Financial statements
1 January – 31 December 2013

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Report by the Board of Directors 2013

In 2013, the development in Suominen's operating environment was market by two trends. In North America, the another of the two principal market regions of Suominen, the overall economic situation was more positive, which was reflected in demand for the products supplied by Suominen. In Europe, the economic outlook was more unstable and the competition remained tough.

Suominen's business as well as financial result developed as planned during 2013. During the financial period, the financial indicators of the company stabilized to a new level. In 2013, the net sales from continuing operations grew by 6% from the comparison period to EUR 433.1 million (410.4). Operating profit before non-recurring items from continuing operations was EUR 18.3 million (12.9) and after them EUR 17.4 million (7.4). The non-recurring items reported in the review period amounted to EUR -0.9 million (-5.5). Profit before taxes from continuing operations was EUR 10.2 million (-3.0) and profit after taxes EUR 2.5 million (-5.2). Earnings per share from the continuing operations was EUR 0.01 (-0.02) and cash flow from operations per share was EUR 0.09 (0.10). The Board of Directors proposes to the Annual General Meeting that no dividend be paid for financial year 2013 due to the losses in the financial year.

In the end of 2012, the Board of Directors set the company new mid-term financial targets. During the financial year 2013 the return on investments (ROI) decreased to -0.6% (target being more than 10%). Suominen's gearing ratio improved to 96.2% (target between 40% and 80%). The company's net sales grew slightly stronger than the market average.

In 2013, Suominen's strategy, with cornerstones The Suominen Way, Step Change in Profitability and In the Lead, was implemented determinedly. The strategic development programs involving the company's nonwovens business were initiated in spring and both progressed as planned in the course of the year. The objectives of the programs are to harmonize and boost the efficiency of the company's supply chain processes and to further accelerate product development. The Summit program, that started in 2012 and was completed in March 2013, generated structural savings of approximately EUR 10 million for Suominen.

Suominen renewed its Group structure, organization, management system, and operating model. The changes were announced in 30 September 2013 and came into effect on 1 January 2014. Through the changes, Suominen will become an even more focused and agile company. Suominen's ability to create new business and develop products with increased added value will be strengthened.

As of 1 January 2014, Suominen's Nonwovens business unit was divided into two new business areas. The Convenience business area focuses on serving customers that manufacture wiping products as well as travel and catering nonwovens, while the Care business area is concerned with customers that manufacture health-care and hygiene products. As of 1 January 2014, Convenience and Care business areas will be reported in Nonwovens segment, which is equal to the former Wiping segment. The strategy of the Flexibles was also sharpened and its operations were reorganized in order to improve and bolster customer service.

In July 2013, Suominen divested its Codi Wipes business unit to a Dutch investment company. The divestment clarified Suominen's position as the leading manufacturer of nonwovens for wipes. Suominen is now able to focus ever more intensively to strengthen this position, in keeping with its strategy.

Suominen's Corporate Governance Statement of 2013 has been published as a separate statement at Suominen website, www.suominen.fi. Additionally, Suominen has published its Salary and Remuneration Statement for 2013, available at the same website.

All figures in the Report by the Board of Directors refer to continuing operations of the Group unless otherwise stated. The figures are compared with those of the corresponding period in 2012 unless otherwise stated. In accordance with IFRS 5, the comparison data of the balance sheets have not been revised and, consequently, include both non-allocated items and discontinued operations.

Group net sales and financial result (continuing operations)

Suominen's net sales from continuing operations grew by 6% from the comparison period to EUR 433.1 million (410.4). Operating profit before non-recurring items from continuing operations was EUR 18.3 million (12.9) and after them EUR 17.4 million (7.4). The non-recurring items reported in the review period amounted to EUR -0.9 million (-5.5). Profit before taxes from continuing operations was EUR 10.2 million (-3.0) and profit after taxes EUR 2.5 million (-5.2).

Cash flow from operations was EUR 21.3 million (24.9). As of the beginning of the year, EUR 6.5 million (5.0) in working capital was released. Capital expenditure was kept at a low level.

Divestment of Codi Wipes business unit and reporting in discontinued operations

In June 2013, Suominen agreed to sell its Codi Wipes business unit, focused on wet wipes manufacturing, to Value Enhancement Partners investment company. The deal was closed on 15 July 2013. Due to the divestment, Codi Wipes business unit has been reported in discontinued operations as of and including the Interim report for January–June 2013. In the previous financial reports, Codi Wipes was reported as part of Suominen's Wiping segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 18.3 million in the full year 2013 result in its discontinued operations. The profit for the period in financial year 2013 from discontinued operations was EUR -18.7 million (-6.6).

Group result (including discontinued operations)

The Group result in 2013 including the discontinued operations was EUR -16.1 million (-11.9).

Completion of business acquisition

The acquisition of the Brazilian unit belonging to the Home and Personal business operations acquired from Ahlstrom was delayed. During 2013, Suominen and Ahlstrom continued to examine the prerequisites and alternatives for completing the transaction and agreed on the transaction after the review period, on 10 January 2014.

Net sales and operating profit

Net sales € 1,000	2013	2012	Change %	2011
Wiping				
- Nonwovens	**373,760**	357,873	**4.4**	99,182
Flexibles	**59,438**	52,698	**12.8**	64,848
Non-allocated items	**-76**	-213		37
Total	**433,123**	410,358	**5.5**	164,067

Operating profit	2013 € 1,000	2013 % of net sales	2012 € 1,000	2012 % of net sales	2011 € 1,000	2011 % of net sales
Wiping	**17,836**	**4.8**	18,014	5.0	-3,641	-3.7
Flexibles	**-2,232**	**-3.8**	-2,786	-5.3	-69	-0.1
Non-allocated items	**2,651**		-2,286		-115	
Operating profit excl. non-recurring items	**18,255**	**4.2**	12,942	3.2	-2,617	-1.6
Non-recurring items	**-868**		-5,499		-3,691	
Total	**17,387**	**4.0**	7,443	1.8	-6,308	-3.8

Financing

The Group's interest-bearing net liabilities amounted to EUR 75.5 million (96.0) at the end of the review period. In accordance with the company's financing agreements, the net debt to EBITDA ratio was not to exceed 3.6 and the gearing ratio not to exceed 125% in the end of the financial year 2013. At the end of the fourth quarter, on 31 December 2013, the net debt to EBITDA was 2.2 and the gearing ratio 96.2%.

Net financial expenses were EUR 7.2 million (10.5), or 1.7% (2.6%) of net sales. A total of EUR 6.5 million of working capital was released (5.0). Trade receivables amounting to EUR 9.1 million (13.1) were sold to the bank. The equity ratio was 32.9% (34.4%). Cash flow from operations was EUR 21.3 million (24.9), representing a cash flow of EUR 0.09 per share (0.10).

The capital loan was fully repaid during the course of 2013.

Capital expenditure

The gross investments of the continued operations totaled EUR 5.6 million (3.3). Planned depreciation amounted to EUR 16.5 million (17.5). Wiping segment accounted for EUR 2.5 million (1.9), Flexibles segment for EUR 1.2 million (0.6) and the parent company for EUR 1.9 million (0.8) of the total capital expenditure. The investments in Wiping segment were in maintenance. The capital expenditure of discontinued operations, i.e. Codi Wipes business unit, amounted to EUR 0.2 million (0.7) and were for maintenance.

Net sales and financial results in segments

Wiping segment (continuing operations)

The Wiping segment of Suominen consists of one business unit, Nonwovens. The business unit supplies nonwovens as roll goods for wiping products and medical applications. Until and including the Interim report for January-March 2013, the Codi Wipes business unit, focused on converting nonwovens into wet wipes, was reported in the Wiping segment.

Demand for nonwovens materials continued favorable in North American market. The continued fierce competition put pressure on the sales prices in Europe.

Capital expenditure by business unit

€ 1,000	2013	2012	2011
Nonwovens	**2,493**	1,900	1,514
Flexibles	**1,167**	553	1,851
Non-allocated items	**1,920**	845	203
Total	**5,580**	3,298	3,568
% of net sales	**1.3**	0.8	2.2

Invested capital

€ 1,000	31.12.2013	31.12.2012	31.12.2011
Non-current assets	**133,838**	163,816	191,338
Current assets	**105,073**	115,125	146,747
Deferred tax liabilities	**-7,183**	-5,653	-3,661
Trade payables	**-45,016**	-46,381	-44,208
Accruals and prepayments	**-10,380**	-13,064	-11,113
Other non-interest-bearing liabilities	**-3,357**	-6,066	-8,634
Total	**172,976**	207,776	270,469

Key figures	2013	2012	2011
Return on capital invested (ROI), %	**-0.6**	0.4	-3.7
Return on equity (ROE), %	**-18.6**	-11.2	-20.9
Equity ratio, %	**32.9**	34.4	32.2
Gearing ratio, %	**96.2**	101.0	111.0
Earnings/share, continuing operations, EUR	**0.01**	-0.02	-0.12
Earnings/share, discontinued operations, EUR	**-0.08**	-0.03	0.01
Earnings/share, EUR	**-0.07**	-0.05	-0.11
Equity/share, EUR	**0.32**	0.39	0.44

More key figures as well as their calculation principles are shown in the consolidated financial statements.

The net sales of the Wiping segment from continuing operations grew by 4% to EUR 373.8 million (357.9). The Wiping segment generated 86% of the Group net sales. The main application areas for nonwoven materials supplied by Suominen were baby wipes (accounting for 41% of the sales), personal care wipes (22%), household wipes (17%), and industrial wipes (13%). The share of baby wipes continued to decline, while particularly the share of wipes for personal care increased from the corresponding period. The operating profit of the segment from the continuing operations before non-recurring items was EUR 17.8 million (18.0) and after them 17.6 million (12.0). The non-recurring items reported in the review period were attributable to the sales of fixed assets (EUR 0.7 million) and to the restructuring costs (EUR 0.9 million).

In June 2013, Suominen decided to invest in production capacity expansion of high value added nonwovens at the Windsor Locks plant in the United States, The investment project started in the third quarter of the year and progressed as planned. The value of the investment is approximately EUR 2.5 million and it will increase Suominen's production capacity, particularly in the growing segment of flushable products.

The strategic development programs involving the Nonwovens business unit were initiated in spring and progressed as planned in the course of the year. The objectives of the programs are to harmonize and boost the efficiency of the company's supply chain processes and to further accelerate product development.

The Summit program, started in 2012 and completed in March 2013, generated structural savings of approximately EUR 10 million for Suominen.

Flexibles segment

The Flexibles segment produces printed plastic film materials for consumer packaging for industry and trade, as well as security and system packaging, for example for companies in the security business and for wholesalers.

In 2013, net sales of the Flexibles segment totaled EUR 59.4 million (52.7), showing an increase of 13% from the previous year. The Flexibles segment generated 14% of the Group net sales. The share of hygiene and food packaging increased to 73% of the segment's net sales, while the sales of retail packaging and security & system packaging declined from the comparison period. The operating profit in 2013 was EUR -2.2 million (-2.8) before non-recurring items and EUR -2.6 million (-2.3) after them. The non-recurring items reported in the review period were attributable to reorganizing costs and amounted to EUR 0.4 million.

In the fourth quarter, Suominen decided to intensify the segment's business recovery program, which had been implemented through the year 2013, to improve the segment's profitability. Due to the several streamlining measures, the number of employees of the segment's Tampere plant will decrease by 26 full-time work years. Further, Suominen decided to invest EUR 0.5 million in the automatization of the Tampere plant.

Research & Development

The Group's R&D employed a total of 20 (27) people as of the end of the year. R&D expenditure totaled EUR 3.3 million (3.6), equivalent to 0.8% (0.9%) of net sales. Suominen invests in R&D to offer its customers ever-better materials and more functional solutions and to increase the share of the more value adding products in its portfolio. Suominen's R&D is a centralized function. Suominen Corporation owns all the business-related patents, technologies, know-how, processes, recipes and solutions developed by Suominen Corporation. The company is targeting to have extensive industrial rights to the nonwoven-based solutions and technologies thereto as well as test and pilot equipment needed. This way it can offer best possible support to the group companies to satisfy the current and future customer needs.

Financial development, quarterly

€ 1,000	I/2013	II/2013	III/2013	IV/2013	I-IV/2013
Net sales					
Wiping	97,233	93,129	93,522	89,877	**373,760**
Flexibles	14,427	14,571	15,117	15,323	**59,438**
Non-allocated items	11	-9	-38	-40	**-76**
Net sales, total	**111,670**	**107,691**	**108,603**	**105,159**	**433,123**
Operating profit					
Wiping	4,458	5,762	3,703	3,913	**17,836**
% of net sales	4.6	6.2	4.0	4.4	**4.8**
Flexibles	1	-602	-897	-734	**-2,232**
% of net sales	0.0	-4.1	-5.9	-4.8	**-3.8**
Non-allocated items	544	-890	2,501	496	**2,651**
Operating profit before non-recurring items	5,003	4,270	5,307	3,675	**18,255**
% of net sales	4.5	4.0	4.9	3.5	**4.2**
Non-recurring items				-868	**-868**
Operating profit, total	5,003	4,270	5,307	2,807	**17,387**
% of net sales	4.5	4.0	4.9	2.7	**4.0**
Net financial expenses	-2,338	-1,785	-1,688	-1,388	**-7,199**
Profit before income taxes	**2,665**	**2,485**	**3,619**	**1,419**	**10,187**

Personnel

In 2013, Suominen employed an average of 1,037 (1 220, discontinued operations included) people. The average number of employees of the Codi Wipes business unit, divested in July 2013, was 158 during the first part of the year.

In Flexibles business unit, employees were laid off in connection with the intensification of the business recovery program. In connection with the permanent personnel reductions and temporary lay offs, Suominen has complied with local legislation and accepted practices concerning layoffs and notice periods.

Average number of employees

	2013	2012	2011
Nonwovens	**537**	594	251
Flexibles	**487**	453	479
Group management and administration	**13**	9	10
Total, continuing operations	**1,037**	1,056	740
Wages and salaries, € 1,000	**43,416**	43,982	22,539

The goal of Suominen's HR strategy is to support business operations, and thereby, the employees' competence development, motivation and their commitment to the company's goals is promoted. Suominen has target-oriented programs to improve employees' working ability, skills and wellbeing at work.

Key HR indicators	2013	2012	2011
Incentives paid, € 1,000	**1,545**	2,017	405
% of wages and salaries	**3.9**	4.6	1.8
Sick absences, % of total working hours	**3.9**	3.9	5.2
Training costs, € 1,000	**170**	222	208

Environment

Suominen's goal is to reduce the environmental load caused by the company's operations and to minimize the environmental impacts of its products throughout their life cycle. In addition to continuously improving and enhancing its operations, Suominen's environmental efforts are guided by the principles of reusing and recycling materials. Suominen is committed to taking into consideration the environmental impacts of its operations in accordance with the principles of sustainable development of the International Chamber of Commerce (ICC).

Suominen complies with the local legislation and official guidelines everywhere it operates. Separate environmental permits are required for operations in some of the Group's units. Of Suominen's units, the Nakkila, Alicante, Bethune, Green Bay and Windsor Locks units are ISO 14001 certified.

The environmental impacts of Suominen's operations primarily stem from the raw materials, energy and water used in production and from the waste generated during the production process. Environmental and safety requirements are incorporated into product and process development projects from the very start, with the aim of using raw materials, energy, water and other resources, such as packaging materials and transport services, as efficiently as possible. The Group focuses on systematically lowering its waste volumes and making its operations more energy efficient. Suominen's product range also includes products made from environmentally friendly materials.

The materials used in the manufacture of products mainly consist of polypropylene, viscose, pulp, polyester and cotton, as well as various chemicals. There is the risk that production plants might release hazardous substances into the environment. Suominen strives to control environmental risks by means of the quality and environmental systems used in production operations.

Reducing environmental impacts requires long-term development work, an important element of which is the harmonization of key indicators between the various business areas and units. Suominen's goal is to have more comprehensive, commensurable data available in the future on the impacts of the company's operations. This would allow development measures to be targeted efficiently, and as effectively as possible.

In 2013, Suominen's production plants used a total of 145,612 tons of raw materials, 1,682,251 gigajoules of energy and 4,874,675 m^3 of water. Landfill waste generated at the production plants amounted to 2,425 tons.

Suominen's overall environmental expenditure was EUR 1.5 million (1.4). No material environment-related investments were made.

Business risks and uncertainties

The estimate on the development of Suominen's net sales is partially based on the forecasts and delivery plans provided for Suominen by its customers. Changes in these forecasts and plans resulting from changes in the market conditions or in customers' inventory levels may affect Suominen's net sales. Due to the continued uncertainty in the general economic situation and the cautious consumer purchasing habits, the forecasts include uncertainty.

Suominen has numerous regional, national or international competitors in its different product groups. There is currently oversupply in several product groups especially in Europe. Products based on new technologies and imported from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

Suominen's customer base is concentrated, which adds to the customer-specific risk. This may affect Suominen's result if customers' purchasing habits become more cautious as a result of a general fall in consumption, or as a result of sales losses. The Group's ten largest customers currently account for 50% (57%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history. Suominen also uses export credit guarantees and insures against customer risks to a limited extent.

Plastic-based products are not considered an environmentally friendly solution in all application areas, which may increase the risk of a decline in their demand.

Suominen purchases significant amounts of oil and pulp-based raw materials annually. Raw materials are the largest cost item for operations. Rapid changes in the global market prices of raw materials affect the company's profitability. Extended interruptions in supplies of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. Changes in raw material prices have a rapid effect on Suominen's financial performance, as stocks equal two to four weeks consumption and passing on price changes in these materials to the prices Suominen charges its contract customers takes between two to five months.

There could be a risk of Suominen's business operations being interrupted due to abrupt and unforeseen events, such as power outages or fire and water damage. Suominen may not be able to control these events through predictive actions, which could lead to interruptions in business. Managing damage risk forms part of the operational management of the Group's units. Risks of this type are insured in order to guarantee the continuity of operations. As Suominen has valid damage and business interruption insurance, it is expected that the damage would be compensated and the financial losses caused by the interruption of business would be covered.

Suominen uses certain technologies in its production. In the company management's view, the chosen technologies are competitive and there is no need to make major investments in new technologies. However, it cannot be excluded that the company's technology choices could prove wrong, and the development of new or substitute technologies would then require investments.

Suominen aims to protect its business against product liability risks through the use of systematic quality assurance processes and products liability insurance. R&D is responsible for ensuring the underlying safety of the group's products during their development. Continuous quality control is designed to guarantee product quality during production. Management considers it unlikely that the Group will face significant product liability-related claims, and is unaware of any such claims.

Suominen is subject to income taxes in numerous jurisdictions. Significant judgment is required to determine the total amount of income tax at Group level. There are many transactions and calculations that leave room for uncertainty as to the final amount of tax. Taxation risks also relate to changes in tax rates or tax legislation, or misinterpretations, and materialization of the risk could result in increased payments or sanctions by the tax authorities, which in turn could lead to financial loss. Deferred tax assets included in the balance sheet require that the deferred tax assets can be recovered in future taxable income.

The Group's financial risks are managed in accordance with a policy approved by the Board of Directors. Financial risks relate to the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest rate, and commodity risks. Suominen's credit arrangements include covenants that the company must meet. At year-end 2013, Suominen's net debts were not to be greater than 3.6 times the EBITDA, and the company's gearing ratio had to be less than 125%. These key figures in the end of 2013 were 2.2 and 96%. In the end of 2014 covenants are 2.4 and 95%. Should Suominen default on its obligations, the banks have the right to declare the loans due and payable, and to renegotiate the terms. According to Suominen's estimates, this would lead at least to increased financing costs resulting from the banks' upfront fees and higher interest rate margins. The financial risks are described in note 22 of the consolidated financial statements of the Group.

The continued positive development of Suominen's business operations in the United States increases the relevance of the exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

Goodwill is tested annually to determine whether there is any impairment. The test calculations are based on closing date estimates of future developments. The actual cash flows may deviate from the forecast future discounted cash flows, as the long economic life-time of the company's non-current assets, changes in the estimated sales volumes, product prices, production costs, and in interest rates used in discounting may result in impairment recognitions. The fair value based on value in use of assets or businesses in total or in part do necessarily correspond to the price that a third party would pay for them.

Subject to the closing of the acquisition of Ahlstrom's Brazilian unit, for which the agreement was made on 10 January 2014, the risks that are characteristic to any developing region, including significant changes in business environment or exchange rates, could have an impact on Suominen's operations in Brazil.

Information on shares and share capital

Share capital

The registered number of Suominen's issued shares totals 247,934,122 shares, equaling a share capital of EUR 11,860,056.00.

Annual General Meeting

The Annual General Meeting (AGM) of Suominen Corporation was held on 26 March, 2013. The AGM decided that no dividend will be paid for the financial year 2012.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2012 and discharged the members of the Board of Directors and the President and CEO from liability.

The AGM confirmed the number of members of the Board of Directors to be five (5). The AGM re-elected Mr Risto Anttonen, Mr Jorma Eloranta, Ms Suvi Hintsanen, Mr Hannu Kasurinen and Mr Heikki Mairinoja as the members of the Board of Directors for the next term of office, that expires at the end of the first Annual General Meeting of Shareholders following their election. In its constitutive meeting, the Board of Directors elected Jorma Eloranta as its Chairman and Risto Anttonen as Deputy Chairman.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as auditor, with Heikki Lassila, Authorized Public Accountant, as the principal auditor of Suominen Corporation.

The AGM resolved to amend the section 1 of the Articles of Association of the company so that the domicile of the company is Helsinki. In addition, the AGM decided that the second sentence regarding the venue of a General Meeting will be deleted from section 10 of the Articles of Association.

The AGM resolved to establish a permanent Nomination Board. The Nomination Board consists of the three largest shareholders or representatives of the three largest shareholders of the company and the Chairman of the Board of Directors of Suominen Corporation.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to decide on a share issue and issuance of special rights entitling to shares.

Establishment of permanent committees

Suominen Corporation's Board of Directors decided on April to establish audit and remuneration committees for the Board.

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters. Suominen Corporation's Board of Directors elected Hannu Kasurinen as Chairman and Suvi Hintsanen and Heikki Mairinoja as members of the Audit Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. At least three members will be elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders. All members of the Audit Committee are independent of the company and of its significant shareholders.

The Remuneration Committee of Suominen Corporation's Board of Directors will prepare the remuneration and appointment matters concerning the company's President and CEO and other members of senior management, as well as principles and procedures related to remuneration of the company's employees. The Remuneration Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters. Suominen Corporation's Board of Directors elected Jorma Eloranta as Chairman and Risto Anttonen as member of the Remuneration Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. The minimum number of committee members is two, which deviates from recommendation 22 of the Finnish Corporate Governance Code, which states that Board committees must have at least three members. Suominen Corporation's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Remuneration Committee is able to effectively handle the matters assigned to it with only two members. The majority of the members of the Remuneration Committee must be independent of the company. The President and CEO or a member of the company's or Group's management may not be a member of the Remuneration Committee. Both members of the Remuneration Committee are independent of the company and neither of them belongs to the company's or Group's management.

The composition of the Nomination Board

In accordance with the decision taken by the Annual General Meeting of Suominen Corporation, the representatives notified by the company's three largest shareholders were elected to Suominen Corporation's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Board were determined on the basis of the registered holdings in the company's shareholders' register on 1 September 2013.

The representatives of the Nomination Board were, as of 4 September 2013, Jan Lång,President & CEO of Ahlstrom Corporation; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; and Risto Murto, Executive Vice President of Varma Mutual Pension Insurance Company. Jorma Eloranta, Chairman of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. The Nomination Board appointed from among its members Jan Lång to act as the Chairman.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 31 December 2013 was 11,332,737 shares, accounting for 4.6% of the share capital and votes. The trading price varied between EUR 0.34 and EUR 0.61. The closing trading price was EUR 0.48, giving the company a market capitalization of EUR 118,084,682 on 31 December 2013.

Own shares

On 1 January 2013, Suominen Corporation held 60,298 of its own shares. In August 2013, Suominen issued 2,000,000 new shares to itself without consideration. After the share issue, Suominen held in total 2 060 298 own shares. On 11 September 2013, the portion of the remuneration of the Board of Directors to be paid in shares, in total 135,931 shares, was delivered. On 31 December 2013, Suominen held 1,924,367 own shares, accounting for 0.8% of the share capital and votes.

Stock options

The subscription period for the 2009B stock options ended in 30 October 2013 and the option rights expired without any value.

Share-based incentive plan

On 31 December 2013, the target group for Suominen's share-based incentive plan included eight employees. At the end of the financial period, the rewards to be paid on the basis of the plan corresponded to a maximum value of roughly 3,050,000 Suominen Corporation shares in total, including the portion to be paid in cash. The aim of the plan is to align the objectives of shareholders and key employees in order to increase the value of the company, to commit the key employees to the company, and to offer them a competitive reward plan based on long-term shareholding in the company. The plan covers one performance period: the calendar years 2012–2014. The potential reward from the performance period will be based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in company shares and partly in cash.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to repurchase a maximum of 3,000,000 of the company's own shares. The authorization shall be valid until 30 June 2014. The Board of Directors is also authorized to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. A maximum of 50,000,000 new shares may be issued. The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the special rights granted by the company is 10,000,000 shares in total which number is included in the maximum number stated earlier (50,000,000). The authorization shall be valid until 30 June 2016.

The Board of Directors of Suominen Corporation implemented, based on the authorization granted by the Annual General Meeting of Shareholders, the issuance of 2,000,000 new shares to the company itself without consideration in accordance with chapter 9, section 20 of the Companies Act. The new shares were registered in the trade register on 15 August 2013, and were admitted to public trading on the stock exchange list of NASDAQ OMX Helsinki Ltd on 16 August 2013. The purpose of the issue of shares to the company itself was to have own shares held by the company available for the payment of the portion of the annual remuneration of the Members of the Board of Directors, which shall be paid in shares of the company, and for the payment of the share rewards possibly payable based on the company's share based incentive plan. The share rewards possibly payable based on the company's current share based incentive plan for the years 2012–2014 will be paid in the year 2015.

The portion of the remuneration of the members of the Board of Directors which shall be paid in shares

The Annual General Meeting of Suominen Corporation held on 26 March 2013 resolved on the following annual remuneration payable for the year 2013 to the Members of the Board of Directors: Chairman 50,000 euro, Deputy Chairman 37,500 euro and Member 28,000 euro and that 40% of the annual remuneration shall be paid in shares of Suominen Corporation.

The portion of the above-mentioned remuneration to be paid in shares was delivered on 11 September 2013 by transferring own shares held by Suominen Corporation without consideration. The Board of Directors of Suominen Corporation implemented the delivery of the shares based on the share issue authorization granted by the Annual General Meeting of Shareholders held on 26 March 2013. The transferred shares were of the same class as the company's other shares. The number of shares formed by the above remuneration portion which is payable in shares was determined based on the share value in the stock exchange trading maintained by NASDAQ OMX Helsinki Oy as follows: The share value was determined based on the trade volume weighted average quotation of the share during the trading day immediately preceding the above mentioned day on which the shares were delivered. Based on the above, the annual remuneration payable to the Members of the Board of Directors in shares for the year 2013 was 135,931 shares in the aggregate.

The branch office of the parent company

The parent company has a French branch office, address Suominen Corporation, 101, rue Concordet, 38090 Vaulx-Milieu, reg. number 790118079.

Changes in Group management

Suominen appointed Mr Reima Kerttula, M Sc (Eng) Senior Vice President, Flexibles and a member of the Corporate Executive Team (CET) at Suominen Corporation, effective 1 January 2014.

The changes in Suominen's group structure announced on 30 September 2013 had an impact also on the Group management system and the composition of the Corporate Executive Team (CET). As of 1 January 2014, the CET of Suominen that supports the President & CEO includes the following members:

- Nina Kopola, President & CEO; Senior Vice President, Care (acting); Chairman of the CET
- Tapio Engström, Senior Vice President, CFO
- Timo Hiekkaranta, Senior Vice President, Convenience
- Reima Kerttula, Senior Vice President, Flexibles
- Larry Kinn*, Senior Vice President, Operations Americas
- Mimoun Saim*, Senior Vice President, Operations EMEA and Sourcing (acting)
- Hannu Sivula, Senior Vice President, Human Resources

In 2013 Suominen decided to establish a Corporate Leadership Team (CLT), which will act as of 1 January 2014 as an extended management team supporting President & CEO in the execution of strategic programs and creating functional expertise. In addition to the members of the CET, the CLT will include the following persons:

- Anu Heinonen, Vice President, Corporate Communications & IR;
- Margareta Huldén*, Vice President, R&D;
- Roberto Pedoja*, Vice President, Technology;
- Timo Rautakorpi, Vice President, CIO;
- Saara Söderberg*, Vice President, Marketing & Product Management.

All members above report to president and CEO of Suominen corporation, Nina Kopola. The members marked with an asterisk (*) will focus on Convenience and Care business areas.

At the balance sheet date, 31 December 2013, the Corporate Executive Team of Suominen consisted of: Nina Kopola, President & CEO and Chairman of the Corporate Executive Team; Jean-Marie Becker, Executive Vice President, Nonwovens; Tapio Engström, CFO; Olli E. Juvonen, Vice President of Flexibles and Hannu Sivula, Vice President, Human Resources.

Mr Jean-Marie Becker, Executive Vice President of Nonwovens business unit, stepped aside from the Corporate Executive Team on 31 December 2013. Mr Olli E. Juvonen, Vice President of Flexibles business unit, stepped aside from the Corporate Executive Team on 31 December 2013. Mr Erik van Deursen, Vice President of Codi Wipes business unit, stepped aside from the Corporate Executive Team on 15 July 2013.

Events after the review period

On 10 January 2014, Suominen announced it has agreed with Ahlstrom on the sales of the entire stock of the Brazilian Ahlstrom Fabricação de Não-Tecidos Ltda to Suominen. Formerly, the unit was part of Ahlstrom's Home and Personal business area. The enterprise value of the transaction is MEUR 17.5 and Suominen aims to finance the deal through a convertible hybrid bond, which will be treated as equity.

Suominen acquired the Home and Personal business area of Ahlstrom in November 2011.The Brazilian unit of the acquired business, located in Paulínia, was originally part of this acquisition. However, the transfer of the Brazilian unit to Suominen was prolonged due to a delay in receiving approval from the authorities, and consequently, the parties had to renegotiate the terms and conditions of the deal. The acquisition of the Paulínia plant will provide Suominen a foothold in the South American markets where Suominen sees very exciting growth opportunities. After the closing of the deal, Suominen will become the only manufacturer of nonwovens for wipes with plants in Europe, North America and South America.

A precondition for the execution of the agreed transaction is that the purchase price is funded by the issuance of a MEUR 17.5 hybrid bond. Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for. The bond includes a right to convert the principal together with the potentially accrued capitalized interest thereon into new shares in the company or into existing shares held by the company. With reference to the hybrid bond arrangement, the Board of Directors of Suominen Corporation has decided to convene an Extraordinary General Meeting and proposes to the General Meeting, to be held on 31 January 2014, that the General Meeting authorize the Board to decide on granting of stock options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act (the "Special Rights"). The Board of Directors may grant the Special Rights all at once or through a series of multiple grants. The Special Rights carry the right to receive against payment new shares of the Company or the Company's own shares held by the Company. The right may also be granted to the Company's creditor on condition that the creditor's receivable is used to set off the subscription price.

Based on the transaction and financing arrangement described above, on 10 January 2014 Suominen Corporation convened an Extraordinary General Meeting to decide on authorization of the Board of Directors. The Extraordinary General Meeting was held on 31 January 2014 in Helsinki, Finland.

In connection with the divestment of the Paulínia plant, Ahlstrom Corporation and Ahlstroms Capital Group have agreed on certain commitments related to the shareholding in Suominen Corporation. Suominen disclosed the related notifications under Chapter 9, Section 10 of the Securities market act on 10 January 2014.

Business environment

Suominen's products are used in daily consumer goods, such as wet wipes and plastic packaging. The general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. Europe and North America are the main market regions for Suominen.

In Europe, the increase in the consumer confidence index that held steady for most of 2013 began to level out towards the end of the year. The development of the general economic situation remains uncertain in Europe.

In the United States, following a slight downturn in consumer confidence in the third quarter, the index began to rise as year-end approached, and in December it had reached its highest level in more than five years.

Suominen assesses the trend in demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. Suominen estimates that in 2014, the demand for its products will continue to grow at the pace of 2013.

Outlook for 2014

With the current group structure, Suominen expects its group net sales for the full year 2014 to remain at the level of 2013. Operating profit excluding non-recurring items is expected to improve from year 2013. In 2013, Suominen's net sales were EUR 433.1 million and operating profit excluding non-recurring items was EUR 18.3 million (continuing operations).

Proposal on distribution of funds

The parent company's distributable assets as of the end of 2013 totaled EUR 79,250,626.06 of which the loss for the financial year, EUR 5,510,970.60 has been deducted.

The Board of Directors will propose at the Annual General Meeting to be held on 26 March 2014 that these funds be distributed as follows:

No dividend be paid for the financial year.

Leaving on the retained earnings account, EUR 79,250,626.06.

Consolidated Balance Sheet

31 December, € 1,000	Note	2013	2012
ASSETS			
Non-current assets			
Goodwill	5,29	**15,496**	26,715
Intangible assets	5,29	**12,025**	12,529
Tangible non-current assets	6,29	**98,640**	118,019
Available-for-sale financial assets	8,9	**939**	19
Held-to-maturity investments	8	**451**	466
Other non-current receivables	8	**511**	
Deferred tax assets	10	**5,778**	6,067
Non-current assets, total		**133,838**	163,816
Current assets			
Inventories	11	**31,908**	42,431
Trade receivables	12	**46,908**	45,328
Loan receivables	8	**131**	
Income tax receivables		**1,182**	1,293
Other receivables	13	**6,359**	11,772
Cash and cash equivalents	14	**18,585**	14,301
Current assets, total		**105,073**	115,125
Assets, total		**238,911**	278,940
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	15	**11,860**	11,860
Share premium account	15	**24,681**	24,681
Invested non-restricted equity fund	15	**97,123**	97,054
Fair value and other reserves	15	**-1,042**	-1,253
Translation differences	15	**-3,021**	-549
Other shareholders' equity *	15	**-51,094**	-35,783
Shareholders' equity, total*		**78,506**	96,011
Liabilities			
Non-current liabilities			
Deferred tax liabilities	10	**7,183**	5,653
Provisions	18	**132**	280
Other non-current liabilities*	20,21	**1,125**	1,282
Interest-bearing liabilities	17,22	**69,828**	88,884
Pension loans	17,22	**571**	1,143
Non-current liabilities, total		**78,839**	97,242
Current liabilities			
Interest-bearing liabilities	17,22	**23,500**	20,000
Pension loans	17,22	**571**	571
Capital loans	17		920
Income tax liabilities	31	**144**	737
Trade payables and other liabilities	19,20	**57,351**	63,460
Current liabilities, total		**81,567**	85,688
Liabilities, total		**160,405**	182,930
Shareholders' equity and liabilities, total		**238,911**	278,940

The notes to the financial statements are an integral part of these consolidated financial statements.

** Data from comparison period revised*

Consolidated Statement of Income

1 January – 31 December, € 1,000	Note	2013	2012
Net sales	2	**433,123**	410,358
Cost of goods sold		**-390,314**	-376,269
Gross profit		**42,809**	34,088
Other operating income	26	**2,048**	6,838
Sales and marketing expenses		**-7,478**	-6,878
Research and development		**-3,256**	-3,593
Administration expenses		**-15,019**	-16,945
Other operating expenses	26	**-849**	-568
Operating profit before non-recurring items		**18,255**	12,942
Non-recurring items	27	**-868**	-5,499
Operating profit / loss		**17,387**	7,443
Financial income	30	**36**	110
Financial expenses	30	**-7,235**	-10,583
Profit/loss before income taxes		**10,187**	-3,031
Income taxes	31	**-7,650**	-2,200
Profit/loss for the period, continuing operations		**2,537**	-5,231
Discontinued operations			
Profit/loss for the period		**-342**	637
Impairment loss recognized on the remeasurement to fair value and cost to sell		**-18,314**	-7,278
Profit/loss for the period, discontinued operations		**-18,656**	-6,641
Profit/loss for the period		**-16,119**	-11,872

Profit for the period is attributable to the equity holders of the company.

Earnings per share attributable to the equity holders of the company			
- earnings per share before non-recurring items, continuing operations, €	32	**0.01**	0.00
- earnings per share, continuing operations €	32	**0.01**	-0.02
- earnings per share, discontinued operations €	32	**-0.08**	-0.03
- earnings per share, €	32	**-0.07**	-0.05

Performance share plan and stock option plan did not have any dilutive effects on earnings per share.

The notes to the financial statements are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

1 January–31 December, € 1,000	Note	2013	2012
Profit/loss for the period		-16,119	-11,872
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign operations	15	-2,664	-438
Fair value changes of cash flow hedges	15	353	-1,007
Items related to discontinued operations	3	355	
Other reclassifications		325	-6
Total		-1,631	-1,451
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains and losses	21	18	-247
Total		18	-247
Income tax on other comprehensive income	15	120	765
Total other comprehensive income		-1,493	-933
Total comprehensive income for the period		-17,612	-12,805
Total comprehensive income arises from:			
Continuing operations		1,044	-6,164
Discontinued operations	3	-18,656	-6,641
Total comprehensive income for the period		-17,612	-12,805

Statement of Changes in Shareholders' Equity

€ 1,000	Share capital	Share premium account	Invested non-restricted equity fund	Own shares	Translation differences	Fair value reserves	Other share-holders' equity	Total
Total equity at 1 Jan. 2013	11,860	24,681	97,054	-43	-549	-1,209	-35,783	96,011
Profit / loss for the period							-16,119	-16,119
Other comprehensive income					-2,472	209	770	-1,493
Total comprehensive income for the period					-2,472	209	-15,349	-17,612
Share-based payments							38	38
Conveyance of own shares			69					69
Total contributions by and distributions to owners			69				38	107
Total equity at 31 Dec. 2013	11,860	24,681	97,123	-43	-3,021	-999	-51,094	78,506
Total equity at 1 Jan. 2012	11,860	24,681	97,054	-43	-637	-441	-23,737	108,737
Profit / loss for the period							-11,872	-11,872
Other comprehensive income*					88	-769	-253	-934
Total comprehensive income for the period					88	-769	-12,125	-12,806
Share-based payments							79	79
Total contributions by and distributions to owners							79	79
Total equity at 31 Dec. 2012	11,860	24,681	97,054	-43	-549	-1,210	-35,783	96,011

** Data from comparison period revised*

Consolidated Cash Flow Statement

1 January–31 December, € 1,000	Note	2013	2012
Operations			
Profit/loss for the period		**-16,119**	-11,872
Adjustments on profit/loss for the period	33	**42,739**	44,594
Cash flow before change in working capital		**26,620**	32,722
Increase/decrease in current non-interest-bearing receivables		**3,585**	2,178
Increase/decrease in inventories		**10,523**	3,413
Increase/decrease in current non-interest-bearing liabilities		**-7,626**	-630
Cash flow before financial income/expenses and taxes		**33,102**	37,683
Interest expenses		**-6,255**	-9,815
Interest income		**39**	110
Direct taxes paid		**-5,556**	-3,040
Cash flow from operations		**21,330**	24,938
Investments			
Investments in tangible and intangible assets		**-5,598**	-3,619
Proceeds from disposed business operations	3	**3,441**	
Proceeds from sale of tangible and intangible assets		**785**	2,115
Cash flow from investments		**-1,372**	-1,504
Financing			
Repayments of non-current loans		**-21,042**	-38,713
Repayments of capital loans		**-920**	-920
Change in current loans		**6,300**	-10,550
Cash flow from financing		**-15,662**	-50,183
Change in cash and cash equivalents		**4,296**	-26,749
Cash and cash equivalents 1 Jan.		**14,301**	40,887
Unrealized exchange rate differences		**-13**	163
Change in cash and cash equivalents		**4,296**	-26,748
Cash and cash equivalents 31 Dec.	14	**18,585**	14,301

The notes to the financial statements are an integral part of these consolidated financial statements.

Consolidated cash flow statement includes the disposed business operations.

Notes to the consolidated financial statements

1. Principles for preparing consolidated financial statements

Basic information

Suominen Corporation is a public company domiciled in Helsinki, Finland (Itämerentori 2, 00180 Helsinki, Finland) that manufactures nonwovens and flexible packaging for consumer goods companies and retail chains. The business unit Codi Wipes sold in July 2013 manufactured wet wipes. The consolidated financial statements of Suominen are prepared in compliance with the International Financial Reporting Standards (IFRS) applicable within the EU, and according to effective IAS and IFRS standards and SIC and IFRIC interpretations at 31 December 2013.

Financial figures are presented in thousands of euros and are based on original acquisition costs, unless otherwise stated.

The preparation of the consolidated financial statements in accordance with international accounting practice requires the company's management to use accounting estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reported periods. These estimates and assumptions are based on historical experience and other sound and reasonable suppositions under the circumstances the financial statements are being prepared. Actual results may differ from these assumptions.

These consolidated financial statements were approved for publication by the Board of Directors on 30 January 2014.

New and amended standards and interpretations effective during the financial year

According to the revised IAS 19 standard 'Employee Benefits', which came into force on January 1, 2013, changes in actuarial gains and losses are recognized in other comprehensive income. The standard has been applied retroactively. The impact on the shareholders' equity was EUR 247 thousand, which was not material. The revision of the standard did not have any material impact on the consolidated financial statements.

Any other central new standards (IFRS 13) or amendments (IAS 1, IFRS 7) did not have any material impact on the consolidated financial statements.

New and amended IFRS standards and IFRIC interpretations published but mandatory in 2014 or later:

IFRS 10 Consolidated financial statements. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of consolidated financial statements. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have any material impact on the consolidated financial statements.

IFRS 11 Joint arrangements. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The group will adopt the amendment in its 2014 financial statements. The group does not have on the balance sheet date any joint arrangements applicable to this standard.

IFRS 12 Disclosures of interests in other entities. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have material impact on the consolidated financial statements.

IAS 27 (revised 2011) Separate financial statements. The revised standard includes provisions on separate financial statements. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have an impact on the consolidated financial statements.

IAS 28 (revised 2011) Associates and joint ventures. The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The group will most likely adopt the amendment in its 2014 financial statements. The revised standard is not expected to have an impact on the consolidated financial statements.

IFRS 9 Financial instruments. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The group will adopt the amendment in its 2015 financial statements at earliest. However, the amendment is still subject to EU endorsement. Management is assessing the impact of these changes on the consolidated financial statements.

IAS 32 Financial Instruments: Presentation. Amendment on asset and liability offsetting. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendments to **IFRS 10, 11 and 12** on transition guidance. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendment to **IAS 36**, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendment to **IAS 39** 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

IAS 19 Defined benefit plans: Employee contributions (Proposed amendments to IAS 19). The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The group will adopt the amendment in its 2015 financial statements at earliest. The revised standard is not expected to have an impact on the consolidated financial statements.

Annual improvements 2010–2012. Annual improvements 2010-2012 reporting cycle include changes to: IFRS 2, 'Share-based payments', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant, and equipment', and IAS 38, 'Intangible assets', IAS 24, 'Related party disclosures'. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

Annual improvements 2011–2013. Annual improvements 2011-2013 reporting cycle include changes to: IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

Consolidation principles

The consolidated financial statements include those companies in which Suominen Corporation held, either directly or indirectly, over 50% of voting rights or otherwise control during the financial year.

Subsidiaries are included in the consolidated financial statements from the date control is acquired to when control is surrendered. The assets and liabilities of such acquisitions are recognized using the acquisition cost method at fair value on the acquisition date. The purchase price is allocated to the relevant assets at fair value, and the unallocated part of the acquisition cost capitalized to the balance sheet as goodwill. Identifiable assets and assumed liabilities acquired at business combinations are recognized at fair value on the date of acquisition. The costs of acquisition are recognized in profit or loss when occurring. Following the IFRS 5 standard the sold subsidiaries are reported as discontinued operations.

All inter-company transactions, balances and unrealised margins of intra-group deliveries, intra-group receivables and liabilities, and internal profit distribution have been eliminated.

Segment reporting

The group has two reportable segments, Wiping and Flexibles. On balance sheet date, the Wiping segment consists of one operating segment, Nonwovens. The discontinued operation, Codi Wipes, was another operating segment within Wiping. The segmentation is based on the organizational structure and reporting of the company. The risk and profitability of the products and customers of the different reporting segments are dissimilar.

The assets and liabilities of the segment include the operational items and the goodwill allocated to them. The non-allocated revenues and costs are items of the group not distributed to the segments. The non-allocated assets are items related to the group management, loans and other receivables and investments to shares. The non-allocated liabilities include items related to the group management, loans from the financial institutions and investors as well as corporate taxes.

Foreign currency translation

The consolidated financial statements are presented in euros, as this is the operating and reporting currency used by the parent company. The income statements of group companies outside euro area have been translated into euros at the average rate for the financial year, and the balance sheets at the reference rate quoted by the European Central Bank on the balance sheet date.

Translation differences arising from the elimination of the shareholders' equities of foreign subsidiaries are included in the consolidated equity. Translation differences arising from loans to subsidiaries regarded as capital investments are treated in a similar manner to the translation differences for subsidiaries' equity. The translation differences from the loans taken to hedge the net investments in the foreign subsidiaries are recognized in the other comprehensive income until the foreign subsidiary is fully or partly divested.

Business transactions denominated in foreign currencies are entered at the rates current on the date of the transactions concerned or equivalent rates. Exchange rate differences resulting from translation are recognized in the income statement. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the balance sheet date.

Foreign currency profits and losses associated with the Group's main business operations are recognized as adjustment items related to the expenses incurred through sales or purchases and manufacturing. Gains and losses from currency derivatives are recognized in other operating income and expenses. Other financing-related currency gains and losses are recognized at net value in financial income and expenses.

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net assets of the acquired company. Goodwill has been allocated to cash generating units that benefit from the acquired net assets and synergies, and the carrying amount is tested annually for impairment at the balance sheet date. If the present value of the future cash flow of a business is expected to be less than the carrying amount of the cash-generating unit, the impairment loss is recognized in the statement of income. The impairment loss of goodwill is never reversed.

Other intangible assets
Other intangible assets include patents, software licences and customer relations which were identifiable assets at business combination. They are recognized in the balance sheet at the original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

Other items which are recognized as other intangible assets, are development and procurement costs that are directly attributable to the design and testing of identifiable and unique software or assets of similar nature. They are valued at their original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

The depreciation periods used for intangible assets are:

Intangible rights	3–13 years
Customer relations	13 years
Other long-term expenses	5–10 years

Future expenditure on intangible assets is capitalized only if the economic benefits to the company from the assets increase above the level originally planned. Otherwise, expenditure is immediately recognized in the statement of income.

Tangible non-current assets

Tangible non-current assets consist mainly of land areas, buildings, structures, machinery, and equipment; and are primarily recognized in the balance sheet at their direct acquisition cost less planned depreciation and potential impairment. If a fixed asset consists of several items with different economic lives, the items concerned are treated separately.

When part of a fixed asset is renewed, the cost of the new item is capitalized and the eventual carrying value is written off. Other subsequent costs are capitalized only if the future economic benefit to the company is increased by the new item. All other expenditure, such as normal maintenance and repair, is charged to the statement of income during the financial period in which it is incurred.

Tangible fixed assets are depreciated using planned straight-line depreciation on the basis of their expected economic life. Land areas are not depreciated.

The depreciation periods used for tangible non-current assets are:

Buildings and structures	10–40 years
Machinery and equipment	4–17 years
Other tangible assets	3–5 years

Depreciation is calculated on the period in which the asset becomes operational.

Gains and losses from the sale and disposal of fixed assets are calculated as a difference between the sales price and the carrying value, and recognized as other operating income or expenses.

Impairment losses of tangible and intangible assets

The carrying amounts of assets are evaluated at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

Recoverable amount of goodwill and other intangible assets, that have an indefinite useful life, is estimated annually.

An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount. Impairment losses are immediately recognized in profit or loss. The recoverable amounts of intangible and tangible assets are defined either on the basis of fair value less costs or value in use, if higher. When defining the value in use of an asset, future cash flows are discounted to the present value using the average cost of capital of the relevant cash-generating unit. Specific risks associated with the asset are included in the discount rate.

A previously recognized impairment loss on plant and equipment and intangible assets, with the exception of impairment losses from goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. However, a reversal is not made to an extent higher than the carrying amount (less accumulated depreciation) that would have been determined if no impairment loss had been recognized in previous years. Impairment losses from goodwill are never reversed.

Research and development

Expenditure on research and development is expensed during the year in which it occurs. Expenditure on product and process development is not capitalized, as no separate assets are developed and future economic benefits cannot be assessed as required under IAS 38. There was no capitalized expenditure related to research and development on the balance sheet date.

Leasing contracts – group as a tenant

Leasing contracts in which the risks and benefits associated with the assets are mainly transferred to the company are classified according to the IAS 17 standard as financial leases. Property acquired under finance lease is depreciated and recognized as a non-current asset, and finance cost for finance leasing is recognized as an interest-bearing liability. The depreciation period of an leased asset is either the economic life time of the assets or the lease period if less. The lease payments are split into a financial cost and instalment of the loan by using the equal interest rate for each period. The payments associated with operating leases are expensed in rentals of equal size over the lease term.

The long-term contract covering process heat sourced from a power plant adjacent to the Nonwovens site in Finland has been treated as operating lease, as a major part of the thermal energy generated by the plant is supplied to third parties. Long-term leasing contracts on premises are treated as operating leases when the lessee is not responsible for major obligations at the end of the lease.

Financial assets

Financial assets have been classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this

category if acquired principally for the purpose of selling in the short-term. Derivatives not included in hedge accounting are also categorized as held for trading, as Suominen has derivatives for currency hedging. Contingent considerations are classified as financial assets at fair value through profit or loss. Assets in this category are classified as current assets.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. On the closing date, Suominen held only non-current held-to-maturity loans.The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivatives that have fixed payments maturing on a fixed date and where the group has a firm intent and ability to hold the instrument until maturity. They are carried at amortized cost using the effective interest method and they are included in non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. On the closing date, Suominen held only non-current available-for-sale financial assets.

Regular purchases and sales of financial assets are recognized on the trade-date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other operative income and expense in the period in which they arise.

Changes in the fair value of available-for-sale instruments are recognized directly in equity. When an available-for-sale instrument is sold or impaired, any cumulative change in the fair value in equity is removed from equity and recognized in the income statement as other operative income and expenses. Interest on available-for-sale instruments, calculated by using the effective interest method, is recognized in the income statement under financial items.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Suominen designates derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge). The full fair value of a hedging derivative is classified as a current asset or liability. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in the fair value reserve in the other comprehensive income. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement as financial income or expenses. The gain or loss relating to the ineffective portion is recognized in the income statement within other operative income and expenses. Accordingly, the gain or loss related to the ineffective portion of electricity derivatives is recognized in the income statement as a correction to electricity expenses. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss, for example, when the forecasted hedged sale incur.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to incur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other operative income and expenses.

The group documents the relationship between the hedged instrument and the hedging instrument as well as the target for the risk management and the hedging strategy in the beginning of the hedge accounting. The group makes and documents prospective effectiveness tests at the initial recognition and retrospective effectiveness tests at each balance sheet date.

Derivative instruments at fair value through profit or loss

There are derivatives that do not meet the criteria for hedge accounting. Changes in the fair value of such derivatives are recognized in the income statement as other operating income and expenses or in the financial items.

Revenue recognition

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added or sales tax, returns, rebates, discounts and foreign exchange rate differences of sales.

Sale of goods and services

Revenue from the sale of goods and services is recognized when the entity has transferred the significant risks and rewards of ownership of the goods to the buyer. In general the recognition is done when the goods are delivered in accordance with contractual terms. Revenue from rent is recognized evenly during the term to tenancy. Revenue from services is recognized during the financial year when the service has been done.

Dividends and interest income

Dividends are recognized when the shareholder's right to receive payment is established. Interest is recognized using the effective interest method.

Inventory

Purchase costs are determined using the first-in-first-out principle or weighted average price. The value of inventories includes all the direct and indirect costs associated with their purchase. The cost of manufactured products includes the cost of materials, direct labor, and other direct costs, together with the relevant share of general manufacturing overheads, but excluding sales, general administration, and financing costs.

Inventories are valued at the cost of purchase or the probable lower net realisable value, which is the estimated sale price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Obsolete items contained in inventories are written down.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the income statement within other operating expenses. Subsequent recoveries of amounts previously written off are recognized in the income statement as other operating income.

Cash at bank and in hand

Cash at bank and in hand includes cash and cash equivalents. They are classified in loans and other receivables.

Shareholders' equity, dividend, and Company shares

The dividends proposed by the Board of Directors are only recognized following the resolution taken by the General Meeting of Shareholders.

The treasury shares acquired by the company and the related costs are presented as deductions of equity. At disposal the funds received are entered in equity.

The proceeds from the share issuance are recognized in the invested non-restricted equity fund following the resolution taken by the General Meeting of Shareholders. The costs of share issuance are reducing the fund recognized.

Earnings per share

Non-diluted earnings per share are calculated using the weighted average number of shares for the period in question. The average number of shares used in calculated diluted earnings per share is adjusted for the number of company shares held and the dilution effect of stock options and the share-based rewards. The group does not hold any convertible bonds that would dilute earnings per share.

Share-based payments

The Group has granted the President and CEO a number of stock options. The fair value of these options is recognized as personnel expenses at the time the option right was granted and recorded in equity for the same amount. The fair value of the options is determined on the day they are granted and carried forward till the end of the subscription period. The fair value of the options is calculated using the binomial model based on the statistical Wiener process. At the time the options are granted, the number of options to be exercised and the expected term are estimated for the basis for amortising the cost of the benefit.

The proceeds from the share subscription are recognized in the invested non-restricted equity fund. The costs of share issuance are reducing the fund recognized.

Suominen has a share-based incentive plan targeted to the key employees of the group. According to the terms and conditions of the plan, shares of Suominen Corporation are granted. The rewards are partly settled in cash. The expected annual cost of the expected reward is recognized in personnel costs in profit or loss. The fair value of the cash-settled part of the reward is recognized in liabilities. The fair value is calculated by using the share price on the balance sheet date. The equity-settled part is recognized in equity by using the share price of the granting date.

Pension schemes

Suominen Corporation operates pension schemes to cover the pension benefits of its employees in various countries in accordance with local legislation and established local practice. In Finland, the Finnish Employment Pension Scheme (TyEL) is mainly used. Pension schemes may include additional pension benefits, options for early retirement, or compensation for disability.

Pension schemes are classified either as defined contribution plans or defined benefit plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Contributions to defined contribution plans are expensed during the period to which the contribution relates.

The present value of the pension obligations of defined benefit plans is determined using the projected unit credit method, and plan assets are recognized at fair value on the balance sheet date. Pension costs are recognized in the statement of income, spreading regular costs over the service time of employees calculated by actuaries annually. The company's pension obligation is calculated as the present value of estimated future pension payments, using the discount rates of government or equivalent securities.

Actuarial gains and losses and changes in them are recognized directly in the other comprehensive income over the expected average remaining service lives of the employees concerned.

Actuarial gains and losses arising from the revaluation of the liability in the benefit plan are recognized in the other comprehensive income when incurred.

Suominen has a personnel benefit scheme for employments terminations in Italy. In other countries Suominen has defined contribution plans as pension schemes.

Financial liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs and is amortized over the period of the facility.

Borrowings are classified as current liabilities in case they mature within 12 months of the balance sheet date.

In accordance with the Finnish Companies Act, capital loans are loans that are prioritised only after other unsecured loans. Interest and instalment payments on capital loans will be made only if the non restricted equity and the amount of capital loans exceed the amount of loss from the previous financial year. Capital loans are classified as liabilities and they are stated at amortized cost. Interest on these loans is recognized as interest expense in the income statement. On the balance sheet date Suominen did not have any capital loans.

Provisions and conditional liabilities

Provisions are costs recognized as liabilities in the balance sheet, as they are present obligations and as it is probable that fulfilment of the obligation will require financial payment or cause financial loss. Conditional liabilities, which are not recognized as liabilities in the balance sheet, are possible obligations that have not been confirmed yet.

A provision is recognized when:
» the group has a present legal or constructive obligation as a result of past events,
» it is probable that an outflow of resources will be required to settle the obligation, and
» the amount can be estimated reliably.

Changes in provisions are recognized in the income statement.

Income taxes

The group's income taxes include income taxes of group companies based on local taxable profit for the financial period, together with tax adjustments for previous periods and the change of deferred income taxes as well as changes in the deferred tax assets and liabilities arising from the consolidation.

Deferred tax assets and liabilities are recognized for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying amounts. Temporary differences arise from unused tax losses, depreciation differences, provisions, personnel benefit schemes, revaluation of hedging instruments, intra-group margins in inventory, and recognition of assets at fair value at business acquisitions.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are calculated using the tax rate in force or which has been enacted by the balance sheet date and is expected to apply for the following years. Deferred tax liability is not provided on goodwill.

Discontinued business operations

Gains and losses from the disposal of business operations are presented separately net of taxes in the statement of income and in the other comprehensive income. In these consolidated financial statements, the disposal of Codi Wipes is reported as a discontinued operation.

Government grants

Grants received to compensate for costs are recognized in the income statement for the period for which the related costs are recognized as expenses. Grants received are recognized to offset the expenses in question. Grants related to the purchase of property are deducted from the acquisition cost.

Other operating income and expenses

Gains from the sales of assets, net exchange rate gains on currency derivatives, gains on the ineffective portion of cash flow hedging, and sales other than product sales, such as royalties and rental income and the proceeds from the recycled goods, are recognized as other operating income.

Losses from the sales of assets, other expenses not associated with normal operations, losses on the ineffective portion of cash flow hedging and net losses on currency derivatives, are recognized as other operating expenses.

Financial income and expenses

The following income, expense, gain and loss items will be reported as financial income and expenses in the consolidated financial statements:
» gains and losses on financial assets at fair value through profit or loss, on available-for-sale financial assets, on held-to-maturity investments, on loans and receivables and on financial liabilities stated at amortized cost,
» interest income and expenses on financial assets and liabilities,
» income and expenses on provisions , and
» amount of impairment losses on each category of financial assets.

These items are recognized as financial income and expenses excluding credit losses on trade receivables, which are recognized as other operative expenses.

Non-recurring items

Certain financial performance indicators are reported excluding non-recurring items. These indicators are applied in the Group's financial statements to eliminate the profit or loss impact of certain significant transactions which are unusual or infrequent in nature, like impairment losses of assets, gains or losses from the sales of tangible or intangible assets and restructuring costs. Any measures derived with eliminating non-recurring items are not measures of financial reporting under the IFRS.

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

1) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The realized cash flows can differ from estimated discounted cash flows, as the financial utilization time is long and the estimated sales prices, production costs, and the changes in discount rate used in the calculations can lead to substantial recognition of impairment losses. The sensitivity of these calculations is described in note 5.

2) Value of tangible assets

Book value of tangible assets is comparable to the recoverable amount of assets if there is reason to assume that the fair value is the book value. The recoverable amount can be fair value or a use value, if higher, calculated by discounting the future cash flows at the current interest rate. The amount and timing of cash flows include risks.

3) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues on the basis of estimates related to whether additional taxes will be due. The group makes judgments over the accounting principles concerning tax assets when preparing the annual accounts. The management evaluates the probability of subsidiaries to generate taxable income against unused tax losses or unused tax credits. If the final tax outcome is different from the amounts that were initially recorded, such differences will affect the current tax receivables and deferred tax assets as well as current tax liabilities and deferred tax liabilities for the periods the differences are realized.

2. Segment information

Suominen Corporation has two reportable segments, Wiping and Flexibles. On the balance sheet date, the Wiping segment consists of one operational segment, Nonwovens. The disposed business operation, Codi Wipes, was reported under the Wiping segment. These operating segments are also cash flow generating units, whose goodwill as been tested.

The segmentation is based on the organisational and the reporting structure of the company. The top operative decisicion maker of Suominen is the President & CEO, who is assisted by the Corporate Executive Team. The President & CEO presents the major items, like investments above one million euro, and those required by law, to the Board of Directors for their approval. By following the ruling of the Corporate Governance the President & CEO allocates the resources to the segments and the lower organisational levels. The risk and profitability of the products and customers of the different reporting segments are dissimilar.

Assets and liabilities allocated to the segments include operative items and goodwill allocated to them. Non-allocated items in income statement include expenses that are not split to segments. Non-allocated assets include corporation's administration items, loans and other receivables and shares. Non-allocated liabilities include corporation's administration items, loans from financial institutions and investors and taxes.

Segment information 2013 € 1,000	Wiping	Flexibles	Non-allocated items	Eliminations	Continuing operations	Discontinued operations	Total
Net sales							
- Net sales total	375,526	60,632			436,158	24,278	460,436
- Internal sales	-1,585		15,208	-15,214	-1,592	-1,856	-3,454
- Exchange rate differences	-181	-1,194		-69	-1,443		-1,512
External sales total	**373,760**	**59,438**	**15,208**	**-15,283**	**433,123**	**22,423**	**455,470**
Operating profit before impairment losses	17,836	-2,232	2,651		18,255		18,255
Impairment losses	-243	-386	-239		-868		-868
Operating profit	17,593	-2,618	2,412		17,387		17,387
Assets, goodwill excluded	147,867	35,859	256,208	-216,519	223,415		
Goodwill	15,496				15,496		
Total assets	163,363	35,859	256,208	-216,519	238,911		
Liabilities	44,342	9,115	306,839	-199,891	160,405		
Gross investments, continuing operations	2,493	1,167	1,920		5,580		
Depreciation, continuing operations	12,380	2,653	1,512		16,545		
Impairment losses							
Average personnel (full-time equivalents)	537	487	13		1,037		

Segment information 2012 € 1,000	Wiping	Flexibles	Non-allocated items	Eliminations	Continuing operations	Discontinued operations	Total
Net sales							
- Net sales total	357,994	54,388			412,382	49,436	461,818
- Internal sales		-767	13,161	-13,210	-816	-4,885	-5,701
- Exchange rate differences	-120	-923		-164	-1,207		-1,207
External sales total	357,873	52,698	13,161	-13,374	410,358	44,551	454,909
Operating profit before impairment losses	18,014	-2,786	31	-2,317	12,942	773	13,715
Impairment losses	-5,983	484			-5,499	-7,269	-12,768
Operating profit	12,031	-2,302	31	-2,317	7,443	-6,496	,947
Assets, goodwill excluded	164,760	35,668	274,284	-222,485			252,226
Goodwill	15,496		11,219				26,715
Total assets	180,256	35,668	285,503	-222,485			278,940
Liabilities	47,176	8,634	247,243	-120,123			182,930
Gross investments	1,899	554	1,555				4,008
Depreciation	13,270	2,868	3,468				19,606
Impairment losses	5,538		7,278				12,816
Average personnel (full-time equivalents)	594	453	173				1,220

Geographical areas

Net sales by the location of external customers

€ 1,000	2013	2012
Finland	23,740	23,677
Other Europe	175,926	166,275
North and South America	224,139	210,249
Other countries	9,318	10,156
Total	433,123	410,358

Assets including goodwill by the location of the assets

€ 1,000	2013	2012
Finland	61,303	73,471
Other Europe	64,950	90,277
North America	112,658	115,192
Total	238,911	278,940

Gross investments by country

€ 1,000	2013	2012
Finland	3,127	1,420
Other Europe	661	816
North America	1,792	1,062
Total	5,580	3,298

3. Discontinued operations

In July 2013 Suominen sold its Codi Wipes business unit, focused on wet wipes manufacturing, to Value Enhancement Partners investment company. Due to the divestment, Codi Wipes business unit is reported in these consolidated financial statements in discontinued operations. In previous financial statements, Codi Wipes was reported as part of Suominen's Wiping segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 18.7 million in its discontinued operations in 2013.

€ 1,000	2013	2012
Net sales	24,278	49,436
Costs	-24,736	-55,868
Profit before income taxes from discontinued operations	-457	-6,432
Income taxes	119	-209
Profit after income taxes from discontinued operations	-339	-6,641
Impairment loss recognized on the re-measurement to fair value and cost to sell	-18,314	
Profit/loss for the period from discontinued operations	-18,653	-6,641
Cash flow from discontinued operations		
Cash flow from operations	-1,697	2,584
Cash flow from investing activities	-297	-758
Change in cash and cash equivalents	-1,994	1,826

The impact of the divestment of Codi Wipes on the Group financial position

Inventories	4,493
Trade receivables and other current receivables	2,968
Cash at bank and in hand	2,782
Other liabilities	358
Trade payables and other current liabilities	3,162
Net assets	6,723
Total consideration	6,723
Cash consideration	6,223
Cash equivalents held by discontinued operations	-2,872
Net cash flow	3,441

The unpaid part of the consideration EUR 0.5 million is recognized in the balance sheet as a non-current receivable, note 8.

4. Events after the review period

Suominen and Ahlstrom Corporation entered into agreement on the sales of the entire stock of the Brazilian Ahlstrom Fabricação de Não-Tecidos Ltda to Suominen. Formerly, the unit was part of Ahlstrom's Home and Personal business area. The enterprise value of the transaction is MEUR 17.5 and Suominen aims to finance the deal through a convertible hybrid bond, which will be treated as equity.

Suominen acquired the Home and Personal business area of Ahlstrom in November 2011, but the transfer of the Brazilian unit of the acquired business was prolonged due to delay in receiving approval from the authorities and consequent renegotiations. The acquisition of the Paulínia plant will provide Suominen a foothold in the South American markets where Suominen sees very exciting growth opportunities. After the transaction is concluded, Suominen will be the only company manufacturing nonwovens in Europe, North America and South America.

The plant to be transferred to Suominen is located in Paulínia, Brazil, approximately 120 kilometers to northwest from São Paulo. It is the only nonwovens plant utilizing modern spunlace technology in manufacturing wiping products in the country, and the plant is technically capable to supply also industrial nonwovens. Paulínia plant is built in 2008 and employs approximately 40 persons. All employees will be transferred to Suominen in connection with the closing of the deal, which is expected to take place by the end of February 2014.

A precondition for the execution of the transaction agreed today is that the purchase price is funded by the issuance of a MEUR 17.5 hybrid bond. Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for. The bond includes a right to convert the principal together with the potentially accrued capitalized interest thereon into new shares in the company or into existing shares held by the company.

The finalization of the deal is subject to the consent of the Extraordinary General Meeting held on January 31, 2014.

5. Intangible assets

2013 € 1,000	Intangible rights	Goodwill	Other capitalized expenditure	Pre-payments	Total 2013
Acquisition cost 1 Jan.	9,364	26,715	6,986	641	43,706
Translation difference	153			-342	-189
Increase	133		168	702	1,004
Decrease/sale			-6		-6
Discontinued operations		-11,219	-763		-11,982
Acquisition cost 31 Dec.	9,650	15,496	6,386	1,001	32,533
Accumulated depreciation 1 Jan.	-2,909		-1,197		-4,106
Translation difference	1		11		-9
Discontinued operations			648		648
Depreciation for the financial year	-1,041		-505		-1,545
Accumulated depreciation 31 Dec.	-3,949		-1,065		-5,013
Book value 31 Dec.	5,701	15,496	5,322	1,001	27,520

2012 € 1,000	Intangible rights	Goodwill	Other capitalized expenditure	Pre-payments	Total 2012
Acquisition cost 1 Jan.	9,161	34,298	6,765	126	50,349
Translation difference	4		189		192
Increase			33	714	747
Decrease/sale		-305			-305
Impairment losses		-7,278			-7,278
Transfers between items	200			-200	
Acquisition cost 31 Dec.	9,364	26,715	6,986	641	43,706
Accumulated depreciation 1 Jan.	-2,247		-658		-2,906
Translation difference	-16		3		-14
Depreciation for the financial year	-1,000		-542		-1,542
Accumulated depreciation 31 Dec.	-3,263		-1,197		-4,460
Book value 31 Dec.	6,101	26,715	5,789	641	39,244

Intangible rights and other intangible assets

At disposal of Codi Wipes, a total decrease of EUR 115 thousand including an imparment loss of EUR 73 thousand was recognized for the intangible assets.

The goodwill of EUR 11,219 thousand related Codi Wipes was fully impaired.

Intangible assets include assets on financial leases:

2013 € 1,000	Intangible rights
Acquisition value 1.1.	158
Depreciation for the financial year	-28
Book value 31 Dec.	130

Intangible assets – goodwill

Suominen has recognized goodwill from the acquisition of Codi Wipes in 2003 and the business operations of Home and Personal business from Ahlstrom in 2011. In the beginning of the financial year the remaining goodwill of Codi Wipes was EUR 11,219 thousand, which was fully impaired at the disposal of the business operations. The goodwill generated from the business combination of Ahlstrom's Home and Personal business was on the balance sheet date EUR 15,495 thousand, and the total amount was allocated in the cash flow generating unit Nonwovens.

In the consolidated financial statements the recoverable amount for the business was determined as the value in use in impairment testing. Projected cash flows are based on actual performance and five-year forecasts based on business strategy. The main assumptions underlying these forecasts were revised at the balance sheet date. Cash flow in the residual period beyond the five-year forecasted period was extrapolated using the growth rates for the relevant business areas. The key assumptions regarding the values in use are linked to the sales trend prevailing in the cash-generating units, cost and investment levels, and the discount rate used.

The annual growth rate for Nonwovens during the period covered by the forecast has been estimated at 3.6%. In 2014, Nonwovens continues to implement the In the Lead strategy of Suominen Group. Nonwovens aims to increase the share of products with higher added value in its portfolio and focuses, among other things, on streamlining its supply chain processes and on accelerating the product development process. According to the management view no such adverse changes are likely to come up in the expectations that would lead into any impairment of assets.

The amounts of the investments needed for replacing the existing capacity has been estimated based on the planned depreciation in each cash-generating unit.

The rate used in discounting has been derived by using targeted capital structure of the cash generating units at the time of impairment test. Net gearing, or ratio of net debt to equity, is 70 %. Cost of capital has been calculated as a weighted average cost before taxes for equity and debt and taking into the consideration the risk-free rate, and the risk margins of equity and debt respectively. Discounting rates in the impairment tests have increased from last year because of rises in the risk margins have overweighed the fall in the risk-free 10-year bond rates.

Impairment testing is based on present estimates of future developments. The uncertainty in measuring the values in use for cash-generating units was captured by analyzing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for in the discount rates and by taking into consideration the testing errors of past impairment tests.

The critical assumptions in the test calculations are as follows:

	Nonwovens 2013	Nonwovens 2012
Rate of discounting	**11.9 %**	11.7 %
Growth of Net Sales 2014–18 (2013–17)	**3.6 %**	3.0 %
Annual growth rate in the residual period	**1.0 %**	0.5 %
Operating profit in the residual period %	**8.9 %**	7.1 %

6. Tangible assets

2013 € 1,000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in process	Total 2013
Acquisition cost 1 Jan.	2,400	68,451	214,994	513	773	287,131
Translation difference	-58	-505	-3,055	1,331	-1,412	-3,699
Increase		38	930	12	2,682	3,662
Decrease/sale			-447			-447
Discontinued operations		-10,504	-30,984	-1,332	-120	-42,940
Writedowns			-2			-1
Other changes			49			49
Transfers between items		28	623		-651	
Acquisition cost 31 Dec.	2,343	57,509	182,107	524	1,272	243,755
Acquisition cost 1 Jan.		-42,816	-125,837	-460		-169,113
Translation difference		74	2,296	-1,330		1,041
Accumulated depreciation on decrease and transfers			429			429
Discontinued operations		8,890	27,364	1,322		37,576
Other changes			-49			-49
Depreciation for the financial year		-1,786	-13,206	-8		-15,000
Accumulated depreciation 31 Dec.		-35,638	-109,003	-476		-145,115
Book value 31 Dec.	2,343	21,871	73,105	48	1,272	98,640
Balance sheet value of machinery and equipment in production			71,086			

2012 € 1,000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in process	Total 2012
Acquisition cost 1 Jan.	2,412	74,602	277,027	604	3,255	357,900
Translation difference	39	459	225	-1	-8	713
Increase		7	1,223		2,031	3,260
Decrease/sale	-50	-3,895	-9,700	-9		-13,654
Impairment losses			-56,049			-56,049
Writedowns		-3,196	-1,685	-27	-3	-4,911
Other changes			-127	-1		-128
Transfers between items		473	4,081	-53	-4,501	
Acquisition cost 31 Dec.	2,400	68,451	214,994	513	773	287,130
Accumulated depreciation 1 Jan.		-44,831	-172,704	-479		-218,014
Translation difference		-113	-491			-604
Accumulated depreciation on decrease and transfers		3,106	10,718	38		13,862
Depreciation for the financial year		-2,740	-15,306	-19		-18,064
Impairment losses		1,762	51,945			53,707
Accumulated depreciation 31 Dec.		-42,816	-125,837	-460		-169,114
Book value 31 Dec.	2,400	25,635	89,157	53	773	118,019
Balance sheet value of machinery and equipment in production			87,379			

At the disposal for Codi Wipes business operations the tangible assets decreased by EUR 5,364 thousand and the related losses were recognized in the result of the discontinued operations.

The carrying amounts of tangible assets are reviewed to determine whether there is any indication of impairment, such as a significant decline in an asset's market value, adverse changes in the business environment, adverse changes in the extent to which or manner in which an asset is used or expected to be used, or a deterioration in financial performance below what was expected.

If such indication exists, the recoverable amount is estimated as either the fair value of the asset less selling expenses or the value in use, if this is higher. When estimating an asset's value in use, the relevant future cash flows are discounted by using the average cost of capital before taxes of the cashgenerating unit concerned. The risk inherent in the value in use is captured by analysing variations in the amount or timing of cash flows.

7. Group companies

	Percentage of total number of shares and voting power
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Suominen Flexible Packaging Ltd., Tampere, Finland	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere, Finland	100.0
Suominen Italy Holding, s.r.l., Mozzate, Italy	100.0
Suominen Spain Holding, S.A., Alicante, Spain	100.0
Suominen US Holding, Inc.,Windsor Locks, The United States of America	100.0
Owned through subsidiaries:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0
Cressa Nonwovens s.r.l.,Mozzate, Italy	100.0
Mozzate Nonwovens s.r.l., Mozzate, Italy	100.0
Alicante Nonwovens S.A.U., Alicante, Spain	100.0
Bethune Nonwovens, Inc., Bethune, The United States of America	100.0
Green Bay Nonwovens, Inc., Green Bay, The United States of America	100.0
Windsor Locks Nonwovens, Inc., Windsor Locks, The United States of America	100.0

8. Financial assets by category determined by IAS 39

On 31 December 2013 the book value of non-current and current financial assets were total EUR 67,824 thousand (2012: EUR 60,765 thousand).

2013	Classes by instruments nature						Note
€ 1,000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Book value	Fair value	
Available-for-sale financial assets				939	939	939	9
Held-to-maturity investments		451			451	451	
Other non-current receivables	511				511	511	3
Trade receivables			46,908		46,908	46,908	12
Other receivables	58		371		429	429	13
Loan receivables			131		131	131	
Cash and cash equivalents			18,455		18,455	18,455	14
Total	569	451	65,865	939	67,824	67,824	

Financial assets at fair value through profit or loss includes the contingent consideration from the disposal of Codi Wipes business operations, EUR 511 thousand.

2012	Classes by instruments nature						Note
€ 1,000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Book value	Fair value	
Available-for-sale financial assets				19	19	19	9
Held-to-maturity investments		466			466	466	
Trade receivables			45,328		45,328	45,328	12
Other receivables	62		590		652	652	13
Cash and cash equivalents			14,301		14,301	14,301	14
Total	62	466	60,220	19	60,765	60,765	

Principles in estimating fair value for financial assets

Available-for-sale financial assets and held-to-maturity investments

Available-for-sale financial assets and held-to-maturity investments are non-derivatives that are carried at amortised cost using the effective interest method. As of the closing date the book value of these assets equals to fair value.

Trade receivables, other receivables, cash and cash equivalents

The book value of non-derivative receivables and cash equivalents equals to fair value based on short maturity of these current assets.

9. Available-for-sale financial assets

€ 1,000	2013	2012
Book value 1 Jan.	19	19
Increases	920	
Book value 31 Dec.	939	19

Available-for-sale financial assets include unlisted shares.

In 2013 Suominen acquired shares of a real estate company.

10. Deferred taxes

€ 1,000	2013	2012
Deferred tax assets		
Recognized in equity		
Fair valuation of derivative financial instruments	250	436
Recognized in income statement		
Long-term expenses	1,037	248
Unused tax losses	2,975	4,966
Other temporary differences	1,516	417
Total deferred tax assets	5,778	6,067
Deferred tax liabilities		
Recognized in income statement		
Tangible assets	5,546	4,295
Intangible assets	1,580	889
Employment benefits		107
Other temporary differences	57	362
Total deferred tax liabilities	7,183	5,653
Recognized in assets and liabilities		
Deferred tax assets	5,778	6,067
Deferred tax liabilities	7,183	5,653
Net tax liability	1,405	-414

Deferred income tax recognized in equity during the year

€ 1,000	2013	2012
Cash flow hedges	-142	239
Actuarial gains and losses	72	
Translation differences	190	526
Total	120	765

Deferred tax assets refer to the confirmed tax losses that can probably be used in future years against taxable income generated in the same country. Deferred tax assets are based on the estimated realization of the related tax benefit through future taxable income.

At the balance sheet date Group had total EUR 37.1 million tax losses from previous years. Tax losses of the financial year based on the result of the year are expected to be EUR 8.5 million. Suominen has recognized deferred tax assets for the losses of EUR 18.3 million from the perious and for the financial year and left deferred tax assets unrecognized for the losses amounting to EUR 24.6 million.

It is estimated that Suominen is not capable in loss balancing until several years, which causes uncertainty in balancing tax losses. Tax losses concerned will expire mainly in 2019-2023.

No deferred tax liability is recognized for the undistributed profits of subsidiaries, as the group decides the distribution of such profit and no such distribution is likely in the immediate future.

11. Inventories

€ 1,000	2013	2012
Raw materials and consumables	13,170	15,501
Work in progress	2,222	4,112
Finished products and goods	16,515	22,818
Total inventories	31,908	42,431

The value at cost of inventories totals EUR 32,614 thousand (EUR 43,266 thousand). The value has been reduced by EUR 707 thousand to cover obsolete stock (EUR 835 thousand).

The acquisition value of the inventories included in the raw material purchases and change in inventory was 362,629 thousand euro (399,424 thousand).

12. Trade receivables

The ageing structure of the trade receivables and the recognized credit losses:

€ 1,000	2013	2012
Not yet due	42,535	39,428
Past due date		
less than 5 days	2,302	2,054
5–30 days	1,803	3,099
31–120 days	269	698
more than 120 days	-1	49
	4,373	5,900
Total trade receivables	46,908	45,328

Recognized credit losses on trade receivables were EUR 27 thousand (2012: EUR 231 thousand)

Trade receivables by currency:

€ 1,000	2013	2012
EUR	24,298	26,884
SEK	495	359
PLN	489	437
RUB	1,193	1,264
NOK	84	284
USD	19,921	15,667
Other currencies	429	433
Total	46,908	45,328

Suominen has a program to sell trade receivables with irrevocable rights to the bank. At the date of balance sheet the total of EUR 9.1 million of trade receivables (EUR 13.1 million) was sold to the bank.

For the value of EUR 18.3 million of the trade receivables in USD originated from the United States of America.

13. Other receivables

€ 1,000	2013	2012
Other receivables		
Indirect taxes	1,078	5,462
Statutory and other insurances	158	
Other	528	162
Other receivables, total	1,764	5,623
Accrued income and prepaid expenses		
Social security and healthcare	71	92
Statutory and other insurances	136	5
Indirect taxes	81	134
Insurance compensations	41	55
Rebates	371	590
Loan arrangements	3,031	4,091
Other	864	1,181
Total accrued income and prepaid expenses	4,596	6,149
Total other current receivables	6,359	11,772

14. Cash and cash equivalents

€ 1,000	2013	2012
Total cash and cash equivalents	18,585	14,301

The fair value of cash and cash equivalents equal to their nominal value.

15. Share capital

	Registered share capital, €	Share premium account, €	Invested non-resticted equity fund, €	Fair value reserve	Translation differences, €	Other shareholders' equity, €	Total, €
31 Dec 2012	11,860,056	24,680,588	97,054,411	-1,252,807	-549,063	-35,782,610	96,010,575
Conveyance of own shares			68,601				68,601
Other comprehensive income				210,497	-2,472,338	-15,311,219	-17,573,060
31 Dec 2013	11,860,056	24,680,588	97,123,012	-1,042,310	-3,021,401	-51,093,829	78,506,116

Share capital
The registered equity of Suominen totals EUR 11,860,056. The number of issued shares was 245,934,122 in the beginning of the financial year. At the share issuance without consideration it increased by 2,000,000 shares to 247,934,122 shares on the balance sheet date. Suominen has one series of shares. Each share has one vote in the general meeting of the company and all the shares have an equal right to the dividend and the company assets. Maximum share capital is 20 000 000 euros. Share has no nominal value. Suominen Corporation shares are listed on NASDAQ OMX Helsinki Ltd. All issued shares are fully paid up. The company held 1,924,367 treasury shares at the balance sheet date.

The Members of the Board of Directors and the President & CEO of Suominen Corporation owned a total of 490,171 shares (2012: 354,240 shares) as of 31 December 2013. These shares represented 0.1% (December 2012 0.1%) of the total number of shares and votes.

Share premium account and invested non-restricted equity fund
The share premium account is the difference between the subscription price and the nominal value according to the former corporation act in Finland. The invested non-restricted fund includes other investments associated to equity and the part of the subscription value of the shares that is not resolved to be recognized in the share capital.

Fair value reserve and other reserves
Changes in the fair value of the available-for-sale financial assets and derivative instruments included in cash flow hedging according to the IAS 39 standard are included in the fair value reserve. The changes in fair value of the defined benefit plan are recognized in the actuarial gains and losses.

	2013			2012		
€ 1,000	Cash flow hedges	Own shares	Total	Cash flow hedges	Own shares	Total
Fair value reserve at 1 Jan.	-1,209	-44	-1,253	-441	-44	-485
Cash flow hedges deferred in equity	353		353	-1,006		-1,006
Total	-856	-44	-900	-1,447	-44	-1,491
Deferred taxes	-142		-142	239		239
Fair value reserve at 31 Dec.	-999	-44	-1,042	-1,209	-44	-1,253

Translation differences
Translation differences are the exchange rate differences arising from the elimination of the acquisition costs of the group's non-euro companies. Some loans granted to the subsidiaries can be associated to equity because of the non-existing replayment plan. The translation differences of such loans are recognized in the translation difference in equity. Suominen has an Equity Hedge program to hedge the translation position in USD. The investment in the United States of America is hedged with an external loan of USD 39 million. The exchange rate differences from the direct investments in capital and Equity Hedge loan are recognized in the other comprehensive income.

Other shareholders' equity

Own shares
In the beginning of the financial year Suominen held 60 298 own shares. In 2013 Suominen issued 2,000,000 new shares to itself without consideration. The portion of the remuneration of the Board of Directors to be paid by shares, in total 135,931 shares, was delivered in 2013. In the end of the financial year Suominen held 1,924,367 own shares.

Actuarial gains and losses
Acuarial gains and losses are recognized in compliance with the IAS 19 standard for the defined benefit plan in Italy.

Retained earnings
Retained earnings include the retained earnings from the financial year and previous years.

16. Share-based payments

Stock options	2013 Average subscription price € / share	Options (pcs)	2012 Average subscription price € / share	Options (pcs)
In the beginning of financial year	**0.96**	**200,000**	0.96	550,000
Expired options, serie 2009A	**0.95**		0.95	-250,000
Expired options, serie 2009B	**0.96**	**-100,000**		
Returned options, serie 2009B	**0.96**	**-100,000**	0.96	-100,000
In the end of the financial year	**0.96**	**0**	0.96	200,000

During the financial year 100,000 stock options of serie 2009B were returned to the company. Under stock option plan 2009, serie 2009B was expired at no value. No options were exercised.

Share-based rewards

The share-based incentive plan is targeted to the key personnel of the group. The program is aiming at combining the targets of the owners and the key personnel to increase the value of the company and the commitment of the key personnel by offering them a long-term incentive plan based on the ownership of the company. Under the plan, Suominen shares are awarded to the key personnel. A part of the reward is settled in cash.

The key terms and conditions of the share-based incentive plan are:

» granted on 19 March 2012
» earning period 2012-2015
» settled in cash and in shares
» the maximum number of Suominen shares payable under the plan on the balance sheet date is 285,000, partly settled in cash and partly in shares
» the maximum number of shares in total under the plan would be 3,050,000 shares including the cash settlement
» the earning criteria are the EBITDA and the cumulative cash flow of the earning period.

The fair value of the equity settled part is calculated by using the share price of 0.42 euro on the granting date, and thus 85 (73) thousand euro is recognized in employment benefits and in equity. The fair value of the cash-settled part is calculated by using the share price of the balance sheet date, 0.48 (0.35) euro, and thus 100 (56) thousand euro is recognized in employment benefits and in liabilities.

Two employees exited from the plan during the financial year, for which the company reversed the initial cost recognition by EUR 20 thousand.

17. Financial liabilities

On 31 December 2013 the book value of non-current and current financial liabilities were total EUR 140,934 thousand (2012: EUR 159,783 thousand).

	2013		2012		
€ 1,000	Book value	Fair value	Book value	Book value	Note
Non-current					
Loans from financial institutions	**69,828**	**69,144**	88,884	88,901	22
Pension loans	**571**	**577**	1,143	1,185	22
Total	**70,399**	**69,721**	90,027	90,085	
Current*					
Repayment of non-current liabilities					
Loans from financial institutions	**23,500**	**23,412**	20,000	20,054	22
Pension loans	**571**	**594**	571	611	22
Capital loans			920	924	22
Derivatives not held for hedge accounting	**94**	**94**	62	62	22
Derivatives held for hedge accounting	**1,354**	**1,354**	1,822	1,822	22
Trade payables	**45,016**	**45,016**	46,381	46,381	19, 20
Total	**70,535**	**70,470**	69,756	69,853	
Total	**140,934**	**140,192**	159,783	159,938	

* In the balance sheet under current liabilities.

Financial liabilities are other than liabilities held for trading and derivative liabilities according to the definitions in the IFRS 7 and IAS 39 standards, and are valued at amortized cost.

Capital loan 1/2008
Capital loan was fully repaid in 2013.

Principles in estimating fair value for financial liabilities

Loans
Fair values for fixed-interest bearing liabilities have been calculated by discounting future cash flows at the appropriate interest rate prevailing on the closing date (2.95–4.45 per cent). Pension loans and capital loans have fixed interest rates, while loans from financial institutions have floating interest rates.

Derivative financial instruments
Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates. Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor and USD libor curves and discounting future cash flows with relevant interest rates.

Trade payables
The book value of trade payables equals to fair value based on short maturity of these current liabilities.

Repayments

€ 1,000	Loans from financial institutions	Pension loans
2014	23,500	571
2015	8,007	571
2016	61,821	

18. Provisions

€ 1,000	2013	2012
Provisions 1 Jan.	**280**	280
Charged to statement of income	**-280**	
Increases	**132**	
Provisions 31 Dec.	**132**	280

Reserve recognized in 2009 on the estimated future losses of a rental guarantee obligation of discontinued business operations were fully charged to the statement of income in 2013. A provision was recognized for the restructuring costs of the Flexibles in 2013.

19. Trade payables

Trade payables by currency:

€ 1,000	2013	2012
EUR	**19,359**	22,444
PLN	**566**	569
SEK	**4,788**	4,441
USD	**20,241**	18,874
Other currencies	**63**	53
Total	**45,016**	46,381

For the value of EUR 18.5 million of the trade payables in USD originated from the United States of America.

20. Other liabilities

€ 1,000	2013	2012
Trade payables	**45,016**	46,381
Other liabilities		
Received advance payments	**10**	18
Indirect taxes	**389**	449
Payroll-related liabilities	**1,449**	2,549
Other liabilities	**107**	1,017
Total other liabilities	**1,955**	4,015
Accrued expenses		
Interest	**853**	1,035
Fair value of derivatives in hedge accounting	**1,354**	674
Rebates	**1,078**	1,631
Payroll and social security	**2,981**	4,802
Other accrued expenses	**4,114**	4,923
Total accrued expenses	**10,380**	13,064
Total trade payables and other current liabilities	**57,351**	63,460
Accrued expenses, non-current		
Other accrued expenses	**100**	190
Total accrued expenses, non-current	**100**	190

21. Employee benefits

Suominen has a defined benefit plan in Italy as defined by IAS19. According to the local practice the arrangement is not funded. The total amount of the defined benefit plan is based on the years of employment and the closing payroll of the key personnel. The liability arising from the arrangement is defined by using the actuarial calculations.

As from 1 January 2013 Suominen applies the revised IAS 19 standard for its employee benefits. The impact of the implementation is described in the principles for preparing the consolidated financial statements.

€ 1,000	2013	2012
Arrangements related to post-employment benefits		
Present value of net obligation		
Net obligation on 1 Jan.	**1,092**	873
Interest cost	**35**	43
Actuarial gains (-) and losses (+) recognized in equity	**-18**	247
Expenses recognized in the statement of income	**-85**	-71
Net liability in balance sheet of 31 Dec.	**1,024**	1,092

**Comparison value was revised at the application of the revised IAS 19.*

Change in defined benefit obligation	2013	2012
Fair value on 1 Jan.		
Unfunded	**1,092**	873
Interest cost	**35**	43
Benefits paid	**-85**	-71
Actuarial gains or losses recognized in equity	**-18**	247
Fair value 31 Dec.	**1,024**	1,092
Expenses recognized in the statement of income:		
Interest cost	**35**	43
Benefits paid	**-85**	-71
Total expenses recognized in the statement of income	**-50**	-28
Expenses allocated by function:		
Procurement and production	**-85**	-71
Total expenses allocated by function	**-85**	-71

Principal actuarial assumptions

At 31 Dec.	2013	2012
Discount rate (%)	**3.25**	5.00
Expected rate of inflation (%)	**1.80**	2.00
Expected average remaining working life (years)	**15.70**	16.07

Assets
No assets are included in the arrangement.

Actuarial gains/losses recognized in equity

€ 1,000	2013	2012
Accumulated amount 1 Jan.	**-247**	
Change during year	**18**	-247
Accumulated amount 31 Dec.	**-229**	-247

22. Financing and financial risk management

Suominen Corporation is exposed to several financial risks in its business operations. Risks include foreign exchange risk, interest risk, counterpart risk, liquidity risk and commodity risk. The financing policy approved by Suominen Corporation's Board of Directors defines the authorities, responsibilities and principles to be observed in the group. Financing and financial risk management is the responsibility of the group's financial administration. The purpose of financial risk management is to hedge the group against significant financial risks.

A variety of financial instruments subject to prior approvals are used in risk management. Financial instruments used in hedging are exposed to changes in market prices, the solvency of counterparts or the liquidity of instruments.

Responsibilities and authorities in Suominen Corporation's risk management are defined in the group's financial policy approved and confirmed yearly by the Board of Directors. The President & CEO approves all major funding operations and the main principles to be followed when hedging financial risks. The CFO is responsible for ensuring that the policy is observed throughout the group, and for individual financial operations concerning funding, managing liquidity and financial risks. The financial risk management is centralized to the group's financial administration, who is making all the market operations with the approved counter-parties.

Market risk

a) Foreign exchange risk

The group operates internationally and is therefore exposed to foreign exchange risk related to business transactions and translation of balance sheet items into euro, the operating currency of the parent. The aims of the Company's foreign exchange risk management are to hedge earnings from business operations, and avoid exchange rate losses. Currency transactions are designed to reduce exchange-rate-related risks and avoid losses of this type.

Changes in the exchange rate are impacting the consolidated balance sheet, statement of income and cash flow statement. In addition to the main currency, US dollars, Swedish crown and Polish złoty are causing translation risk to the group.

The foreign exchange transaction position comprises of already known and estimated cash flows for the next 12 months. The main currencies are Swedish crowns, Polish złotys, US dollars and Russian roubles. The transaction risks in Swedish crowns arises mainly from the business transactions in Swedish crowns, Polish złoty risk arises from local production costs while sales are partly in EUR. USD risk arises from business and treasury transactions in US dollars. The hedged foreign exchange position comprising of the sales, purchases and interest payments in foreign currencies for a 12-month period should vary between 3 and 9 months under the hedging policy.

Common derivative contracts are used in hedging, as their pricing can be verified on the market. Suominen does not adopt IAS 39 hedge accounting in currency hedging for the transaction risk. Changes in market values of currency hedging instruments are recognised in profit or loss.

The consolidated transaction position on the balance sheet date:

	Transaction position 2013		Transaction position 2012	
€ 1,000	12 months' cash flow	Currency hedges	12 months' cash flow	Currency hedges
SEK	-2,261	-564	-20,859	7,146
USD	1,510	1,160	-9,448	3,865
PLN	-5,518	2,889	-6,460	2,947
NOK	1,866	-753	2,311	-817
RUB	4,444	-1,412	1,883	-595
Other	445		5,254	
Total nominal value	16,045	6,778	46,215	15,370

The transaction position above includes receivables in foreign currencies total of EUR 5,643 thousand (EUR 5,591 thousand) and payables total of EUR 8,551 thousand (EUR 7,004 thousand). The outflows are in the table showns as negative values and the inflows as positive values.

Correspondingly the translation position is as follows:

Translation position 2013

€ 1,000	Loans granted	Loans taken	Capital investments in foreign subsidiaries	Hedged with loans	Open exposure
SEK		-2,870	3,473		603
PLN	9,823	-656	1,091		10,258
USD	54,910	-17,651	42,138	-28,540	50,856

Translation position 2012

€ 1,000	Loans granted	Loans taken	Capital investments in foreign subsidiaries	Hedged with loans	Open exposure
SEK		-3,106	3,469		363
PLN	9,988	-73	675		10,589
USD	57,395	-14,582	44,407	-29,832	57,387

Loans consist of intra-group loans granted to the foreign subsidiaries (+) and loans taken from them (-). A part of the granted loans can be associated to equity because the repayment is not anticipated. These lendings amount to USD 62.7 million equalling to EUR 45.5 million and PLN 32.5 million equalling to EUR 7.8 million. The translation differences of these lending are recognized in the other comprehensive income. Capital investments in foreign subsidiaries include cash contributions in equity. Suominen has an Equity Hedge program for hedging the translation position in USD. The holding in the subsidiaries in the USA is hedged with an external loan of USD 39 million (USD 39 million in 2012). The exchange rate differences related to the capital investments and the Equity Hedge loan are recognized in the other comprehensive income.

The sensitivity analysis of financial instruments

As required by IFRS 7, the table below summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. In the sensitivity analysis below, the financial instruments include currency forwards, intra-group currency investments, intra-group short-term and long-term currency receivables and payables, granted intra-group loans associated to equity and external net borrowings. External borrowings in the Equity Hedge program are not included in the sensitivity analysis because the foreign exchange differences are fully offset by those in the net investments. Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10%. The exchange rate sensitivity is calculated for the following 12 months by using the rates on the balance sheet date.

2013

€ 1,000	Rate change %	Impact on profit after tax	Impact on equity	Rate change %	Impact on profit after tax	Impact on equity
SEK	10	-184		-10	184	
PLN	10	-124	626	-10	124	-626
USD	11	-826	4,003	-11	826	-4,003
NOK	11	66		-11	-66	
RUB	13	147		-13	-147	
Total		-921	4,629		921	-4,629

2012

€ 1,000	Rate change %	Impact on profit after tax	Impact on equity	Rate change %	Impact on profit after tax	Impact on equity
SEK	9	-697		-9	697	
PLN	10	-76	603	-10	76	-603
USD	11	-714	3,948	-11	714	-3,948
NOK	7	43		-7	-43	
RUB	10	45		-10	-45	
Total		-1,398	4,551		1,398	-4,551

The effectiveness and sensitivity analysis of hedging

The management assesses the hedging effectiveness by combining the estimated net cash flow for 12 months in foreign exchange to the effect of the hedging instruments. Additionally, the management assesses the impact of the changes in exchange rates on the financial instruments and capital investments in foreign currencies. The net impact caused by the change in currency rates as described above on annual profit after taxes in 2013 is estimated to be EUR +/- 0.3 million (+/-0.9) and on equity EUR 4.3 million (+/- 6.0). Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10%. The exchange rate sensitivity is calculated for the following 12 months by using the rates on the balance sheet date.

€ 1,000	Currency strengthens/ weakens %	Impact on 12 months currency cash flow	Impact on hedging instruments	Net impact after tax	Net impact on translation position or equity
SEK	10	+-10	-+ 56	+- 66	+- 194
USD	11	-+ 114	+- 131	-+ 245	+- 3,641
PLN	10	+-428	-+ 296	+- 132	+-511
NOK	11	-+135	-+82	+-53	
RUB	13	-+414	-+ 184	+- 230	
Total		**+-225**	**+- 106**	**+- 331**	**+- 4 346**

b) Interest rate risk

The group's interest rate risks are linked to general increases in interest rates and the associated increases in interest costs. Ideally, it would be possible to compensate for increases in interest rates through stronger business resulting from an improved business climate. Demand for the company's end products is primarily dependent on overall demand for consumer goods, which is subject to relatively little cyclicality. As the business is capital-intensive and the economic lifetime of production equipment is long, the use of fixed interest rates in the company's loan portfolio is to be recommended. However, lower interest costs can be achieved over the long term with short-term interest rates. The interest rate risk associated with the company's loan portfolio is diversified to ensure that the portfolio comprises both floating and fixed interest rates spread over a range of interest periods. The company's Board of Directors has determined the interest rate structure of the loan portfolio and the range in which it can vary. The average interest duration can vary between 12 and 36 months. As of the end of 2013, it was 19 months (22).

The amount of the group's loans with floating interest rate at the end of the year is EUR 92.0 million (101.5), of which 60.4 million were denominated in EUR, 3.0 in Polish złotys and 28.5 million in USD. The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 50.4 million (64.6). In the interest rate swaps, the Suominen Corporation pays approximately 1.4% fixed interest (1.3) and receives 0.25% floating rate (0.54).

The group applies cash flow hedge accounting to interest swap contracts to fix the interest flow of floating-rate loans and to fix the floating interest cash flow that will be realised with high probability in accordance with IAS 39. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedging in respect of interest rate derivatives is obtained by comparing the cash flows of the underlying position and the hedging instrument. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period.

The sensitivity of interest rate risk is calculated on the basis of a 0.5 per cent shift in the interest rate curve. Based on the actual volatility of interest rates over the past 12 months, the probability is highest for long-term loans. A shift in the interest rate curve of 0.5 per cent would have affected the interest costs of the company loans and interest rate swaps during a period of 12 months as follows:

2013

€ 1,000	Change in Interest%	Impact on profit after tax	Impact on Equity	Change in Interest%	Impact on profit after tax	Impact on Equity
Net liabilities	+0.5 %	-368		-0.5%	368	
Interest rate swaps	+0.5 %	237	571	-0.5%	-237	-571
Total		-131			131	

2012

€ 1,000	Change in Interest%	Impact on profit after tax	Impact on Equity	Change in Interest%	Impact on profit after tax	Impact on Equity
Net liabilities	+0.5 %	-404		-0.5%	404	
Interest rate swaps	+0.5 %	358	847	-0.5%	-358	-847
Total		-47			47	

Impact on profit is the result of a change in the interest cash flows. In addition, a change in the value of swap agreements qualifying as cash flow hedges is recorded as an adjustment in the fair value reserve in equity. Cash flows of interest hedging instruments are expected to realise during years 2014–2016.

c) Electricity price risk

Suominen's operational policy on electricity procurement covers purchases of the group's Finnish units and the principles to be followed in managing electricity price risks. An independent consultant is employed to assist the company in electricity purchases and related risk management. Increases in the market price of electricity are managed through the use of fixed-price contracts and electricity derivatives.

The group's electricity price risk exposure is reviewed on a rolling basis in three-year periods. Exposure at the end of 2013 was hedged by establishing that fixed-price electricity will account for 79% (81) of projected usage in 2014, 40% (65) in 2015, and 40% (16) in 2014. Price hedging is done with OTC contracts. According these contracts Suominen pays on average EUR 53.8 / MWh (44.6).

Cash flow hedge accounting is also applied to electricity purchases, to neutralise fluctuations in the price of electricity over specific periods. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period. The effectiveness of hedging is tested on the basis of an established regression. The change in the value of the effective hedging instruments is recognised in the statement of income along with the hedged cash flow.

The price sensitivity of electricity derivatives has been estimated on the basis of the volatility of the prices so that the probability of price changes compared to the year-end price is +/-15%. The volatility has been estimated based on the past price changes and the market view embedded in the option prices.

2013			2012		
Price change € / MWh	Impact on profit After tax	Impact on equity	Price change € / MWh	Impact on profit After tax	Impact on equity
+7	43	347	+12	104	686
-7		-390	-12	-20	-770

d) Credit risks

The most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The biggest ten trade receivables, all related to the nonwoven business, account for 50% of all trade receivables. The credit risk policy approved by the Board of Directors governs the principles to be followed when granting credit to customers and the responsibilities of the organization in this area. Credit is granted to customers after a credit approval process has been completed. In addition, Suominen has limited credit risk insurance cover for designated customers. The credit situation of customers is reported at least once a month to the persons responsible for sales. During the financial year, credit losses recorded through profit and loss totalled EUR 27 thousand (231). The ageing structure of the trade receivables is shown in note 12 to the consolidated financial statements. The maximum amount of credit losses from trade receivables, EUR 38 million, when a 20% coverage of the credit insurance is considered. For the remaining trade receivables the maximum credit risk is close to nominal value.

The Board of Directors has approved a counterpart list of companies and financial institutions with good credit ratings for investment activities and the use of derivative contracts. The amount invested in a single counterpart is capped. Liquid funds are invested with reputable banks with sufficient credit ratings or in commercial papers offering high liquidity and credit ratings. The group's maximum exposure to credit risk is equal to the book value of financial assets at the end of the financial year.

e) Liquidity risk

Suominen aims to maintain adequate financing buffers at all times to be able to meet its short-term commitments. The estimated cash flow from operations, liquid assets, unused loan facilities and committed undrawn facility agreements shall cover projected financing needs for the next 12 months. Refinancing risk is managed by diversifying across financial sources and institutions. In addition, loan maturities are also diversified. The average maturity of drawn loans in accordance with committed facility agreements was 2.2 years (2.7) at year-end. Suominen has a syndicated loan facility that was negotiated in 2012. The facility consists of a loan of EUR 80 million with the final repayment in 2016, EUR 16 million bridge financing maturing in 2014, EUR 20 million revolving credit facility and EUR 8 million facility for trade finance, both bullet loans and maturing in 2016.

Suominen has commercial paper programmes totalling EUR 40 million, fully unused at the year-end.

The maturity of loans and derivatives is presented in the following table. Table includes the undiscounted values of both interest payments and repayments of capital.

31 December 2013 € 1,000	Balance sheet value/ limit	Cash flow	under 6 months	6-12 months	1-2 years	2-4 years
Financial assets						
Trade receivables	46,908	46,908	46,908			
Other receivables	1,829	1,829	1,829			
Cash and at bank	18,585	18,585	18,585			
Total	67,322	67,322	67,322			
Financial liabilities						
Trade payables	45,016	-45,016	-45,016			
Loans from financial institutions	93,327	-104,402	-4,122	-7,774	-9,854	-82,653
Pension loans	1,143	-1,218	-297	-310	-611	
Total	139,486	-150,636	-49,435	-8,084	-10,465	-82,653
Committed credit limits						
Commitment credit limits, over 6 months	20,000					-20,000
Total	20,000					-20,000
Derivative contracts						
Currency forward deals	-35					
Cash flow, receivables		6,464	6,464			
Cash flow, payable		-7,829	-7,829			
Interest rate derivatives						
Hedge accounting	-990	-1,205	-336	-315	-554	
Electricity derivatives						
Hedge accounting	-364	-364	-250		-114	

31 December 2012 € 1,000	Balance sheet value/ limit	Cash flow	under 6 months	6-12 months	1-2 years	2-4 years	over 4 years
Financial assets							
Trade receivables	45,328	45,328	45,328				
Other receivables	1,075	1,075	1,075				
Derivatives in hedge accounting	2	2	2				
Cash and at bank	14,345	14,345	14,345				
Total	60,750	60,750	60,750				
Financial liabilities							
Trade payables	46,381	-46,381	-46,381				
Loans from financial institutions	108,884	-124,836	-7,429	-7,321	-28,314	-81,773	
Pension loans	1,714	-1,932	-303	-325	-1,303		
Capital loans	920	-941	-941				
Guarantee commitments	1,199	-1,199					-1,199
Total	159,098	-175,290	-55,054	-7,646	-29,617	-81,773	-1,199
Committed credit limits							
Credit limits, over 6 months	20,000					-20,000	
Total	20,000					-20,000	
Derivative contracts							
Currency forward deals	-1						
Cash flow, receivable		1,522	1,522				
Cash flow, liability		-13,807	-13,807				
Interest rate derivatives							
Hedge accounting	-1,538	-1,796	-367	-350	-1,113	34	
Electricity derivatives							
Hedge accounting	-282	-282	-224		-58		

23. Capital management

Suominen's capital management aims to support business activities by ensuring good conditions by means of the group's balance sheet and capital structure and to increase the shareholder value by aiming at a competitive re-turn on invested capital. The capital structure shall be such that the debt financing can be ensured.

The Board of Directors monitors the capital structure as regards the equity ratio and gearing. The capital structure can be influenced by dividend policy, share issues and the use of capital loans. The group can buy upon need its own shares, issue new shares or decide to sell assets or parts of businesses to reduce liabilities.

The group's equity ratio (capital loans included in the shareholder's equity) was 32.9% (34.4) at year-end, and it's gearing, capital loans included in the shareholder's equity, was 96.2% (101.0). On balance sheet date the group did not have any capital loans. The group utilizes sale of receivables program releasing capital employed in the balance sheet. At the year-end the amount of sold receivables was EUR 9.1 million.

At the date of the balance sheet, the equity ratio and gearing were as follows:

€ Million	2013	2012*
Interest bearing liabilities	**94.5**	111.5
-Capital loans		-0.9
Interest bearing receivables	**-0.4**	-0.3
Financial assets	**-18.6**	-14.3
(A) Net liabilities	**75.5**	96.0
(B) Shareholder's equity	**78.5**	96.0
(C) Capital loans		0.9
(D) Balance sheet total –advance payments	**238.9**	278.9
Gearing, A/(B+C)	**96.2 %**	101.0 %
Equity ratio, (B+C)/D	**32.9 %**	34.4 %

**Comparison data revised*

The funding is managed by maintaining good relations with the financial institutions. The cooperation with the banks is built on long-lasting relations. The main funding of Suominen is the syndicated loan facility of EUR 158 million. The loan covenants include the debt service ratio and gearing. The covenants in the facility agreement also limit granting collaterals, big business acquisitions, investments, dividends, amount of net liabilities of the group as well as major changes in the business operations and the changes in the supermajority of the ownership of the company. Default in the terms and conditions entitle lenders to use acceleration clauses. Cross default clauses apply for indebtedness in excess of EUR 2.0 million giving the right of other lenders to declare their loans due and payable prior maturity. The dividend payments are limited to EUR 1 million in 2013 and 2014.

The debt service ratio covenant, which is the ratio of senior net debt to EBITDA, has to be less than 2.4 in the end of 2014, whereas it was 2.2 at year-end of 2013. Gearing may not exceed 95% at the end of 2014, when it was 96.2% at year-end of 2013. Investments are limited to EUR 15 million in 2014.

Suominen plans to cover the amortization needs with its cash flow from operations and by sale of non-core business operations and assets.

24. Values of derivative financial instruments

	2013				2012				
Instrument € 1,000	Nominal value	Fair value total	Positive fair value	Negative fair value	Nominal value	Fair value total	Positive fair value	Negative fair value	Note
Currency derivatives									
Held for trading	**14,321**	**-35**	**58**	**-94**	15,370	-1	61	-62	22
Interest rate derivatives									
Held for hedge accounting	**50,425**	**-990**		**-990**	64,648	-1 538		-1 538	22
Electricity derivatives									
Held for hedge accounting	**2,776**	**-364**		**-364**	3,746	-282	2	-284	22
Electricity derivatives, MWh	**61,368**				87,600				

The fair values of the derivatives are recognized in the balance sheet as gross amounts and they can be netted with each other in case of breach of contractual terms or bankruptcy. After the netting, the derivative assets by counterparty would be EUR 0 thousand and the liabilities EUR 1,389 thousand. The group does not have any other material netting contracts for financial assets.

25. Fair value measurement hierarchy

€ 1,000	Level 1	Level 2	Level 3
Assets measured at fair value			
Assets held for sale			939
Total			**939**
Derivatives measured at fair value			
Currency derivatives		-35	
Interest rate derivatives		-990	
Electricity derivatives		-364	
Total		**-1,389**	

During the financial year there were no transfers in the three-level fair value measurement hierachy.

Values in hierachy level 1 are directly based on values quoted in an active market.

The fair value for financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates.

Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor and USD libor curves and discounting future cash flows with relevant interest rates.

If one or more of the significant inputs is based on mangement evaluation and not observable market data, the instrument is included in level 3.

26. Other operating income and expenses

€ 1,000	2013	2012
Other operating income		
Profit from sale of fixed assets	89	241
Indemnities	170	3,176
Rents	228	245
Recovery of bad debts	31	1
Recycled product sales	1,096	2,191
Other operating income	435	3,173
Total	2,048	6,838

Other operating expenses		
Damage expenses and contributions		85
Bad debts	27	224
Other	821	259
Total	849	568

Recycled products are second choice products sold. Insurance indemnity of MEUR 3.1 related to the fire in Mozzate was recognized in statement of income in 2012.

Fees paid to the auditors

€ 1,000	2013	2012
Statutory audit	279	349
Other services	191	174
Total	470	523

27. Non-recurring items

€ 1,000	2013	2012
Restructuring	-1,311	-5,983
Gains from the sales of fixed assets	678	484
Other non-recurring items	-235	
Yhteensä	-868	-5,499

28. Personnel expenses

€ 1,000	2013	2012
Salaries and other compensations	43,416	43,982
Share-based payments	82	134
Pension expenditure		
Defined benefit plans	85	71
Defined contribution plans	3,585	3,643
Other payroll connected expenses	11,709	12,680
Total	58,877	60,510
Average number of personnel	1,037	1,220

Details on employee benefits paid to management are specified in note 37. Related party disclosure.

Personnel expenses included restructuring costs of EUR 0.4 million for Flexibles in 2013 and EUR 0.4 million for Nonwovens in 2012.

29. Depreciation, amortization and impairment losses

€ 1,000	2013	2012
By function		
Production	14,901	15,958
Sales and marketing	461	460
Research and development	898	934
Administration	288	166
Impairment losses, production		5,538
Total continuing operations	16,548	23,056
Discontinued operations	12,312	9,366
Total	28,860	32,422

By asset group		
Buildings and constructions	1,786	2,090
Impairment losses on buildings and constructions		1,434
Machinery and equipment	13,209	13,954
Impairment losses on machinery and equipment		4,104
Other tangible assets	8	13
Other intangible assets	1,545	1,462
Total, continuing operations	16,548	23,056
Discontinued operations	12,312	9,366
Total	28,860	32,422

Depreciation of Codi Wipes and the impairment loss for the goodwill related to its acquisition are included in the discontinued operations.

Impairment losses on buildings, construction and machinery and equipment in 2012 are related to the restructuring in the Nakkila plant of Nonwovens, a total of EUR 5.5 million.

30. Financial income and expenses

€ 1,000	2013	2012
Interest income on financial assets recognized at fair value through profit of loss	36	110
Financial income	36	110
Interest expenses on loans valued at amortized cost	-5,863	-7,694
Exchange rate differences (net)	469	174
Derivatives, not in hedge accounting	165	94
Expenses on sales of receivables	-243	-196
Other financial expenses	-1,763	-2,962
Financial expenses	-7,235	-10,583
Financial income and expenses, total	-7,199	-10,474

Foreign exchange gains and losses recognised in the statement of income

€ 1,000	2013	2012
Net sales	-1,451	-1,207
Other operating income	-27	-27
Cost of goods sold	-259	-135
Financial income and expenses	634	268
Foreign exchange gains and losses, total	-1,103	-1,101

31. Income taxes

€ 1,000	2013	2012
Income taxes for financial year	-4,657	-3,259
Income taxes from previous years	14	14
Deferred taxes	-3,007	1,046
Income taxes total	-7,650	-2,200
Profit before taxes	10,187	-3,031
Tax calculated at the domestic corporate tax rate of 24.5%	-2,496	743
Impact on the change in tax rate in Finland 24.5% -> 20%	854	
Effect of different tax rates in foreign subsidiaries	-1,929	-2,214
Expenses only deductible for tax purposes	374	187
Expenses not deductible for tax purposes	-2,951	-774
Not recognized deferred tax assets on period's taxable losses	-1,519	
Other temporary differences	17	74
Other items		-216
Tax charge total	-7,650	-2,200

32. Earnings per share

€ 1,000	2013	2012
Profit for the period, continuing operations	2,537	-5,231
Profit for the period, discontinued operations	-18,656	-6,641
Profit for the period	-16,119	-11,872
Shares in thousands		
Average weighted number of shares	245,908	245,874
Earnings per share attributable to the equity holders of the company		
- earnings per share before non-recurring items, continuing operations, €	0.01	0.00
- earnings per share, continuing operations, €	0.01	-0.02
- earnings per share, discontinued operations, €	-0.08	-0.03
- earnings per share, €	-0.07	-0.02

Suominen's stock option plan did not have a dilutive effect on earnings per share. The stock option plans expired in 2013 at no value.

When calculating the number of shares and further the earnings per share, the shares payable under the share-based incentive plan are included in the total. The shares payable under the plan did not have any dilutive effect.

33. Adjustments on cash flow statement

Adjustments on operations cash flow from 1 Jan. to 31. Dec.

€ 1,000	2013	2012
Adjustments on profit/loss for the period		
Income taxes	7,650	2,200
Financial income and expenses	7,199	10,474
Depreciation	16,548	26,884
Impairment losses		5,538
Gains and losses on sales of fixed assets	-767	-725
Change in provisions	-147	
Other adjustments	12,255	223
Total	42,739	44,594

Cash flow and thus the adjustments include the discontinued operations.

34. Lease commitments

€ 1,000	2013	2012
Operating leases, real estates		
Minimum lease payments on irrevocable contracts		
Not later than 1 year	3,296	5,489
Later than 1 year and not later than 5 years	12,480	14,373
Later than 5 years	6,896	7,314
Total	22,672	27,177

Nonwoven's long-term contract covering the purchase of process heat from a nearby heating plant is treated as and are included in operating leases, because a major portion of the energy is sold to third parties.

Operating leases, machinery and equipment		
Falling due in 1 year	895	996
Falling due in between 1 year and subsequent 5 years	1,353	1,710
Falling due after five years	125	
Total	2,373	2,706

35. Contingent liabilities

€ 1,000	2013	2012
Secured loans		
Loans from financial institutions	91,345	107,861
Total	91,345	107,861
Nominal values of mortgages		
Real estate mortgages	27,042	27,045
Floating charges*	165,761	193,988
Pledged subsidiary shares and loans	189,699	209,160
Total	382,502	430,193
Other contingent liabilities		
Guarantees on behalf of third parties		1,199
Total		1,199

Guarantees are related to a real estate financial lease granted to a third party. Suominen acquired the real estate in 2013.

** Includes 0.3 MEUR of intangible assets, 75.3 MEUR of tangible assets and 22.1 MEUR of inventories.*

36. Environmental costs

€ 1,000	2013	2012
In the statement of income		
Cost of goods sold	1,465	1,389
- including depreciation	172	218
In the balance sheet		
Tangible assets	601	42

37. Related party transactions

The Suominen Group has related party relationships with the members of the Board of Directors, the President & CEO, the members of the Corporate Executive Team and Ahlstrom Corporation.

€ 1,000	2013	2012
Employee benefits paid to the members of the Board of Directors, the President & CEO, and the members of the Executive Team		
Salaries and other short-term employee benefits	**2,215**	1,386
Post-employment benefits	**224**	38
Share-based payments	**82**	79
Total	**2,621**	1,503

Salaries and other short-term remuneration paid to the members of the Board of Directors and the President & CEO

Jorma Eloranta, Chairman	**56**	53
Risto Anttonen, member until 4 April 2012, Deputy Chairman as from 4 April 2012	**44**	40
Mikko Maijala, Chairman, Deputy Chairman until 4 April 2012	**1**	3
Heikki Mairinoja	**34**	31
Suvi Hintsanen	**34**	31
Hannu Kasurinen as from 4 April 2012	**33**	28
Nina Kopola, President & CEO	**379**	305
Total	**580**	491

The members of the Board of Directors and the members of the Executive Team have no pension arrangements with Suominen. On September 11, 2013 40% of the remuneration to the Board of Directors was paid by company shares (135,931 shares) at the fair value of EUR 69 thousand. This amount is included in the compensations above. Board members were not included in stock option plans. Stock option plans expired in 2013, see Note 16.

A written contract has been made with the President & CEO, under which she shall have a six-month period of notice. Should the company terminate the contract, additional compensation corresponding to the 12 months' salary shall also be paid. The President & CEO has a supplementary pension plan, a cost of 11.5% of her annual income as defined in the Finnish Pension Law. The costs for the supplementary pension plan was EUR 52 thousand and for the statutory pension plan EUR 64 thousand.

Shares held by management on 31 December 2013

The members of the company's Board of Directors and the President & CEO owned, either directly or via a company or organisation in which they held controlling power, 490,171 shares on 31 December 2013. These shares entitle holders to 0.1 per cent of voting rights.

Insiders subject to the declaration requirement	Shares
Jorma Eloranta, Chairman of the Board	117,201
Risto Anttonen, member until 4 April 2012, Deputy Chairman as from 4 April 2012	81,828
Heikki Mairinoja, Member of the Board	156,863
Monaccio Oy	9,900
Suvi Hintsanen, Member of the Board	74,856
Hannu Kasurinen, Member	49,523
Nina Kopola, President & CEO	
Heikki Lassila, Principal Auditor	
Total	**490,171**

No loans, guarantees or other collaterals have been given on behalf of related parties.

Other related-party transactions

€ 1,000	2013	2012
Sales of goods and services	**16,439**	19,653
Purchases of goods and services	**62,342**	54,191
Trade and other receivables	**1,396**	1,049
Trade and other payables	**2,073**	2,165

Other related-party transactions are transactions with Ahlstrom.

Parent Company Statement of Income

1 January–31 December € 1,000	Note	2013	2012
Net sales		**15,208**	13,161
Cost of goods sold		**-782**	-1,020
Gross profit		**14,426**	12,141
Other operating income	2	**177**	129
Sales and marketing expenses		**-1,073**	-94
Research and development		**-2,301**	-3,057
Administration expenses		**-8,513**	-7,162
Other operating expenses	2	**-18,790**	-393
Operating profit before non-recurring items		**-16,075**	1,564
Impairment losses on investments			-8,778
Operating profit		**-16,075**	-7,214
Financial income	6	**18,164**	14,520
Financial expenses	6	**-7,465**	-9,955
Profit before income taxes		**-5,376**	-2,648
Group contributions		**34**	28
Profit before depreciation difference and income taxes		**-5,342**	-2,620
Change in depreciation difference		**-140**	-437
Corporate tax		**-29**	
Profit/loss for the period		**-5,511**	-3,058

Parent Company Balance Sheet

31 December € 1,000	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	5, 7	**8,003**	8,868
Tangible non-current assets	5, 8	**164**	127
Shares and participations			
Participations in group companies	9	**115,416**	131,241
Other shares and participations	9	**923**	9
Loans receivable			
Loans receivable from group companies		**39,898**	77,384
Non-current assets, total		**164,403**	217,629
Current assets			
Loan receivables		**131**	
Other current receivables	10	**66,301**	35,383
Cash at bank and in hand		**15,945**	10,983
Current assets, total		**82,377**	46,366
Assets, total		**246,780**	263,995
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	**11,860**	11,860
Share premium account	11	**24,681**	24,681
Other shareholders' equity	11	**79,251**	84,693
Shareholders' equity, total		**115,791**	121,234
Appropriations			
Accumulated depreciation difference		**1,341**	1,201
Compulsory provisions	14		280
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	13	**65,862**	85,291
Non-current liabilities, total		**65,862**	85,291
Current liabilities			
Capital loans	13		920
Interest-bearing liabilities			
Loans from financial institutions	13	**23,486**	20,071
Loans from group companies	13	**36,541**	31,834
Trade payables and other current liabilities	15	**3,758**	3,164
Current liabilities, total		**63,786**	55,989
Liabilities, total		**129,648**	141,280
Shareholders' equity and liabilities, total		**246,780**	263,995

Parent Company Cash Flow Statement

1 January–31 December

€ 1,000	Note	2013	2012
Operations			
Profit/loss for the period		**-5,511**	-3 058
Adjustments on profit/loss for the period	17	**9,185**	5,737
Cash flow before change in working capital		**3,674**	2,679
Increase/decrease in current non-interest-bearing receivables		**705**	8,154
Increase/decrease in current non-interest-bearing liabilities		**1,344**	-2,058
Cash flow before financial income/expenses and taxes		**5,723**	8,775
Interest expenses paid and received		**-2,240**	-1,680
Cash flow from operations		**3,483**	7,095
Investments			
Investments	7, 8, 9	**-1,884**	-4,245
Investments in group companies		**-8,234**	-2,500
Discontinued operations		**6,223**	
Change in non-current loan receivable		**37,486**	2,721
Change in current loan receivable		**-31,753**	-2,563
Cash flow from investments		**1,838**	-6,587
Financing			
Change in non-current loans		**-19,429**	-49,639
Change in capital loans		**-920**	-920
Change in current loans		**3,415**	143
Dividends received		**11,869**	6,245
Other financial items		**4,706**	17,714
Cash flow from financing		**-359**	-26,457
Change in cash and cash equivalents		**4,962**	-25,949
Cash and cash equivalents 1 Jan.		**10,983**	36,932
Change in cash and cash equivalents		**4,962**	-25,949
Cash and cash equivalents 31 Dec.		**15,945**	10,983

Notes to the Financial Statements of the Parent Company

1. Principles for preparing the financial statements of the Parent Company

The financial statements of Suominen Corporation have been prepared according to Finnish Accounting Standards (FAS).

Fixed assets

Fixed assets are entered in the balance sheet at direct acquisition cost less planned depreciation. They are depreciated with planned straight-line depreciation calculated on the basis of their probable economic life.

The depreciation periods are:	
Vehicles	4 years
Machinery and equipment	4–10 years
Intangible assets and other long-term expenditure	4–10 years

Depreciation is calculated starting from the period the fixed assets become operational.

Net sales

Indirect sales taxes, discounts provided, and foreign exchange differences from sales are deducted from sales revenue. Net sales consist of sales of intra-group services.

Pension costs

All employees of the company are included in a mandatory pension insurance policy taken out with an insurance company. Pension costs are accrued following the same timing and principles as salaries.

Items denominated in foreign currencies

Business transactions denominated in foreign currencies are entered at the exchange rates current on the date of transaction. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the balance sheet date.

The exchange rate differences from business transactions, receivables, and liabilities are recognized in the statement of income. Gains and losses on the forward contracts hedging sales income and purchases are entered as other operating income and expenses. The net sum of exchange rate differences on other financial instruments is entered in financial income and expenses.

Derivatives

Unrealized marked-to-market values of derivatives and realized gains and losses of matured the derivatives are immediately recognized in the other operating income and expenses.

Interest rate and electricity derivatives are marked to market on the balance sheet date. When a derivative matures, the interest income or expense of an interest rate derivative is recognized in the financial income and expenses, and the clearing gain or loss of a electricity derivative is recognized in profit or loss as adjustment to electricity purchases.

Shares and participations

Investments to subsidiaries are valued at acquisition cost. The valuation of listed shares is based on fair value, which is the market value on the balance sheet date. Unlisted shares are valued at acquisition cost, because no reliable fair values are available.

Impairment charge is booked when there is reliable external evidence, that the fair value is permanently reduced.

Income taxes

Accrual-based taxes determined in accordance with the financial results of the company, paid taxes and received advances from previous periods following the local legal requirements, are included in the statement of income.

2. Other operating income and expenses

€ 1,000	2013	2012
Other operating income		
Recovered bad debts	88	54
Recovered VAT from previous year		62
Gains from currency derivatives	86	13
Other	3	
Total	177	129
Other operating expenses		
Losses from sales on non-current assets	18,411	
Reversal of compulsory provisions	135	
Losses from currency derivatives	230	383
Other	14	10
Total	18,790	393

3. Personnel expenses

€ 1,000	2013	2012
Salaries and other compensations	3,766	1,705
Pension expenditure		
Defined contribution plans	382	350
Other payroll connected expenses	270	41
Total	4,418	2,096
Salaries and bonuses paid to management		
Members of the Boards of Directors, and President & CEO	580	491

The President & CEO of the Company has a statutory pension insurance and a supplementary pension plan, a cost of 11.5% of her annual income as defined in the Finnish Pension Law.

Average number of personnel	22	9

4. Fees paid to auditors

€ 1,000	2013	2012
Statutory audit	101	86
Other services	74	77
Total	175	163

5. Depreciations and impairment charges

€ 1,000	2013	2012
By function		
Production	1	
Research and development	1,593	1,017
Administration expenses	143	70
Impairment losses, administration		8,778
Total	1,737	9,865
By asset group		
Machinery and equipment	37	10
Other intangible assets	1,700	1,077
Impairment losses		8,778
Total	1,737	9,865

6. Financial income and expenses

€ 1,000	2013	2012
Interest income	6,295	7,489
Dividend income	11,869	6,246
Other financial income	-318	786
Interest expense	-5,671	-7,225
Other financial expenses	-1,476	-2,730
Muut rahoituskulut	-1,476	-2,730
Total	10,699	4,566

7. Intangible assets

€ 1,000	Intangible rights	Advance payments and work in progress	Total 2013	Total 2012
Acquisition cost 1 Jan.	9,655	640	10,295	6,162
Increase	133	702	835	4,133
Transfers between items	341	-341		
Acquisition cost 31 Dec.	10,129	1,001	11,130	10,295
Accumulated depreciation 1 Jan.	-1,427		-1,427	-350
Depreciation for the financial year	-1,700		-1,700	-1,077
Accumulated depreciation 31 Dec.	-3,127		-3,127	-1,427
Book value 31 Dec.	7,002	1,001	8,003	8,868

8. Tangible assets

€ 1,000	Machinery and equipment	Other tangible assets	Total 2013	Total 2012
Acquisition cost 1 Jan.	340	16	**356**	244
Increase	75		**75**	112
Writedowns	-2		**-2**	
Acquisition cost 31 Dec.	413	16	**429**	356
Accumulated depreciation 1 Jan.	-229		**-229**	-219
Depreciation for the financial year	-37		**-37**	-10
Accumulated depreciation 31 Dec.	-266		**-266**	-229
Book value 31 Dec.	147	16	**164**	127

9. Shares and participations

€ 1,000	Participations in group companies	Other shares	Total 2013	Total 2012
Acquisition cost 1 Jan.	131,241	9	**131,250**	137,528
Increases	8,218	914	**9,132**	2,500
Impairment losses	-24,043		**-24,043**	-3,778
Acquisition cost 31 Dec.	115,416	923	**116,339**	131,250

Group companies	Percentage of total number of shares and voting power
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Suominen Flexible Packaging Ltd., Tampere, Finland	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere, Finland	100.0
Suominen Italy Holding, s.r.l., Mozzate, Italy	100.0
Suominen Spain Holding, S.A., Alicante, Spain	100.0
Suominen US Holding, Inc.,Windsor Locks, The United States of America	100.0
Owned through subsidiaries:	
	100.0
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0
Cressa Nonwovens s.r.l.,Mozzate, Italy	100.0
Mozzate Nonwovens s.r.l., Mozzate, Italy	100.0
Alicante Nonwovens S.A.U., Alicante, Spain	100.0
Bethune Nonwovens, Inc., Bethune, The United States of America	100.0
Green Bay Nonwovens, Inc., Green Bay, The United States of America	100.0
Windsor Locks Nonwovens, Inc., Windsor Locks, The United States of America	

Real estate companies
(in other shares and participations in the balance sheet)

	Percentage of total number of shares and voting power	Number of shares pcs	Nominal value of shares € 1,000	Book value of shares € 1,000	Shareholders' equity of the company € 1,000	Profit/loss in the latest financial statements € 1,000
Real estate companies						
Kiinteistö Oy Virtain Inkantie 62, Virrat	100.0	5,000	0	0	949	
Participating interests						
Kiinteistö Oy Killinpolku, Virrat, Finland	25.0	1	8	8	112	

10. Other current receivables

€ 1,000	2013	2012
Trade receivables		18
Other receivables	228	158
Accrued income and prepaid expenses		
Social security and healthcare	2	3
Indirect tax	71	25
Gains from currency derivatives	9	28
Loan provisions and arrangement fees	3,031	4,091
Other	504	25
Accrued income and prepaid expenses, total	3,617	4,172
Receivables from group companies		
Interest-bearing receivables	60,943	29,320
Other receivables	1,513	1,715
Total	62,456	31,035
Other current receivables, total	66,301	35,383

11. Shareholders' equity

€ 1,000	2013	2012
Share capital 1 Jan. and 31 Dec.	11,860	11,860
Share premium account 1 Jan. and 31 Dec.	24,681	24,681
Reserve for own shares 1 Jan. and 31 Dec.	-44	-44
Invested non-restricted equity fund 1 Jan.	97,054	97,054
Conveyance of own shares	69	
Invested non-restricted equity fund 31. Dec	97,123	97,054
Retained earnings 31 Dec.	-12,318	-9,260
Profit for the period	-5,511	-3,058
Shareholders' equity 31 Dec.	115,791	121,234

Distributable assets		
Retained earnings 31 Dec.	-12,318	-9,260
Invested non-restricted equity fund	97,123	97,054
Own shares	-44	-44
Non-restricted equity 31 Dec.	84,762	87,750
Profit for the period	-5,511	-3,058
Distributable assets	79,251	84,693

12. Share capital

See note 15 in notes to the consolidated financial statements.

13. Interest-bearing liabilities

€ 1,000	2013	2012
Current*		
Repayment of capital loans		920
Repayment of non-current liabilities		
Loans from financial institutions	22,915	19,500
Pension loans	571	571
Repayment of non-current liabilities	23,486	20,071
Current loans		
Loans from group companies	36,541	31,834
Total current interest-bearing liabilities	60,027	52,825
Non-current		
Loans from financial institutions	65,291	83,720
Pension loans	571	1,143
Loans from group companies		428
Total non-current interest-bearing liabilities	65,862	85,291
Interest-bearing liabilities, total	125,888	138,116

** In the balance sheet under current liabilities.*

Repayments

€ 1,000	2014	2015	2016	2017	2018-
Repayments of non-current loans in future					
Loans from financial institutions	22,915	7,500	57,790		
Pension loans	571	571			
Total	23,486	8,071	57,790		

14. Provisions

€ 1,000	2013	2012
Provisions 1 Jan.	**280**	280
Decrease	**-280**	
Provisions 31 Dec.		280

Compulsory provision against estimated financial losses on rental liability of discontinued business operation was reversed in 2013.

15. Trade payables and other current liabilities

€ 1,000	2013	2012
Trade payables	**852**	954
Other current liabilities	**89**	64
Accrued expenses		
Interest	**812**	960
Payroll and social security	**1,460**	413
Losses from currency derivatives	**66**	
Other accrued expenses	**383**	200
Accrued expenses, total	**2,721**	1,573
Liabilities to group companies		
Other liabilities	**96**	573
Trade payables and other current liabilities, total	**3,758**	3,164

16. Contingent liabilities

€ 1,000	2013	2012
Guarantees for loans		
Guarantees on behalf of group companies	**5,033**	5,670
Other contingent liabilities		
Guarantees on behalf of group companies	**5,904**	4,583
Guarantees on behalf of third parties		1,199
Total	**10,937**	11,452
Nominal values of mortgages		
Pledged business mortgages, subsidiary shares and loans	**215,560**	232,319
Total	**215,560**	232,319
Operating leases		
Falling due next year	**113**	87
Falling due in subsequent years	**147**	221
Total	**260**	308
Rent liabilities		
Falling due next year	**203**	13
Falling due later	**176**	
Total	**379**	13

17. Adjustments on cash flow statement

Adjustments on operations cash flow 1 January–31 December

€ 1,000	2013	2012
Adjustments on profit/loss for the period		
Change in depreciation difference	**140**	437
Group contributions	**-34**	-28
Financial income and expenses	**-10,699**	-4,566
Corporate taxes	**29**	
Depreciation	**1,737**	1,087
Impairment losses on non-current assets		8,778
Gains and losses from disposals for non-current assets	**17,820**	
Other adjustments	**192**	28
Total	**9,185**	5,737

Signing of the report by the Board of Directors and the Financial Statements

Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2014 for the distribution of profit as follows:

Parent Company profit for 1 January–31 December 2013	-5,510,970.60 €
Retained earnings according to the Parent Company balance sheet	-12,317,795.44 €
Invested non-restricted equity fund	97,123,011.31 €
Own shares	-43,619.21 €
Total	79,250,626.06 €
Board proposes that no dividend is paid for the financial year	0.00 €
Leaving on the non-restricted equity	79,250,626.06 €

The financial position of the company has not materially changed after the balance sheet date.

Helsinki, 30 January 2014

Jorma Eloranta Chairman	Heikki Mairinoja	Risto Anttonen
Suvi Hintsanen	Hannu Kasurinen	Nina Kopola President & CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, 30 January 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Suominen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Suominen Corporation for the year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, statement of income, 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 President & CEO

The Board of Directors and the President & CEO 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 President & CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to 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 or the President & CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they 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.

Helsinki, 30 January 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Share Capital and Shareholders

Distribution of share ownership on 31 December 2013

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1–100	270	8.4%	16,706	0.0%
101–500	634	19.7%	194,709	0.1%
501-1,000	517	16.1%	431,297	0.2%
1,001-5,000	1,129	35.1%	2,923,052	1.2%
5,001-10,000	289	9.0%	2,278,157	0.9%
10,001–50,000	293	9.1%	6,008,926	2.4%
50,001–100,000	39	1.2%	2,850,776	1.1%
100,001–500,000	22	0.7%	4,852,291	2.0%
over 500,000	26	0.8%	226,433,573	91.3%
	3,219	100.0%	245,989,487	99,2%
Shares held by the company			1,924,367	0.8%
Shares not transferred to the book-entry system			20,268	0.0%
Total	**3,219**		**247,934,122**	**100.0 %**
out of which shares registered in a nominee's name	7		359,482	0.1 %

Shareholders by category on 31 December 2013	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	168	5.2%	110,091,477	44.4%
Financial institutions and insurance companies	6	0.2%	22,473,865	9.1%
Public institutions	6	0.2%	67,137,497	27.1%
Non-profit organisations	24	0.7%	15,332,490	6.2%
Individuals	3,001	93.4%	29,486,772	11.9%
Foreign shareholders	7	0.2%	1,107,904	0.4%
	3,212	100.0%	245,630,005	99.1%
Shares registered in a nominee's name	7		359,482	0.1%
Shares held by the Company			1,924,367	0.8%
Shares not transferred to the book-entry system			20,268	0.0%
Total	**3,219**		**247,934,122**	**100.0%**

The largest shareholders on 31 December 2013

Shareholder	Total shares held	Percentage of shares and voting power
1. Ahlstrom Corporation	66,666,666	26.9%
2. Ilmarinen Mutual Pension Insurance Company	26,422,103	10.7%
3. Varma Mutual Pension Insurance Company	22,500,000	9.1%
4. Finnish Industry Investment Ltd	22,212,575	9.0%
5. Mandatum Life Insurance Company Limited	20,759,500	8.4%
6. Tapiola Mutual Pension Insurance Company	14,123,255	5.7%
7. Oy Etra Invest Ab	12,223,320	4.9%
8. Evald ja Hilda Nissi Foundation	6,943,646	2.8%
9. Heikki Bergholm	4,885,562	2.0%
10. The Finnish Innovation Fund Sitra	4,444,444	1.8%
11. Juhani Maijala	3,286,743	1.3%
12. Mikko Maijala	3,017,337	1.2%
13. Onninen-Sijoitus Oy	2,500,000	1.0%
14. Yleisradion Eläkesäätiö	2,222,222	0.9%
15. Finnish Cultural Foundation	2,018,588	0.8%
16. Apteekkien Eläkekassa	1,820,934	0.7%
17. Eeva Maijala	1,793,635	0.7%
18. Harald Relander	1,290,000	0.5%
19. Oy Chemec Ab	1,216,112	0.5%
20. Veikko Laine Oy	1,110,400	0.4%

Key figures

Adjusted key figures per share

	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Earnings/share (EPS) before non-recurring items, €	**0.01**	0.00	-0.08	-0.15	0.01
Earnings/share (EPS) from continuing operations, €	**0.01**	-0.02	-0.12	-0.32	-0.01
Earnings/share (EPS) from discontinued operations, €	**-0.08**	-0.03	0.01	-0.02	0.03
Earnings/share (EPS) from continuing and discontinued operations, €	**-0.07**	-0.05	-0.11	-0.34	0.02
Earnings/share (EPS) from continuing and discontinued operations before share issue, €					0.04
Cash flow from operations/share, €	**0.09**	0.10	-0.03	-0.06	0.74
Cash flow from operations/share before share issue, €					1.13
Equity/share, €	**0.32**	0.39	0.44	0.70	1.01
Equity/share before share issue, €					1.55
Dividend/share, €					0.02
Dividend/earnings, %					84.4
Dividend/earnings before share issue, %					55.2
Dividend/cash flow from operations, %					2.7
Dividend/cash flow from operations before share issue, %					1.8
Dividend yield, % *					1.3
P/E ratio	**-7.32**	-7.25	-3.51	-1.51	67.0
P/E ratio before share issue					43.8
Share price					
lowest, €	**0.34**	0.33	0.36	0.48	0.65
highest, €	**0.61**	0.47	0.64	1.74	1.93
average, €	**0.48**	0.39	0.49	0.79	1.27
at year end, €	**0.48**	0.35	0.39	0.52	1.59
Market capitalization on 31 Dec, € million	**118.1**	86.1	95.9	24.6	37.7
Number of shares					
average during the year	**245,907,846**	245,873,824	85,887,023	35,532,883	23,707,065
at year end	**246,009,755**	245,873,824	245,873,824	47,226,209	23,709,430
adjusted with share issue (factor 1.53)				41,768,853	36,254,774
Number of shares traded as	**11,332,737**	3,660,581	3,930,341	6,639,579	3,306,822
percentage of the average during the year	**4.6**	1.5	4.6	18.7	13.9
percentage of the average during the year, adjusted with share issue				15.9	9.1

No dividends were paid during the financial year.

Key figures on financial performance

	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Net sales, continuing operations, € million	**433.1**	410.4	164.1	122.7	121.5
Export and international operations, continuing operations, € million	**405.5**	386.4	136.5	95.6	91.7
as % of net sales	**93.6**	94.2	83.2	77.9	75.4
Operating profit from continuing operations before non-recurring items, € million	**18.3**	12.9	-2.6	-2.7	5.3
as % of net sales	**4.2**	3.2	-1.6	-2.2	4.4
Operating profit from continuing operations, € million,	**17.4**	7.4	-6.3	-9.7	4.7
as % of net sales	**4.0**	1.8	-3.8	-7.9	3.9
Profit / loss for the period before taxes, € million	**10.2**	-3.0	-11.4	-14.3	-0.7
as % of net sales	**2.4**	-0.7	-6.9	-11.7	-0.6
Profit / loss for the period from continuing operations, € million	**2.5**	-5.2	-10.6	-13.4	-0.4
as % of net sales	**0.6**	-1.3	-6.4	-10.9	-0.3
Profit / loss for the period from discontinued operations, € million	**-18.7**	-6.6	1.0	-1.0	1.2
as % of net sales	**-4.3**	-1.6	0.6	-0.8	1.0
Profit for the period, € million	**-16.1**	-11.9	-9.5	-14.4	0.9
as % of net sales	**-3.7**	-2.9	-5.8	-11.7	0.7
Cash flow from operations, € million	**21.3**	24.9	-2.9	-2.5	26.8
Balance sheet total, € million	**238.9**	278.9	338.1	119.4	122.8
Return on equity (ROE), %	**-18.6**	-11.2	-20.9	-37.3	2.4
Return on invested capital (ROI), %	**-0.6**	0.4	-3.7	-10.6	6.4
Equity ratio, %	**32.9**	34.4	32.2	27.9	29.9
Equity ratio, %, capital loans in equity	**32.9**	34.8	32.8	32.9	36.4
Gearing, %	**96.2**	101.0	111.0	174.0	161.2
Gearing, %, capital loans in equity	**96.2**	98.8	107.5	132.1	114.4
Gross investments, continuing operations, € million	**5.6**	3.3	3.6	5.6	3.5
as % of net sales	**1.3**	0.8	2.2	4.6	2.9
Expenditure on R&D, continuing operations, € million	**3.3**	3.6	1.6	1.8	1.7
as % of net sales	**0.8**	0.9	1.0	1.5	1.4
Average personnel	**1,037**	1,220	907	901	944

Calculation of the key figures

Earnings/share

$$\frac{\text{profit before income taxes - income taxes}}{\text{adjusted number of shares held outside the group (average)}}$$

Cash flow from operations/share

$$\frac{\text{cash flow from operations as in the cash flow statement}}{\text{adjusted number of shares held outside the group (average)}}$$

Equity/share

$$\frac{\text{shareholders' equity}}{\text{adjusted number of shares held outside the group at year end}}$$

Dividend/share

$$\frac{\text{dividend/share for the financial year}}{\text{adjustment coefficient for share issues after the financial year}}$$

Dividend/earnings, %

$$\frac{\text{dividend/share x 100}}{\text{earnings/share}}$$

Dividend/cash flow from operations, %

$$\frac{\text{dividend/share x 100}}{\text{cash flow from operations/share}}$$

Dividend yield, %

$$\frac{\text{dividend/share x 100}}{\text{adjusted share price at year end}}$$

P/E ratio

$$\frac{\text{adjusted share price at year end}}{\text{earnings/share}}$$

Market capitalization

Number of shares held outside the group at year end x adjusted share price at year end

Return on equity (ROE), %

$$\frac{\text{(profit before income taxes - income taxes) (last 12 months) x 100}}{\text{shareholders' equity (quarterly average)}}$$

Return on invested capital (ROI), %

$$\frac{\text{(profit before income taxes + profit from discontinued operations + interest and other financial expenses) (last 12 months) x 100}}{\text{(balance sheet total - non-interest bearing liabilities) (quarterly average)}}$$

Equity ratio, %

$$\frac{\text{shareholders' equity x 100}}{\text{balance sheet total - advances received}}$$

Gearing, %

$$\frac{\text{(interest-bearing liabilities - interest-bearing receivables - cash at bank and in hand) x 100}}{\text{shareholders' equity}}$$

Information for shareholders

Financial Information

In 2014, Suominen Corporation will publish financial reports as follows:
Interim Report 1 January–31 March on 29 April 2014
Interim Report 1 January–30 June on 18 July 2014
Interim Report 1 January–30 September on 24 October 2014

Financial Statement Release of 2013 was published on 30 January 2014. Financial reports and other Stock Exchange Releases are published in Finnish and English and are available on the company's website www.suominen.fi immediately after publication. The internet pages also contain information on how to join the mailing list for releases. All financial reports and other releases will be distributed via e-mail. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Wednesday 26 March 2014, at 10 a.m. in the Finlandia Hall (Kongressisiipi, B Hall), address Mannerheimintie 13 e, Helsinki. The reception of persons who have registered for the meeting will commence at 9.00 a.m.

Notice of the Annual General Meeting has been announced as stock exchange release on 5 February 2014. All materials to the Annual General Meeting are available on the company's website www.suominen.fi

Shareholders who are entered in the Company's Register of Shareholders maintained by Euroclear Finland Ltd on 14 March 2013 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 pm on 21 March 2013, either

a) by e-mail at agm@suominencorp.com,
b) by telephone at +358 (0)10 214 3551 (weekdays from 8.00am to 4.00pm)
c) in writing to Suominen Corporation, Itämerentori 2, FI-00180 or
d) by fax at +358 (0)9 773 1109.

The notice of attendance must include the name of the shareholder, his or her personal id number, address, phone number and the name of an eventual assistant or representative and the representative's personal id number.

Payment of the dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year of 2013.

Investor relations

Investor relations of Suominen Corporation are the responsibility of Anu Heinonen, Vice President, Corporate Communications & IR, tel. +358 10 214 3555. Requests for management appointments shall be addressed to Eeva Oinonen, Executive Assistant, PA to President and CEO, tel. +358 (0)10 214 3551. E-mail addresses follow the format firstname.lastname@suominencorp.com.

Suominen's silent period commences at the end of a reporting period and ends when the interim report of financial statements release concerning the financial period in question has been published. No meetings between investors and company representatives will be arranged, nor will any comments on financial performance or development be issued during the silent period.

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