. 31	**925**	1 126

18. Deferred Taxes

Changes in deferred taxes

No deferred taxes are recognized in the balance sheet for retained earnings of associated companies whose distribution of profits is unlikely in the foreseeable future. The amount of such deferred taxes was EUR 0.6 million on December 31, 2008.

Deferred tax receivables

1 000 EUR	2008	2007
Unutilized tax losses	**169**	1 944
Items recorded in shareholders' equity	**114**	318
Other temporary differences	**613**	91
Total	**896**	2 353

Deferred tax liabilities

1 000 EUR	2008	2007
Depreciation in excess of plan	**8 887**	8 889
Capitalization of dockage		87
Convertible bond	**23**	54
Inventories, forwards, leasing	**986**	71
Valuation of intangible and tangible assets at fair value in business combination	**4 075**	138
Total	**13 971**	9 239

Changes in deferred tax receivables

1 000 EUR	2008	2007
Deferred tax receivables, Jan. 1	**2 353**	2 092
Items recorded in the income statement		
Measurement of derivatives	**11**	
Pension liabilities		-81
Other temporary differences	**56**	24
Items recorded in shareholders' equity	**-204**	318
Acquisition of associates	**624**	
Sales of associates	**-1 944**	
Deferred tax receivables, Dec. 31	**896**	2 353

Changes in deferred tax liabilities

1 000 EUR	2008	2007
Deferred tax liabilities, Jan. 1	**9 239**	8 375
Items recorded in the income statement		
Inventories, forwards, leasing	**-98**	35
Transaction costs of the convertible bond		-20
Depreciation in excess of plan	**-668**	739
Capitalization of dockage	**-66**	-28
Acquisition	**5 564**	138
Deferred tax liabilities, Dec. 31	**13 971**	9 239

19. Inventories

An expense of EUR 1.7 (1.3) million was recognized for the past fiscal year for a write-down of inventories to net realizable value.

Inventories

1 000 EUR	2008	2007
Materials and supplies	**2 091**	9 570
Work in progress		958
Finished goods	**30 492**	13 132
Other inventories	**835**	380
Total	**33 418**	24 040

20. Accounts Receivable and Other Receivables

The carrying amount is considered to be close to fair value. Accounts receivable do not involve significant credit loss risks. EUR 0.2 million has been recognized as impairment loss on accounts receivable in 2008.

Non-interest bearing accounts receivable and other receivables

1 000 EUR	2008	2007
Accounts receivable	**36 155**	33 421
Refund from the Ministry of Transport and Communications	**2 348**	2 295
Derivative contracts		29
Advance payments	**189**	582
VAT receivable	**1 125**	51
Duties receivable	**16**	32
Other deferred receivables	**2 453**	3 375
Total	**42 286**	39 784

21. Cash and Cash Equivalents

Cash and cash equivalents

1 000 EUR	2008	2007
Commercial papers	**222**	5 400
Bank accounts	**12 399**	7 746
Total	**12 621**	13 146

22. Shareholders' Equity

Shares and share capital
On December 31, 2008, Aspo Plc's number of shares was 26,406,063 and the share capital was EUR 17.7 million.

The equity portion of Aspo's convertible bond is included in shareholders' equity. Own shares held by the company are recognized as a decrease in shareholders' equity.

Shareholders' equity consists of the share capital, premium fund, translation difference, invested unrestricted equity fund and retained earnings. Share subscriptions based on the convertible bond issued during the validity of the old Companies Act (29.9.1978/734) are recognized in the premium fund. The invested unrestricted equity fund includes other equity-type investments and share subscription prices to the extent that they are not based on a separate agreement included in the share capital. The revaluation fund includes the changes in the fair value of instruments included hedge accounting.

Dividends
Since the closing date, the Board of Directors has proposed that a dividend of EUR 0.42 per share be distributed for 2008. A dividend of EUR 0.42 per share was distributed in 2007 (EUR 0.41 in 2006).

Share capital and premium fund 2008

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**25 899**	**17 687**	**4 311**	**229**	**-3 036**	**18 962**
Conversion of convertible bonds to shares in 2008	8	5	40			45
Sale of repurchased shares in 2008	14			19	62	19
Shares repurchased in 2008	-135				-804	
December 31	**25 786**	**17 692**	**4 351**	**248**	**-3 778**	**19 026**
Own shares held by the company	620					
Total number of shares	**26 406**					

Share capital and premium fund 2007

1 000 EUR	in 1,000s	Share capital	Premium fund	Invested unrestricted equity fund	Treasury shares	Total
January 1	**25 690**	**17 452**	**2 459**		**-1 828**	**18 083**
Conversion of convertible bonds to shares in 2007	351	236	1 852			2 088
Sale of repurchased shares in 2007	106			312	448	312
Shares repurchased in 2007	-247			-83	-1 656	-83
December 31	**25 899**	**17 688**	**4 311**	**229**	**-3 036**	**20 400**
Own shares held by the company	490					
Total number of shares	**26 390**					

Revaluation fund

1 000 EUR	2008	2007
Cash flow hedge fund	**-265**	-904

Voluntary provisions

1 000 EUR	2008	2007
Accumulated depreciation in excess of plan	**31 671**	34 188
Deferred taxes on excess depreciation	**-8 887**	-8 889
Total	**22 784**	25 299

Equity portion of the convertible bond

1 000 EUR	2008	2007
Equity portion of the convertible bond	**220**	220

23. Loans

The balance sheet values of interest-bearing liabilities do not deviate significantly from their fair values. The equity-based convertible bond has a fixed 5% interest rate (loan period June 4, 2004 – June 4, 2009).

Aspo Plc has EUR 15,512,500 in equity-based convertible bonds. The loan capital can only be repaid if the Group has full coverage for restricted shareholders' equity and non-distributable items in accordance with its consolidated balance sheet from the latest fiscal year. The loan will be repaid in one installment on June 4, 2009, assuming that the repayment conditions outlined in Chapter 5 of the Finnish Companies Act and the loan terms and conditions are met. According to the loan terms, Aspo has the right to repay the loan capital in full prematurely at a rate of one hundred (100) percent plus interest accumulated by the repayment day from January 1, 2005, onwards. Each EUR 500 loan portion entitles the holder to convert the loan portion to 84 Aspo Plc shares. The conversion rate for the share is EUR 5.95.

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Long-term liabilities

1 000 EUR	2008	2007
Loans	**33 066**	781
Pension loans	**1 212**	
Convertible bond		14 191
Total	**34 278**	14 972

Short-term liabilities and used overdraft facilities

1 000 EUR	2008	2007
Loans	**39 435**	17 115
Convertible bond	**14 209**	
Used overdraft facilities	**4 278**	1 455
Pension loans	**807**	
Total	**58 729**	18 570

Maturing of financial leasing liabilities

1 000 EUR	2008	2007
Financial leasing liabilities - total amount of minimum rents		
Within one year	**447**	
After one year and within five years	**1 734**	
Total	**2 181**	
Financial leasing liabilities - current value of minimum rents		
Within one year	**368**	
After one year and within five years	**1 656**	
Total	**2 024**	
Financial expenses accumulated in the future	**157**	

24. Accounts Payable and Other Liabilities

Other long-term liabilities

1 000 EUR	2008	2007
Share-based incentive system		181
Financial leasing liabilities	**2 024**	
Currency forwards		1 038
Total	**2 024**	1 219

Accounts payable and other liabilities

1 000 EUR	2008	2007
Accounts payable	**21 487**	15 184
Advances received	**3 003**	1 427
Rents	**14**	812
Salaries and social contributions	**6 688**	4 570
Employer contributions	**1 502**	1 036
Accrued interest	**1 354**	553
VAT liability	**3 521**	1 070
Dispatch provisions	**605**	596
Missing purchase invoices and settlements	**1 057**	2 300
Share-based incentive system	**50**	
Other short-term deferred liabilities	**2 590**	4 777
Total	**41 871**	32 326

25. Pension Liabilities

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

Reconciliation of pension liabilities in the balance sheet

1 000 EUR	2008	2007
Net liability at the beginning of the fiscal period	**174**	482
Translation difference		6
Downsizing of plan		-314
Subsidiary divestment	**-174**	
Net liability at the end of the fiscal period		174

Pension liabilities in the income statement

1 000 EUR	2008	2007
Contribution plans	**2 142**	1 537
Defined-benefit plans		-314
Total	**2 142**	1 223

26. Provisions

The recorded provisions are based on best estimates on the closing date. Warranty provisions are primarily connected to the Group's product warranties and other provisions to rent provisions.

Provisions

1 000 EUR	Warranty and other provisions	Restructuring provisions
Dec. 31, 2007	384	724
Subsidiary divestment	-384	-724
Business combination	201	
Dec. 31, 2008	**201**	

Provisions

1 000 EUR	2008	2007
Long-term provisions		63
Short-term provisions	**201**	1 044
Total	**201**	1 107

27. Financial Risks and Risk Management

27.1 Financial risk management principles and organization

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

Financial risk management is based on the financial policy approved by the Board of Directors, which defines the main principles for financial risk management in the Aspo Group. The financial policy defines the general objectives of risk management, the relationship between the Group's parent company and business units, the division of responsibility and reporting requirements related to risk management. The financial policy also defines the operating principles related to the management of currency risks, interest rate risks and liquidity and refinancing risks.

The Group CEO, together with the Group Treasurer, is responsible for the implementation of financial risk management in accordance with the financial 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 financial policy and more detailed instructions provided by the parent company.

27.2 Market risks

Currency Risk

Aspo Group has subsidiaries in 14 countries and nearly every one of those countries uses their own currency. Aspo Group's currency risk consists of foreign currency-denominated receivables, liabilities, estimated currency flows, derivative agreements and translation risks related to results and capital. The aim of Aspo Group is to decrease the uncertainty related to fluctuations in results, cash flows and balance sheets.

The main currency risks in Telko and Leipurin caused by operational volume and geographical distribution pertain to the Russian ruble, Ukrainian hryvnia, Swedish krona and Polish zloty. ESL Shipping's currency risks are mainly connected to dollar-denominated investments and operational cash flow. At the closing date, Aspo Group's currency position in accordance with IFRS 7 mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities, and currency derivatives. The extremely dramatic fluctuations in exchange rates in late 2008 resulted in non-recurring, mainly imputed, exchange rate losses in accordance with IFRS 7.

The Aspo Group has investments in foreign subsidiaries, which have an impact on the Group's shareholders' equity and involve a translation risk. The Group's equity investments in foreign subsidiaries on the closing date, December 31, 2008, amounted to EUR 20.8 million. The Group has not found it justifiable to hedge the translation position. The table shows the Group's share in the subsidiaries' equity by currency.

Interest rate risk

The effects of changes in the interest rate levels on Aspo Group's cash flow and earnings generate an interest rate risk. On December 31, 2008, the Group's interest-bearing liabilities amounted to EUR 95.0 million. Aspo Group's loan portfolio is reviewed based on the interest rate tying period and the ratio between fixed rate and variable rate loans. At the closing date, the average interest rate tying period of interest-bearing liabilities was 5.4 months and the share of fixed rate loans was 15%.

Sensitivity to market risks

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

The sensitivity analysis is used to analyze the impact of market trends on measurements.

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

- The exchange rate changes +/-10%.
- The position includes dollar-denominated financial assets and liabilities, i.e. deposits, accounts receivable and other receivables, accounts payable, cash at hand and in banks, and derivatives.
- Future cash flows in dollars are not taken into account in the positions.

Interest-bearing liabilities by currency

1 000 EUR	2008	2007
EUR	**91 991**	30 951
SEK	**439**	54
DKK	**975**	2 525
Other	**1 626**	11
Total	**95 031**	33 541

Accounts receivable by currency

1 000 EUR	2008	2007
USD	**1 482**	1 388
EUR	**22 270**	13 469
SEK	**1 174**	5 734
DKK	**1 228**	2 132
EEK	**1 569**	1 028
RUB	**4 496**	3 047
NOK	**168**	4 581
UAH	**536**	505
Other	**3 232**	1 537
Total	**36 155**	33 421

Investments in foreign subsidiaries

1 000 EUR	Shareholders' equity 2008	Shareholders' equity 2007
SEK	**2 798**	2 800
DKK	**5 043**	4 244
EEK	**2 667**	2 420
RUB	**5 512**	3 204
NOK	**25**	1 166
LVL	**979**	1 081
LTL	**454**	271
UAH	**-751**	-86
PLN	**2 131**	177
BYR	**10**	
CNY	**523**	
EUR	**1 487**	
Total	**20 878**	15 276

Cash and bank deposits and unutilized binding credit limit agreements

1 000 EUR	2008	2007
Cash and bank deposits	**12 621**	13 146
Credit limits	**81 500**	12 118
Total	**94 121**	25 264

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

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

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

Hedge accounting

Currency forwards related to the vessel acquisition by ESL Shipping have been classified to fall within the scope of hedge accounting in the 2006 fiscal year. These derivatives have been entered into to hedge dollar-denominated advance payments related to vessel acquisition against currency risks. The advance payments fall due in the 2010 fiscal year and will then be recognized as vessel acquisition expenses.

27.3 Liquidity and financing risk

The objective of Aspo Group is to ensure sufficient financing for operations in all situations and market conditions. In addition to operational cash flow, the importance of external financing increased in Aspo Group during the spring of 2008, mainly as a result of the acquisition of Kauko-Telko Oy's shares. In accordance with the financial policy, the sources of financing are spread among a sufficient number of counterparties and different loan instruments. The sufficient number of binding financing agreements and sufficient maturity ensure Aspo Group's current and near future financing needs.

Aspo Group's main financing needs are related to parent company Aspo Plc's corporate reorganization and ESL Shipping's vessel investments. The main financing source of other subsidiaries - Telko, Leipurin and Kaukomarkkinat - is the cash flow from their operations. Aspo Group's liquidity is ensured through cash funds, issuing of commercial papers and binding account limits, as well as financial limits granted by the selected cooperation banks.

Aspo Group's liquid cash funds at the end of the 2008 fiscal year were EUR 12.6 million. Aspo Plc had an unused EUR 50 million domestic commercial paper program on the day of closing. Aspo Plc also had agreed financial limits worth EUR 120 million with its cooperation banks. On the closing date, EUR 81.5 million of these were unutilized. On the closing date, EUR 70 million of the binding financial limits were contracts that mature within less than a year and EUR 50 million were valid for more than a year. A binding financing agreement has been signed for the newbuilding ordered from India by ESL Shipping. The vessel is estimated to be completed in the fall of 2009. Aspo Group's aim is to make the maturity structure of its financing more long-term from the beginning of 2009. The financial limit contracts include a financial covenant that is based on the equity ratio. On the closing date, Aspo Group's equity ratio was 30.6%.

The fair values of currency and interest rate options have been calculated using commonly adopted option measurement models. The fair value of currency forwards is the current value of predicted future cash flows. The fair value of currency forwards is calculated by discounting the predicted cash flows from the agreements in accordance with the interest rates of the currencies sold, converting the discounted cash flows at the exchange rates on the closing date, and calculating the difference between the discounted cash flows.

27.4 Credit and counterparty risk

Aspo Group has credit risk from accounts receivable. Telko and Leipurin Group have an international and highly diversified customer base and no considerable customer risk centers exist. Telko uses credit insurance in its operations. ESL Shipping's accounts receivable are connected to long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. Aspo hedges against credit risks by using payment terms based on advance payments and bank guarantees as necessary.

Aspo Group's aim is to have low liquid cash funds. The counterparty risk is managed by selecting known and financially sound domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. ESL Shipping's vessel investments also include advance payments made to the shipyard. Only known and solvent banks have been selected as granters of bank guarantees given as collateral for the repayment of the advance payments. The counterparty risk based on derivative agreements is small due to the limited number of counterparties and agreements.

27.5 Management of capital structure

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.

The main factors affecting the capital structure are possible reorganizations within Aspo Group, Aspo Plc's dividend policy, the vessel investments of the shipping operations and the profitability of the subsidiaries' operations.

The development of Aspo Group's capital structure is mainly monitored through the equity ratio and net gearing. On December 31, 2008, Aspo Group's equity ratio was 30.6% (45.1%) and gearing 124.9% (32.4%).

Risks based on financial instruments

1 000 EUR	2008 Income statement	2008 Shareholders' equity	2007 Income statement	2007 Shareholders' equity
+10% in the EUR/USD exchange rate	-436	-1 411	212	-5 441
–10% in the EUR/USD exchange rate	436	1 411	-159	631
Change of +100 basic points in the market interest rates	-824		-157	
Change of -100 basic points in the market interest rates	824		113	

Accounts receivables by age

1 000 EUR	2008	2007
Not matured	**26 134**	26 491
Matured 1–30 days ago	**7 269**	5 054
Matured 31–60 days ago	**1 550**	750
Matured more than 60 days ago	**1 202**	1 126
Total	**36 155**	33 421

Maturity analysis 2008

1 000 EUR	Balance sheet value Dec. 31, 2008	Cash flow 2009[1]	2010	2011	2012	2013–
Loans	-34 000	-933	-20 933	-933	-933	-10 267
Convertible bond	-14 209	-14 209				
Credit limits	-38 500	-38 500				
Pension loans	-2 018	-807	-807	-404		
Overdraft facilities	-4 278	-4 278				
Financial leasing liabilities	-2 024	-368	-962	-485	-209	
Accounts payable, other liabilities	-41 800	-41 800				
Off-balance-sheet commitments[2]			-6 160			
Derivative instruments						
In hedge accounting						
Cash flows to be paid	-439	-439				
Cash flows to be received	83		83			
Currency derivatives						
Not in hedge accounting						
Cash flows to be paid	-311	-311				
Commodity derivatives						
Cash flows to be paid	-7	-7				

[1]Repayments in 2009 are included in short-term items.
[2]Off-balance-sheet commitments are related to advance payments for vessels under construction.

Maturity analysis 2007

1 000 EUR	Balance sheet value Dec. 31, 2007	Cash flow 2008[1]	2009	2010	2011	2012–
Loans	-17 896	-17 322	-152	-159	-240	-24
Convertible bond	-14 191		-14 191			
Overdraft facilities	-1 454	-1 455				
Accounts payable, other liabilities	-32 326	-32 326				
Off-balance-sheet commitments[2]	-7 299	-2 083	-5 217			
Derivative instruments						
Interest rate options						
Not in hedge accounting						
Cash flows to be received	171	171				
Interest rate swaps						
Not in hedge accounting						
Cash flows to be paid	-12	-12				
Currency derivatives						
In hedge accounting						
Cash flows to be paid	-1 038		-1 038			
Not in hedge accounting						
Cash flows to be paid	-190	-190				
Cash flows to be received	37	37				

[1]Repayments in 2008 are included in short-term items.
[2]Off-balance-sheet commitments are related to advance payments for vessels under construction.

Book values of financial assets and liabilities by measurement group

2008 1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Book values of balance sheet items
Long-term financial assets						
Long-term receivables		175				175
Derivative contracts	83					83
Other financial assets				193		193
Short-term financial assets						
Accounts receivable and other receivables		42 286				42 286
Book value by measurement group	83	42 461		193		42 737
Long-term financial liabilities						
Long-term interest-bearing liabilities					36 313	36 313
Short-term financial liabilities						
Short-term interest-bearing liabilities					58 729	58 729
Derivative contracts	757					757
Interest-free current liabilities			41 043			41 043
Book value by measurement group	757		41 043		95 042	136 842

2007 1 000 EUR	Financial assets/liabilities recognized at fair value through profit or loss	Loans and other receivables	Other liabilities	Financial assets available for sale	Financial liabilities recognized at amortized cost	Book values of balance sheet items
Long-term financial assets						
Long-term receivables		4				4
Derivative contracts	130					130
Other financial assets				160		160
Short-term financial assets						
Accounts receivable and other receivables		39 755				39 755
Derivative contracts	29					29
Book value by measurement group	159	39 759		160		40 078
Long-term financial liabilities						
Long-term interest-bearing liabilities					14 972	14 972
Derivative contracts	1 038					1 038
Long-term interest-free liabilities	181					181
Short-term financial liabilities						
Short-term interest-bearing liabilities					18 570	18 570
Derivative contracts	202					202
Interest-free current liabilities			32 326			32 326
Book value by measurement group	1 421		32 326		33 541	67 288

28. Derivative Contracts

Available market rates and prices, the current value of future cash flows and option measurement models are used to calculate the fair value.

Derivative contracts

1 000 EUR	**Face values 2008**	**Fair values, net 2008**	**Face values 2007**	**Fair values, net 2007**
Currency derivatives				
Currency forwards	-17 810	-667	-11 851	-1 190
Commodity derivatives	620	-7		
Interest rate derivatives				
Interest rate swaps			7 915	-12
Interest rate options purchased			27 655	-452
Interest rate options sold			27 655	229
Total		**-674**		**-1 425**

29. Guarantees and Commitments

As part of their ordinary business activities, the Group and some of its subsidiaries sign different agreements under which financial or performance 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, which makes it easier to find sufficient financing.

Collateral for own debt

1 000 EUR	**2008**	**2007**
Mortgages given	**37 500**	25 519
Bank guarantees	**39 758**	9 035
Other contingent liabilities	**1 760**	
Other leasing liabilities		
Within one year	**4 404**	2 369
Over a year and five years at most	**5 546**	4 007
Bareboat contract		
Within one year		2 083
Over a year and seven years at most		5 217
Total	**88 968**	48 229

30. Inner Circle

Group companies

Information on associated companies is presented in Note 17.

Management benefits

In January 2006, the Board of Directors decided to introduce a share-ownership program linked to share price development for management, which included about 30 executives and key employees chosen by the Board of Directors. Each person covered by the plan purchased an agreed number of Aspo Plc shares in May 2006. The requirement for receiving the bonus involved is that the person retains ownership of the shares until the plan expires in August 2009.

The plan is based on granting share units to key personnel. A share unit is a benefit to be defined in July 2009. The share unit's value will be the trade-weighted average quotation of the Aspo share between January 1, 2009, and June 30, 2009, less the trade-weighted average quotation of the Aspo share in May 2006 (EUR 6.89). The dividends per share distributed between May 1, 2006, and June 30, 2009, will be added to the difference thus calculated. However, the value of the share unit will not be more than EUR 10/share unit. The bonus will be paid in cash between August and December 2009, provided that the employment relationship is still effective and the person owns the Aspo shares purchased. A further condition for receiving the value of the share units is that the person uses 20% of the gross income from the share units to purchase Aspo shares.

The retirement age of the CEO is 60 years and full pension comprises 60 percent of the pensionable salary. The period of notice applied in the employment relationship of the CEO is six months. If notice is given by the company, severance pay corresponding to 18 months' salary will be paid in addition to the salary for the notice period.

Information on convertible bonds subscribed by the inner circle is presented in the Corporate Governance section.

Group companies:

Company	Country of incorporation	Holding %
Aspo plc, parent company	Finland	
Aspotel Oy	Finland	100.00
Suhi-Suomalainen Hiili Oy	Finland	100.00
Aspokem Ltd	Finland	100.00
ESL Shipping Ltd	Finland	100.00
Oy Troili Ab	Finland	100.00
Oy Bomanship Ab	Finland	100.00
Aspokem Eesti AS	Estonia	100.00
Aspokem Latvia SIA	Latvia	100.00
UAB Aspokemlit	Lithuania	100.00
OOO Aspokem	Russia	100.00
LLC Aspokem Ukraine	Ukraine	100.00
Aspokem AB	Sweden	100.00
Aspokem International B.V	The Netherlands	100.00
Wilfert Chemical Nordic A/S	Denmark	100.00
Wilfert Chemical Denmark A/S	Denmark	100.00
Wilfert Chemical Sweden AB	Sweden	100.00
Wilfert Chemical Norway AS	Norway	100.00
Wilfert Chemical Finland Oy	Finland	100.00
Kauko-Telko Oy	Finland	100.00
Kauko Time AB	Sweden	100.00
Leipurien Tukku Oy	Finland	100.00
Leipurien Tukku AS	Estonia	100.00
OOO Leipurien Tukku	Russia	100.00
Leitok Oy	Finland	100.00
Master Oil AB	Sweden	100.00
Molub-Alloy AB	Sweden	100.00
Metex GmbH	Germany	100.00
UAB Naujųjų maisto technologijų prekyba	Lithuania	100.00
OptiKem Oy	Finland	100.00
Telko Denmark A/S	Denmark	100.00
Telko Plast & Gummi AB	Sweden	100.00
OOO Telko Rus	Russia	100.00
SIA Telko Latvia	Latvia	100.00
Telko Norway AS	Norway	100.00
Telko-Poland Sp. z o.o.	Poland	100.00
Telko Shanghai Ltd.	China	100.00
UAB Ulkokaupat Vilnius	Lithuania	100.00
ZP Glasteh	Belarus	100.00
ZAO Kauko	Russia	100.00

Assumptions used in determining fair value

	2008	2007
Expected volatility	**29%**	29%
Expected validity of option when granted (years)	**3.25**	3.25
Risk-free interest	**4%**	4%
Fair value of instrument determined when granted, EUR	**0.27**	1.77

Salaries and benefits

1 000 EUR	2008	2007
CEO and COO, salaries	**457**	272
CEO and COO, bonuses	**146**	
Members of the Board of Directors	**130**	90
Total	**733**	362

Key Figures

	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Net sales, MEUR	**358.2***	208.9*	225.9	204.9	184.3
Operating profit, MEUR	**14.1***	25.4*	12.8	17.3	21.6
% of net sales	**3.9**	12.1	5.7	8.4	11.7
Profit before tax, MEUR	**9.5***	24.3*	11.1	15.8	19.7
% of net sales	**2.7**	11.6	4.9	7.7	10.7
Group as a whole					
Return on investment, % (ROI)	**18.5**	25.7	14.9	20.6	25.0
Return on equity, % (ROE)	**24.1**	25.4	14.1	19.9	27.4
Equity ratio, %	**30.6**	45.1	45.2	47.2	48.5
Equity ratio excluding deferred tax liabilities, %	**37.1**	51.8	51.7	54.9	56.8
Gearing, %	**124.9**	32.4	35.7	23.6	25.6
Gross investments in fixed assets, MEUR	**21.1**	11.0	10.2	5.8	0.6
% of net sales	**5.8**	4.1	4.5	2.8	0.3
Number of personnel, December 31	**827**	699	694	681	566
Personnel, average	**882**	691	693	688	569
Share-related key figures**					
Earnings per share, EUR, continuing operations	**0.27**	0.71			
Earnings per share, EUR, discontinued operations	**0.33**	-0.12			
Earnings per share, EUR, total	**0.60**	0.59	0.32	0.45	0.61
Diluted earnings per share, EUR, continuing operations	**0.26**	0.67			
Diluted earnings per share, EUR, discontinued operations	**0.30**	-0.11			
Diluted earnings per share, EUR, total	**0.56**	0.56	0.31	0.43	0.58
Group as a whole					
Equity/share, EUR	**2.56**	2.43	2.26	2.30	2.25
Nominal dividend per share, EUR (Board's proposal)	**0.42**	0.42	0.41	0.40	0.40
Adjusted dividend per share, EUR	**0.42**	0.42	0.41	0.40	0.40
Dividend / earnings, %	**70.1**	71.3	128.9	87.9	65.3
Effective dividend yield, %	**10.4**	6.50	6.00	5.80	7.80
Price / earnings ratio (P/E)	**6.7**	10.9	21.1	15.2	8.4
Diluted price / earnings ratio (P/E)	**7.2**	11.6	21.8	16.2	8.8
Share price development					
Average price, EUR	**5.81**	6.97	6.96	6.64	4.83
Low, EUR	**3.57**	6.30	5.75	5.05	3.57
High, EUR	**6.90**	7.80	8.62	7.83	5.45
Average price on the closing day, EUR	**4.03**	6.44	6.80	6.90	5.10
Market value of total shares outstanding December 31, MEUR	**106.4**	170.0	177.1	177.2	130.8
Less treasury shares, MEUR	**103.9**	166.8	174.7	174.7	129.6
Share turnover, 1,000	**3 404**	5 060	6 044	7 598	3 245
Share turnover, %	**12.9**	19.2	23.2	29.6	37.9
Total share trading, EUR 1,000	**19 764**	35 320	41 934	71 909	46 997
Total number of shares on December 31, 1,000 shares	**26 406**	26 399	26 048	25 683	25 653
Outstanding	**25 786**	25 908	25 690	25 317	25 415
Outstanding, average	**25 827**	25 807	25 368	25 391	25 415
Diluted average number of shares	**28 433**	28 421	28 332	28 720	27 357

* Continuing operations
** Share-specific key indicators were calculated using the number of shares after the share split.

Calculation Principles of Key Figures

Return on investment, % (ROI)	=	Profit before taxes + Interest and other financial expenses x 100 / Balance sheet total – Interest-free liabilities (average)
Return on equity, % (ROE)	=	Profit before taxes – Taxes x 100 / Shareholders' equity + Minority interest (average)
Equity ratio, %	=	Shareholders' equity + Minority interest x 100 / Balance sheet total – Advances received
Gearing, %	=	Interest-bearing liabilities – Liquid funds / Shareholders' equity + Minority interest
Average number of personnel	=	Average number of personnel as the end of each month
Earnings per share (EPS), EUR	=	Profit before taxes –Income taxes on ordinary activities – Minority interest / Adjusted average number of shares during the fiscal year
Shareholder's equity per share, EUR	=	Shareholders' equity / Adjusted number of shares on balance sheet date
Adjusted dividend per share, EUR	=	Dividend per share paid for the fiscal year / Share issue multiplier
Dividend / earnings, %	=	Adjusted dividend per share x 100 / Earnings per share
Effective dividend yield, %	=	Adjusted dividend per share x 100 / Average share price on closing day weighted with trading volume
Price / earnings ratio (P/E)	=	Adjusted average share price on closing day / 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 own shares has been eliminated in the calculation of key figures.

Parent Company's Income Statement

1 000 EUR	Note	2008	2007
Other operating income	1.1	**1 014**	990
Personnel costs	1.2	**-2 392**	-1 586
Depreciation and impairment	1.3	**-134**	-105
Other operating expenses	1.4	**-3 103**	-2 201
Operating loss		**-4 615**	-2 902
Financial income and expenses	1.5	**-1 487**	-364
Loss before extraordinary items		**-6 102**	-3 266
Extraordinary items	1.6	**18 212**	20 123
Profit before appropriations and taxes		**12 110**	16 857
Appropriations	1.7		10
Direct taxes	1.8	**-2 307**	-4 401
Profit for the period		**9 803**	12 465

Parent Company's Balance Sheet

Assets

1 000 EUR	Note	2008	2007
Fixed assets			
Intangible assets	2.1	**104**	243
Tangible assets	2.1	**146**	149
Investments	2.2	**12 967**	14 706
Total fixed assets		**13 216**	15 098
Current assets			
Long-term receivables	2.3		1 500
Current receivables	2.3	**173 106**	81 153
Financial securities	2.4		5 400
Cash and bank deposits		**1 792**	299
Total current assets		**174 897**	88 352
Total assets		**188 113**	103 450

Liabilities

1 000 EUR	Note	2008	2007
Shareholders' equity			
Share capital	2.5	**17 692**	17 687
Premium fund	2.5	**4 351**	4 311
Invested unrestricted equity fund	2.5	**248**	226
Retained earnings	2.5	**6 122**	5 237
Profit for the period	2.5	**9 803**	12 465
Total shareholders' equity		**38 216**	39 926
Mandatory provisions	2.6	**19**	64
Liabilities			
Long-term liabilities	2.7	**20 000**	15 557
Short-term liabilities	2.8	**129 878**	47 903
Total liabilities		**149 878**	63 460
Total liabilities		**188 113**	103 450

Parent Company's Cash Flow Statement

1 000 EUR	2008	2007
Operational cash flow		
Operating loss	**-1 297**	-2 902
Adjustments to operating loss	**-3 221**	148
Change in working capital	**7**	-35
Interest paid	**-5 770**	-1 530
Interest received	**4 745**	1 800
Dividends received	**5**	6
Taxes paid	**-2 431**	-3 925
Operational cash flow	**-7 961**	-6 437
Cash flow from investments		
Investments in tangible and intangible assets	**-65**	-235
Other investments	**-3**	
Gains on the sale of other investments	**5 060**	
Cash flow from investments	**4 992**	-235
Cash flow from financing		
Disposal of shares	**92**	306
Share repurchases	**-861**	-1 598
New long-term loans	**20 000**	
Change in short-term receivables	**-73 246**	-15 175
Change in short-term liabilities	**62 415**	34 860
Subordinated loan	**1 500**	
Dividends distributed	**-10 838**	-10 574
Cash flow from financing	**-939**	7 819
Change in liquid funds	**-3 908**	1 147
Liquid funds Jan. 1	**5 699**	4 553
Liquid funds Dec. 31	**1 791**	5 699

Notes to the Parent Company's Financial Statements

1.1 Other Operating Income

Other operating income

1 000 EUR	2008	2007
Gains on the disposal of fixed assets	9	4
Other operating income, group	583	534
Rents and related remunerations	417	448
Other operating income	5	4
Total	**1 014**	990

1.2 Notes on Personnel and Board Members

Personnel costs

1 000 EUR	2008	2007
Salaries and benefits	1 642	907
Share-based incentive system	-45	46
Profit bonus paid to the personnel fund	19	2
Pension costs	669	521
Other personnel costs	107	111
Total	**2 392**	1 586

Management salaries and benefits

1 000 EUR	2008	2007
CEO and COO salaries	457	272
CEO and COO bonuses	146	
Board Members	131	90
Total	**734**	362

1.3 Depreciation and Impairment

Depreciation and impairment

1 000 EUR	2008	2007
Depreciation on tangible and intangible assets	134	105

1.4 Other Operating Expenses

Other operating expenses

1 000 EUR	2008	2007
Rents	747	685
Other expenses	2 355	1 516
Total	**3 103**	2 201
Auditors' fees		
Auditing fees	52	109
Other fees	409	78
Total	**461**	186

1.5 Financial Income and Expenses

Financial income and expenses

1 000 EUR	2008	2007
Dividend income		
From outside the Group	**5**	6
Income from long-term investments	**5**	6
Other interest and financial income		
From Group companies	**4 513**	1 612
From others	**232**	189
Total interest and other financial income	**4 745**	1 801
Interest expenses and other financial expenses		
To Group companies	**-1 759**	708
To others	**-4 478**	1 463
Total interest and other financial expenses	**-6 237**	2 171
Total financial income and expenses	**-1 487**	-364

1.6 Extraordinary Items

Extraordinary items

1 000 EUR	2008	2007
Income		
Sales gain from fixed asset shares	**3 319**	
Group contribution, ESL Shipping Ltd	**18 500**	20 200
Group contribution, Suhi-Suomalainen Hiili Oy	**35**	33
Expenses		
Group contribution, Aspotel Oy	**-3 042**	
Group contribution, Aspokem Ltd	**-600**	-110
Total extraordinary items	**18 212**	20 123

1.7 Appropriations

Appropriations

1 000 EUR	2008	2007
Difference between write-downs according to plan and made in taxation		10

1.8 Direct Taxes

Direct taxes

1 000 EUR	2008	2007
Taxes from previous fiscal period	**4**	-1
Income taxes on extraordinary items	**4 735**	5 232
Income taxes on ordinary activities	**-2 433**	-830
Total	**2 307**	4 401

2.1 Intangible and Tangible Assets

2.1 Intangible and tangible assets

1 000 EUR	Intangible rights	Advance payments	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	507	74	581	1	467	466	125	1 060
Increases	32		32			33		33
Decreases		-74	-74					
Acquisition cost, Dec. 31	**539**		**539**	**1**	**467**	**500**	**125**	**1 093**
Accumulated depreciation, Jan. 1	-338		-338		-465	-393	-52	-910
Depreciation during the period	-97		-97		-1	-37		-38
Accumulated depreciation, Dec. 31	**-435**		**-435**		**-466**	**-430**	**-52**	**-948**
Book value, Dec. 31	**104**		**104**	**1**	**1**	**70**	**73**	**145**

2.2 Investments

Investments

1 000 EUR	Subsidiary shares	Other shares	Total
Acquisition cost, Jan. 1	14 548	158	14 706
Increases	3		
Decreases	-1 741		
Acquisition cost, Dec. 31	**12 809**	**158**	**12 967**
Book value, Dec. 31	**12 809**	**158**	**12 967**

2.3 Receivables

Long-term receivables

1 000 EUR	2008	2007
Receivables from Group companies		
Capital loan from Autotank Ltd		1 500
Total long-term receivables		1 500

Current receivables

1 000 EUR	2008	2007
Receivables from Group companies		
Dividend receivables	**3 510**	3 510
Group contribution receivables	**54 500**	35 965
Loan receivables	**114 731**	41 455
	172 741	80 930
Other receivables	**26**	
Deferred receivables*)	**339**	223
Total current receivables	**173 106**	81 153
*) Main item		
Tax receivable	**224**	107

2.4 Financial Securities

Financial securities

1 000 EUR	2008	2007
Replacement		5 400
Bood value		5 400

2.5 Shareholders' Equity

The parent company has a capital loan of EUR 15,512,500. The loan capital can only be repaid if the restricted equity and other non-distributable items shown on the latest confirmed consolidated balance sheet are fuly covered. The loan will be repaid in one installment on June 4, 2009, assuming that the repayment conditions outlined in Chapter 5 of the Finnish Companies Act and the loan terms and conditions are met. Based on the preconditions defined in Section 7 of the loan terms, Aspo has the right to repay the loan capital in full prematurely at a rate of one hundred (100) per cent plus interest accumulated by the repayment day from January 1, 2005, onwards. An annual fixed interest rate of 5% is paid on the loan capital.

Shareholders' equity

1 000 EUR	2008	2007
Share capital, Jan. 1	**17 687**	17 452
Increase in share capital	**5**	235
Share capital, Dec. 31	**17 692**	17 687
Premium fund, Jan. 1	**4 311**	2 459
Conversions	**40**	1 852
Premium fund, Dec. 31	**4 351**	4 311
Invested unrestricted equity fund, Jan. 1	**229**	
Gain from the sale of repurchased shares	**19**	229
Invested unrestricted equity fund, Dec. 31	**248**	229
Retained earnings, Jan. 1	**17 702**	17 018
Dividend payment	**-10 838**	-10 574
Share repurchases	**-804**	-1 655
Disposal of shares	**62**	448
Retained earnings, Dec. 31	**6 122**	5 237
Profit for the period	**9 803**	12 465
Total shareholders' equity	**38 216**	39 926

Distributable unrestricted equity totals EUR 16,173,319.28 (17,928,567.75).

2.6 Mandatory Provisions

Mandatory provisions

1 000 EUR	2008	2007
Share-based incentive plan	**19**	64

2.7 Long-term Liabilities

Long-term liabilities

1 000 EUR	2008	2007
Capital loan, Group		1 050
Subordinated loan		18 765
Conversions		-4 258
Total capital loan		15 557
Loans from financial institutions	**20 000**	
Total long-term liabilities	**20 000**	

2.8 Short-term Liabilities

Short-term liabilities

1 000 EUR	2008	2007
Capital loan, Group	**1 050**	
Subordinated loan	**18 765**	
Conversions	**-4 303**	
Total capital loan	**15 513**	
Loans from financial institutions	**38 500**	15 000
Unpaid dividend 2003–2007	**8**	9
Accounts payable	**82**	75
Employer contributions	**93**	35
Deferred liabilities*)	**1 344**	855
Total	**40 026**	15 974
Debts to Group companies	**3 752**	110
Loans	**70 556**	31 783
Deferred liabilities	**31**	36
Total	**74 339**	31 929
Total short-term liabilities	**129 878**	47 903

2.9 Other Notes

Unpaid lease payments

1 000 EUR	2008	2007
Payable in the next fiscal year	**144**	114
Payable later	**187**	113
Total leasing liabilities	**331**	227

Guarantees on behalf of Group companies

1 000 EUR	2008	2007
	27 580	2 124

Liabilities

1 000 EUR	2008	2007
Leasing liabilities	**331**	273
Bareboat contract		7 299
Total	**331**	7 572
Derivative contracts, sales	**-105**	1 276
Derivative contracts, purchases	**-560**	
Total	**-665**	1 276

Shares and Shareholders

Share capital
On December 31, 2008 the registered share capital of Aspo Plc was EUR 17,691,729.57, consisting of 26,406,063 shares. During the fiscal year, Aspo convertible capital notes were used to subscribe a total of 7,560 shares, and the share capital was correspondingly raised by EUR 5,065.20. The company's own shareholding was 620,000 shares, accounting for 2.35% of Aspo Plc's stock.

Shares
Aspo Plc has one share series. Each share entitles its holder to one vote at the Annual Shareholders' Meeting. The company shares are quoted on NASDAQ OMX Helsinki 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 policy, the goal of which is to distribute on average at least half of the company's annual earnings to shareholders.

The Board of Directors of Aspo Plc will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.42 per share be paid for fiscal 2008, representing 70.1% of the Group's earnings.

Authorizations

Authorization to repurchase and dispose of the company's own shares
The Annual Shareholders' Meeting of 2008 authorized the Board of Directors to decide on a share issue, through one or several installments, by transferring an aggregate maximum number of 1,158,250 treasury shares.

The shares will be used to finance any acquisitions or other transactions, or for other purposes to be decided on by the Board of Directors. The authorization includes the right for the Board to decide on the terms and conditions applicable to the share issue, as well as the right to decide on a directed share issue deviating from the shareholders' pre-emptive right on conditions laid down by law.

The shareholders further authorized the Board to use funds included in distributable profit to repurchase a maximum of 400,000 company shares irrespective of the shareholders' holdings. The shares will be purchased through public trading organized by NASDAQ OMX Helsinki at the going price under the terms stated in the regulations of NASDAQ OMX Helsinki.

The shares will be acquired to finance any acquisitions or other transactions, for the balancing of the financial risk in the company's share-based incentive plan or for other purposes to be decided on by the Board of Directors. The Board may not exercise the authorization if, after the acquisition, the company or its subsidiary were to possess or have as a pledge more than 10 percent of the company's stock.

The authorizations are valid until the Annual Shareholders' Meeting of 2009, but no more than 18 months from the approval at the Shareholders' Meeting.

Under the authorization granted at the Shareholders' Meeting, during fiscal 2008, the Board of Directors disposed of 14,630 Aspo Plc shares within the context of the Group's management incentive program. The disposal price was the fair value at the time of disposal based on public trading.

In its meeting on August 21, 2008, the Board of Directors decided to repurchase a maximum of 400,000 shares through public trading on NASDAQ OMX Helsinki at the current market price at the time of acquisition according to the terms stated in the regulations of NASDAQ OMX Helsinki. A total of 144,390 shares were repurchased during the fiscal period. The average purchase price of the shares was EUR 5.64. The total purchasing cost of EUR 861,363.49 was deducted from the unrestricted equity account. The figures include 9,000 shares that were transferred in January 2008 but that had been purchased already in 2007.

Repurchases of Aspo Plc own shares during the fiscal period

Time	Number	Nominal value EUR 0.67/ share	Repurchase price, EUR	EUR/share average	EUR/share range
January	32 347	21 672	205 993.21	6.37	6.13–6.59
February	11 100	7 437	71 858.99	6.47	6.38–6.62
March	35 303	25 653	228 286.57	6.47	6.39–6.57
April	25 882	17 341	171 334.82	6.62	6.55–6.85
September	9 258	6 203	51 076.30	5.52	5.14–5.86
October	1 500	1 005	7 695.00	5.13	5.13–5.13
November	22 695	15 206	98 761.90	4.35	4.00–4.60
December	6 305	4 224	26 356.70	4.18	4.16–4.20

Major shareholders on December 31, 2008

	Number of shares	Share of stock and voting rights %	Less own shares %
Nyberg H.B.	3 300 000	12.50	12.78
Vehmas A.E.	1 410 920	5.34	5.47
Vehmas Tapio	1 181 838	4.48	4.58
Vehmas Liisa	999 090	3.78	3.87
Berling Capital Oy	794 850	3.01	3.08
Nyberg Gustav	736 085	2.79	2.85
Stadigh Kari	730 000	2.76	2.83
Estlander Henrik	622 752	2.36	2.42
Lawhill Ab	500 000	1.89	1.94
Mutual Employee Pension Insurance Co. Varma	463 236	1.75	1.80
10 major shareholders, total	**10 738 771**	**40.67**	**41.62**
Nominee registrations	551 801	2.09	
Other shares	14 495 491	54.89	
Total shares outstanding	**25 786 063**	**97.65**	
Own shares	620 000	2.35	
Total shares	**26 406 063**	**100.0**	

Share trading and share price development

During 2008, a total of 3,403,573 Aspo Plc shares were traded on NASDAQ OMX Helsinki at EUR 19.8 million, or 12.9% of the shares changed owners. The share reached a high of EUR 6.90 and a low of EUR 3.57 during the period. The average price was EUR 5.81 and the closing price was EUR 4.03. The company has a liquidity providing agreement regarding its share with Nordea Bank Finland Plc.

The market value of the share capital at the year-end, less treasury shares, was EUR 103.9 million. For the latest trading information, please visit www.aspo.com.

Share ownership

Aspo Plc's shares are included in the book-entry system maintained by Euroclear Finland Ltd (former Finnish Central Securities Depository Ltd).

No major changes have occurred in Aspo Plc ownership. At the end of 2008 the number of shareholders totaled 4,860. Of these 97.9% represented direct shareholding and 2.1% nominee registrations. A total of 0.6% of the shares was held by foreign entities. On December 31, 2008, the ten largest shareholders owned 40.7% of the company's shares and voting rights.

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

Share ownership by the CEO and the Board of Directors

The total number of shares held by the CEO, the COO and the members of the Board of Directors of Aspo Plc with their related parties on December 31, 2008 was 2,615,213, which represents 9.9% of the shares and voting rights outstanding.

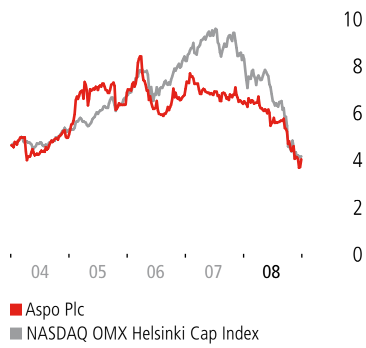
Equity/Share EUR

Number of Shareholders

Distribution of ownership December 31, 2008, by number of shares

Number of shares	Number of owners	Share of owners %	Total shares	Share of stock	Less own shares
1 – 100	471	9.69	32 814	0.12	0.13
101 – 500	1 559	32.08	480 076	1.82	1.86
501 – 1 000	1 025	21.09	823 411	3.12	3.19
1 001 – 5 000	1 383	28.46	3 185 468	12.06	12.35
5 001 – 10 000	228	4.69	1 630 525	6.18	6.32
10 001 – 50 000	147	3.03	2 929 314	11.09	11.36
50 001 – 100 000	14	0.29	934 962	3.54	3.63
100 001 – 500 000	24	0.49	5 989 494	22.68	23.23
500 001 –	9	0.18	10 395 535	39.37	37.91
Total in joint accounts			4 464	0.02	0.02
Total	**4 860**	**100.0**	**26 406 063**	**100.0**	**100.0**

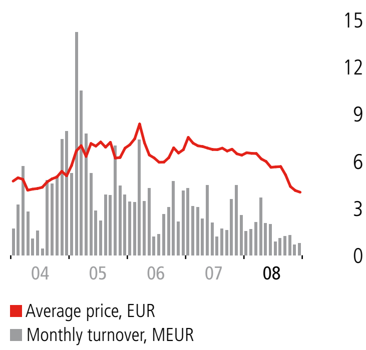
Share Price Performance EUR



Distribution of ownership December 31, 2008, by owner groups

%	Ownership	Shares
1. Households	92.6	69.0
2. Companies	5.4	18.0
3. Financial and insurance institutions	0.4	4.6
4. Non-profit organizations	1.1	4.7
5. Public organizations	0.1	3.1
6. Non-domestic	0.4	0.6

Share Trading and Average Prices



Proposal of the Board for the Distribution of Earnings

The parent company's distributable earnings totaled EUR 16,173,319.28 with the fiscal year's earnings totaling EUR 9,803,258.34.

The company's registered share capital on December 31, 2008, was 26,406,063 shares, of which the company held 620,000.

The Board proposes that the company's earnings be distributed as follows:

– a dividend of EUR 0.42 per share be paid out on 25,786,063 shares	EUR 10,830,146.46
– to be held in shareholders' equity	EUR 5,343,172.82
	EUR 16,173,319.28

Helsinki, February 9, 2009

Kari Stadigh

Matti Arteva

Esa Karppinen

Roberto Lencioni

Gustav Nyberg

Risto Salo

Aki Ojanen
CEO

Auditors' Report

To the Annual Shareholders' Meeting of Aspo Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aspo Plc for the year ended on December 31, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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 CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with 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 CEO 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 CEO have complied with the Limited Liability Companies Act.

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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

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

Opinion on the company's financial statements and the report of the Board of Directors

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

Helsinki, March 5, 2009

PricewaterhouseCoopers Oy
Authorized Public Accountants

Jan Holmberg
Authorized Public Accountant

Information for Shareholders

Basic share information

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

Annual Shareholders' Meeting

The Aspo Plc Annual Shareholders' Meeting will be held in the Stock Exchange Building at Fabianinkatu 14, 00100 Helsinki on Tuesday, March 31, 2009 at 2:00 p.m.

The record date of the Annual Shareholders' Meeting is March 20, 2009. Shareholders should register for the meeting no later than on March 26, 2009 by 4 p.m. by telephone on +358 9 7595 368, by fax on +358 9 7595 301, by e-mail to ilmoittautuminen@aspo.fi or by letter to Aspo Plc, P.O. Box 17, FI-00581 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 half of the year's earnings in dividends. The Board of Directors will propose at the Annual Shareholders' Meeting that a dividend of EUR 0.42 per share be paid for 2008 on shares outstanding and that no dividend be paid for treasury shares.

- Ex-dividend date April 1, 2009
- Dividend record date April 3, 2009
- Dividend payment date April 14, 2009

Financial reporting in 2009

- Financial Statements Bulletin
  February 10, 2009
- Annual Report for 2008
  Week 13
- Interim Report January–March
  April 27, 2009
- Interim Report January–June
  August 24, 2009
- Interim Report January–September
  October 26, 2009

Aspo's website at www.aspo.com offers a wide range of investor information. The company's annual reports, interim reports and stock exchange releases are also available on the website in Finnish and in English. Aspo's printed annual report will be published in Finnish, Swedish and English. Reports can also be ordered by phone +358 9 7595 306, by fax +358 9 7595 301 or by e-mail from jamima.lofstrom@aspo.fi.

Address changes

Material will be sent to shareholders to the address shown in the shareholder register maintained by Euroclear Finland Ltd (former Finnish Central Securities Depository Ltd). Address changes should be notified to the manager of the shareholders' own book-entry account.

Aspo Plc's investor relations

Aspo will not organize meetings with investors and the Group's representatives will not comment on the financial performance in the period between the end of the fiscal period and the publication of the results for the period in question.

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

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