Financial statements

1 January–31 December 2014

Contents

Report by the Board of Directors 2014

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 2013 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.

Suominen's highlights in 2014

- The transformation of Suominen to a nonwovens company operating on three continents was finalized.
- The company strengthened its financial position, which enabled the company to renew and expand its financing.
- The profitability of Suominen improved clearly and the company generated a strong cash flow throughout the year.
- The updated strategy targets growth and benefits from the opportunities offered by Suominen's strong financial status and leading market position.
- Suominen's Board of Directors proposes to the Annual General Meeting a EUR 0.01 per share fund distribution from the financial year 2014, in total approximately EUR 2.5 million.

Financial development in a nutshell

Suominen's business developed in accordance with the company's strategy in 2014. The successful execution of the strategy was reflected also in the financial indicators. In 2014, the company achieved the targeted level for all of the financial targets set by the Board of Directors: the return on investments (ROI) of continuing operations increased to 15.7% (target level >10%) and gearing ratio fell to 34.7% (target level 40–80%). The third target, organic net sales growth at a rate faster than the industry average (some 3%), was also achieved. Net sales from Suominen's continuing operations increased organically by 3.5%.

Suominen's net sales from continuing operations grew in total by 7.5% from the comparison period to EUR 401.8 million (373.7). Operating profit before non-recurring items from continuing operations amounted to EUR 26.9 million (19.4). Operating profit after non-recurring items was EUR 25.9 million (18.9). The non-recurring items reported in the review period totaled EUR -1.0 million (-0.5). Profit before taxes from continuing operations was EUR 17.8 million (13.1) and profit for the period was EUR 10.2 million (5.7). Earnings per share from continuing and discontinued operations was EUR 0.02 (-0.07) and cash flow per share EUR 0.15 (0.09).

The market environment continued to be divided also in 2014. In North America, the other of the two principal market regions of Suominen, the overall economic situation was more positive, which was mirrored in the demand for the products supplied by Suominen. In Europe, the economic outlook was more uncertain and the competition remained tough for the most of the year. At the latter half of the year, the demand in Europe improved.

Financial position strengthened, financing renewed and diversified

Suominen's balance sheet developed favorably in 2014. Based on the strong cash flow from operations and the company's healthy financial status, Suominen had the opportunity for refinancing, implemented in September 2014. The syndicated credit facility withdrawn in 2011 was fully amortized and its mortgages were released. As a substitute, Suominen issued a EUR 75 million bond and agreed of a new syndicated EUR 55 million loan facility with banks. The new loan facility consists of a term loan of EUR 10 million with a maturity of three years; a multicurrency revolving credit facility of EUR 30 million with a maturity of four years; and an investment loan of EUR 15 million with a maturity of four years. The refinancing enables Suominen to execute its growth strategy in 2015–2017.

Determined execution of the strategy

In 2014, Suominen's strategy, with cornerstones The Suominen Way, Step Change in Profitability and In the Lead, was implemented tenaciously.

The renewed Group structure, organization, management system, and operating model were effective as of 1 January 2014. Through the changes implemented, Suominen will become an even more focused and agile company. The company'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.

Suominen became a company with a full focus on nonwovens, operating in three continents

Suominen expanded its operations to the growing nonwovens markets of South America through the acquisition of Paulínia plant in Brazil from Ahlstrom Corporation on February 2014. The enterprise value of the transaction was EUR 17.5 million and it was financed by issuing a convertible hybrid bond of EUR 17.5 million.

Suominen divested its Flexibles business area in July. The divestment completed Suominen's transformation from a company with three equal businesses into a company focusing entirely on nonwovens. Now Suominen can, in line with its strategy, concentrate even more intensely on developing its nonwovens business and further strengthening its globally leading market position.

Updated strategy aims at profitable growth

In October, Suominen published its strategy for the period 2015–2017. In the strategy for the coming years, Suominen emphasizes its active development into a forerunner in its industry. In terms of financial targets, Suominen will – more strongly than earlier – focus on growing its organic net sales at a rate that exceeds the industry average. In the execution of the strategy Suominen can utilize the opportunities offered by its strong financial status and leading market position.

Alongside with the growth targets, Suominen continues to uphold its relative profitability and stable financial position. Goal is to achieve a return on investment (ROI) of more than 12% in the future, and to maintain a healthy gearing ratio, i.e. between 40 and 80%.

Proposal to distribute funds in accordance with the dividend policy to the Annual General Meeting 2015

In connection with the strategy update, Suominen's Board of Directors approved a dividend policy for the company. Suominen's policy is to distribute approximately 30% of its profit for the period in annual dividends. In assessing its proposal for the payment of dividends, the company's Board of Directors will also consider Suominen's future investment needs and the solidity of its financial position.

The Board of Directors of Suominen proposes to the Annual General Meeting that funds shall be distributed EUR 0.01 per share of the financial year 2014. Should the Annual General Meeting approve the proposal, Suominen would distribute its first funds in five years in spring 2015.

Suominen's Corporate Governance Statement of 2014 has been published as a separate statement at Suominen website, www.suominen.fi. Additionally, Suominen has published its Remuneration Statement for 2014, available at the same website.

Group net sales and financial result (continuing operations)

On 31 December 2014 Suominen has two business areas, Convenience and Care. Convenience business area supplies nonwovens as roll goods for wiping products. Care business area manufactures nonwovens for hygiene products and medical applications. Suominen divested its Flexibles business area in July 2014.

In the interim report for January-March 2014, Convenience and Care business areas were reported in Nonwovens segment and Flexibles business area as an independent segment. As from the interim report for January-June 2014, Suominen has not reported any segments.

Suominen's net sales from continuing operations grew by 7.5% from the comparison period to EUR 401.8 million (373.7). Net sales of Convenience business area were EUR 369.4 million and net sales of Care business area EUR 32.3 million.

Operating profit before non-recurring items from continuing operations increased by 38% and amounted to EUR 26.9 million (19.4). Operating profit after non-recurring items was EUR 25.9 million (18.9). The non-recurring items reported in the review period totaled EUR -1.0 million (-0.5), of which EUR -1.2 million were costs related to restructuring measures and to the acquisition of the Brazilian unit; and EUR 0.2 million were items related to the closing down of the fiber production in Nakkila in 2012. Profit before taxes was EUR 17.8 million (13.1). Profit for the period from continuing operations was EUR 10.2 million (5.7) and from discontinued operations EUR -5.2 million (-21.8). The Group profit for the period was EUR 5.0 million (-16.1).

Cash flow from operations was EUR 37.1 million (21.3) in January-December. As of the beginning of the year, EUR 6.1 million (6.5 released) in working capital was released.

Business combinations and discontinued operations

Business combinations

Suominen completed the acquisition of Paulínia plant in Brazil from Ahlstrom Corporation on 10 February 2014. The Paulínia plant was part of Ahlstrom's former Home and Personal business operations, acquired by Suominen in 2011, but the acquisition of the Brazilian unit was prolonged due to delay in receiving approval from the authorities and consequent renegotiations. The transaction was implemented through acquisition of the shares of the local company. The enterprise value of the transaction was EUR 17.5 million and the final consideration EUR 19.6 million.

Due to the transaction Suominen's nonwovens business has now a foothold in the growing South American market region. The acquired plant is the only nonwovens manufacturing facility utilizing modern spunlace technology in production of wiping products in Brazil. The plant employs some 40 people and its annual net sales have amounted approximately to EUR 20 million.

Discontinued operations

Suominen reports in the discontinued operations the Flexibles business area, divested in July 2014, and Codi Wipes business unit, divested in summer 2013. Prior to June 2014 Flexibles business was reported as an individual segment and prior to June 2013, Codi Wipes as part of Suominen's Wiping segment.

The enterprise value of the Flexibles business amounted to EUR 20.3 million, which includes a contingent consideration of EUR 1.0. At the time of the closing of the deal, on 14 July 2014, Suominen had a loan receivable of EUR 8.5 million. Suominen retains a minority shareholding of 19.9% in the divested business. The cash component of the purchase price amounted to EUR 5.7 million. A revised non-recurring loss of EUR 5.9 million was recognized.

Suominen reported a non-recurring loss totaling EUR 5.2 million in January-December 2014 in its discontinued operations.

The profit after taxes from discontinued operations was EUR -21.8 million in January–December 2013.

Group result (including discontinued operations)

The Group result in 2014 including the discontinued operations was EUR 5.0 million (-16.1).

Net sales and operating profit

€ 1,000	2014	2013	Change %	2012
Net sales	401,762	373,684	7.5	356,883
Operating profit	25,897	18,916	36.9	8,920

Financing

In September 2014, Suominen renewed its financing. The syndicated credit facility withdrawn in 2011 was fully amortized and its mortgages were released. As a substitute, Suominen issued a bond and agreed of a new syndicated EUR 55 million loan facility with banks.

On 23 September 2014, Suominen issued a EUR 75 million bond to be listed in the NASDAQ OMX Helsinki Stock Exchange. Principal amount of each book-entry unit of the senior unsecured notes is EUR 1,000, with an ISIN code FI40000108576. Each note will be freely transferable after it has been registered into the respective book-entry account. The notes constitute direct and unsecured obligations of Suominen and they are guaranteed as for own debt by the Guarantors, i.e. subsidiaries of Suominen Corporation. The notes bear interest from, and including, September 23, 2014 at the rate of 4.375% per annum until 23 September 2019, when the notes shall be repaid in full at their nominal value.

In connection with issuing the bond, Suominen entered into a syndicated credit facilities agreement totaling EUR 55 million in September. It consists of a term loan of EUR 10 million with a maturity of three years; a multicurrency revolving credit facility of EUR 30 million with a maturity of four years; and an investment loan of EUR 15 million with a maturity of four years. The facilities are guaranteed as for own debt by the subsidiaries of Suominen Corporation.

The Group's interest-bearing net liabilities amounted to EUR 37.8 million (75.5) at the end of the review period. The gearing ratio was 34.7%.

Net financial expenses were EUR 8.1 million (5.8), or 2.0% (1.5%) of net sales. Due to the refinancing and the discontinuing of the hedge accounting for the interest rate hedging, a non-recurring loss of EUR 0.9 million was recognized. Also the remaining costs of EUR 2.0 million for the previous syndicated loan were recognized in the financial expenses.

A total of EUR 6.1 million of working capital was released (released 6.5). Trade receivables amounting to EUR 0.1 million were sold to the bank. The equity ratio was 41.2% (32.9%). Cash flow from operations was EUR 37.1 million (21.3), representing a cash flow of EUR 0.15 per share (0.09).

Capital expenditure

The gross investments of the continued operations totaled EUR 7.1 million (4.4). Planned depreciation of the continuing operations amounted to EUR 15.6 million (13.9). Suominen invested EUR 1.7 million in capacity expansion of high value added nonwovens at the Windsor Locks plant in the United States and EUR 1.0 million in intangible assets. Other investments were in maintenance. The investments of the discontinued operations were EUR 0.6 (1.4) million.

Capital expenditure

€ 1,000	2014	2013	2012
Continuing operations	7,066	4,413	2,744
% of net sales	1.8	1.2	0.8

Invested capital

€ 1,000	31 Dec 2014	31 Dec 2013	31 Dec 2012
Non-current assets	134,633	133,838	163,816
Current assets	129,978	105,073	115,125
Deferred tax liabilities	-8,789	-7,183	-5,653
Trade payables	-47,403	-45,016	-46,381
Accruals and prepayments	-10,042	-10,380	-13,064
Other non-interest-bearing liabilities	-4,627	-3,357	-6,066
Total	193,750	172,976	207,776

Key figures

	2014	2013	2012
Return on capital invested (ROI), %	12.0	-0.7	0.4
Return on capital invested (ROI), %, continuing operations	15.7	12.4	5.0
Return on equity (ROE), %	5.1	-18.6	-11.2
Equity ratio, %	41.2	32.9	34.4
Gearing ratio, %	34.7	96.2	101.0
Earnings/share, continuing operations, EUR	0.04	0.02	-0.01
Earnings/share, discontinued operations, EUR	-0.02	-0.09	-0.04
Earnings/share, EUR	0.02	-0.07	-0.05
Equity/share, EUR	0.44	0.32	0.39

Further key figures as well as their calculation rules are included in the consolidated financial statements.

Financial development, quarterly

€ 1,000	Q1/2014	Q2/2014	Q3/2014	Q4/2014	Q1-Q4/2014
Net sales	98,353	95,340	103,291	104,778	401,762
Operating profit before non-recurring items	6,384	5,524	8,710	6,233	26,851
% of net sales	6.5	5.8	8.4	5.9	6.7
Non-recurring items	-233	-278	-349	-94	-954
Operating profit, total	6,151	5,246	8,361	6,139	25,897
% of net sales	6.3	5.5	8.1	5.9	6.4
Net financial expenses	-1,467	-1,276	-4,334	-997	-8,075
Profit before income taxes	4,684	3,970	4,027	5,142	17,822

Research and Development

The Group's R&D function employed a total of 13 (15) people at the end of the year. R&D expenditure totaled EUR 2.9 million (3.0), equivalent to 0.7% (0.8%) 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 products with higher value added in its portfolio. Suominen´s R&D is a centralized function, which is reflected, for example, in the ownership of Suominen Corporation for all business-related patents and related 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.

Personnel

In 2014, Suominen employed an average of 826 (1 037, discontinued operations included) people. The average number of employees of the Flexibles business area, divested in July 2014, was 235.

To adjust the production volumes of Nakkila plant in Finland with the business environment prevailing in June 2014, Suominen Nonwovens Ltd initiated codetermination negotiations concerning potential temporary lay-offs involving its operations personnel as well as the employees working in administrative and support functions related with operations. In total the negotiation process involved approximately 75 people. The temporary lay-offs were implemented in shorter periods and the lay-off period was 60 days per person at maximum.

Average number of employees

	2014	2013	2012
Nonwovens	581	537	594
Group management and administration	10	13	9
Total, continuing operations	591	550	603
Wages and salaries, EUR 1,000	32,276	31,540	33,011

The goal of Suominen's Human Resources 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, wellbeing and safety at work.

Key HR indicators

	2014	2013	2012
Incentives paid, EUR 1,000	1,655	1,496	2,017
% of wages and salaries	5.8	4.7	6.1
Sick absences, % of total working hours	2.4	2.8	2.5
Training costs, EUR 1,000	231	106	123

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 wherever 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 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 viscose, pulp, polypropylene and polyester. 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 2014, Suominen's production plants used a total of 138,000 tons of raw materials, 1,644,398 gigajoules of energy and 5,431,730 m^3 of water. Landfill waste generated at the production plants amounted to 888 tons.

Suominen's overall environmental expenditure was EUR 1.0 million (1.1). 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 52% (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.

Suominen purchases significant amounts of pulp- and oil-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.

Due to the acquisition of the manufacturing plant in Brazil, 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.

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. 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 the 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. The financial risks are described in note 21 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.

The sensitivity of the goodwill to the changes in the business environment is described in the notes to the consolidated financial statements. 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.

Information on shares and share capital

Share capital

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

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 31 December 2014 was 97,683,100 shares, accounting for 39.7% of the share capital and votes. The trading price varied between EUR 0.47 and EUR 0.81. The closing trading price was EUR 0.81, giving the company a market capitalization of EUR 199,365,788 on 31 December 2014.

Own shares

On 1 January 2014 Suominen Corporation held 1,924,367 of its own shares. On 5 June 2014, the portion of the remuneration of the Board of Directors to be paid in shares, in total 120,848 shares, was delivered in accordance with the decision by the Annual General Meeting. On 31 December 2014, Suominen held 1,803,519 own shares, accounting for 0.7% of the share capital and votes.

Share-based incentive plan 2012–2014

On 31 December 2014, the target group for Suominen's share-based incentive plan included seven employees. One employee left the program during the review period. At the end of the financial period, the rewards to be paid on the basis of the plan corresponded to a value of roughly 1,668,333 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.

Management incentive plan 2015–2017

The Board of Directors of Suominen Corporation approved on 4 December 2014 two new share-based incentive plans for the Group management and Group key employees. The aim of the new plans is to combine the objectives of the shareholders and the persons participating in the plans in order to increase the value of the Company in the long-term, to bind the participants to the Company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

Performance Share Plan 2015

The new Performance Share Plan includes one performance period, calendar years 2015—2017. The Board of Directors will decide on further performance periods. The Board of Directors of the Company will decide on the Plan's performance criteria and required performance levels for each criterion at the beginning of a performance period. The Performance Share Plan is directed to approximately 15 people. The potential reward of the Plan from the performance period 2015—2017 will be based on the Suominen Group's Net Sales growth, Earnings before Interest and Taxes (EBIT) and Return on Invested Capital (ROI). The rewards to be paid on the basis of the performance period 2015—2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the proportion to be paid in cash). The Board of Directors is entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

Matching Share Plan 2015

The new Matching Share Plan includes one three-year performance period, calendar years 2015—2017. The prerequisite for receiving reward on the basis of this Plan is that a person participating in the Plan owns or acquires the company's shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant's employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the Matching Share Plan. The rewards to be paid on the basis of the Matching Share Plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the proportion to be paid in cash). In order to implement the Matching Share Plan, the Board of Directors resolved on a share issue against payment directed to the target group.

Reward payment and ownership obligation for the management

The potential rewards from the performance periods 2015—2017 will be paid partly in the Company's shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

A member of the Corporate Executive Team must hold 50% of the net number of shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. The President & CEO of the company must hold 50% of the net number of shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. Such number of shares must be held as long as the participant's employment or service in a group company continues.

Extraordinary General Meeting and hybrid bond

Suominen issued on 10 February 2014 a convertible hybrid bond of EUR 17,500,000, treated as equity, to finance the acquisition of the nonwovens business operations in Brazil. The bond was oversubscribed. The bond consists of 175 bond notes, each having the nominal value of EUR 100,000. The bond does not have a guarantee or other collateral. The principal of the bond has a fixed annual interest of 5.95% until 10 February 2018. After that date, the principal of the bond will have a fixed annual interest of 6.95% until 10 February 2019. After that date, the principal of the bond will have a fixed annual interest of 7.95%. The interest accrued for the bond by 10 February 2018 will be capitalized to the principal of the bond annually on 10 February. Thereafter and commencing on 10 May 2018, the interest is payable in the discretion of the Board of Directors quarterly on 10 February, 10 May, 10 August and 10 November. No interest shall be paid on the capitalized interest until 10 February 2018. After that date, the capitalized interest shall be a part of the actual principal of the bond and annual interest shall be paid to the whole amount of the principal according to the interest terms of the bond.

Suominen has the right to redeem the bond in whole or in part on 10 February 2018 or thereafter, on each interest payment date, at the nominal value of the bond together with the accrued interest.

A bond note entitles the bondholder to convert the bond note and the potential capitalized interest for shares in Suominen at the conversion rate of EUR 0.50 per share. The period for converting starts on 11 February 2014 and ends on 10 February 2018. The number of shares to be received through the conversion must always be at least 200,000. If the total value of the bond including interest accrued were converted through an issue of new shares, the number of shares in Suominen might increase by no more than 43,330,000 on the basis of the conversion.

The conversion rate shall be recorded under the invested non-restricted equity fund.

A precondition for issuing the hybrid bond was a resolution made by the Extraordinary General Meeting (EGM) held on 31 January 2014, according to which the Board of Directors of the company was authorized to decide on the 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 carry the right to receive against payment new shares in the company or own shares held by the company. A special right may also be granted to a creditor of the company on the condition that the creditor´s receivables are used to set off against the subscription price of shares. The maximum number of new shares that may be subscribed and/or own shares held by the company that may be conveyed by virtue of the special rights granted by the company is 43,333,000 shares in total.

The EGM authorized the Board of Directors of Suominen to decide on all terms and conditions related to granting the special rights. The authorization is valid until further notice, however no longer than five years from the date of the authorization given by the general meeting. The authorizations did not revoke any earlier decisions regarding granting of stock options and other special rights entitling to shares.

Annual General Meeting

The Annual General Meeting (AGM) of Suominen Corporation was held on 26 March, 2014. The AGM decided that no dividend will be paid for the financial year 2013.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2013 and discharged the members of the Board of Directors and the President & 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 and Mr Hannu Kasurinen as members of the Board of Directors, and elected Ms Jaana Tuominen as a new member of the Board of Directors for the next term of office, expiring at the end of the first Annual General Meeting following their election. The remuneration of the members of the Board of Directors was resolved to maintain unchanged. The resolutions were in accordance with the proposals submitted by the Nomination Board of Suominen's shareholders. In its constitutive meeting, the Board of Directors elected Jorma Eloranta as its Chair and Risto Anttonen as Deputy Chair.

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 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 referred to in Chapter 10, Section 1 of the Companies Act.

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 appointed 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 2014.

The representatives appointed to the Nomination Board on 2 September 2014 were Marco Levi, President & CEO of Ahlstrom Corporation; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; and Reima Rytsölä, Chief Investment Officer of Varma Mutual Pension Insurance Company. Jorma Eloranta, Chair of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. On 23 September 2014, the Nomination Board appointed from among its members Marco Levi, President & CEO of Ahlstrom Corporation, to act as the Chairman.

On 7 October 2014 the composition of the Nomination Board changed due to the change of the largest shareholder of Suominen Corporation after a share transaction announced. Marco Levi, the President and CEO of Ahlstrom Corporation and Chairman of the Nomination Board of Suominen, resigned from his position. Mr Thomas Ahlström, Managing Director of Antti Ahlström Perilliset Oy and a member of the Board of Directors at Ahlström Capital Oy, was nominated to represent AC Invest Two B.V. in the Nomination Board on 13 October 2014. Further, the Nomination Board elected him as the Chairman of the Nomination Board. Other members of the Nomination Board are Timo Ritakallio, Reima Rytsölä and Jorma Eloranta, as announced on 2 September 2014.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on 26 March 2014 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 2015.

The Board of Directors is also authorized, by the AGM held on 26 March 2014, 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. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 25,000,000 shares in aggregate. 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 options and other special rights granted by the company is 25,000,000 shares in total which number is included in the maximum number stated earlier. The authorizations revoke the authorizations decided by the AGM on 26 March 2013 regarding share issue and issuance of special rights entitling to shares, but do not revoke the authorization decided by the Extraordinary General Meeting on 31 January 2014 regarding granting of stock options and other special rights entitling to shares. The authorizations shall be valid until 30 June 2017.

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

The Annual General Meeting (AGM) of Suominen Corporation held on 26 March 2014 resolved to keep the remuneration to the members of the Board of Directors unchanged. In 2014, the Chair will be paid an annual fee of EUR 50,000, Vice Chair of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, the members of the Board will receive a fee of EUR 500 for each meeting held in the home country of respective member and a fee of EUR 1,000 per each meeting held elsewhere than in the home country of respective member. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation's shares.

The portion of the above remuneration to be paid in shares was delivered on 5 June 2014 by transferring own shares held by Suominen Corporation without consideration, in accordance with the authorization by the AGM. The transferred shares are of the same class as the company's other shares. The number of shares transferred was determined based on the share value in the stock exchange trading maintained by NASDAQ OMX Helsinki Ltd, and calculated as the trade volume weighted average quotation of the share during the one month period immediately following the date on which the interim report of January-March 2014 of the company was published. In total 120,848 shares were given out of the own shares held by the company by the decision of the Board of Directors on 5 June 2014. Since the decision taken by the Board of Directors was essentially an execution of a detailed resolution taken by the AGM, the Board did not exercise independent discretion when it decided on the transfer of the shares.

Permanent committees

After the Annual General Meeting held on 26 March 2014, Suominen Corporation's Board of Directors decided in its constitutive meeting that the earlier Remuneration Committee will be altered to Personnel and Remuneration Committee. Jorma Eloranta was elected as Chair and Risto Anttonen as a member of the committee.

Hannu Kasurinen was elected as Chair and Suvi Hintsanen and Jaana Tuominen as members of the Audit Committee.

Notifications under Chapter 9, Section 5 of the Securities Market Act in 1 January–31 December 2014

During the review period, 1 January–31 December 2014, Suominen received the following notifications referred to in Chapter 9, Section 5 of the Securities Market Act:

Ahlstrom Corporation (business identity code 1670043-1) and AC Invest Two B.V. (business identity code 51490943) notified Suominen on 7 October 2014 about the changes in their shareholdings. According to the notifications, AC Invest Two B.V. acquires in total 66,666,666 Suominen shares from Ahlstrom Corporation, representing 26.89% of all shares and votes in Suominen Corporation. Due to the acquisition, the shareholding of AC Invest Two B.V. in Suominen Corporation exceeds the flagging threshold of 25% and increases into 67,724,176 shares, corresponding to 27.32% of shares and votes in Suominen Corporation. According to the notification by AC Invest Two B.V, their earlier shareholding in Suominen Corporation was below 5% of all shares and votes. According to the notification by Ahlstrom Corporation, due to the divestment of the shares, the shareholding of Ahlstrom Corporation in Suominen Corporation decreases to zero (zero shares and votes). Ahlstrom Corporation's earlier shareholding in Suominen Corporation was 26.89% of all shares and votes.

Oy Etra Invest Ab, business identity code 0672234-6 notified on 5 February 2014 about an agreement or other arrangement that, if realized, would result in the crossing of the 5% notification threshold as referred to in the Chapter 9 Section 5 of the Securities Market Act and calculated from the total number of shares and voting rights. The notification was made for Erkki Etola, Oy Etra Invest Ab and Tiiviste-Group Oy (business identity code 0115121-4) together. Erkki Etola has a controlling interest on Oy Etra Invest Ab and Tiiviste-Group Oy.

Proportion of all shares and voting rights after crossing of the notification threshold would be:

» Oy Etra Invest Ab: number of shares 15,823,320 and share of all shares and voting rights 5.43%
» Erkki Etola: number of shares 4,016 and share of all shares and voting rights 0.00%
» Tiiviste-Group Oy: number of shares 3,000,000 and share of all shares and voting rights 1.03%

Oy Etra Invest Ab, Erkki Etola and Tiiviste-Group Oy in total: number of shares 18,827,336 and share of all shares and voting rights 6.46%

Ahlstrom Corporation (business identity code 1670043-1) notified on 5 February 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification, the ownership and the voting rights of Ahlstrom Corporation may decrease so that the following thresholds will be crossed: 25%, 20%, 15%, 10% or 5%.

Ahlström Capital Oy (business identity code 1670034-3) and AC Invest Two B.V. (registration code 51490943) notified on 5 February about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification, the ownership and the voting rights may increase so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20% or 25%.

Ahlstrom Corporation (business identity code 1670043-1) notified on 10 January 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification the ownership and the voting rights may increase or decrease so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20%, 25% or 30%.

Ahlström Capital Oy (business identity code 1670034-3) and AC Invest Two B.V. (registration code 51490943) notified on 10 January 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification the ownership and the voting rights may increase so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20%, 25% or 30%.

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

Ms Lynda A. Kelly joined Suominen as Senior Vice President, Care business area and a member of the Corporate Executive Team on 12 May 2014. Lynda A. Kelly, a US citizen, will report to Ms Nina Kopola, President & CEO of Suominen Corporation.
Mr Dan Dunbar joined Suominen as Vice President, Sourcing and a member of the Corporate Leadership Team on 14 July 2014. Dan Dunbar, a US citizen, will report to Ms Nina Kopola, President & CEO of Suominen Corporation.

Mr Reima Kerttula, Senior Vice President, Flexibles, resigned from Suominen Corporate Executive Team on 14 July, 2014 due to the divestment of Flexibles business area.

At the closing date 31 December 2014 the Corporate Executive Team of Suominen Corporation consisted of
» Nina Kopola, President & CEO; Chair of the Corporate Executive Team
» Tapio Engström, Senior Vice President, CFO
» Timo Hiekkaranta, Senior Vice President, Convenience
» Lynda A. Kelly, Senior Vice President, Care
» Larry Kinn, Senior Vice President, Operations Americas
» Mimoun Saim, Senior Vice President, Operations EMEA
» Hannu Sivula, Senior Vice President, Human Resources

Events after the review period

Suominen announced on 30 January 2015 that it has started a planning process to execute an investment in a new wetlaid production line, to be located in the US, in order to implement its growth strategy. The planned investment would be the most significant single initiative in Suominen's growth investment program of EUR 30-50 million announced in December 2014.

According to Suominen's initial plans, the new nonwovens manufacturing line would serve several higher value-adding end-use applications. Since the project is still in the preparation phase, the company did not yet comment the total value of the investment.

On 29 January 2015, Suominen received two notifications of major shareholding under Securities Market Act Chapter 9 Section 5 from Mandatum Life Insurance Company Limited (Mandatum). With a transaction executed on 23 January 2015 Mandatum has sold Suominen Corporation's shares based on which Mandatum's share of Suominen Corporation's existing shares and votes has decreased to less than 5%. After the transaction Mandatum owns

12,318,243 shares and votes in Suominen Corporation (4.97% of total shares and votes).

In addition, Mandatum notified that it has, on 5 February 2014, subscribed convertible hybrid bond notes issued by Suominen Corporation, which entitles Mandatum to subscribe maximum of 3,714,000 new shares in Suominen during the converting period of 11 February 2014 to 10 February 2018. In case Mandatum uses its subscription right, its ownership of total shares and votes in Suominen Corporation exceeds again over the 5% threshold and consequently would result in crossing of the 5% notification threshold. This arrangement was not notified on the subscription date of the convertible hybrid bond because at that time Mandatum owned more than 5% of the shares in Suominen Corporation and thus the arrangement would not have at that time led to crossing of new notification thresholds.

Business environment

Suominen's products are used in daily consumer goods, such as wet wipes, hygiene product and medical nonwovens. 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.

The market environment continued to be divided also in 2014. In North America, the overall economic situation and consumers' confidence on their own financial situation were more positive, which was mirrored in the demand for the products supplied by Suominen. In Europe, the economic outlook was more uncertain and the competition remained tough for the most of the year. At the latter half of the year, the demand in Europe improved, but challenges in forecasting the development of the competitive environment of the European nonwovens market continue.

Suominen assesses the trend in the 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 2015, the demand for its products will continue to grow at the pace of 2014 on average.

Outlook for 2015

Suominen expects that for the full year 2015, its net sales and operating profit excluding non-recurring items will improve from year 2014. In 2014, Suominen's net sales amounted to EUR 401.8 million and operating profit excluding non-recurring items to EUR 26.9 million.

Proposal on distribution of funds

The distributable assets of the parent company at the end of 2014 totaled EUR 69,700,269.72, consisting of the loss for the financial year, EUR -9,618,929.34; retained earnings of earlier financial periods, EUR -17,828,766.04; invested non-restricted equity fund, EUR 97,191,611.31 and acquisitions costs of own shares, EUR -43,619.21.

The proposal about the fund distribution by the Board of Directors to the Annual General Meeting in spring 2015:

The Board of Directors proposes that funds shall be distributed from the invested non-restricted equity fund in the amount of 0.01 euros per share. Calculated on the basis of the current total amount of shares a total of 2,461,306.03 euros would be distributed. The date of record for the distribution of the funds is 23 March 2015 and the funds shall be paid on 30 March 2015.

The Board of Directors proposes that no dividend shall be paid for the financial year 2014 because of the negative value of the retained earnings.

The Board of Directors proposes that parent company's loss for the financial period, -9,618,929.34, and the losses from the previous financial periods, -17,828,766.04 euros, shall be covered from the invested non-restricted equity fund.

Suominen Corporation
Board of Directors

Consolidated Balance Sheet

31 December

€ 1,000	Note	2014	2013
ASSETS			
Non-current assets			
Goodwill	5,29	15,496	15,496
Intangible assets	5,29	12,510	12,025
Tangible non-current assets	6,29	88,721	98,640
Available-for-sale financial assets	8,9	1,124	939
Loan receivables	8	8,202	
Held-to-maturity investments	8	450	451
Other non-current receivables	8	2 614	511
Deferred tax assets	10	5,516	5,778
Non-current assets, total		134,633	133,838
Current assets			
Inventories	11	32,380	31,908
Trade receivables	12	52,269	46,908
Loan receivables	8	600	131
Income tax receivables		1,682	1,182
Other receivables	13	4,618	6,359
Cash and cash equivalents	14	38,430	18,585
Current assets, total		129,978	105,073
Assets, total		264,611	238,911
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	97,192	97,123
Fair value and other reserves	15	52	-1,042
Translation differences	15	3,418	-3,022
Other shareholders' equity	15	-46,890	-51,094
Shareholders' equity		90,313	78,506
Hybrid bond		18,424	
Shareholders' equity, total		108,737	78,506

€ 1,000	Note	2014	2013
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	8,789	7,183
Provisions	18		132
Other non-current liabilities	19,20	1,729	1,125
Debentures	17,21	75,000	
Interest-bearing liabilities from financial institutions	17,21	6,667	69,828
Pension loans	17,21		571
Non-current liabilities, total		92,185	78,839
Current liabilities			
Interest-bearing liabilities from financial institutions	17,21	3,347	23,500
Pension loans	17,21		571
Income tax liabilities	31	246	144
Trade payables and other liabilities	19	60,096	57,351
Current liabilities, total		63,689	81,566
Liabilities, total		155,874	160,405
Shareholders' equity and liabilities, total		264,611	238,911

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

Consolidated Statement of Income

1 January–31 December € 1,000	Note	2014	2013
Net sales	2	401,762	373,684
Cost of goods sold		-352,091	-333,580
Gross profit		49 671	40 104
Other operating income	25	2,655	2,485
Sales and marketing expenses		-6,278	-5,583
Research and development		-2,877	-3,139
Administration expenses		-14,144	-13,659
Other operating expenses	25	-2,177	-810
Operating profit before non-recurring items		26,851	19,398
Non-recurring items	27	-954	-482
Operating profit		25,897	18,916
Financial income	30	902	959
Financial expenses	30	-8,978	-6,740
Profit before income taxes		17,821	13,135
Income taxes	31	-7,645	-7,419
Profit for the period, continuing operations		10,177	5,716
Discontinued operations			
Profit/loss for the period		717	-3 521
Impairment loss recognized on the remeasurement to fair value and cost to sell		-5,921	-18 314
Profit/loss for the period, discontinued operations		-5,204	-21,835
Profit/loss for the period		4,973	-16,119

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

1 January–31 December € 1,000	Note	2014	2013
Earnings per share attributable to the equity holders of the company			
- earnings per share, €	32	0.02	-0.07
- earnings per share, diluted, €	32	0.02	-0.07
- earnings per share, continuing operations, diluted and non-diluted €	32	0.04	0.02
- earnings per share, discontinued operations, diluted and non-diluted €	32	-0.02	-0.09
- earnings per share before non-recurring items, continuing operations, €	32	0.05	0.03

Performance share plan and stock option plan did not have any dilutive effects on earnings per share. Hybrid bond has a dilutive effect 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	2014	2013
Profit/loss for the period		4,973	-16,119
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign operations	15	6,863	-2,664
Fair value changes of cash flow hedges	15	1,368	353
Items related to discontinued operations	3		355
Other reclassifications		3	325
Total		8,234	-1,631
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains and losses	20	-150	18
Total		-150	18
Income tax on other comprehensive income	15	-650	120
Total other comprehensive income		7,434	-1,493
Total comprehensive income for the period		12,407	-17,612
Total comprehensive income arises from:			
Continuing operations		17,611	4,220
Discontinued operations	3	-5,204	-21,832
Total comprehensive income for the period		12,407	-17,612

Statement of Changes in Shareholders' Equity

€ 1,000	Share capital	Share premium account	Invested non-restrict edequity fund	Own shares	Translation differences	Fair value reserves	Other shareholders´ equity	Total	Hybrid bond	Total
Total equity at 1 Jan 2014	11,860	24,681	97,123	-43	-3,021	-999	-51,094	78,506		78,506
Profit for the period							4,973	4,973		4,973
Other comprehensive income					6,439	1,094	-,100	7,434		7,434
Total comprehensive income for the period					6,439	1,094	4,874	12,407		12,407
Share-based payments							70	70		70
Conveyance of own shares			69					69		69
Total contributions by and distributions to owners			69				70	139		139
Hybrid bond							-739	-739	18,424	17,685
Total equity at 31 Dec 2014	11,860	24,681	97,192	-43	3,418	95	-46,889	90,313	18,424	108,737

€ 1,000	Share capital	Share premium account	Invested non-restrict edequity fund	Own shares	Translation differences	Fair value reserves	Other shareholders´ equity	Total	Hybrid bond	Total
Total equity at 1 Jan 2013	11,860	24,681	97,054	-43	-549	-1,209	-35,783	96,011		96,011
Profit / loss for the period							-16,119	-16,119		-16,119
Other comprehensive income					-2,472	209	,770	-1,493		-1,493
Total comprehensive income for the period					-2,472	209	-15,349	-17,612		-17,612
Share-based payments							38	38		38
Conveyance of own shares			69					69		69
Total contributions by and distributions to owners			69				38	107		107
Total equity at 31 Dec 2013	11,860	24,681	97,123	-43	-3,021	-999	-51,094	78,506		78,506

Consolidated Cash Flow Statement

1 January–31 December € 1,000	Note	2014	2013
Operations			
Profit/loss for the period		4,973	-16,119
Adjustments on profit/loss for the period	33	39,953	42,739
Cash flow before change in working capital		44,927	26,620
Increase/decrease in current non-interest-bearing receivables		1,489	3,585
Increase/decrease in inventories		2,723	10,523
Increase/decrease in current non-interest-bearing liabilities		1,928	-7,626
Cash flow before financial income/expenses and taxes		51,067	33,102
Interest expenses		-6,564	-6,255
Interest income		50	39
Direct taxes paid		-7,434	-5,556
Cash flow from operations		37,119	21,330
Investments			
Investments in tangible and intangible assets		-7,740	-5,598
Proceeds from disposed business operations	3	4,736	3,441
Proceeds from sale of tangible and intangible assets		59	785
Combined business operations	4	-19,261	
Cash flow from investments		-22,206	-1,372

1 January–31 December € 1,000	Note	2014	2013
Financing			
Withdrawal of non-current loans		10,000	
Repayments of non-current loans		-78,220	-21,042
Change in debentures		75,000	
Repayments of capital loans			-920
Withdrawal of hybrid bond		17,500	
Change in current loans		-18,324	6,300
Cash flow from financing		5,956	-15,662
Change in cash and cash equivalents		20,869	4,296
Cash and cash equivalents 1 Jan.		18,585	14,301
Unrealized exchange rate differences		-1,023	-13
Change in cash and cash equivalents		20,869	4,296
Cash and cash equivalents 31 Dec.	14	38,430	18,585

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

Consolidated cash flow statement includes the discontinued operations.

Notes to the Consolidated Financial Statements

1. PRINCIPLES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Basic information

Suominen Corporation, domiciled in Helsinki, Finland (Itämerentori 2, 00180 Helsinki, Finland) is the parent company of the group. The group manufactures nonwovens mainly for consumer goods companies. The Flexibles business unit divested in July 2014 manufactured flexible packaging. 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 2014.

Suominen Codi Wipes sold in July 2013 and Suominen Flexibles sold in July 2014 are reported as discontinued operations in these consolidated financial statements.

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 2015. Copies of the consolidated financial statements are available on the website www.suominen.fi and in the headquarters of the parent company in Itämerenkatu 2, 00180 Helsinki, Finland.

New and amended standards and interpretations effective during the financial year

Any of the central new standards (IFRS 10, IFRS 11, IFRS 12 and IAS 32) did not have any material impact on the consolidated financial statements.

IFRS 10 Consolidated financial statements (to be applied in EU for the financial years starting on January 1, 2014 or later). The standard establishes 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 gives instructions for defining the control when otherwise difficult to identify. The revised standard did not to have any material impact on the consolidated financial statements.

IFRS 11 Joint arrangements (to be applied in EU for the financial years starting on January 1, 2014 or later). The standard focuses 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. According to the standard only one method for the consolidation is allowed, so called equity method. Proportional consolidation of joint ventures is no longer allowed.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 (to be applied in EU for the financial years starting on January 1, 2014 or later). The standard 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 revised standard did not have material impact on the consolidated financial statements.

IAS 32 Financial Instruments: Presentation. Amendment on asset and liability offsetting entities (to be applied in EU for the financial years starting on January 1, 2014 or later). The amendments clarify the rights to set-off financial assets and liabilities and gives further instructions to the subject. The revised standard did not have any material impact on the consolidated financial statements.

New and amended IFRS standards and IFRIC interpretations published but mandatory in 2015 or later:

IAS 19 Defined benefit plans: Employee contributions (Proposed amendments to IAS 19) (to be applied for the financial periods starting on 1 July 2015 or later). The amendment clarifies the recognition of the payment that the employees or third parties are requested to make to a defined benefit plan. The revised standard did not have any impact on the consolidated financial statements

Annual improvements 2010-2012 and 2011-2013 (to be applied mainly for the financial periods starting on 1 July 2014 or later) and 2012-2014 (to be applied mainly for the financial periods starting on 1 January 2016 or later) small changes and non-critical amendments are combined and realized once a year. The impact of the standards vary but do not have any material impact.

IFRS 15 Revenue from contracts with customers (to be applied for the financial periods starting on 1 January 2017 or later). The new standard defines a five-step model to recognize the revenue and replaces the current standards IAS18 and IAS 11as well as their interpretations. The timing of the revenue recognition can vary depending on the central principle of the transfer of the title. The standard also increases the number of disclosures needed. Management is assessing the impact of the new standard on the consolidated financial statements.

IFRS 9 Financial instruments and its amendments (to be applied as from the financial year starting from 1 January 2018 or later). The new standard replaces IAS 39 Financial instruments: recognition and valuation. IFRS 9 changes the classification and valuation of the financial assets and contains new model for assessing the impairment of the financial assets based on the expected credit losses. The classification and valuation of financial liabilities are mainly the same as defined in IAS39. For the hedge accounting there are still three methods. Hedge accounting can be applied to a greater number of risk exposures than before and the hedge accounting principles have been harmonized with those in the risk management. 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 control during the financial year. The group has control on entity when it has a participation in the entity and is exposed to or has right to its variable revenue and can influence the revenue by using its control in the entity.

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

Segment reporting

As from July 2014 the group has no reportable segments.

Before July 2014 the group had two reportable segments, Nonwovens (former Wiping) and Flexibles. The Flexibles business unit, sold in July 2014 and reported in the discontinued operations was a reportable segment. Codi Wipes sold in July 2013 and reported in the discontinued operations was another operating segment within Wiping. The segmentation is based on the organizational structure and the reporting of the company. The risk and profitability of the products and customers of the different reporting segments are dissimilar.

The top operative decision 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 organizational levels.

Since July 2014 the business operations of Suominen have according to IFRS 8 included two operating segments, Convenience and Care. They are not reported separately, because the business operations of Suominen are monitored as a whole when the top management allocates the resources and monitors its performance. The business operations are similar in all parts of the group which means that the risks and profitability related to its products and customers are indifferent. Additionally the manufacturing process is similar and the same production lines are used in both operating segments. Thus the aggregation criteria in IFRS 8 are met.

The assets and liabilities of the segment included the operational items and the goodwill allocated to them. The non-allocated revenues and costs were items of the group not distributed to the segments. The non-allocated assets were items related to the group management, loans and other receivables and investments to shares. The non-allocated liabilities included 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

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 the 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 Suominen's production unti 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 risks and benefits of the owner have not been transferred to the lessee and Suominen 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 the hedge accounting are also categorized as held for trading unless 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 balance sheet 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 balance sheet 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 expensein 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 remeasured 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 forecasted 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 current assets or liabilities.

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 realized interest rate swaps hedging variable rate borrowings and the ineffective portion of the hedging are recognized through profit or loss as financial income or expenses. The realized gain or loss of the expired electricity derivatives is recognized through profit or loss as a correction to electricity expenses and the gain or loss related to the ineffective portion of the hedging as other operative income and expenses.

The effective portion of the equity hedge, the hedge made for the equity against the exchange rate fluctuation, is recognized in the conversion difference in the other comprehensive income and the ineffective portion in the exchange differences of financial items. Amounts accumulated in equity are recognized through profit or loss in the periods when the hedged item affects profit or loss, for example, when the forecasted hedged sales incur or the hedged item discontinues.

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 forecasted transaction is ultimately recognized through profit or loss. When a forecast transaction is no longer expected to incur, the cumulative gain or loss that was reported in equity is immediately recognized through profit or loss as other operative income and expenses.

The group documents the relationship between the hedged item 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 through profit or loss 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 valuea dded or sales tax, returns, rebates, discounts and foreign exchange rate differences of sales.

Sale of goods

Revenue from the sale of goods 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.

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 labour, 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 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 recognized 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 through profit or loss as other operating expense. Subsequent recoveries of amounts previously written off are recognized through profit or loss as other operating income.

Cash at bank and in hand

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

Shareholders' equity

Dividends

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

Treasury shares

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 funds 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 calculating diluted earnings per share is adjusted by the number of company shares held and the dilution effect of the share-based rewards, the stock options and the hybrid bond. The group does not hold any other convertible bonds that would dilute earnings per share.

Share-based payments

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 through profit or loss as personnel costs. 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.

On the balance sheet date the group did not have any granted stock option plans.

Hybrid bond

According to IFRS hybrid bonds can be classified in the equity when the interest and loan payments are fully controlled by the group and are not connected to any other loans. The hybrid bond is initially recognized at amortized cost. The hybrid bond of Suominen is classified according to IFRS in equity. The accrued interest is capitalized and recognized in the retained earnings. The share of the bond and its accrued interest converted into shares is recognized in the invested non-restricted equity fund.

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 nominal value. The transaction costs incurred are recognized periodically through profit or loss. Borrowings are subsequently recognized at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized through profit or loss 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.

Listed debentures are initially recognized at fair value, net of transaction costs incurred. Debentures are subsequently recognized 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. The fair value of a listed debenture is based on the market price on the balance sheet date.

The fair value of other financial liabilities is recognized through profit or loss by discounting the estimated future cash flow to the balance sheet date.

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 through profit or loss.

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 and Flexibles are reported as discontinued operations.

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 gains on currency derivatives, gains on the ineffective portion of electricity hedging, insurance recoveries 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,
» amount of impairment losses on each category of financial assets,
» change in the ineffective portion of the interest rate hedging in the hedge accounting, and
» change in the ineffective portion of the currency forward deals in the equity hedge.

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 consolidated 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 judgements

Estimates and judgements 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 the note 5. 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 the 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 judgement 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 judgements 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. GEOGRAPHICAL AREAS

Net sales by the location of external customers

€ 1,000	2014	2013
Finland	2,516	2,292
Other Europe	139,738	138,020
North and South America	248,942	224,132
Other countries	10,565	9,240
Total	401,762	373,684

The share of the US of the total net sales was 233,309 thousand euro (198,726).

The USD/EUR rate used for the conversion was the annual midrate 1.3289.

Assets including goodwill by the location of the assets

€ 1,000	2014	2013
Finland	61,214	49,553
Other Europe	61,565	76,700
North and South America	141,832	112,658
Total	264,611	238,911

Gross investments by country

€ 1,000	2014	2013
Finland	2,624	2,173
Other Europe	731	449
North and South America	3,710	1,792
Total	7,066	4,413

3. DISCONTINUED OPERATIONS

2014

In July 2014 Suominen sold its Flexibles business unit, focused on flexible packaging manufacturing, to Lonsdale Capital Partners LLP investment company and the business unit management. Due to the divestment, Flexibles business unit has been reported in these consolidated financial statements in the discontinued operations. In the previous financial statements, Flexibles was repoted as its own segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 5.2 million in its discontinued operations in 2014.

€ 1,000	2014	2013
Net sales	32,521	59,438
Costs	-31,608	-62,601
Profit before income taxes from discontinued operations	913	-3,163
Income taxes	-197	-231
Profit after income taxes from discontinued operations	716	-3,394
Impairment loss recognized on the re-measurement to fair value and cost to sell	-5,921	
Profit/loss for the period from discontinued operations	-5,205	-3,394
Cash flow from discontinued operations		
Cash flow from operations	774	-815
Cash flow from investing activities	-376	-1,154
Cash flow from financing	-1,800	2,019
Change in cash and cash equivalents	-1,402	50

€ 1,000	2014
The impact of the divestment of Flexibles on the Group financial position	
Tangible and intangible assets	17,942
Non-current receivables	1,511
Inventories	7,340
Trade receivables and other current receivables	9,004
Cash at bank and in hand	997
Non-current liabilities	4,642
Trade payables and other current liabilities	10,157
Net assets	21,995
Cash consideration	5,733
Cash equivalents held by discontinued operations	-997
Net cash flow	4,736

The unpaid part of the consideration EUR 1.0 million is recognized in the balance sheet as a non-current receivable, note 8.

2013

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 has been reported in these consolidated financial statements in the discontinued operations. In the previous financial statements, Codi Wipes was repoted 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. COMBINED BUSINESS OPERATIONS

2014

Suominen acquired the Brazilian unit of the Ahlstrom Home and Personal nonwovens business on 10 February 2014. The main parts of the Home and Personal nonwovens business were acquired in 2011, but due to the delays for some licenses and authorizations the acquisition of the Brazilian business was prolonged. Thanks to the acquisition, Suominen's nonwovens business currently covers also the South American markets.

The balance sheet and the income statement of the Brazilian company were consolidated to Suominen as from 1 February 2014.

The shares of the local company were acquired. The enterprise value was EUR 17.5 million. The final consideration was EUR 19.6 million.

Consideration	Fair value
Cash	19,558

Recognized amounts of identifiable assets acquired and liabilities assumed according to the initial calculations:

€ 1,000	Note	Fair values
Property, plant and equipment	6	10,779
Intangible assets	5	20
Other non-current receivables		2,737
Inventories		3,195
Trade and other receivables		3,423
Cash		297
Total assets		20,452
Financial liabilities	17	416
Other liabilities		478
Total liabilities		894
The identifiable net assets		19,558

The transaction costs of EUR 0.2 million are reported in the non-recurring items.

The Group´s net sales would have been EUR 403.3 million and operating profit EUR 26.3 million, if the transaction had been realized at the start of 2014 and the costs in the end of 2013.

Business combinations in 2013

The group did not have any business combinations in 2013.

5. INTANGIBLE ASSETS

2014 € 1,000	Intangible rights	Goodwill	Other capitalized expenditure	Pre-payments	Total 2014
Acquisition cost 1 Jan.	9,650	15,496	6,386	1,001	32,532
Combined business operations	20				20
Translation difference	- 10		88	1	79
Increase	150		1,118	1,148	2,416
Discontinued operations	-1,054		- 111		-1,165
Transfers between items	1,540			-1,540	
Acquisition cost 31 Dec.	10,296	15,496	7,482	609	33,882
Accumulated depreciation 1 Jan.	-3,949		-1,065		-5,013
Translation difference	-2		-5		-7
Discontinued operations	996		9		1,005
Depreciation for the financial year	-1,241		-621		-1,862
Accumulated depreciation 31 Dec.	-4,195		-1 681		-5,876
Book value 31 Dec.	6,100	15,496	5,801	609	28,006

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		0	-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		-4,107
Translation difference	1		-11		-8
Discontinued operations			648		648
Depreciation for the financial year	-1,041		-505		-1,546
Accumulated depreciation 31 Dec.	-3,949		-1,065		-5,013
Book value 31 Dec.	5,701	15,496	5,322	1,001	27,520

Intangible rights and other intangible assets

When the Home and Personal business was acquired from Ahlstrom in 2011, EUR 5,979 thousand of the consideration was allocated to customer relations. At the balance sheet date the fair value of the customer relations was EUR 4,523 thousand.

At disposal of Flexibles in 2014, a total decrease of EUR 159 thousand was recognized for the intangible assets and reported in the discontinued operations.

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 in 2013.

Financial leases

Intangible assets include assets on financial leases:

2014 € 1,000	Intangible rights
Acquisition value Jan 1.	130
Depreciation for the financial year	-32
Book value 31 Dec.	-98

Intangible assets

Suominen has recognized goodwill from the acquisition of the business operations of Home and Personal business from Ahlstrom in 2011. On the balance sheet date the goodwill was EUR 15,495 thousand. The group has only one reportable segment. It is also a cash generating unit. Two operating segments, Convenience and Care, are not meeting the definitions for separate cash generating units, like stated for the segment reporting in the principles for preparing consolidated financial statements

In the consolidated financial statements the recoverable amount for the business was determined as the value in use in the impairment testing. Projected cash flows are based on the 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 Suominen's net sales during the period covered by the forecast has been estimated at 4.1%. In 2015, Suominen continues to follow its In the Lead strategy. The group aims to increase the share of products with higher added value in its portfolio and focuses, among other things, on streamlining its processes and especially 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 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 rate used in the calculation is the weighted average of the risk-free 10-year bond rates in the operating countries.

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 management does not foresee that any eventual changes in the central assumptions would lead into any impairment of the goodwill. Thus no sensitivity analysis is presented.

The critical assumptions in the test calculations are as follows:

€ 1,000	2014	2013
Discounting rate	11.8%	11.9%
Growth of net sales 2015–19 (2014–18)	4.1%	3.6%
Annual growth rate in the residual period	1.0%	1.0%
Operating profit in the residual period %	7.4%	8.9%

6. TANGIBLE ASSETS

2014 € 1,000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2014
Acquisition cost 1 Jan.	2,343	57,509	182,107	524	1,272	243,755
Business combinations	2,419	3,101	5,250	10		10,779
Translation difference	160	1,150	7,872	2	-81	9,103
Increase			1,035	2	3,613	4,650
Decrease/sale			-9			-9
Discontinued operations	-944	-18,462	-50,405	-67	87	-69,791
Transfers between items		175	3,566		-3,742	
Acquisition cost 31 Dec.	3,977	43,473	149,417	471	1,149	198,488
Accumulated depreciation 1 Jan.		-35,638	-109,003	-476		-145,117
Translation difference		-140	-2,375			-2,516
Discontinued operations		11,035	40,487	58		51,580
Depreciation for the financial year		-1,585	-12,117	-12		-13,714
Accumulated depreciation 31 Dec.		-26,327	-83,008	-431		-109,767
Book value 31 Dec.	3,977	17,146	66,408	41	1,149	88,721
Balance sheet value of machinery and equipment in production			65,221			

2013 € 1,000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2013
Acquisition cost 1 Jan.	2,400	68,451	214,994	513	773	287,131
Translation difference	-57	-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			-2
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
Accumulated depreciation 1 Jan..		-42,817	-125,837	-459		-169,113
Translation difference		74	2,296	-1,330		1,041
Other changes			-49			-49
Depreciation on decrease/sale			429			429
Discontinued operations		8,890	27,364	1,322		37,576
Depreciation for the financial year		-1,786	-13,206	-8		-15,000
Accumlated depreciation 31 Dec.		-35,638	-109,003	-476		-145,115
Book value 31 Dec.	2,343	21,871	73,104	48	1,272	98,640
Balance sheet value of machinery and equipment in production			71,086			

At the disposal of Flexibles business operations the tangible assets decreased by EUR 4,340 thousand and the value decreased by EUR 17,783 in total. The related losses were recognized in the result of the discontinued operations. At the disposal of Codi Wipes business operations the tangible assets decreased by EUR 5,364 thousand.

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
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
Suominen Brasil Indústria e Comércio de Não-Tecidos Ltda., Paulinia, Brazil	100.0
Owned through subsidiaries:	
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 2014 the book value of non-current and current financial assets were total EUR 104,712 thousand (2013: EUR 67,954 thousand).

2014	Classes by instrument's nature							
€ 1,000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives in hedge accounting	Book value	Fair value	Note
Available-for-sale financial assets				1,124		1,124	1,124	9
Held-to-maturity investments		450				450	450	
Other non-current receivables	980		1,634			2,614	2,614	3
Trade receivables			52,269			52,269	52,269	12
Other receivables			1,011		12	1,023	1,023	13
Loan receivables			8,802			8,802	8,802	
Cash and cash equivalents			38,430			38,430	38,430	14
Total	980	450	102,146	1,124	12	104,712	104,712	

Financial assets at fair value through profit or loss includes the contingent consideration from the disposal of Flexibles business operations EUR 980 thousand.

2013	Classes by instruments nature							
€ 1,000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives held for hedge accounting	Book value	Fair value	Note
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			18,585			18,585	18,585	14
Total	569	451	65,996	939		67,954	67,954	

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

Principles in estimating fair value for financial assets

Held-to-maturity investments
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.

Financial assets at fair value through profit or loss
Non-current financial assets at fair value through profit or loss are contingent considerations. Their fair value is based on the estimated outcome of the terms and conditions defined in the sales agreement.

Available-for-sale financial assets
Available-for-sale financial assets are investments. The fair value is defined by discounting the future cash flows at the balance sheet date.

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.

Loan receivables
At the disposal of its Flexibles business Suominen Corporation granted two loans to Bright Maze Oy, the acquiree: Vendor Loan Note (EUR 6,255 thousand) and Subordinated Loan Note (EUR 2,277 thousand). The interest is capitalized on both loans in each December.

The interest on Vendor Loan Note is 6% p.a. and it is installed semi annually as from June 2015. The loan matures on 31 December 2018. Should the ownership structure of Bright Maze Group change materially, the loan with the accrued and capitalized interest will be repaid prematurely. The borrower may repay the loan at any time.

The interest on Subordinated Loan Note is 9% p.a. and it is fully repaid at its maturity on 31 July 2024. Should the ownership structure of Bright Maze Group change materially, the loan with the accrued and capitalized interest will be repaid prematurely. The borrower may repay the loan at any time. The loan has no security and it is the last in the ranking order. Prior to the maturity, Suominen has the right to convert the loan into equity at its sole discretion.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ 1,000	2014	2013
Book value 1 Jan.	939	939
Increase	347	
Decrease	-17	
Change in fair value	-145	
Book value 31 Dec.	1,124	939

Available-for-sale financial assets include unlisted shares. At the disposal of its Flexibles business unit Suominen acquired 19.9% of the shares of Bright Maze Oy.

In 2013 Suominen acquired shares of a real estate company.

10. DEFERRED TAXES

€ 1,000	2014	2013
Deferred tax assets		
Recognized in equity		
Defined pension plan	119	
Fair value reserve	-33	250
Recognized through profit or loss		
Long-term expenses	1,927	1,037
Employment benefits	60	
Unused tax losses	2,693	2 975
Other temporary differences	750	1 516
Total deferred tax assets	5,516	5,778
Deferred tax liabilities		
Recognized through profit or loss		
Tangible assets	5,102	5,546
Intangible assets	2,624	1,580
Other temporary differences	1,064	57
Total deferred tax liabilities	8,789	7,183
Recognized in assets and liabilities		
Deferred tax assets	5,516	5,778
Deferred tax liabilities	8,789	7,183
Net tax liability	3,273	1,405

Deferred income tax recognized in equity during the year

€ 1,000	2014	2013
Cash flow hedges	-237	-142
Actuarial gains and losses	47	72
Translation differences	-423	190
Fair value reserves	-37	
Total	-650	120

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 Suominen had total EUR 30.6 million tax losses from previous years. At the disposal of the Flexibles business unit tax losses of EUR 9.4 million were derecognized.

Tax losses of the financial year based on the result of the year are expected to be EUR 1.4 million and confirmed losses to be used EUR 0.9 million.

Suominen has recognized deferred tax assets for the losses of EUR 15.9 million from the perious and for the financial year and left deferred tax assets unrecognized for the losses amounting to EUR 16.1 million. At the disposal of the Flexibles business unit deferred tax assets recognized for the losses amounting to EUR 1.2 million were derecognized.

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	2014	2013
Raw materials and consumables	17,001	13,170
Work in progress	1,394	2,222
Finished products and goods	13,985	16,515
Total inventories	32,380	31,908

The value at cost of inventories totals EUR 32,778 thousand (EUR 32,614 thousand). The value has been reduced by EUR 399 thousand to cover obsolete stock (EUR 707 thousand).

The acquisition value of the inventories included in the raw material purchases and change in inventory was EUR 315,585 thousand (305,895 thousand).

12. TRADE RECEIVABLES

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

€ 1,000	2014	2013
Not yet due	48,378	42,535
Past due date		
less than 5 days	1,759	2,302
5–30 days	1,912	1,803
31–120 days	222	269
more than 120 days	-1	-1
	3,892	4,373
Total trade receivables	52,269	46,908

Recognized credit losses on trade receivables were EUR 7 thousand (EUR 27 thousand)

Trade receivables by currency:

€ 1,000	2014	2013
EUR	28,452	24,298
SEK		495
PLN		489
RUB		1,193
NOK		84
USD	21,576	19,921
BRL	2,225	231
Other currencies	17	429
Total	52,269	46,908

Suominen had a program to sell trade receivables with irrevocable rights to the bank that ended in 2014. To replace this, the group has started with a selected supplier status a Supply Chain Financing Program where the receivable are sold with non-recourse right. Both programs were releasing capital employed.

For the value of EUR 16.4 (18.3) million of the trade receivables in USD originated from the U.S.A.

13. OTHER RECEIVABLES

€ 1,000	2014	2013
Other receivables		
Indirect taxes	793	1,078
Statutory and other insurances	91	158
Other	308	528
Total other receivables	1,192	1,764
Accrued income and prepaid expenses		
Social security and healthcare	25	71
Statutory and other insurances	49	136
Indirect taxes	210	81
Insurance compensations	14	41
Rebates	691	371
Loan arrangements	1,725	3,031
Other	711	864
Total accrued income and prepaid expenses	3,425	4,596
Total other current receivables	4,618	6,359

14. CASH AND CASH EQUIVALENTS

€ 1,000	2014	2013
Total cash and at bank	38,430	18,585

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

15. SHAREHOLDERS' EQUITY

€	Registered share capital, €	Share premium account, €	Invested non-resticted equity fund, €	Fair value and other reserves, €	Translation differences, €	Other shareholders' equity, €	Total, €	Hybrid bond, €	Total, €
31 Dec 2013	11,860,056	24,680,588	97,123,012	-1,042,310	-3,021,401	-51,093,829	78,506,116		78,506,116
Conveyance of own shares			68,600				68,600		68,600
Hybrid bond						-739,430	-739,430	18,424,288	17,684,858
Other comprehensive income				1,094,275	6,439,577	4,943,504	12,477,356		12,477,356
31 Dec 2014	11,860,056	24,680,588	97,191,612	51,965	3,418,176	-46,889,755	90,312,642	18,424,288	108,736,930

Share capital
The registered equity of Suominen totals EUR 11,860,056. The number of issued shares was 247,934,122 in the beginning and in the end of the financial year. 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. 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 1,803,519 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 444,256 shares (2013: 490,171 shares) as of 31 December 2014. These shares represented 0.2% (December 2013: 0.1%) of the total number of shares and votes.

Shre 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 subscribtion 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. In autumn 2014 the hedge accounting for the interest derivatives discontinued and the changes in the fair values were recognized in the financial costs.

Own shares
In the beginning of the financial year Suominen held 1,924,367 own shares. The portion of the remuneration of the Board of Directors to be paid by shares, in total 120,848 shares, was delivered during the financial year. In the end of the financial year Suominen held 1,803,519 own shares.

Fair value and other reserves	2014				2013		
€ 1,000	Cash flow hedges	Own shares	Change in fair value reserves	Total	Cash flow hedges	Own shares	Total
Total 1 Jan.	-999	-44		-1,043	-1,209	-44	-1,253
Cash flow hedges deferred in equity	241			241	353		353
Change in fair value of the assets available for sale			183	183			
Change in fair value transferred to profit or loss	944			944			
Total	186	-44	183	325	-856	-44	-900
Deferred taxes	-237		-37	-274	-142		-142
Total 31 Dec.	-51	-44	146	52	-999	-44	-1,042

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. When the Flexibles business was sold, their loans associated to equity were repaid and the translations differences were recognized in the results of the discontinued operations.

Suominen has an Equity Hedge program to hedge the translation position in USD. The investment in the United States of America is hedged with a currency derivative of USD 39 million (until September 2014 an external loan of USD 39.4 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

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.

Hybrid bond

Suominen issued on 10 February 2014 a convertible hybrid bond of EUR 17,500,000, treated as equity, to finance the acquisition of the nonwovens business operations in Brazil. The bond was oversubscribed. The bond consists of 175 bond notes, each having the nominal value of EUR 100,000. The bond does not have a guarantee or other collateral. The principal of the bond has a fixed annual interest of 5.95% until 10 February 2018. After that date, the principal of the bond will have a fixed annual interest of 6.95% until 10 February 2019. After that date, the principal of the bond will have a fixed annual interest of 7.95%. The interest accrued for the bond by 10 February 2018 will be capitalized to the principal of the bond annually on 10 February. Thereafter and commencing on 10 May 2018, the interest is payable in the discretion of the Board of Directors quarterly on 10 February, 10 May, 10 August and 10 November. No interest shall be paid on the capitalized interest until 10 February 2018. After that date, the capitalized interest shall be a part of the actual principal of the bond and annual interest shall be paid to the whole amount of the principal according to the interest terms of the bond.

Suominen has the right to redeem the bond in whole or in part on 10 February 2018 or thereafter, on each interest payment date, at the nominal value of the bond together with the accrued interest.

A bond note entitles the bondholder to convert the bond note and the potential capitalized interest for shares in Suominen at the conversion rate of EUR 0.50 per share. The period for converting starts on 11 February 2014 and ends on 10 February 2018. The number of shares to be received through the conversion must always be at least 200,000. If the total value of the bond including interest accrued were converted through an issue of new shares, the number of shares in Suominen might increase by no more than 43,330,000 on the basis of the conversion.

The conversion rate shall be recognized in the invested non-restricted equity fund.

The bond notes entitle the bondholders to a special compensation equaling to the dividend paid per share, should the company pay dividends. The total impact would be EUR 350 thousand for each dividend amount of EUR 0.01 per share.

16. SHARE-BASED PAYMENTS

Share-based rewards 2012–2014

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 2012-2014
- settled in cash and in shares
- the maximum number of Suominen shares payable under the plan on the balance sheet date is 834,000, partly settled in cash and partly in shares
- the maximum number of shares in total under the plan would be 2,383,333 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 219 (85) 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, 0.81 (0.48) euro, and thus 228 (100) thousand euro is recognized in employment benefits and in liabilities.

One employee exited from the plan during the financial year, for which the company reversed the initial cost recognition by EUR 12 thousand.

Management incentive plan 2015–2017

The Board of Directors of Suominen Corporation approved on 4 December 2014 two new share-based incentive plans for the group management and group key employees. The aim of the new plans is to combine the objectives of the shareholders and the persons participating in the plans in order to increase the value of the company in the long-term, to bind the participants to the company, and to offer them competitive reward plans based on earning and accumulating the company´s shares.

Performance Share Plan 2015

The new Performance Share Plan includes one performance period, calendar years 2015—2017. The Board of Directors will decide on further performance periods. The Board of Directors of the Company will decide on the Plan's performance criteria and required performance levels for each criterion at the beginning of a performance period. The Performance Share Plan is directed to approximately 15 people. The potential reward of the Plan from the performance period 2015—2017 will be based on the Suominen group´s net sales growth, Earnings before Interest and Taxes (EBIT) and Return on Invested Capital (ROI). The rewards to be paid on the basis of the performance period 2015—2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the proportion to be paid in cash). The Board of Directors is entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

Matching Share Plan 2015

The new Matching Share Plan includes one three-year performance period, calendar years 2015—2017. The prerequisite for receiving reward on the basis of this Plan is that a person participating in the Plan owns or acquires the company' shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant´s employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the Matching Share Plan. The rewards to be paid on the basis of the Matching Share Plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the proportion to be paid in cash). In order to implement the Matching Share Plan, the Board of Directors resolved on a share issue against payment directed to the target group.

Reward payment and ownership obligation for the management

The potential rewards from the performance periods 2015—2017 will be paid partly in the company's shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant´s employment or service ends before the reward payment.

A member of the Corporate Executive Team must hold 50% of the net number of Shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. The President & CEO of the company must hold 50% of the net number of Shares given on the basis of the Plans, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. Such number of shares must be held as long as the participant's employment or service in a group company continues.

17. FINANCIAL LIABILITIES

On 31 December 2014 the book value of non-current and current financial liabilities were total EUR 133,811 thousand (2013: EUR 140,934 thousand).

€ 1,000	2014 Book value	Fair value	2013 Book value	Fair value	Note
Non-current					
Loans from financial institutions	6,667	6,667	69,828	69,144	21
Pension loans			571	577	21
Bonds	75,000	75,150			21
Other non-current financial liabilities	350	350			21
Total	82,017	82,167	70,399	69,721	
Current *)					
Repayment of non-current liabilities					
Loans from financial institutions	3,333	3,333	23,500	23,412	21
Pension loans			571	594	21
Financial leases	14	14			21
Derivatives not in hedge accounting	121	121	94	94	21
Derivatives in hedge accounting	197	197	1,354	1,354	21
Other current financial liabilities	726	726			21
Trade payables	47,403	47,403	45,016	45,016	19
Total	51,794	51,794	70,535	70,470	
Total	133,811	133,961	140,934	140,191	

*) 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.

Principles in estimating fair value for financial liabilities

Loans

In September 2014 Suominen renewed its financing. The syndicated loan withdrawn in 2011 was fully repaid and the mortgages held as collaterals were released. To replace it, Suominen issued a bond of EUR 75 million and entered into a loan arrangement of EUR 55 million with the banks.

The bond is listed in the NASDAQ OMX Helsinki Stock Exchange. The fair value of the bond is based on its market value on the balance sheet date. The tenor of the bond is five year after which it will be repaid in full. The notes constitute direct and unsecured obligations of Suominen and they are guaranteed as for own debt by the Guarantors, i.e. subsidiaries of Suominen Corporation. The notes bear interest at the rate of 4.375% p.a.and the interest is paid semiannually.

Loans from financial institutions have floating interest rates.

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%). Pension loans repaid in 2014 had fixed 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.

Trade payables

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

Other financial liabilities

Financial liabilities at fair value through profit or loss arose from the acquisition of intangible assets. Their fair values are calculated by discounting the probable future cash flows to the balance sheet date. No fair value hedging was applied to the financial liabilities during the financial year.

Repayments

€ 1,000	Loans from financial institutions	Bonds
2015	3,330	
2016	3,330	
2017	3,340	
2018		
2019–		75,000

18. PROVISIONS

€ 1,000	2014	2013
Provisions 1 Jan.	132	280
Charged to statement of income	-132	-280
Increases		132
Provisions 31 Dec.		132

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 of EUR 132 thousand was recognized for the restructuring costs of the Flexibles in 2013, and derecognized in 2014 at the disposal of the Flexibles business unit.

19. TRADE PAYABLES AND OTHER LIABILITIES

€ 1,000	2014	2013
Trade payables	47,403	45,016
Other liabilities		
Received advance payments	628	10
Indirect taxes	511	389
Payroll-related liabilities	766	1,449
Other liabilities	746	107
Total other liabilities	2,651	1,955
Accrued expenses		
Interest	902	853
Fair value of derivatives in hedge accounting	197	1,354
Fair value of derivatives not in hedge accounting	121	
Rebates	3,013	1,078
Payroll and social security	4,499	5,093
Other accrued expenses	1,309	2,001
Total accrued expenses	10,042	10,380
Total trade payables and other current liabilities	60,096	57,351
Accrued expenses, non-current		
Other accrued expenses	228	100
Total accrued expenses, non-current	228	100

Trade payables by currency:

€ 1 000	2014	2013
EUR	22,141	19,359
PLN		566
SEK	1	4,788
USD	25,081	20,241
Other currencies	180	63
Total	47,403	45,016

For the value of EUR 21.3 (18.5) million of the trade payables in USD originated from the U.S.A.

20. 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	2014	2013
Arrangements related to post-employment benefits		
Present value of net obligation		
Net obligation 1 Jan.	1,024	1,092
Interest cost	33	35
Actuarial gains (-) and losses (+) recognized in equity	150	-18
Expenses recognized in the statement of income	-57	-85
Net obligation 31 Dec.	1,151	1,024

Change in defined benefit obligation

Fair value 1 Jan.		
Unfunded	1,024	1,092
Interest cost	33	35
Benefits paid	-57	-85
Actuarial gains or losses recognized in equity	150	-18
Fair value 31 Dec.	1,151	1,024

€ 1,000	2014	2013
Expenses recognized in the statement of income:		
Interest cost	33	35
Benefits paid	-57	-85
Total expenses recognized in the statement of income	-24	-50
Expenses allocated by function:		
Procurement and production		-57
Total expenses allocated by function	-57	-85

Principal actuarial assumptions

31 Dec.	2014	2013
Discount rate (%)	2.20	3.25
Expected rate of inflation (%)	1.80	1.80
Expected average remaining working life (years)	15.70	15.70

Assets

No assets are included in the arrangement.

Actuarial gains/losses recognized in equity

€ 1,000	2014	2013
Accumulated amount 1 Jan.	-229	-247
Change during year	-150	18
Accumulated amount 31 Dec.	-379	-229

21. FINANCING AND FINANCIAL RISK MANAGEMENT

Suominen Corporation is exposed to several financial risks in its business operations. Risks include among other 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 followed 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 counterparties.

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 aim of the group's foreign exchange risk management is to hedge earnings from business operations and to 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 USD, which generates the most significant impacts, BRL is causing translation risk to the group.

The foreign exchange transaction exposure comprises of already known and estimated cash flows for the next 12 months. The transaction risks in USD arises from the business transactions in USD in the euro area and in Brazil, and from the business transactions in EUR in Brazil. The USD risk arises from business and treasury transactions in USD. The hedged foreign exchange exposure 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. The exchange rate risk in Brazil is hedged case by case. In the comparison period the SEK, NOK, PLN and RUB exposures from the Flexibles business unit are included. At the disposal the exposures discontinued. The exposure in BRL arose when the business unit in Brazil was acquired in February 2014.

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 recognized through profit or loss. Suominen uses currency derivatives for the equity hedge as defined in IAS 39.

The consolidated transaction exposure on the balance sheet date:

Transaction exposure 2014

€ 1,000	12 months´ cash flow	Currency hedges
USD/EUR	18,948	-4,118
EUR/BRL	-3,075	
USD/BRL	1,184	
Total nominal value	23,207	4,118

Transaction exposure 2013

€ 1,000	12 months´ cash flow	Currency hedges
SEK/EUR	-2,261	-564
USD/EUR	1,510	1,160
PLN/EUR	-5,518	2,889
NOK/EUR	1,866	-753
RUB/EUR	4,444	-1,412
Other	445	
Total nominal value	16,045	6,778

The transaction exposure above includes receivables in foreign currencies total of EUR 5,152 thousand (EUR 5,643 thousand) and payables total of EUR 4,447 thousand (EUR 8,551 thousand).

Correspondingly the translation exposure is as follows:

Translation exposure 2014

€ 1,000	Loans granted	Loans taken	Capital investments in foreign subsidiaries	Hedged with loans	Open exposure
BRL			19,887		19,887
USD	50,842	-2,971	47,134	32,419	126,424

Translation exposure 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

Loans consist of intra-group loans granted to the foreign subsidiaries (+) and loans taken from them (-). The loans granted in USD can be associated to equity because the repayment is not anticipated. These lendings amount to USD 61.7 million equalling to EUR 50.8 million. Like for the capital investments, the translation differences from these lending are recognized in the other comprehensive income. The translation differences from loans taken are recognized through profit or loss. Capital investments in foreign subsidiaries include only the cash contributions in equity. When Suominen sold its Flexibles business in July 2014, the loans granted in PLN were repaid and the translation differences from those loans were transferred from the other comprehensive income to the loss from discontinued operations.

Suominen has an Equity Hedge program for hedging the translation exposure in USD. The holding in the subsidiaries in the USA is hedged with a currency derivative of USD 39.4 million (USD loan of 39.4 million in 2013). 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

2014

€ 1,000	Rate change %	Impact on profit after tax	Impact on equity	Rate change %	Impact on profit after tax	Impact on equity
USD/EUR	8	73	1,179	-8	-73	-1,179

2013

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

The sensitivity analysis of financial instruments

As required by IFRS 7, the table summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. In the sensitivity analysis, 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 currency derivatives in the Equity Hedge program are not included in the sensitivity analysis because the foreign exchange differences are fully off-set 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. The rate difference means the change of euro rate against other currencies and the US dollar rate against Brazilian real.

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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 2014 is estimated to be EUR +/- 0.4 million (+/-0.3) and on equity EUR +/- 1.1 million (+/- 4.3). 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.

2014

€ 1,000	Currency strengthens/ weakens %	Impact on 12 months currency cash flow	Impact on hedging instruments	Net impact after tax	Net impact on translation exposure or equity
USD/EUR	8	-+855	+-318	-+429	-+4,297
EUR/BRL	20	+-132		+-105	+-3,182
USD/BRL	8	-+58		-+46	
Total		-+781	+-318	-+370	-+1,115

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. Suominen'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 2014, it was 50 months (19 months interest rate swaps included in 2013).

On the balance sheet date the amount of the group´s loans with fixed interest rates were EUR 75 million (2.4) and those with floating interest rate EUR 10.0 million (92.0). All loans were denominated in EUR. On the balance sheet date the group did not have any interest rate swaps for hedging (EUR 50.4 million in 2013). The interest rate structure of the loan portfolio was changed at the refinancing in autumn 2014.

The sensitivity of interest rate risk is calculated on the basis of a 0.5% 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% would have affected the interest costs of the company loans and in the comparison period also the interest rate swaps during a period of 12 months as shown in the table:

On the balance sheet date the cash and at bank of the group were EUR 38.4 million which were not included in the sensitivity analysis.

Impact on profit is the result of a change in the interest cash flows. In the consolidated financial statements of 2013 Suominen applied hedge accounting for its interest rates swaps and the change in the effective part of the swaps was recognized in the fair value reserve in the equity. In 2014 the swaps were preterminated at the refinancing and their result was recognized from the other comprehensive income to the financial items.

2014 € 1,000	Change in Interest %	Impact on profit after tax	Impact on equity	Change in Interest %	Impact on profit after tax	Impact on equity
Loans with floating interest	+0.5	-40		-0.5	40	

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
Loans with floating interest	+0.5 %	-368		-0.5%	368	
Interest rate swaps	+0.5 %	237	571	-0.5%	-237	-571
Total		-131			131	

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 2014 was hedged by establishing that fixed-price electricity will account for 93% (79) of projected usage in 2015, 93% (40) in 2016, and 93% (40) in 2017. Prices are hedged with OTC contracts. According these contracts Suominen pays on average EUR 41.8 / MWh (53.8) in 2015.

Cash flow hedge accounting is also applied to electricity purchases, to neutralize 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 beginning 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 recognized 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.

2014

Price change € / MWh	Impact on profit After tax	Impact on equity
+6	7	125
-6	0	-132

2013

Price change € / MWh	Impact on profit After tax	Impact on equity
+7	43	347
-7		-390

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 account for 52% 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. Suominen has limited credit risk insurance cover for designated customers. The credit exposure 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 7 thousand (27). The ageing structure of the trade receivables is shown in the note 12 to the consolidated financial statements. The maximum amount of credit losses from trade receivables, EUR 42 million, when a 20% coverage of the credit insurance is considered. For the remaining trade receivables the maximum credit risk is close to the nominal value. The group uses supply chain financing amounting to about one fifth of the sales on the balance sheet date.

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 loan maturities. The average maturity of drawn loans in accordance with committed facility agreements was 4.4 years (2.2) at year-end. Suominen has a financial arrangement negotiation in 2014 including a debenture of EUR 75 million maturing in 2019 and a committed syndicated loan facility totalling to EUR 55 million. The facility consists of a EUR 30 million revolving credit facility loan maturing in 2018, a term loan of EUR 10 million with the final repayment in 2017 and a term loan of EUR 15 million with the final repayment in 2018. On the balance sheet date the unused committed loan facility was EUR 40.3 million, when the trade finance limit in use was EUR 4.7 million.

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 2014 € 1,000	Balance sheet value/limit	Cash flow	under 6 months	6-12 months	1-2 years	2-4 years
Financial liabilities						
Trade payables	47,403	-47,403	-47,403			
Other current financial liabilities	726	-726	-354	-372		
Other non-current financial liabilities	350	-350			-350	
Guarantee commitments	5,817	-5,817	-717	-1,800	-3,300	
Loans from financial institutions	10,014	-10,277	-14	-3,371	-6,892	
Bonds	75,000	-91,415	-1,627	-1,654	-6,563	-81,571
Total	139,310	-155,988	-50,115	-7,197	-17,105	-81,571
Committed credit limits						
Commitment credit limits, over 6 months	40,302					-40,302
Derivative contracts						
Currency forward deals	-236					
Cash flow, receivables		36,276	36,276			
Cash flow, payable		-36,537	-36,537			
Electricity derivatives						
Hedge accounting	-71	-71		-52	-20	

31 December 2013 € 1,000	Balance sheet value/limit	Cash flow	under 6 months	6-12 months	1-2 years	2-4 years
Financial liabilities						
Trade payables	45,016	-45,016	-45,016			
Guarantee commitments	1,060	-1,060		-1,060		
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	140,546	-151,696	-49,435	-9,144	-10,465	-82,653
Committed credit limits						
Credit limits, over 6 months	20,000					-20,000
Derivative contracts						
Currency forward deals	35					
Cash flow, receivable		6,464	6,464			
Cash flow, liability		-7,829	-7,829			
Interest rate derivatives						
Hedge accounting	-990	-1,205	-336	-315	-554	
Electricity derivatives						
Hedge accounting	-364	-364	-250		-114	

22. 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 return 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 and share issues. The group can buy upon need its own shares or issue new shares as authorized by the general meetings, or decide to sell assets or parts of businesses to reduce liabilities.

The group's equity ratio was 41.2% (32.9) at year-end, and its gearing was 34.7% (96.2). The group utilized a sale of receivables program until the end of 2014. Instead, the group has started as a selected supplier a Supply Chain Financing program with selected customers. The receivables are sold on non-recourse basis. Both programs release capital employed in the balance sheet.

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

€ 1,000	2014	2013
Interest bearing liabilities	85.0	94.5
Interest bearing receivables	-8.8	-0.4
Financial assets	-38.4	-18.6
(A) Net liabilities	37.8	75.5
(B) Shareholder's equity	108.7	78.5
(C) Balance sheet total –advance payments	264.0	238.9
Gearing, (A/B)	34.7	96.2 %
Equity ratio, (B/C)	41.2	32.9 %

The funding is managed by maintaining good relations with the financial institutions. The cooperation with the banks is built on longlasting relationships. In September 2014 Suominen renewed its financing. The syndicated facility withdrawn in 2011 was fully repaid and its mortgages were released. As a substitute, Suominen issued a bond of EUR 75 million and agreed a new syndicated EUR 55 million loan facility with two banks.

On 23 September 2014, Suominen issued a EUR 75 million bond to be listed in the NASDAQ OMX Helsinki Stock Exchange. Principal amount of each book-entry unit of the senior unsecured notes is EUR 1,000, with an ISIN code FI40000108576. Each note will be freely transferable after it has been registered into the respective book-entry account.

The notes constitute direct and unsecured obligations of Suominen and they are guaranteed as for own debt by the Guarantors, i.e. subsidiaries of Suominen Corporation.

The notes bear interest from, and including, September 23, 2014 at the rate of 4.375% per annum until 23 September 2019, when the notes shall be repaid in full at their principal amount.

In connection with issuing the bond, Suominen entered into a syndicated credit facilities agreement totaling EUR 55 million in September. It consists of a term loan of EUR 10 million with a maturity of three years; a multicurrency revolving credit facility of EUR 30 million with a maturity of four years; and an investment loan of EUR 15 million with a maturity of four years. The facilities are guaranteed as for own debt by the subsidiaries of Suominen Corporation.

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

23. VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2014				2013				
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 hedge accounting (Equity Hedge)	32,310	-114		-114					
Held for trading	3,997	-121		-121	14,321	-35	58	-94	21
Interest rate derivatives									
Held for hedge accounting					50,425	-990		-990	21
Electricity derivatives									
Held for hedge accounting	1,031	-71	12	-83	2,776	-364		-364	21
Electricity derivatives, MWh	52,608				61,368				

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 307 thousand. The group does not have any other material netting contracts for financial assets.

24. FAIR VALUE MEASUREMENT HIERARCHY

	2014			2013		
€ 1,000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value						
Other financial assets			980			511
Assets held for sale			1,124			939
Total			2,104			1,450
Derivatives measured at fair value						
Currency derivatives		-236			-35	
Interest rate derivatives					-990	
Electricity derivatives		-71			-364	
Total		-307			-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.

The fair value of the shares in the real estate company classified as assets available for sale are calculated by discounting the probable future cash flows to the balance sheet date. The fair value of the shares in Bright Maze Oy classified similarly is calculated by using an EBITDA multiplier and a comparable data analysis.

25. OTHER OPERATING INCOME AND EXPENSES

€ 1,000	2014	2013
Other operating income		
Profit from sale of fixed assets	19	47
Indemnities	154	169
Rents	393	228
Recovery of bad debts		3
Derivatives not in hedge accounting	89	61
Ineffective part of the cash flow hedging	52	
Recycled product sales	1,599	1,096
Other operating income	350	836
Total	2,655	2,485
Other operating expenses		
Bad debts	7	16
Derivatives not in hedge accounting	-204	
Ineffective part of the cash flow hedging	-421	
Other	-1,559	794
Total	-2,177	810

Recycled products are second choice products sold.

26. FEES PAID TO THE AUDITORS

€ 1,000	2014	2013
Statutory audit	397	245
Other services	227	191
Total	624	437

27. NON-RECURRING ITEMS

€ 1,000	2014	2013
Restructuring	-653	-925
Gains from the sales of fixed assets		678
Other non-recurring items	-301	-235
Total	-954	-482

28. PERSONNEL EXPENSES

€ 1,000	2014	2013
Salaries and other compensations	32,276	31,540
Share-based payments	198	82
Pension expenditure		
Defined benefit plans	57	85
Defined contribution plans	1,364	1,528
Other payroll connected expenses	11,028	10,936
Total	44,923	44,171
Average number of personnel	591	550

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.

29. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

€ 1,000	2014	2013
By function		
Production	13,257	12,319
Sales and marketing	592	460
Research and development	899	880
Administration	828	233
Total continuing operations	15,576	13,892
Discontinued operations	1,340	14,965
Total	16,916	28,857
By asset group		
Buildings and constructions	1,585	1,405
Machinery and equipment	12,120	10,980
Other tangible assets	9	7
Other intangible assets	1,862	1,500
Total	15,576	13,892
Discontinued operations	1,340	14,965
Total	16,916	28,857

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

30. FINANCIAL INCOME AND EXPENSES

€ 1,000	Note	2014	2013
Interest income on financial assets recognized at fair value through profit of loss		712	959
Change in fair values of financial liabilities	17	144	
Gains on fair value hedging		46	
Financial income		902	959
Interest expenses on loans valued at amortized cost		-3,217	-5,555
Arrangement costs at refinancing		-1,999	
Discontinued hedge accounting and other costs related to the refinancing		-1,165	
Exchange rate differences (net)		-916	421
Derivatives, not in hedge accounting			165
Expenses on sales of receivables		-166	-197
Other financial expenses		-1,515	-1,574
Financial expenses		-8,977	-6,740
Financial income and expenses, total		-8,075	-5,781

Foreign exchange gains and losses recognised in the statement of income

€ 1,000	2014	2013
Net sales	234	-257
Other operating income	104	-80
Cost of goods sold	-208	
Financial income and expenses	-916	586
Foreign exchange gains and losses, total	-786	249

31. INCOME TAXES

€ 1,000	2014	2013
Income taxes for financial year	-7,572	-4,618
Income taxes from previous years	199	14
Deferred taxes	-272	-2,815
Income taxes total	-7,645	-7,419
Profit before taxes	17,821	13,135
Tax calculated at the domestic corporate tax rate of 20.0%	-3,564	-3,218
Impact on the change in tax rate in Finland 24.5% -> 20%		812
Effect of different tax rates in foreign subsidiaries	-2,003	-1,825
Expenses only deductible for tax purposes	166	374
Expenses not deductible for tax purposes	-2,075	-2,873
Not recognized deferred tax assets on period’s taxable losses		-908
Other items	-168	219
Tax cost total	-7,645	-7,419

32. EARNINGS PER SHARE

€ 1,000	2014	2013
Profit for the period, continuing operations	10,177	5,716
Profit for the period, discontinued operations	-5,204	-21,835
Profit for the period	4,973	-16,119
Shares in thousands		
Average weighted number of shares, non-diluted	246,082	245,908
Average weighted number of shares, diluted	281,936	245,908
Earnings per share attributable to the equity holders of the company		
- earnings per share, €	0.02	-0.07
- earnings per share, diluted, €	0.02	-0.07
- earnings per share, continuing operations, non-diluted and diluted €	0.04	0.02
- earnings per share, non-diluted and diluted discontinued operations €	-0.02	-0.09
- earnings per share before non-recurring items, continuing operations, €	0.05	0.03

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 plan are included in the total. The shares payable under the plan did not have any dilutive effect in 2014 or 2013.

The dilutive effect of the hybrid bond is calculated by assuming the bond being fully converted into shares at the issuance date and the interest accrued by the balance sheet date being converted into shares following the loan agreement.

33. ADJUSTMENTS ON CASH FLOW STATEMENT

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

€ 1,000	2014	2013
Adjustments on profit/loss for the period		
Income taxes	7,645	7,419
Financial income and expenses	8,075	5,781
Depreciation	15,576	13,892
Gains and losses on sales of fixed assets	-19	-725
Change in provisions	132	
Other adjustments	8,543	16,372
Total	39,953	42,739

Cash flow and thus also its adjustments include the discontinued operations.

34. LEASE COMMITMENTS

€ 1,000	2014	2013
Operating leases, real estates		
Minimum lease payments on irrevocable contracts		
Not later than 1 year	3,473	3,296
Later than 1 year and not later than 5 years	11,860	12,480
Later than 5 years	6,489	6,896
Total	21,822	22,672

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

Operating leases, machinery and equipment		
Falling due in 1 year	470	895
Falling due in between 1 year and subsequent 5 years	618	1,353
Falling due after five years		125
Total	1,089	2,373

35. CONTINGENT LIABILITIES

€ 1,000	2014	2013
For own debt		
Loans from financial institutions	10,000	91,345
Bond	75,000	
Total	85,000	91,345
Nominal values of mortgages		
Real estate mortgages		27,042
Floating charges		165,761
Pledged subsidiary shares and loans		189,699
Total		382,502
Guarantee commitments		
Absolute guarantees	85,000	
Guarantees on other own commitments	1,800	
Guarantees on behalf of third parties	4,017	
Total	90,817	

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

Guarantees on other own commitments are collaterals given to suppliers. Guarantees on behalf of third parties are collaterals given on behalf of the Flexibles business unit disposed in 2014.

Absolute guarantees are collaterals given by the subsidiaries on behalf of the parent company for the external loans.

36. ENVIRONMENTAL COSTS

€ 1,000	2014	2013
In the statement of income		
Cost of goods sold	1,030	1,087
- including depreciation	142	123
In the balance sheet		
Tangible assets	136	596

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 with its subsidiaries and participating companies until 7 October 2014.

€ 1,000	2014	2013
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	1,725	2,315
Post-employment benefits	170	224
Share-based payments	198	79
Total	2,093	2,618

Salaries and other short-term remuneration paid to the members of the Board of Directors and the President & CEO		
Jorma Eloranta, Chair	55	56
Risto Anttonen, Deputy Chair	43	44
Mikko Maijala, Deputy Chair until 4 April 2012		1
Heikki Mairinoja, member until 26 March 2014	5	34
Suvi Hintsanen, member	33	34
Hannu Kasurinen, member	32	33
Jaana Tuominen, member as of 26 March 2014	28	
Nina Kopola, President & CEO	369	379
Total	565	580

The members of the Board of Directors and the members of the Corporate Executive Team have no pension arrangements with Suominen, with the exception of the President and CEO.

On 5 June 2014 40% of the remuneration to the Board of Directors was paid by company shares (120,848 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.

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, with 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 35 thousand and for the statutory pension plan EUR 26 thousand.

Shares held by management on 31 December 2014

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, 444,256 shares on 31 December 2014. These shares entitle holders to 0.2% of voting rights.

Insiders subject to the declaration requirement	Shares
Jorma Eloranta, Chair of the Board	152,434
Risto Anttonen, Deputy Chair of the Board	108,253
Suvi Hintsanen, Member of the Board	94,586
Hannu Kasurinen, Member of the Board	69,253
Jaana Tuominen, Member of the Board	19,730
Total	444,256

Members of the Corporate Executive Team

The members of the Corporate Executive Team did not hold any shares on 31 December 2014.

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

Other related-party transactions

€ 1,000	2014	2013
Sales of goods and services	5,083	16,439
Purchases of goods and services	58,487	62,342
Trade and other receivables		1,396
Trade and other payables		2,073

Other related-party transactions are transactions with Ahlstrom Corporation and its group companies until 7 October 2014.

Parent Company Statement of Income

1 January–31 December € 1,000	Note	2014	2013
Net sales		15,494	15,208
Cost of goods sold		-758	-782
Gross profit		14,736	14,426
Other operating income	2	419	177
Sales and marketing expenses		-1,567	-1,073
Research and development		-2,382	-2,301
Administration expenses		-7,830	-8,513
Other operating expenses	2	-26,456	-18,790
Operating profit before non-recurring items		-23,079	-16,075
Non-recurring items		-421	
Operating profit		-23,500	-16,075
Financial income	6	22,800	18,164
Financial expenses	6	-8,918	-7,465
Profit before income taxes		-9,617	-5,376
Group contributions		28	34
Profit before depreciation difference and income taxes		-9,589	-5,342
Change in depreciation difference		-30	-140
Corporate tax			-29
Profit/loss for the period		-9,619	-5,511

Parent Company Balance Sheet

31 December € 1,000	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	5, 8	7,360	8,003
Tangible non-current assets	5, 9	163	164
Shares and participations			
Participations in group companies	10	103,840	115,416
Other shares and participations	10	942	923
Loans receivable			
Loans receivable from group companies		67,402	39,898
Loans receivable from third parties		8,202	
Non-current assets, total		187,908	164,403
Current assets			
Loan receivables	11	600	131
Other current receivables	11	28,204	66,301
Cash at bank and in hand		33,930	15,945
Current assets, total		62,734	82,377
Assets, total		250,642	246,780

31 December € 1,000	Note	2014	2013
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	11,860	11,860
Share premium account	12	24,681	24,681
Other shareholders' equity	12	69,700	79,251
Shareholders' equity, total		106,241	115,791
Appropriations			
Accumulated depreciation difference		1,371	1,341
Liabilities			
Non-current liabilities			
Interest-bearing liabilities			
Bonds	14	75,000	
Hybrid bond	14	17,500	
Loans from financial institutions	14	6,667	65,862
Other non-current financial liabilities	15	1,274	
Loans from group companies		429	
Non-current liabilities, total		100,870	65,862
Current liabilities			
Interest-bearing liabilities			
Loans from financial institutions	14	3,333	23,486
Loans from group companies	14	34,981	36,541
Trade payables and other current liabilities	15	3,846	3,758
Current liabilities, total		42,160	63,786
Liabilities, total		143,030	129,648
Shareholders' equity and liabilities, total		250,642	246,780

Parent Company Cash Flow Statement

1 January–31 December € 1,000	Note	2014	2013
Operations			
Profit/loss for the period		-9,619	-5,511
Adjustments on profit/loss for the period	17	14,673	9,185
Cash flow before change in working capital		5,054	3,674
Increase/decrease in current non-interest-bearing receivables		1,872	,705
Increase/decrease in current non-interest-bearing liabilities		-1,528	1,344
Cash flow before financial income/expenses and taxes		5,398	5,723
Interest expenses paid and received		-1,106	-2,240
Corporate taxes paid		-29	
Cash flow from operations		4,263	3,483
Investments			
Investments	8,9,10	-1,265	-1,884
Investments in group companies		-21,558	-8,234
Discontinued operations		5,733	6,223
Change in non-current loan receivable		-35,812	37,486
Change in current loan receivable		37,481	-31,753
Cash flow from investments		-15,422	1,838
Financing			
Non-current loans repaid	14	-78,220	-19,429
Non-current loans withdrawn	14	10,000	
Hybrid bond	14	17,500	
Bond	14	75,000	
Change in capital loans	14		-920
Change in current loans	14	-10,985	8,121
Dividends received		15,848	11,869
Cash flow from financing		29,143	-,359
Change in cash and cash equivalents		17,986	4,962
Cash and cash equivalents 1 Jan.		15,945	10,983
Change in cash and cash equivalents		17,986	4,962
Cash and cash equivalents 31 Dec.		33,930	15,945

Notes to the Financial Statements of the Parent Company (FAS)

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	2014	2013
Other operating income		
Rent income	78	
Recovered bad debts		88
Gains from currency derivatives	194	86
Other	146	3
Total	418	177
Other operating expenses		
Losses from sales on participations in group companies	-26,245	-18,411
Reversal of compulsory provisions		-135
Losses from currency derivatives	-325	-230
Other	-306	-14
Total	-26,876	-18,790

3. PERSONNEL EXPENSES

€ 1,000	2014	2013
Salaries and other compensations	3,389	3,766
Pension expenditure		
Defined contribution plans	530	382
Other payroll connected expenses	617	270
Total	4,536	4,418

Salaries and bonuses paid to management		
Members of the Boards of Directors, and President & CEO	734	580

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	24	22

4. FEES PAID TO AUDITORS

€ 1,000	2014	2013
Statutory audit	111	101
Other services	199	74
Total	310	175

5. DEPRECIATIONS AND IMPAIRMENT CHARGES

€ 1,000	2014	2013
By function		
Production	47	1
Research and development	78	
Administration expenses	1,612	1,593
Impairment losses, administration	264	143
Total	2,001	1,737
By asset group		
Machinery and equipment		
Other intangible assets	41	37
Impairment losses	1,960	1,700
Total	2,001	1,737

6. FINANCIAL INCOME AND EXPENSES

€ 1,000	2014	2013
Interest income	5,738	6,295
Dividend income	15,848	11,869
Exchange rate differences (net)	1,007	-318
Interest expense	-5,428	-5,671
Other financial expenses	-3,283	-1,476
Total	13,883	10,699

7. INCOME TAXES

€ 1,000	2014	2013
Income taxes from previous years		29
Income taxes total	0	29

8. INTANGIBLE ASSETS

€ 1,000	Intangible rights	Other intangible assets	Advance payments and work in progress	Total 2014	Total 2013
Acquisition cost 1 Jan.	10,129		1,001	11,130	10,295
Increase	130	1,064	1,143	2,336	835
Disposals / decrease		-1,064		-1,064	
Transfers between items	1,540		-1,540		
Acquisition cost 31 Dec.	11,799		604	12,402	11,130
Accumulated depreciation 1 Jan..	-3,127			-3,127	-1,427
Depreciation for the financial year	-1,916	-44		-1,960	-1,700
Depreciation on disposals		44		44	
Accumulated depreciation 31 Dec.	-5,043			-5,043	-3,127
Book value 31 Dec.	6,756		604	7,360	8,003

9. TANGIBLE ASSETS

€ 1,000	Intangible rights	Other intangible assets	Advance payments and work in progress	Total 2014	Total 2013
Acquisition cost 1 Jan.	413	16		429	356
Increase		2	38	40	75
Writedowns					-2
Acquisition cost 31 Dec.	413	18	38	469	429
Accumulated depreciation 1 Jan.	-266			-266	-229
Depreciation for the financial year	-41			-41	-37
Accumulated depreciation 31 Dec.	-307			-307	-266
Book value 31 Dec.	106	18	38	163	164

10. SHARES AND PARTICIPATIONS

€ 1,000	Participations in group companies	Other shares	Total 2014	Total 2013
Acquisition cost 1 Jan.	115,416	923	116,339	131,250
Increases	21,558	20	21,578	9,132
Impairment losses	-33,133	- 1	-33,135	-24,043
Acquisition cost 31 Dec.	103,841	941	104,782	116,339
Book value 31 Dec.	103,841	942	104,782	116,339

Group companies

	Percentage of total number of shares and voting power
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Flexmer Oy, 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
Suominen Brasil Indústria e Comércio de Não-Tecidos Ltda., Paulinia, Brazil	100.0

	Percentage of total number of shares and voting power
Owned through subsidiaries:	
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

Real estate companies and participating interests

(In the 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	911	
Participating interests						
Kiinteistö Oy Killinpolku, Virrat, Finland	25.0	1	8	8	101	0
Bright Maze Oy, Helsinki	19.9	19,900	20	20	-1,132	-1,431

11. OTHER CURRENT RECEIVABLES

€ 1,000	2014	2013
Loan receivables	600	131
Other receivables	115	228
Accrued income and prepaid expenses		
Social security and healthcare	3	2
Indirect tax	210	71
Gains from currency derivatives		9
Contingent considerations	980	
Loan provisions and arrangement fees	1,725	3,031
Other	99	504
Total accrued income and prepaid expenses	3,017	3,617
Receivables from group companies		
Interest-bearing receivables	22,442	60,943
Other receivables	2,629	1,513
Total	25,072	62,456
Total other current receivables	28,204	66,301

12. SHAREHOLDERS´ EQUITY

€ 1,000	2014	2013
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.	97,123	97,054
Conveyance of own shares	69	69
Invested non-restricted equity fund 31 Dec.	97,192	97,123
Retained earnings 31 Dec.	-17,829	-12,318
Profit for the period	-9,619	-5,511
Shareholders´ equity 31 Dec.	106,241	115,791
Distributable assets		
Retained earnings 31 Dec.	-17,829	-12,318
Invested non-restricted equity fund	97,192	97,123
Own shares	-44	-44
Non-restricted equity 31 Dec.	79,319	84,761
Profit for the period	-9,619	-5,511
Distributable assets	69,700	79,251

13. SHARE CAPITAL

See note 15 in the consolidated financial statements.

14. INTEREST-BEARING LIABILITIES

€ 1,000	2014	2013
Current*		
Repayment of non-current liabilities		
Loans from financial institutions	3,333	22,915
Pension loans		571
Repayment of non-current liabilities	3,333	23,486
Current loans		
Loans from group companies	34,981	36,541
Total current interest-bearing liabilities	38,314	60,027
Non-current		
Bond	75,000	
Loans from financial institutions	6,667	65,290
Pension loans		571
Hybrid bond	17,500	
Total non-current interest-bearing liabilities	99,167	65,861
Total interest-bearing liabilities	137,481	125,888

* In the balance sheet under current liabilities.

Repayments

€ 1,000	2015	2016	2017	2018	2019–
Repayments of non-current loans in future					
Loans from financial institutions	3,330	3,330	3,340		
Bond					75,000
Total	3,330	3,330	3,340		75,000

Hybrid bond does not have any maturity.

15. PROVISIONS

€ 1,000	2014	2013
Provisions 1 Jan.		280
Decrease		-280
Provisions 31 Dec.		

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

16. NON-INTEREST-BEARING LIABILITIES

€ 1,000	2014	2013
Current		
Trade payables	359	852
Other current liabilities	814	89
Accrued expenses		
Interest	902	812
Payroll and social security	1,283	1,460
Losses from currency derivatives	121	66
Equity Hedge	114	
Other accrued expenses	3	383
Total accrued expenses	2,424	2,721
Liabilities to group companies	249	96
Total trade paybles and other current liabilities	3,846	3,758
Non-current		
Accrued interest on hybrid bond	924	
Other non-current liabilities	350	
Total non-current financial liabilities	1,274	0
Total non-interest-bearing liabilities	5,121	3,758

Other non-current liabilities EUR 0.4 million and other current liabilities EUR 0.7 million were related to an acquisition of intangible assets.

17. CONTINGENT LIABILITIES

€ 1,000	2014	2013
Guarantees		
Guarantees for loans		
Guarantees on behalf of group companies		5,033
Other contingent liabilities		
Guarantees on behalf of group companies	5,037	5,904
Guarantees on behalf of third parties	4,017	
Total	9,054	10,937

Guarantees on behalf of third parties are collaterals given on behalf of the Flexibles business unit disposed in 2014.

Nominal values of mortgages	2014	2013
Pledged business mortgages, subsidiary shares and loans		215,560
Total		215,560

Operating leases	2014	2013
Falling due next year	92	113
Falling due in subsequent years	116	147
Total	208	260

Rent liabilities	2014	2013
Falling due next year	174	203
Falling due later		176
Total	174	379

18. ADJUSTMENTS ON CASH FLOW STATEMENT

€ 1,000	2014	2013
Adjustments on profit/loss for the period		
Change in depreciation difference	30	140
Group contributions	-28	-34
Financial income and expenses	-13,883	-10,699
Corporate taxes		29
Depreciation	2,001	1,737
Gain and losses from disposals for non-current assets	26,245	17,820
Other adjustments	308	192
Total adjustments on cash flow from operations	14,673	9,185

Signing of the Report of the Board of Directors and Financial Statements

Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting scheduled to be held on 19 March 2015 for the distribution of profit as follows:

Parent Company profit for 1 January–31 December 2014	-9,618,929,34 €
Retained earnings according to the Parent Company balance sheet	-17,828,766,04 €
Invested non-restricted equity fund	97,191,611,31 €
Own shares	-43,619,21 €
Total	69,700,296,72 €

Board proposes that no dividend is paid for the financial year 2014.

The Board of Directors proposes that funds shall be distributed from the invested non-restricted equity fund in the amount of EUR 0.01 per share. Calculated on the basis of the total amount of shares outstanding at the balance sheet date a total of EUR 2,461,306.03 would be distributed.

The Board of Directors proposes that the loss for the financial period and the losses from the previous financial periods shall be covered from the invested non-restricted equity fund.

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

Helsinki, 30 January 2015

Jorma Eloranta
Chair

Risto Anttonen

Jaana Tuominen

Suvi Hintsanen

Hannu Kasurinen

Nina Kopola
President & CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, 30 January 2015

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 2014. 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 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Share Capital and Shareholders

Distribution of share ownership on 31 December 2014

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1–100	339	8.4 %	20,571	0.0 %
101–500	759	18.9 %	229,257	0.1 %
501–1,000	649	16.2 %	550,495	0.2 %
1,001–5,000	1,365	34.0 %	3,572,821	1.4 %
5,001–10,000	397	9.9 %	3,198,630	1.3 %
10,001–50,000	383	9.5 %	8,165,608	3.3 %
50,001–100,000	58	1.4 %	4,203,063	1.7 %
100,001–500,000	40	1.0 %	8,937,145	3.6 %
over 500,000	25	0.6 %	217,232,745	87.6 %
Total	4,015	100.0 %	246,110,335	99.3 %
Shares held by the company			1,803,519	0.7 %
Shares not transferred to the book-entry system			20,268	0.0 %
Total	4,015		247,934,122	100.0 %
out of which nominee registered	7		2,890,558	1.2 %

Shareholders by category on 31 December 2014

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	198	4.9 %	42,971,371	17.3 %
Financial institutions and insurance companies	13	0.3 %	21,148,991	8.5 %
Public institutions	7	0.2 %	66,993,245	27.0 %
Non-profit organisations	22	0.5 %	8,869,458	3.6 %
Individuals	3,756	93.7 %	35,384,742	14.3 %
Foreign shareholders	12	0.3 %	67,851,970	27.4 %
Total	4,008	100.0 %	243 219 777	98.1 %
Nominee registered shares	7		2,890,558	1.2 %
Shares held by the Company			1,803,519	0.7 %
Shares not transferred to the book-entry system			20,268	0.0 %
Total	4,015		247,934,122	100.0 %

The largest shareholders on 31 December 2014

Shareholder	Total shares held	Percentage of shares and voting power
1. AC Invest Two B.V.	67,724,176	27.3 %
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	22,009,604	8.9 %
5. Elo Mutual Pension Insurance Company	14,123,255	5.7 %
6. Mandatum Life Insurance Company Limited	13,633,000	5.5 %
7. Oy Etra Invest Ab	12,223,320	4.9 %
8. Evald ja Hilda Nissi Foundation	6,943,646	2.8 %
9. Heikki Bergholm	4,635,562	1.9 %
10. The Finnish Innovation Fund Sitra	4,344,444	1.8 %
11. Juhani Maijala	3,286,743	1.3 %
12. Mikko Maijala	3,017,337	1.2 %
13. Yleisradion Eläkesäätiö	2,222,222	0.9 %
14. Nordea Bank Finland Plc	2,215,090	0.9 %
15. Eeva Maijala	1,793,635	0.7 %
16. Apteekkien Eläkekassa	1,530,665	0.6 %
17. Onninen-Sijoitus Oy	1,422,410	0.6 %
18. Harald Relander	1,300,000	0.5 %
19. Oy Chemec Ab	1,216,112	0.5 %
20. Veikko Laine Oy	1,070,400	0.4 %

Key figures

Key figures per share

	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Earnings/share (EPS), €	0.02	-0.07	-0.05	-0.11	-0.34
Earnings/share (EPS), diluted, €	0.02	-0.07	-0.05	-0.11	-0.34
Earnings/share (EPS) from continuing operations, non diluted and diluted, €	0.04	0.02	-0.01	-0.14	-0.29
Earnings/share (EPS) from discontinued operations, non diluted and diluted €	-0.02	-0.09	-0.04	0.03	-0.06
Earnings/share (EPS) before non-recurring items, €	0.05	0.03	0.01	-0.10	-0.07
Cash flow from operations/share, €	0.15	0.09	0.10	-0.03	-0.06
Equity/share, €	0.44	0.32	0.39	0.44	0.70
P/E ratio	40.08	-7.32	-7.25	-3.51	-1.51
Distributed funds/share, €*	0.01				
Share price					
lowest, €	0.47	0.34	0.33	0.36	0.48
highest, €	0.81	0.61	0.47	0.64	1.74
average, €	0.52	0.48	0.39	0.49	0.79
at year end, €	0.81	0.48	0.35	0.39	0.52
Market capitalization on 31 Dec, € million	199.4	118.1	86.1	95.9	24.6
Number of shares					
average during the year	246,082,357	245,907,846	245,873,824	85,887,023	35,532,883
at year end	246,130,603	246,009,755	245,873,824	245,873,824	47,226,209
adjusted with share issue (factor 1.53)					41,768,853
dilutive effect included	281,936,387				
Number of shares traded as	97,683,100	11,332,737	3,660,581	3,930,341	6,639,579
percentage of the average during the year	39.7	4.6	1.5	4.6	18.7
percentage of the average during the year, adjusted with share issue					15.9

No dividends were paid during the financial year.

*Proposal by the Board of Directors

Key figures

Key figures on financial performance	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Net sales, continuing operations, € million	401.8	373.7	356.9	98.3	55.7
Export and international operations, continuing operations, € million	399.2	349.6	333.0	70.8	28.7
as % of net sales	99.4	93.5	93.3	72.0	51.4
Operating profit from continuing operations before non-recurring items, € million	26.9	19.4	14.9	-4.3	-3.6
as % of net sales	6.7	5.2	4.2	-4.4	-6.5
Operating profit from continuing operations, € million,	25.9	18.9	8.9	-7.2	-8.5
as % of net sales	6.4	5.1	2.5	-7.3	-15.3
Profit for the period before taxes, € million	17.8	13.1	-0.3	-12.0	-12.3
as % of net sales	4.4	3.5	-0.1	-12.2	-22.0
Profit/loss for the period, continuing operations, € million	10.2	5.7	-2.8	-11.8	-12.0
as % of net sales	2.5	1.5	-0.8	-12.0	-21.6
Profit/loss for the period, discontinued operations, € million	-5.2	-21.8	-9.0	2.2	-2.3
as % of net sales	-1.3	-5.8	-2.5	2.3	-4.2
Profit/loss for the period, € million	5.0	-16.1	-11.9	-9.5	-14.4
as % of net sales	1.2	-4.3	-3.3	-9.7	-25.9
Cash flow from operations, € million	37.1	21.3	24.9	-2.9	-2.5
Balance sheet total, € million	264.6	238.9	278.9	338.1	119.4
Return on equity (ROE), %	5.1	-18.6	-11.2	-20.9	-37.3
Return on invested capital (ROI), %	12.0	-0.7	0.4	-3.7	-10.6
Return on invested capital (ROI) from continuing operations, %	15.7	12.4	5.0	-9.2	2.4
Equity ratio, %	41.2	32.9	34.4	32.2	27.9
Equity ratio, %, capital loans in equity		32.9	34.8	32.8	32.9
Gearing, %	34.7	96.2	101.0	111.0	174.0
Gearing, %, capital loans in equity		96,2	98,8	107,5	132,1
Gross investments, continuing operations, € million	7,1	4,4	2,7	1,7	1,8
as % of net sales	1,8	1,2	0,8	1,7	3,2
Expenditure on R&D, continuing operations, € million	2,9	3,0	3,2	1,2	1,2
as % of net sales	0,7	0,8	0,9	1,2	2,1
Average personnel, continuing operations	591	550	603	250	212

Calculation of the key figures

Earnings/share	Profit before income taxes - income taxes / Adjusted number of shares held outside the group (average)
Cash flow from operations/share	Cash flow from operations as in the cash flow statement / Adjusted number of shares held outside the group (average)
Equity/share	Shareholders' equity / Adjusted number of shares held outside the group at year end
Dividend/share	Dividend/share for the financial year / Adjustment coefficient for share issues after the financial year
Dividend/earnings, %	Dividend/share x 100 / Earnings/share
Dividend/cash flow from operations, %	Dividend/share x 100 / Cash flow from operations/share
Dividend yield, %	Dividend/share x 100 / Adjusted share price at year end
P/E ratio	Adjusted share price at year end / 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), %	(Profit before income taxes - income taxes) (last 12 months) x 100 / Shareholders' equity (quarterly average)
Return on invested capital (ROI), %	(Profit before income taxes + profit from discontinued operations incl. income taxes + interest and other financial expenses) (last 12 months) x 100 / (Balance sheet total - non-interest bearing liabilities) (quarterly average)
Equity ratio, %	Shareholders' equity x 100 / Balance sheet total - advances received
Gearing, %	(Interest-bearing liabilities - interest-bearing receivables - cash at bank and in hand) x 100 / Shareholders' equity

Information for Shareholders

Financial Information

In 2015, Suominen Corporation will publish financial reports as follows:
Interim Report 1 January - 31 March on 27 April 2015
Interim Report 1 January - 30 June on 17 July 2015
Interim Report 1 January - 30 September on 26 October 2015

Financial Statement Release of 2014 was published on 30 January 2015. 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 their 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

Notice is given to the shareholders of Suominen Corporation to the Annual General Meeting to be held on Thursday 19 March 2015 at 10.00 am. at Finlandia Hall (Helsinki-Hall), at the address Mannerheimintie 13 e, 00100 Helsinki. The reception of persons who have registered for the meeting will commence at 9.00 am. Dur-ing the coffee service after the Annual General Meeting, shareholders will have the opportunity to meet the management of the company.

Notice of the Annual General Meeting has been announced as stock exchange release on 30 January 2015. All materials to the Annual General Meeting are available on the company's website www.suominen.fi > Investors > Corporate Governance > General Meetings of Shareholders > AGM 2015.

Shareholders who are entered in the Company's Register of Shareholders maintained by Euroclear Finland Ltd on 9 March 2015 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 pm on 13 March 2015, 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.

Distribution of funds

The Board of Directors proposes that funds shall be distributed from the invested non-restricted equity fund in the amount of 0.01 euros per share. Calculated on the basis of the current total amount of shares a total of 2,461,306.03 euros would be distributed. The date of record for the distribution of the funds is 23 March 2015 and the funds shall be paid on 30 March 2015.

The Board of Directors proposes that no dividend shall be paid for the financial year 2014.

The Board of Directors proposes that parent company's loss for the financial period, -9,618,929.34, and the losses from the previous financial periods, -17,828,766.04 euros, shall be covered from the invested non-restricted equity fund.

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 & CEO, tel. +358 (0)10 214 3551.

E-mail addresses follow the format
firstname.lastname@suominencorp.com.

Suominen's closed 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 ar-ranged, nor will any comments on financial performance or development be issued during the closed period.