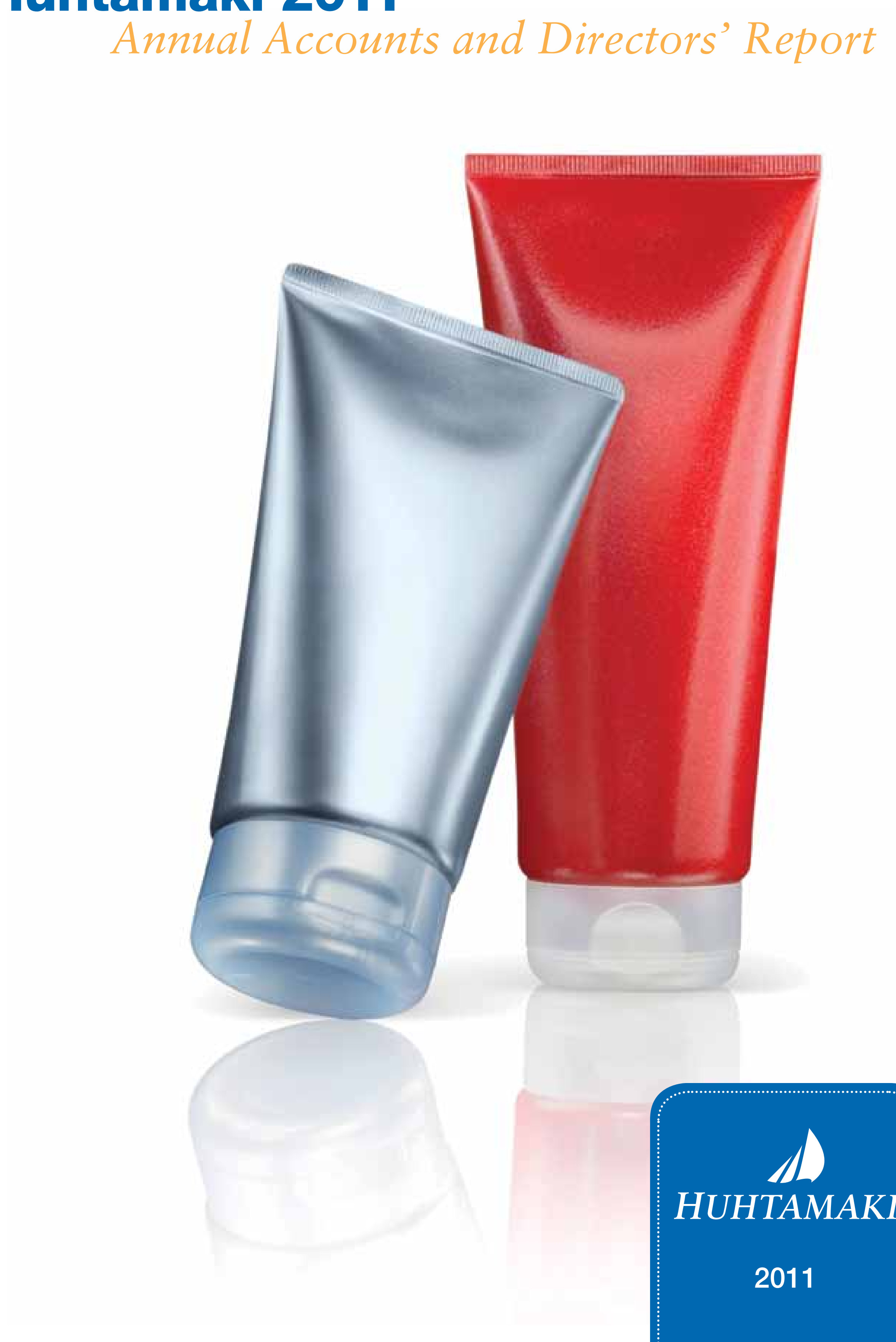
Huhtamaki 2011
Annual Accounts and Directors' Report



HUHTAMAKI

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Huhtamaki Group is a leading manufacturer of consumer and specialty packaging with 2011 net sales totaling EUR 2 billion. Foodservice and consumer goods markets are served by approximately 12,700 people in 59 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 2011

Huhtamaki Group's operating environment in 2011 lived in tandem with the developed world debt crisis. During the year, moments of euphoria were quickly followed by sentiments of doom – and vice versa forming a rollercoaster ride through the year. Our customers and consumers had a more even track, but of course they were not immune to the sentiment changes; Huhtamaki experienced this through volatility in demand and shipments that made the management of manufacturing operations demanding. Early in 2011, macroeconomic growth expectations were clearly positive, but towards the year-end the mood became more subdued and forecasts were taken down month after month. Consequently, the new year is starting with modest global growth expectations.

Our plans for 2011 were dedicated to quality growth, and we are happy to report growth in all business segments. Growth was strongest at emerging markets, where we achieved 14% net sales growth compared to the previous year through selling more to current customers, gaining new customers, and implementing related capacity expansions. Today 24% of the Group's net sales and 40% of employees are in fast-growing emerging markets. Our plans for 2012 look exciting as we continue to expand and enjoy the benefits of our long presence and experience in these markets. One of Huhtamaki's competitive advantages is being a competent local partner with customers in fast-growing countries.

The year 2011 also marked our re-entry into acquisitive growth. We completed three transactions that are expected to add approximately EUR 100 million more in net sales in 2012. Acquisitions are a key part of quality growth for Huhtamaki as they complement current positions providing synergies and bringing new growth platforms. We aim to actively explore acquisitions also in 2012, using our acquisition "firepower" wisely to improve the Group's top line and profitability.

Huhtamaki's financial performance in 2011 was fair. The Group's net sales grew by 5% while return on investment (ROI) including non-recurring items was 9.8%. Return on equity (ROE) including non-recurring items was 11.0% and earnings per share (EPS) excluding non-recurring items were EUR 0.87. The financial position is solid and with net debt/EBITDA at 1.9 the Group has more than EUR 200 million available for potential acquisitions. We refinanced most of our debt during the year and the average maturities were extended. Also the hybrid bond, issued in late 2008, was redeemed. As a consequence, Huhtamaki's long term financing position is good, allowing stable and predictable development of the Group.

During 2011, we acted on two weak-performing manufacturing units to improve our future performance. The decision to close a loss making Flexible Packaging unit in New Zealand was taken in August. We plan to continue serving our flexible packaging customers in Oceania but will transfer manufacturing to our units in Asia, where we continuously invest in expansion. In December, we announced the restructuring of a Foodservice plastics unit in Germany in order to improve competitiveness. In addition, the strategic review of the rigid plastics business in Italy was concluded and the streamlined units will become part of our Foodservice Europe-Asia-Oceania business segment.

In 2012, we plan to get back on track to improve the Group's financial performance. Specific actions on weak-performing units, which were announced in 2011, and lower financing costs will contribute to EPS improvements. We will achieve continuous improvement through our Lean Six Sigma business excellence program, where we implement cost out, value in, and resource optimization events in our units. Our goal is to improve energy and material efficiency, increase net sales and optimize resource use, including better utilization of capital employed. Workplace safety continues to be a key priority for Huhtamaki also in 2012 and we're targeting further improvements in occupational health and safety performance. In 2011, the Group's lost time incident frequency (LTI) and lost time incident severity (LTIS) improved by 12% and 33% respectively.

While disciplined house-keeping is a very important component of higher profitability, the key improvement source for Huhtamaki is the implementation and achievement of quality growth. Our operations in several fast-growing countries have the appropriate infrastructure in place and therefore our 2012 growth actions will benefit from operating leverage as they do not replicate full cost structure in order to serve customers successfully. We are expanding our capacity with new production lines in several fast-growing countries and expect to enjoy organic growth comparable to 2011. We seek to complement organic growth with acquisitions that strengthen our positions and provide additional access to growth opportunities.

Having lived most of the 2000s with a flat top line, it is important to be a growth company again. At Huhtamaki, we do not target just any growth, but quality growth, which means uncomplicated, profitable growth based on good competitive positions without sacrificing financial returns. This guarantees value to shareholders and this will be evidenced as a good return on equity and a competitive and predictable dividend. It is also more inspiring for Huhtamaki team members to work at a dynamic company that provides professional development opportunities and excitement by seeking, implementing, and being able to finance expansion. Our quality growth strategy is strongly endorsed also by our customers who value a competent partner.

We have things to improve for 2012 and the main target is to get back on track to higher profitability. We are confident that our growth actions will deliver well and despite modest global macroeconomic expectations we look optimistically to 2012. During uncertain times, an organization needs all the support of its key stakeholders and I would like to thank our customers, suppliers, investors, and other stakeholders for their support of the Huhtamaki team.

Jukka Moisio
CEO
February 2012

Directors' Report

Overview

The Group's trading conditions in 2011 remained relatively stable despite increased general economic uncertainty during the second half of the year. Demand for consumer packaging remained robust within emerging markets throughout the year. Raw material price levels were high during the first half of the year but stabilized during the third quarter and declined during the fourth quarter. Currencies moved adversely in the second and third quarters.

The Group's net sales developed favorably in 2011 compared to the previous year, led by the continued strong organic growth in the Flexible Packaging segment. Full year net sales were EUR 2,044 million (EUR 1,952 million). Reported net sales growth of the Group for the year was EUR 92 million, of which the new business units acquired during the second half of the year accounted for EUR 29 million. Adverse currency translations, especially in the North America business segment, had a negative impact in reported net sales development. The impact of adverse currency translations for the full year was EUR -36 million.

The Group's earnings before interest and taxes (EBIT) for the year were EUR 121 million, including a net non-recurring charge of EUR 7 million. In 2010 the Group's earnings were EUR 134 million. Earnings development was strongest in the Flexible Packaging business segment and it was supported by healthy net sales growth.

The Group's free cash flow developed positively towards the end of the year and the free cash flow for the full year was EUR 65 million (EUR 113 million). Return on investment (ROI) was 9.8% (12.0%) and return on equity (ROE) was 11.0% (14.5%).

In 2011, progress was made in implementing the Group's new strategic direction focusing on quality growth. Three strategic and growth enhancing acquisitions were completed during the year. A hygienic films manufacturer was acquired in Brazil and two specialty folding carton packaging businesses were acquired in the United States. The strategic review of the rigid plastic consumer goods operations, commenced in 2008, was completed. The closure of a Flexible Packaging manufacturing unit in New Zealand and restructuring activities of a Foodservice unit in Germany were also announced during the year.

Business review by segment

The net sales distribution by business segment in 2011 was the following: Flexible Packaging 28% (27%), Films 9% (8%), North America 26% (27%), Molded Fiber 12% (12%), Foodservice Europe-Asia-Oceania 23% (23%) and Other activities 2% (3%).

Flexible Packaging

Demand for flexible packaging remained healthy throughout 2011 despite increased uncertainty in the markets. Market growth in Europe was approximately 2% whilst the markets in Asia grew with double digit growth rates. In addition to the high gross domestic product growth, the market growth in Asia was driven by increased disposable income, development of modern retailing as well as growing requirements for product safety and convenience. The growth in Asian markets increased competition. In Europe competition was equally aggressive and market shares were defended strongly. General consolidation within the flexible packaging sector continued.

The Group was able to maintain its market position globally and gain market share in Europe. Development in Europe was particularly strong within packaging for soups and ready meals as well as retort laminates for pet food. Tube laminates and confectionery packaging grew in line with the market. In Asia, packaging for coffee and tea developed strongest, followed by other food and ready meal packaging.

During the year progress was made in the Flexible Packaging business segment in closer integration of the global organization. Synergy benefits were achieved especially in sourcing, new product development and technology development.

The Flexible Packaging segment's strong performance continued throughout the year, as net sales grew at double digit rates both in Europe and in Asia. Full year net sales were EUR 578 million (EUR 525 million). During the second half of the year growth was robust especially in Europe, whilst the growth in Asia was dampened by the severe flooding in Thailand, where several customers were forced to temporarily close operations. The flooding caused no material damage to the Group's fixed assets in Thailand.

The segment's full year earnings excluding non-recurring charges grew by 12% compared to the previous year and were EUR 38 million (EUR 34 million). The reported full year EBIT was EUR 31 million (EUR 34 million). The decline was due to the non-recurring charges related to the closure of the New Lynn unit in New Zealand. The reported return on net assets (RONA) was 9% (11%) and operating cash flow was EUR 40 million (EUR 35 million).

A loss making manufacturing unit in New Lynn, New Zealand was decided to be closed during the third quarter. The closure, expected to be finalized by the end of July 2012, is estimated to have an approximately EUR 5 million annualized positive impact on the segment's earnings as of the second half of 2012. A non-recurring charge of EUR 8 million related to the closure of the unit was recognized in the third quarter.

Films

No major changes were experienced in the global market for films during 2011. Demand remained stable with a high degree of volatility caused by the increased global economic uncertainty. Growth was seen in the global market for hygienic films, especially in South America and South East Asia. Growth in consumer spending in the emerging markets drove the growth of the personal care products, increasing the demand for films for hygiene applications. Demand for added value solutions, such as single wrap napkins, was increasing globally. In developed markets the growing eco-consciousness increased the demand for sustainable films solutions, although their share of the total market is still moderate.

The Group maintained its strong position in pressure sensitive films as well as in films products for the building and construction markets. The position in hygienic films was significantly strengthened by the acquisition of a hygienic films manufacturer in Brazil as well as the opening of a new plant in Thailand. The segment also progressed in developing its offering of environmentally sustainable films.

As a result of two strategic actions, the geographic scope of the Films business segment was significantly strengthened. The segment has now manufacturing in Europe, North America, South America and Asia. The acquisition of the Brazilian hygiene films manufacturer, Prisma Pack Indústria de Filmes Técnicos e Embalagens Ltda, was completed during the third quarter. The acquired business was consolidated into the Films segment as of September 1, 2011. The 2011 annual net sales of the acquired unit were approximately EUR 35 million. A new, state-of-the-art films manufacturing unit started operations in Thailand during the third quarter. The unit is focused on manufacturing high quality films for the growing market of hygiene products in Asia.

The Films business segment's net sales continued to develop positively during 2011. Full year net sales were EUR 177 million (EUR 164 million). The positive development was mainly attributable to the acquisition in Brazil.

The segment's full year earnings declined compared to the previous year. The full year EBIT was EUR 8 million (EUR 11 million). Earnings decline was mainly due to volume decline and market softness in Europe towards the end of the year, costs related to the integration and operational improvements of the acquired unit in Brazil as well as delay in ramping up the new manufacturing unit in Thailand. Earnings were also negatively affected by the quality problems experienced in the second quarter. The segment's RONA was 6% (9%) and operating cash flow was EUR -4 million (EUR 6 million).

North America

Trading conditions were challenging for the North America business segment throughout 2011. Raw material costs, especially for oil based materials and recycled fiber, increased substantially and remained high for the most of the year while overall market demand was affected by high unemployment and weak economy. The retail take home ice cream market contracted a further 8% in 2011 after declining approximately 6% from 2006 to 2010. The foodservice industry revenue grew but only marginally. The retail disposable tableware market grew approximately 2% in 2011, returning to the 2009 level. There was further consolidation within the North American packaging market.

Chinet® branded tableware held its overall market position, with product line extensions such as Comfort Cup® and Cut Crystal® plastic tableware range performing particularly well. However, Chinet molded fiber plates were negatively impacted by the weak economy. New product launches during 2011 included Chinet Bakeware® products and Sensibles® plates.

Highlight for the Group in North America was the entry into the folding carton packaging business with two acquisitions completed during the year. The assets and business of Paris Packaging, Inc., a converter of specialty folding cartons were acquired in the third quarter. The product range of the acquired business was complementary to the North America segment and the acquisition strengthened the segment's position especially within the foodservice market. The business was consolidated into the North America segment as of September 1, 2011. During the fourth quarter the assets and business of Ample Industries, Inc., also a converter of folding cartons, were acquired to further strengthen the Group's position in the North American foodservice packaging market. The business was consolidated into the North America segment as of December 1, 2011. The annual net sales of the acquired units in 2011 were approximately EUR 90 million.

The segment's reported net sales declined slightly during 2011 due to adverse currency translations and were EUR 532 million (EUR 536 million). In constant currency the segment's net sales developed favorably.

The full year reported earnings of the segment decreased slightly compared to the previous year mainly due to adverse currency translations in the second and third quarters. The segment's full year EBIT was EUR 44 million (EUR 45 million). In constant currency the segment's full year earnings increased slightly, mainly due to positive earnings development in the retail business. The acquired units also had a positive effect in the segment's earnings. The segment's RONA was 11% (12%) and operating cash flow was EUR 44 million (EUR 59 million).

Molded Fiber

Demand for molded fiber packaging was solid throughout 2011. High-end molded fiber packaging continued to gain market share in developed markets, especially in Western Europe, where customers increasingly valued enhanced branding possibilities. In emerging markets the development of modern retailing drove also the demand for molded fiber packaging. Rapidly changing raw material prices characterized the year, with an all-time high price for recycled fiber experienced during the second quarter. Competitive situation remained tight in Europe.

While the overall market for egg packaging in Europe was flat in 2011, the Group succeeded in further strengthening its positions. Strong positions were kept in emerging markets, especially in Russia and Brazil, where further investments in additional capacity were made. In Brazil the Group already has a leading position in fruit packaging and the investments made in 2011 strengthen the position in egg packaging. Progress was also made in increasing customer satisfaction through sustained long-term projects.

The segment's net sales continued to develop positively during 2011 and were EUR 238 million (EUR 233 million).

Despite positive sales development, the segment's full year earnings declined slightly compared to the previous year. The segment's full year EBIT was EUR 21 million (EUR 22 million). The segment's RONA was 12% (13%) and operating cash flow was EUR 18 million (EUR 23 million).

Foodservice Europe-Asia-Oceania

Demand for paper cups, especially insulated hot cups, was strong during 2011 in all markets of the Foodservice Europe-Asia-Oceania business segment. The growing popularity of specialty coffee and the coffee-to-go -trend supported the volume growth and the move towards insulated hot cups. The demand for plastic cups was weak, especially in Western Europe.

There were no significant shifts in market positions, although competition tightened both in Asia and in Europe. New competitors in Asia and in Europe created margin pressure especially with commodity products. Asian imports of foodservice packaging increased in Western European, Nordic and Australian markets. In Oceania, the foodservice market was otherwise stable. The Group maintained its overall positions within the foodservice packaging market, gaining in high end insulated hot cups in Western Europe, and in Eastern Europe and in Asia-Oceania in general.

In 2011 the Foodservice Europe-Asia-Oceania business segment's net sales continued to develop positively in Eastern Europe and Asia. The segment's full year net sales were EUR 482 million (EUR 468 million). The growth was mainly attributable to overall volume growth in Asia and the growth of paper cup volumes in Europe. However, the segment's total volume development was flat due to declining volumes of plastic cold cups in Europe.

Despite positive sales development the Foodservice Europe-Asia-Oceania segment's full year earnings declined compared to the previous year. The full year EBIT was EUR 22 million (EUR 25 million). The decline was mainly attributable to the continued low profitability of the Central European plastics and Nordic businesses. The segment's earnings were also negatively affected by a charge of EUR 1 million that was recognized to cover rationalization measures within the segment's European operations in the fourth quarter. The segment's RONA was 9% (11%) and operating cash flow was EUR 13 million (EUR 22 million).

Restructuring activities of the Foodservice plastics unit in Alf, Germany, were announced during the fourth quarter, and a related non-recurring charge of EUR 6 million was recognized. Due to positive business performance and improved cash flow expectations in a Foodservice unit in UK a non-recurring gain of EUR 7 million, related to an impairment reversal of certain assets being used by the unit, was also recognized. Full year net impact of the non-recurring items was EUR 1 million.

Financial review

The full year Group EBIT excluding non-recurring items was EUR 128 million (EUR 134 million), corresponding to an EBIT margin of 6.2% (6.9%). The reported Group EBIT was EUR 121 million (EUR 134 million).

Net financial items for the year were EUR -16 million (EUR -14 million). Financial expenses increased compared to the previous year mainly due to slightly higher average interest rates during the year as well as the impact from the acquisitions on net debt growth. Tax expense for the year was EUR 14 million (EUR 16 million). The corresponding tax rate for the full year was 13% (13%).

The reported result for the full year was EUR 92 million (EUR 105 million) and the reported earnings per share (EPS) were EUR 0.80 (EUR 0.92). Full year EPS excluding non-recurring items were EUR 0.87 (EUR 0.92).

Adverse foreign currency translation impact on full year net sales versus 2010 exchange rates was EUR -36 million and on full year EBIT EUR -3 million.

The majority of European Rigid Consumer Goods Plastics operations, reported as discontinued operations, was divested in 2010. Discontinued operations do not have an impact on the Group's financial figures in 2011. The result for January-December 2010, including discontinued operations, was EUR 115 million. The EPS for January-December 2010, including discontinued operations, were EUR 1.02.

The average number of outstanding shares used in EPS calculations was 101,418,398 (101,185,001), excluding 4,591,089 (4,826,089) of the Company's own shares.

Statement of financial position and cash flow

Free cash flow for 2011 was EUR 65 million (EUR 113 million). Cash flow generation improved during the last quarter of the year compared to the previous quarters due to improved working capital management.

Full year capital expenditure was EUR 82 million (EUR 79 million from continuing business). One third of the capital expenditure was allocated to emerging markets. Majority of the capital expenditure was related to business expansion.

Net debt was EUR 393 million (EUR 270 million) at the end of the year. This corresponds to a gearing ratio of 0.49 (0.32). The effect of the three acquisitions completed in 2011 on the Group's net debt was EUR 61 million. The EUR 75 million hybrid bond issued in 2008 was redeemed on November 28, 2011. The redemption increased the amount of net debt and decreased the amount of equity accordingly. Net debt to EBITDA ratio (excluding non-recurring items) increased during the year being 1.9 (1.2) at the end of the year. As a result of refinancing activities the average maturity of external committed credit facilities and loans at the end of the year was extended to 4.3 (2.0) years.

Strong cash flow and prudent management of debt level contributed to the Group's strong liquidity position. At the end of the year cash and cash equivalents were EUR 69 million (EUR 119 million) and the Group had EUR 294 million (EUR 338 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 1,910 million (EUR 1,865 million).

Strategic review

During the year progress was made in implementing the Group's new strategic direction focused on quality growth. Three strategic and growth enhancing acquisitions were completed. A hygienic films manufacturer was acquired in Brazil and two specialty folding carton packaging businesses were acquired in the United States.

The two acquisitions in the United States provided an entry into the folding carton packaging business and significantly strengthened the Group's positions and competitiveness within the North American foodservice market.

Organic growth was strongest in the fast-growing emerging markets, where the Group has long presence and strong positions. Growth in emerging markets was supported with one third of all capital expenditures being allocated to these markets, mainly to business expansion projects. The Group's positions within the emerging markets were further strengthened with a greenfield investment in Thailand and the acquisition in Brazil, both within the Films business segment, enabling the segment to serve its global key customers from a local supply position throughout the world.

In order to improve the future performance of the Group a loss-making Flexible Packaging unit in New Zealand was decided to be closed. Flexible packaging customers in Oceania will in the future be served from sales offices in Australia and New Zealand, but manufacturing will be transferred to the Group's other flexible packaging units, mainly in Asia.

During 2011 the Board of Directors paid special attention to the Group's strategic growth initiatives. The Board of Directors also focused on the Foodservice business by visiting the manufacturing units in Finland and in Poland.

The strategic review of the Rigid Consumer Goods Plastics business that was begun in 2008 was finalized with the decision to continue operations in three streamlined rigid plastics units in Italy. The units were integrated into the Foodservice Europe-Asia-Oceania segment as of January 1, 2012.

Personnel review

The Group had a total of 12,739 (11,687) employees at the end of 2011. The number of employees increased mainly due to the acquisitions completed. The number of employees by segment was the following: Flexible Packaging 3,824 (3,701), Films 964 (746), North America 3,026 (2,500), Molded Fiber 1,661 (1,588), Foodservice Europe-Asia-Oceania 2,982 (2,864) and Other activities 282 (288). The average number of employees was 12,086 (12,827).

At the end of 2011 the Group had employees in 31 countries, with 40% (43%) of employees in Europe, 33% (33%) in Asia-Oceania-Africa, 24% (22%) in North America and 3% (2%) in South America. The countries with the largest number of employees were the United States 23% (21%), Germany 16% (17%) and India 12% (13%). The Group had 51% (51%) of its total personnel in the aforementioned countries. Excluding acquisitions, the number of employees increased most in China and Thailand.

Huhtamäki Oyj employed 51 (52) people at the end of 2011. The annual average was 50 (51).

During the year, the Group's occupational health and safety performance improved further. The number of workplace incidents decreased to 72 (86). Consequently the lost time incident frequency and severity continued to develop positively. At the end of 2011 the lost time incident frequency was at 3.6 (4.1), improving 12% from the previous year. The lost time incident severity improved by 33% being 843 (1,270).

Systematic work to identify and eliminate hazards that could lead to injuries continued. Specific projects for identifying potential hazards were run in all manufacturing units. Corrective actions were created and continue to receive high priority for prompt completion.

Risk review

Within the Group's risk management 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.

Risk mitigation actions defined in 2010 were implemented during 2011. Due to volatile raw material price development, focus was put on price management. Achieved results were fair. Raw material prices started to stabilize towards the end of the year. In order to address the risks related to macroeconomic instability that increased during the second half of the year, special attention was paid to prudence in spending levels and tight working capital management. As a result cash flow improved significantly towards year end.

In 2011 the main strategic risks related to macroeconomic instability, demand and competition, price management as well as growth and market position. The main operational risks related to operations management and operational efficiency. The main financial risks related to raw material and energy price fluctuations. Appropriate mitigation actions for main risks have been defined for 2012.

More information on financial risks can be found in Note 29 in the Annual Accounts 2011.

Environmental review

The Code of Conduct of the Group and the Group Environmental Policy define globally consistent operating principles for the environmental management of the Group. In addition, the Group is a signatory to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. In 2011 regular internal and external audits were performed to improve environmental performance. The key environmental performance indicators against targets set for each business segment were reported quarterly to the Board of Directors.

The most significant direct environmental aspects of the Group's operations are energy use, emissions into the air and solid waste. Environmental management systems have been created to monitor and facilitate the progress of the Group's operational and product related environmental performance. At the end of 2011, 26 reporting manufacturing units, representing 44% of all manufacturing units in the Group, including the eight 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.

No material environmental investments were made in the Group in 2011. The Group's environmental operating costs totaled EUR 6.9 million.

As per the current proposal for the next commitment period of the European emissions trading scheme for 2013–2020, the amount of carbon dioxide allowances granted to the Group's manufacturing units falling within the scope of the scheme are expected to be significantly lower compared to the carbon dioxide allowances under the current commitment period for 2008–2012. However, direct impacts on the Group's earnings are not expected to be material.

Data on the Group's consolidated performance on the defined significant direct environmental aspects as well as on the business segments' performance is presented in the Group's website.

Resolutions of Huhtamäki Oyj's Annual General Meeting

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 20, 2011. The meeting adopted the Company's

Annual Accounts and the Consolidated Annual Accounts for 2010, and discharged the members of the Company's Board of Directors and the CEO from liability. Dividend for 2010 was set at EUR 0.44 (EUR 0.38) 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 re-elected Ms. Eija Ailasmaa, Mr. William R. Barker, Mr. George V. Bayly, Mr. Rolf Börjesson, Ms. Siaou-Sze Lien, Mr. Mikael Lilius and Mr. Jukka Suominen. Ms. Sandra Turner 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. In addition the Board of Directors resolved upon members of its committees for a term which lasts until the end of the Annual General Meeting of Shareholders following the election.

The Annual General Meeting confirmed the following annual remuneration for the members of the Board of Directors: for the Chairman EUR 100,000 (EUR 90,000), for the Vice-Chairman EUR 60,000 (EUR 55,000) and for the other members EUR 50,000 (EUR 45,000). In addition, a meeting fee of EUR 600 (EUR 500) per meeting was resolved to be paid to all members for the Board and Board Committee meetings they attend.

The Authorized Public Accountant firm Ernst & Young Oy was elected as Auditor of the Company. Mr. Harri Pärssinen, APA, shall be the Auditor with principal responsibility.

Change in the Board of Directors

George V. Bayly resigned from the Board of Directors of Huhtamäki Oyj on September 12, 2011. After the resignation, the Board of Directors still constituted a quorum and consists of the following members: Mikael Lilius, Chairman, Jukka Suominen, Vice-Chairman, Eija Ailasmaa, William R. Barker, Rolf Börjesson, Siaou-Sze Lien and Sandra Turner.

Changes in the Group Executive Team

Olli Koponen was appointed as Executive Vice President, Molded Fiber and member of the Group Executive Team as of January 1, 2011. Sari Lindholm was appointed as Senior Vice President, Human Resources and member of the Group Executive Team as of September 22, 2011.

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 23 in the Annual Accounts 2011.

Share capital and shareholders

At the end of 2011, 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 4,591,089 (4,826,089) Company's own shares. The Company's own shares had the total accountable par value of EUR 15,609,702.60 (EUR 16,408,702.60), representing 4.3% (4.6%) of the total number of shares and voting rights. The amount of outstanding shares net of Company's own shares was 101,472,231 (101,237,231).

During 2011 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 2,200,000 shares in 2012–2014 whereby the share capital would be increased by a maximum amount of EUR 7,480,000 representing approximately 2.1 per cent of the outstanding share capital of the Company on December 31, 2011. The option rights 2006 B are listed on NASDAQ OMX Helsinki Ltd as of October 1, 2009 and the option rights 2006 C as of April 1, 2011. The period of subscription for shares with the option rights 2006 A ceased on October 31, 2011. The option rights 2006 A entitled to subscribe for a total of 1,100,000 new shares. No shares were subscribed for based on the option rights 2006 A. At the end of the year, the 2006 option rights plan had 110 participants.

There were 26,604 (26,858) registered shareholders at the end of 2011. Foreign ownership including nominee registered shares accounted for 26% (25%).

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 2011 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. During 2010 a total of 235,000 shares were conveyed based on the authorization. Based on the authorization given at the Annual General Meeting held on April 3, 2009, a total of 470,000 shares have been conveyed. On December 31, 2011 the Company owned a total of 4,591,089 (4,826,089) own shares.

Share developments

During 2011, the Company´s share was quoted on the NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Materials sector. As of February 1, 2012, NASDAQ OMX Helsinki Ltd applied a new industry classification standard. According to the new classification, the Company's share is quoted on the NASDAQ OMX Helsinki Ltd on the Nordic Mid Cap list under the Industrials industy.

At the end of 2011, the Company's market capitalization was EUR 972 million (EUR 1,098 million) and EUR 929 million (EUR 1,048 million) excluding Company's own shares. With a closing price of EUR 9.16 (EUR 10.35) the share price decreased by 11% (increased 7%) from the beginning of the year, while the OMX Helsinki Cap PI Index decreased by 28% (increased 25%) and the OMX Helsinki Materials PI Index decreased by 41% (increased 40%). In 2011 the volume weighted average price for the Company's share was EUR 9.04 (EUR 8.81). The highest price paid was EUR 10.75 on February 2, 2011 and the lowest price paid was EUR 7.09 on August 9, 2011.

Share trading

During 2011 the cumulative value of the Company's share turnover in NASDAQ OMX Helsinki Ltd was EUR 465 million (EUR 763 million). The trading volume of 51 million (87 million) shares equaled an average daily turnover of EUR 1.8 million (EUR 3.0 million) or, correspondingly 202,774 (344,118) shares.

In addition to NASDAQ OMX Helsinki Ltd, the Company's shares can also be traded in alternative trading venues, such as Chi-X, Turquoise and Bats Europe. During 2011 alternative trading venues increased their share of trading in the Company's share as 36% (27%) of all trading took place outside NASDAQ OMX Helsinki Ltd. The cumulative value of the Company's share turnover in NASDAQ OMX Helsinki Ltd and alternative trading venues was EUR 721 million (EUR 1,041 million) in 2011. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com)

In total, turnover of the Company's 2006 A, B and C option rights was EUR 1,341,655.79 (EUR 379,397.71) corresponding to a trading volume of 974,421 (507,962) 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 2012

The Group's trading conditions are expected to remain relatively stable during 2012. The good financial position and ability to generate a positive cash flow will enable the Group to further address profitable growth opportunities. Growth in net sales is expected to continue and earnings per share (EPS) are expected to increase compared to the EUR 0.87 (excluding non-recurring items) achieved in 2011. Capital expenditure is expected to be below EUR 100 million.

Dividend proposal

On December 31, 2011 Huhtamäki Oyj's non-restricted equity was EUR 855 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.46 (EUR 0.44) per share, in total EUR 47 million, be paid.

Annual General Meeting 2012

The Annual General Meeting of Shareholders will be held on Tuesday, April 24, 2012 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 2011

Group income statement (IFRS)

EUR million	Note	2011	%	2010	%
CONTINUING OPERATIONS					
Net sales	**1**	**2,043.6**	**100.0**	**1,951.8**	**100.0**
Cost of goods sold	4	-1,735.1		-1,631.9	
Gross profit		**308.5**	**15.1**	**319.9**	**16.4**
Other operating income	5	19.6		22.0	
Sales and marketing	4	-67.5		-70.1	
Research and development		-16.2		-16.3	
Administration costs		-108.9		-111.9	
Other operating expenses	6	-14.9		-9.3	
		-187.9		**-185.6**	
Earnings before interest and taxes	**7, 8**	**120.6**	**5.9**	**134.3**	**6.9**
Financial income	9	5.7		5.7	
Financial expenses	9	-21.8		-19.9	
Income from associated companies		0.7		0.6	
Result before taxes		**105.2**	**5.1**	**120.7**	**6.2**
Income taxes expenses	10	-13.5		-16.2	
Result for the period from continuing operations		**91.7**	**4.5**	**104.5**	**5.4**
Result for the period from discontinued operations	**3**	**-**	**-**	**10.2**	**0.5**
Result for the period		**91.7**	**4.5**	**114.7**	**5.9**
Attributable to:					
Equity holders of the parent company		88.2		111.1	
Non-controlling interest		3.5		3.6	
EUR					
EPS continuing operations	11	0.80		0.92	
EPS result for the period from discontinued operations		-		0.10	
EPS attributable to equity holders of the parent company		0.80		1.02	
Diluted:					
EPS continuing operations		0.80		0.92	
EPS result for the period from discontinued operations		-		0.10	
EPS attributable to equity holders of the parent company		0.80		1.02	

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Note	2011	2010
Result for the period		**91.7**	**114.7**
Other comprehensive income:			
Translation differences		-0.6	32.8
Fair value and other reserves	24	-3.1	1.9
Income tax related to components of other comprehensive income		0.5	-0.5
Other comprehensive income, net of tax		**-3.2**	**34.2**
Total comprehensive income		**88.5**	**148.9**
Attributable to:			
Equity holders of the parent company		85.0	145.3
Non-controlling interest		3.5	3.6

Group statement of financial position (IFRS)

ASSETS

EUR million	Note	2011	%	2010	%
Non-current assets					
Goodwill	12	423.7		400.8	
Other intangible assets	12	26.2		26.7	
Tangible assets	13	645.5		614.8	
Investments in associated companies	14	3.6		3.1	
Available for sale investments	16	1.3		1.2	
Interest bearing receivables	17	14.4		11.9	
Deferred tax assets	18	15.7		13.0	
Employee benefit assets	19	63.0		61.3	
Other non-current assets		4.8		4.5	
		1,198.2	**62.7**	**1,137.3**	**61.0**
Current assets					
Inventory	20	289.0		265.2	
Interest bearing receivables	17	8.9		35.4	
Current tax assets		2.3		3.4	
Trade and other current receivables	21	342.2		305.1	
Cash and cash equivalents	22	69.0		118.7	
		711.4	**37.3**	**727.8**	**39.0**
Total assets		**1,909.6**	**100.0**	**1,865.1**	**100.0**

EQUITY AND LIABILITIES

EUR million	Note	2011	%	2010	%
Share capital	23	360.6		360.6	
Premium fund		106.8		106.8	
Treasury shares	24	-42.2		-44.4	
Translation differences	24	-97.8		-97.2	
Fair value and other reserves	24	-5.4		-2.9	
Retained earnings		460.1		426.0	
Total equity attributable to equity holders of the parent company		**782.1**	**41.0**	**748.9**	**40.1**
Non-controlling interest		22.9		24.8	
Hybrid bond	24	-		75.0	
Total equity		**805.0**	**42.2**	**848.7**	**45.5**
Non-current liabilities					
Interest bearing liabilities	25	260.8		283.0	
Deferred tax liabilities	18	61.5		51.7	
Employee benefit liabilities	19	97.0		101.7	
Provisions	26	46.7		47.5	
Other non-current liabilities		4.1		4.5	
		470.1	**24.6**	**488.4**	**26.2**
Current liabilities					
Interest bearing liabilities					
Current portion of long term loans	25	82.5		61.4	
Short term loans	25	142.4		91.5	
Provisions	26	13.2		2.5	
Current tax liabilities		6.8		8.8	
Trade and other current liabilities	27	389.6		363.8	
		634.5	**33.1**	**528.0**	**28.3**
Total liabilities		**1,104.6**	**57.8**	**1,016.4**	**54.5**
Total equity and liabilities		**1,909.6**	**100.0**	**1,865.1**	**100.0**

Group cash flow statement (IFRS)

EUR million	2011	2010
Profit for the period	**91.7**	**114.7**
Adjustments	115.6	102.0
Depreciation and amortization	76.3	81.2
Gain on equity of associated companies	-0.7	-0.6
Gain/loss from disposal of assets	-0.1	-2.2
Financial expense/-income	16.4	14.2
Income tax expense	13.5	16.5
Other adjustments, operational	10.2	-7.1
Change in inventory	-8.3	-32.1
Change in non-interest bearing receivables	-41.7	-3.6
Change in non-interest bearing payables	14.4	24.3
Dividends received	0.9	0.5
Interest received	2.6	5.3
Interest paid	-18.1	-12.8
Other financial expenses and income	-1.5	-0.4
Taxes paid	-9.4	-6.6
Net cash flow from operating activities	**146.2**	**191.3**
Capital expenditure	-82.2	-85.8
Proceeds from selling fixed assets	0.9	7.4
Acquired subsidiaries	-51.4	-
Divested subsidiaries	-	52.0
Proceeds from long-term deposits	0.4	12.8
Payment of long-term deposits	-2.8	-12.6
Proceeds from short-term deposits	34.5	6.4
Payment of short-term deposits	-9.1	-18.8
Net cash flow from investing	**-109.7**	**-38.6**
Proceeds from long-term borrowings	215.5	274.2
Repayment of long-term borrowings	-235.0	-288.4
Proceeds from short-term borrowings	1,337.9	1,154.6
Repayment of short-term borrowings	-1,277.5	-1,195.6
Dividends paid	-44.6	-38.4
Hybrid equity	-75.0	-
Hybrid equity interest	-7.9	-7.9
Net cash flow from financing	**-86.6**	**-101.5**
Change in liquid assets	**-49.7**	**54.7**
Cash flow based	-50.1	51.2
Translation difference	0.4	3.5
Liquid assets on January 1	118.7	64.0
Liquid assets on December 31	69.0	118.7

Statement of changes in shareholders' equity

Attributable to equity holders of the parent company

EUR million	Share Capital	Share issue premium	Treasury Shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Hybrid bond	Total equity
Balance on 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 on Dec 31, 2010	**360.6**	**106.8**	**-44.4**	**-97.2**	**-2.9**	**426.0**	**748.9**	**24.8**	**75.0**	**848.7**
Dividend						-44.6	-44.6			-44.6
Share-based payments			2.2			-0.2	2.0			2.0
Redemption of hybrid bond									-75.0	-75.0
Interest on hybrid bond						-7.9	-7.9			-7.9
Total comprehensive income for the year				-0.6	-2.5	88.1	85.0	3.5		88.5
Other changes						-1.3	-1.3	-5.4		-6.7
Balance on Dec 31, 2011	**360.6**	**106.8**	**-42.2**	**-97.8**	**-5.4**	**460.1**	**782.1**	**22.9**	**-**	**805.0**

Accounting principles for consolidated accounts

Main activities

Huhtamaki Group is a leading manufacturer of consumer and specialty packaging 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, Finland 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 14, 2012.

Bases of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the IAS and IFRS standards as well as SIC- and IFRIC interpretations which were valid on December 31, 2011, have been followed in the preparation. IFRS, 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 that are measured at fair value. The consolidated financial statements are presented in millions of Euros.

The Group has adopted the following standards and interpretations as of January 1, 2011

- 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 had 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 did not 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.
- Improvements to IFRS (May 2010). The changes differ by standard, but are not significant considering the 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. Any possible contingent consideration is recognized at fair value at the acquisition date and it is classified as a liability or equity. Contingent consideration classified as a liability is remeasured at every balance sheet date and the related profit or loss is recognized in the comprehensive income statement. Contingent consideration classified as equity is not remeasured. The acquisitions before January 1, 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 for the period is presented as a separate item below Earnings before interest and taxes. Correspondingly the Group's share of changes in comprehensive income statement is 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 off 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 customer relations, 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 the 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)
Customer relations	7 (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 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 are capitalized in the statement of financial position, from the moment future economic benefits are expected to be available from the product and the Group has intention and resources to finalize the development. Previously expensed development expenditure is not capitalized later.

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 components. 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.

Costs are determined on the first-in first-out principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Costs for produced finished goods and work in process represent 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 extent 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

Financial instruments are included in Group's equity unless they contain a contractual obligation for the 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.

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.

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.

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 costs, 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 relate 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 found in note 11.

New IAS/IFRS standards and interpretations

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

- IFRS 9 Financial Instruments: Classification and Measurement (effective for 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.
- Amended IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning of July 1, 2011 or after). Amendment creates more transparency on disclosure requirements relating to financial instrument transactions. The amendment is not yet endorsed in EU.
- IAS 12 Income taxes (Amendment) – Deferred taxes: Recovery of Underlying Assets (effective for accounting periods beginning 1.1.2012 or after). According to the amendment the deferred tax on investment property measured at fair value and on non-depreciable assets measured using the revaluation method will be recognized on a sale bases. The amendment is not yet endorsed in EU.
- Amended IAS 1 Presentation of Items of Other Comprehensive Income (effective for accounting periods beginning July 1, 2012 or after). According to the amendment items that would be reclassified to the income statement at a future point of time would be presented separately. The amendment is not yet endorsed in EU.
- Revised IAS 19 Employee Benefits (effective for accounting periods beginning January 1, 2013 or after). According to the change all actuarial gains and losses should be recognized in other comprehensive income when incurred i.e. the corridor approach is removed. The amendment is not yet endorsed in EU.
- IFRS 10 Consolidated Financial Statements (effective for accounting period beginning January 1, 2013). The standard determines control as bases when defining whether an entity is consolidated. The standard is not endorsed in EU.
- IFRS 11 Joint Arrangements (effective for accounting periods beginning January 1, 2013 or after). According to the standard joint arrangements are accounted based more on rights and obligations than legal form. The standard is not yet endorsed in EU.
- IFRS 12 Disclosure of Interests in Other Entities (effective for accounting periods starting January 1, 2013 or after). The standard includes disclosure requirements relating to entity's interest in other entities. The standard is not yet endorsed in EU.
- IFRS 13 Fair Value Measurement (effective for accounting periods starting January 1, 2013 or after). The standard includes the exact definition for fair value and required notes. It describes how to measure fair value where fair value is required or permitted by IFRS. The standard is not yet endorsed in EU.
- Revised IAS 27 Separate Financial Statements (effective for accounting periods beginning January 1, 2013 or after). The revision includes the requirements for separate financial statements. The revision is not yet endorsed in EU.
- Revised IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning January 1, 2013 or after). The revised standards include requirements of accounting associates and joint ventures using equity method. The revised standard is not yet endorsed in EU.

Notes to the consolidated financial statements

1. Segment information

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

Flexible Packaging: Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Asia, Oceania and South America.

Films: 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. The segment serves global markets from production units in Europe, Asia, North America and South America.

North America: The segment includes rigid paper and plastic and molded fiber businesses in North America and Mexico. Local markets are served with Chinet® disposable tableware products, ice cream containers as well as other consumer goods and foodservice products.

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

Foodservice Europe-Asia-Oceania: Foodservice paper and plastic disposable tableware is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, Middle-East, Asia and Oceania.

In the Group performance assessment and decisions on allocation of resources are based on a segment's potential to generate earnings before interest and taxes (EBIT), operating cash flow and return on net assets. In management's opinion these are the most suitable key indicators for analyzing the segments' performance. The Chief Executive Officer is the highest decision maker on above mentioned assessments and resource allocation.

Segment net assets include items directly attributable to a segment and items which can be allocated on reasonable basis. Net assets comprise of 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 during 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 and investments in associated companies.

Segments 2011

EUR million	Flexible Packaging	Films	North America	Molded Fiber	Foodservice Europe-Asia-Oceania	Segments total
Net sales	577.4	173.0	529.2	237.4	477.3	1,994.3
Intersegment net sales	0.9	4.0	3.1	0.8	5.1	13.9
EBIT*	30.5	8.4	43.5	20.9	22.0	125.3
Net Assets	313.7	155.3	425.1	173.8	253.6	1,321.5
Capital Expenditure	18.6	7.1	24.0	11.2	20.3	81.2
Depreciation and amortisation	21.2	6.5	20.2	12.2	14.5	74.6
RONA, % (12m roll.)	9.3%	6.2%	11.2%	12.0%	8.9%	-
Operating Cash Flow	39.7	-4.3	43.5	18.2	12.7	-
* includes restructuring cost of	-7.8	-	-	-	-5.7	-13.5
* includes impairment reversal	-	-	-	-	6.5	6.5

See notes 4, 8 and 13.

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	-

Reconciliation calculations

Net Sales

EUR million	2011	2010
Net sales for reportable segments	1,994.3	1,895.1
Intersegment net sales for reportable segments	13.9	29.3
Net sales for other activities	51.9	59.9
Elimination of intercompany net sales	-16.5	-32.5
Continuing Operations net sales	**2,043.6**	**1,951.8**

Result

EUR million	2011	2010
Total EBIT for reportable segments	125.3	136.9
EBIT for other activities	-4.7	-2.6
Net financial items	-16.1	-14.2
Income of associated companies	0.7	0.6
Continuing operations result before taxes	**105.2**	**120.7**

Assets

EUR million	2011	2010
Total assets for reportable segments	1,671.2	1,556.0
Assets in other activities	60.6	60.8
Unallocated assets	177.8	248.3
Groups total assets	**1,909.6**	**1,865.1**

Liabilities

EUR million	2011	2010
Total liabilities for reportable segments	349.6	327.6
Liabilities in other activities	36.3	33.0
Unallocated liabilities	718.7	655.8
Groups total liabilities	**1,104.6**	**1,016.4**

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.

2011

EUR million	External Net Sales from continuing operations	Non-current assets
United States	553.1	391.8
Germany	537.6	223.5
India	121.0	50.3
Great Britain	90.0	40.7
Australia	83.4	34.0
Thailand	71.0	42.2
Netherlands	60.7	37.4
Russia	56.3	23.3
Other countries	470.5	255.8
Total	**2,043.6**	**1,099.0**

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
Russia	48.4	24.5
Other countries	456.5	247.1
Total	**1,951.8**	**1,045.4**

2. Business combinations

On August 11, 2011, Huhtamäki Oyj and its subsidiary entered into an agreement to acquire all the quotas of a Brazilian hygienic films manufacturer Prisma Pack Indústria de Filmes Técnicos e Embalagens Ltda. The acquisition marked an important step in Huhtamaki's strategy of profitable growth and significantly strengthened its Films segment's geographic scope as well as presence within the growing market of hygienic films. The acquisition was completed on August 31, 2011. The goodwill is expected to be non-deductible for income tax purposes.

On September 1, 2011, Huhtamaki, Inc., Huhtamäki Oyj's US based subsidiary, acquired the assets and business of Paris Packaging, Inc., a converter of specialty folding cartons in the United States. With the acquisition the Group continued to implement its strategy of profitable growth, significantly strengthening its position in the North American foodservice and consumer goods packaging markets. The goodwill is expected to be deductible for income tax purposes.

On December 1, 2011 Huhtamaki Inc., Huhtamäki Oyj's US based subsidiary, acquired the assets and business of Ample Industries, Inc., a converter of folding cartons in the United States. With the acquisition, the Group further stregthened its position in the North American foodservice packaging market. The goodwill is expected to be deductible for income tax purposes.

A combined consideration of EUR 51.4 million was paid in cash. The Group has recognized EUR 2.1 million costs relating to advise etc services. The costs related to services are included in Group income statement in Other operating expenses.

The values of acquired assets and liabilities at time of acquisitons were as follows:

Consideration

EUR million	Note	Recognized values
Customer relations	12	3.9
Tangible assets	13	22.7
Inventories	20	14.0
Trade and other receivables		15.2
Cash and cash equivalents		0.2
Total assets		**56.0**
Deferred taxes	18	-0.1
Interest bearing loans	17	-10.0
Trade and other liabilities	26, 27	-14.7
Total liabilities		**-24.8**
Net assets total		**31.2**
Goodwill	12	20.2
Consideration		51.4

Analysis of cash flows on acquisition

EUR million	
Purchase consideration, paid in cash	51.4
Cash and cash equivalents in acquired companies	0.2
Transaction costs of the acquisition	2.1
Net cash flow on acquisition	53.7

The net sales of the acquired businesses included in the Group income statement since acquisition dates were EUR 28.8 million and result for the period was EUR -1.3 million. The Group net sales would have been EUR 2,142.7 million and result for the period EUR 93.0 million, if the acquired businesses had been consolidated from January 1, 2011.

3. Discontinued operations

The Group did not sell any businesses during 2011 and at closing date no asset group met the definition of held for sale. In 2010 The Group sold the European Rigid Consumer Goods Plastics operations to Island Acquisition S.à r.l., an affiliate of Sun European Partners, LLP. The results and net cash flows of the sold operations are as follows:

EUR million	2011	2010
Results of the discontinued operations:		
Net sales	-	154.7
Expenses	-	-142.2
Result before taxes	**-**	**12.5**
Income taxes	-	-0.3
Result after taxes	**-**	**12.2**
Sales result of divestment	-	-2.0
Result for the period from discontinued operations	**-**	**10.2**

EUR million	2011	2010
Net cash flow of the discontinued operations:		
Cash flow from operating activities	-	3.4
Cash flow from investing	-	-6.4
Net cash flow	**-**	**-3.0**

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

4. Restructuring costs

Restructuring costs are related to restructuring programs decided during the year. The Group optimizes its flexible manufacturing footprint and decided to close down a loss making manufacturing unit in New Lynn, New Zealand.The closure will affect approximately 135 employees. Manufacturing will be transferred to other Flexible Packaging units mainly in India, Thailand and Vietnam. Negotiations targeting cost reductions were started in a Foodservice plastics unit in Alf, Germany in order to restore the unit's profitability. Approximately 100 employees are expected to be affected. The restructuring programs are expected to be finalized during 2012.

Restructuring costs represent the costs of reduction in the number of employees together with the writing down of manufacturing assets. The costs of the restructuring programs 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	2011	2010
Cost of goods sold	11.3	-
Sales and marketing	1.1	-
Administration costs	1.1	-
Total	**13.5**	**-**

See note 1.

5. Other operating income

EUR million	2011	2010
Royalties	7.4	7.0
Gain on disposal of fixed assets	0.4	3.3
Rental income	2.4	0.9
Other	9.4	10.8
Total	**19.6**	**22.0**

6. Other operating expenses

EUR million	2011	2010
Amortization other intangible assets	5.6	6.1
Strategic projects expenses	5.0	-
Other	4.3	3.2
Total	**14.9**	**9.3**

7. Personnel expenses

EUR million	2011	2010
Wages and Salaries	356.8	342.9
Compulsory social security contributions	40.0	42.0
Pensions		
Defined benefit plans	8.6	8.5
Defined contribution plans	10.0	8.8
Other post employment benefits	-2.6	2.1
Share based payments	4.4	4.0
Other personnel costs	23.7	23.3
Total	**440.9**	**431.6**

Remuneration paid by the parent company to the members of the Board of Directors (9 people) as well as to the Chief Executive Officer (CEO) of Huhtamäki Oyj amounted to EUR 2.1 million (See note 30). The CEO of Huhtamäki Oyj is entitled to retirement at the age of 60.

Average number of personnel	2011	2010
Group	12,086	12,827
Huhtamäki Oyj	50	51

Average number of Group personnel 2010 includes discontinued operations.

8. Depreciation and amortization

EUR million	2011	2010
Depreciation and amortization by function:		
Production	71.5	67.4
Sales and marketing	0.1	0.2
Research and development	0.2	0.2
Administration	1.5	1.2
Other	9.5	10.3
Total	**82.8**	**79.3**
Depreciation and amortization by asset type:		
Buildings	9.3	9.4
Machinery and equipment	63.8	59.1
Other tangible assets	4.1	4.7
Other intangible assets	5.6	6.1
Total	**82.8**	**79.3**
Impairments reversal by asset type:		
Buildings	-1.2	-
Machinery and equipment	-5.2	-
Other intangible assets	-0.1	-
Total impairments	**-6.5**	**-**

See notes 1 and 13.

9. 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 foreign exchange revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items.

EUR million	2011	2010
Interest income on bank deposits and other receivables	3.5	5.3
Dividend income on available for sales asset	1.0	0.4
FX revaluation gains on interest bearing assets and liabilities	1.2	-
Financial income	**5.7**	**5.7**
Interest expense on liabilities	-18.4	-18.9
FX revaluation losses on interest bearing assets and liabilities	-1.8	-0.3
Bank fees, taxes and stock exhange expenses	-1.6	-0.7
Financial expense	**-21.8**	**-19.9**
Net financial items	**-16.1**	**-14.2**

10. Taxes in income statement

EUR million	2011	2010
Current period taxes	13.1	14.0
Previous period taxes	-6.0	-9.1
Deferred tax expense	6.4	11.3
Total tax expense	**13.5**	**16.2**
Result before taxes	105.2	120.7
Tax calculated at domestic rate	27.4	31.4
Effect of different tax rates in foreign subsidiaries	-5.7	-1.9
Income not subject to tax	-6.1	-10.1
Expenses not deductible for tax purposes	2.2	12.9
Utilisation of previously unrecognised tax losses	-2.2	-6.3
Previous period taxes	-6.0	-9.1
Other items	3.9	-0.7
Total tax charge	**13.5**	**16.2**

Tax effects relating to components of other comprehensive income

	2011			2010		
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	-2.0	0.5	-1.5	1.9	-0.5	1.4

11. Earnings per share

EUR million	2011	2010
Net income attributable to equity holders of the parent company (basic/diluted)	88.2	111.1
Interest of hybrid bond	-7.2	-7.9

Thousands of shares	2011	2010
Weighted average number of shares outstanding	101,418	101,185
Effect of issued share options	311	256
Diluted weighted average number of shares outstanding	101,729	101,441

Basic earnings per share, EUR:	2011	2010
From result of the period, continuing operations	0.87	1.00
Attributable to hybrid bond investors	0.07	0.08
Continuing operations	0.80	0.92
From result of the period, discontinued operations	-	0.10
Attributable to equity holders of the parent company	0.80	1.02
From result of the period	0.87	1.10

Diluted earnings per share, EUR:	2011	2010
From result of the period, continuing operations	0.87	1.00
Attributable to hybrid bond investors	0.07	0.08
Continuing operations	0.80	0.92
From result of the period, discontinued operations	-	0.10
Attributable to equity holders of the parent company	0.80	1.02
From result of the period	0.87	1.10

12. Intangible assets

EUR million	Goodwill	Intangible rights	Other intangibles (including software)	Total 2011
Acquisition cost on January 1, 2011	553.4	3.7	80.2	**637.3**
Additions	-	1.0	0.4	**1.4**
Disposals	-	-1.0	-2.2	**-3.2**
Intra-balance sheet transfer	-	-	1.4	**1.4**
Business combinations	20.2	-	3.9	**24.1**
Changes in exchange rates	3.6	0.2	0.6	**4.4**
Acquisition cost on December 31, 2011	577.2	3.9	84.3	**665.4**
Accumulated amortisation on January 1, 2011	152.6	0.7	56.5	**209.8**
Accumulated amortisation on disposals and transfers	-	-	-1.4	**-1.4**
Amortisation during the financial year	-	0.1	5.5	**5.6**
Changes in exchange rates	0.9	-	0.6	**1.5**
Accumulated amortisation and impairment on December 31, 2011	153.9	0.8	61.2	**215.5**
Book value on December 31, 2011	**423.7**	**3.1**	**23.1**	**449.9**

EUR million	Goodwill	Intangible rights	Other intangibles (including software)	Total 2010
Acquisition cost on January 1, 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 on December 31, 2010	553.4	3.7	80.2	**637.3**
Accumulated amortisation on January 1, 2010	150.9	0.4	49.7	**201.0**
Accumulated amortisation 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 on December 31, 2010	152.6	0.7	56.5	**209.8**
Book value on December 31, 2010	**400.8**	**3.0**	**23.7**	**427.5**

Emission rights are included in other intangible assets and are valued at fair value on January 3, 2011. The value of emission rights included in balance sheet closing data was EUR 1.0 million. The Group has not sold any emission rights during 2011. 368,210 emission rights have been allocated to the Group for the commitment period 2008–2012. In 2011 the emission allowance surplus was 8,609 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 are expected to benefit from the synergies of the acquisitions, 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	2011	2010
Flexible Packaging Europe	81.1	81.1
Films Europe and North America	47.4	41.5
Molded Fiber Europe	47.3	47.3
North America	202.5	185.6
	378.3	**355.5**
Multiple units with smaller goodwill amount	45.4	45.3
	423.7	**400.8**

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 cash generating units has been higher than the carrying value, no impairment charges have 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 trends. The plans are approved by the 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 three per cent growth rate in high growth countries. The management views 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 calculation 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: Flexible Packaging Europe 6.6% (2010: 7.1%), Films Europe and North America 7.2% (2010: 7.0%), Molded Fiber Europe 8.0% (2010: 8.1%) and North America 6.4% (2010: 7.0%). The pre-tax discount rates used in the smaller scale units with smaller goodwill range from 8.0% to 16.6% (2010: 8.4% to 16.7%).

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

13. Tangible assets

EUR million	Land	Buildings and con-structions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2011
Acquisition cost on January 1, 2011	23.9	274.7	984.8	42.6	42.7	**1,368.8**
Additions	-	1.0	18.1	62.4	0.8	**82.3**
Disposals	-	-0.2	-16.4	-0.1	-1.7	**-18.4**
Intra-balance sheet transfer	-1.6	3.9	59.5	-66.4	3.2	**-1.4**
Business combinations	0.8	7.3	13.5	1.4	0.2	**23.2**
Changes in exchange rates	-0.1	1.2	-2.8	-0.7	-0.9	**-3.3**
Acquisition cost on December 31, 2011	23.1	287.9	1,056.7	39.2	44.3	**1,451.2**
Accumulated depreciation on January 1, 2011	0.9	116.1	606.9	-	30.0	**754.0**
Accumulated depreciation on decreases and transfers	-0.9	-0.1	-15.9	-	-1.2	**-18.1**
Depreciation during the financial year	-	9.3	63.8	-	4.1	**77.2**
Reversal of impairments	-	-1.2	-5.2	-	-0.1	**-6.5**
Changes in exchange rates	-	1.0	-1.3	-	-0.6	**-0.9**
Accumulated depreciation on December 31, 2011	-	125.1	648.3	-	32.3	**805.7**
Book value on December 31, 2011	**23.1**	**162.8**	**408.4**	**39.2**	**12.0**	**645.5**
Value of Financial leased items included in Bookvalue 2011	**-**	**3.4**	**0.4**	**-**	**0.3**	**4.1**

Reversal of impairment charges

In 2007, as part of the restructuring of rigid plastic consumer goods operations in Europe, significant impairment losses related to plastics consumer goods tangible assets were booked. A certain part of these tangible assets is currently used by a Foodservice business unit in the UK. As the unit's business performance has improved and positive cash flow estimates have increased substantially, a reversal of impairment losses of EUR 6.5 million related to those earlier impaired plastics tangible assets have been recognized. The reversal of impairment losses is included in income statement in line Cost of goods sold.

EUR million	Land	Buildings and con-structions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2010
Acquisition cost on January 1, 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 on December 31, 2010	23.9	274.7	984.8	42.6	42.7	**1,368.8**
Accumulated depreciation on January 1, 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 on December 31, 2010	0.9	116.1	606.9	-	30.0	**754.0**
Book value on December 31, 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**

2010 depreciation includes EUR 1.9 million relating to discontinued operations.

14. Investments in associated companies

The Group has investments in the following associates:

Company	Country	Ownership 2011	Ownership 2010
Arabian Paper Products Co.	Saudi-Arabia	40.0%	40.0%
Hiatus B.V.	Netherlands	50.0%	50.0%

EUR million	2011	2010
Book value on January 1	3.1	2.5
Share of results	0.7	0.6
Dividends	-0.2	0.0
Book value on December 31	**3.6**	**3.1**

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

2011

EUR million	Holding %	Assets	Liabilities	Equity	Net Sales	Result for the period
Arabian Paper Products Co., Saudi-Arabia	40.0	13.1	5.7	7.4	13.2	1.7
Hiatus B.V., Netherlands	50.0	2.1	0.9	1.2	2.4	0.3

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

15. Joint ventures

The Group has investments in the following joint ventures:

Name	Holding 2011	Holding 2010
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	2011	2010
Non-current assets	4.3	5.0
Current assets	6.5	7.8
Non-current liabilities	-0.3	-0.2
Current liabilities	-1.9	-3.1
Net assets / (liabilities)	**8.6**	**9.5**
Income	13.3	14.6
Expenses	-10.8	-12.5
Result for the period	**2.5**	**2.1**

16. 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 is carried at cost.

EUR million	2011	2010
Book value on January 1	1.2	1.9
Additions	0.1	-
Disposals	-	-0.6
Change in fair value	-	-0.1
Book value on December 31	**1.3**	**1.2**

17. Interest bearing receivables

EUR million	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Current				
Loan receivables	8.5	8.5	35.2	35.2
Finance lease receivables	0.4	0.4	0.2	0.2
Current interest bearing receivables	**8.9**	**8.9**	**35.4**	**35.4**
Non-Current				
Loan receivables	13.1	13.1	10.9	10.9
Finance lease receivables	1.3	1.3	1.0	1.0
Non-Current interest bearing receivables	**14.4**	**14.4**	**11.9**	**11.9**

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	2011	2010
Finance lease receivable is payable as follows:		
In less than one year	0.5	0.2
Between one and five years	1.2	1.1
Total minimum lease payments	**1.7**	**1.3**
Present value of minimum lease payments		
In less than one year	0.4	0.2
Between one and five years	1.3	1.0
Total present value of minimum lease payments	**1.7**	**1.2**
Unearned future financial income	**0.0**	**0.1**

Finance lease receivables relate to packaging machines leased to customers.

18. Deferred taxes

EUR million	2011	2010
Deferred Tax assets by types of temporary differences		
Tangible assets	1.0	1.1
Employee benefit	12.7	14.8
Provisions	3.1	4.4
Unused tax losses	14.3	10.4
Other temporary differences	19.2	16.4
Total	**50.3**	**47.1**
Deferred tax liabilities		
Tangible assets	47.5	42.4
Employee benefit	26.8	25.9
Other temporary differences	21.8	17.5
Total	**96.1**	**85.8**
Net deferred tax liabilities	45.8	38.7
Reflected in statement of financial position as follows:		
Deferred tax assets	15.7	13.0
Deferred tax liabilities	61.5	51.7
Total	**45.8**	**38.7**

On December 31, 2011 the Group had EUR 163 million (2010: EUR 172 million) worth of deductable temporary differences, for which no deferred tax asset was recognised. EUR 100 million of these temporary differences have an unlimited expiry, EUR 59 million expire later than in five years and EUR 3 million expire in five years.
Deferred taxes recognized directly in other comprehensive income are presented in note 24.

19. 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	2011	2010
The amounts recognized in the statement of financial position:		
Present value of funded obligations	417.3	407.3
Fair value of plan assets	-359.0	-345.5
Present value of unfunded obligations	41.7	44.5
Unrecognised actuarial gains (-) or losses (+)	-66.6	-66.1
Unrecognised assets	0.6	0.1
Net asset (-) or liability (+)	**34.0**	**40.3**
Reflected to statement of financial position as follows:		
Pension assets	63.0	61.3
Pension liabilities	97.0	101.7
Expenses recognised in the income statement:		
Current service cost	6.7	6.1
Interest cost	21.8	22.5
Expected return on plan assets	-20.7	-20.7
Actuarial gains (-) or losses (+)	2.1	1.8
Effect of any curtailments or settlements	-4.5	0.4
Total defined benefit expenses	**5.4**	**10.1**
Actual return of pension assets	**23.4**	**22.2**
The expenses of defined benefit plans are allocated by function as follows:		
Cost of goods sold	1.8	6.5
Sales and marketing	1.3	0.8
Administration costs	2.3	2.8
Functional split of expense	**5.4**	**10.1**
Movements in the present value of the defined benefit obligation:		
Defined benefit obligation on January 1	451.8	422.2
Translation difference	7.0	13.5
Service cost	8.2	7.4
Interest cost	22.5	22.4
Actuarial gains (-) or losses (+)	-2.3	15.3
Losses (+) gains (-) on curtailments or settlements	-4.9	-0.4
Liabilities extinguished on settlements	-	-2.9
Benefits paid	-23.3	-24.2
Discontinued operations	-	-1.5
Defined benefit obligation on December 31	**459.0**	**451.8**

Movement in the fair value of the plan assets are as follows:	2011	2010
Fair value of plan assets on January 1	-345.5	-317.7
Translation difference	-6.9	-12.1
Expected return on plan assets	-21.5	-21.6
Actuarial gains (-) or losses (+)	3.4	-8.2
Assets distributed on settlements	-	2.5
Contribution by employer	-2.8	-3.4
Contribution by employee	-1.1	-1.1
Benefits paid	15.4	16.1
Fair value of plan assets on December 31	**-359.0**	**-345.5**

Expected contribution to defined contribution plans during 2012 are EUR 11.3 million.

The major categories of plan assets as percentage of total plan assets:	**2011**	**2010**
European equities %	15.8	14.6
North American equities %	11.5	12.4
European bonds %	9.6	8.7
North American bonds %	25.0	22.8
Property %	1.5	1.6
Other %	36.6	39.9
	100.0	**100.0**

Principal actuarial assumptions:	**2011**	**2010**
Discount rate (%)		
Europe	3.9–5.0	4.4–5.5
Americas	4.4–8.4	5.1–8.4
Asia, Oceania, Africa	5.3–8.5	8.0–8.4
Expected return on plan asset (%)		
Europe	4.0–6.4	5.0–6.9
Americas	7.2–8.0	7.2–8.0
Asia, Oceania, Africa	7.5	-
Future salary increases (%)		
Europe	0.0–4.0	2.0–4.1
Americas	4.3	4.3
Asia, Oceania, Africa	4.0–7.3	7.3–8.1
Future pension increases (%)		
Europe	0.7–3.1	1.3–3.5
Americas	5.0	5.0
Employees opting for early retirement (%)		
Europe	-	3.4–16.7
Annual increase in healthcare costs (%)		
Americas	8.2	8.2
Asia, Oceania, Africa	7.3	6.3
Future change in max. state healthcare benefit (%)		
Americas	8.2	8.2

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 obligations:	**2011**	**2010**
1% p. increase of healthcare	2.3	2.8
1% p. decrease of healthcare	-2.0	-2.4

Amounts for the current and previous periods are as follows:	**2011**	**2010**	**2009**	**2008**	**2007**
Defined benefit obligation	419.9	410.0	379.5	337.9	360.3
Fair value of plan assets	-359.0	-345.5	-317.7	-295.8	-350.5
Surplus/(deficit)	-60.9	-64.5	-61.8	-42.1	-9.8
Experience adj.on pension plan liabilities	0.7	-0.6	2.9	-0.1	-1.2
Experience adj.on pension plan assets	5.5	6.2	9.8	2.5	1.8
Post-employment medical benefits and other defined benefits					
Defined benefit obligation	39.0	41.8	42.7	46.7	51.2
Experience adj. on other plan liabilities	-1.1	-3.5	-1.9	0.1	-3.9

20. Inventories

EUR million	2011	2010
Raw and packaging material	90.3	86.1
Work-In-Process	47.8	45.8
Finished goods	148.7	131.1
Advance payments	2.2	2.2
Inventories total	**289.0**	**265.2**

The value at cost for finished goods amounts to EUR 159.4 million (2010: EUR 142.6 million). An allowance of EUR 12.9 million (2010: EUR 13.7 million) has been established for obsolete items. Total inventories include EUR 2.2 million resulting from reversals of previously written down values (2010: EUR 2.2 million).

21. Trade and other current receivables

EUR million	2011	2010
Trade receivables	296.9	261.2
Other receivables	19.7	25.8
Accrued interest and other financial items	6.2	3.8
Other accrued income and prepaid expenses	19.4	14.3
Total	**342.2**	**305.1**

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 2011	Impairment 2011	Gross 2010	Impairment 2010
Not past due	257.3	0.6	231.4	0.6
Past due 0–30 days	31.3	0.4	24.7	0.1
Past due 31–120 days	9.9	1.3	6.5	1.0
Past due more than 120 days	6.9	6.2	7.1	6.8
Total	**305.4**	**8.5**	**269.7**	**8.5**

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

22. Cash and cash equivalents

EUR million	2011	2010
Cash and bank	59.1	112.0
Marketable securities	9.9	6.7
Total	**69.0**	**118.7**

23. Share capital of the parent company

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2010	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
Own shares conveyance	-	-	-	2,159,567.13	2,159,567.13
December 31, 2011	106,063,320	360,615,288.00	106,774,780.42	-42,190,488.93	425,199,579.49

All shares issued are fully paid.

Based on an authorization given by 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, 2011 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 2011 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 470,000 shares have been conveyed. On December 31, 2011 the Company owns a total of 4,591,089 own shares (December 31, 2010: 4,826,089).

Members of the Board of Directors and the CEO of Huhtamäki Oyj owned on December 31, 2011 a total of 144,900 shares (December 31, 2010: 115,148 shares). These shares represent 0.14% (December 31, 2010: 0.11%) 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).

Article 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 Chief Executive Officer is stipulated in Articles 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, 2011

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	4,656	17.50	301,598	0.28
101–1,000	16,006	60.16	7,185,043	6.77
1,001–10,000	5,465	20.54	14,215,145	13.40
10,001–100,000	405	1.52	10,966,461	10.34
100,001–1,000,000	59	0.22	18,161,500	17.12
More than 1,000,000	13	0.05	55,161,105	52.01
Total	**26,604**	**100.00**	**105,990,852**	**99.93**
In the joint book-entry account			72,468	0.07
Number of shares issued			**106,063,320**	**100.00**

Distribution by sector December 31, 2011

Sector	Number of shares	%
Non-profit organizations	25,567,250	24.11
Nominee-registered shares	22,473,103	21.19
Households	22,284,088	21.01
Private companies	12,116,520	11.42
Financial and insurance companies	11,926,937	11.25
Public-sector organizations	6,751,212	6.37
Foreigners	4,871,742	4.59
In the joint book-entry account	72,468	0.07
Number of shares issued	**106,063,320**	**100.00**

Largest registered shareholders December 31, 2011*

Name	Number of shares and votes	%
The Finnish Cultural Foundation	16,131,511	15.21
The Association for the Finnish Cultural Foundation	2,150,000	2.03
Odin Norden	2,041,247	1.92
OP-Delta Fund	2,030,000	1.91
Ilmarinen Mutual Pension Insurance Company	1,747,224	1.65
The State Pension Fund	1,580,000	1.49
Odin Finland	1,119,924	1.06
OP-Finland Value Fund	1,025,000	0.97
Society of Swedish Literature in Finland	1,008,000	0.95
Etera Mutual Pension Insurance Company	834,157	0.79
	29,667,063	**27.98**

* Excluding own shares acquired by Huhtamäki Oyj totaling 4,591,089 and representing 4.3% of the total number of shares.

Option rights

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% of the outstanding share capital of Huhtamäki Oyj. The option rights 2006 B are listed on NASDAQ OMX Helsinki Ltd as of October 1, 2009 and the option rights 2006 C as of April 1, 2011. The period of subscription for shares with the option rights 2006 A ceased on October 31, 2011. The option rights 2006 A entitled to subscribe for a total of 1,100,000 new shares. No shares were subscribed for based on the option rights 2006 A. At the end of the year 2011, the Option Rights 2006 Plan had 110 participants. During the year 2011 no option rights under the Option Rights 2006 Plan were exercised and therefore the share capital has not been increased and no new shares have been 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
2006 A	1:1	EUR 15.56	October 1, 2008 – October 31, 2011
2006 B	1:1	EUR 12.38[1]	October 1, 2009 – October 31, 2012[2]
2006 C	1:1	EUR 6.12[1]	April 1, 2011 – April 30, 2014[2]

[1] Subscription price before the deduction of the year 2011 dividend.
[2] 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 2,200,00 new shares may be subscribed for in 2012–2014 representing approximately 2.1% of the total number of votes on December 31, 2011.

Information relating to the amount of option rights outstanding in 2011 and 2010

Amount of option rights (pcs)	Weighted average exercise price/ share EUR 2011	Options rights (pcs) 2011	Shares based on option rights (pcs) 2011	Weighted average exercise price/ share EUR 2010	Options rights (pcs) 2010	Shares based on option rights (pcs) 2010
At the beginning of the financial year	10.79	2,669,700	2,669,700	11.17	2,706,300	2,706,300
Granted	-	-	-	6.56	5,000	5,000
Forfeited and expired	15.00	-681,100	-681,100	6.56	-41,600	-41,600
At the end of the financial year	9.35	1,988,600	1,988,600	11.23	2,669,700	2,669,700
Exercisable at the end of the period	9.35	1,988,600	1,988,600	14.04	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 B	2006 C
Fair value at grant date	2.97	1.77
Grant date	May 31, 2007	May 31, 2008
Number of outstanding options at December 31, 2011	1,027,000	961,600
Exercise price at grant date	13.96	7.28
Share price at grant date	13.30	6.87
Expected volatility (%)	21.0	23.7
Option life as weighted average at grant date (years)	3.9	4.3
Risk-free interest rate (%)	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 offered a possibility to earn the Company shares as remuneration for achieving targets established for the earnings criteria. The plan included three earnings periods which were calendar years 2008, 2009 and 2010. A possible remuneration was 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 might have been granted under the plan. As the cash proportion of the reward, however, an amount equivalent to the transfer date value of the distributable shares in the maximum was paid. 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 was recorded for the financial years 2009–2011. Relating to the Performance Share Incentive Plan an expense totaling EUR 1,051,337 was recorded in the reporting period ending on December 31, 2009, an expense totaling EUR 1,172,384 in the reporting period ending on December 31, 2010 and an expense totaling EUR 1,172,384 in the reporting period ending on December 31, 2011.

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 235,000 shares were paid as a reward under the plan in 2011. Fair value of the shares paid on the grant date was EUR 9.87 per share. 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 was recorded in the reporting period ending on December 31, 2010 and an expense totaling EUR 1,587,927 in the reporting period ending on December 31, 2011.

Performance Share Arrangement 2010

On March 12, 2010 the Board of Directors of the Company decided on establishing a 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 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.

Performance Share Plan 2011–2013

The second three-year performance share plan (Performance Share Plan 2011–2013) commenced in 2011 and the possible award will be based on the Group's earnings per share (EPS) in 2013. The award, if any, will be paid during 2014. The Performance Share Plan 2011–2013 is directed to 65 persons.

24. Fair value and other reserves

EUR million	Hedge reserve
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**
Cash flow hedge result recognised in other comprehensive income	-1.0
Cash flow hedge result recognised in profit or loss	-0.7
Cash flow hedge result recognised in statement of financial position	-1.3
Deferred taxes	0.5
December 31, 2011	**-5.4**

Fair value and other reserves

Fair value and other reserves contain fair value changes of derivate 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 2008 a EUR 75 million hybrid bond to Finnish institutional investors. The coupon rate of the bond was 10.5% per annum. The bond had no maturity but the company redeemed the bond on November 28, 2011. The bond was treated as equity in the Group's IFRS financial statements.

Translation differences

Translation differences contain the result arising from the translation of foreign entities' financial statements in 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 2011 own shares have been conveyed according to the Performance Share Incentive Plan, the acquisition price of conveyed shares was EUR 2.1 million. In 2010 the acquisition price of conveyed own shares was EUR 2.1 million.

25. Interest bearing liabilities

EUR million	2011 Carrying amount	Fair value	2010 Carrying amount	Fair value
Current				
Loans from financial institutions				
fixed rate	11.5	11.4	11.4	11.4
floating rate	37.2	37.2	69.5	69.5
Other current loans	176.0	176.0	72.0	72.0
Finance lease liabilities	0.2	0.2	0.0	0.0
Total	**224.9**	**224.8**	**152.9**	**152.9**
Non-current				
Loans from financial institutions				
fixed rate	11.5	11.1	23.0	22.0
floating rate	195.6	195.6	133.1	133.1
Other long-term loans	50.5	50.5	123.9	123.9
Finance lease liabilities	3.2	3.2	3.0	3.0
Total	**260.8**	**260.4**	**283.0**	**282.0**

All interest bearing liabilities are other liabilities than available for sale liabilities or derivate financial instruments defined in IAS 39 and as such are carried at amortized cost. Fair value 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
2012	48.7	0.2	176.0	224.9
2013	9.5	0.2	-	9.7
2014	17.7	0.1	-	17.8
2015	1.0	0.1	50.5	51.6
2016	163.5	0.1	-	163.6
2017–	15.4	2.7	-	18.1

Finance lease liabilities

EUR million	2011	2010
Finance lease liabilities are payable as follows:		
In less than one year	0.4	0.0
Between one and five years	1.7	1.4
More than five years	5.4	5.4
Total minimum lease payments	7.5	6.8
Present value of minimum lease payments		
In less than one year	0.2	0.0
Between one and five years	0.5	1.2
More than five years	2.7	1.8
Total present value of minimum lease payments	3.4	3.0
Future finance charges	**4.1**	**3.8**

26. Provisions

Restructuring provisions

Restructuring provisions include various ongoing projects to streamline operations. Provisions relate to employee termination benefits.

Other provisions

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

Tax provisions

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

EUR million	Restructuring reserve	Taxes	Other	Total 2011	Total 2010
Provision on January 1, 2011	4.0	34.5	11.5	50.0	61.9
Translation difference	0.0	0.4	0.0	0.4	1.3
Provisions made during the year	11.9	2.4	5.8	20.1	4.0
Provisions used during the year	-1.5	-	-3.4	-4.9	-9.6
Unused provisions reversed during the year	-0.6	-3.7	-1.4	-5.7	-8.2
Discontinued operations	-	-	-	-	0.6
Provision on December 31, 2011	**13.8**	**33.6**	**12.5**	**59.9**	**50.0**
Current	11.7	-	1.5	13.2	2.5
Non-current	2.1	33.6	11.0	46.7	47.5

27. Trade and other current liabilities

EUR million	2011	2010
Trade payables	248.7	225.9
Other payables	27.8	29.5
Accrued interest expense and other financial items	14.1	6.7
Personnel, social security and pensions	50.1	54.8
Other accrued expenses	48.9	46.9
Total	**389.6**	**363.8**

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

28. Carrying amounts of financial assets and financial liabilities classified based on IAS 39

EUR million	2011	2010
Financial assets at fair value through profit or loss		
Cash and cash equivalents	69.0	118.7
Derivatives	5.9	4.6
Loans and receivables		
Non-current interest bearing receivables	14.4	11.9
Other non-current assets	4.8	4.5
Current interest bearing receivables	8.9	35.4
Trade and other current receivables	336.3	300.5
Available-for-sale investments	1.3	1.2
Financial assets total	**440.6**	**476.8**
Financial liabilities at fair value through profit or loss		
Derivatives	14.5	10.0
Financial liabilities measured at amortised cost		
Non-current interest bearing liabilities	260.8	271.3
Other non-current liabilities	2.4	2.2
Current portion of long term loans	82.5	73.1
Short term loans	142.4	91.5
Trade and other current liabilities	376.8	356.1
Financial liabilities total	**879.4**	**804.2**

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 2011**
Assets			
Fair value through profit and loss			
Currency forwards	-	5.9	5.9
Electricity forward contracts	-0.1	-	-0.1
Available-for-sale investments	1.3	-	1.3
Liabilities	**1.2**	**5.9**	**7.1**
Fair value through profit and loss			
Currency forwards	-	10.9	10.9
Interest rate swaps	-	3.6	3.6
	-	14.5	14.5

Financial instruments measured at fair value	**Quoted prices in active markets**	**Valuation techniques based on observable market data**	**Total 2010**
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

29. Management of financial risks

The objective of 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 for the Group's funding and risk management and serves the business units in daily financing, foreign exchange transactions and cash management coordination.

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**		**USD exposure in companies reporting in THB**		**EUR exposure in companies reporting in RUB**	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Trade receivables	0.4	0.3	3.4	3.6	0.0	0.0	0.1	0.0	1.3	1.2
Trade payables	-2.0	-1.9	-0.2	-0.3	-0.3	-0.4	-1.9	-1.9	-2.8	-3.2
Net balance sheet exposure	-1.6	-1.6	3.2	3.3	-0.3	-0.4	-1.8	-1.9	-1.5	-2.0
Forecasted sales (12 months)	13.5	20.3	18.8	37.4	3.6	5.6	0.5	1.4	16.4	12.6
Forecasted purchases (12 months)	-26.2	-33.6	-4.6	-10.7	-10.6	-11.9	-9.1	-11.3	-42.9	-23.6
Net forecasted exposure	-12.7	-13.3	14.2	26.7	-7.0	-6.3	-8.6	-9.9	-26.5	-11.0
Hedges										
Currency forwards (12 months)	10.2	8.0	-12.0	-8.0	1.9	3.2	2.1	1.7	5.2	0.8
Total net exposure	**-4.1**	**-6.9**	**5.4**	**22.0**	**-5.4**	**-3.5**	**-8.3**	**-10.1**	**-22.8**	**-12.3**

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 3.9 million on balance sheet date.

The main translation exposures derive from equities and permanent loans, which in substance form a part of the net investment in the 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. On balance sheet date the Group had outstanding translation risk hedges of USD 223 million (thereof USD 130 million in the form of currency loans and USD 93 million in the form of derivatives) and of GBP 20 million (thereof GBP 10 million in the form of currency loans and GBP 10 million in the form of derivatives). 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 4.2 million (EUR 3.9 million in 2010) and the Group consolidated equity by EUR 19.0 million (EUR 15.0 million in 2010).

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, 2011										December 31, 2010		
				Rate sensitivity [1]	Debt repricing in period, incl. derivatives								
Currency	Amount EUR million	Avg. duration	Avg. rate	EUR million	2012	2013	2014	2015	2016	Later	Amount EUR million	Avg. duration	Avg. rate
EUR	215	0.8 y	3.4%	1.5	159	6	6	43	0	3	128	1.4 y	2.7%
USD	98	1.6 y	3.4%	0.4	43	15	23	8	8	1	73	2.3 y	2.8%
NZD	29	0.1 y	3.5%	0.3	29						28	0.2 y	3.9%
AUD	20	0.2 y	5.0%	0.2	20						22	0.1 y	3.9%
PLN	21	0.3 y	4.6%	0.1	18					3	18	0.3 y	3.4%
Other	10	0.2 y	6.3%	0.0	10						0	0.6 y	5.5%
Total	**393**	**0.9 y**	**3.6%**	**2.5**	**279**	**21**	**29**	**50**	**8**	**7**	**270**	**1.3 y**	**3.0%**

[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 3.3 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 refinancing 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 2011, the Group had committed credit facilities totaling EUR 418 million of which EUR 294 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, 2011									December 31, 2010		
				Maturity of facility/loan								
Debt type	Amount drawn	Amount available of committed	Total	2012	2013	2014	2015	2016	Later	Amount drawn	Amount available of committed	Total
Committed revolving facilities	124	294	418			18		400		155	338	493
Bonds and other loans	215		215	81	10	6	52	51	15	154		154
Commercial paper program	106		106	106						72		72
Uncommitted loans from financial institutions	37		37	37						52		52
Finance lease liabilities	3		3	0					3	3		3
Total	**486**	**294**	**779**	**225**	**10**	**24**	**52**	**451**	**18**	**436**	**338**	**774**

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 21).

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, 2011	December 31, 2010
Interest bearing debt	485.7	435.9
Interest bearing receivables, cash and cash equivalents	92.3	166.0
Net debt	393.4	269.9
Total equity	805.0	848.7
Net debt to equity (Gearing ratio)	0.49	0.32
Net debt to EBITDA (excluding non-recurring items)	1.89	1.18

Nominal values of derivative financial instruments

EUR million	December 31, 2011							December 31, 2010
	Nominal Value	Maturity Structure						Nominal Value
Instrument		2012	2013	2014	2015	2016	Later	
Currency forwards								
for transaction risk								
Outflow	-50	-50						-47
Inflow	48	48						46
for translation risk								
Outflow	-84	-84						-47
Inflow	78	78						47
for financing purposes								
Outflow	-96	-96						-116
Inflow	103	103						113
Interest rate swaps								
EUR	20	20						50
USD	77	22	15	23	8	8		90
GBP	12	12						12
Cross currency swaps								
SEK	-50				-50			-50
EUR	48				48			48
Electricity forward contracts	0	0	0	0	0			1

Fair values of derivative financial instruments

EUR million	December 31, 2011			December 31, 2010		
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]	0.5	-2.4	-1.9	0.9	-1.2	-0.3
for translation risk[2]	0.0	-5.6	-5.6	0.1	-0.2	-0.1
for financing purposes	3.0	-2.9	0.1	1.0	-2.9	-1.9
Interest rate swaps[3]						
EUR		-0.5			-1.7	
USD		-2.9			-3.0	
GBP		-0.5			-1.0	
Cross currency swaps[4]						
EURSEK	0.5			2.2		
Electricity forward contracts[5]		-0.1		0.4		

[1] Out of the currency forwards, fair value EUR 1.6 million was designated for cash flow hedges on December 31, 2011 (EUR 0.1 million on December 31, 2010) and reported in fair value and other reserves.

[2] Out of the currency forwards, fair value of EUR -5.6 million was designated for hedges of net investment in foreign subsidiaries on December 31, 2011 (EUR -0.1 million on December 31, 2010) 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 -3.9 million was designated for cash flow hedges on December 31, 2011 (EUR -5.7 million on December 31, 2010) out of which EUR -3.1 million was reported in equity in fair value and other reserves and EUR 0.8 million in profit and loss statement as interest expense.

[4] Out of the cross currency swaps, the foreign exchange revaluation result of EUR 0.5 million (EUR 2.2 million on December 31, 2010) was designated for fair value hedges and was reported in net financial items. The interest rate revaluation result of EUR -2.0 million (EUR 0.0 million on December 31, 2010) 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 (EUR 0.0 million on December 31, 2010) which was reported in interest expense.

[5] Out of the electricity forward contracts, EUR -0.1 million (0.4 million on December 31, 2010) was designated for cash flow hedges and was reported in equity in fair value and other reserves.

30. 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	2011	2010
Salaries and other short-term employee benefits	3.9	3.5
Share based payments	2.5	2.6

Remuneration of CEO and members of the Board of Directors

thousands euros	2011	2010
CEO Moisio Jukka	1,593	1,494
Board members		
Lilius Mikael	109	100
Suominen Jukka	72	66
Ailasmaa Eija	60	54
Barker William R.	57	38
Bayly George V.	43	52
Börjesson Rolf	60	54
Lien Siaou-Sze	58	52
Simon Anthony J.B.	13	53
Turner Sandra	43	-
van Gestel Robertus	-	14
Total	**2,108**	**1,977**

Members of the Board of Directors and the Group Executive Team owned a total of 387,400 shares at the end of the year 2011 (2010: 246,648 shares). The members of the Group Executive Team owned a total of 578,703 option rights at the end of the year 2011 (2010: 678,000 option rights). The option rights entitle to a subscription of 578,703 shares in total representing 0.55% of total shares and voting rights (2010: 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	2011	2010
Purchase of goods	1.8	2.6

Transactions with joint ventures are presented in note 15.

31. Operating lease commitments

EUR million	2011	2010
Operating lease payments		
Not later than 1 year	12.1	12.3
Later than 1 year and not later than 5 years	21.2	27.0
Later than 5 years	22.0	28.0
Total	**55.3**	**67.3**

32. Contingencies

Capital expenditure commitments

EUR million	2011	2010
Under 1 year	28.3	19.7
Total	**28.3**	**19.7**

Mortgages:		
For own debt	14.5	14.5
Guarantee obligations:		
For associated companies	0.4	-

Per share data

		2007	2008	2009	2010	2011
Earnings per share	EUR	-0.22	-1.12	0.63	1.02	0.80
Earnings per share (diluted)	EUR	-0.22	-1.12	0.63	1.02	0.80
Dividend, nominal	EUR	0.42	0.34	0.38	0.44	0.46[1]
Dividend/earnings per share	%	-190.9	-30.4	60.3	43.1	57.5[1]
Dividend yield	%	5.2	7.7	3.9	4.3	5.0[1]
Shareholders' equity per share	EUR	7.70	6.06	6.35	7.40	7.71
Average number of shares adjusted for share issue at year end		100,426,461	100,426,461	100,539,283	101,185,001	101,418,398[2]
Number of shares adjusted for share issue at year end		100,426,461	100,426,461	101,002,231	101,237,231	101,472,231[2]
P/E ratio		-36.9	-3.9	15.4	10.1	11.5
Market capitalization on December 31	EUR million	815.5	441.9	979.7	1,047.8	929.5[2]
Trading volume in NASDAQ OMX Helsinki Ltd.	units	131,050,556	111,628,643	72,744,282	86,717,677	51,301,751[3]
Trading volume in alternative trading venues	units	-	10,655,839	13,493,308	31,713,869	28,396,040[4]
Trading volume, total	units	131,050,556	122,284,482	86,237,590	118,431,546	79,697,791
In relation to average number of shares	%	130.5	121.8	85.8	117.0	78.6[2]
Development of share price						
Lowest trading price	EUR	7.65	4.16	4.46	7.30	7.09
Highest trading price	EUR	15.89	8.36	9.90	10.48	10.75
Trading price on December 31	EUR	8.12	4.40	9.70	10.35	9.16

[1] 2011: Board's proposal
[2] Excluding treasury shares
[3] Source: NASDAQ OMX Helsinki Ltd.
[4] Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com

Huhtamaki 2007–2011

EUR million	2007	2008	2009	2010	2011
Net sales	2,311.0	2,260.0	1,831.8[1]	1,951.8[1]	2,043.6
Increase in net sales	1.6	-2.2	-18.9[1]	6.6[1]	4.7
Net sales outside Finland	2,204.2	2,152.6	1,775.4[1]	1,898.5[1]	1,988.8
Earnings before interest, taxes, depreciation, amortization and impairment	231.4	171.5	193.0[1]	213.6[1]	196.9
Earnings before interest, taxes, depreciation and amortization/net sales (%)	10.0	7.6	10.5[1]	10.9[1]	9.6
Earnings before interest and taxes	28.1	-74.5	111.9[1]	134.3[1]	120.6
Earnings before interest and taxes/net sales (%)	1.2	-3.3	6.1[1]	6.9[1]	5.9
Result before taxes	-14.0	-119.7	86.7[1]	120.7[1]	105.2
Result before taxes/net sales (%)	-0.6	-5.3	4.7[1]	6.2[1]	5.1
Result for the period	-20.2	-110.2	67.3[1]	104.5[1]	91.7
Total equity	793.4	702.3	736.6	848.7	805.0
Return on investment (%)	1.8	-4.8	9.6	12.0	9.8
Return on shareholders' equity (%)	-2.4	-14.8	10.1	14.5	11.0
Solidity (%)	36.2	36.0	41.9	45.5	42.2
Net debt to equity	0.94	0.84	0.50	0.32	0.49
Current ratio	1.02	1.31	1.22	1.38	1.12
Times interest earned	5.32	3.85	8.25	16.62	12.69
Capital expenditure	147.9	74.3	52.9	85.8	82.2
Capital expenditure/net sales (%)	6.4	3.3	2.6	4.1	4.0
Research & development	17.8	16.2	14.7[1]	16.3[1]	16.2
Research & development/net sales (%)	0.8	0.7	0.8[1]	0.8[1]	0.8
Number of shareholders (December 31)	21,424	22,089	22,935	26,858	26,604
Personnel (December 31)	15,092	14,644	12,900	11,687	12,739

[1] Continuing business

Key exchange rates in Euros

		2011 Income statement	2011 Statement of financial position	2010 Income statement	2010 Statement of financial position
Australia	AUD	0.7416	0.7860	0.6923	0.7613
UK	GBP	1.1524	1.1972	1.1652	1.1618
India	INR	0.0154	0.0146	0.0165	0.0167
Russia	RUB	0.0245	0.0239	0.0248	0.0245
Thailand	THB	0.0236	0.0244	0.0238	0.0249
United States	USD	0.7185	0.7729	0.7537	0.7484

Definitions for key indicators

Earnings per share from result for the period (EPS) =

$$\frac{\text{Result for the period – non-controlling interest}}{\text{Average number of shares outstanding}}$$

Earnings per share from result for the period (diluted EPS) =

$$\frac{\text{Diluted result for the period – non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$$

Earnings per share attributable to hybrid bond investors (EPS) =

$$\frac{\text{Hybrid bond interest}}{\text{Average number of shares outstanding}}$$

Earnings per share attributable to hybrid bond investors (diluted EPS) =

$$\frac{\text{Hybrid bond interest}}{\text{Average fully diluted number of shares outstanding}}$$

Earnings per share attributable to equity holders of the parent company (EPS) =

$$\frac{\text{Result for the period – non-controlling interest – hybrid bond interest of the parent company}}{\text{Average number of shares outstanding}}$$

Earnings per share attributable to equity holders of the parent company (diluted EPS) =

$$\frac{\text{Diluted result for the period – non-controlling interest – hybrid bond interest}}{\text{Average fully diluted number of shares outstanding}}$$

Dividend yield =

$$\frac{\text{100 x issue-adjusted dividend}}{\text{Issue-adjusted share price at December 31}}$$

Shareholders' equity per share =

$$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at December 31}}$$

P/E ratio =

$$\frac{\text{Issue-adjusted share price at December 31}}{\text{Earnings per share}}$$

Market capitalization =

Number of shares outstanding multiplied by the corresponding share prices on the stock exchange at December 31

Return on investment (ROI) =

$$\frac{\text{100 x (Result before taxes + interest expenses + net other financial expenses)}}{\text{Statement of financial position total – Interest-free liabilities (average)}}$$

Return on equity (ROE) =

$$\frac{\text{100 x (Result for the period)}}{\text{Equity + non-controlling interest + hybrid bond (average)}}$$

Net debt to equity =

$$\frac{\text{Interest bearing net debt}}{\text{Equity + non-controlling interest + hybrid bond}}$$

Solidity =

$$\frac{\text{100 x (Equity + non-controlling interest + hybrid bond)}}{\text{Statement of financial position total – advances received}}$$

Current ratio =

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Times interest earned =

$$\frac{\text{Earnings before interest and taxes + depreciation, amortization and impairment}}{\text{Net interest expenses}}$$

Return on net assets (RONA) =

$$\frac{\text{100 x Earnings before interest and taxes (12 m roll.)}}{\text{Net assets (12 m roll.)}}$$

Operating cash flow =

EBIT + depreciation and amortization (including impairment) – capital expenditures + disposals +/– change in inventories, trade receivables and trade payables

Free cash flow =

Net cash flow from operating activities – capital expendure + process from selling fixed assets

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	796,326	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
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
Huhtamäki Holding Oy's shareholding in subsidiaries:							
Huhtalux Supra S.à r.l.	46,698,627	100.0	EUR	46,699	EUR	552,337	100.0
Huhtalux Supra S.à r.l.'s shareholding in subsidiaries:							
Huhtamaki Vierte Beteiligungs GmbH	1	100.0	EUR	30	EUR	25	100.0
Huhtamaki Vierte Beteiligungs GmbH's shareholding in subsidiaries:							
Huhtamaki Deutschland GmbH & Co. KG	19,391	75.1	EUR	1,939	EUR	327,898	100.0
Huhtamaki Finance B.V.'s shareholding in subsidiaries:							
Huhtamaki Turkey Gıda Servisi Ambalajı A.S.	6,999,984	100.0	TRY	7,000	EUR	3,127	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 Finance B.V.Y. Cia, Sociedada Collectiva	-	100.0	EUR	24,604	EUR	24,601	100.0
Huhtamaki Anglo Holding	-	100.0	GBP	-	EUR	225,416	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	47,836	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 Brazil Investments II B.V.	180	100.0	EUR	18	EUR	19	100.0
Huhtamaki Holdings Pty Ltd's shareholding in subsidiaries:							
Huhtamaki Australia Pty Ltd	9,241,702	100.0	AUD	9,242	AUD	9,242	100.0
Huhtamaki (NZ) Holdings Ltd's shareholding in subsidiaries:							
Huhtamaki Henderson Ltd	195,211	99.8	NZD	390	NZD	28,493	100.0
Huhtamaki Holdings France SNC's shareholding in subsidiaries:							
Huhtamaki Participations France SNC	70,612,842	100.0	EUR	70,613	EUR	70,613	100.0
Huhtamaki Participations France SNC's shareholding in subsidiaries:							
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

Name	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Huhtamaki Finance B.V.Y. Cia, Sociedada Collectiva's shareholding in subsidiaries:							
Huhtamaki Spain S.L.	774,247	100.0	EUR	23,267	EUR	24,000	100.0
Huhtamaki Anglo Holding's shareholding in subsidiaries:							
Huhtamaki Ltd	145,460,909	100.0	GBP	145,461	GBP	180,533	100.0
Huhtamaki Ltd's shareholding in subsidiaries:							
Huhtamaki (UK) Ltd	63,769,695	100.0	GBP	63,770	GBP	25,513	100.0
Huhtamaki (Lurgan) Ltd	3,103,999	100.0	GBP	1,568	GBP	4,937	100.0
Huhtamaki (Lurgan) Ltd's shareholding in subsidiaries:							
Huhtamaki (Lisburn) Ltd	105,000	100.0	GBP	105	GBP	133	100.0
Huhtamaki (Norway) Holdings A/S's shareholding in subsidiaries:							
Huhtamaki Norway A/S	950	100.0	NOK	950	NOK	106,412	100.0
Huhtamaki Hong Kong Limited's shareholding in subsidiaries:							
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
Huhtamaki Finance Company I B.V.'s shareholding in subsidiaries:							
Huhtamaki Foodservice Poland Sp. z o.o.	6,153	100.0	EUR	3,077	EUR	796	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.	45,902,970	92.0	MXN	45,903	EUR	3,002	100.0
Huhtamaki Ceská republika, a.s.	3	100.0	CZK	111,215	EUR	5,389	100.0
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	1,199,998	100.0	THB	120,000	EUR	2,915	100.0
Huhtamaki Paper Recycling B.V.'s shareholding in subsidiaries:							
LeoCzech spol s.r.o	100	100.0	CZK	100	EUR	306	100.0
Huhtamaki Brazil Investments II B.V.'s shareholding in subsidiaries:							
Huhtamaki Brasil Filmes Servicos de Consultoria Ltda	9,999,999	100.0	BRL	9,999	EUR	4,214	100.0
Huhtamaki Brasil Filmes Servicos de Consultoria Ltda's shareholding in subsidiaries:							
Huhtamaki Filmes Brasil Ltda	5,000,000	100.0	BRL	5,000	BRL	25,459	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.'s shareholding in subsidiaries:							
Huhtamaki Mexicana S.A. de C.V.	45,630,316	100.0	MXN	45,630	MXN	45,630	100.0
Huhtavefa B.V.'s shareholding in subsidiaries:							
The Paper Products Limited	38,095,166	60.8	INR	76,190	EUR	27,186	60.8
Huhtamaki Beheer V B.V.'s shareholding in subsidiaries:							
Huhtamaki Americas, Inc.	100	100.0	USD	-	EUR	263,828	100.0
Huhtamaki Americas, Inc.'s shareholding in subsidiaries:							
Huhtamaki, Inc.	1,000	100.0	USD	1	USD	684,073	100.0
Huhtamaki Films, Inc.	100	100.0	USD	-	USD	79,875	100.0
Huhtamaki Beheer XI B.V.'s shareholding in subsidiaries:							
Huhtamaki Brazil Investments B.V.	200	100.0	EUR	20	EUR	58,610	100.0
Huhtamaki Brazil Investments B.V.'s shareholding in subsidiaries:							
Huhtamaki do Brasil Ltda	7,635,699	100.0	BRL	7,636	EUR	2	100.0
Partner Polarcup Oy's shareholding in subsidiaries:							
OOO Huhtamaki S.N.G.	162,410,860	95.0	RUB	162,411	EUR	16,563	100.0

Parent Company Annual Accounts 2011

Parent company income statement (FAS)

EUR million	Note	2011	2010
Other operating income	1	46.2	52.0
Sales and marketing		-1.2	-1.2
Administration costs		-22.1	-22.4
Other operating expenses	2	-2.6	-9.9
		20.3	18.5
Earnings before interest and taxes	**3, 4**	**20.3**	**18.5**
Net financial income/expense	5	-18.3	-16.5
Exceptional income/expense	6	0.1	0.2
Result before taxes		**2.1**	**2.2**
Taxes	7	0.1	-0.5
Result for the period		**2.2**	**1.7**

Parent company balance sheet (FAS)

ASSETS

EUR million	Note	2011	%	2010	%
Fixed assets					
Intangible assets	8				
Intangible rights		0.4		0.5	
Other capitalized expenditure		10.3		13.8	
		10.7	**0.6**	**14.3**	**0.7**
Tangible assets	9				
Land		0.3		0.3	
Buildings and constructions		16.9		17.6	
Other tangible assets		1.0		1.2	
Construction in progress and advance payments		0.3		0.2	
		18.5	**1.0**	**19.3**	**0.9**
Other fixed assets					
Investment in subsidiaries		1,706.0		1,949.5	
Investment in associated companies		0.5		0.5	
Other shares and holdings		0.4		0.3	
Loan receivable	10	3.3		3.3	
		1,710.2	**91.3**	**1,953.6**	**92.5**
Short-term					
Loan receivable	10	90.0		88.1	
Accrued income	11	37.3		19.3	
Other receivables	10	6.7		11.9	
		134.0	**7.2**	**119.3**	**5.6**
Cash and bank		0.3	0.0	5.9	0.3
Total assets		**1,873.7**	**100.0**	**2,112.4**	**100.0**

LIABILITIES AND EQUITY

EUR million	Note	2011	%	2010	%
Shareholders' equity	12				
Share capital		360.6		360.6	
Premium fund		106.8		106.8	
Retained earnings available for distribution		853.2		896.1	
Result for the period		2.2		1.7	
		1,322.7	**70.6**	**1,365.2**	**64.6**
Liabilities					
Long-term					
Loans from financial institutions	13	139.5		237.7	
Other long term lialibilities		0.1		0.0	
		139.6	**7.5**	**237.7**	**11.3**
Short-term					
Loans from financial institutions	13	200.0		111.8	
Other loans	13	185.2		378.7	
Trade payables	14	1.0		0.8	
Accrued expenses	15	23.6		17.2	
Other short-term liabilities		1.6		1.0	
		411.4	**22.0**	**509.5**	**24.1**
Total equity and liabilities		**1,873.7**	**100.0**	**2,112.4**	**100.0**
Total retained earnings available for distribution		**855.3**		**897.8**	

Parent company cash flow statement (FAS)

EUR million	2011	2010
EBIT	20.3	18.5
Adjustments		
Depreciations	4.7	4.7
Other adjustments	-0.8	6.8
Change in non-interest bearing receivables	-0.9	-6.6
Change in non-interest bearing payables	81.7	-72.0
Dividends received	0.5	0.8
Net financial income/expense	-21.1	-18.4
Taxes	0.1	-0.5
Cash flow from operating activities	**84.5**	**-66.7**
Capital expenditure	-0.5	-1.1
Proceeds from subsidiary investments	244.3	381.0
Change in short-term deposits	-1.9	36.6
Cash flow from investing activities	**241.9**	**416.5**
Change in long-term loans	-98.1	-57.3
Change in short-term loans	-189.5	-250.9
Dividends paid	-44.6	-38.4
Corporate subsidies	0.3	0.6
Cash flow from financing activities	**-332.0**	**-346.0**
Change in liquid assets	-5.6	3.8
Liquid assets on January 1	5.9	2.1
Liquid assets on December 31	0.3	5.9

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 fair 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 recognized 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 recognized 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. The company manages its interest rate risks using interest rate derivatives. 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 fair value. Any changes in fair values are recognised as income or expense in financial income/expense. 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 recognised as income or expense.

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.

Other operating income and 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. In addition, gains from disposal of assets, royalty and rental income are included in other operating income.

Other operating expenses

Other operating expenses include losses from disposal of assets and other costs.

Exceptional income and expenses

Exceptional income and expenses include items which fall outside the ordinary activities of the company, such as group contribution or divestment related items.

Notes to the parent company financial statements

1. Other operating income

EUR million	2011	2010
Royalty income	16.0	22.0
Group cost income	16.0	16.8
Rental income	3.2	3.2
IT recharge	2.9	4.8
Other	8.1	5.2
Total	**46.2**	**52.0**

2. Other operating expenses

EUR million	2011	2010
Expenses relating to divestment of Consumer Goods Europe units	0.3	6.8
Other	2.3	3.1
Total	**2.6**	**9.9**

3. Personnel expenses

EUR million	2011	2010
Wages and salaries	6.6	7.4
Pension costs	1.1	1.4
Other personnel costs	0.2	1.0
Total	**7.9**	**9.8**

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the Board (9 people) as well as the Chief Executive Officer (CEO) of Huhtamäki Oyj amounted to EUR 2.1 million (2010: EUR 2.0 million).

Average number of personnel	2011	2010
Huhtamäki Oyj	50	51

4. Depreciation and amortization

EUR million	2011	2010
Depreciation by function:		
Administration	4.0	3.9
Other	0.7	0.8
Total depreciation	**4.7**	**4.7**
Depreciation by asset type:		
Buildings	0.7	0.7
Other tangible assets	0.4	0.4
Other capitalized expenditure	3.6	3.6
Total depreciation	**4.7**	**4.7**

5. Financial income/expense

EUR million	2011	2010
Dividend income	**0.5**	**0.8**
Interest and other financial income		
Intercompany interest income	6.8	8.1
Other interest income	0.3	0.4
Total interest income	**7.1**	**8.5**
Other financial income	191.1	194.5
Total interest and other financial income	**198.2**	**203.0**
Interest and other financial expenses		
Intercompany interest expenses	-4.6	-2.3
Other interest expenses	-20.9	-23.2
Total interest expenses	**-25.5**	**-25.5**
Other financial expenses	-191.5	-194.8
Total interest and other financial expenses	**-217.0**	**-220.3**

6. Exceptional income

EUR million	2011	2010
Exceptional income:		
Corporate subsidy	0.1	0.2
Total	**0.1**	**0.2**

7. Taxes

EUR million	2011	2010
Ordinary taxes	0.1	-0.5
Total	**0.1**	**-0.5**

Deferred taxes are not included in income statement or balance sheet. Unrecognised deferred tax assets from timing differences is EUR 0.3 million (2010: EUR 0.7 million).

8. Intangible assets

EUR million	Intangible rights	Other capitalized expenditure	2011 Total	2010 Total
Acquisition cost on January 1	0.7	66.2	66.9	66.8
Additions	-	0.0	0.0	0.1
Acquisition cost on December 31	0.7	66.2	66.9	66.9
Accumulated amortization on January 1	0.2	52.3	52.5	49.0
Amortization during the financial year	0.1	3.6	3.7	3.6
Accumulated amortization on December 31	0.3	55.9	56.2	52.6
Book value on December 31, 2011	**0.4**	**10.3**	**10.7**	**-**
Book value on December 31, 2010	**0.5**	**13.8**	**-**	**14.3**

9. Tangible assets

EUR million	Land	Buildings and constructions	Construction in progress and advance payments	Other tangible assets	2011 Total	2010 Total
Acquisition cost on January 1	0.3	30.6	0.2	2.9	34.0	32.9
Additions	-	-	0.1	0.1	0.2	1.1
Acquisition cost on December 31	0.3	30.6	0.3	3.0	34.2	34.0
Accumulated depreciation on January 1	-	13.0	-	1.6	14.6	13.6
Depreciation during the financial year	-	0.7	-	0.4	1.1	1.1
Accumulated depreciation on December 31	-	13.7	-	2.0	15.7	14.7
Book value on December 31, 2011	**0.3**	**16.9**	**0.3**	**1.0**	**18.5**	**-**
Book value on December 31, 2010	**0.3**	**17.6**	**0.2**	**1.2**	**-**	**19.3**

Revaluations of buildings and constructions in 2011 is EUR 2.4 million (2010: EUR 2.4 million).

10. Receivables

EUR million	2011	2010
Current		
Loan receivables from subsidiaries	90.0	88.1
Accrued income	14.2	7.7
Accrued corporate income	23.1	11.6
Other receivables	0.4	0.2
Other receivables from subsidiaries	6.3	11.7
Total	**134.0**	**119.3**
Long-term		
Intercompany loan receivables	3.3	3.3
Total receivables	**137.3**	**122.6**

11. Accrued income

EUR million	2011	2010
Accrued interest and other financial items	2.6	0.1
Accruals for profit on exchange	5.8	4.0
Miscellaneous accrued income	5.3	3.0
Accrued corporate income and prepaid expense	23.1	11.6
Other	0.5	0.6
Total accrued income	**37.3**	**19.3**

12. Changes in equity

EUR million	2011	2010
Restricted equity		
Share capital January 1	360.6	360.6
Share capital December 31	360.6	360.6
Premium fund January 1	106.8	106.8
Premium fund December 31	106.8	106.8
Restricted equity total	**467.4**	**467.4**
Non-restricted equity		
Retained earnings January 1	897.8	934.6
Dividends	-44.6	-38.5
Net income for the period	2.2	1.7
Retained earnings December 31	855.3	897.8
Non-restricted equity total	**855.3**	**897.8**
Total equity	**1,322.7**	**1,365.2**

For details on share capital see note 23 of the notes to the consolidated financial statements.

13. Loans

EUR million	2011	2010
Non-current		
Hybrid bond	-	75.0
Long-term loans from financial institutions and other loans	139.6	162.7
Total	**139.6**	**237.7**
Current		
Current portion of loans from financial institutions	81.5	40.1
Short-term loans from financial institutions and other current loans	118.5	71.7
Loans from financial institutions	**200.0**	**111.8**
Short-term loans from subsidiaries	185.2	378.7
Other loans	**185.2**	**378.7**

Changes in long-term loans	2011	2010
Loans from financial institutions and other loans		
January 1	162.7	220.1
Additions	203.7	209.4
Decreases	-227.1	-261.0
FX movement	0.2	-5.8
Total	**139.5**	**162.7**

Repayments	Loans from financial institutions and other loans
2012	200.0
2013	5.8
2014	5.8
2015	50.5
2016	62.5
2017–	15.0

14. Short-term liabilities

EUR million	2011	2010
Trade payables	0.6	0.3
Intercompany trade payables	0.4	0.5
Total	**1.0**	**0.8**

15. Accrued expenses

EUR million	2011	2010
Accrued interest expense	13.0	7.2
Accrued interest expense to subsidiaries	5.6	2.2
Personnel, social security and pensions	3.5	6.4
Miscellaneous accrued expense	1.5	1.4
Total	**23.6**	**17.2**

16. Commitments and contingencies

EUR million	2011	2010
Operating lease payments		
Under one year	0.9	1.0
Later than one year	2.6	2.7
Total	**3.5**	**3.7**
Mortgages:		
For own debt	14.5	14.5
Guarantee obligations		
For subsidiaries	72.3	65.1
For associated companies	0.4	-

Proposal of the Board of Directors to Distribute Retained Earnings

On December 31, 2011 Huhtamäki Oyj's non-restricted equity was	EUR 855,302,430.80
of which the result for the financial period was	EUR 2,152,001.01

The Board of Directors proposes that dividend will be distributed at EUR 0.46 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 46,677,226.26

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 14, 2012

Mikael Lilius

Jukka Suominen

Eija Ailasmaa

William R. Barker

Rolf Börjesson

Siaou-Sze Lien

Sandra Turner

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

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 2011, the AGM was held on April 20, 2011 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 acquisitions and divestments as well as other corporate transactions, annual investment plan 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 Group. 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 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 2011, 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 Group operations and the development stage of the Group. Both genders shall be represented in the Board. The Board shall consist of a minimum of six and a 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 the 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 the Chairman and the Vice-Chairman. The AGM 2011 elected the following eight individuals to the Board:


Mikael Lilius


Jukka Suominen


Eija Ailasmaa


William R. Barker

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, Chairman of the 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, 2011: 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, 2011: 3,000

Eija Ailasmaa

(1950)
Date of election: March 22, 2004
Education: M.Pol.Sc.
Primary working experience: Sanoma Media B.V., President and CEO; Sanoma Group, executive roles in magazine publishing subsidiaries, including Helsinki Media and Sanoma Magazines Finland, President; Kodin Kuvalehti magazine, Editor-in-chief
Key positions of trust: Outotec Oyj, Board; Solidium Oy, Vice-Chairman of the Board
Shares on December 31, 2011: 1,000

William R. Barker

(1949)
Date of election: March 24, 2010
Main occupation: Mold-Masters (2007) Limited, Board, President & CEO
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
Shares on December 31, 2011: –

  

Rolf Börjesson Siaou-Sze Lien Sandra Turner

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; Biolight AB, Chairman of the Board; Svenska Cellulosa Aktiebolaget SCA (publ), Board; Avery Dennison Corporation, Board
Shares on December 31, 2011: 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, 2011: 1,000

Sandra Turner

(1952)
Date of election: April 20, 2011
Education: BA (Marketing) Honours
Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), latest position Commercial Director, Tesco Ireland Limited (2003–2009)
Key positions of trust: Carpetright PLC, Board; McBride PLC, Board; Berkhamsted School, School Governor
Shares on December 31, 2011: 1,000

George V. Bayly

(1942)
George V. Bayly resigned from the Board of Directors on September 12, 2011.

Anthony J.B. Simon acted as a member of the Board of Directors until the AGM held on April 20, 2011.

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 2011, the Board held 11 meetings, four of which were telephone meetings. The average attendance of the members at the Board meetings was 95%. 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 Legal of the Company acts as the secretary to the Board.

Board members' attendance at the meetings

	Attendance (%)	Number of meetings attended
Mikael Lilius	100	11/11
Jukka Suominen	100	11/11
Eija Ailasmaa	91	10/11
William R. Barker	100	11/11
George V. Bayly*	100	7/7
Rolf Börjesson	100	11/11
Siaou-Sze Lien	82	9/11
Anthony J.B. Simon**	67	2/3
Sandra Turner***	100	8/8

* George V. Bayly resigned from the Board of Directors on September 12, 2011
** member of the Board until April 20, 2011
*** member of the Board since April 20, 2011

Remuneration of the Board members

The AGM is resolving upon remuneration for the Board of Directors. In accordance with the resolution passed by the AGM held on April 20, 2011, the annual compensation for the Chairman of the Board is EUR 100,000, for the Vice-Chairman EUR 60,000 and for other members EUR 50,000. In addition, a meeting fee of EUR 600 per meeting is paid to all members for Board and Board Committee meetings they attend. Traveling expenses are compensated in accordance with the Company policy. In addition, the Chairman of the Board of Directors has a mobile phone benefit. None of the Board members receives any other remuneration from the Company than that based on Board membership. The Company performance share or 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 2011 (EUR)

	Annual compensation	Meeting fees	Total
Mikael Lilius	97,680*	11,600	109,280
Jukka Suominen	58,750	12,800	71,550
Eija Ailasmaa	48,750	11,200	59,950
William R. Barker	48,750	8,500	57,250
George V. Bayly**	36,250	7,000	43,250
Rolf Börjesson	48,750	11,100	59,850
Siaou-Sze Lien	48,750	8,900	57,650
Anthony J.B. Simon***	11,250	2,000	13,250
Sandra Turner****	37,500	5,400	42,900
Total	**436,430**	**78,500**	**514,930**

* annual compensation for Mikael Lilius includes a mobile phone benefit
** George V. Bayly resigned from the Board of Directors on September 12, 2011
*** member of the Board until April 20, 2011
**** member of the Board since April 20, 2011

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 may appoint 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 2011: Mikael Lilius (Chairman), Rolf Börjesson and Jukka Suominen. In 2011, 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 2011: Mikael Lilius (Chairman), William R. Barker and Rolf Börjesson. In 2011, the Human Resources Committee held four meetings. The average attendance of the Human Resources Committee members at the meetings was 92%.

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 2011: Jukka Suominen (Chairman), Eija Ailasmaa and Siaou-Sze Lien. In 2011, 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 since 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 2011, Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 581,600 and the short-term incentive, based on the performance in 2010, amounted to EUR 413,231. Based on the performance in 2010, the CEO received under the Performance Share Incentive Plan 2008–2010 a total of 30,000 shares with an aggregate value of EUR 296,700 at the time of the transfer and a cash payment of EUR 296,700 relating to the amount of income taxes arising based on the received shares. This reward with a total value of EUR 593,400 was paid in March 2011. Thus, the CEO's total remuneration amounted to a total of EUR 1,588,231 in 2011. No option rights were allocated to him during 2011.

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. In addition to statutory employment pension contribution, the early retirement possibility is covered by an arrangement under which the Company contributes annually to a supplementary pension arrangement 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 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, 2011: 85,900
Option rights on December 31, 2011: 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, 2011: 60,000
Option rights on December 31, 2011: 2006 B 40,000, 2006 C 50,000

Mr. Juha Salonen (1949)

Senior Vice President, Administration and Legal, 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 Senior Vice President, Administration and 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, 2011: 35,000
Option rights on December 31, 2011: 2006 B 25,000, 2006 C 35,000

Ms. Sari Lindholm (1969)

Senior Vice President, Human Resources
GET member since: September 22, 2011
Joined the company: 2003
Education: M.Pol.Sc
Primary working experience: Huhtamäki Oyj (2003–), several different roles, previous position as Group Vice President, Human Resources; Nokia Oyj (2000–2003), Senior Manager, Compensation & Benefits; Elcoteq Network Oyj (1995–2000), several different roles
Key positions of trust: –
Shares on December 31, 2011: 6,000
Option rights on December 31, 2011: 2006 B 10,000, 2006 C 12,000

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, 2011: 35,000
Option rights on December 31, 2011: 2006 B 41,703, 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, 2011: 30,000
Option rights on December 31, 2011: 2006 B 20,000

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 December 31, 2011: 15,000
Option rights on December 31, 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, 2011: 30,000
Option rights on December 31, 2011: 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, 2011: 31,500
Option rights on December 31, 2011: 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 ensures 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 2011 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 the 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 2011 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 2011, total auditing costs of the Group amounted to EUR 1.2 million. The Ernst & Young network has also provided other consultancy worth EUR 0.5 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 31 December, 2011. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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 14, 2012

Ernst & Young Oy
Authorized Public Accounting Firm

Harri Pärssinen
Authorized Public Accountant

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.

Board members do not receive Company shares as remuneration and they are not participants in Company option rights plans or performance share plans.

None of the Board members is employed by the Company and, thus, 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 April 20, 2011, the annual compensation for the Chairman of the Board is EUR 100,000, for the Vice-Chairman EUR 60,000 and for other members EUR 50,000. In addition, a meeting fee of EUR 600 per meeting is paid to all members for Board and Board Committee meetings they attend. Traveling expenses are compensated in accordance with the Company policy. In addition, the Chairman of the Board of Directors has a mobile phone benefit.

Remuneration paid to the members of the Board of Directors in 2011 (EUR)

	Annual compensation	Meeting fees	Total
Mikael Lilius	97,680*	11,600	109,280
Jukka Suominen	58,750	12,800	71,550
Eija Ailasmaa	48,750	11,200	59,950
William R. Barker	48,750	8,500	57,250
George V. Bayly**	36,250	7,000	43,250
Rolf Börjesson	48,750	11,100	59,850
Siaou-Sze Lien	48,750	8,900	57,650
Anthony J.B. Simon***	11,250	2,000	13,250
Sandra Turner****	37,500	5,400	42,900
Total	**436,430**	**78,500**	**514,930**

* annual compensation for Mikael Lilius includes a mobile phone benefit
** George V. Bayly resigned from the Board of Directors on September 12, 2011
*** member of the Board until April 20, 2011
**** member of the Board since April 20, 2011

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 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 Group level remuneration principles, but local laws and market practices are taken into account when applying these 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 also determined based on the financial performance of the business segment in question. The following indicators are applied when setting financial objectives: earnings per share (EPS), return on investment (ROI), return on net assets (RONA), working capital ratios and value added. The above mentioned criteria are selected to promote the Group's financial targets and success on a short- and a long-term basis.

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 other GET members varies depending on the position between 40–60% 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, the Performance Share Plan 2010–2012 and the Performance Share Plan 2011–2013. The reward in the Performance Share Plan 2010–2012 is based on the Group's earnings per share (EPS) in 2012 and in the Performance Share Plan 2011–2013 on the EPS in 2013.

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 since April 1, 2008. In 2011, Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 581,600 and the short-term incentive, based on the performance in 2010, amounted to EUR 413,231. Based on the performance in 2010, the CEO received under the Performance Share Incentive Plan 2008–2010 a total of 30,000 shares with an aggregate value of EUR 296,700 at the time of the transfer and a cash payment of EUR 296,700 relating to the amount of income taxes arising based on the received shares. This reward with a total value of EUR 593,400 was paid in March 2011. Thus, the CEO's total remuneration amounted to EUR 1,588,231 in 2011. No option rights were allocated to him during 2011.

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. In addition to statutory employment pension contribution, the early retirement possibility is covered by an arrangement under which the Company contributes annually to a supplementary pension arrangement 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 funds contributed to the arrangement by the Company and the CEO as well as returns on these funds.

In 2011, the cost of the CEO's supplementary pension arrangement for the Company amounted to EUR 45,861.

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 Legal; Ms. Sari Lindholm, Senior Vice President, Human Resources (since September 22, 2011); Mr. Clay Dunn, Executive Vice President North America; Mr. Suresh Gupta, Executive Vice President Flexible Packaging; Mr. Olli Koponen, Executive Vice President Molded Fiber (since January 1, 2011); Mr. Eric Le Lay, Executive Vice President Foodservice Europe-Asia-Oceania; and Mr. Peter Wahsner, Executive Vice President Films.

In 2011, the non-variable annual base salary and benefits of GET members, excluding the CEO, amounted to a total of EUR 2,008,190 and the short-term incentives, based on the performance in 2010, amounted to a total of EUR 926,124. Based on the performance in 2010, GET members, excluding the CEO, received under the Performance Share Incentive Plan 2008–2010 a total of 97,500 shares with an aggregate value of EUR 964,275 at the time of the transfer and a cash payment of EUR 782,618 relating to the amount of income taxes arising based on the received shares. These rewards with a total value of EUR 1,746,893 were paid in March 2011. Thus, their total remuneration amounted to EUR 4,681,207 in 2011.

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

HUHTAMAKI

www.huhtamaki.com

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