ASPO ANNUAL REPORT 1997

ASPO

Content

Notice to the Shareholders

Shareholders' Meeting

The Aspo Group Ltd Annual Shareholders' Meeting will be held on Thursday, April 2, 1998 at 2:00 PM. The meeting will take place at Aspo Group headquarters, Suolakivenkatu 10, Helsinki, Finland.

Any shareholder who has been officially registered by the Finnish Central Securities Depository no later than March 27, 1998, is entitled to participate in the meeting.

Shareholders wishing to participate in the meeting are requested to notify the company either by telephone or in writing by March 30, 1998, 4:00 PM. The address is Aspo Group Ltd, Suolakivenkatu 10, 00810 Helsinki, Finland. Telephone + 358 9 7595 361/Asta Laaksonen.

Payment of Dividends

The Board of Directors will propose to the shareholders that a dividend of FIM 8 per share be distributed. The dividend will be paid to shareholders who have been listed in the Finnish Central Securities Depository register. The dividend record date will be April 7, 1998 and the dividends will be paid on April 15, 1998, assuming the proposal of the Board is approved.

Interim Reports 1998

An interim report on the Aspo Group operations covering the period January-April will be published on May 27, 1998. A report covering January-August will be published on September 23, 1998.

1997 in Brief

	1997	1996	Change
Net Sales, MFIM	1,283	1,110	173
Operating Profit Before Depreciation, MFIM	255	188	67
Operating Profit After Depreciation, MFIM	143	82	61
Profit Before Extraordinary Items and Taxes, MFIM	131	66	65
Earnings/Share, FIM	22.73	12.03	10.70
Gross Investments, MFIM	153	88	65
Shareholders' Equity, MFIM	667	552	115
Equity/Share, FIM	152.20	125.92	26.28
Equity Ratio, %	52.2	47.3	
Return on Equity (ROE), %	16.4	9.7	
Return on Investment (ROI), %	15.6	9.7	
Personnel, December 31	1,532	1,482	50
Shares Outstanding December 31, 1,000 each	4,591	4,584	7

Aspo Group Organization

PARENT COMPANY	OPERATIONAL ACTIVITIES Divisions and Business Units	
ASPO GROUP LTD – Group strategy – finance – financial administration – legal affairs	**ELECTRONICS** Aspocomp Oy Aspo Systems Oy	– printed circuit boards, hybrid circuits and mechanical components for the electrical and electronics industries – marine navigation and coastal surveillance systems and special electronics for the military – outdoor payment terminals (OPTs)
	CHEMICALS Aspokem Ltd Aspokem Eesti AS Aspokem Latvia SIA UAB Aspokemlit Sonmarin Oy AS Sonmarin	– industrial chemicals, automotive chemicals, plastic raw materials, coal – logistics and storage services for oil and petrochemical transit traffic
	SHIPPING ESL Shipping Oy	– shipping, shipbrokerage and chartering
	Toolsystem Oy	– automatic sheet metal machine tool lines
	Asva Oy Affiliate	– metal and steel wholesale trade

CEO's Review

Overview of 1997

The year 1997 was a good year for the Aspo Group, regardless of which measure is used to evaluate the Group's performance. There were clear signs of improvement in the Group's financial performance and capital structure.

In the Electronics Division sales and earnings materialized in accordance with our business plan and even exceeded our forecasts to some extent. On the other hand, though the industry developed as we expected, with substantial restructuring and numerous international mergers and acquisitions, we were surprised at how high PCB company values rose following the widespread acquisition of European PCB companies. This caused us to re-evaluate our expansion schedule and hold off on any immediate acquisitions. Now we must consider what is the optimal way to expand the electronics business, whether organically or through acquisition. In the meantime, our investment plans for Electronics were executed as planned and we intend to continue this program.

In the Chemicals Division, sales and earnings also rose over last year. Chemical trading activities showed healthy growth and profitability thanks to positive business conditions in the Finnish market. Logistics operations improved their financial performance, even if earnings fell short of our objectives. Contract volumes in Finland stabilized, while volumes in Estonia continued to increase, but not enough to meet the targets.

The Shipping Division turned out a very good performance, with significant gains in net sales and very strong earnings. Several factors contributed to this performance, including efficient exploitation of the fleet capacity, increasing freight volumes, favorable currency movements and stable Baltic freight rates.

The Group affiliate, Asva Oy, also contributed positively to our financial performance. Asva generated good earnings thanks to rising sales and a favorable trend in prices.

Group Performance

The Group's financial performance was very strong. Earnings after financial items doubled on the strength of our divisional performances. Our pre-tax earnings rose even more due to income received from the sale of our old Soviet receivables to international investors. Not surprisingly, our solvency continued to improve and is now very strong, even by international standards. Investments increased, but mainly as a result of prepayments on a new vessel commissioned by the Shipping Division which will be financed by the Division's own cash flow. The Group's liquidity was satisfactory throughout the year.

Future Directions

Our management philosophy is to develop the long term value of the Aspo Group. This means that we will carefully consider the long term effect of any actions we take. The decisions to focus Group operations on fewer business areas and to define Electronics as the Group's core business in the future, are based on prevailing prospects in the global electronics industry, and in particular, on conditions in the telecommunications industry which absorbs most of Aspo Electronics' production. At the moment, we have sufficient resources to expand the operations of the Electronics Division, our core business, without divesting other Group activities. We will focus step by step on Electronics. Concentration will therefore be implemented, but rationally, systematically and in consideration of existing opportunities. We expect the Group's net sales to increase in 1998, and its earnings to remain at the satisfactory levels achieved in 1997.

I would like to thank all of our business partners and in particular our personnel for the fruitful cooperation we enjoyed during 1997.

Helsinki, March, 1998

Teuvo Juuvinmaa

Electronics

The Electronics Division consists of Aspocomp Oy and Aspo Systems Oy. Aspocomp Oy serves the electronics industry. Aspo Systems Oy serves ship owners, government, oil companies and the military.

The net sales of the Electronics Division as a whole rose 17.4 % from FIM 614.0 million to FIM 721.1 million. Operating profits increased 71.2 % from FIM 39.9 million to FIM 68.3 million.

Aspocomp Oy

Aspocomp is an important part of its customers' supply chain. Rather than producing and marketing its own products, the company's customers design the product, providing the specifications and drawings while Aspocomp provides production and process know-how through its ISO 9000 certified manufacturing operations. This allows the customer to optimize its own volume and technology requirements. The product range comprises printed circuit boards, hybrid circuits and mechanical assemblies for the electronics industry. The main customers are manufacturers of electronic equipment in the Nordic countries. First class product quality, prompt delivery and flexible response to customer requirements provide the foundation for Aspocomp's competitiveness. Sustainable advantage is based on providing the best price-value ratio to customers by continuously following their needs, matching production investments to their changing requirements and skillfully providing a flexible and cost-effective solution.

Financial Performance

Thanks to a strong order book and high capacity utilization, the financial performance of Aspocomp Oy showed positive development in 1997. Net sales grew 16 % and profitability improved substantially. The increase in sales matched the Nordic growth rate for the electronics industry, indicating that Aspocomp has been able to maintain its relatively high market share. The dramatic increase in earnings actually represents a return to Aspocomp's characteristic level of profitability following the deterioration in 1996 earnings that resulted from sub-optimal capacity utilization in the first half of that year. Aspocomp's capacity utilization reached and maintained a healthy level during 1997.

Highlights 1997

During the year Aspocomp received the ISO 14001 Environmental Certification for the company's Salo plant. During 1998 the certification will be extended to Aspocomp's other plants. Customers increasingly see this certification as important, and Aspocomp is among the first printed circuit board companies to receive this certification.

The company continued implementing the technology development investment program approved in 1995. During 1997 the company invested over 10% of its net sales in machinery and equipment aimed at maintaining the high technological standard of its production process and in new technologies. During the year investments in new production process technologies amounting to FIM 35 million were approved for 1998. Implementation will take place during the first half of 1998.

Electronics

	1997	1996	1995	1994	1993
Net Sales, FIM million	721.1	614.0	567.1	434.1	246.8
Operating Profit, FIM million	68.3	39.9	54.3	25.7	15.1
Investments, FIM million	73.1	65.8	117.7	47.8	71.9
Personnel, December 31	1209	1165	1194	903	842

Future Prospects

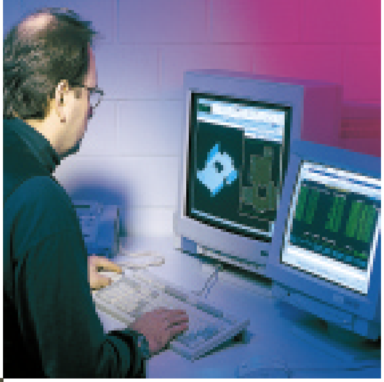
The restructuring process which has been impacting the PCB industry continued and intensified during 1997. Numerous acquisitions have been made with prices that are difficult to justify using purely operational criteria. Large, international PCB players are gradually being formed and have been actively building new entities in Europe. In light of these developments, substantial restructuring will characterize the European PCB industry for the foreseeable future. For these reasons, Aspocomp did not advance its internationalization process in 1997. However, the situation is being closely monitored and once industry conditions in Europe stabilize, the company can carry the process forward. Aspocomp believes that under these conditions its clients will place a high value on stable, long-term relationships with a reliable supplier.

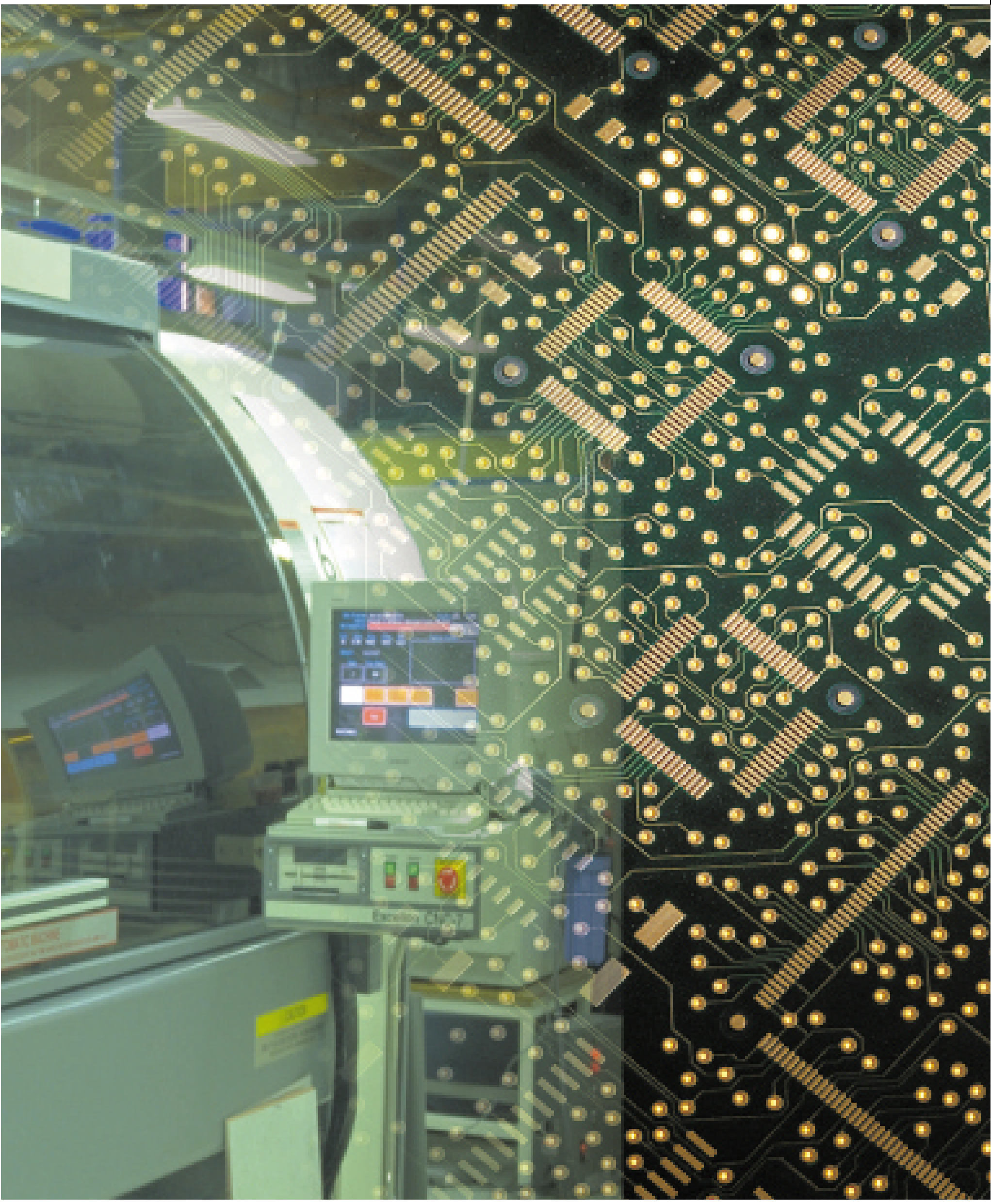
In the meantime, sales and earnings are expected to show continued positive development in 1998, unless events in Asia or other markets have a heavier than expected influence on operations. The company's short-term order stock and the volatility of the industry make forecasting extremely difficult.

Aspo Systems Oy

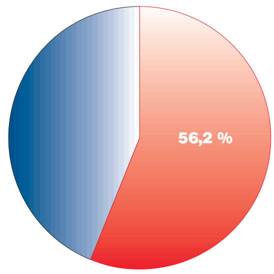
Aspo Systems has two separate business units. The Porvoo unit designs, produces and markets electronic products for automatic fuel payment and dispensing (at service stations) such as outdoor payment terminals (OPTs), point of sales systems, site controllers and tank monitoring systems which are completed with versatile remote control administrative and technical software. The OPT, whose competitive advantage is in its high level of automation, can operate as a standalone unit in unmanned filling stations.

The Espoo unit supplies navigation and marine communication

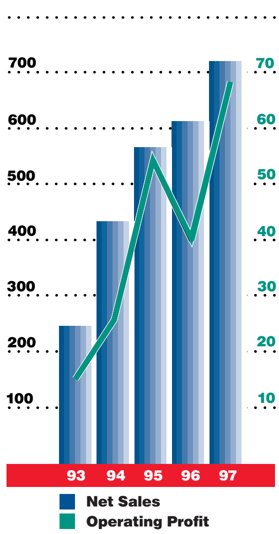




Share in Group Net Sales 1997



Net Sales and Operating Profit, FIM million



systems for domestic and international clients, as well as specialized systems for coastal surveillance and defense forces. The unit competes by providing customized solutions turn-key to demanding customers who require individual solutions. The key components of the system are its in-house designed maritime integrated navigation system and electronic sea chart systems (ECDIS) and software.

Financial Performance

Aspo Systems' net sales increased over last year and its profitability improved significantly.

Highlights 1997

For the Espoo unit the most important event of 1997 was its participation in the EU-sponsored ECHO project which is aimed at creating a common professional procedure for automatic electronic updating system of electronic sea charts. In Porvoo the most important event of the year was the unit's successful penetration of several new export markets, in particular, the Swedish OPT market.

Future Prospects

The company's financial performance is expected to show continued improvement.

Chemicals

The Chemicals Division consists of two separate business units. Aspokem Ltd trades, stores and markets petrochemical and chemical products. The logistics unit manages the logistics and transport of petrochemical products traded between the company's Russian and Western European partners.

The net sales of the Chemicals Division as a whole rose 8.4 % from FIM 301.7 million to FIM 326.9 million. Operating profits increased 44 % from FIM 12.5 million to FIM 18.0 million.

Marketing

Aspokem Ltd has subsidiaries in Estonia, Latvia and Lithuania and sales offices in Moscow and St. Petersburg. The main product groups include industrial chemicals, automotive chemicals, plastic raw materials and solid fuels.

Aspokem provides industry with industrial chemicals from its Rauma tank terminal complex and warehouse via road, rail and sea links. Deliveries by road tank car transport are carried out directly to domestic, Baltic, Russian and Swedish industrial customers. Its competitive advantage lies in its storage system which is the most versatile of its kind in Finland, as well as its internationally recognized producers, suppliers and brands.

Aspokem operates as a supplier of volume and technical plastic products to plastic industry firms and has achieved a strong market position on domestic markets as well as the Baltics and Russia. Its strength lies in its ability to supply customers from its own warehouses on a just-in-time basis. Automotive chemicals are marketed directly to end-users in Finland and neighboring areas, as well as through distributors. The products are well-known, domestic brands produced from Aspokem's own raw materials, mainly packaged, liquid goods, produced in Finland.

Financial Performance

By all accounts Aspokem had a very good year in fiscal 1997. Both net sales and volumes increased by approximately 12% thanks to a healthy domestic and international business climate and the strong level of industrial output which generated a lot of demand for raw materials. Earnings also improved substantially and were satisfactory, as prices remained stable throughout the year and demand was brisk.

Highlights 1997

During 1997 Aspokem Ltd expanded its Rauma chemical terminal. The tank capacity is needed to provide storage space for new liquid chemical products being developed for domestic and international sales. Aspokem also concluded long-term rental agreements for areas in the same vicinity where new facilities can be built to meet future chemical storage and packaging capacity requirements.

Aspokem continued to develop its international sales activities with the establishment in January, 1998 of new subsidiaries in Latvia's Riga (Aspokem Latvia SIA) and in Lithuania's Vilnius (UAB Aspokemlit). Baltic activities are being organized by country, so the name of Aspokem Baltic Ltd was changed to Aspokem Eesti AS. Russian distribution was also reorganized during the year.

During fiscal 1997 Aspokem received the ISO 9002 certification for the import, storage, marketing and export of automotive and industrial chemicals, and plastic raw materials. In addition, the certification covers Finnish operations in the coal trade, and in chemical production.

Future Prospects

While business conditions are expected to remain favorable and stable during 1998, competition is beginning to intensify as international players interested in both the Finnish and Eastern markets begin to establish activities in the region, frequently basing their operations in Finland. This may have some impact on Aspokem's operations in 1998. Growth is expected to slow to some extent in 1998 as economic conditions stabilize, but earnings are expected to remain at a satisfactory level. However, instability in Asia makes forecasting difficult.

Logistics

The logistics area engages in transshipping, tank storage and logistics services for petrochemical and oil products. The unit comprises Sonmarin Oy and its Estonian subsidiary, AS Sonmarin. It has two terminals in Finland's Kotka and one in Estonia's Tallinn Muuga with a total of 60 storage tanks generating a total storage capacity of 173,000 m^3. Its core business is the storage and handling of petrochemical materials in transit between Russia and Western Europe. The material is owned by its clients who are Russian suppliers and European buyers. Its competitive advantage lies in its strategically located facilities in Finland and Estonia, the quality and flexibility of its services and its experience in facilitating east-west trade.

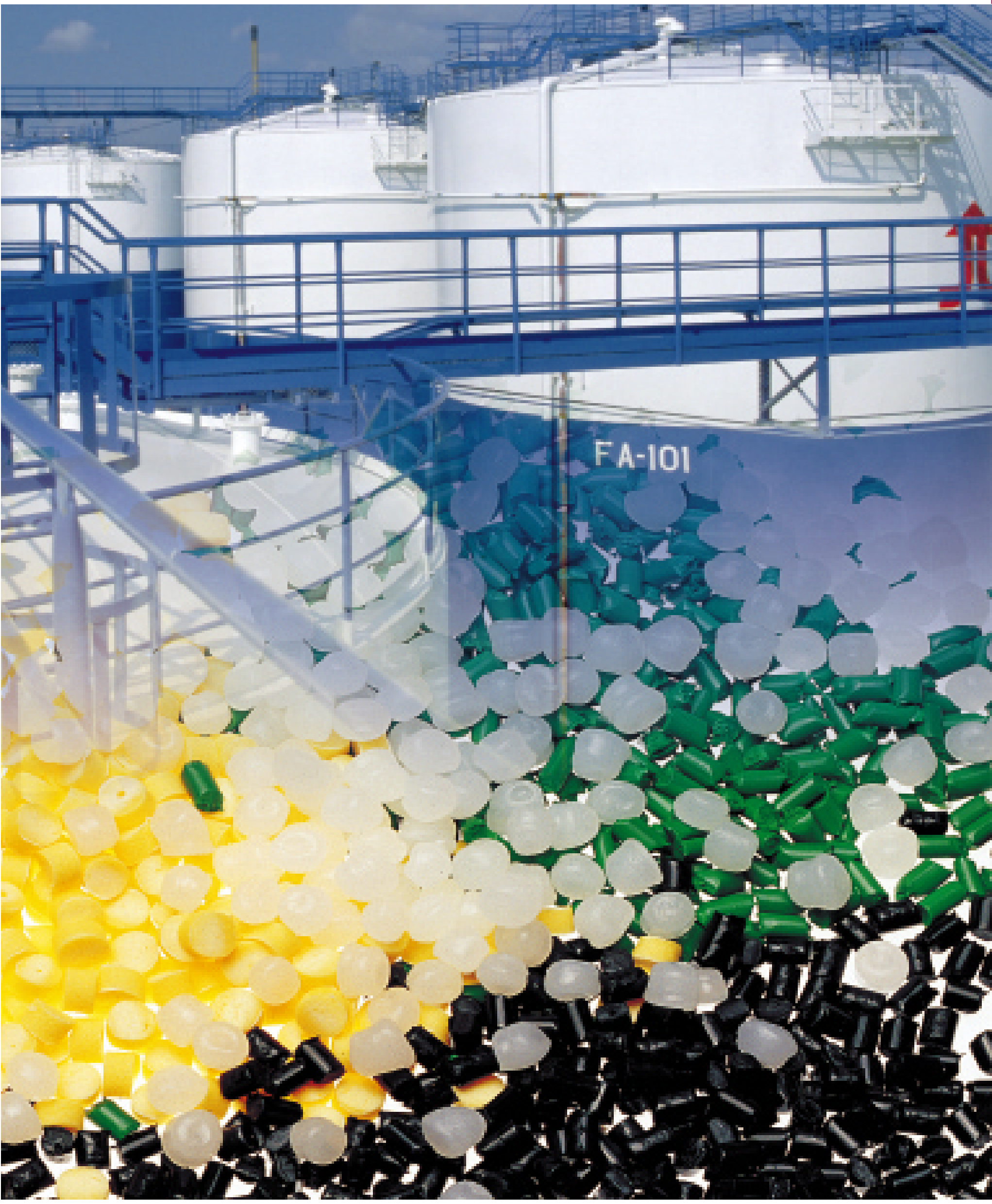
Financial Performance

Because conditions in the logistics business were difficult in 1997 sales and earnings did not meet expectations. However, there was a clear improvement in the performance of the business over 1996.

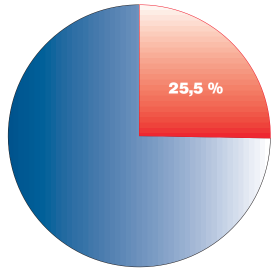
Sales in Finland remained at an unsatisfactory level due to the increased capacity and higher level of competitiveness of the Baltic ports.

Chemicals

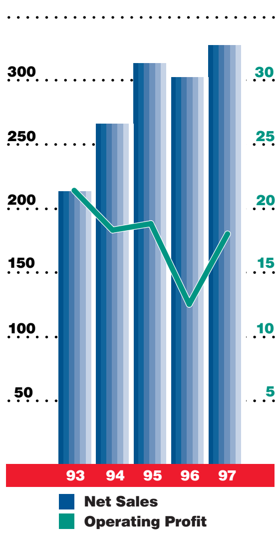
	1997	1996	1995	1994	1993
Net Sales, FIM million	326.9	301.7	313.3	266.5	213.2
Operating Profit, FIM million	18.0	12.5	18.8	18.3	21.4
Investments, FIM million	24.5	16.0	27.1	27.7	16.2
Personnel, December 31	118	114	113	89	72



Share in Group Net Sales 1997



Net Sales and Operating Profit, FIM million



However, Finland's competitiveness relative to the Baltic ports no longer deteriorated during the year and domestic volumes actually increased slightly. Consequently the profitability of the Finnish unit improved significantly over the previous year.

In Estonia the expansion of the Muuga terminal was completed later than projected. In addition, the company's customers were not able to fully exploit the terminal's additional capacity during the year. However, capacity utilization was approaching normal levels by the year end.

Highlights 1997

The year's most important project was the completion of the Muuga terminal expansion. The Muuga terminal now has the scale and facilities to operate competitively in the Baltic region.

Future Prospects

The competitiveness of the logistics units has now improved. Sonmarin Oy is expected to generate gradually improving sales volume and profitability, but uncertainty with respect to the Finnish operations remains. In Estonia AS Sonmarin has firm agreements for the year which provide for a profitable performance. The ultimate level of these earnings will depend on actual customer volumes. As a consequence the overall financial performance is expected to show continued improvement.

Shipping

The Shipping Division consists of ESL Shipping Oy along with its wholly owned subsidiaries, Oy Bomanship Ab and O.Y. Näppärä. Bomanship is a ship brokerage and shipping agency while Näppärä is engaged in stevedoring activities.

The shipping company's business idea is to build long-term customer relationships, particularly in the Baltic and North Sea, by providing customers with cost-effective transport systems. The company's competitive advantage lies in its fleet which has been designed specifically for Finnish and Baltic conditions. ESL Shipping vessels are ice-strengthened and specially designed for their traditional sailing routes throughout Northern Europe. Thanks to their favorable length/breadth ratio and shallow draught, the vessels can enter a wide variety of harbors with full cargo at maximum draught. In addition, each vessel has a bow thruster and is capable of self-discharging and loading on the strength of cranes and grabs with 12.5 - 15 cbm capacity. These features free the ships of the need for tugboats in most cases and reduce dependency on port cranes and personnel while enabling special operations like the lightening of large and disabled vessels.The vessels transport mainly coal, coke, iron ore, grain and other dry, bulk cargo.

All ESL ships sail under the Finnish flag with Finnish crews.

Financial Performance

During the year under review the company's ships were able to concentrate on the Baltic routes for which they were intended, as in 1996. In addition, Baltic freight rates were more stable than international rates. As a result, net sales and earnings were at a satisfactory level for the year. Sales increased from FIM 162.0 million in 1996 to FIM 203.0 million for fiscal 1997. Cargo volumes also rose 16% to 6.5 million tons (5.6 million tons). The Shipping Division time chartered a British 22,000 dwt dry bulk freighter for nearly the entire year in order to generate additional capacity needed to fulfill contract obligations. The time chartering contract was terminated in mid-December.

The Division's operating profit after depreciation improved over 1996 thanks to the additional capacity provided for by the time chartered vessel, as well as currency gains. The currency gains resulted mainly from dollar-denominated freight contract income which appreciated due to a favorable year end exchange rate. Numerous large freight contracts which made it possible to optimize cargo loads and minimize ballast voyages also stimulated earnings.

The fleet's tonnage was as follows as of December 31, 1997:

Ms Arkadia commissioned 1983	47,442 dwt	28,330 gt	ice class 1C
Ms Kontula commissioned 1980	31,850 dwt	19,854 gt	ice class 1A
Ms Hesperia commissioned 1991	13,565 dwt	10,374 gt	ice class 1AS
Ms Pasila commissioned 1995	13,367 dwt	10,098 gt	ice class 1AS
Espa commissioned 1987 (unmanned barge)	9,038 dwt	4,700 gt	ice class 1A
Total tonnage:	115,262 dwt	73,356 gt	
New Building commissioned 1998 (due Sept)	13,350 dwt (app.)	10,100 gt (app.)	ice class 1AS

Shipping

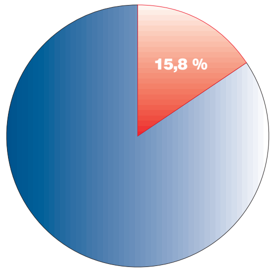
	1997	1996	1995	1994	1993
Net Sales, FIM million	203.0	162.0	152.6	167.3	157.1
Operating Profit, FIM million	44.5	26.1	30.6	34.5	31.9
Investments, FIM million	45.5	1.5	156.9	17.9	0.6
Personnel, December 31	144	134	111	119	138

Highlights 1997

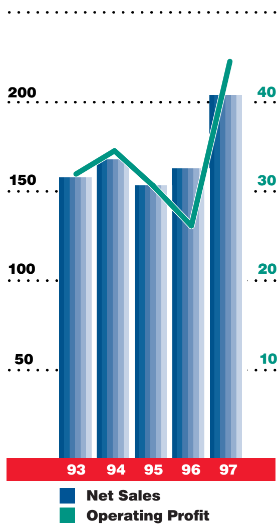
During the year the Shipping Division obtained its valid ISM (International Safety Management) certification. The ISM is an international code for the safe operation of ships and prevention of pollution. Compliance will be mandatory for all bulk carriers, tankers and passenger vessels as of July, 1998.

The most important event of fiscal 1997 was the ordering of a sister vessel to the Ms Pasila due for commissioning in September, 1998. Increasing Baltic transport volumes and contracts extending into the next century have made it necessary to increase the fleet's capacity. In addition, the new ship design concept employed in the Ms Hesperia and Ms Pasila has proven effective for the Division's applications. In this respect, the order furthers the ongoing modernization of the fleet. The investment will be financed with the Division's own cash flow.

Share in Group Net Sales 1997



Net Sales and Operating Profit, FIM million



Future Prospects

The Shipping Division has been able to secure some completely new long-term contracts of affreightment, and these, together with the existing contracts, will give the Division a good start on 1998. On the other hand, changes in Finnish legislation will allow coal users to maintain smaller contingency coal reserves, as the State is committed to maintaining a larger reserve itself. The overall effect of this change will be that the energy plants will burn more of their old stocks in 1998, which will result in the reduction of coal imports to Finland. International freight rates were extremely low at the beginning of 1998 and this could have some impact on Baltic freight rates during the year. In addition, because some contracts are invoiced in dollars, currency movements could have either a positive or negative impact on financial performance. Depreciation charges will increase to some extent due to the commissioning of the new vessel. Thus, the Division's 1998 financial performance, though expected to remain satisfactory, will not reach the 1997 level.

Toolsystem Oy

Toolsystem Oy designs, produces and markets automatic sheet metal machine tool lines. The final product and fabrication method determine the amount and type of standard components required. The machines are sold almost exclusively on export markets.

Market conditions were favorable during the year, and the company began to prepare for the marketing of its products to North America.

A dispute concerning one of the company's 1994 deliveries is currently in arbitration court. A decision is expected in the first half of 1998.

Net sales totalled FIM 31.7 million (FIM 32.0 million). Earnings rose sharply and were highly satisfactory. Both sales and earnings are expected to improve in 1998.

Asva Oy

The Aspo Group affiliate, Asva Oy, a metal and steel wholesaler, is the largest firm of its kind in Finland. The company holds a strong position in all of its sectors, particularly pre-treatment services. Thanks to continued growth in Finland's metal products sector, demand for steel was strong throughout the year and prices rose slightly.

Asva's net sales increased approximately, 14 % to FIM 1,522.5 million (FIM 1,341.2 million). At the same time delivery volumes increased. The company's profitability was good. Asva carried out investments of approximately FIM 35 million (FIM 21 million) aimed at strengthening its pre-treatment operations. At the year end Asva Oy signed a preliminary agreement with Valmet Oyj covering the acquisition of Valmet's flame cutting operations in Finland's Tampere. The acquisition will strengthen Asva's pre-treatment activities.

The company's financial performance is expected to remain on the same level or to decline slightly in 1998, depending on the development of steel prices during the year.

Business Conditions

Aspo Group operations performed well in 1997 with earnings improving substantially over the previous year. The last third of the year was particularly strong, with record-breaking net sales and earnings figures.

Both of the Electronics Division's business units, Aspocomp Oy and Aspo Systems Oy, increased their sales and improved their profitability over last year.

In the Chemicals Division, the chemical trading units, Aspokem Ltd and Aspokem Eesti AS continued to generate stable, somewhat higher earnings, while the Division's logistics units, Sonmarin Oy and AS Sonmarin still suffered from a general lack of petrochemical product availability in Russia. The logistics unit's consolidated profit demonstrated a clear improvement over last year, but the performance did not meet with earnings targets.

The Shipping Division had a very successful year, with net sales and earnings improving substantially. ESL Shipping Oy ordered a new 13,000 dwt ice-strengthened dry bulk freighter in June to strengthen its position on the growing Baltic dry bulk freight market. The new ship will be commissioned in September 1998.

The Group company Toolsystem Oy showed no increase in net sales, but its profitability improved significantly.

The Aspo Group affiliate Asva Oy generated FIM 23.9 million (FIM 16.4 million) of the Group's total earnings. This strong performance resulted from increased demand for steel and favorable wholesale price movements.

In May Aspo Group Ltd sold its old Soviet receivables to international investors for FIM 51.8 million. The receivables had been written off earlier as non-performing assets. This additional income therefore had a positive impact on the Group's pre-tax earnings.

In January, 1998 the Chemicals Division company, Aspokem Ltd, established subsidiaries in Latvia and Lithuania in order to strengthen its position on Baltic markets.

Net Sales

The Group's net sales increased 15.6 % (FIM 173.0 million) to FIM 1,282.7 million (FIM 1,109.7 million) as of the year end. The Group's direct exports and offshore sales totalled FIM 243.1 million (FIM 207.7 million).

Sales in the Electronics Division increased 17.4 % to FIM 721.1 million (FIM 614.0 million) during the year. The increase resulted from nearly 20 % increases in the net sales of the Salo PCB plant and Oulu hybrid circuit plant.

The net sales of the Chemicals Division increased 8.4 % to FIM 326.9 million (FIM 301.7 million) thanks to the performance of the Aspokem chemical trading units. The net sales of the Sonmarin logistics units declined by 6 %.

The net sales of the Shipping Division increased 25.3 % to FIM 203.0 million (FIM 162.0 million) thanks both to efficient exploitation of the Division's fleet capacity, as well as the time chartered vessel used during the year.

Profits

The Group's operating profit after depreciation rose FIM 61.6 million to FIM 143.4 million (FIM 81.8 million).

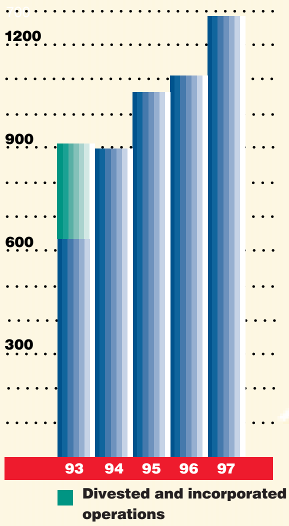
The operating profit after depreciation rose in all Divisions due to strong growth as well as increases in both relative and Finnmark-denominated earnings, as increases in fixed costs were held to 2%.

The Electronics Division's operating profit after depreciation rose FIM 28.4 million over the previous year to FIM 68.3 million, exceeding targets. Earnings in the Chemicals Division increased FIM 5.5 to FIM 18.0 million. Shipping Division earnings jumped FIM 18.4 million over the previous year to FIM 44.5 million.

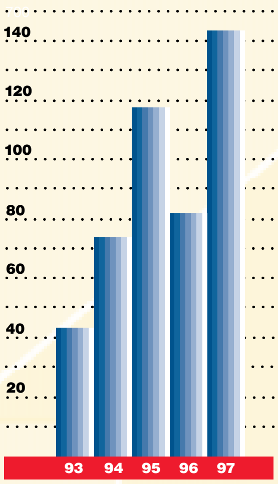
Net Sales by Division, FIM million

	1997	1996	Change %	Change MFIM
Electronics				
Aspocomp Oy	668.1	574.8	16.2	93.3
Aspocomp Ab	2.0	2.5	-20.0	-0.5
Aspo Systems Oy	62.9	57.3	9.8	5.6
Internal eliminations	–11.9	–20.6	42.2	8.7
Total	721.1	614.0	17.4	107.1
Chemicals				
Aspokem Ltd	274.1	245.3	11.7	28.8
Aspokem Eesti AS	15.2	12.8	18.8	2.4
Sonmarin Oy	35.1	44.7	-21.5	-9.6
AS Sonmarin	17.3	11.2	54.5	6.1
Internal eliminations	–14.8	–12.3	–20.3	–2.5
Total	326.9	301.7	8.4	25.2
Shipping				
ESL Shipping Oy	202.5	161.7	25.2	40.8
Oy Bomanship Ab	1.5	1.0	50.0	0.5
Internal eliminations	-1.0	-0.7	–42.9	-0.3
Total	203.0	162.0	25.3	41.0
Toolsystem Oy	31.7	32.0	-0.9	-0.3
Total Net Sales	1,282.7	1,109.7	15.6	173.0

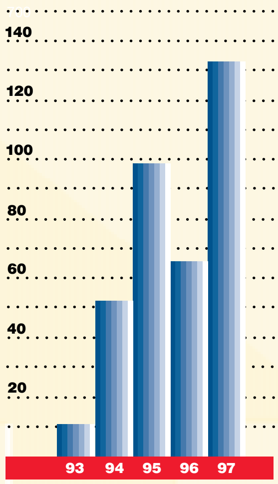
Net Sales, FIM million



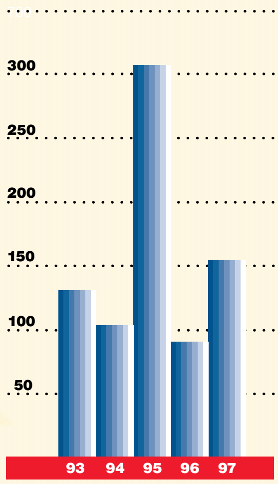
Operating Profit, FIM million



Profit Before Extraordinary Items, FIM million



Investments, FIM million



The Group's depreciation expenses rose FIM 5.2 million to FIM 111.4 million with depreciation expenses rising FIM 7.7 million in the Electronics Division to FIM 57.8 million and in the Chemicals Division FIM 1.0 million to FIM 14.1 million. AS Sonmarin in particular generated depreciation expenses due to the expansion of the Muuga terminal. Shipping Division depreciation figures dropped FIM 3.0 million to FIM 28.8 million.

Net financial costs totalled 1.0 % of net sales, or FIM 12.5 million (FIM 16.4 million). The decline resulted from the progression of the Group's normal repayment plan, as well as declining interest rates. The Shipping Division's currency gains and income from the Group's rising securities investments also had a favorable influence on net financial costs.

The Group's earnings before extraordinary items and taxes doubled to FIM 130.9 million (FIM 65.5 million). Extraordinary items contain FIM 51.8 million received as payment for old Soviet receivables sold to international investors that had been previously written off. Gains were also received on the sale of real estate. Extraordinary expenses also include losses on the sale of fixed assets. Pretax earnings totalled FIM 187.4 million (FIM 65.3 million). The Group's direct taxes and nominal tax liability totalled FIM 46.7 million (FIM 13.2 million).

Investments and Finance

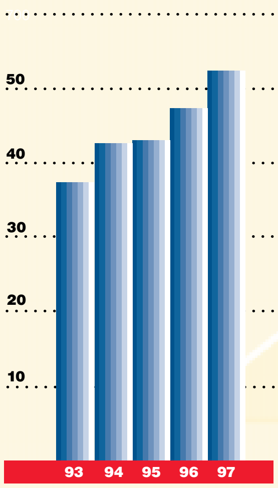
Group investments totalled FIM 152.7 million (FIM 88.1 million). Most of these investments consisted of machinery and equipment procurement for Aspocomp Oy. ESL Shipping Oy paid advances on a new ship totalling FIM 45.5 million. The ship, which was ordered in June, carries a price of FIM 147 million and will be commissioned in September, 1998. Payments related to the second phase of the Muuga terminal expansion project being carried out by AS Sonmarin totalled FIM 20.2 million. The remainder of the investments, totalling FIM 16.0 million, were aimed at essential asset replacement for other Group companies. In August a proposal for FIM 35 million in investments for the Aspocomp Oy Salo plant was approved. The technology investments will raise the plants production capacity and improve the PCB manufacturing process. The program will be executed at the beginning of 1998.

The Group's financing situation was satisfactory throughout the year. The Group held liquid assets totalling FIM 101.5 million (FIM 70.4 million) at the year end. Liabilities totalled FIM 615.3 million (FIM 618.2 million) as of the year end, including interest-free debt totalling FIM 285.4 million (FIM 223.8 million). Net financial costs declined to 1.0 % (1.5 %) of net sales. Long-term net liabilities declined by FIM 66.7 million and no new debt was taken on during the year.The Group's equity ratio, adjusted for tax liabilities, rose to 52.2 % (47.3 %).

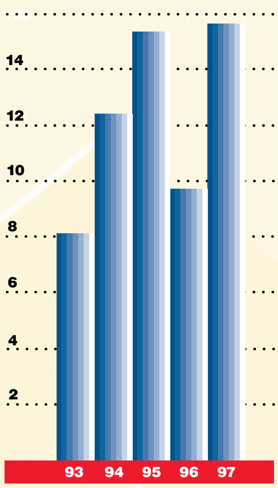
Operating Profit After Depreciation by Division, FIM million

			Change	
	1997	1996	%	MFIM
Electronics	68.3	39.9	71.2	28.4
Chemicals	18.0	12.5	44.0	5.5
Shipping	44.5	26.1	70.5	18.4
Other operations	12.6	3.3	281.8	9.3
Total	143.4	81.8	75.3	61.6

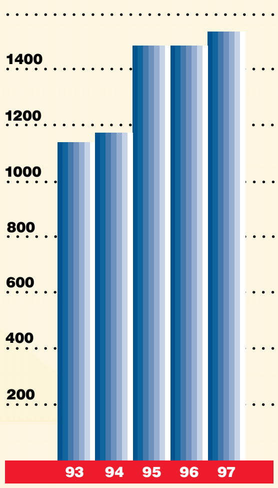
Equity Ratio, %



Return On Investment (ROI), %



Personnel, December 31



Investments by Division, FIM million

	1997	1996
Electronics	73.1	65.8
Chemicals	24.5	16.0
Shipping	45.5	1.5
Other operations	9.6	4.8
Total	152.7	88.1

Equity

The share capital of Aspo Group Ltd totalled FIM 45,910,840 on December 31, 1997 and comprised 4,591,084 shares with a face value of FIM 10 each. During the year increases in share capital related to the conversion of convertible bonds worth FIM 74,790 were registered. No convertible bonds were repurchased by the company during the period under review. An additional convertible bond-related increase in share capital of FIM 10,800 was registered after the year end on February 3, 1998, bringing the Group's share capital up to FIM 45,921,640. The conversion of remaining bonds would allow for a maximum increase in share capital of FIM 786,510. The conversion period started on May 2, 1995 and ends May 2, 2000.

As of the year end, there were convertible bonds with a total value of FIM 8,739,000 outstanding. The Aspo Group Ltd subsidiary, ACT Oy was in possession of FIM 4,000,000 worth of convertible bonds as of the year end carrying conversion rights for a maximum subscription of 36,000 Aspo Group Ltd shares. ACT Oy sold its convertible bond warrants in February, 1998.

Bond-related shares entitle the holders to full dividend rights for the fiscal year during which they have been subscribed. Other shareholder rights take effect upon registration.

During fiscal 1997 a total of 2,280,823 Aspo Group Ltd shares with a value of FIM 513 million changed hands on the Helsinki Stock Exchange. There were a total of 191,025 (4.2 %) nominee registered and foreign-held shares at the year end. The Aspo Group Ltd's share price averaged FIM 225 during the year, reaching a high of FIM 259 and a low of FIM 183 during the period under review. The year end price for December 31, 1997 was FIM 230 and the average was FIM 228.

As of the year end the Board was not authorized to raise the company's share capital or issue convertible bonds or options.

Following the integration of Group subsidiaries into Aspo Group Ltd, the company took possession of 285,553 distributable Aspo Group Ltd shares with nominal value of FIM 2,855,530. The value of these shares has been recorded as a reduction in unrestricted equity.

The Board of Directors will make a proposal at the Annual Shareholders' Meeting to be held on April 2, 1998, according to which all of the shares held by Aspo Group Ltd would be invalidated, and that the company's share capital be correspondingly reduced by FIM 2,855,530 from FIM 45,921,640 to FIM 43,066,110.

Taxation

The appeal by the Helsinki tax auditors for a change in the 1994 taxation of Aspo Group Ltd and Polttoaine Oy (formerly Polttoaine Osuuskunta) that would recognize FIM 123 million in “hidden dividend income” in the 1994 Aspo Group Ltd/Polttoaine Osuuskunta income statement is still in litigation. The auditing committee of the Helsinki Tax Office dismissed the claim on June 26, 1997. The tax auditors have appealed the decision to the Provincial court. The auditing committee did, however, take the position that hidden dividends had been distributed to members of the Polttoaine Osuuskunta (a cooperative), cancelling the taxation decision pertaining to this issue, and returning this part of the case to the Helsinki Tax Office where the amount of the dividend is to be investigated.

The tax auditors' appeal refers to the 1994 merger of Aspo Oy and Oy Troili Ab (currently Aspo Group Ltd) and the compensation values used in the integration and share swapping procedures. Aspo Group Ltd (into which Polttoaine Oy has been integrated) has disputed the allegations made by the Helsinki tax authorities as being without any legal foundation and has appealed the case to the Provincial court, demanding that the original 1994 taxation be left unchanged.

It is difficult to estimate the possible additional tax payments that might arise from the case because of variations in the criteria used by the tax auditors.

Personnel

The Group's personnel totalled 1,532 (1,482) at the year end and averaged 1,493 (1,512) from January 1 to December 31, 1997.

Salaries paid to personnel totalled FIM 213.0 million (FIM 208.6 million), including FIM 119.6 million in production wages (FIM 115.0 million) and FIM 6.2 million (FIM 6.3 million) in salaries paid to Group company executives. Bonuses totalled FIM 0.01 million.

The parent company paid salaries totalling FIM 6.6 million (FIM 8.2 million), comprising salaries paid to the Board, President and Senior Vice President totalling FIM 2.0 million (FIM 2.2 million). The parent company's personnel totalled 19 (25) at the year end and averaged 20 (26) during the year.

As of the year end there were a total of 171 persons (180 persons) receiving benefits through the Aspo Group pension fund. The fund paid out pension and burial benefits totalling FIM 1.8 million (FIM 1.7 million) during the year. The total assets of the pension fund at current market value cover the total amount of pension liabilities outstanding. The fund was closed at the beginning of 1992.

Personnel by Division

	1997	1996
Electronics	1,172	1,186
Chemicals	120	116
Shipping	139	141
Others	62	69
Total	1,493	1,512

The Senior Vice President of Aspo Group Ltd, Markku Keskitalo, retired at the year end in accordance with the terms of his employment contract.

Research and Development

The Group's R&D activities during the year focused mainly on various aspects of Group operations, procedures and manufacturing technologies without a dedicated organization. For this reason these expenses have been recorded under normal operational costs. Aspo Systems Oy and Toolsystem Oy maintain their own product development activities.

Environment

The Group continued developing its environmental policies with the acceptance of the environmental policies formulated in the previous year. The policies have been formulated in accordance with standards and procedures laid out by the International Chamber of Commerce.

Significant environmentally-related events during the year included the awarding of ISO 14001 environmental certification to the Aspocomp Oy Salo plant, the first such certification in the Nordic countries. ESL Shipping Oy also received its ISM (International Safety Management) certification.

Board and Auditors

During the year under review the Aspo Group Ltd Board of Directors consisted of H.B. Nyberg (Chairman), A.E. Vehmas (Deputy Chairman), Aspo Group Ltd CEO Teuvo Juuvinmaa (member), Pohjola Insurance Company Ltd Senior Executive Vice President Pirkko Alitalo (member) and Patria Industries Oy President and CEO Jorma Eloranta (member).

The Authorized Public Accountant Tauno Haataja and the authorized public accounting firm of SVH Coopers & Lybrand Oy, and its appointed APA Ilkka Haarlaa, have served as the company's auditors during the year under review.

Prospects For 1998

As of this writing, the Electronics Division is expected to be able to increase both sales and earnings within the constraints of its existing capacity. At the same time, the Division will continue to investigate opportunities to internationalize its operations. In the event such opportunities arise and action is taken, it will have an impact on both the scale and profitability of the Division's operations. And because the volatility of this sector can generate rapid and sharp changes on markets, forecasting is difficult and must have a short-term horizon.

The Chemicals Division is also expected to generate growth and rising earnings. Most of the growth is expected to come from the Division's logistics units. However, the materialization of these forecasts hinges heavily on offshore factors, the most important of which is the availability of petrochemical products from Russia for export.

While prospects for the Shipping Division look reasonably good, there is currently no reason to expect its financial performance to reach last year's exceptional levels. Forecasting has been hampered by uncertainty regarding freight rates on the Baltic. The company's shipping capacity will rise toward the year end as its new vessel comes on line.

We expect the Group's net sales to increase in 1998, and its earnings to remain at the satisfactory levels achieved in 1997. The materialization of these forecasts is naturally dependent on a large number of factors, including for instance general economic conditions outside Finland.

CONSOLIDATED INCOME STATEMENT	1.1.-31.12.1997 1 000 FIM	1.1.-31.12.1996 1 000 FIM	Note
Net Sales	**1 282 655**	1 109 727	1
Change in finished goods inventory	**6 213**	-271	
Share in affiliate profits	**23 870**	16 406	
Other operating income	**14 860**	14 311	
Expenses			
Materials, supplies and goods:			
Purchases during the financial period	**-558 792**	-472 902	
Change in inventories	**14 635**	-8 445	
External services	**-38 462**	-32 058	
Personnel expenses	**-268 055**	-245 325	2
Rent	**-29 143**	-33 038	
Other costs and expenses	**-192 906**	-160 323	
Total	**-1 072 723**	-952 091	
Operating Profit Before Depreciation	**254 875**	188 082	
Depreciation			3
On fixed and other long-lived assets	**-110 014**	-104 814	
On goodwill	**-1 444**	-1 419	
Operating Profit After Depreciation	**143 417**	81 849	
Financial Income and Expenses			4
Dividend income	**45**	23	
Short-term investment income	**3 147**	3 220	
Other financial income	**210**	235	
Exchange rate gains	**4 864**	7 742	
Interest expenses	**-17 478**	-20 426	
Other financial expenses	**-1 508**	-2 504	
Exchange rate losses	**-1 775**	-4 641	
Total	**-12 495**	-16 351	
Profit Before Extraordinary Items and Taxes	**130 922**	65 498	
Extraordinary Income and Expenses			5
Extraordinary income	**57 619**	471	
Extraordinary expenses	**-1 111**	-632	
Total	**56 508**	-161	
Profit Before Taxes	**187 430**	65 337	
Direct Taxes			
Current fiscal year	**-42 674**	-10 680	
Brought forward	**-445**	499	
Change in nominal tax liability	**-3 566**	-3 069	
Profit Before Minority Interest	**140 745**	52 087	
Minority Interest	**-2 311**	-1 910	
Group Profit for the Year	**138 434**	50 177	

CONSOLIDATED BALANCE SHEET

ASSETS	31.12.1997 1 000 FIM	31.12.1996 1 000 FIM	Note
FIXED AND OTHER LONG-LIVED ASSETS			
Intangible Assets			7
Intangible rights	**7 649**	6 714	
Goodwill	**3 542**	5 587	
Group goodwill	**3 766**	4 945	
Other long-lived assets	**9 518**	10 295	
Advances		71	
	24 475	27 612	
Tangible Assets			7
Land and water	**11 813**	12 777	
Buildings and structures	**220 419**	214 515	
Vessels	**260 498**	288 908	
Machinery and equipment	**201 513**	190 176	
Other tangible assets	**12 800**	13 718	
Advances and fixed assets under construction	**61 319**	17 925	
	768 362	738 019	
Long-Term Financial Assets			6
Affiliate shares	**97 720**	81 450	
Shares and holdings	**6 194**	3 790	
	103 914	85 240	
Total	**896 751**	850 871	
INVENTORIES AND SHORT-TERM FINANCIAL ASSETS			9
Inventories			
Raw materials and supplies	**81 790**	61 822	
Work in progress	**24 972**	22 034	
Other inventories	**8 851**	10 880	
Advances	**795**	138	
	116 408	94 874	
Receivables			
Accounts receivable	**149 125**	141 048	
Loans receivable	**2 627**	1 223	
Deferred receivables	**10 916**	12 653	
Other receivables	**6 351**	333	
	169 019	155 257	
Investments			
Marketable securities	**90 000**	55 396	
Cash and Bank Deposits	**11 452**	14 956	
	1 283 630	1 171 354	

CONSOLIDATED BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	**31.12.1997 1 000 FIM**	31.12.1996 1 000 FIM	Note
EQUITY			11
Restricted Equity			
Share capital	**45 911**	45 836	
Share issue	**120**		
Contingency fund	**74 006**	73 250	
Construction fund	**150**	150	
	120 187	119 236	
Unrestricted Equity			
Retained earnings	**396 835**	371 805	
Profit for the year	**138 434**	50 177	
	535 269	421 982	
Total	**655 456**	541 218	
MINORITY INTEREST	**11 791**	10 485	
RESERVES			12
Mandatory Reserves	**1 098**	1 472	
LIABILITIES			13
Long-Term Liabilities			
Convertible bonds	**4 739**	5 690	
Loans from financial institutions	**177 575**	232 404	
Pension loans	**95 679**	101 508	
Nominal tax liability	**62 318**	58 751	
	340 311	398 353	
Short-Term Liabilities			
Loans from financial institutions	**46 102**	48 646	
Pension loans	**5 791**	6 141	
Advances	**6 185**	5 529	
Accounts payable	**85 522**	74 212	
Deferred payables	**129 670**	82 152	
Other short-term liabilities	**1 704**	3 146	
	274 974	219 826	
Total	**615 285**	618 179	
	1 283 630	1 171 354	

CONSOLIDATED CASH FLOW STATEMENT	1997 1 000 FIM	1996 1 000 FIM
Operations		
Income from operations		
Operating profit before depreciation	**254 875**	188 082
Gains on sale of fixed assets	**-7 273**	-1 199
Share in affiliate profits	**-23 868**	-16 406
Financial income and expenditure	**-4 895**	-8 752
Extraordinary items	**56 508**	-531
Direct taxes	**-43 119**	-10 180
	232 228	151 014
Change in Working Capital		
Increase/decrease in inventories	**-21 535**	9 161
Increase in short-term receivables	**-13 762**	-9 694
Increase/decrease in interest-free short-term liabilities	**58 041**	-26 487
	22 744	-27 020
Total cash flow from operations	**254 972**	123 994
Investments		
Fixed asset investments	**152 657**	88 140
Gains on sale of fixed assets	**18 460**	2 133
	-134 197	-86 007
Cash flow before financial items	**120 775**	37 987
Financial Items		
Decrease/increase in long-term liabilities	**-66 741**	22 596
Increase/decrease in short-term liabilities	**1 589**	-84 068
Dividends	**-25 475**	-26 276
Share issue	**951**	3 322
	-89 676	-84 426
Increase/decrease in liquid funds	**31 099**	-46 439
Increase/decrease in liquid funds in the consolidated balance sheet	**31 099**	-46 439

INCOME STATEMENT	1.1.-31.12.1997 1 000 FIM	1.1.-31.12.1996 1 000 FIM	Note
Net Sales			1
Other operating income	**15 060**	13 988	
Expenses			
Personnel expenses	**8 849**	9 068	2
Rent	**4 022**	4 349	
Other costs and expenses	**9 563**	8 165	
Total	**22 434**	21 582	
Operating Loss Before Depreciation	**-7 374**	-7 594	
Depreciation on Fixed and Other Long-Lived Assets	**6 785**	6 944	3
Loss After Depreciation	**-14 159**	-14 538	
Financial Income and Expenses			4
Dividend income	**11 934**	23 484	
Other interest income	**5 451**	5 390	
Corporate tax refund	**4 641**	7 828	
Other financial income	**505**	539	
Exchange rate gains		698	
Interest expenses	**-8 619**	-16 657	
Other financial expenses	**-274**	-783	
Exchange rate losses		-254	
Total	**13 638**	20 245	
Loss/Profit Before Extraordinary Items, Reserves and Taxes	**-521**	5 707	
Extraordinary Income and Expenses			5
Extraordinary income	**57 557**	151 162	
Extraordinary expenses	**-6 065**	-1 831	
Total	**51 492**	149 331	
Profit Before Reserves and Taxes	**50 971**	155 038	
Change in Accumulated Depreciation	**6 441**	6 649	
Change in Reserves	**14 000**		
Direct Taxes			
Current fiscal year	**-20 003**	-13 990	
Brought forward	**-319**	504	
Profit for the Year	**51 090**	148 201	

Aspo Group Ltd

BALANCE SHEET

ASSETS	31.12.1997 1 000 FIM	31.12.1996 1 000 FIM	Note
FIXED AND OTHER LONG-LIVED ASSETS			
Intangible Assets			7
Intangible rights	**554**	820	
Other long-lived assets	**37**	47	
	591	867	
Tangible Assets			7
Land and water	**4 056**	5 019	
Buildings and structures	**91 273**	101 982	
Machinery and equipment	**2 825**	2 629	
Other tangible assets	**2 311**	2 304	
	100 465	111 934	
Long-Term Financial Assets			
Shares and holdings	**251 220**	217 923	6
Total	**352 276**	330 724	
INVENTORIES AND SHORT-TERM FINANCIAL ASSETS			9
Receivables			
Accounts receivable	**116**	56	
Loans receivable	**75 676**	89 556	
Deferred receivables	**77 893**	107 312	
	153 685	196 924	
Investments			
Marketable securities	**90 000**	14 000	
Cash and Bank Deposits	**32**	45	
	595 993	541 693	

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.1997 1 000 FIM	31.12.1996 1 000 FIM	Note
EQUITY			11
Restricted Equity			
Share capital	**45 911**	45 836	
Share issue	**120**		
Contingency fund	**74 005**	73 250	
	120 036	119 086	
Unrestricted Equity			
Retained earnings	**192 950**	69 924	
Profit for the year	**51 090**	148 201	
	244 040	218 125	
Total	**364 076**	337 211	
RESERVES			
Accumulated Depreciation in Excess of Plan	**34 721**	41 162	
Voluntary Reserves			
Other reserves		14 000	
LIABILITIES			12
Long-Term Liabilities			
Convertible bonds	**8 739**	9 690	
Loans from financial institutions	**1 516**	8 883	
Pension loans	**55 594**	58 285	
	65 849	76 858	
Short-Term Liabilities			
Loans from financial institutions	**1 526**	3 473	
Pension loans	**2 690**	2 893	
Accounts payable	**1 466**	306	
Deferred payables	**37 401**	21 592	
Other short-term liabilities	**88 264**	44 198	
	131 347	72 462	
Total	**197 196**	149 320	
	595 993	541 693	

CASH FLOW STATEMENT	1997 1 000 FIM	1996 1 000 FIM
Operations		
Income from operations		
Operating profit before depreciation	**-7 374**	-7 594
Gains on sale of fixed assets	**-5 878**	-54
Financial income and expenditure	**13 638**	20 245
Extraordinary items	**51 492**	37 637
Direct taxes	**-20 323**	-13 486
	31 555	36 748
Change in Working Capital		
Decrease/increase in short-term receivables	**32 510**	-14 864
Increase in interest-free short-term liabilities	**24 104**	8 118
	56 614	-6 746
Total cash flow from operations	**88 169**	30 002
Investments		
Fixed asset investments	**37 849**	1 443
Gains on sale of fixed assets	**15 385**	14 503
	-22 464	13 060
Cash flow before financial items	**65 705**	43 062
Financial Items		
Decrease/increase in long-term receivables	**10 729**	-43 812
Decrease in long-term liabilities	**-12 207**	-23 328
Increase in short-term liabilities	**36 081**	
Dividends	**-25 156**	-26 690
Share issue	**951**	3 322
Other financial items	**-116**	-232
	10 282	-90 740
Increase/decrease in liquid funds	**75 987**	-47 678
Increase/decrease in liquid funds in the balance sheet	**75 987**	-47 678

Accounting Principles

Consolidation Principles

The Group financial statements include the parent company and all operating subsidiaries in which the parent company has directly or indirectly at least a 50 % holding either through share ownership or voting rights. Integrated companies are included in the Group income statement at the point of transfer.

Net sales are presented so that discounts paid and value-added taxes have been recorded under adjustments.

The internal transactions of Group companies, internal receivables, payables, profit distributions and internal margins contained in inventories have been eliminated. Margins and gains on the sale of fixed assets within the Group have also been eliminated.

The effect of internal shareownership has been eliminated in the Group financial statements using the acquisition method. Subsidiary acquisition costs have been matched at the point of acquisition against shareholders' equity. Any sums in excess of shareholders' equity appear in the Group balance sheet as goodwill. In the Group income statement goodwill is amortized using 10 % straight-line depreciation.

The balance sheets of foreign subsidiaries have been converted into Finnmarks at the Bank of Finland's official year end average exchange rate while income statements have been converted using the average rate for the entire year. Discrepancies between historical subsidiary equity values and year end equity values have been carried under the Group's unrestricted equity.

Minority holdings which have been separated from the Group's equity, after-tax liability voluntary reserves, excess depreciation and earnings are presented as a separate item.

Affiliate Figures

The figures of the Group affiliate, Asva Oy, have been absorbed using the equity value method. A share in earnings consistent with the Group's shareholding in the affiliate has been recorded in the upper section of the Group income statement under Other Income. Equity value figures include reserves net of the tax liabilities they contain.

Dividends received have been eliminated from the income for the fiscal year and from the acquisition cost of the shares. Tax refunds have been deducted from the Group's direct taxes.

Foreign Denominated Items

Liabilities and receivables denominated in foreign currencies have been recorded at the Bank of Finland's average exchange rate. Foreign denominated advances have been recorded using the rate on the date of transaction. All exchange rate gains and losses have been charged to the income statements.

Inventories

Inventories have been valued on the basis of their immediate acquisition cost or a lower repurchasing or probable sale price. Finished and semi-finished goods inventories have been valued in accordance with their variable production costs.

Planned depreciation is calculated throughout the Group consistently on the basis of the economic lifetime of fixed assets and using the straight-line method from the date of acquisition.

Planned depreciation periods are as follows:

Intangible assets	3-5 years
Other long-lived assets	5-10 years
Buildings and structures	15-30 years
Vessels	16-20 years
Machinery and equipment	3-8 years
Other tangible assets	5-40 years

Research and development costs are written off in one year.

Pension Schemes

The Group has arranged pension insurance for its personnel. The voluntary pension funds of some Group companies have been set up within the Aspo Group Pension Fund which was shut down at the beginning of 1992. The prevailing market value of the pension fund's assets covers its entire pension liability.

Leasing

Leasing costs are written off in one year.

Taxes and Tax Liabilities

Tax refunds related to the Group´s internal disribution of profits have been deducted from the Group tax liabilities.

A nominal tax liability figure has been separated from the voluntary reserves and excess depreciation which matches the corporate tax rate.

1. NET SALES BY SECTOR AND MARKET AREA

	Group 1997 1 000 FIM	1996 1 000 FIM
Net sales by sector		
Electronics	**721 072**	613 963
Chemicals	**326 867**	301 750
Shipping	**203 018**	162 007
Other operations	**31 698**	32 007
	1 282 655	1 109 727
Net sales by market area		
Finland	**1 039 509**	901 999
Other Nordic countries	**68 895**	77 353
Other Europe	**142 092**	115 022
USA, Canada	**5 711**	2 708
Other	**26 448**	12 645
	1 282 655	1 109 727

2. PERSONNEL COSTS

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Personnel costs and benefits				
Salaries and wages	**212 213**	199 766	**6 686**	6 903
Pension costs	**29 558**	26 732	**1 133**	1 136
Other personnel costs	**26 284**	18 827	**1 030**	1 029
	268 055	245 325	**8 849**	9 068
Benefits	**4 122**	4 073	**447**	441
Total	**272 177**	249 398	**9 296**	9 509

3. DEPRECIATION

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Planned depreciation				
Intangible assets	**1 238**	1 116	**75**	76
Goodwill	**2 491**	2 507		
Other long-lived assets	**1 845**	1 730	**10**	10
Buildings and structures	**13 375**	12 643	**5 279**	5 477
Vessels	**28 409**	31 484		
Machinery and equipment	**60 906**	53 449	**1 064**	1 078
Other tangible assets	**1 748**	1 885	**356**	302
Total	**110 014**	104 814	**6 785**	6 943
Group goodwill	**1 444**	1 419		
Changes in excess depreciation:				
Intangible assets	**489**	-47	**77**	-16
Goodwill				
Other long-lived assets	**-110**	-13	**-1**	
Buildings and structures	**794**	-1 735	**-2 323**	-2 277
Vessels	**27 673**	13 982		
Machinery and equipment	**2 476**	-237	**-146**	-339
Other tangible assets	**361**	-157	**312**	-1
	31 683	11 793	**-2 081**	-2 633
Depreciation in excess of plan:				
Gains on disposals	**-3 833**	-701	**-4 360**	-4 016
Total	**27 850**	11 092	**-6 441**	-6 649

4. GROUP INTERNAL FINANCIAL INCOME AND EXPENSES

	Parent 1997 1 000 FIM	1996 1 000 FIM
Financial income from Group companies		
Dividend income	**4 291**	15 831
Interest income from short-term investments	**3 322**	4 366
Commissions from guarantees	**505**	539
Financial expenses to Group companies		
Interest expenses	**4 661**	11 904
Commissions from guarantees		378

5. EXTRAORDINARY INCOME AND EXPENSES

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Extraordinary income				
Group transfers				37 490
Gains from mergers				113 525
Gains on the sale of real estates	**5 217**		**5 217**	
Gains on the sale of shares	**403**		**403**	
Gains from Soviet receivables	**51 815**		**51 815**	
Other gains	**185**	471	**122**	147
Total	**57 619**	471	**57 557**	151 162
Extraordinary expenses				
Group transfers			**6 000**	
Losses from mergers				1 759
Losses on real estates sold	**1 046**			
Donations		56		
Other	**65**	576	**65**	72
Total	**1 111**	632	**6 065**	1 831

6. GROUP AND PARENT COMPANY SHARES AND HOLDINGS

Group Companies	Group Interest %	Group Voting Rights %	Group Share in Equity, 1 000 FIM	Parent Company Intrest %	Parent Shares and Holdings: Number of Shares	Parent Shares and Holdings: Face Value 1 000 FIM	Parent Shares and Holdings: Book Value 1 000 FIM	Latest Profit/Loss for the Year 1 000 FIM
ACT Oy, Helsinki	100.00	100.00	141	100.00	50	50	303	88
Kiint. Oy Alpinus, Kuusamo	100.00	100.00	59	100.00	450	45	315	-85
Aspocomp Oy, Helsinki	100.00	100.00	137 144	100.00	55 000	55 000	93 450	42 936
Aspokem Ltd, Helsinki	100.00	100.00	39 231	100.00	6 000	6 000	30 007	9 203
ESL Shipping Oy, Helsinki	93.46	93.46	55 641	93.46	1 682 400	8 362	26 974	12 190
Aspo Systems Oy, Porvoo	100.00	100.00	8 732	100.00	1 000	3 500	10 353	3 173
Sonmarin Oy, Helsinki	100.00	100.00	38 083	100.00	6 000	6 000	37 397	310
Kiint. Oy Tietokartano, Tampere	79.00	79.00	4 624	79.00	395	790	5 642	-94
Toolsystem Oy, Hyvinkää	90.91	90.91	5 268	90.91	3 000	3 000	6 151	1 608
Kiint. Oy Olarinluoma 12, Espoo	100.00	100.00	73	100.00	9	9	2 997	19
Aspo Elektronik GmbH, Germany*)	100.00	100.00		100.00		DEM 100	243	
Oy Bomanship Ab, Helsinki	100.00	100.00	373					
O.Y. Näppärä, Helsinki	100.00	100.00	228					
Kiint. Oy Hyvinkään Varikko, Hyvinkää	100.00	100.00	4 718					
Aspocomp Ab, Sweden	100.00	100.00	113					
AS Sonmarin, Tallinn, Estonia	100.00	100.00	7 574					
AS Sonmarin-Sadama, Tallinn, Estonia	100.00	100.00	143					
Kiint. Oy Yrittäjäntie 6, Porvoo	100.00	100.00	41					
Aspokem Eesti AS, Tallinn, Estonia	100.00	100.00	233					
Total							213 832	

Affiliates

	Group Interest %	Group Voting Rights %	Group Share in Equity, 1 000 FIM	Parent Company Interest, %	Parent Shares and Holdings: Number of Shares	Parent Shares and Holdings: Face Value 1 000 FIM	Parent Shares and Holdings: Book Value 1 000 FIM	Latest Profit/Loss for the Year, 1 000 FIM	Closing Date	Finan-cial Period, months
Asva Oy, Helsinki	42.00	42.00	88 353	42.00	1 617	16 170	32 340	50 767	Dec. 31, 1997	12
Kiint. Oy Hiihtäjäntie 2*), Helsinki	50.00	50.00	126	50.00	115	115	153	30	Dec. 31, 1997	12
Total							32 493			

Aspo Group Ltd shares held by the Parent Company	Number	Face Value 1 000 FIM	Book Value 1 000 FIM
Aspo Group Ltd, Helsinki	285 553	2 856	

Other Parent Company Shares and Holdings	Number	Face Value 1 000 FIM	Book Value 1 000 FIM
Helsingin Puhelinyhdistys (Helsinki Telephone)	2 487		618
Other shares and holdings			4 277
Total			4 895
Total Shares			251 220

*) not included in consolidated financial statements

7. TANGIBLE AND INTANGIBLE ASSETS

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Intangible assets				
Acquisition cost, Jan. 1	**11 854**	11 467	**1 939**	1 897
Increases, Jan. 1 - Dec. 31	**2 949**	1 612	**134**	386
Decreases, Jan. 1 - Dec. 31	**534**	1 225	**325**	344
Acquisition cost, December 31	**14 269**	11 854	**1 748**	1 939
Accumulated planned depreciation, Dec. 31	**6 620**	5 140	**1 194**	1 119
Book value, December 31	**7 649**	6 714	**554**	820
Accumulated depreciation in excess of plan, Jan. 1	**464**	451	**115**	131
Increases, Jan. 1- Dec. 31	**480**	13	**76**	
Decreases, Jan. 1 - Dec. 31				16
Accumulated depreciation in excess of plan, December 31	**944**	464	**191**	115
Goodwill				
Acquisition cost, Jan. 1	**12 863**	12 863		
Acquisition cost, December 31	**12 863**	12 863		
Accumulated planned depreciation, Dec. 31	**9 321**	7 276		
Book value, December 31	**3 542**	5 587		
Accumulated depreciation in excess of plan, Jan. 1	**1 621**	1 621		
Accumulated depreciation in excess of plan, December 31	**1 621**	1 621		
Group Goodwill				
Acquisition cost, Jan. 1	**16 355**	16 355		
Increases, Jan. 1 - Dec. 31	**266**			
Acquisition cost, December 31	**16 621**	16 355		
Accumulated planned depreciation, Dec. 31	**12 854**	11 410		
Book value, December 31	**3 767**	4 945		

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Other long-lived assets				
Acquisition cost, Jan. 1	**18 283**	16 135	**1 554**	1 554
Increases, Jan. 1 - Dec. 31	**1 274**	2 673		
Decreases, Jan. 1 - Dec. 31	**1 400**	525	**1400**	
Acquisition cost, December 31	**18 157**	18 283	**154**	1 554
Accumulated planned depreciation, Dec. 31	**8 639**	7 988	**117**	1 507
Book value, December 31	**9 518**	10 295	**37**	47
Accumulated depreciation in excess of plan, Jan. 1	**854**	921	**18**	18
Decreases, Jan. 1 - Dec. 31	**110**	67		
Accumulated depreciation in excess of plan, December 31	**744**	854	**18**	18
Buildings and structures				
Acquisition cost, Jan. 1	**304 216**	298 543	**158 884**	155 817
Increases, Jan. 1 - Dec. 31	**26 872**	7 864	**1 846**	21 065
Decreases, Jan. 1 - Dec. 31	**14 902**	2 191	**14 664**	17 998
Acquisition cost, December 31	**316 186**	304 216	**146 066**	158 884
Accumulated planned depreciation, Dec. 31	**95 768**	89 701	**54 792**	56 902
Book value, December 31	**220 418**	214 515	**91 274**	101 982
Accumulated depreciation in excess of plan, Jan. 1	**47 605**	47 196	**38 916**	19 584
Increases, Jan. 1 - Dec. 31		409		19 332
Decreases, Jan. 1 - Dec. 31	**4 922**		**6 988**	
Accumulated depreciation in excess of plan, December 31	**42 683**	47 605	**31 928**	38 916
Vessels				
Acquisition cost, Jan. 1	**553 851**	552 990		
Increases, Jan. 1 - Dec. 31		861		
Acquisition cost, December 31	**553 851**	553 851		
Accumulated planned depreciation, Dec. 31	**293 353**	264 943		
Book value, December 31	**260 498**	288 908		
Accumulated depreciation in excess of plan, Jan. 1	**101 965**	87 982		
Increases, Jan. 1 - Dec. 31	**27 673**	13 983		
Accumulated depreciation in excess of plan, December 31	**129 638**	101 965		

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Machinery and equipment				
Acquisition cost, Jan. 1	**355 633**	314 111	**20 159**	20 757
Increases, Jan. 1 - Dec. 31	**73 583**	61 609	**1 352**	3 043
Decreases, Jan. 1 - Dec. 31	**18 121**	20 087	**1 804**	3 641
Acquisition cost, December 31	**411 095**	355 633	**19 707**	20 159
Accumulated planned depreciation, Dec. 31	**209 582**	165 457	**16 882**	17 530
Book value, December 31	**201 513**	190 176	**2 825**	2 629
Accumulated depreciation in excess of plan, Jan. 1	**40 367**	39 811	**1 597**	2 260
Increases, Jan. 1 - Dec. 31	**4 365**	556	**171**	
Decreases, Jan. 1 - Dec. 31				663
Accumulated depreciation in excess of plan, December 31	**44 732**	40 367	**1 768**	1 597
Book value, December 31, share of machinery and equipment	**169 201**	171 546	**1 084**	1 324
Other tangible assets				
Acquisition cost, Jan. 1	**21 202**	21 155	**6 670**	5 403
Increases, Jan. 1 - Dec. 31	**697**	615	**436**	1 364
Decreases, Jan. 1 - Dec. 31	**734**	568	**734**	97
Acquisition cost, December 31	**21 165**	21 202	**6 372**	6 670
Accumulated planned depreciation, Dec. 31	**8 365**	7 484	**4 061**	4 366
Book value, December 31	**12 800**	13 718	**2 311**	2 304
Accumulated depreciation in excess of plan, Jan. 1	**753**	374	**510**	485
Increases, Jan. 1- Dec. 31	**372**	379	**306**	25
Accumulated depreciation in excess of plan, December 31	**1 125**	753	**816**	510

8. FIXED ASSET TAX VALUES

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Tax values				
Land	**7 422**	6 833	**3 911**	3 329
Buildings	**105 236**	107 159	**65 324**	73 432
Shares and holdings	**261 923**	176 222	**246 490**	160 619

If no tax value is available the asset has been assigned its book value.

9. INVENTORIES AND FINANCIAL ASSETS

Receivables due after one year or later:

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Accounts receivable	**81**	90		
Loans receivable	**624**	1 223	**23 745**	34 475
Other receivables			**77 070**	107 070
Total	**705**	1 313	**100 815**	141 545

Receivables and debts/Group companies and affiliates

	1997 1 000 FIM	1996 1 000 FIM
Accounts receivable/Affiliates	**49**	56
Loans receivable/Group companies	**75 051**	88 623
Accruals and deferred receivables/Group companies	**77 204**	106 962
Short-term receivables/Group companies	**1**	1
Accruals and deferred liabilities/Group companies	**15 541**	9 732
Other short-term debt/Group companies	**78 158**	41 228
Other long-term debt/Group companies	**4 000**	4 000

10. EXECUTIVE PENSION LIABILITIES AND LOANS GRANTED TO EXECUTIVES OR SHAREHOLDERS

The President of the parent company may retire at 58 and the President of ESL Shipping Oy may retire at 60 if they so choose.

No loans have been granted to management or shareholders.

11. EQUITY

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Share capital, Jan. 1	**45 836**	44 468	**45 836**	44 468
Convertible bond registration	**75**	314	**75**	314
Pension fund equity conversion, November 29, 1996		1 054		1 054
Share capital, December 31	**45 911**	45 836	**45 911**	45 836
Share issue, Jan. 1		16		16
Convertible bond registration	**120**	-16	**120**	-16
Share issue, December 31	**120**		**120**	
Contingency fund, Jan. 1	**73 250**	50 912	**73 250**	57 936
Convertible bond registration	**756**	3 008	**756**	3 008
Pension fund equity conversion, November 29, 1996		12 305		12 305
Elimination of cross-ownership		7 025		
Contingency fund, December 31	**74 006**	73 250	**74 006**	73 250
Construction fund, Jan.1	**150**	150		
Construction fund, Dec. 31	**150**	150		
Unrestricted equity, Jan. 1	**421 982**	403 050	**218 125**	96 615
Dividend payment	**-25 155**	-24 977	**-25 155**	-26 691
Donation	**-20**		**-20**	
Conversion-related change in subsidiary equity	**28**	-189		
Elimination of cross-ownership		-7 024		
Change in minority interest		945		
Net profit for the year	**138 434**	50 177	**51 090**	148 201
Unrestricted equity, December 31	**535 269**	421 982	**244 040**	218 125
Distributable funds in unrestricted equity	**371 550**	266 994	**244 040**	218 125

12. RESERVES

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Voluntary Reserves				
Accumulated excess depreciation	**221 487**	193 636	**34 721**	41 162
Other reserves	**31**	16 190		14 000
	221 517	209 826	**34 721**	55 162
Nominal tax liability	**-62 318**	-58 752		
	159 200	151 074		
Minority interest in reserves	**-6 195**	-5 242		
Interest in affiliate reserves	**10 715**	9 155		
Voluntary reserves in unrestricted equity, December 31	**163 719**	154 987		
Mandatory Reserves				
Reserves against future warranty claims	**715**	730		
Other mandatory reserves	**383**	742		
	1 098	1 472		

13. LIABILITIES

Debts due for maturity after 5 years or longer	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Loans from financial institutions	**48 787**	64 024		
Pension loans	**77 467**	81 273	**46 590**	48 602
	126 254	145 297	**46 590**	48 602

A total of FIM 8,739,000 in unconverted options remained on the FIM 15,533,000 convertible bond principal placed with the Group's personnel between May 2 and 12, 1995 as of the year end. The loan period runs from May 2, 1995 to May 2, 2000. The bonds may be converted into shares up until the maturity date. Each FIM 1,000 (face value) bond is convertible into nine Aspo Group Ltd shares.

14. CONTINGENT LIABILITIES

	Group 1997 1 000 FIM	1996 1 000 FIM	Parent 1997 1 000 FIM	1996 1 000 FIM
Securities and contingent liabilities				
Securities on Group liabilities				
Secured shares	**1**	1	**1**	1
Securities against company assets	**12 000**	17 000		
Securities against vessels	**256 855**	272 828		
Securities against land and buildings	**90 096**	108 500	**45 600**	51 200
Securities on Group company debts				
Securities against land and buildings			**4 000**	4 000
Guarantees			**122 738**	124 271
Securities on behalf of affiliates				
Guarantees	**1 404**	87	**1 404**	87
Securities on behalf of others				
Guarantees	**96**	778	**96**	770
Other contingent liabilities				
Leasing liabilities, 1998	**9 195**	10 268	**1**	65
Leasing liabilities, 1999-	**14 487**	23 516		
Repurchasing liabilities	**545**	1 770	**545**	1 742
Other liabilities			**15 494**	20 202
Property buy-out liabilities	**73 533**	72 446		
Total				
General securities	**1**	1	**1**	1
Securities against company assets	**12 000**	17 000		
Securities against vessels	**256 855**	272 828		
Securities against land and buildings	**90 096**	108 500	**49 600**	55 200
Guarantees	**1 500**	865	**124 238**	125 128
Other contingent liabilities	**24 227**	35 554	**16 040**	22 009
Property buy-out liabilities	**73 533**	72 446		
Open derivative contracts				
Forward exchange agreements		3 637		3 637
Pension liabilities and coverage				
Aspo Group Pension Fund pension liabilities				
Total pension liabilities	**30 929**	29 857	**19 369**	19 581
Pension liability coverage	**26 820**	27 280	**18 704**	19 013
Uncovered pension liabilities	**4 109**	2 577	**665**	568

Pension liabilities are fully covered if assets evaluated using current market value.

Proposal of the Board for the Distribution of Profits

The unrestricted equity of the Group totals FIM 535,268,599.46 according to the consolidated balance sheet. Of this sum, FIM 371,549,836.84 is distributable. The unrestricted equity of the parent company totals FIM 244,039,600.31. In December a total of 1,080 new shares were generated as a result of bondholders exercising their equity conversion rights bringing the total number of shares up to 4,592,164. The increase in share capital was registered on February 3, 1998.

Total number of shares	4,592,164
– in possession of the parent company	285,553
Number of shares entitled to dividends	4,306,611

The Board recommends that the earnings be distributed in the following manner:

– a dividend amounting to FIM 8 / share on 4,306,611 shares totalling	FIM 34,452,888.00
– a sum be held in retained earnings totalling	FIM 209,486,712.31
– reserved for charitable purposes	FIM 100,000.00
	FIM 244,039,600.31

Helsinki, February 24, 1998

H.B. Nyberg A.E. Vehmas Pirkko Alitalo

Jorma Eloranta Teuvo Juuvinmaa
Chief Executive Officer

Auditors' Report

To the Shareholders of Aspo Group Ltd

We have audited the accounting, the financial statements and the corporate administration of Aspo Group Ltd for the period January 1 - December 31, 1997. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of corporate administration is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

We have reviewed the interim reports published during the financial year. In our view, these have been prepared in accordance with applicable regulations.

Helsinki, March 4, 1998

SVH Coopers & Lybrand Oy,
Authorized Public Accountants

Tauno Haataja
APA

Ilkka Haarlaa
APA

Aspo Group Key Figures

Aspo Group Financial Performance and Key Figures 1993–1997

	1997	1996	1995	1994	1993
Net sales, MFIM	1,282.7	1,109.7	1,059.1	897.4	910.8
Operating profit before depreciation, MFIM	254.9	188.1	203.9	150.0	116.5
Share of net sales, %	19.9	16.9	19.3	16.7	12.8
Operating profit after depreciation, MFIM	143.4	81.8	117.4	73.8	43.2
Share of net sales, %	11.2	7.4	11.1	8.2	4.7
Profit before extraordinary items and taxes, MFIM	130.9	65.5	97.6	52.4	12.1
Share of net sales, %	10.2	5.9	9.2	5.8	1.3
Profit before taxes, MFIM	187.4	65.3	114.7	57.2	40.5
Share of net sales, %	14.6	5.9	10.8	6.4	4.4
Return on equity (ROE), %	16.4	9.7	16.9	10.0	3.0
Return on investment (ROI), %	15.6	9.7	15.3	12.4	8.1
Equity ratio, %	52.2	47.3	43.0	42.5	37.3
Equity ratio, net of tax liabilities, %	57.1	52.4	47.6	47.2	42.9
Gearing	34.2	58.7	65.1	75.7	94.2
Gross investments in fixed assets, MFIM	152.7	88.1	306.3	101.5	128.8
Share in net sales, %	11.9	7.9	28.9	11.3	14.1
Personnel, December 31	1,532	1,482	1,482	1,170	1,138
Personnel, average	1,493	1,512	1,354	1,146	990
Earnings/share (EPS), FIM	22.73	12.03	19.09	10.40	2.38
Earnings per share (adjusted), FIM	22.38	11.87	18.86		
Equity/share, FIM	152.20	125.92	119.82	99.67	91.79
Nominal dividend/share, FIM	8.00*)	6.00	6.00	10.00	
Adjusted dividend/share, FIM				3.01	
Dividend/earnings, %	35.2	49.9	31.4	28.9	
Effective dividend yield, %	3.5	3.2	3.7	2.9	
Price/earnings ratio (P/E)	10.0	15.6	8.5	10.1	
Share prices (adjusted)					
average, FIM	224.72	156.82	139.00		
low, FIM	183.00	126.00	107.00		
high, FIM	259.00	193.00	192.00		
Average share price, December 31, FIM	228.00	187.48	163.00	105.00	
Market value of total shares outstanding, December 31, MFIM	981.9	805.8	678.3		
Share turnover, 1,000 each	2,281	2,130	1,714		
Share turnover, %	49.7	47.6	51.2		
Total shares changing hands, FIM 1,000	512,550	334,048	311,667		

Share-related key figures are calculated on the basis of shares outside the Group.

	1997	1996	1995	1994	1993
Adjusted number of shares, 1,000 each					
total year end	4,591	4,584	4,447	4,202	3,870
outside the Group, year end	4,306	4,298	4,161	3,911	3,572
outside the Group, average	4,301	4,185	4,039	3,612	3,572
outside the Group, adjusted average	4,380	4,272	4,118		
Total adjusted average number of shares	4,587	4,471	4,330		

*) Proposal of the Board

Calculation of Key Ratios

Return on Equity (ROE), %
Profit before extraordinary items and taxes - direct taxes x 100 / shareholders' equity + minority interest and excess depreciation net of nominal tax liability (average)

Return on Investment (ROI), %
Profit before extraordinary items and taxes + financial costs x 100 / balance sheet total - interest-free liabilities (average)

Equity Ratio, %
Shareholders' equity + minority interest + voluntary reserves and excess depreciation net of nominal tax liability x 100 / balance sheet total - advances received

Gearing
Interest bearing liabilities - liquid assets / shareholders' equity + minority interest + voluntary reserves and excess depreciation net of nominal tax liability

Average Personnel
Average number of personnel as of the month end

Earnings Per Share (EPS), FIM
Profit before extraordinary items and taxes - direct taxes - minority interest / adjusted average number of shares outstanding for the period

Equity / Share, FIM
Shareholders' equity + voluntary reserves and excess depreciation net of nominal tax liability and minority interest / adjusted number of shares outstanding at the year end

Adjusted Dividend / Share, FIM
Dividend paid in period / share issue multiplier

Dividend / Earnings, %
Adjusted dividend per share x 100 / earnings per share

Effective Dividend Yield, %
Adjusted dividend / share x 100 / average share price for last day of fiscal year

Price Earnings Ratio (P/E)
Adjusted year end share price / earnings per share

Adjusted Average Share Price
Total share turnover, FIM / adjusted number of shares changing hands during the period

Equity Market Value
Total number of shares outstanding x average share price for last day of fiscal year

Shares and shareholders

Aspo Group Ltd's largest shareholders as of December 31, 1997

Shareholder	Number of Shares	Holding, %
Nyberg H.B.	407,718	8.9
Aspo Group Ltd	285,553	6.2*)
Vehmas A.E.	199,228	4.3
Ilmarinen Pension Insurance Company	198,450	4.3
Pohjola Insurance Company	193,905	4.2
Vehmas Tapio	187,133	4.1
Kaleva Mutual Insurance Company	185,000	4.0
Aspo Group Pension Fund	178,113	3.9*)
Vehmas Liisa	166,675	3.6
Sampo Enterprise Insurance Company	150,000	3.3

*) no voting rights

Distribution of Share Ownership by Holding, December 31, 1997

Number of Shares	No. of Share-holders	% of Share-holders	Total Shares	% of Share Capital
1-100	212	24.3	11,549	0.3
101-500	331	37.9	88,207	1.9
501-1,000	125	14.3	93,538	2.0
1,001-10,000	149	17.0	418,107	9.1
10,001-100,000	44	5.0	1,420,284	30.9
100,001-	13	1.5	2,556,675	55.7
Shares in trust and awaiting clearance total			2.724	0.1
Total	874	100.0	4,591,084	100.0

Shareholder Breakdown by Type, %

	Total Holding, %	Total Shares, %
1. Households	78.4	36.8
2. Companies	12.0	14.1
3. Financial Institututions	4.5	38.0
4. Non-profit organizations	3.0	2.6
5. Public sector organizations	1.5	8.4
6. Foreign Shareholders	0.6	0.1
Total	100.0	100.0

Changes in Share Capital 1993 – February 3, 1998

	Number of Shares	Share Capital FIM
Share Capital December 31, 1993	90,000	5,400,000
Reduction of Share Capital		
- reduction of face value May 11, 1994	90,000	900,000
Increases in Share Capital		
- private placements 1994	+ 1,174,746	12,647,460
- fund issue and share issue 1995	+ 3,161,865	44,266,110
- convertible bond conversions 1995	+ 20,160	44,467,710
- convertible bond conversions and private placement 1996	+ 136,834	45,836,050
- convertible bond conversions March 18, 1997*	+ 369	45,839,740
- convertible bond conversions June 24, 1997*	+ 2,529	45,865,030
- convertible bond conversions Aug. 29, 1997*	+ 3,231	45,897,340
- convertible bond conversions Oct. 27, 1997*	+ 1,350	45,910,840
- convertible bond conversions Feb. 3, 1998*	+ 1,080	45,921,640
Share Capital February 3, 1998	4,592,164	45,921,640

*Registration date of the increase in share capital.

Executive Share Ownership

The Board members, President and Vice President of Aspo Group Ltd held a total of 633,022 shares or 13.8 % of the shares outstanding as of December 31, 1997. In addition, entities under the custodianship of the Chairman of the Board were in possession of 12,575 shares, or 0.3% of the company's shares and voting rights.

Shares registered in the name of a nominee and foreign-held shares totalled 191,025 or 4.2 % of the total shares and voting rights outstanding as of December 31, 1997.

Aspo Group Ltd had a total number of 4,591,084 registered shares as of December 31, 1997, yielding share capital of FIM 45,910,840. In December, 1997 a total of 1,080 shares from exercision of convertible bond rights were subscribed, and these shares were registered on February 3, 1998. In the aftermath of these changes the number of shares outstanding rose to 4,592,164 and the company's share capital increased to FIM 45,921,640.

According to the company's articles of association the minimum share capital is to be FIM 37,942,380 and the maximum is to be FIM 151,769,520. Within these limits the share capital may be raised or lowered without any changes in the articles of association. The shares carry a face value of FIM 10 at one vote per share and were registered with the Finnish Central Securities Depository (FCSD) on September 22, 1994. As of December 31, 1997 approximately 94% of the company's shares were held outside the Group. Aspo Group Ltd held 6.2% of the shares and the Aspo Group Pension Fund was in possession of 3.9% of the shares.These shares carry no voting rights. The Aspo Group Ltd subsidiary, ACT Oy held convertible bonds worth FIM 4,000,000 carrying conversion rights for a maximum subscription of 36,000 shares in Aspo Group Ltd. ACT Oy sold its convertible bond warrants in February, 1998.

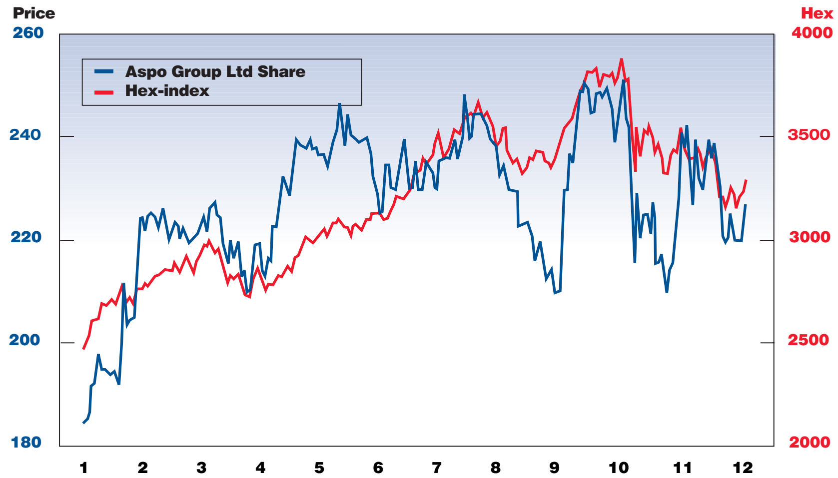
Buy-Out Requirement

According to the Aspo Group Ltd articles of association, any shareholder whose holding in the company meets or exceeds 33 1/3 % or 50% is required upon demand to buy out the other shareholders as defined more precisely in the articles of association.

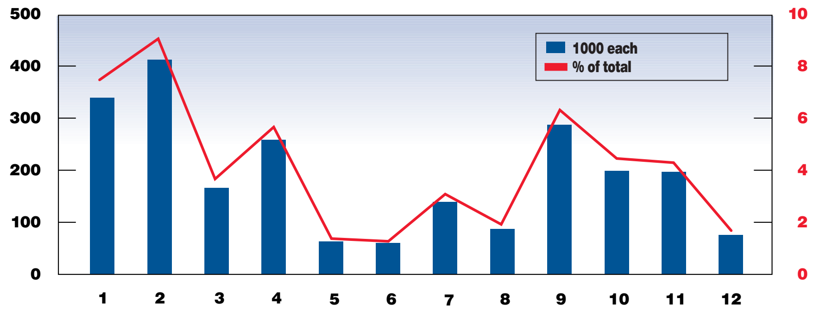
Convertible Bond

At the 1995 Annual Shareholders' Meeting the placement of convertible bonds totalling FIM 20 million with the staff of the Aspo Group was approved. A total of FIM 15,533,000 in convertible loan was taken including FIM 4,000,000 taken out by the Aspo Group Ltd subsidiary ACT Oy. The conversion period for the bonds runs from May 2, 1995 to May 2, 2000. The bonds may be converted throughout their lifetime. The bondholder is entitled to exchange one bond with a face value of FIM 1,000 for nine Aspo Group Ltd shares. As of February 24, 1998 a total of 60,093 shares related to convertible bonds were subscribed, after which FIM 8,739,000 in convertible bonds remain outstanding, taking into account repurchases totalling FIM 117,000. These can be converted into a maximum of 78,651 new Aspo Group Ltd shares.

Aspo Group Ltd Share Prices January 2-December 30,1997



Aspo Group Ltd Monthly Share Turnover, 1997



Boards and Auditors

Aspo Group Ltd
Board of Directors

H.B. Nyberg, b. 1931
B. Sc. (Econ.)
Chairman since 1988

A.E. Vehmas, b. 1927
Master of Laws
Deputy Chairman since 1988

Pirkko Alitalo, b. 1949
M. Sc. (Econ.)
Senior Executive Vice President,
Pohjola Insurance Company Ltd
Member since 1995

Jorma Eloranta, b. 1951
M. Sc. (Eng.)
President and CEO, Patria
Industries Oy
Member since 1996

Teuvo Juuvinmaa, b. 1943
B. Sc. (Econ.)
CEO, Aspo Group Ltd
Member since 1985

Aspo Group Executive Board

The Group Executive Board, comprising CEO Teuvo Juuvinmaa, Senior Vice President Markku Keskitalo, CFO Pertti Vuorinen, Aspocomp Oy President Jarmo Niemi ja ESL Shipping Oy President Hannu Höckert, was disbanded at the year end.

Auditors

Tauno Haataja
Authorized Public Accountant
SVH Coopers & Lybrand Oy,
Authorized Public Accountants

Subsidiary Boards

The Group's subsidiaries have Boards composed mainly of the Executive Board members and the respective Division presidents.

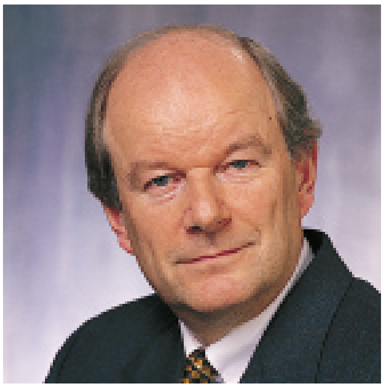
The Board of Aspocomp Oy includes members from outside the Group. They are Mr. Mikko J. Aro, Mr. Gustav Nyberg and Professor Jukka Rantala.

H.B. Nyberg

A.E. Vehmas

Pirkko Alitalo

Jorma Eloranta



Teuvo Juuvinmaa

Aspo Group Ltd Deputy Chairman A.E. Vehmas has also chaired the Board of ESL Shipping Oy. The outside members are Mr. Roberto Lencioni ja Mr. Gustav Nyberg.

The Group's Director of Legal Affairs, Ms. Anne Leppälä-Nilsson, is Secretary to all of the Group Boards.

Aspo Directory

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