Huhtamaki 2013
Annual Accounts and Directors' Report

HUHTAMAKI

2013

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Huhtamaki 2013 in Brief

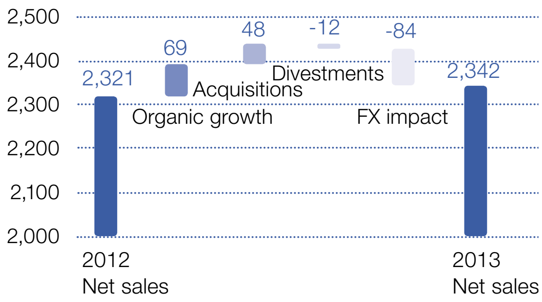
Huhtamaki Group

Huhtamaki Group is a global manufacturer of consumer and specialty packaging. The Group's core business areas are foodservice disposables, flexible and molded fiber packaging as well as films.

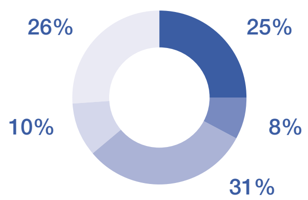
Additional information is available at www.huhtamaki.com.

Net sales growth

EUR million

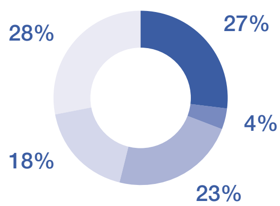


Net sales



- **Flexible Packaging,** 585.8 EUR million
- **Films,** 186.5 EUR million
- **North America,** 725.3 EUR million
- **Molded Fiber,** 236.3 EUR million
- **Foodservice E-A-O,** 629.1 EUR million

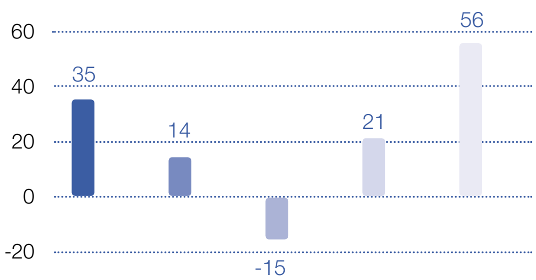
EBIT



- **Flexible Packaging,** 44.0 EUR million
- **Films,** 6.7 EUR million**
- **North America,** 38.4 EUR million
- **Molded Fiber,** 29.6 EUR million
- **Foodservice E-A-O,** 46.9 EUR million**

Operating Cash flow

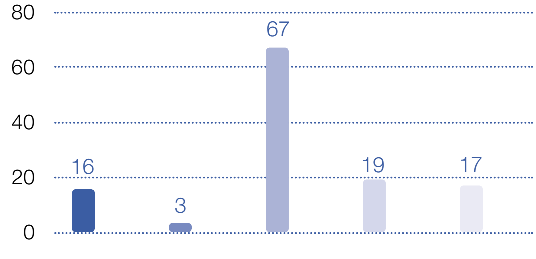
EUR million



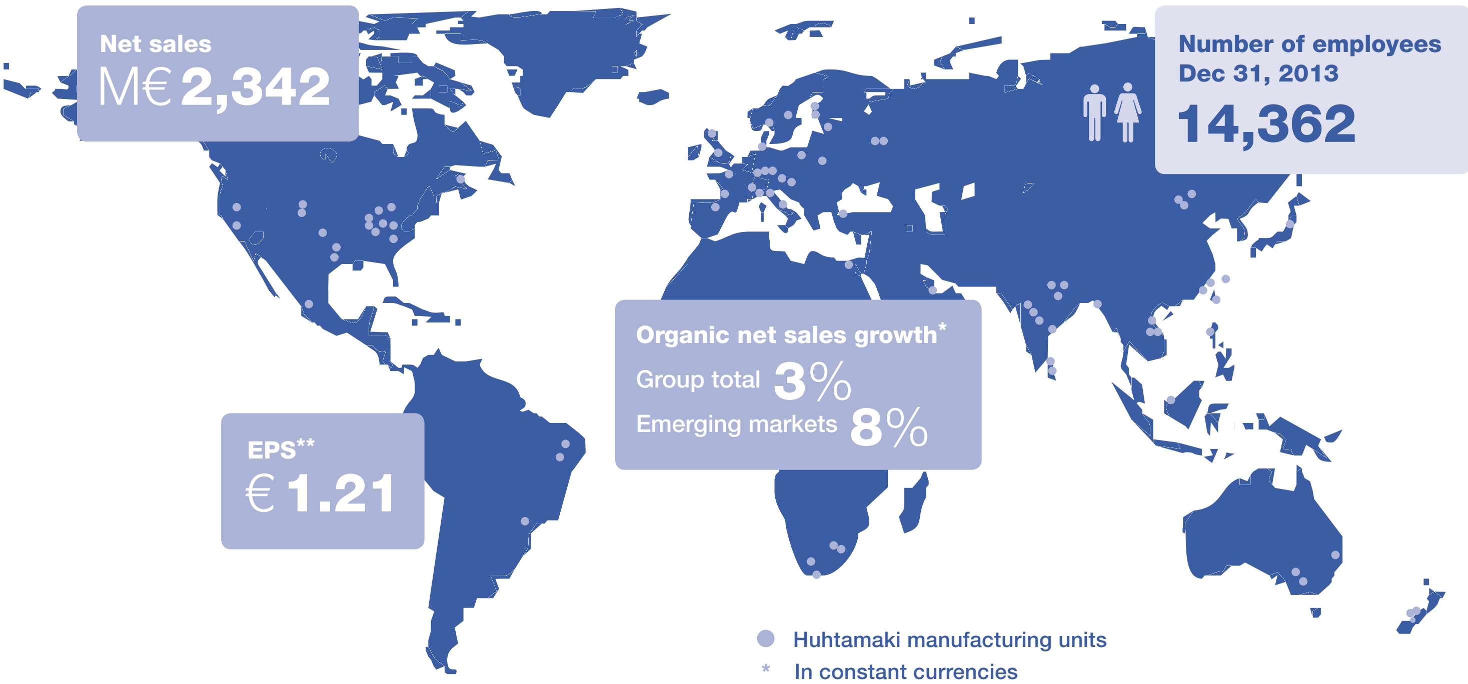
- Flexible Packaging
- Films
- North America
- Molded Fiber
- Foodservice E-A-O

Capital expenditure

EUR million



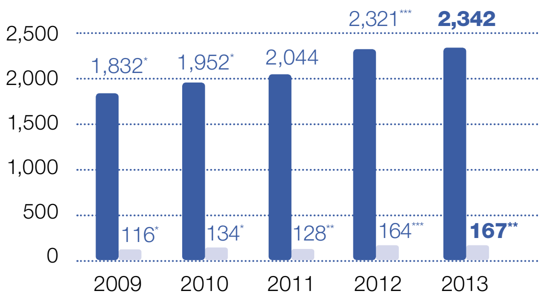
- Flexible Packaging
- Films
- North America
- Molded Fiber
- Foodservice E-A-O



● Huhtamaki manufacturing units
* In constant currencies
** Excluding non-recurring items

Net sales and EBIT

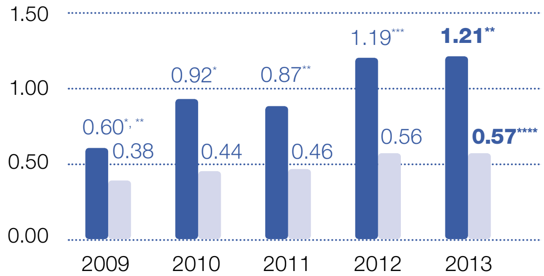
EUR million



Net sales
EBIT

Earnings per share and dividend per share

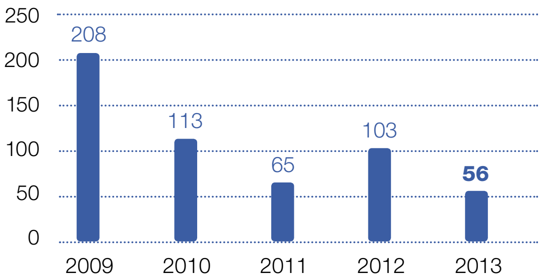
EUR million



Earnings per share
Dividend per share

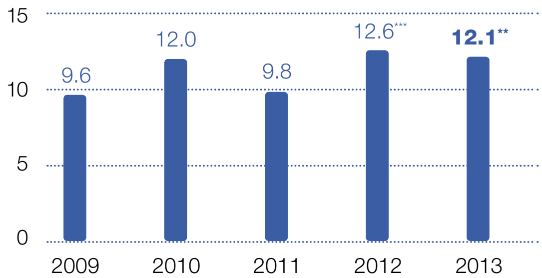
Free cash flow

EUR million



Return on investment

%



* Continuing business
** Excluding non-recurring items
*** 2012 restated figures, as published on Feb 25, 2013
**** Board's proposal

CEO's Review 2013

Huhtamaki had another good year in 2013. We went into the year with good expectations and an aim to improve our performance. This was achieved and we are reporting slightly improved profitability – higher EBIT and a new record earnings per share. Yet we cannot be totally satisfied with the achievements. Organic growth was below our expectations and despite accelerated growth in emerging markets towards the end of the year, overall progress was subdued especially in Europe. In addition, we managed to finalize only one acquisition.

Business environment was more difficult than anticipated and especially the slow start to the year was not foreseen. Sales momentum improved during the year and remains reasonably strong as we are entering into 2014. Currency fluctuations were unfavorable in 2013 and the good work done and results achieved in many non-EURO markets were masked by negative currency translations.

Our key target for 2013 was to improve our financial result from the record earnings per share (EPS) and dividend achieved in 2012. We succeeded in this and report an EPS of EUR 1.21 excluding non-recurring items – a new record. ROI, excluding non-recurring items was 12.1%. ROE, excluding non-recurring items, was 15.8%. The main reasons for achieving the improvement are organic sales growth and improved efficiency in key operations, delivering good earnings growth despite unfavorable currency movements. The Group's financial position continues solid with a net debt/EBITDA ratio at 1.6.

We have continuously invested in emerging markets and as our customers have been successful in these markets we have also gained more volumes and market share. In 2013 our net sales growth in emerging markets (in constant currencies) was 8% with Russia, India and the Czech Republic being the most important growth countries. In Russia we celebrated our 20th anniversary and inaugurated a new Molded Fiber production line in addition to several on-going Foodservice investments. Going forward a significant portion of our capital expenditure will be dedicated to support the progress of our customers and to further strengthen our positions in emerging markets.

Selective restructuring actions were initiated during the year to improve our performance and cost efficiency. The most important was the strategic review of our rigid plastic units in Italy that resulted in divesting the business in October. The business had been loss-making since several years and a divestment was the best alternative for the business and Huhtamaki. In addition small manufacturing units in South Africa and Norway were closed.

Capital expenditures were clearly higher in 2013 than in previous years. The main project was building a new manufacturing and distribution unit in Ohio, the US. The project is being completed on time and within the original budget frame which is a great achievement. The logistical position of the new unit is excellent with a major part of the North American foodservice market within one day's trucking distance.

Although acquisitive growth was limited in 2013 we are systematically progressing on our chosen path as a growth company that makes well-targeted value enhancing acquisitions. Our acquisitions can improve market positions and provide good cost synergies, or they can be good growth platforms at fast-growing markets. We will actively continue to screen acquisition targets in 2014. The Group's financial position is solid and the immediate firepower available for acquisitions is approximately EUR 400–500 million.

In 2014 we will stay focused on achieving our quality growth ambitions. Our target is to have a EUR 3 billion net sales run-rate by the end of 2015 and achieving this target profitably means that our EBIT margin needs to be in the range of 8% and EBITDA margin more than 12%. Quality growth equals profitable growth and therefore we will keep margins, asset velocity, and cash flow in particular focus.

An important contributor to margin improvement is our work on business excellence, based on the Lean Six Sigma methodology. We will continue to train more black belts, green belts, yellow belts, and champions to build more teams. Our experience is that more teams bring more results and we will continue to work on cost out, value in and resource optimization events at all units.

Focus on customer expectations including innovation, quality, sustainability and delivery has been an important theme at Huhtamaki. However, we believe that there is an additional opportunity to clarify and strengthen the Huhtamaki brand promise and we will engage in a number of actions to strengthen and modernize our identity. Through this work we will make Huhtamaki an even more attractive company to do business with and a stronger partner to our customers. Our overall aim is to help our customers succeed and sell more.

Developing clearer and stronger Huhtamaki identity not only helps and supports customers but also creates a more solid, predictable and successful working environment for our team members. We believe that this will help us attract and retain excellent talent, because well-defined customer promise, competitive advantages and success factors foster better team spirit and stronger focus on performance. High performance is rewarding at many levels and, after all, ambitious and forward-looking people desire to work in a successful company.

We did well in 2013 and going into 2014 we target to improve again, because records are meant to be broken! We have implemented important actions that will bring benefits and help us serve our customers better. When our customers are successful, so are we! This generates higher returns to our shareholders – be it return on equity, higher earnings per share or dividends paid. We are thankful for the support we have received and I would like to thank our customers, suppliers, investors and other stakeholders for their continued support to the Huhtamaki team.

Jukka Moisio
CEO

February 2014

Directors' Report 2013

Overview

The Group's trading conditions remained relatively stable during 2013 despite general economic uncertainty and customer cautiousness. Start of the year was slow but demand for consumer packaging improved as the year progressed and was reasonably good at year-end. Currency fluctuations were unfavorable for the full year and especially during the second half. Raw material price levels remained relatively stable.

The Group's reported net sales in 2013 were EUR 2,342 million (EUR 2,321 million). Organic net sales growth in constant currencies was 3% with all business segments, except Films, reporting growth. Organic net sales growth was strongest in the Molded Fiber business segment. In the emerging markets, organic growth in constant currencies was 8%. Growth accelerated towards the year-end and during the fourth quarter the Group's organic net sales growth in constant currencies was 6% and in the emerging markets 14%. The Group's net sales were negatively affected by adverse currency movements. The negative foreign currency translation impact on net sales was EUR 84 million.

The Group's earnings before interest and taxes (EBIT), excluding non-recurring items (NRI), were EUR 167 million (EUR 164 million). Including NRI of EUR -31 million the reported EBIT was EUR 136 million. Positive earnings development continued in the Molded Fiber and Foodservice Europe-Asia-Oceania business segments. Earnings in the North America business segment were unsatisfactory despite strong net sales growth, as they were burdened by ongoing investment costs. Adverse currency impact on the Group's EBIT was EUR 6 million. Earnings per share (EPS) excluding NRI were EUR 1.21 (EUR 1.19). The reported EPS was EUR 0.91 (EUR 1.19).

The Group's free cash flow was EUR 56 million (EUR 103 million). Return on investment (ROI), excluding NRI, was 12.1% (12.6%) and return on equity (ROE), excluding NRI, was 15.8% (15.8%).

The implementation of the Group's strategic direction which focuses on quality growth was continued during the year. In the United States premises acquired in Batavia, Ohio, were transformed into a new world class manufacturing and distribution unit. The unit commenced operations towards the end of the year. In Europe the foodservice product range was expanded with a targeted acquisition of a specialty corrugated packaging manufacturer in the UK.

Certain efficiency improving measures were taken during the year to improve the long-term competitiveness of the Group. As an outcome of these activities manufacturing units in Viul, Norway and Epping, South Africa were closed. Additionally, the strategic review of loss-making foodservice business in Italy was concluded and the business divested.

Business review by segment

The net sales distribution by business segment in 2013 was the following: Flexible Packaging 25% (25%), Films 8% (8%), North America 31% (30%), Molded Fiber 10% (11%) and Foodservice Europe-Asia-Oceania 26% (26%).

Flexible Packaging

Demand for flexible packaging remained relatively stable during 2013 although continued customer cautiousness prevailed, affecting both order sizes and lead times. The flexible packaging market continued to grow strongly in the emerging markets. In Asia the market grew at double digit rates despite high inflation affecting the demand for discretionary items such as coffee, confectionery and snacks. In Eastern Europe market growth was approximately 6–7%. In Western Europe, however, the flexible packaging market growth was modest.

Despite continued strong competition the Group maintained its solid positions and was able to gain market share in Europe and in India. Sales of retort laminates for pet food packaging and of applications for pharmaceutical packaging continued to develop positively. In Asia, sales of labels and applications for the personal care and household markets developed very positively. The sales of flexible packaging applications for the food and beverage sector remained at the previous year's level due to the negative effect that the wet and cold weather conditions in Europe had on the sales of ice cream. Sales of tube laminates were stable.

During the year the Flexible Packaging business segment focused on its new product development process in order to shorten the time-to-market for innovations. Special attention was also paid to inventory management as well as ramping up capacity enhancing investments in Europe.

The segment's reported net sales grew slightly during the year. Reported net sales were EUR 586 million (EUR 573 million). In constant currencies, the net sales growth accelerated towards the end of the year and was on a satisfactory level. Growth was strongest in Asia, particularly in India. The label business acquired in 2012 also contributed positively to net sales growth in India. In Europe, net sales growth was healthy despite a weak first quarter. Market share was gained both in Europe and in India. Sales growth was strongest in the personal care, detergent, household and pet food product segments. Currency translations, especially in India, had a negative impact of EUR 22 million on the segment's net sales.

The segment's reported earnings remained at the same level as in the previous year and were EUR 44 million (EUR 45 million). In constant currencies the segment's earnings grew. The positive earnings development was due to healthy volume growth and cost containment bearing fruit in Europe. The reported earnings were impacted by adverse currency movements in Asia. The reported return on net assets (RONA) was 13% (14%) and operating cash flow was EUR 35 million (EUR 42 million).

Films

The Films business segment's operating environment was challenging but relatively stable throughout the year. Demand for films products was somewhat weaker than during the previous year, particularly in the important market of films for the building and construction industry in North America, which did not show signs of improvement until the fourth quarter. Demand patterns were more stable in the consumer related market segments and growth for hygiene films was fueled by an increasing demand for sophisticated personal care solutions especially in the emerging markets. Demand for sustainable films solutions continued to be moderate.

The Group's position in its respective markets was mostly stable compared to the previous year but due to the investments made in 2011 the business for hygiene films continued to grow. Strong positions in the market for films for the building and construction industry in North America and pressure sensitive films in Europe were maintained.

The Films business segment's reported net sales declined. Reported net sales were EUR 187 million (EUR 192 million). In constant currencies, net sales development was flat with a weak first half of the year but positive development during the second half. Demand for films for the building and construction industry in North America took off during the second half of the year after a delayed start of the roof construction season. In South America net sales grew throughout the year as a result of continued healthy demand for high-end films for hygiene applications. The segment's reported net sales were negatively affected by adverse currency movements during the year, especially in the second half of the year.

The segment's earnings declined as a result of low sales volumes, particularly during the first half of the year. The EBIT excluding NRI was EUR 7 million (EUR 9 million). Non-recurring charges of EUR 3 million related to a cost savings program initiated during the first quarter were booked. The segment's return on net assets (RONA) excluding NRI was 5% (6%) and operating cash flow was EUR 14 million (EUR 12 million).

North America

Trading conditions in North America were relatively stable during 2013. The disposable tableware and foodservice markets in the United States grew moderately with the Group gaining market share. The achieved sales growth was primarily a result of the product portfolio and customer base expansion in retail and foodservice businesses, supported by the folding carton and pressed paperboard acquisitions completed in 2011 and 2012, as well as by investments in organic growth. There were no major changes in the competitive landscape for the North America business segment.

The acquisition and repurposing of the premises in Batavia, Ohio, was the main investment activity of the year. A former automotive plant was acquired in January and transformed into a new world class manufacturing and distribution unit during the year. The total investment including the site purchase, improvements in infrastructure and machinery investments to set up capacity is estimated at approximately USD 60 million (EUR 45 million). The new unit allows the Group to begin to fully leverage its paperboard packaging expertise and global foodservice position also in the United States. The site location is optimal with excellent rail and highway access and proximity to major foodservice markets. The manufacturing and distribution center commenced operations towards the end of the year. In addition to the significant capacity addition with the new unit in Batavia, the segment's folding carton operations were reorganized in order to facilitate the Group's growth ambitions in North America.

The North America business segment's net sales grew throughout the year, led by the positive development within the retail tableware business. The reported net sales were EUR 725 million (EUR 704 million). In constant currencies, net sales growth accelerated during the second half of the year. The retail tableware business developed strongest, led by private label items and successful product line extensions to the Chinet® brand. The foodservice packaging business also continued to grow, whereas demand for ice cream packaging remained soft. Currency translations had a negative impact of EUR 24 million on the segment's net sales.

The segment's earnings declined and were EUR 38 million (EUR 53 million). Positive volume development was not enough to compensate for the continued high costs related to manufacturing optimization and build-up of new capacity. The segment's return on net assets (RONA) was 8% (12%) and operating cash flow was EUR -15 million (EUR 26 million).

Molded Fiber

The Molded Fiber business segment's operating environment remained stable during the year and demand for molded fiber packaging was healthy across all markets. There were no major movements in raw material prices, including energy. In Europe the market for eggs grew modestly but demand for high-end egg packaging remained at a good level. Two new egg carton types, Nestpack and Greenest, were launched addressing the increasing demand for branding possibilities as well as further enhancing the functionality of the packaging in automatic grading process.

Despite the continued tight competitive situation the Group was able to improve its market positions and gain market share in Europe as a result of continued focus on customer satisfaction and operational excellence. Market positions were also improved in Oceania and South Africa.

During the third quarter an expansion of the molded fiber production premises and a new production line were inaugurated as part of Huhtamaki's 20th anniversary celebrations in Russia. Capacity expansions were implemented in several European units.

The Molded Fiber business segment's reported net sales declined slightly and were EUR 236 million (EUR 237 million). In constant currencies solid net sales growth continued with a strong finish to the year. Adverse currency movements had a negative impact of EUR 12 million on the segment's reported net sales.

The segment's reported earnings grew and were EUR 30 million (EUR 26 million). In constant currencies earnings development was strong. The positive earnings development was driven by healthy volume growth and favorable product mix development, supported by introduction of new high-end egg cartons. Excellent operational performance also contributed to the earnings growth. Adverse currency movements had a negative effect on the segment's earnings. The segment's return on net assets (RONA) was excellent at 18% (16%). Operating cash flow was EUR 21 million (EUR 26 million).

Foodservice Europe-Asia-Oceania

The operating environment for the Foodservice Europe-Asia-Oceania business segment was mixed during 2013. Demand for high-end paper cups for hot drinks remained good, particularly in Eastern Europe and in the UK, whereas demand for plastic items declined in Europe. There were no major changes in competitive positions, but competition was strong particularly in Asia. The competitive pressure of Asian imports to Europe also continued.

A manufacturer of specialty corrugated packaging for the foodservice, confectionery and cosmetics markets was acquired in the UK during the fourth quarter. With the acquisition the Group continued to implement its strategy of quality growth and expanded its foodservice product offering in Europe with complementary corrugated food-to-go products. The integration of the business acquired in Asia in 2012 continued during the year.

Several efficiency enhancing measures to improve the competitiveness of the segment were taken during the year. The manufacturing units in Viul, Norway and Epping, South Africa were closed. In addition, reorganization measures with some impact on personnel were taken in Alf, Germany and Hämeenlinna, Finland. The total number of employees affected was 170. The strategic review of the loss-making foodservice business in Italy was concluded with the sale of the business.

The Foodservice Europe-Asia-Oceania business segment's net sales grew slightly during the year and were EUR 629 million (EUR 627 million). Growth was strongest in Eastern Europe and sales with key customers developed particularly well. Currency translations had a negative impact of EUR 23 million on the segment's net sales.

The segment's strong earnings development continued. EBIT excluding NRI was EUR 47 million (EUR 38 million). Earnings growth was due to operations efficiency and good cost containment throughout the segment. The restructuring processes also contributed positively. Non-recurring charges of EUR 28 million, related to the above mentioned efficiency enhancing measures, were booked. The segment's return on net assets (RONA) excluding NRI was 14% (12%) and operating cash flow was EUR 56 million (EUR 43 million).

Financial review

Excluding non-recurring items of EUR -31 million the Group EBIT was EUR 167 million (EUR 164 million), corresponding to an EBIT margin of 7.1% (7.0%). The reported Group EBIT was EUR 136 million (EUR 164 million), corresponding to an EBIT margin of 5.8% (7.0%). Net financial items were EUR -26 million (EUR -26 million). Overall financial expenses were unchanged from the previous year. Tax expense for the year was EUR 13 million (EUR 13 million). The corresponding tax rate was 12% (11%).

Reported profit for the period was EUR 98 million (EUR 124 million) and earnings per share (EPS) excluding NRI were EUR 1.21 (EUR 1.19). Reported EPS was EUR 0.91 (EUR 1.19).

Foreign currency translation impact was negative. The impact on net sales was EUR -84 million and on EBIT EUR -6 million compared to the 2012 exchange rates. The translation impact was due to the weakening of all key market currencies against euro.

The average number of outstanding shares used in EPS calculations was 103,067,409 (101,710,693), excluding 4,227,589 (4,594,089) of the Company's own shares. Based on share subscriptions with Huhtamäki Oyj's option rights 2006 C under the Company's Option Rights 2006 Plan, a total of 402,765 new shares of Huhtamäki Oyj were issued. The corresponding increase in the Company's share capital was EUR 1,369,401.00. At the end of the year, the number of outstanding shares excluding the Company's own shares was 103,381,162 (102,611,897).

Statement of financial position and cash flow

Capital expenditure was EUR 121 million (EUR 94 million). Majority of the capital expenditure was related to business expansion investments in the North America business segment. As a result, free cash flow was EUR 56 million (EUR 103 million).

The Group's net debt was EUR 405 million (EUR 406 million) at the end of the reporting period. This corresponds to a gearing ratio of 0.50 (0.50). With net debt to EBITDA ratio at 1.6 (1.6) at the end of the year the Group's ability to invest in further growth opportunities remains solid. During the first half of the year, Huhtamäki Oyj issued a EUR 200 million fixed rate unsecured bond. Funds available for acquisitions are approximately EUR 400–500 million. The average maturity of external committed credit facilities and loans at the end of the year was 3.4 (3.5) years.

The Group's liquidity position was strong. At the end of the year cash and cash equivalents were EUR 241 million (EUR 81 million) and the Group had EUR 312 million (EUR 307 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 2,142 million (EUR 2,015 million).

Strategic review

The implementation of the Group's strategic direction which focuses on quality growth was continued during the year. In the United States premises acquired in Batavia, Ohio were transformed into a new world class manufacturing and distribution unit. The manufacturing and distribution center commenced operations towards the end of the year. With the new unit the Group enters the North American paper cup market with significant new capacity in an optimal location and proceeds with the foodservice product portfolio extension in North America. This allows the Group to continue to leverage its global position in addressing the needs of its key global foodservice customers. In Europe the foodservice product range was expanded with a targeted acquisition of a specialty corrugated packaging manufacturer in the UK.

In addition to growth enhancing actions certain efficiency improving measures were taken during the year to improve the long-term competitiveness of the Group. As an outcome of these activities manufacturing units in Viul, Norway and Epping, South Africa were closed. Additionally, the strategic review of the loss-making foodservice business in Italy was concluded and the business divested. Integration of the businesses acquired in 2012 was continued.

Organic growth was somewhat below expectations and the Group's organic growth in constant currencies was 3% compared to the previous year. In the fast-growing emerging markets organic growth was healthy throughout the year accelerating towards the end of the year. In constant currencies the organic growth in emerging markets was 8%. Strong growth in Eastern Europe continued, particularly in Russia and in the Czech Republic. Organic growth was also healthy in Asia, led by India.

In 2013 the Board of Directors actively discussed the further implementation of the Group's quality growth strategy, competitive advantages, innovations, efficiency improvement measures and other strategically important initiatives. The Board of Directors focused also on compliance related matters and approved a renewed Group Code of Conduct, for which a Group-wide communication program was developed and initiated during the year. In 2013 the Board of Directors visited the main manufacturing units in China focusing on the Foodservice Europe-Asia-Oceania business segment.

Personnel review

The Group had a total of 14,362 (14,170) employees at the end of 2013. The number of employees by segment was the following: Flexible Packaging 4,106 (4,034), Films 924 (916), North America 3,521 (3,250), Molded Fiber 1,537 (1,682), Foodservice Europe-

Asia-Oceania 4,220 (4,226) and Other activities 54 (62). The average number of employees was 14,303 (13,284). The number of employees in 2012 has changed for the Group and for the Flexible Packaging segment due to the adoption of the IFRS 11 Joint Arrangements standard as of January 1, 2013.

At the end of 2013 the Group had employees in 30 countries, with 33% (35%) of employees in Europe, 39% (39%) in Asia-Oceania-Africa, 25% (23%) in North America and 3% (3%) in South America. The countries with the largest number of employees were the United States 24% (22%), Germany 13% (13%), India 12% (12%) and China 12% (12%). The Group had 61% (59%) of its total personnel in the aforementioned countries. Excluding acquisitions, the number of employees increased the most in the United States and Thailand.

Huhtamäki Oyj employed 53 (53) people at the end of 2013. The annual average was 53 (51).

A global employee engagement survey was initiated during the year. Previously employee engagement surveys have been conducted regularly only in the North America business segment. Data collection for the global survey was completed by the end of the year and the results and further actions will be discussed in 2014.

The introduction of the Group's occupational health and safety principles to the manufacturing units acquired during previous years was continued during 2013. Despite these efforts and the continued focus on workplace safety, the Group's lost time incident frequency (LTIF) increased slightly compared to 2012. The number of incidents increased 13% to 93 (82) and the lost time incident frequency rate was 3.6 (3.5). Incidents during 2013, however, were less severe than those during 2012. The lost time incident severity (LTIS) rate reduced by 24% and was 833 (1,099).

Systematic work to identify and eliminate hazards that could potentially lead to incidents and injuries was continued and projects for identifying such hazards were run in all manufacturing units. Corrective actions were created and continued to receive high priority for prompt completion. Workplace safety and the importance of all employees' individual responsibility for complying with safety instructions is also one of the key areas emphasized in the renewed Group Code of Conduct and its communication program.

Risk review

Within the Group's risk management methodology 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 in each business unit and acceptable risk levels were defined by the line management. The acceptable risk levels for the Group were reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The strategic fit and performance of the business units was actively monitored with focus on continued quality growth.

Actions to mitigate the risks identified through the risk review process were implemented. Special attention was paid to ensuring continued growth while still safeguarding the long-term profitability of operations.

Targeted profitability improvement projects on the Group level were successful and balanced well against the ramp-up and investment costs in North America. The Group's hedging policy contributed to securing the operational performance of the business units despite heavy fluctuations in currencies. Liquidity and debt position were further strengthened through active working capital management and securing long-term debt with favorable maturity.

The Group's annual risk assessment was conducted during the year. Due to the nature of the Group's businesses, risks related to pricing as well as raw material and energy price fluctuations continued to be considered key strategic risks. Growth and market position risk was also identified as a key risk due to the Group's continuing organic and acquisition driven quality growth ambitions in emerging markets. On the other hand, the capability of the personnel to adapt to changes and new markets was acknowledged as a key success factor for the Group.

The main operational risks identified relate to operations management, especially ramp up of new businesses, as well as supply chain and purchasing management. The main financial risks continue to be related to raw material price volatility while foreign exchange fluctuations affect the comparability of the Group's financial figures between reporting periods. Some business units are exposed to transaction related foreign exchange risk, which is to a large extent mitigated through hedging.

Appropriate mitigation actions for the Group's key risks identified at the end of 2013 have been defined and will be implemented and followed during 2014.

More information on financial risks can be found in Note 27 in the Annual Accounts 2013.

Environmental review

The Group Environmental Policy together with the Group Code of Conduct define the framework for the globally consistent operating principles for the Group's environmental management. The Group is also a signatory to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. In 2013 regular internal and external audits were performed to assess the environmental performance of the manufacturing units. A total of 378 audits by authorities, customers and suppliers were conducted at manufacturing unit level during the year. All manufacturing units report regularly environmental key performance indicators. Results are consolidated for each business segment and reported to the Board of Directors quarterly.

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 implemented to support the monitoring and continuous improvement of the Group's operational and product related environmental performance. At the end of 2013, 35 (30) manufacturing units, representing 57% (46%) of all manufacturing units in the Group, including the 10 (10) 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 Environmental Care Program implemented in North America. During the year 17 manufacturing units successfully passed the re-certification of the International Organization for Standardization's (ISO) environmental management system ISO 14001 and additional ISO 14011 environmental management systems were implemented in Tortona, Italy and Palmeira, Brazil. International Organization for Standardization's (ISO) energy management system ISO 50001 was integrated with the locally implemented Environmental Management and Audit

Scheme (EMAS) in Ronsberg, Germany, bringing the amount of externally certified ISO 50001 implementations to four.

The Group's environmental operating costs totaled EUR 7.2 million (EUR 7.0 million).

The Sustainability Report was published in June. The report presents the Group's significant sustainability aspects, the sustainability framework and the operational sustainability performance for the Group and the business segments. The report also includes examples of product sustainability profiles. The complete report, as well as the data, is available on 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 25, 2013. The meeting adopted the Company's Annual Accounts and the Consolidated Annual Accounts for 2012 and discharged the members of the Company's Board of Directors and the CEO from liability. Dividend for 2012 was set at EUR 0.56 (EUR 0.46) per share, as proposed by the Board of Directors.

Seven 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. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner.

The Board of Directors subsequently elected Mr. Pekka Ala-Pietilä 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 (unchanged), for the Vice-Chairman EUR 60,000 (unchanged) and for the other members EUR 50,000 (unchanged). In addition, a meeting fee of EUR 600 (unchanged) per meeting was resolved to be paid to all members for the Board and Board Committee meetings they attend with the following exceptions: EUR 2,000 (unchanged) per meeting to the Chairman of the Audit Committee, EUR 1,000 (unchanged) per meeting to other members of the Audit Committee, EUR 1,200 (EUR 600) per meeting to the Chairman of the Human Resources Committee and EUR 1,200 (EUR 600) per meeting to the Chairman of the Nomination Committee.

The Authorized Public Accountant firm Ernst & Young Oy was elected as Auditor of the Company for the financial year January 1 – December 31, 2013. Mr. Harri Pärssinen, APA, is the Auditor with principal responsibility.

Changes in the Group Executive Team

Mr. Thomas Geust was appointed Director, Finance and member of the Group Executive Team as of October 1, 2013. Mr. Timo Salonen, CFO and member of the Group Executive Team left the Company on July 19, 2013. Mr. Juha Salonen, Senior Vice President, Administration and Legal, and member of the Group Executive Team, retired as of May 1, 2013.

Information provided pursuant to the Securities Market Act, Chapter 7, Section 6

Information required under the Securities Market Act, Chapter 7, Section 6 is presented in Note 21 in the Annual Accounts 2013.

Share capital and shareholders

At the end of 2013, the Company's registered share capital was EUR 365,869,753.40 (EUR 364,500,352.40) corresponding to a total number of shares of 107,608,751 (107,205,986) including 4,227,589 (4,594,089) Company's own shares. The accountable par value of the Company's own shares was EUR 3.40 per share, totaling EUR 14,373,802.60 (EUR 15,619,902.60) which represents 3.9% (4.3%) of the total share capital as well as the total number of shares and voting rights. The amount of outstanding shares excluding the Company's own shares was 103,381,162 (102,611,897).

During 2013 a total of 402,765 option rights 2006 C (1,142,666 option rights 2006 B and 2006 C) under the Option Rights 2006 Plan were exercised. Correspondingly 402,765 (1,142,666) new shares were issued and the share capital was increased with EUR 1,369,401.00 (EUR 3,885,064.40) representing approximately 0.4% of the share capital on December 31, 2013 (1.1% of the share capital on December 31, 2012). The period of subscription for option rights 2006 C will cease on April 30, 2014. If exercised in full, the option rights 2006 C will entitle to the subscription for a total of 304,234 shares in 2014 whereby the share capital would be increased by a maximum amount of EUR 1,034,395.60 representing approximately 0.3% of the total share capital as well as the total number of shares and voting rights at the end of 2013. The Option Rights 2006 Plan had 91 participants at the end of the year.

There were 24,895 (24,290) registered shareholders at the end of 2013. Foreign ownership including nominee registered shares accounted for 40% (34%).

Company's own shares

Based on the 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, 2013 the Board of Directors had no authorization to repurchase own shares. The Annual General Meeting held on April 24, 2012 authorized the Board of Directors to decide on conveyance of the Company's own shares. The authorization is valid until April 30, 2015. During 2013 a total of 366,500 of the Company's own shares were conveyed in accordance with the performance share plan for the key personnel of the Company and its subsidiaries. No shares were conveyed during 2012. On December 31, 2013 the Company owned a total of 4,227,589 (4,594,089) own shares.

Share developments

During 2013 the Company's share was quoted on NASDAQ OMX Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. As of February 1, 2013 the Company's share became a component of the OMX Helsinki 25 Index.

At the end of 2013 the Company's market capitalization was EUR 2,007 million (EUR 1,315 million) and EUR 1,928 million (EUR 1,259 million) excluding the Company's own shares. With a closing price of EUR 18.65 (EUR 12.27) the share price increased by 52% (34%) from the beginning of the year, while the OMX Helsinki Cap PI Index increased by 26% (10%) and the OMX Helsinki Industrials PI Index increased by 16% (26%). In 2013 the volume weighted average price for the Company's share was EUR 15.21 (EUR 11.30). The highest price paid was EUR 18.81 on December 30, 2013 and the lowest price paid was EUR 12.32 on January 14, 2013.

Share trading

During 2013 the cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd was EUR 566 million (EUR 498 million). The trading volume of 37 million (44 million) shares equaled an average daily turnover of EUR 2.3 million (EUR 2.0 million) or, correspondingly 149,723 (177,014) shares. In addition to NASDAQ OMX Helsinki Ltd, the Company's shares can also be traded on alternative trading venues, such as BATS Chi-X and Turquoise. During the year 39% (42%) of all trading took place outside NASDAQ OMX Helsinki Ltd. The cumulative value of the Company's share turnover on NASDAQ OMX Helsinki Ltd and alternative trading venues was EUR 928 million (EUR 865 million) in 2013. (Source: Fidessa Fragmentation Index, fragmentation.fidessa.com)

The total turnover of the Company's option rights 2006 C was EUR 1,759,374.58 corresponding to a trading volume of 195,496 option rights. In 2012 the turnover of the Company's option rights 2006 B and 2006 C was EUR 4,108,625.17 corresponding to a trading volume of 1,768,919 option rights.

European Commission's statement of objections

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anti-competitive behavior in the markets of plastic trays used for retail packaging of fresh food, such as meat and poultry, in South-West Europe, North-West Europe and France. The alleged infringements of EU competition regulations relate to the Group's operations during years 2000–2008. The operations referred to in the statement of objections were part of the Group's rigid plastic consumer goods business in Europe. Based on the statement of objections, the annual net sales of the affected business, as alleged by the European Commission, were EUR 40–50 million and the duration of the alleged infringements was on average 4–5 years depending on the market. Most of the operations concerned by the statement of objections have been closed down or divested in years 2006 and 2010, and the part of the concerned operations that currently remains in the Group is reported within the Foodservice Europe-Asia-Oceania segment and its annual net sales are approximately EUR 2 million. The Group's other business segments, Flexible Packaging, Films, North America and Molded Fiber, are not concerned by the statement of objections. The statement of objections was addressed to Huhtamäki Oyj and certain of its subsidiaries.

A statement of objections is a formal step in the European Commission's investigations into suspected violations of EU competition regulations. Huhtamäki Oyj has examined the documents received from the European Commission, responded to the statement of objections as requested by the European Commission and is exercising its rights of defense in the process. The statement of objections does not prejudge the final outcome of the European Commission's investigation. Thus, no provisions have been made in the Group statement of financial position. It is expected that the European Commission's investigations will take several months.

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.

In September 2012 Huhtamäki Oyj received the European Commission's statement of objections concerning alleged anti-competitive behavior during years 2000–2008. Huhtamäki Oyj has responded to the statement of objections and is exercising its rights of defense in the process, which is expected to take several months. The final outcome of the process is uncertain.

Outlook for 2014

The Group's trading conditions are expected to remain relatively stable during 2014. The good financial position and ability to generate a positive cash flow will enable the Group to continue to address profitable growth opportunities. Capital expenditure is expected to be at the same level as in 2013. A significant part of the investments are expected to be directed to enhance growth in the emerging markets.

Dividend proposal

On December 31, 2013 Huhtamäki Oyj's non-restricted equity was EUR 786 million (EUR 830 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.57 (EUR 0.56) per share be paid.

Annual General Meeting 2014

The Annual General Meeting of Shareholders will be held on Thursday, April 24, 2014 at 1 pm (Finnish time), at Finlandia Hall, Mannerheimintie 13e, in Helsinki, Finland.

Corporate Governance Statement

A separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. The Corporate Governance Statement is also available on the Group's website www.huhtamaki.com.

Group income statement (IFRS)

EUR million	Note	2013	%	2012*	%
Net sales	**1**	**2,342.2**	**100.0**	**2,321.2**	**100.0**
Cost of goods sold	3	-1,994.3		-1,949.2	
Gross profit		**347.9**	**14.9**	**372.0**	**16.0**
Other operating income	4	18.5		20.3	
Sales and marketing	3	-73.0		-74.1	
Research and development		-16.2		-15.7	
Administration costs		-117.9		-129.5	
Other operating expenses	5	-26.6		-12.5	
Share of profit of equity-accounted investments		3.4		3.0	
		-211.8		**-208.5**	
Earnings before interest and taxes	**6, 7**	**136.1**	**5.8**	**163.5**	**7.0**
Financial income	8	8.0		6.1	
Financial expenses	8	-33.5		-32.2	
Profit before taxes		**110.6**	**4.7**	**137.4**	**5.9**
Income tax expense	9	-12.9		-13.3	
Profit for the period		**97.7**	**4.2**	**124.1**	**5.3**
Attributable to:					
Equity holders of the parent company		94.1		121.3	
Non-controlling interest		3.6		2.8	
EUR					
EPS attributable to equity holders of the parent company		0.91		1.19	
Diluted EPS attributable to equity holders of the parent company		0.91		1.18	

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR million	Note	2013	2012*
Profit for the period		**97.7**	**124.1**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit plans	17	7.2	-52.0
Income taxes related to items that will not be reclassified	9	-4.8	14.9
Total		**2.4**	**-37.1**
Items that may be reclassified subsequently to profit or loss			
Translation differences		-34.4	-13.3
Equity hedges		7.6	2.8
Cash flow hedges	22	2.7	2.0
Income tax related to items that may be reclassified	9	-0.4	-0.3
Total		**-24.5**	**-8.8**
Other comprehensive income, net of tax		**-22.1**	**-45.9**
Total comprehensive income		**75.6**	**78.2**
Attributable to:			
Equity holders of the parent company		72.0	75.4
Non-controlling interest		3.6	2.8

* Restated figures

Group statement of financial position (IFRS)

ASSETS

EUR million	Note	2013	2012*	Jan 1, 2012*
Non-current assets				
Goodwill	11	458.5	452.0	423.7
Other intangible assets	11	24.9	29.2	26.2
Tangible assets	12	653.6	668.2	641.2
Equity-accounted investments	13	10.0	10.5	12.1
Available-for-sale investments	14	1.7	1.3	1.3
Interest-bearing receivables	15	4.8	16.9	14.4
Deferred tax assets	16	38.1	36.9	22.2
Employee benefit assets	17	38.5	33.1	35.2
Other non-current assets		6.0	4.5	4.8
		1,236.1	**1,252.6**	**1,181.1**
Current assets				
Inventory	18	305.0	318.1	286.7
Interest-bearing receivables	15	4.6	9.5	6.5
Current tax assets		6.4	2.3	2.3
Trade and other current receivables	19	349.0	351.4	340.4
Cash and cash equivalents	20	241.0	81.0	69.0
		906.0	**762.3**	**704.9**
Total assets		**2,142.1**	**2,014.9**	**1,886.0**

EQUITY AND LIABILITIES

EUR million	Note	2013	2012*	Jan 1, 2012*
Share capital	21	365.9	364.5	360.6
Premium fund	21	114.8	114.1	106.8
Treasury shares	22	-38.9	-42.2	-42.2
Translation differences	22	-137.7	-110.0	-99.5
Fair value and other reserves	22	-82.3	-87.9	-52.5
Retained earnings		558.1	540.5	460.1
Equity attributable to equity holders of the parent company		**779.9**	**779.0**	**733.3**
Non-controlling interest		24.9	26.5	22.9
Total equity		**804.8**	**805.5**	**756.2**
Non-current liabilities				
Interest-bearing liabilities	23	594.9	427.4	260.8
Deferred tax liabilities	16	63.4	56.1	49.7
Employee benefit liabilities	17	182.4	185.3	136.3
Provisions	24	30.7	38.5	46.7
Other non-current liabilities		5.7	4.5	3.7
		877.1	**711.8**	**497.2**
Current liabilities				
Interest-bearing liabilities				
Current portion of long-term loans	23	23.3	12.4	82.5
Short-term loans	23	36.8	73.5	142.4
Provisions	24	5.6	4.1	13.2
Current tax liabilities		7.7	10.9	6.8
Trade and other current liabilities	25	386.8	396.7	387.7
		460.2	**497.6**	**632.6**
Total liabilities		**1,337.3**	**1,209.4**	**1,129.8**
Total equity and liabilities		**2,142.1**	**2,014.9**	**1,886.0**

* Restated figures

Group cash flow statement (IFRS)

EUR million	2013	2012
Profit for the period	**97.7**	**124.1**
Adjustments	143.9	115.2
Depreciation and amortization	96.5	90.0
Share of profit of equity-accounted investments	-3.4	-3.0
Gain/loss from disposal of assets	-1.6	-0.6
Financial expense/-income	25.5	26.1
Income tax expense	12.9	13.3
Other adjustments, operational	14.0	-10.6
Change in inventories	-8.0	-17.3
Change in non-interest bearing receivables	-16.3	9.1
Change in non-interest bearing payables	-6.0	-9.2
Dividends received	3.1	4.9
Interest received	2.6	2.5
Interest paid	-19.2	-22.3
Other financial expenses and income	-2.8	-2.8
Taxes paid	-21.1	-14.0
Net cash flow from operating activities	**173.9**	**190.2**
Capital expenditure	-121.0	-93.5
Proceeds from selling tangible assets	3.1	5.9
Divested subsidiaries	6.2	-
Acquired subsidiaries	-18.0	-57.5
Proceeds from long-term deposits	15.7	1.0
Payment of long-term deposits	-3.8	-3.6
Proceeds from short-term deposits	35.2	25.5
Payment of short-term deposits	-31.1	-26.9
Net cash flow from investing	**-113.7**	**-149.1**
Proceeds from long-term borrowings	205.5	231.3
Repayment of long-term borrowings	-29.0	-81.7
Proceeds from short-term borrowings	740.9	1,136.6
Repayment of short-term borrowings	-756.1	-1,279.0
Dividends paid	-57.7	-46.7
Proceeds from stock option exercises	2.1	11.2
Net cash flow from financing	**105.7**	**-28.3**
Change in liquid assets	**160.0**	**12.0**
Cash flow based	165.9	12.8
Translation difference	-5.9	-0.8
Liquid assets on January 1	81.0	69.0
Liquid assets on December 31	241.0	81.0

Statement of changes in shareholders' equity

EUR million	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company								
Balance on Dec 31, 2011	**360.6**	**106.8**	**-42.2**	**-97.8**	**-5.4**	**460.1**	**782.1**	**22.9**	**805.0**
Change in accounting policy (IAS19)				-1.7	-47.1		-48.8		-48.8
Balance on Jan 1, 2012	**360.6**	**106.8**	**-42.2**	**-99.5**	**-52.5**	**460.1**	**733.3**	**22.9**	**756.2**
Dividends paid						-46.7	-46.7		-46.7
Share-based payments						3.5	3.5		3.5
Stock option exercised	3.9	7.3					11.2		11.2
Total comprehensive income for the year				-10.5	-35.4	121.3	75.4	2.8	78.2
Other changes						2.3	2.3	0.8	3.1
Balance on Dec 31, 2012	**364.5**	**114.1**	**-42.2**	**-110.0**	**-87.9**	**540.5**	**779.0**	**26.5**	**805.5**
Dividends paid						-57.7	-57.7		-57.7
Share-based payments			3.3			-0.1	3.2		3.2
Stock option exercised	1.4	0.7					2.1		2.1
Total comprehensive income for the year				-26.8	4.7	94.1	72.0	3.6	75.6
Other changes				-0.9	0.9	-18.7	-18.7	-5.2	-23.9
Balance on Dec 31, 2013	**365.9**	**114.8**	**-38.9**	**-137.7**	**-82.3**	**558.1**	**779.9**	**24.9**	**804.8**

Significant accounting policies

Main activities

Huhtamaki Group is a leading manufacturer of consumer and specialty packaging with operations in 30 countries. The Group's focus and expertise are 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. Main 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 NASDAQ OMX Helsinki Ltd. The address of its registered office is Miestentie 9, 02150 Espoo, Finland.

These Group consolidated financial statements were authorized for issue by the Board of Directors on February 5, 2014. According to the Finnish Companies Act shareholders decide on the adoption of financial statements at the general meeting of shareholders held after the publication of the financial statements.

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, 2013. IFRS, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of said 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 new or revised standards as of January 1, 2013:

- Revised IAS 19 Employee Benefits. The corridor approach is removed and all actuarial gains and losses are recognized in equity through other comprehensive income when incurred. The Group reports the service cost in personnel expenses and the net interest in financial items. The net interest is determined by applying the discount rate used to measure the net defined benefit obligation to the net defined benefit liability or asset. According to previous accounting policy the interest income on defined benefit plan assets was calculated using the expected rate of return on plan assets. The disclosures on employee benefits were modified accordingly.
- Amended IAS 1 Presentation of Items of Other Comprehensive Income. According to the amendment items that would be reclassified to the income statement at a future point of time are presented separately in the statement of comprehensive income.
- Amended IFRS 7 Financial instruments: Disclosures. Group has added disclosures on financial instruments subject to an enforceable master netting agreement.
- IFRS 11 Joint Arrangements. The Group currently has an interest in a joint arrangement, which is classified as a joint venture and consolidated using the equity method instead of previously used proportional consolidation method. The Group's share of profit of equity-accounted investments is reported above earnings before interest and taxes.
- IFRS 12 Disclosure of Interests in Other Entities. Disclosures on associates and joint ventures were modified accordingly.
- IFRS 13 Fair Value Measurement. The Group has amended financial asset and liability disclosures accordingly.

The following new and amended standards, which have been adopted, had no impact on the financial statements:

- IFRS 10 Consolidated Financial Statements.
- Revised IAS 28 Investments in Associates and Joint Ventures.
- Revised IAS 36 Impairment of Assets.
- Annual improvements (May 2012).

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 to non-controlling interest is presented in the income statement. Comprehensive income attributable to equity holders of the parent company and to non-controlling interest is presented in the 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. The joint arrangements are companies over whose activities the Group has joint control, established by contractual agreement. The joint arrangements classified as joint ventures are consolidated using the equity method. When the Group's share of losses exceeds the carrying amount of the equity-accounted investment, 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 equity-accounted investments. The Group's share of result of equity-accounted investments is presented as a separate item above Earnings before interest and taxes. Correspondingly the Group's share of changes in other comprehensive income statement is recognized in the Group statement of comprehensive income.

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 from translation are recognized in the income statement. Foreign exchange gains and losses relating to operating activities are recognized in the same account as the underlying transaction above Earnings before interest and taxes. Foreign exchange differences relating to financial liability are recognized in financial income or expense except for those currency differences that relate 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 January 1, 2002 have been reclassified to retained earnings. From the transition date onwards exchange differences arising on the translation of the net investment in foreign subsidiaries, associated companies and joint ventures are recorded as translation differences 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 prices at the balance sheet date. Gains or losses arising from changes in fair value are recognized in other 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.

An impairment loss on trade receivables is recognized, when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed.

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 other 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 other 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 have 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 from 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 not amortized but is tested annually for impairment. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment. 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 are traded on active markets, are not depreciated, as the carrying value of those emission rights is considered to account for initial value. Emission rights will be derecognized at transaction date, when actual emissions have been defined.

Periods of amortization used (years):	
Intangible rights	up to 20
Software	3–8
Customer relations	7

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 recognized in the income statement as 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 comprising 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 costs 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 (years):	
Buildings and other structures	20–40
Machinery and equipment	5–15
Other tangible assets	3–12

Tangible assets which are classified as held 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 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

Lease contracts in 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 tangible 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 assets that have been leased out are 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 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 leasing components included in purchase agreements are recognized according to same principles. Other parts of the agreement are recognized according to the related IFRS-standards.

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.

Cost is determined using 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 costs, other direct costs and related production overheads excluding selling and financial costs.

Employee benefits

The Group companies have various pension and other post-employment benefit 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 plan under which the 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. The contributions to defined contribution plans are charged to the income statement in the year to which they relate. A defined benefit plan is a plan which is not a defined contribution plan.

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 defined benefit obligation. The liability or asset 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 assets.

Remeasurements, including actuarial gains and losses, are recognized to equity through other comprehensive income when incurred and are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in income statement at the earlier of when the plan amendment or curtailment occurs or when related restructuring costs or termination benefits are recognized.

For defined benefit plans the Group reports the current and past service cost as well as gains and losses on non-routine settlements in personnel expenses by functions. The net interest income or expense is recognized in financial income or expenses. The net interest is determined by applying the discount rate used to determine present value of obligation to the net defined benefit liability or asset at the beginning of the annual period. In addition, the changes during the period caused by contributions and benefit payments are taken into account.

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 a 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 awards. The fair value of awards granted is measured using the Black-Scholes model, taking into account the market terms and conditions of agreement when pricing the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards that will be vested. Non-market vesting conditions (for example, EBIT growth target) are not included in the value of share-based instruments but in the number of instruments that are expected to vest. At each balance sheet date the estimates about the number of awards that are expected to vest are revised and the impact is recognized in income statement. The proceeds received from the exercise of options are credited to share capital (book value equivalent) and share premium fund.

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 such obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions arise from restructuring plans, onerous contracts, legal proceedings 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 other comprehensive income is recognized to equity or other 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 for 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 assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which such assets can be utilized.

Equity, dividends and own shares

Financial instruments are included in the 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 have approved them at the Annual General Meeting.

Revenue recognition

The sales income adjusted with sales discounts, indirect sales taxes and exchange rate differences relating to foreign currency sales is presented as net sales. Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. Revenue recognition takes place as a main rule 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 the 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 intangible and tangible assets are presented as non-recurring items.

Earnings before interest and taxes

Earnings before interest and taxes consists of net sales less costs of goods sold, sales and marketing expenses, research and development costs, administration costs, other operating expenses plus other operating income and share of result of equity-accounted investments. 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 Intangible assets.

New IAS/IFRS standards and interpretations

New standards, interpretations and amendments to existing standards applicable for the Group that have been published and are not mandatory, and which the Group has not adopted are described in the following.

The Group expects 2014 to adopt the following standards and amendments:

- Revised IAS 32 Financial Instruments: Presentation. The amendments clarify the instructions on the right to offset financial assets and liabilities. The change is not expected to have impact on the Group.
- Revised IAS 39 Financial Instruments: Recognition and Measurement. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes. The change is not expected to have impact on the Group.

The Group expects to adopt later than 2014 the following new standards, interpretations and amendments to existing standards, which have not yet been endorsed in the EU:

- Revised IAS 19 Employee benefits. Amendment concerns defined benefit plans with contributions from employees or third parties. The change is not expected to have impact on the Group.
- IFRS 9 Financial Instruments. IFRS 9 will replace current IAS 39 Financial Instruments: Recognition and measurement. IASB has published phases Classification and measurement and Hedge accounting. The group will assess the effect of IFRS 9 when the standard is completed.
- IFRIC 21 Levies. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, occurs. The change is not expected to have impact on the Group.
- Annual improvements (December 2013). Annual improvements include smaller changes to 9 standards, the impact of which differ by standard.

The effects of adopting amended IAS 19 Employee Benefits and IFRS 11 Joint Arrangements are presented in the tables below. In addition the 2012 disclosures have been restated to meet the requirements of the changed standards.

Impact on Group income statement and statement of comprehensive income

EUR million	As published 2012	Adjustment 2012	Restated 2012
Net sales	2,335.0	-13.8	2,321.2
Earnings before interest and taxes	161.6	1.9	163.5
Financial items	-21.2	-4.9	-26.1
Profit before taxes	141.3	-3.9	137.4
Income tax expense	-14.9	1.6	-13.3
Profit for the period	126.4	-2.3	124.1
Other comprehensive income, net of tax	-11.1	-34.8	-45.9
Total comprehensive income	115.3	-37.1	78.2

EUR	As published 2012	Adjustment 2012	Restated 2012
EPS attributable to equity holders of the parent company	1.21	-0.02	1.19
Diluted EPS attributable to equity holders of the parent company	1.21	-0.03	1.18

Impact on Group statement of financial position

EUR million	Dec 31, 2012	Jan 1, 2012
Tangible assets	-3.6	-4.3
Equity-accounted investments	6.3	8.5
Deferred tax assets	18.1	6.5
Employee benefit assets	-28.9	-27.8
Total non-current assets	**-8.1**	**-17.1**
Current assets	-5.7	-6.5
Total assets	**-13.8**	**-23.6**
Recognition of unrecognized actuarial gains and losses	-118.7	-67.1
Tax impact of the above	32.9	18.3
Total equity	**-85.8**	**-48.8**
Deferred tax liabilities	-14.8	-11.8
Employee benefit liabilities	89.7	39.3
Other non-current liabilities	-0.4	-0.4
Total non-current liabilities	**74.5**	**27.1**
Current liabilities	-2.5	-1.9
Total liabilities	**72.0**	**25.2**
Total equity and liabilities	**-13.8**	**-23.6**

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 the 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 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 serves local markets in North America with Chinet® disposable tableware products, foodservice packaging products, as well as ice cream containers and other consumer goods packaging products. The segment has rigid paper, plastic and molded fiber manufacturing units in the United States and Mexico.

Molded Fiber: Recycled 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, Africa and Oceania.

In the Group the performance assessment of segments and decisions on allocation of resources to segments 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 regarding the above mentioned assessments and resource allocation.

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

Other activities include unallocated corporate costs and royalty income and related net assets. Unallocated assets and liabilities relate to post-employment benefits, taxes and financial items.

Segments 2013

EUR million	Flexible Packaging	Films	North America	Molded Fiber	Foodservice Europe-Asia-Oceania	Segments total
Net sales	584.9	181.1	721.2	234.2	620.8	2,342.2
Intersegment net sales	0.9	5.4	4.1	2.1	8.3	20.8
EBIT*	44.0	4.2	38.4	29.6	18.8	135.0
Net assets	320.5	135.9	488.2	160.9	315.2	1,420.7
Capital expenditure	15.6	2.7	66.7	18.9	16.8	120.7
Depreciation and amortization	17.6	8.0	26.1	11.3	32.7	95.7
RONA, % (12m roll.)	13.3 %	2.9 %	8.0 %	18.2 %	5.6 %	-
Operating cash flow	34.8	13.5	-15.0	21.0	55.9	-
* includes restructuring cost of	-	2.5	-	-	12.5	15.0
* includes divestment cost of	-	-	-	-	15.6	15.6

Intersegment net sales are eliminated on consolidation.
See notes 2, 3, 7 and 12.

Segments 2012

EUR million	Flexible Packaging	Films	North America	Molded Fiber	Foodservice Europe-Asia-Oceania	Segments total
Net sales	572.6	187.2	700.9	235.1	625.4	2,321.2
Intersegment net sales	0.7	4.3	3.4	2.2	1.4	12.0
EBIT	44.6	9.2	53.0	26.4	38.1	171.3
Net assets	325.1	149.4	453.2	159.3	352.1	1,439.1
Capital expenditure	19.8	5.5	31.5	13.6	22.3	92.7
Depreciation and amortization	17.4	8.0	25.2	11.8	26.4	88.8
RONA, % (12m roll.)	13.8%	6.0%	11.7%	16.1%	11.6%	-
Operating cash flow	42.2	12.2	26.2	25.5	42.8	-

As of 2013 the rigid paper and plastic packaging unit in South Africa is reported as part of the Foodservice Europe-Asia-Oceania segment, previously reported as part of the Molded Fiber segment. The 2012 segment information has been restated accordingly.

Reconciliation calculations

Result

EUR million	2013	2012
Total EBIT for reportable segments	135.0	171.3
EBIT for other activities	1.1	-7.8
Net financial items	-25.5	-26.1
Profit before taxes	**110.6**	**137.4**

Assets

EUR million	2013	2012
Total assets for reportable segments	1,772.1	1,805.9
Assets in other activities	24.7	17.8
Unallocated assets	345.3	191.2
Group's total assets	**2,142.1**	**2,014.9**

Liabilities

EUR million	2013	2012
Total liabilities for reportable segments	351.4	366.8
Liabilities in other activities	26.8	24.7
Unallocated liabilities	959.1	817.9
Group's total liabilities	**1,337.3**	**1,209.4**

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.

2013

EUR million	External Net Sales	Non-current assets
The United States	752.4	425.3
Germany	519.1	209.7
India	136.6	50.4
The UK	111.0	58.6
China	101.3	68.3
Russia	80.7	31.7
Thailand	78.8	38.9
Australia	72.5	26.4
The Netherlands	62.5	40.3
Other countries	427.3	197.4
Total	**2,342.2**	**1,147.0**

2012

EUR million	External Net Sales	Non-current assets
The United States	733.3	401.0
Germany	529.9	220.1
India	128.7	56.4
The UK	106.2	41.4
China	88.3	73.7
Russia	69.1	31.1
Thailand	81.1	44.5
Australia	81.5	33.4
The Netherlands	65.9	38.2
Other countries	437.2	220.1
Total	**2,321.2**	**1,159.9**

2. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions

2013

On November 27 Huhtamäki Oyj's UK based subsidiary Huhtamaki Finance Limited acquired all shares of privately owned BCP Corporate Limited, holding company of the Group, which operational subsidiary is specialized in corrugated packaging for the food-service, confectionery and cosmetics markets. The company is located in Blackburn, Lancashire, the UK. With the acquisition Huhtamaki continued to implement its strategy of quality growth and expanded its product offering. The acquired business has been consolidated into Foodservice Europe-Asia-Oceania segment as of December 1, 2013. The goodwill is expected to be non-deductible for income tax purposes. The consideration of EUR 18.8 million was paid in cash. The cost of EUR 0.3 million relating to advice etc. services are included in Group income statement in account Other operating expenses.

The draft values of acquired assets and liabilities at the time of acquisition were as follows:

EUR million	Note	Recognized values
Customer relations	11	2.5
Tangible assets	12	2.5
Inventories	18	1.7
Trade and other receivables	19	3.7
Cash and cash equivalents	20	1.1
Total assets		**11.5**
Deferred taxes	16	-1.0
Trade and other liabilities	25, 26	-5.0
Total liabilities		**-6.0**
Net assets total		**5.5**
Goodwill	11	13.3
Consideration		18.8

The analysis of cash flows of acquisition is as follows:

EUR million	2013
Purchase consideration, paid in cash	-18.8
Cash and cash equivalents in acquired companies	1.1
Transaction costs of the acquisition	-0.3
Net cash flow on acquisition	-18.0

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 1.4 million and profit for the period was EUR 0.2 million. The Group net sales would have been EUR 2,360.6 million and profit for the period EUR 95.8 million, if the acquired business had been consolidated from January 1, 2013.

2012

During 2012 the following acquisitions were made and completed:

- On April 2, Huhtamäki Oyj's subsidiary acquired all the shares of Josco (Holdings) Limited ("Josco"), a manufacturer and distributor of paper and plastic disposable packaging products headquartered in Hong Kong and with manufacturing in China. The acquired business was consolidated into Foodservice Europe-Asia-Oceania segment. Total consideration was MEUR 46.0, of which 85% has been paid in cash and the remaining part will be paid in Q2 2014.
- On August 30, Huhtamäki Oyj's US based subsidiary Huhtamaki, Inc. acquired the assets and business of privately held Winterfield, LLC, a manufacturer of paper tableware in the United States. The acquired business was consolidated into the North America segment.
- On November 9, Huhtamäki Oyj's subsidiary in India, The Paper Products Limited, acquired 51% of the shares in privately held Webtech Labels Private Limited, manufacturer of high-end pressure sensitive labels, especially to pharmaceutical customers. The acquired business was consolidated into the Flexible Packaging segment.

The values of Josco's acquired assets and liabilities at the time of acquisition were as follows:

EUR million	Note	Recognized values
Customer relations	11	7.9
Tangible assets	12	12.7
Inventories	18	11.2
Trade and other receivables	19	16.4
Cash and cash equivalents	20	1.3
Total assets		**49.5**
Deferred taxes	16	-1.4
Interest bearing loans	23	-15.6
Trade and other liabilities	25, 26	-8.6
Total liabilities		**-25.6**
Net assets total		**23.9**
Non-controlling interest		-1.1
Goodwill	11	23.2
Consideration		46.0

The following table summarizes the combined consideration paid and the amounts of the assets and liabilities recognized at the acquisition date for other 2012 acquisitions:

EUR million	Note	Recognized values
Customer relations	11	0.8
Tangible assets	12	12.4
Inventories	18	3.1
Trade and other receivables	19	4.3
Cash and cash equivalents	20	0.0
Total assets		**20.6**
Deferred taxes	16	-0.3
Interest bearing loans	23	-3.7
Trade and other liabilities	25, 26	-3.8
Total liabilities		**-7.8**
Net assets total		**12.8**
Non-controlling interest		-1.4
Goodwill	11	5.4
Consideration		16.8

The analysis of 2012 cash flows of all acquisitions is as follows:

EUR million	2012
Purchase consideration, paid in cash	-62.8
Cash and cash equivalents in acquired companies	1.3
Transaction costs of the acquisition	-1.6
Net cash flow on acquisition	-65.7

Disposals

2013

On October 30, Huhtamäki Oyj divested its loss-making Italian subsidiary, Huhtamaki S.p.A., to Diesse S.r.l., a manufacturer of polystyrene packaging for the foodservice markets. The divestment included the rigid plastic manufacturing units in Settimo Torinese, Sant'Ilario d'Enza and Buccino. The total consideration was EUR 6.2 million. The loss of EUR 15.6 million relating to the sale is included in Group income statement in account Other operating expenses.

The net assets of the divested subsidiary were as follows:

EUR million	Recognized values
Intangible and tangible assets	7.9
Inventories	8.9
Trade and other receivables	17.5
Cash and cash equivalents	0.9
Long-term liabilities	-2.3
Short-term liabilities	-11.9
Net assets in divested company	**21.0**

2012

In 2012 Group did not dispose of any Group companies.

3. RESTRUCTURING COSTS

The restructuring costs for 2013 include efficiency enchancing measures in the Foodservice Europe-Asia-Oceania segment. The manufacturing units in Viul, Norway and Epping, South Africa have been closed down. Segment has also implemented reorganizing programs in manufacturing units Alf, Germany and Hämeenlinna, Finland with some impact on personnel. Total 170 employees have been affected. In the Films segment a cost-saving program has been implemented. The restructuring programs have been finalized during 2013. 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	2013	2012
Cost of goods sold	14.2	-
Sales and marketing	0.5	-
Administration costs	0.3	-
Total	**15.0**	**-**

See note 1.

In 2012 the Group did not decide on any new restructuring programs.

4. OTHER OPERATING INCOME

EUR million	2013	2012
Royalty income	10.0	9.2
Gain on disposal of tangible assets	1.5	1.4
Rental income	1.1	1.9
Other	5.9	7.8
Total	**18.5**	**20.3**

5. OTHER OPERATING EXPENSES

EUR million	2013	2012
Amortization of other intangible assets	8.2	7.7
Strategic project expenses	0.3	1.2
Losses on disposal of businesses	15.6	-
Other	2.5	3.6
Total	**26.6**	**12.5**

6. PERSONNEL EXPENSES

EUR million	2013	2012
Wages and salaries	389.1	390.7
Compulsory social security contributions	43.0	43.7
Pensions		
Defined benefit plans	6.3	7.5
Defined contribution plans	11.3	11.2
Other post-employment benefits	0.7	0.9
Share-based payments	0.3	8.6
Other personnel costs	32.3	31.9
Total	**483.0**	**494.5**

Remuneration paid by the parent company to the members of the Board of Directors as well as the Chief Executive Officer (CEO) of Huhtamaki Oyj (9 people) amounted to EUR 3.7 million (2012: EUR 1.1 million).

See note 28 and Corporate Governance Statement.

Average number of personnel	2013	2012
Group	14,303	13,284
Huhtamäki Oyj	53	51

7. DEPRECIATION AND AMORTIZATION

EUR million	2013	2012
Depreciation and amortization by function:		
Production	82.9	77.0
Sales and marketing	0.1	0.1
Research and development	0.6	0.2
Administration	1.4	1.6
Other	11.5	11.1
Total	**96.5**	**90.0**
Depreciation and amortization by asset type:		
Buildings	11.2	10.4
Machinery and equipment	73.2	67.8
Other tangible assets	3.9	4.2
Other intangible assets	8.2	7.7
Total	**96.5**	**90.0**

See notes 1, 11 and 12.

8. NET FINANCIAL ITEMS

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Taxes reported in other financial expenses are taxes payable in some jurisdictions on financial transactions. Only 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	2013	2012
Interest income on bank deposits and other receivables	6.0	2.7
Interest income on defined benefit plans	1.2	1.6
Dividend income on available-for-sale assets	0.4	1.3
FX revaluation gains on interest-bearing assets and liabilities	0.4	0.5
Financial income	**8.0**	**6.1**
Interest expense on liabilities	-24.7	-23.5
Interest expense on defined benefit plans	-6.3	-6.2
FX revaluation losses on interest-bearing assets and liabilities	-0.6	-0.4
Bank fees, taxes and stock exhange expenses	-1.9	-2.1
Financial expense	**-33.5**	**-32.2**
Net financial items	**-25.5**	**-26.1**

9. TAXES IN INCOME STATEMENT

EUR million	2013	2012
Current period taxes	14.1	20.0
Previous period taxes	-3.9	-11.4
Deferred tax expense	2.7	4.7
Total tax expense	**12.9**	**13.3**
Profit before taxes	110.6	137.4
Tax calculated at domestic rate	27.1	33.7
Effect of different tax rates in foreign subsidiaries	3.1	1.6
Income not subject to tax	-10.5	-11.9
Expenses not deductible for tax purposes	2.4	6.4
Utilization of previously unrecognised tax losses	-5.9	-7.3
Previous period taxes	-3.9	-11.4
Other items	0.6	2.2
Total tax expense	**12.9**	**13.3**

Tax effects relating to components of other comprehensive income

	2013			2012		
EUR million	Before tax amount	Tax expense/ benefit	Net of tax amount	Before tax amount	Tax expense/ benefit	Net of tax amount
Cash flow hedges	2.7	-0.4	2.3	2.0	-0.3	1.7
Remeasurements on defined benefit plans	7.2	-4.8	2.4	-52.0	14.9	-37.1

10. EARNINGS PER SHARE

EUR million	2013	2012
Net income attributable to equity holders of the parent company (basic/diluted)	94.1	121.3

Thousands of shares	2013	2012
Weighted average number of shares outstanding	103,067	101,711
Effect of share-based payments	111	760
Diluted weighted average number of shares outstanding	103,178	102,471

Basic earnings per share, EUR:	2013	2012
From profit for the period attributable to equity holders of the parent company	0.91	1.19

Diluted earnings per share, EUR:	2013	2012
From profit for the period attributable to equity holders of the parent company	0.91	1.18

11. INTANGIBLE ASSETS

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2013
Acquisition cost on January 1, 2013	572.5	12.5	72.8	12.5	**670.3**
Additions	-	-	1.2	0.3	**1.5**
Disposals	-10.4	-	-1.2	-0.5	**-12.1**
Intra-balance sheet transfer	-	-	1.0	0.1	**1.1**
Business combinations	13.3	2.6	-	0.2	**16.1**
Changes in exchange rates	-2.9	-0.8	-1.1	-1.0	**-5.8**
Acquisition cost on December 31, 2013	572.5	14.3	72.7	11.6	**671.1**
Accumulated amortization and impairment on January 1, 2013	120.5	1.5	58.6	8.5	**189.1**
Accumulated amortization on disposals and transfers	-10.4	-	-1.1	-	**-11.5**
Amortization during the financial year	-	1.8	6.2	0.2	**8.2**
Changes in exchange rates	3.9	-0.2	-0.9	-0.9	**1.9**
Accumulated amortization and impairment on December 31, 2013	114.0	3.1	62.8	7.8	**187.7**
Book value on December 31, 2013	**458.5**	**11.2**	**9.9**	**3.8**	**483.4**

Emission rights are included in other intangible rights and are valued at fair value on January 2, 2013. The value of emission rights at balance sheet date was EUR 0.3 million (2012: EUR 0.5 million). The Group has not sold any emission rights during 2013. 40,208 emission rights have been allocated to the Group for the commitment period 2013–2020. There were not any emission allowance surplus in 2013.

EUR million	Goodwill	Customer relations	Software	Other intangibles (including intangible rights)	Total 2012
Acquisition cost on January 1, 2012	546.9	3.9	72.5	11.8	**635.1**
Additions	0.5	-	0.4	0.5	**1.4**
Disposals	-	-	-1.4	-1.3	**-2.7**
Intra-balance sheet transfer	-	-	1.5	-	**1.5**
Business combinations	31.0	9.0	-	0.8	**40.8**
Changes in exchange rates	-5.9	-0.4	-0.2	0.7	**-5.8**
Acquisition cost on December 31, 2012	572.5	12.5	72.8	12.5	**670.3**
Accumulated amortization and impairment on January 1, 2012	123.2	0.1	54.1	7.8	**185.2**
Accumulated amortization on disposals and transfers	-	-	-1.4	-0.2	**-1.6**
Amortization during the financial year	-	1.5	6.0	0.2	**7.7**
Changes in exchange rates	-2.7	-0.1	-0.1	0.7	**-2.2**
Accumulated amortization and impairment on December 31, 2012	120.5	1.5	58.6	8.5	**189.1**
Book value on December 31, 2012	**452.0**	**11.0**	**14.2**	**4.0**	**481.2**

Goodwill acquisition cost and accumulated amortization and impairment on January 1, 2012 has been changed for more accurate presentation.

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 the following groups of cash-generating units:

EUR million	2013	2012
Flexible Packaging Europe	81.1	81.1
Films Europe and North America	45.9	46.8
Molded Fiber Europe	47.3	47.3
North America	198.9	203.1
	373.2	**378.3**
Multiple units with smaller goodwill amount	85.3	73.7
	458.5	**452.0**

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

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

Goodwill is tested annually or more frequently if there are indications of impairment. In assessing whether goodwill has been impaired, the carrying value of the group of cash generating units has been compared to the recoverable amount of the group of cash generating units. The recoverable amount is based on value in use, which is estimated using a discounted cash flow model. The cash flows are determined using five year cash flow forecasts, which are based on business plans. The plans are based on past experience as well as future expected market trend. The plans are approved by Management and are valid when the 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 7.0% (2012: 7.4%), Films Europe and North America 7.5% (2012: 7.8%), Molded Fiber Europe 8.0% (2012: 7.8%) and North America 7.5% (2012: 7.3%). The pre-tax discount rates used in the smaller scale units with smaller goodwill range from 9.5% to 17.6% (2012: 8.2% to 13.9%).

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

12. TANGIBLE ASSETS

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2013
Acquisition cost on January 1, 2013	22.5	287.7	1,109.7	52.6	46.7	**1,519.2**
Additions	-	0.4	6.5	111.7	0.9	**119.5**
Disposals	-1.2	-15.7	-64.4	-0.1	-3.2	**-84.6**
Intra-balance sheet transfer	0.6	25.2	80.1	-111.6	4.6	**-1.1**
Business combinations	-	-	2.1	-	0.2	**2.3**
Changes in exchange rates	-1.1	-12.3	-57.7	-4.5	-2.9	**-78.5**
Acquisition cost on December 31, 2013	20.8	285.3	1,076.3	48.1	46.3	**1,476.8**
Accumulated depreciation and impairment on January 1, 2013	-	131.8	684.7	-	34.5	**851.0**
Accumulated depreciation on disposals and transfers	-	-11.4	-60.9	-	-3.2	**-75.5**
Depreciation during the financial year	-	11.2	73.2	-	3.9	**88.3**
Changes in exchange rates	-	-4.8	-33.8	-	-2.0	**-40.6**
Accumulated depreciation and impairment on December 31, 2013	-	126.8	663.2	-	33.2	**823.2**
Book value on December 31, 2013	**20.8**	**158.5**	**413.1**	**48.1**	**13.1**	**653.6**
Value of financial leased items included in book value 2013	**-**	**2.6**	**0.6**	**-**	**0.2**	**3.4**

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2012
Acquisition cost on January 1, 2012	23.0	286.7	1,049.9	39.1	44.3	**1,443.0**
Additions	-	1.1	6.2	85.7	0.8	**93.8**
Disposals	-0.5	-6.6	-27.4	0.0	-1.7	**-36.2**
Intra-balance sheet transfer	-	4.3	63.5	-72.4	3.0	**-1.6**
Business combinations	-	2.6	21.9	0.2	0.9	**25.6**
Changes in exchange rates	0.0	-0.4	-4.4	0.0	-0.6	**-5.4**
Acquisition cost on December 31, 2012	22.5	287.7	1,109.7	52.6	46.7	**1,519.2**
Accumulated depreciation and impairment on January 1, 2012	-	124.9	644.9	-	32.3	**801.8**
Accumulated depreciation on disposals and transfers	-	-3.2	-21.8	-	-1.7	**-26.7**
Depreciation during the financial year	-	10.3	67.8	-	4.2	**82.3**
Changes in exchange rates	-	-0.2	-5.9	-	-0.3	**-6.4**
Accumulated depreciation and impairment on December 31, 2012	-	131.8	684.7	-	34.5	**851.0**
Book value on December 31, 2012	**22.5**	**155.9**	**425.0**	**52.6**	**12.2**	**668.2**
Value of financial leased items included in book value 2012	**-**	**2.7**	**0.5**	**-**	**0.2**	**3.4**

13. EQUITY-ACCOUNTED INVESTMENTS

The Group has investments in the following associates and joint arrangements:

Company	Country	Ownership 2013	Ownership 2012
Laminor S.A. (joint venture)	Brazil	50.0%	50.0%
Arabian Paper Products Co. (associate)	Saudi Arabia	40.0%	40.0%
Hiatus B.V. (associate)	The Netherlands	50.0%	50.0%

Laminor S.A. is classified as a joint venture and consolidated using equity method, since the Group has a residual interest in it's net assets. The interest in net assets is based on the contractual arrangements between the owners and the legal form of the company.

The carrying amounts of interests and Group's share of results:

EUR million	2013	2012
Interest in a joint venture	5.0	6.3
Interests in associates	5.0	4.2
	10.0	**10.5**
Share of profit from continuing operations in a joint venture	2.3	2.1
Share of profit from continuing operations in associates	1.1	0.9
	3.4	**3.0**

14. 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, as a result of which the investment is carried at cost.

EUR million	2013	2012
Book value on January 1	1.3	1.3
Additions	0.4	-
Book value on December 31	**1.7**	**1.3**

15. INTEREST-BEARING RECEIVABLES

EUR million	2013 Carrying amount	2013 Fair value	2012 Carrying amount	2012 Fair value
Current				
Loan receivables	3.5	3.5	8.6	8.6
Finance lease receivables	1.1	1.1	0.9	0.9
Current interest-bearing receivables	**4.6**	**4.6**	**9.5**	**9.5**
Non-current				
Loan receivables	2.5	2.5	14.3	14.3
Finance lease receivables	2.3	2.3	2.6	2.6
Non-current interest-bearing receivables	**4.8**	**4.8**	**16.9**	**16.9**

Fair values have been calculated by discounting future cash flows 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	2013	2012
Finance lease receivable is payable as follows:		
In less than one year	1.1	1.1
Between one and five years	2.6	2.8
Total minimum lease payments	**3.7**	**3.9**
Present value of minimum lease payments		
In less than one year	1.1	0.9
Between one and five years	2.3	2.6
Total present value of minimum lease payments	**3.4**	**3.5**
Unearned future financial income	**0.3**	**0.4**

Finance lease receivables relates to packaging machines leased to customers.

16. DEFERRED TAXES

EUR million	2013	2012
Deferred tax assets by types of temporary differences		
Tangible assets	0.9	1.4
Employee benefit	22.1	29.3
Provisions	2.7	3.1
Unused tax losses	17.1	16.2
Other temporary differences	22.5	16.4
Total	**65.3**	**66.4**
Deferred tax liabilities		
Tangible assets	55.3	54.1
Employee benefit	12.3	11.3
Other temporary differences	23.0	20.2
Total	**90.6**	**85.6**
Net deferred tax liabilities	25.3	19.2
Reflected in statement of financial position as follows:		
Deferred tax assets	38.1	36.9
Deferred tax liabilities	63.4	56.1
Total	**25.3**	**19.2**

On December 31, 2013 the Group had EUR 152 million (2012: EUR 158 million) worth of deductable temporary differences, for which no deferred tax asset was recognised. EUR 117 million of these temporary differences have unlimited expiry, EUR 12 million expire later than in five years and EUR 23 million expire in five years.

Deferred taxes recognized directly in other comprehensive income are presented in note 9.

17. EMPLOYEE BENEFITS

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

The US and the UK defined benefit plans are organized through a pension fund and the German defined benefit plans through an insurance company. The major pension plans are funded and the assets of these plans are segregated from the assets of the Group. The subsidiaries' level of funding of the plans and asset allocation to asset categories meet local authority requirements.

In the defined benefit pension plans the pensions payable are based on salary level before retirement and number of service years. Some plans can include early retirement. The calculations 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 unfunded post-employment medical benefit plans, 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.

These defined benefit plans expose the Group to actuarial risks, such as inflation risk, interest rate risk, life expectancy and market risk.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
EUR million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Balance on January 1	529.8	460.1	-377.6	-359.0	152.2	101.1
Included in Income statement						
Current service cost	9.1	8.4			9.1	8.4
Past service cost	-2.1	-			-2.1	-
Interest cost (+) / income (-)	18.5	21.2	-13.4	-16.6	5.1	4.7
	25.5	**29.6**	**-13.4**	**-16.6**	**12.1**	**13.1**
Included in Other comprehensive income						
Remeasurements						
Actuarial loss (+) / gain (-) arising from						
Demographic assumptions	-0.6	-1.1			-0.6	-1.1
Financial assumptions	-3.9	71.2			-3.9	71.2
Experience adjustment	2.2	-1.6			2.2	-1.6
Actual return on plan assets less interest income			-4.9	-16.5	-4.9	-16.5
	-2.3	**68.5**	**-4.9**	**-16.5**	**-7.2**	**52.0**
Other movements						
Benefits paid	-26.7	-24.9	19.1	16.9	-7.6	-8.0
Contribution by employer			-3.0	-2.9	-3.0	-2.9
Contribution by employee			-1.1	-1.1	-1.1	-1.1
Obligations and assets extinguished on disposals	-2.1	-	-	-	-2.1	-
Effect of movements in exchange rates	-8.5	-3.5	9.1	1.6	0.6	-2.0
Balance on December 31	**515.7**	**529.8**	**-371.8**	**-377.6**	**143.9**	**152.2**

Reflected to statement of financial position	**2013**	**2012**
Employee benefit assets	38.5	33.1
Employee benefit liabilities	182.4	185.3
	143.9	**152.2**

Amounts of funded and unfunded obligations	**2013**	**2012**
Present value of funded obligations	479.3	484.1
Present value of unfunded obligations	36.4	45.7
	515.7	**529.8**

Plan assets comprise:	**2013**	**2012**
European equities	63.9	40.5
North American equities	35.2	30.7
European debt instruments	46.9	46.5
North American debt instruments	86.7	99.1
Derivatives	-	7.9
Property	11.3	11.3
Insured plans	110.0	111.4
Other	17.8	30.2
	371.8	**377.6**

All equity and debt instruments as well as derivatives have quoted prices in active markets.

Expected contribution to defined benefit plans during 2014 is 5.3 million euros.

The weighted average duration of defined benefit obligation was 15 years (2012: 16 years).

Significant actuarial assumptions	2013	2012
Discount rate (%)		
Europe	2.0–4.5	2.7–4.7
Americas	4.5–6.5	3.4–7.0
Asia, Oceania, Africa	2.0–9.5	3.0–8.3
Annual increase in healthcare costs (%)		
Americas	7.7	8.0
Asia, Oceania, Africa	7.6	7.3

The effect of changes in significant actuarial assumptions on the defined benefit obligation

EUR million	2013	2012
1% p. increase in discount rate	-57.3	- [1]
1% p. decrease in discount rate	78.8	- [1]
1% p. increase in estimated healthcare cost	2.2	2.7
1% p. decrease in estimated healthcare cost	-1.9	-2.3

[1] According to IAS 19 Employee benefits transition rules, comparative information for 2012 is not presented.

18. INVENTORIES

EUR million	2013	2012
Raw and packaging material	90.9	95.6
Work-In-Process	46.3	48.6
Finished goods	164.4	170.3
Advance payments	3.4	3.6
Inventories total	**305.0**	**318.1**

The value at cost for finished goods amounts to EUR 173.3 million (2012: EUR 178.9 million). An allowance of EUR 12.3 million (2012: EUR 12.0 million) has been established for obsolete items. Total inventories include EUR 2.3 million resulting from reversals of previously written down values (2012: EUR 2.9 million).

19. TRADE AND OTHER CURRENT RECEIVABLES

EUR million	2013	2012
Trade receivables	287.7	298.3
Other receivables	28.0	22.5
Accrued interest and other financial items	8.2	8.3
Other accrued income and prepaid expenses	25.1	22.3
Total	**349.0**	**351.4**

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 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	249.3	1.4	255.5	1.9
Past due 0–30 days	33.7	0.5	37.9	0.9
Past due 31–120 days	6.9	1.7	7.9	1.7
Past due more than 120 days	5.5	4.1	7.0	5.5
Total	**295.4**	**7.7**	**308.3**	**10.0**

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

20. CASH AND CASH EQUIVALENTS

EUR million	2013	2012
Cash and bank	234.2	71.0
Marketable securities	6.8	10.0
Total	**241.0**	**81.0**

21. SHARE CAPITAL OF THE PARENT COMPANY

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2012	106,063,320	360,615,288.00	106,774,780.42	-42,190,488.93	425,199,579.49
Subscriptions through option rights	1,142,666	3,885,064.40	7,280,986.06	-	11,166,050.46
Own shares redeemed through performance share incentive plan	-	-	-	-27,568.94	-27,568.94
December 31, 2012	107,205,986	364,500,352.40	114,055,766.48	-42,218,057.87	436,338,061.01
Subscriptions through option rights	402,765	1,369,401.00	739,712.10	-	2,109,113.10
Own shares conveyance through performance share incentive plan	-	-	-	3,368,005.76	3,368,005.76
December 31, 2013	107,608,751	365,869,753.40	114,795,478.58	-38,850,052.11	441,815,179.87

All shares issued are fully paid.

Huhtamäki Oyj has one series of shares. Each share entitles its holder to equal voting rights and equal distribution of dividend and other assets. The Company's articles of association do not contain rules regarding the minimum or maximum number of shares or the minimum or maximum share capital. Shares do not have a nominal value. All shares issued are fully paid.

The amount of the subscription price exceeding the par value of shares (EUR 3.40) received by the Company in connection with share subscriptions based on option rights granted under the old Companies Act (734/1978) is recorded in the share premium.

Based on the 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, 2013 the Board of Directors had no authorization to repurchase own shares. The Annual General Meeting of Shareholders on April 24, 2012 gave the Board of Directors an authorization valid until April 30, 2015 to resolve upon the conveyance of the Company's own shares. During 2013 a total of 366,500 shares were conveyed based on this authorization. No shares were conveyed during 2012. On December 31, 2013 the Company owned a total of 4,227,589 own shares (December 31, 2012: 4,594,089 own shares).

Members of the Board of Directors and the CEO of the Company owned on December 31, 2013 a total of 213,900 shares (December 31, 2012: 143,900 shares). These shares represented 0.20% (December 31, 2012: 0.13%) of the total number of shares and voting rights in the Company on December 31, 2013.

Information according to the Securities Market Act, Chapter 7, Section 6

Pursuant to the Securities Market Act (746/2012) Chapter 7, Section 6 and the Degree on the Regular Duty of Disclosure of an Issuer of a Security (VMa 1020/2012) Chapter 2, Section 8, the Company shall present in the Directors' Report 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 gives the following information:

The Company has one class of shares. Each share carries one vote at the General Meeting of Shareholders. The Company has an 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.

The Annual General Meeting of Shareholders on April 24, 2012 authorized the Board of Directors to resolve upon the conveyance of the Company's own shares. The authorization is valid until April 30, 2015.

Certain agreements relating to the 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 of ownership by number of shares on December 31, 2013

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	5,057	20.31	311,363	0.29
101–1,000	15,004	60.27	6,326,529	5.88
1,001–10,000	4,428	17.79	11,462,365	10.65
10,001–100,000	344	1.38	9,235,469	8.58
100,001–1,000,000	53	0.21	15,552,964	14.45
More than 1,000,000	9	0.04	64,647,993	60.08
Total	**24,895**	**100.00**	**107,536,683**	**99.93**
In the joint book-entry account			72,068	0.07
Number of shares issued			**107,608,751**	**100.00**

Distribution of ownership by sector on December 31, 2013

Sector	Number of shares	%
Nominee-registered shares	37,821,829	35.15
Non-profit organizations	22,475,438	20.89
Households	18,869,480	17.53
Private companies	8,487,804	7.89
Financial and insurance companies	7,982,489	7.42
Public-sector organizations	7,126,575	6.62
Foreigners	4,773,068	4.43
In the joint book-entry account	72,068	0.07
Number of shares issued	**107,608,751**	**100.00**

Largest registered shareholders on December 31, 2013*

Name	Number of shares and votes	%
Finnish Cultural Foundation	15,508,660	14.41
Ilmarinen Mutual Pension Insurance Company	3,266,286	3.04
ODIN Norden	2,031,415	1.89
The State Pension Fund	1,355,000	1.26
Society of Swedish Literature in Finland	1,008,500	0.94
ODIN Finland	900,785	0.84
Nordea Fennia Fund	895,632	0.83
The Local Government Pensions Institution	750,000	0.70
ODIN Europa SMB	742,906	0.69
Mandatum Life Insurance Company Ltd.	615,750	0.57
	27,074,934	**25.17**

* Excluding own shares acquired by Huhtamäki Oyj totaling 4,227,589 and representing 3.93% 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 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. According to the terms and conditions of the option rights each option right entitles to the subscription of one share and thus, if exercised in full, the option rights under the Option Rights 2006 Plan 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 share capital of Huhtamäki Oyj on December 31, 2013. At the end of the year 2013, the Option Rights 2006 Plan had 91 participants. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011 and with the option rights 2006 B on October 31, 2012. No shares were subscribed for based on the option rights 2006 A during the subscription period. A total of 749,665 new shares were subscribed for based on the option rights 2006 B during the subscription period. The option rights 2006 C have been listed on NASDAQ OMX Helsinki Ltd as of April 1, 2011. By December 31, 2013 a total of 795,766 shares have been subscribed for based on the option rights 2006 C. The following table depicts the share subscription periods and the subscription prices for the option rights.

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 11.92	October 1, 2009 – October 31, 2012
2006 C	1:1	EUR 5.10[1]	April 1, 2011 – April 30, 2014[2]

1 Subscription price before the deduction of the year 2013 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. The subscription period for shares will cease for option rights 2006 C on April 30, 2014.

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, the right to vote and other shareholders' rights as of the registration of the corresponding increase of the share capital.

During the year 2013 a total of 402,765 option rights 2006 C under the Option Rights 2006 Plan were exercised. Correspondingly 402,765 new shares were issued and the share capital was increased with EUR 1,369,401.00 representing approximately 0.37% of the share capital on December 31, 2013. During the year 2012 a total of 1,142,666 option rights under the Option Rights 2006 Plan were exercised. 749,665 new shares were subscribed for based on the option rights 2006 B and 393,001 based on the option rights 2006 C. Correspondingly 1,142,666 new shares were issued and the share capital was increased with EUR 3,885,064.40 representing approximately 1.1% of the share capital on December 31, 2012. Pursuant to the Company's Option Rights 2006 Plan, an aggregate maximum number of 304,234 new shares may be subscribed for in 2014 representing approximately 0.28% of the total number of votes as at December 31, 2013.

Information relating to the amount of option rights outstanding in 2013 and 2012

	Weighted average exercise price/share EUR 2013	Option rights (pcs) 2013	Shares based on option rights (pcs) 2013	Weighted average exercise price/share EUR 2012	Option rights (pcs) 2012	Shares based on option rights (pcs) 2012
At the beginning of the financial year	5.66	568,599	568,599	8.89	1,988,600	1,988,600
Exercised	5.24	-402,765	-402,765	9.77	-1,142,666	-1,142,666
Forfeited and expired	-	-	-	11.92	-277,335	-277,335
At the end of the financial year	5.10	165,834	165,834	5.66	568,599	568,599
Exercisable at the end of the period	5.10	165,834	165,834	5.66	568,599	568,599

The fair value of options granted is measured using the Black-Scholes model taking into account the market terms at grant date.

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 expected volatility is based on historic volatility of Huhtamäki Oyj share and adjusted for any expected changes to future volatility due to publicly available information.

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 C
Fair value at grant date	1.77
Grant date	May 31, 2008
Number of outstanding options at December 31, 2013	165,834
Exercise price at grant date	7.28
Share price at grant date	6.87
Expected volatility (%)	23.7
Option life as weighted average at grant date (years)	4.3
Risk-free interest rate (%)	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 retention 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 established targets. 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 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 232,000 shares were paid as a reward under the plan in 2011. Fair value of the paid shares on the grant date was EUR 9.87 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Incentive Plan was 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, an expense totaling EUR 1,587,927 in the reporting period ending on December 31, 2011 and an expense totaling EUR 1,294,200 in the reporting period ending on December 31, 2012.

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 retention 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 established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward 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 to the key personnel from the reward 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 received from the Performance Share Plans 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 received from the Performance Share Plans 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. The reward was based on the Group's earnings per share (EPS) in 2012 and was paid in 2013. The Performance Share Plan 2010–2012 was directed to 58 persons at the end of 2012.

The target, Group's earnings per share (EPS) in 2012, set forth in the Performance Share Arrangement 2010 for the earnings period 2010–2012, was reached. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 366,500 shares were paid as a reward under the plan in 2013. Fair value of the paid shares on the grant date was EUR 15.20 per share. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2010–2012 totaling EUR 7,441,085 was recorded for the reporting periods 2010–2012. This amount includes an expense totaling EUR 5,365,585 which was recorded in the reporting period ending on December 31, 2012.

Performance Share Plan 2011–2013

The second three-year performance share plan (Performance Share Plan 2011–2013) commenced in 2011. The reward is based on the Group's earnings per share (EPS) in 2013 and is paid in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

The target, Group's earnings per share (EPS) in 2013, set forth in the Performance Share Arrangement 2010 for the earnings period 2011–2013, was reached. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 21,525 shares will be paid as a reward under the plan in 2014. Pursuant to the IFRS standards, an expense relating to the Performance Share Plan 2011–2013 totaling EUR 0 was recorded for the reporting periods 2011–2013. This amount includes an income totaling EUR 856,215 which was recorded in the reporting period ending on December 31, 2013.

Performance Share Plan 2012–2014

The third three-year performance share plan (Performance Share Plan 2012–2014) commenced in 2012 and the possible reward will be based on the Group's earnings per share (EPS) in 2014. The reward, if any, will be paid during 2015. The Performance Share Plan 2012–2014 was directed to 67 persons at the end of 2013.

Performance Share Plan 2013–2015

The fourth three-year performance share plan (Performance Share Plan 2013–2015) commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 65 persons at the end of 2013.

22. FAIR VALUE AND OTHER RESERVES

EUR million	
December 31, 2011	**-52.5**
Cash flow hedge result recognized in other comprehensive income	0.6
Cash flow hedge result recognized in profit or loss	0.9
Cash flow hedge result recognized in statement of financial position	0.5
Deferred taxes	-0.3
Change of remeasurements on defined benefit plans	-52.0
Deferred taxes	14.9
December 31, 2012	**-87.9**
Cash flow hedge result recognized in other comprehensive income	3.2
Cash flow hedge result recognized in profit or loss	-0.5
Cash flow hedge result recognized in statement of financial position	0.0
Deferred taxes	-0.4
Change of remeasurements on defined benefit plans	7.2
Deferred taxes	-4.8
Other changes	0.9
December 31, 2013	**-82.3**

Fair value and other reserves

Fair value and other reserves contain fair value changes of derivative instruments assigned as cash flow hedges and remeasurements on defined benefit plans. Also deferred taxes in equity are reported in fair value and other reserves.

Translation differences

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

Treasury shares

Treasury shares include the purchase price of Huhtamäki Oyj's shares held by Group companies. In 2013 own shares were transferred according to the terms and conditions of the Performance Share Incentive Plan. The purchase price of transferred shares was EUR 3.4 million. There are no additions in treasury shares in financial year 2013.

23. INTEREST-BEARING LIABILITIES

EUR million	2013 Carrying amount	Fair value	2012 Carrying amount	Fair value
Current				
Loans from financial institutions				
Fixed rate	10.8	10.8	10.8	10.8
Floating rate	48.9	48.9	55.0	55.0
Other current loans				
Floating rate	-	-	19.9	19.9
Finance lease liabilities	0.4	0.4	0.2	0.2
Total	**60.1**	**60.1**	**85.9**	**85.9**
Non-current				
Loans from financial institutions				
Fixed rate	17.5	17.1	153.3	147.6
Floating rate	201.0	201.0	93.4	93.4
Other long-term loans				
Fixed rate	325.0	304.1	125.0	125.0
Floating rate	48.0	48.0	52.4	52.4
Finance lease liabilities	3.4	3.4	3.3	3.3
Total	**594.9**	**573.6**	**427.4**	**421.7**

All interest bearing liabilities are other liabilities than available for sale liabilities or derivative financial instruments defined in IAS 39 and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at closing date. Effective interest rate for measuring fair values of interest bearing liabilities was 0.32%–1.48%.

Repayments	Loans from financial institutions	Finance lease liabilities	Other loans	Total
2014	59.7	0.4	-	60.1
2015	27.8	0.1	48.0	75.9
2016	153.2	0.1	-	153.3
2017	5.0	0.2	125.0	130.2
2018	17.5	0.3	-	17.8
2019–	15.0	2.7	200.0	217.7

Finance lease liabilities

EUR million	2013	2012
Finance lease liabilities are payable as follows:		
In less than one year	0.6	0.5
Between one and five years	1.8	1.6
More than five years	5.3	5.1
Total minimum lease payments	**7.7**	**7.2**
Present value of minimum lease payments		
In less than one year	0.4	0.2
Between one and five years	0.7	0.6
More than five years	2.7	2.7
Total present value of minimum lease payments	**3.8**	**3.5**
Future finance charges	**3.9**	**3.7**

24. PROVISIONS

Restructuring provisions

Restructuring provisions include costs for 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 arrangements.

EUR million	Restructuring reserve	Taxes	Other	Total 2013	Total 2012
Provision on January 1, 2013	4.0	25.1	13.5	42.6	59.9
Translation difference	0.0	-0.6	-0.7	-1.3	-0.8
Provisions made during the year	8.4	4.8	5.9	19.1	9.8
Provisions used during the year	-6.4	-4.4	-4.0	-14.8	-14.0
Unused provisions reversed during the year	-1.7	-3.7	-3.9	-9.3	-12.3
Provision on December 31, 2013	**4.3**	**21.2**	**10.8**	**36.3**	**42.6**
Current	4.0	0.0	1.6	5.6	4.1
Non-current	0.3	21.2	9.2	30.7	38.5

25. TRADE AND OTHER CURRENT LIABILITIES

EUR million	2013	2012
Trade payables	229.3	240.0
Other payables	35.4	35.5
Accrued interest expense and other financial items	11.7	6.6
Personnel and social security accruals	58.8	60.0
Other accrued expenses	51.6	54.6
Total	**386.8**	**396.7**

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

26. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	2013	2012
Financial assets at fair value through profit or loss		
Designated a such upon initial recognition		
Derivatives	5.9	6.6
Loans and receivables		
Non-current interest-bearing receivables	4.8	16.9
Other non-current assets	4.2	4.5
Current interest-bearing receivables	4.6	9.5
Trade and other current receivables	344.9	344.8
Cash and cash equivalents	241.0	81.0
Available-for-sale investments	1.7	1.3
Financial assets total	**607.1**	**464.6**
Financial liabilities at fair value through profit or loss		
Derivatives	7.0	5.6
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	594.9	427.4
Other non-current liabilities	2.3	2.1
Current portion of long term loans	23.3	12.4
Short-term loans	36.8	73.5
Trade and other current liabilities	383.2	393.5
Financial liabilities total	**1,047.5**	**914.5**

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 on a recurring basis	**Quoted prices in active markets**	**Valuation techniques based on observable market data**	**Total 2013**
Assets			
Fair value through profit and loss			
Currency derivatives	-	4.1	4.1
Interest rate derivatives	-	1.8	1.8
Available-for-sale investments	1.7	-	1.7
	1.7	**5.9**	**7.6**
Liabilities			
Fair value through profit and loss			
Currency derivatives	-	3.4	3.4
Interest rate derivatives	-	3.4	3.4
Electricity forward contracts	0.2	-	0.2
	0.2	**6.8**	**7.0**

Financial instruments measured at fair value on a recurring basis	**Quoted prices in active markets**	**Valuation techniques based on observable market data**	**Total 2012**
Assets			
Fair value through profit and loss			
Currency derivatives	-	4.2	4.2
Interest rate derivatives	-	2.4	2.4
Available-for-sale investments	1.3	-	1.3
	1.3	**6.6**	**7.9**
Liabilities			
Fair value through profit and loss			
Currency derivatives	-	1.8	1.8
Interest rate derivatives	-	3.7	3.7
Electricity forward contracts	0.1	-	0.1
	0.1	**5.5**	**5.6**

The Group uses income approach in determining the fair value. Inputs used are foreign exchange rates, interest rates and yield curves as well as implied volatilities.

Group's currency and interest rate derivatives are subject to International Swaps and Derivatives Association (ISDA) master netting agreements. The amounts are not offset in the statement of financial position.

27. 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 Director, Finance. 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 include currency forwards and in authorized subsidiaries also currency options. The business units' counterparty in hedging transactions is mainly Huhtamäki Oyj.

Foreign exchange transaction exposure

EUR million	EUR exposure in companies reporting in GBP		EUR exposure in companies reporting in RUB		USD exposure in companies reporting in EUR		USD exposure in companies reporting in GBP		USD exposure in companies reporting in THB	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Trade receivables	2.6	0.5	1.8	0.6	2.8	2.3	1.9	0.0	0.1	1.6
Trade payables	-2.6	-1.6	-4.7	-1.1	-0.8	0.0	-1.9	-0.5	-0.5	-0.8
Net balance sheet exposure	0.0	-1.1	-2.9	-0.6	2.0	2.2	0.0	-0.5	-0.4	0.9
Forecasted sales (12 months)	12.4	8.7	8.1	11.4	10.2	13.9	0.1	0.0	1.8	8.8
Forecasted purchases (12 months)	-27.0	-34.4	-19.9	-33.6	-0.4	-2.3	-10.2	-8.5	-13.0	-4.0
Net forecasted exposure	-14.6	-25.7	-11.8	-22.2	9.8	11.6	-10.1	-8.5	-11.2	4.8
Hedges										
Currency forwards (12 months)		17.5	4.2	7.2		-4.7		7.8	3.8	-0.1
Currency options (12 months)	5.4				-1.0		6.3			
Total net exposure	**-9.2**	**-9.3**	**-10.5**	**-15.5**	**10.8**	**9.1**	**-3.8**	**-1.2**	**-7.8**	**5.6**

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 1.8 million (2012: EUR 2.5 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, China and UK based 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 (of which USD 130 million in the form of currency loans and USD 93 million in the form of derivatives) and of GBP 20 million (of which GBP 20 million in the form of derivatives) (2012: USD 223 million, of which USD 130 million in the form of currency loans and USD 93 million in the form of derivatives and GBP 20 million, of which GBP 20 million in the form of derivatives).

A 10% appreciation of the EUR versus the USD, CNY and GBP would as of the balance sheet date decrease the result before taxes by EUR 4.2 million (2012: EUR 5.5 million) and the Group consolidated equity by EUR 29.7 million (2012: EUR 27.2 million).

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

	2013										2012		
					Debt repricing in period, incl. derivatives								
Currency	Amount EUR million	Avg. duration (y)	Avg. rate (%)	Rate sensitivity [1] EUR million	2014	2015	2016	2017	2018	Later	Amount EUR million	Avg. duration (y)	Avg. rate (%)
EUR	110.7	3.8	4.6	-0.3	-228.9	53.3	5.3	150.5	3.2	127.1	136.1	5.1	4.1
USD	97.6	2.0	2.9	0.1	25.1	7.3	7.3	29.0	14.5	14.5	142.2	1.6	2.1
GBP	48.5	0.3	0.6	0.3	48.5						30.5	0.1	0.8
HKD	35.2	0.1	0.1	0.3	35.2						8.7	0.0	0.6
RUB	20.1	0.1	7.5	0.2	20.1						19.0	0.0	9.4
Other	92.5	0.2	4.1	0.8	90.6		0.1	0.1	0.1	1.8	69.1	0.1	4.6
Total	**404.6**	**1.6**	**3.3**	**1.4**	**-9.4**	**60.6**	**12.7**	**179.6**	**17.8**	**143.4**	**405.6**	**2.3**	**3.4**

[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 3.9 million due to mark-to-market revaluations of interest rate derivatives designated for cash flow hedges. 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 2013, the Group had committed credit facilities totaling EUR 418 million (2012: EUR 418 million) of which EUR 312 million (2012: EUR 307 million) remained undrawn. Undrawn committed long term debt facilities are sufficient to ensure adequate financing resources in all foreseeable circumstances.

Debt structure

EUR million	2013									2012		
				Maturity of facility/loan								
Debt type	Amount drawn	Amount available of committed	Total	2014	2015	2016	2017	2018	Later	Amount drawn	Amount available of committed	Total
Committed revolving facilities	105.3	312.2	417.5	17.5		400.0				110.3	307.2	417.5
Bonds and other loans	504.6		504.6	10.8	75.8	55.5	130.0	17.5	215.0	317.0		317.0
Commercial paper program	-		-							20.0		20.0
Uncommitted loans from financial institutions	41.3		41.3	41.3						62.6		62.6
Finance lease liabilities	3.8		3.8	0.4	0.1	0.1	0.2	0.3	2.7	3.5		3.5
Total	**655.0**	**312.2**	**967.2**	**70.0**	**75.9**	**455.6**	**130.2**	**17.8**	**217.7**	**513.4**	**307.2**	**820.6**

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 sets out certain minimum requirements as to credit quality, sales terms and collection. The commercial credit risk for the Group as a whole is considered low as the receivable portfolio is diversified and historical credit loss frequency is low (see note 19).

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	2013	2012
Interest-bearing debt	655.0	513.3
Interest-bearing receivables, cash and cash equivalents	250.4	107.4
Net debt	404.6	405.9
Total equity	804.8	805.5
Net debt to equity (Gearing ratio)	0.50	0.50
Net debt to EBITDA (excluding non-recurring items)	1.58	1.61

Nominal values of derivative financial instruments

EUR million	2013							2012
	Nominal Value	Maturity Structure						Nominal Value
Instrument		2014	2015	2016	2017	2018	Later	
Currency forwards								
for transaction risk								
Outflow	-62.6	-62.5	-0.1					-73.5
Inflow	63.1	63.0	0.1					73.5
for translation risk								
Outflow	-91.4	-91.4						-94.9
Inflow	93.7	93.7						96.1
for financing purposes								
Outflow	-132.5	-132.5						-101.1
Inflow	131.3	131.3						97.0
Currency options								
for transaction risk								
Bought options	19.8	19.0	0.8					-4.8
Sold options	-15.5	-14.8	-0.7					4.7
Interest rate swaps								
EUR	-55.0				20.0		-75.0	20.0
USD	94.3	21.8	7.3	7.3	29.0	14.5	14.5	83.4
Cross currency swaps								
SEK	-50.8		-50.8					-52.4
EUR	48.0		48.0					48.0
Electricity forward contracts	-0.2	-0.1	-0.1	0.0	0.0			-0.1

Fair values of derivative financial instruments

EUR million	2013			2012		
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]	1.2	-0.6	0.6	1.7	-0.5	1.2
for translation risk[2]	1.7	-0.5	1.2	1.4	-0.2	1.2
for financing purposes	1.0	-1.7	-0.7	1.1	-1.1	0.0
Currency options						
for transaction risk	0.1	-0.6	-0.5	0.0	0.0	0.0
Interest rate swaps[3]						
EUR		-2.0	-2.0		-0.9	-0.9
USD	0.2	-1.4	-1.2		-2.8	-2.8
Cross currency swaps[4]						
EURSEK	1.6		1.6	2.4		2.4
Electricity forward contracts[5]		-0.2	-0.2	0.0	-0.1	-0.1

1 Out of the currency forwards, fair value EUR 0.6 million was designated for cash flow hedges (2012: EUR 0.5 million) and reported in fair value and other reserves.

2 Out of the currency forwards, fair value of EUR 1.2 million was designated for hedges of net investment in foreign subsidiaries (2012: EUR 1.2 million) and reported in translation difference.

3 Fair values of interest rate swaps include accrued interest. Fair value of EUR -1.8 million was designated for cash flow hedges (2012: EUR -3.7 million) out of which EUR -1.4 million was reported in equity in fair value and other reserves and EUR -0.4 million in the income statement in financial expense. Fair value of EUR -1.4 million was designated for fair value hedges out of which EUR -1.7 million was reported in the income statement in financial expense and EUR 0.3 million in financial income.

4 Out of the cross currency swaps, the foreign exchange revaluation result of EUR 2.8 million (2012: EUR 4.4 million) was designated for fair value hedges and was reported in net financial items. The interest rate revaluation result of EUR -1.2 million (2012: EUR -2.0 million) was designated for cash flow hedges and was reported in equity in fair value and other reserves. The fair value includes accrued interest of EUR 0.0 million (2012: EUR 0.0 million) which was reported in financial expense.

5 Out of the electricity forward contracts, EUR -0.2 million (2012: EUR -0.1 million) was designated for cash flow hedges and was reported in equity in fair value and other reserves.

28. RELATED PARTY TRANSACTIONS

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

Employee benefits of CEO and other members of the Group Executive Team

EUR million	2013	2012
Salaries and other short-term employee benefits	5.0	3.1
Share-based payments	-0.3	4.0

Remuneration of CEO and members of the Board of Directors

In thousands of euros	2013	2012
CEO Moisio Jukka	3,214	596
Board members		
Ala-Pietilä Pekka	97	44
Suominen Jukka	77	74
Ailasmaa Eija	62	62
Barker William R.	58	60
Börjesson Rolf	58	61
Corrales Maria Mercedes	57	43
Turner Sandra	62	60
Lilius Mikael	29	111
Lien Siaou-Sze	-	17
CEO and Board in total	**3,714**	**1,128**

Members of the Board of Directors and the Group Executive Team owned a total of 462,400 shares at the end of the year 2013 (2012: 423,400 shares). The members of the Group Executive Team did not own any option rights at the end of the year 2013 (2012: 160,000 option rights entitling to a subscription of 160,000 shares in total representing 0.15% of all shares and voting rights as at December 31, 2012). The same terms and conditions apply to the option rights owned by the Group Executive Team members and to those owned by the other holders of option rights.

The retirement and resignation age of the CEO is 60 years, unless otherwise agreed upon. Expenses for the CEO's statutory pension were EUR 184 thousand (2012: EUR 107 thousand) and for the supplementary pension arrangement EUR 50 thousand (2012: EUR 47 thousand). Liability from the supplementary pension arrangement was EUR 272 thousand (2012: EUR 218 thousand) in the statement of financial position.

Transactions with associated companies and joint ventures

EUR million	2013	2012
Purchase of goods from associated companies	1.6	1.3

Transactions are carried out at fair market prices.

29. OPERATING LEASE COMMITMENTS

EUR million	2013	2012
Operating lease payments		
Not later than 1 year	12.7	13.2
Later than 1 year and not later than 5 years	18.6	24.0
Later than 5 years	18.8	20.7
Total	**50.1**	**57.9**

30. CONTINGENCIES

Capital expenditure commitments

EUR million	2013	2012
Under 1 year	18.4	29.0
Total	**18.4**	**29.0**

Mortgages:		
For own debt	0.0	-
Guarantee obligations:		
For associated companies	0.4	0.4

Litigations

Huhtamäki Oyj received on September 28, 2012 the European Commission's statement of objections concerning alleged anti-competitive behavior in the markets of plastic trays used for retail packaging of fresh food, such as meat and poultry, in South-West Europe, North-West Europe and France.

The statement of objections does not prejudge the final outcome of the European Commission's investigation, thus no provision has been made in Group statement of financial position.

Per share data

		2013	2012*	2011	2010	2009
Earnings per share	EUR	0.91	1.19	0.80	1.02	0.63
Earnings per share (diluted)	EUR	0.91	1.18	0.80	1.02	0.63
Dividend, nominal	EUR	0.57[1]	0.56	0.46	0.44	0.38
Dividend/earnings per share	%	62.6[1]	47.1	57.5	43.1	60.3
Dividend yield	%	3.1[1]	4.6	5.0	4.3	3.9
Shareholders' equity per share	EUR	7.54	7.59	7.71	7.40	6.35
Average number of shares adjusted for share issue at year end		103,067,409[2]	101,710,693	101,418,398	101,185,001	100,539,283
Number of shares adjusted for share issue at year end		103,381,162[2]	102,611,897	101,472,231	101,237,231	101,002,231
P/E ratio		20.5	10.3	11.5	10.1	15.4
Market capitalization on December 31	EUR million	1,928.1[2]	1,259.0	929.5	1,047.8	979.7
Trading volume in NASDAQ OMX Helsinki Ltd.	units	37,430,717[3]	44,253,448	51,301,751	86,717,677	72,744,282
Trading volume in alternative trading venues	units	24,197,786[4]	28,367,244	28,396,040	31,713,869	13,493,308
Trading volume, total	units	61,628,503	72,620,692	79,697,791	118,431,546	86,237,590
In relation to average number of shares	%	59.8[2]	71.4	78.6	117.0	85.8
Development of share price						
Lowest trading price	EUR	12.32	8.88	7.09	7.30	4.46
Highest trading price	EUR	18.81	13.19	10.75	10.48	9.90
Trading price on December 31	EUR	18.65	12.27	9.16	10.35	9.70

* Restated figures
1 2013: Board's proposal.
2 Excluding treasury shares.
3 Source: NASDAQ OMX Helsinki Ltd.
4 Source: Fidessa Fragmentation Index, fragmentation.fidessa.com

Huhtamaki 2009–2013

EUR million	2013	2012*	2011	2010	2009
Net sales	2,342.2	2,321.2	2,043.6	1,951.8[1]	1,831.8[1]
Increase in net sales (%)	0.9	13.6	4.7	6.6[1]	-18.9[1]
Net sales outside Finland	2,293.5	2,267.7	1,988.8	1,898.5[1]	1,775.4[1]
Earnings before interest, taxes, depreciation, amortization and impairment	232.6	253.5	196.9	213.6[1]	193.0[1]
Earnings before interest, taxes, depreciation and amortization/net sales (%)	9.9	10.9	9.6	10.9[1]	10.5[1]
Earnings before interest and taxes	136.1	163.5	120.6	134.3[1]	111.9[1]
Earnings before interest and taxes/net sales (%)	5.8	7.0	5.9	6.9[1]	6.1[1]
Profit before taxes	110.6	137.4	105.2	120.7[1]	86.7[1]
Profit before taxes/net sales (%)	4.7	5.9	5.1	6.2[1]	4.7[1]
Profit for the period	97.7	124.1	91.7	104.5[1]	67.3[1]
Total equity	804.8	805.5	805.0	848.7	736.6
Return on investment (%)	9.9	12.6	9.8	12.0	9.6
Return on shareholders' equity (%)	12.0	15.8	11.0	14.5	10.1
Solidity (%)	37.7	40.1	42.2	45.5	41.9
Net debt to equity	0.50	0.50	0.49	0.32	0.50
Current ratio	1.97	1.53	1.12	1.38	1.22
Times interest earned	8.56	9.68	12.69	16.62	8.25
Capital expenditure	121.0	93.5	82.2	85.8	52.9
Capital expenditure/net sales (%)	5.2	4.0	4.0	4.1	2.6
Research & development	16.2	15.7	16.2	16.3[1]	14.7[1]
Research & development/net sales (%)	0.7	0.7	0.8	0.8[1]	0.8[1]
Number of shareholders (December 31)	24,895	24,290	26,604	26,858	22,935
Personnel (December 31)	14,362	14,170	12,739	11,687	12,900

* Restated figures
[1] Continuing business

Key exchange rates in euros

		2013 Income statement	2013 Statement of financial position	2012 Income statement	2012 Statement of financial position
Australia	AUD	0.7262	0.6484	0.8056	0.7867
The UK	GBP	1.1775	1.1995	1.2329	1.2253
India	INR	0.0128	0.0117	0.0146	0.0138
Russia	RUB	0.0236	0.0221	0.0251	0.0248
Thailand	THB	0.0245	0.0221	0.0250	0.0248
The United States	USD	0.7530	0.7251	0.7778	0.7579

Definitions for key indicators

Earnings per share from profit for the period (EPS) =	Profit for the period – non-controlling interest / Average number of shares outstanding
Earnings per share from profit for the period (diluted EPS) =	Diluted profit for the period – non controlling interest / Average fully diluted number of shares outstanding
Earnings per share attributable to equity holders of the parent company (EPS) =	Profit for the period – non-controlling interest / Average number of shares outstanding
Earnings per share attributable to equity holders of the parent company (diluted EPS) =	Diluted profit for the period – non-controlling interest / Average fully diluted number of shares outstanding
Dividend yield =	100 x issue-adjusted dividend / Issue-adjusted share price at December 31
Shareholders' equity per share =	Total equity attributable to equity holders of the parent company / Issue-adjusted number of shares at December 31
P/E ratio =	Issue-adjusted share price at December 31 / Earnings per share
Market capitalization =	Number of shares outstanding multiplied by the corresponding share prices on the stock exchange at December 31
Return on investment (ROI) =	100 x (Profit before taxes + interest expenses + net other financial expenses) / Statement of financial position total – Interest-free liabilities (average)
Return on equity (ROE) =	100 x (Profit for the period) / Equity + non-controlling interest (average)
Net debt to equity (gearing) =	Interest-bearing net debt / Equity + non-controlling interest
Solidity =	100 x (Equity + non-controlling interest) / Statement of financial position total – advances received
Current ratio =	Current assets / Current liabilities
Times interest earned =	Earnings before interest and taxes + depreciation, amortization and impairment / Net interest expenses
Return on net assets (RONA) =	100 x Earnings before interest and taxes (12 m roll.) / Net assets (12 m roll.)
Operating cash flow =	EBIT + depreciation and amortization (including impairment) – capital expenditures + disposals +/– change in inventories, trade receivables and trade payables
Free cash flow =	Net cash flow from operating activities – capital expendure + proceeds from selling tangible and intangible 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 the 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	779,195	100.0
Huhtamaki Finance B.V.	4,900,713	75.0	EUR	490,071	EUR	844,855	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	535,136	100.0
Huhtalux Supra S.à r.l.'s shareholding in subsidiaries:							
Huhtamaki German Holdings B.V.	180	100.0	EUR	18	EUR	86,000	100.0
Huhtamaki Germany GmbH	3	75.0	EUR	30	EUR	25	100.0
Huhtamaki German Holdings B.V.'s shareholding in subsidiaries:							
Huhtamaki Foodservice Germany Holding GmbH	25,000	100.0	EUR	25	EUR	25	100.0
Huhtamaki Foodservice Germany Holding GmbH's shareholding in subsidiaries:							
Huhtamaki Foodservice Germany GmbH & Co. KG	999,000	99.9	EUR	999	EUR	3,999	100.0
Huhtamaki Germany GmbH's shareholding in subsidiaries:							
Huhtamaki Films Germany Holding GmbH	30,000	100.0	EUR	30	EUR	50,254	100.0
Huhtamaki Flexible Packaging Germany GmbH & Co. KG	19,391	75.1	EUR	1,939	EUR	327,898	100.0
Huhtamaki Films Germany Holding GmbH's shareholding in subsidiaries:							
Huhtamaki Films Germany GmbH & Co. KG	999,000	99.9	EUR	999	EUR	50,254	100.0
Huhtamaki Finance B.V.'s shareholding in subsidiaries:							
Huhtamaki Turkey Gıda Servisi Ambalajı A.S.	16,999,984	100.0	TRY	17,000	EUR	7,342	100.0
Huhtamaki Holdings Pty Limited	63,052,750	100.0	AUD	86,202	EUR	11,987	100.0
Huhtamaki (NZ) Holdings Limited	13,920,000	100.0	NZD	12,223	EUR	2,637	100.0
Huhtamaki Holdings France SNC	2,523,290	100.0	EUR	38,480	EUR	38,739	100.0
Huhtamaki Anglo Holding	1,000	100.0	GBP	1	EUR	225,418	100.0
Huhtamaki Finance Limited	10,000	100.0	GBP	10	EUR	12	100.0
Huhtamaki Finance BV y Cia, Sociedad Colectiva	-	100.0	EUR	24,604	EUR	24,601	100.0
Huhtamaki (Norway) Holdings A/S	28,459	100.0	NOK	28,459	EUR	3,470	100.0
Huhtamaki Sweden AB	1,500	100.0	SEK	1,500	EUR	2,401	100.0
Huhtamaki Finance Company I B.V.	200	100.0	EUR	20	EUR	309,982	100.0
Huhtamaki Brazil Investments II B.V.	180	100.0	EUR	18	EUR	19	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 Flexibles Italy S.r.l.	1	100.0	EUR	1,000	EUR	5,510	100.0
Huhtamaki Singapore Pte. Ltd	28,000,000	100.0	SGD	28,000	EUR	11,977	100.0
Huhtamaki (Vietnam) Limited	-	100.0	USD	25,097	EUR	19,797	100.0
Huhtamaki Holdings Pty Limited's shareholding in subsidiaries:							
Huhtamaki Australia Pty Limited	9,241,702	100.0	AUD	9,242	AUD	9,242	100.0
Huhtamaki (NZ) Holdings Limited's shareholding in subsidiaries:							
Huhtamaki Henderson Limited	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 BV y Cia, Sociedad Colectiva'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 Limited	145,460,909	100.0	GBP	145,461	GBP	180,533	100.0
Huhtamaki Limited's shareholding in subsidiaries:							
Huhtamaki (UK) Limited	63,769,695	100.0	GBP	63,770	GBP	25,513	100.0
Huhtamaki (Lurgan) Limited	3,103,999	100.0	GBP	1,568	GBP	4,937	100.0
Huhtamaki (Lurgan) Limited's shareholding in subsidiaries:							
Huhtamaki (Lisburn) Limited	105,000	100.0	GBP	105	GBP	133	100.0
Huhtamaki Finance Limited's shareholding in subsidiaries:							
Josco (Holdings) Limited	30,000,000	100.0	HKD	30,000	GBP	38,721	100.0
BCP Corporate Limited	100	100.0	GBP	-	GBP	15,749	100.0
Josco (Holdings) Limited's shareholding in subsidiaries:							
Huhtamaki Josco Limited	60,000	100.0	HKD	60,000	HKD	30,000	100.0
Huhtamaki Hong Kong Limited	13,831,402	100.0	HKD	13,831	HKD	375,000	100.0
Josco Inflight Limited	10,000	100.0	HKD	10	HKD	10	100.0
GreenGood Eco-Tech Co. Limited	23,500,000	100.0	HKD	23,500	HKD	20,030	100.0
Dixie Cup (Hong Kong) Limited	2,160,000	54.0	HKD	2,160	HKD	2,160	54.0
Guangdong Josco Disposable Product Limited	-	100.0	USD	26,600	HKD	212,553	100.0
GreenGood Eco-Tech Limited's shareholding in subsidiaries:							
Shandong GreenGood Eco-Tech Co. Limited	-	86.8	CNY	26,399	HKD	30,045	86.8
Huhtamaki Hong Kong Limited's shareholding in subsidiaries:							
Huhtamaki (Tianjin) Limited	-	100.0	CNY	128,124	HKD	127,952	100.0
Huhtamaki (Guangzhou) Limited	-	100.0	USD	30,000	HKD	233,198	100.0
BCP Corporate Limited's shareholding in subsidiaries:							
2 View Media Limited	7,254	100.0	GBP	7	GBP	8,945	100.0
2 View Media Limited's shareholding in subsidiaries:							
BCP Fluted Packaging Limited	8,066	100.0	GBP	7	GBP	7	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 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.	61,902,970	93.9	MXN	61,903	EUR	3,911	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 Limited	62,737,306	100.0	NZD	33,737	EUR	37,675	100.0
Huhtamaki (Thailand) Limited	999,998	100.0	THB	100,000	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	-	90.0	CZK	270	EUR	306	100.0
Huhtamaki Brazil Investments II B.V.'s shareholding in subsidiaries:							
Huhtamaki Brasil Filmes Servicos de Consultoria Ltda	29,999,999	100.0	BRL	30,000	EUR	11,860	100.0
Huhtamaki Brasil Filmes Servicos de Consultoria Ltda's shareholding in subsidiaries:							
Huhtamaki Filmes Brasil Ltda	41,599,999	100.0	BRL	41,600	BRL	54,259	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.'s shareholding in subsidiaries:							
Huhtamaki Mexicana S.A. de C.V.	102,267,316	100.0	MXN	102,267	MXN	102,267	100.0

Name	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Huhtavefa B.V.'s shareholding in subsidiaries:							
The Paper Products Limited	38,095,166	60.8	INR	76,190	EUR	27,189	60.8
The Paper Products Limited's shareholding in subsidiaries:							
Webtech Labels Private Limited	10,404	51.0	INR	104	INR	376,738	31.0
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
OOO Huhtamaki Foodservice Alabuga	9,500	95.0	RUB	10	EUR	-	100,0

The following German subsidiaries are exempt from the duty of corporations to audit and disclose financial statements pursuant to German legislation (Sec. 264b HGB):
Huhtamaki Films Germany GmbH & Co. KG
Huhtamaki Flexible Packaging Germany GmbH & Co. KG
Huhtamaki Foodservice Germany GmbH & Co. KG
Huhtamaki Real Estate Holding B.V. & Co. KG

Parent Company Annual Accounts 2013

Parent company income statement (FAS)

EUR million	Note	2013	2012
Other operating income	1	59.9	65.5
Sales and marketing		-2.2	-2.2
Administration costs		-24.3	-26.6
Other operating expenses	2	-3.9	-2.7
Earnings before interest and taxes	**3, 4**	**29.5**	**34.0**
Net financial income/expense	5	-15.0	-12.1
Profit before taxes		**14.5**	**21.9**
Appropriations		-0.5	-
Income tax expense	6	-0.2	-0.2
Profit for the period		**13.8**	**21.7**

Parent company balance sheet (FAS)

ASSETS

EUR million	Note	2013	%	2012	%
Fixed assets					
Intangible assets	7				
Intangible rights		0.5		0.4	
Other capitalized expenditure		3.8		7.1	
		4.3	**0.2**	**7.5**	**0.4**
Tangible assets	8				
Land		0.3		0.3	
Buildings and constructions		15.2		16.2	
Other tangible assets		0.6		0.9	
Construction in progress and advance payments		0.3		0.4	
		16.4	**0.8**	**17.8**	**1.0**
Other fixed assets					
Investment in subsidiaries		1,651.1		1,624.8	
Investment in associated companies		0.5		0.5	
Other shares and holdings		0.6		0.5	
Loan receivables	9	3.3		3.3	
Other receivables		0.4		-	
		1,655.9	**84.8**	**1,629.1**	**88.2**
Short-term					
Loan receivables	9	163.0		138.6	
Accrued income	10	36.1		34.2	
Other receivables	9	19.3		18.6	
		218.4	**11.2**	**191.4**	**10.4**
Cash and bank		58.4	3.0	1.5	0.0
Total assets		**1,953.4**	**100.0**	**1,847.3**	**100.0**

LIABILITIES AND EQUITY

EUR million	Note	2013	%	2012	%
Shareholders' equity	11				
Share capital		365.9		364.5	
Premium fund		114.8		114.1	
Retained earnings		772.6		808.6	
Profit for the period		13.8		21.7	
		1,267.1	**64.9**	**1,308.9**	**70.8**
Appropriations		**0.5**	**0.0**	**-**	
Non-current liabilities					
Loans from financial institutions	12	492.6		305.7	
Other non-current lialibilities	13	1.2		0.2	
		493.8	**25.3**	**305.9**	**16.6**
Current liabilities					
Loans from financial institutions	12	10.8		130.6	
Other loans	12	155.4		80.2	
Trade payables	14	1.2		0.8	
Accrued expenses	15	22.6		19.5	
Other current liabilities		2.0		1.4	
		192.0	**9.8**	**232.5**	**12.6**
Total equity and liabilities		**1,953.4**	**100.0**	**1,847.3**	**100.0**
Total retained earnings available for distribution		**786.4**		**830.3**	

Parent company cash flow statement (FAS)

EUR million	2013	2012
EBIT	29.5	34.0
Adjustments		
Depreciation and amortization	4.8	4.7
Other adjustments	-	-2.0
Change in non-interest-bearing receivables	-1.7	-15.4
Change in non-interest-bearing payables	-3.4	3.7
Dividends received	0.2	0.6
Net financial income and expense	-8.7	-14.4
Taxes paid	-0.2	-0.2
Cash flow from operating activities	**20.5**	**11.0**
Capital expenditure	-0.3	-0.9
Investments in subsidiaries	-74.3	-
Proceeds from subsidiary investments	48.0	83.2
Change in long-term receivables	-0.4	-
Change in short-term deposits	-24.4	-48.6
Cash flow from investing activities	**-51.4**	**33.7**
Change in long-term loans	187.9	166.4
Change in short-term loans	-44.6	-174.5
Dividends paid	-57.7	-46.7
Corporate subsidies	-	0.1
Proceeds from stock option exercises	2.2	11.2
Cash flow from financing activities	**87.8**	**-43.5**
Change in liquid assets	56.9	1.2
Liquid assets on January 1	1.5	0.3
Liquid assets on December 31	58.4	1.5

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. Receivables and payables are revalued at the rate of exchange on the balance sheet date. Exchange rate differences arising from translation of receivables are recognized under other operating income, and exchange rate differences on 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 derivative contracts are used for hedging the company's currency position. Foreign exchange derivatives 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 derivatives 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. Interest derivatives used for hedging the Company's loans are stated at historical cost. Interest derivatives used for hedging subsidiaries' external loans are stated at lower of historical cost or market value. Valuation differences are recorded to other financial income and expense.

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. 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 recognized 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 recognized 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

The 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 e.g. losses from disposal of assets.

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	2013	2012
Royalty income	24.9	30.3
Group cost income	18.6	19.0
Rental income	2.4	3.3
IT recharge	2.3	2.4
Other	11.7	10.5
Total	**59.9**	**65.5**

2. OTHER OPERATING EXPENSES

EUR million	2013	2012
Intercompany other operating expenses	2.9	2.6
Other	1.0	0.1
Total	**3.9**	**2.7**

3. PERSONNEL EXPENSES

EUR million	2013	2012
Wages and salaries	8.4	8.6
Pension costs	0.7	1.7
Other personnel costs	1.6	2.4
Total	**10.7**	**12.7**

The above amounts are on accrual basis. Remuneration paid by the parent company to the members of the Board of Directors as well as the CEO of Huhtamäki Oyj (9 people) amounted to EUR 3.7 million (2012: EUR 1.1 million).

See note 28 and Corporate Governance Statement.

Average number of personnel	2013	2012
Huhtamäki Oyj	53	51

4. DEPRECIATION AND AMORTIZATION

EUR million	2013	2012
Depreciation by function:		
Administration	3.8	4.0
Other	1.0	0.7
Total depreciation	**4.8**	**4.7**
Depreciation by asset type:		
Buildings	1.0	0.7
Other tangible assets	0.3	0.5
Other capitalized expenditure	3.5	3.5
Total depreciation	**4.8**	**4.7**

5. FINANCIAL INCOME AND EXPENSE

EUR million	2013	2012
Dividend income	**0.2**	**0.6**
Interest and other financial income		
Intercompany interest income	6.2	7.2
Other interest income	0.3	0.1
Total interest income	**6.5**	**7.3**
Other financial income	79.3	146.7
Total interest and other financial income	**85.8**	**154.0**
Interest and other financial expenses		
Intercompany interest expenses	-1.3	-2.6
Other interest expenses	-18.4	-15.9
Total interest expenses	**-19.7**	**-18.5**
Other financial expenses	-81.3	-148.2
Total interest and other financial expenses	**-101.0**	**-166.7**
Net financial items	**-15.0**	**-12.1**

6. TAXES

EUR million	2013	2012
Ordinary taxes	0.2	0.2
Total	**0.2**	**0.2**

Deferred taxes are not included in income statement or balance sheet. Unrecognised deferred tax liability from timing differences is EUR 0.0 million (2012: EUR 0.0 million).

7. INTANGIBLE ASSETS

EUR million	Intangible rights	Other capitalized expenditure	2013 Total	2012 Total
Acquisition cost on January 1	0.7	66.5	67.2	66.9
Additions	-	0.1	0.1	0.1
Disposals	0.0	-	0.0	0.0
Intra-balance sheet transfer	0.1	0.1	0.2	0.2
Acquisition cost on December 31	0.8	66.7	67.5	67.2
Accumulated amortization on January 1	0.3	59.4	59.7	56.2
Accumulated amortization on disposals and transfers	0.0	0.0	0.0	0.0
Amortization during the financial year	0.0	3.5	3.5	3.5
Accumulated amortization on December 31	0.3	62.9	63.2	59.7
Book value on December 31, 2013	**0.5**	**3.8**	**4.3**	**-**
Book value on December 31, 2012	**0.4**	**7.1**	**-**	**7.5**

8. TANGIBLE ASSETS

EUR million	Land	Buildings and constructions	Construction in progress and advance payments	Other tangible assets	2013 Total	2012 Total
Acquisition cost on January 1	0.3	30.6	0.4	3.3	34.6	34.2
Additions	-	-	0.2	0.0	0.2	0.6
Disposals	-	-	-0.1	0.0	-0.1	0.0
Intra-balance sheet transfer	-	-	-0.2	0.0	-0.2	-0.2
Acquisition cost on December 31	0.3	30.6	0.3	3.3	34.5	34.6
Accumulated depreciation on January 1	-	14.5	-	2.3	16.8	15.7
Accumulated depreciation on disposals and transfers	-	-	-	-	-	-0.1
Depreciation during the financial year	-	0.9	-	0.4	1.3	1.2
Accumulated depreciation on December 31	-	15.4	-	2.7	18.1	16.8
Book value on December 31, 2013	**0.3**	**15.2**	**0.3**	**0.6**	**16.4**	**-**
Book value on December 31, 2012	**0.3**	**16.2**	**0.4**	**0.9**	**-**	**17.8**

Revaluations of buildings and constructions in 2013 is EUR 2.4 million (2012: EUR 2.4 million).

9. RECEIVABLES

EUR million	2013	2012
Current		
Loan receivables from subsidiaries	163.0	138.6
Accrued income	20.7	17.8
Accrued corporate income	15.4	16.4
Other receivables	1.5	0.7
Other receivables from subsidiaries	17.8	17.9
Total	**218.4**	**191.4**
Long-term		
Intercompany loan receivables	3.3	3.3
Other receivables	0.4	-
Total receivables	**222.1**	**194.7**

10. ACCRUED INCOME

EUR million	2013	2012
Accrued interest and other financial items	2.2	2.4
Accruals for profit on exchange	7.8	8.2
Miscellaneous accrued income	9.0	6.3
Accrued corporate income and prepaid expense	15.4	16.4
Other	1.7	0.9
Total accrued income	**36.1**	**34.2**

11. CHANGES IN EQUITY

EUR million	2013	2012
Restricted equity		
Share capital January 1	364.5	360.6
Subscription through option rights	1.4	3.9
Share capital December 31	365.9	364.5
Premium fund January 1	114.1	106.8
Subscription through option rights	0.7	7.3
Premium fund December 31	114.8	114.1
Restricted equity total	**480.7**	**478.6**
Non-restricted equity		
Retained earnings January 1	830.3	855.3
Dividends paid	-57.7	-46.7
Net income for the period	13.8	21.7
Retained earnings December 31	786.4	830.3
Non-restricted equity total	**786.4**	**830.3**
Total equity	**1,267.1**	**1,308.9**

For details on share capital see note 21 of the notes to the consolidated financial statements.

12. LOANS

EUR million	2013	2012
Non-current		
Long-term loans from financial institutions	492.6	305.7
Total	**492.6**	**305.7**
Current		
Current portion of loans from financial institutions	10.8	10.7
Short-term loans from financial institutions and other current loans	-	119.9
Loans from financial institutions	**10.8**	**130.6**
Short-term loans from subsidiaries	155.4	80.2
Other loans	**155.4**	**80.2**

Changes in long-term loans	2013	2012
Loans from financial institutions		
January 1	305.7	139.5
Additions	200.0	228.9
Decreases	-11.5	-65.5
FX movement	-1.6	2.8
Total	**492.6**	**305.7**

Repayments	Loans from financial institutions
2014	10.8
2015	75.8
2016	55.5
2017	130.0
2018	17.5
2019–	213.8

13. OTHER LONG-TERM LOANS

EUR million	2013	2012
Interest rate derivatives	0.9	-
Loans from subsidiaries	0.0	0.0
Employee benefits	0.3	0.2
Total	**1.2**	**0.2**

14. TRADE PAYABLES

EUR million	2013	2012
Trade payables	0.8	0.5
Intercompany trade payables	0.4	0.3
Total	**1.2**	**0.8**

15. ACCRUED EXPENSES

EUR million	2013	2012
Accrued interest expense	11.4	5.5
Accrued interest expense to subsidiaries	6.4	4.9
Salaries and social security	3.1	7.1
Miscellaneous accrued expense	1.7	2.0
Total	**22.6**	**19.5**

16. DERIVATIVES

Fair values of derivatives, EUR million	2013	2012
Currency derivatives		
with external parties	4.3	6.4
with subsidiaries	-2.3	-2.0
Cross currency and interest rate swaps	-1.6	-1.2
Total	**0.4**	**3.2**

Nominal values of derivatives, EUR million	2013	2012
Currency derivatives		
with external parties	437.4	322.2
with subsidiaries	381.1	394.5
Cross currency and interest rate swaps	237.3	151.4
Total	**1,055.8**	**868.1**

See note 27 in the consolidated financial statements for more information on the Group's financial risk management.

17. COMMITMENTS AND CONTINGENCIES

EUR million	2013	2012
Operating lease payments		
Under one year	0.9	0.8
Later than one year	1.7	2.2
Total	**2.6**	**3.0**
Guarantee obligations:		
For subsidiaries	96.3	81.9
For associated companies	0.4	0.4

Proposal of the Board of Directors to Distribute Retained Earnings

On December 31, 2013 Huhtamäki Oyj's non-restricted equity was	EUR 786,430,011.21
of which the result for the financial period was	EUR 13,799,619.05

The Board of Directors proposes that dividend will be distributed at EUR 0.57 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 58,927,262.34

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 5, 2014

Pekka Ala-Pietilä

Jukka Suominen

Eija Ailasmaa

William R. Barker

Rolf Börjesson

Maria Mercedes Corrales

Sandra Turner

Jukka Moisio
CEO

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, 2013. 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 5, 2014

Ernst & Young Oy
Authorized Public Accounting Firm

Harri Pärssinen
Authorized Public Accountant

Corporate Governance Statement

Huhtamäki Oyj (Huhtamaki or the Company) complies without deviations with the Finnish Corporate Governance Code (Code) adopted by the Securities Market Association and effective from October 1, 2010. The Code is available in its entirety on the internet at www.cgfinland.fi. Huhtamäki Oyj has joined the Securities Market Association as a support member in early 2013.

This separate Corporate Governance Statement has been issued and published in connection with the Directors' Report. This statement has been prepared in accordance with Recommendation 54 of the Code. In addition to the information required by the Code, this statement also provides other important information on the governance of the Company for the investors. The Audit Committee of the Board of Directors of the Company has reviewed this statement and this statement has been approved by the Board of Directors. The Auditor of the Company has reviewed that this statement has been issued and that the description of the main principles of the internal control and risk management systems of the financial reporting process fully complies with the annual accounts of the Company.

Huhtamaki's corporate governance comprises the General Meeting of Shareholders, the Board of Directors (Board) and the 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.

Updated information on the governance and remuneration of the Company is available on the Company's website in section "Corporate Governance" (www.huhtamaki.com > Investors > Corporate Governance).

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 2013, the AGM was held on April 25, 2013 at Kulttuuritalo (Helsinki Hall of Culture), Helsinki. The AGM 2014 has been planned to be held on April 24, 2014 in 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.

The AGM 2013 decided in accordance with the proposal by the Board of Directors to set the dividend for 2012 at EUR 0.56 per share. The AGM re-elected Ms. Eija Ailasmaa, Mr. Pekka Ala-Pietilä, Mr. William R. Barker, Mr. Rolf Börjesson, Ms. Maria Mercedes Corrales, Mr. Jukka Suominen and Ms. Sandra Turner as members of the Board of

Directors. The resolution on remuneration for the Board of Directors made by the AGM has been described later in section “Remuneration – Board of Directors – Financial benefits” and the resolution on election of the Auditor in section “Audit” of this statement.

At the AGM decisions are primarily made by a simple majority of votes. However, some decisions such as amendment of the Articles of Association, deviation from the shareholder’s pre-emption right in connection with a share issue and decisions on merger, demerger or dissolution require a 2/3 qualified majority of the votes cast and the shares represented at the AGM.

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.

In order to be entitled to attend the General Meeting of Shareholders, a shareholder shall have to notify the Company of the intention to attend the meeting by the date specified in the notice to the meeting, which date may not be earlier than ten days prior to the meeting. A right to participate and vote in the meeting requires also that a shareholder has been entered in the shareholders’ register of the Company eight business days before the General Meeting of Shareholders (record date of 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 registration for temporary entry into the shareholders’ register of the Company must be made by the date specified in the notice to the meeting, which date is after the record date of the meeting. This registration constitutes due registration for the General Meeting of Shareholders.

A shareholder may participate and vote 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. Each share entitles its holder to one vote at the meeting.

In addition to attending and voting at a General Meeting of Shareholders, important rights of shareholders include for example shareholder’s pre-emption right in connection with share issues, unless this right is deviated by a qualified majority of votes at a General Meeting of Shareholders, as well as right to receive dividends. All shares have equal rights to receive dividends.

BOARD OF DIRECTORS

The Board of Directors is responsible for the management and the proper arrangement of the operations of Huhtamaki. The duty of the Board is to promote the interests of the Company and of all the shareholders.

Duties of the Board

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 also resolves upon acquisitions and divestments as well as other significant corporate transactions, annual investment plan and individual capital expenditures exceeding EUR 6 million. The Board elects the CEO, approves the proposals by the CEO for GET members’ appointments, decides on executive compensation and annually reviews the performance of the CEO and other management. 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. The Board evaluation for 2012 was finalized just before the term of the former Chairman of the Board ended. Due to this the Board decided not to conduct the evaluation for 2013, but to conduct the next evaluation for 2014 when the current Chairman of the Board has been in his position for one whole financial year.

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. In addition, if necessary, the Board is informed of all material events in the Group.

Composition and election 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. According to the Articles of Association of the Company 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 Company strives to ensure strong expertise in the business lines and geographical market areas that are important for the Group when electing the Board members. The Board members of the Company represent various business lines and they have broad management experience in several important market areas for the Group, including the emerging markets.

The Nomination Committee of the Board of Directors prepares a proposal for the election of the Board members to the AGM which elects the Board members for the term of office expiring at the close of the AGM following the election. The Articles of Association of the Company do not contain any provisions on a special order of appointment of the Board members but the AGM elects the Board members based on the proposal of the Nomination Committee of the Board of Directors. The Board shall elect from among its members the Chairman and the Vice-Chairman. If the CEO of the Company was elected to the Board, the CEO could however not be elected as the Chairman of the Board. The AGM 2013 elected the following seven individuals to the Board:

Pekka Ala-Pietilä

Jukka Suominen

Eija Ailasmaa

William R. Barker

Mr. Pekka Ala-Pietilä

Chairman, born 1957, Finnish citizen
Independent of the Company and significant shareholders
Date of election: April 24, 2012
Board Committees: Chairman of the Nomination Committee and Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: M.Sc. (Econ), D.Sc. (Econ) h.c. and D.Sc. (Tech) h.c.
Primary working experience: Blyk Services Ltd., Co-founder and CEO (2006–2011); Nokia Corporation, several different positions (1984–2005), latest positions as President (1999–2005), Member of the Group Executive Board (1992–2005) and Nokia Mobile Phones, President (1992–1998)
Key positions of trust: Solidium Oy, Chairman of the Board (2011–); SAP AG, Supervisory Board member (2002–); Pöyry PLC, Board member (2006–); Blyk International Ltd., Chairman of the Board (2009–); TUT Foundation, Member of the Board (2009–2011); FACC, Member of the Board (2002–2008)

Mr. Jukka Suominen

Vice-Chairman, born 1947, Finnish citizen
Independent of the Company, based on an overall evaluation dependent of a significant shareholder
Date of election: March 30, 2005
Board Committees: Chairman of the Audit Committee, member of the Nomination Committee
Main occupation: Miscellaneous positions of trust
Education: M.Sc. (Eng), B.Sc. (Econ)
Primary working experience: Silja Group, executive roles (1975–2000), Group CEO, Silja Oyj Abp (1995–2000), CEO, Silja Line (1991–1995) and VP, Effoa / Finland Steamship Company Ltd. (1975–1994)
Key positions of trust: Fiskars Oyj Abp, Board member (2008–); Rederiaktiebolaget Eckerö, Chairman of the Board (2006–); Lamor Corporation Ab, Chairman of the Board (2010–)

Ms. Eija Ailasmaa

Born 1950, Finnish citizen
Independent of the Company and significant shareholders
Date of election: March 22, 2004
Board Committees: Member of the Audit Committee
Main occupation: Miscellaneous positions of trust
Education: M.Pol.Sc.
Primary working experience: Sanoma Media B.V., President and CEO (2003–2011); Sanoma Group, executive roles in magazine publishing subsidiaries, including Helsinki Media and Sanoma Magazines Finland, President (1989–2003); Kodin Kuvalehti magazine, Editor-in-chief (1985–1989)
Key positions of trust: Outotec Oyj, Board member (2010–); Solidium Oy, Vice-Chairman of the Board (2008–)

Mr. William R. Barker

Born 1949, U.S. citizen
Independent of the Company and significant shareholders
Date of election: March 24, 2010
Board Committees: Member of the Human Resources Committee
Main occupation: Milacron LLC, Executive Vice President (2013–)
Education: MBA and B.Sc. (Chemical Engineering)
Primary working experience: Mold-Masters (2007) Limited, President (2013) and President and CEO (2010–2013); The Whitehawk Group LLC, CEO (2009–2010); Rexam PLC, Board member and Rexam Beverage Can, Group Executive Director (2005–2009); Rexam Beverage Can Americas, President & CEO (2001–2004); Textron, Inc., President, Textron Fastening Systems - Commercial Solutions (2000–2001); OEA Inc., President, OEA Automotive Safety Products (1998–2000); Bosal International N.V., President, Bosal North America (1995–1998); Gates Rubber Company, Vice President, Gates Power Drive Products, Managing Director, Asia Pacific Operations and other positions (1972–1995)
Key positions of trust: Leeds School of Business, University of Colorado, Board member (2008–); Mcron Acquisition Corporation, Board member (2013–); Mold-Masters (2007) Limited, Board member (2010–2013)

Rolf Börjesson

Maria Mercedes Corrales

Sandra Turner

Mr. Rolf Börjesson
Born 1942, Swedish citizen
Independent of the Company and significant shareholders
Date of election: March 31, 2008
Board Committees: Member of the Nomination Committee and Human Resources Committee
Main occupation: Miscellaneous positions of trust
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: Biolight AB, Chairman of the Board (2011–); Svenska Cellulosa Aktiebolaget SCA (publ), Board member (2003–); Avery Dennison Corporation, Board member (2005–); Ahlsell AB, Chairman of the Board (2006–2012)

Ms. Maria Mercedes Corrales
Born 1949, Philippine citizen
Independent of the Company and significant shareholders
Date of election: April 24, 2012
Board Committees: Member of the Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: MBA and B.Sc. (Business Management)
Primary working experience: Starbucks Corporation, Corporate Senior Vice President & President, Asia Pacific Division (2009–2010) and Representative Director, CEO/COO, Starbucks Japan (2006–2009); Levi Strauss & Co., several executive positions in Asia and Latin America (1973–2005), latest positions as President and Representative Director & Regional Vice President, North Asia (Japan, Greater China and South Korea) (2001–2005) and Regional Vice President, South America (1996–2000)
Key positions of trust: Mapúa Institute of Technology, Board of Trustees (2013–); D.E Master Blenders 1753, Board member (2012–2013); Fraser and Neave, Limited, Board member (2010–2013)

Ms. Sandra Turner
Born 1952, U.K. citizen
Independent of the Company and significant shareholders
Date of election: April 20, 2011
Board Committees: Member of the Audit Committee
Main occupation: Miscellaneous positions of trust
Education: BA (Marketing) Honours
Primary working experience: Tesco PLC, several different roles in United Kingdom and Ireland (1987–2009), last position Commercial Director, Tesco Ireland Limited (2003–2009)
Key positions of trust: Carpetright PLC, Board member (2010–); McBride PLC, Board member (2011–); Berkhamsted School, School Governor (2011–); Countrywide PLC, Board member (2013–); Northern Foods PLC, Board member (2010–2011)

In addition to the Board members elected at the AGM 2013, Mr. Mikael Lilius has acted as the Chairman of the Board in the beginning of 2013. His membership ended at the AGM 2013.

Mr. Mikael Lilius
Mr. Mikael Lilius' CV is presented as it was on April 25, 2013
Chairman, March 30, 2005 – April 25, 2013
Born 1949, Finnish citizen
Independent of the Company and significant shareholders
Board Committees: Chairman of the Nomination Committee and Human Resources Committee
Main occupation: Miscellaneous positions of trust
Education: B.Sc. (Econ)
Primary working experience: Fortum Oyj, CEO (2000–2009); Gambro AB, CEO (1998–2000); Incentive AB, CEO (1991–1998); KF Industri AB, CEO (1989–1991); Huhtamäki Oyj, President of the Packaging Division (1986–1989)
Key positions of trust: Wärtsilä Oyj Abp, Chairman of the Board (2011–) and Board member (2010–2011); Metso Oyj, Board member (2013–); Evli Pankki Oyj, Board member (2010–); Ambea AB, Board member (2013–) and Chairman of the Board (2011–2013); Mehiläinen Oy, Chairman of the Board (2013–); East Office of Finnish Industries, Deputy member of the Board (2012–) and Chairman of the Board (2009–2012); Ab Kelonia Oy, Supervisory Board member (2010–); Aker Solutions ASA, Deputy Chairman of the Board (2009–2013); Hafslund ASA, Board member (2003–2010); Sanitec Oy, Chairman of the Board (2005–2008) and Vice Chairman of the Board (2008–2009)

Board meetings

Most of the meetings of the Board are held at the Company's headquarters in Espoo. The Board is annually visiting also other Group locations and holds meetings there. The Board may also hold its meetings by telephone and make decisions without convening a meeting. According to the Code of Governance for the Board it shall hold at least six regular meetings each year. One session is entirely dedicated to Group strategy. In 2013, the Board held nine meetings (2012: 11 meetings), two (2012: three) of which were telephone meetings and one (2012: two) was held without convening a meeting. The average attendance of the members at the Board meetings was 99% (2012: 99%). The CEO and the Director, Finance 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 General Counsel of the Company acts as the secretary of the Board.

In 2013 the Board of Directors actively discussed the further implementation of the Group's quality growth strategy, competitive advantages, innovations, efficiency improvement measures and other strategically important initiatives. The Board of Directors focused also on compliance related matters and approved a renewed Group Code of Conduct, for which a Group-wide communications program was developed and initiated during the year. In 2013 the Board of Directors visited the main manufacturing units in China focusing on the Foodservice Europe-Asia-Oceania business segment.

Board members' attendance at the Board meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä*	100	9/9	100	8/8
Jukka Suominen	100	9/9	100	11/11
Eija Ailasmaa	100	9/9	100	11/11
William R. Barker	100	9/9	100	11/11
Rolf Börjesson	89	8/9	100	11/11
Maria Mercedes Corrales*	100	9/9	100	8/8
Sandra Turner	100	9/9	100	11/11

* Member of the Board since April 24, 2012

Terminated Board memberships

Mikael Lilius*	100	2/2	91	10/11
Siaou-Sze Lien**	-	-	100	3/3

* Member of the Board until April 25, 2013
** Member of the Board until April 24, 2012

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. According to his own notification and an overall evaluation by the Board, Jukka Suominen is dependent of the significant shareholder of the Company, The Finnish Cultural Foundation.

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 have comprised the Nomination Committee since the AGM 2013: Pekka Ala-Pietilä (Chairman), Rolf Börjesson and Jukka Suominen. In 2013, the Nomination Committee held one meeting (2012: two meetings). The average attendance of the Nomination Committee members at the meetings was 100% (2012: 100%).

Members' attendance at the Nomination Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)*	100	1/1	100	1/1
Rolf Börjesson	100	1/1	100	2/2
Jukka Suominen**	-	-	100	1/1
Mikael Lilius***	100	1/1	100	2/2

* Member of the Nomination Committee since April 24, 2012
** Member of the Nomination Committee until April 24, 2012 and since April 25, 2013
*** Member of the Nomination Committee until April 25, 2013

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 have comprised the Human Resources Committee since the AGM 2013: Pekka Ala-Pietilä (Chairman), William R. Barker, Rolf Börjesson and Maria Mercedes Corrales. In 2013, the Human Resources Committee held three meetings (2012: four meetings). The average attendance of the Human Resources Committee members at the meetings was 93% (2011: 100%).

Members' attendance at the Human Resources Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Pekka Ala-Pietilä (Chairman)*	100	3/3	100	2/2
William R. Barker	67	2/3	100	4/4
Rolf Börjesson	100	3/3	100	4/4
Maria Mercedes Corrales**	100	1/1	-	-
Mikael Lilius***	100	2/2	100	4/4

* Member of the Human Resources Committee since April 24, 2012
** Member of the Human Resources Committee since April 25, 2013
*** Member of the Human Resources Committee until April 25, 2013

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 with 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 Director, Finance of the Company 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 have comprised the Audit Committee since the AGM 2013: Jukka Suominen (Chairman), Eija Ailasmaa and Sandra Turner. In 2013, the Audit Committee held five meetings (2012: five meetings). The average attendance of the Audit Committee members at the meetings was 100% (2012: 100%).

Members' attendance at the Audit Committee meetings

	2013		2012	
	Attendance (%)	Number of meetings attended	Attendance (%)	Number of meetings attended
Jukka Suominen (Chairman)	100	5/5	100	5/5
Eija Ailasmaa	100	5/5	100	5/5
Sandra Turner*	100	5/5	100	3/3
Siaou-Sze Lien**	-	-	100	2/2

* Member of the Audit Committee since April 24, 2012
** Member of the Audit Committee until April 24, 2012

Shares owned by the Board members

The shares owned by the Board members on December 31, 2013 and December 31, 2012

	2013	2012
Pekka Ala-Pietilä*	0	0
Jukka Suominen	3,000	3,000
Eija Ailasmaa	1,000	1,000
William R. Barker	0	0
Rolf Börjesson	3,000	3,000
Maria Mercedes Corrales*	0	0
Sandra Turner	1,000	1,000
Board total	**8,000**	**8,000**

* Member of the Board since April 24, 2012

Terminated Board memberships		
Mikael Lilius*	N/A	50,000
Siaou-Sze Lien**	N/A	N/A
In total	**8,000**	**58,000**

* Member of the Board until April 25, 2013
** Member of the Board until April 24, 2012

None of the Board members owns any option rights of the Company.

Information on the remuneration of the Board members is available later in section “Remuneration – Board of Directors – Financial benefits”.

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 bookkeeping 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 (born 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.

Certain key conditions of the Service Agreement between the Company and the CEO, CEO’s remuneration and information on the supplementary pension arrangement of the CEO is available later in section “Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits”.

GROUP EXECUTIVE TEAM

Duties of the Group Executive Team

The Group Executive Team (GET) assists the CEO. It addresses and follows the implementation of the Group strategy and overall financial performance as well as the fulfillment of significant projects and set targets. It has no formal status under company law. The GET consists of the CEO as the Chairman and the executives approved by the Board. The GET members report to the CEO. Each GET member has a clear operational responsibility within a Group function or a business segment. The GET convenes at least once a month. In 2013 the GET focused on strategic planning, budgeting and regular monitoring of result. In addition, the GET addressed compliance and Group values related matters and initiated a Group-wide communication program for a renewed Group Code of Conduct. Further, a global employee engagement survey initiated in 2013 was also addressed by the GET.

Composition of the Group Executive Team

The following persons belong to the GET at the date of this statement:

Mr. Jukka Moisio
Born 1961, Finnish citizen
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: -

Mr. Thomas Geust
Born 1973, Finnish citizen
Director, Finance
GET member since: October 1, 2013
Joined the company: 2013
Education: M.Sc. (Econ)
Primary working experience: ABB Group (2004–2013), several different roles, latest position as Group Vice President, Global Controller, Business Unit Marine & Cranes; Schneider Electric (2003–2004), Global Division Controller, Vice President, Control; Lexel Group (2000–2003), Production Controller; KPMG (1998–2000), Auditor
Key positions of trust: -

Ms. Sari Lindholm
Born 1969, Finnish citizen
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: -

Mr. Clay Dunn
Born 1957, U.S. citizen
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: -

Mr. Suresh Gupta
Born 1952, Indian citizen
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, Chairman & Managing Director; Almana Group (1983–1987), Executive Director
Key positions of trust: Indian Flexible Packaging and Folding Carton Manufacturers Association IFCA (previously Paper, Film & Foil Convertors Association, India), President (1996–)

Mr. Olli Koponen
Born 1959, Finnish citizen
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 as well as 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: -

Mr. Eric Le Lay
Born 1962, French citizen
Executive Vice President, Foodservice Europe-Asia-Oceania
GET member since: March 12, 2008
Joined the company: 2008
Education: MBA, M.Sc. (Eng.)
Primary working experience: Amcor Limited (1997–2008), several different roles, latest position as Managing Director, Chilled Foods, Amcor Flexible Europe; United Biscuits (1996–1997), Plant Manager; Johnson & Johnson International S.A. (1994–1996), Deputy Plant Manager; Kraft General Food France S.A. (1986–1994), various positions in operations and finance/controlling
Key positions of trust: -

Mr. Peter Wahsner
Born 1962, German citizen
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: -

In addition, the following persons have been members of the GET during 2013: Mr. Timo Salonen (until July 19, 2013) and Mr. Juha Salonen (until April 30, 2013).

Mr. Timo Salonen
Mr. Timo Salonen's CV is presented as it was on July 19, 2013
GET member October 8, 1999 – July 19, 2013
Born 1958, Finnish citizen
Chief Financial Officer (CFO)
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: Garantia Insurance Company Plc, Board member (2012–)

Mr. Juha Salonen
Mr. Juha Salonen's CV is presented as it was on April 30, 2013
GET member April 22, 2008 – April 30, 2013
Born 1949, Finnish citizen
Senior Vice President, Administration and Legal
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 Committee of Legal Affairs of the Confederation of Finnish Industries (2005–); Member of the Takeover Panel of the Securities Market Association (2013–); Member of the Finnish Takeover Panel of Finland Chamber of Commerce (2006–2012)

Shares and option rights owned by the members of the Group Executive Team

Shares and option rights held by the members of the Group Executive Team on December 31, 2013 and December 31, 2012

	2013		2012	
	Shares	Option rights 2006 C	Shares	Option rights 2006 C
Jukka Moisio	205,900	0	85,900	80,000
Thomas Geust*	0	0	N/A	N/A
Sari Lindholm	28,000	0	6,000	12,000
Clay Dunn	55,000	0	35,000	0
Suresh Gupta	47,500	0	30,000	0
Olli Koponen	25,000	0	35,000	0
Eric Le Lay	47,500	0	30,000	0
Peter Wahsner	45,500	0	31,500	0
GET total	**454,400**	**0**	**253,400**	**92,000**

* Member of the GET since October 1, 2013

Terminated GET memberships				
Timo Salonen*	N/A	N/A	60,000	50,000
Juha Salonen**	N/A	N/A	52,000	18,000
In total	**454,400**	**0**	**365,400**	**160,000**

* Member of the GET until July 19, 2013
** Member of the GET until April 30, 2013

Information on the remuneration of the GET members is available later in section “Remuneration – Chief Executive Officer and Group Executive Team – Financial benefits”.

INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

Internal control

Successful business requires continuous development and monitoring of the Group’s operations, processes and procedures. 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 effectiveness and 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 controls belongs to the executive management of the Group and is being carried out by the whole organization. The aim of 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.

Control of compliance with applicable laws and regulations ensures that the Group complies with applicable laws and regulations.

Foundation of all Group’s activities lies with Huhtamaki values and principles providing discipline and structure for the operations formalized in policies and 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. In addition to the Group policies, there may be more specific local policies in the segments and their business units.

Reliability of financial reporting

The Group’s finance function and the network of segment and business 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 with 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. Key performance indicators and annual targets 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 segments and business units.

Key operational performance indicators are monitored continuously. Key process controls aim at identifying risks as well as designing preventive and detective controls. Corrective actions are implemented and monitored by segment and business 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.

Actions aiming at the improvement of the Group's internal controls were continued in 2013 to deploy best practices in the area of efficiency and effectiveness of operations. Earlier commenced development and deployment of purchasing control objectives was continued with setting cost management and inventory control objectives. The aim is to unify and deploy internal control objectives for core operational processes throughout the Group. These control objectives are developed from the best industry practices and recommendations given in various operational audits in the Group.

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 and trainings. The trainings arranged in different business units in 2013 have emphasized especially compliance with the Group's Code of Conduct setting standards for behavior required from every employee, contract management as well as competition compliance and anti-corruption related matters. In addition, attention has been paid to the general highlighting of the importance of compliance with rules and regulations in all operations. Internal audit also covers the compliance with policies.

Insider administration

The Company follows the Guidelines for Insiders issued by the NASDAQ OMX Helsinki Ltd. as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority. In addition, there is an insider policy in the Group which was updated in 2013. The Company maintains a public insider register and a permanent company-specific insider register on persons holding an insider position. Pursuant to the Securities Market Act, the Board members, the CEO and the Auditors are registered in the public insider register on the basis of their position. As GET members belong to the senior management and regularly have access to insider information, the Company has decided to register also them in the public insider register. Persons included in the public and company-specific insider registers cannot trade with the Company's securities or other financial instruments (in practice shares or option rights) during the period which starts on the last trading day at NASDAQ OMX Helsinki Ltd. of the year or of each interim report period and ends on the first day after the publication of the financial statements or the interim report in question. Real-time holdings of the Company's shares and option rights by the persons belonging to the public insider register of the Company as well as further information on insider administration in the Company are available on the Company's website in section "Insider Administration" (www.huhtamaki.com > Investors > Corporate Governance > Insider Administration).

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 2013 in cooperation with Deloitte & Touche Oy and its international network. The Code of Ethics and other standards and guidelines issued by the Institute of Internal Auditors are complied with in internal audit activities. 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, focus areas defined by the Board and the executive management of the Group as well as according to the rotation principle. The internal audit function reports to the Audit Committee. Additionally, the CEO, the Director, Finance, the General Counsel and management of the segment and business unit where the audit has been conducted are informed of the results of the audit.

Audit pre-material, documentation and data are collected before audit field work. During the field work further findings are recorded at site. Internal audit reports include key findings, conclusions and recommendations for control improvements. Management of the audit target prepares an action plan to mitigate risks and develop controls to improve recommended audit issues. The implementation of the action plans is followed by the line management and the Group internal audit manager.

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 threats potentially jeopardizing achievement of the Group's strategic and financial 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.

A description of the risks that are material to the Group as well as of the focus of the risk management processes in 2013 is available on the Company's website in section "Risk Review" (www.huhtamaki.com > Investors > Corporate Governance > Risk Review) and in the Annual Accounts and Directors' Report 2013 on page 5.

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 2013 elected the Authorized Public Accounting firm Ernst & Young Oy as the Auditor of the Company. Mr. 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. Ernst & Young Oy has acted as the Company's Auditor since the AGM 2010. Before the financial year 2010 the Company's Auditor for several years was the Authorized Public Accountant firm KPMG Oy Ab and auditors representing it.

In 2013, total auditing costs of the Group amounted to EUR 1.5 million (2012: EUR 1.4 million). The Ernst & Young network has also provided other consultancy not related to auditing worth EUR 1.4 million (2012: EUR 0.7 million). Such other consultancy services included e.g. advisory in connection with various structuring and transactional projects.

REMUNERATION

The below description on remuneration outlines the Group's remuneration principles and the remuneration paid to the Board and GET members in 2013. The most recent Remuneration Statement as in force at each time prepared in accordance with Recommendation 47 of the Finnish Corporate Governance Code is available on the Company's website in section "Remuneration" (www.huhtamaki.com > Investors > Corporate Governance > Remuneration). The Remuneration Statement is updated always when there are substantial changes to the information concerning remuneration. The next update takes place at the latest after the Annual General Meeting of Shareholders (AGM) of 2014.

Board of Directors

Decision-making process and main principles of remuneration

The 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.

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 not related to the Board work nor are they eligible for any pension scheme. Board members do not receive Company shares as remuneration and they are not participants in Company option rights plans or performance share plans.

Financial benefits

The AGM resolves on the remuneration payable to the Board members based on the Nomination Committee's proposal. In accordance with the resolution passed by the AGM held on April 25, 2013, as of the AGM 2013 the annual compensation for the Chairman of the Board is EUR 100,000 (2012: EUR 100,000), for the Vice-Chairman EUR 60,000 (2012: EUR 60,000) and for other members EUR 50,000 (2012: EUR 50,000). In addition, a meeting fee of EUR 600 (2012: EUR 600) per meeting is paid to all members for Board and Board Committee meetings they attend with the following exceptions: EUR 2,000 (2012: EUR 2,000) per meeting to the Chairman

Remuneration paid to members of the Board of Directors in 2013 and 2012 (EUR)

	2013			2012		
	Annual compensation	Meeting fees	Total	Annual compensation	Meeting fees	Total
Pekka Ala-Pietilä*	87,651	9,000	96,651	37,500	6,600	44,100
Jukka Suominen	60,000	16,600	76,600	60,000	14,200	74,200
Eija Ailasmaa	50,000	11,600	61,600	50,000	11,600	61,600
William R. Barker	50,000	8,400	58,400	50,000	10,200	60,200
Rolf Börjesson	50,000	8,400	58,400	50,000	11,400	61,400
Maria Mercedes Corrales*	50,000	6,600	56,600	37,500	5,400	42,900
Sandra Turner	50,000	11,600	61,600	50,000	10,400	60,400
Board total	**397,651**	**72,200**	**469,851**	**335,000**	**69,800**	**404,800**

* Member of the Board since April 24, 2012; annual compensation for Pekka Ala-Pietilä includes a mobile phone benefit

Terminated Board memberships

Mikael Lilius*	25,080	4,200	29,280	100,240	10,800	111,040
Siaou-Sze Lien**	-	-	-	12,500	4,200	16,700
In total	**422,731**	**76,400**	**499,131**	**447,740**	**84,800**	**532,540**

* Member of the Board until April 25, 2013; annual compensation for Mikael Lilius includes a mobile phone benefit
** Member of the Board until April 24, 2012

of the Audit Committee, EUR 1,000 (2012: EUR 1,000) per meeting to other members of the Audit Committee, EUR 1,200 (2012: EUR 600) per meeting to the Chairman of the Human Resources Committee and EUR 1,200 (2012: EUR 600) per meeting to the Chairman of the Nomination Committee. Traveling expenses are compensated in accordance with the Company policy.

Chief Executive Officer and Group Executive Team

Decision-making process and main principles of remuneration

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 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 incentives for the CEO and other GET members are based on financial performance of the Group and achievement of the personal objectives. The short-term incentives for those GET members having a business segment responsibility are also determined based on the financial performance of the business segment in question. The relevance of the financial performance is 85% for the CEO and 80% for other GET members and the relevance of the personal objectives is correspondingly 15% for the CEO and 20% for other GET members. The following indicators are applied when setting financial objectives: earnings per share (EPS) before taxes, 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 incentives are set and the achievement is evaluated annually. Possible incentive payments are typically 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 incentives 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. During 2013 the CEO and other GET members were participants in the Option Rights 2006 Plan as well as the Performance Share Plans 2010–2012, 2011–2013, 2012–2014 and 2013–2015. Further information on the option rights and performance share plans is available later in section "Share-based incentive plans".

Financial benefits

Chief Executive Officer

In 2013, CEO Jukka Moisio's non-variable annual base salary and benefits amounted to EUR 625,955 (2012: EUR 595,785) and the short-term incentive based on the performance in 2012 amounted to EUR 397,098 (2012: EUR 0 based on the performance in 2011). Based on the performance in 2012, the CEO received under the Performance Share Plan 2010–2012 a total of 40,000 shares with an aggregate value of EUR 608,000 at the time of the transfer and a cash payment of EUR 720,447 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 1,328,447 was paid in March 2013. In 2012 the CEO did not receive any remuneration based on the Performance Share Plans since the year 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. No option rights were allocated to the CEO during 2013 (2012: 0). In 2013 the CEO subscribed for 80,000 shares (2012: 0 shares) with option rights 2006 C received earlier. The value of the remuneration was

EUR 862,400 taking into account the difference between the fair market value of the subscribed shares (EUR 1,270,400) and the subscription price (EUR 5.10 per share i.e. in total EUR 408,000). He did not sell any option rights during 2013 (2012: 0 option rights). Thus, in 2013 the CEO's total remuneration amounted to EUR 3,213,900 (2012: EUR 595,785).

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 in addition to the six months' salary paid for the notice period. 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 paid by the Company 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 2013, expenses for the Company for the CEO's statutory pension were EUR 183,740 (2012: EUR 107,003) and for the supplementary pension arrangement EUR 49,786 (2012: EUR 46,968). At the end of 2013 liability from the supplementary pension arrangement was EUR 272,328 (2012: EUR 217,927) in the Company's statement of financial position.

Group Executive Team

In 2013, the non-variable annual base salary of GET members, excluding the CEO, amounted to a total of EUR 2,980,600 including benefits and compensation relating to the commencement and termination of employment (2012: EUR 2,196,190) and the short-term incentives, based on the performance in 2012, amounted to a total of EUR 978,989 (2012: EUR 298,645 based on the performance in 2011). Based on the performance in 2012, GET members, excluding the CEO received under the Performance Share Plan 2010–2012 a total of 118,000 shares with an aggregate value of EUR 1,792,240 at the time of the transfer and a cash payment of EUR 1,688,502 relating to the amount of income taxes arising based on the received shares. This reward based on the Performance Share Plan with a total value of EUR 3,480,742 was paid in April 2013. In 2012 GET members did not receive remuneration based on the Performance Share Plans since the year 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. No option rights were allocated to the GET members during 2013 (2012: 0). During 2013 GET members did not sell any option rights but used for share subscriptions in total 12,000 option rights (2012: 232,000 option rights sold or used for share subscriptions) that they had received earlier, and the corresponding taxable value was in total EUR 151,320 (2012: EUR 917,714). Thus, in 2013 the total remuneration of GET members, excluding the CEO, amounted to EUR 7,591,651 (2012: EUR 3,412,549).

All GET members belong to pension systems of their country of residence in force at each time. In addition to the CEO, four other GET members belong to the national employee pension system in Finland at the end of 2013. 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

Remuneration paid to the CEO and other GET members (EUR)

	2013				2012			
	Non-variable annual base salary[1]	Short-term incentives[2]	Share-based incentives[3]	Total	Non-variable annual base salary[1]	Short-term incentives[2]	Share-based incentives[3]	Total
CEO	625,955	397,098	2,190,847	3,213,900	595,785	0	0	595,785
Other GET members[4]	2,980,600	978,989	3,632,062	7,591,651	2,196,190	298,645	917,714	3,412,549
Total	**3,606,555**	**1,376,087**	**5,822,909**	**10,805,551**	**2,791,975**	**298,645**	**917,714**	**4,008,334**

1 Non-variable annual base salary includes benefits and compensation relating to the commencement and termination of employment.
2 Short-term incentives are based on the performance in the year preceding the payment year. Paid short-term incentives have been entered in the table on the year when they have been paid.
3 Share-based incentives include the monetary value of the payments based on the Performance Share Plans at the time of granting the shares and including the value of taxes arising based on the received shares. For 2013 and 2012 share-based incentives also include the taxable value that has arisen based on the sale of option rights or share subscriptions based on the option rights. The share-based incentives are based on the performance in the year preceding the payment year and they have been entered in the table on the year when they have been paid. As regards the option rights, entries have been recorded on the year of sale or share subscription.
4 Remuneration paid to other GET members is reported for the period that the person has been a member of the GET.

members may additionally be entitled to pension arrangements following local practices, which may be considered partly comparable to supplementary pension plans. In 2013, the Company paid a total of EUR 24,457 (2012: EUR 15,998) to such pension arrangements of the GET members, excluding the CEO.

Share-based incentive plans

Option Rights 2006 Plan

Huhtamäki Oyj has an option rights plan extending at the end of 2013 to 91 persons belonging to the management of the Company and its subsidiaries. The option rights plan was approved by the AGM held on March 27, 2006 and it was divided to option rights 2006 A, 2006 B and 2006 C. Each series entitled for the subscription of 1,100,000 shares. The period of subscription for shares ceased with the option rights 2006 A on October 31, 2011 and with the option rights 2006 B on October 31, 2012. No shares were subscribed for based on the option rights 2006 A but a total of 749,665 shares were subscribed for based on the option rights 2006 B. The period of subscription for shares with the option rights 2006 C will cease on April 30, 2014 and by the end of 2013 a total of 795,766 shares have been subscribed for based on the option rights 2006 C. Thus, the option rights 2006 C entitle during 2014 for the subscription of 304,234 shares corresponding to approximately 0.28% of the Company's all shares on December 31, 2013.

Share-based remuneration

The Company's share-based incentive plans in which the earnings year is 2012 or later and based on which incentives are paid in 2013 or later have been described below. No share-based incentives were paid in 2012 because 2011 was not an earnings year in accordance with any Performance Share Plan of the Company. Further information on the share-based remuneration is available in the notes to the consolidated annual accounts 2013 on page 34.

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 retention 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 established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward 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 to the key personnel from the reward may be granted under each three-year plan. Participants to the plan belonging to the GET shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans 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 received from the Performance Share Plans 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. The reward was based on the Group's earnings per share (EPS) in 2012 and was paid in 2013. According to the terms and conditions of the Performance Share Arrangement 2010 a total of 366,500 shares were paid as a reward under the plan in 2013. The Performance Share Plan 2010–2012 was directed to 58 persons at the end of 2012.

Performance Share Plan 2011–2013

The second three-year performance share plan (Performance Share Plan 2011–2013) commenced in 2011. The reward is based on the Group's earnings per share (EPS) in 2013 and will be paid in 2014. The Performance Share Plan 2011–2013 was directed to 59 persons at the end of 2013.

Performance Share Plan 2012–2014

The third three-year performance share plan (Performance Share Plan 2012–2014) commenced in 2012 and the possible reward will be based on the Group's earnings per share (EPS) in 2014. The reward, if any, will be paid during 2015. The Performance Share Plan 2012–2014 was directed to 67 persons at the end of 2013.

Performance Share Plan 2013–2015

The fourth three-year performance share plan (Performance Share Plan 2013–2015) commenced in 2013 and the possible reward will be based on the Group's earnings per share (EPS) in 2015. The reward, if any, will be paid during 2016. The Performance Share Plan 2013–2015 was directed to 65 persons at the end of 2013.

HUHTAMAKI

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