HUHTAMAKI

Huhtamaki 2010
Annual Accounts and Directors' Report

Huhtamaki 2010
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Huhtamaki Group is a leading manufacturer of consumer and specialty packaging with 2010 net sales totaling EUR 2 billion. Foodservice and consumer goods markets are served by approximately 12,000 people in 53 manufacturing units and several sales offices in 31 countries. The parent company, Huhtamäki Oyj, has its head office in Espoo, Finland and its share is quoted on the NASDAQ OMX Helsinki Ltd. Additional information is available at www.huhtamaki.com.

CEO's Review 2010

In 2010 Huhtamaki Group's operating environment brought accelerated growth in emerging markets, while developed markets had more stable sales progress. The worldwide economic recovery gained momentum during the year with the final quarter bringing us the best comparable volume gains. At the end of the year we are pleased to conclude that Huhtamaki volumes and net sales are on the growth path again.

During the past ten years we have worked systematically to build our business positions and operations in emerging markets. This work is now bearing fruit in our positive top line development. We are well positioned and well equipped to grow our business in countries like India, China, Thailand, Vietnam, Russia and Brazil. A significant part of our growth investments in 2010 were directed to serve our customers in emerging markets and we will continue our dedicated work to capture the growth in these markets without forgetting our customers in developed markets.

Huhtamaki's financial performance in 2010 was solid. Improved profitability, continued good free cash flow and completing the strategic review of the Rigid Consumer Goods Plastics business all contributed to this achievement. In 2010 our return on investment rose to 12.0%, return on equity was 14.5%, free cash flow was EUR 113 million and earnings per share were EUR 1.02. As a result of dedicated work on debt reduction, we achieved a gearing level that is the lowest reported in ten years. These financial numbers are among the best we have achieved during the past ten years as a dedicated packaging company. The performance improvement builds confidence amongst our team and confirms our ambition levels for the future.

Quality growth – be it innovation-based, market-based or acquisitive – will play a central role in our thinking in 2011. Our solid financial position supports the growth strategy. In addition to growing organically, we believe there are attractive businesses and operations that would be stronger as part of Huhtamaki and can make Huhtamaki an even more competitive packaging company. We look forward to capturing some of these opportunities and, consequently we are stepping up our growth actions, including acquisitions.

Successful growth requires good housekeeping and therefore cost efficiency, productivity improvements, and strong operative cash flow remain very important to us. We also count on our Lean Six Sigma initiatives to deliver the expected gains in operations and to make us more competitive.

Our team members will make quality growth a reality. We want to ensure that attractive professional development opportunities are available and encourage team members to take advantage of these opportunities. We also strive to ensure our team members' wellbeing in the workplace. We succeeded in improving health and safety records in 2010 and have taken actions to improve further in 2011.

The year 2010 was Huhtamaki's 90th anniversary year. In the beginning of the year we stated that we want to please our stakeholders with an improved performance, which we did. It is rewarding to conclude that we achieved a financial performance that is among our best as a dedicated packaging company. Another milestone is that we are a growth company again; the full year growth, especially the final quarter comparable growth, is a good sign and creates positive momentum going into 2011. On the basis of good financial performance, the Board of Directors proposes the highest ever dividend payment to our shareholders.

The Huhtamaki team did well in 2010. I would like to thank our customers, suppliers, investors and other stakeholders for their support. In 2011 we have higher ambitions, new challenges and new opportunities, and we are well prepared to handle them.

Jukka Moisio
CEO

February 2011

Directors' Report

Overview

Demand for consumer packaging was stable during 2010. The demand accelerated towards the end of the year, particularly in emerging markets. However, the North American markets continued to be uncertain throughout the year. The Group's net sales increased with an accelerating pace towards the year end due to positive volume development, especially within the Flexible Packaging and Films business segments. Currency translations also had a positive impact on the euro-denominated value of net sales. Full year net sales from continuing operations were EUR 1,952 million (EUR 1,832 million).

The Group's profitability improved markedly. The full year Group earnings before interest and taxes (EBIT) from continuing operations were EUR 134 million (EUR 112 million, including EUR 4 million non-recurring charges). The improvement in earnings was due to volume growth, successful management of fluctuating raw material costs, efficient cost containment and favorable currency translations.

Continued improvements in working capital efficiency in all business segments supported strong cash flow generation throughout the year. This, together with the proceeds from the divestment of Rigid Consumer Goods Plastics operations in Europe, contributed to a considerable reduction of net debt. The Group's return on investment (ROI) was 12.0% (9.6%).

Implementation of the strategic direction initiated in autumn 2008 was primarily completed during 2010. The majority of the European Rigid Consumer Goods Plastics operations were divested on December 22, 2010. The agreed value for the transaction was EUR 52 million. The Rigid Consumer Goods Plastics operations in Australia and South America had been divested already in 2009.

Business review by segment

The sales distribution by business segment in 2010 was following: Flexible Packaging 27% (26%), Films 8% (8%), North America 27% (29%), Molded Fiber 12% (11%), Foodservice Europe-Asia-Oceania 23% (23%) and Other activities 3% (3%).

Flexible Packaging

Demand for flexible packaging remained stable in developed markets whereas the demand in emerging markets, especially in Asia, grew strongly. Competitive environment within the flexible packaging business was fierce. On the other hand, continued market consolidation led to new business opportunities.

The segment was able to further strengthen its market position in the tube laminate business globally, in the retort laminates for pet food packaging in Europe and Asia as well as in specialized pouches and label products in Asia. Raw material costs, especially polyethylene terephthalate (PET) films used in flexible packaging, began to rise sharply during the second quarter of 2010. The rise of raw material costs continued throughout the rest of the year causing challenges for profitability.

The segment's full year net sales were EUR 525 million (EUR 464 million). Net sales grew throughout the year, accelerating during the second half of the year. Volume growth was particularly strong in Asia where all flexible packaging units had growth rates above 20%. Volumes developed positively also in Europe especially during the second half of the year.

The segment's earnings grew steadily despite significant increases in raw material costs. The full year EBIT was EUR 34 million (EUR 28 million). Volume improvements and efficient cost control throughout the year as well as successful margin management more than compensated the effect of increases in raw material costs. The segment's return on net assets (RONA) was 11% (9%). Operating cash flow of the segment was EUR 35 million (EUR 82 million).

Films

Overall demand for release films recovered strongly during 2010. The use of films as a substrate for release liner continued to increase at a higher rate than that of paper or coated paper. Growth rates were highest in Asia, where the demand for convenience products in hygiene was increasing.

The segment's strong position in films products for the building and construction market was maintained and its position in markets for pressure sensitive films was strengthened in 2010. The segment also continued to develop its offering of environmentally sustainable films, which are expected to become increasingly important, particularly in hygiene and medical product applications.

The segment's net sales grew firmly throughout 2010. The full year net sales were EUR 164 million (EUR 154 million). Sales growth was volume driven and led by the demand for films products in the North American building and construction industry, especially during the first half of the year. Volume growth started to slow down towards the end of the year.

Positive volume development, product mix improvement and successful cost containment contributed to a significant improvement in the segment's earnings. The segment's full year EBIT was EUR 11 million (EUR -3 million, including EUR 4 million non-recurring charge). The segment's RONA was 9% (-2%). Operating cash flow of the segment was EUR 6 million (EUR 24 million).

North America

The North American markets suffered from weak demand throughout 2010. Market conditions were challenging particularly for non-food product manufacturers. Price promotions were used frequently in response to market conditions and changes in consumer behavior. The disposable tableware market in North America declined 2% and the retail take home ice cream market also had a notable decline. The foodservice industry had a second consecutive year of declining restaurant visits and sales, visits falling by 1% and sales revenue declining 0.5%. Some signs of recovery were seen, however, towards the end of the year.

Chinet® branded products held their overall market position in the challenging competitive situation. The segment was able to grow its foodservice sales within the distribution sector by expanding the customer base.

The segment's full year net sales were EUR 536 million (EUR 529 million). The net sales improvement was due to positive currency translation. Sales volumes to all major customers in the retail and consumer goods businesses decreased, reflecting overall market conditions. The sales of foodservice business however, developed positively, especially towards the end of the year.

The segment's full year EBIT was EUR 45 million (EUR 56 million). The decline in earnings reflects the volume decline in consumer goods and retail packaging businesses in North America. The segment's RONA was 12% (15%) and operating cash flow was EUR 59 million (EUR 56 million).

Molded Fiber

The demand for molded fiber packaging remained stable during 2010 and strong market positions were maintained. Developed markets were relatively stagnant whereas developing markets, such as Russia and Brazil, continued to grow.

Competitive environment within the molded fiber business was challenging especially in Western Europe. The demand for high end egg packaging providing enhanced branding possibilities was increasing in the developed European markets.

The segment's full year net sales continued to develop steadily and were EUR 233 million (EUR 208 million). Volume development was stable throughout the year and the net sales improvement was mainly attributable to successful price and product mix management and positive currency translations.

The segment's full year earnings continued to develop positively, reflecting continued efficient cost containment. EBIT was EUR 22 million (EUR 18 million). The segment's RONA was 13% (11%) and operating cash flow was EUR 23 million (EUR 18 million).

Foodservice Europe-Asia-Oceania

The demand for foodservice packaging products was stable in major fast food and catering markets. Demand for vending cups in Europe and insulation hot cups in both Europe and Asia-Oceania grew significantly. Regionally the strongest sales growth was seen in parts of Eastern Europe and in Asia.

There were no major changes in the competitive situation and the segment maintained its strong position in Europe and Asia-Oceania.

The segment's full year net sales were EUR 468 million (EUR 450 million). Volumes decreased slightly compared to the previous year and the increase in net sales is attributable to positive currency translations, especially during the second half of the year. The sales trend was improving, however, during the second half of the year and volumes developed positively towards the end of the year.

The segment's earnings continued to grow and the full year EBIT was EUR 25 million (EUR 16 million). The improvement is attributable to efficient cost containment and efficiency improvements in operations. The segment's RONA was 11% (7%) and operating cash flow was EUR 22 million (EUR 33 million).

Discontinued operations

The majority of the European Rigid Consumer Goods Plastics operations were sold to Island Acquisitions S.à r.l., an affiliate of Sun European Partners, LLP, on December 22, 2010. The divested units included rigid plastic consumer goods packaging manufacturing in Hämeenlinna, Finland; Auneau, France; Siemianowice, Poland; and Istanbul, Turkey, as well as sales units in Germany and Lithuania.

The annual net sales of the divested operations were approximately EUR 160 million. The operations employed some 1,100 people. When part of the Group, the divested units were classified as assets held for sale and were reported under discontinued operations as of the interim report for the period of January 1–June 30, 2010. The agreed value for the transaction was EUR 52 million.

The full year result from discontinued operations was EUR 10 million (EUR 6 million, including EUR 10 million non-recurring charges). The result includes EUR 2 million non-recurring charges related to the sale of European Rigid Consumer Goods Plastics operations.

Financial review

The full year Group EBIT from continuing operations was EUR 134 million (EUR 112 million, including EUR 4 million non-recurring charges) corresponding to an EBIT margin of 6.9% (6.1%).

The net financial items from continuing operations were EUR -14 million (EUR -26 million). The decrease in net financial items is mainly due to reduced debt. Tax expense for the year from continuing operations was EUR 16 million (EUR 19 million). The lower tax expense was mainly resulting from a tax refund in Germany and expiration of certain potential tax liabilities earlier provided for. Full year corresponding tax rate was 13% (22%).

The full year result from continuing operations was EUR 105 million (EUR 67 million, including EUR 4 million non-recurring charges) and the earnings per share (EPS) from continuing operations were EUR 0.92 (EUR 0.57). The full year result, including discontinued operations, was EUR 115 million (EUR 74 million, including EUR 14 million non-recurring charges) and the EPS were EUR 1.02 (EUR 0.63). The result includes EUR 2 million non-recurring charges related to the sale of European Rigid Consumer Goods Plastics operations.

The average number of outstanding shares used in the EPS calculations was 101,185,001 (100,539,283) excluding 4,826,089 (5,061,089) of the Company's own shares.

Statement of financial position and cash flow

Full year free cash flow was EUR 113 million (EUR 208 million). Cash flow continued to be strong even though it was lower than in 2009 when significant working capital efficiencies were achieved. Working capital ratios continued to improve in 2010, but in cash flow terms a significant reduction was achieved already in 2009. Uses of free cash flow included payment of dividends, EUR 38 million (EUR 34 million), and payment of interest on the hybrid bond, EUR 8 million (unchanged).

The amount of capital expenditure was EUR 86 million (EUR 53 million). Higher capital expenditure level in 2010 reflected the emerging growth expectations.

Net debt at the end of December 2010 was EUR 270 million (EUR 368 million). This corresponds to a gearing ratio of 0.32 (0.50). Debt reduction was achieved through strong cash flow and proceeds from divestments. Net debt to EBITDA ratio decreased during the year and was 1.2 (1.7) at the end of December 2010.

During the year the Group entered into agreements with banks and institutional investors securing EUR 68 million of long term committed funding, including a SEK 450 million (correspondingly EUR 50 million) floating rate unsecured bond to institutional investors with a loan period of 5 years. The average maturity of external committed credit facilities and loans at the end of December 2010 was 2 (2.5) years.

The Group's liquidity position remained strong during the year. At the end of the year, cash and cash equivalents were EUR 119 million (EUR 64 million) and the Group had EUR 338 million (EUR 316 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 1,865 million (EUR 1,759 million).

Strategic review

The focus of the Group in 2008–2010 has been on restructuring of operations and improvement of financial position. In 2010, the Board of Directors concluded on a revision to the Group's strategy and emphasized the redeployment of funds to seek profitable growth. Subsequently, the Board of Directors reviewed closely the Group's innovation capabilities and financial resources to ensure that they are adequate for the Group to meet its future growth targets. Special attention was also paid on the

Group's management development activities, particularly the succession planning process. The progress of the Rigid Consumer Goods Plastics strategic review, initiated in autumn 2008, was closely monitored during the year. Additionally, the Board of Directors visited the flexible packaging unit in Ronsberg, Germany, and the molded fiber unit in Franeker, the Netherlands.

The strategic review of the Rigid Consumer Goods Plastics business was in large measure completed in 2010, when the majority of the European Rigid Consumer Goods Plastics operations were sold at the end of the year.

The Group continued to develop its strategic stronghold businesses and further strengthen its business positions and operations, especially in emerging markets. A significant part of growth related investments were targeted at emerging markets. A new state-of-the-art foodservice manufacturing unit was opened in Poland. The new manufacturing unit provides room for additional production capacity and supports the Group's ambition to grow its foodservice business in Central and Eastern European markets.

Personnel review

The Group had 11,687 (12,900) employees at the end of December 2010. The number of employees by segment was the following: Flexible Packaging 3,701 (3,643), Films 746 (775), North America 2,500 (2,643), Molded Fiber 1,588 (1,581), Foodservice Europe-Asia-Oceania 2,864 (2,849) and Other activities 288 (54). The increase in the number of employees under "Other activities" is due to the rigid plastics unit in Italy that was reported under the Rigid Consumer Goods Plastics segment (1,355) in 2009. The average number of employees was 12,827 (13,735).

Huhtamäki Oyj employed 52 (48) people at the end of December 2010. The annual average was 51 (49).

During the year, the occupational health and safety performance in the Group improved. The lost time incident frequency and severity continued to develop positively. The lost time incident frequency was at 4.1 (7.7) at the end of December 2010 with a significant improvement of 47%. The lost time incident severity improved by 29% being 1,270 (1,790). The number of workplace incidents consequently decreased to 86 (167). The continued improvements in the occupational health and safety performance further supported the Group's aim of achieving an entirely injury-free workplace.

Risk review

Risks are categorized as strategic, operational, financial and information risks. During the year, risk assessments were conducted at Group, segment and business unit levels. Risk mitigation action plans were prepared at each business unit and acceptable risk levels were defined by the line management. The acceptable risk level for the Group was reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors.

The main strategic risks are related to macro economic instability, demand and competition, price management, process level best practices deployment and operations growth. The main operational risks are related to sales management and purchasing operations coordination. The main financial risk is raw material and energy price fluctuations.

Risk mitigation actions defined at the end of 2009 were implemented during 2010. Execution of price management projects designed to manage raw material price fluctuations was successful and contributed to margin improvements. Focus was also put on mitigating risks related to execution of major change programs, such as business restructurings. This contributed to the successful management of the divestment of rigid consumer goods plastics units in Europe during 2010.

Appropriate mitigation actions for main risks have been defined for 2011.

More information on financial risks can be found in Note 28 in the Annual Accounts 2010.

Environmental review

The most significant direct environmental aspects of the Group's operations are energy use, emissions into the air and solid waste. Environmental management systems of the Group have been created to monitor and facilitate the progress of the Group's operational and product related environmental performance. In 2010, the Group's environmental management activities were carried out primarily in manufacturing units. From a total of 57 reporting manufacturing units, 28, including the ten largest units by net sales, followed an externally certified environmental management system such as ISO 14001, the Eco-Management and Audit Scheme (EMAS) or an internally audited program such as the US Environmental Care Program.

The sustainability performance parameters applicable to the products manufactured by the Group, such as renewability, recyclability and carbon foot printing, continued to be a focus area in the Group's operations in 2010. The key environmental performance indicators against targets set for each business segment were reported quarterly to the Board of Directors.

Potential developments in environmental regulations were regularly monitored. In 2010, several additional guidelines for environmental performance communication applicable for packaging products were introduced by several consumer and environmental non-governmental organizations as well as national authorities. Such guidelines did not, however, lead to material changes in the current legislative framework on packaging. The European Commission is aiming to carry out an exhaustive review of the European Union's recycling directives as of 2012. As per the current proposal for the next commitment period of the European emissions trading scheme covering the years 2013–2020, the amount of carbon dioxide allowances granted to industry may potentially be significantly lower compared to the carbon dioxide allowances under the current commitment period covering the years 2008–2012. In the current proposal, the allowance distribution mechanisms are still unclear. Regardless of distribution mechanisms to be applied, direct impacts on the Group are not expected to be material.

Resolutions of Huhtamäki Oyj's Annual General Meeting

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on March 24, 2010. The meeting adopted the Company's Annual Accounts and the Consolidated Annual Accounts for 2009 and discharged the members of the Company's Board of Directors and the CEO from liability. Dividend for 2009 was set at EUR 0.38 (EUR 0.34) per share, as proposed by the Board of Directors.

Eight members of the Board of Directors were elected for a term which lasts until the end of the Annual General Meeting following the election. To the Board of Directors were reelected Ms. Eija Ailasmaa, Mr. George V. Bayly, Mr. Rolf Börjesson, Ms. Siaou-Sze Lien, Mr. Mikael Lilius, Mr. Anthony J.B. Simon and Mr. Jukka Suominen. Mr. William R. Barker was elected as a new member of the Board of Directors.

The Board of Directors subsequently elected Mr. Mikael Lilius as Chairman of the Board and Mr. Jukka Suominen as Vice-Chairman of the Board.

The Annual General Meeting resolved, as proposed by the Board of Directors, upon authorizing the Board of Directors in connection with the Company's 90 years anniversary to grant donations of no more than EUR 700,000 through the Finnish Cultural Foundation to a national youth project "Myrsky" and no more than EUR 500,000 to support activities of Finnish universities. The Board subsequently decided to donate EUR 200,000 to Aalto University, EUR 150,000 to Hanken School of Economics and EUR 150,000 to University of Turku. All donations were paid during the year.

Information provided pursuant to the Securities Market Act, Chapter 2, Section 6 b

Information required under the Securities Market Act, Chapter 2, Section 6 b is presented in Note 22 in the Annual Accounts 2010.

Share capital and shareholders

At the end of December 2010, the Company's registered share capital was EUR 360,615,288.00 (unchanged) corresponding to a total number of shares of 106,063,320 (unchanged), including 4,826,089 (5,061,089) Company's own shares. The Company's own shares had the total accountable par value of EUR 16,408,702.60 (EUR 17,207,702.60), representing 4.6% (4.8%) of the total number of shares and voting rights. The amount of outstanding shares net of the Company's own shares was 101,237,231 (101,002,231).

During 2010 no option rights under the Company's 2006 option rights plan were exercised and therefore the share capital was not increased and no new shares issued. If exercised in full, the option rights under the 2006 option rights plan will entitle to the subscription for a total of 3,300,000 shares in 2011–2014 whereby the share capital would be increased by a maximum amount of EUR 11,220,000 representing approximately 3.1 per cent of the outstanding share capital of the Company on December 31, 2010. The option rights 2006 A were listed on NASDAQ OMX Helsinki Ltd as of October 1, 2008 and the option rights 2006 B as of October 1, 2009. The Company will apply for the listing of the option rights 2006 C on NASDAQ OMX Helsinki Ltd as of April 1, 2011. At the end of the year, the 2006 option rights plan had 127 participants.

There were 26,858 (22,935) registered shareholders at the end of December 2010. Foreign ownership including nominee registered shares accounted for 25% (29%).

Company's own shares

The Annual General Meeting held on April 3, 2009, granted the Board of Directors an authorization to resolve upon conveyance of the Company's own shares. The authorization is valid until April 30, 2012. During 2010, a total of 235,000 shares were conveyed based on the authorization. The conveyance was conducted in accordance with the performance share incentive plan established by the Board of Directors on February 13, 2008 as part of the incentive and commitment program for the key personnel of the Company and its subsidiaries. Based on the authorization given at the Annual General Meeting held on April 3, 2009, a total of 235,000 shares have been conveyed. On December 31, 2010, the Company owned a total of 4,826,089 (5,061,089) own shares.

Share developments

The Company´s share is quoted on the NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Materials sector. At the end of December 2010, the Company's market capitalization was EUR 1,098 million (EUR 1,029 million) and EUR 1,048 million (EUR 980 million) excluding Company's own shares. With a closing price of EUR 10.35 (EUR 9.70) the share price increased by 7% (120%) from the beginning of the year, while the OMX Helsinki Cap PI Index increased by 25% (36%) and the OMX Helsinki Materials PI Index increased by 40% (19%). In 2010, the volume weighted average price for the Company's share was EUR 8.81 (EUR 7.25). The highest price paid was EUR 10.48 on December 23, 2010 and the lowest price paid was EUR 7.30 on July 1, 2010.

During 2010, the cumulative value of the Company's share turnover was EUR 763 million (EUR 523 million). The trading volume of 87 million (73 million) shares equaled an average daily turnover of EUR 3.0 million (EUR 2.1 million) or, correspondingly 344,118 (289,818) shares.

In total, turnover of the Company's 2006 A and B option rights was EUR 379,397.71 (EUR 75,280.05) corresponding to a trading volume of 507,962 (100,556) option rights.

Short-term risks and uncertainties

Volatile raw material and energy prices as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. General economic and financial market conditions can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

Outlook for 2011

The improvement in the Group's trading conditions, which was visible in the second half of 2010, is expected to continue during 2011. However, market conditions in North America remain uncertain. Pressure on profit margins is likely to continue due to increasing raw material costs, especially the price of plastics. Financial charges and tax expenses are expected to increase from the exceptionally low level in 2010.

The good financial position and ability to generate a positive cash flow will enable the Group to address profitable growth opportunities. Capital expenditure is expected to be around EUR 100 million.

Change in dividend policy

The Board of Directors decided to amend the Group's dividend policy in its meeting held on February 10, 2011. The Board decided to increase the payout ratio from the earlier approximately 40% of the EPS to a payout ratio of 40–50% of the EPS.

Dividend proposal

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.44 (EUR 0.38) per share be paid.

Annual General Meeting 2011

The Annual General Meeting of Shareholders will be held on Wednesday, April 20, 2011 at 1 pm (Finnish time), at Finlandia Hall, Mannerheimintie 13 e, in Helsinki, Finland.

Corporate Governance Statement

A separate Corporate Governance Statement has been issued and published in connection with the Board of Directors' Report.

Consolidated Annual Accounts 2010

Group income statement (IFRS)

EUR million	Note	2010	%	2009	%
CONTINUING OPERATIONS					
Net sales	**2**	**1,951.8**	**100.0**	**1,831.8**	**100.0**
Cost of goods sold	1	-1,631.9		-1,530.0	
Gross profit		**319.9**	**16.4**	**301.8**	**16.5**
Other operating income	4	22.0		15.0	
Sales and marketing	1	-70.1		-70.0	
Research and development		-16.3		-14.7	
Administration costs		-111.9		-111.3	
Other operating expenses	5	-9.3		-8.9	
		-185.6		**-189.9**	
Earnings before interest and taxes	**6, 7**	**134.3**	**6.9**	**111.9**	**6.1**
Financial income	8	5.7		24.1	
Financial expenses	8	-19.9		-49.9	
Income from associated companies		0.6		0.6	
Result before taxes		**120.7**	**6.2**	**86.7**	**4.7**
Income taxes	9	-16.2		-19.4	
Result for the period from continuing operations		**104.5**	**5.4**	**67.3**	**3.7**
Result for the period from discontinued operations	**3**	**10.2**	**0.5**	**6.2**	**0.3**
Result for the period		**114.7**	**5.9**	**73.5**	**4.0**
Attributable to:					
Equity holders of the parent company		111.1		71.1	
Non-controlling interest		3.6		2.4	
EUR					
EPS continuing operations	10	0.92		0.57	
EPS result for the period from discontinued operations		0.10		0.06	
EPS attributable to equity holders of the parent company		1.02		0.63	
Diluted:					
EPS continuing operations		0.92		0.57	
EPS result for the period from discontinued operations		0.10		0.06	
EPS attributable to equity holders of the parent company		1.02		0.63	

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Note	2010	2009
Result for the period		**114.7**	**73.5**
Other comprehensive income:			
Translation differences		32.8	0.7
Fair value and other reserves	23	1.9	1.2
Income tax related to components of other comprehensive income		-0.5	-0.5
Other comprehensive income, net of tax		**34.2**	**1.4**
Total comprehensive income		**148.9**	**74.9**
Attributable to:			
Equity holders of the parent company		145.3	72.3
Non-controlling interest		3.6	2.6

Group statement of financial position (IFRS)

ASSETS

EUR million	Note	2010	%	2009	%
Non-current assets					
Goodwill	11	400.8		394.8	
Other intangible assets	11	26.7		32.7	
Tangible assets	12	614.8		604.2	
Investments in associated companies	13	3.1		2.5	
Available for sale investments	15	1.2		1.9	
Interest bearing receivables	16	11.9		11.0	
Deferred tax assets	17	13.0		16.5	
Employee benefit assets	18	61.3		57.9	
Other non-current assets		4.5		3.0	
		1,137.3	**61.0**	**1,124.5**	**63.9**
Current assets					
Inventory	19	265.2		236.1	
Interest bearing receivables	16	35.4		19.4	
Current tax assets		3.4		9.1	
Trade and other current receivables	20	305.1		305.5	
Cash and cash equivalents	21	118.7		64.0	
		727.8	**39.0**	**634.1**	**36.1**
Total assets		**1,865.1**	**100.0**	**1,758.6**	**100.0**

EQUITY AND LIABILITIES

EUR million	Note	2010	%	2009	%
Share capital	22	360.6		360.6	
Premium fund		106.8		106.8	
Treasury shares	23	-44.4		-46.5	
Translation differences	23	-97.2		-130.0	
Fair value and other reserves	23	-2.9		-4.3	
Retained earnings		426.0		354.8	
Total equity attributable to equity holders of the parent company		**748.9**	**40.1**	**641.4**	**36.5**
Non-controlling interest		24.8		20.2	
Hybrid bond	23	75.0		75.0	
Total equity		**848.7**	**45.5**	**736.6**	**41.9**
Non-current liabilities					
Interest bearing liabilities	24	283.0		294.3	
Deferred tax liabilities	17	51.7		42.5	
Employee benefit liabilities	18	101.7		102.8	
Provisions	25	47.5		55.9	
Other non-current liabilities		4.5		5.4	
		488.4	**26.2**	**500.9**	**28.5**
Current liabilities					
Interest bearing liabilities					
Current portion of long term loans	24	61.4		67.3	
Short term loans	24	91.5		101.1	
Provisions	25	2.5		6.0	
Current tax liabilities		8.8		10.9	
Trade and other current liabilities	26	363.8		335.8	
		528.0	**28.3**	**521.1**	**29.6**
Total liabilities		**1,016.4**	**54.5**	**1,022.0**	**58.1**
Total equity and liabilities		**1,865.1**	**100.0**	**1,758.6**	**100.0**

Group cash flow statement (IFRS)

EUR million	2010	2009
Profit for the period	**114.7**	**73.5**
Adjustments	102.0	134.2
Depreciation and amortization	81.2	88.6
Gain on equity of associated companies	-0.6	-0.6
Gain/loss from disposal of assets	-2.2	5.7
Financial expense/-income	14.2	25.8
Income tax expense	16.5	20.4
Other adjustments, operational	-7.1	-5.7
Change in inventory	-32.1	58.3
Change in non-interest bearing receivables	-3.6	50.4
Change in non-interest bearing payables	24.3	-28.3
Dividends received	0.5	0.5
Interest received	5.3	2.2
Interest paid	-12.8	-21.0
Other financial expenses and income	-0.4	-2.3
Taxes paid	-6.6	-12.5
Net cash flow from operating activities	**191.3**	**255.0**
Capital expenditure	-85.8	-52.9
Proceeds from selling fixed assets	7.4	5.9
Divested subsidiaries	52.0	69.0
Proceeds from long-term deposits	12.8	1.3
Payment of long-term deposits	-12.6	-11.4
Proceeds from short-term deposits	6.4	13.7
Payment of short-term deposits	-18.8	-29.2
Net cash flow from investing	**-38.6**	**-3.6**
Proceeds from long-term borrowings	274.2	599.3
Repayment of long-term borrowings	-288.4	-785.2
Proceeds from short-term borrowings	1,154.6	333.8
Repayment of short-term borrowings	-1,195.6	-363.3
Dividends paid	-38.4	-34.1
Hybrid bond interest	-7.9	-7.9
Proceeds from stock option excercises	0.0	4.1
Net cash flow from financing	**-101.5**	**-253.3**
Change in liquid assets	**54.7**	**-3.8**
Cash flow based	51.2	-1.9
Translation difference	3.5	-1.9
Liquid assets on January 1	64.0	67.8
Liquid assets on December 31	118.7	64.0

Statement of changes in shareholders' equity

EUR million	Share Capital	Share issue premium	Treasury Shares	Trans-lation differ-ences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Hybrid bond	Total equity
	Attributable to equity holders of the parent company									
Balance at Dec 31, 2008	**358.7**	**104.7**	**-46.5**	**-130.5**	**-5.0**	**327.5**	**608.9**	**18.4**	**75.0**	**702.3**
Dividend						-34.1	-34.1			-34.1
Share-based payments						2.5	2.5			2.5
Stock options excercised	1.9	2.1					4.0			4.0
Interest on hybrid bond						-7.9	-7.9			-7.9
Total comprehensive income for the year				0.5	0.7	71.1	72.3	2.6		74.9
Other changes						-4.3	-4.3	-0.8		-5.1
Balance at Dec 31, 2009	**360.6**	**106.8**	**-46.5**	**-130.0**	**-4.3**	**354.8**	**641.4**	**20.2**	**75.0**	**736.6**
Corrections of previous period errors						7.7	7.7			7.7
Balance at Jan 1, 2010	**360.6**	**106.8**	**-46.5**	**-130.0**	**-4.3**	**362.5**	**649.1**	**20.2**	**75.0**	**744.3**
Dividend						-38.5	-38.5			-38.5
Share-based payments			2.1			-0.1	2.0			2.0
Interest on hybrid bond						-7.9	-7.9			-7.9
Total comprehensive income for the year				32.8	1.4	111.1	145.3	3.6		148.9
Other changes						-1.1	-1.1	1.0		-0.1
Balance at Dec 31, 2010	**360.6**	**106.8**	**-44.4**	**-97.2**	**-2.9**	**426.0**	**748.9**	**24.8**	**75.0**	**848.7**

Correction of previous period errors relates to inventory valuation of German unit. As the error relates to several prior periods and it is impractical to determine the period specific effect on comparative information, only the opening balance of equity and inventory of current period has been restated.

Accounting principles for consolidated accounts

Main activities

Huhtamaki Group is a truly global consumer and specialty packaging company with operations in 31 countries. Focus and expertise is in flexible, paper and molded fiber packaging as well as specialty films. Huhtamaki offers standardized products, customized designs as well as total packaging systems and solutions. Principal customers are food and beverage companies, manufacturers of other fast-moving consumer products (non-food), foodservice operators, fresh produce packers and retailers.

The parent company Huhtamäki Oyj, is a limited liability company domiciled in Espoo and listed on the NASDAQ OMX Helsinki Ltd. The address of its registered office is Keilaranta 10, 02150 Espoo, Finland.

These group consolidated financial statements were authorized for issue by the Board of Directors on February 10, 2011.

Bases of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in preparation have been followed IAS and IFRS standards and SIC- and IFRIC interpretations which were valid on December 31, 2010. IFRSs, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulations (EC) No 1606/2002 of the EU.

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, financial instruments at fair value through income statement, derivative instruments and liabilities for cash-settled share-based payment arrangements are measured at fair value. The consolidated financial statements are presented in millions of Euros.

The Group has adopted following standards and interpretations as from January 1, 2010

- Revised IFRS 3 Business Combination (effective from accounting periods beginning of July 1, 2009 or after). The change will have impact of goodwill recognized in a business combination and reported business results. The Group didn't have any business combination during 2010, so the change has no impact on consolidated financial statements.
- Amended IAS 27 Consolidated and Separate Financial Statemens (effective from accounting periods beginning of July 1, 2009 or after). The change requires to the recognitions of changes in the ownership interest of subsidiaries directly to equity, when transaction do not result loss of control. The group did not have this kind of changes of ownership during 2010, so the amendment has not impacted the consolidated financial statements.
- Amended IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from accounting periods beginning July 1, 2009 or after) The change relates to hedge accounting. The change did not have any impact on consolidated financial statements.
- IFRIC 17 Distribution of Non-cash Assets to Owners (effective from accounting periods beginning of July 1, 2009 or after). The interpretation did not have impact on consolidated financial statements.
- IFRIC 18 Transfers of Assets from Customers (effective from accounting periods beginning of July 1, 2009 or after). The interpretation did not have impact on consolidated financial statements.
- Improvements to IFRSs (April 2009) (effective from accounting periods beginning January 1, 2010 or after). The changes differ by standard, but the changes did not have significant impact considering the financial statements.
- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective from accounting periods beginning from January 1, 2010 or after). The change did not have impact on consolidated financial statements.
- Amendment IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective from accounting periods beginning from January 1, 2010 or after). The amendment relates to accounting of emission of shares, options and subscription right in other than functional currency of the issuer. The change did not have any impact on consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the parent company Huhtamäki Oyj and all its subsidiaries where over 50% of the subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company.

Subsidiaries are accounted for using the acquisition method according to which the consideration transferred and the identifiable assets and liabilities of the acquired company are measured at their fair value at the date of acquisition and the remaining balance of consideration less acquired net asset is recognized as goodwill.The costs relating to the acquisition are accounted as expense. The acquisitions before January 1st, 2010 are accounted according to the current regulations in force.

Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of their acquisition and divested subsidiaries are included up to their date of sale.

All intercompany transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the Group, are eliminated. Profit and loss for the period attributable to equity holders of the parent company and non-controlling interest is presented in separate income statement. Comprehensive income attributable to equity holders of the parent company and non-controlling interest is presented in comprehensive income statement. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Non-controlling interest is also disclosed as a separate item within equity.

Associated companies, where the Group holds voting rights of between 20% and 50% and in which the Group has significant influence, but not control, over the financial and operating policies, are consolidated using the equity method. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associates. The Group's share of associated companies result of period is presented as a separate item below Earnings before interest and taxes. Correspondingly the Group's share of changes in comprehensive income statement are recognized in Group's comprehensive income statement.

Proportional consolidation is applied for companies over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include Huhtamaki's proportionate share (usually 50%) of the entity's assets, liabilities, income and expenses, from the date that joint control commences until the date that joint control ceases.

Foreign currency translation

Foreign currency transactions are translated into functional currency, at the rates of exchange prevailing at the date of the transaction. For practical reasons, an approximate exchange rate is often used for transactions taking place during the month. Monetary assets and liabilities are translated at the rates of exchange at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement. Foreign exchange gains and losses relating to operating activities are recognized in the same account as underlying transaction above Earnings before interest and taxes. Foreign exchange differences relating to financial liability are recognized in financial income or expense except currency differences relating to loans designated as a hedge of the net investment in foreign operations. Those currency differences are recognized as translation differences in comprehensive income.

On consolidation the income statements of foreign entities are translated into Euros at the average exchange rate for the accounting period. The statements of financial position of foreign entities are translated at the year-end exchange rate. Differences resulting from the translation of income statement items at the average rate and balance sheet items at the closing rate are recognized as part of translation differences in comprehensive income.

In accordance with the exception included in the IFRS 1 the cumulative translation differences until the transition date have been reclassified to retained earnings. From the transition date onwards exchange differences arising on the translation of the net investment in foreign subsidiaries and associated companies are recorded as translation difference in comprehensive income. A similar treatment is applied to intragroup permanent loans, which in substance are equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Financial instruments

Financial instruments are classified based on IAS 39 to the following groups: financial assets at fair value through profit or loss, available for sale assets and loans and other receivables, and other liabilities.

Cash balances and call deposits with banks and other liquid investments, such as cash and cash equivalents and derivative instruments, which do not fulfill IAS 39 hedge accounting requirements, are classified as financial assets at fair value through profit and loss.

Publicly traded and unlisted shares are classified as available-for-sale assets. Publicly traded shares are recognized at fair value, which is based on quoted market bid prices at the balance sheet date. Gains or losses arising from changes in fair value are recognized in comprehensive income and are presented in equity in fair value reserves. Fair value changes are transferred from equity to income statement, when the investment is sold or its value has been impaired so that related impairment loss should be recognized. Unlisted shares are carried at cost, as their fair value cannot be measured reliably.

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as loans and other receivables. Trade and other receivables are included in this class. Trade and other receivables are initially measured at cost. A provision for impairment of trade receivables is established, when there is objective evidence that the group will not be able to collect all amounts due according to original terms of receivables. When the trade receivable is uncollectible, it is written of against provision.

Interest bearing borrowings are classified as other liabilities. Interest bearing borrowings are originated loans and bank loans and are carried at amortized cost by using the effective interest rate method.

All derivative financial instruments are carried at fair value. The Group applies cash flow hedge accounting for certain interest rate swaps and foreign exchange forwards that meet hedge accounting criteria as defined in IAS 39. The hedged item must be highly probable to occur and must ultimately affect the income statement. The hedges must be highly effective both prospectively and retrospectively. For qualifying cash flow hedges, the portion of any change in fair value that is effective is included in comprehensive income, and any remaining ineffective portion is reported in the income statement. The cumulative changes of fair value of the hedging instrument that have been recorded in equity are included in the income statement when the forecasted transaction affects net income. When the hedged transaction is a firm commitment, the cumulative change of fair value of the hedging instrument that has been recorded in equity is included in the initial carrying value of the asset or liability at the time it is recognized.

Changes in fair values of derivative financial instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

The Group uses foreign exchange forwards and foreign currency loans to hedge net investments in foreign entities. Hedges of net investment in foreign entities must meet the same hedge accounting criteria as cash flow hedges as detailed in IAS 39. All changes in fair value arising from the hedges are recognized as a translation difference in comprehensive income if hedge accounting criteria are met. If the hedged entity is disposed of, the cumulative changes in fair value of the hedging instrument that has been recorded in equity are included in the income statement at the time of disposal.

Fair values of foreign exchange forwards are calculated using market rates on the balance sheet date. Fair values of foreign exchange options are calculated with the Garman- Kohlhagen model. Fair values of interest rate swaps, futures and forwards are based on net present values of estimated future cash flows. Cash, short-term loans and overdrafts have fair values that approximate to their carrying amounts because of their short-term nature.

The recoverable amount for financial investments such as available-for-sale investments or receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate. Short-term receivables are not discounted. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Goodwill and other intangible assets

Goodwill arising on an acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is allocated to cash generating units and is no longer amortized but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates. Goodwill is valued at cost less impairment losses.

Other intangible assets include patents, copyrights, land use rights, emission rights and software licenses. These are stated at cost and amortized on a straight-line basis over expected useful lives, which may vary from 3 to 20 years. Land use rights are depreciated over the agreement period.

Bought emission rights will be initially valued at cost. Received emission rights are reported in statement of financial position initially at their fair value. After that emission rights are valued at cost. Emission rights, which will be sold on market, are not depreciated, as carrying value of those emission rights are considered to account for initial value. Emission rights will be derecognized at transaction date, when actual emissions are defined.

Periods of amortization used:

Intangible rights	up to 20 (years)
Software	3–8 (years)

Subsequent expenditure on capitalized other intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Research and development

Research and development costs are charged to the income statement in the year in which they have incurred.

Expenditure on development activities related to new products and processes has not been capitalized because the assured availability of future economic benefits is evident only once the products are in the market place. Currently the Group statement of financial position carries no capitalized development expenditure.

Tangible assets

Tangible assets comprised mainly of land, buildings, machinery, tooling and equipment are valued at cost less accumulated depreciation and impairment losses. The cost of self constructed assets includes the cost of material, direct labor and an appropriated proportion of production overheads. When an asset includes major components that have different useful lives, they are accounted for as separate items.

Expenditure incurred to replace a component in a tangible asset that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure such as ordinary maintenance and repairs is recognized in the income statement as an expense as incurred. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition cost.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated.

The estimated useful lives are:

Buildings and other structures	20–40 (years)
Machinery and equipment	5–15 (years)
Other tangible assets	3–12 (years)

Tangible assets which are classified as for sale, are valued at lower of its carrying amount or fair value less costs to sell. The depreciation of these assets will be ceased when assets are classified as held for sale.

Gains or losses arising on the disposal of tangible fixed assets are included in Earnings before interest and taxes.

Impairment

The carrying amounts of assets are assessed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying value of goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of other assets in the group of units on pro rata bases.

For intangible and tangible assets the recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the average cost of capital rate (pre-tax) of the cash-generating unit where the assets are located, adjusted for risks specific to the assets.

In respect of tangible assets and other intangible assets excluding goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is never reversed.

Leases

In accordance with the criteria for finance leases in IAS 17 Leases, lease contracts in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. In finance leases the assets and accumulated depreciation are included in fixed assets and the associated obligations are included in interest bearing liabilities. When a group company is the lessor, the discounted future lease payments are booked as interest bearing receivables and the property that has been leased out is removed from tangible assets. Lease payments under finance leases are divided into interest expense or interest income and installment payment of liability or receivable. Rental payments and rental income under operating leases are charged to the income statement.

Assets financed with leasing contracts that are defined as finance leases under IAS 17 have been capitalized and are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, and are depreciated at the rates disclosed above for tangible fixed assets, however not exceeding the rental period.

The Group has made purchase agreements, which include leasing component. These leasing components are booked according to IAS 17. Other parts of the agreement are booked according to relating IFRS-standard.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost is determined on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost for produced finished goods and work in process represents the purchase price of materials, direct labor, other direct costs and related production overheads excluding selling and financial costs.

Employee benefits

The Group companies have various pension plans in accordance with local conditions and practices throughout the world. The plans are classified as either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the entity is not able to pay the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan which is not a defined contribution plan. The contributions to defined contribution plans are charged to the income statement in the year to which they relate.

The present value of the obligation of defined benefit plans is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined using interest rates of high-quality corporate bonds that have maturity terms approximating to the terms of the related pension liability. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less fair value of plan asset together with adjustment for unrecognized actuarial gains and losses and past service costs.

In calculating the Group's obligation with respect to a plan, the extent to which the cumulative unrecognized actuarial gain or loss exceeds the greater of the present value of the defined benefit obligation and the fair value of plan assets by more than 10% is identified. That excess portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Past-service costs are recognized immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining service for specific period of time. In this case, the past-service costs are amortized in straight-line basis over the vesting period.

Share-based payment transactions

The Group has incentive plans which include equity-settled or cash-settled share-based payment transactions. The fair value of equity–settled share-based payments granted is recognized as an employee expense with corresponding increase in equity. The fair value of cash-settled share-based payments is valued at each statement of financial position date and the changes in fair value of liability are recognized as expense when incurred. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using the Black-Scholes model, taking into account the market terms and conditions of agreement when pricing the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that will be vested. Nonmarket vesting conditions (for example, EBIT growth target) are not included in value of share-based instruments but in number of instruments that are expected to vest. At each balance sheet date the estimates about the number of options that are expected to vest are revised and the impact is recognized in income statement. The proceeds received when options are exercised, are credited to share capital (book value equivalent) and share premium.

Provisions

Provisions are recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions arise from restructuring plans, onerous contracts and from environmental litigation or tax risks. Obligations arising from restructuring plans are recognized when the detailed and formal plans have been established and when there is a valid expectation that such plan will be carried out (plan has been announced). Provision from emissions is recognized according to actual emissions.

Taxes

The Group income statement includes current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes. Tax effect relating to items recognized directly to equity or comprehensive income, is recognized to equity or comprehensive income.

Deferred tax assets and liabilities are recognized using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values for IFRS reporting purposes. Deferred tax is not recognized for non-deductible goodwill and differences in investments in subsidiaries to the extend that they probably will not reverse in the foreseeable future.

Deferred tax is not recognized in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. In the determination of deferred income tax the enacted tax rate is used.

Principal temporary differences arise from tangible fixed assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit pension plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

Equity, dividends and own shares

Dividends proposed by the Board of Directors are not recorded in the financial statements until the shareholders at the Annual General Meeting have approved them.

When Huhtamäki Oyj's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Financial instruments are included in Group's equity if it does not contain a contractual obligation for issuer to deliver cash or other financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions which are unfavorable to the issuer.

Revenue recognition

As net sales is presented the sales income adjusted with sales discounts, indirect sales taxes and exchange rate differences relating to foreign currency sales. Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. Principal rule in revenue recognition takes place at the date of delivery according to delivery terms.

Grants

Government or other grants are recognized in the income statement on a systematic basis in the same periods in which the expenses are incurred. Investment grants are presented in statement of financial position as deferred income and recognized as income on a systematic basis over the useful life of the asset. These grants are included in other operating income. Government grants relating to emissions are accrued based on actual emissions.

Other operating income and expense

Other operating income includes gains from disposal of assets and regular income, such as royalty and rental income, which have not been derived from primary activities.

Other operating expenses include losses from disposal of assets and other costs not directly related to production or sale of products such as amortization of software and goodwill impairment losses.

Non-recurring items

Material restructuring cost, material impairment losses and reversals, material gains and losses relating to business combinations and disposals and material gains and losses relating to sale of fixed assets are presented as non-recurring items.

Earnings before interest and taxes

Earnings before interest and taxes is net sales less costs of goods sold, sales and marketing expenses, research and development costs, administration costs, other operating expenses plus other operating income. Foreign exchange gains and losses and changes of fair value of the derivative financial instruments relating to business are included in earnings before interest and taxes.

Use of estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, which form the basis of making the judgments about carrying values. These estimates and assumptions are reviewed on an ongoing basis. Possible effect of the changes in estimates and assumptions are recognized during the period they are changed. The estimates and assumptions that have a significant risk of causing adjustment to the carrying value of assets within next financial year relates to impairment testing, the measurement of pension liabilities, litigation and tax risks, restructuring plans, provision for inventory obsolescence and the probability of deferred tax assets being recovered against future taxable profits.

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. More information about the sensitivity of recoverable amount relating to used assumptions can be find in note 11.

New IAS/IFRS standards and interpretations

New standards, amendments and interpretations have been published and are not mandatory and which the Group has not adopted:

- IFRIC 19 Extinguishing Financial Liabilities with Equity instruments. (effective of July 1, 2010 or after). The interpretation clarifies that equity instrument issued to a creditor to extinguish a financial liability qualify as consideration paid. The interpretation will have no effect on consolidated financial statements.
- Amended IFRIC 14 Prepayments of a minimum funding requirements (effective from accounting periods beginning of January 1, 2011 or after). The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The change is not expected to have any impact on consolidated financial statements.
- Amended IAS 24 Related Party Disclosures (effective of January 1, 2011 or after). The amendment clarifies the definition of related party and revises the disclosure requirement for government related entities.
- IFRS 9 Financial Instruments: Classification and Measurement (effective of January 1, 2013 or after). IFRS 9 is the first phase of the replacement of IAS 39. The first phase will have effect on the classification of financial assets. The group will assess the effect of phase one with other phases.
- Improvements to IFRS (May 2010). The changes differ by standard, but are not significant considering the financial statements.

Notes to the consolidated financial statements

1. RESTRUCTURING COSTS

In 2010 the Group did not have any restructuring cost. 2009 restructuring costs related to the divestment of the release paper business and the resulting restructuring of the operations in Forchheim, Germany.

Restructuring costs represent the costs of reduction in number of employees together with the writing down of manufacturing assets. The costs of the restructuring program have been included within reported Earnings before interest and taxes under the appropriate expense classifications within the consolidated income statement and are as follows:

EUR million	2010	2009
Cost of goods sold	-	3.1
Sales and marketing	-	0.7
Total	**-**	**3.8**

2. SEGMENT INFORMATION

The Group's reportable segments are strategic business units, which produce different products and which are managed as a separate units. The Group's segment information is based on Management's internal reporting. The Group has following five reportable segments:

Flexible Packaging: Flexibles business is organized as a global segment. Flexibles are used for food and pet food packaging as well as non-food consumer packaging.

Films: Films business is organized as a global segment. Films are mainly used for technical applications in the label, adhesive tape, hygiene and health care industries, as well as building and construction, automotive, packaging and graphic arts industries.

North America: The segment includes the Rigid and Molded Fiber business in North America and Mexico. Rigid paper and plastic packaging, which serves ice-cream and other consumer goods as well as foodservice markets, is completed with Molded Fiber Chinet® disposable tableware products.

Molded Fiber: The segment includes the Rough Molded Fiber business in Europe, Oceania, Africa and South America. Rough molded fiber is used to make fresh product packaging, such as egg and fruit packaging.

Foodservice Europe-Asia-Oceania: Foodservice paper and plastic disposable tableware is supplied to foodservice operators and fast food restaurants.

In the Group assessment of performance and decisions about allocation of resources is based on segment's potential to generate earnings before interest and taxes (Ebit), operating cash flow and return on net assets. Management's opinion is that these are most suitable key indicators to analyze the segments performance. In above mentioned assessments to allocate resources Chief Executive Officer is the highest decision maker.

Segment net assets include items directly attributable to a segment and items which can be allocated on reasonable basis. Net assets comprise intangible assets (including goodwill), tangible assets, inventories, trade and other receivables, accrued income and prepayments, trade payables, other payables and accrued expense. Capital expenditure includes acquisition of tangible assets and intangible assets which will be used more than one reporting period. Intersegment pricing is based on fair market value.

Other activities include rigid plastics business in Italy, unallocated corporate costs and royalty income and related net assets. Unallocated items include employee benefits, taxes, financial items, investments in associated companies.

Segments 2010

EUR million	Flexible Packaging	Films	North America	Molded Fiber	Foodservice Europe-Asia-Oceania	Segments total
Net sales	523.1	159.1	532.4	232.6	447.9	1,895.1
Intersegment net sales	1.5	4.6	3.2	0.3	19.7	29.3
EBIT	34.3	10.8	45.4	21.9	24.5	136.9
Net Assets	328.2	118.8	369.8	173.1	238.5	1,228.4
Capital Expenditure	12.8	7.5	22.3	15.8	18.6	77.0
Depreciation and amortisation	19.5	5.9	19.2	12.5	20.3	77.4
RONA, % (12m roll.)	10.7%	9.1%	11.9%	12.7%	10.6%	-
Operating Cash Flow	34.6	5.7	59.0	23.1	21.8	-

Segments 2009

EUR million	Flexible Packaging	Films	North America	Molded Fiber	Foodservice Europe-Asia-Oceania	Segments total
Net sales	461.4	150.8	525.0	207.5	429.9	1,774.6
Intersegment net sales	2.9	3.6	3.7	0.1	19.7	30.0
EBIT*	28.4	-2.7	55.5	17.6	16.3	115.1
Net Assets	305.5	111.0	364.8	166.0	225.7	1,173.0
Capital Expenditure	10.9	1.1	16.8	6.8	11.5	47.1
Depreciation and amortisation	18.9	6.1	21.8	12.0	20.5	79.3
RONA, % (12m roll.)	8.8%	-2.2%	14.8%	10.5%	6.9%	-
Operating Cash Flow	81.8	23.5	55.9	18.4	32.9	-
*includes restructuring cost of	-	3.8	-	-	-	3.8

Reconciliation calculations

Net Sales

EUR million	2010	2009
Net sales for reportable segments	1,895.1	1,774.6
Intersegment net sales for reportable segments	29.3	30.0
Net sales for other activities	59.9	60.2
Elimination of intercompany net sales	-32.5	-33.0
Continuing Operations net sales	**1,951.8**	**1,831.8**

Result

EUR million	2010	2009
Total EBIT for reportable segments	136.9	115.1
EBIT for other activities	-2.6	-3.2
Net financial items	-14.2	-25.8
Income of associated companies	0.6	0.6
Continuing operations result before taxes	**120.7**	**86.7**

Assets

EUR million	2010	2009
Total assets for reportable segments	1,556.0	1,442.4
Assets in other activities	60.8	57.1
Assets in discontinued operations	-	72.5
Unallocated assets	248.3	186.6
Groups total assets	**1,865.1**	**1,758.6**

Liabilities

EUR million	2010	2009
Total liabilities for reportable segments	327.6	269.4
Liabilities in other activities	33.0	30.7
Liabilities in discontinued operations	-	31.3
Unallocated liabilities	655.8	690.6
Groups total liabilities	**1,016.4**	**1,022.0**

Geographical information

In presenting information on geographical basis revenues are reported based on the selling entity's location. Assets are reported based on geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

2010

EUR million	External Net Sales from continuing operations	Non-current assets
United States	554.9	347.8
Germany	487.5	229.0
India	116.1	52.9
Great Britain	87.2	33.5
Australia	78.9	33.6
Thailand	61.9	38.8
Netherlands	60.4	38.2
Italy	57.4	20.4
Other countries	447.5	251.2
Total	**1,951.8**	**1,045.4**

2009

EUR million	External Net Sales from continuing operations	Non-current assets
United States	547.1	329.2
Germany	475.3	235.9
India	84.9	51.9
Great Britain	81.0	33.0
Australia	70.2	29.4
Italy	57.8	20.1
Netherlands	53.4	36.9
Other countries	462.1	297.8
Total	**1,831.8**	**1,034.2**

3. DISCONTINUED OPERATIONS

Related to execution of the strategic review of the Rigid Consumer Goods Plastics segment, the majority of European Rigid Consumer Goods Plastics operations were sold to Island Acquisitions S.á r.l., an affiliate of Sun European Partners, LLP, on December 22, 2010. In 2009 during the second quarter of the year the Consumer Goods business in South America was sold to subsidiaries of Bemis Company, Inc. Furthermore, the Expanded Polystyrene (EPS) packaging business in Australia was sold to Pact Group Pty Ltd. The remaining Consumer Goods business in Australia was sold to Alto Manufacturing Pty Ltd, a subsidiary of Pact Group Pty Ltd in the fourth quarter of the year. The results and net cash flow of the sold operations are as follows:

EUR million	2010	2009
Results of the discontinued operations:		
Net sales	154.7	205.9
Expenses	-142.2	-188.6
Result before taxes	**12.5**	**17.3**
Income taxes	-0.3	-1.0
Result after taxes	**12.2**	**16.3**
Sales result of divestment	-2.0	-10.1
Result for the period from discontinued operations	**10.2**	**6.2**

EUR million	2010	2009
Net cash flow of the discontinued operations:		
Cash flow from operating activities	3.4	26.7
Cash flow from investing	-6.4	-4.2
Net cash flow	**-3.0**	**22.5**

It is impractical to present cash flow from financing as the units were financed internally by Group.

4. OTHER OPERATING INCOME

EUR million	2010	2009
Royalties	7.0	7.2
Gain on disposal of fixed assets	3.3	2.0
Workers' compensation premium	2.4	2.5
Other	9.3	3.3
Total	**22.0**	**15.0**

5. OTHER OPERATING EXPENSES

EUR million	2010	2009
Amortization other intangible assets	6.1	5.6
Workers' compensation expense	2.4	3.3
Other	0.8	0.0
Total	**9.3**	**8.9**

6. PERSONNEL EXPENSES

EUR million	2010	2009
Wages and Salaries	342.9	348.7
Compulsory social security contributions	42.0	41.5
Pensions		
Defined benefit plans	8.5	9.2
Defined contribution plans	8.8	8.0
Other post employment benefits	2.1	1.9
Share based payments	4.0	3.2
Other personnel costs	23.3	26.9
Total	**431.6**	**439.4**

Remuneration paid by the parent company to the members of the Board of Directors (9 people) as well as the Managing Director of Huhtamäki Oyj amounted to 2.0 MEUR. The Managing Director of Huhtamäki Oyj is entitled to retirement at the age of 60. (See note 29)

Average number of personnel	2010	2009
Group	12,827	13,735
Huhtamäki Oyj	51	49

Average number of Group personnel includes discontinued operations.

7. DEPRECIATION AND AMORTIZATION

EUR million	2010	2009
Depreciation and amortization by function:		
Production	67.4	69.6
Sales and marketing	0.2	0.1
Research and development	0.2	0.2
Administration	1.2	1.9
Other	10.3	9.3
Total	**79.3**	**81.1**
Depreciation and amortization by asset type:		
Buildings	9.4	9.2
Machinery and equipment	59.1	61.8
Other tangible assets	4.7	4.6
Other intangible assets	6.1	5.5
Total	**79.3**	**81.1**

8. NET FINANCIAL ITEMS

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Taxes reported in other financial expenses are taxes payable in some jurisdictions on financial transactions. Only FX revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items.

EUR million	2010	2009
Interest income on bank deposits and other receivables	5.3	1.8
Dividend income on available for sales asset	0.4	0.4
Gain on fair value hedges	-	0.2
FX revaluation gains on interest bearing assets and liabilities	-	21.7
Other financial income	**-**	**21.9**
Interest expense on liabilities	-18.9	-27.0
Loss on fair value hedges	-	-0.3
FX revaluation losses on interest bearing assets and liabilities	-0.3	-21.6
Bank fees, taxes and stock exhange expenses	-0.7	-1.0
Other financial expense	**-1.0**	**-22.9**
Total	**-14.2**	**-25.8**

9. TAXES IN INCOME STATEMENT

EUR million	2010	2009
Current Period taxes	14.0	9.1
Previous period taxes	-9.1	-3.6
Deferred tax expense	11.3	13.9
Total tax expense	**16.2**	**19.4**
Result before taxes	120.7	86.7
Tax calculated at domestic rate	31.4	22.5
Effect of different tax rates in foreign subsidiaries	-1.9	-1.3
Income not subject to tax	-10.1	-8.7
Expenses not deductible for tax purposes	12.9	8.1
Utilisation of previously unrecognised tax losses	-6.3	-1.9
Previous period taxes	-9.1	-3.6
Other items	-0.7	4.3
Total tax charge	**16.2**	**19.4**

Tax effects relating to components of other comprehensive income

	2010			2009		
EUR million	**Before tax amount**	**Tax expense/ benefit**	**Net of tax amount**	**Before tax amount**	**Tax expense/ benefit**	**Net of tax amount**
Fair value and other reserves	1.9	-0.5	1.4	1.2	-0.5	0.7

10. EARNINGS PER SHARE

EUR million	2010	2009
Net income attributable to equity holders of the parent company (basic/diluted)	111.1	71.1
Interest of Hybrid bond	-7.9	-7.9

Thousands of shares	2010	2009
Weighted average number of shares outstanding	101,185	100,539
Effect of issued share options	256	44
Diluted weighted average number of shares outstanding	101,441	100,583

Basic earnings per share, EUR:	2010	2009
From result of the period, continuing operations	1.00	0.65
Attributable to hybrid bond investors	0.08	0.08
Continuing operations	0.92	0.57
From result of the period, discontinued operations	0.10	0.06
Attributable to equity holders of the parent company	1.02	0.63
From result of the period	1.10	0.71

Diluted earnings per share, EUR:	2010	2009
From result of the period, continuing operations	1.00	0.65
Attributable to hybrid bond investors	0.08	0.08
Continuing operations	0.92	0.57
From result of the period, discontinued operations	0.10	0.06
Attributable to equity holders of the parent company	1.02	0.63
From result of the period	1.10	0.71

11. INTANGIBLE ASSETS

EUR million	Goodwill	Intangible rights	Other intangibles (including software)	Total 2010
Acquisition cost at 1 January 2010	545.7	3.2	79.6	**628.5**
Additions	-	0.9	0.5	**1.4**
Disposals	-	-1.2	-3.3	**-4.5**
Intra-balance sheet transfer	-	0.6	1.1	**1.7**
Changes in exchange rates	7.7	0.2	2.3	**10.2**
Acquisition cost at 31 December 2010	553.4	3.7	80.2	**637.3**
Accumulated amortisation and impairment at 1 January 2010	150.9	0.4	49.7	**201.0**
Accumulated amortisation and impairment on disposals and transfers	-	0.1	-1.3	**-1.2**
Amortisation during the financial year	-	0.1	6.1	**6.2**
Changes in exchange rates	1.7	0.1	2.0	**3.8**
Accumulated amortisation and impairment at 31 December 2010	152.6	0.7	56.5	**209.8**
Book value at 31 December 2010	**400.8**	**3.0**	**23.7**	**427.5**

EUR million	Goodwill	Intangible rights	Other intangibles (including software)	Total 2009
Acquisition cost at 1 January 2009	546.5	3.3	76.9	**626.6**
Additions	-	1.1	0.2	**1.3**
Disposals	-5.6	-1.6	-2.7	**-9.9**
Intra-balance sheet transfer	-	0.1	4.2	**4.3**
Changes in exchange rates	4.8	0.3	1.0	**6.2**
Acquisition cost at 31 December 2009	545.7	3.2	79.6	**628.5**
Accumulated amortisation at 1 January 2009	144.1	0.1	45.6	**189.7**
Accumulated amortisation on disposals and transfers	-	0.1	-2.8	**-2.7**
Amortisation during the financial year	-	0.0	5.7	**5.7**
Changes in exchange rates	6.8	0.2	1.2	**8.2**
Accumulated amortisation at 31 December 2009	150.9	0.4	49.7	**201.0**
Book value at 31 December 2009	**394.8**	**2.8**	**29.9**	**427.5**

Emission rights are included in other intangible assets and are valued at fair value at 4. January 2010. The value of emission rights included in balance sheet closing data was 0.9 million euros. The Group has not sold any emission rights by book closing 2010. 368,209 emission rights have been allocated to the Group for the commitment period 2008-2012. In 2010 the emission allowance surplus was 5,731 allowances.

Impairment test for cash-generating units containing goodwill

Goodwill acquired through business combinations has been allocated to the level of groups of cash-generating units that is expected to benefit from the synergies of the acquisition, which represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill has been allocated to following groups of cash-generating units:

EUR million	2010	2009
Flexibles Europe	81.1	81.1
Films Europe and North America	41.5	41.5
Molded Fiber Europe	47.3	47.3
North America	185.6	179.8
	355.5	**349.7**
Multiple units with smaller goodwill amount	45.3	45.1
	400.8	**394.8**

The multiple units with smaller goodwill represent smaller scale units in different segments.

Goodwill has been tested for impairment and as the recoverable value of the groups of the cash-generating units has been higher than the carrying value, no impairment charges has been recognized.

Goodwill is tested annually or more frequently if there are indications that amounts might be impaired. In assessing whether goodwill has been impaired, the carrying value of the group of cash-generating units has been compared to the recoverable amount of the group of cash-generating units. The recoverable amount is based on value in use, which is estimated using a discounted cash flow model. The cash flows are determined using five year cash flow forecasts, which are based on business plans. The plans are based on past experience as well as future expected market trend. The plans are approved by Management and are valid when impairment test is performed. Cash flows for future periods are extrapolated using a one per cent growth rate in developed countries, two per cent growth rate in developing countries and four per cent growth rate in high growth countries. Management view these growth rates as being appropriate for the business, given the long time horizon of the testing period. The pre-tax discount rate used in calculations reflects the weighted average cost of capital and risks to the asset under review. The pre-tax discount rates used in discounting the projected cash flows are as follows: Flexibles Europe 7.1 (2009: 8.9) percent, Films Europe and North America 7.0 (2009: 8.5) percent, Molded Fiber Europe 8.1 (2009: 9.1) percent and North America 7.0 (2009: 8.2) percent. The pre-tax discount rates used in the smaller scale units with smaller goodwill range from 8.4 to 16.7 (2009: 9.9 percent to 20.5) percent.

Sensitivity analysis around the base assumptions have been performed and management believes that any reasonably possible change in the key assumptions (EBIT and discount rates) would not cause carrying amount of cash-generating unit to exceed its recoverable amount.

12. TANGIBLE ASSETS

EUR million	Land	Buildings and con-structions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2010
Acquisition cost at 1 January 2010	23.6	285.3	1,056.4	27.2	41.6	**1,434.2**
Additions	-	3.5	11.5	73.2	1.1	**89.3**
Disposals	-1.3	-32.5	-187.0	-7.3	-4.4	**-232.5**
Intra-balance sheet transfer	-	3.5	47.8	-55.0	2.0	**-1.7**
Changes in exchange rates	1.6	14.9	56.1	4.5	2.4	**79.5**
Acquisition cost at 31 December 2010	23.9	274.7	984.8	42.6	42.7	**1,368.8**
Accumulated depreciation at 1 January 2010	1.2	123.4	677.7	-	27.6	**830.0**
Accumulated depreciation on decreases and transfers	-0.1	-21.1	-167.3	-	-3.9	**-192.4**
Depreciation during the financial year	-	8.6	62.1	-	4.7	**75.4**
Changes in exchange rates	-0.2	5.2	34.4	-	1.6	**41.0**
Accumulated depreciation at 31 December 2010	0.9	116.1	606.9	-	30.0	**754.0**
Book value at 31 December 2010	**23.0**	**158.6**	**377.9**	**42.6**	**12.7**	**614.8**
Value of Financial leased items included in Book value 2010	**-**	**2.7**	**-**	**-**	**-**	**2.7**

Depreciation during the financial year includes 1.9 million euros (2009: 7.5 million euros) from discontinued operations.

EUR million	Land	Buildings and con-structions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2009
Acquisition cost at 1 January 2009	25.3	298.5	1,120.2	39.0	44.6	**1,527.6**
Additions	-	2.0	8.1	39.7	0.6	**50.4**
Disposals	-2.6	-24.5	-133.8	-2.4	-4.5	**-167.8**
Intra-balance sheet transfer	-	5.3	43.8	-53.1	-0.3	**-4.3**
Changes in exchange rates	0.9	4.0	18.1	4.0	1.2	**28.3**
Acquisition cost at 31 December 2009	23.6	285.3	1,056.4	27.2	41.6	**1,434.2**
Accumulated depreciation at 1 January 2009	1.2	117.9	705.9	-	26.4	**851.3**
Accumulated depreciation on decreases and transfers	0.0	-7.3	-106.9	-	-4.7	**-118.9**
Depreciation during the financial year	-	10.3	67.8	-	4.8	**82.9**
Impairments	-	-0.2	-	-	-	**-0.2**
Changes in exchange rates	0.0	2.7	10.9	-	1.1	**14.8**
Accumulated depreciation at 31 December 2009	1.2	123.4	677.7	-	27.6	**830.0**
Book value at 31 December 2009	**22.4**	**161.9**	**378.7**	**27.2**	**14.0**	**604.2**
Value of Financial leased items included in Book value 2009	**-**	**-**	**-**	**-**	**0.3**	**0.3**

13. INVESTMENTS IN ASSOCIATED COMPANIES

The Group has investments in the following associates:

Company	Country	Ownership 2010	Ownership 2009
Arabian Paper Products Co.	Saudi-Arabia	40.0%	40.0%
Hiatus B.V.	Netherlands	50.0%	50.0%

EUR million	2010	2009
Book value at January 1	2.5	1.9
Share of results	0.6	0.6
Book value at December 31	**3.1**	**2.5**

Summary financial information on associates (100%) is as follows:

2010

EUR million	Holding %	Assets	Liabilities	Equity	Net Sales	Result for the period
Arabian Paper Products Co., Saudi-Arabia	40.0	8.9	2.1	6.8	11.9	1.4
Hiatus B.V., Netherlands	50.0	2.5	1.2	1.3	2.7	0.3

2009

EUR million	Holding %	Assets	Liabilities	Equity	Net Sales	Result for the period
Arabian Paper Products Co., Saudi-Arabia	40.0	9.8	4.7	5.1	11.6	1.6
Hiatus B.V., Netherlands	50.0	2.2	1.2	1.0	2.4	0.5

14. JOINT VENTURES

The Group has investments in the following joint ventures:

Name	Holding 2010	Holding 2009
Laminor S.A., Brazil	50.0%	50.0%

Included in the consolidated financial statements are the following items that represent the Group`s interest in the assets and liabilities, revenues and expenses of the joint venture.

EUR million	2010	2009
Non-current assets	5.0	4.8
Current assets	7.8	6.1
Non-current liabilities	-0.2	-0.2
Current liabilities	-3.1	-4.2
Net assets / (liabilities)	**9.5**	**6.5**
Income	14.6	14.3
Expenses	-12.5	-13.2
Result for the period	**2.1**	**1.1**

15. AVAILABLE-FOR-SALE INVESTMENTS

Available for sale investments include listed and unlisted shares. Listed shares are measured at fair value. For unlisted shares the fair value cannot be measured reliably, in which case the investment in carried at cost.

EUR million	2010	2009
Book value at January 1	1.9	1.9
Disposals	-0.6	-
Change in fair value	-0.1	-
Book value at December 31	**1.2**	**1.9**

16. INTEREST BEARING RECEIVABLES

EUR million	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Current				
Loan receivables	35.2	35.2	18.9	18.9
Finance lease receivables	0.2	0.2	0.5	0.4
Current interest bearing receivables	**35.4**	**35.4**	**19.4**	**19.3**
Non-Current				
Loan receivables	10.9	10.9	10.2	9.6
Finance lease receivables	1.0	1.0	0.8	0.8
Non-Current interest bearing receivables	**11.9**	**11.9**	**11.0**	**10.4**

Fair values have been calculated by discounting future cashflows of each major receivable at the appropriate market interest rate prevailing at closing date. Receivables payable on demand have a fair value equal to their carrying amount, which would be recovered if the receivables were disposed of at closing date.

Finance lease receivables

EUR million	2010	2009
Finance lease receivable is payable as follows:		
In less than one year	0.2	0.5
Between one and five years	1.1	0.8
Total minimum lease payments	**1.3**	**1.3**
Present value of minimum lease payments		
In less than one year	0.2	0.4
Between one and five years	1.0	0.8
Total present value of minimum lease payments	**1.2**	**1.2**
Unearned future financial income	**0.1**	**0.1**

Finance lease receivables relate to packaging machines leased to customers.

17. DEFERRED TAXES

EUR million	2010	2009
Deferred Tax assets by types of temporary differences		
Tangible assets	1.1	5.0
Employee benefit	14.8	12.7
Provisions	4.4	3.8
Unused tax losses	10.4	14.8
Other temporary differences	16.4	19.5
Total	**47.1**	**55.8**
Deferred tax liabilities		
Tangible assets	42.4	44.3
Employee benefit	25.9	22.2
Other temporary differences	17.5	15.3
Total	**85.8**	**81.8**
Net deferred tax liabilities	38.7	26.0
Reflected in statement of financial position as follows:		
Deferred tax assets	13.0	16.5
Deferred tax liabilities	51.7	42.5
Total	**38.7**	**26.0**

December 31, 2010 the Group had EUR 172 million (2009: EUR 176 million) worth of deductable temporary differences, for which no deferred tax asset was recognised. EUR 95 million of these temporary differences have unlimited expiry, EUR 72 million expire later than in five years and EUR 5 million expire in five years.

Deferred taxes recognized directly in other comprehensive income are presented in note 23.

18. EMPLOYEE BENEFITS

The Group has established a number of defined pension schemes for its personnel throughout the world. The US, UK and Germany are the major countries having defined benefit plans comprising approximately 90% of the Group consolidated defined benefit obligation for pensions and other post-retirement benefits.

The defined benefit plans are organised through a pension fund or insurance company. The assets of these plans are segregated from the assets of the Group.

Subsidiaries' funding of the plans meet local authority requirements. In these defined benefit plans the pensions payable are based on salary level before retirement and number of service years. Some schemes can include early retirement. The computations for defined benefit obligations and assessment of the fair value of assets at closing date have been made by qualified actuaries.

The Group has also post-employment medical benefit schemes, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes.

EUR million	2010	2009
The amounts recognized in the statement of financial position:		
Present value of funded obligations	407.3	372.7
Fair value of plan assets	-345.5	-317.7
Present value of unfunded obligations	44.5	49.5
Unrecognised actuarial gains (-) or losses (+)	-66.1	-59.6
Unrecognised assets	0.1	-
Net asset (-) or liability (+)	**40.3**	**44.9**
Reflected to statement of financial position as follows:		
Pension assets	61.3	57.9
Pension liabilities	101.7	102.8
Expenses recognised in the income statement:		
Current service cost	6.1	6.1
Interest cost	22.5	19.3
Expected return on plan assets	-20.7	-17.2
Actuarial gains (-) or losses (+)	1.8	2.3
Effect of any curtailments or settlements	0.4	0.2
Total defined benefit expenses	**10.1**	**10.7**
Actual return of pension assets	**22.2**	**20.3**
The expenses of defined benefit plans are allocated by function as follows:		
Cost of goods sold	6.5	5.6
Sales and marketing	0.8	1.0
Administration costs	2.8	4.1
Functional split of expense	**10.1**	**10.7**
Movements in the present value of the defined benefit obligation:		
Defined benefit obligation at January 1	422.2	384.6
Translation difference	13.5	1.2
Service cost	7.4	8.3
Interest cost	22.4	21.9
Actuarial gains (-) or losses (+)	15.3	35.2
Gains (-) or losses (+) on curtailments or settlements	-0.4	-0.3
Liabilities extinguished on settlements	-2.9	-4.9
Benefits paid	-24.2	-23.8
Discontinued operations	-1.5	-
Defined benefit obligation at December 31	**451.8**	**422.2**

Movement in the fair value of the plan assets are as follows:	2010	2009
Fair value of plan assets at January 1	-317.7	-295.8
Translation difference	-12.1	-1.1
Expected return on plan assets	-21.6	-19.2
Actuarial gains (-) or losses (+)	-8.2	-16.7
Assets distributed on settlements	2.5	4.9
Contribution by employer	-3.4	-4.2
Contribution by employee	-1.1	-1.1
Benefits paid	16.1	15.5
Fair value of plan assets at December 31	**-345.5**	**-317.7**

Expected contribution to defined contribution plans during 2011 are 11.8 million euros.

The major categories of plan assets as percentage of total plan assets:	2010	2009
European equities %	14.6	14.7
North American equities %	12.4	10.7
European bonds %	8.7	10.6
North American bonds %	22.8	22.8
Property %	1.6	1.3
Other %	39.9	39.9
	100.0	**100.0**

The expected return on plan assets was determined by considering the expected returns available on the assets. Expected returns on equity and property investment reflect long-term real rates of return experienced in the respective markets. The returns on fixed interest investments are based on terms of agreements.

Principal actuarial assumptions:	2010	2009
Discount rate (%)		
Europe	4.4–5.5	4.0–5.8
Americas	5.1–8.4	5.7–5.8
Asia, Oceania, Africa	8.0–8.4	8.3–9.3
Expected return on plan asset (%)		
Europe	5.0–6.9	5.3–7.0
Americas	7.2–8.0	7.2
Future salary increases (%)		
Europe	2.0–4.1	2.0–4.2
Americas	4.3	4.3
Asia, Oceania, Africa	7.3–8.1	7.3
Future pension increases (%)		
Europe	1.3–3.5	1.5–3.7
Americas	5.0	-
Employees opting for early retirement (%)		
Europe	3.4–16.7	1.4–5.9
Annual increase in healthcare costs (%)		
Americas	8.2	8.5
Asia, Oceania, Africa	6.3	7.2
Future change in max. state healthcare benefit (%)		
Americas	8.2	8.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

One percentage point change in assumed healthcare cost trend would have the following effects on defined benefit obligation:	2010	2009
1% p. increase of healthcare	2.8	2.8
1% p. decrease of healthcare	-2.4	-2.4

Amounts for the current and previous periods are as follows:	**2010**	**2009**	**2008**	**2007**	**2006**
Defined benefit obligation	410.0	379.5	337.9	360.3	408.4
Fair value of plan assets	-345.5	-317.7	-295.8	-350.5	-362.5
Surplus/(deficit)	64.5	61.8	-42.1	-9.8	-45.9
Experience adj.on pension plan liabilities	-0.6	2.9	-0.1	-1.2	0.6
Experience adj.on pension plan assets	6.2	9.8	2.5	1.8	4.2
Post-employment medical benefits and other defined benefits					
Defined benefit obligation	41.8	42.7	46.7	51.2	61.1
Experience adj. on other plan liabilities	-3.5	-1.9	0.1	-3.9	2.0

19. INVENTORIES

EUR million	**2010**	**2009**
Raw and packaging material	86.1	75.1
Work-In-Process	45.8	32.1
Finished goods	131.1	126.2
Advance payments	2.2	2.7
Inventories total	**265.2**	**236.1**

The value at cost for finished goods amounts to EUR 142.6 million (2009: EUR 137.3 million). An allowance of EUR 13.7 million (2009: EUR 13.8 million) has been established for obsolete items. The total inventories include EUR 2.2 million resulting from reversals of previously written down values (2009: EUR 2.4 million). 2010 work-in-process includes EUR 7.7 million previous period error correction. As error ralates to several prior periods and it is impractical to determine the period specific effect on comparable information, the opening balance of inventory and equity of current period was restated.

20. TRADE AND OTHER CURRENT RECEIVABLES

EUR million	**2010**	**2009**
Trade receivables	261.2	259.6
Other receivables	25.8	26.2
Accrued interest and other financial items	3.8	3.1
Other accrued income and prepaid expenses	14.3	16.6
Total	**305.1**	**305.5**

Other accrued income and prepaid expenses include prepayments for goods, accrued royalty income, rebates and other miscellaneous accruals.

Aging and impairment losses of trade receivables at the closing date

EUR million	**Gross 2010**	**Impairment 2010**	**Gross 2009**	**Impairment 2009**
Not past due	231.4	0.6	221.7	1.8
Past due 0–30 days	24.7	0.1	33.2	0.2
Past due 31–120 days	6.5	1.0	7.4	1.1
Past due more than 120 days	7.1	6.8	8.2	7.8
Total	**269.7**	**8.5**	**270.5**	**10.9**

The maximum exposure to credit risk related to trade and other current receivables is equal to the book value of these items.

21. CASH AND CASH EQUIVALENTS

EUR million	2010	2009
Cash and bank	112.0	55.3
Marketable securities	6.7	8.7
Total	**118.7**	**64.0**

22. SHARE CAPITAL OF THE PARENT COMPANY

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2009	105,487,550	358,657,670.00	104,666,771.42	-46,509,623.20	416,814,818.22
Subscription through options rights					
October 27, 2009	14,300	48,620.00	48,334.00	-	96,954.00
November 16, 2009	561,470	1,908,998.00	2,059,675.00	-	3,968,673.00
December 31, 2009	106,063,320	360,615,288.00	106,774,780.42	-46,509,623.20	420,880,445.22
Own shares conveyance	-	-	-	2,159,567.14	2,159,567.14
December 31, 2010	106,063,320	360,615,288.00	106,774,780.42	-44,350,056.06	423,040,012.36

All shares issued are fully paid.

Based on an authorization given at the Annual General Meeting of Shareholders on March 25, 2002, the Company repurchased in total 5,061,089 own shares during 2002 and 2003. After 2003 no own shares have been repurchased and on December 31, 2010 the Board of Directors had no authorization to repurchase own shares. The Annual General Meeting of Shareholders on April 3, 2009 gave the Board of Directors an authorization to resolve upon conveyance of the Company's own shares by April 30, 2012. During 2010 a total of 235,000 shares were conveyed based on the authorization resolved by the Annual General Meeting of Shareholders on April 3, 2009. The conveyance was conducted in accordance with the Performance Share Incentive Plan established by the Board of Directors on February 13, 2008 as part of the incentive and commitment program for the key personnel of the Company and its subsidiaries. Based on the authorization given at the Annual General Meeting of Shareholders on April 3, 2009, a total of 235,000 shares have been conveyed. On December 31, 2010 the Company owns a total of 4,826,089 own shares (December 31, 2009: 5,061,089).

Members of the Board of Directors and the CEO of Huhtamäki Oyj owned on December 31, 2010 a total of 115,148 shares (December 31, 2009: 82,148 shares). These shares represent 0.11% (December 31, 2009: 0.08%) of total number of shares and voting rights in the Company.

Securities Market Act, Chapter 2, Section 6 b

Pursuant to the Securities Market Act (495/1989) Chapter 2, Section 6 b and Degree on the Regular Duty of Disclosure of an Issuer of a Security (VMa 153/2007) Chapter 2, Section 6, the Company shall present information on factors that are likely to have a material effect on a public tender offer to acquire the shares of the Company. In accordance with the aforementioned regulations, the Company states as follows:

The Company has one class of shares. Each share carries one vote at the General Meeting of Shareholders. The Company has one option rights plan in force (Option Rights 2006 Plan).

Section 11 of the Articles of Association of the Company contains provisions concerning the redemption obligation of Shareholders. Election of the members of the Board of Directors and the Managing Director is stipulated in Sections 4, 5 and 8 of the Articles of Association.

At the Annual General Meeting of Shareholders held on April 3, 2009, the Board of Directors was granted authorization to resolve upon conveyance of 5,061,089 Company's own shares. The authorization is valid until April 30, 2012.

Certain agreements relating to financing of the Company as well as supply agreements entered into with certain most significant customers contain terms and conditions upon which the agreement may terminate, if control in the Company changes as a result of a public tender offer.

Distribution by number of shares December 31, 2010

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	4,481	16.7	288,965	0.3
101–1,000	16,097	59.9	7,264,521	6.9
1,001–10,000	5,781	21.5	15,140,811	14.3
10,001–100,000	428	1.6	11,132,157	10.5
100,001–1,000,000	58	0.2	16,232,257	15.3
More than 1,000,000	13	0.1	55,932,097	52.7
Total	**26,858**	**100.0**	**105,990,808**	**99.9**
In the joint book-entry account			72,512	0.1
Number of shares issued			**106,063,320**	**100.0**

Distribution by sector December 31, 2010

Sector	Number of shares	%
Non-profit organizations	26,067,704	24.6
Households	23,198,934	21.9
Nominee-registered shares	21,419,972	20.2
Private companies	12,085,399	11.4
Financial and insurance companies	11,183,367	10.5
Public-sector organizations	6,961,669	6.6
Foreigners	5,073,763	4.8
In the joint book-entry account	72,512	0.1
Number of shares issued	**106,063,320**	**100.0**

Largest registered shareholders December 31, 2010*

Name	Number of shares and votes	%
The Finnish Cultural Foundation	16,131,488	15.2
Ilmarinen Mutual Pension Insurance Company	2,731,224	2.6
OP-Delta Fund	2,400,000	2.3
The Association for the Finnish Cultural Foundation	2,150,000	2.0
Odin Norden	1,850,450	1.7
The State Pension Fund	1,380,745	1.3
OP-Finland Value Fund	1,275,000	1.2
Odin Finland	1,066,278	1.0
Society of Swedish Literature in Finland	1,008,000	1.0
Odin Europa Smb	776,342	0.7
	30,769,527	**29.0**

*Excluding own shares acquired by Huhtamäki Oyj totaling 4,826,089 and representing 4.6% of the total number of shares.

Option rights

Option Rights 2003 Plan

The Annual General Meeting of Shareholders held on March 28, 2003 approved the issue of up to 2,250,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The option rights were marked as follows: 750,000 with 2003 A, 750,000 with 2003 B and 750,000 with 2003 C. The share subscription period for all the option rights under the Option Rights 2003 Plan ended on October 31, 2009 and the last possible subscription date for shares was October 21, 2009. During the year 2009 a total of 575,770 option rights under the Option Rights 2003 Plan were exercised and correspondingly 575,770 new shares were issued and the share capital was increased with EUR 1,957,618. During the validity of the Option Rights 2003 Plan altogether 646,520 new shares were issued and the share capital was increased with EUR 2,198,168. If had been exercised in full, the option rights under the Option Rights 2003 Plan would have entitled to the subscription for a total of 2,250,000 shares whereby the share capital would have been increased by a maximum amount of EUR 7,650,000 representing approximately 2.1 per cent of the outstanding share capital of Huhtamäki Oyj. The option rights 2003 A were listed on NASDAQ OMX Helsinki Ltd as of May 2, 2005, the option rights 2003 B as of May 2, 2006 and the option rights 2003 C as of May 2, 2007. Trading of the option rights under the Option Rights 2003 Plan on NASDAQ OMX Helsinki Ltd ended according to the Rules of the Stock Exchange on the fifth trading day immediately preceding the last possible share subscription date for shares, i.e. on Wednesday October 14, 2009. The following table depicts the share subscription periods and the subscription prices for each option right.

Option Rights 2006 Plan

The Annual General Meeting of Shareholders held on March 27, 2006 approved the issue of up to 3,300,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The option rights are marked as follows: 1,100,000 with 2006 A, 1,100,000 with 2006 B and 1,100,000 with 2006 C. If exercised in full, the option rights under the Option Rights 2006 Plan will entitle to the subscription for a total of 3,300,000 shares whereby the share capital would be increased by a maximum amount of EUR 11,220,000 representing approximately 3.1 per cent of the outstanding share capital of Huhtamäki Oyj. The option rights 2006 A are listed on NASDAQ OMX Helsinki Ltd as of October 1, 2008 and the option rights 2006 B as of October 1, 2009. Huhtamäki Oyj will apply for the listing of the option rights 2006 C on NASDAQ OMX Helsinki Ltd as of April 1, 2011. At the end of the year 2010, the Option Rights 2006 Plan had 127 participants. During the year 2010 no option rights under the Option Rights 2006 Plan were exercised and therefore the share capital has not been increased and no new shares issued. The table below depicts the share subscription periods and the subscription prices for each option right.

Option Right	Number of Shares One Option Right Entitles to Subscribe for	Subscription Price for One Share	Subscription Period
2003 A	1	EUR 6.78	May 2, 2005 – October 31, 2009 [2]
2003 B	1	EUR 9.04	May 2, 2006 – October 31, 2009 [2]
2003 C	1	EUR 11.17	May 2, 2007 – October 31, 2009 [2]
2006 A	1	EUR 16.00 [1]	October 1, 2008 – October 31, 2011 [3]
2006 B	1	EUR 12.82 [1]	October 1, 2009 – October 31, 2012 [3]
2006 C	1	EUR 6.56 [1]	April 1, 2011 – April 30, 2014 [3]

[1] Subscription price before the deduction of the year 2010 dividend.
[2] The period of subscription was annually between May 2 and October 31 on such days as defined by the Board of Directors of the Company.
[3] The period of subscription shall be annually between January 2 and November 15 on such days as defined by the Board of Directors of the Company.

General

The option rights are granted under a service condition. In case the employee ceases to be employed by Huhtamäki Oyj or any of its subsidiaries before the share subscription period has commenced, the option rights will be forfeited. The shares subscribed under the Option Rights 2006 Plan shall entitle to the distribution of dividends of the Company as of the registration of the corresponding increase of the share capital. The right to vote and other shareholders' rights attached to the shares subscribed under the Option Rights 2006 Plan shall become effective as of the registration of the increase of the share capital.

Pursuant to the Company's Option Rights 2006 Plan, an aggregate maximum number of 3,300,000 new shares may be subscribed for in 2011–2014 representing approximately 3.1 per cent of the total number of votes on December 31, 2010.

Information relating to the amount of option rights outstanding in 2010 and 2009

Amount of Option Rights (pcs)	Weighted average exercise price/share EUR 2010	Option rights (pcs) 2010	Shares based on option rights (pcs) 2010	Weighted average exercise price/share EUR 2009	Option rights (pcs) 2009	Shares based on option rights (pcs) 2009
At the beginning of the financial year	11.17	2,706,300	2,706,300	10.61	4,074,466	4,074,466
Granted	6.56	5,000	5,000	10.38	473,400	473,400
Exercised	-	-	-	7.06	-575,770	-575,770
Forfeited and expired	6.56	-41,600	-41,600	10.12	-1,265,796	-1,265,796
At the end of the financial year	11.23	2,669,700	2,669,700	11.55	2,706,300	2,706,300
Exercisable at the end of the period	14.04	1,667,500	1,667,500	14.42	1,667,500	1,667,500

The fair value of options granted is measured using the Black-Scholes model taking into account the terms and conditions of agreement when pricing the options. The expected volatility is based on the historic volatility of Huhtamäki Oyj share and adjusted for any expected changes to future volatility due to publicly available information. Paid dividends are deducted from the exercise price of the options. Therefore the impact of the dividends on the fair value of the option at grant date is not taken into account when pricing the options. The fair value is spread over the period under which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of options that will be vested.

Share option plan	2006 A	2006 B	2006 C
Fair value at grant date	1.30	2.97	1.77
Grant date	August 8, 2006	May 31, 2007	May 31, 2008
Number of outstanding options at December 31, 2010	640,500	1,027,000	1,002,200
Exercise price at grant date	17.56	13.96	7.28
Share price at grant date	13.71	13.30	6.87
Expected volatility (%)	18.0	21.0	23.7
Option life as weighted average at grant date (years)	3.7	3.9	4.3
Risk-free interest rate (%)	3.8	4.6	4.7

Performance share incentive plan 2008–2010

On February 13, 2008 the Board of Directors of the Company decided on establishing a performance share incentive plan to form part of the incentive and commitment program for the key personnel of the Company and its subsidiaries. The plan offers a possibility to earn the Company's shares as remuneration for achieving targets established for the earnings criteria. The plan includes three (3) earnings periods which are calendar years 2008, 2009 and 2010. A possible remuneration shall be paid during the calendar year following each earnings period. The incentive plan was directed to a total of 31 persons in 2010. The aggregate maximum of 720,000 shares and a cash payment equivalent to taxes arising from the reward to the key personnel may be granted under the plan. As the cash proportion of the reward shall, however, be paid an amount equivalent to the transfer date value of the distributable shares in the maximum. The plan requires a receiver to own the shares at least two years following the grant. A receiver must also after the restriction period continue to own the shares at least in an amount equivalent to the value of 50% of his/her annual gross salary, for a period lasting until the end of the employment or service.

The target, Group's earnings per share (EPS) in 2009, set forth in the performance share incentive plan for the earnings period of calendar year 2009 was reached. According to the terms and conditions of the performance share incentive plan a total of 235,000 shares were paid as a reward under the plan in 2010. Fair value of the shares paid on the grant date was EUR 8.71 per share. Pursuant to the IFRS standards, an expense relating to the performance share incentive plan shall be recorded for the financial years 2009–2011. Relating to the performance share incentive plan an expense totaling EUR 1,051,337 has been recorded in the reporting period ending on December 31, 2009 and an expense totaling EUR 1,172,384 in the reporting period ending on December 31, 2010.

The target, Group's earnings per share (EPS) in 2010, set forth in the performance share incentive plan for the earnings period of calendar year 2010 was reached. According to the terms and conditions of the performance share incentive plan a total of 240,000 shares will be paid as a reward under the plan in 2011. Pursuant to the IFRS standards, an expense relating to the performance share incentive plan shall be recorded for the financial years 2010–2012. Relating to the performance share incentive plan an expense totaling EUR 1,385,692 has been recorded in the reporting period ending on December 31, 2010.

Performance share arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a new performance share arrangement to form a part of the long-term incentive and commitment program for the key personnel of the company and its subsidiaries.

The performance share arrangement offers a possibility to earn the Company's shares as remuneration for achieving targets established for the earnings criteria. The arrangement includes annually commencing three-year performance share plans. A possible award shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors.

The aggregate maximum of 400,000 shares and a cash payment equivalent to taxes arising from the award to the key personnel may be granted under each three-year plan. Participants to the plan belonging to the Group Executive Team shall hold at least 50% of the shares received until he/she holds shares corresponding in aggregate to the value of his/her annual base salary. Other participants to the plan shall hold at least 50% of the shares received until he/she holds shares corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2010–2012

The first three-year performance share plan (Performance Share Plan 2010–2012) commenced in 2010 and the possible award will be based on the Group's earnings per share (EPS) in 2012. The award, if any, will be paid during 2013. The Performance Share Plan 2010–2012 is directed to 64 persons.

23. FAIR VALUE AND OTHER RESERVES

EUR million	Hedge reserve
December 31, 2008	**-5.0**
Cash flow hedge result recognised in other comprehensive income	1.6
Cash flow hedge result recognized in profit or loss	-0.4
Cash flow hedge result recognised in statement of financial position	0.0
Deferred taxes	-0.5
December 31, 2009	**-4.3**
Cash flow hedge result recognised in other comprehensive income	1.3
Cash flow hedge result recognised in profit or loss	0.3
Cash flow hedge result recognised in statement of financial position	0.3
Deferred taxes	-0.5
December 31, 2010	**-2.9**

Fair value and other reserves
Fair value and other reserves contain fair value changes of derivative instruments assigned as cash flow hedges. Also deferred tax in equity are reported in fair value and other reserves.

Hybrid bond
Huhtamäki Oyj issued in November 2008 a EUR 75 million hybrid bond to Finnish institutional investors. The coupon rate of the bond is 10.5% per annum. The bond has no maturity but the company may call the bond after three years. The bond is treated as equity in the Group's IFRS financial statements. The issuance of the bond does not dilute holdings of company's shareholders.

Translation differences
Translation differences contain the result arising from the translation of foreign entities' financial statements into euros. Also gains and losses from net investments in foreign entities are reported in translation differences. Hedges of those investments are reported in translation differences, if hedge accounting criteria is met.

Treasury shares
Treasury shares include Huhtamäki Oyj shares purchased by group companies. In 2010 own shares have been conveyed according to share incentive plan, the acquisition price of conveyed shares was EUR 2.1 million.

24. INTEREST BEARING LIABILITIES

EUR million	2010 Carrying amount	Fair value	2009 Carrying amount	Fair value
Current				
Loans from financial institutions				
fixed rate	11.4	11.4	11.5	11.4
floating rate	69.5	69.5	114.2	114.2
Other current loans	72.0	72.0	42.3	42.3
Finance lease liabilities	0.0	0.0	0.4	0.4
Total	**152.9**	**152.9**	**168.4**	**168.3**
Non-current				
Loans from financial institutions				
fixed rate	23.0	22.0	34.4	33.2
floating rate	133.1	133.1	186.4	186.4
Other long-term loans	123.9	123.9	73.4	73.4
Finance lease liabilities	3.0	3.0	0.1	0.0
Total	**283.0**	**282.0**	**294.3**	**293.0**

All interest bearing liabilities are other liabilities than available for sale liabilities or derivative financial instruments defined in IAS 39 and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at closing rate. Effective interest rate for measuring fair values of interest bearing liabilities was 1.1%–2.3%.

Repayment	Loans from financial institutions	Finance lease liabilities	Other loans	Total
2011	80.9		72.0	152.9
2012	132.0	0.3	70.2	202.5
2013	6.0	0.3	0.2	6.5
2014	17.6	0.3	0.2	18.1
2015	0.2	0.3	50.5	51.0
2016–	0.3	1.8	2.8	4.9

Finance lease liabilities

EUR million	2010	2009
Finance lease liabilities are payable as follows:		
In less than one year	0.0	0.4
Between one and five years	1.4	0.1
More than five years	5.4	-
Total minimum lease payments	6.8	0.5
Present value of minimum lease payments		
In less than one year	0.0	0.4
Between one and five years	1.2	-
More than five years	1.8	-
Total present value of minimum lease payments	3.0	0.4
Future finance charges	**3.8**	**0.1**

25. PROVISIONS

Restructuring provisions
Restructuring provisions include various ongoing projects to streamline operations. Provision relates to employee termination benefits.

Tax provisions
Tax provisions are recognized for tax risks mainly due to changes in the corporate structure and intercompany financing structures.

Other provisions
Other provisions include mainly captive insurance provisions relating to workers compensation.

EUR million	Restructuring reserve	Taxes	Other	Total 2010	Total 2009
Provision at 1 January 2010	6.5	39.4	16.0	61.9	68.5
- Translation difference	0.0	1.3	0.0	1.3	0.0
- Provisions made during the year	0.6	-	3.4	4.0	15.0
- Provisions used during the year	-2.8	-	-6.8	-9.6	-14.4
- Unused provisions reversed during the year	-0.3	-6.2	-1.7	-8.2	-7.2
- Discontinued operations	-	-	0.6	0.6	-
Provision at 31 December 2010	**4.0**	**34.5**	**11.5**	**50.0**	**61.9**
Current	1.4	-	1.1	2.5	6.0
Non-current	2.6	34.5	10.4	47.5	55.9

26. TRADE AND OTHER CURRENT LIABILITIES

EUR million	2010	2009
Trade Payables	225.9	196.4
Other Payables	29.5	27.6
Accrued interest expense and other financial items	6.7	6.3
Personnel, social security and pensions	54.8	57.2
Other accrued expenses	46.9	48.3
Total	**363.8**	**335.8**

Other accrued expenses include accruals for purchases of material, rebates and other miscellaneous accruals.

27. CARRYING AMOUNTS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFIED BASED ON IAS 39

EUR million	2010	2009
Financial assets at fair value through profit or loss		
Cash and cash equivalents	118.7	64.0
Derivatives	4.6	3.5
Loans and receivables		
Non-current interest bearing receivables	11.9	11.0
Other non-current assets	4.5	3.0
Current interest bearing receivables	35.4	19.4
Trade and other current receivables	300.5	302.0
Available-for-sale investments	1.2	1.9
Financial assets total	**476.8**	**404.8**
Financial liabilities at fair value through profit or loss		
Derivatives	10.0	9.9
Financial liabilities measured at amortised cost		
Non-current interest bearing liabilities	271.3	294.3
Other non-current liabilities	2.2	5.4
Current portion of long term loans	73.1	67.3
Short term loans	91.5	101.1
Trade and other current liabilities	356.1	325.9
Financial liabilities total	**804.2**	**803.9**

In the balance sheet derivatives are included in the following groups: Non-current interest bearing liabilities, other non-current assets, trade and other current receivables, other non-current liabilities and trade and other current liabilities.

Financial instruments measured at fair value	Quoted prices in active markets	Valuation techniques based on observable market data	Total
Assets			
Fair value through profit and loss			
Currency forwards	-	2.0	2.0
Cross currency swaps	-	2.2	2.2
Electricity forward contracts	0.4	-	0.4
Available-for-sale investments	1.2	-	1.2
Liabilities	1.6	4.2	5.8
Fair value through profit and loss			
Currency forwards	-	4.3	4.3
Interest rate swaps	-	5.7	5.7
	-	10.0	10.0

28. MANAGEMENT OF FINANCIAL RISKS

The objective of the financial risk management is to ensure that the Group has access to sufficient funding in the most cost efficient way and to minimize the impact on the Group from adverse movements in the financial markets.

As defined in the Group Treasury Policy, management of financial risks is guided and controlled by a Finance Committee, led by the CFO.

The Finance Committee reviews risk reports on the Group's interest bearing balance sheet items, commercial flows, derivatives and foreign exchange exposures and approves required measures on a monthly basis.

The Group Treasury Department at the Espoo headquarters is responsible of the Group's funding and risk management and serves the business units in daily financing, foreign exchange transactions and cash management co-ordination.

Currency risk

The Group is exposed to exchange rate risk through cross-border trade within the Group, exports and imports, funding of foreign subsidiaries and currency denominated equities.

Transaction risk: The largest transaction exposures derive from capital flows, imports, exports and royalty receivables. The objective of currency transaction risk management is to protect the Group from negative exchange rate movements. Business units are responsible for actively managing their currency risks related to future commercial cash flows, in accordance with policies and limits defined by the business unit and approved by the Finance Committee. As a rule, commercial receivables and payables recorded on the balance sheet are always fully hedged, as well as 25% of probable flows over a minimum 12-month horizon. Eligible hedging instruments are currency forwards and in authorized subsidiaries also currency options. Business units' counterpart in hedging transactions is mainly Huhtamäki Oyj.

Foreign exchange transaction exposure

EUR million	EUR exposure in companies reporting in GBP		USD exposure in companies reporting in EUR		USD exposure in companies reporting in AUD		AUD exposure in companies reporting in NZD		EUR exposure in companies reporting in RUB	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Trade receivables	0.3	0.7	3.6	1.7	0.0	0.0	2.2	3.1	1.2	1.2
Trade payables	-1.9	-1.1	-0.3	0.0	-0.4	-0.8	0.0	-0.1	-3.2	-4.1
Net balance sheet exposure	-1.6	-0.4	3.3	1.7	-0.4	-0.8	2.2	3.0	-2.0	-2.9
Forecasted sales (12 months)	20.3	15.5	37.4	14.3	5.6	0.0	11.1	15.5	12.6	10.7
Forecasted purchases (12 months)	-33.6	-29.3	-10.7	-1.0	-11.9	-8.2	-1.5	-0.5	-23.6	-12.3
Net forecasted exposure	-13.3	-13.8	26.7	13.3	-6.3	-8.2	9.6	15.0	-11.0	-1.7
Hedges										
Currency forwards (12 months)	8.0	1.3	-8.0	-5.1	3.2	1.0	-8.8	-6.3	0.8	0.0
Currency options (12 months)		2.0								
Total net exposure	**-6.9**	**-10.9**	**22.0**	**9.9**	**-3.5**	**-7.9**	**2.9**	**11.7**	**-12.3**	**-4.5**

Translation risk: As a main rule individual subsidiaries do not carry translation risk as they are financed in local currencies. As an exception, the Finance Committee has approved the use of foreign currency borrowing in countries with high local interest rates, totaling EUR 3.6 million at balance sheet date. The main translation exposures derive from equities and permanent loans, which in substance form a part of the net investment in US and UK subsidiaries. The Group hedges its translation risks selectively by using foreign currency loans and derivatives. Equity hedging decisions are made by the Finance Committee, who in its decision-making considers the hedge's estimated impact on the consolidated income statement and balance sheet ratios, long-term cash flows and hedging cost. At balance sheet date the Group had outstanding translation risk hedges of USD 223 million (thereof USD 160 million in the form of currency loans and USD 63 million in the form of derivatives) and of GBP 20 million (thereof GBP 20 million in the form of currency loans). A 10% appreciation of the EUR versus the USD and GBP would as of the balance sheet date decrease the result before taxes by EUR 3.9 million (EUR 5.0 million in 2009) and the Group consolidated equity by EUR 15.0 million (EUR 38.4 million in 2009).

Interest rate risk

The interest bearing debt exposes the Group to interest rate risk, namely re-pricing- and price risk caused by interest rate movements. Management of interest rate risk is centralized to the Group Treasury. The Group's policy is to maintain in the main currency debt portfolios a duration that matches a benchmark duration range based on the Group's estimated cash flow, selected balance sheet ratios and also the shape of the yield curve. The objective of interest rate risk management is to reduce the fluctuation of the interest charge, enabling a more stable net income. The Group manages interest rate risk by selection of debt interest periods and by using derivatives such as futures, forward rate agreements, interest rate swaps and options.

Currency split and repricing schedule of outstanding net debt including hedges

	December 31, 2010										December 31, 2009		
				Rate sensitivity [1]	Debt repricing in period, incl. derivatives								
Currency	Amount EUR million	Avg. duration	Avg. rate	EUR million	2011	2012	2013	2014	2015	Later	Amount EUR million	Avg. duration	Avg. rate
EUR	128	1.4 y	2.7%	1.0	-11	43	6	6	85	0	164	1.7y	3.9%
USD	73	2.3 y	2.8%	0.0	6	23	15	22	8	0	105	1.7y	4.0%
NZD	28	0.2 y	3.9%	0.2	28	0				0	27	0.4y	4.4%
AUD	22	0.1 y	3.9%	0.2	22	0				0	21	0.0y	3.9%
PLN	18	0.3 y	3.4%	0.1	15	0				3	35	0.1y	3.8%
Other	0	0.6 y	5.5%	0.0	-20	14	1	1	3	2	16	1.1y	6.4%
Total	**270**	**1.3 y**	**3.0%**	**1.6**	**39**	**80**	**22**	**28**	**96**	**5**	**368**	**1.3y**	**4.0%**

[1] Effect of one percentage point rise in market interest rates on Group's net interest expenses over the following 12 months. A similar rise in interest rates would increase Group equity with EUR 1.6 million due to mark-to-market revaluations of interest rate swaps. All other variables, such as FX rates have been assumed constant.

Liquidity and refinancing risk

The Group maintains sufficient liquidity reserves at all times by efficient cash management structures such as cash pools, concentration accounts and overdraft financing facilities. To mitigate the re-financing risk, the Group diversifies funding sources as well as the maturity structure of loans and debt facilities. The Group utilizes a EUR 400 million Finnish commercial paper program and uncommitted credit facilities with relationship banks for short-term financing purposes. At year-end 2010, the Group had committed credit facilities totaling EUR 493 million of which EUR 338 million remained undrawn. Undrawn committed long term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

Debt structure

EUR million	December 31, 2010									December 31, 2009		
				Maturity of facility/loan								
Debt type	Amount drawn	Amount available of committed	Total	2011	2012	2013	2014	2015	Later	Amount drawn	Amount available of committed	Total
Committed revolving facilities	155	338	493	75	400		18			172	316	488
Loans from financial institutions	82		82	59	12	6	6	0	0	100		100
Finance lease liabilities	3		3		0	0	0	0	2	1		1
Other loans	124		124		70	0	0	50	3	116		116
Commercial paper program	72		72	72						75		75
Total	**436**	**338**	**774**	**206**	**482**	**6**	**24**	**51**	**5**	**463**	**316**	**779**

Credit risk

The Group is exposed to credit risk from its commercial receivables and receivables from financial institutions based on short-term investment of liquid funds as well as derivatives transactions. The business units are responsible for the management of commercial credit risk in accordance with policies defined by the business units and approved by the Finance Committee. A Group policy currently in the process of being implemented sets out certain minimum requirements as to credit quality, sales terms and collection. The commercial credit risk is considered low for the group as a whole as the receivable portfolio is diversified and historical credit loss frequency is low (see note 20).

Liquid funds are from time to time invested in short-term bank deposits at relationship banks with a solid credit rating, in government bonds, treasury bills or in commercial papers issued by corporate borrowers with an investment grade rating. Credit risk stemming from receivables from financial institutions, including derivative transaction settlements, is considered small and is managed centrally by the Group Treasury Department and in accordance with limits set by the Finance Committee.

Capital management

The Group's objective is to maintain an efficient capital structure. Consequently, the Group aims to maintain in the long term the net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio in a range between 2–3. Net debt is defined as interest bearing liabilities less interest bearing receivables, cash and cash equivalents.

The Group is subject to a restriction on its net debt to EBITDA ratio through a clause in a key financing agreement. This restriction is not seen hindering the Group's ability to carry out its business or its strategy.

Changes in the capital structure are resulting from capital investments in the business and cash returns to shareholders, which are funded by the stable cash flow.

Capital structure

EUR million	December 31, 2010	December 31, 2009
Interest bearing debt	435.9	462.7
Interest bearing receivables, cash and cash equivalents	166.0	94.4
Net debt	269.9	368.3
Total equity	848.7	736.6
Net debt to equity (Gearing ratio)	0.32	0.50
Net debt to EBITDA (excluding non-recurring items)	1.18	1.66

Nominal values of derivative financial instruments

EUR million	December 31, 2010								December 31, 2009	
	Nominal Value		Maturity Structure						Nominal Value	
Instrument	Gross	Net	2011	2012	2013	2014	2015	Later	Gross	Net
Currency forwards										
for transaction risk										
Outflow		-47							-25	
Inflow		46							26	
for translation risk										
Outflow		-47							-29	
Inflow		47							30	
for financing purposes										
Outflow		-116							-123	
Inflow		113							122	
Currency options										
for transaction risk										
Outflow									-3	
Inflow									3	
Interest rate swaps										
EUR		50	30	20					60	
USD		90	22	22	15	22	7		90	
GBP		12		12					17	
Cross currency swaps										
SEK		-50					-50			
EUR		48					48			
Electricity forward contracts		1	1	0	0				1	

Fair values of derivative financial instruments

EUR million	December 31, 2010			December 31, 2009		
Instrument	Positive Fair values	Negative Fair values	Net Fair values	Positive Fair values	Negative Fair values	Net Fair values
Currency forwards						
for transaction risk [1]	0.9	-1.2	-0.3	0.8	-0.7	0.1
for translation risk [2]	0.1	-0.2	-0.1	1.4	-0.2	1.2
for financing purposes	1.0	-2.9	-1.9	1.2	-1.6	-0.4
Currency options						
for transaction risk				0.0		
Interest rate swaps [3]						
EUR		-1.7			-2.9	
USD		-3.0			-3.3	
GBP		-1.0			-1.2	
Cross currency swaps [4]						
EURSEK	2.2					
Electricity forward contracts [5]	0.4			0.1		

[1] Out of the currency forwards, fair value EUR 0.1 million was designated for cash flow hedges as at December 31, 2010 (EUR 1.7 million as at December 31, 2009) and reported in fair value and other reserves..

[2] Out of the currency forwards, fair value of EUR -0.1 million was designated for hedges of net investment in foreign subsidiaries as at December 31, 2010 (EUR 1.1 million as at December 31, 2009) and reported in translation difference.

[3] Fair values of interest rate swaps include accrued interest. Out of the interest rate swaps, fair value of EUR -5.7 million was designated for cash flow hedges as of December 31, 2010 (EUR -7.4 million as at December 31, 2009) out of which EUR -4.4 million was reported in equity in fair value and other reserves and EUR 1.3 million in profit and loss statement as interest expense.

[4] Out of the cross currency swaps, the foreign exchange revaluation result of EUR 2.2 million was designated for fair value hedges and was reported in net financial items. The interest rate revaluation result of EUR 0.0 million was designated for cash flow hedges and was reported in equity in fair value and other reserves. The fair value includes accrued interest of EUR 0.0 million which was reported in interest expense.

[5] Out of the electricity forward contracts, EUR 0.4 million was designated for cash flow hedges and was reported in equity in fair value and other reserves.

29. RELATED PARTY TRANSACTIONS

Huhtamaki Group has related party relationships with its joint ventures and associated companies, members of the Board of Directors and the Group Executive Team.

Employee benefits of CEO and members of the Group Executive Team

EUR million	2010	2009
Salaries and other short-term employee benefits	3.5	3.1
Share based payments	2.6	1.5

Remuneration of CEO and members of the Board of Directors

thousands euros	2010	2009
CEO Jukka Moisio	1,494	613
Board members		
Mikael Lilius	100	100
Jukka Suominen	66	66
Eija Ailasmaa	54	54
Rolf Börjesson	54	52
Anthony J.B. Simon	53	54
George V. Bayly	52	52
Siaou-Sze Lien	52	38
William R. Barker	38	-
Robertus van Gestel	14	55
Total	**1,977**	**1,084**

Members of the Board of Directors and the Group Executive Team owned a total of 246,648 shares at the end of the year 2010 (2009: 123,648 shares). The members of the Group Executive Team owned a total of 678,000 option rights at the end of the year 2010 (2009: 678,000 option rights). The option rights entitle to a subscription of 678,000 shares in total representing 0.64% of total shares and voting rights (2009: 678,000 shares representing 0.64% of total shares and voting rights). The same terms and conditions apply to the option rights owned by the Group Executive Team members and to those owned by the other option rights holders.

Transactions with associated companies
Transactions with associated companies are carried out at fair market prices as listed below:

EUR million	2010	2009
Purchase of goods	2.6	2.1

Transactions with joint ventures are presented in note 14.

30. OPERATING LEASE COMMITMENTS

EUR million	2010	2009
Operating lease payments		
Not later than 1 year	12.3	12.1
Later than 1 year and not later than 5 years	27.0	21.7
Later than 5 years	28.0	20.2
Total	**67.3**	**54.0**

31. CONTINGENCIES

Capital expenditure commitments

EUR million	2010	2009
Under 1 year	19.7	10.2
Total	**19.7**	**10.2**

	2010	2009
Mortgages:		
For own debt	14.5	14.5
Guarantee obligations:		
For joint ventures & associated companies	-	2.5

Per share data

		2006	2007	2008	2009	2010
Earnings per share	EUR	0.94	-0.22	-1.12	0.63	1.02
Earnings per share (diluted)	EUR	0.93	-0.22	-1.12	0.63	1.02
Dividend, nominal	EUR	0.42	0.42	0.34	0.38	0.44[1]
Dividend/earnings per share	%	44.7	-190.9	-30.4	60.3	43.1[1]
Dividend yield	%	2.8	5.2	7.7	3.9	4.3[1]
Shareholders' equity per share	EUR	8.37	7.70	6.06	6.35	7.40
Average number of shares adjusted for share issue at year end		99,169,003	100,426,461	100,426,461	100,539,283	101,185,001[2]
Number of shares adjusted for share issue at year end		100,426,461	100,426,461	100,426,461	101,002,231	101,237,231[2]
P/E ratio		15.8	-36.9	-3.9	15.4	10.1
Market capitalization at December 31	EUR million	1,494.3	815.5	441.9	979.7	1,047.8
Trading Volume	units	75,644,012	131,050,556	111,628,643	72,744,282	86,717,677
In relation to average number of shares	%	76.3	130.5	111.2	72.4	85.7
Development of share price						
Lowest trading price	EUR	12.21	7.65	4.16	4.46	7.30
Highest trading price	EUR	16.73	15.89	8.36	9.90	10.48
Trading price at Dec 31	EUR	14.88	8.12	4.40	9.70	10.35

[1] 2010: Proposal of the Board of Directors
[2] Excluding treasury shares

Huhtamaki 2006–2010

EUR million	2006	2007	2008	2009	2010
Net sales	2,275.6	2,311.0	2,260.0	1,831.8 [1]	1,951.8 [1]
Increase in net sales (%)	2.2	1.6	-2.2	-18.9 [1]	6.6 [1]
Net sales outside Finland	2,168.2	2,204.2	2,152.6	1,775.4 [1]	1,898.5 [1]
Earnings before interest, taxes, depreciation, amortization and impairment	240.5	231.4	171.5	193.0 [1]	213.6 [1]
Earnings before interest, taxes, depreciation and amortization/ net sales (%)	10.6	10.0	7.6	10.5 [1]	10.9 [1]
Earnings before interest and taxes	145.5	28.1	-74.5	111.9 [1]	134.3 [1]
Earnings before interest and taxes/net sales (%)	6.4	1.2	-3.3	6.1 [1]	6.9 [1]
Result before taxes	109.2	-14.0	-119.7	86.7 [1]	120.7 [1]
Result before taxes/net sales (%)	4.8	-0.6	-5.3	4.7 [1]	6.2 [1]
Result for the period	96.6	-20.2	-110.2	67.3 [1]	104.5 [1]
Total equity	860.4	793.4	702.3	736.6	848.7
Return on investment (%)	9.4	1.8	-4.8	9.6	12.0
Return on shareholders' equity (%)	11.7	-2.4	-14.8	10.1	14.5
Solidity (%)	37.9	36.2	36.0	41.9	45.5
Net debt to equity	0.83	0.94	0.84	0.50	0.32
Current ratio	0.89	1.02	1.31	1.22	1.38
Times interest earned	6.72	5.32	3.85	8.25	16.62
Capital expenditure	154.0	147.9	74.3	52.9	85.8
Capital expenditure/net sales (%)	6.8	6.4	3.3	2.6	4.1
Research & development	19.3	17.8	16.2	14.7 [1]	16.3 [1]
Research & development/net sales (%)	0.8	0.8	0.7	0.8 [1]	0.8 [1]
Number of shareholders (December 31)	21,582	21,424	22,089	22,935	26,858
Personnel (December 31)	14,792	15,092	14,644	12,900	11,687

[1] Continuing business

Key exchange rates in Euros

		2010 Income statement	2010 Statement of financial position	2009 Income statement	2009 Statement of financial position
Australia	AUD	0.6923	0.7613	0.5633	0.6247
Brazil	BRL	0.4283	0.4509	0.3609	0.3982
UK	GBP	1.1652	1.1618	1.1220	1.1260
India	INR	0.0165	0.0167	0.0149	0.0150
Poland	PLN	0.2503	0.2516	0.2309	0.2436
United States	USD	0.7537	0.7484	0.7176	0.6942

Definitions for key indicators

Earnings per share from result for the period =	Result for the period – non-controlling interest / Average number of shares outstanding
Earnings per share from result for the period (diluted) =	Diluted result for the period – non-controlling interest / Average fully diluted number of shares outstanding
Earnings per share attributable to hybrid bond investors =	Hybrid bond interest / Average number of shares outstanding
Earnings per share attributable to hybrid bond investors (diluted) =	Hybrid bond interest / Average fully diluted number of shares outstanding
Earnings per share attributable to equity holders of the parent company =	Result for the period – non-controlling interest – hybrid bond interest of the parent company / Average number of shares outstanding
Earnings per share attributable to equity holders of the parent company (diluted) =	Diluted result for the period – non-controlling interest – hybrid bond interest / Average fully diluted number of shares outstanding
Dividend yield =	100 x issue-adjusted dividend / Issue-adjusted share price at December 31
Shareholders' equity per share =	Total equity attributable to equity holders of the parent company / Issue-adjusted number of shares at December 31
P/E ratio =	Issue-adjusted share price at December 31 / Earnings per share
Market capitalization =	Number of shares outstanding multiplied by the corresponding share prices on the stock exchange at December 31
Return on investment =	100 x (Result before taxes + interest expenses + net other financial expenses) / Statement of financial position total – Interest-free liabilities (average)
Return on equity =	100 x (Result for the period) / Equity + non-controlling interest + hybrid bond (average)
Net debt to equity =	Interest bearing net debt / Equity + non-controlling interest + hybrid bond
Solidity =	100 x (Equity + non-controlling interest + hybrid bond) / Statement of financial position total – advances received
Current ratio =	Current assets / Current liabilities
Times interest earned =	Earnings before interest and taxes + depreciation, amortization and impairment / Net interest expenses
Return on net assets =	100 x Earnings before interest and taxes (12 m roll.) / Net assets (12 m roll.)
Operating cash flow =	Ebit + depreciation and amortization (including impairment) – capital expenditures + disposals +/– change in inventories, trade receivables and trade payables

List of Subsidiaries

The list contains operative companies, holding companies and other subsidiaries with sufficient assets. A complete list is enclosed in the official statutory accounts, which may be obtained from the company on request. Foreign subsidiaries' nominal values are expressed in local currency (1,000). Subsidiaries' book values are expressed in holding company's currency (1,000).

Name	Number of Shares	Size of holding, %		Nominal value		Book value	Group Holding, %
Huhtamäki Oyj's shareholding in subsidiaries:							
Huhtamäki Holding Oy	8	100.0	EUR	8	EUR	1,039,837	100.0
Huhtamaki Finance B.V.	4,900,713	75.0	EUR	490,071	EUR	882,631	100.0
Huhtamäki Foodservice Finland Oy	25,025	100.0	EUR	2,503	EUR	13,172	100.0
Huhtamäki Securities Oy	15	100.0	EUR	3	EUR	3	100.0
Partner Polarcup Oy	78,695	100.0	EUR	13,236	EUR	13,236	100.0
Huhtamaki Hungary Kft	1	100.0	HUF	67,240	EUR	339	100.0
Subsidiary shares owned by Huhtamäki Holding Oy:							
Huhtalux Supra S.à r.l.	46,698,626	100.0	EUR	46,699	EUR	651,164	100.0
Subsidiary shares owned by Huhtalux Supra S.à r.l.:							
Huhtamaki German Holdings Supra B.V.	180	100.0	EUR	18	EUR	86,000	100.0
Subsidiary shares owned by Huhtamaki German Holdings Supra B.V.:							
Huhtamaki German Holdings B.V.	180	100.0	EUR	18	EUR	39,148	100.0
Subsidiary shares owned by Huhtamaki German Holdings B.V.:							
Huhtamaki Vierte Beteiligungs GmbH	1	100.0	EUR	30	EUR	63,939	100.0
Subsidiary shares owned by Huhtamaki Vierte Beteiligungs GmbH:							
Huhtamaki Deutschland GmbH & Co. KG	19,391	75.1	EUR	1,939	EUR	327,898	100.0
Subsidiary shares owned by Huhtamaki Finance B.V.:							
Huhtamaki Turkey Gıda Servisi Ambalajı A.S.	6,999,984	100.0	TRY	7,000	EUR	3,103	100.0
Huhtamaki Holdings Pty Ltd	63,052,750	100.0	AUD	86,202	EUR	11,987	100.0
Huhtamaki (NZ) Holdings Ltd	13,920,000	100.0	NZD	12,223	EUR	2,637	100.0
Huhtamaki Holdings France SNC	2,523,290	100.0	EUR	38,480	EUR	38,739	100.0
Huhtamaki Anglo Holding	-	100.0	GBP	-	EUR	225,416	100.0
Huhtamaki Finance B.V.Y. Cia, Sociedada Collectiva	-	100.0	EUR	24,604	EUR	24,601	100.0
Huhtamaki (Norway) Holdings A/S	28,459	100.0	NOK	28,459	EUR	3,470	100.0
Huhtamaki Sweden AB	1,500	100.0	SEK	1,500	EUR	2,401	100.0
Huhtamaki Hong Kong Limited	13,831,402	100.0	HKD	13,831	EUR	21,336	100.0
Huhtamaki Finance Company I B.V.	200	100.0	EUR	20	EUR	309,982	100.0
Huhtamaki Egypt L.L.C.	6,000	75.0	EGP	6,000	EUR	2,593	75.0
Huhtamaki South Africa (Pty) Ltd	167,662	100.0	ZAR	335	EUR	8,211	100.0
Huhtamaki S.p.A	10,410,400	100.0	EUR	10,410	EUR	40,836	100.0
Huhtamaki Flexibles Italy S.r.l.	1	100.0	EUR	1,000	EUR	2,010	100.0
Huhtamaki Singapore Pte. Ltd	28,000,000	100.0	SGD	28,000	EUR	11,977	100.0
Huhtamaki (Vietnam) Ltd	-	100.0	USD	25,097	EUR	19,797	100.0
Huhtamaki Films (Thailand) Limited	1	-	THB	-	EUR	-	100.0
Subsidiary shares owned by Huhtamaki Holdings Pty Ltd:							
Huhtamaki Australia Pty Ltd	9,241,702	100.0	AUD	9,242	AUD	9,242	100.0
Subsidiary shares owned by Huhtamaki (NZ) Holdings Ltd:							
Huhtamaki Henderson Ltd	195,211	99.8	NZD	390	NZD	28,493	100.0
Subsidiary shares owned by Huhtamaki Holdings France SNC:							
Huhtamaki Participations France SNC	70,612,842	100.0	EUR	70,613	EUR	37,421	100.0

Name	Number of Shares	Size of holding, %		Nominal value		Book value	Group Holding, %
Subsidiary shares owned by Huhtamaki Participations France SNC:							
Huhtamaki Foodservice France S.A.S.	25,869	100.0	EUR	962	EUR	2,607	100.0
Huhtamaki La Rochelle S.A.S.	2,500	100.0	EUR	3,825	EUR	33,243	100.0
Subsidiary shares owned by Huhtamaki Finance B.V.Y. Cia, Sociedada Collectiva:							
Huhtamaki Spain S.L.	774,247	100.0	EUR	23,267	EUR	24,000	100.0
Subsidiary shares owned by Huhtamaki Anglo Holding:							
Huhtamaki Ltd	145,460,909	100.0	GBP	145,461	GBP	180,533	100.0
Subsidiary shares owned by Huhtamaki Ltd:							
Huhtamaki (UK) Ltd	63,769,695	100.0	GBP	63,770	GBP	25,513	100.0
Huhtamaki (Lurgan) Limited	3,103,999	100.0	GBP	1,568	GBP	4,937	100.0
Subsidiary shares owned by Huhtamaki (Lurgan) Limited:							
Huhtamaki (Lisburn) Limited	105,000	100.0	GBP	105	GBP	133	100.0
Subsidiary shares owned by Huhtamaki (Norway) Holdings A/S:							
Huhtamaki Norway A/S	950	100.0	NOK	950	NOK	106,412	100.0
Subsidiary shares owned by Huhtamaki Hong Kong Limited:							
Huhtamaki (Tianjin) Limited	1	100.0	CNY	128,124	HKD	127,952	100.0
Huhtamaki (Guangzhou) Limited	1	100.0	USD	30,000	HKD	233,198	100.0
Subsidiary shares owned by Huhtamaki Finance Company I B.V.:							
Huhtamaki Foodservice Poland Sp. z o.o.	6,153	100.0	EUR	3,077	EUR	760	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.	8,902,970	69.0	MXN	8,903	EUR	695	100.0
Huhtamaki Ceská republika, a.s.	3	100.0	CZK	111,215	EUR	5,389	100.0
P.T. Huhtamaki ASABA Indonesia	11,250	50.0	IDR	2,678,625	EUR	1,094	50.0
Huhtavefa B.V.	180	100.0	EUR	18	EUR	22,890	100.0
Huhtamaki Beheer V B.V.	182	100.0	EUR	18	EUR	264,512	100.0
Huhtamaki Beheer XI B.V.	182	100.0	EUR	18	EUR	23,759	100.0
Huhtamaki Nederland B.V.	10,000	100.0	EUR	4,530	EUR	-	100.0
Huhtamaki Paper Recycling B.V.	1,350	100.0	EUR	61	EUR	-	100.0
Huhtamaki Molded Fiber Technology B.V.	200	100.0	EUR	91	EUR	-	100.0
Huhtamaki New Zealand Ltd	33,737,306	100.0	NZD	33,737	EUR	19,426	100.0
Huhtamaki (Thailand) Limited	999,993	100.0	THB	99,999	EUR	7,885	100.0
Huhtamaki Films (Thailand) Limited	849,998	100.0	THB	85,000	EUR	1,211	100.0
Huhtamaki Holdings France SNC	1	-	EUR	-	EUR	-	100.0
Subsidiary shares owned by Huhtamaki Consorcio Mexicana S.A. de C.V:							
Huhtamaki Mexicana S.A. de C.V.	23,130,316	100.0	MXN	23,130	MXN	19,131	100.0
Subsidiary shares owned by Huhtavefa B.V.:							
The Paper Products Limited	36,934,100	58.9	INR	73,868	EUR	25,718	58.9
Subsidiary shares owned by Huhtamaki Beheer V B.V.:							
Huhtamaki Americas, Inc.	100	100.0	USD	-	EUR	263,828	100.0
Subsidiary shares owned by Huhtamaki Americas, Inc.:							
Huhtamaki, Inc.	1,000	100.0	USD	1	USD	454,073	100.0
Huhtamaki Films, Inc.	100	100.0	USD	-	USD	79,875	100.0
Subsidiary shares owned by Huhtamaki Beheer XI B.V.:							
Huhtamaki Brazil Investments B.V.	200	100.0	EUR	20	EUR	58,610	100.0
Subsidiary shares owned by Huhtamaki Brazil Investments B.V.:							
Huhtamaki do Brasil Ltda	7,635,700	100.0	BRL	7,636	EUR	2	100.0
Subsidiary shares owned by Partner Polarcup Oy:							
OOO Huhtamaki S.N.G.	162,410,860	95.0	RUB	162,411	EUR	16,563	100.0

Parent Company Annual Accounts 2010

Parent company income statement (FAS)

EUR million	Note	2010	2009
Other operating income	1	52.0	41.7
Sales and marketing		-1.2	-1.7
Administration costs		-22.4	-21.8
Other operating expenses	2	-9.9	-9.1
		18.5	9.1
Earnings before interest and taxes	3, 4	**18.5**	**9.1**
Net financial income/expense	5	-16.5	-26.9
Exceptional income/expense	6	0.2	0.6
Result before exceptional items, appropriations and taxes		**2.2**	**-17.2**
Depreciation difference, (-) increase, (+) decrease		-	5.0
Taxes	7	-0.5	0.1
Result for the period		**1.7**	**-12.1**

Parent company balance sheet (FAS)

ASSETS

EUR million	Note	2010	%	2009	%
Fixed assets					
Intangible assets	8				
Intangible rights		0.5		0.5	
Other capitalized expenditure		13.8		17.3	
		14.3	**0.7**	**17.8**	**0.7**
Tangible assets	9				
Land		0.3		0.3	
Buildings and constructions		17.6		18.2	
Other tangible assets		1.2		0.8	
Construction in progress and advance payments		0.2		0.1	
		19.3	**0.9**	**19.4**	**0.8**
Other fixed assets					
Investment in subsidiaries		1,949.5		2,337.3	
Investment in associated companies		0.5		0.5	
Other shares and holdings		0.3		0.3	
Loan receivable	10	3.3		3.3	
		1,953.6	**92.5**	**2,341.4**	**92.5**
Short-term					
Loans receivable	10	88.1		124.6	
Accrued income	11	19.3		17.9	
Other receivables	10	11.9		6.9	
		119.3	**5.6**	**149.4**	**5.9**
Cash and bank		5.9	0.3	2.1	0.1
Total assets		**2,112.4**	**100.0**	**2,530.1**	**100.0**

LIABILITIES AND EQUITY

EUR million	Note	2010	%	2009	%
Shareholders' equity	12				
Share capital		360.6		360.6	
Premium fund		106.8		106.8	
Retained earnings available for distribution		896.1		946.7	
Result for the period		1.7		-12.1	
		1,365.2	**64.6**	**1,402.0**	**55.4**
Liabilities					
Long-term					
Loans from financial institutions	13	237.7		295.1	
Other long term lialibilities		0.0		-	
		237.7	**11.3**	**295.1**	**11.7**
Short-term					
Loans from financial institutions	13	111.8		128.2	
Other loans	13	378.7		613.1	
Trade payables	14	0.8		1.1	
Accrued expenses	15	17.2		16.8	
Other short-term liabilities	14	1.0		73.8	
		509.5	**24.1**	**833.0**	**32.9**
Total equity and liabilities		**2,112.4**	**100.0**	**2,530.1**	**100.0**
Total retained earnings available for distribution		**897.8**		**934.6**	

Parent company cash flow statement (FAS)

EUR million	2010	2009
EBIT	18.5	9.1
Adjustments		
Depreciations	4.7	4.6
Other adjustments	6.8	1.5
Change in non-interest bearing receivables	-6.6	-1.7
Change in non-interest bearing payables	-72.0	32.5
Dividends received	0.8	0.0
Net financial income/expense	-18.4	-30.6
Taxes	-0.5	0.1
Cash flow from operating activities	**-66.7**	**15.5**
Capital expenditure	-1.1	-0.4
Proceeds from subsidiary investments	381.0	0.6
Change in long-term deposits		18.2
Change in short-term deposits	36.6	-70.8
Cash flow from investing activities	**416.5**	**-52.4**
Change in long-term loans	-57.3	-134.2
Change in short-term loans	-250.9	200.5
Dividends paid	-38.4	-34.1
Corporate subsidies	0.6	-
Proceeds from stock option exercises	-	4.1
Cash flow from financing activities	**-346.0**	**36.3**
Change in liquid assets	3.8	-0.6
Liquid assets on January 1	2.1	2.7
Liquid assets on December 31	5.9	2.1

Parent company accounting principles

The financial statements of Huhtamäki Oyj have been prepared according to Finnish Accounting Standards (FAS). The financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets, unless otherwise stated.

Foreign currency

Foreign currency transactions are recorded according to the exchange rates prevailing on the transaction date. Trade receivables and payables are revalued at the rate of exchange on the balance sheet date. Exchange rate differences arising from translation of trade receivables are recorded under net sales, and exchange rate differences on trade payables under costs and expenses. Exchange rate differences on translation of financial items, such as loans and deposits, are entered under financial income and expenses.

Derivative instruments

Foreign exchange forward contracts are used for hedging the company's currency position. Foreign exchange forwards are marked-to-market at the rate of exchange on the balance sheet date and recorded in the income statement as an adjustment of sales and purchases only to the extent they relate to balance sheet items being hedged. The revaluation differences of forwards used for hedging forecasted cash flows are recorded to the income statement. Foreign exchange forward contracts used for hedging financial items, such as loans and deposits, are marked-to market and recorded to other financial income and expense. Foreign exchange forwards and foreign currency loans are used to hedge net investments in foreign entities. The foreign exchange gain or loss is recorded in the income statement. The company manages its interest rate risks using interest rate swaps. Interest income or expenses deriving from such instruments are accrued over the contract period.

Intangible assets

Intangible assets are amortized on a systematic basis over their estimated useful life. The period of amortization does not exceed 20 years.

Tangible assets

Items of property, plant and equipment are stated at historical cost and are depreciated using the straight line method over their estimated useful lives. Freehold land is not depreciated.

Periods of depreciation used:	
Buildings and other structures	20–40 (years)
Other tangible assets	3–12 (years)

Leases of equipment are classified as operating leases.

Investments

Investments classified as current assets are carried at market value. Any increases or decreases in carrying values are credited or charged to financial income. Investments classified as long-term assets are carried at cost, less amounts written off to recognize permanent declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

Investments in subsidiaries are carried at cost in the balance sheet of the company. Investments in associated companies are carried in the company's balance sheet in accordance with the valuation policy applied to long-term investments noted above. An associated company is one in which Huhtamäki Oyj holds, directly or indirectly, between 20% and 50% of the voting power of the company.

Income taxes

The income statement includes income taxes of the company based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes.

Revenue recognition

Company's operations comprise investment to subsidiaries and offering services to subsidiaries. The revenue relating to sale of services is reported under Other Operating Income. Revenue is recognized at the date of delivery.

Other operating income and expenses

Other operating income includes revenues relating to sale of services to subsidiaries, gains from disposal of assets and royalty and rental income. Other operating expenses include losses from disposal of assets and other costs.

Exceptional income and expenses

Exceptional income and expenses includes items which fall outside the ordinary activities of the company, such as group contributions or divestments.

Notes to the parent company financial statements

1. OTHER OPERATING INCOME

EUR million	2010	2009
Royalty income	22.0	17.1
Group cost income	16.8	15.4
Rental income	3.2	3.1
IT recharge	4.8	5.0
Other	5.2	1.1
Total	**52.0**	**41.7**

2. OTHER OPERATING EXPENSES

EUR million	2010	2009
Expenses relating to divestment of Consumer Goods Europe units	6.8	2.7
Sale of Consumer Goods Argentina	-	1.6
Other	3.1	4.8
Total	**9.9**	**9.1**

3. PERSONNEL EXPENSES

EUR million	2010	2009
Wages and salaries	7.4	7.3
Pension costs	1.4	1.4
Other personnel costs	1.0	0.9
Total	**9.8**	**9.6**

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the board as well as the CEO of Huhtamäki Oyj (9 people) amounted to EUR 2.0 million. (2009: EUR 1.1 million).

Average number of personnel	2010	2009
	51	49

4. DEPRECIATION AND AMORTIZATION

EUR million	2010	2009
Depreciation by function:		
Administration	3.9	3.9
Other	0.8	0.7
Total depreciation	**4.7**	**4.6**
Depreciation by asset type:		
Buildings	0.7	0.7
Other tangible assets	0.4	0.3
Other capitalized expenditure	3.6	3.6
Total depreciation	**4.7**	**4.6**

5. FINANCIAL INCOME/EXPENSE

EUR million	2010	2009
Dividend income	**0.8**	**0.0**
Interest and other financial income		
Intercompany interest income	8.1	7.0
Other interest income	0.4	0.4
Total interest income	**8.5**	**7.4**
Other financial income	194.5	219.3
Total interest and other financial income	**203.0**	**226.7**
Interest and other financial expenses		
Intercompany interest expenses	-2.3	-5.7
Other interest expenses	-23.2	-27.9
Total interest expenses	**-25.5**	**-33.6**
Other financial expenses	-194.8	-220.0
Total interest and other financial expenses	**-220.3**	**-253.6**

6. EXCEPTIONAL INCOME/EXPENSE

EUR million	2010	2009
Exceptional income:		
Corporate subsidy	0.2	0.6
Total	**0.2**	**0.6**

7. TAXES

EUR million	2010	2009
Ordinary taxes	-0.5	0.1
Total	**-0.5**	**0.1**

Deferred taxes are not included in income statement or balance sheet. Unrecognised deferred tax assets from timing differences is EUR 0.7 million (2009: EUR 1.0 million).

8. INTANGIBLE ASSETS

EUR million	Intangible rights	Other capitalized expenditure	2010 Total	2009 Total
Acquisition cost at January 1	0.7	66.1	66.8	66.8
Additions	-	0.1	0.1	0.0
Acquisition cost at December 31	0.7	66.2	66.9	66.8
Accumulated amortization at January 1	0.2	48.8	49.0	45.4
Amortization during the financial year	0.0	3.6	3.6	3.6
Accumulated amortization at December 31	0.2	52.4	52.6	49.0
Book value at December 31, 2010	**0.5**	**13.8**	**14.3**	**-**
Book value at December 31, 2009	**0.5**	**17.3**	**-**	**17.8**

9. TANGIBLE ASSETS

EUR million	Land	Buildings and con-structions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	2010 Total	2009 Total
Acquisition cost at January 1	0.3	30.4	0.1	0.1	2.0	32.9	32.7
Additions	-	-	-	0.9	0.2	1.1	0.2
Disposals	-	-	-	-	0.0	0.0	0.0
Intra-balance sheet transfer	-	0.2	-	-0.8	0.6	0.0	0.0
Acquisition cost at December 31	0.3	30.6	0.1	0.2	2.8	34.0	32.9
Accumulated depreciation at January 1	-	12.3	0.1	-	1.2	13.6	12.6
Depreciation during the financial year	-	0.7	0.0	-	0.4	1.1	0.9
Accumulated depreciation at December 31	-	13.0	0.1	-	1.6	14.7	13.5
Book value at December 31, 2010	**0.3**	**17.6**	**0.0**	**0.2**	**1.2**	**19.3**	**-**
Book value at December 31, 2009	**0.3**	**18.2**	**0.0**	**0.1**	**0.8**	**-**	**19.4**

Revaluations of buildings and constructions in 2010 is EUR 2.4 million (2009: EUR 2.4 million).

10. RECEIVABLES

EUR million	2010	2009
Current		
Loan receivables	-	0.7
Loan receivables from subsidiaries	88.1	123.9
Accrued income	7.7	5.6
Accrued corporate income	11.6	12.3
Other receivables	0.2	0.2
Other receivables from subsidiaries	11.7	6.7
Total	**119.3**	**149.4**
Long-term		
Intercompany loan receivables	3.3	3.3
Total receivables	**122.6**	**152.7**

11. ACCRUED INCOME

EUR million	2010	2009
Accrued interest and other financial items	0.1	0.0
Accruals for profit on exchange	4.0	3.1
Personnel, social security and pensions	-	0.1
Miscellaneous accrued income	3.0	1.5
Accrued corporate income and prepaid expense	11.6	12.2
Other	0.6	1.0
Total accrued income	**19.3**	**17.9**

12. CHANGES IN EQUITY

EUR million	2010	2009
Restricted equity		
Share capital January 1	360.6	358.7
Subscription through option rights	-	1.9
Share capital December 31	360.6	360.6
Premium fund January 1	106.8	104.7
Subscription through option rights	-	2.1
Premium fund December 31	106.8	106.8
Restricted equity total	**467.4**	**467.4**
Non-restricted equity		
Retained earnings January 1	934.6	980.8
Dividends	-38.5	-34.1
Net income for the period	1.7	-12.1
Retained earnings December 31	897.8	934.6
Non-restricted equity total	**897.8**	**934.6**
Total equity	**1,365.2**	**1,402.0**

For details on share capital see note 22 of the notes to the consolidated financial statements.

13. LOANS

EUR million	2010	2009
Non-current		
Hybrid bond	75.0	75.0
Long-term loans from financial institutions and other loans	162.7	220.1
Total	**237.7**	**295.1**
Current		
Current Portion of loans from financial institutions	40.2	53.5
Short-term loans from financial institutions and other current loans	71.6	74.7
Short-term loans from subsidiaries	378.7	613.1
Total	**490.5**	**741.3**
Changes in long-term loans		
Loans from financial institutions and other loans		
January 1	220.1	354.2
Additions	209.4	634.1
Decreases	-261.0	-773.4
FX movement	-5.8	5.2
Total	**162.7**	**220.1**

Repayments	Loans from financial institutions and other loans
2011	111.8
2012	101.0
2013	5.8
2014	5.7
2015	50.2
2016	0.0

14. SHORT TERM LIABILITIES

EUR million	2010	2009
Trade payables	0.3	0.5
Intercompany trade payables	0.5	0.6
Total	**0.8**	**1.1**
Other short-term payables	1.0	73.8
Accrued expenses	17.2	16.8
Short term loans	111.8	128.2
Intercompany short term loans	378.7	613.1
Total	**509.5**	**833.0**

15. ACCRUED EXPENSES

EUR million	2010	2009
Accrued interest expense	7.2	6.4
Accrued interest expense to subsidiaries	2.2	2.3
Personnel, social security and pensions	6.4	6.5
Miscellaneous accrued expense	1.2	1.0
Other	0.2	0.6
Total	**17.2**	**16.8**

16. COMMITMENTS AND CONTINGENCIES

EUR million	2010	2009
Operating lease payments		
Under one year	0.1	0.1
Later than one year	0.1	0.2
Total	**0.2**	**0.3**
Mortgages:		
For own debt	14.5	14.5
Guarantee obligations		
For subsidiaries	65.1	70.3
For joint ventures and associated companies		2.5

Proposal of the Board of Directors to Distribute Retained Earnings

On December 31, 2010 Huhtamäki Oyj's non-restricted equity was	EUR 897,796,891.43
of which the result for the financial period was	EUR 1,694,773.16
The Board of Directors proposes that dividend will be distributed at EUR 0.44 per share.	
No dividend for the own shares held by the Company on the record date shall be distributed.	
The total amount of dividend on the date of this proposal would be	EUR 44,544,381.64

No significant changes have taken place in the Company's financial position since the end of the financial year. The Company's liquidity position is good and the proposed distribution does not, in the view of the Board of Directors, risk the Company's ability to fulfill its obligations

Espoo, February 10, 2011

Mikael Lilius

Jukka Suominen

Eija Ailasmaa

William R. Barker

George V. Bayly

Rolf Börjesson

Siaou-Sze Lien

Anthony J.B. Simon

Jukka Moisio
CEO

Corporate Governance Statement

Huhtamäki Oyj (Huhtamaki or the Company) complies with the Finnish Corporate Governance Code adopted by the Securities Market Association and effective from October 1, 2010. The Code is available in Internet at www.cgfinland.fi.

Huhtamaki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and committees founded by it, the Chief Executive Officer (CEO) and the Group Executive Team (GET), laws and regulations applicable in the Group's operations as well as the Group's internal policies, guidelines and practices.

General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are defined in the Finnish Companies Act and the Company's Articles of Association. The Annual General Meeting of Shareholders (AGM) shall be held annually in Espoo or Helsinki before the end of June on a date set by the Board of Directors. In 2010, the AGM was held on March 24, 2010 at Finlandia Hall, Helsinki.

The AGM resolves i.a. upon adoption of financial statements including the consolidated financial statements, distribution of profits, granting the members of the Board and the CEO discharge from liability as well as election of the members of the Board and the Auditor. The AGM decides also on the Board members' and the Auditor's remuneration. A General Meeting of Shareholders may also resolve upon, for example, amendments to the Company's Articles of Association, issuance of new shares and option rights and repurchase of the Company's own shares. The General Meeting of Shareholders may authorize the Board to decide, for example, on issuances of new shares or share repurchases.

An Extraordinary General Meeting of Shareholders (EGM) shall be held when considered necessary by the Board. An EGM shall also be held, if requested in writing, for the handling of a specified matter by the Auditor or shareholders holding altogether a minimum of one-tenth of all Company shares.

Shareholder rights

According to the Companies Act, a shareholder may request that a matter falling under the authority of the General Meeting of Shareholders shall be placed on the agenda of the meeting. To this effect, a written request should be sent to the Board well before the publication of the notice to convene the meeting. A shareholder has a right to make proposals and questions on matters handled in the General Meeting of Shareholders.

A shareholder who has been entered in the shareholders' register of the Company eight business days before a General Meeting of Shareholders has the right to participate in the meeting. The holder of a share registered under the name of a nominee may be temporarily entered in the shareholders' register for the purpose of participating in a General Meeting of Shareholders.

A shareholder may participate in a General Meeting of Shareholders either in person or by proxy. A shareholder may also employ the services of an assistant in a General Meeting of Shareholders.

Board of Directors

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamaki. The Board has a general authority regarding matters not specifically designated by law or Articles of Association to any other governing body of the Company. In addition to the powers vested in the Board by the Companies Act and the Articles of Association, the essential duties and working principles of the Board are defined in the Code of Governance for the Board of Directors. The Board decides on long-term strategic and financial targets as well as on dividend policy. The Board approves the strategic plans, annual plans and budget as well as monitors their implementation. The Board resolves upon corporate transactions, including all acquisitions and divestments, investment framework and individual capital expenditures exceeding EUR 6 million. In order to discharge its duties, the Board requires information on the structure, business operations and markets of the Company. Each member of the Board is provided with a monthly report on the financial situation and markets of the Group. The Board elects the CEO, approves the GET members' appointments, decides on executive compensation and annually reviews the management performance. The Board also conducts an annual evaluation of its own performance and working methods. The evaluation may be conducted as an internal self-evaluation or by using an external evaluator. In 2010, the evaluation was done as an internal self-evaluation without an external evaluator.

Composition of the Board of Directors

The number of the members of the Board and the composition of the Board shall make it possible for the Board to discharge its duties in an efficient manner. The composition shall take into account the needs of the Company operations and the development stage of the Company. Both genders shall be represented in the Board. The Board shall consist of a minimum of six and maximum of nine members. There are no limitations as to the number of terms a person may be elected as member of the Board or as to a maximum age of a Board member. The AGM elects the Board members for the term of office expiring at the close of the AGM following the election. The Board shall elect from among its members a Chairman and a Vice-Chairman. The AGM 2010 elected the following eight individuals to the Board:

Mikael Lilius, Chairman (1949)
Date of election: March 30, 2005
Education: B.Sc. (Econ)
Primary working experience: Fortum Oyj, CEO; Gambro AB, CEO; Incentive AB, CEO; KF Industri AB, CEO; Huhtamäki Oyj, President of the Packaging Division
Key positions of trust: Wärtsilä Oyj Abp, Board; Evli Pankki Oyj, Board; Aker Solutions ASA, Deputy Chairman of the Board; Ambea AB, Chairman of the Board; East Office of Finnish Industries, Chairman of the Board; Ab Kelonia Oy, Supervisory Board
Shares on December 31, 2010: 50,000

Jukka Suominen, Vice-Chairman (1947)
Date of election: March 30, 2005
Education: M.Sc. (Eng), B.Sc. (Econ)
Primary working experience: Silja Oyj Abp, Group CEO
Key positions of trust: Fiskars Oyj Abp, Board; Rederiaktiebolaget Eckerö, Chairman of the Board; Lamor Corporation Ab, Chairman of the Board; Arctia Shipping Oy, Board
Shares on December 31, 2010: 3,000

Eija Ailasmaa (1950)
Date of election: March 22, 2004
Main occupation: Sanoma Media B.V., President and CEO
Education: M.Pol.Sc.
Primary working experience: Various Sanoma Group executive roles, including President of Helsinki Media and Sanoma Magazines Finland magazine publishing subsidiaries; Editor-in-chief for the family magazine Kodin Kuvalehti in 1985–1989
Key positions of trust: Outotec Oyj, Board; Solidium Oy, Vice-Chairman of the Board
Shares on December 31, 2010: 1,000

William R. Barker (1949)
Date of election: March 24, 2010
Education: MBA and B.Sc. (Chemical Engineering)
Primary working experience: Rexam PLC, Board and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron Inc.; OEA Inc.; Bosal International N.V.; Gates Rubber Company
Key positions of trust: Leeds School of Business, University of Colorado, Board; Mold-Masters (2007) Limited, Board, President & CEO
Shares on December 31, 2010: -

George V. Bayly (1942)
Date of election: March 28, 2003
Main occupation: Whitehall Investors, LLC, Consultant
Education: MBA
Primary working experience: Altivity Packaging, LLC, Chairman & CEO; U.S. Can Company, Chairman; Ivex Packaging Corporation, Chairman, President & CEO; Olympic Packaging, Inc., Chairman, President & CEO; Packaging Corporation of America (PCA), Senior Vice President
Key positions of trust: ACCO Brands Corporation, Inc., Board; Graphic Packaging Corporation, Board; Ryt-Way Industries, LLC, Board; Treehouse Foods, Inc., Board; John G. Shedd Aquarium, Board; Miami University, Board; United Way Chicago, Board
Shares on December 31, 2010: -

Rolf Börjesson (1942)
Date of election: March 31, 2008
Education: M.Sc. (Chemical Engineering)
Primary working experience: Rexam PLC, Chairman of the Board (2004–2008) and the CEO and Board member (1996–2004)
Key positions of trust: Ahlsell AB, Chairman of the Board; Svenska Cellulosa Aktiebolaget SCA (publ), Board; Avery Dennison Corporation, Board
Shares on December 31, 2010: 3,000

Siaou-Sze Lien (1950)
Date of election: April 3, 2009
Main occupation: Mobley Group Pacific Ltd., Senior Executive Coach
Education: M.Sc. (Computer Science)
Primary working experience: Hewlett-Packard, several different roles, latest position as Senior Vice President, Hewlett-Packard Services Asia-Pacific
Key positions of trust: Nanyang Technological University Singapore, Board of Trustees; Republic Polytechnic Singapore, Board of Governors; Luvata Ltd., Board
Shares on December 31, 2010: 1,000

Anthony J.B. Simon (1945)
Date of election: October 7, 1999
Main occupation: Unilever N.V., President Marketing, retired
Education: MA, MBA
Primary working experience: Unilever, Bestfoods, Corporate Vice President; Bowater Paper Corporation, Packaging Division
Key positions of trust: -
Shares on December 31, 2010: 1,248

Robertus van Gestel acted as a member of the Board of Directors until the AGM held on March 24, 2010.

Board meetings

Most of the meetings of the Board are held at the Company's headquarters in Espoo. The Board is annually visiting other Group locations and holds meetings there. The Board may also hold its meetings by telephone. The Board shall hold at least six regular meetings each year, with one session entirely dedicated to Group strategy. In 2010, the Board held 12 meetings, five of which were telephone meetings. The average attendance of the members at the Board meetings was 94%. The CEO and the Chief Financial Officer of the Company are usually attending the Board meetings. When necessary, e.g. in connection with deliberation of strategy or annual plans, the meetings are attended also by other members of the Group Executive Team. The Auditor is participating in the meeting deliberating the annual accounts. The Senior Vice President, Administration and General Counsel of the Company acts as the secretary to the Board.

Board members' attendance at the meetings

	Attendance (%)	Number of meetings attended
Mikael Lilius	100	12/12
Jukka Suominen	100	12/12
Eija Ailasmaa	100	12/12
William R. Barker*	100	9/9
George V. Bayly	83	10/12
Rolf Börjesson	92	11/12
Robertus van Gestel**	100	3/3
Siaou-Sze Lien	83	10/12
Anthony J.B. Simon	92	11/12
Average	**94**	

*member of the Board as of March 24, 2010
**member of the Board until March 24, 2010

Remuneration of the Board members

The AGM is resolving upon remuneration for the Board of Directors. In 2010, the annual compensation for the Chairman of the Board was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were paid in accordance with the Company policy. None of the Board members receives any other remuneration from the Company than that based on Board membership. The Company's option rights plans do not extend to the Board members. There is no pension scheme for the Board members.

Remuneration paid to the members of the Board of Directors in 2010 (EUR)

	Annual compensation	Meeting fees	Total
Mikael Lilius	90,000	10,000	100,000
Jukka Suominen	55,000	11,000	66,000
Eija Ailasmaa	45,000	9,000	54,000
William R. Barker*	33,750	4,500	38,250
George V. Bayly	45,000	7,000	52,000
Rolf Börjesson	45,000	8,500	53,500
Robertus van Gestel**	11,250	3,000	14,250
Siaou-Sze Lien	45,000	7,000	52,000
Anthony J.B. Simon	45,000	7,500	52,500
Total	**415,000**	**67,500**	**482,500**

*member of the Board as of March 24, 2010
**member of the Board until March 24, 2010

Independence of the Board members

All members of the Board are non-executive. The Board considers all members of the Board independent of the Company. The Board also considers all members, except Jukka Suominen, independent of the significant shareholders of the Company.

Board Committees

In order to focus on certain responsibilities, the Board has appointed permanent Committees consisting of three to five Board members each. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and, thus, the Board passes its resolutions collectively. The entire Board remains responsible for the duties assigned to the Committees.

The Board currently has three committees: the Nomination Committee, the Human Resources Committee and the Audit Committee. Each Committee has a written charter summarizing its tasks.

The Nomination Committee prepares proposals to the AGM concerning election of Board members and their remuneration. It may also conduct succession planning of the Board members. The Committee meets once a year as a minimum, prior to the AGM. The following individuals comprised the Nomination Committee during 2010: Mikael Lilius (Chairman), Rolf Börjesson and Jukka Suominen. In 2010, the Nomination Committee held three meetings. The average attendance of the Nomination Committee members at the meetings was 100%.

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as principles of remuneration of senior executives and their compensation. The following individuals comprised the Human Resources Committee during 2010: Mikael Lilius (Chairman), George V. Bayly and Rolf Börjesson. In 2010, the Human Resources Committee held four meetings. The average attendance of the Human Resources Committee members at the meetings was 100%.

The Audit Committee assists the Board in its responsibility to supervise that the book-keeping and financial administration of the Company are appropriately arranged, as well as to monitor the financial status of the Company and compliance of the Group policies. It monitors and supervises matters relating to financial statements and consolidated financial statements, interim reports, accounting principles and policies, as well as internal reporting systems. Additionally, the Audit Committee monitors the efficiency of the Company's internal control, internal audit, as well as risk assessment and risk management mechanisms. It reviews the description of the main principles of the Company's internal control and risk management systems pertaining to the financial reporting process, which is included in the Company's Corporate Governance Statement. The Audit Committee prepares to the AGM the resolution concerning appointment of the Auditor. It also evaluates the independence of the Auditor and provision of other consultancy services by the Auditor to the Company. In addition to the members of the Audit Committee, the Chief Financial Officer participates in the Committee's meetings. The Auditor participates in the meeting deliberating the financial statements and also other meetings, if considered necessary. The following individuals comprised the Audit Committee during 2010: Jukka Suominen (Chairman), Eija Ailasmaa and Siaou-Sze Lien. In 2010, the Audit Committee held six meetings. The average attendance of the Audit Committee members at the meetings was 94%.

Chief Executive Officer

The CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The CEO is responsible for the achievement of the goals, plans and objectives set by the Board. The CEO is responsible for ensuring that the book-keeping of the Company complies with the law and that the financial administration is arranged in a reliable manner. The CEO is the Chairman of the Group Executive Team.

M.Sc. (Econ), MBA Jukka Moisio (1961) has acted as the Company's CEO as of April 1, 2008. Before joining the Company, Jukka Moisio acted during 1991–2008 in several different roles in Ahlstrom Corporation, latest position being the CEO.

In 2010, Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 566,768 and the short-term incentive, based on the performance in 2009, amounted to EUR 404,252. Based on the performance in 2009, the CEO received under the Performance Share Incentive Plan 2008–2010 a total of 30,000 shares with an aggregate value of EUR 261,300 at the time of the transfer and a cash payment of EUR 261,300 relating to the amount of income taxes arising based on the received shares. This reward with a total value of EUR 522,600 was paid in March 2010. Thus, the CEO's total remuneration amounted to a total of EUR 1,493,620 in 2010. No option rights were allocated to him during 2010.

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement with six months' prior notice. During the notice period, the CEO is entitled to normal salary payments. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' base salary. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. The early retirement possibility is covered by an arrangement under which the Company contributes, in addition to statutory employment pension contribution, to a supplementary pension arrangement annually an amount which shall not exceed the CEO's monthly base salary. However, the contribution is subject to the CEO contributing the same amount to the supplementary pension arrangement. In case the Service Agreement is terminated prior to the retirement and resignation age, the CEO maintains the right to the funds in the supplementary pension arrangement. The amount of the supplementary pension is determined based on the funds contributed to the arrangement by the Company and the CEO as well as the returns on these funds.

Group Executive Team

The following persons form the Group Executive Team:

Mr. Jukka Moisio (1961)
Chairman, Chief Executive Officer (CEO)
GET member since: April 1, 2008
Joined the company: 2008
Education: M.Sc. (Econ), MBA
Primary working experience: Ahlstrom Corporation (1991–2008), several different roles, latest position as CEO
Key positions of trust: -
Shares on December 31, 2010: 55,900
Option rights on December 31, 2010: 2006 B 80,000, 2006 C 80,000

Mr. Timo Salonen (1958)
Chief Financial Officer (CFO)
GET member since: October 8, 1999
Joined the company: 1991
Education: M.Sc. (Econ), LL.M.
Primary working experience: Huhtamäki Oyj (1991–), several different roles, previous positions as Executive Vice President, Strategy and Development, Executive Vice President, Europe Rigid Packaging as well as CFO; Partek Corporation (1983–1991), several different roles, latest position as Division Controller, Partek Concrete International, Belgium
Key positions of trust: -
Shares on December 31, 2010: 45,000
Option rights on December 31, 2010: 2006 A 40,000, 2006 B 40,000, 2006 C 50,000

Mr. Juha Salonen (1949)
Senior Vice President, Administration and General Counsel, Secretary of the Board of Directors
GET member since: April 22, 2008
Joined the company: 1983
Education: LL.M., B.Sc. (Econ)
Primary working experience: Huhtamäki Oyj (1983–), several different roles, previous positions as Group Vice President, General Counsel; Finnish Employers' Association (1979–1982), Legal Advisor; Attorney (1977–1979); several different positions in courts (1974–1977)
Key positions of trust: Member of the Finnish Takeover Panel
Shares on December 31, 2010: 20,000
Option rights on December 31, 2010: 2006 A 15,000, 2006 B 25,000, 2006 C 35,000

Mr. Clay Dunn (1957)
Executive Vice President, North America
GET member since: June 1, 2005
Joined the company: 2005
Education: BBA (Marketing and Management)
Primary working experience: Dow Chemical Company (1979–2005), several different roles, latest position as Vice President, Global Sourcing
Key positions of trust: -
Shares on December 31, 2010: 20,000
Option rights on December 31, 2010: 2006 A 40,000, 2006 B 50,000, 2006 C 50,000

Mr. Suresh Gupta (1952)
Executive Vice President, Flexible Packaging
GET member since: January 1, 2009
Joined the company: 1999
Education: M.M.S. (Management)
Primary working experience: Huhtamaki Group (1999–), previous position as Senior Vice President, Flexibles and Films Asia-Oceania; The Paper Products Ltd., (1987–), Deputy Managing Director, Managing Director and CEO; Almana Group (1983–1987), Executive Director
Key positions of trust: Paper, Film & Foil Convertors Association, India, President
Shares on December 31, 2010: 15,000
Option rights on December 31, 2010: 2006 A 13,000, 2006 B 20,000, 2006 C 25,000

Mr. Olli Koponen (1959)
Executive Vice President, Molded Fiber
GET member since: January 1, 2011
Joined the company: 1990
Education: M.Sc. (Eng., Automation & Information Technology), B.Sc. (Eng., Automation Technology)
Primary working experience: Huhtamäki Oyj (1990–), several different roles, previous positions as Senior Vice President, Molded Fiber Europe, General Manager positions in Hämeenlinna, Finland, Turkey, Hong Kong and Russia; Systecon Oy (1984–1990), several different roles, latest position as Product Manager
Key positions of trust: -
Shares on January 1, 2011: 11,000
Option rights on January 1, 2011: 2006 C 20,000

Mr. Eric Le Lay (1962)
Executive Vice President, Foodservice Europe-Asia-Oceania
GET member since: March 12, 2008
Joined the company: 2008
Education: MBA
Primary working experience: Amcor Limited (1997–2008), several different roles, latest position as Managing Director, Chilled Foods Europe; Amcor United Biscuits (1996–1997); Johnson & Johnson International S.A. (1994–1996); Kraft General Food France S.A. (1986–1994)
Key positions of trust: -
Shares on December 31, 2010: 15,000
Option rights on December 31, 2010: 2006 B 30,000, 2006 C 40,000

Mr. Peter Wahsner (1962)
Executive Vice President, Films
GET member since: January 1, 2009
Joined the company: 2008
Education: M.Sc. (Business Management)
Primary working experience: Huhtamaki Group (2008–), previous position as Senior Vice President, Films Global; Chesapeake (2006–2007), Director, Pharmaceuticals & Healthcare Division; Huhtamaki Group (2004–2005), Division President, Molded Fiber Europe; Rexam PLC (2001–2004), Managing Director, Healthcare Flexibles Division, Europe & Asia
Key positions of trust: -
Shares on December 31, 2010: 16,500
Option rights on December 31, 2010: 2006 B 20,000, 2006 C 25,000

Internal control, internal audit and risk management systems

Internal control

Successful business requires continuous monitoring of the Group's operations. Internal control is an essential part of the corporate governance and management of the Group. The Board of Directors and the CEO are responsible for adequate internal control. The Audit Committee of the Board of Directors is monitoring the efficiency of the internal control systems and the correctness of the financial reporting.

Internal control is a process aiming at providing reasonable assurance on achievement of Group's strategic and financial objectives. The responsibility for arranging the internal control process and function belongs to the executive management of the Group and is being carried out by the whole organization. The aim of the internal control is to ensure reliability of financial reporting, effectiveness and efficiency of operations as well as compliance with laws and regulations.

Control of financial reporting assures that financial statements are prepared in a reliable manner. The aim is also to ensure that all financial reports published and other financial information disclosed by the Company provide a fair view on the Group's financial situation.

Control of operations is aiming to ensure effectiveness and efficiency of operations and achievement of the Group's strategic and financial objectives.

Compliance with applicable laws and regulations related controls ensure that the Group complies with applicable laws and regulations.

Foundation of all Group's activities lies with common values and principles providing discipline and structure for the operations formalized in guidelines on integrity, ethical behavior and management of personnel. Allocation of authorities and responsibilities as well as segregation of duties allow efficient and proper decision-making procedures.

Group policies, standards and guidelines are deployed in all segments and units. Policies, standards and guidelines on financial, human resources, environmental, legal and compliance as well as risk management related matters have been issued in the Group.

Reliability of financial reporting

The Group's finance function and the network of segment and unit controllers are supporting and coordinating the financial management and financial control of operations in the Group. The Group's financial reporting guidelines and standards are applicable throughout the financial reporting process of the Group. The interpretation and application of accounting standards are centralized in the Group finance function which maintains the financial reporting guidelines and standards and takes care of communicating such throughout the Group. The Group's finance function also supervises the compliance of such guidelines and standards. Supervision of reporting and budgeting processes is based on the Group's reporting standards which are determined and updated by the Group's finance function. The reporting standards are uniformly applied in the whole Group and a unified Group reporting system is used.

Effectiveness and efficiency of operations

Group's strategic direction, objectives and related actions are deployed and communicated throughout the Group. Annual targets and key performance indicators are agreed, approved and communicated as part of the annual planning process. Achievements are followed monthly and quarterly in business review meetings that are held with line management in all business units and segments.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks and controlling deficiencies. Corrective actions are implemented and monitored by segment and unit management. These activities need to be in compliance with Group policies and standards. Internal controls related to quality, safety and environmental processes and procedures are audited internally and by external service providers.

The Group is applying Lean Six Sigma process in all segments to identify and implement continuous improvement projects.

Compliance with laws and regulations

Group-wide policies on corporate governance for subsidiaries, competition compliance, contracts and agreements, management of claims, disputes and proceedings as well as insider matters have been issued. Compliance with the policies is facilitated through communication, trainings and internal auditing.

Internal Audit

The objective of the internal audit is to improve the effectiveness of supervising obligation of the Board of Directors. Internal audit aims at ensuring that the Group's operations are efficient, information is adequate and reliable and that set policies and procedures are properly followed by the organization.

The Group has an internal audit function and internal audits have been managed in the year 2010 in coordination with internal audit co-sourcing partner Deloitte & Touche Oy and its international network. Internal audits have been conducted on a monthly basis according to approved annual internal audit plan in various Group and segment level processes as well as in business units.

Group internal audit function evaluates independently and systematically Group's management and governance systems as well as the effectiveness, efficiency and appropriateness of the Group's business processes and risk management. The internal audit function provides in the internal audit reports development recommendations for the aforementioned systems and processes. Main purpose of these activities is to assure achievement of strategic and financial objectives of the Group.

The Audit Committee of the Board approves the annual internal audit plan. Audit engagements are included in the plan in accordance with the Group's strategic objectives, assessed risks and focus areas defined by the Board and the executive management of the Group. Audit engagements are selected according to a rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the Chief Financial Officer and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

Risk management

Risk management is an essential part of the internal control system of the Group. The purpose of risk management is to ensure that the risks related to business objectives and operations are identified, managed and monitored. The risk management procedures are set forth in the risk management process description and instructions. The risk management process of the Group is based on Enterprise Risk Management (ERM) framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Group's risk management focuses on risks relating to business opportunities and risks potentially jeopardizing achievement of Group objectives in the changing business environment. Risks are categorized as strategic, operational, financial and information risks.

The Huhtamaki Group Enterprise Risk Management (ERM) Policy defines the risk management guidelines for the Group. The risk management policy sets forth the risk management process and responsibilities as well as the risk categories that are used to categorize identified risks. Compliance with the risk management policy assures timely identification and recording of risks and the application of relevant risk management measures to address these risks.

The Audit Committee is monitoring the implementation of risk management activities, and it evaluates the adequacy and appropriateness of the process and activities. The Audit Committee reports regularly to the Board of Directors, which is responsible for reviewing the Group's strategic, operational, financial and information risks. The Board of Directors approves acceptable risk levels and the extent to which these risks have been properly identified, addressed and followed up.

The executive management of the Group is responsible for the adoption and deployment of the Group's internal control principles and procedures relating to risk management. The risk management process includes systematic identification and assessment of risks in each business segment and their business units as well as at Group level. Each of these defines risk mitigation measures that are needed to reach acceptable risk level. Risks are consolidated from the business unit level to the segment level and from the segment level to the Group level. At each level risk mitigation measures are defined in order to reach acceptable risk levels. Execution and supervision of these risk mitigation actions is a task of line management. Upper level line management always approves lower level risk mitigation measures and the risk level reached after implementation of such measures. Internal audit function monitors and reports achievement of these measures. The purpose is to verify that risk mitigation actions support achievement of Group's strategic and financial objectives.

The Group risk management function is organizing, instructing, supporting, supervising and monitoring risk management activities. The function also analyzes changes in impact, likelihood and level of control for each identified business risk. It reports annually results of the risk management process to the Audit Committee. The Group risk management function also prepares reports to the executive management of the Group and the Auditor.

Business unit, segment and Group level risk management process and activities are engaged with Group's annual planning cycle. Risk management process may be commenced any time in the course of the financial year should a certain business area encounter essential strategic changes requiring initiation of the risk management process.

Audit

The Company shall have one Auditor, which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The AGM elects the Company's Auditor. The AGM 2010 elected the Authorized Public Accounting firm Ernst & Young Oy as the Auditor of the Company. Harri Pärssinen, APA, has acted as the auditor with principal responsibility. Each subsidiary is subject to local auditing under the local regulations, which is conducted by representatives of the Ernst & Young network in each country.

In 2010, total auditing costs of the Group amounted to EUR 1.1 million. The Ernst & Young network has also provided other consultancy worth EUR 0.2 million.

Auditors’ Report

To the Annual General Meeting of Huhtamäki Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Huhtamäki Oyj for the year ended December 31, 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditors’ Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Espoo, February 10, 2011

Ernst & Young Oy
Authorized Public Accounting Firm

Harri Pärssinen
Authorized Public Accontant

Remuneration Statement

Huhtamäki Oyj (the Company) complies with the Finnish Corporate Governance Code adopted by the Securities Market Association and effective from October 1, 2010. This Remuneration Statement is drawn up in accordance with Recommendation 47 of the Corporate Governance Code. The Code is available in its entirety in Internet at www.cgfinland.fi.

This statement is updated once a year or more often in case any substantial changes take place.

Board of Directors

Decision-making process and main principles of remuneration

The Annual General Meeting of Shareholders (AGM) is resolving on the remuneration payable to the members of the Board of Directors and its Committees as well as on related remuneration principles. The Nomination Committee of the Board of Directors prepares annually a proposal to the AGM on the remuneration and the principles for compensating the expenses of the Board members.

The Board members do not receive Company's shares as remuneration nor are they participants in Company's option rights plans or performance share plans.

None of the Board members is employed by the Company and thus the Board members are not eligible for any employment relationship related financial or other benefits nor are they eligible for any pension scheme.

Financial Benefits

In accordance with the resolution passed by the AGM, held on March 24, 2010, the annual compensation in 2010 for the Chairman of the Board was EUR 90,000, for the Vice-Chairman EUR 55,000 and for the other members EUR 45,000. In addition, a meeting fee of EUR 500 per meeting was paid to all members for the Board and Board Committee meetings they attended. Traveling expenses were compensated in accordance with the Company policy.

Remuneration paid to the members of the Board of Directors in 2010 (EUR)

	Annual compensation	Meeting fees	Total
Mikael Lilius	90,000	10,000	100,000
Jukka Suominen	55,000	11,000	66,000
Eija Ailasmaa	45,000	9,000	54,000
William R. Barker*	33,750	4,500	38,250
George V. Bayly	45,000	7,000	52,000
Rolf Börjesson	45,000	8,500	53,500
Robertus van Gestel**	11,250	3,000	14,250
Siaou-Sze Lien	45,000	7,000	52,000
Anthony J.B. Simon	45,000	7,500	52,500
Total	**415,000**	**67,500**	**482,500**

*member of the Board as of March 24, 2010
**member of the Board until March 24, 2010

Chief Executive Officer and Group Executive Team

Decision-making process and main principles of remuneration

Decision-making process

Remuneration and financial benefits payable to the Chief Executive Officer (CEO) and the members of the Group Executive Team (GET) are determined by the Board of Directors normally on a yearly basis. Prior to the relevant Board meeting, the matter is deliberated by the Human Resources Committee of the Board of Directors.

Remuneration

Remuneration is based on the Group level remuneration principles, but local laws and market practices are taken into account when applying the principles. The remuneration of the CEO and other GET members consists of a non-variable annual base salary, benefits and an annually determined short-term incentive. In addition, the CEO and other GET members are participating in the long-term incentive plans consisting of the option rights plans and performance share plans.

The short-term incentive for the CEO and other GET members is based on financial performance of the Group and achievement of the personal objectives. The short-term incentive for those GET members having a business segment responsibility is determined, in addition to the Group performance, based on financial performance of the business segment in question. The following indicators are applied when setting the financial objectives: return on investment (ROI), free cash flow, return on net assets (RONA) and working capital ratios. The above mentioned criteria are selected to promote the Group's financial targets and success on a short and a long term.

The objectives for the short-term incentive are set and the achievement is reviewed annually. Possible incentive payment is made in March following the calendar-year-long earnings period. The payment of the incentive is subject to the person being employed by the Group and not having resigned by the time of the payment. The maximum amount of the short-term incentive for the CEO is the amount corresponding to 75% of the non-variable annual base salary. The maximum amount of the short-term incentive for the other GET members varies depending on the position between 50–60% of the non-variable annual base salary.

Option rights and performance share plans function as long-term incentives for the CEO and other GET members. The CEO and other GET members are participants in the Option Rights 2006 Plan, the Performance Share Incentive Plan 2008–2010 and the Performance Share Plan 2010–2012. The reward in the Performance Share Incentive Plan 2008–2010 is based on the Group's earnings per share (EPS) in 2010 and in the Performance Share Plan 2010–2012 on the EPS in 2012.

For further information on option rights plans and performance share plans, please see: www.huhtamaki.com > Investors > Corporate Governance > Option Rights and Performance Shares.

For further information on the option rights and shares owned by the CEO and the other GET members, please see: www.huhtamaki.com > Investors > Corporate Governance > Group Executive Team > Group Executive Team members' holdings of Huhtamaki shares and option rights.

Financial Benefits

Chief Executive Officer

M.Sc. (Econ), MBA Jukka Moisio (born 1961) has acted as the Company's CEO as of April 1, 2008. In 2010, Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 566,768 and the short-term incentive, based on the performance in 2009, amounted to EUR 404,252. Based on the performance in 2009, the CEO received under the Performance Share Incentive Plan 2008–2010 a total of 30,000 shares with an aggregate value of EUR 261,300 at the time of the transfer and a cash payment of EUR 261,300 relating to the amount of income taxes arising based on the received shares. This reward with a total value of EUR 522,600 was paid in March 2010. Thus, the CEO's total remuneration amounted to a total of EUR 1,493,620 in 2010. No option rights were allocated to him during 2010.

According to the Service Agreement between the Company and the CEO, either party may terminate the Service Agreement with six months' prior notice. During the notice period, the CEO is entitled to normal salary payments. If the Company terminates the Service Agreement, the CEO is entitled to a termination compensation amounting to 18 months' base salary. The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. The early retirement possibility is covered by an arrangement under which the Company contributes, in addition to statutory employment pension contribution, to a supplementary pension arrangement annually an amount which shall not exceed the CEO's monthly base salary. However, the contribution is subject to the CEO contributing the same amount to the supplementary pension arrangement. In case the Service Agreement is terminated prior to the retirement and resignation age, the CEO maintains the right to the funds in the supplementary pension arrangement. The amount of the supplementary pension is determined based on the funds contributed to the arrangement by the Company and the CEO as well as the returns on these funds.

In 2010, the cost of the CEO's supplementary pension arrangement for the Company amounted to EUR 44,742.

Group Executive Team

In addition to the CEO, the following persons form the Group Executive Team: Mr. Timo Salonen, Chief Financial Officer; Mr. Juha Salonen, Senior Vice President, Administration and General Counsel; Mr. Clay Dunn, Executive Vice President North America; Mr. Suresh Gupta, Executive Vice President Flexible Packaging; Mr. Olli Koponen, Executive Vice President Molded Fiber (as of January 1, 2011); Mr. Eric Le Lay, Executive Vice President Foodservice Europe-Asia-Oceania; and Mr. Peter Wahsner, Executive Vice President Films.

In 2010, the non-variable annual base salary and benefits of the GET members excluding the CEO amounted to a total of EUR 1,731,056 and the short-term incentive, based on the performance in 2009, amounted to a total of EUR 843,543. Based on the performance in 2009, the GET members excluding the CEO received under the Performance Share Incentive Plan 2008–2010 a total of 90,000 shares with an aggregate value of EUR 771,600 at the time of the transfer and a cash payment of EUR 608,914 relating to the amount of income taxes arising based on the received shares. These rewards with a total value of EUR 1,380,514 were paid in March 2010. Thus, their total remuneration amounted to a total of EUR 3,955,113 in 2010.

In addition to the CEO, four other GET members reside in Finland. Of the other members, one resides in India, one in Germany and one in the United States. All the GET members belong to potential national employee pension systems of their country of residence. Subject to a specific resolution by the Board, the GET members may additionally be entitled to pension arrangements following the local practices and which may be considered partly comparable to supplementary pension plans.

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Huhtamäki Oyj
Keilaranta 10
FI-02150 Espoo, Finland
Tel.: +358–(0)10 686 7000
Fax: +358–(0)10 686 7992
Email: communications@huhtamaki.com
www.huhtamaki.com

Business Identity Code: 0140879-6